

# No longer on the sidelines



Guest comment by **Kanav Kalia**

*The pandemic has forced GPs to change their approach, for the better, on investment management technology, says Oxane Partners' chief sales and marketing officer*

Infrastructure GPs have traditionally been conservative with regard to technology; their priorities have been on building, operating and maintaining assets. In the past decade though, technology has pervaded the sector with the advent of smart sensors, drones and the internet of things enabling GPs and asset managers to benefit from preventive maintenance and increased asset efficiencies. But lack of in-house technology experts, difficulty in quantifying the return on investment of technology projects and an inertia to change have kept investment management technology on the sidelines.

According to *Infrastructure Investor* fundraising data, 2019 saw sustained investor interest in infrastructure and renewables. With an increasing capital allocation towards impact investing by large pensions and other LPs, more money is expected to flow into the asset class. The capital inflows, advances in technological solutions, LPs' rising expectations and the recent turmoil caused by covid-19 are altering expectations of technology across the board.

## Covid-19 trigger

To understand the pandemic's impact on private markets, we surveyed more than 120 investment professionals in Europe, including the UK, and the US,

nearly a quarter of whom invest in infrastructure and renewables. The survey revealed that the outlook towards infrastructure and renewables remains positive, with 72 percent of respondents reporting no change or a favourable investment environment.

Among respondents with existing exposure to infrastructure assets, 45 percent highlighted reprioritisation of investment management technology, with a staggering 62 percent saying that adopting a portfolio management solution would be their top-most priority. The corresponding metric for all respondents stood at 35 percent, reflecting the fact that the pandemic has triggered a change in outlook towards investment management technology.

Although the impact of asset technology can be seen across the lifecycle, including in the design, operation, maintenance and disposal phases, GPs are also opening up about the need for 'a connected portfolio view' and

enhancing investor communication. Some larger ones are transitioning from an Excel-based system to technology-driven processes with the aim of increasing access to portfolio data at all times, better capturing risk and performance KPIs for each of the projects, automating manual processes and improving investor reporting.

## The road to adoption

When projects are spread across geographies, the need for a technology ecosystem becomes even more evident. A few key factors determine the success of any digitisation initiative. First and foremost, technology is only as good as the data it runs on. Setting the right data foundation and seamlessly capturing ongoing data is critical to making digital work. Deal-level nuances mean flexibility in data management, ad-hoc analysis and bespoke reporting are critical needs GPs look for in a technology solution.

Clients of ours that manage real estate and private debt are now able to provide LPs with direct access to portfolio data. This increases transparency and efficiency, and the trend is likely to be picked up in infrastructure. With the increasing availability of technology solutions, it seems the days of manually monitoring infrastructure investments are numbered. ■

45%

Proportion of infrastructure investment professionals reprioritising investment management technology, post-covid