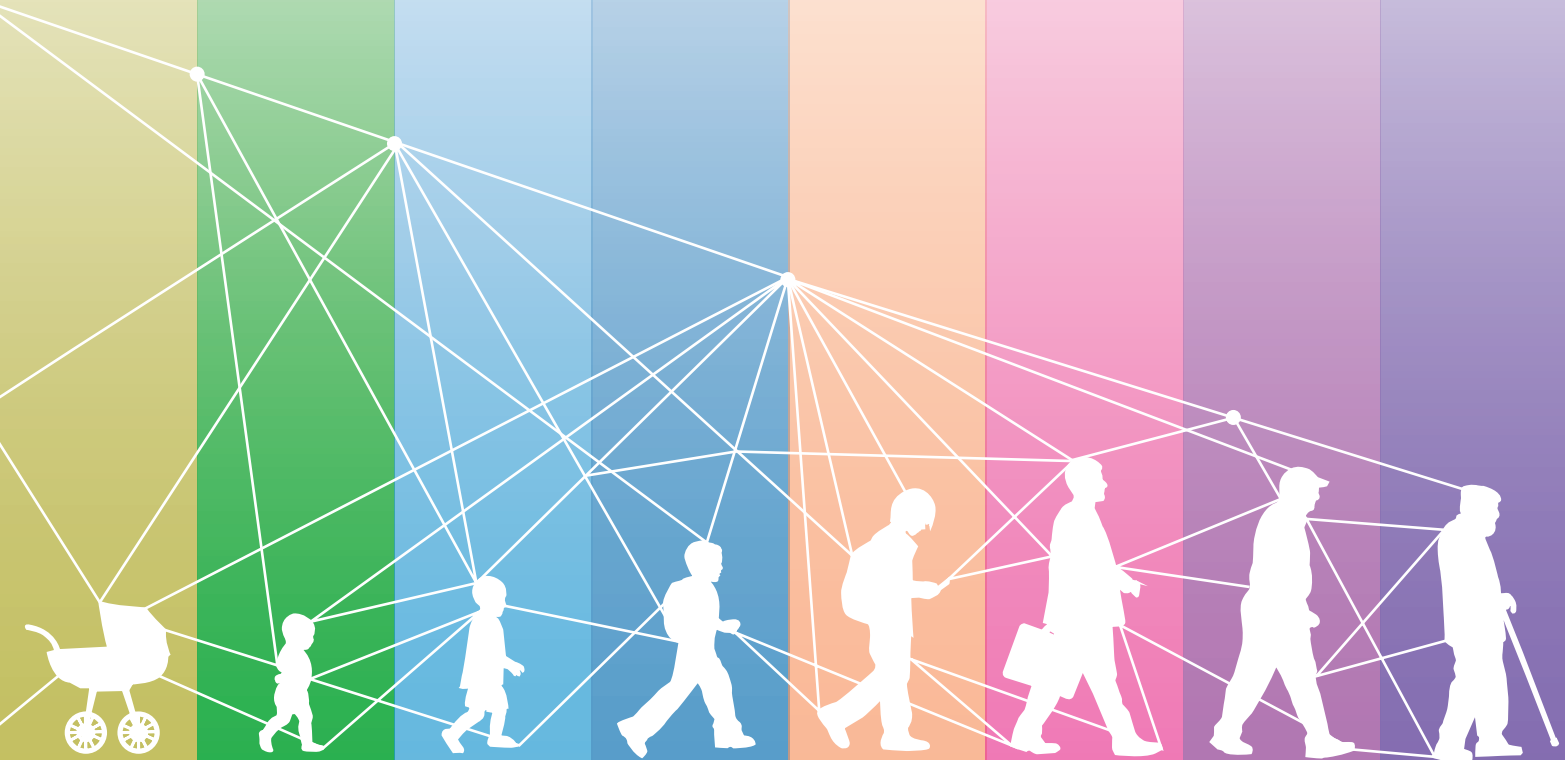


# Digital Vision for Life and Pensions

UK&I opinion paper



Trusted partner for your Digital Journey

# AtoS



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# Production team



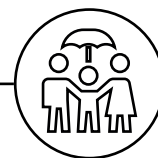
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# Digital Vision for Life and Pensions



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For many people, the choices they make about their pensions and life protection policies are among the most important financial decisions of their lives. Society is changing; more people are living and working longer and having more varied careers. As a result, the life and pensions industry is evolving, with more choice, information and flexibility needed by customers than ever before. Alongside this, there are ongoing pressures on companies to optimise operational efficiencies to retain competitive edge.

