

2022

# Portfolio Monitoring & Value Creation

- Sector Overview
- Product Brief: Untap



# Foreword



The portfolio monitoring and value creation space has evolved significantly in recent years and as needs and demands shift within the middle office, firms are consistently looking for solutions that can serve as a one-stop-shop for these requirements.

Untap is one such product that works to solve this demand in the space. While on its own it solely focuses on the middle office, it has strategic integrations with partners that can handle front office solutions, ESG data and reporting, and more.

With this in mind we put together this Product Brief in collaboration with Untap, leveraging our experience working with clients to find effective solutions for portfolio monitoring and value creation to provide the context and perspective on features and functionality buyers need to make informed decisions on which platforms to review and how to assess them.

This Product Brief contains the following sections:

## Topic 1 - Sector Overview

- *What is the potential value-add provided by products in the portfolio monitoring sector?*
- *What are the key areas of functionality and use-cases? Which workflows are affected?*
- *How should buyers think about setting requirements and evaluating products in this area?*

## Product in Focus - UNTAP

- *Interview with Juan Manrique and Manfredi Bargioni*
- *Company overview*
- *Key areas of functionality and product differentiators*
- *Implementation and support considerations*

## The PE Stack Verdict

- *Where do we see potential for strong alignment with key buyer groups?*
- *What challenges will the product face?*
- *How should firms think about assessing UNTAP?*

While PE Stack receives compensation from vendors to maintain a Product Brief, we work on the understanding that our analysis will be unbiased and does not serve as an endorsement. As you review this brief, you will see our description and assessment of the platform's functionality, how this compares to other options in the market, and our perspective on scenarios where such functionality is likely to be appreciated.

We appreciate your feedback - please reach out at [info@pestack.com](mailto:info@pestack.com) with any comments or suggestions for future reports.



# Sector Overview

## Portfolio Monitoring Providers

### Overview

Over the past 15 years, we have seen the ecosystem for portfolio monitoring solutions evolve significantly, both in terms of the number of vendors and the level of specialization offered by solutions in the space. Some of the key trends include:

- Specialized modules for GPs vs. LPs
- Bifurcation on LP solutions into private capital vs. multi-asset class
- Evolution of GP solutions beyond financial KPIs to encompass value creation and ESG
- Specialized modules or standalone products for non-financial KPIs
- Digitization of valuation process

The focus of this report will be the GP side, where we have seen an explosion of new solutions, increased specialization, and significant innovation as vendors seek to differentiate themselves from peers.

The Sector Overview is designed to provide context for our Product Brief covering Untap – a platform which offers solutions for multiple areas on the GP side, delivered via both proprietary software and native integration with other vendors.

Portfolio monitoring platform selection is a very common project for PE Stack, we have worked with a variety of firms seeking a solution in recent years as a replacement for Excel and in some cases to displace an existing vendor. It is an area

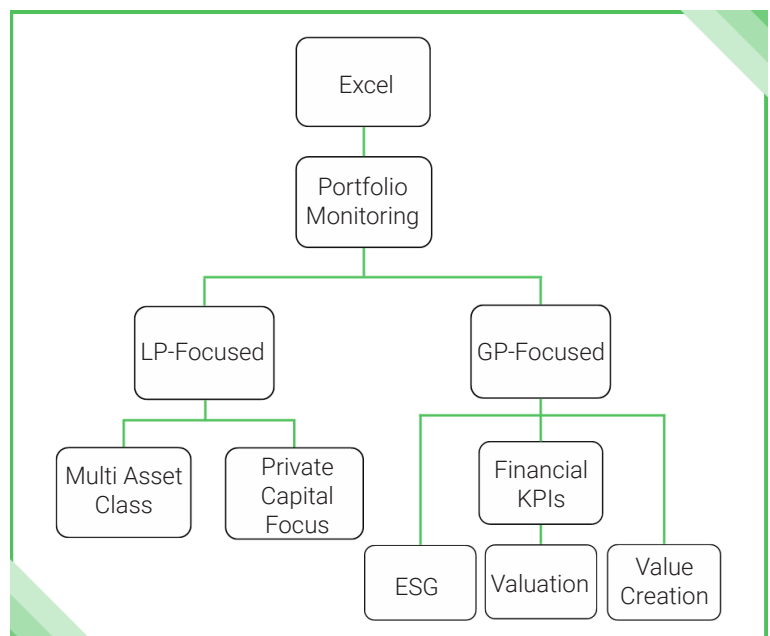
full of potential pitfalls for ill-prepared buyers, with significant variation between different platforms in terms of how they operate and function.

