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Agentic AI offers growth opportunities in fund administration

Motive Partners merged fund administrator Alchelyst and tech-enabled client servicing business Lyra in March.

With its long-term contracts and recurring revenue, fund administration will remain highly sought after by private equity, Neil Cochrane, partner at Motive Partners, told PE Hub. However, it is also an area that has not seen much product development over the last decades, leaving it ripe for AI-powered opportunities.

“There are many tasks in fund administration that are repeatable in nature, creating a significant opportunity for AI to be leveraged to drive greater efficiency,” said Cochrane.

Motive’s latest play in the segment is the merger between its portfolio company Alchelyst and Apollo spinout Lyra. Headquartered in Dublin, Alchelyst is a fund administrator for alternative asset managers, and Lyra Client Solutions is a New York City-based technology-enabled client servicing organization. The duo completed the merger in March.

Motive’s initial plan for the merged platform is to invest in transformational technology, according to Cochrane. “Building on that strong core, they will layer on Agentic AI components to further enhance the offering with proprietary next-generation technology.”

A need from GPs for a new standard on how private markets are serviced was among the drivers to back the platform. Cochrane described Alchelyst’s value proposition as a “single pane of glass in a unified infrastructure platform that enables GP fund accounting teams to be more



Neil Cochrane, Motive Partners

efficient than ever before.”

Technological advancements within fund administration were among the topics raised by industry professionals in a PE Hub feature exploring asset servicing as an investment target.

“This is an industry with significant potential to leverage the untapped efficiency and operating profitability benefits of technology,” Antoine Dupont-Madinier, managing director in Lincoln International’s financial institutions group, told PE Hub at the time.

A “gold standard” EBITDA margin in asset servicing sits somewhere between 30 and 35 percent, according to Dupont-Madinier.

“A number of players are below that.

They’re in the process of upgrading their tech stack or they’re actively consolidating and haven’t yet fully realized their synergies, both from a cost and tech point of view.”

Client credibility

For Alchelyst chief executive officer Joan Kehoe, the merger with Lyra is all about pace. “The pace of data, the pace of responsiveness and how AI is changing everything,” she said. “The combination of these two businesses is really an advantage over many of the incumbent providers that are trying to add that AI enablement.”

In the private wealth segment, it is an “absolutely acknowledged fact” that the speed at which technology has been deployed has been too slow, according to Kehoe.

“Everybody’s playing catch up.”

Speed also applies to Alchelyst’s growth trajectory – the business was only founded in 2023. Key clients have made its position in the market possible. “The beauty of having a client like Apollo as your anchor client brings you immediate credibility, it brings you revenue,” said Kehoe. “It also takes away questions about your balance sheet – all the things you might expect to be the question marks over a new business.”

The business also works with around a dozen clients across mainly the US and the UK, but the products are domiciled in variety of locations, such as the Cayman

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Islands, Luxembourg and Ireland.

Kehoe considers Alchelyst better positioned to facilitate scale for its clients

than most of the big incumbents. “This is where the credibility comes in. If we can service Apollo, we can probably do it for

just about anybody.” ■