



SS&C Intralinks®

Zooming forward

How video is helping IR teams get ahead.

Produced in association with Private Equity Wire

Index

<u>Introduction</u>	3
<u>Strengthening the LP bond</u>	4
<u>Technology drives intelligent GP-led communications</u>	7
<u>Virtual AGMs</u>	10
<u>Fundraising</u>	12
<u>Digital communication strategy best practices</u>	15
<u>Evolution of the IR role</u>	18
<u>Conclusion</u>	20

Introduction

In the wake of the COVID-19 health crisis and the shock it delivered to the world's economic system, the past year has been a chaotic period of our history. Despite the many challenges and decisions that had to be made – often on the fly – forward-thinking organizations willing to adapt have proven to be fluid, resilient and agile.

During this time remote working has accelerated at such a pace that Salesforce, San Francisco's biggest private employer, announced in February 2021 that the "9-to-5 workday is dead" and staff who don't need to be physically in an office can be fully remote. Bay Area tech giants such as Twitter, Pinterest and Yelp have already instituted similar corporate work-from-home policies.

How the world of work has changed.

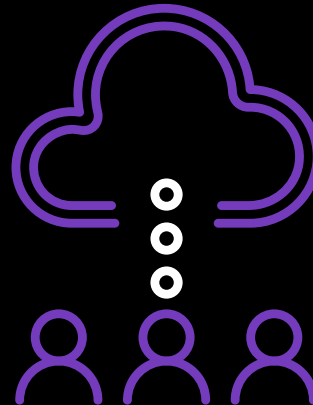
To support a relationship-driven, investor-centric industry, private equity (PE) firms adjusted their business operations accordingly and ushered in more digital processes than they might otherwise have imagined when they wrote their playbooks last year.

Strengthening the LP bond

What the COVID-19 pandemic has done is act as a catalyst for investor relations (IR) teams to embrace technology – the result being that IR professionals now feel they are closer to their investors, understand them better, and have more frequent and consistent communications.

Moreover, the virtual workplace introduced enhanced efficiency for fundraising and due diligence. And as limited partners (LPs) increase their appetite for more data and portfolio transparency, IR teams are leveraging technology to deliver tailored content and data, increased transparency and, increasingly, measure the level of engagement.

Continued on next page →



Discover the power of next generation technology.

→ Continued from previous page

"We've definitely had to adapt" says Kallie Hapgood, managing director, investor relations, Gridiron Capital. As an IR executive, I spend a lot of time traveling to meet with our investors in person. Obviously, that came to a stop last year. You can never recreate that in-person time together, but a lot of phone calls were replaced with Zoom or video calls, and I do feel I've been able to get more out of that than just a plain phone call."

"We've made the best of our options. What was important for us, at Gridiron Capital, was to ensure we continued communicating to investors as frequently as possible."

Technology has allowed IR teams to push on with their reporting efforts and move beyond merely providing quarterly PDF reports to LPs. Now, because of the uncertainty in the economy caused by the pandemic, LPs want their managers to be more proactive in sharing information and be clear about what they are doing to support their portfolio companies. As Hapgood says, "It has given us more of an opportunity to connect with our LPs. Mostly, it's been providing regular updates on the portfolio."

Continued on next page →

→ Continued from previous page

Michael Bane is head of U.S. investor relations at Ardian, one of Europe's largest PE houses with USD 110 billion of assets under management (AUM). In his view, technology has been a silver lining in terms of accelerating the use of multimedia and how Ardian incorporates digital formats into its reporting and investor communication processes.

"I hardly pick up the phone these days," he says. "Everything is done via video communications [Microsoft Teams, Zoom] which reasserts that personal touch that you lose by not having the ability to do in-person meetings. We have achieved efficiency gains with respect to reporting, using video presentations to provide regular updates, host deal meetings and advisory board meetings and so on."

Any time you go through a difficult experience with somebody, you create a deeper connection. This past year, going through the ups and downs alongside their investors and portfolio company CEO has helped IR teams build stronger relationships. "I think we're all going to emerge from this being more mindful of everybody's time, and benefiting from having strengthened our relationships even further," one IR executive remarks.

Technology drives intelligent GP-led communications

As applications moved toward specialization in our daily life, e.g., we use Instagram to share images and video on social media, WhatsApp or Signal for personal communication and the Nike app for fitness, cloud-based software has developed in similar verticals of specialization.

Lena Ulrich is executive director, investor relations at Nordic Capital, a Stockholm PE manager that invested EUR 16 billion in more than 110 companies since it was founded in 1989.

