

Shouldn't your back office be as high-performing as your deal team?

In today's increasingly competitive environment, success in private equity takes a particular dedication and mindset. What do high-performing deal teams do? They ask questions – lots of them – see around corners, and use intuition, experience, and logic to analyze every opportunity. Your business requires high-performing deal teams to excel and grow, so shouldn't you demand the same level of performance from your back-office team?

Escalating stakeholder expectations and more complex regulatory requirements demand a fund administrator that will exceed expectations. The challenges that drive the high-

performing team at Gen II are increasingly complex fund structures, rising demands for transparency, and custom data requests. Every day our goal at Gen II is to help our private equity clients navigate the complex transformations affecting the operational side of their business. We help them not only to prepare for the future but to mitigate risk. Maintaining these functions in-house requires the capacity to invest in and adopt new technologies, specialized expertise, and the capital and human resources necessary to do all this well. When private equity firms look at outsourcing their fund administration, there are key areas they should closely evaluate before choosing a third-party fund administrator.



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Innovative Technology Platform

Technology is at the heart of most GP's decision to outsource, fueled by rapid advances in technology and cloud computing. Increasingly, investors want private equity GPs to provide detailed data about prospective deals, cash flows, and underlying investments, and they want that information in real-time. Excel spreadsheets no longer cut it. Reducing manual processes and the associated operational risks by utilizing technology has become a priority.

When assessing a provider's technology, due diligence should focus on the fund administrator's three- to five-year roadmap as much as on their current systems. Does the provider have a technology platform built specifically to address the needs of private equity fund managers? Are there cybersecurity protections in place for data and sensitive client information? Do they offer robust controls and conduct annual Service Organization Controls (SOC) operational audits?

Technology is a differentiator for Gen II. From the beginning, our operations and delivery have been entirely cloud-based. To this end, we have an integrated, purpose-built private equity platform – the Private Equity Exchange or "pex." We also offer clients proprietary applications, like iLevel portfolio monitoring and Sensr, which gives you the ability to integrate with your internal systems to facilitate customized investor reporting and data requests. Gen II offers its clients practical solutions to achieve both scale and customization that enhances your internal operations.

Specialized Expertise

While many GPs believe maintaining in-house resources and proprietary technology are competitive advantages, they discover that the pace of innovation and change demands specialized expertise. A fund administrator should facilitate a GP's expansion into new geographies or strategies without them having to worry about back-office staffing, training, or turnover, allowing managers to redeploy resources to revenue- or alpha-generating functions.

When looking at outsourcing, it's critical to determine if the fund administrator has the bench strength and experience in the specialized areas you require, such as fund structure, co-investments, compliance, valuations, and data security. It is also essential to look at the stability of the team, including employee turnover and average tenure at the firm. Does the company offer independent oversight to assure compliance and mitigate operational risk?

At Gen II, each client has a dedicated client service team, led by a principal of the firm with an average of 15 years of fund administration experience. Because each client's funds are structurally and operationally unique, we assemble a team for your specific needs to provide expert guidance. Understanding the importance of continuity and institutional knowledge, Gen II also has career planning and incentives to ensure that team members stay for the long term. Having the Gen II team behind you gives you the ability to scale quickly and efficiently, manage risk and facilitate growth.



Stable Operational Foundation

The financial and staff resources needed to maintain operational excellence and meet client demands through in-house fund administration have become overwhelming. Outsourcing your fund administration allows companies to reallocate resources to investing capital, generating returns, and growing their business.

Private equity firms need a partner who can invest in technology, support and incentivize their people, and build out their offerings. Financial and human resources play an essential role in the success of using a third party for your fund administration — a partner who can help you prepare for the future while mitigating risk.

If technology matters, it requires an ongoing commitment and R&D to develop and maintain next-generation capabilities; If specialization matters, so too do the ability to recruit and retain specialists. Gen II's strong balance sheet and long-term funding enable us to do both and to keep pace with clients as they grow and evolve.

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Conclusion

Partnering with an experienced fund administrator like Gen II, who takes the time to understand your firm's unique requirements, will enhance operational efficiencies, mitigate risk and ensure robust oversight of your operations. Gen II provides you with a team of professionals as committed to excellence as your deal team. Our goal every day is to deliver best-in-class fund administration using cutting-edge technology while you focus on optimizing investment objectives.

Well-run funds.
GenII