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**DUE DILIGENCE PLATFORM**

# Buyer's Guide for Due Diligence Software



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Since the Great Financial Crisis of 2008, institutional investors have demanded more visibility into the governance of hedge fund investments.

This has spawned the creation of technological advances that can help due diligence practitioners facilitate their oversight.

You may have heard that Due Diligence software can bring several benefits to the due diligence process, such as gaining efficiency in your operations while improving quality and accuracy in your Due Diligence Questionnaires.

All of this is true if you choose the right Due Diligence software.

In this detailed buyer's guide, we'll tell you everything you need to know about Due Diligence software, including its benefits and key features. We hope you use this resource to evaluate your options and make the optimal choice for your organization

Operational Due Diligence is an investor-initiated process for assessing the operational infrastructure of investment managers and funds to both detect and mitigate potential operational risks associated with your investment.

## ▶ WHAT IS DUE DILIGENCE SOFTWARE?

Here, we'll look at one example of how we assisted a client in determining whether constructing their software would be more cost-effective than buying.

The Due Diligence process has become a vital component for alternative investments, particularly after the 2008 financial crisis and the COVID-19 pandemic. However, it can be a complicated endeavor, often due to disjointed processes associated with high-stakes information.

Due Diligence software can minimize this complexity and automate the due diligence process to improve effectiveness.

With a single integrated platform like DD360, ODD practitioners can streamline due diligence workflows and minimize the time and effort they spend chasing down the necessary information.

And ultimately, you can eliminate or mitigate as much operational risk to your investment as possible.

Many industries can take advantage of a due diligence platform's automated features, rich functionality, analytics, and centralized tracking and management, including:

- **Financial Services**
  - **Investment & Asset Management**
  - **Sovereign wealth funds**

- **Public Sector**
  - **Endowment funds**
  - **Pension funds**

## ► WHY DO I NEED DUE DILIGENCE SOFTWARE?

### *Disjointed Processes and Scattered Documentation*

The average Due Diligence process is an assortment of confusing documents, information requests, and communication channels.

Often, the investment operations team has to chase investment managers through numerous emails and track responses from each. They must also triple-check information for accuracy and validity by looking at multiple Excel spreadsheets and other documents.

To make matters worse, they must provide annual, quarterly, monthly, and sometimes even weekly reports using these disparate information sources.

### *Lack of Collaboration and Poor Communications*

One of the biggest due diligence challenges for many organizations is that the multiple parties involved struggle to share data, search for information, or collaborate effectively.

This often results in miscommunications, low visibility into activities and status, and confusion about risks, issues, and resolutions.

### *Inefficient Risk Reporting and Analytics*

In our modern, turbulent economy, allocators aim to evaluate all kinds of risks as they conduct due diligence.

The problem with manual due diligence is that practitioners cannot auto-score risks to properly prioritize them by urgency.

Manual processes also make it hard to understand various risks, increasing the chances of overlooking a risk (or miscalculating its severity), which can cause problems later.

## *Unscalable Manual Processes*

As investments increase in size and frequency, manual due diligence processes are neither sustainable nor scalable.

To achieve scalability, you may outsource parts of the due diligence process to external consultants. Although you may save time with this choice, you may also lose out on required granular insights, which may ultimately impact your investment decisions.

Thankfully, modern-day due diligence software like DD360 can help.

Now that we've laid out the challenges of manual due diligence let's explore some of the benefits of using automated due diligence software.

## ▶ THE BENEFITS OF DUE DILIGENCE SOFTWARE

### *Centralization and Automation through one Integrated Platform*

A due diligence platform provides a single, integrated solution to automate the entire diligence process. It thus eliminates the need for disparate and disjointed point solutions, so practitioners can access all the workflows, schedules, assignments, and clarifications they need from a single platform.

### *Streamlines Due Diligence Processes*

Due Diligence software can also streamline your due diligence workflows and questionnaire reviews. You can configure it for your organization's specific needs, business plan, workflows, and approvals processes. It also eliminates unnecessary back-and-forth interactions and rework.

### *Boosts Stakeholder Productivity*

An ODD platform can boost productivity since all internal and external stakeholders share the same software in the same environment. A clear, centralized dashboard supports better, faster, data-backed decision-making, leading to improved productivity.

### *Improves Collaboration and Communications*

With a centralized management and communication portal, various stakeholders can quickly get the information and documents they need to collaborate better.

Centralized interactions result in direct, seamless, and transparent communications and ensure that nothing gets lost between emails and questionnaire follow-ups.

## ***Better Understanding of Risk***

Due Diligence platforms provide detailed dashboards and due diligence reports to quickly highlight risks and exceptions and help you focus on risk insight. The software also gives periodic updates and displays any changes to risk thresholds and redactions to terms.

The platform allows benchmarking across managers with the same strategy, improving decision-making based on key data points, such as potential operational risks.

Ultimately, all these benefits can significantly impact Due Diligence scalability, costs, and cost savings. Many investors have seen productivity improvements of 60%+ by automating their ODD processes with DD360.

## ► DUE DILIGENCE CHECKLIST: KEY FEATURES TO LOOK FOR IN AN ODD PLATFORM

Feature-rich and reliable due diligence software will guide you through each activity, simplify workflows, and enable your due diligence practitioners to understand and remediate risks better. As you evaluate various candidates, here are some key features to look out for:

### ► ☐ ***Customizable Templates and Questionnaires***

Select a solution that includes a library of strategy-specific templates for AIMA, ILPA, privacy, etc. Make sure you can customize these templates or upload proprietary templates to match your needs.

The automated tool should make it easy for managers to respond to questionnaires and facilitate the sharing of questionnaires, checklists, and other content.

