PRIVATE EQUITY INSIGHTS

The Portfolio Offshore Operating Standard

What Operating Partners Standardize Across Portcos, and What They Leave Alone



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Executive Summary

Portfolio company workforce standardization has become a value creation question, not an HR one. Operational improvement now ranks as the top value creation lever in private equity, cited by 72% of GPs in S&P Global Market Intelligence's 2026 survey. Offshore staffing is one of the fastest levers an operating partner can pull. The hard part is pulling it across a whole portfolio.

Most private equity operating partner offshore staffing programs land in one of two failure modes. In the first, each portco picks its own partner. Two years later, the sponsor has five vendors, five security postures, KPIs nobody can compare, and contracts nobody has checked for change-of-control terms. In the second, the sponsor mandates one centralized model for every company. It looks efficient on a slide, but it ignores how each business actually works, and adoption stalls.

This guide offers a third option: the Portfolio Offshore Operating Standard. It splits offshore governance into two layers. The standard layer covers what the sponsor needs to compare, protect, and sell: a security baseline, data access rules, a KPI scorecard, a reporting cadence, and change-of-control transferability. The portco layer covers what each company needs to run its business: its roles, its tools, its culture, and who directs the team day to day.

The chapters that follow define both layers and give a simple test for deciding which layer a question belongs in. They add a module for vetting customer experience (CX) partners at portfolio scale, and close with a scorecard an operating partner can run across every portco each quarter.



Key Takeaways

1. Portfolio offshore programs fail at both ends: too little standardization (vendor sprawl) and too much (forced centralization).
2. Standardize five things only: security baseline, data access, KPI scorecard, reporting cadence, and change-of-control transferability.
3. Leave four things to the portco: roles, tools, culture, and who directs the team.
4. Use a three-question test. If a decision affects comparability, risk, or exit value, it belongs in the standard. If it only affects how the work gets done, it belongs to the portco.
5. A quarterly scorecard lets one operating partner check every portco against the standard without managing anyone's team.

CHAPTER ONE

Why Portfolio Offshore Programs Drift

Offshore programs rarely fail at the first portco. They fail at the fourth, when the sponsor discovers that no two programs look alike. Most vendor RFPs and marketing materials answer these questions in isolation.

A security page describes certifications and access controls. A separate contract or legal addendum covers IP assignment and confidentiality. The buyer is left to manually check whether the two actually fit together, and in a fast-moving vendor selection process, that cross-check is often skipped.

The categories below are ordered to make that cross-check explicit. Each row pairs a security criterion with the IP mechanic it depends on, and states why a gap in one creates exposure in the other.
This convergence is not new to fintech buyers. Obligations already carried under frameworks such as GLBA, SOC 2, and state-level cybersecurity rules like NYDFS Part 500 all assume that access controls and legal accountability move together.

Two Ways to Get It Wrong

Vendor sprawl.

Each portco signs its own partner, on its own paper, under its own security review. Each choice makes sense on its own. Together, they leave the sponsor with programs it can neither compare nor govern. One portco tracks attrition monthly, another annually, and a third not at all. One partner holds a current SOC 2 Type II report, and another has never been audited.

Forced centralization.

The opposite reaction is to mandate one partner, one team structure, and one way of working for every portco. That fixes comparability and creates a new problem. A software company's help desk, a distributor's AP team, and a healthcare platform's billing staff don't work the same way. When the model ignores that, portco leaders route around it, and the program loses the people it needs most.

The Sponsor and the Portco Need Different Things

Both failure modes share one root cause. They treat offshore governance as a single decision when it is really two.
The sponsor needs three things from every program: results it can compare, risk it can see, and contracts that survive a sale.
The portco needs something else: a team that fits its work, its systems, and its culture, directed by its own managers. Neither set of needs is wrong. They simply belong to different owners.

Drift Shows Up at Exit

Drift is cheap while you hold and expensive when you sell. In diligence, a buyer asks for evidence. Who can reach customer data? How has performance trended? Does the offshore team transfer with the business? If each portco answers differently, or can't answer at all, the gap turns into a discount or a delay.
Execution is already where value creation plans slip. That makes a predictable, portfolio-wide answer to these questions worth building early.



41%

of PE investors, operating partners, and PE-backed executives report realizing less than 75% of planned value creation over the last 12 months.

Source: Alvarez & Marsal, 2026 North America Value Creation Survey

CHAPTER TWO

The Two-Layer Model

The Portfolio Offshore Operating Standard divides every offshore decision into two layers, and gives each layer a clear owner.

What Is a Portfolio Operating Standard?

