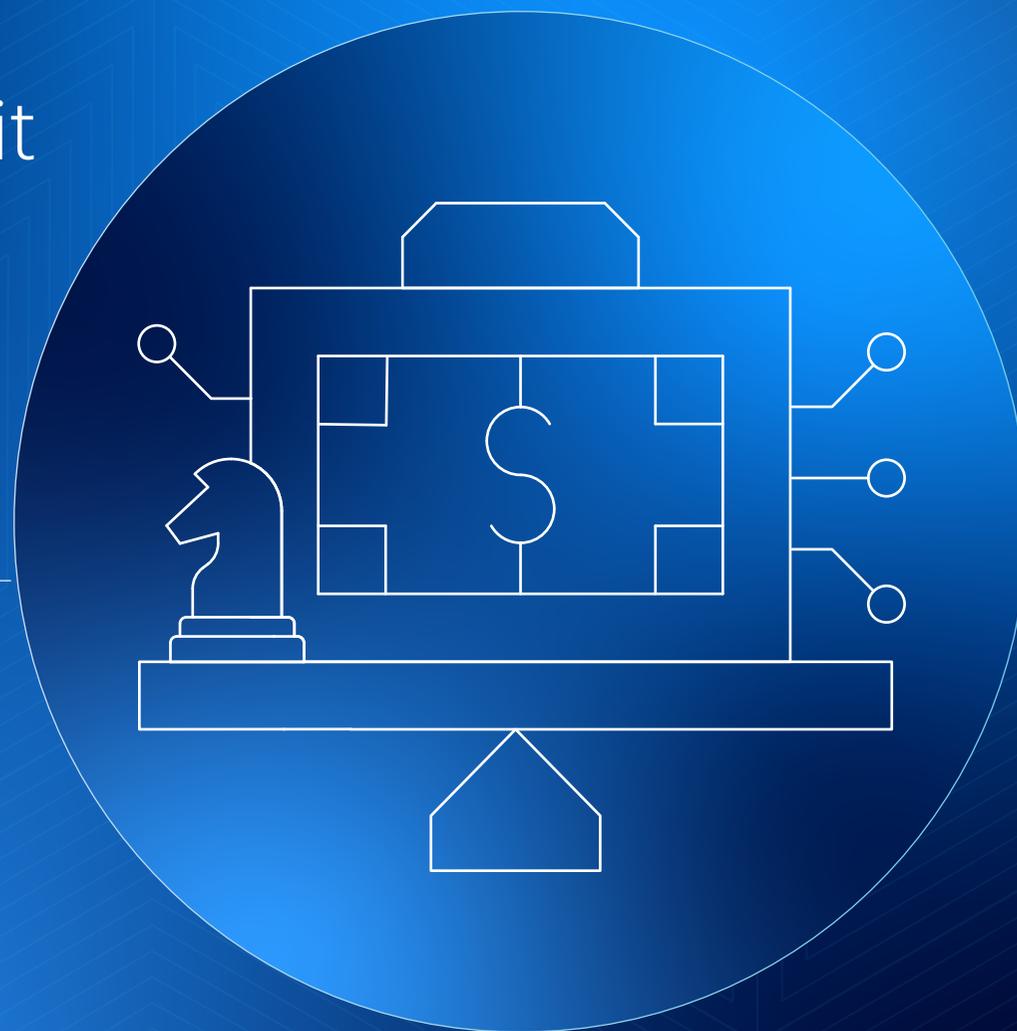


# Build, Buy or Balance: A Private Markets Toolkit for Designing the Right Technology Strategy

How leading firms blend in-house innovation with vendor platforms, anchored by a unified data foundation

Toolkit



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## Executive Summary

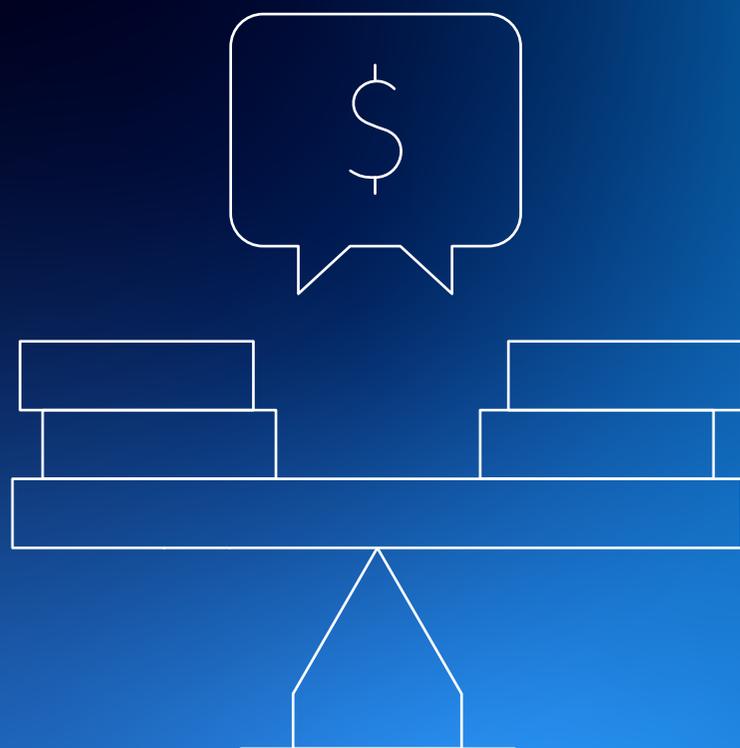
Private markets have evolved beyond the point where a single vendor platform or a single in-house system can keep up with the pace and complexity of modern investment operations. Today's leading firms are opting for a hybrid technology strategy: they build where it differentiates, buy where it accelerates, and orchestrate everything through a shared, golden source of data foundation.

This structured toolkit is for evaluating how to combine internal tools, vendor solutions, and a platform-agnostic data layer to drive scale, transparency, and long-term agility.

- How to determine what to build vs. what to buy
- How centralized data unlocks optionality across operations and systems
- How to reduce integration-complexity for illiquid, evolving asset classes
- How to make future-proof decisions with a scalable, governed data platform



# Rethinking the Build vs. Buy Decision in Private Markets



Chapter 02

# Rethinking the Build vs. Buy Decision in Private Markets

## Why Private Markets Require a Hybrid Approach

Private markets operations are inherently heterogeneous. Workflows differ not only across asset classes such as private equity, private credit, and real assets, but also across strategies, jurisdictions, fund structures, and investor requirements. As firms grow, technology stacks tend to evolve incrementally, often resulting in fragmented systems designed to solve discrete problems.

