

achieving business transformation

NS&I

National Savings and Investments (NS&I) has been the cornerstone of the UK savings sector for over 150 years.

Since the 1990s, NS&I has faced significant business challenges, but has overcome them in partnership with Atos. NS&I is now one of the largest savings institutions in the UK, with over 25 million customers and more than £135 billion invested.

Critical to its successful business transformation, in 1999 NS&I outsourced its entire operations department, with 4,200 staff joining Siemens IT Solutions and Services* - now Atos - under TUPE regulations.

The transformation project is a partnership, underpinned by close collaboration at senior management level. Atos is a permanent member of the NS&I Executive Committee, and most NS&I operational committees have Atos representation. NS&I and Atos set strategy together, develop action plans, and resolve issues.

This collaboration has delivered significant success. On a 'like-for-like' basis, stripping out the impact of growth and inflation, the first Atos contract reduced NS&I's core operating costs by 55%, which equated to £530 million in cost savings by the end of 2012/2013.



During 2012/13, Atos successfully retained the contract after a competitive process. The new contract will now run to at least 2021, driving new benefits and saving British taxpayers more than £400m. In the years ahead, there will be

a focus on making NS&I easier to do business with through reducing customer effort with customer centric services and a managed migration to direct self service channels.

* As of July 1st 2011, Siemens IT Solutions and Services is an Atos business

A national institution

Originally known as the Post Office Savings Bank, NS&I was established to encourage people to save. It has provided a secure, easily accessible home for savers' money, backed by the UK Government for over 150 years. Today its aim is to provide cost effective funding for the Treasury.

More than 21 million people hold NS&I Premium Bonds, which were introduced in 1956 by the then Chancellor, Harold Macmillan to encourage more investment. Premium Bonds offer holders the chance to win prizes in a monthly draw, while still having easy access to their money.

From decline to long-term growth

NS&I today is highly successful, but in the mid-1990s its future was by no means assured. Sales were declining, and customer satisfaction, administrative efficiency and speed of response were poor when compared to the financial sector's best performers.

With banks and other institutions aggressively targeting its traditional customer base, loyalty was eroding, and 'National Savings', as NS&I was then known, was becoming seriously uncompetitive.

At the end of the 1990s, NS&I management agreed to take a new direction to revive business, and maintain and grow the customer base. After a competitive tendering process, Siemens IT Solutions and Services was chosen as service partner for a business processing outsource (BPO) contract worth more than £1.3 billion over 15 years.

In July 2011 Siemens IT Solutions and Services merged with Atos Origin to become Atos: a leading European IT Services company with revenues of €8.7 billion and 78,500 employees worldwide at the time.

This case study looks at achievements in partnership with NS&I made since 1999, and looks forward to the challenges ahead.



“We had huge expectations. A complete overhaul of our operations bringing us into the 21st century with one of the best equipped operations in the UK financial services market. The level and complexity of the change was much greater than we anticipated at the outset but we have done it. Most importantly we have made this quantum shift without any significant customer related problems.”

Steve Owen, Partnership Director, NS&I

Starting the fight back



When the contract was agreed in 1999, National Savings comprised three separate and autonomous processing units. They were in different locations, had little day-to-day contact, and few common processes. Transactions were paper-based, backed by minimal computerisation. There were only two significant channels to market – both via the Post Office branch network: “over the counter”, and leaflet “pick up and post” services.

The business was inefficient, labour intensive, and too many processes were duplicated and redundant. NS&I challenged Atos to:

- ▶ Improve performance and deliver cost savings of 30% above the internal target – the equivalent of a £500 million saving to the taxpayer during the lifetime of the contract
- ▶ Increase funds managed, and put the business on a growth track again
- ▶ Open up modern new sales channels, in order to attract new customers and support the growth strategy.

Success through partnership

NS&I outsourced its entire operations department, with 4,200 staff transferring under TUPE regulations. Once this transfer had taken place, 130 staff remained with NS&I, keeping responsibility for executive leadership, strategy, product design and pricing, marketing, relationship and contract management, and other core management tasks.

Conceived as a partnership from the outset, the relationship between NS&I and Atos is based on trust, mutual goodwill and shared confidence. This collaborative approach was strengthened with the re-alignment of the contract in 2002. Since 2004, the Atos Client Executive has been an integral, permanent member of the NS&I Executive Committee. The overall NS&I governance structure also encourages Atos representation on other NS&I committees. Both sides are involved in setting strategy, developing action plans, and quickly resolving issues.