New digital technologies are at the heart of the industry's response to these challenges. Fast and convenient digital tools and channels are vital enablers for enhancing customer service and engagement. At the same time, radical digital transformation is vital if companies are to become more agile, more profitable, future-proof and fit for growth.

This paper explores the key opportunities and challenges of transformation for organisations across the UK's Life and Pensions industry. In combining expertise with digital technologies, we are committed to supporting our customers through this time of dynamic change on the path to realising this digital vision.

As in other parts of the financial services sector, many in the life and pensions industry are looking for new ways to create value in an increasingly disrupted market. In the digital age, life and pensions companies must have lean, responsive and scalable digital operations at their core. Strategic deployment of digital technologies such as cloud, intelligent automation, data analytics and machine learning can ensure right-first-time processes that are cost-efficient and also delight customers.

Yet this is about more than deploying the right technologies. The challenge is to create the standout services and relationships that help millions of citizens to achieve long-term financial security whilst ensuring that the client experience is at the heart of our design and operation. While finding the right digital and transformation partners is key, what's equally important is partnership between colleagues: to involve employees not just as subject-matter experts but as integral to co-creating a truly customer-centric service culture.

Fundamental transformation creates operationally excellent businesses that are fit for the future. And the vital role of life and pensions companies is to safeguard that future for the customers they serve.

# Key indicators for the Life and Pensions industry

There has never been a time of such change in the financial services industry, nor such a drive for transformation and renewal. New technologies are advancing at pace and customer expectations shift as their digital experiences grow richer. The imperative to maintain and improve returns on investment in fiercely competed markets drives decisive leadership and long-term investment.



In the private sector, 72% of UK employees participated in a workplace pension scheme in 2018, a 5 per cent increase on the previous year<sup>1</sup>



The UK pension category is the largest in Europe<sup>2</sup>



The UK is now the world's leading FinTech hub<sup>3</sup>



FinTech now employs around 76,000 people in the UK; It is worth nearly £7bn to the economy, and provides financial services to nearly 50% of the population, compared to a global average of just 33%<sup>4</sup>



Three-quarters of employers now use a cloud-based pensions platform or off-site hosted software<sup>5</sup>



<sup>1</sup> ONS - <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/workplacepensions/bulletins/annualsurveyofhoursandearningspensiontables/2018provisionaland2017revisedresults>

<sup>2</sup> OECD - <https://www.oecd.org/daf/fin/private-pensions/Pension-Funds-in-Figures-2018.pdf>

<sup>3</sup> Tech Nation - <https://technation.io/news/category/data-research>

<sup>4</sup> <https://www.gov.uk/government/speeches/international-fintech-conference-philip-hammond-speech>

<sup>5</sup> Reward and Employee Benefits Association 2017



65% of employers believe technology will increase understanding of the value of employee benefits<sup>5</sup>



90% of business professionals expect data-driven business insight to become a key differentiator by 2020<sup>6</sup>



With 28 billion connected devices by 2020, life insurance products linked to health and lifestyle apps will become increasingly common<sup>7</sup>



54% of Europeans expect they will need to keep earning in retirement<sup>8</sup>



Just 26% of those Europeans not yet retired expect to have the same standard of living in retirement<sup>8</sup>



<sup>5</sup> Reward and Employee Benefits Association 2017

<sup>6</sup> The future belongs to those who monetize and maximize their data, <https://atos.net/en/solutions/atos-codex-insight-driven-outcomes>, January 2017

<sup>7</sup> Ericsson - <https://www.ericsson.com/assets/local/news/2016/03/ericsson-mobility-report-nov-2015.pdf>

<sup>8</sup> [https://www.ezonomics.com/ing\\_international\\_surveys/savings2019](https://www.ezonomics.com/ing_international_surveys/savings2019)

# Life and Pensions, the critical challenge

The UK life and pensions industry is at an inflection point. Its key stakeholders – customers, investors, regulators and distributors – are demanding more as other industries power towards fuller digitalisation and deliver on-demand services to customers who expect nothing less.

