

5 reasons to use fewer service providers

There has long been a trend for companies in the investment management sector to outsource some of their key functions to third-party providers, from regulatory reporting and data management to IT. This can save time and money and allow their highly skilled employees to focus on what they do best: grow their clients' money.

It's easy for firms to gradually engage more and more providers – each providing a niche service – up to the point where they end up with dozens on the books. This is especially true if you do business across multiple jurisdictions, as is common in the investment world.

But engaging so many disparate providers can become unwieldy, time-consuming and expensive to manage, and you can soon start to lose out on the benefits of outsourcing.

Increasingly we're seeing a change in tactic. Firms are looking to replace those hordes of small partners with just a handful of strategic service providers that are each expert across a given field and can cover their needs entirely within that specialism.

Here are five reasons why your firm could benefit from choosing fewer service providers.

1. DEEPER UNDERSTANDING FOR SERVICE PROVISION

If you work with many smaller providers, each operating in their own niche, they'll often struggle to properly understand your entire business.

By using one trusted partner for multiple related services, then they can really get to know your business. The best become an extension of your business, they'll understand how and when you need help and will be better placed to provide the all-important value-add support that will really make a difference for your business.

2. COST EFFICIENCIES

Complexity costs money. So, unsurprisingly, using fewer service providers can save money for your business.

As well as lower fees, you are likely to need fewer software licenses, for example, and your firm's legal costs are also likely to be lower, as there will be less contractual work.

Also, by consolidating more business through a strategic partner, there is a greater opportunity to benefit from scale economies.

3. DATA CONSISTENCY

Multiple service providers mean multiple ways of reporting and delivering data. You can end up with data silos that produce inconsistent insights.

By utilising fewer service providers you can ensure greater consistency in the formats in which you receive and manage data, as well as time periods covered by each data set.

Likewise, it works the other way around: by relying on fewer providers, you don't have to share your company's own data and confidential information as widely.

4. SPEED

It can be simpler and quicker to use fewer service providers. A service provider that is familiar with and knows your business will develop a better understanding of your firm's processes and, for example, the types of demands your compliance team will place on them. It's a neater and more efficient way of working.

In addition, as and when new requirements emerge, you will already have the necessary commercial agreements and due diligence in place, reducing onboarding time and getting you the support you need at a much faster pace.

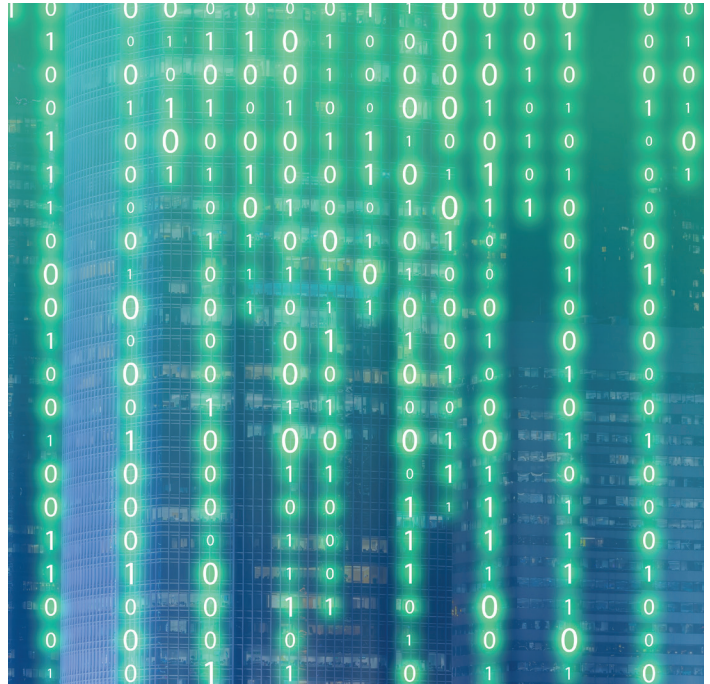
5. SINGLE POINT OF CONTACT

Relationship management is much easier when you have fewer service providers to keep up with. When you have an issue or concern, then you know exactly who to speak to and can do so with the confidence that they'll resolve it quickly and efficiently on your behalf.

HOW WE CAN HELP

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If you would like further information about solutions and services, or have any questions, contact us at +353 1 207 9781 or FCS_Sales@broadridge.com.



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