

Audio file

[Session 4 Brandon Rembe moderator.m4a](#)

Transcript

Brandon Rembe

All right. Wow, that actually works surprisingly well. Very dad at the dinner table energy. All right. So the panel today that we have is on AI in operations, which is what every other panel has talked about today as well. So we're going to try to mix it up a little bit. But before we do that, let's introduce the panelists. John, you want to start out?

Jon Broch

Yeah. Good afternoon, everybody. It's great to be here with you. My name is Jonathan Broch. I'm a senior partner with Alpha Alternatives. We're A consultancy that provides services to the private markets industry. I work with about 400 GPs, and I oversee our consulting services in North America.

Daniel Carr

Hi, Daniel Carr, I'm co-founder of a real estate private equity fund called Alpaca Real Estate. Founded about three years ago, we do two things. One, real estate private equity. And 2, we also have a VC business where we've invested in about 100 real estate related companies. So we think that gives us somewhat of an edge as we think about doing things like implementing AI either on our enterprise side or in the assets we own. Before founding Aries, I was a principal at Aries Management. I'm sorry, I'll pack on another coffee after lunch. I was a principal at Aries for about a decade.

Brandon Rembe

And I'm Brandon Remby, Chief Solutions Officer at Juniper Square. Juniper Square is a technology and services company serving about 2,500 GPs spanning commercial real estate, venture capital, private equity, spanning from the \$50 million sponsor to multi-hundred billion dollar Panda asset class. Prior to this role, I was the founder of a company called Tamarac, which I think some of you are still users of today, and was Chief Product Officer at InvestNet for a number of years as well. So understand the private and public space pretty well. To start out, I think the other panelists have been polite to date. I would

not want to be a financial advisor today. I think if you look at where AI is going, what we've all talked about, we're talking about baby steps to a longer-term view. If you look out five, 10 years and where the industry is going, I think it is going to be tough to say that a human advisor is going to do a better job than the dreaded word robo-advisor. 15 years ago, 10 years ago, robo-advisors was the fear of everybody. They did gather some assets at the lower end of the market, but certainly didn't displace them and have as much disruption as people thought. I think that time has changed. One of my favorite things to do is to talk to Uber drivers. I talked to my Uber driver on the way over here and said, hey, what do you think about Waymo? And he said, oh, Waymo, I'll never figure out New York. I guarantee you that person will not be an Uber driver in five years. When we think about where AI is going and how it's going to change markets and how it's going to change jobs overall, we're taking a bit of a different approach. And we really think about rebuilding the factory. If you if you've kind of studied what Elon Musk has done with Tesla, and you ask him, hey, what was the big invention with Tesla? What separated you? He said, it was the factory. The factory that we used to build the batteries, the factories that we used to build the cars. We rethought the factory end to end with modern technology. And I think if we all sat down and rethought our factories, whether that's being an RIA, whether that's being an asset manager, commercial real estate, venture capital, In the world of AI, we would actually build our systems very, very differently. It is very, very hard to go from a 100-year-old car company to all of a sudden Tesla. It is very easy to do that when you start from scratch. And it's very hard to have change management. So our view at Juniper is that factories need to change. They need to change very quickly. Those that do not change their factories will be out of business in the next 5, certainly the next 10 years. There are certain jobs that will not be needed anymore. It's just where things are going. I would not want to be an Uber driver. I would not want to be an accountant. Sorry if there's any accountants in the room today. I think there will be a need for a very bespoke, very expertise, senior PhD level tax theorist. Sure, that can be a role, but your general run-of-the-mill accountant, it's not a job that I want to have. Attorney would not be a job that I would want to have. Advisor. DBD, I think Trevor said, hey, they're kind of focused on emotional intelligence and being therapists. I don't know if you've all seen the apps out there today that are AI therapists that do a better job of creating outcomes than normal therapists, but it is a changing environment. And a lot of what we heard today is kind of baby steps towards an outcome that's probably coming quicker than we want. So my job today is to freak everybody out. Hopefully that did a good preamble for that. And please, let's make this interactive. If you disagree, you're wrong, but you won't hurt my feelings. So raise your hand if you have questions as we go along. But let me turn it over to the panelists in here and first start out and say, do you agree or disagree?

