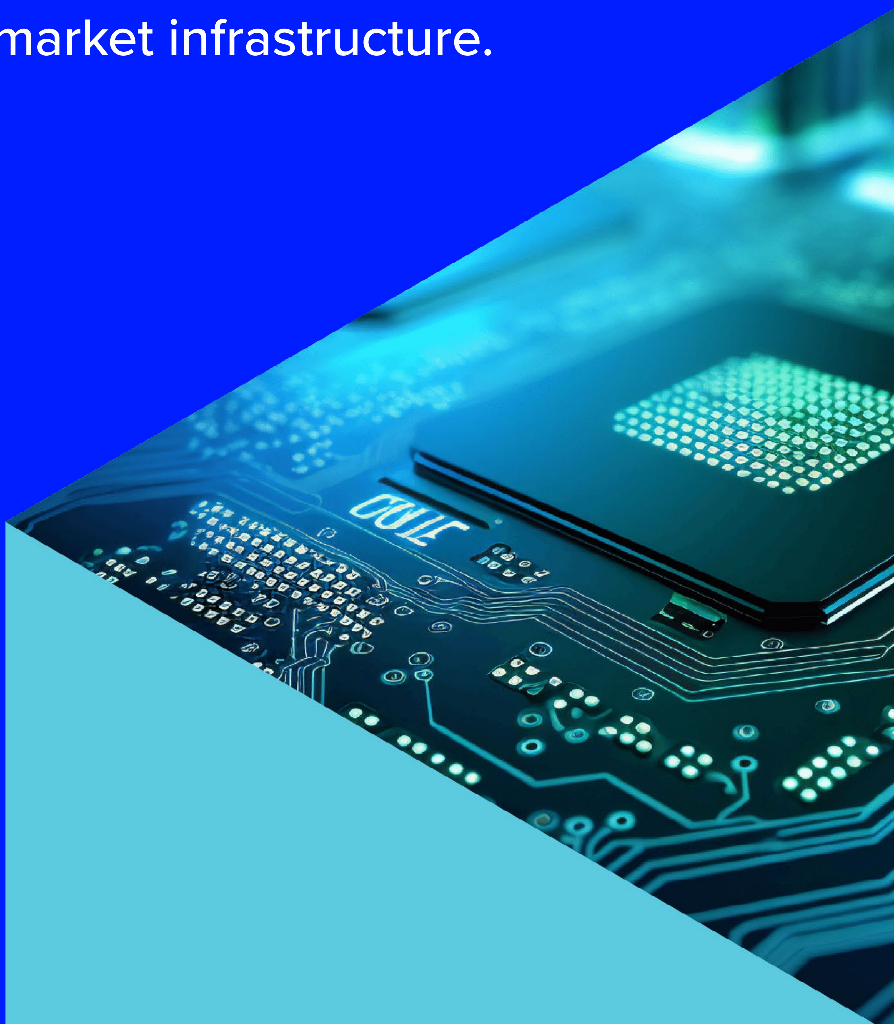
Are private markets ready for the data age?

Alternative assets are gaining in popularity, yet investors must contend with legacy systems, manual processes and fragmented data. It's time the financial industry modernised the market infrastructure.



LSEG

Over the past few decades, private markets have moved from the margins of institutional investing towards the centre of global capital allocation. Institutional portfolios now allocate on average 12.5 per cent of assets to private markets, and 49 per cent of investors intend to increase their exposure over the next two years, according to a study by Aviva Investors.

Some forecasts suggest alternative assets could exceed $30tn by the end of the decade, with private equity more than doubling in size from $5.8tn to $12tn by 2030.

Despite that growth, much of the infrastructure underpinning private markets belongs to an earlier era. Public markets evolved around standardisation, interoperability and continuous price discovery. Private capital, by contrast, continues to rely heavily on fragmented datasets and manual processes. "Excel spreadsheets, email and PDFs are still the most-used tools in private markets," says Oliver Albers, Executive Vice-President and Chief Product Officer for Nasdaq's Capital Access Platforms division. "And that really hasn't changed in 10 years."