### ► ☐ ***Automation***

Your due diligence software should bring standardization, automation, centralization, and improved visibility and accountability to support more scalable due diligence processes. A single platform should automate manager, third-party, and regulatory (e.g., GDPR) due diligence.

For example, your due diligence platform can automatically send reminders for key dates, assign questions to subject matter experts for evaluations/reviews/approvals, and alert you on outstanding items.

### ▶ ☐ *Auto-scoring*

Look for a platform that allows you to attach a grading scale and automate the scoring process. It should also support customized scoring so that you can auto-evaluate a majority of submissions.

### ▶ ☐ *Analytics and reporting*

The software should provide detailed analytics dashboards with publishing and assignment capabilities, so you don't have to spend cycles searching through different questionnaires.

You should easily track compliance and manage incoming requests and processes. Reports should highlight risks and exceptions, allow you to drill down to fund and company level, and run comparison and time-series analyses.

## ▶ INTRODUCING DD360

Now that we've addressed the importance of due diligence software and which features you should look for in a solution, we're happy to share that [DD360](#) from CENTRL offers everything we've mentioned here.

DD360 is a multi-party automated due diligence software that provides a superior process experience for investment allocators, fund managers, and consultants alike

This single integrated platform eliminates the need for multiple-point solutions. Its automated workflows, auto-scoring, analytics, and reports provide a centralized source of truth that's available in real-time in the cloud.

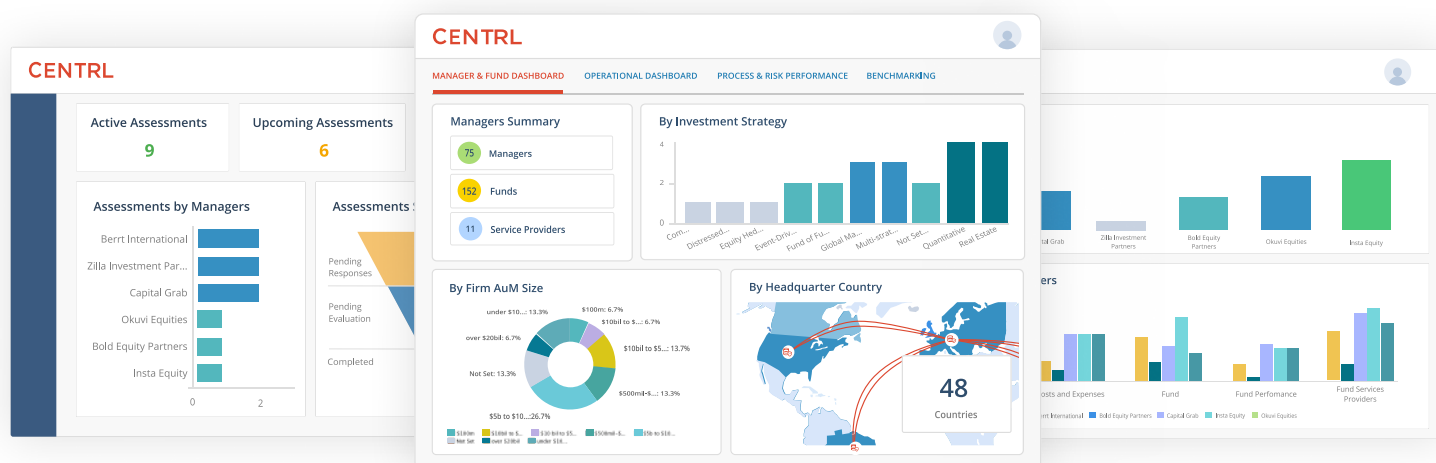
DD360 follows best-in-class approaches, leverages AIMA, and can be easily tailored to your needs or proprietary framework.

It also allows you to customize scoring to auto-evaluate more than 90% of submissions – saving time and further improving the efficiency and effectiveness of your due diligence process.

Use standard questionnaires or proprietary templates, manage clarifications, and track issues – with DD360, you can do all this and more. Best of all, DD360 meets all the criteria and delivers all the benefits laid out in this guide.



## DD360 for Due Diligence



Some of the critical benefits that DD360 customers have experienced are:

- Efficiency gains of 50%+
- Average savings of 30-40%
- 5X more efficiency with internal reporting and audit requirements
- Auto-evaluation of over 90% of submissions

Some of the most significant investment groups and potential buyers across the globe use DD360 to streamline their due diligence process.

Try DD360 with a free CENTRL demo. [Click here](#) to schedule yours today.

“ Now, it's all there on the system, we can see where everything is and where it is at in the process... Process is far smoother. It saves our team a couple of months each year now. And, given the reduced back-and-forth over email and excel spreadsheets, it generally reduces the time it takes us to do our weekly, monthly, quarterly, and annual reporting activities by about 50%.

- Global Fund of Funds

“ We looked at all the ODD solutions in the market and chose CENTRL because it was the most complete solution. It is very easy to use, has the greatest depth of functionality and analytics and provides flexibility to adapt it to our process.

- Leading Due Diligence Consultant



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Learn More: [oncentrl.com/due-diligence](https://oncentrl.com/due-diligence)

Get a 1:1 Demo: [oncentrl.com/demo-request](https://oncentrl.com/demo-request)



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CENTRL is a leading third party risk and diligence platform for financial institutions worldwide. CENTRL's DD360 delivers significant efficiency improvements and enhanced risk oversight to asset owners, consultants and investment groups.

The CENTRL platform is used by the largest allocators, banks and investors across the Americas, Europe and APAC. For more information, please visit [oncentrl.com/due-diligence](https://oncentrl.com/due-diligence) or visit us at [oncentrl.com/demo-request/](https://oncentrl.com/demo-request/) to schedule a demo.

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