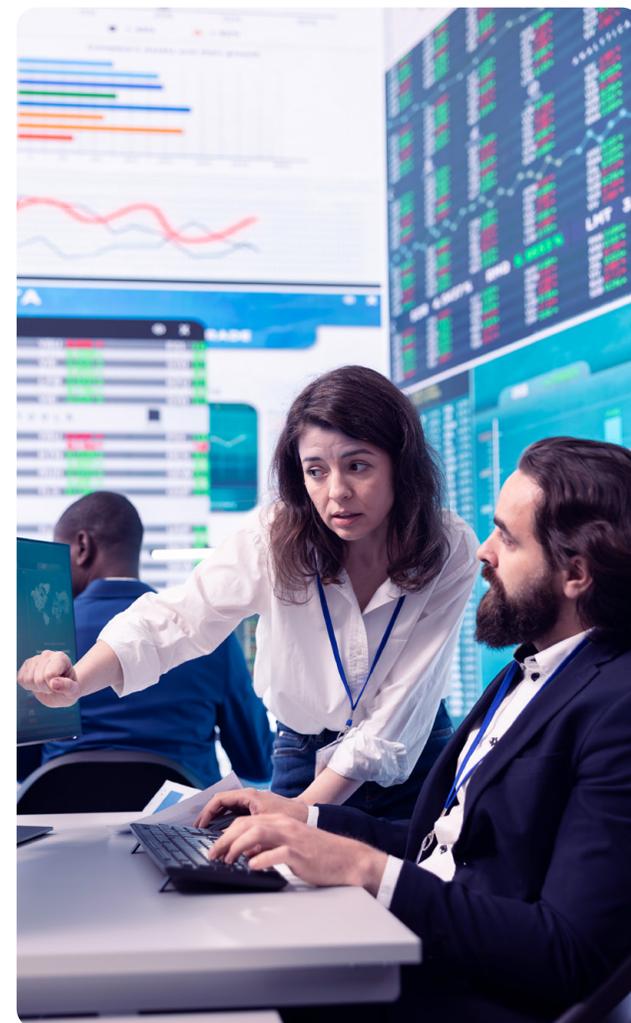
Historically, firms often favored either internal development to retain control or vendor platforms to accelerate implementation. Over time, however, both approaches reveal structural limitations. Internally built systems can accumulate technical debt and slow innovation. Research shows that 62% of developers cite technical debt as their primary workplace frustration ([Stack Overflow Developer Survey, 2024](#)). Meanwhile, vendor platforms may struggle to accommodate firm-specific workflows or rapid change.

A hybrid approach reflects the reality that different functions require different solutions; and that long-term effectiveness depends on how those solutions are integrated and governed.

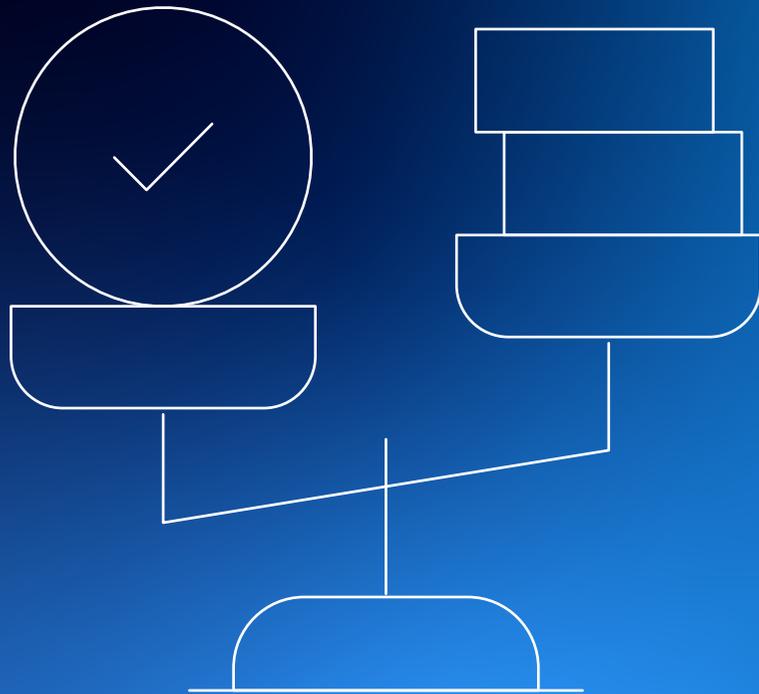
## Key Forces Driving Hybrid Technology Strategies

Several industry dynamics are accelerating the need for a more balanced approach:

- 
**Asset class diversification:** Expansion into private credit and hybrid strategies introduces new data models and operational requirements.
- 
**Scale without headcount growth:** Firms are under pressure to increase operational throughput without proportional increases in staffing.
- 
**Rising transparency expectations:** Investors expect more frequent, more detailed insights across portfolios and exposures.
- 
**Regulatory complexity:** Jurisdictional and product-specific reporting requirements continue to evolve.
- 
**Legacy system constraints:** Technologies implemented for narrow use cases often lack interoperability as the ecosystem grows.



# Assessment Tool: Identifying Imbalance



Chapter 03

## Assessment Tool: Identifying Imbalance

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Organizations often experience imbalance without explicitly recognizing it.

- Over-indexing on internal systems (e.g. building) may result in slow delivery cycles, heavy maintenance burdens, and reliance on manual workarounds.
  - Over-indexing on vendor platforms (e.g. buying) can lead to rigid workflows, duplicated systems, and dependency on external product roadmaps.
  - A balanced approach is characterized by modularity, clear separation between data and applications, and the ability to evolve workflows without destabilizing the broader operating model.
- 

### Indicators Your Strategy Leans Too Heavily Toward Internal Build:

- Engineering team spending more time on maintenance than innovation
- Enhancements require multi-month cycles
- Business teams use shadow spreadsheets to fill system gaps
- Integrations repeatedly break when workflows update

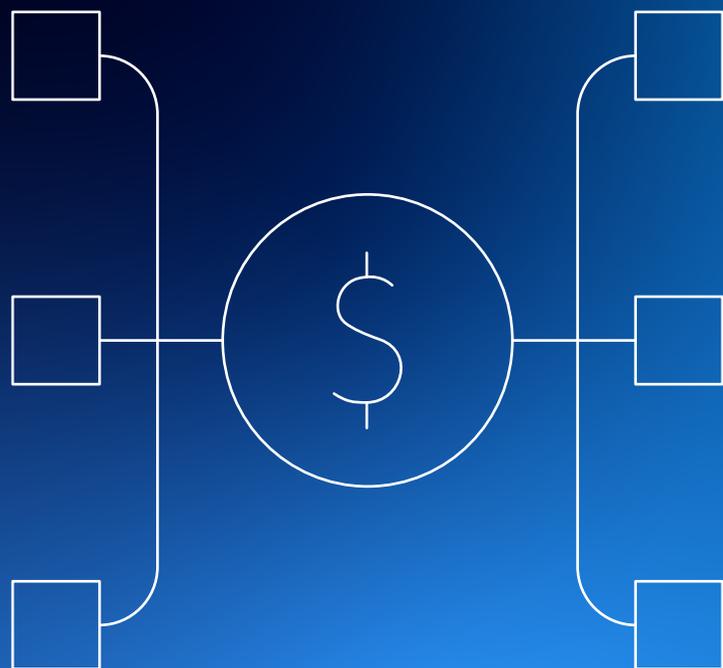
### Indicators Your Strategy Leans Too Heavily Toward Vendor Platforms:

