



How technology empowers
success in the alternative
assets market

Foreword

Deloitte and Alter Domus decided to collaborate together by exploring the impacts of technology on the alternative investment industry. In 2024, we conducted a joint survey targeting investment managers across EMEA, North America, and the Asia-Pacific region. Together, we designed questions to examine the most relevant trends and challenges, reaching out to our respective clients for insights on the current digital landscape.

Based on the survey results, this report reveals how alternative investment managers perceive the growing influence of technology on the industry. It also explores how firms can capitalize on strategic data utilization, AI-driven automation, and modular operating models to address evolving operational challenges and meet client expectations, leveraging insights from industry experts. The findings offer a forward-looking perspective on how innovation is shaping the future of alternative investments.

Introduction

Historically perceived as niche, the alternative assets market has grown exponentially to surpass expectations and consistently outperform traditional benchmarks. Notably, private debt assets under management (AUM) grew by over 460% to USD1.4 trillion between 2010 and 2022.¹ Despite a recent slowdown caused by rising interest rates, as well as the denominator effect of traditional public equity and fixed income markets' broad decline throughout 2022, alternative investments are projected to reach USD21.1 trillion by 2025, representing 15% of all global AUM.²

This expansion has attracted a broader investor base, transforming the market into a complex landscape. As the sector matures and faces current fundraising difficulties, investment managers can struggle to balance standardization with customization. Amid this period of decelerating growth, striking this delicate equilibrium is crucial for enhancing efficiency, customer satisfaction and competitiveness.

In this context, technology is pivotal to navigating these intricate dynamics. The transformative influence of digital tools and robust technological infrastructures cannot be overstated, offering effective solutions

to market complexities and converting them into opportunities. By embracing the right technological advancements, investment managers can capitalize on emerging prospects, optimize operational workflows, and stay ahead of the curve while pursuing superior returns. To uncover the alternative assets industry's current state of play regarding technology and digitalization, Deloitte and Alter Domus conducted a joint survey of investment managers in Luxembourg, North America and the Asia-Pacific region in 2024. Based on the survey's results, this paper sets out the main technological trends poised to reshape market paradigms, as well as how investment managers can seize these opportunities and deliver superior client experiences.

First, we outline how investment managers should seek fund administrator partnerships to act as technological and data-driven enablers. Then, we delve into three technological and operational keys to success:

01. Leveraging data strategically;
02. Embracing hyper-automation to boost operational efficiency through artificial intelligence (AI) and generative AI (GenAI); and
03. Adopting a modular operating model to prioritize client-centricity.

1. Greg Myers, Anita Lyse and Tim Toska, "[Alternative asset annual review: how markets performed in 2023](#)," *Alter Domus*, 14 December 2023.

2. Thomas H. Ruggie, "[Top Trends Impacting The Alternative Investment Market](#)," *Forbes*, 22 January 2024.

Next-Gen fund administration: A data-driven partner and tech enabler

A significant trend has emerged in the industry's evolving landscape: investment managers increasingly regard fund administrators as technological partners. According to our survey, 56% of investment managers believe fund administrators play a significant role in driving their adoption of new technologies (see figure 1).

In addition, 33% of surveyed investment managers expect their relationship with fund administrators to become more strategically vital when adopting new technologies (see figure 2).

Investment managers increasingly expect seamless integration with and a unified entry point into fund administrators' technological infrastructure throughout the entire fund lifecycle. This ensures transparent access to information and process statuses of fund and asset-level financial data, as well as the secure distribution of all communications and reports to investors. Investment managers also expect a smooth customer journey, with fund administrator representatives using timely and relevant data to minimize repetitive interactions, such as multiple follow-ups on fund availability, repeated trade confirmations and compliance checks.

Figure 1. How significant will the role of fund administrators be in assisting investment managers to adopt new technologies such as AI, GenAI, and digitization?

