



# The COO's guide to middle-office outsourcing & Aladdin® Provider

*In collaboration with BlackRock*

## **Aladdin**®

by BlackRock

## Why consider outsourcing the middle-office?

Outsourcing the middle-office is increasingly recognized as a strategic move for asset managers aiming to address **cost pressures**, **operational complexity**, and the need for **scalable infrastructure**.

### COST PRESSURES

Regulatory compliance, trade operations, risk management, and reconciliations are among the largest expenditures for operations departments. Outsourcing these functions to the right provider can help manage these costs more effectively, while also ensuring that firms remain agile and responsive to evolving regulatory demands.

By partnering with specialized asset servicers, firms can achieve considerable cost efficiencies—leveraging lower-cost locations and reducing headcount—which allows capital to be shifted to operational expenditure. This transition enables asset managers to focus internal resources on higher-value activities and strategic growth, **transforming the middle-office from a traditional cost center into a driver of competitive advantage**.

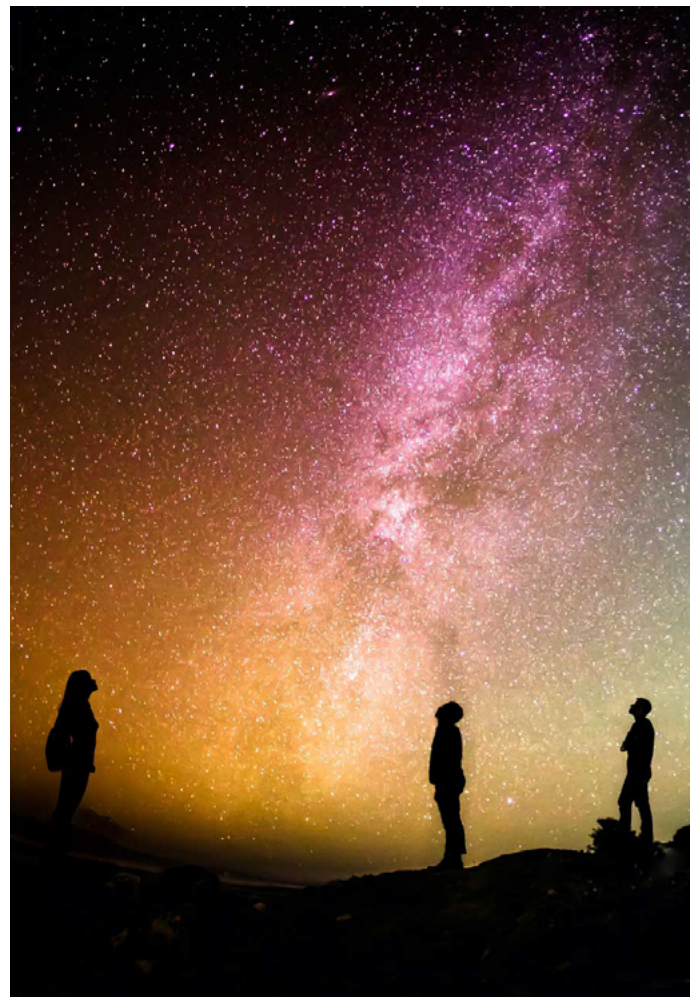
### OPERATIONAL COMPLEXITY

The ability to consolidate platforms and service models is crucial for long-term profitability. While there are valid concerns that outsourcing the middle-office can lead to increased complexity, choosing a solution that maintains a **single Investment Book of Record** and provides **real-time visibility** can achieve both cost efficiencies and operational control.

### SCALABLE INFRASTRUCTURE

Flexibility is another key advantage, as outsourcing is not a single-model approach. From fully insourced to hybrid and fully outsourced arrangements, asset managers need a choice to select the approach that best fits their strategic agenda and operational footprint.

In summary, outsourcing the middle-office offers asset managers a pathway to cost savings, operational efficiency, enhanced transparency, and greater flexibility, while enabling them to focus on their core business and adapt to a rapidly changing market environment.



## What is Aladdin Provider?

Aladdin Provider is a technology that helps asset managers and asset servicers to collaborate more efficiently by enabling tighter workflows and leaner operating models. With Aladdin Provider, asset managers can leverage **a more efficient front-to-back operating model**; better manage operational risk with real-time oversight; and achieve **a quicker transition to their target state**. By inviting the world's largest asset servicers to perform middle-office functions, asset managers benefit from **cross-organizational alignment, while retaining control**.