- Bending workflows to fit vendor constraints
- Maintaining redundant systems because data can't move cleanly
- Vendor roadmaps dictate the operational strategy

### Indicators of a Balanced, Scalable Technology Strategy:

- Data is centralized and accessible via APIs
- A unified view of positions, cash, and exposures
- Can plug in new vendors without overhauling architecture
- Internal tools complement, not duplicate, vendor platforms

# A Structured Framework for Build vs. Buy Decisions



Chapter 4

## A Structured Framework for Build vs. Buy Decisions

As private markets firms scale, technology decisions increasingly shape investment strategy, operational resilience, and client experience. The question pivots from whether to build or buy, to where each approach creates the most durable advantage. A structured build vs. buy framework helps firms move beyond reactive, point-in-time decisions and instead align technology choices with long-term growth objectives, evolving asset strategies, and rising investor expectations.

“ The build vs. buy tech stack balancing act begins with thoughtful consideration of where you want your firm to be in 1 year, 5 years, 10 years — not just in considering AUM, but in product mix, deal structure, and investor demands. The highest-performing firms are proactive about their growth trajectory and meticulous in organizing their tech stacks. They construct nimble infrastructure so they can be agile. ”



— [The Blueprint for Private Markets Agility: Mastering the Build vs. Buy Balance Amid Technology Shifts.](#)  
**Jeb Altonga, SVP Sales and Partnerships, Arcesium**

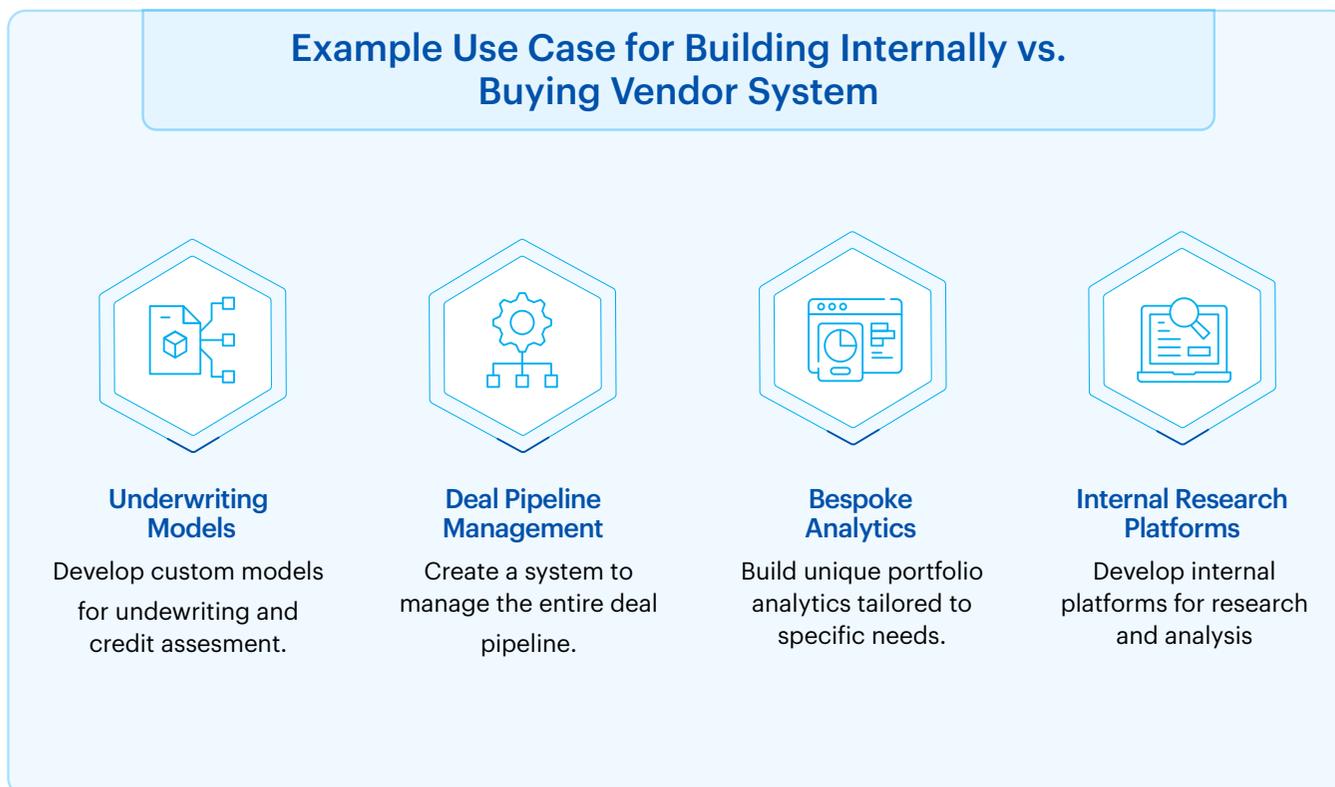
# A Structured Framework for Build vs. Buy Decisions

## Where Building Is Appropriate

Internal development is most effective when systems support areas of true differentiation where proprietary logic, judgment, or insight directly contributes to investment or operational advantage. These areas often evolve rapidly and benefit from close alignment with internal teams.

Examples include:

- Underwriting and credit assessment models
- Deal pipeline management
- Bespoke portfolio analytics
- Internal research platforms



# A Structured Framework for Build vs. Buy Decisions

However, building internally also introduces long-term responsibilities related to scalability, security, documentation, and maintenance. 70% of IT budgets are consumed by legacy system maintenance, reports [Pragmatic Coders & Banking Industry Data 2025](#). These factors must be evaluated alongside strategic importance.

Firms often choose to build systems when the workflow is:

- **Highly differentiated** (e.g., unique underwriting models, deal pipeline logic, proprietary research workflows)
- **Rapidly evolving** (e.g., dynamic portfolio monitoring models, custom credit analytics)
- **Strategic IP** that shapes how the firm invests or evaluates opportunities

## Where Buying Delivers Speed and Scale

Vendor platforms are typically best suited for functions that benefit from standardization, regulatory alignment, and operational scale. These include fund accounting, investor reporting, compliance workflows, unstructured data processing, workflow orchestration, reconciliation processes, and market data ingestion.

