



Revolutionizing Middle Office Operations: The Strategic Advantage of Offshoring

March 2025



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Introduction

From its humble beginnings to its evolution over time, the concept of middle office operations outsourcing has been evolving. What initially was limited to calculating profits and losses from trade activities primarily within investment banks and foreign exchange markets, has today transformed into a new industry itself that we today call KPO or Knowledge Process Outsourcing.

With the technological innovation as catalyst, the purview of Middle Office Operations Support Outsourcing has seen a tremendous upside, not just for these service providers but for organizations who wants to leverage this growth potential and expand their reach beyond its competitors, who are still following traditional age-old methods.

Middle office operations play a critical role in managing risks and maintaining transparency. Outsourcing these functions to specialized provider like Evalueserve can help financial institutions avoid similar pitfalls by leveraging expertise, advanced technology, and scalable solutions - everything powered by Evalueserve's mind+machine™.

With Evalueserve middle office operations outsourcing is not just limited to traditional calculation of profit and losses, or trade activities. In fact, our team at Evalueserve acts as an extension of your onshore team facilitating functions like Trade operations and settlement support, Investment accounting, Client reporting, Data aggregation, Performance measurement, CLO Operations, Pricing, Reconciliation and almost anything that you seek our help with.

Elevating Middle Office Operations with Shadow Accounting

Even with dedicated fund administrators, many Hedge Funds and Private Equity firms choose to keep an in-house shadow accounting team. This team is essential for verifying the work of fund administrators and ensuring the accuracy of financial data. Shadow accounting offers an independent review of NAV calculations, fee calculations, and other vital financial metrics. Key areas of shadow accounting support with Evalueserve include:

Trade Operations

Provides trade confirmations, resolves trade breaks, manages counterparty confirmations, monitors cash flows, and handles liquidity management.

NAV Validation

Shadow accounting teams independently compute the Net Asset Value (NAV) of the fund to ensure the administrator's NAV calculation is accurate.

Performance Attribution Analysis

Our teams perform their own analysis to understand the factors driving fund performance and to identify any discrepancies.

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Elevating Middle Office Operations with Shadow Accounting

Reconciliation

Helps with reconciliation of positions and transactions between the administrator's records and the fund's internal records to ensure consistency.

Regulatory Reporting

Shadow accounting teams also help in preparing and reviewing regulatory reports to ensure compliance.

CLO Operations

Maintaining monthly and quarterly P&L reports, daily ACB and IPD reports, reconciliations, and more.

Market Size and Growth Projections

The middle office outsourcing market is set to grow from \$6.95 billion in 2024 to \$7.7 billion in 2025, with a CAGR of 10.8%. This growth is driven by big data analytics, urbanization, regulatory compliance needs, scalability, flexibility, and globalization.

Middle Office Outsourcing Market Size

In USD Billions

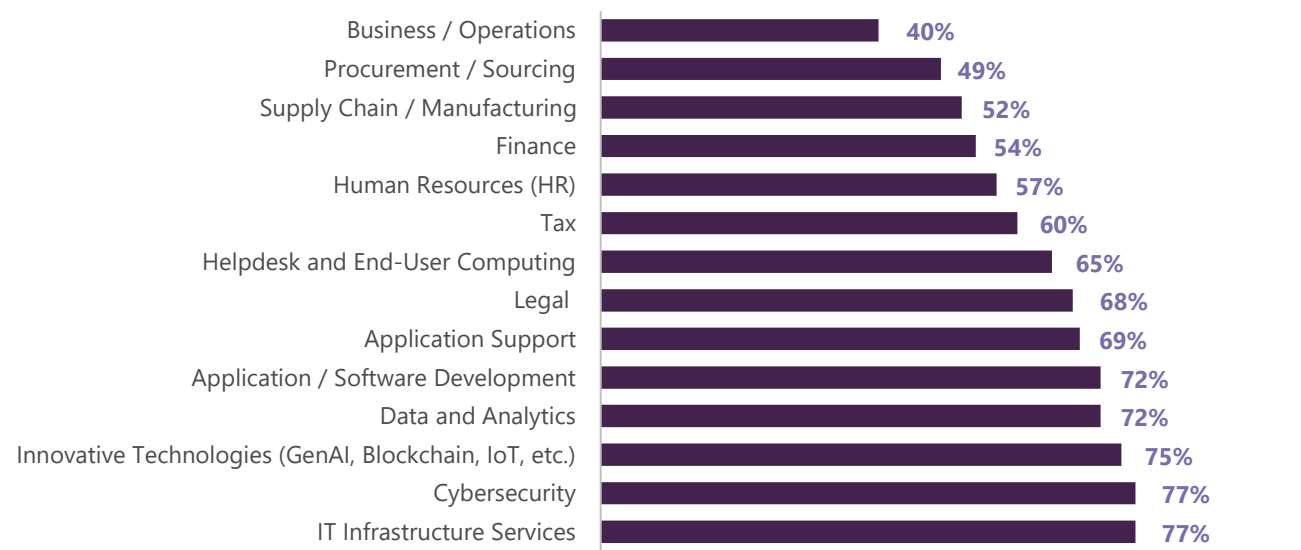


Source: Middle Office Outsourcing Global Market Report 2025 by [The Business Research Company](#)

