73 STRINGS

The Rise of Valuation Technology

How Private Markets Are Adapting in 2025

Insights from 200+ Valuation professionals and industry experts on the digitalization of valuations for faster, more frequent reporting

Executive Summary

Watch the IVSC Valuation Webinar here

Presented by:

73 STRINGS IVSC

An Evolving Landscape

The private markets valuation landscape is undergoing a necessary transformation. Driven by an influx of retail capital (i.e. Retailization), evolving investor expectations, demand for faster and more frequent valuations, increased regulatory scrutiny, and technological advancement, valuation is evolving from a periodic compliance task to a strategic function central to decision-making.

This white paper explores exclusive insights from the May 2025 IVSC (International Valuation Standards Council) and 73 Strings Scenario-Driven Valuations webinar (**Scenario-Driven Valuations: Navigating Uncertainty with Confidence**), proprietary polling data, and third-party research to explore six interconnected trends that are reshaping valuation:

Valuation Frequency Is Accelerating
Nearly half of webinar respondents expect monthly or real-time valuations to become the new default within three years, spurred by retail demand, evergreen fund structures, and macro volatility.

Centralization of the Valuation Function
Firms are moving valuation responsibility away from deal teams and into dedicated, centralized teams to improve consistency, standardization, and free up deal teams to focus on making investment decisions.

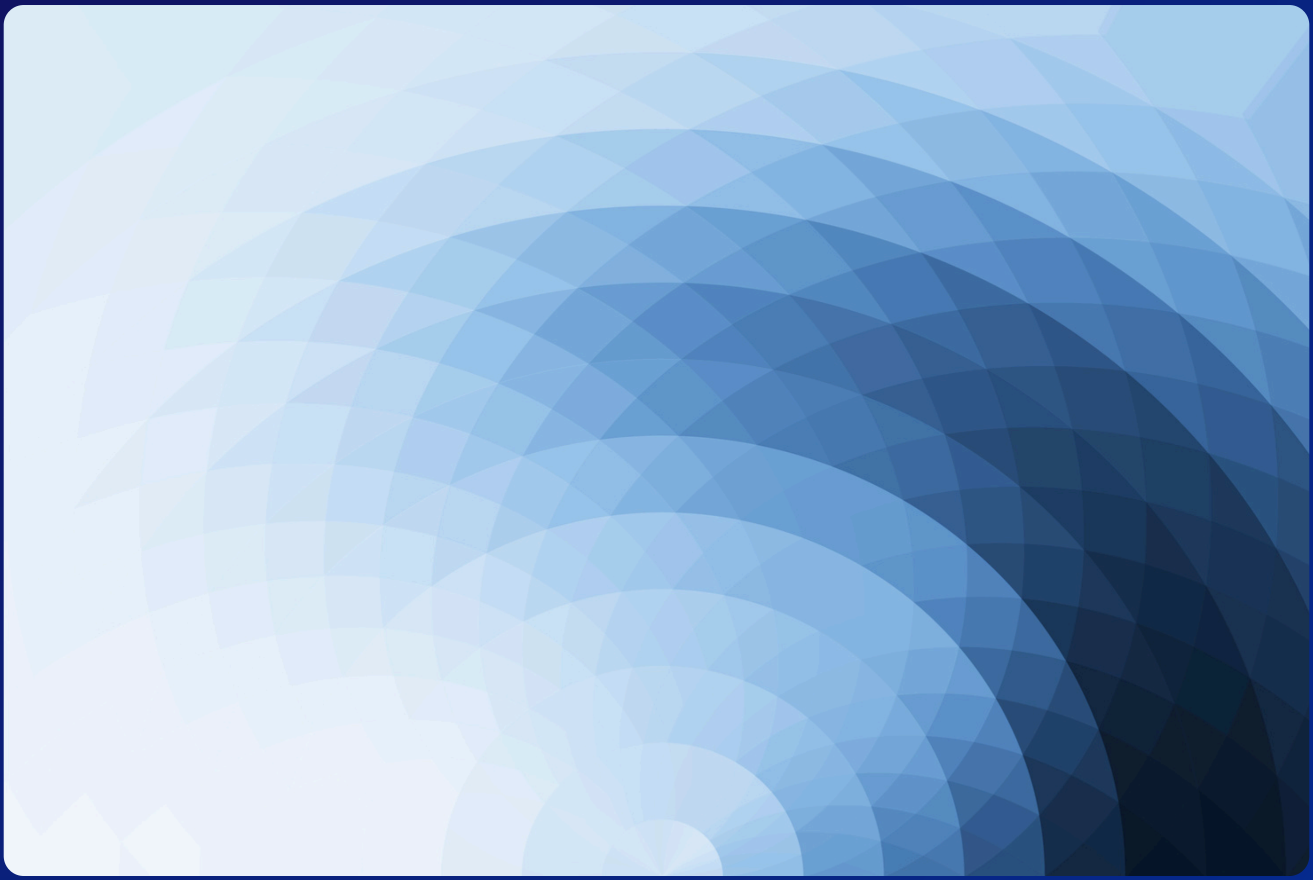
AI as a Force Multiplier, Not a Replacement
While AI is streamlining data extraction, modeling, and investment memo generation, experts emphasize that human oversight of valuations remains essential for credibility, transparency, and regulatory trust.