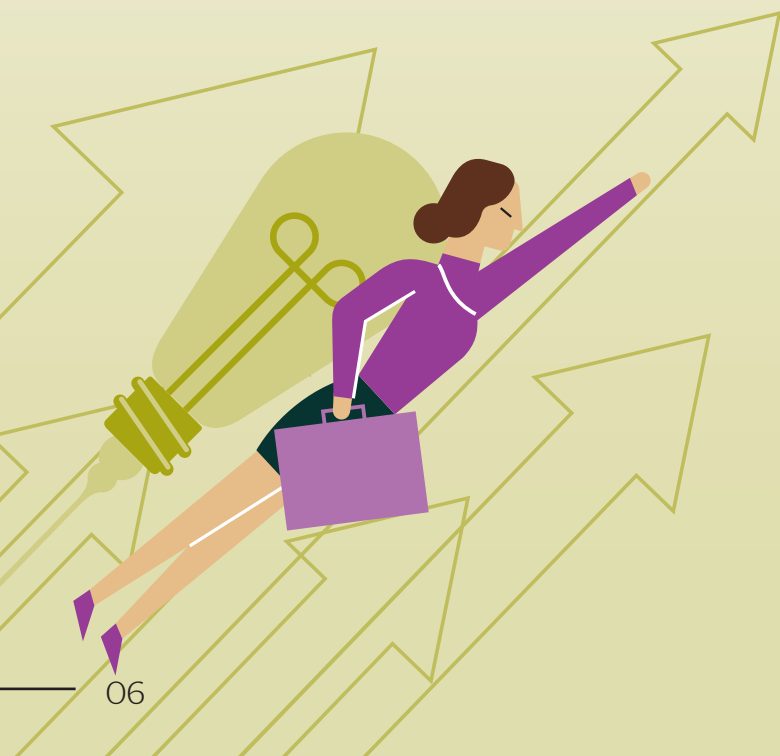
Life and Pensions providers now face the business-critical challenge of accelerating their response to these market and technological shifts. At Atos, we see an exciting future for the supply side of the life and pensions industry as 'Life and Pensions 3.0'. Where 1.0 focused on lifting and shifting high-volume workloads for immediate cost-benefit without process transformation, 2.0 was about moving to new platforms with only limited transformation. What distinguishes life and pensions 3.0 is that it is fundamentally customer-centric and digitally enabled. These are the twin drivers for real transformation for product providers, members, trustees and Independent Financial Advisors alike. And Life and Pensions 3.0 has arrived.

To fully realise Life and Pensions 3.0, providers across the industry need to achieve fully-integrated digital operations to enable pension and investment plan-holders to interact with them easily via their channel of choice. This requires innovative approaches to operational excellence and employee engagement, always with customers at the heart and all powered by new, best-of-breed technology platforms. These promises to the industry are delivered today by Atos, in and for a clutch of forward-looking UK life and pensions companies.

Enabling end-customers to communicate and transact through their channel of choice increases use of digital self-service methods. In turn, Atos can utilise the skills of our people to manage the 'intelligent' parts of the process, applying their deep life and pensions domain knowledge developed at our Atos Life and Pensions Centre of Excellence in Edinburgh and our satellite Protection Centre of Excellence in Lytham St Annes in Lancashire.

This is just the start. We are starting to take these capabilities to the European life and pensions industries that provide long-term investments, protection and pensions for an even larger number of millions of citizens.

Our Digital Vision for Life and Pensions sets out expert views of the future for the industry. We hope you find much here to stimulate new thinking and look forward to your comments and feedback.





# Industry viewpoint: why customer focus is good for everyone

Atos met with Dougy Grant, Managing Director, Existing Business at Aegon UK, to talk about the challenges facing the life and pensions industry and how companies should respond as disruption continues.

## How long have you been working in the Life and Pensions sector?

I started my career with Aegon back in 1998 and, other than a short time with PWC, I've been here ever since. I've enjoyed working in a number of different areas, including general management, sales, corporate finance, consulting, pricing, proposition development and capital management.

## What are the main changes you've seen in the market during that time?

The first and most obvious change is the impact of the internet and the transition from paper to digital.

There's also been a significant move away from separately packaged and distributed products to investment platforms that can flex between different assets and tax wrappers.

Thirdly, propositions and charging structures have evolved and are now easier to understand – partly due to regulation, and partly down to demand from customers wanting them to be as simple and straightforward as possible.

## What impacts have these changes had?

The majority of customers are happy interacting digitally; although it's important not to forget that some customers prefer to deal with someone in person, over the phone or to complete things on paper.