Jon Broch

Yeah, I mean, it's a loaded question. I do agree in the long run. I try to, the counterpoint to that is we see a lot of GPs just like paralyzed. It's a dizzying landscape of vendors. It's just hard to kind of get started. And I think what this business has going forward is there's a lot of complexity, right? So it's hard for someone just to come in and fully automate things with AI. So yeah, I would say I do agree that in the long term, there is definitely the potential for this industry.

Brandon Rembe

When you say long term, are you talking 5 weeks, 10 weeks?

Jon Broch

I think we're looking at like 5, 10 years. I think this industry just is slower than kind of some of the mass markets to adapt to new technology. What we do encourage our clients to do, though, is kind of reframe the problem because the opportunity here to leverage AI, the backdrop is AI has this amazing potential for our businesses. But it is very intimidating and I think paralyzing. And so we encourage our clients to do is really reframe it and just think about how do you deliver automation? How do you deliver capability to the customers that you serve in your organization? And I think it's a healthy way for folks to think about it. And it kind of takes the pressure off to just like get AI right out of the gate. Because really that's what we should be doing as leaders in our organization. We should be continuously delivering value to the different functions, capital raising, investing, finance and ops, et cetera. And you're going to find things along the way that AI is the answer for. You're going to find other things that are just people issues or process issues. And so I think kind of reframing this AI opportunity, it's a really healthy way to get folks in the game and kind of kind of off the block, if you will.

Daniel Carr

Yeah, I think I agree with parts of what you said. Just so we know the audience, how many people here work at an RIA? So about 10. All right, so leave your hands up for a second. Put your hand down if your average client size is below \$5 million. So if you have smaller clients on average, lower your hand. Otherwise, so you've got bigger clients. So he's not going to have the problem you're talking about because... I think that at least a lot of our RRA clients, we run a mid-market \$250 million real estate fund, right? It's a very bespoke product. It's not for the small investor that's got less than a couple 1,000,000 bucks for the client. It's really being sold through to an ultra-high net worth channel that can make their own investment decisions. And so for those people, when we have conversations about how is AI going to impact your practice, they're like, look, For the guy who's going to

potentially be mixing up an ETF and bond portfolio, yeah, there's probably a solution where a robo-advisor can do that, and those people may be disintermediated. But for somebody who needs the whole suite of tax planning solutions and then real evaluation of alternatives, that's probably not going to be disintermediated as quickly. So partially agree, partially think that there's still room for some advice out here.

Brandon Rembe

Perfect. So that brings up the next one, which is, okay, so assuming this is going to happen, and oftentimes, and I've given these presentations a number of times, and just yesterday at super return in front of a whole bunch of GPs, that the outcome of that, and one of the things that people talked about is the messy middle. We've heard that today, which is, I'm either, certainly one of the things that AI is going to do, it's going to accelerate and it's going to consolidate. So I am either the massive, huge tech player that can consolidate and own everything, and I'm the BlackRock, Blackstones. I have all the data in the world to analyze everything, to throw at AI, to do all of those things. And I can do that at scale better than everybody else. Or I am hyper-localized, hyper-specialized. I am focused on the ultra, ultra-high net worth, multi-family office, family office space that really needs that level of hand-holding and someone to walk their dog that AI might figure out how to do in the next couple months. But the middle is going away. And I think that's where we see a lot of that paralysis that you talked about is, hey, which one of those am I going to be? Which one should I be? Can I compete with a Blackstone or BlackRock? Can I be hyperlocal? I'm kind of caught in the middle. How do firms get past that? Well, one, do you agree that the messy middle is going to have the biggest challenge? And then two, how do people break out of that analysis and start to really think about the five-year plan, the 10-year plan for the business. I think this is, and I hate to use this term because it gets overused, but when these types of disruptive technologies come in, it's super important to work on your business, not in your business. And going in and like, okay, what's my data model? How are these things going to change? How is this technology going to connect to that? That's working in your business. But coming up with the five-year, 10-year plan based on this new technology, how do you see firms, are they doing that? Are they not doing that? And then first, do you agree or disagree with the messy middle is going away?

