The Parasocial Multisensory Virtual Pitchbook

By *Raphael Blunschi, CFA, PRM, Founding Partner at Incos.Media Corp*: Let technology do the boring, repetitive tasks so that the smart humans can focus on the quality added-value work.

One component of the asset management industry remains frozen in time: Investor Communication.

The asset management industry is an assembly of smart humans. Forward-thinking investors spot new trends, innovative researchers identify new ways to gather and analyze data, and savvy technologists harness advancements in equipment, networks, and software to be faster and more efficient. However, one component of the asset management industry remains frozen in time: Investor Communication.

Whether for traditional mutual funds, hedge funds, private equity, venture capital, or new security issuances, C-level executives conduct exhausting amounts of repetitive storytelling while spending time and money to travel around the world and pollute the environment.

Today, a typical asset-raising effort starts with putting together a PowerPoint presentation. Then, business development teams work to identify potential investors. This phase involves numerous unanswered phone calls and emails. Once the potential investor agrees to meet, the logistical challenges begin: finding a timeslot coordinating, travel to the meeting location in a non-sustainable way, and dealing with flight delays and hotel reservations. Finally, at the meeting, asset managers give their “spiel” for an hour or two. Once that is done with the first prospect, managers then travel to the next meeting – which hopefully does not get cancelled with short notice – and do the same thing all over again.

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These logistics cost money and are not carbon free. Often forgotten, there are significant implied costs. C-level executives must spend time away from their core duties. Instead of being good stewards of investors’ capital, asset managers instead spend time on the road repeating stories of “who they are and what they do.” With less-mature organizations, this additional time commitment usually conflicts with the phase when C-Level executives are most needed to perform their core duties.

Worse, despite costly preparation and logistics, quite often allocators are completely unprepared for meetings. They do not read the pitchbook or due diligence material because reading lengthy documents is not convenient or engaging. Therefore, capital raisers waste time with “illiterate” audiences.

Once these meetings are done, asset managers walk away without knowing the true interest level from potential investors. Managers can remain optimistic and hope that these prospects are interested. However, there is no data to back this up. It is all a guessing game.

Without investors, asset managers and startups do not have a business. Human interactions are important because investing is ultimately a “trust business.” Therefore, the question is how can the finance industry, as a whole, do better to connect capital seekers with capital providers more efficiently? There is a simple answer.

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Throughout history, industries have improved their processes by adopting technology. Repetitive tasks have always been the first to be replaced by advanced methods. This is the way businesses and societies have improved their productivity. The asset management industry is overdue for a productivity increase.

First, let’s distinguish between A) the simple act of providing information/-data, and B) humans doing quality work to assess an investment opportunity and build trust. Then, let’s acknowledge that one needs to have information and data first, before the quality added-value work can begin.

Providing information during the capital raising process is an important, albeit boring, repetitive task. Hence, it lends itself to adopting technology.

A simple way to replace repetitive storytelling is to wrap the content into a Parasocial Multisensory Virtual Pitchbook video, which can be used and reused for an unlimited amount of time.

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The COVID19 pandemic has expedited this transition and the broader trend towards digitalization. Asset managers and C-Level executives are increasingly becoming comfortable with video media. LinkedIn is a prime example of that. This will only continue because the rational benefits of Parasocial Multisensory Virtual Pitchbooks cannot be ignored.

The demand from investors for a more sustainable world, higher returns, and efficient capital allocation processes will force our hand. If you are not sure where the market is heading, look at the younger generation. They have fully embraced video technology and understand how to take advantage of it.

However, we as the asset management – and broader finance industry – have not harnessed this opportunity. Change is overdue. Parasocial Multisensory Virtual Pitchbooks provide a multitude of benefits.

- “Big Data” source to track client engagement Sustainable, reduced carbon footprint
- No logistical burden
- Completely scalable
- Provide a broader reach to find interested investors
- C-Level Executives can focus on their core functions
- Convenient way for allocators to consume information (who doesn’t like to watch a movie?)
- Analysts don’t have to take meeting notes repeating basic information they just received verbally. Video does it for them.
- No need to sit through unwanted meetings
- Boards and Investment Committees, who usually don’t meet managers, can see faces and form a visual connection
- More time to build human trust factor
- Prepares allocators for one-on-one meetings
- For regular investor updates, equal and fair information distribution to meet today’s

compliance requirements
- More economical

Because better information is available with Parasocial Multisensory Virtual Pitchbooks investors are prepared for one-on-one meetings and are therefore able to ask educated questions. Just like that, the quality of the investment selection process improves, and the number of onsite meetings can be reduced. What used to be the second prospect meeting, becomes the first!

Allocators do not want to see highly polished marketing videos with very little relevant content shot in a studio. They prefer authentic videos where manager present themselves in their offices, creating a closer connection with the humans that allocators trust their money with.

In the end, a more convenient, efficient, cheaper way of providing information leads to better educated investors. Better educated investors lead to better returns. This is the ultimate intermediary function of financial markets. It's time to embrace technology.

About the Author:

Raphael Blunschi is a founding partner of Incos.Media. He has a passion for developing new initiatives. His natural curiosity and drive led him from a humble beginning in a 600-person Swiss farming village to the world of finance. He started his career as a banker and discovered the early hedge fund business in 1996. He became a founding member of the UBS prime brokerage business in Zurich, Switzerland and New York. Later he joined RMF, which became part of Man Group, and pioneered one of the first major hedge fund managed account platforms. In his last position, he was the CAO for K2 Advisors, a division of Franklin Templeton (FT), where he was a Member of the Executive Committee, Member of the Operations Committee, and Member of FT's FinTech Opportunities Committee. Raphael's career as a hedge fund analyst, covering a range of emerging hedge fund strategies, has spanned over 15 years. It was during this time that the idea for Incos.Media originated. With Incos.Media, Raphael continues his passion for innovative ideas and simple solutions that add value and adapt to changing times.

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