### Key Product Considerations

#### Scope

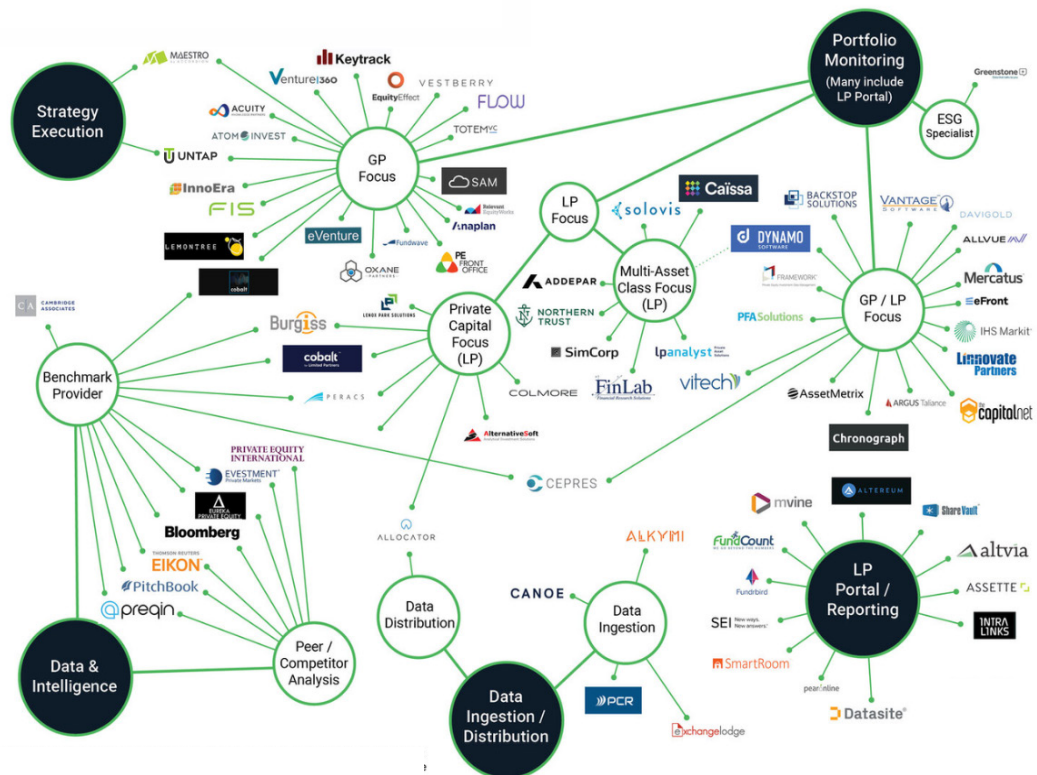
It is increasingly common to see GPs seeking out solutions which go beyond financial KPI collection and analysis. In particular, there is a desire to track and report ESG-related metrics and monitor ongoing value creation initiatives. While all three of these areas seemingly involve a similar cadence of setting targets, tracking data and producing analytics, there are some key differences between them which place demands upon vendors. As a result, we have seen an increase in the number of specialized solutions focusing on just one area – especially for ESG – with

#### Evolution of Portfolio Monitoring Technology





## Middle Office Ecosystem



integrations between platforms serving to ensure data consistency where appropriate.

While we do not have a particular preference in terms of an all-in-one vs standalone approach, we do see it as vitally important for buyers to educate themselves around the unique aspects of each area so that they are able to compile adequate requirements and ensure that they are selecting the right mix of products and modules.

To give an example of complexity in this area, we find that ESG solutions perform best where they provide

users with guidance on which KPIs to collect based on alignment with applicable frameworks their vehicle is subject to, the specific data to collect plus calculation engines to compute certain metrics

according to best practices. GPs required to report carbon emissions for example must collect specific underlying data in the right way and perform the correct calculation to produce a valid metric. In our experience, vendors with a focus on more traditional financial metrics are often missing a major part of the puzzle, even if in theory their platforms are able to collect the data and produce calculations defined



by the user. ESG is both complex and dynamic – the regulatory environment and requirements for GPs continue to evolve.

Valuation is an area where we are starting to see modules and products being launched. In our experience, certain products have limitations here given the complexities of waterfall modeling and our advice would be to ensure that any valuation module is certain to function for a GPs specific strategy and portco ownership structure. If a valuation module requires a user to export to Excel in order to complete the task, we question the value proposition. At the very least, buyers should consider their current valuation process and how a portfolio monitoring platform can support this and provide additional efficiency - a decent Excel plug-in for example can help to refresh existing valuation models.

## Data Ingestion

One of the most important areas of portfolio monitoring can also be the hardest part for buyers assessing platforms to get a strong feeling when viewing a demonstration. We, therefore, advise GPs to consider the following before embarking on a selection:

- What relationship do I have with my portcos?
- To what extent can I dictate reporting standards?
- How mature are my portcos?
- How accurate are current reports from my portcos? To what extent are portcos reporting the same metrics?
- How uniform is reporting between different portcos?

Mapping out how current and anticipated reporting will function allows vendors to showcase their solutions and show alignment with requirements. This is vitally important as some methodologies are better suited than others for certain scenarios. We see significant variation in how data ingestion functions, with approaches including:

- PDF parsing
- Spreadsheet mapping
- Digitized Templates
- Direct links to portco applications
- Portco-side data validation
- Managed data service



None of these are 'better' than the others, the key thing is to understand the current and potential future data collection strategy and ensure good alignment with what the platform is able to offer.

