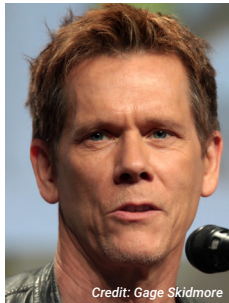


# Relationship Intelligence

- What is relationship intelligence and how does it add value?
- Does relationship intelligence complement or replace traditional CRM?
- PE Stack, Kevin Bacon and leading industry experts are here to tell you more...

*Six Degrees of Kevin Bacon* started out as a drinking game played by students of Albright College. The challenge is to connect a random actor to Kevin Bacon via mutual cast appearances - for example, Kevin Bacon and Dwayne "The Rock" Johnson can be linked via Bill Murray who appeared in *Get Smart* with Johnson and *Wild Things* with Bacon.

But what if the object of the game was to predict the strongest connection? If we were to build a model, we might prioritize relationships from well-received movies and more recent titles. Perhaps age difference and volume of dialogue interaction would make for a more powerful prediction model.



Applying this model might yield Mark Wahlberg (Johnson's sidekick in *Pain & Gain*, and Bacon's co-star in *Patriot's Day*) as a stronger connection. Producers looking to bypass agents could utilize our model to better leverage existing relationships and get access to top stars!

We know that warm introductions make an enormous difference, but without Rotten Tomatoes and IMDB to draw upon, how does an IR professional leverage relationships to get a meeting with a targeted pension fund? The answer lies in the field of relationship intelligence.

There is a variety of tools which help to map and score relationships, some are designed to work alongside existing CRMs, others feature CRM tools such as pipeline management alongside relationship mapping as part of an integrated solution. Each tool has a proprietary methodology for suggesting relationships built around capturing and analyzing public information, internal data and a history of communications.

Users will typically allow the provider to scan their emails and other internal communication data in order to build a relationship map, scoring relationships on such factors as the number and quality of known interactions. New technologies such as machine-learning and natural language processing can further enhance the ability of platforms to predict the quality of relationship strength.

This is where relationship intelligence platforms add real value compared to LinkedIn, where it is possible to see relationships at the second or third degree, but without any measure of how strong such relationships might be.

## The Expert View

Ablorde Ashgibi - Founder & CEO, 4Degrees



*Why is relationship intelligence so important to PE and VC professionals specifically?*

CRM is a really a misnomer when you think about it - essentially all the products in the market are actually transaction management systems, built to take a lead to some sort of closed won or lost state. That works really well when your customer is an enterprise sales manager, tasked with driving productivity across a set of field reps - but far less well in industries like private equity where long standing relationships, built over years, are what truly drives the business.

*How is 4Degrees adding value for its clients?*

Our innovation is treating relationships as central to how private markets function - and applying powerful models to help teams create value from their relationship networks. As a result, we're able to help our customers supercharge their networks along multiple dimensions - helping teams find strong connection paths into prospective targets, proactively identifying due diligence experts and talent, surfacing intelligence about the people and companies they know, and much more

This might sound great for larger firms with lots of employees, but what about cases where small teams or even individuals already have a strong knowledge of their networks? This is where linking to other users at different organizations can come into play and add value, with tools such as Affinity offering the ability to add 'Alliances' where relationships can be leveraged across firms (see Expert View for more details).

Some platforms also make use of public data, including news reports, industry and proprietary databases, to add another dimension to a tool's ability to help forge connections and maintain up to date intelligence on existing relationships.

We say it all the time, but competitive noise in both the fundraising and deal sourcing arenas is at levels previously unseen in the private equity industry. Potential LPs are receiving more meeting requests, more PPMs, more emails, more calls than ever before. Bidding processes for new acquisitions are highly competitive. An effective relationship intelligence tool can make all the difference in getting your offering to the top of the pile and being the first to hear about a potential new deal.

In addition, relationship intelligence can add value to due diligence processes for both acquisitions (complementing traditional expert networks) and fund investments. Services in this space can help source new employees and can further a user's understanding of the competitive space, providing valuable insight during competitive bidding processes.