Data Volume and Transparency Demands Are Rising
LPs are asking for more granular and frequent reporting, while legacy Excel-based models struggle to provide the control and traceability required to meet these expectations.

Valuation as a Strategic and Intelligence-Led Function
Valuation teams are increasingly being tapped for scenario modeling, sensitivity analysis, and strategic forecasting. Firms that structure their data can use it for competitive advantage.

From Excel to Enterprise
Leading managers are transitioning to centralized, cloud-based platforms to manage valuations efficiently and unlock operational leverage. The future of valuation is structured, connected, and auditable.

Across all themes, the message is clear: the valuation function is at a crossroads. Firms that embrace digital transformation, strengthen governance, and treat valuation as a strategic enabler - not just a reporting obligation - will be best positioned to scale, adapt, and win investor trust in a more complex private capital environment.



Valuation Frequency Is Accelerating

The traditional quarterly cadence of valuations in private markets is rapidly giving way to more frequent valuation cycles. What was once a static process conducted four times a year is now becoming a dynamic, real-time function, driven by the convergence of investor demand, evolving fund structures, market volatility, and technology adoption.

Pressure from Retail Investors and Intermediaries

The shift in valuation frequency is closely linked to the rise of retail capital in private markets (Retailization). Whether through wealth platforms, ETFs, or semi-liquid vehicles, retail participation demands transparency and more timely reporting. As stated in the **2025 State Street Private Markets Survey**, the "Retail Revolution" is expected to drive 50% of private market flows by 2027, with respondents believing that product innovation in the semi-liquid fund space will be the heaviest driver. Unlike institutional LPs with long-term horizons, retail investors enter and exit more frequently which has the potential to usher in new requirements for GPs. As a result, fund managers are under pressure to deliver valuations that reflect real-time market sentiment as the investor makeup undergoes this tectonic shift.

Structural Drivers: Evergreen and Semi-Liquid Funds

Private markets have traditionally operated with closed-end structures. Today, however, the popularity of evergreen and semi-liquid fund models is altering the operating rhythm. According to **Preqin**, in 2024, the total amount of evergreen funds nearly doubled to 520 in the last five years as high-net-worth investors seek access to private markets.

This reflects growing retail demand for flexible and more frequently priced private market vehicles. Unlike traditional closed-end funds, evergreen structures offer ongoing capital inflows and outflows, enabling investors to enter and exit with greater ease and on more frequent valuation intervals. This structure better aligns with the liquidity preferences and planning needs of modern investors, particularly those coming from the wealth management and retail advisory segments. The trend also reflects a broader industry shift toward democratizing access to alternatives, driven by technological innovation, regulatory adoption, and the increasing role of private markets in long-term wealth generation.

"While institutional investors have traditionally focused on getting the right valuation at entry and exit, retail investors operate differently. They're entering and exiting more frequently. That shift is driving the growing need for more accurate and more frequent valuations."

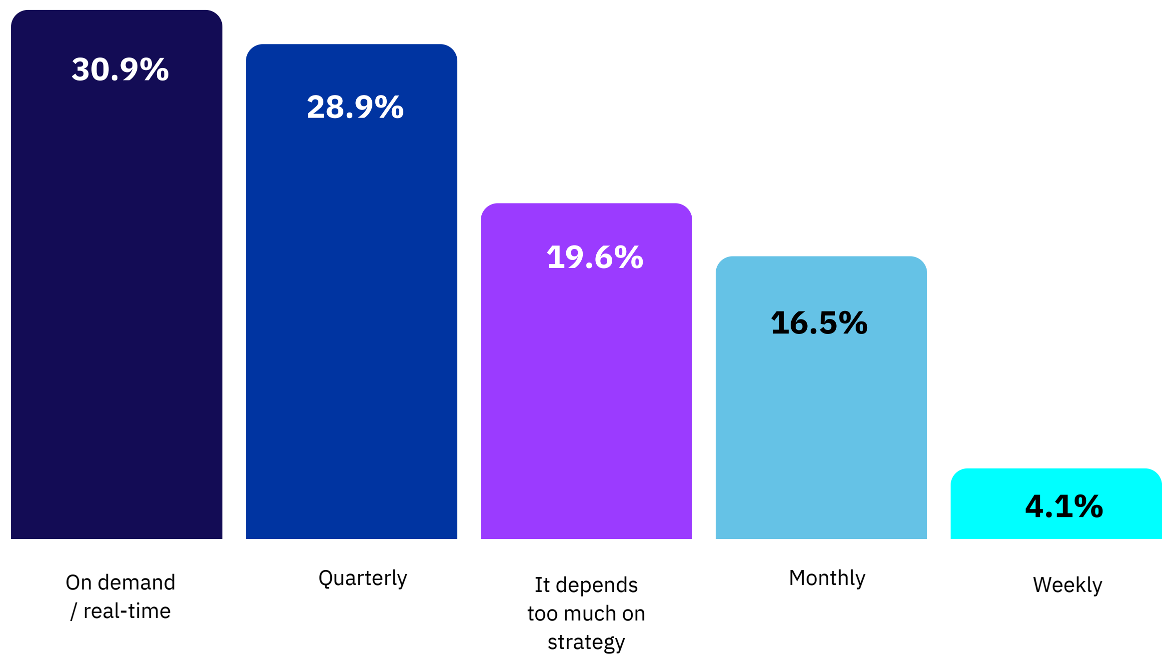
Shahed Masud
Managing Director
Credit & Global Head of Valuations
Apollo

"I think we'll continue to see deeper technology integration - not just in valuations, but also in monitoring. It's about ensuring that the same information reaches the right people at the same time. The market is already moving toward monthly valuations, and the focus now is on building the efficiencies needed to make that sustainable."