Jon Broch

I think the five- and 10-year plan is really tough just because of how fast technology is changing and evolving. So we typically see firms taking a shorter horizon. Back to like reframing the problem, I think if you don't make it about AI, then it's much more manageable because that's where everybody gets paralyzed. There's hundreds of vendors.

The landscape is constantly changing. Which one do you pick? They're not all going to win. Some are going to go away. And so how do you know you picked the right one? Did you just throw away your investment? And these are like real fears that people have that keep them on the sidelines. The reason why you don't want to be on the sidelines is because it's really not about the technology. It's really about unpacking the business processes. And if you're going to implement something like Agentic AI, you've got to break out all the different steps in a process and in a workflow. And so really it's an opportunity to unpack the different functions in your organization and to figure out really what steps can be optimized. Maybe AI is the solution for some, maybe it's machine learning for another, maybe it's process re-engineering for something else. But I think you can't go wrong if you think about it that way, because there's never going to be throwaway work. If you go back and look at how you can make people's jobs better and give them more capability, give them more automation. If you make it all about AI, then I think it's a miss, and it just puts all this pressure on yourselves to try to get it right out of the gate. It's really not about AI. It's about kind of reinventing and reimagining your business.

Brandon Rembe

Well, let me ask you a hot take on that one, which is There are so many new vendors coming out today and so many point solutions, and there's a ton of noise going on. Is it a better approach to, yeah, play around with it, dip your toe in it, but just kind of wait. Actually, it's okay to be paralyzed right now to some degree and not thrash and respond to every new hot, you know, and as being a tech vendor, There's AI, and then what we say is AI. AI is everything. No, it's not. We can put AI at the end of anything. If you want to boost your market valuation, we'd call it Juniper Square AI. But is it actually a better time, with all this thrashing going on, to actually pause and say, hey, I'm not going to overreact, and I'm going to see who the winners are, and then I'm going to move full force on that?

Jon Broch

So what overreaction looks like, I had a client bring a list of 70 use cases to me and say, like, we want to work on all these. And I said, no, you don't actually. Like, let's bring some like segmentation to this. Let's look at what's focused on capital raising, what's for the investments team, what's for finance and ops, what applies to everybody just in terms of productivity. Let's group these things. And then let's pick off the top use case in each area, and let's go deep. The mistake everyone makes, or some folks make, is they try to go wide and look at everything and think there's going to be 1 AI tool that solves and rules them all. And that's highly unlikely. Where we see a lot of success is when you're very selective, but you go deep. You have a lot of benefits in terms of learnings. You're going to naturally unturn

a lot of process improvement opportunities. And so I think you don't want to be on the sidelines, because then you don't become literate in AI. You just fall behind, but you also don't want to try to solve every use case imaginable, right? So it's a bit of a balance.

Daniel Carr

Yeah, to double click on what you just said, and you, I think, started this question with, look at all these big firms, how do you compete with them? In my experience at big firms, and I spent most of my career at JP Morgan and Aries, so they're pretty big. They just consecutively failed at implementing technology. They really harvested their best amount of data that they had at their fingertips. They had way too many use cases and way too much money to throw at the problem. So they ended up with total fragmentation between an implementation team that was trying to do something smart and an actual business unit that was trying to make money. And so they would go out, they would put together a problem set, they'd spend 4 or \$5 million on it, and then nobody would use it. And they'd start like yelling at people to start trying to use it. And then after six months, they just shelved it.

Jon Broch

Yeah. I mean, to Dan's point there, I think it's actually like the great equalizer, because firms that are very large and very sophisticated in their decision-making structures can get really paralyzed by this. A small firm can be super nuanced. and start doing amazing things with the technology and doesn't have to work through 10s of layers of decisions. So I think it's actually a way to, in some respects, kind of leapfrog and compete with bigger players that you really wouldn't otherwise be able to.