Aladdin Provider combines data access and system access arrangements to facilitate operational partnerships. The model allows asset managers to leverage a front-to-back operating framework, where core middle- and back-office functions—like confirmations, settlements, corporate actions, data management, and reconciliations—are performed by asset servicers using the asset manager's instance of Aladdin®.

This approach offers several benefits. By operating from **a single source of data**, both asset managers and servicers eliminate the need for reconciling different systems and double keying activities. This not only streamlines workflows but also enables staff to focus on higher-value tasks. The transparency and data consistency inherent in the Aladdin Provider model enables a more efficient deployment of talent, fewer errors, and easier issue resolution.

Aladdin Provider is not a one-size-fits-all solution. In its simplest form, the asset

servicer uses native Aladdin functionality to perform middle- and back-office functions for the asset manager. More advanced models include the asset servicer running shadow accounting and performance on Aladdin, or even hybrid arrangements where some functions are performed on proprietary systems.

In summary, Aladdin Provider is a partnership-driven operating model that enables asset managers to outsource middle- and back-office functions to asset servicers, all within the unified environment of the Aladdin platform. This delivers operational efficiency, transparency, and the ability to scale, while retaining control and oversight over critical investment operations.



## Operational benefits and challenges of outsourcing to Aladdin Provider

Outsourcing middle-office operations to Aladdin Provider offers asset managers a range of operational benefits. One of the most significant advantages is the ability to operate from a single source of data, which eliminates the need for reconciling different systems and double keying of activities.

### Key benefits:

- **Single source of data:** Eliminates reconciliation and duplicate data entry.
- **Cost savings:** No need to replicate data across multiple systems.
- **Operational efficiency:** Staff can shift focus to higher-value tasks.
- **Error reduction:** Fewer manual processes mean fewer mistakes.

Importantly, asset managers gain **real-time oversight** and visibility in one platform of all exception statuses across all middle-office workflows. This reduces the costs associated with replicating data across separate systems and removes latency.

### Additional advantages:

- **Reduced latency:** Eliminates delays caused by mismatched data models.
- **Faster issue resolution:** Unified workflows simplify problem-solving.
- **Enhanced governance:** Centralized dashboards and KPI reporting enable comparative analysis.
- **Choice of provider:** Gives clients flexibility in choosing the right provider partner. Clients are not “locked-in” to a single provider option.

As providers take on more middle-office business, maintaining scale and operational efficiency becomes critical. Aladdin continues to invest in middle-office capabilities that enable providers to operate efficiently across multiple client environments. This high level of operating efficiency allows providers to scale effectively while delivering a differentiated client service experience.

There are also considerations around data governance and the management of service level agreements, which require robust solutions such as shared KPI dashboards to ensure both parties have clear visibility into performance and outcomes.