These systems embed industry-best practices and regulatory considerations, allowing firms to deploy capabilities more quickly and with lower internal resourcing requirements.

The primary risk associated with vendor platforms is not functionality, but dependency – particularly when data models, business logic, or integrations are tightly coupled to a single provider. 54% of financial services firms cite vendor lock-in as major concern ([LSEG Cloud Strategies Report, 2024](#)). Without a strong data foundation, replacing or augmenting these systems can become costly and disruptive.



# A Structured Framework for Build vs. Buy Decisions

## Decision Framework: Beyond Cost and Speed

While cost and firms implementation timelines are often the most visible decision factors, private markets benefit from evaluating build vs. buy decisions through a broader lens that includes long-term adaptability and integration risk.

Consideration	Build	Buy
<b>Strategic differentiations</b>	High	Low
<b>Speed to deploy</b>	Lower	Higher
<b>Control over logic</b>	High	Moderate
<b>Ongoing maintenance</b>	Higher	Lower
<b>Venfor dependency</b>	Low	Moderate to high
<b>Ability</b>	Depends on data architecture	Depends on data architecture

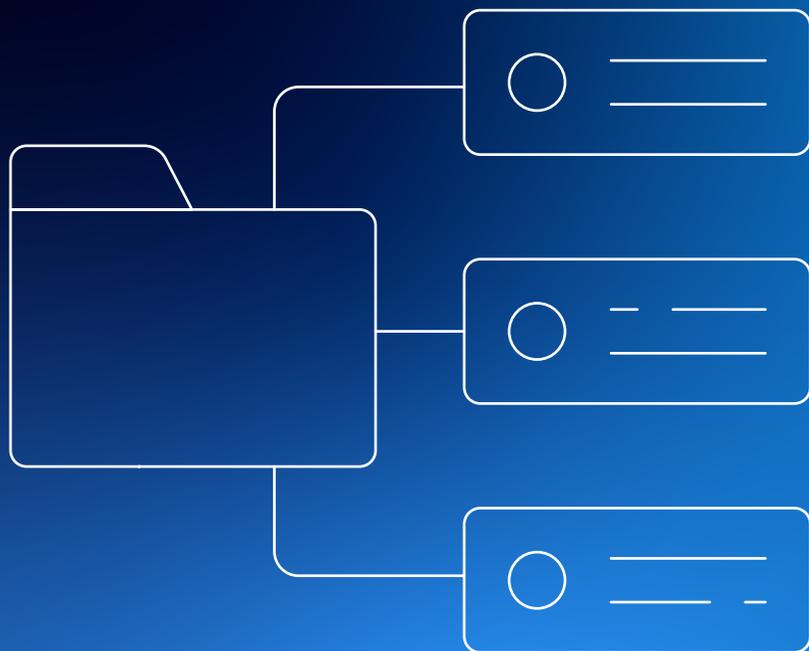
## Both Decisions Fail Without the Right Data Layer

The central insight is that build and buy decisions are only as effective as the data architecture beneath them. Without a unified data layer, both approaches introduce constraints that compound over time. Regardless of what you choose to build or buy, success depends on:

- Clean, unified data
- Ability to pull from and push to any system
- Shared dictionaries and ontologies
- Workflow-consumable data across asset types

This brings us to the heart of the hybrid strategy: the platform-agnostic data foundation.

# The Role of a Golden Source of Data



Chapter 05

# The Role of a Golden Source of Data

In private markets, data—not technology—has become the primary constraint on scale, speed, and confidence. As firms add systems, strategies, and stakeholders, fragmented data environments introduce friction, risk, and diminishing returns on technology investments. A golden source of data addresses this challenge by establishing a single, trusted foundation that aligns systems, teams, and decisions across the investment lifecycle.

## Why Data Is the Limiting Factor

Industry research shows that 78% of teams struggle with data orchestration complexity ([Integrate.io, 2026](#)), highlighting the critical need for a golden source of data. In private markets, data is generated and consumed across the full investment lifecycle, often by different teams, systems, and external parties. This data may originate in legal documents, administrator feeds, borrower reports, valuation models, or portfolio company disclosures, and it frequently arrives in inconsistent formats and cadences.

When data is embedded within individual applications, firms face challenges in maintaining consistency, traceability, and timely access. As new systems are added, discrepancies increase, reconciliation becomes more manual, and confidence in downstream reporting erodes.

Private markets data is scattered across:

- PDFs, models, and unstructured documents
- Valuation files, waterfall calculations, loan tapes
- Portfolio company KPIs
- Credit agreements and borrower data
- Multiple accounting systems

Integrating these sources at a scale is nearly impossible without a centralized and governed data foundation.

## Benefits of Data Centralization

- **System Flexibility**  
Replacing vendors becomes a straightforward integration swap, not a major migration project. Institutional knowledge remains intact within the data .
- **Reduced Vendor Lock-In**  
When data lives in proprietary vendor databases, switching means expensive migration and potential data loss. When data lives in a dedicated platform, vendors become interchangeable.
- **Enhanced Analytics**  
Unified data enables cross-functional analysis, self-service reporting, and agentic AI applications. Siloed data makes analysis painful and often impossible.
- **Faster Decision-Making**  
Real-time dashboards, automated reports, and ad hoc queries become possible when data is centralized and consistently modeled.
- **Future-Proofing**  
As technology evolves, a data foundation provides continuity and eases adoption of new capabilities.

# The Role of a Golden Source of Data

## What a Unified Data Foundation Delivers

A unified data platform establishes a central foundational layer where data is ingested, normalized, governed, and made available to all downstream systems and users. Rather than replicating logic and definitions across multiple tools, firms centralize these capabilities at the data level.

This approach enables:

- Consistent definitions for positions, cash, valuations, and exposures
- Reduced reconciliation effort across systems
- Improved auditability and regulatory defensibility
- Reusable data for analytics, reporting, and automation
- Greater transparency across asset classes and strategies

Importantly, a unified data foundation does not replace existing systems. It allows firms to orchestrate them more effectively.

## Core Capabilities to Evaluate

A modern private markets data foundation should support:

### 1. Connectivity & Ingestion

Ingestion of structured and unstructured data from internal systems, vendors, administrators, and external sources.

### 2. Governance & Quality Controls

Validation rules, lineage tracking, permissions, and version control to support oversight and audit requirements.

### 3. Interoperability

API-first architecture enabling data to move cleanly between platforms and internal tools.

### 4. Scalability

A flexible data model capable of supporting multiple asset classes, fund structures, and future strategies.