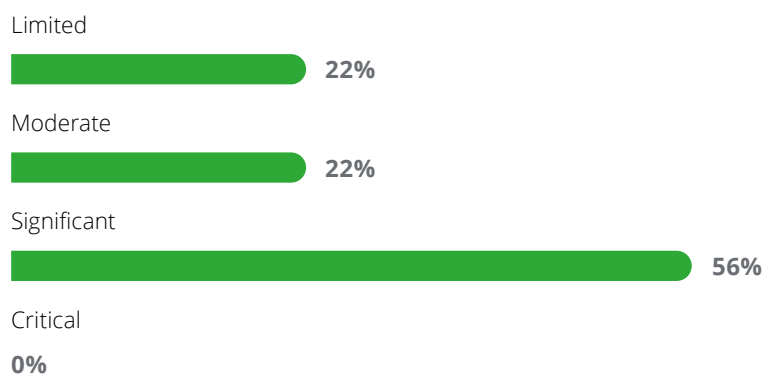
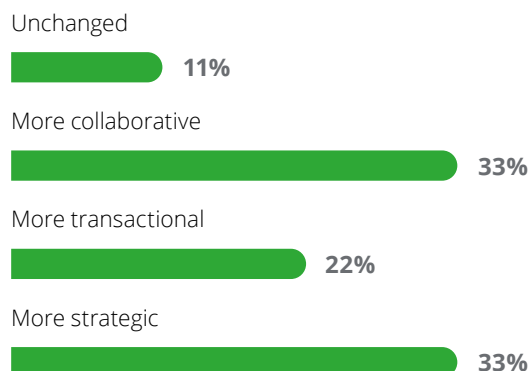


Figure 2. Considering the adoption of AI, GenAI, and digitization, how do you foresee the relationship dynamics between investment managers and service providers changing?

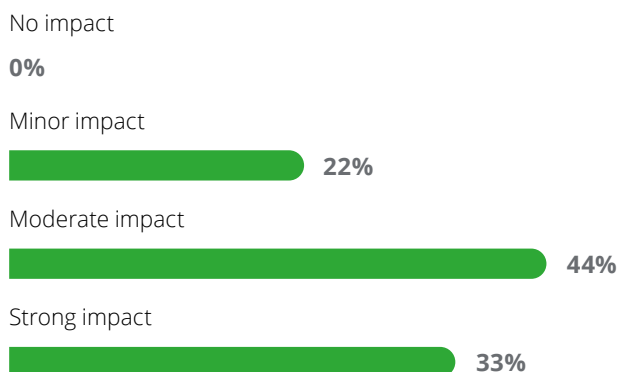


Additionally, investment managers envisage advanced AI data analytics services from fund administrators, empowering them with deeper insights into their clients' portfolios. According to our survey, 78% of investment managers believe emerging technologies will have a moderate to strong influence on their fund administrator selection process (see figure 3).

Offering service excellence to investors is increasingly a key differentiating factor in the crowded alternatives market. Therefore, investment managers should partner with fund administrators that are both data-driven and boast advanced capabilities in process efficiency—for example, using workflow tools with hyper-automation capabilities that leverage the power of AI and GenAI.

In addition, fund administrators with modular operating models can offer enhanced service personalization to clients while standardizing and optimizing low-value-added activities, creating centers of excellence to provide a smooth experience for clients.

Figure 3. How do you think emerging technologies, such as AI and digitization, will influence the selection of fund administrators by investment managers?



Future-proof strategies: Leveraging technological advancements

Harnessing data: Empowering investment managers in a transparent landscape

Data has become a cornerstone asset for investment managers, wielding significant influence over decision-making and operational efficiency. As investor demands for transparency and detailed insights reach unprecedented heights, investment managers find themselves at the forefront of adopting robust data management solutions to capitalize on opportunities and mitigate risks effectively.

Recognizing the pivotal role of proper data storage and accessibility, a hot topic among industry players is implementing advanced data management tools like data warehouses and real-time data visibility solutions, as these systems will be essential for data extraction, analysis, and usage to stay competitive.

Moreover, investment managers are witnessing a notable shift toward self-service data solutions and customizable dashboards, empowering investors with greater autonomy to explore data. This trend underscores a broader industry movement toward agility and anticipating investors' evolving needs, fostering a more dynamic and interactive relationship between managers and their clients.

While standardization initiatives like industry guidelines and advocacy efforts promote transparency and consistency,

investment managers are aware of the inherent challenges in harmonizing data from diverse sources. Striking a delicate balance between customization and standardization is paramount, ensuring investors receive tailored insights while adhering to regulatory requirements.

In addition, regarding data use, investment managers see the ability to extract useful insights at the right moment as critical to making informed decisions, while possessing the data source has become less of an issue in recent years. In this landscape, technology emerges as a pivotal enabler of data-driven decisions.

Data warehouses enable efficient storage of and real-time access to critical information, laying the foundation for robust analysis and informed decision-making. Meanwhile, self-service data solutions, including investor portals and customizable dashboards, empower stakeholders with independent data-exploration capabilities, fostering a culture of transparency and collaboration.

By embracing these technological advancements and integrating data management technology with AI, investment managers can optimize data, transform it into actionable insights, and foster a truly data-driven organization. This not only opens doors to providing new services to clients but also meets their expectations of receiving relevant and timely analytics, which enhances the overall client experience and solidifies trust and confidence in the investment management process.