Chris Lazzari
Managing Director
Head of Valuations
Blackstone Credit & Insurance

Polling data from the [May 2025 IVSC & 73 Strings Valuation webinar] reflects this inflection point. 51.5% of respondents expect the default valuation frequency in private markets to become monthly, weekly or on-demand within three years. Meanwhile, only 28.9% believe that quarterly valuations will remain the norm.

FIGURE 1: In 3 years, what will be the default valuation frequency for private markets firms?



"We're seeing the frequency shift from quarterly to monthly, sometimes weekly... we've even been putting proposals together recently for daily-type valuation."

Yann Magnan
CEO and Co-founder
73 Strings

Risk Management in a Volatile Environment: How to Deliver for LPs

In an era of heightened volatility, frequent valuations are emerging as a core pillar of risk management strategy. Providing LPs with structured, forward-looking risk insights not only strengthens governance but also helps GPs stand out in a crowded fundraising environment. Strong performance is essential, but in a market where many GPs can demonstrate returns, consistently delivering LP-relevant intelligence is what sets leading firms apart.

Additionally, geopolitical tensions, fluctuating interest rates, persistent inflation, and sector-specific disruptions are creating unprecedented challenges for private market investors. These macro-level events can significantly impact the value and risk profile of portfolio assets in a matter of weeks, or even days.

Frequent valuation cycles empower firms to identify NAV fluctuations early, assess their exposure across asset classes, and proactively recalibrate their portfolio risk. Whether it’s rebalancing sector allocations, stress testing underlying assets, or scenario modeling in the face of sudden market shocks, valuation data becomes a dynamic input for decision-making and risk mitigation.

Conversely, firms relying on less frequent or manual spreadsheet-driven valuations may miss the early warning signals of deteriorating performance or shifting risk dynamics. These blind spots can result in inaccurately valued assets, delayed LP communications, or regulatory scrutiny, especially in periods of rapid dislocation.

For modern GPs, increasing valuation cadence is not just about operational efficiency or investor appeasement, but it is also a powerful risk mitigation tool.

Those who adopt continuous valuation models are better positioned to:

- Model forward-looking risk scenarios with current data
- Align portfolio valuations with market realities in volatile periods
- Communicate transparently with LPs and regulators by embedding frequent valuations into the risk management framework

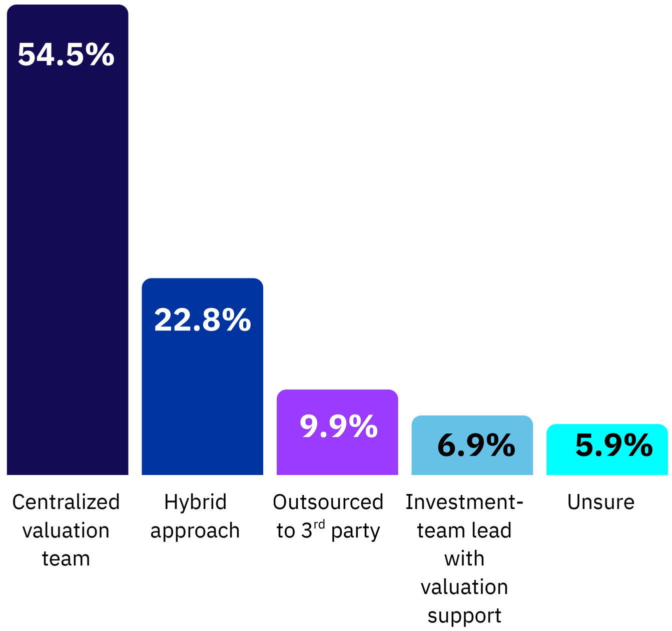
Centralization of the Valuation Function

As private market firms scale and evolve, the decentralization of valuation processes, previously embedded within investment teams, is increasingly being replaced by centralized, dedicated valuation teams. This structural shift enables more consistent methodologies, stronger governance, and greater audit-readiness across the organization.

From Investment Team-Led to Centralized Models

Historically, valuation responsibilities have often sat within investment teams, enabling close alignment with portfolio company dynamics. As firms grow and portfolios become more complex, many are complementing this approach by building centralized valuation functions. This shift is not about replacing investment insight but rather enhancing it. A centralized team relieves investment professionals of time-consuming operational tasks, ensures consistency in methodologies, and strengthens governance. By doing so, it enables investment teams to focus more on value creation and strategic decision-making, while still benefiting from robust, audit-ready valuation support.