A portfolio operating standard is a short set of rules a sponsor applies to every portfolio company's offshore team. It covers only the decisions that affect comparability, risk, and exit value. Everything else stays with the portco.

The two-layer model in this guide is a Connext framework. It draws on the way Connext's co-management model already divides responsibility between the client and the staffing partner.

Portfolio Company Workforce Standardization, Done in Layers

Component	Layer	Owner	Why it sits there
Security baseline	Standard	Sponsor sets, partner meets	A breach at one portco is a portfolio risk
Data access	Standard	Sponsor sets, portco administers	Buyers diligence who can reach customer data
KPI scorecard	Standard	Sponsor defines, partner reports	Shared definitions are the only way to compare programs
Reporting cadence	Standard	Sponsor sets	Problems surface on a schedule, not by surprise
Change-of-control transferability	Standard	Sponsor sets, counsel reviews	The team has to move with the business
Roles	Portco	Portco leadership	Only the portco knows which work fits offshore
Tools and systems	Portco	Portco leadership	The team works inside the portco's own stack
Culture and ways of working	Portco	Portco leadership	Fit drives retention and performance
Who directs the team	Portco	Portco managers	Accountability for output stays with the business

The Three-Question Test

New questions will come up that this table doesn't cover. When they do, ask three things:

1. **Comparability.** Does this decision affect whether programs can be compared across the portfolio?
2. **Risk.** Does it change the portfolio's exposure to a security, compliance, or continuity event?
3. **Transferability.** Does it affect what a buyer will diligence or pay for?

If the answer to any question is yes, the decision belongs in the standard. If all three answers are no, it belongs to the portco, even when the sponsor has a preference.
A few examples show how the test sorts real questions. Shift schedules fail all three, so they stay with the portco. Background screening depth changes risk, so it belongs in the standard. Attrition splits in two. The definition of attrition affects comparability, so the sponsor sets it. The attrition target for a specific team depends on the work, so the portco sets it.

The bottom line. Standardize definitions, not decisions. The sponsor decides how things are measured and protected. The portco decides how the work gets done.



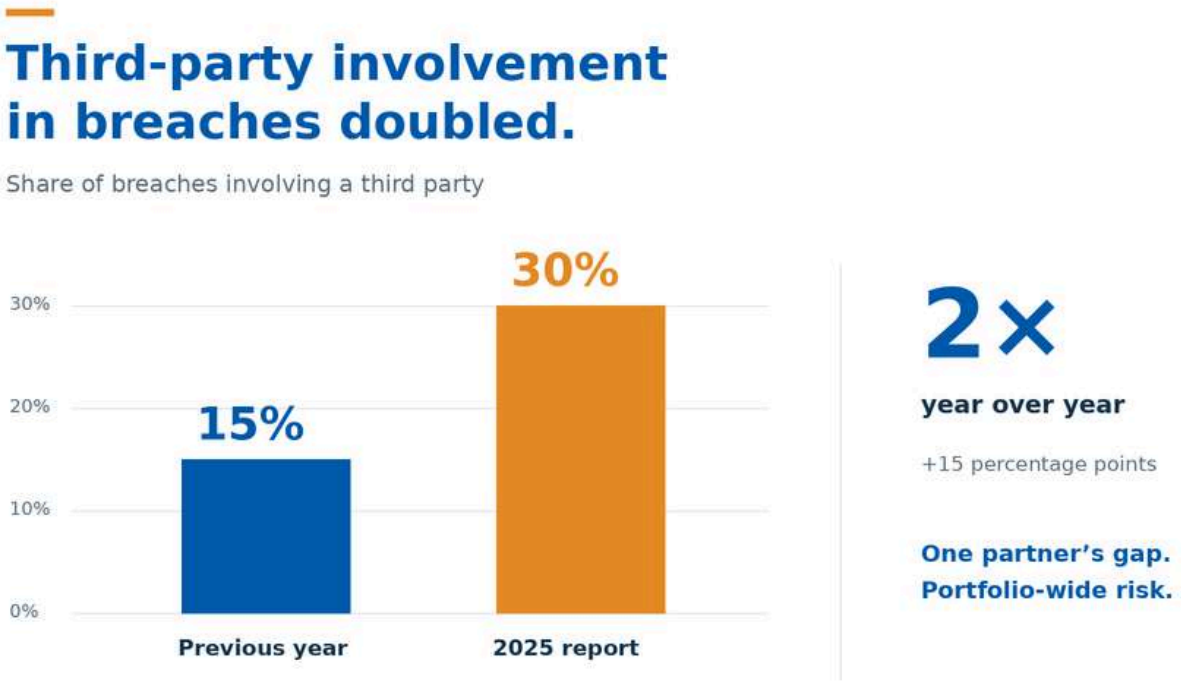
CHAPTER THREE

The Standard Layer

Five components make up the standard layer. Each is small enough to apply to every portco and specific enough to check.