Brandon Rembe

Well, Dan, from a Pure commercial real estate is generally where data goes to die and technology goes to die. The data's everywhere. It's messy. Your firm's a little different because you also have a VC side of things. You've embraced technology. You're leaning into it more. when I talked about rebuilding the factory, a lot of it is a cultural shift. What have you done inside of your organization to help embrace technology, embrace the data changes, embrace these things? And you've kind of mentioned a few of the use cases that you've had. What makes your firm a little bit different and able to adapt and be speedy versus other firms? And I was talking to a group of 50 firms last week in Sundance. And it's, I would say 5% of the commercial real estate firms that I talk to actually have a well thought out tech strategy around AI. And then the other 95% go, I keep hearing about LLMs. What does that mean? How do you make that change from one to the other?

Daniel Carr

Yeah, well, I'm not going to profess to be tiger. I heard you speaking previously. Go much deeper, obviously, on how to implement these things. I'm on the entire other side, which is business use case, want to use things now, don't want to spend too much money on it. And so what we did is have a realization that the people at my firm who invest in tech companies are very, very different people. As you might guess, they don't wear blue braids or white shirts than the people who invest in real estate. And what we did is we actually had a series of charrettes with them where we sat down and talked about all of our business processes and which ones we could have direct KPIs coming out of where we could really have a very specific use case. And then we bounced back and forth, hey, is there enough to make this a use case where we could layer in technology and AI over the top of it? So what we got to was just in real estate sourcing. and that there's totally fragmented data, unstructured data that goes around in the real estate marketplace. So just think about, if you go buy an apartment building, maybe you get something in PDF, maybe it's an Excel, maybe it's a rent roll, maybe it's half full information, maybe there's some other public data about it that's not integrated into what you're looking at. And what we did is we market mapped all of the solutions that could help us take that unstructured data, structure it, and then analyze it quickly throughout the full deal team. But importantly, we didn't do that as the real estate investing business unit. We had our VC colleagues who are always evaluating these different companies in terms of investing in them, market map and figure out which ones we might want to try to use and implement. So we did that, and the result of it now is that the investments team has a new tool that they do all of their initial work in, terms of structuring deals that come in, looking at them, evaluating them, and then also having a repository of data on all deals they've ever seen. So most, they're looking at a 1% closing ratio. So most of the time they're saying no, but instead of all that information going to die in a folder someplace, it now lives at their fingertips and they can re-access it. And I sort of think about it, it's making them... extremely intelligent, like they have photographic memories because they're never forgetting information about a prior transaction that they saw. So that's been really helpful. And now the next step of it, in terms of your next question, was how do you stay in front? And should you sit it out now, or should you try to go and always be forward-looking, is understanding how you can implement AI agents over the top of what you now have as a proprietary robust data lake and query it and make those analysts a little bit faster and able to get deeper insights more quickly?

Brandon Rembe

So you brought up people, and in most cases, people are both the solution and the problem. And in this case, they tend to more be the problem. Juniper Square employs

about 300 fund accountants today as part of our fund administration business. We went to them and said, great, how would you use AI to do your job better? That is the wrong group of people to be asking how to be using AI. So we had to bring in a technology team to sit with them and go, okay, we're going to watch what you do every day, every minute. and we're going to evaluate how to use AI. And the combination of those two things is the right. But I say that in the context of typically, again, the people that are working in the business today or are trying to do those things, say, hey, my process is A, B&C. How do you automate A, B&C? As opposed to the people that go, no, don't even do A, B&C anymore. That world doesn't exist. What have you seen in terms of change management from a people standpoint, a culture standpoint, one of the things we're implementing in every study that's out there has proven that AI does a better job of interviewing talent. And so we're going to be rolling out first screening interviews with an AI agent. Those that actually refuse to get interviewed by an AI agent probably shouldn't be working at a technology firm. But how have you seen the people that made you successful for the last 10 years probably aren't going to make you all that successful for the next 10 years? How have you seen that change both culturally in your firm and in the firms that you work with?