The other key data point which most platforms will require in order to produce certain analyses will be



cash flow data, the source of which will be back office platforms operated internally or by an admin. Utilizing a middle office module as part of a wider suite which also encompasses the back-office can lead to a more seamless integration here, although platform-to-platform integration is relatively simple to set up and even a flat-file export is not too onerous a process to manage given the typical frequency at which such data is refreshed.

### **Validation/ Workflow Management/ Data Audit**

For GPs managing the data collection process internally, a robust system to manage updates can be valuable. Here we would highlight functionality such as the ability to set responsibilities, deadlines, and reminders as being of importance.

Given the potential for mistakes with data, we also appreciate the presence of data validation tools which can help highlight cases where data values are unexpected and require an additional check. In certain cases, we have seen clients value such functionality where it exists on the portco side, allowing mistakes or missing data to be flagged before data is submitted to the GP.

### **Data Model / Structure**

This is another area of functionality which can be challenging to understand within the context of a demo – a platform’s ability to pivot and show data in alignment with ownership structure. For example, managers with more complex fund structures may want to pivot data to show how specific LPs are exposed to assets via multiple vehicles – not all platforms can accomplish this.



When viewing platforms, if there is a desire to pivot data in this fashion, it is important to define this within requirements and ensure that platforms are capable of providing such functionality.

### **Asset Class / Strategy**

It can be highly frustrating for GPs to engage with a vendor only to discover that the platform is incapable of dealing with their particular strategy. Specific examples of this would include the ability to manage the loan book requirements for a credit or private debt fund. Another requirement might be for frequent or even real-time data refresh – something that an energy fund monitoring power output might see as important.

It is therefore essential to ensure that vendors are able to service a GP’s strategy and should ideally be showcasing their solution in alignment with these requirements.



## Analytics / Interface

Analytics is a very broad term, but at a high level we would recommend focusing on two key aspects:

- Standard, pre-defined analytics
- Flexibility to create custom analytics

While a flexible analytics engine which allows a user to define reports is certainly a valuable feature, it cannot be the sole approach to satisfy certain requirements. Pre-defined analysis which we would expect to see out of the box includes outputs which would be tricky to define using Excel-style pivot tables – analysis which requires calculations such as IRR and more complex representations such as value bridge are good examples.



Pre-defined analysis can be especially important for platforms purporting to provide ESG functionality, where the accuracy of output is reliant upon the

correct calculation and formulas applied to specific data points in order to be compliant with certain frameworks. Even if a platform were flexible enough to allow a user to define such calculations as a custom report, it is our experience that most private equity firms see significant value from ESG products (or even more focused products such as carbon emission tracking) which provide pre-built calculation engines.

We would also highlight the importance of analytical structure when monitoring a portfolio for value creation. Where a platform is being leveraged as a tool to power these initiatives, thoughtful representation of initiatives, targets vs. achievements is essential to support the use case. We see a huge difference between platforms that treat value creation initiatives as just another KPI to collect vs. those which have built out workflows, reports, and an interface designed specifically around this area.

## Reporting / Output

We expect a portfolio monitoring platform to support requirements for both internal and external reporting, and there are a few different approaches which we see in the market:

- Integration with Microsoft Office (Excel, Powerpoint, Word)
- 'Pixel Perfect' on-platform report creation
- Output individual charts

This is another area which can be challenging to assess within a demonstration, as the approaches can differ significantly and represent a philosophically different approach. Our advice would be to consider how LP quarterly reports are currently maintained and assess how a platform's approach will align to create



additional efficiency and match expectations around the look and feel of a report.

- To what extent is report-creation, once defined by the user, automated?
- How easy is it to add commentary and customize?
- Is custom branding available?

## Excel

We would see any effort to make Excel completely redundant within the portfolio monitoring and reporting sphere as misguided. There will always be scenarios where Excel is the correct application to perform certain analyses. Furthermore, output from portfolio monitoring can be necessary to perform Excel-based calculations such as valuation where models exist in Excel. As a result, we see the presence of a quality Excel plug-in as an important consideration. Core expectations include the ability to link and synchronize data between the application and an Excel spreadsheet. There are advantages to this

being bi-directional in certain scenarios. The plug-in itself works best where the tool can be implemented at the firm-wide level and will work with cloud-based Excel spreadsheets.

## Integrations

In addition to Microsoft Office, there are some key 'industry' integrations which we would see as important for portfolio monitoring. The most important of these is a connection to accounting software for cash flow data. Accomplishing this with an API is nice to have, but flat-file updates can also function effectively given the typical update cycle for such data. Moving forward, we would expect to see more data and intelligence products designed to help portfolio managers compare ongoing performance with the exogenous environment. As this evolves, integration will be desirable to extract maximum value.

## Other Vendor-Specific Considerations

### UX

The user experience can be a subjective consideration, but it is important for all key stakeholders to review the platform and provide input on the look and feel of the product in question. We have seen situations where systems have failed due to poor adoption – for example, analysts reverting to Excel rather than deal with a 'clunky' analytics interface.