As far as the move to investment platforms is concerned, customers have embraced – and actually driven demand for – greater transparency, competition and flexibility via these platforms.

## How do you see the comparison with digital transformation in the banking industry?

While there's been success in going digital, there is still a long way to go. Consumers tend to have more regular interaction with their bank account than a long-term investment like a pension product. And the perceived level of complexity means customers often want to seek advice. For those reasons, the market has been a bit slower to embrace digital than other parts of financial services.

Yet the two sectors have strong parallels and more major disruption in this market is inevitable.

## What do you see now as the biggest challenges for institutions?

I think the biggest challenge is around trust and customer engagement.

Many people find pensions confusing and daunting; building their trust and connecting with them in more meaningful ways to help them become more engaged is an important step in them making informed decisions.

Younger customers, who see that they will have a number of careers and work for much longer, may be unsure of how to plan for their retirement. It's vital that we find a way to simply explain the importance of saving for the future.





### What should companies now focus on?

If companies maintain their focus on the customer, the rewards will be there.

While financial advisors do a very important job, online tools have a huge part to play in engaging with large numbers of customers: for example, landing pages showing different plans, risks, returns and options for closing any funding gaps.

Making life easy for customers by keeping their experiences simple, fast and accurate is important. But it's about more than that: companies can educate people by bringing their investment challenges to life in intuitive ways. For customers unable to pay for financial advice, there are some really great tools on the market that use digital technology to help them make better-informed decisions.

### How has this worked at Aegon?

We've been active in the digital space since 2011 and we've created a culture in which our people are always asking 'how can we make this easier and better for customers?' When customers aren't satisfied, it creates failure demand, which is time-consuming and costly to resolve.

For example, we've transformed processes using automation to achieve speedier, right-first-time responses, which translates into better customer outcomes and satisfaction. In Existing Business we use our Net Promoter Score (NPS) as the measure, with the management information it yields as a rich source of intelligence to help us improve. Three years ago, our NPS was +2; now it's +40. That step change has been the result of constant focus, because what gets measured gets managed.

What's more, better outcomes for customers mean better outcomes for colleagues because there's a tie-in with the reason we're all here: to help customers achieve a lifetime of financial security. This becomes a virtuous circle, with the satisfaction and loyalty of our customers driving the pride and purpose of our colleagues. Get that right and in turn comes more financial success and better outcomes for shareholders.

### In the next 5-10 years, how do you see the market changing?

I can imagine a near future where organisations are much better at utilising the richness of their data, with analytics and behavioural analysis to predict the needs of different cohorts of customers. Companies who can do that will be the highest-performing.

I also think the interfaces customers use – landing pages, advisor portals and product platforms – will be more intuitive, with better real-time advice and support using AI. At the same time, the role of person-to-person interactions – either face to face or online – will persist, because trust and engagement are so important to our industry and the people we serve.



# Why the time for transformation is now

At a time of disruption in the life and pensions industry, traditional players must embrace transformation to be ready for the future.

Companies need to meet rising consumer expectations for 'wow factor' experiences; they must comply with new regulations and pass public scrutiny; they must handle emerging competitors who advance from every angle; and they must continue to innovate and stay relevant over the lifetimes of generations of new customers.

## Huge opportunity

While the prospect of transformation on this scale can lead to inertia in some organisations, the ones who thrive will be the ones who act now. Progressive protection companies will recognise that change is not about individual technologies, gimmicky products, or a single new touchpoint. It is about working through transformation at an organisation and ecosystem level.

With millennials more comfortable providing and sharing their data, there is a huge opportunity to provide more targeted services with greater market knowledge than ever before. FinTechs and InsurTechs have reformed the industry by doing this already and pensions and life protection providers must adapt – not in five or ten-years' time when baby boomers and Gen Xers are no longer the dominant demographics and companies have missed their opportunity to establish brand trust with younger generations, but right now.

## Integrated strategy

The ability to build customer experience into everything the business does will become a differentiator against current major competitors. It will also prove to be a way of levelling the playing fields with the FinTechs and InsurTechs. This requires an ability to think differently, a determination to continually adapt, and a customer-centric approach to change.

Companies need an integrated strategy for cutting the cost-to-serve and reducing risk while also knowing how to become an integral part of consumers' lives. They need the capacity to manage transformation while offering ways to meet the needs of new generations of consumers. A combination of data-driven personalisation, omni-channel experiences, and relevance at key 'moments of truth' is a sure-fire route to success.

