1, 2, 3, 4 – a phased approach to seamless onboarding

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1. Onboarding demands planning, execution, and monitoring

2. Switching providers need not be disruptive to your investors

3. Long-term cost benefits including streamlined processes and future-fit tech

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Many private fund managers are turning to specialist third party providers to support them with the increasing complexity and operational burden associated with fund administration, others are finding that their existing providers are not satisfying requirements and are on the lookout for an improved service. With managers looking to outsource to such specialists, onboarding remains a critical part of the process, ensuring a new partnership starts well and leads to success in the long-term.

Fund managers who outsource can leverage the scale, efficiency and expertise provided by their specialist fund administrator, who should possess in-depth knowledge of fund accounting, investor services, governance, compliance, and regulatory reporting. We covered some of the reasons managers turn to outsourcing in a previous article, which you can read **here**.

Those who are considering outsourcing for the first time might be apprehensive about introducing a third-party administrator into their fund operations, worried it will impact the accessibility and visibility of their data and their ability to monitor and track the progress and performance of the outsourced activities.

For managers who already use an outsourced provider but who may be unhappy with the level of service they receive, a change in administrator should not bring undue disruption to investors. To ensure this is the case, it is paramount that managers select the right outsourced provider to partner with to mitigate against any perceived risks of outsourcing. Ways that your outsourced provider can help manage investor relations during a migration is to work alongside you and your investor relations team to direct communications to investors around the transition and to perform a gap analysis on KYC records held by the incumbent before reaching out to investors for any further information.

At the Aztec Group, approximately 1 in 3 of our clients have migrated from other providers. In this article, **Debbie Reeve** and **Jamie Garland,** who head up Aztec's specialist Client Onboarding team, outline the key success factors required to deliver a seamless onboarding experience.

Whether establishing a new structure or migrating existing entities, a successful onboarding is essential to the future prosperity of the relationship between fund manager and outsourced provider. It's a multifaceted undertaking which demands careful planning, execution, and monitoring, and can be grouped into four key phases:

Engagement Phase

It's critical that a new fund administrator understands your business and strategic priorities from the outset. Personalised workshops at the start of the journey are an important way to capture these details, allowing you to outline your requirements and any areas of concern, or pain points you might have experienced in the past, as well as your criteria for a successful onboarding.

For managers who have not outsourced previously, one of these workshops will focus on exploring the target operating model for the outsourced services to meet your internal oversight requirements. These discussions should also provide insights on best practice. A successful operating model should yield long-term cost benefits; identifying key processes that can be streamlined, while leveraging your administrator's internal control environment and technology stack.

When launching a new fund structure in a jurisdiction you may not have previous exposure to, it's important you receive insights to help you navigate complex processes to make informed decisions. These insights should focus on regulatory

and compliance requirements, governance considerations to meet local laws (such as composition of boards) and wider operational considerations, as well as best practices.

Capturing purposeful and relevant data during the Engagement Phase should drive an efficient onboarding. This data is used to ensure effective resource planning across all elements of the onboarding journey. At this phase, you should be introduced to your relationship lead and the team who will be working with you throughout your relationship. You should also be introduced to your dedicated onboarding project manager who will create a high-level milestone plan, relevant to your specific onboarding. This ensures appropriate project governance is embedded from the start of your onboarding journey.

Activation Phase

This is where the role of an onboarding project manager further evolves. Using the data captured during the Engagement Phase, they will work with you to create a comprehensive onboarding plan. They should also outline key dependencies and agree on the frequency of status updates and escalation protocols.

Your onboarding project manager should work alongside your client relationship lead to facilitate effective communication between internal teams, third-party vendors and contacts, such as tax and legal advisors. Rigorous project governance increases adherence to timelines, thus minimising the risk of ‘Go Live’ deadlines being jeopardised.

Another key objective during this phase is to sign-off on all system and reporting requirements, as well as agree on the data migration strategy for both static and financial data. This is a critical workflow that requires client input and can impact the success of an onboarding if not appropriately considered. For example, are you comfortable to rely on your investor static data records managed by the incumbent administrator or does it require re-validation? Do you require a full transactional history to meet portfolio reporting requirements?

Ensuring an accurate and complete data migration can be a complex process, especially when dealing with large volumes of financial information. Addressing data mapping, cleansing and reconciliation challenges are crucial to minimise disruptions and to maintain data integrity during the transition. A detailed data

strategy is imperative to ensure an administrator has the expertise to handle data migrations and to provide guidance, mentorship, and support to clients throughout the process. This process should also include reviewing a sample of data to assess its accuracy and integrity before finalising migration timelines.

A third-party administrator should go beyond surface-level interactions and get into the nuances and intricacies of client requirements and needs. By delving into the specifics, they can unearth valuable insights, challenge assumptions, and identify potential enhancements to previous reporting templates.

Execution Phase

Monitoring the onboarding process against the project plan should be undertaken throughout the execution phase. Clear, open and proactive updates should be given in line with the agreed governance model as defined in the Activation Phase. Your fund administrator should be agile in overcoming roadblocks when they occur and escalate using the pre-agreed channels.

It's imperative that tasks such as the incorporation of legal entities, investor onboarding, regulatory notifications, bank account openings, transitions and migration of static and financial data are completed within agreed timelines. This will ensure there are no unnecessary delays to the overall onboarding, given the dependencies that these steps have on other parts of the journey. Your administrator should also leverage their relationship with other providers, such as banking institutions, to ensure the transition of bank accounts is as seamless as possible.

Transition Phase

As well as finalising any 'Go Live' approvals, a key component of the Transition Phase should be to gather feedback on your onboarding experience so that your outsourced provider can act on lessons learnt.

The successful delivery of all four phases leads to a smooth transition into your live environment, ensuring all reporting outputs are in line with the scoping agreed and investors have not been impacted by a change in administrator.

A streamlined, efficient, and frictionless onboarding process is vital to the future success of your partnership with your fund administrator. You should receive expert guidance and a customised approach, supplemented with transparent

communication and technology-driven solutions, all delivered within a clear project management framework to keep your onboarding on track.

For more on how Aztec can support your outsourcing requirements, please contact Debbie or Jamie directly.