Security Baseline

Third parties are now part of most breach stories. The Verizon 2025 Data Breach Investigations Report found that the share of breaches involving a third party doubled to 30%. Across a portfolio, every offshore partner is a third party. A gap at one portco can quickly become a portfolio problem.



The baseline sets the minimum every partner must meet, at every portco:

- A current independent security attestation on file, with SOC 2 Type II as the common reference point
- Background screening for every team member before system access is granted
- Secure delivery facilities with controlled entry, or documented controls for any remote work
- Company-managed devices with restrictions on removable media and personal accounts
- Multi-factor authentication on every system the team touches
- A written incident notification window, agreed in the contract
- A regulated tier for portcos that handle protected health information, requiring a signed Business Associate Agreement and HIPAA training before access

The baseline is a floor, not a ceiling. A portco with stricter needs can add controls. It can't go below the line.

Data Access

The rule is simple: the team works inside the portco's systems, under accounts the portco owns. That turns data access from an assurance into evidence.

- The portco creates and owns every account. Nothing is shared through the partner's own systems.
- Access is role-based and limited to what each role needs.
- Access is reviewed on a set schedule, quarterly at minimum.
- Offboarding removes access within a fixed window, such as one business day.
- Access logs are kept long enough to answer a buyer's diligence questions.

KPI Scorecard

The goal is a short list of shared metrics with one definition each, not a complete dashboard. Role-specific metrics, such as handle time, invoices processed, or tickets closed, stay with the portco.

Metric	Definition	Source	Cadence	Owner
Time to fill	Business days from approved requisition to candidate start	Partner recruiting records	Monthly	Partner
90-day retention	Share of new hires still on the team 90 days after start	Partner HR records	Monthly	Partner
Annualized attrition	Departures in the period, annualized, divided by average headcount	Partner HR records	Monthly	Partner
Quality	Error or rework rate against the portco's own QA standard	Portco QA	Monthly	Portco
Productivity vs. baseline	Output per team member against the pre-transition baseline for the same work	Portco systems	Monthly	Portco
Escalation response	Time from an escalation being raised to the partner's response	Partner operations reporting	Monthly	Partner

Set these definitions once at the portfolio level, and change them only through the quarterly review. The test is whether two portco CFOs could put their numbers side by side without a debate about methodology.

Reporting Cadence for PE Portfolio Offshore Governance

A standard only works if problems surface on a schedule. Three forums are enough:

- **Weekly, at the portco** - The portco's team lead and the partner's operations manager review the week's KPIs, open issues, and hiring.
- **Monthly, at the portco** - Portco leadership reviews the scorecard, attrition, and the staffing plan.
- **Quarterly, across the portfolio -** The operating partner reviews every portco against the standard, using the scorecard in Chapter Six.

Most of the data should come from the partner, not from spreadsheets the portco builds by hand. A partner that can't produce the shared metrics without the portco's help is showing you something worth knowing.

Change-of-Control Transferability

An offshore team is either an exit asset or an exit liability. Buyers will ask whether the team, the contract, and the data move with the business. The answer should already be in the contract.

Term	What to require	Why it matters at exit
Assignment and change of control	The agreement can pass to a buyer or successor, and a change of control does not trigger termination	The team stays in place through a sale
One agreement per portco	Each portco contracts on its own statement of work, even when the sponsor negotiates common terms	Selling one portco doesn't unwind the others
Employment structure	Clear documentation of who employs the team and what happens to employment on transfer	Buyers need to know the team won't disappear
Data return and deletion	A defined timeline for returning and deleting data when the agreement ends	Supports clean separation and diligence
Termination assistance	A defined transition period and support if the agreement ends	Protects continuity if a buyer changes partners
Add-ons and carve-outs	Terms that let an acquired business join, or a divested unit leave, without renegotiating everything	Buy-and-build needs flexibility in both directions

These are business requirements, not legal language, and counsel should draft the clauses. One quick check is worth running on every existing agreement. A clause that only restricts assignment may say nothing about a change of control, so ask counsel whether each portco's offshore contract addresses both.

The bottom line. The standard layer is what a buyer diligences. Build it so every answer is a document, not a phone call.

CHAPTER FOUR

The Portco Layer

The portco layer is everything the standard deliberately leaves alone. Getting it right is what keeps portco leaders invested in the program.