### 5. Workflow Enablement

Reliable, consumable data that downstream applications and analytics can use without custom transformation.



# Reducing Integration Complexity Across the Technology Ecosystem



Chapter 06

# Reducing Integration Complexity Across the Technology Ecosystem

## Why Integration Becomes a Structural Risk

As private markets firms evolve, technological ecosystems grow organically. New systems are added to support emerging strategies or regulatory requirements, often without re-architecting the broader landscape. Over time, this results in a web of point-to-point integrations that are difficult to maintain and slow to adapt.

Each integration introduces operational risk. Changes in one system can have unintended downstream effects, increasing reconciliation workload and reducing confidence in data accuracy.

## A Data-Centric Integration Model

A unified data foundation simplifies integration by acting as the central system of record. Applications integrate once into the data layer, rather than repeatedly with each other.

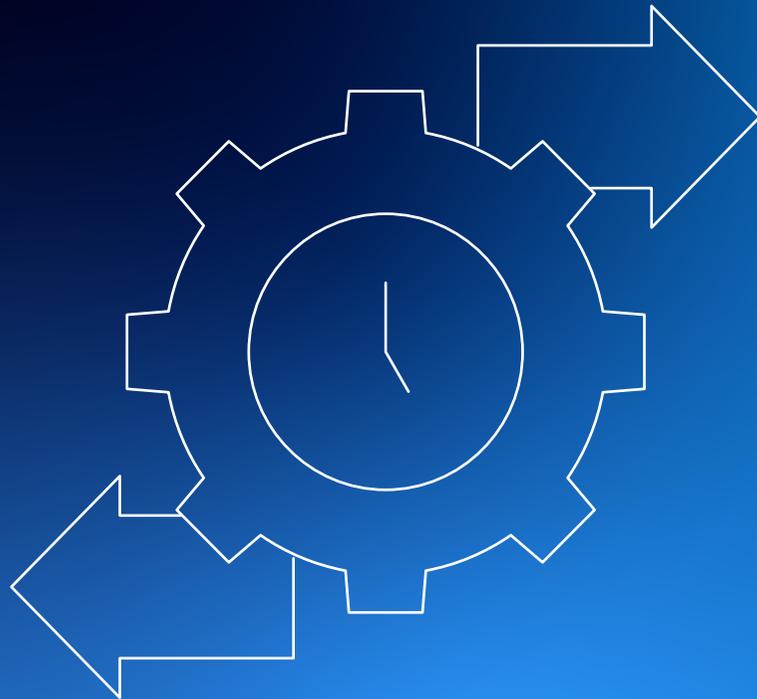
This model:

- Reduces the number of direct integrations required
- Standardizes data definitions across systems
- Enables event-driven updates rather than batch dependencies
- Improves resilience as workflows change

Over time, integration shifts from an engineering constraint to an architectural capability, supporting faster onboarding of new vendors and internal tools.



# Designing for Long-Term Flexibility and Optionality



Chapter 06

# Designing for Long-Term Flexibility and Optionality

## Why Optionality Matters in Private Markets

Private markets firms operate in an environment of ongoing change. New asset classes, regulatory frameworks, investor expectations, and operating models continue to emerge. Technology decisions that optimize current requirements alone risk becoming constraints in future growth phases.

Optionality – the ability to change systems, workflows, or providers without significant disruption – is therefore a strategic objective, not a technical afterthought.

## Evaluating Technology Through a Future Lens

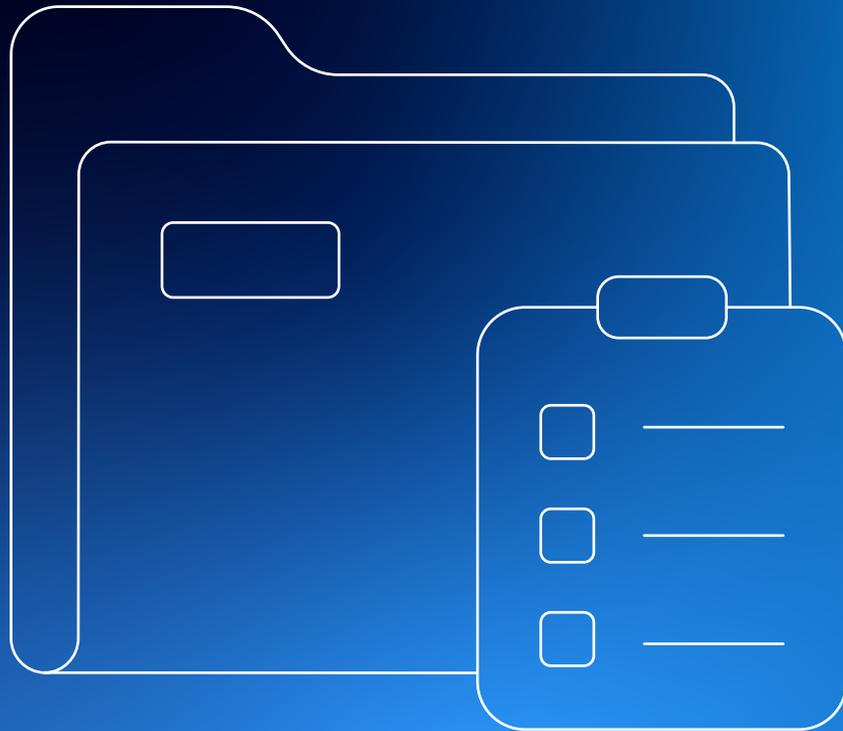
When assessing systems and platforms, firms should consider:

- Whether data is portable and accessible outside the application
- How easily systems can be replaced or augmented
- Whether business logic is centralized or embedded in tools
- The extensibility of the data model to support new strategies
- The ability to introduce new vendors without re-engineering workflows

A unified data foundation provides the structural flexibility needed to support these outcomes while maintaining governance and control.



