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Buyers Guide:
Alternative Investment Data Automation Solutions

How to evaluate alts data management solutions for your firm's specific needs

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Navigating the Alternative Investment Data Challenge

Alternative investment firms and asset managers face a growing challenge: aggregating, extracting, normalizing, and integrating unstructured fund documents at scale. As your alternatives portfolio grows, manual processing becomes not just inefficient, but a liability; manual work is prone to errors, consumes valuable team resources, and creates operational bottlenecks.

Fortunately, advances in automation mean you can turn this operational challenge into a competitive advantage. How? The scalable solution lies in **AI models built specifically for alternative investments;** systems trained on purpose-built datasets understand the nuances of fund documents, fee structures, and complex investment vehicles. These specialized models, when properly developed with carefully curated training data and robust validation processes, can deliver accuracy that surpasses manual processing while scaling to handle thousands of documents. By integrating this intelligence across your entire workflow, modern alternative investment technology can free your team to focus on what matters most: **making informed investment decisions and serving clients better.**

Alternative investors looking to grow, scale, and support their clients typically have these 3 key things top of mind as they're evaluating solutions:

01.

REDUCING YOUR OPERATIONAL RISK AND COSTS

02.

FUTURE-PROOFING YOUR ALTS INFRASTRUCTURE

03.

DRIVING SUPERIOR INVESTMENT OUTCOMES

Carefully review the criteria discussed throughout this document to ensure your firm's growth objectives align with your operational capabilities.

Key Evaluation Criteria for Your Alternative Investment Technology

1. AI Approach: Intelligence With Accountability

The foundation of any effective automation solution is its approach to artificial intelligence. Without a thoughtful AI strategy, automated solutions can become unreliable and potentially counterproductive.

▶ **EVALUATE AI MODEL DEVELOPMENT APPROACH:** How did this vendor train their AI model? AI models may be developed in-house with full control over training and updates, or could be reliant on third-party providers. In-house development typically offers better security, control, and accuracy.

▶ **UNDERSTAND TRAINING DATASETS & CONTINUOUS IMPROVEMENT:** The quality of an AI model is directly tied to its training data, and the most effective models are purposefully constrained to serve specific use cases exceptionally well. Vast, diverse training data specifically curated for alternative investments ensures the model understands the unique terminology and structures of your industry. It's also important that the model continues to learn over time, so verify that the provider has robust processes for incorporating feedback and continuously improving model accuracy.

▶ **ASSESS DATA SECURITY MEASURES:** How does a potential vendor consider protections for your data (and your clients' data) throughout the AI workflow? Ensure that sensitive financial information never leaves secure environments or gets fed into public AI models that could compromise confidentiality.

▶ **VERIFY ACCURACY SAFEGUARDS:** How does the provider ensure their AI model doesn't compromise accuracy? Those who leverage multi-layered validation approaches, including competing model architectures, rules-based checks, and human-in-the-loop validation for edge cases, are building accuracy into their models. Verify that your edge cases can be incorporated into iterative learning, so they become part of your standardized workflow.

> "Building models and putting data into models is relatively easy. For industrial-strength AI, there's a ton of supporting infrastructure required."
>
> —**NOEL CALHOUN**
> CHIEF TECHNOLOGY OFFICER
> AT CANOE INTELLIGENCE

2. Accuracy and Scalability: Precision at Any Scale

Without accuracy, technology solutions provide no value. With no trust and no reliability, you have no confidence in your data or decisions.

▶ **EVALUATE THE BALANCE BETWEEN AUTOMATION AND VERIFICATION:** What percentage of documents process straight-through versus requiring human review? Understanding that breakdown can help you assess both efficiency gains and ongoing operational requirements. Look for solutions that maintain high accuracy while minimizing manual intervention. Consider what a 90% accuracy rate means in reality—10% of your data is untrustworthy.

