



Lift-outs

Can lift-outs lower operational costs
and enable growth strategies?



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Foreword

Private markets face mounting pressures. Costs are rising, fee margins are under strain, regulatory demands are increasing, and investors want greater transparency. At the same time, managers are pursuing growth across new markets, products, and investor channels.

The question is whether traditional operating models can keep pace with these dual pressures.

Recent research undertaken in partnership with Global Custodian shows that 65% of firms have already engaged in lift-outs to transition in-house functions to specialist providers.

The main drivers are clear:

- ✓ 58% seek cost reduction
- ✓ 52% want access to skilled talent
- ✓ 50% aim for better technology solutions
- ✓ 43% see risk management as a motivator

The research also highlights that 70% of managers say better technology would make lift-outs more attractive, while 59% point to improved regulatory frameworks and 53% to stronger support from service providers as factors that could increase adoption.

These are not abstract trends. They show a shift in how managers think about their businesses. Functions once seen as overhead are now being repositioned as strategic enablers of scale and growth.

Lift-outs make this possible. By transferring teams to a specialist provider, managers preserve knowledge while gaining access to infrastructure, governance, and global reach that would be costly to build alone. Fixed costs become variable. Leadership can focus on investment strategy. Growth ambitions are no longer held back by in-house limits.

This eBook provides a practical guide to lift-outs. It explains how they work, why they are gaining traction, and the considerations for managers assessing whether they are the right step. Grounded in industry research and practical insights, it is designed as a clear resource for decision-makers preparing their firms for the next stage of growth.



“Lift-outs are no longer a tactical solution for the back-office; they are a frontline strategy for growth and investor confidence.”

Walter Westervelt

Director, Strategic Engagements

Chapter 1: Understanding lift-outs

Growth strategies and lift-outs in 2026

As competition for capital intensifies, fund managers are under pressure to refine their operations. Institutional investors expect higher levels of reporting, transparency, and governance than ever before. At the same time, regulatory requirements are stretching in-house teams and forcing managers to consider whether their current set-up can sustain long-term growth.

For many, 2026 planning is a natural time to re-evaluate. Fund launches are being timed around market recovery, new product types are coming to market, and global expansion is back on the agenda. This raises the question: should operations remain in-house, or is it time to consider a lift-out?

What is a lift-out?

A lift-out involves transferring an entire operational team to a specialist firm, while they continue servicing the same funds and clients as before. The function moves intact, including people, knowledge, processes, and client relationships.

The difference from traditional outsourcing is continuity. The same employees remain in place, but they now work within the infrastructure and governance of the provider. For clients, the transition is seamless.

This is no longer a niche idea. Research shows that 65% of firms have already engaged in lift-outs to move in-house functions to third-party providers.

How lift-outs differ from outsourcing

Traditional outsourcing often transfers tasks without the expertise behind them. Lift-outs avoid this disruption by moving both the function and the team.

Why lift-outs matter

Lift-outs address a fundamental challenge: in-house operations that absorb resources but limit growth.

Financial benefits

- Convert fixed costs into variable expenses that scale with activity
- Preserve capital for investment rather than infrastructure
- Reduce per-transaction costs through shared services

Strategic benefits

- Leadership can focus on investment performance and fundraising
- Capacity scales with growth: new funds, strategy changes, and expansion into new jurisdictions
- Stronger governance and compliance frameworks reassure investors

For managers, this creates flexibility and growth capacity. For employees, it provides career development within larger platforms. For investors, it signals continuity and resilience.

Why lift-outs succeed where hiring and outsourcing fail

- Lift-outs retain institutional knowledge and culture
- Hiring individuals takes time to build team cohesion and is significantly more costly
- Lift-outs transfer complete teams, preserving relationships, work rhythms, and client trust

Chapter 2: The drivers behind lift-outs

Private markets face converging pressures that make traditional operating models harder to sustain. 65% of firms have already engaged in lift-outs, driven by four main motivations.

Cost pressure: 58% seek reduction

Fixed costs for employees, systems, compliance, and office space weigh heavily on margins regardless of fund performance. As fee compression intensifies, managers need cost structures that flex with activity.

A lift-out converts fixed expenses into variable costs that scale with fund size and activity. This preserves margins in tougher periods and avoids heavy overheads during expansion.

Talent constraints: 52% want access to skilled talent

Small teams face natural limits. Career paths are narrow, expertise is costly, and key person risk is high. Retaining skilled employees becomes harder when professionals see limited opportunity. Finally, as staff near the end of their tenure, finding qualified replacements becomes an ever-greater challenge.

Lift-outs move employees into larger firms where their function is a core competence, creating defined career paths, specialist training, and broader opportunities to leverage their experience. Managers retain knowledge while accessing expertise that would otherwise be too costly to build internally.

Technology gaps: 50% aim for better solutions

Legacy systems seldom keep pace with rising data demands and investor expectations. 70% of managers say better technology would make lift-outs more attractive. Yet enterprise platforms require capital and expertise that few firms can justify.