This shared vision has delivered long-term success, and prompted the decision to extend the ten year contract by a further five years to 2014, and again to 2021.

“Back in the 1990s we needed to take radical steps to get the business on track, which included finding a partner who could deliver an operational business and drive a change programme efficiently and effectively. This would leave the NS&I management team free to concentrate on its core business, the business of competing in a financial services market place.”

Steve Owen, Partnership Director, NS&I

Moving forward

The transformation project began in April 1999, with preparations for TUPE transfer of staff from NS&I. This was a delicate moment, as the aim was to achieve fast efficiency gains and cost savings from reduced employee headcount.

There was also the challenge of integrating three different sites and five separate legacy architectures, while simultaneously moving into a more commercial and competition-minded environment. New skills were required to transform the IT environment, and all business processes had to be reviewed in the quest for fast and significant improvement.

In fact, performance levels improved faster than targeted, with projected gains delivered earlier than in the original plan. After 15 years, the benefits are impressive.

As a result of the transfer NS&I headcount was reduced to around 1300 FTEs in the UK and a further 480 in Chennai, India, without the need for compulsory redundancy. Customer numbers have now risen to over 25 million.

Funds under management have grown from £63 bn in 1999 to more than £123 bn.

By 2011/12, 50 million transactions were handled each year by the much reduced number of employees. This meant that employee productivity improved by more than 400%, with average customer response times (receipt to completion or closure) down from more than nine days in 2000 to approximately three days in 2013. The ratio of funds managed per employee is more than three times the levels in 2000.

The LEAN path to change

Continued success is due to people management as much as technology changes. Notably, NS&I has experienced one of the most innovative and successful implementations of LEAN techniques in a services setting.

LEAN was developed in the manufacturing industry, to encourage and reward a continuous search for process improvement

by people on the factory floor. It involves transferring responsibility to empowered teams of personnel, and trusting them more than before to identify better methods, prove them in action, and use them to drive best practices across the organisation.

Another important 'people' factor was our approach to newly-acquired staff from NS&I: integrating them carefully within Atos. This meant providing them with training, support, new opportunities to rekindle enthusiasm, and the prospect of a positive career path. It was clear from the outset that the drive for efficiency gains would reduce the number of available jobs in NS&I but, as a result of planned redeployment on other projects, there have been many increased opportunities for career development for former NS&I staff.

We have been able to develop a culture of empowerment across the business, enabling individual staff to play a leading role in identifying improvements and implementing them.

From transformation - to delivering long-term value

“Offshoring back office processes has given the business numerous advantages; it has freed up valuable and skilled people to help us with running what is now a much bigger business than the one we started with in 1999 as well as giving us a first class, flexible processing capability.”

Steve Owen, Partnership Director, NS&I

With transfer of staff underway, and new processes starting to deliver significant operational benefits, we began to implement major transformational work in 2002, with the aim of improving every aspect of the business in order to support NS&I's five year strategy: "Direction 2007".

The key deliverables of this programme were completed a year early, paving the way for the replacement strategy published in 2007: "NS&I adding value".

This changed the focus from transformation to delivering sustainable long-term value to stakeholders and customers - by simplifying, modernising and diversifying the business. In 2009/10, NS&I added 'leveraging' to its strategic aims, with the goal of providing services to other government departments.



Following the Government's Spending Review in 2010, NS&I direct+ was announced as the new NS&I business strategy. This aimed to balance the needs of customers, taxpayers, and the stability of the wider financial services sector, and aims to maximise the use of electronic channels.

Here are some of our NS&I achievements to date:

Channels

In 2000, most sales were managed in ways that had not significantly changed for more than a century. There were no telephone or online sales, for example. Yet following the transformation programme, telephone sales have now reached £4.39bn in 2015/16. Internet sales, launched in 2003, reached £10.66bn by 2015/16.

Development of new channels has provided more business opportunities, access to new market sectors, and greater convenience to the public, as well as contributing to continuous sales growth. With the introduction of secure online payment, total sales (including reinvestments) grew from £8.8bn in 1999/00 to more than £18bn in 2011/12. In 2015/16, 65% of transactions were by digital channels.