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Current Functional areas using external service providers

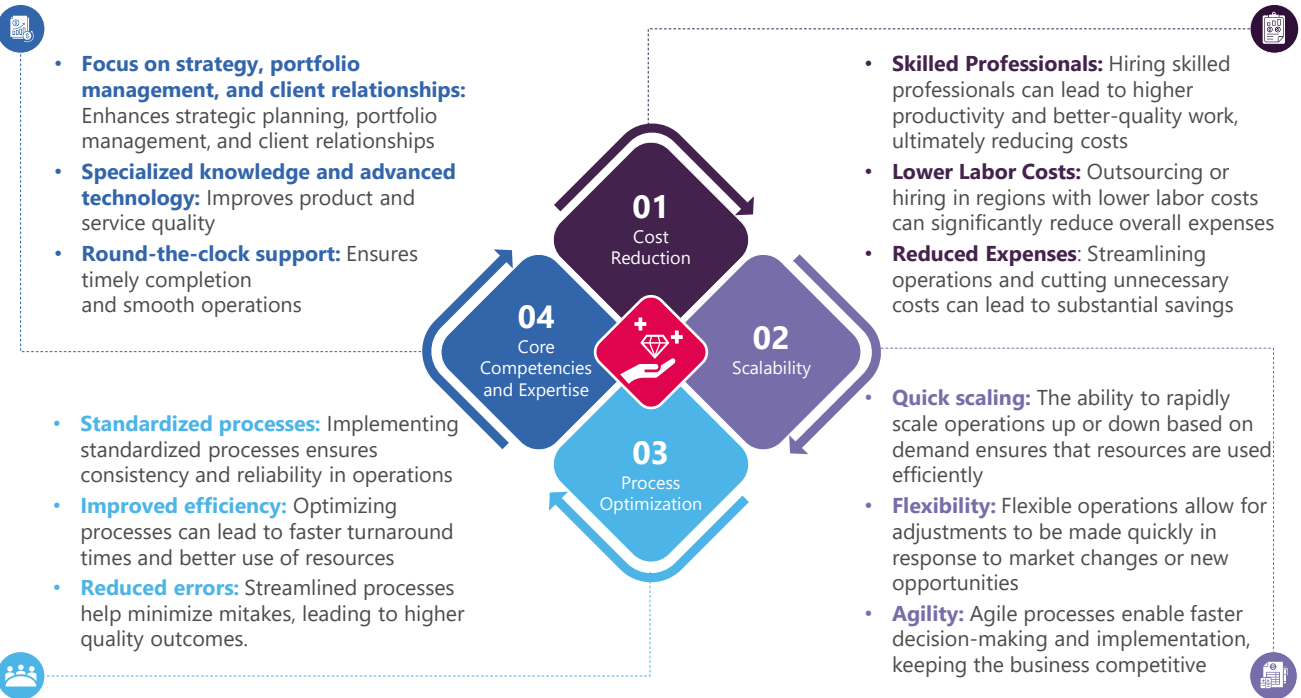
Overall, 54% of the Finance executives report outsourcing various business functions, underscoring the importance of flexibility, scalability, and specialized skills that external providers bring to the table.



Source: % of organizations outsourcing by scope area; Source: [Deloitte Global Outsourcing Survey 2024](#)

Middle Office Operations Outsourcing: A Competitive Edge with Evalueserve

Middle office operations outsourcing can serve as a competitive moat for a financial services business:



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The Strategic Edge of Evalueserve's Middle Office Outsourcing

Outsourcing middle office operations and shadow accounting to Evalueserve provides strategic advantages, including cost savings and operational efficiencies through specialized expertise and advanced technology. This enables firms to focus on core activities like investment management while ensuring regulatory compliance. Evalueserve's scalable solutions and global presence allow firms to adapt to market changes and expand seamlessly, enhancing performance, managing risks, and driving sustainable growth.

Evalueserve offers research, analytics, and data management services across diverse industries. Utilizing AI-driven solutions, they help enterprise clients optimize decision-making and achieve actionable outcomes. By designing efficient processes, Evalueserve generates insights at scale, reducing costs and timescales. Clients include investment banks, commercial banks, asset and wealth management firms, private equity, venture capital firms, and index providers.

Conclusion

The strategic advantage of offshoring middle office operations lies in the ability to leverage specialized expertise, advanced technology, and scalable solutions. By partnering with Evalueserve, financial institutions can enhance their operational efficiency, manage risks more effectively, and ensure regulatory compliance. This not only allows firms to focus on their core activities but also positions them to adapt to market changes and drive sustainable growth. As the market for middle office outsourcing continues to expand, embracing these innovative solutions will be key to staying competitive and achieving long-term success.



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Abubakar has over 18 years of experience in asset management, investment banking, and private markets. Driven by his passion for academia, he has taught at various IIMs across India.

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