She says that for a firm of their size to move efficiently, there is a need to pick and choose the best off-the-shelf applications that serve their specific needs and then have those applications connect through APIs.

Continued on next page →



Discover the power of next generation technology.

→ Continued from previous page

“We migrated to a new CRM last year and this has allowed us to become smarter in terms of who we contact. We have a really good idea now of what types of funds investors are interested in. When we speak to investors, we feed our notes into the CRM. For example, what type of strategy do they favor: Are they growth-oriented, value-oriented? What regional preferences do they have? Do they prefer generalists or specialist fund managers?”

Smartly using technology is helping IR teams to become more aware of the needs of their investors. This is crucial when investors are getting flooded with information daily from PE managers. Cutting through the noise – whether it is to connect with an existing LP or reaching out to a prospect – is a key priority for IR professionals.

“We are very conscious of providing our LPs with impactful updates and sharing information that is meaningful,” asserts Ulrich. “We just sent out an investor update on three new deals we’ve done, and an exit, as opposed to updating them on each individual deal.”

Continued on next page →

→ Continued from previous page

To push on with a more intelligent-led approach to LP communications, some managers are transitioning to use more dynamic investor portals.

Bane confirms that Ardian rolled out one such portal last year before the outbreak of the pandemic. He explains that the portal allows Ardian's LPs to manage and monitor their investments more dynamically.

"There's a lot of functionality they can use to manipulate information in different ways. Historically, we would use a PDF document repository for investors to collect their information accordingly. Now they can dynamically drill into their investments and download data. The response among our investors has been tremendous. It's going to be a key part of how we continue to communicate with our investors moving forward," states Bane.

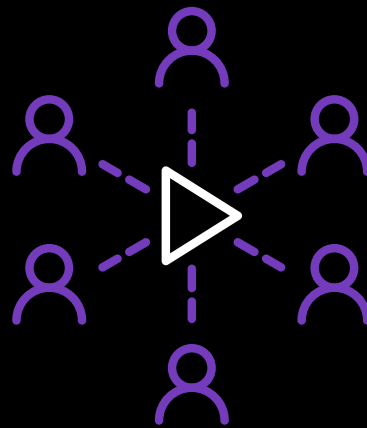
He adds that the next iteration will be to communicate more information at the level of the portfolio company – this is currently limited to the portfolio level.

Virtual AGMs

One aspect of this digital transformation has been the emergence of the virtual annual general meeting (AGM). Some general partners (GPs) like Gridiron Capital were able to host their AGM physically – last February to be precise – but for many, finding a digital solution was paramount.

Nordic Capital had its AGM last April. The firm decided to work with a production team in Stockholm and went into a TV recording studio to broadcast the AGM live. “In hindsight, it was a courageous decision, but it worked fine,” says a relieved Ulrich.

Continued on next page →



→ Continued from previous page

"Normally in an AGM you are limited to your existing investors, but we were able to reach out to prospective investors to listen in. [The broadcast] gave us a wider reach, a chance to connect with new investors and provide an insight into how we operate at Nordic Capital."

"The feedback we had from our investors was very positive, so we aren't changing much for the 2021 AGM; it'll be a similar format."

In addition to its quarterly reporting meetings with LPs, Nordic Capital is now also hosting semi-annual, video-based virtual meetings. "They are almost mini AGMs where our partners give presentations on different sectors and companies. We are doing these video meetings in the second and fourth quarter of the year, in addition to the bigger AGM," adds Ulrich.



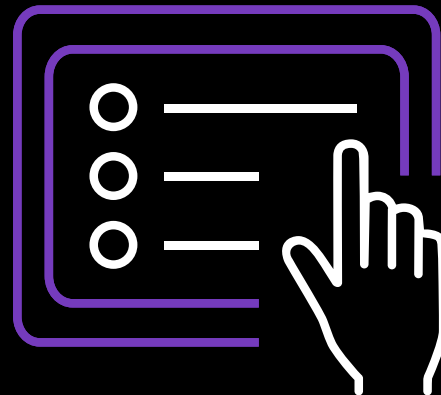
[Discover the power of next generation technology.](#)

Fundraising

One of the most notable benefits of digital technology, certainly for established GPs, is the ability to conduct virtual fundraising without having to physically meet LPs. For new managers, the environment has been far more challenging, simply because investors want to back GPs they already know. Also, working with familiar GPs makes the virtual due diligence process more acceptable.

Gridiron Capital closed Fund IV last year with many of its existing investors choosing to re-up because they were having difficulty meeting new managers. "They said they actually wanted to make larger commitments with us because they know us and they could see how we had navigated COVID with our portfolio companies," observes Hapgood.