As competitive pressures grow, rethinking traditional approaches to pensions and life protection will yield new customers and ensure that progressive providers can lead the industry once again. With market transformation showing no signs of slowing, it is incumbent on the incumbents to transform.





# 65%

of employers say reducing costs and volatility is a key driver for change to defined benefit pension plans for 2019<sup>1</sup>.

# “

In two years' time, 81% [of marketers] say they expect to be competing mostly or completely on the basis of customer experience.

Gartner, 2018

# ”



<sup>1</sup> 2018 UK Pension Strategy Survey; Willis Towers Watson 2018

# Creating the Life and Pensions companies of tomorrow

The UK life and pensions (L&P) industry is undergoing a sustained period of change as it adapts to a wide variety of market dynamics.

2015 was the year that millennials became the largest single group in the UK workforce. Millennials and the generation that follows, 'Gen Z', are 'digital natives' who compare the ease and convenience of services against the 'best-of-breed' e-tailers – regardless of sector. In contrast, many L&P service models were established many years ago (pre-smartphone!). For incumbents, transformation is vital to successfully attracting and retaining these new generations of customers.

Digital self-service is becoming a 'hygiene factor' right across Financial Services and the L&P landscape is no different. The explosion of social media in conjunction with the popularity of comparison tools is providing customers with transparency of products like never before.

Added to these challenges are the political and economic uncertainty that has seen costs rise and pressure on margins as regulation and competition increase.

Technologies such as automation, artificial intelligence, data and analytics can help improve efficiency and the wider L&P offer, but only if providers harness them strategically. At the same time, the 'jungle of legacy IT' continues to be a drag on many established players, who now find themselves under attack from FinTechs and InsurTechs who can innovate from 'blank sheets of paper'.

## Deliver a great user experience

Whilst delivering efficiencies and improving the bottom line remain as important as ever, there is a pressing need to improve the customer experience to gain competitive edge in a sector that lags behind many others in this domain. Improving the user experience offers the added potential to cross-sell and upsell products, reduce costs by enabling self-service and offering convenience of contact that fits with customer preferences and their lifestyle.

Making customers want to do more with their L&P products is going to be crucial to future growth. To deliver this, providers must drive regular higher-quality engagement with their brands to develop trust and

underpin future loyalty. New innovative value propositions are needed here. A good example is Vitality (Health & Life) and its 'Active Rewards' programme, which provides discounts on a range of activity trackers to help drive greater engagement with customers.

## Data-driven products

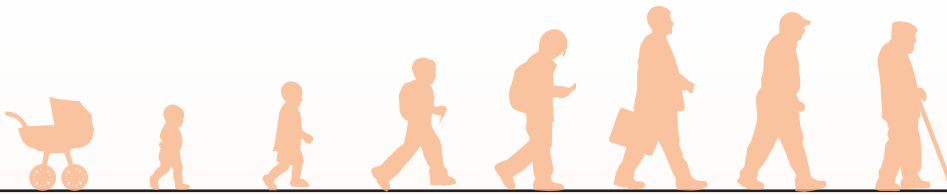
L&P products have traditionally been complex and difficult for consumers both to understand and to tailor to their specific needs. The increasing use of intelligent automation and robotic technologies will generate huge amounts of data that can be used to help adapt products to the changing needs of the customer. Not only can products be more personalised to the customer's specific life goals, they can also develop alongside the customer as these goals change.

Simplifying and personalising the offer will also help get better customer buy-in whilst offering greater integration with a wider variety of other financial services products, in-turn increasing the potential for brand loyalty. For example, robotics and intelligent automation might be used by providers to re-engage customers with more affordable financial advice.

## Transformational partners

Operating models are being reinvented across the board as emerging technologies drive changes in the behaviour and expectations of customers. Most L&P providers, whilst on the path to reinvention, still have long way to travel.

L&P providers, typically, do not possess the skills or resources to transform themselves. To shift the dial in the areas of digital transformation, customer experience and intelligent automation, providers will need to draw heavily on an ecosystem of transformation partners to help deliver the necessary step change in providers' cost bases and in the expectations of policy holders.



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Making customers want to do more with their L&P products is going to be crucial to future growth.

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# An omni-channel vision to create vital competitive edge

For more and more financial services customers, the time that really matters is right now. People want easy access to their personal finances where, when and how it suits them; and this is changing the relationships between financial institutions and their customers forever.