# The Build/Buy Balance Toolkit



Chapter 07

# The Build/Buy Balance Toolkit

## 1. Build/Buy Decision Checklist

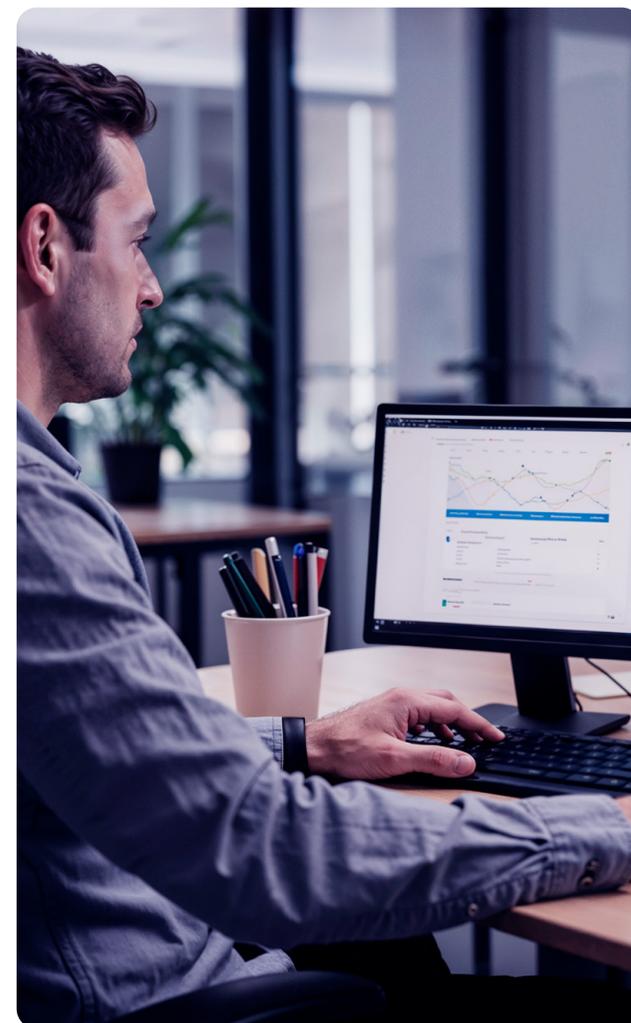
Before committing to a technology investment, consider:

- Does this capability directly differentiate our investment or operating model?
- Will requirements change materially over the next 3–5 years?
- How tightly is logic coupled to the application?
- Can the data be reused elsewhere without rework?
- What is the long-term maintenance burden?

## 2. Vendor Readiness and Replacement Assessment

Determine essential vendor system factors based on the firm's requirements:

- Does it address limitations of current systems due to lack of investment or modernization?
- Can this system integrate via standardized APIs?
- Is data stored in an accessible, standardized format?
- How easily can the system be replaced without disrupting downstream workflows?
- Are data definitions aligned with internal standards?



# The Build/Buy Balance Toolkit

## 3. Data Foundation Maturity Assessment

Evaluate your current state:

- Is there a single source of truth for core investment data?
- Are data definitions consistent across asset classes?
- Are data lineage and auditability available end-to-end?
- Can new data sources integrate without custom development?

## 4. Integration-Complexity Heatmap

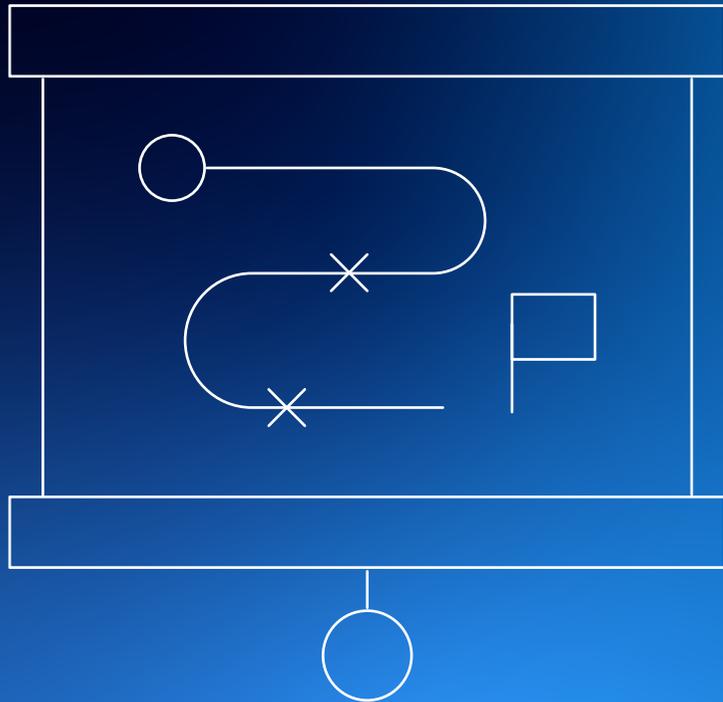
Conduct a heatmap exercise to highlight where a centralized data layer can deliver the greatest impact.

Map:

- Number of point-to-point integrations
- Manual reconciliations required
- Systems with embedded business logic
- Dependencies that slow change



# A Strategic Approach to Building Your Golden Source



# A Strategic Approach to Building Your Golden Source

Establishing a golden source through a unified data foundation enables the build/buy flexibility that private markets firms need. A phased approach reduces risk while establishing the foundation for future optionality.

## Phase 1: Assessment & Strategy

- Inventory current data sources and systems
- Map data flows and integration points
- Define target architecture that supports both vendor solutions and custom builds
- Identify critical data entities (funds, investments, investors, portfolio companies)
- Evaluate purpose-built data platform vendors vs. building custom infrastructure

## Phase 2: Core Foundation

- Implement chosen data platform (typically a buy decision)
- Define canonical data models for critical entities
- Establish initial integrations with key systems
- Implement data quality framework
- Enable basic analytics and reporting

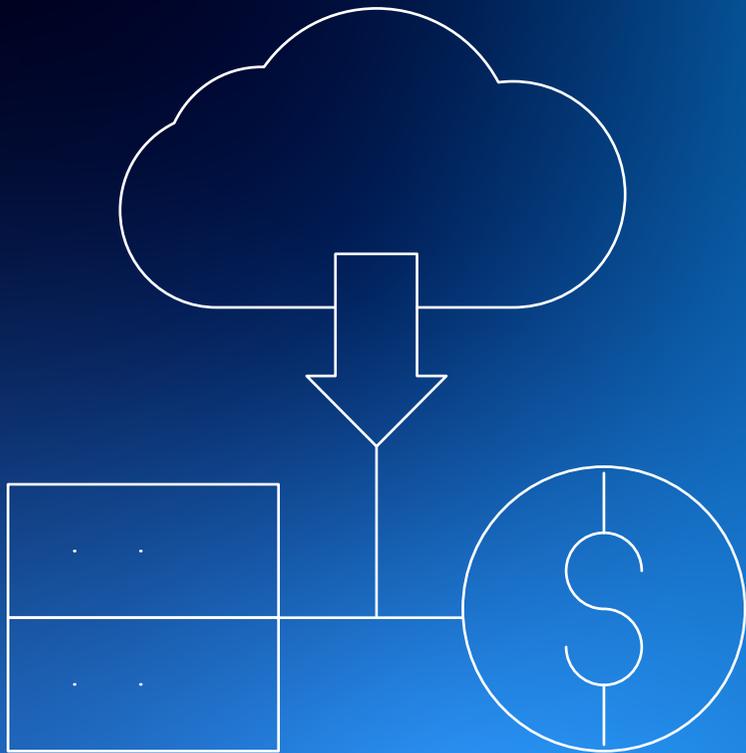
## Phase 3: Ecosystem Integration

- Connect remaining vendor systems and custom applications
- Expand data models to support specialized workflows
- Build self-service analytics capabilities
- Develop custom applications leveraging the data platform
- Scale access across the organization

## Phase 4: Continuous Enhancement

- Optimize data quality and governance
- Add new data sources as business needs evolve
- Enhance analytical and operational capabilities
- Support new vendor solutions and proprietary tools equally
- Measure and demonstrate business value

# The Build/Buy Balance in Data Platforms



Chapter 09

# The Build/Buy Balance in Data Platforms

An optimal approach that many firms undertake is to buy a purpose-built data platform while building custom applications and analytics on top. The data platform becomes the enabler of the build/buy strategy, not just another technology decision.