FIGURE 2: What model best describes your organization's valuation setup today?



Drivers of Centralization

The move to centralized valuation teams is driven by several factors:

- **Operational Efficiency and Optimization of Investment Teams' Time:** Centralized teams avoid redundant effort across business lines and free deal teams to focus on value creation and strategic decision making.
- **Audit and Investor Readiness:** Central structures improve traceability, documentation, and consistency—critical during audits and LP due diligence.
- **Regulatory Expectations:** With increasing regulatory scrutiny (especially for retail-facing vehicles), firms must demonstrate that valuations are independent and robust.

Encouraged by the growing participation of retail investors in private markets, **Britain's Financial Conduct Authority (FCA)** has urged firms managing private assets to strengthen their practices around identifying and disclosing potential conflicts of interest within the valuation process.

"Valuations are going to be centralized, with valuation teams owning the operations... tech enables harnessing deal team knowledge without burdening them."

Yann Magnan
CEO and Co-founder
73 Strings

"Over the years, as the industry has matured, we've seen this function become more centralized - shifting into the finance or operations teams. The goal is really to take it substantially out of the hands of investment professionals so they can focus on what they do best."

Chris Lazzari
Managing Director, Head of Valuations
Blackstone Credit and Insurance

AI as a Force Multiplier, Not a Replacement

Artificial intelligence is transforming the valuation process - Deloitte estimates that up to one in four private equity firms will be leveraging AI to support and enhance their portfolio valuation processes within the next five to seven years. But this technological evolution will not be by replacing professionals, but rather by amplifying their capacity to work with more data, more quickly, and more frequently. Across the IVSC webinar panel, one clear message emerged: AI is an accelerator and assistant, not a substitute for human judgment.

Clarifying Misconceptions

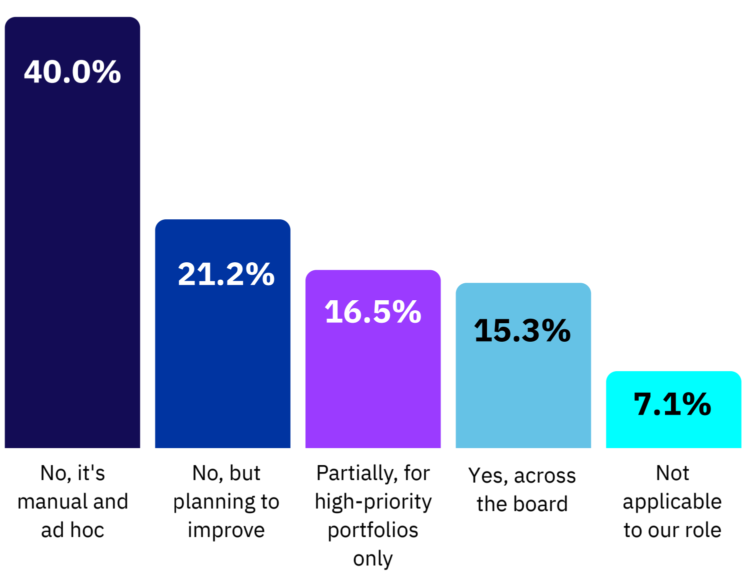
There’s a persistent myth in the industry that AI will eventually generate valuations independently, rendering human expertise obsolete. In practice, however, valuation is not a simple math problem. It is a complex, judgment-driven process that involves assessing qualitative factors, market context, and firm-specific dynamics. Responsible firms and regulators alike emphasize the importance of transparency, auditability, and accountability which all require human oversight. While AI can enhance accuracy, accelerate data processing, and surface relevant market information, the ultimate interpretation and application of those insights must come from qualified professionals. 73 Strings CEO and Co-founder, Yann Magnan, states, “AI will be focusing on everything before your human judgment... and that judgment will remain critical."

Practical Use Cases Emerging Today

Rather than attempting to automate fair value calculations, AI is currently being deployed to:

- Extract key terms from unstructured documents
- Surface comparable transactions or benchmarks faster
- Track macroeconomic inputs / trigger scenario models
- Extract more data to drive intelligence / feed models
- Generate audit trails and improved reporting / audit

FIGURE 3: Does your current valuation process allow for rapid scenario modeling?



MARKET PERSPECTIVE

“One way we’re using AI is to read documents and extract key terms of securities, whether it’s debt or equity. Then we can step back and review the output from the tool. That alone is a huge leap from where we were five or ten years ago.”

Santiago Rivera
Director of Valuation
Hamilton Lane

“We’re not suggesting AI is running on autopilot. It’s there to support the process and drive efficiency. Ultimately, valuation professionals remain fully responsible and accountable for ensuring the data has been checked and the final valuation is sound.”

Jonathan Balkin
Head of North America and Global Head of Private Equity and Credit Client Segments
Alpha Alternatives

Data Volume & Transparency Demands Are Rising

As private market firms grow in scale and complexity, and as LP expectations evolve, the volume of data required to support valuations is expanding exponentially. Transparency is no longer a differentiator: it's an expectation.