### Security & Administrative Controls

This is a relatively straightforward consideration that can nonetheless derail an assessment. If there are existing requirements for software vendors such as



server location or SOC II certification, be sure to qualify a platform's ability to satisfy such requirements at the outset – especially if this proves to be a deal-breaker.

## Implementation and Support

Putting aside the cost of implementation and support, it is important to determine a vendor's ability to provide support for certain activities and the timeliness of their response. This is an area where geography can influence performance for certain scenarios. If a firm has determined that they would require an outsourced service to manage data ingestion, we recommend speaking to the team delivering this and ensuring all costs are understood.

Regarding implementation, asking about the typical timeline for this is not especially useful in our experience. The polite answer will be something like 3 – 6 months. The true answer will be that client engagement and the ability to manage the project efficiently is the X-factor which can make the biggest difference. We would recommend that buyers examine options to leverage implementation consultants to expedite the process.

## Pricing

Negotiating a contract which represents a good alignment of interests is always the key goal to bear in mind. The typical mistake we see buyers make during this stage of the process is failure to consider the future impact of the metrics being used to determine pricing. For firms anticipating fast growth, linear per-portco pricing may see annual pricing increase dramatically in future years but might make sense for firms which anticipate a flatter evolution in terms of AUM. Vendors which do not charge for

implementation may provide a lower cost in the first year, but could be more expensive in the long run.

Our advice here is to model out pricing for at least three–five years and according to multiple scenarios to measure the impact of proposed terms and provide ammunition for negotiating a well-aligned subscription agreement.



# Interview



**Juan Manrique**, Co-Founder and CEO (left)  
**Manfredi Bargioni**, Co-Founder and CEO (right)

## PE Stack: What sparked the initial idea behind the Untap product?

**UNTAP:** Within the wider business environment, the benefits of a dedicated Project Management Office supported by quality software are already well-established: faster, more consistent delivery; higher quality; alignment between stakeholders, and more. This is a space we know well since founding Hydra Management Solutions, a PMO platform in 2007.

The ways in which private equity portfolio management teams think about portcos align with a PMO conceptually, but it is very rare to see PMO software in PE. We experienced this firsthand in a meeting with a PE-backed company client of ours, Liberata. They suggested our platform be adapted to manage the workstreams and ensure a smooth, efficient exit process over a 12-month period.

After a successful implementation, our stakeholders proactively encouraged us to expand the concept to cover the entire private equity value-creation lifecycle and after a year spent identifying key requirements, we concluded that the lack of project management technology within private equity was a function of existing solutions – including our own – that failed to accommodate aspects of private equity ownership.

It was a hole in the market we were uniquely placed to fill, so we leveraged our experience to build Untap from the ground up to help PE firms manage the value-creation initiatives in place within their portfolios.

Further product evolution came in response to demand for traditional financial KPI tracking as well as operational and LP reporting, allowing clients to move away from separate applications. With the addition of ESG, we see Untap as a uniquely holistic platform for PE portfolio monitoring and management.

## PE Stack: Do you see the platform expanding further into other areas of the workflow?

**UNTAP:** Our goal for Untap was to create a one-stop shop for all things middle office. We are only interested in expansion where additional functionality supports and strengthens our core value-creation thesis in a way that benefits our users.

Untap does not offer front office services– we leave that instead to our integration partner Dealcloud. Our strategy is to provide comprehensive support from the moment an asset is bought until it is sold, encompassing the interactions with portfolio companies while supporting both internal and LP reporting requirements.

At the end of the day, Untap's goal is to optimize value creation and support the delivery of sustainable returns. As with any private equity fund, there are two challenges: origination and conversion with meaningful returns.

Many companies in the space are working on origination, trying to help GPs find opportunities in the marketplace because they can be difficult to nail



“ Value creation is still in its infancy within private equity, but we know from the wider business environment how much improvement in execution can be achieved with a more structured approach. ”

down, especially in such a competitive environment. As for conversion, it is a big challenge to convert what was bought into something that can yield a return of at least 2x. It is about value creation. Everything you can do to optimize value creation is the name of the game, and we see more GPs seeking to leverage technology to help them achieve excellence.

**PE Stack: What does your ideal client look like, where do you feel the platform will not work well?**

**UNTAP:** Mid-market growth equity is our sweet spot - firms which are focused on value creation and both organic and acquisition-driven expansion strategies which require careful oversight. Here, investment in technology provides significant value in optimizing resources, time, and attention to maximize returns.

We are also beginning to break into the VC space as well. For VCs, value creation is not as important as creation itself. This is a level of control that can be very difficult to execute from a VC point of view but becomes more applicable as companies mature. Portfolio monitoring (financial), LP reporting, and ESG are also key factors.

We always see our core focus as private equity and growth equity, especially in the mid-market. However, we do not shy away from working with other client types and we have put out feelers to that end.

We will see what happens in the future, but generally the types of clients we deal with range from half a billion dollars under management to around \$10 billion under management, which is ideal for us. In short, as you go beyond 10 assets and move from second and third funds, challenges such as LP reporting and other complexities in the operation will require a system like Untap.

