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Strategic Outsourcing using Agentic AI



Opportunities for Private Equity Operating Partners and the Portfolio Companies

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"Strategic outsourcing isn't just a cost tactic for **Private Equities**, it is a **value creation engine** that enhances profitability, scalability, and attractiveness of portfolio companies, when properly paired with Agentic AI capabilities, it can deliver **premium exits** and **stronger investor returns.**"



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For decades, private equity (PE) has relied on a familiar playbook: financial structuring, disciplined cost control, and well-timed exits. That formula still matters—but it is no longer sufficient.

Today, the pressure on PE firms is unmistakable. Value creation must happen faster. Portfolio companies are more complex. Integration challenges—from fragmented systems to inconsistent processes—continue to erode returns. And increasingly, operational execution, not deal-making, determines success.

The next frontier of alpha value creation lies not in financial engineering, but in **strategic outsourcing—supercharged by agentic AI**.

Private Equity's Next Alpha Isn't Financial Engineering—It's Strategic Outsourcing with AI



From Cost Cutting to Value Creation

Outsourcing has long been viewed as a blunt instrument for cost reduction. That perception is outdated. Properly deployed, strategic outsourcing is not a tactical expense lever—it is a core engine of enterprise value creation.

The evidence is increasingly hard to ignore. Leading PE firms are already outsourcing large portions of finance and accounting, fund administration, and middle- and back-office operations. In fact, over 70% of investment firms now rely on external partners for key support functions.

Why? Because outsourcing directly improves the metrics that matter most at exit:

- ❖ Faster financial closes
- ❖ Audit-ready reporting
- ❖ Stronger controls and compliance
- ❖ Greater scalability across portfolio companies

These aren't back-office efficiencies—they are valuation drivers. In many cases, they translate into higher exit multiples and fewer diligence surprises, strengthening the equity story for buyers.

The Seven Levers of Operational Alpha

Strategic outsourcing delivers value across multiple dimensions, but its impact can be distilled into seven critical levers:

1. Immediate EBITDA uplift via cost efficiency
2. Sharper management focus on growth
3. Enhanced capabilities – protect business know-how
4. Accelerated adoption of AI
5. Scalable infrastructure for buy-and-build strategies
6. Reduced operational and compliance risk
7. Greater organisational maturity

Together, these levers shift outsourcing from a defensive tactic to an offensive strategy—**one that directly enhances both profitability and exit readiness.**



Enter Agentic AI: A Force Multiplier



If outsourcing is the engine, **agentic AI is the turbocharger**.

Private equity is beginning to recognise AI's transformative potential—but adoption remains uneven. While more than 40% of CFOs are already experimenting with AI, many initiatives stall due to fragmented processes, hallucinations, legacy integration, regulatory/compliance risks, weak governance.

This is where the strategic outsourcing model proves its worth.

Rather than deploying AI in isolation, leading firms are embedding it within **structured, outsourced operating models**. Here, AI operates inside clearly defined workflows—reconciliations, financial reporting, investor communications—under human supervision and robust controls.

The results are striking:

- Up to **50–60% cost savings** in most functions
- 80–90% reductions in manual processing time
- Faster closes and improved reporting accuracy
- Audit-ready outputs with full traceability

But perhaps the most important benefit is strategic: AI combined with outsourcing creates **repeatable, scalable operating models** that can be deployed across entire portfolios and create a defensible moat.

Getting the most out of AI requires an Outsourcing-first strategy

Yet there is a caveat—one that **many PEs and Operating Partners underestimate**.

Getting the most out AI requires an outsourcing-first strategy. Gone are the days when operating partners could spend an initial 18 – 24 months to address broken processes in their portfolio companies. Today, strategic outsourcing using agentic AI is capable of digesting existing processes and fix them using advanced modelling and analytical toolkits. As one senior operating partner puts it, automating workflows using AI agents "identifies and eliminates redundant processes delivering better outcomes at lesser time and cost."

The sequence matters:

1. Outsource-first to strategic partner experts
2. Streamline and optimise operations with aid of advanced modelling toolkits
3. Then apply AI Agents in a structured layer

This "shift, sift, and scale" approach allows firms to front-load value creation within the first 18 – 24 months—often increasing exit valuations by as much as 20–50%.



A New Operating Model for PEs and PortCos – advent of FDEs

Strategic outsourcing also reshapes how firms think about organisational design.