A Shift in LP Expectations

Institutional investors, retail intermediaries, and auditors are demanding more frequent, granular, and audit-ready data to support valuations. Gone are the days when valuation commentary and outputs were internal documents. Today, LPs expect access to:

Underlying Assumptions

Market Comps

Multiples and Discount Rates

Portfolio-level Analytics

Spreadsheet-Based Models Can't Keep Up

Most private capital firms still rely heavily on Excel as the foundation of their valuation processes. While Excel provides flexibility, this flexibility comes at a significant cost, particularly as firms scale and valuations become more frequent and complex. In many organizations, tens or even hundreds of models operate in parallel, often with bespoke logic, inconsistent formatting, and undocumented formulas or overrides. These decentralized and opaque models increase the likelihood of human error and introduce significant operational and reputational risk.

The absence of standardized templates or version control means that a missed assumption, mis-linked cell, or overlooked update in a single model can spread through model/logic and result in material misstatements.

Beyond accuracy, this fragmented environment slows down the entire valuation process. Valuation professionals spend inordinate time validating inputs, tracing model logic, and manually reconciling outputs, rather than focusing on higher-value activities like analysis, scenario planning, or strategic advisory. Without audit trails, system-wide controls, or workflow automation, firms are left with processes that cannot keep pace with increased valuation frequency, regulatory scrutiny, or the demands of a growing investor base.

As private markets evolve, firms must weigh the short-term convenience of spreadsheets against the long-term imperative for consistency, scalability, and auditability.

MARKET PERSPECTIVE

"From an LP perspective, we've come a long way. Now, many large LPs expect metrics like yields or multiples - whatever your approach is - every quarter. Having that information in a platform, where you can simply pull it down and know it's accurate, makes the whole process much more seamless."

Chris Lazzari
Managing Director
Head of Valuations
Blackstone Credit & Insurance

"Bringing technology into this function enables a straight-through, automated, and controlled data process that's far more transparent - especially when you're managing a large volume, like 100 portfolio companies. It lets you see exactly where each one stands in the workflow - what's been reviewed, approved, submitted - and gives you much greater control and governance as timelines continue to compress."

Jonathan Balkin
Head of North America and
Global Head of Private Equity
and Credit Client Segments
Alpha Alternatives

Valuation as a Strategic and Intelligence-Led Function

As valuations become more frequent, transparent, and technology-enabled, the role of the valuation team is evolving from an operational back-office function into a forward-looking, strategic resource. Leading firms are using valuation data not just for compliance and risk management, but to inform investment decisions, shape portfolio strategy, and build *competitive advantage*.

From Retrospective to Predictive

Historically, valuation teams were tasked with creating point-in-time snapshots for reporting purposes. Today, they are increasingly expected to support scenario modeling, sensitivity analysis, and strategic forecasting.

Today, that mandate has expanded significantly. As markets grow more volatile and investor expectations evolve, valuation teams are being called upon to deliver more dynamic, forward-looking insights. Their scope now includes scenario modeling, sensitivity analysis, and stress testing, helping firms understand how various macroeconomic, geopolitical, or portfolio-specific events could impact asset values over time, and helping benchmark performance and identify early warning signals from all of the data the valuation process consumes.

This shift reflects a broader redefinition of the valuation function—from a reporting obligation to a strategic capability. Sophisticated firms are embedding valuation teams more deeply into the investment lifecycle, from deal diligence and portfolio construction to exit planning. In this new model, valuation professionals are not just compliance stewards—they are active contributors to portfolio strategy, performance forecasting, and enterprise risk management.

"It's not just about completing the valuation process - it's about unlocking the value of what it yields. Yes, the operations team needs it for reporting and compliant fund accounting, but the byproduct can be far more strategic. When it comes to underwriting or deal pricing, having a clear view of the current book - how valuations are trending across industries - can inform smarter decisions. That's where valuation shifts from a compliance exercise to a strategic advantage for the broader organization."

Santiago Rivera
Director of Valuation
Hamilton Lane

Scenario Modeling as a Strategic Tool

In times of macroeconomic disruption, geopolitical instability, or sector volatility, GPs are expected to understand and explain potential impacts to NAVs and portfolio outcomes. Nearly 70% of respondents from the IVSC & 73 Strings webinar either have no formal process in place, reactively review key assets, or wait until quarter end in response to macroeconomic or geopolitical shifts.

This represents a massive strategic opportunity to better inform C-suite and LPs for firms that implement technology solutions and processes that allow for proactive scenario modeling.

> “What happens if these tariffs stay in place for the next five years? What could I foresee as the impact on the performance of my fund?”
>
> **Yann Magnan**
> CEO and Co-founder
> **73 Strings**

FIGURE 4: How does your firm respond to macroeconomic or geopolitical shocks?