## This strategy provides:

- ✓ Foundation infrastructure without multi-year development efforts
- ✓ Flexibility to add best-of-breed vendor solutions
- ✓ Freedom to build proprietary capabilities that differentiate
- ✓ Ability to switch vendors without losing institutional knowledge

## Build vs. Buy for Data Platforms

For most private markets' firms, **buying a purpose-built data platform makes strategic sense:**

### Why Buy:

- ✓ Modern data platforms are complex, requiring years to build and specialized talent
- ✓ Vendors invest heavily in capabilities most firms can't match
- ✓ Proven solutions exist with strong track records
- ✓ Allows focus on business differentiation, not infrastructure

### Key Selection Criteria:

- ✓ **Private Markets Expertise:** Understands fund structures, valuations, LP reporting
- ✓ **Integration Capabilities:** Pre-built connectors to major PM vendors
- ✓ **Data Modeling Flexibility:** Out-of-the-box data models accelerate time to market while supporting custom business logic and transformations
- ✓ **Analytics & Reporting:** Enables custom reports, dashboards, and external tool integration
- ✓ **Scalability & Performance:** Handles data volumes with acceptable query performance
- ✓ **Security & Compliance:** Meets institutional industry standards (SOC 2, ISO 27001)

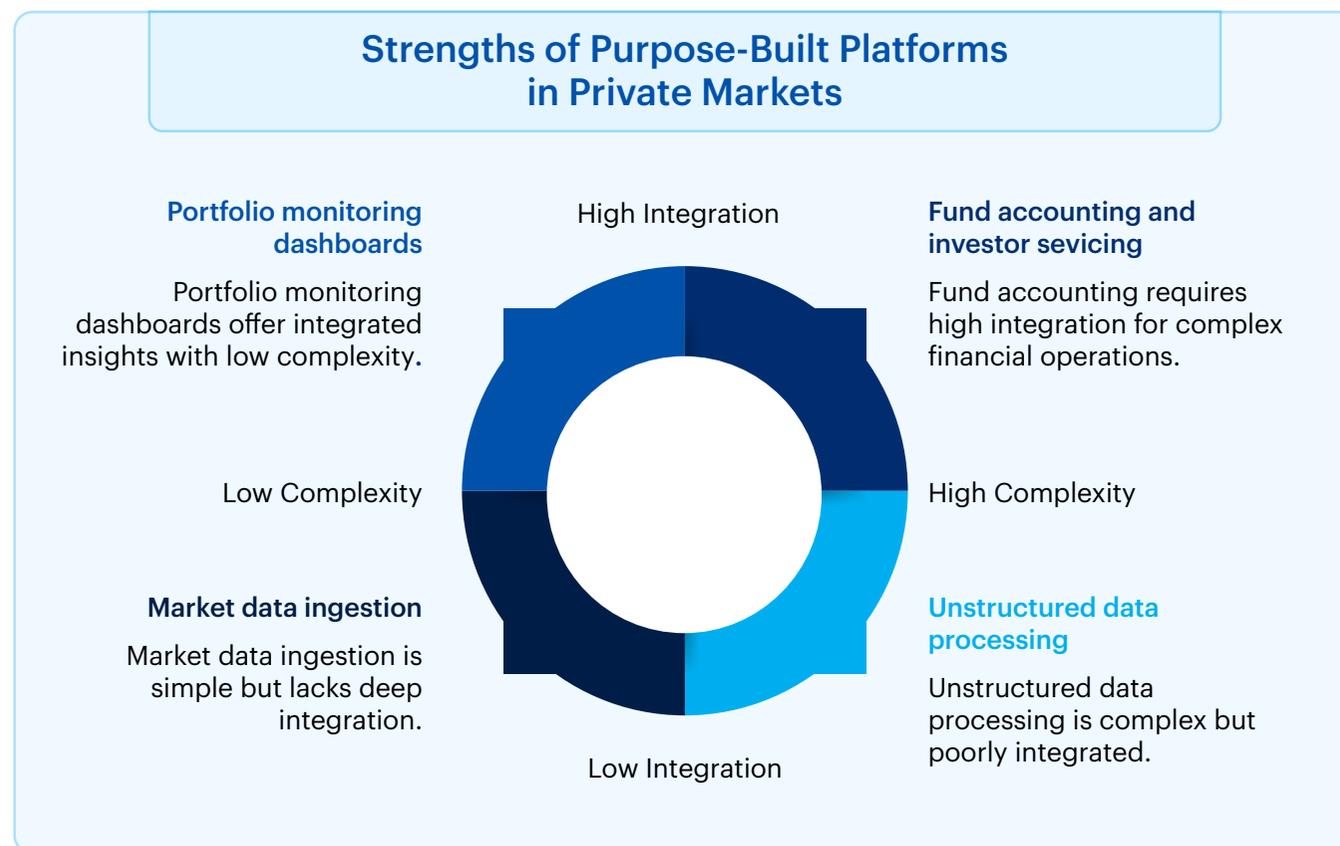
# The Build/Buy Balance in Data Platforms

## An Industry Domain-Aware Data Platform

Purpose-built private markets data platforms offer significant advantages over generic warehouses.