Roles and Hiring Decisions

The portco decides which roles go offshore, writes the job profiles, runs the interviews, and makes the final hiring call. The partner sources and screens. The people closest to the work know what good looks like, so they choose who joins.

The standard can require that time to fill and 90-day retention are reported. It shouldn't decide who gets hired.



Tools and Systems

The team works inside the portco's existing stack: its ERP, ticketing platform, CRM, or EHR. A sponsor may have its own reasons to consolidate systems across the portfolio. Offshore governance isn't the place to force that change. The data access rules in the standard layer apply whichever tools a portco uses.



Culture and Ways of Working

Shift patterns, meeting rhythms, communication norms, training content, and how new people are welcomed all stay with the portco. These details make a team feel like part of the business, and they differ at every company. Engaged people stay, and people who stay perform.



Who Directs the Team

Portco managers direct the daily work, set priorities, and own the output. The partner runs the employment side: recruiting, HR, payroll, IT, compliance, and retention. This is the co-management split, and it lines up with the two layers. The sponsor sets the rules, the partner meets them, and the portco runs the team.



Keeping the Standard From Creeping

Standards tend to grow. Watch for these signs that the standard layer is moving into portco territory:

- The operating partner is approving individual hires.
- Portcos are asked to move teams onto shared tools to make reporting easier.
- The scorecard grows past the shared metrics into role-level targets.
- Portco leaders start calling the offshore team "the sponsor's program."

When you see these signs, run the three-question test again and hand the decision back to the portco.

Think of it this way. The sponsor owns the rules. The portco owns the team.



PROOF BY STRUCTURE

12 Portcos, 12 Dedicated Teams

A private equity-backed technology holding company partnered with Connext to support growth across its portfolio. Each operating company kept its own culture, systems, and workflows. Twelve portfolio companies built dedicated offshore teams through Connext, each with its own team and no shared labor pool. Roles span IT help desk, NOC and automation engineering, AP and AR, collections, and back-office operations.
That is the portco layer in practice: one partner across the portfolio, with every team shaped around its own business. Read the case study.

CHAPTER FIVE

Vetting a CX Partner Across the Portfolio

Customer experience is the function most likely to be standardized in the wrong place. Use the standard layer to vet the partner, and leave the customer conversation to each portco.

Why CX Needs Its Own Module

In back-office functions, customers rarely meet the offshore team. In CX, they meet it every day. A B2B software portco and a consumer brand portco differ in tone, channels, hours, and what a good resolution looks like. A single portfolio CX playbook flattens those differences, and customers notice.

So the vetting question is narrower than "which partner is best?" It is this: can one partner meet the standard layer for every portco while running a different customer experience for each?

The Vetting Criteria

Criterion	What good looks like	Red flag
Dedicated agents	Each portco has its own agents who learn its products and customers	Agents shared across clients or rotated between queues
QA calibration	QA scored against the portco's own scorecard and calibrated with portco reviewers on a set schedule	Only the partner's generic QA form, scored only by the partner
Channel coverage	Voice, email, chat, and social handled by the same team where the portco needs them	Channels split across separate vendors or sites with no shared view
Workforce management	Forecasting and scheduling built around each portco's volume patterns	One staffing model applied to every client
Coverage hours	Delivery locations matched to the portco's customers, such as nearshore teams for US business hours and offshore teams for overnight support	Gaps filled with overtime, or a new site added late
Customer data controls	Agents work inside the portco's CRM and helpdesk under portco-owned accounts, per the standard layer	Customer data exported into the partner's own tools
CX reporting	CSAT, first-contact resolution, and response times reported in the portco's definitions, alongside the shared scorecard	Reporting available only in the partner's format
Escalation path	A named escalation owner at the partner and a documented route into the portco	Escalations that stop at the agent's team lead

Questions to Ask Before a Portfolio-Wide CX Agreement

- Will each portco have dedicated agents, and how do you keep agents from being moved between clients?
- Can you run QA against each portco's own scorecard, and who calibrates it?
- Which delivery locations would cover each portco's customer hours?
- Will agents work inside our systems under our accounts, or inside yours?
- Can you report CSAT and first-contact resolution in each portco's own definitions?
- If one portco is sold, what happens to its team and the knowledge it has built?
- The last question ties CX back to transferability. A CX team holds years of product and customer knowledge, which makes it one of the more valuable teams to keep intact through a sale.

A portfolio CX partner should pass one vetting standard and run many customer experiences.