## How Strata supports Aladdin Provider clients

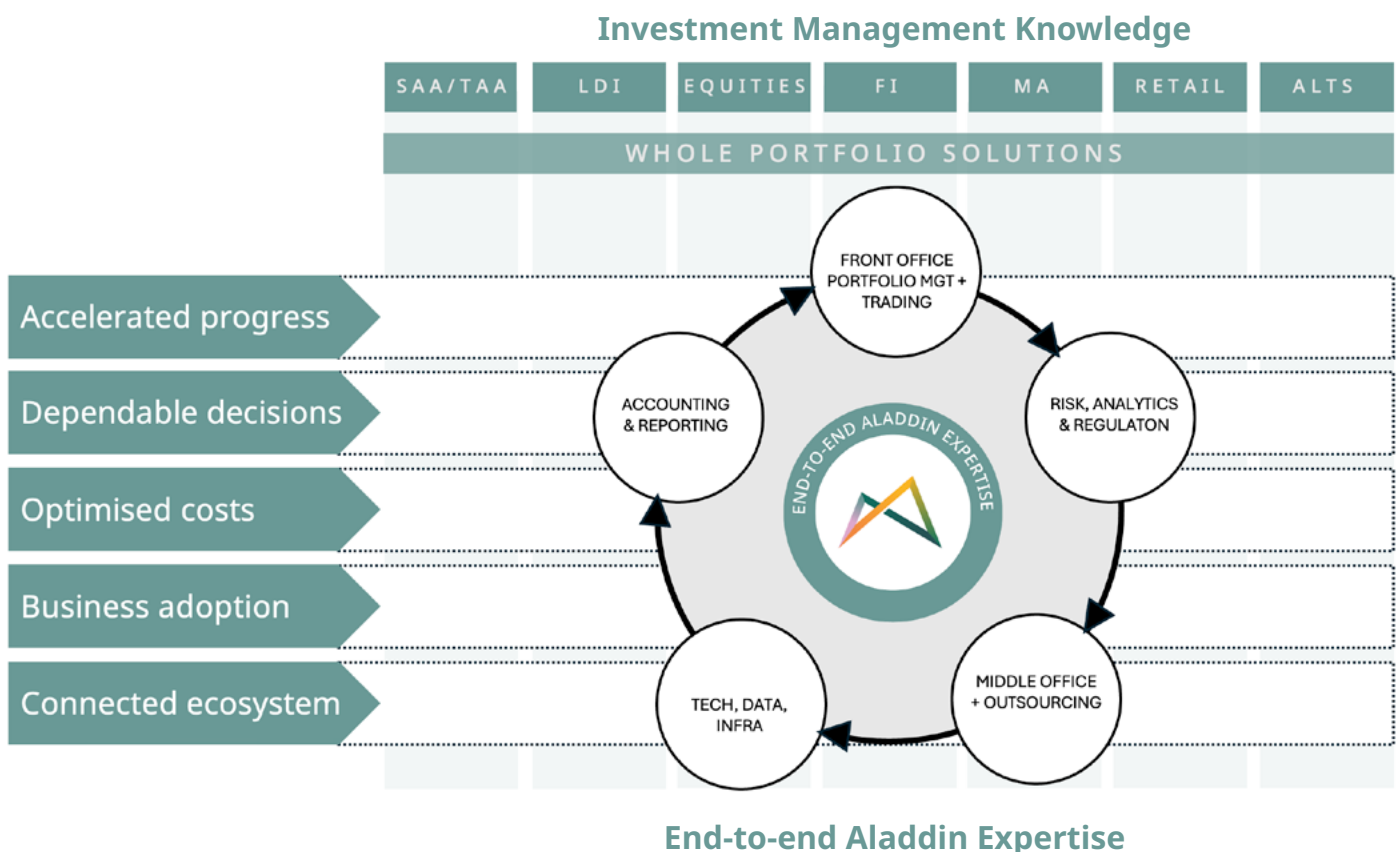
**Strata offers a comprehensive suite of services designed to support both asset managers and asset servicers as they connect into the Aladdin ecosystem.** With deep expertise in BlackRock’s enterprise Aladdin and eFront platforms, Strata provides end-to-end guidance across the investment lifecycle, including front office and trading, middle-office outsourcing and Aladdin Provider integration, accounting, performance, client reporting, risk, regulation, compliance, technology, data, and infrastructure.

**Strata’s strong track record in delivering the Aladdin Provider model means clients benefit from a practitioner-led implementation** experience and methodologies that underpin successful adoption. The firm regularly advises on target operating models, helping asset managers select the best-fit solution—whether outsourcing the middle-office, implementing Aladdin within an existing

outsourced model, or transitioning between providers.

Beyond advisory and implementation, **Strata specializes in integration and enterprise data strategy, enabling effective governance and cost-effective scale for outsourced middle-office operations.** The company delivers ongoing operational efficiencies—“operational alpha”—to drive competitive advantage for both asset managers and asset servicers.

To accelerate transformation and optimize operations, **Strata provides accelerators such as KPI dashboards and methodology-driven approaches.** These tools help clients quickly establish transparent governance, monitor service delivery, and benchmark performance, ensuring that the outsourced model delivers measurable value.



# Checklist for COOs considering outsourcing the middle-office

## **Project scope definition**

- Define the best-fit and most cost-effective middle-office outsourced operating model.
- Identify providers that can deliver this model on Aladdin.

## **Service integration**

- Consider what other services (e.g., custody, accounting, transfer agency) are required.

