

U.S. Leaders Summit: Outsourcing shouldn't be a trade-off

At our inaugural U.S. In Private Markets Leaders Summit in New York City, we outsourced an 'impossible mission' to three of our partners - Melanie Cohen, Private Equity Consultant, James Haluszczak, Founder and CEO, Steelbridge, and Adam Gahagan, Financial Consultant, EY - to discuss how outsourcing can lead to operating excellence, and how it shouldn't be seen as a series of trade-offs. Aztec Group's [Ore Adegbotolu](#) reflects on the sessions' insights.

The perception among some fund managers is that outsourcing and operational excellence don't always go hand in hand. Outsource, and you run risk of working with people who don't fully understand your business, with systems and controls that don't align with your own. Don't outsource, and you miss out on the depth and breadth of expertise, extensive tech stack and experience that a professional administrator can offer. But outsourcing doesn't need to be a game of trade-offs. It can be built, crafted and delivered to meet the exact requirements of fund managers, both now and in the future.

In this session we tried to debunk that myth and demonstrate that outsourcing can - and should - be tailored to meet the specific requirements of fund managers, both now and in the future.

Some of the key talking points from the session included:

1. References play an important role in decision-making - cultural fit, strong processes, and client testimonials are crucial when selecting an outsourcing partner. These should be identified through a thorough RFP process, evaluating past performance, client testimonials, and the robustness of their processes.

2. Alignment and access to top management is key - there was an acceptance in the room that things can and will go wrong, whether that's staff turnover in an outsourced team, or errors. What's important is having a strong

relationship between client and provider, with access to senior management so that issues can be discussed and resolved quickly. And for the partnership to work properly, it's important that both sides come to the table regularly and collaborate together, working out any issues as opposed to placing blame in different places. Trust is a critical piece of the puzzle here.

3. Setting clear, agreed expectations - Service Level Agreements (SLAs) are fundamental to a transparent and long-lasting relationship. They help align expectations, driving responsiveness, accuracy, and strong communication between the parties. An SLA should specify the turnaround time for processing transactions, the accuracy rate for reporting, and the communication protocols for resolving issues. This ensures that both parties are on the same page and can work together effectively to achieve their goals.

4. An advanced tech stack is important when selecting a provider - all players want a provider who is technologically advanced. Managers want administrators who are leaning into modern technology, enabling more efficient operating between the manager and the administrator.

5. There's not a one-size-fits-all approach anymore - the whole industry has changed to where it's more of a jagged line now, rather than a one-size-fits-all approach to outsourcing. Managers want specific services performed by their external partners, it's less of a rigid list of tasks that are traditionally performed by fund administrators, and instead is more unique to each managers' specific requirements. GPs want a partner who can understand these nuances and accommodate them, as an extension of their own team.

By leveraging the expertise and resources of external partners, companies can drive innovation, enhance efficiency, and maintain a competitive edge in the market. Reach out to industry experts, explore new partnerships, and implement the best practices shared here to unlock your organization's full potential. If you'd like to discuss any of the points raised in the article, please contact [Ore](#) directly.