CHAPTER SIX

The Portfolio Scorecard

The scorecard turns the standard into a quarterly check. One operating partner can run it across every portco in a single review.



What the Scorecard Measures

The scorecard rates each portco's adherence to the five standard-layer components. It does not rate the offshore team's performance, which is the KPI scorecard's job. It also does not rank portcos against each other. A portco can run an excellent team and still show a gap, for example when its contract has no change-of-control terms.

The Scorecard

Component	Criteria	Evidence to request	Rating
Security baseline	Current independent attestation on file; screening, device, and MFA controls in place; incident notification window in the contract	Attestation report, partner controls summary, contract clause	Pass, partial, or gap
Data access	Portco-owned accounts; quarterly access review done; offboarding within the agreed window	Access review record, sample of offboarding logs	Pass, partial, or gap
KPI scorecard	Every shared metric reported in the portfolio definitions	Latest monthly scorecard	Pass, partial, or gap
Reporting cadence	Weekly, monthly, and quarterly forums held	Meeting log or notes for the quarter	Pass, partial, or gap
Change-of-control transferability	Contract reviewed against the terms checklist, with any gaps logged	Counsel's review note	Pass, partial, or gap

Use three ratings:

Pass - The criteria are met and the evidence is current.
Partial - The criteria are met but the evidence is missing or out of date, or one criterion is unmet and a fix is underway.
Gap - A criterion is unmet and no fix is scheduled.

Reading Across the Portfolio

Lay the ratings side by side, with one row per portco and one column per component.

Portco	Security	Data access	KPIs	Cadence	Transferability
Portco A	Pass	Pass	Pass	Pass	Gap
Portco B	Pass	Partial	Pass	Partial	Gap
Portco C	Partial	Pass	Gap	Pass	Gap
Portco D	Pass	Pass	Pass	Pass	Pass

Illustrative example.



Two patterns matter. A column of gaps points to a portfolio-level fix. In this example, three of four contracts lack transferability terms, so the sponsor should address it once, across all three agreements. A row of gaps points to one portco that needs attention, like Portco C.

Escalate gaps in security and transferability first, because they carry exit risk. Leave partials in the KPI and cadence columns to the portco's monthly review unless they repeat.

Bringing New Portcos and Add-Ons Into the Standard

New acquisitions get the standard at onboarding, not at the next quarterly review. In the first 90 days:

- Confirm the security baseline and data access rules with the existing or new partner.
- Move reporting to the portfolio KPI definitions.
- Review the offshore contract against the transferability checklist.

Leave the portco layer alone, even when the new company's way of working looks unfamiliar. An add-on that folds into a platform company takes on that platform's portco layer. A standalone acquisition keeps its own.

Why Partner With Connext

Connext's co-management model already splits offshore work along the same line as the operating standard. Connext runs the employment and governance side, and each client directs its own team.

21 days	98%	Top 4%	200+
average deployment	client retention	applicant selectivity	global clients

Built for the Standard Layer

As employer of record, Connext handles recruiting, HR, payroll, IT, compliance, and retention for every team. Each client has a dedicated Operations Manager who runs weekly account reviews and reports on utilization, productivity, and quality. That reporting feeds the weekly and monthly forums the standard calls for. US-based Business Unit Managers and a 50:1 employee-to-manager ratio keep oversight close to the work.
On security, Connext holds SOC 2 Type II certification and signs HIPAA Business Associate Agreements for healthcare clients.

Built to Leave the Portco Layer Alone

Clients choose their people. Connext selects from the top 4% of applicants, presents first candidates in 5 to 7 days, and deploys in 21 days on average. The hiring decision stays with the client. Teams are dedicated to one client, work inside that client's systems, and take direction from that client's managers.

Proven at Portfolio Scale

Connext supports 200+ global clients with 98% client retention, from delivery centers in the Philippines, Colombia, Mexico, and India. For one PE-backed holding company, that meant 12 portfolio companies each running a dedicated Connext team across IT, engineering, finance, and back-office roles.

Standardize What You Sell. Leave Alone What They Run.

Standardize What You Sell. Leave Alone What They Run.
Offshore staffing earns its place in a value creation plan when it holds up across the portfolio and through a sale. Vendor sprawl undermines the first. Forced centralization undermines adoption. The two-layer standard avoids both.

Set five rules at the portfolio level: security, data access, KPIs, reporting cadence, and transferability. Leave roles, tools, culture, and daily direction to each portco. Then run the scorecard every quarter, so one review tells you where the portfolio stands and what a buyer will find.

The result is a program the operating partner can govern without managing anyone's team, and one that portco leaders can call their own.

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