Private Funds CFO

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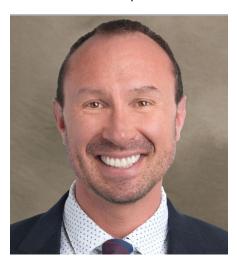
NEWS & ANALYSIS

Found in translation: Bridging the CFO/ CTO divide

Given GPs' increasing reliance on technology for every facet of their work, CFOs need effective relationships with their CTOs to make the most of today's cutting-edge tools.

As private equity firms continue to evolve and grow more complex, the relationship between the chief financial officer and the chief technology officer has become increasingly consequential to the success of a PE shop.

Finance and technology sit at the core of fund accounting, investor transparency and operational efficiency, which makes it imperative that the CFO and CTO have a good partnership and communicate well to drive the continued success and growth of the firm.

Private Funds CFO recently spoke with CFOs and CTOs at different PE shops about how they work through challenges, how they built trust among themselves and their teams and how they collaborate to turn what could be a purely transactional relationship into a true strategic alliance.

Their experiences show how firms of different sizes, strategies and organization are shaping their CFO/CTO dynamics, given that technology is no longer merely infrastructure, but seen as a driver of competitive advantage.
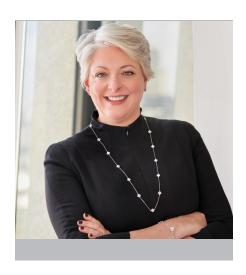
Strategic possibility

For example, Blackstone transformed its internally developed "Bistro" platform into a product valuable enough to sell to a third party, which was a complex project that unfolded over more than a year of meetings, with finance and technology working side-by-side to get that done, Blackstone CTO John Stecher recalled.

Software company-focused Thoma Bravo, which has more than $181 billion in assets under management, invested early in Investran and iLevel to unify fund accounting, valuations and investor data.

"We had already made the decision to not outsource our needs and knew that we were not going to be able to scale our firm without putting in real technology," Thoma Bravo CFO Amy Coleman Redenbaugh said.

And mid-market PE firm Bow River, which has $4.4 billion in AuM, is betting on AI and cybersecurity, as technology becomes a larger part of the organization's budget, CFO Jamison Davis said.

"My job has changed to looking for opportunities to improve results using

Amy Coleman Redenbaugh

technology," he said.

In other words, technology is seen as a source of alpha, not just a support function.

Data at the center

Finance teams are natural hubs for information flow, which makes the CFO a vital partner in unlocking value from data.

"Data and technology are impacting every part of the organization. The CFO naturally sits at the hub of that flow," Davis said.

Sources stress that private equity firms should prioritize data integration, reduce silos and actively leverage analytics to improve decision-making and reporting.

John Stecher

Private Funds CFO

Jamison Davis

At Blackstone, joint oversight by the CFO and CTO ensures that data is integrated across business units. Thoma Bravo focuses on standardizing portfolio and investor data to create consistency and comparability. And Bow River is exploring AI-driven analytics to enhance investor reporting and operational efficiency.

The consensus appears to be that PE firms should place finance and technology leaders jointly at the center of data governance, ensuring that information remains accurate, consistent and usable across the organization.

For Coleman Redenbaugh, the process of aligning finance and IT has uncovered inefficiencies.

"Through our IT initiatives, I've become even more aware of inefficiencies we have, like duplication of data, because we haven't lined up all the processes across the firm, but more on a departmental basis," she said.

"The process of going through it with IT and figuring out how technology can be used in a way that is super helpful and can drive efficiencies beyond those that people talk about, thus making it easier for people to do their job, and has been empowering to me and everyone at the firm."

Forming a true partnership

Given the potential of such initiatives, it's crucial to forge the right relationship between the CFO and CTO. And building the relationship between the CFO and CTO comes down to communication, respect and acting as true partners, sources told PFCFO.

At Blackstone, Chae and Stecher said they have a constant dialogue. They hold biweekly one-on-one meetings, conduct joint annual budget reviews and consult one another informally on a weekly – and often daily – basis.

"I work with John to understand and review the firm's technology strategy," Chae explained. "Alongside that, we review the budget for technology on an annual basis and set firm priorities around investment, organization and resources. We have a constant dialogue."

For Stecher, partnership starts with embedding his team across the business.

"It's important that my team partners up with each one of our business units and understands their needs, what they want to accomplish for the year, what their budget is, what their goals are and what their pain points are. Then we pull together a strategy of how we're going to address those across each vertical business unit in the firm, including finance," he said.

Michael Chae

Mark Maier

That integration proved vital when the firm chose to centralize its once-decentralized technology organization, as the firm was at a state of maturity and scale where it needed to consolidate and integrate data and technology, Chae said.

At Thoma Bravo, CTO Mark Maier and Coleman Redenbaugh are constantly talking to one another and meeting, especially since they sit just doors from each other, which creates constant informal touchpoints.

There is also a monthly standing operations meeting to supplement this casual dialogue, ensuring technology decisions stay linked to firmwide priorities.

But it always comes down to trusting your partner, Maier said. "When it comes to relationship building, I think it's pretty basic stuff: do what you say you're going to do, make sure you follow up and follow through and if you make a mistake, own up to it," he said.

Part of building trust is being able to see each other regularly, Coleman Redenbaugh added.

"Trusting your colleagues and believing in their competency comes down to the relationship and the dialogue you create with that person, and that's hard to do if you're not seeing each other."