## Self-service benefits

It's well known that today's consumers want to be able to use a combination of different channels to manage their savings and investments, from online banking and apps, to face-to-face meetings and phone calls. The retail banking sector has been leading the charge, and the last five years has seen an evolution from mobile banking to 'smart mobility', which uses contextual data for better targeting of relevant and timely services to customers. This enables banks not only to deliver conventional mobile banking, but also act as service brokers within a retail ecosystem, improving their own service to customers while opening up new sales opportunities. It also fosters a self-service approach that combines convenience with cost-efficiency; customers can access services around the clock that can be delivered at comparatively low costs.

For the life and pensions sector, the challenge now is how to maximise the benefits of this kind of self-service approach – speed, efficiency and reduced cost-to-serve – while increasing customer satisfaction and developing new business opportunities. The solution to meet all these challenges simultaneously is to implement a comprehensive omni-channel strategy.

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The challenge now is how to maximise the benefits of self-service while increasing customer satisfaction and developing new business opportunities.

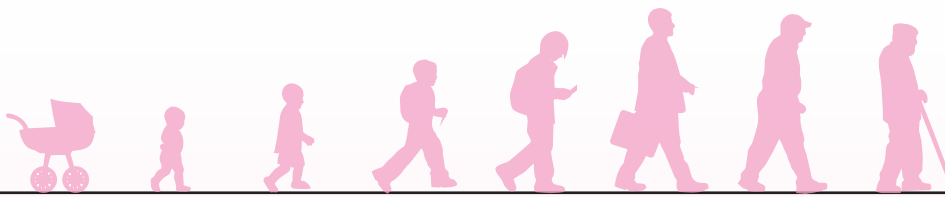
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## Single dynamic customer experiences

An omni-channel strategy enables a company to deliver one consistent customer experience all the way through each transaction while maintaining a full picture of the customer and their interactions at all times. It makes it possible, dynamically and in real-time, to gather knowledge from customers across all channels, while delivering precisely targeted fulfilment to customers at every stage. Customers no longer feel that different channels, such as online and telephone, are different departments – or even, in some cases, different organisations. They don't waste time or feel frustrated by having to re-explain their need or go back to square one with every transaction.

As far as the technology goes, an omni-channel strategy can be implemented through an omni-channel portal and one single customer experience platform, with the ability for customers to switch between different modes throughout a transaction. This technology performs three key functions:

- It provides an integrated way of gathering customer data, insights and priorities, which can be collected within a single knowledge repository;
- It means that intelligence, generated by analysing large volumes of customer information, can be applied at every point of contact with customers, ensuring that sales and service agents understand customer profiles, preferences and context at every contact point, and;
- It enables customers to interact with their life and pensions company in exactly the way that suits them best.



## Virtuous circle

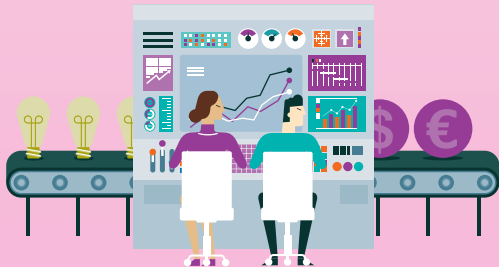
An omni-channel strategy is key to delivering customer experiences that are at once highly efficient to deliver (being largely based on customer self-service), very convenient (fitting into the customer's preferences), always accurate (as the most up-to-date information is available at each contact point), and satisfying (by constantly learning from each contact, enabling a more proactive approach to service delivery).

With an omni-channel portal driving a consistent and seamless experience across all channels and platforms, customers' satisfaction levels increase because the company is easier to do business with. It also drives competitive advantage by giving companies insights into their customers' needs and preferences that can be used to adapt their business model, thereby further raising satisfaction levels and loyalty. Only a truly omni-channel strategy can achieve this, creating a virtuous circle that improves both efficiency and satisfaction at the same time.

## Industry Spotlight

The partnership between NS&I and Atos has won several awards for its customer service, including Best in Banking & Finance at the Top 50 companies for customer service awards for the past three years.

The extended contract with Atos runs through to 2024 and will save the taxpayer over £400 million compared to the original contract (1999-2014), which in turn was estimated to have saved over £500 million compared to arrangements before 1999. Over the period of the current contract with Atos from 2014-15 up to 2017-18, total funds invested with NS&I have grown from £106 billion to £157 billion.