Unleashing the power of hyper-automation: Transforming efficiency and quality in asset management by leveraging AI and workflow tools

In the asset management sector, a significant driver for embracing automation is clients’ increasing demand for top-tier service delivery through enhanced, clear, and timely communication, alongside stringent security measures to combat fraud. This push catalyzes the adoption of workflow tools to ensure a smoother and more responsive client experience.

Regulatory pressures also play a pivotal role in accelerating automation adoption. While regulatory requirements do not directly mandate automation, complying with these regulations requires robust processes that minimize human errors. Therefore, automation becomes crucial to mitigate compliance risks and ensure adherence to regulatory standards, thereby curbing skyrocketing operational costs.

Despite some progress in automating operations, full adoption remains elusive, with only 22% of surveyed investment managers reporting mature automation (figure 4).

Automation, facilitated by workflow tools, is a cornerstone strategy for asset managers, streamlining operations and maximizing the use of resources. However, to achieve further quality gains, industry players should leverage workflow tools that integrate process automation with advanced technologies like AI and GenAI.

According to our survey, nearly 56% of asset managers believe these technologies will significantly impact the alternative investment industry over the next five to 10 years, while 44% predict a moderate impact (figure 5).

Figure 4. To what extent does your organization use digitization and automation in its daily operations?

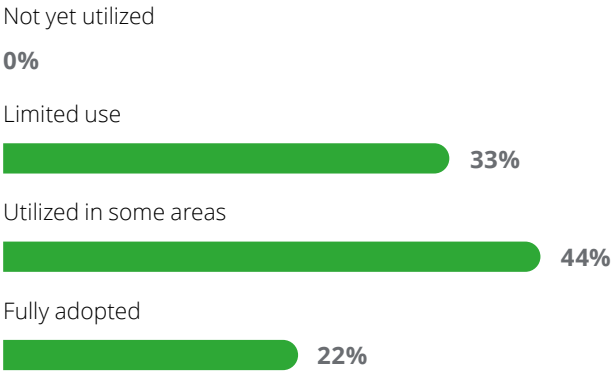


Figure 5. In the next 5-10 years, how do you anticipate AI and GenAI impacting the alternative investment industry?



The surveyed investment managers regard GenAI and digital workflows as the most promising technologies for the alternative investment industry, as they allow organizations to automate mundane tasks, enhance decision-making capabilities, deliver faster, more precise and personalized services, and reduce operational expenses (figures 6 and 7).

Hyper-automation is set to transform investment operations, optimizing processes like cash movement, email processing, capital activity monitoring, net asset value accounting, asset transitions, and client mandate modifications. According to our survey, asset managers predict the main benefits will be improved delivery timing, accuracy, and consistency (figure 8).

Hyper-automation, supported by workflow tools, also equips asset managers with invaluable insights and predictive analytics, empowering data-driven decisions and quick adaptation to market conditions. This agility is crucial in today's fast-paced environment, ensuring competitiveness and meeting dynamic client needs. In summary, hyper-automation offers asset managers a monumental opportunity to unlock efficiency and quality. Embracing these technologies allows market players to thrive in an increasingly competitive landscape and stay at the forefront of innovation and service delivery.

Figure 6. What is your company's top priority for integrating AI, GenAI, and digitization? (1 = highest priority, 4 = lowest priority)

Streamlining operational processes	1.8
Enhancing decision-making capabilities	1.9
Increasing portfolio performance	3
Reducing costs	3.3

Figure 7. In your opinion, which type of technology will be most valuable for investment managers in the alternative investment industry? (1 = most valuable priority, 4 = least valuable)

GenAI	1.8
Digital workflows	1.9
Intelligent data systems	2.4
Blockchain	3.9

Figure 8. In your opinion, what will be the main benefit of leveraging workflows driven by AI, GenAI, and digitization for investment managers? (1 = main benefit, 4 = secondary benefit)

Improved timing for delivery	1.6
Enhanced accuracy and consistency	2.2
Cost savings	3
Better collaboration	3.2

The power of modularity in the operating model: Enhancing investor experience

Investment managers can only fully leverage hyper-automation tools if they adapt their operating models. The emerging trend of modular operating models signals a new era of operational excellence.

This evolution is driven by investment managers' recognition that high-value client activities should be prioritized through modular frameworks. To stay abreast of this transformation, investment managers should prioritize partnerships with fund administrators who use cutting-edge workflow tools and modular customer relationship management (CRM) and enterprise resource planning (ERP) platforms. These platforms help eliminate redundancies in processes and streamline their modularization.