While larger firms can support a full

technology department, smaller firms often rely on outsourced providers.

For Bow River Capital, this puts Davis in a dual role, having to oversee finance and working with the firm's IT committee, which maintains the firm's systems and considers firmwide technology initiatives, to ensure that outsourced partners are aligned with the firm's agenda. The IT committee includes Davis, the COO, general counsel and VP of operations.

"The outsourced providers only have so much capability, so we have different providers for different services like cybersecurity," Davis explained. "Managing multiple relationships and finding the right vendor for the right task can be challenging."

To keep those relationships tight, Bow River requires vendors on-site twice a month and in weekly phone touchpoints. "We've really pushed them to act as an extension of the team," Davis said. "Those relationships work much better when they've got some history and interaction, as opposed to being dormant".

Yet, Davis acknowledges the limits. Vendor turnover has created disruption and uncertainty, pushing the firm toward building more internal technology capacity.

"We have to think about at what point we bring in a technology expert, and whether that person would be at the CTO level or more mid-tier," he said. "Technology has become so strategic to organizations, and the CFO is becoming a technology leader."

Speaking the same language
The CFO/CTO relationship hinges on communication. Translating "geek speak" into financial priorities and vice versa requires shared fluency.

"It's extremely helpful to have a CTO who is highly numerate, including being financially numerate and is like-minded in terms of analytical rigor and problem-solving rigor," said Chae.

At Thoma Bravo, Maier highlights the role of "translators" who can connect technical and business perspectives. His solutions team works directly with process owners, ensuring IT projects meet operational goals and not just technical benchmarks.

The result is not only better communication but better decisions.

"My team and Michael's team work closely day to day to pick out what technology platforms we are going to implement," Stecher said. "The goal is to empower people to make better decisions daily and to make their work-life balance a little bit better."

Culture and trust
Processes matter, but culture cements the partnership. The onset of covid tested every firm's systems and, in some cases, deepened trust between CFOs and CTOs.

"John was thrown into the middle just before covid really hit," Chae recalled. "He had to figure out how to make sure everybody would be able to continue meeting, use Zoom for the first time, and work from home with the right bandwidth. Then we settled into looking at ways to level up Blackstone technology-wise."

For Coleman Redenbaugh, personal rapport proved essential. "Getting to know him personally has been very helpful to developing that finance/IT relationship," she said.

Stecher put it more simply: "When things go wrong, don't get upset. Work together to find solutions. You have to have that in a relationship to be successful."

And part of a successful relationship also includes managing outside vendors, even with a CTO and internal IT team.

Balancing vendors and internal talent
Deciding whether to outsource or insource technology remains one of the thorniest strategic questions for private equity firms. Firms must continuously reevaluate whether vendor relationships or in-house

resources best align with the firm's scale, cost efficiency and strategic needs.

Bow River still leans heavily on outside providers but is weighing a mid-level hire to stabilize vendor relationships and reduce costs.

"As we grow, I look at whether there are more efficient solutions, I look at the cost per employee, and where there are new services we should be taking advantage of," Davis said.

Davis said one of the problems with outsourcing tech is simply personnel, as there can be high turnover at service providers.

"When we've struggled, I'd say the number one issue has been around turnover. I think that's a relatively common problem with these outsourced groups: that they'll have a decent amount of turnover," Davis said.

"When you get to that point where people stop knowing your environment or understanding the organization or the goals, it can really create issues just on a day-to-day basis, let alone during these strategic projects," Davis added. "I think having consistent resources that are there more than six months at a time is critical."

Thoma Bravo moved away from outsourcing and built an in-house IT organization under Maier. Blackstone sits between the two, carefully managing vendors while consolidating its internal technology team.

Vendor management itself has become a shared responsibility. Stecher said he and Chae collaborate on reviewing contracts and vendor performance.

"One of the big projects we work on together is vendor management, where we look at how we work with outsource relationships and partners, and how these relationships matter to the various business units in the firm," Stecher shared.

"We look at which vendors meet the qualifications and criteria that we lay out and the standards that we hold ourselves to. This includes reviewing what software

vendors and software spend we are going to be allocating for the next quarter or next year."

Different routes to the same destination

The takeaway from these firms is that there is no one-size-fits-all model for the CFO/CTO relationship. The right pace of meetings, balancing outsourcing, and the division of responsibilities will vary with firm size and strategy, but there are some general principles in play.

Firms should structure collaboration with a regular cadence, such as Blackstone's biweekly one-on-ones, Thoma Bravo's monthly standing meetings and Bow River's vendor check-ins.

They should treat technology as a strategy, recognizing that proprietary platforms, system integrations and AI initiatives are not back-office utilities but front-line enablers of growth.

Placing data at the core is also essential, with shared governance between finance and technology ensuring accuracy and consistency.

Finally, firms should build translation capacity by developing leaders and teams who can bridge financial rigor with technical expertise.

Chae advised CFOs and CTOs to look for senior team members who understand both business processes and how technology supports them. These people should lead key projects, like automation or evaluating

new software, because their ability to bridge operations and tech makes them especially valuable.

"At the end of the day, a successful CFO/CTO relationship comes down to three things: being personable and able to communicate well with each other, having real technical knowledge in our respective spaces and being able to share that with each other and knowledge of the business and our company," said Coleman Redenbaugh.

For private equity, where technology and financial performance are now inseparable, the CFO/CTO partnership is no longer optional. It is a strategic imperative.