Providers deliver immediate access to institutional-quality technology, analytics, and reporting without the risk or cost of in-house development.

Risk management: 43% place mitigation as a priority

Compliance demands multiply across jurisdictions and investor due diligence is increasing. 59% of managers highlight improved regulatory frameworks as a factor that strengthens the appeal of lift-outs.

Specialist providers offer dedicated compliance teams, regulatory insight, and proven governance frameworks that individual firms cannot cost-effectively replicate.



Chapter 2: The drivers behind lift-outs

The scale equation: 24% need scalability

Fund managers face a choice: they can invest heavily in infrastructure or accept limits on growth and margins. Lift-outs resolve this by providing immediate access to scale, technology, expertise, global reach, and compliance, without the investment or management burden.

Lift-outs allow managers to redirect resources toward investment performance and fundraising.

The scale advantage

Lift-outs give managers access to capabilities that are difficult to build alone:

- Shared technology investment
- Specialist expertise
- Global market coverage
- Strong regulatory support
- Efficient, standardised workflows

Main drivers behind the decision to execute a lift-out

58% Cost reduction



52% Access to skilled talent



50% Access to advanced technology



43% Risk management



24% Scalability



Chapter 3: The strategic and financial benefits

A lift-out does more than relieve operational pressures. It reshapes the way firms operate, compete, and grow. The benefits fall into four areas: economics, investor confidence, employee stability, and strategic capacity.

Economic flexibility

Lift-outs change the financial model of operations. Fixed costs for employees, office space, and technology become variable expenses, adjusting with activity levels and freeing capital for investment.

For leadership, the impact is immediate. Less time is spent managing non-core teams and overhead, and more time can be directed toward investment performance, fundraising, and strategic growth.

Investor experience

Fundraising depends on more than track record. Investors now assess whether managers can scale without adding operational risk. Lift-outs address this concern directly.

- Institutional-grade systems and governance reassure allocators that oversight and reporting standards will not weaken as assets grow
- Demonstrating that operations are already embedded in proven platforms signals readiness for both institutional and retail flows
- Stronger compliance frameworks give comfort that managers can meet evolving regulatory expectations

For investors, a lift-out is a visible commitment to resilience.

Employee continuity and opportunity

One of the most important features of a lift-out is the ability to maintain continuity and avoid disruption. Teams move intact, transporting knowledge of processes, clients, and fund history with them.

At the same time, employees gain the opportunity to build careers in larger firm. With structured training, broader peer networks, and defined career paths, employees often see a lift-out not as a loss, but as a step forward. This enhances retention and morale at a critical moment.



Chapter 3: The strategic and financial benefits

Strategic capacity

Perhaps the greatest benefit lies in the platform lift-outs create for growth.

- **Market expansion**

Providers with international reach make it possible to enter new jurisdictions quickly, without building local infrastructure from scratch. Real estate and infrastructure managers particularly benefit, since cross-border structures and compliance reporting are too costly to replicate in-house.

- **Product diversification**

Multi-asset platforms allow managers to launch new fund types more easily. Private credit managers, for example, have used lift-outs to scale quickly into retail distribution channels, gaining the technology and reporting capability needed for wider access.

- **Retail opportunity**

With retail interest in private markets accelerating, providers offer the digital onboarding, transparent reporting, and consumer protections required to serve this segment effectively.

Lift-outs turn operational infrastructure from a constraint into a competitive advantage.

A platform for growth

For managers, a lift-out delivers freedom to focus on performance. For investors, it provides assurance that operations are resilient. For employees, it offers both continuity and opportunity. And for the business, it creates a scalable platform for growth.

As cost and efficiency pressures continue to grow, lift-outs are poised to become a mainstay within the industry

Factors that make lift-outs more attractive in the future

70% Access to better technology

59% Improved regulatory frameworks

53% Stronger support from service providers

33% Enhanced retention strategies

Chapter 4: Managing the transition

A lift-out succeeds in execution. The transition stage is where value is either unlocked or lost. Success depends on setting clear objectives, managing people with care, and keeping systems and service levels stable throughout.

Planning and scope

The foundation of a smooth transition lies in preparation. Managers should:

- **Define objectives**
Be clear on the goals for cost reduction, growth capacity, technology improvements, and risk mitigation
- **Set scope**
Decide which functions remain core and which are suitable for transfer
- **Phase the approach**
Sequence complex transitions to reduce disruption
- **Map integration needs**
Ensure retained functions connect seamlessly with those being transferred
- **Select providers carefully**
Evaluate technical capability, geographic reach, compliance expertise, cultural fit, and track record

People and communication

Employees are central to continuity and morale. A lift-out can feel unsettling, so engagement is critical. Best practice includes:

- **Early involvement**
Bring teams into planning discussions as early as possible, given the sensitivities of a lift-out
- **Transparent updates**
Provide clear timelines and regular progress reports
- **Highlight opportunities**
Show how employees can benefit from career growth within the provider
- **Retention focus**
Identify key personnel, align incentives, and support cultural integration
- **Training and onboarding**
Prepare teams to use new systems while maintaining service standards