Daniel Carr

Yeah, I think that showing somebody a use case that this is actually going to make their lives easier will allow them to adopt it and get behind it through their own buy-in. Yelling at someone to go do something is not going to work, especially if, for example, they're populating the data lake with work that they already did. Why would they do that, right? It's just another process they don't want. But so what we did is we said, what's the worst part of the process we're asking them to do? In this instance, for example, we buy a lot of apartment buildings. So taking all the data about those apartment buildings and lining it up, making it structured, and then showing the rest of the team what the opportunity is. It's terrible work. And so we just outsourced it. We said, let's use a data scraping company that will do that part of it. That way, once it hits your desk and you're interacting with the software, you're doing so as a paid knowledge employee. And you're actually doing something that you like. And by the way, we've just saved you a bunch of time. But yes, having people actually want to use the technology you're giving them is super important. To your recruiting part, I'm recruiting right now. And we invested a little bit of money into an AI-based recruiting platform that's hopefully the next LinkedIn. But on my use case, I put it out there. I'm looking for like post MBA or a couple years out of college and private equity in New York. Guess what? There's a lot of them and it's not a great job market. How many people went through and did an interview with an AI bot that then got summarized to me and sent to me? Like none that I wanted to hire. Why? Because all those people have decent jobs right now. And the people who did it, was like a self-selecting people that you

don't want. And so the kid that's been out of college for a year and a half and hasn't gotten a job yet, he's got the time to go through and do a half-hour interview with their computer. But the other folks are grinding.

Jon Broch

So the organizations that we see doing well with AI, they have a few things in common. I'd say like leadership is educated and excited about AI, and they're really setting a vision for the firm. They're really getting this on the attention of every department, right? You've got to pay attention to this. That's a common element in every firm that's doing well with AI. The other is, I think, the connection to data quality, right? They understand the data needs to be governed, tracked, and sourced. It's the old adage, garbage in, garbage out. And so there's an appreciation for that. Oftentimes, there's an effort to kind of front run initiatives by making sure there's good quality data in place before tackling a particular use case. And I think, not to pitch our services, but I think getting some outside help, whether it's our firm or some other one, you want to bring some lessons learned to the situation. You don't want to go on this journey alone. You want to benefit from the learnings of others and hopefully skip a few pitfalls and things like that. So I think regardless of who you're using, but having a partner that can really hold you accountable and bring some fresh thinking is super important.

Brandon Rembe

Well, to that point, I would say probably most people in here, most firms in here probably can't build it themselves. There's no AI experts in here. I know Trevor, he's a smart guy. He can go figure it out. But when you're looking at finding a partner, whether it's a technology partner, a consulting partner, what should this room, how should this room be evaluating? What are the questions to ask? hey, what's the right tool? Is AI the panacea for everything? Do you want a partner that looks both across AI, not AI? How do you evaluate, we'll start here, both from the, when you do the buy versus build decision, how do you evaluate that? And then from what you're seeing, how do you help your partners with that?

Daniel Carr

Yeah, so we actually... white paper at every six months, and we put our white papers on our website, which are obviously extremely specific use cases.

Brandon Rembe

What's that website that everyone can go look at?

Daniel Carr

Go check them out. But we were like, oh, this is our secret sauce. Should we show it to anybody? We're like, whatever. It's so specific. And what's more important is, as you just said, is the process that you use to get to something that's can be implemented for your team. And so what we start with is, I think similar to what you said, is don't try to do it ourselves. Luckily, we have a technology investing team, so it's sort of like an in-house consultancy that sits with us. But their job is market mapping all of the potential vendors, interviewing those vendors, getting references, and then...

Brandon Rembe

And how many people are doing that on your team?

