

Optimizing Operations, Mitigating Risk: Expert Insights From Essential Fund Services International



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In today's rapidly evolving financial services landscape, staying ahead of the curve requires more than just keeping pace with regulatory changes and technological advancements. It demands a deep understanding of the complex interplay between risk management, compliance, and operational efficiency. Essential Fund Services International (EFSI) is a trusted partner for financial institutions seeking to navigate these challenges and thrive in a competitive market. With expert guidance and tailored solutions, EFSI helps its clients optimize their operations, mitigate risk, and drive business growth.

The Founding of Essential Fund Services International (EFSI)

Essential Fund Services International was founded in 2017 by Joseph Levato and Anthony Mascia. They

identified an opportunity to provide tailored support to the emerging manager hedge fund space, which they believed was underserved in terms of both product offerings and client service. Rather than addressing a specific industry issue, they sought to capitalize on a gap in the market and provide a more personalized and effective solution for smaller, emerging asset managers looking to grow and manage their businesses.

Commitment to Personalized Service

What sets Essential Fund Services International apart from other fund administration firms is its commitment to client service. When the company was founded, the prevailing relationship between asset managers and service providers was transactional, with little attention paid to the actual relationship or the bigger picture of helping asset managers grow their businesses.

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The company recognized that fund administrators were a critical part of an asset manager's back office and infrastructure, and that a more personalized, "white glove" service was lacking in the smaller end of the market.

To deliver this level of service, Essential Fund Services International takes the time to get to know its clients and understand their unique needs and preferences. While the company's service offering is consistent across all clients, it recognizes that each client is different and may require a lighter or more intensive touch. By providing tailored support and communication, Essential Fund Services International aims to give its clients what they need, when they need it.

EFSI's Approach to Fund Administration and Accounting

Fund administration is the main service provided by EFSI, catering to asset managers who run alternative investment funds across a range of assets and industries, such as hedge funds, private equity, private debt, real estate, and venture capital. The other services offered, which are mainly management company accounting and shadow administration, are tributaries off of this core service. The approach begins with customer

service as opposed to product. It is acknowledged that, in some ways, fund administration has become somewhat commoditized, making differentiation crucial. However, growth across all business lines in recent years has come from the effort put into relationships, whether they be with paying customers or those in the broader network. Referrals from both customers and other service providers in the alternative investment industry are a significant source of leads, and it is believed that the reason for this is the time and effort invested in the network, relationships, and branding efforts.

Ensuring AML and KYC Compliance

EFSI maintains a robust Anti-Money Laundering (AML) compliance program that aligns with federal regulations, ensuring clients meet the necessary standards. The company's legal counsel provides guidance to ensure compliance with AML and Know-Your-Customer (KYC) regulations.

A rigorous client due diligence process is in place, utilizing state-of-the-art technology to provide detailed data and ongoing monitoring. Each new client must provide necessary AML/KYC due diligence documents to investigate general partner/limited partner backgrounds. EFSI's team works closely with technology partners to ensure thoroughness in the due diligence process.

The company also collaborates with clients' additional service providers, such as auditors, prime brokers, custodians, bankers, and lawyers, to ensure consistent monitoring of client relationships and compliance with the regulatory environment. This close collaboration facilitates a thorough due diligence process, providing an added layer of assurance.

Furthermore, EFSI prioritizes cybersecurity training, conducting quarterly sessions to stay informed about emerging cyber threats in the industry.



Balancing Technological Advancements with Data Security and Confidentiality

EFSI recognizes that embracing technological advancements and maintaining data security and confidentiality are not mutually exclusive goals. Instead, the company views them as complementary aspects of its service offering.

To achieve this balance, EFSI has established partnerships with numerous technology firms that provide products and solutions supporting data security and confidentiality. These partnerships enable the company to incorporate cutting-edge technology into its service offering while ensuring that robust processes are in place to protect client data.

By working closely with its technology partners, EFSI can confidently leverage technological advancements to enhance its services while maintaining the highest standards of data security and confidentiality.

Expanding Market Share in the Fund Administration Industry

EFSI is implementing a multi-faceted strategy to expand its market share in the fund administration industry. Recently, the company has begun sponsoring industry conferences, which has proven effective in building its brand.

The COVID-19 lockdowns initially delayed these efforts, but with the

return of in-person events, EFSI has taken its marketing efforts to the next level by co-producing its own events, starting from late 2024.

In addition to event marketing, the company has also focused on content creation, launching a monthly newsletter and associated blog posts in early 2023. This initiative has significantly increased website traffic, further contributing to EFSI's brand-building efforts.

Recognizing the ineffectiveness of cold calling in today's market, EFSI has prioritized audience development as its primary marketing strategy to support lead generation. By establishing a strong online presence and providing valuable content to its target audience, the company aims to attract potential clients and solidify its position in the fund administration industry.

Innovation and Growth Plans

EFSI remains committed to innovation, leveraging the latest advancements in fund administration technology to enhance its services. The company's primary technology supplier is at the forefront of industry developments, continually introducing new features and improvements.

With no plans to change suppliers, EFSI benefits from its partner's cutting-edge solutions. Additionally, the company stays informed about emerging technologies through its network, exploring potential complementary solutions to further enhance its services.

Improving the customer experience

is a key driver of EFSI's innovation efforts. While there is no specific, defined innovation strategy in place, the company's structure allows it to quickly absorb and integrate useful new technologies into its processes, particularly in the area of cybersecurity. This approach enables EFSI to stay agile and responsive to changing industry needs.

Leadership Insights: Balancing Growth and Client Service

As a managing partner and co-founder of EFSI, Anthony Mascia's responsibilities are focused on business development and client service. With a clear division of labor, Mascia's business partner, Joseph, oversees operations including the fund accounting and investor services teams that serve clients.

Mascia's primary challenge is striking a balance between new business outreach and customer service. With a strong commitment to existing clients, Mascia aims to allocate his time equally between these two critical areas. When in the office, he strives for a 50/50 split between business development and client service.

While traveling for work presents additional time management challenges, EFSI's impressive growth – nearly doubling its assets under advisory in just 18 months – suggests that Mascia's approach is yielding positive results. His ability to balance competing demands while maintaining a strong focus on client service is a testament to his effective leadership and dedication to driving the company's success.

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