This status quo is becoming less sustainable: as private assets absorb a larger share of institutional portfolios, investors are no longer as willing to analyse them separately from public holdings. Instead, they are demanding a consolidated view of liquidity, performance, risk and exposure across entire portfolios, rather than fragmented snapshots spread across disconnected systems.

Jenn Giacobbe, Global Head of Private Markets at London Stock Exchange Group (LSEG), says:

“If data becomes more standardised and institutionally available, investors can analyse and benchmark exposures much more effectively.”

From opacity to interoperability

Leon Sinclair, Global Head of Preqin Product at BlackRock, says while vast quantities of data already exist in private markets, making that data coherent and usable across increasingly complex portfolios is the next big challenge. “The real shift we’re seeing now is not just about data itself, but data being connected, asset-level, decision-ready and embedded directly into investment and risk workflows,” he says.

Efforts are under way to close some of the gaps. Partnerships between exchanges, infrastructure providers and specialist data firms are focusing on integrating previously siloed market data into broader investment workflows. A recent collaboration between Nasdaq and LSEG, for example, aims to integrate private markets data directly into the tools and environments used by institutional investors.

Giacobbe of LSEG, whose transformation from exchange operator to data and analytics platform has accelerated since its acquisition of Refinitiv, a financial markets data provider, says: “To take this market from where it is today to the next stage, there has to be greater transparency in the data. In opaque markets such as these, bringing together multiple sources through strategic collaborations creates a fuller picture than any single provider can offer.”

By integrating Preqin’s and Nasdaq eVestment’s private market datasets into LSEG Workspace, investors are increasingly able to benchmark private market holdings alongside public assets within the same analytical environment, reducing reliance on manually assembled spreadsheets and disconnected reporting systems.

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Global Head of Private Markets at LSEG

Infrastructure for institutional scale

Data, and access to that data within existing workflows, are only part of the challenge. Many operational processes across private markets remain stubbornly manual. Subscription documents, onboarding procedures and post-trade workflows can still take weeks to complete – a striking contrast to the automation that institutional investors now expect elsewhere in financial markets.

Digitisation could help to narrow that gap. More connected systems may improve liquidity analysis, strengthen portfolio oversight and reduce operational friction. Better infrastructure may also broaden participation by making private assets easier to analyse, govern and monitor for a wider range of investors.

“Making private markets more transparent and accessible requires partnerships across the ecosystem.”

Oliver Albers,
Executive Vice-President and Chief Product Officer for Nasdaq’s Capital Access Platforms division

The direction of travel is increasingly towards interconnected ecosystems rather than isolated platforms. As firms seek to integrate datasets, workflows and analytics into more coherent operating environments, collaboration between infrastructure providers is becoming more important. Albers says: “No one is going to solve these challenges alone. Making private markets more transparent and accessible requires partnerships across the ecosystem.”

One example bringing these themes together is Digital Markets Infrastructure (DMI), a partnership between LSEG and Microsoft designed to make raising capital in private markets more efficient. DMI’s private funds offering connects fund managers and investors in a single digital environment, enabling fund discovery, onboarding and transaction workflows in a more streamlined way. By enhancing how capital is raised and managed, the platform aims to expand access, improve efficiency and support the continued growth of private markets.

Yet even as the sector evolves, private markets are unlikely to become replicas of public markets. Structural differences, including longer investment horizons, bespoke deal structures and lower liquidity, will remain central to the asset class. The aim, therefore, is not complete convergence, but greater coherence, transparency and scalability.

Giacobbe believes the future of private markets is not about eliminating their defining characteristics but about building informational frameworks sophisticated enough to support them at institutional scale. “Private markets are never going to look exactly like public markets, and nor should they,” she says. “But we’re in the early stages of democratising the rich data that exists across private markets, and that process should help to support growth for years to come.”

Find out more about LSEG's private market data, news and insights

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