Daniel Carr

Well, there's six of them. And so, but they have a day job too, which is investing in these companies, but alongside it, they can do this what I think of as almost like consulting work for us, but hey, if they find a company that they like, they can also invest in it, so it works both ways, but... What I liked a lot was market mapping and looking at how similar these providers are. Many of them just, you just do a checkbox in your market map and you say, this one does six of the seven things I need. And maybe some of them are AI powered and maybe some of them are powered by a back office in India or the Philippines. But what's been Most important for us is working with a group that really understands our business case and is going to deliver the services that we need, because otherwise, why are we doing it in the 1st place? We don't want to spend \$1,000,000 on having a really shiny AI bot in the corner that's not used. So a lot of our market mapping is about figuring out, is this group actually going to help us on a day-to-day basis?

Jon Broch

Yeah, what we're saying in terms of skills composition on an AI initiative, like we already talked about the leadership support is super important. I think someone that is sitting within your firm that represents that function is going to make sure that the change actually sticks and is going to put that continuous feedback loop in place. Those are things you need to solve for in your organization. Where folks like us can help complement is with solution architects to help you pick the right technology and really think about end-to-end workflow because a lot of times something will look really good, but then when you actually try to put it into your daily workflow, you're working in one system, and then you got to go somewhere else, and then you got to come back, and it just doesn't actually piece together

super well. So you need someone to think through the actual architecture, and then ideation support around that function. So if you're talking about fundraising, or if you're talking about investing use cases, it's helpful to have a partner that can say, well, this is what other peers are doing, this is how you can go about it. And if you put those collective skills together, I think get a really good shot at achieving some good outcomes.

Brandon Rembe

Who here has implemented an AI tool technology agent in the past six months that actually delivered the outcome they were hoping for? Okay, that's actually better than most rooms that I interview. One of the issues towards that outcome is the And I think in the last panel said that the accountability around those things of, hey, I've got this new shiny tool. Did I use it? But then did I deliver the outcome that I have? Which is a lot of times these tools get great and it made my life 20% easier, but there was no cost savings of that. I just can go home a little bit earlier. I can do those things. Do you see primarily when you think about AI, do you see it as a margin improver or a revenue improver, or both? And how do you think about the trade-off of those?

Daniel Carr

It's interesting. We did a summit, sort of like an AGM in Aspen a month ago, and so we had a bunch of our RIA clients, and we're having this exact conversation about their implementation. And the conversation started with, hey, are you going to use like robo-advisors on some of these smaller accounts? And it got to know, man, what we're going to do is try to automate our reporting, cut our accounting staff in half, and then we're going to boost our margin. So basically take it entirely out of the front office and their use cases were margin enhancement in the middle and back office, which makes all the sense in the world for that business. For our business, We're relative value investors, so we look at a very small subset of opportunities, and we look at a lot of very similar deals, picking out the one that we believe to be the potential outperformer. So, you know, maybe we're investing in, for example, apartment buildings in Miami, we're going to look at 300. And so all of them have very similar characteristics. And what we found is that by using a computer-enhanced data analytics, we'll be able to see which ones pop faster and have some characteristics, based upon our values that show us to pay more attention to that deal. And right now, we don't have 20 analysts doing this. We've got like 4 analysts doing this, but they're doing, I think, the work of 20 people. So it's not that, you know, they're going home earlier, it's that they're seeing a lot more throughput and they're going deeper, faster into potential opportunities, which hopefully leads to us making better investment decisions. So we'll see

when it's back tested. But I think initially it does feel like we have got a lot better information faster and can make better deals.

Brandon Rembe

Okay, so takeaway is no one's going to have a job in five to 10 years. Those that do, good luck. All right, let's open it up to, do we have time for questions? Are we looking at, okay, questions from the audience.

Audience Question

I have a question actually for Brandon. So right now, the systems that underlie a typical asset manager are very diffused and discrete. And there seems to be this opportunity to pull everything together and what people are calling like an operating system for a manager. And I know that's one thing that you guys have looked at, Juniper Square. Can you talk about that? Because that's just very intriguing to me, this idea that you can kind of, much in the way that Tesla made a car, like an iPhone, like this completely integrated thing. Is there an opportunity to do that for an asset manager? And what are the potentialities?

