



Global private equity firm outsources fund accounting for complex strategies.



Client profile.

- A global multi-strategy private equity firm.
- Launching new private equity and private credit funds with unique strategies.
- Firm wants to double the size of their company and grow assets.

Summary.

- They did not have the operational infrastructure in place to launch and manage new strategies.
- They decided to outsource the fund administration for their new strategies to a third-party provider.



The challenge

The firm's executive leadership wanted to launch private equity and private credit funds with unique strategies to support asset growth and double the size of their firm in a very short time frame. This was a major undertaking and challenge for the client because their investment operations were not scalable, nor did they have the operational infrastructure, workflows, or processes in-house to launch and manage new strategies.

The client's general ledger (GL) system was antiquated, requiring their staff to use Microsoft Excel. They considered implementing a new GL system themselves, but soon realized that the cost and time to get it done was prohibitive.

Rather than attempting to implement a new GL system or upgrade their existing operational platform to accommodate their new strategies, the client wanted to find a third-party administrator who had extensive experience with multi-strategy managers across private equity, hedge, private credit, and private debt. They also wanted an administrator who had an established, proven operational platform with processes and workflows in place to manage complex alternative investments and strategies. Ideally, they wanted a firm that had proven expertise working with large, complex global alternative firms.



The solution

The client contacted SEI to explore our outsourcing services and operational expertise in alternative investments. We recommended that they outsource their fund administration to SEI for the new funds and strategies that they were planning to launch. If the client liked and became comfortable with SEI's operational platform and expertise, we hoped that they would consider outsourcing additional funds to us in the future.

To get started, we recommended that the client outsource a very small subset of funds, allowing SEI's operational team to get comfortable with their operations by doing their fund administration. The client really liked our approach and recommendation to start small with a few funds. It allowed the client to get comfortable and confident in SEI's staff and in their operational expertise to manage complex alternative funds and strategies. SEI's operational platform helped to "scale" their business and offered them the flexibility they needed to launch additional funds and strategies to support their business growth.

Over time, the client hired SEI to do fund accounting and administration for all new fund launches. In addition, they began outsourcing their legacy funds to SEI for fund accounting services. The client did not have the internal systems or technology to create and run their investor reporting function. SEI helped them build out their investor reports, alleviating the need for them to perform that function in-house.



The results

By outsourcing their fund administration to SEI, the client was able to continue to launch new funds and strategies allowing them to focus on their investment expertise, grow assets, and service their investors. They benefitted from SEI's operational platform, our expertise in alternative investments, and our ability to deliver fund accounting services for very complex funds and strategies. The client did not have to hire additional operational staff, nor did they have to implement a new accounting system or update their operational infrastructure. Instead, they leveraged SEI's operational platform and expertise to "scale" their investment business.

In addition, the client did not have to upgrade their internal systems to create custom investor reports. They utilized SEI's expertise and operational platform to build their investor reporting function. Since outsourcing to SEI, they have significantly grown their business.

IMPORTANT INFORMATION

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