Why data will determine who can scale in private markets

What your firm must do to turn data into an asset

Data has become a growth constraint

Private market firms have grown dramatically in size and complexity,[1] but many continue to operate on data infrastructure and with data practices that were designed a decade ago. The result is an operating leverage problem. As AUM grows, the same fragmented data stores, inconsistent definitions, and unstandardized data models create more work across portfolio management, fund operations, fund accounting, valuations, and investor reporting. Without change, growth translates into additional people, longer timelines, and greater operational friction.[2]

The firms that pull ahead will treat data as a scalable operating capability. They won't launch broad, abstract data transformation initiatives. Instead, they'll identify the data domains that create the greatest operating drag, standardize the definitions and ownership models for those data sets, and build use-case-based data foundations that reduce manual data wrangling and streamline workflows. In this model, data governance determines whether the organization absorbs growth through technology or through additional headcount.[3]

The same foundation will also shape firms' ability to adopt AI effectively. As interest in AI dominates across private markets, firms with fragmented, poorly governed data will struggle to generate reliable AI outputs, while firms with trusted data foundations will be better positioned to realize value from AI initiatives.[4]



[1] Nik Pratt, "How to Ensure Proper Data Management in Private Markets," Funds Europe, February 24, 2026

[2] Evelina Molis, "The Essential Guide to Client Data Platforms: Why Asset Managers Can't Compete Without One," Aiviq, January 14, 2026

[3] "Discover Key Insights from the Allvue 2026 GP Outlook Survey," Allvue, February 10, 2026

[4] Brad Small, "How Private Credit Firms Can Scale Intelligently: Insights from InvestOps 2026," Allvue, March 26, 2026

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AUM growth is exposing a data problem

For years, private market firms have accommodated growth by adding headcount to keep the operating model moving. As those firms expand across asset classes, geographies, fund structures, and investor segments, that playbook becomes increasingly difficult to sustain. Tasks that once could be managed through spreadsheets, bespoke reporting routines, and local knowledge begin to multiply across the platform, creating operational complexity that outpaces growth itself.[5]

Private market firms should shift the next data conversation from technology alone to operating leverage alongside it. The central question is simple: Can a firm grow AUM faster than it grows the operational effort required to support that AUM? If every new fund, reporting cycle, portfolio company, investor request, or valuation exercise requires more manual data work, then the firm will scale through people rather than systems.[6]

That distinction matters because firms often describe data challenges as accuracy, reporting, or analytics problems. Those challenges remain important, but they don't fully capture the business impact. Fragmented data slows decisions, undermines confidence in reporting, and increases the manual workload required to run the business. As firms grow, those inefficiencies compound and erode the economics of scale.[7]

As investors demand greater transparency, data quality influences more than operational efficiency. Firms rely on consistent, trusted data to strengthen investor confidence, support credible reporting, and communicate performance clearly across funds and investments.[8]

[5] "Competing at Scale: How Alternatives Managers Can Build Strategic Edge," BNY Institute, April 2026

[6] Brad Small, "How Private Credit Firms Can Scale Intelligently: Insights from InvestOps 2026," Allvue, March 26, 2026

[7] "Why Data Quality in Private Capital Is a Systemic Risk Problem," Allvue, March 2026

[8] "Reducing the Validation Burden: Using AI for Autonomous Data Quality Checks in Private Markets," Carta, October 2025

[9] "Before the AI Layer: Why Private Equity's Data Problem Has to Be Solved," Allvue, July 2026

[10] "Beyond the Numbers: The Hidden Journey of Private Markets Data," Prime Buchhloz, January 26, 2026

[11] "Discover Key Insights from the Allvue 2026 GP Outlook Survey," Allvue, February 10, 2026

[12] Tyler Dennin, "Private Markets 2.0 and the New Operating Model," Waystone, May 8, 2026

[13] "Discover Key Insights from the Allvue 2026 GP Outlook Survey," Allvue, February 10, 2026

Why growth creates operational drag

The private markets data challenge stems from the way firms operate. Deals teams structure transactions differently. Portfolio companies use different systems, definitions, and approaches to standardizing data. Fund structures vary widely. Investors request information in different formats and on different timelines. Investment teams, portfolio operations, finance, fund administration, investor relations, and third-party providers all create, use, and manage data, often without clear ownership or governance.[9]