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In a number of ways, our long-standing collaboration with NS&I is a business transformation exemplar. We are proud to renew this partnership and to continue to build upon the significant successes of the NS&I transformation journey. We will achieve this together by delivering additional enhanced customer-focused services, underpinned by a blend of talent and innovative technology, helping ensure NS&I is well positioned for the future.

**Adrian Gregory, Atos Senior Executive Vice President  
and CEO UK and Ireland**

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# Digital transformation: view from a disruptor

These are interesting times for the protection market. Digital technologies are revolutionising the industry by providing a scalable way of reaching a mass market with products and regulated advice available online.

## Widening access

With millions of European citizens without life insurance cover, making products easier to access and understand is an industry priority. This is where digital technologies can be so powerful. In the past, life insurance products were traditionally sold offline by intermediaries. As a result, distribution networks could be fragmented and weren't readily scalable. This meant that products were not always easily accessible to people, which contributed to the protection gap.

Now, institutions are developing products and purchasing processes that are much simpler and faster for customers to find out about and buy online. With the introduction of the Second Payment Services Directive (PSD2), financial services companies are now required to give third parties access to relevant data, so customer data can be securely shared between platforms and providers.

## Multi-channel experiences

Using digital channels, anyone can get easy access to personalised and regulated life insurance advice in just a few minutes. Conversations about life insurance can start as an integral part of the online channels that people already use, such as banking, e-commerce and gig economy platforms like Uber. In this way, individuals can be connected to the products and services that are right for them.

This isn't about trying to replace human interactions; it's about opening up access to information and, from there, customers can talk to an adviser offline. Any data captured can still be available, both for the customer and their adviser.

## Flexibility and visibility

As more control is put into the hands of customers, we're also seeing major changes in the design of life insurance. Companies can develop products that are much simpler, easier to understand and faster for customers to check online. Products are becoming more flexible, with cover and benefits evolving in line with a customer's lifestyle and milestone events such as the birth of a child, or a change in circumstance. Some products take account of health trackers in order to offer discounts on premiums or access to benefits such as gym discounts and health and wellbeing incentives.

Online companion services can tell you how and when you need to adjust your cover, giving you more control and more visibility of your position, with personalised advice along the way.

## Vital innovation

**Digital disruption is creating more channels into the market for insurance providers. It is also creating fresh opportunity for banks, insurers and digital innovators to enter the market.** Start-ups have the advantage of agility and rapid innovation. Incumbents, on the other hand, bring the value of an established brand that can be so critical to people purchasing products that are typically complex and long term.

While the rewards for innovation are definitely there, the market is dynamic and technologies are advancing fast. For many companies, success depends on accessing flexible digital capabilities and staying adaptable to reach customers in new ways.

*Anorak Life is an automated life insurance advice platform. The Anorak platform and application programming interfaces (APIs) are designed to be integrated by distribution partners. Through the platform, people have access to life insurance advice whilst using everyday services such as challenger banks, money apps, online retailers, mortgage brokers and investment platforms.*





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with millions of European citizens without life insurance cover, making products easier to access and understand is an industry priority.

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# New strategies for meeting regulatory demands

The avalanche of new regulatory change continues at pace. The cycle of 'more regulatory demands, more people, more projects, more cost' rolls on. However, there are strategies that can help financial services companies to manage the economics of regulatory compliance.

A strategic decision to appoint a specialist long-term partner means that companies facing similar demands don't have to tackle these problems in isolation. If partners can offer robust solutions tailored to each company's needs, that's 'more change, less cost'. Some examples here will help.

## Removing manual processing

Every service company onboards customers. It's how they engage effectively with their market and deliver the right products and services. However, the regulatory demands and complexity of onboarding can mean that businesses resort to paper or electronic document scanning processes for customer onboarding that are simply too costly.

At Atos, for example, we found that by changing digital solutions, we could increase one company's use of automation for onboarding processes from 70% to 96%. In other words, a quarter of manual processing was removed. In this scenario, it wasn't so much the automation solution that was clever, it was the analysis of why onboarding might fail, who the customer population was, and how to use digital technology to transform what was possible.

