ASCENSUS INSIGHTS

# Outsourcing: Getting to Go/No-Go

## Key Considerations for Choosing a Strategic Growth Partner

“Should we outsource any aspect of our retirement plan program?” This question is increasingly being asked in strategic planning meetings, especially by institutional retirement plan providers. For these firms, plan administration is not a core capability—solutions such as asset management, advice and advisory services, and other financial services may be the key drivers of their business model.

In *Rethinking Outsourcing: The Value of Tech-Enabled, Strategic Growth Partnerships*, part 1 of our Insights series, we explored how strategic growth partnerships can help improve efficiency, reduce business risk, and drive better client experiences—while freeing institutional retirement plan providers to focus on activities that can boost their firms’ core business growth over time.

In *Outsourcing: Getting to Go/No-Go*, part 2 of the series, we focus on key considerations of the crucial “go/no-go” decision—and what firms may want to look for in a strategic growth partnership to help them drive their businesses forward.

# Recordkeeping services 2.0

Historically, outsourcing has been viewed primarily as a cost-savings strategy—a defensive move to help institutional retirement plan providers reduce their technology and servicing burdens.

While this objective is still crucial, traditional outsourcing has given way to strategic growth partnership—an offensive play that enables firms to sharpen their focus on growing their businesses by leveraging the strength, capabilities, and expertise of a proven technology and administrative services provider.

## For financial institutions that want to grow their retirement business more sustainably, strategic growth partnerships offer game-changing advantages that enable them to:

#1

**Reduce administrative burdens**

by offloading repetitive back-office recordkeeping operations

#2

**Drive business outcomes**

by streamlining costs and boosting operational efficiencies

#3

**Reorient toward growth**

by redirecting resources and freeing staff to deliver on core or critical offerings at a high standard

#4

**Establish a first-mover advantage**

by delivering new products and services to market faster

"The difficulty lies not in the new ideas, but in escaping the old ones."

**-John Maynard Keynes**

# Go or no-go? Understanding opportunity

Despite growing interest in strategic growth partnerships, the decision about whether to leverage external support isn't always clear.

## Answering the following questions can help surface the best course of action:

Is your retirement plan business central to creating strategic value?

Are there aspects of your business you could outsource and, in doing so, reallocate resources to higher-margin activities or business lines?

What might a qualified partner do to elevate user experiences and service delivery while keeping them under the umbrella of your brand?

How does your firm differentiate itself across all solutions, not just retirement?

What is the ROI of maintaining your own retirement recordkeeping and operations infrastructure and/or talent?

**If you answered "I'm not sure" to any of these questions, you're not alone. However, now may be the time to leapfrog your competition by considering how strategic growth partnerships could help you position your firm for greater success.**

60%

of organizations are either currently assessing their outsourcing strategies or are planning to do so in the next 12 months.*

*Source: The Future of Outsourcing. 2023, KPMG LLP. https://kpmg.com/us/en/articles/2022/future-outsourcing.html

# How one bank addressed financial pressures and reinvested for growth

## Shaping the future

Retirement plans are often an attractive door-opener for financial institutions looking to gather assets or cross-solution additional products and services to new clients. However, meeting the demands of rapidly advancing technology, ever-evolving regulatory requirements, rigorous information security standards, and increasing plan sponsor and participant service expectations can challenge the resources, profitability, and reputation of institutional retirement plan providers.

This is especially true of firms for which recordkeeping is ancillary to their core business. Yet, when optimized, retirement plans are still a cost-effective growth channel for many. Consider the following example to understand why.

**Who:**

- **A large regional bank with 500+ branches in over 20 states**
- **$200+ billion in total assets**
- **$500 million in bundled retirement plan assets under management**

**Challenge:**

When the bank determined that the high cost of maintaining their legacy recordkeeping system was challenging the bank's profitability, it became clear something needed to change. While their initial thought was to spin off their retirement plan business to free up capital for core business needs, they decided to first explore their options.

After consulting with Ascensus, they quickly understood that their retirement plan business had legs. What they needed was a strategy to better manage the inherent financial and staffing challenges of servicing those plans.

**Solution:**

**Rather than divesting its retirement book of business, the bank's leadership decided to entrust the bank's recordkeeping services to Ascensus.**

Working with Ascensus was a natural fit. With a deep understanding of the unique needs of banks and the value that retirement plan services can bring to their business, Ascensus listened to the team's concerns and needs, and then showed them how strategic growth partnership would enable them to turn a lagging business line into a leading one.

**Results:**

**A full-service, strategic growth partnership that put them ahead of the competition**

Outsourcing has enabled the bank to shift the burdens of servicing their retirement plan business while still retaining—and even deepening—their plan sponsor and participant relationships. Leveraging Ascensus' technology and proven capabilities has enabled them to increase efficiency, manage risks, and unlock opportunities that can drive revenue—all delivered in a way that reflects and supports the bank's brand promise.

67%

of executives indicated a budget increase for strategic growth partnership solutions ("Operate Services" ) vs. 32% for traditional outsourcing.[1]

49%

Nearly half of executives said accessing new capabilities is the top reason they use strategic growth partnerships as their outsourcing strategy.[2]

# Third-party providers: Who you know matters

Institutional retirement plan providers are increasingly turning to strategic growth partnerships to fill gaps, drive value, and provide end-to-end solutions as they build a blueprint for the future. However, not all retirement services providers are equal, and what's right for one of your competitors may not be the best choice for your long-term business needs.

Start by envisioning the future state of your retirement plan business and how it can support your larger organizational goals. Then, as you assess potential outsourcing partners, consider their ability to deliver on these crucial qualities well into the future:


## Ascensus is the independent partner of choice.

Leading financial institutions rely on Ascensus to improve efficiencies, deliver value, expand distribution, and improve outcomes. Agile, "always-on" technology innovation, deep retirement plan administration expertise, and flexible service models enable partners to focus on their highest value drivers and realize strategic revenue with speed and an uncompromising, unconflicted commitment to quality.

**Learn more about institutional outsourcing opportunities with Ascensus [here](#) or email [ted.samsel@ascensus.com](mailto:ted.samsel@ascensus.com).**

[1]Deloitte Global Outsourcing Survey 2022. https://www2.deloitte.com/us/en/pages/operations/articles/global-outsourcing-survey.html

[2]Deloitte Global Outsourcing Survey 2022. https://www2.deloitte.com/us/en/pages/operations/articles/global-outsourcing-survey.html