As a result, teams often perform long chains of manual work to answer basic business questions. They gather data from multiple systems, resolve conflicting definitions, normalize formats, validate metrics, reconcile fund and portfolio views, and prepare decision-ready information for leaders or investors. Performing this work once may be unavoidable. Many firms, however, repeat the same work across reporting cycles, funds, assets, and stakeholder requests.[10]

That recurring effort can be considered a "manual reconciliation tax." Teams pay it through delayed reporting, duplicated analytics, inconsistent management views, slower response times to LP questions, and reduced confidence in the data used to support portfolio actions and exit planning.[11]

They also pay it in productivity. Highly compensated professionals spend time wrangling, validating, and reconciling data rather than focusing on investment decisions, portfolio value creation, investor communications, and other activities that directly contribute to growth. Firms also pay through their staffing models. When teams can't reliably reuse data across workflows, they add analysts, operations teams, finance staff, fund administrators, and external support to assemble, validate, and reconcile information repeatedly.[12]

Each of these activities consumes effort that people must provide because systems can't. As firms grow, that effort becomes a significant driver of operational complexity and cost. The challenge of scalability is not simply managing more growth. The challenge is reducing the operational effort required to support it.[13]

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Governance is a growth capability

Traditional data governance discussions focus on policies, controls, standards, and stewardship. While those elements matter, they can make governance feel like an administrative exercise rather than a business capability. For private market firms, the more important question is whether data can move through the organization with enough consistency and trust to support repeatable, scalable work.[14]

Governance is the mechanism that turns trusted data into repeatable work. Put differently, governance enables operational scalability. It creates the definitions, ownership models, standards, and decision rights that allow teams to trust, reuse, and share data across workflows. Firms that treat governance as an enabler of scale focus on reducing friction, improving consistency, and creating reusable data products that support multiple business processes.[15] In practice, that means:

- Establishing common definitions across funds, deals, portfolio companies, and investors
- Assigning clear ownership for critical data domains
- Maintaining shared metadata, lineage, and business context
- Defining decision rights that reduce bottlenecks and clarify when governance should be centralized, federated, or business-led.[16]

A practical path to scalable operations

Private market firms don't need to modernize every data domain simultaneously. The most successful organizations start by addressing the use cases that create the greatest recurring operational burden or are the easiest to deal with. Rather than approaching data transformation as a technology initiative, they treat it as a business-outcome-driven effort focused on reducing manual effort, increasing consistency, and improving scalability. Successful firms typically begin with use cases tied to measurable business outcomes, then build additional capabilities from that foundation.[17]

The objective is to shift growth from people to systems. Each step in the roadmap is designed to reduce manual effort, increase data reuse, and create a foundation that can scale as the firm grows.

For example, a firm struggling with investor reporting may find that teams repeatedly gather, validate, and reconcile the same portfolio and fund data each reporting cycle. Rather than launching a broad enterprise-wide data transformation, the firm can focus first on standardizing the data required for that workflow, defining ownership, and establishing reusable reporting assets. As those capabilities mature, they can be extended to adjacent use cases such as portfolio monitoring, fund accounting, and management reporting.[18]



[14] "Data Contracts in Data Governance: What Most Teams Miss," OvalEdge, June 17, 2026

[15] Michael Aldridge, "Reducing the Validation Burden: Using AI for Autonomous Data Quality Checks in Private Markets," Carta, October 1, 2025

[16] "Data Governance Frameworks Explained: Your Roadmap to Success," Alation, June 8, 2026