**PE Stack: Digitizing value creation will be a new concept for many GPs, what positive impact have current clients seen from this side of things?**

**UNTAP:** Value creation is still in its infancy within private equity, but we know from the wider business environment how much improvement in execution can be achieved with a more structured approach. We offer clients a simple, straightforward way to align the agendas of management and investors and produce better outcomes for all stakeholders.

Distributing evaluation planning can be confusing because today's users are quite interested in valuation. Companies are actively hiring operating partners and hiring consultants. However, before Untap, there was no tool for proper monitoring of value creation initiatives. We consider ourselves unique for providing the first tool to help conduct value creation properly.

We ensure that our process is a strong, dependable one by focusing on a team-based approach. Untap has created an internal structure around this principle to ensure that everyone on the team can skillfully promote our expertise and maintain the process smoothly.

Particularly in private equity, competition is increasing fast. There is pressure coming from all sides to ensure that assets are managed effectively and efficiently. More sophisticated LPs are scrutinizing the operational capabilities of their managers; they want to see how GPs are evolving their approach towards managing assets and will remain successful in the future. We are confident that in time, automation tools like Untap will be increasingly adopted across the industry.

**PE Stack: Why did you decide to partner rather than build for the ESG side of things?**

**UNTAP:** When we talk about ESG, the E side is probably more important than the S and G! This area requires complex, specialized technology that involves algorithms, modeling, assumptions, etc. to obtain useful data. Given that ESG is so specialized, and that

there already exist many vendors who handle it, we thought that it made no sense to redo the same work and create ESG functionality. Instead, we partnered up with an organization that brings 15 years of experience to the table.

We needed a way to work effectively and utilized our ESG partner's data within our model, allowing users to make connections between ESG activities, valuations, and financials. That's the beauty of the solution. With this partnership, we are now able to bring in so many different aspects of the execution of a company's operations to a single platform that provides a powerful source of insight and input on top of our own engine.

At the end of the day, our game is data, consistent data users can derive insight from. Partnering with someone who specializes in ESG was the right choice for us because we recognize that we cannot be everything to everybody, and we would rather focus on what we do well. This is especially important when you consider how dynamic this area of the market is – there is always new legislation, evolving reporting frameworks, and industry body initiatives. Our clients will be served well by our partnership today and in the future.

**PE Stack: It appears that Untap made a conscious choice to leverage Microsoft technology and build tight integration with tools such as Excel. What are the advantages of such an approach, are there any drawbacks?**

**UNTAP:** One thing we learned from our previous company Hydra was that not aligning yourself with a big player can be harmful to adoption, especially during the early phases of a company's development. In Untap's case, Microsoft was the elephant in the

room because it's so widely used in private equity. We decided to make sure that we did not reinvent the wheel and stuck to what people knew and consistently used.

For example, expecting people to move away from Excel when they have been using Excel all their lives is nonsensical- and quite frankly isn't going to happen. People are pretty attached to their workbooks!

We focused on what we could do better than Excel, which was centralizing data and reporting, while also giving flexibility to users. We do this from a financial controller's and a user's point of view, making it simple to obtain information without leaving Excel. In the end it makes no sense for a company of our size to compete with Microsoft. Following the same philosophy, we have fully integrated Microsoft Power BI into our product to handle all the analytics, which gives us a huge level of flexibility and access to MS AI capabilities, seamless integration with other MS products as well as familiarity for the end users.

One of the underlying philosophies for Untap is to eliminate friction and keep things simple as much as possible. Our users are not necessarily techies- our users are very busy and get pulled in a million directions. Our implementation time is about a month to a month and a half as compared to eight or nine months, which is commonly the industry standard. For the end user, it is simple to use, and for us that is imperative.



# Product in Focus

## Company Overview

### The Elevator Pitch

Untap is a next generation solution for portfolio management for private capital markets. An integrated platform addressing all the core needs for middle office Private Equity operations by streamlining data acquisition, generating automated reports, providing advanced analytics and allowing a pro-active value creation and ESG improvement in clients' portfolios.

Key features of the platform include:

- One-data approach to information flow from portfolio companies all the way to automated production of quarterly investors' reports
- Consolidated financial results with value creation and ESG metrics and actions
- ESG capabilities including Scope 1, 2 and 3 GHG Emission Wizard
- Playbooks and KPI templates to digitalize know-how across the portfolio

Untap is the only solution in the market bringing together portfolio monitoring, risk management, value creation and ESG strategic planning and control into a single open data platform

### Company Background

Untap was founded in 2020 by Juan Manrique and Manfredi Bargioni in London, UK.



