

# Outsourcing: the benefits of finding the right partner

*Outsourcing can free up internal capacity for fund managers, while providing access to deeper expertise and technology. While some in the industry view outsourcing as carrying inherent risks, the reality is that with the right partner, those risks can be effectively mitigated, resulting in a more productive, reliable and scalable operating model. A recent article by AREF highlighted the benefits and potential risks of the outsourcing process. Here [Richard Anthony](#) and [Daniel Kalish](#) respond, demonstrating how each risk can be addressed and transformed into an opportunity for operational excellence.*

Real estate fund managers are increasingly outsourcing fund administration functions, including accounting, investor reporting, compliance, and secretarial services, as an alternative to building and maintaining in-house teams. This market trend informed a recent [article](#) by the UK's Association of Real Estate Funds (AREF), which explored the risks and benefits of outsourcing for private fund managers.

What stood out was that not all fund administrators approach outsourcing in the same way. The differentiator lies in how the outsourcing is structured, governed and delivered. Choosing the right partner is often the difference between a smooth, well-governed operating model and one that introduces unnecessary friction.

Below are some of the most common concerns associated with outsourcing, along with how choosing the right approach and a partner with the relevant private markets expertise and technology can effectively mitigate these risks.

You can listen to a recent discussion on the benefits of outsourcing [here](#).

## Loss of control

**The risk:** Outsourcing can reduce organizational control over key processes.

## **How it is mitigated:**

In outsourced models, control is exercised through ownership of outcomes rather than ownership of tasks. For example, managers may retain sign-off, judgment and escalation authority, while administrators execute processes within clearly defined parameters on the manager's own systems. This [co-sourcing](#) arrangement preserves real-time visibility and decision-making while removing bottlenecks and can be treated as a step to a full outsourcing solution.

Operating models should be built around shared systems and real-time transparency, rather than parallel reporting environments. Working on agreed platforms with embedded approvals and audit trails gives GPs visibility and signoff control while delegating execution. This ensures control is exercised through governance, data access and outcome ownership, not duplicated processes or shadow teams.

## **Key mitigations in practice:**

- Clear delineation of responsibilities between GP, Investment Manager and administrator
- SLAs with defined escalation paths and exception handling
- Oversight focused on review and judgment, not replication.

## **Transition and onboarding**

**The risk:** Migrating historical data, processes and systems under time pressure increases onboarding risk.

## **How it is mitigated:**

Transition risk is addressed through front-loaded preparation. Early design workshops help to clarify roles, responsibilities, escalation points and success metrics. This shared design reduces transition risk and accelerates trust between teams.

This risk is also reduced through technology through structured data migration, controlled cutovers and parallel validation supported by industrialized onboarding tools. Standardized data models, reconciliation checkpoints and configurable workflows allow historical data and processes to be mapped, tested and phased in

without disrupting business-as-usual activity.

### **Key mitigations in practice:**

- Structured pre-onboarding discovery
- Detailed process mapping and documentation
- Phased handovers with regular checkpoints.

## **Quality issues**

**The risk:** The quality of outsourced work may not meet expectations, impacting investor confidence and brand reputation.

### **How it is mitigated:**

Quality depends on responsiveness, proactivity and expertise, and is not an output metric. There's a clear distinction between "availability" and true responsiveness, highlighting that timely, proactive communication often matters more than having answers fully formed. Taking this one step further, the real value comes when fund administrators go beyond core reporting to support investor interactions, due diligence preparation, and one-off complexities reducing follow-up queries.

Standardized workflows, automated validation checks and exception-based reporting, ensure outputs are accurate, timely and repeatable. For example, our platforms surface issues early, flag anomalies and allow teams to focus on value-added judgment and creating a more predictable service experience. Also, regular team check-ins allow for more efficient collaboration and issue resolution.

### **Key mitigations in practice:**

- Dedicated, knowledgeable service teams
- Proactive issue identification and communication
- Value-add support beyond "business as usual" reporting.

## **High staff turnover**

**The risk:** Frequent staff changes can lead to loss of institutional knowledge and inconsistent outputs.

## **How it is mitigated:**

Team continuity is repeatedly cited as a cornerstone of service quality. Stable teams that understand a fund's cadence, structures and investor expectations can anticipate needs and reduce friction.

Technology also plays a critical role in reducing key-person dependency. Documented workflows, shared systems and embedded controls ensure institutional knowledge is retained both at team and platform level. This enables seamless handovers, consistent outputs and service continuity even as teams evolve over a multi-year fund lifecycle.

## **Key mitigations in practice:**

- High staff retention and investment in people
- Consistent team assignment over the fund lifecycle
- Knowledge embedded at team level, not individuals.

## **Communication barriers and cultural misalignment**

**The risk:** Differences in language, culture, time zones or working styles can hinder collaboration and productivity.

## **How it is mitigated:**

Cultural alignment, which includes shared expectations around communication, escalation and collaboration, should be established early and reinforced regularly.

Shared platforms, integrated reporting and centralized data management create consistent communication across teams and geographies. Common task management reduces friction caused by time zones or working style differences, reinforcing alignment and enabling a fund administrator to operate as a true extension of managers' internal teams.

## **Key mitigations in practice:**

- Regular cadence calls and touchpoints
- Shared understanding of priorities and timelines
- Cultural fit assessed as part of partner selection.

## **Data security**

**The risk:** Sharing sensitive financial and investor data with third parties increases exposure to data breaches and security vulnerabilities.

### **How it is mitigated:**

GPs increasingly scrutinise not just current systems, but the control environment behind them. A fund administrator's technology environment should be designed to minimise manual data handling and enforce embedded controls, access permissions and auditability. Automation reduces risk, while standardized control frameworks strengthen data integrity, giving managers confidence that sensitive information is protected end-to-end.

### **Key mitigations in practice:**

- A shared collaboration platform with the appropriate level of security protocols that reduce reliance on less secure methods like email
- Automated controls and reduced manual intervention
- Ongoing scrutiny of systems and processes.

## **Turnaround time and flexibility**

**The risk:** Outsourcing can introduce delays and reduce flexibility compared to in-house teams.

### **How it is mitigated:**

Turnaround time depends more on anticipation than speed alone. In a successful outsourcing arrangement, a fund administrator would understand a fund's rhythm and pre-empt requests, while reducing last-minute pressure. Automation and workflow orchestration provides predictable turnaround times by removing repetitive tasks and surfacing exceptions early, enabling faster, more flexible responses.

### **Key migrations in practice:**

- Agreed upon production schedule to ensure both teams are clear on what needs to be delivered and when
- Stable teams with deep fund knowledge

- Technology that enhances human judgment.

Partnership done right doesn't need to be about trade-offs. When built around people, governance and aligned incentives, outsourcing becomes an adaptable operating model that evolves with the fund. The research that informed AREF's article is backed up by the recent Private Funds CFO [Insights Survey](#) 2026, in which 43 out of 100 respondents said they intend to outsource more of their fund accounting functions in the next year, aligning with the broader industry trend towards externalizing specialist tasks. This shifts outsourcing from risk to strategic advantage and for fund managers it isn't a question of *whether* to outsource, but who to partner with and how that partnership is designed.

Aztec provides full outsource services and we are experienced in building and delivering tailored operating models across multiple jurisdictions. We would be delighted to talk to you about building an outsourcing partnership that works specifically for your business. If you'd like to discuss any of the topics raised, please contact us directly.



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