### What Makes Private Markets Platforms Different:

- Pre-built data models for complex fund structures, hierarchies, and calculations
- Native integrations to major fund administrators, portfolio systems, and CRMs
- Built-in IRR, MOIC, DPI, and other PM-specific calculations
- Understanding of temporal data, valuations, and regulatory reporting
- Industry data standards (ILPA, ADV, PF) built-in



# The Build/Buy Balance in Data Platforms

## The Arcesium Aquata® Approach

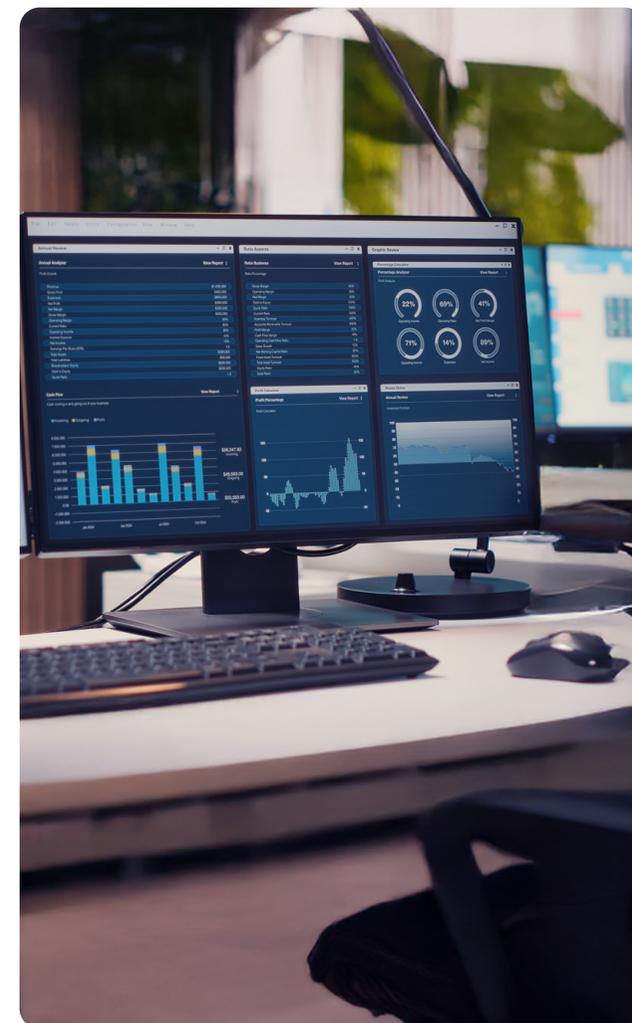
[Arcesium Aquata® data platform](#), built by industry experts, exemplifies a solution designed specifically for private markets:

- Pre-Built Foundations:** Data models that understand funds, investments, investors, and PM workflows out of the box, accelerating implementation from 12-18 months to 2-4 months.
- Native PM Integrations:** Pre-built connectors to major private markets vendors reduce integration time and leverage hundreds of implementations' worth of experience.
- PM Analytics Ready:** Built-in calculations for standard private markets analytics eliminate rebuilding fundamentals in every implementation.
- Flexible Extension:** Enables customization for firm-specific workflows while providing the foundation, balancing standardization with differentiation.

## Why This Matters for Build/Buy Balance

A platform like [Aquata®](#) enables the strategic balance discussed throughout this toolkit:

- Enables Optionality:** Makes it easier to mix best-of-breed systems and switch vendors
- Accelerates Value:** For example, a 2–4-month implementation vs. 12-18 months building from scratch
- Reduces Complexity:** Pre-built integrations avoid dozens of custom builds
- Future-Proofs Decisions:** Data foundation provides continuity through vendor changes
- Balances Build/Buy:** Provides foundation (buy) so you can focus resources on differentiated capabilities (build)



# Conclusion

In private markets, technology strategy is no longer a question of whether to build or buy. The most effective organizations recognize the need to balance both—aligning proprietary innovation with vendor capabilities while maintaining flexibility, control, and scalability.

A unified, governed data foundation is the critical enabler of this balance. By separating data from applications, firms can reduce integration complexity, adapt to change more efficiently, and make technological decisions that remain durable over time.

A domain-aware data platform like Aquata® provides the platform-agnostic data foundation required to support this approach enabling private markets firms to evolve their technological ecosystems without sacrificing transparency, interoperability, or control.

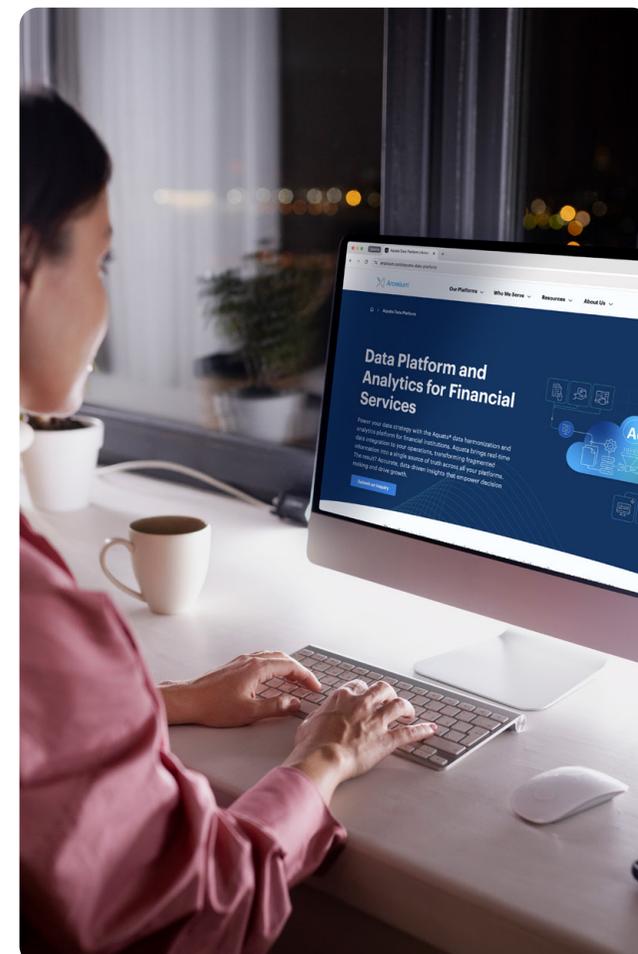
Strategically balancing build vs. buy enables institutional capability, competitive positioning, and long-term sustainability. The frameworks, tools, and guidance in this toolkit provide a path forward.

**The firms winning in private markets tomorrow are making their technology decisions today. What's your next move?**

[This guide](#) might be a good start.



**Interested in seeing our data platform in action?** Go to [arcesium.com/submit-an-inquiry](https://arcesium.com/submit-an-inquiry) or scan the QR code.



## Sources:

- 1 [Stack Overflow Developer Survey, 2024](#)
- 2 [LSEG Cloud Strategies Report, 2024](#)
- 3 [The Blueprint for Private Markets Agility: Mastering the Build vs. Buy Balance Amid Technology Shifts, Arcesium, 2026](#)
- 4 [Pragmatic Coders & Banking Industry Data 2025](#)
- 5 [Data Integration Adoption Rates in Enterprises – 45 Statistics Every IT Leader Should Know in 2026, Integrate.io, 2026](#)

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