Brandon Rembe

Yeah, certainly that is our thesis at Juniper Square. So much of workflow context, context is incredibly important for AI, and when you think about the direction of where technology is going, it is going to be the co-pilot to sit alongside you, and when you think about, do co-pilots really do what they need to do? For all new greenfield projects at Juniper, about 80% of all the code gets written by AI. So they're sitting, the developers sitting alongside their AI co-pilot, it's writing 80% of the code, which means they're 80% more efficient. We think that we can make every asset manager, every GP, every LP out there 80% more efficient if they have the right co-pilot. And to do that, you have to have the context of the data, which means you have a centralized data store, which we spend a lot of time thinking about how to go to from, you'll hear the term unstructured data to structured data. Unstructured data is a PDF. Structured data is the data you took out of that and stored it in a database and you validate it and you can be certain it's correct. And it's also going from probabilistic outcomes of $2 + 2 = 4.01$. That hallucination needs to go away. and deterministic outcomes. And we think the only way to really do that is have a tightly integrated operating system based on the contextual data that's needed to do someone's job. So that's our focus at Juniper Square, is to bring all of these systems together. Obviously, we integrate with a lot of point solutions. People aren't going to get off Salesforce tomorrow, although I think Salesforce is in trouble with where AI is going. They charge too much for what they do. And we think that, over time, it really is not 20% efficiency. In the next, I would say, three to

five years, these co-pilots will do 80% of what is done today. Just looking at some stats from Juniper Square, ticket deflection, this is questions coming from GPs, LPs. So we were running a side-by-side analysis of how our GPs were responding to LPs, and then we sat it alongside our bot that was responding to those. And not only could it do 80%, it could respond to 80% of all questions when we did the side-by-side analysis and showed it to management. Over 80% of the time, the AI gave a better answer, a more consistent answer to the LP. So I think most of the investor comms, investor relationship is going to be automated. But that also opens up the room for more deep relationships. I think that's the one thing that AI is not going to be able to replace. Also, the question I always get is, hey, Brandon, if this is true, what should my kids do? There's one answer to that, be a dentist. No one's going to let AI do anything in their mouth anytime soon. So tell your kids to be dentists. But outside of that, I do think a lot of it is going to get automated, except for sitting in this room, building deeper relationships, finding the next manager to work with, find the next consultant to work with, the technology partner to work with. That's really hard to do without kind of looking someone in the eye and understanding what they do and how they operate. It's true for high net worth, ultra high net worth individuals. They're less, you know, they want to sit down and be taken out to dinner and be sure that their advisors know what they're doing. But I think the middle market is going to have some challenges in the next three to five years. Yep. In the back. How do you define the

Jon Broch

in terms of the obsolescence of those managers and is it? is it a pretty direct comment you're making on that?

Brandon Rembe

Or, I mean, how do you see that and how do you define it? If you're asking yourself, am I in the messy middle? Yes, you're in the messy middle. It's really hard to define. It depends on the asset class, everything else. You know, I think firmly above 50 billion in assets, you're probably out of the messy middle. But I think, in the hyper-focus, hyper-local, especially in commercial real estate, where we see strong localization, that can change. But I would say anywhere from a billion to 50 billion is probably the messy middle, which is a big swath of probably everybody sitting in this room today.

Daniel Carr

I've got one piece to add to that, which is look at the founder, their age, and what's happened with the people that they've grown up through their organization over time. And one thing I'm seeing in a lot of alternative firms is that there's a founder that probably aged

out of really wanting to grind every single day. And they have not allocated enough carry down to the people that have worked for them for going on 10 years. So what happens, those people leave as soon as they have the opportunity to, which is now why you're seeing so many new firms start, because that person's sitting there and they're saying, look, I've now got a lot of the relationships, a lot of the ability to generate this type of investment strategy. And if I stay here, all that's going to happen over the next 10 years is you're going to get older, I'm going to make you more money, and nothing else about this firm's going to change. Why don't I go either click restart and take some of the relationships and let you sort of have everyone else quit over the next couple of years and you'll just go into oblivion. Or otherwise, I can go to a huge shop that's going to give me different types of opportunities.

Brandon Rembe

People are the problem. All right, thank you all.