Employee loyalty hinges on transparency. Leaders who involve teams early, explain career paths, and preserve culture reduce attrition and can even strengthen morale post-transition



Chapter 4: Managing the transition

Technology migration and continuity

Technology transfer is often the most complex part of a lift-out. Managing it carefully prevents disruption and protects data integrity. Key steps include:

- **System assessment**
Map existing infrastructure, data flows, and dependencies
- **Phased migration**
Run legacy and new systems in parallel where possible
- **Testing protocols**
Validate systems thoroughly before full adoption
- **Data safeguards**
Put controls in place to maintain accuracy
- **Contingency plans**
Have backup procedures ready if problems arise
- **Continuous monitoring**
Track service levels and resolve issues quickly



Service levels and continuous improvement

Formal frameworks provide assurance during and after the transition:

- **Service-level agreements**
Define expectations for accuracy, timeliness, and client servicing
- **Key performance indicators**
Track efficiency, error rates, and cost outcomes
- **Governance structures**
Steering committees and escalation procedures maintain oversight
- **Ongoing improvement**
Review processes, upgrade systems, and gather stakeholder feedback regularly

A lift-out is more than a transfer of people and processes. Done well, it strengthens culture, streamlines operations, and creates the platform for future growth. Done poorly, it risks undermining both employee confidence and investor trust. Execution is the difference.

Transition pitfalls to avoid

- Unclear objectives that cause scope creep
- Weak communication that damages employee morale
- Underestimating technology migration complexity
- Lack of measurable KPIs or SLAs

How can we help?

Whether a lift-out is right for your fund depends on strategic objectives and operational realities. The decision requires an honest assessment of where you want to be in three years and whether current operations can support that vision.

For managers focused on growth, fundraising, or launching new strategies, the operational flexibility and leadership capacity that lift-outs provide may justify the transition. For firms with efficient, cost-effective operations that already meet strategic goals, the benefits may be more limited.

Use the decision toolkit in the appendix to evaluate your specific situation systematically.

Positioning for the future

Looking ahead, successful managers will be those who align operational decisions with growth ambitions. For some, that will mean continued in-house investment. For others, a lift-out will deliver the scale, governance, and technology needed to compete effectively.

Lift-outs are no longer the exception; they are the rule. With 65% of firms already adopting the model, they are mainstream infrastructure in private markets. The question is not whether operations matter strategically, but whether lift-outs offer the right structure for your growth plans.

Market dynamics will keep pressuring traditional operating models: fee compression, regulatory complexity, investor demands for transparency, and competition for both institutional and retail capital. Managers who address these pressures proactively, whether through lift-outs or alternative approaches, position themselves for sustainable advantage.

Our support

Our acquisition experience across operational integrations has given us a deep understanding of the complexities of merging people, technology, and processes, positioning us to guide you through operational challenges. We enable both cost efficiency and capacity for growth.

Whether you are evaluating options or preparing for implementation, we offer practical guidance grounded in real-world experience across asset classes and jurisdictions.

Contact us to discuss your operational strategy and lift-out considerations.

[Contact us](#)

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By lifting out your team to a business like Apex, asset managers gain access to a range of advanced technology solutions, regulatory expertise and industry best practices - while maintaining all the specific knowledge of your fund. That operational efficiency aspect is certainly something that institutional investors are increasingly asking for.”

Elaine Chim, Global Head of Fund Services

Appendix: Lift-out decision toolkit

This toolkit is designed to help managers test whether a lift-out is the right strategic choice, and to assess readiness before committing to execution.

Strategic fit

- ☐ Are fixed costs placing pressure on margins?
- ☐ Do current systems meet investor expectations for governance and transparency?
- ☐ Will expansion plans require new jurisdictions or fund types beyond current capacity?
- ☐ Is leadership time being consumed by operational management?
- ☐ Are employee retention risks linked to limited career opportunities?

Investor due diligence

- ☐ Can the operating model scale to support new products and retail flows?
- ☐ Are contingency plans in place for technology migration and data integrity?
- ☐ What are the long-term staff planning and outlook?
- ☐ Are governance and reporting frameworks aligned with institutional standards?

Comparing models

- ☐ Do in-house operations remain cost-effective and scalable?
- ☐ Would traditional outsourcing risk losing knowledge and continuity?
- ☐ Does a lift-out offer the best balance of scale, continuity, and resilience?
- ☐ How would efficiencies created by better technology platforms affect your operations teams?

Transition planning

- ☐ Are objectives clearly defined for cost, scale, technology, and governance?
- ☐ Have criteria been agreed for provider selection?
- ☐ Is there a phased transition plan with clear milestones?
- ☐ Is an employee engagement and communication strategy prepared?
- ☐ Are technology testing protocols and parallel runs planned?
- ☐ Will SLAs and governance structures be agreed with the provider?



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