

WHITE PAPER

Customizing Salesforce for Fund Managers

The Salesforce Platform

The Salesforce platform can be an invaluable tool for fund managers seeking to streamline fundraising, more effectively manage their portfolios, and gain a competitive advantage over competing funds. Exactly how fund managers can best leverage the platform, however, can be a complicated decision.

What is the Problem with Using Salesforce Out-of-the-Box for Fund Management?

The most common problem with using Salesforce for fund management is that fund managers often overpay for licenses. The Salesforce Sales Cloud is built for organizations that have traditional sales and customer support workflows such as handling leads, opportunities, and support cases, which were simply not designed with functionality for Private Equity fund managers or Venture Capital fund managers in mind. So although Salesforce is a very flexible platform, using Salesforce out-of-the-box often results in users throwing away sales and support-related functionality that they are paying for and starting from scratch with custom objects. If a client is committed to implementing Salesforce on their own, the use of platform licenses instead of full Sales Cloud or Support Cloud licenses is an efficient and cost-effective option since platform licenses are less expensive and do not include functionality that Private Equity or Venture Capital fund managers usually discard anyway.

The Salesforce PE / VC Template

Salesforce provides an option for Alternative Asset Managers who want to use Salesforce with functionality geared toward their industry: the Salesforce Private Equity/Venture Capital template. This template is more useful than Salesforce out-of-the-box for fund management but unfortunately, the Private Equity/Venture Capital template is not a product that grows or evolves; Salesforce has not demonstrated commitment to evolving or supporting the product so users of the template are often on their own for enhancements, support, and maintenance. Ultimately, the template serves as a good example of what can be done with customization but lacks the support from Salesforce to serve fund managers effectively.

The Hazards of Using Salesforce to Build Your Own Database

Because Salesforce is such a flexible platform, it is certainly possible to build a database and data structure that represents the workflows that are inherent in fundraising, LP administration, investor management, deal tracking, and portfolio management. Salesforce comes with an extensive set of tools that allow users to build database tables to store information in a way that is relevant and beneficial to fund managers. Additionally, workflow capabilities can automate processes and more advanced users can further customize their system with Apex code and Visualforce which can produce outputs that are more dynamic than you would get with Salesforce out-of-the-box.

The primary hurdle in self-implementing Salesforce for fund management is deciding how to organize the data. Before you start building out your system, it is important to have a very good sense of how you will model your business and how you will build tables in the database to represent that model. For example, some organizations might be investing out of separate pools of capital and some might have just a single pool of capital; some organizations might make single investments and some might participate in follow-on investments; and some organizations will want to consider previous fundraising events or rounds for valuations round over round. So the process of building a database becomes an exercise in modeling the data structures that represent the business.

This is certainly not impossible for fund managers to do on their own. Building a truly extensible relational model, however, requires insight into how databases operate and require some foresight into what you ultimately want to see from the data in terms of user interface and reporting. Self-implementing also brings up the classic “Build vs. Buy” IT spending decision. Salesforce is an incredibly flexible platform and does not require extensive technical know-how to build virtually any database model you want. So given an unlimited amount of time and interest, it is possible to build a very useful fund management tool within Salesforce.

There are many questions that fund managers need to answer before deciding to build their own system. These questions include who is going to support the system, who is going to maintain it, and how is it going to continue to grow and evolve. There is also the question of what happens once the employee who supports and maintains the system ultimately leaves the organization. A system with inexpensive licenses and an inexpensive implementation has the potential to get very expensive later in the solution's lifecycle if there are no clear-cut plans established for how the system will be supported and maintained.

The Benefits of Altvia for Fund Management

Since Altvia has implemented its AIM solution for hundreds of fund managers, the AIM implementation process has been continually refined as better ways to solve problems have been discovered. Leveraging all of the experience gained through working with dozens of alternative asset managers and investors, Altvia continues to refine AIM to take advantage of ideas that are introduced by clients using the application. Altvia then takes that feedback and builds it into AIM so all users can benefit from it. Ultimately, this increases the overall utility of the system and shortens the amount of time that it takes clients to get up and running.

AIM will also likely cost less to maintain over the life of the system than custom-built solutions. With such complex systems, there is inherently a need for ongoing support of the application as organizations evolve. Since AIM is built on the Salesforce platform, small changes become easy to make. As organizations' needs change, owning a product that is set up in a way that allows it to grow and evolve can become a large cost savings.

A second advantage to the AIM solution for fund management is that it is built by Altvia, a company that builds software solutions solely for the Alternative Asset Management industry. Not only is the product built by people who are experts in the Private Equity and Venture Capital industries or in the Endowment or Foundation space but support is handled by people who understand not only the software but the underlying fundamentals of fund management.

The 360° Platform for Private Capital Markets

