



REGIONAL FORUMS for **SENIOR IT LEADERS**

CIO

PERSPECTIVES



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KKR's Approach to Business Analytics

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What's at Stake

- Understanding data on 65 companies with \$210 billion in aggregate revenue, employing more than 900,000 people with operations across US, Europe and Asia – representing \$45 billion in investor commitments to KKR Funds.
- Using information as a competitive advantage in assisting our management team, deal teams and understanding the market place with proprietary monthly data
- Explaining to our global investor base how we use technology to further monitor our investments
- Accelerating decision making, streamlining data capture and providing scalability to the 800 employees, consultants and advisors at KKR

The Scope of the Data...

...is daunting – balance sheets, income statements, cash flows, operating metrics, office/store locations, debt schedules, segment data, budgets vs. actuals, monthly/quarterly/annual data points

North America



Europe





The Challenge

- Data is complex across 65 companies in 9 distinct industries
- Each company has unique financial reporting and operating metrics
- A monthly “crunch” window when data is submitted, reconciled and finalized
- While closely involved, KKR does not run the day to day businesses of its portfolio companies
- Data comes in monthly but companies have different fiscal calendars, currency reporting and disclosure rules



How We Approached It

- Start from scratch
- Don't assume anything
- Focus on the goal and don't get caught up in a master plan – a good framework and iterative cycles of development and testing
- Keep the development/QA team REALLY small
- Get the deal teams and finance teams at portfolio companies to buy in on how this makes their lives better (and deliver)
- KKR senior management buy-in all the way through the project
- Strict road rules on business logic, but be flexible on the technology implementation



What was Unique

- A data model like no other – effectively a dynamic chart of accounts for every company but with consistent rules around key measurements
- Used Excel templates as input, but converted them into database elements inbound and pre-populated them from the DB outbound
- Developed master templates teams could use that morphed into standard templates management could review
- Created a matrix of matched data so comparative analysis could be done on a variety of data points (region, country, business segment, revenue, ebitda, margins, etc).



What are the Results

- Today KKR uses a proprietary leading-edge technology model for monthly reporting that is an industry benchmark for performance monitoring of PE companies
- We can monitor events globally
 - Benchmarking all companies against budget plans
 - what's our portfolio companies' revenue exposure to a specific country or region
 - What's the impact of currency movements on ebitda
 - How many employees do we have in a given US state or country
 - What's the debt maturity schedule of our companies and what portion is fixed vs. floating
 - What are our hedges, when do they mature
 - Are margins improving in Europe
 - Reviewing macro financial and operating data on an LTM basis,
 - What companies and regions are accelerating, which ones are slowing on a monthly, quarterly and LTM basis

What's Next



- Integrating our data with public data sourced from our primary research and market data vendors
- Longer trend analysis based on our original investment thesis (can often be 7-9yrs)
- Expand platform to support our newer assets (Mezzanine, Special Situations, Distressed, Real Estate)