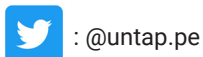
#### Sample Client:

Access Capital Partners is an independent private assets manager investing in the key economies of Western Europe

### Get in Touch with Untap

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## Product Overview

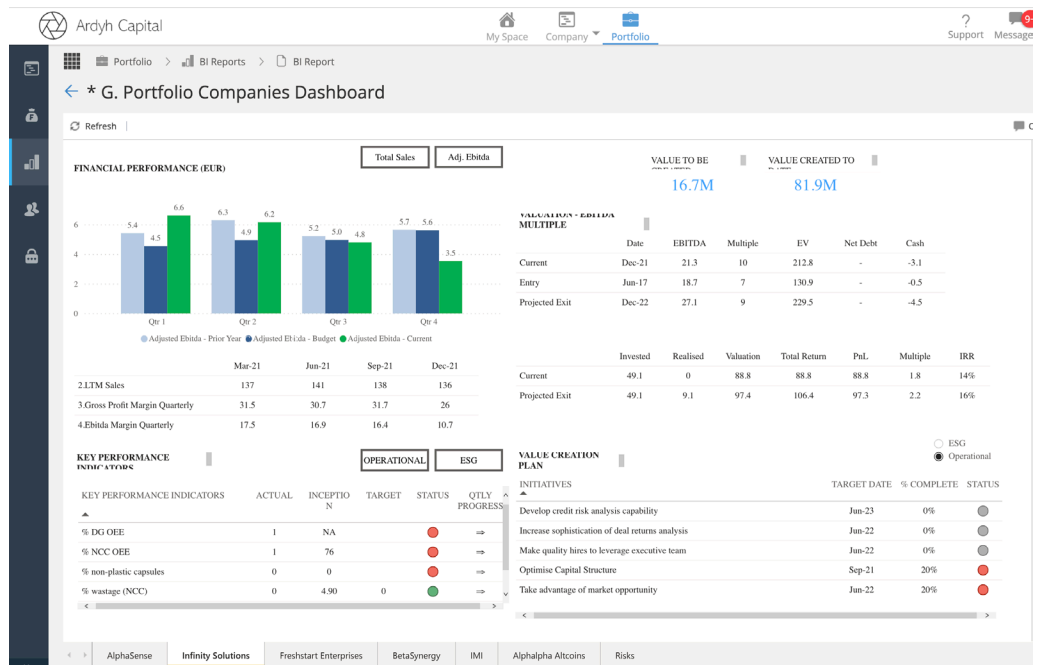
### Portfolio Company Data Ingestion

We see vendors in the portfolio monitoring space utilize a number of methodologies for data ingestion. Broadly speaking, this can be split into two buckets – the GP dictates the reporting format (template), and the portco is required to fill in the template and return it to the GP; the GP is agnostic with regards to format and the platform extracts the required data points using some manner of mapping or OCR technology.

Untap maintains a somewhat differentiated approach which marries the two approaches – the portfolio company maintains its reporting standards but uses a proprietary Untap Excel plug-in to map data points and transmit data to the GP directly. We more commonly see mapping of this nature taking place on

the GP side, furthermore, where we have seen basic mapping taking place on the portco side to align with a template – a relatively trivial exercise in Excel - the file is typically saved and sent to a GP for upload.

The benefits of using an Excel plug-in on the portco side include a very streamlined process for the GP, and data validation on the portco side to encourage accuracy and overall ease of use for the portfolio company. Once the plug-in has been set up, the task for the portfolio company is relatively straightforward. Scenarios where the Untap approach may not work so well would be cases where the GP is not making control investments and cannot compel the portfolio company finance team to use the tool. Although there are workarounds for such scenarios, and some VCs will be able to have portcos use this tool, this approach will work more naturally for private equity and growth equity.





## Data, Process, and Workflow Management

Untap's functionality matches our expectations for premium portfolio monitoring platforms to provide flexible workflow management and oversight tools which can effectively highlight issues and provide robust oversight for larger, more complex teams.

Specifically – the ability to assign responsibilities for various parts of the workflow, the ability to highlight which portfolio companies are slow to provide data, and support for multi-stage data acceptance.

The platform can be configured to highlight cases where provided data raises questions, and as mentioned earlier, provides tools for the portcos themselves to avoid data errors.

The platform also contains full audit trail capabilities, showing where data is coming from when it has been changed, and by who. It also allows users to immediately see the underlying source for any data point which can be useful when querying a specific data point.

Again, these are advanced features that do require configuration to adapt to a firm's specific processes and may prove to be superfluous for smaller GPs with flatter team structures.

## Reporting and Analytics

Untap leverages Microsoft PowerBI to generate analytics. The benefits of PowerBI as an analytics engine include flexibility, customizability, and an attractive interface. 'Out of the box' Untap does provide all of the typical reports which we expect to see in private equity and venture capital – value-bridge, IRR, attribution, etc. That said, to extract full value potential, the Untap platform does require a

level of initial configuration and implementation. This is not a turnkey solution and users must buy into the concept of having a powerful set of dashboards to monitor all aspects of the portfolio according to the GP's strategy and ethos. There are lighter (and less expensive) platforms available which some managers – especially those not proactively monitoring value-creation initiatives – may prefer.