Continued on next page →



Discover the power of next generation technology.

→ Continued from previous page

“At the same time, we were also able to bring in new investors whom we met after the pandemic hit. To do this we had to recreate the on-site meeting in a virtual environment. This meant having a certain number of colleagues joining us for one piece of the presentation, then others would join.”

“Our existing investors were also hugely helpful and were willing to talk to potential investors, on our behalf, about what it is like to invest with Gridiron.”

Nordic Capital oversaw what was probably one of Europe’s biggest purely virtual fundraising processes, attracting EUR 6 billion for Fund X. Again, this was largely thanks to support from its existing investor base, in terms of re-ups, although the IR team was still able to bring new investors on board.

As Ulrich explains, “We had been building relationships with prospective investors in prior years, most of whom had met with one or more of our partners in the past. But we did also establish a few brand-new relationships, including pension funds in Europe (and other regions).”

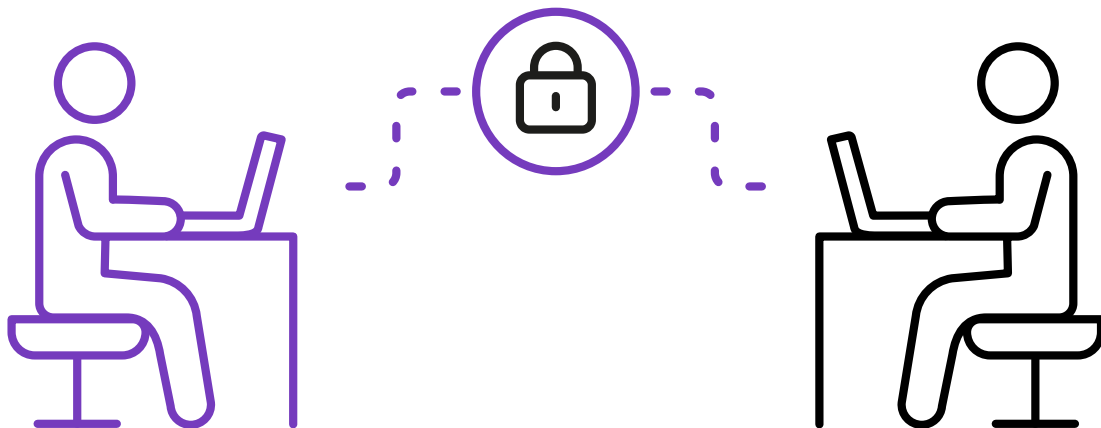
Continued on next page →

→ Continued from previous page

"Their first meeting with us was fully virtual; we communicated with them on Microsoft Teams during the fundraising process."

Some investors are relaxing their policies to form new relationships, realizing that for the time being it's going to be difficult for LPs and GPs to get together.

Indeed, as Bane remarks, "I think this year we will therefore see more relationships formed on a purely virtual basis and we are in the process of doing that at Ardian."



Digital communication strategy best practices

One of the key best practices for any GP to consider is the amount of information they are looking to share with LPs in video presentations, and focusing more on the visual aspect. This has helped GPs like Gridiron Capital refine the way they communicate to investors. The emphasis, says Hapgood, has been on “clear and concise” data sharing, so that investors can more easily digest what is being presented.

“It’s something that culturally we have been pushing for: Let’s use more precise language and information, especially in presentations. It has been one of the positive by-products of the lockdown,” says Hapgood.

Linked to this is another best practice: time efficiency.

Continued on next page →



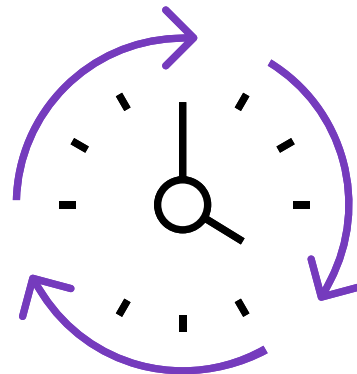
→ Continued from previous page

Meeting investors in person is grist to the mill for any IR executive. It gives them a chance to chat and develop a rapport with an investor. There's often an informal element to the start of meetings. Online meetings, though, have altered meeting protocols — especially when one is hosting, or attending, eight or nine Zoom calls a day. Being respectful of an investor's time is necessary in the current environment.

Although video technology has helped IR professionals to focus on delivering as much information as efficiently as possible, there is, as one IR executive observes, "A need to be more thoughtful about how you communicate today."

"Right now, hopefully, we are providing them with what they need. I've enjoyed being in front of investors more than I would have had the chance to in the past," they add.

