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Fund services buyer's guide

Selecting the right operating model and administrator for your firm

Introduction

Is your operating model holding you back when it could be setting you apart?

Your back-office operations must run at peak performance—both to facilitate your growth plans and to satisfy current and prospective investors' queries for real-time performance data, analytics and transparent reporting. Achieving such performance requires operating models fueled by best-in-class talent, which is not always available or affordable, along with the latest technologies, which typically introduce their own set of integration and maintenance challenges.

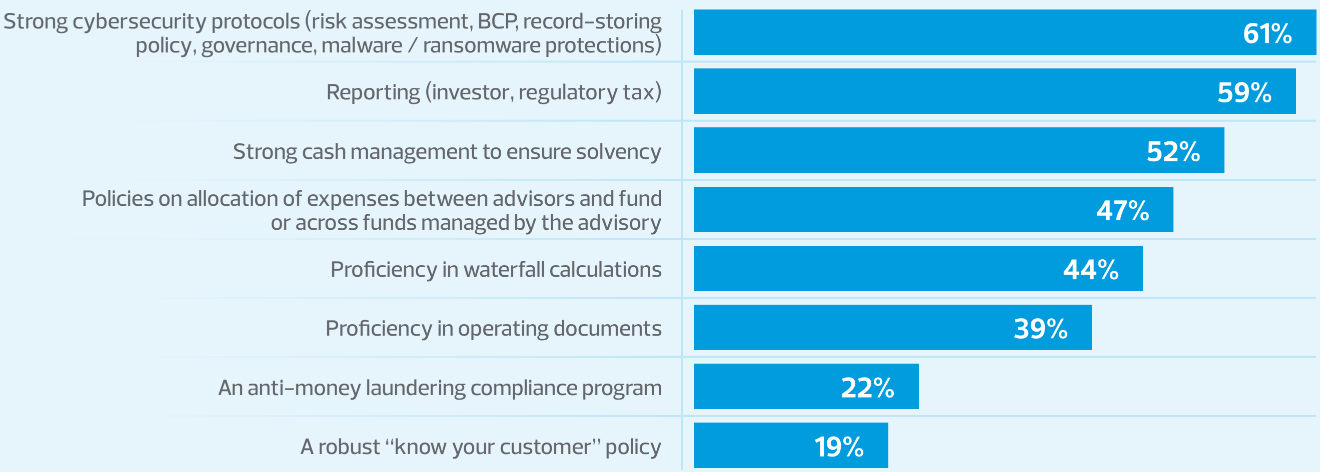
These realities are forcing managers to carefully reconsider how to optimize their current back-office operating model.

This guide can help you assess where your current fund administration operating model stands—and how it may need to change.

We designed this guide to help private fund chief financial officers make the best strategic choices for their fund's operating model and service provider. Use it to compare different fund administration models and their benefits, explore strategic options and learn how RSM Fund Services+ can help turn fund administration into a competitive advantage.

Fund administration isn't getting any easier

What investors consider to be must have back-office functions



Source: Private Funds CFO Insights 2025 survey

Challenges complicating fund administration

More stringent investor due diligence and increased reporting demands

91%

of asset management firms responding to our **Private Funds CFO Insights 2025 survey** note greater investor due diligence in the past year, placing increased demands on the back office

Expanding regulatory requirements

- Growing expectations for more detailed limited partner (LP) reporting
- Mandated due diligence on third-party service providers
- Updated Institutional Limited Partners Association (ILPA) standards for reporting and performance

Growing tax complexity

- Increased range and complexity of fund structure
- Multiple reporting deadlines
- The addition of K2 and K3 forms

Expanding digital transformation expectations

- Improved data collection, tracking, analysis and presentation
- Required investment in automation and advanced technology to produce quality real-time data at increasingly granular levels
- Required significant financial and human capital resources and ongoing maintenance to keep pace

Widening talent gaps

- Growing need for in-demand accounting and technical talent to handle critical back-office functions and prevent delays in fundraising efforts or responding to investor needs
- Increased recruiting and retention challenges, heighted by limited career growth opportunities for administrative and technical professionals within most alternative asset management firms

Operating models

Choosing fund administration operating models and the growing need for third-party support

The three primary operating models for fund administration are insourcing, co-sourcing and outsourcing.

Insource

Own everything

Best for firms wanting full control and customization, with deep internal capabilities

Co-source

Own tech, outsource talent

Best for firms seeking shared oversight, efficiency and control over data/tech, plus scale

Outsource

Outsource everything

Best for firms wanting turnkey solutions, full segregation of duties, speed and simplicity

Given the complexities of modern fund administration and the hefty investment required to update legacy processes and keep pace with innovation, operating models are changing. While there is no correct answer to which operating model you should choose, it's important to note that more alternative asset management firms are turning to external service providers for help.

Fund administration operating models— which one is right for your firm?