**The Expert View**

Shubham Goel, Co-Founder, Affinity



*How does Affinity surface important relationship insights?*

We have developed and patented the industry's most sophisticated algorithm for quantifying relationships. Our platform auto-quantifies the strengths and genuineness of a firm's relationships by applying machine learning to emails and calendar data. For instance, we use Natural Language Processing to understand whether two people are good friends or if they're just casual acquaintances based on the familiarity they exhibit in their emails. It's that type of relationship insight that truly matters when deciding who to ask for an introduction.

*What makes your Alliances feature so unique?*

Alliances™ allows users to connect with trusted peers such as advisors, partners, investors and mentors across organizations and share their relationship graphs in one click. Users can then see their best paths to referrals within two degrees, using Affinity's patented relationship strength algorithm. Unlike social networks, which treat all relationships equally, Alliances surfaces which connections have the strongest relationships to targeted prospects based on the tenor of their emails, frequency of their meetings, and other factors. To date, Alliances has generated over 4 million new introductions, connections, and referral paths for Affinity's users, unlocking on average roughly 4,000 new connections for each user.

**What is Natural Language Processing?**

Programming a computer to understand human language isn't a new concept, but recent advancements in artificial intelligence and the availability of big data sets has facilitated a significant advancement in bridging the gap between the meaning of our communications and a machine's understanding.

NLP has many applications, from powering your Alexa device to helping organizations identify common themes in unstructured customer feedback forms. Within the field of relationship intelligence, NLP can further advance prediction models around the strength of relationships by analyzing the language being used.

A human being would easily be able to differentiate an email exchange between a married couple from that of an accountant and a client by looking at the type of language being used, sentence structure, formality and so on. Advances in NLP now allow for machines to effectively process language in order to make similar conclusions.

This allows prediction models to move past simple metrics such as the volume of communications and determine relationship strength based on an understanding of the context of past interactions.



In fact, almost any process involving human interaction can stand to benefit from the additional understanding and opportunity afforded by relationship intelligence.

### Example Use Cases

- **Fundraising:** Achieve better introductions to top targets and track progress effectively.
- **Deal Sourcing:** Create and build relationships with intermediaries and other key players.
- **Due Diligence:** Identify and approach experts when considering both fund and company level investments.
- **Portfolio Management:** Leverage your network to help portfolio companies make valuable connections.
- **Talent:** Identify and approach candidates for internal and board level positions.

PE Stack tracks numerous providers offering Relationship Intelligence tools; you can check them out via our free-to-use Vendor Profiles platform. Or get in touch and we'll help you get started with free advice and vendor shortlisting assistance.

### The Expert View

Emma Griffin, Chief Product Officer, RelSci



*How does your product differ from more 'traditional' CRM tools?*

CRM systems and other contact management tools enable users to leverage internal data to better understand their relationships to customers. But they're limited by the firm's existing knowledge. RelSci adds a proprietary dataset, curated from public and licensed sources, of over 9 million decision makers and the relationships between them. This dataset enables us to surface insights to customers that go beyond organizing the data they already have.

*How are your private equity clients benefit from your product?*

Private equity customers use our product in five key areas: (1) Due diligence – leverage relationships to connect with the people who know a company best, including bankers, company management, board members, and industry experts. (2) Portfolio operations – identifying and making high-level introductions that help their portfolio companies win new business. (3) Portfolio operations – maintaining a pipeline of relationships with highly qualified executives who could fill roles at portfolio companies. (4) Deal sourcing – remaining top-of-mind with referral sources who advise companies for sale. (5) Investor relations/fundraising – securing warm introductions to potential limited partners.

*Which technologies are you using to power RelSci?*

Our proprietary relationship algorithms assign a "relationship likelihood" between two individuals. Other services do this based on a company's internal data; we do it on both their internal data and our public dataset. We also offer a news and alerting service supported by proprietary tagging algorithms that identify individuals in a news article with a very high degree of accuracy.

### How can PE Stack help me?

- **GPs, LPs, Service Providers:** Our free, comprehensive online platform helps you identify potential solutions
- **Software and Data Vendors:** List your solution on our Vendor Profiles database platform and capture more leads
- **Mergers and Acquisitions:** Our expertise and proprietary pricing / usage data helps you understand the landscape

Please visit [www.pestack.com](http://www.pestack.com), email [info@pestack.com](mailto:info@pestack.com) or call +1 818 964 1576 to learn more