

# BAXON



## Improving Portfolio Management in Private Equity

[www.baxonpe.com](http://www.baxonpe.com)

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Baxon has created a new type of business application that combines a 100% web based architecture with a completely customizable reporting and analytic tool.

## Introduction

In recent years, a number of software solutions for the Private Equity/Venture Capital industry have been developed which mainly address fund administration (back office) and contact management. (front office). However, the portfolio management process, which includes capture, administration, use and reporting of performance information of portfolio companies (such as financials, ratios and valuations) is still mostly dependent on manual processing based on Excel spreadsheets.

## The problem

PE and VC firms typically receive a number of reports from their portfolio companies on a monthly basis that contain financials and other performance data in different formats and structure. The firm must then re-key data, calculate valuations and ratios and create summary reports, most of the time using Excel spreadsheets.

Spreadsheets are great tools for various purposes, such as financial modelling, due to their flexibility and universal adoption. However, in the reporting process of Private Equity funds, they create the following issues:

- Very time consuming due to retyping of data and formatting
- Inaccurate and error prone
- Poor version control
- No traceability of changes
- No data recovery
- Difficult to keep track of long time series
- No scalability (more companies, more work)
- No drill-down capabilities

The lack of reliable, rich and easy-to-use financial and business performance information of portfolio companies is particularly critical for a PE or VC firm since it restrains its ability to anticipate deviations and promote correcting actions, which directly impacts the creation of value to their investors.

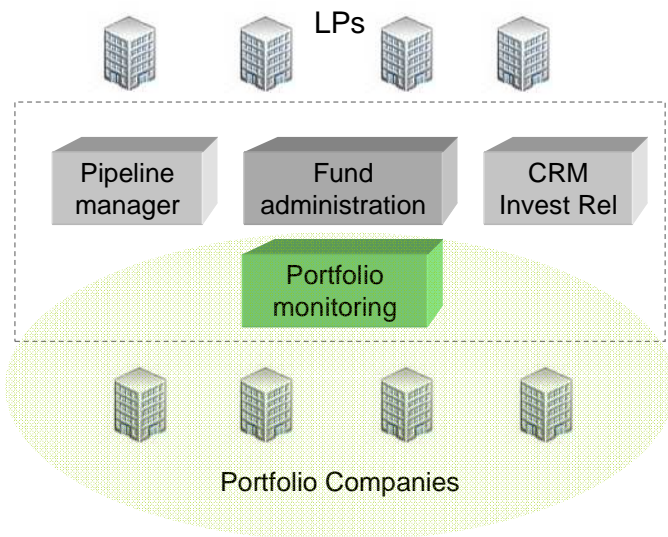
## Best Practices in Private Equity

Our focus on Portfolio Management in the Private Equity Industry places us in the unique position of capitalizing on our seasoned experience of designing reporting and governance processes for multiple funds around the globe. This knowledge is then shared with our clients through our Best Practice Recommendations and insights gained from real world implementations.

# Our Solution

Our web-based solution called **Baxon Portfolio Company Management System** (Baxon PCMS), which is provided as a Software as a Service (SaaS), transforms the process of capture-report-use of performance information of portfolio companies.

Baxon PCMS offers a fresh perspective for sophisticated Private Equity and Venture Capital firms wishing to complement their existing system infrastructure with an online solution that allows them to understand what is really happening in their portfolio companies in real time.

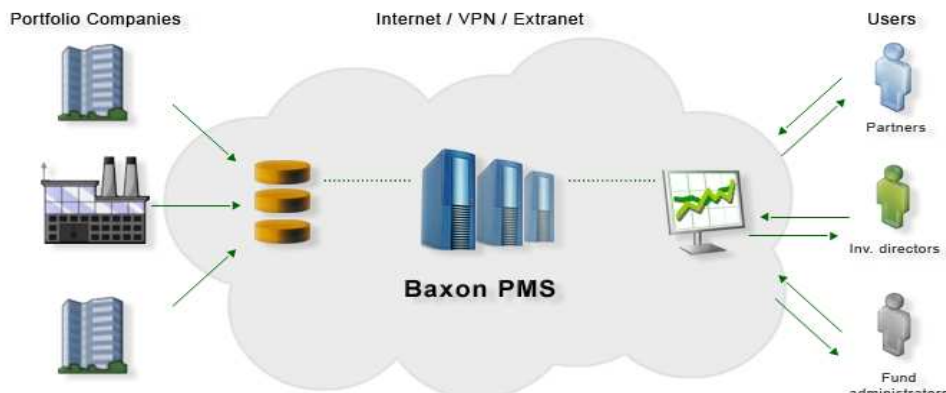


With Baxon PCMS, portfolio companies can update their financial information directly into the system through a secure Internet connection. Financials and other performance data are stored in a central database.

GP users can create dynamic dashboards and reports with key indicators, graphs, traffic lights and alerts which can be accessed remotely by deal executives or exported to files such as PDF or Word; from anywhere, at anytime.

Baxon PCMS is extremely flexible. The level of detail of the information to be captured for each company can differ. For example, companies where the GP has low exposure might report only key indicators, while cases of larger ownership and exposure could submit more detailed performance drivers.

Company CFOs are not obligated to modify their current reporting structure. Baxon PCMS can be updated using Excel spreadsheets or populating online forms. The entire updating process is designed to be performed in only five minutes per month by portfolio companies.



# Benefits

Baxon PCMS enhances one of the core strategic capabilities of a PE/VC firm: its ability to work together with the management teams of portfolio companies in creating value for their firms.

Baxon PCMS provides a web based value added communication platform between portfolio companies and the PE/VC firm and among investment teams, portfolio management teams and partners.

## Key benefits of implementing Baxon PCMS

- Saving of time: Sensitive and time-consuming tasks, such as re-keying, formatting and calculations are avoided.
- Governance: Governance procedures related to reporting can be enforced to portfolio companies through customizable work flows.
- Transparency Any figure, from portfolio company financials to valuation results, can be drilled down to understand how it was calculated.
- Better visibility of performance Graphs to identify trends, alerts of deviations against budget, comment boxes, comparisons against benchmarks, investment case or history are some of the features that can significantly improve your understanding of what is happening at each company.
- Integrity Data is entered directly into the system by portfolio companies, avoiding re-typing and reducing errors. Validation rules also prevent the input of invalid information.
- Accessibility All performance information centralized in one place; always last version, available 24x7, from anywhere in the world.
- Shortened reporting cycle Streamlining of the entire Portfolio reporting process resulting in a dramatic reduction of the reporting cycle.
- Traceability Information can be audited, with a clear trail of who and when figures were changed
- Scalability Each additional company does not generate more work, as opposed to spreadsheet based reporting.

## Implementation

Since Baxon PCMS is provided as a Software as a Service, deployment of the solution is instantaneous and does not require any software installation in the IT infrastructure of the customer.



We provide an end-to-end solution which could include: designing reports, system configuration, gathering and uploading of historic data and training to administrators. The implementation process typically takes between 6-12 weeks.

To learn more about Baxon PCMS please contact us:

[info@baxonpe.com](mailto:info@baxonpe.com)

US: +1 (617) 418 3296

UK: + 44 (0) 20 3286 6296

[www.baxonpe.com](http://www.baxonpe.com)