## **Current team structure and locations**

- Assess your current team structure and operating locations.
- Evaluate the cost of your existing operational footprint.

## **Function review**

- Review current functions and support mechanisms.
- Determine how these will change with a potential new service provider.

## **Fee structure**

- Evaluate the fees for the outsourced middle-office function.

## **Data management**

- Determine where your data will be stored and how easily it can be extracted.

## **Migration timeline and asset class support**

- Estimate how long migration will take.
- Confirm the asset servicer supports all your asset classes on Aladdin.

## **Technology assessment**

- Compare Aladdin versus proprietary tools used by the asset servicer.
- Assess the asset servicer's experience with Aladdin and eFront.

## **Provider's client base and portfolio solutions**

- Review the number, size, and type of clients the provider supports.
- Check if the provider offers whole portfolio solutions across public and private assets.

## **Provider model scalability**

- Confirm whether the asset servicer has taken steps to scale their model.

## **Target operating model**

- Define the functional support model and what is moving.
- Establish governance and oversight mechanisms.

## **Provider's use of Aladdin**

- Clarify if the provider will use the Aladdin platform's middle-office functionality exclusively or also their own systems.

## **Governance and oversight**

- Establish KPIs and metrics for a transparent and measurable relationship.



**Greg Welch**

CHIEF COMMERCIAL OFFICER

greg.welch@stratafsc.com



**James Moriarty**

HEAD OF ALADDIN PROVIDER RELATIONSHIPS

james.moriarty@blackrock.com



**ABOUT ALADDIN**

BlackRock Aladdin®—inclusive of the Aladdin platform, eFront®, Aladdin Wealth™, and Preqin—empowers institutional investors to make more informed decisions by providing a common data language across the whole portfolio. Used by asset managers and owners including banks, financial institutions, pensions, corporations, insurers, and wealth managers, our technology enables clients to manage the entire process from building portfolios and managing performance to operations and accounting. With Preqin, our integrated tech and data solutions support clients across the pre- and post-investment cycles. Complemented by our interconnected ecosystem of partners, BlackRock Aladdin helps firms stay agile as market dynamics and client demands evolve. Find out more at [www.blackrock.com/aladdin](http://www.blackrock.com/aladdin) | [request@blackrock.com](mailto:request@blackrock.com)

This material is provided for informational purposes only and is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. The opinions expressed are subject to change at any time without notice. The information and opinions contained in this material are derived from proprietary and nonproprietary sources deemed by BlackRock to be reliable, are not necessarily all-inclusive and are not guaranteed as to accuracy. Performance and risk calculations, including those incorporated into Aladdin technology, are based on assumptions, historical correlations, and other factors (such as inputs provided by the Aladdin users) and are not assured to predict future results. All graphs and screenshots are for illustrative purposes only. BlackRock's Aladdin platform is a financial technology platform designed for institutional, wholesale, qualified, and professional investor/client use only and is not intended for end investor use. Aladdin users undertake sole responsibility and liability for investment or other decisions related to the technology's calculations and for compliance with applicable laws and regulations. The technology should not be viewed or construed by any Aladdin users, or their customers or clients, as providing investment advice or investment recommendations to any parties. This material should not be construed as a representation or guarantee that use of Aladdin technology will satisfy your legal or regulatory, or tax or accounting, obligations. BlackRock, as provider of the technology, does not assume any responsibility or liability for your compliance with applicable regulations or laws, or tax or accounting obligations. For additional information on any of the descriptions contained herein, please contact your Aladdin Relationship Management representative. BlackRock may modify or discontinue any functionality or service component described herein at any time without prior advance notice to you.

Certain Aladdin technology products and services may not be offered by BlackRock in your local jurisdiction.