Continued on next page →



[Discover the power of next generation technology.](#)

→ Continued from previous page

Another key area of virtual best practice relates to how GPs approach due diligence.

At Ardian, Bane explains how they have adapted beyond simply transitioning the meeting to a virtual setting by creating a series of video streams.

“We want to help our investors better conduct their due diligence in an environment where they can’t come to our office, they can’t visit portfolio companies, they can’t tour an infrastructure asset. You can use video to help supplement that; it’s been a big part of our transition over the last six months.”

“What video technology also allows is for more participants to engage in the process. Typically, the first or second interaction would involve a couple of Ardian’s partners interacting with one of the investor’s team. Now the investor can involve more of their colleagues, and we can do the same on our side.”

Evolution of the IR role

Incorporating digital tools into the IR function is leading to better engagement with investors and helped GPs to roll out a more data-driven digital strategy. They may well have already been considering these tools pre-COVID-19 but accelerated their implementation as a result of the pandemic.

Cloud-based platforms have helped IR teams pivot and engage with their LPs on how the portfolio is performing while providing more tailored reporting.

“We’ve found new technologies to do things quicker and more effectively but technology can’t replace the human/social contact in private equity. Nevertheless, there is certainly a role for digital tech in our industry – it has revealed some inefficiencies that we used to have, and I think there will be a change in how we do business, going forward.”

Continued on next page →



→ Continued from previous page

But it's not just about accessing technology, it's how one uses it.

Managers who get noticed will be those who use technology most efficiently – and intelligently – to reinforce the value of the firm, rather than exploit it as just another way to market themselves.

"In the early years, it was a lot about relationships and trust. It still is, but now we can combine that with a lot more data. I think that's an important step in the right direction. A lot of IR professionals are getting involved in environmental, social and governance efforts (ESG), which is very exciting and gives us an opportunity to articulate our successes to LPs. That's a big focus of mine in 2021," confirms Hapgood.

At Nordic Capital, Ulrich thinks the IR role will involve a mix of virtual and physical interactions.

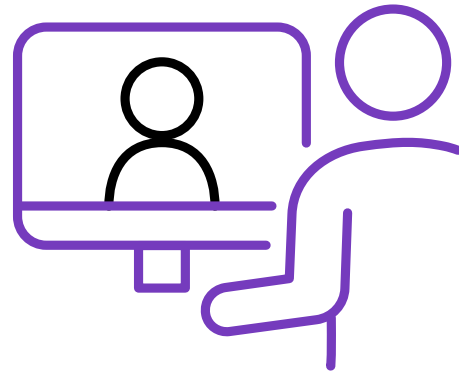
"In-person meetings will become more impactful and I think we will see new ways to make the virtual experience even more engaging. Maybe using a virtual reality overlay to simulate the roof terrace of our Stockholm office, and meet with our investors for coffee!" says Ulrich.

Conclusion

Digital tools are undoubtedly improving the level and frequency of interaction GPs are having with their investors. Video conferencing has introduced a level of efficiency into the relationship that wasn't possible pre-COVID-19.

GPs and LPs are enjoying more frequent, focused dialogue. By prioritizing the type of information shared and using concise language, IR executives are hoping that this will not only improve trust with their existing LPs but help them cut through the noise as they seek out prospective investors during the fundraising process.

Continued on next page →



→ Continued from previous page

Bringing more deal partners into video presentations is making a big difference as investors perform virtual due diligence. Moreover, by involving more of their team, the scope of discussion on both sides of the table helps to overcome the inability to travel. Some managers have started to introduce investor portals to empower their LPs by allowing them to manage and monitor their investments more dynamically. This is especially important as they look to better understand performance attribution in the current climate of uncertainty.

From ongoing reporting and hosting AGMs, to virtual fundraising and due diligence, digital technology has accelerated the way that IR teams engage, collaborate and track the quality of information being shared with investors. For many IR executives, this can only be a positive development in the ongoing GP/LP relationship.

About SS&C Intralinks

SS&C Intralinks is the pioneer of the virtual data room, enabling and securing the flow of information by facilitating M&A, capital raising and investor reporting. SS&C Intralinks has executed over USD 34.7 trillion worth of financial transactions on its platform.

About Private Equity Wire

Launched in 2007, Private Equity Wire publishes PE news and features for LPs and GPs as well as their service providers, issuing daily news over its website as well as features, reports, research, awards and events for the global PE industry.

You can see our suite of solutions or connect with one of our experts who can answer questions or arrange for a personal demo.

Discover the power of next generation technology.

[DISCOVER MORE](#)

CLEAR ADVANTAGE.

© 2021 Intralinks, Inc. All Rights Reserved.