▶ **CONFIRM SCALABILITY:** What specific metrics can your provider offer about performance at scale? As your document volume increases, the system's accuracy rate and processing times should only increase. Modern systems are capable of learning from new instructions, so new document mappings or exception management logic should be incorporated into the model, thereby becoming more efficient by speeding onboarding and improving go-forward accuracy.

▶ **VERIFY SCALABILITY ACROSS COMPLEX STRUCTURES:** Can the system handle hundreds of funds with varying structures, fee arrangements, and reporting requirements while maintaining consistent accuracy and processing speed?

▶ **REVIEW ONBOARDING PROCESSES:** How new funds and their documents get integrated into the system reveals the provider's operational maturity and your ongoing administrative burden.

▶ **ASSESS ADAPTABILITY TO DOCUMENT CHANGES:** General partners and administrators frequently change document formats. Can the solution handle these changes without disrupting your workflows or requiring extensive reconfiguration?

Consider what a 90% accuracy rate means in reality— 10% of your data is untrustworthy.
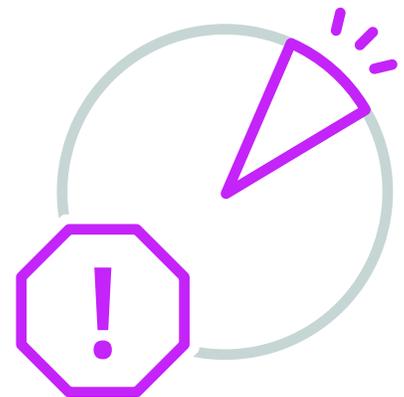
3. Data Mapping & Transparency: Trust Through Visibility

Solutions can be a black box: something goes in, something else comes out, and that's the end of it. And if you can't trust the process, can you trust the outcome?

➤ **EVALUATE MAPPING MODEL VALIDATION:** Has your provider built validation directly into their mapping models? This helps ensure accuracy is built in at the point of extraction, rather than relying solely on post-processing checks.

➤ **VERIFY CONTROL OVER DATA MAPPING:** Transparency is essential for building trust and ensuring the system can meet what you need from it. Consider whether you would have visibility into and/or control over the data mapping model, including access to the full range of data attributes available for extraction.

➤ **CONFIRM DATA TRACEABILITY:** Can every piece of extracted data can be traced back to its source document? Clear audit trails provide visibility from your downstream systems back to the original documents.

4. Document Collection & Management: Go Beyond Outsourcing

Automated document collection is the first step in truly modernizing alternative investment operations.

➤ **COMPARE AUTOMATED COLLECTION METHODS:** The best solutions offer multiple methods to ensure comprehensive document capture. Evaluate the range of collection approaches employed, including portal connectivity, robotic process automation (RPA), and email monitoring.

➤ **ASSESS PORTAL COVERAGE:** How many GP and administrator portals does the solution support? The provider's level of connectivity directly impacts your operational efficiency and the completeness of your document collection.

➤ **REVIEW MISSING DOCUMENT IDENTIFICATION:** How will exceptions be handled? The system should proactively identify missing or late documents and provide clear workflows for follow-up and resolution.

➤ **EVALUATE DOCUMENT COVERAGE AND ORGANIZATION:** Can the solution handle all relevant document types you would need coverage for and can it categorize them for easy retrieval? Systems that can intelligently tag and rename files in a way that aligns with your team's logic make it that much easier for you to stay organized.

➤ **CHECK SERVICE LEVEL AGREEMENTS:** Define your expectations for document retrieval timelines across different collection methods. The provider's responses will help you set clear SLAs for document retrieval timeframes across different collection methods, thereby helping you set appropriate expectations with internal stakeholders and clients.

5. Portfolio & Accounting System Integration: Seamless Data Flow

Your automation solution should integrate seamlessly with your existing technology stack to create efficient, end-to-end workflows.

➤ **VERIFY API AND DIRECT INTEGRATION CAPABILITIES:** Prioritizing connectivity ensures that your data reaches the right places in a timely manner. Validate the system's compatibility with your portfolio management systems, CRM platforms, and reporting tools through robust APIs or direct integrations.