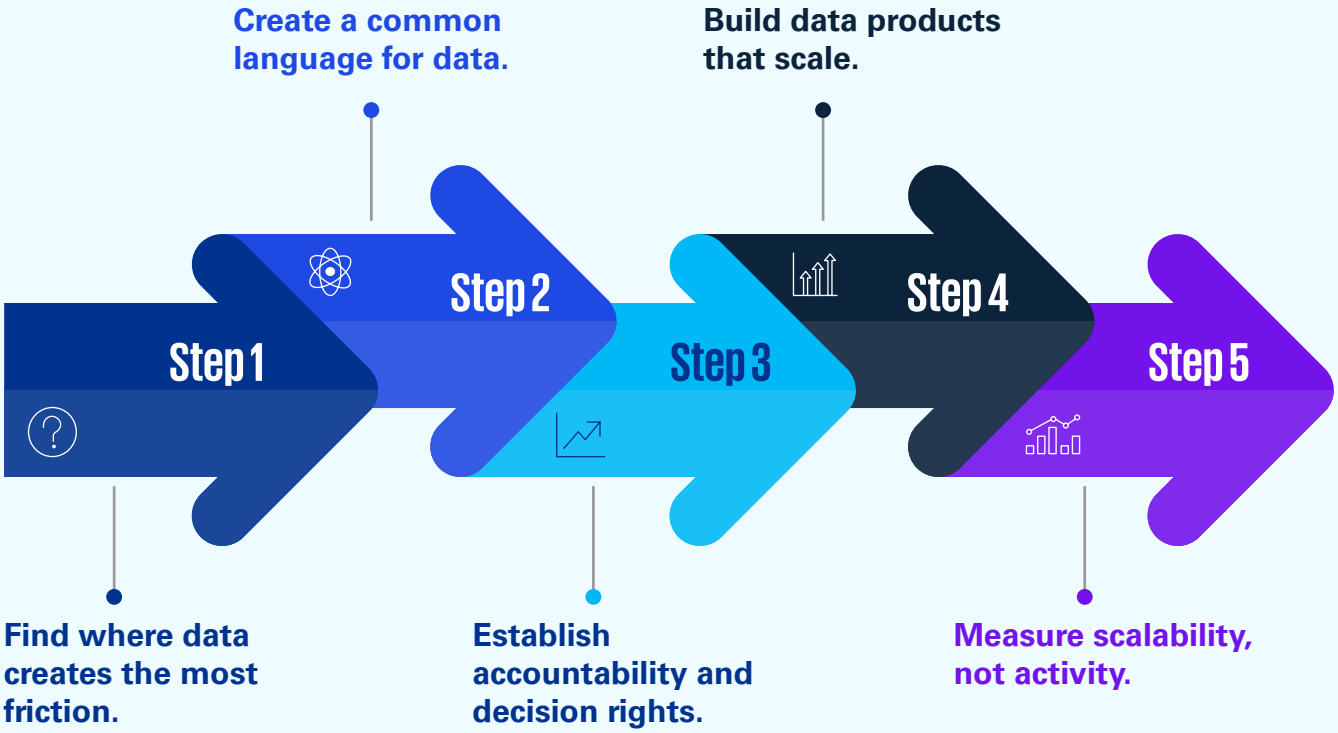
[17] Michael Aldridge, "Reducing the Validation Burden: Using AI for Autonomous Data Quality Checks in Private Markets," Carta, October 1, 2025

[18] Gustavo Gama, "The Battle for Truth - Bonus Part - The Way Forward: Building an Enterprise That Trusts Its Own Data," Gustavo Gama, March 15, 2026

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A five-step path to scalable operations

Together, the five steps below can help firms move from fragmented, manual processes to scalable operations. Each one builds on its predecessor, creating a foundation that supports greater consistency, efficiency, and reuse over time.



01 Find where data creates the most friction

The first step is understanding where teams spend the most time wrangling data (i.e., sourcing, validating, and reconciling it) and identifying the underlying data sources that repeatedly support those activities. For many firms, representative pressure points emerge in:

Investor reporting	**Portfolio performance monitoring**	**Fund financial accounting and reporting**	**Valuations**	**Management reporting**

These workflows often involve repeated data gathering, inconsistent definitions, multiple versions of the same information, and extensive manual validation. As firms grow, the effort required to support these processes grows as well.[19]

[19] "From Data Lakes to Data Products: Rethinking Enterprise Data Strategy," Itsoli, December 10, 2025

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02 Create a common language for data

Once firms identify the highest-friction workflows, they should focus on creating a consistent understanding of the data that supports them. The objective isn't to build enterprise data systems yet. It's to ensure that teams interpret critical information the same way across functions, funds, and reporting processes. To do this, leading organizations establish:

- Common definitions and taxonomies
- Consistent business rules
- Clear ownership for critical data domains
- Metadata, lineage, and documentation standards that promote trust and consistency.

The goal is to eliminate repeated interpretation by ensuring that information retains the same meaning wherever teams use it. However, standardization requires more than agreeing on definitions. Firms also need a reliable way to document, maintain, and share those definitions across the organization.

Leading firms increasingly use metadata management, business glossaries, and data catalogs to create a common understanding of critical information assets. Rather than relying on institutional knowledge to explain where data originates, how teams calculate it, who owns it, and how they should use it, teams access documented definitions, lineage, ownership, and usage guidance directly. This approach reduces dependency on individual employees, strengthens trust in data, and enables teams to use information more consistently across reporting, analytics, and operational workflows.

