KEYNOTE INTERVIEW

Reshaping fund operations with automation



From data lakes to risk assessment to outsourcing models, the AI gains are real, but they are not evenly spread, says Chris Patton, regional head of funds at CSC

SPONSOR
CSC

Q How do you see private fund operations being reshaped by technological innovation?

We have used traditional automation for years and continue to develop it, alongside increasing use of LLMs. Traditional automation can get data from A to B in a coherent way and pool data from different sources reliably.

When you put AI agents on top of that, they can start making recommendations and decisions based on predetermined criteria you train them on. For example, onboarding can be an iterative process, with a human involved asking for additional information and making a judgment on a risk rating for new investors. AI agents can now cover most of that process, with oversight from the "human in the loop." Human review remains essential, particularly for higher-risk cases and final risk assessments. The same can be said for many other operational processes, and this is where fund operations are going to be reshaped next.

We have also observed an emerging demand for access to an increasing amount of underlying data. Investors are also demanding more data, more often, rather than waiting for quarterly reports to come through and being restricted to that data.

Private fund managers may be working with several third parties that provide data they need, such as banks, private credit managers and operating partners, in addition to in-house portfolio-level data and their fund administrators. For instance, in our recent *Future Private Capital CFO Survey 2026*, 63 percent of CFOs said their biggest operational challenge was integrating facility data with fund accounting and investor reporting.

Instead of trying to aggregate all of

that manually, a data warehouse or lake, once set up, can automatically ingest data from these various sources in a coherent way. In practice, processes and timetables need to be established for receiving, reviewing and reporting. It makes sense to centralize data maintenance in one place to enable this more nimble and efficient reporting.

Accounting and TA system license costs are expensive, and data warehouses/lakes require software developers to maintain them. It is not likely to be cost-effective for smaller managers to develop proprietary software to complement core third-party systems in-house, so many rely on outside platforms, like ours, to manage their data.

Some firms prefer to receive reports by e-mail, while others require access to the underlying data through a portal. In other cases, data is delivered as a file that can be ingested into their systems on a set schedule. Over the past five years, there has been a clear shift toward more data being available on demand to meet investor expectations.

Q Are firms starting to take a more targeted approach to AI and automation? What does that look like?

Yes, absolutely. Initially, there was a lot of uncertainty about how AI might affect people's roles, and many organizations encouraged teams to explore how the technology could be used within their own areas of the business. As firms gained more experience, however, it became clear that this approach could lead to duplication and significant compute costs.

As a result, businesses are now taking a much more holistic approach. They are looking across the organization at which processes they want to automate, where they can achieve the biggest efficiency gains and which processes are easiest to automate. From there, teams can focus on the areas that are likely to deliver the greatest return on investment first.

A lot of investment firms now have AI and automation specialists in-house, who are not necessarily looking at their own back office but are certainly focused on driving value within their portfolio companies. Because they are doing that work in their portfolios, it is logical that the next step will be to use those same levers in their own back offices.

Q How are investor expectations evolving and what are their priorities for AI deployment?

With portfolio company multiples reaching levels that have made exits difficult in recent years, many investors have said they will invest in new funds, but they need distributions back from previous funds first. So, we have seen a tough exit market and a challenging fundraising environment.

With the average fundraising now taking 20-24 months, versus 12-14 months a decade ago, big investors with cash to put to work are taking more time to scrutinize investment opportunities. At the same time, managers looking to raise capital are more willing to agree to investors' bespoke reporting requests than they were in the past, all of which makes the back office job a lot more challenging.

With technology and support, managers are now tracking a lot more data and reporting on that for

Q How is automation being used to support compliance, reporting and operational risk management?

We use a third-party system for compliance monitoring and business risk assessment handled in-house. It works from a register of hundreds of risks and runs an assessment before producing a categorization and a summary, supporting us to think through the impact of those risk factors crystallizing. It can also help us to work through scenarios where a number of risk events happen at the same time.

Previously, that kind of work was incredibly manual, with a big spreadsheet and a summary that could be quite an intellectual challenge. Using AI has been useful for grouping things together more effectively and getting a summary prepared more efficiently, but it does not replace professional judgment. We then go through that output with a fine-toothed comb, but it makes the whole process a lot faster and easier.

Depending on their jurisdictions, regulated clients require their own business risk assessments and compliance monitoring plans. The aim is to standardize how these are produced and reviewed, and to give boards better data, while keeping the output specific to each client's circumstances.



"Fund administration remains a relationship-driven business, so client time is not something automation displaces"

clients who themselves have very specific and sometimes unique requests.

As a result, AI is increasingly being deployed to improve data management and reporting efficiency, helping managers meet these more complex investor requirements more effectively.

Q What does AI and automation mean for outsourcing and fund administration models?

The operating model is certainly evolving, with greater co-ordination between teams in the jurisdictions where clients are served and global delivery and technology teams, including teams like ours in India.

Select back office, accounting, know-your-customer and software development are supported through this model. Depending on the jurisdiction, this could be considered outsourcing from a regulatory perspective, so we have to oversee what is being done outside the regulated jurisdiction properly.

There is comprehensive governance over those services, but it still feels like one team working alongside our colleagues across the jurisdictions we operate in.

In a regulated jurisdiction, there is a requirement for sign-off to be done in the home market, so there remains a critical role for individuals based in those centers. A lot of preparation work is now being automated, and, for instance, our colleagues in India are implementing and managing those processes together with their colleagues onshore.

AI and automation will thus have an impact on what people are doing day-to-day, with many roles becoming much more about oversight of automated tasks and client relationship management.

We do not see it meaning a shrinking of our workforce, just doing more with the same number of people.

Fund administration remains a relationship-driven business, so client time is not something automation displaces; if anything, it is where the released capacity is being prioritized.

Q Beyond getting the technology right, what else must managers prioritize to support long-term sustainable adoption?

When LLMs first became available, many firms were telling their staff to go out and figure out how best they could use AI to automate elements of their jobs. Lots of agents were built for specific tasks, processes or judgments, but there was a huge duplication of effort.

We do not want different people in different places building agents to do the same things, not least because they could all end up doing them in slightly different ways.

The two priorities are getting the data lake in order first and then making sure processes are aligned across the business so that each process needs to be automated just once.

"AI is increasingly being deployed to improve data management and reporting efficiency"

Going forward, people need to be careful about how they implement AI agents to make sure it is sustainable; there is always a team overseeing the output and able to fix or update instructions and judgment criteria as required.

Increasingly, regulators are going to be scrutinizing the safeguards around these tools and auditors are going to be checking to make sure AI is consistently producing the right outcomes. Firms are going to have to make a conscious effort to bring on junior talent to ensure they have the next generation of managers coming up through the business, because there are certainly risks there if hiring drops off.

Finally, we already see regulators in some jurisdictions being quite prescriptive about a percentage of work continuing to be done onshore rather than offshore to maintain resilience.

We may see that sort of approach becoming more of a theme in the future for AI-automated processes. ■