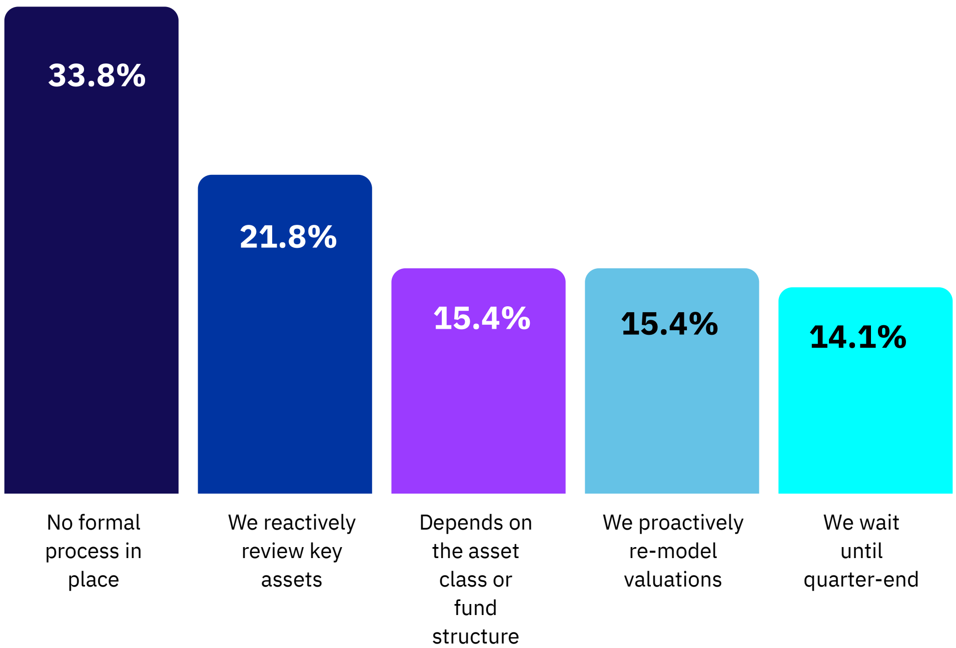
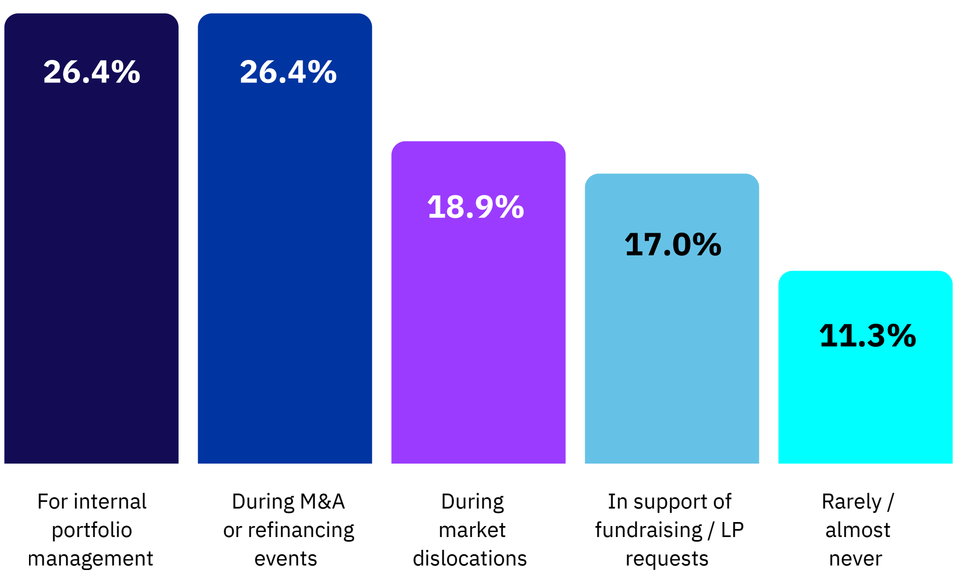


FIGURE 5: When do you most often see the need for an off-cycle (non-quarter-end) valuation?



Intelligence Layer for Executives

Firms that centralize and standardize valuation processes, and use technology to extract structured data, can repurpose that data for broader intelligence use:

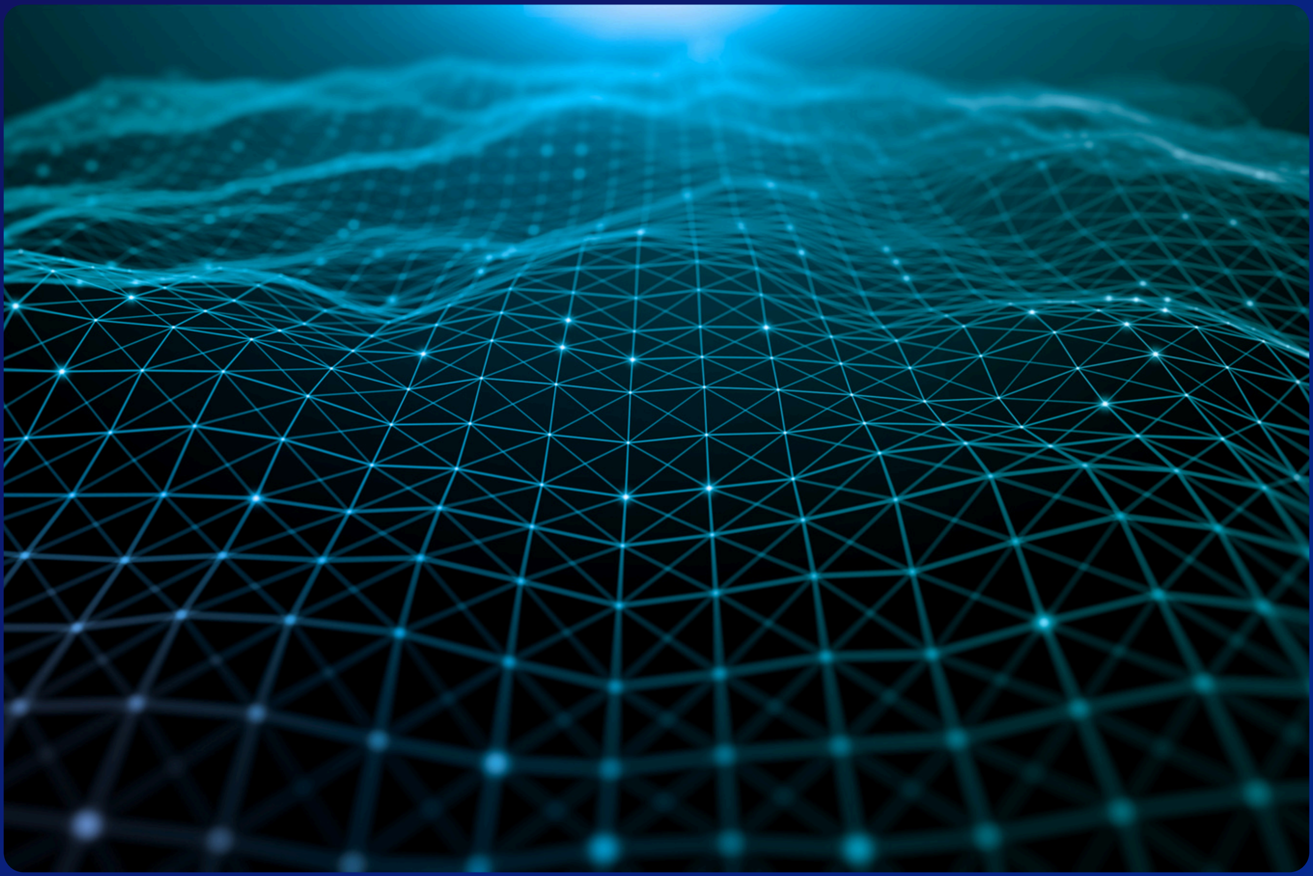
- Benchmarking growth and margins by sector
- Flagging performance outliers
- Surfacing risks early through sensitivity indicators
- Informing pricing in secondary or co-investment opportunities

> "Valuation teams are no longer just closing books: they're helping shape strategy."
>
> **Yann Magnan**
> CEO and Co-founder
> **73 Strings**

Ready to embrace the valuation technology revolution? See the pitfalls and priorities in our 2025 Valuation Guide:

"The Guide to Digitalizing Valuations in Private Markets"

Download the Valuation Technology Guide



From Excel to Enterprise: The Path to Digitalized Valuations

Despite the evident risks and limitations, many firms still rely on Excel for their valuation workflows. While it has long been the go-to tool for flexibility and customization, Excel lacks the governance, scalability, and transparency that today's valuation processes demand.

The Problem with Excel at Scale

In the IVSC webinar, multiple panelists acknowledged the operational burden and audit risk that comes with managing dozens, or even hundreds, of spreadsheet-based models across asset classes and teams.

Transitioning to a Tech Platform-Based Model

Firms at the forefront are shifting toward cloud-based valuation platforms that offer:

- Centralized data management and version control
- Embedded audit trails
- Scenario builder modules
- Standardized templates and calculation engines

This transition doesn't eliminate flexibility but applies structure where consistency, accuracy, and traceability are critical.