By making data more understandable, accessible, and trustworthy, firms lay the foundation for scalable operations. Teams spend less time debating definitions, tracing sources, and recreating information, and more time using data to support reporting, decision-making, and growth.[20]

03 Establish accountability and decision rights

Traditional governance programs often emphasize controls and oversight. While important, growth-oriented firms increasingly design governance to reduce friction and support consistent execution across the organization. In practice, that means:

- Creating repeatable reporting processes
- Making analytics more trustworthy
- Enabling information reuse across functions
- Supporting automation with confidence.

In this model, governance is less about managing data assets and more about enabling scalable execution. For example, some firms organize governance through a federated operating model that embeds accountability within business functions while establishing common standards, ownership frameworks, and coordination mechanisms across the enterprise. This approach allows teams to move quickly without sacrificing consistency or trust.[21]



[20] Jason Berwanger, "7 Key Benefits of a Data Repository," HubiFi, October 1, 2025

[21] OvalEdge, "Data Governance Models: Centralized, Decentralized, and Federated," January 14, 2026

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04 Build data products that scale

As governance capabilities mature, firms can begin replacing workflow-specific data solutions with reusable enterprise data assets. Their objective is no longer standardization—it's reuse at scale. These foundations support:

- Investor relations
- Performance reporting.
- Portfolio monitoring
- Tax Compliance
- Fund accounting
- Valuations

Rather than recreating outputs for each reporting cycle or business request, firms establish common sources that can serve multiple stakeholders and workflows. They also provide the trusted, governed data foundation needed to support AI applications at scale.

For example, once portfolio performance data has been standardized, documented, and governed, firms can create a reusable data product that serves multiple business functions. The same trusted foundation can support investor relations, portfolio monitoring, fund accounting, management reporting, and valuations, eliminating the need to reconcile the same information repeatedly. As new requirements emerge, teams can build on that foundation instead of starting over.[22]

05 Measure scalability, not activity

Many organizations measure data success through governance maturity, data quality scores, or platform adoption. A more meaningful measure may be scalability:

- Is operational workload growing more slowly than AUM?
- Has manual reconciliation effort been reduced?
- Are reporting cycles becoming faster and more repeatable?
- Can new funds or portfolios be added without proportional increases in operational headcount?

The ultimate goal is to create data operating leverage, which is the ability to support increasing business complexity through systems and standardized processes rather than additional manual effort. In practical terms, success means that growth no longer requires proportional increases in operational workload. New funds, portfolio companies, reporting requirements, and investor demands can be absorbed primarily through standardized workflows and reusable data foundations rather than by continually expanding support teams.[23]



[22] Bruno Miguel Vital Bernardo, et al., "Data governance & quality management—Innovation and breakthroughs across different fields," Science Direct, October 2024

[23] Rohit Sharma, "Data Modeling in Data Governance: Ensuring Compliance and Security," upGrad, July 7, 2026

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The winners will grow without growing complexity

Private market growth will continue to test operating models. Firms that treat data as a back-office issue will likely keep adding manual work as they expand. Firms that regard data as an operating leverage issue can take a more disciplined path: identify the workflows where data friction is highest, standardize the data that matters most, assign ownership, build a reusable foundation, and use governance to increase throughput.[24]

The goal isn't perfection, it's scalability. Firms don't need to transform every data element before they improve. They need reliable data in the domains that support repeatable work across fund operations, portfolio oversight, investor reporting, analytics, and future automation. Firms that do this well will be better positioned to scale efficiently as they grow.[25]

Ultimately, the firms that pull ahead will scale through systems while competitors continue to scale through people. In an industry where growth continues to increase operational complexity, that distinction may become one of the most important determinants of long-term performance.

How KPMG can help

KPMG offers a range of solutions to address data challenges in private markets. These solutions include advanced data management platforms, data quality and governance services, and integration solutions that help firms create a unified data model. Our services are tailored to improve operational efficiency and scalability, enabling clients to leverage AI and other advanced technologies. When choosing an advisor, general partners want a firm that has the technical skills and practical industry-specific experience to provide sound, objective, and independent advice. KPMG professionals provide that experience and knowledge along with a trusted name to help you meet your private markets data needs.

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[24] "What is the Major Benefit of using a Data Warehouse for Businesses?" InData Labs, December 29, 2025

[25] "Fund Operations Trends: Key Focus Areas for GPs in 2026," Linnovate Partners, January 15, 2026

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