➤ **ASSESS DATA FORMAT FLEXIBILITY:** The solution should deliver extracted data in formats that work with your existing systems without requiring extensive manual reformatting or additional middleware. It's one thing to get your data in a specific format; it's another thing to have it readily formatted in a way that accommodates the other systems in your stack.

➤ **EVALUATE WORKFLOW INTEGRATION:** Beyond just data transfer, consider how the solution fits into your broader operational workflows and whether it can trigger down-stream processes automatically. An end-to-end workflow will equip your team with higher-quality, timely investment performance data without the manual burden.

6. Security & Compliance Standards: Protecting What Matters Most

Given the sensitive nature of alternative investment data and the evolving regulatory environment, security and compliance capabilities are non-negotiable.

➤ **VERIFY SECURITY CERTIFICATIONS:** Regular participation in comprehensive audits and continuous maintenance of security credentials are strong signs that reinforce the partner's commitment to security. Check for SOC 2 Type II and other relevant security certifications that are current and regularly updated.

➤ **REVIEW USER MANAGEMENT AND DATA PROTECTION MEASURES:** You want your data to be readily accessible when and where you need it, but having full visibility into the journey your data takes is a critical component to mitigating risk, as it helps pinpoint an issue right at its source. Make sure you understand encryption methods for data at rest and in transit, authentication mechanisms, and access control management.

➤ **ASSESS AI-SPECIFIC SECURITY PARAMETERS:** Particularly important given AI processing requirements, how is client data protected during AI operations? Does it ever leave the provider's secure environment?

➤ **CHECK COMPLIANCE MAINTENANCE:** Ensure the provider maintains current compliance standards and provides regular security testing and updates. Frequent penetration testing and security updates indicate ongoing vigilance.

7. Client Support & Success: Partnership Beyond Technology

The right provider knows technology alone is not enough. They should offer comprehensive guidance that supports your success throughout implementation and ongoing operations.

➤ **EVALUATE IMPLEMENTATION METHODOLOGY:** Understanding the provider's implementation approach and typical timelines for clients with similar profiles helps you plan resources and set expectations.

➤ **ASSESS ONGOING SUPPORT:** Support team structure, availability, and service level agreements are all critical components to evaluate for issue resolution.

➤ **CONFIRM DEDICATED SUCCESS MANAGEMENT:** Will you have access to a dedicated client success manager who understands your specific needs? This is a crucial element in being able to optimize your use of the platform beyond initial implementation.

➤ **ESTIMATE TRUE TIME-TO-VALUE:** How long will it take for you to actually see value from the provider's solutions, from the initial signing of the agreement to fully optimizing your workflows? This is critical to a successful change management program. You will need to manage expectations across stakeholders, but more importantly, your team will need to be able to forecast workloads around different seasons of documents (e.g., K1s for tax season).

8. Total Cost of Ownership: Understanding True Investment

Look beyond initial licensing fees to understand the complete financial picture. Predictable pricing means that you understand how fees scale with your business, providing clear ROI through dramatic efficiency improvements and operational excellence.

➤ **EVALUATE COMPREHENSIVE COST STRUCTURE:** You should understand not only the immediate impact on your business, both cost and benefit-wise, but you should also be able to foresee how this may change over time as your strategy and firm evolves. Consider implementation costs, API usage fees, support costs, and any additional charges for premium features or higher usage tiers.

➤ **SEEK TRANSPARENT PRICING MODELS:** The best providers help you achieve excellent results, but they also know those results will likely lead to changes in your strategy down the line. Partners should offer predictable pricing that scales with your growth without unexpected jumps or hidden fees.

➤ **CONSIDER SHORT-TERM AND LONG-TERM VALUE:** The full value of a solution often takes a bit of time to reveal itself. Factor in the efficiency gains, error reduction, and strategic capacity the solution provides when evaluating total return on investment.