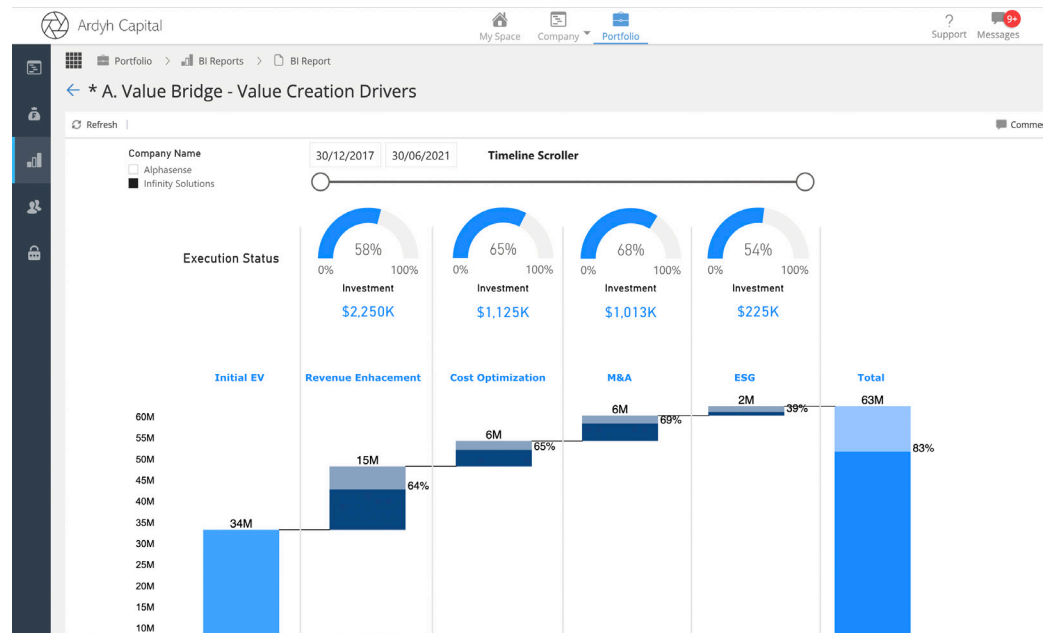
The approach to generating reports for internal and external consumption – including LP reports and tearsheets – is to synchronize data and commentary from the database underpinning the platform with manager templates in Word or Powerpoint. New clients may choose to align existing templates with the platform or create new reports upon adopting Untap. Once the data has been mapped to templates, the task of updating reports is as simple as refreshing the documents. The benefit of Microsoft as the report generation tool is familiarity for key users, ultimate flexibility in terms of layout and branding, and the ability to manually amend documents after the report has been updated by the system.

## Value Creation

Maintaining visibility of value creation and strategic initiatives is not as simple as defining and collecting KPIs – something that most pure-play financial-metric focused platforms can perform adequately. Untap's approach to value creation leverages the team's experience in wider project management software to provide a fully-featured suite of tools that include qualitative assessments; key employee tracking; internal collaboration tools; the ability to store, iterate and launch best practice playbooks for sales, marketing, and other initiatives.

The value of this module will again be perceived most positively by firms which take a proactive approach





towards portfolio company management and oversight – typically growth equity and private equity, although certain VC firms will also see the benefits of a robust value creation tool.

Firms that maintain distinct teams dedicated to providing value-added operational expertise to portcos will find tools of this nature to be valuable.

Successful adoption of the value creation module will be challenging without full buy-in from the firm and thoughtful configuration of the platform to align with current workflows. The platform will work most effectively in cases where the GP is committing to managing all value creation efforts on the platform and has full support and commitment from portfolio managers.

Value creation platforms, which we have also termed strategic initiative platforms in the past, are growing in prominence in the industry, although the number of products in the market is still relatively limited.

We believe that many firms seeking to leverage technology to enhance value creation efforts will see the advantages of leveraging a single platform for this and the more traditional portfolio monitoring activities. It is unsurprising to learn that users which initially utilized the value creation module alone later migrated away from an existing portfolio monitoring solution to benefit from the single platform approach.