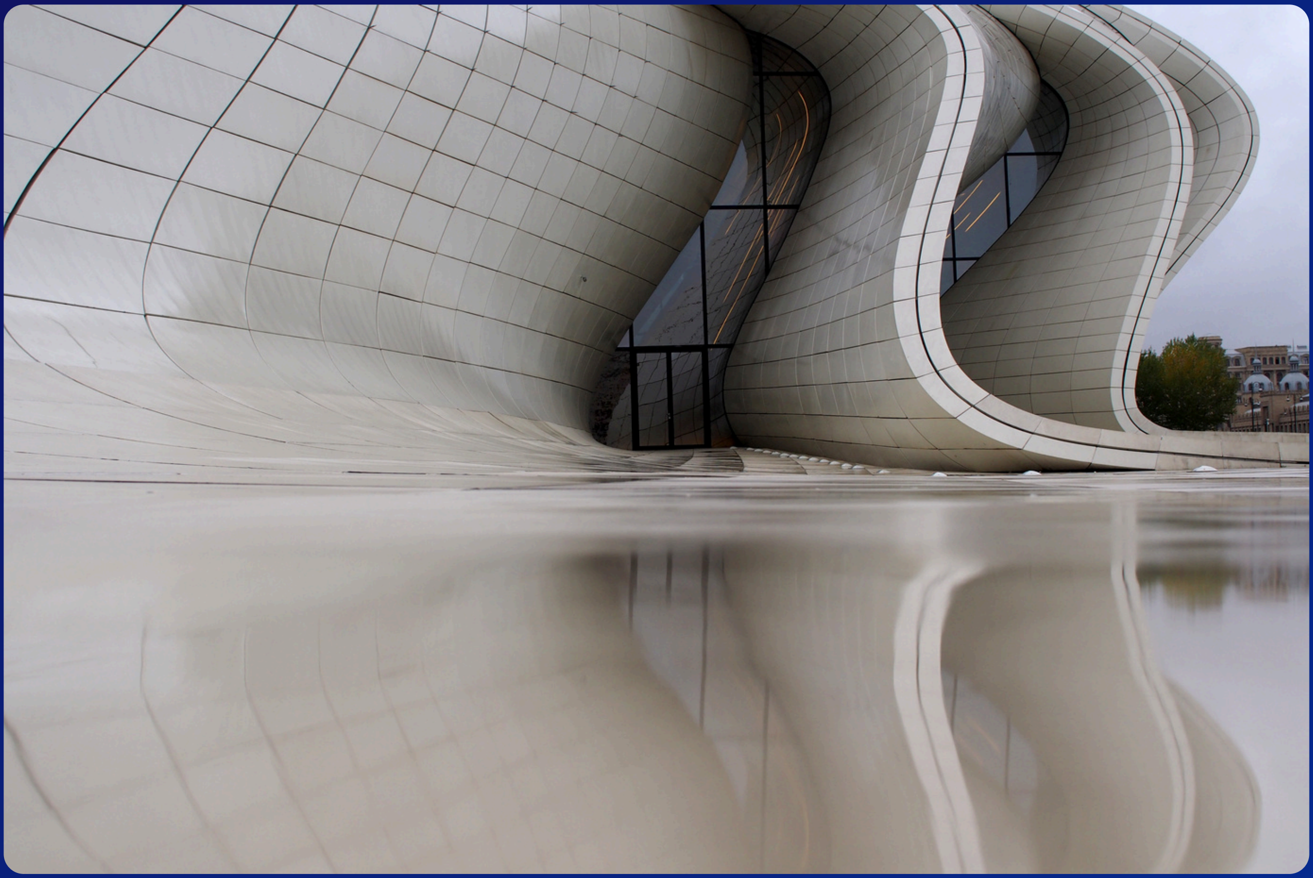
Cultural and Operational Resistance

Adopting new tools often requires more than budget: it takes buy-in. Valuation professionals who have refined their own spreadsheet models over years may be hesitant to change. Firms need to provide training, highlight efficiencies, and demonstrate how modern platforms empower professionals rather than constrain them.

Request a Demo

"You have to be able to show people the benefits - and as a leader, you need to become an expert and demonstrate why it's better. In the valuation function specifically, this means shifting time toward more value-add tasks."

Chris Lazzari
Managing Director
Head of Valuations
Blackstone Credit & Insurance



Conclusion

Valuation today is central to investor communication, strategic execution, and operational resilience. As this paper has illustrated, the firms leading the industry forward are those embracing frequent valuations, centralizing their processes, augmenting their teams with responsible AI, and adopting platforms that transform fragmented data into structured intelligence. Those who adapt will gain more than just efficiency. They'll unlock new insights, improve risk oversight, and position themselves as trusted partners to both LPs and auditors. The transition may be a change of paradigm—but the cost of inaction is greater.

The future of valuation is real-time, auditable, data-intelligent... and it's already underway.

About the Report

This survey was conducted during a live webinar hosted by 73 Strings and the International Valuation Standards Council (IVSC) on May 15, 2025. The event was titled **"Scenario-Driven Valuations: Navigating Uncertainty with Confidence."** The purpose of the survey was to assess how private markets professionals are adapting valuation practices in response to rising frequency demands, operational complexity, and evolving investor expectations.

The survey collected responses from approximately 200 unique participants across eight polling questions. Responses were submitted anonymously and in real-time during the webinar.

Respondent Profile

Poll participants included professionals from:

- Private market asset managers
- Valuation teams and finance leadership (CFOs, Controllers, COOs)
- Consulting and audit firms
- Institutional allocators and LPs

All respondents were actively engaged in valuation operations, oversight, or strategic decision-making within private capital markets.

73 Strings is a member of the International Valuation Standards Council (IVSC), the independent, not-for-profit organisation responsible for setting the International Valuation Standards (IVS) used worldwide. As the global standard setter for the valuation profession, the IVSC works to strengthen transparency, consistency, and quality in valuations, thereby supporting investor confidence and financial stability across markets. Through its membership, 73 Strings actively contributes to these efforts, championing initiatives that enhance valuation quality and promote best practice across the private capital industry.'

73 STRINGS

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Augmenting Intelligence. Creating Value.

73 Strings is an innovative platform providing comprehensive data extraction, monitoring, and valuation solutions for the private capital industry. The company's AI-powered platform streamlines middle-office processes for alternative investments, enabling seamless data structuring and standardization, monitoring, and fair value estimation at the click of a button. 73 Strings serves clients globally across various strategies, including Private Equity, Growth Equity, Venture Capital, Infrastructure and Private Credit.

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