The emerging model replaces traditional headcount growth (FTEs) with **Forward-Deployed Engineers (FDEs)**—specialist teams combining domain knowledge, operational capability, and AI-enabled toolkits that enable a faster enterprise adoption of agentic AI skills.

This offers several advantages:

- Access to high-quality talent without fixed cost burdens
- Built-in scalability for acquisitions and integrations
- Stronger governance through defined SLAs and KPIs
- Greater resilience in volatile market conditions

Importantly, accountability does not shift outward. General partners and finance leaders retain ownership of risk, policy, and decision-making, while outsourcing partners execute within structured frameworks.

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The Competitive Imperative

The broader context makes this shift unavoidable.

PE firms are facing:

- Increasing pressure to generate faster returns
- Capacity constraints within portfolio companies
- Value leakage during integration phases
- Rising complexity in regulatory and reporting environments

Against this backdrop, strategic outsourcing offers a rare combination of benefits:

- **Efficiency** through cost arbitrage and process transformation
- **Control** via standardised governance and compliance
- **Effectiveness** through access to global expertise and scalable operations

Few other levers can deliver across all three simultaneously.

The Road Ahead

The question is no longer whether outsourcing and AI will reshape private equity—it is how quickly firms will adapt.

Early adopters are already embedding these capabilities into their **100-day plans**, aligning outsourcing strategies with value creation roadmaps, and partnering with specialised providers to execute transformation at speed.

Those that hesitate risk falling behind—not just in cost competitiveness, but in their ability to scale, integrate, and ultimately exit at premium valuations.

The industry is at an inflection point. The firms that win the next decade of private equity will not simply be better investors. They will be better operators—leveraging **strategic outsourcing and AI as core pillars of value creation**.

In this new era, alpha will not be engineered in spreadsheets alone. It will be built—in systems, processes, and partnerships that turn operational excellence into enduring advantage.

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Next-Level Valuation

- Strategic outsourcing with agentic AI enables hyperautomation + human-in-the-loop.
- Handles 80-90% of mid and back-office processes including F&A, Fund Admin.
- Establishes follow the sun global Finance operating model, multi-entity, multi-GAAP.
- Lowers costs through outsources delivery; enhances quality via AI + expert validation.
- Deliver faster change as strategic outsourcing partner brings in:
  - Pre-built processes and financial reconciliation templates
  - AI-ready operating models
  - Industry best practices and proven expertise.

The Bottom Line

- Strategic outsourcing with agentic AI delivers intelligent Finance and back-office operations.
- AI drives automation, speed, decision-making. Expert outsourcing partner ensures control, expertise, scalability.
- Together, they shift Operating Partners' F&A and Fund Admin from labour-driven tedious work to autonomous, insight-driven, high-impact activities.

Table below gives five concrete examples

#	Use Cases (F&A, Fund Admin.)	How Strategic Outsourcing Enhances It	What Agentic AI Does	Combined Impact
1	Invoice Processing & Exception Handling (F&A - AP)	Outsourcing partner manages vendor onboarding, exception queues, runs and supervises AI agents with domain expertise.	Automates invoice capture, matching, posting, and resolves exceptions autonomously.	Near "lights-out AP" with human oversight only on edge cases; scalable global operations.
2	Month-End Close Orchestration (F&A)	Strategic outsource partner executes standardized close activities and monitors AI-driven workflows across entities.	Coordinates close tasks, posts journals, tracks dependencies, reduces delays.	Faster global close (multi-entity), standardized processes, 24/7 execution model
3	Intelligent Financial Reconciliation & Break Resolution (F&A, Fund Admin.)	Outsourcing teams act as "exception managers," resolving complex breaks and improving reconciliation rules/models	Identifies and investigates breaks; auto-resolves simple mismatches	High automation + expert resolution → significantly reduced reconciliation backlog
4	Net Asset Value (NAV) Calculation & Validation (Fund Admin.)	Fund admin service providers supply market data expertise, pricing policies, and regulatory oversight	Automates pricing validation, NAV computation, anomaly detection	Scalable NAV operations with reduced risk and strong compliance controls
5	FP&A Scenario Planning & Decisioning (F&A)	Offshore/nearshore FP&A centers refine models, validate AI outputs, and provide business context	Generates forecasts, runs scenarios, recommends actions	Continuous planning + human insight → more reliable, actionable financial decisions

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