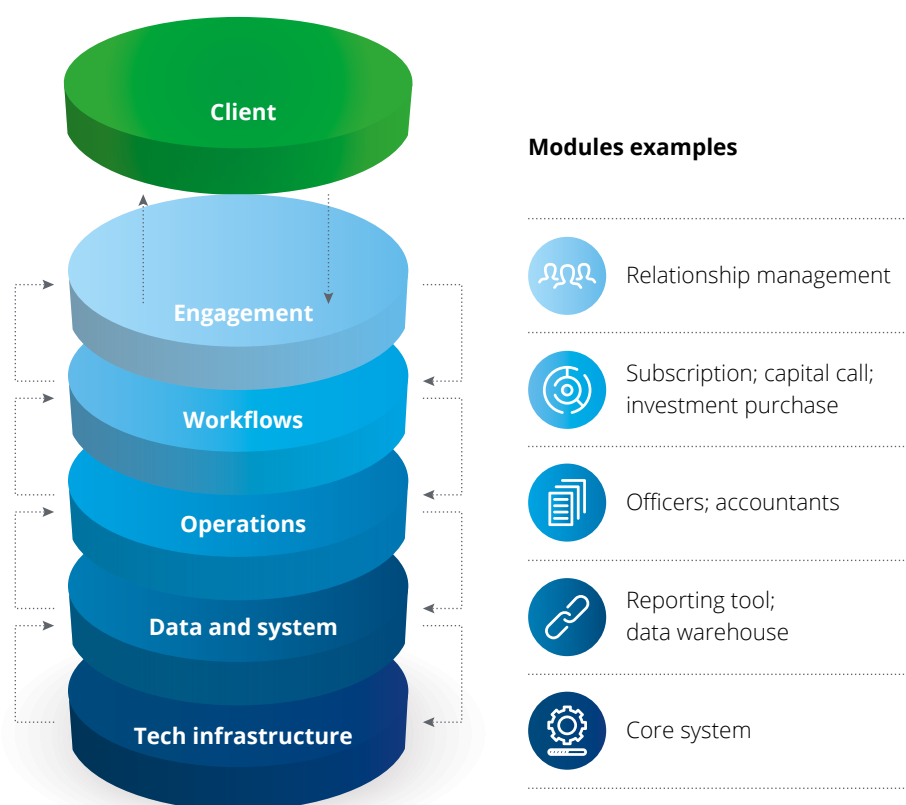
By modularizing complex processes, fund administrators gain the flexibility to strategically allocate resources, focusing their efforts on activities that enhance client satisfaction and loyalty. This prioritization shift lays the groundwork for a future where customization and personalization are paramount in delivering exceptional client experiences.

At the same time, standardizing low-value tasks within modular operating models is a crucial driver of efficiency and resource optimization. By automating routine processes and implementing standardized workflows, investment managers unlock newfound ways to concentrate on strategic initiatives that add tangible value to investors. This emphasis on standardization also fosters agility, enabling firms to quickly respond to evolving market dynamics and investor demands.

In envisioning the future of investment management, particularly in fund administration, the modular approach catalyzes the establishment of centers of excellence. By centralizing specialized functions and expertise within modular frameworks, administrators lay the groundwork for a global innovation hub network. These centers of excellence serve as incubators for best practices and continuous improvement, driving operational efficiency and ensuring consistency in service delivery across diverse markets and geographies.

In summary, the trajectory toward modular operating models signifies a paradigm shift toward enhanced efficiency, agility, and client-centricity. By embracing modular frameworks and leveraging advanced workflow tools and modular platforms, investment managers are poised to redefine the standards of excellence in fund administration, charting a course to a future where personalized service and operational optimization converge to create unparalleled value for investment managers.

Figure 9. High-level illustration of modular layers in fund administration



Conclusion

The alternative assets market stands at a pivotal juncture, propelled by technological advancements reshaping traditional paradigms. The industry's maturity and exponential growth underscores the indispensable role of technology in navigating complexity and fostering success.

To stay competitive in an increasingly crowded market, players will need to fuse data-driven decision-making and operational agility through AI integration. Hyper-automation, powered by AI and GenAI technologies, enhances efficiency by automating tasks with precision. Modular operating models prioritize client-centricity, strategically allocating resources for superior client experiences. Together, these elements optimize operational efficiency and elevate client satisfaction within investment management practices.

The convergence of these trends underscores a broader industry movement toward customization and personalization. By embracing technology-enabled solutions, market players can transcend traditional boundaries, fostering dynamic client relationships grounded in transparency, responsiveness, and value creation.

In essence, as the alternative assets market continues to evolve, strategic technology integration will be a cornerstone of success. By embracing innovation, optimizing operational workflows, and prioritizing client-centricity, industry participants can confidently navigate the market's increasing complexity, capitalize on emerging opportunities, and deliver sustainable value in an ever-changing landscape.

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