Ultimately, your firm's specific circumstances and growth plans will dictate the best operating model for your strategic priorities. Remember that insourcing, co-sourcing and outsourcing form a spectrum, and many firms pivot from one approach to another over time. It's also possible to incorporate elements of each approach to build a custom model that fully supports your strategy.

Considerations for fund operating models

As you contemplate your operating model alternatives, use this table to better understand the strengths and challenges of each model, including the effects on agility, risk, cost and the ability to scale without friction. For each decision area, consider key questions to help determine what's most important to your firm and which model aligns best with your strategy and can meet the demands of today's environment.

Decision area	Insource: Own everything	Co-source: Own tech, outsource talent	Outsource: Outsource everything
People	**Pro:** Full control over team culture and structure **Con:** High cost of hiring, training and retention	**Pro:** Access to specialized expertise without full-time headcount **Con:** Coordination between internal and external teams	**Pro:** Scalable team with industry experience and lower overhead **Con:** Perceived loss of control
Process	**Pro:** Full control to tailor processes and reporting **Con:** Often manual and dependent on internal know-how	**Pro:** Shared accountability enables process optimization **Con:** Requires governance	**Pro:** Proven, standardized best practices accelerate efficiency **Con:** Limited flexibility
Technology and data	**Pro:** Direct ownership and control over platforms and data **Con:** High cost and risk of silos	**Pro:** Own platforms and data, joint access for managed support **Con:** Requires alignment	**Pro:** Integrated tech stack, consolidated dashboards **Con:** Perceived limitations to customize
Cost and efficiency	**Pro:** Third-party fees avoided and direct control over tech spend maintained **Con:** High ongoing investment in talent, tech and oversight	**Pro:** Shared costs, scalable support **Con:** Need for governance and coordination	**Pro:** Lower overhead, predictable costs **Con:** Potential for hidden costs if not managed

Ask yourself

- Can you attract and retain the specialized talent needed for critical back-office functions?
- Do you need highly customized processes or would standardized best practices suffice?
- Do you have the resources to maintain, integrate and innovate your technology platform?
- Does your current approach deliver the best value for your firm's size, complexity and growth plans?

Decision area	Insource: Own everything	Co-source: Own tech, outsource talent	Outsource: Outsource everything
Risk and control	**Pro:** Maximum oversight and control **Con:** Risk of internal errors or resource gaps	**Pro:** Shared risk **Con:** Some loss of direct control; requires trust and clear agreements	**Pro:** Provider manages risk **Con:** Less direct oversight; potential for service gaps
Scalability	**Pro:** Ability to quickly scale by reallocating internal resources and making real-time decisions without relying on third parties **Con:** Dependent on internal resources and hiring capacity	**Pro:** Flexible, can scale with business needs **Con:** Requires coordination	**Pro:** Highly scalable; provider handles growth **Con:** Potential for less customization
Reporting and compliance	**Pro:** Full responsibility for compliance and reporting **Con:** May strain resources	**Pro:** Shared responsibility; access to compliance expertise **Con:** Requires coordination	**Pro:** Provider offers robust compliance and reporting **Con:** Must ensure provider quality
Core competency	**Pro:** Full focus on fund administration **Con:** May detract from strategic initiatives	**Pro:** Balance between control and external support **Con:** Potential for overlap/ confusion	**Pro:** More time for strategic focus, less administrative burden **Con:** Risk of disconnect from details

Ask yourself

- How much oversight and control do you require over operations and data?
- Will your current model support future fund launches, growth and increasing complexity?
- Is your firm able to deliver complete, accurate and timely reporting that meets investor and regulatory demands?
- Are fund administration duties detracting from your ability to focus on your core business?

Choosing a fund administrator

What to look for in a fund administrator

As more private equity and alternative asset managers look to third-party providers to help support fund administration, it's important to remember that not all fund administrators are created equal. That's why core capabilities should be only a starting point for selecting the best provider. Look for an organization that excels in the basics of fund administration, including fund accounting, investor reporting and tax compliance. Then, go beyond depth and breadth of services to consider how well that fund administrator is positioned to make the right decisions as fiduciaries for your fund today and in the future.

LPs are increasing their own due diligence efforts, so investors may want to evaluate and approve your fund administrator before investing. It's therefore important to choose wisely.

Criteria for selecting a fund administrator

Leading-edge technology that enables speed and agility

- ☑ Up to date with the latest advancements, including artificial intelligence
- ☑ Commitment to innovation in fund administration
- ☑ Fully integrated technology platform, ideally incorporating both book-side information and tax-side information

Scalable, tech-enabled teams

- ☑ Deep technical knowledge
- ☑ Willingness to collaborate to meet increasing reporting demands
- ☑ Ability to scale as funds grow in volume and/or complexity
- ☑ Solid talent policies and training regimen
- ☑ Low employee turnover
- ☑ Cross-functional delivery team including information technology, business and industry professionals

Strong commitment to regulatory compliance

- ☑ Mature compliance practices
- ☑ Investments to stay current with the latest standards from federal and industry regulators, including data and cybersecurity standards and environmental, social and governance (ESG) issues
- ☑ Solid brand reputation, credibility and compliance track record