Further innovative services have been made available to NS&I customers. For example, a new app for mobile devices was first launched in 2011, and in December 2014, a Twitter service @nsandihelp was launched.

Products

The product range sold by NS&I had been more or less unchanged for decades before our contract began. Following the transformation programme, however, it became much easier to develop, launch, support, and upgrade a growing range of products, attracting new customers and greatly improving competitive performance in a crowded marketplace.

NS&I now has 11 products in its portfolio, which is fully competitive with the rest of the market. They include Savings Certificates, direct access products, and an enhanced Premium Bond product that is unique in the United Kingdom.

Infrastructure

The transformation programme has led to major breakthroughs in the NS&I IT environment and core processes. These include:

- ▶ Virtualisation of operations, with incoming customer calls and emails now handled across all UK sites to maximise efficiency
- ▶ A new banking platform – making it quicker to develop and bring new products to market, and, importantly, remove products from sale as soon as targets are reached
- ▶ A seamless transfer to the new operating platform of about one billion Premium Bond records, achieved without incident
- ▶ Consolidation and virtualisation of the IT Infrastructure, providing the flexibility to adapt to change and unexpected peaks in demand
- ▶ Retiring of legacy infrastructure and applications
- ▶ Implementation of a Training and Compliance Framework
- ▶ Implementation of a new evaluation tool to drive improved call centre operator performance, to enhance operational performance, and provide the opportunity to gather real time feedback from NS&I customers
- ▶ Automation of 'Evidence of Identity' checking regime for initial sales – making the process more robust and less time consuming
- ▶ New technology to support the shift to online and telephone channels for customers to manage their NS&I products.

Service levels

Major changes have taken place in service delivery. Direct customer interaction has increased significantly since the start of the financial crisis. During 2008's 'flight to safety' in the face of economic uncertainty, staff dealt with an unprecedented spike in transaction volumes, while maintaining high levels of customer satisfaction. NS&I customer satisfaction levels remain high – an overall figure of 81.3% in 2015/16.

Some back office functions have been outsourced to Atos offices in India. Staff members were actively engaged in developing training programmes for all core processes and, in some cases, training new employees in India. The move to a part offshore model was accomplished without customers being aware of the changes. By 2013, more than 27 million transactions had been handled in India, allowing employees in the UK to concentrate on customer-facing duties, including call centre enquiries.

Business to Business (B2B)

Working with NS&I, Atos has successfully implemented and supported three new work packages, leveraging the skills and experience of our staff, the business, and the IT processes, governance and risk management approach in place within the core NS&I business.

1. Equitable Life Payment Scheme - NS&I was formally appointed by HM Treasury in 2011 to process payments and services for the scheme and as of 31st January 2016 it has paid out over £1.1bn to 931,072 eligible policyholders, 89% of all policyholders deemed eligible to around 86% of eligible policyholders.

2. Court Funds Office - provides a banking and administration service to all civil courts in England and Wales. It has a total of £3bn of funds under management and over 167,000 accounts.

3. Home Office Payments Processing - NS&I has processed 746,000 applications and payments for the Home Office from people seeking to enter or stay in the country.

Supporting ongoing strategic change

Business transformation is a continuous process designed to meet NS&I's evolving strategic needs.

Systems and infrastructure have developed, and NS&I can expect to achieve even better performance with its banking platform.

Delivering long term value was the focus of the "NS&I adding value" strategy, which had four key objectives:

'Simplify': removing needless complexity and introducing new standardised and repeatable processes, reducing costs, and increasing efficiency and speed to market when developing existing products or introducing new ones.

'Modernise': shifting from a product-centric to a customer-centric service, supported by a rationalised and more secure infrastructure.

'Diversify': developing NS&I's product offerings and channel strategy, supported by an ever-expanding and improving support network, including our India operation and our UK-based customer call centres.

'Leverage': ensuring both technology and expertise are leveraged to share benefits with other government departments through the modernisation and improvements of systems and procedures.

Evolution and the future

“We are part way through a transformation journey. We have made the business highly efficient with industry leading standards in relation to cost, speed of delivery and customer service. Our new strategy has made it easier for our customers to do business with us. Working together with Atos, we just need to continue to deliver!”

Steve Owen, Partnership Director, NS&I

“The new contract will ensure we can deliver our vision of enhancing further the services we offer to savers over the next seven years. Atos has the skills, capability and commitment to deliver this and, crucially, can do so in a way that delivers for taxpayers.”