## ESG

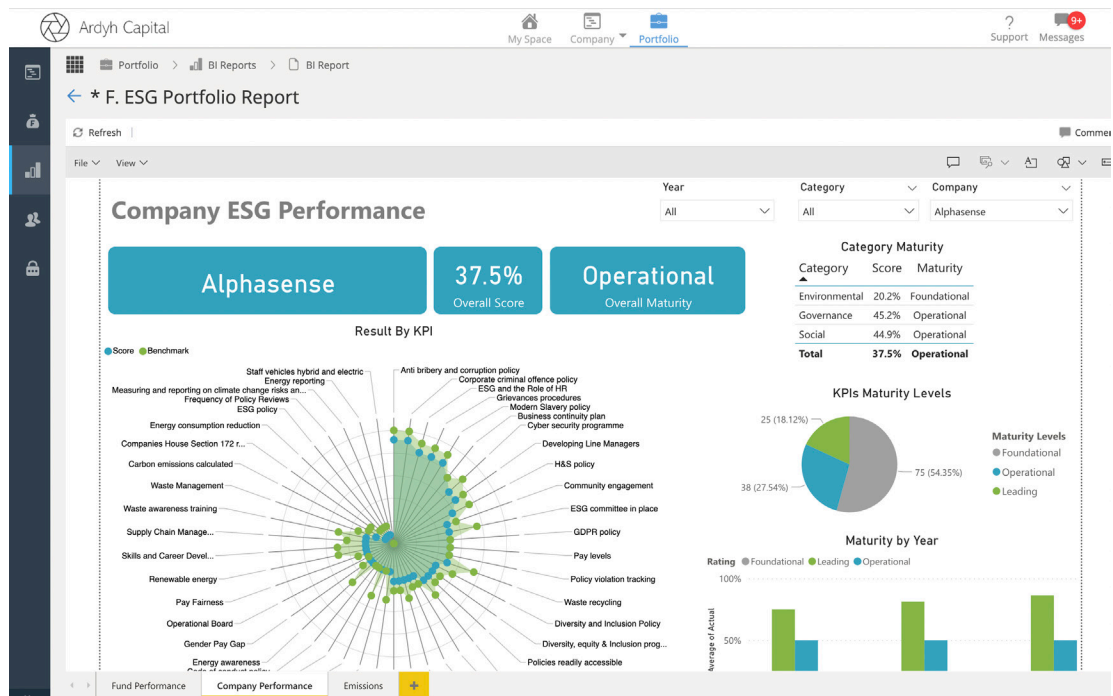
PE Stack has some experience in the area of ESG and has advised on the development of tools in this space. Our view is that similarly to value creation, successful ESG software has to do more than simply allow for the collection of ESG metrics and provide a vast library of KPIs to choose from. Certain ESG metrics require the collection of raw data to power a more complex calculation. Furthermore, the very question of which ESG data points to collect and how to collect the data

is itself a key demand from GPs seeking to implement ESG properly.

The more focused products in the areas of ESG and DEI tend to involve a hybrid approach of helping GPs to define the ESG strategy, data collection metrics plus data collection and analytics. This is a complex and dynamic area, we feel it is important that a GP can lean on the software provider to support such initiatives at a deeper level.

Therefore, we are supportive of the approach Untap has taken toward ESG. By partnering with Greenstone, a specialist and established vendor in the area of ESG, Untap can facilitate a single platform approach towards the entirety of portfolio company monitoring without requiring concessions in terms of functionality.

It is beyond the scope of this report to examine the Greenstone product in detail, but we do support the use of Greenstone as a fully featured ESG platform for managers seeking to do ESG properly today and in the future as requirements continue to evolve in this area.





# Untap

## The PE Stack Verdict

A significant proportion of PE Stack's product selection engagements include or are entirely based around portfolio monitoring. It is a competitive space with many high-quality solutions and our clients are often surprised at how much variation and differentiation exists between platforms. There is no 'best' solution in this area, successful procurement is about identifying the platform that aligns best with a GP's strategy, culture and workflows.

Within this context, we see Untap as most likely to resonate with firms that take a proactive stance toward portfolio company management and see helping portcos achieve operational excellence as a key element of their strategy. It is a serious platform for detail-oriented GPs willing to invest time and resources in building a platform aligned with their investment ethos. We feel the solution will best suit the requirements of larger, more complex firms making control investments.

Untap is less likely to be a good fit for venture capital firms which may not see as much use for the value creation elements of the solution and are less likely to benefit from the portco-side Excel plug-in for data ingestion. It is also important to note that the solution is likely to require more investment in terms of time and licensing compared with lighter platforms with a focus on servicing smaller, less complex firms.

### **Knowledge: Accessibility and Institutionalization**

Post-Covid, we have seen demand rise for tools which facilitate access to institutional knowledge around both specific, current situations and in a more general sense around best practices – visibility around portfolio company value-creation initiatives for example, plus the playbook which defines how such initiatives should be run. We are seeing a

general desire to institutionalize and digitize knowledge, reducing risk when people leave and allowing for an iterative approach toward maintaining best practices. We see Untap as very much aligned with this general trend; it can serve as a foundational part of the technology stack for firms buying into this approach.



As such, we would recommend for emerging manager firms considering Untap – and any product of this nature – to consider implementation as early as possible. It is not uncommon for us to work with clients that will delay the adoption of a portfolio monitoring solution until such a time that they have deployed a meaningful amount of capital, getting by with a manual Excel process in the interim. We believe there is significant value to be gained from adopting Untap at the earliest stages of building a portfolio.

### **Mindset and the Importance of Vendor Client Alignment**

As assessment of a vendor's approach towards implementation and ongoing support is always a key consideration during product selection, but for Untap this is especially important. Achieving and maintaining the optimal configuration will require a strong working relationship between the client and vendor. We therefore recommend to GPs considering Untap to ensure they are prepared to dedicate the resources to make this work, and that they are confident in their ability to build a strong relationship before entering into an agreement. In many ways, this is as much a decision around the team as it is of the technology being employed.



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