9. Provider Profile: Partner with Experience

The partner you choose to help solve your alts data management challenges is critical to maintaining a competitive advantage. Be sure to take a macro look at the provider landscape to evaluate overall experience and stability to support your firm's long-term success.

▶ ASSESS IMPLEMENTATION TRACK RECORD: Your provider should have extensive experience implementing solutions for clients similar to your firm in size, complexity, and investment focus. What experience do they have scaling operationally? Inquire about key metrics that indicate their team's capacity to manage your portfolio's complexity and growth.

▶ EVALUATE CLIENT RETENTION: High retention rates over multiple years indicate client satisfaction and the provider's commitment to ongoing success. It's always a good idea to ask for references.

▶ LOOK FOR SUSTAINABLE GROWTH INDICATORS: Potential partners should be able to demonstrate sustainable growth and long-term viability through metrics like client count, total assets under administration, and market presence. This can serve as a solid indicator regarding continued product development and support for years to come.

Canoe is working with 450+ institutions to automate their alts data management workflows.

Align Impact

Goldman Sachs

J.P.Morgan

WEALTHSPIRE ADVISORS

USC

PRIME QUADRANT®

> "Over the years, we have recognized the vital importance of data, technology, and reporting in our business, and we've always treated these elements as central components of what we do. Our operational goal is pretty simple: **we're trying to drastically reduce the back-office data functions for our clients** while also presenting clean data in an intuitive user interface.

— **DANIEL RICCI,**
PRINCIPAL/DIRECTOR OF INFORMATION SYSTEMS AT PRIME BUCHHOLZ

Canoe client since 2021

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Making Your Decision:
10 Key Questions to Ask

With the above in mind, as you evaluate potential providers, you will have a better sense for what red flags to be aware of. **Focus on these critical questions to help you recognize the warning signs:**

1. How does your AI approach specifically address the unique challenges of alternative investment data?

2. What percentage of my documents will be processed without manual intervention?

3. How many GP/administrator portals does the provider support?

4. How quickly can you onboard new funds and adapt to document format changes?

5. What visibility and control do I have over the data extraction and mapping process?

6. How does your solution integrate with my existing technology stack?

7. What security measures protect my data during AI processing?

8. What does your implementation process look like for a firm of my size and complexity?

9. Are your AI models developed in-house, or do you rely on third-party AI providers?

10. What specific data sets were used to train your AI models?

Making Your Choice

Selecting the right alternative investment data management solution is a highly strategic moment that will impact your investment office for years to come (for better or for worse). The right solution can transform your operations, freeing your team to focus on high-value analysis and client service while ensuring accuracy and compliance at scale. Use our framework to evaluate potential providers and find the partner that best fits your firm's specific needs and growth trajectory.

About Canoe Intelligence

Canoe Intelligence ("Canoe") is the platform for smarter alts management. We redefine alternative investment intelligence with AI-driven software that directly addresses the core challenges of private markets. Our technology empowers institutions, LPs, and wealth managers to future-proof their alts infrastructure, modernizing systems and providing a scalable foundation for long-term growth and compliance. By automating manual data processing with AI-native precision, Canoe helps clients reduce operational costs and risks, significantly lowering overhead and mitigating errors. Ultimately, our timely, accurate, and comprehensive data enables investment teams to drive superior investment outcomes through deeper insights and more profitable allocation strategies. With Canoe, it's all about making Alts, smarter.

OUR AI ADVANTAGE: We've developed proprietary AI models trained exclusively on alternative investment documents, ensuring unparalleled accuracy in data extraction from fund documents, capital call notices, distribution statements, and other complex financial documents. Our in-house model development approach means your data never leaves our secure environment and never gets fed into public AI systems.

Ready to see how Canoe can transform your alternative investment operations?

Contact us for a demo and discover why leading alternative investment firms trust Canoe with their most critical data processes.

BOOK A DEMO   **OUR SOLUTIONS**

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