
Alternative Asset Service Providers Look to Adapt to Changing Industry

Quality solutions at competitive prices seem well-positioned to succeed in the current market

As the world of alternative assets continues to grow and evolve, reaching \$9.45tn in assets under management as at December 2018, fund managers have become more transient in their service provider relationships. Service providers have had to adapt quickly to meet their needs: the industry has become more global, regulatory demands have increased, technology has advanced, and competition has ramped up. Based on Preqin's October 2019 fund manager survey, dissatisfaction with the quality of service and cost have been the main reasons why private capital fund managers have chosen to change their service providers. In the past 12 months, 46% and 31% of fund managers have changed their accountants and fund auditors respectively. Furthermore, the survey finds that the smaller fund managers are, the more likely they are to have changed service providers.

For more information and analysis, see the full *Service Providers in Alternative Assets Report* here:

<https://docs.preqin.com/reports/Preqin-Special-Report-Service-Providers-in-Alternative-Assets-December-2019.pdf>

Maeve McHugh, Head of Service Provider Products:

“The alternative fund management industry has seen an unprecedented period of evolution in recent years. In particular, the way in which fund managers use technology, and the expectations of LPs in regard to technology-driven transparency, mean that the kind and quality of support expected from service providers is very different compared to a decade ago. Increasingly, service providers need to show they are at the forefront of technological change in order to attract and retain business. At the same time, the rate of regulatory changes and political uncertainty within this hyperconnected global industry means that service providers must keep on top of rapidly shifting dynamics and be prepared to react to multiple eventualities, hugely increasing the demands put upon them in order to operate.”

Key Alternative Asset Service Provider Facts:

- In 2019, **75% of alternative assets fund managers surveyed have changed at least one of their service providers.**
- **Quality of service was the primary reason fund managers changed** their accountants, fund administrators, fund auditors and placement agents for 39%, 56%, 25% and 45% of respondents respectively.
- **A shift in strategy was the main reason 33% of fund managers changed their fund formation law firm and cost was the main reason 44% of fund managers changed the law firm they use for transactions.**
- By assets under management, nearly a third (**31%**) of fund managers that hold less than \$100mn have **changed their service providers**, followed by 22% of fund managers holding from \$100mn to \$249mn.
- By headquarters, **the largest proportion (49%) of fund managers that have changed service provider are based in North America**, followed by 33% of fund managers based in Europe.

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