In the **U.S. and Canada**, this material is intended for institutional investors. **In the UK**, this material is for professional clients (as defined by the Financial Conduct Authority or MiFID Rules) and qualified investors only and should not be relied upon by any other persons. Please refer to the Financial Conduct Authority website for a list of authorised activities conducted by BlackRock. **In the EEA**, this material is for professional clients, professional investors, qualified clients and qualified investors. **For qualified investors in Switzerland:** This information is marketing material. This material shall be exclusively made available to, and directed at, qualified investors as defined in Article 10 (3) of the CISA of 23 June 2006, as amended, at the exclusion of qualified investors with an opting-out pursuant to Art. 5 (1) of the Swiss Federal Act on Financial Services ("FinSA"). For information on art. 8 / 9 Financial Services Act (FinSA) and on your client segmentation under art. 4 FinSA, please see the following website: [www](http://www).



blackrock.com/finsa. **In Singapore**, this is for use only with institutional investors as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore. In the provision of any of the services described herein, neither BlackRock (nor any of its affiliates) will be acting in a capacity as investment adviser or broker-dealer nor will it be performing the functions of an organized market or exchange (and has not been recognized as doing so by the Monetary Authority of Singapore). **In Hong Kong**, the technology and the material is for distribution to "Professional Investors" (as defined in the Securities and Futures Ordinance (Cap.571 of the laws of Hong Kong) and any rules made under that ordinance.) and should not be relied upon by any other persons or redistributed to retail clients in Hong Kong. **In Japan**, this is for Professional Investors only (Professional Investor is defined in Financial Instruments and Exchange Act). **In Australia**, issued by BlackRock Investment Management (Australia) Limited ABN 13 006 165 975 AFSL 230 523 (BIMAL) for the exclusive use of the recipient who warrants by receipt of this material that they are a wholesale client and not a retail client as those terms are defined under the Australian Corporations Act 2001 (Cth). **In Brunei, Indonesia and Malaysia**, this material is issued for Institutional Investors only. **In Latin America**, for institutional investors and financial intermediaries only (not for public distribution). No securities regulator within Latin America has confirmed the accuracy of any information contained herein. Please note that **IN MEXICO**, the provision of investment management and investment advisory services ("**Investment Services**") is a regulated activity, subject to strict rules, and performed under the supervision of the Mexican National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores, the "**CNBV**"). BlackRock does not provide, and it shall not be deemed that it provides through Aladdin and eFront technology, any personalized investment advice to the recipient of this document, by reason of its use or otherwise. These materials are shared for information purposes only, do not constitute investment advice, and are being shared in the understanding that the addressee is an Institutional or Qualified investor as defined under Mexican Securities (Ley del Mercado de Valores). Each potential investor shall make its own investment decision based on their own analysis of the available information. Please note that by receiving these materials, it shall be construed as a representation by the receiver that it is an Institutional or Qualified investor as defined under Mexican law. BlackRock México Operadora, S.A. de C.V., Sociedad Operadora de Fondos de Inversión ("**BlackRock México Operadora**") is a Mexican subsidiary of BlackRock, Inc., authorized by the CNBV as a Mutual Fund Manager (Operadora de Fondos), and as such, authorized to manage Mexican mutual funds, ETFs and provide Investment Services. For more information on the Investment Services offered by BlackRock Mexico, please review our Investment Services Guide available in [www.blackrock.com/mx](http://www.blackrock.com/mx). **In South Africa**, a provider who provides products or services to a client other than financial products or financial services, must disclose to the client the fact that the additional products or services are not regulated under the Act and therefore the client is not afforded the same protections in respect of those additional products or services that may apply in respect of the provision of financial products or services in terms of the Act. This document is for information purposes only and does not constitute an offer or invitation to anyone to invest in any BlackRock funds and has not been prepared in connection with any such offer.

Issued by BlackRock Investment Management (UK) Limited, authorised and regulated by the Financial Conduct Authority. Registered office: 12 Throgmorton Avenue, London, EC2N 2DL. Tel: + 44 (0)20 7743 3000. Registered in England and Wales No. 02020394. For your protection telephone calls are usually recorded. Please refer to the Financial Conduct Authority website for a list of authorised activities conducted by BlackRock. Please be advised that BlackRock Investment Management (UK) Limited is an authorised Financial Services provider with the South African Financial Services Conduct Authority, FSP No. 43288. BlackRock is not providing this information as a "Benchmark" or "Input Data" as defined in the Regulation 2016/1011 of the European Parliament and of the Council as amended or superseded from time to time, and the recipient agrees not to use them, as "Benchmark" or "Input Data".



©2026 BlackRock, Inc. or its affiliates. All rights reserved. **BLACKROCK, ALADDIN, eFRONT**, and **PREQIN** are trademarks of BlackRock, Inc., or its affiliates. All other marks are the property of their respective owners.