Good cultural fit and service model flexibility

- ☑ Collaborative, works as an extension of the internal team
- ☑ Aligns with your firm's values, communication style and working rhythm
- ☑ Ability to adapt and evolve delivery models as the fund's and your investors' requirements change

Solid pricing justification

- ☑ Clear pricing structures
- ☑ Strong pricing rationale covering scope of services, technology investment, talent quality and regulatory oversight
- ☑ Complete transparency with no hidden costs or unclear add-ons

Our integrated solution
RSM Fund Services+

Fund accounting and fund administration

Comprehensive support for fund operations including net asset value calculation, financial reporting, general ledger maintenance, capital activity tracking and audit/tax coordination

Investor services

End-to-end investor support covering subscription processing, anti-money laundering/know your customer compliance, capital account management, waterfall calculations and transparent communication through reporting portals

Tax and regulatory compliance

Deep experience with tax allocations, filings (including Foreign Account Tax Compliance Act/Common Reporting Standard) and regulatory reporting for global standards such as Form PF, commodity pool operator/pool quarterly report and the Alternative Investment Fund Managers Directive

Treasury and cash management

Efficient handling of treasury functions, including bank account setup, reconciliation, payment processing, wire management and liquidity forecasting

Management company services

Tailored solutions for management company accounting, budgeting, forecasting, performance analytics and consolidated reporting

Technology and data enablement

Scalable technology infrastructure offering real-time dashboards, integration with leading platforms and secure data governance across financial models

Data capture

Streamlined process to capture granular data once to inform all financial statement reporting, investor reporting and tax compliance, creating improved synergies, eliminating manual data entry and reducing errors

How you win: The RSM advantage

Audit-ready quality:
CPA-reviewed workbooks and centralized tax/GAAP reporting provide accuracy and compliance

Skilled team:
A highly capable group of CPAs and industry professionals with deep private equity knowledge is supported by more than 20 hours of annual CPE training

Operational efficiency:
A dedicated PMO drives coordination across service lines

Client insight tools:
Key performance indicator dashboards and the Microsoft Power BI-enabled client hub provide real-time visibility

Inside our engagements

Enhanced reporting and data visualization

The client

A private equity and real estate firm with $14B in assets under management (AUM).

Challenge

The firm needed a fund administrator able to prioritize clients and deliver consistent service and support.

Solution

- Delivered fully outsourced fund administration.
- Provided first year audit support, AML related cost segregation, investor onboarding, and Form PF and ADV filings.
- Managed Cayman Islands Monetary Authority reporting.

Impact

- Implemented a custom investor portal and performance metrics dashboards.
- Strengthened communication and stakeholder relationships.
- Positioned the firm for long term success.

Comprehensive high touch services and technology management

The client

A private equity firm with $7B+ in AUM and multiple funds.

Challenge

The incumbent administrator failed to provide high touch service, causing data errors, late reports and poor bookkeeping.

Solution

- Expanded services from fund tax support to fully outsourced fund administration and technology management.
- Delivered investor servicing and communications.
- Vetted all historical data and facilitated the firm's transition to Allvue Systems.

Impact

- Drove significant improvement in service quality and operational efficiency.
- Enabled leadership to shift focus from administrative issues to strategic priorities.

Platform for increased cost efficiency and growth acceleration

The client

A private equity buyout firm with $1.3B in AUM.

Challenge

The firm was dissatisfied with its administrator and needed experienced, proactive support with advanced technology and higher quality reporting.

Solution

- Provided staff augmentation for accounting functions.
- Implemented technology enhancements.
- Delivered audit services.

Impact

- Improved reporting accuracy and overall financial management.
- Offered proactive guidance on transactions and tax implications.
- Enabled more informed decision making and helped the firm stay ahead of issues affecting performance.

Next steps

Is it time to change the way you operate?

Your back office can be a source of support and a competitive advantage that propels your fund forward. If it feels more like a source of constant challenges or a drain on your resources, then it may be time to make a change.

Signs you may be ready to evolve your fund administration operating model include:

Data quality & accuracy risks

- Excessive data errors or discrepancies
- CFO or audit team spending significant time reviewing data and vetting accuracy
- Excessive effort spent on reviews, revisions and corrections

Reporting & compliance pressure

- Late reports or missed deadlines (client-imposed or regulatory)
- Inability to quickly respond to investor or regulator requests for information
- Unwanted tax implications

Capacity, talent & technology constraints

- Insufficient resources (talent and/or technology) to support fund volume growth or more complex fund structures
- Drained resources: financial, human capital or otherwise

Service provider limitations & stakeholder concerns

- Investor or LP concerns related to your current service providers
- Current fund administrator unable to provide strategic insights or guidance to meet evolving needs

RSM is ready when you are

When you're ready to take the next step and start a conversation about what the right fund administration model looks like for your firm, RSM is ready to respond with the advice, support and services you need to make fund administration an advantage that sets you apart instead of holding you back.

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