Jane Platt CBE, Chief Executive, NS&I

The NS&I service contract has been repeatedly recognised for its performance by awards for excellence over the years, including:

- ▶ The National Training Award for implementation of the LEAN continuous improvement programme
- ▶ The BQF Achievement Award for Partnership Development in 2009
- ▶ Investors in People (IIP)- Gold standard
- ▶ Charter Mark accreditation for several years
- ▶ Customer Service Excellence (CSE) award (which replaced Charter Mark), achieved at first assessment, and in 2012 the level of best practice placed NS&I and Atos within the top 5% of the nearly 2,000 organisations accredited with CSE standard
- ▶ Contact Centre Association accreditation for several years
- ▶ Financial Ombudsman Service recognition that NS&I were in the top 10% for complaints handling during the period July 2012 - December 2012.

Success factors

The NS&I and Atos relationship has delivered strong business benefits since 1999. In 2015/16, NS&I has been transformed into a powerful, competitive business, with over 25 million customers, and a fast-growing direct business.

At a time of economic uncertainty, NS&I's security and backing by UK Government are strong assets. The future looks bright for one of the country's oldest savings institutions, and its continued successful partnership with Atos will be a key factor in further transforming the business and securing its future.

Ahead to 2020

A key focus for the new contract is bringing together people, business and technology to make NS&I easy to do business with by reducing customer effort. Developing a rich and engaging customer experience is central to this and will both enhance NS&I's brand as well as generate non-price based competitive advantage.

A number of key initiatives have been put in place focusing on reducing customer effort. These include:

- ▶ **Customer Experience Management** - a newly-established Customer Experience Directorate consisting of the Customer Insight Team, The Digital Engagement Team and The Customer Communications Team has taken lead responsibility for developing and embedding Customer Experience Management across the operations business.
- ▶ **Customer Insight** - A Customer Insight Team has been established in partnership with NS&I to generate an understanding of customer requirements, current performance and champion customer centricity of the business.
- ▶ **Customer Experience Lab** - Atos has developed a Customer Experience Lab based in Glasgow for NS&I incorporating model office elements enabling people, business and technology to be brought together in a controlled yet flexible environment. This offers the opportunity to shape, prototype and test drive concepts. It is also a key enabler to a new way of working and cultivate a customer centric culture.
- ▶ **Channel shift** - Making sure customers find managing their money online with NS&I as simple and straightforward as possible is another key focus area. Atos will help NS&I deliver significant improvements to the experience as well as help customers make the switch to digital through a mobile optimised website and apps, web chat and co-browsing that will guide customers.

Over the forthcoming years, the new contract will save British taxpayers more than £400m by increasing customer use of direct sales channels, improving technology and processes which deliver cost savings, and supporting the growth of NS&I's Business to Business leveraging activity.

To explore how Atos can provide answers to your business needs, please contact us at the e-mail address shown on the back cover.

Some convincing highlights and project results:

- ▶ Funds under management - from £63 billion to over £135 billion
- ▶ Telephone sales - from zero per annum to £4.39 billion in 2015/16
- ▶ Internet sales - from zero per annum to £10.66 billion in 2015/16
- ▶ 97.54% KPI achievement for timeliness and accuracy in 2015/16
- ▶ Supported NS&I in creating £149 million of value for the taxpayer in 2015/16
- ▶ 2.3 million customers are now registered to use our online services 2015/16

About Atos

Atos SE (Societas Europaea) is a leader in digital services with pro forma annual revenue of circa € 12 billion and circa 100,000 employees in 72 countries. Serving a global client base, the Group provides Consulting & Systems Integration services, Managed Services & BPO, Cloud operations, Big Data & Cyber-security solutions, as well as transactional services through Worldline, the European leader in the payments and transactional services industry. With its deep technology expertise and industry knowledge, the Group works with clients across different business sectors: Defense, Financial Services, Health, Manufacturing, Media, Utilities, Public sector, Retail, Telecommunications, and Transportation.

Atos is focused on business technology that powers progress and helps organizations to create their firm of the future. The Group is the Worldwide Information Technology Partner for the Olympic & Paralympic Games and is listed on the Euronext Paris market. Atos operates under the brands Atos, Atos Consulting, Atos Worldgrid, Bull, Canopy, Unify and Worldline.

Find out more about us
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Let's start a discussion together



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