## Common goals

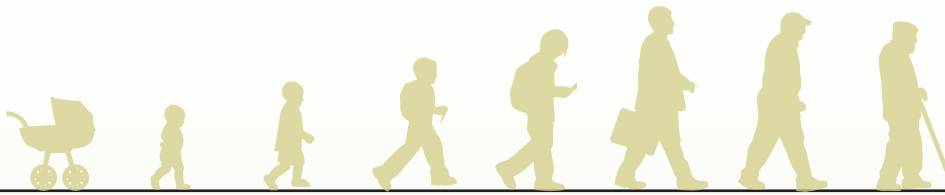
Many companies face the challenge of how to modernise their capabilities to keep up with rapid advances in automation. The common goals here are to reduce costs, improve speed of processing, free up resources and maintain regulatory compliance.

The strategy of using automation to transform business processing to 'do it once and do it right' is both economic and customer-focused. In 2018, for instance, we partnered with RSA, one of UK's leading providers of financial crime prevention services, to employ the latest advances in automation, machine learning and device identification in order to improve the effectiveness of processes while delivering economies of scale.

“The strategy of using automation to transform business processing to 'do it once and do it right' is both economic and customer-focused.

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## Options and strategies for outsourcing

There are a range of cultural and logistical factors that come into play when companies are deciding how to engage with automation suppliers.

Option	How do we feel?	Why do we do this?
<b>Keep everything In-house and do it ourselves</b>	<ul style="list-style-type: none"> <li>• We all like this approach.</li> <li>• You know where people are, what the processes are and who is doing them.</li> <li>• It's like everyone is in the same team.</li> <li>• Yes, it's costly, but is there another way to do it?</li> </ul>	<ul style="list-style-type: none"> <li>• It's the status quo.</li> <li>• The processes are so complex and unique that no-one could ever do this for us... could they?</li> </ul>
<b>Send parts of processes to suppliers, to help us manage some of the risks</b>	<ul style="list-style-type: none"> <li>• Yes, working with suppliers is something we all do, but it can feel like we spend a lot of our time managing supplier relationships.</li> <li>• I am not convinced we get economies of scale.</li> <li>• It doesn't feel as good as when we had it all in house. We need better oversight.</li> </ul>	<ul style="list-style-type: none"> <li>• We can't do everything internally, so we must rely on some suppliers.</li> <li>• It can be good for unique processes that others specialise in.</li> </ul>
<b>Partner with a digital transformation partner</b>	<ul style="list-style-type: none"> <li>• Ok this sounds scary!</li> <li>• Would we be losing control of the whole business?</li> <li>• How could we make sure we deliver performance as well as change capability?</li> </ul>	<ul style="list-style-type: none"> <li>• We can re-use learning and solutions from within and outside our industry.</li> <li>• We can manage our incremental regulatory costs through the contract.</li> <li>• We only have to deal with one partner.</li> <li>• We can drive more integrated transformational change.</li> </ul>

## Staying in control through partnering

No matter which supplier or partnership option a company chooses, the business challenges remain the same, but with partnering, the degree of unique challenge reduces exponentially. This is because, with the support of the right partner, you are still driving the metaphorical car, but without the need to wash it, fix the tyres or change the oil.

The key is to retain focus on what is important to your business: the customers, strategy, products, employees and policies. This frees up the company to address its compliance challenges (FCA requirements as well as good Industry practices), its performance and its ability to change simultaneously, whilst also having more time for setting future direction. Being able to answer the questions 'how well are we driving?' and 'is the performance of the car getting better?' is essential. Through partnering, companies have a trusted collaborator, with their choice now more about ambition and where the company wants to go.

# It's pensions, but not as we know them...

When someone raises the topic of pension planning, for many of us, our response will generally depend on our age.

In our 20s, a pension feels like a distant milestone. In our 30s, we may well be more focussed on buying a house or starting a family. In fact, it may not be until our 40s that the pension question comes sharply into focus. Google's most frequently asked questions about this subject tend to support this assumption, reflecting not just 'when should I start my pension?', but equally frequently, 'is it too late to start my pension in my 40s... or 50s...or (even) 60s?'

Wherever you may be on your life journey, just like death and taxes, pensions eventually become increasingly important, but the questions are now not just about when, rather, how to understand the change. This is an industry at a pivotal point of total transformation with the consequences set to reverberate not just for the institutions that provide pension products but for anyone who either has started, or is thinking of starting, a pension. Which is almost the entire adult population of the UK.

Active pension holding citizens have in recent years been hugely encouraged by the state to increase or top-up their pension contributions. Received wisdom is that the state pension won't be enough: so how are you, as an individual, going to take more responsibility for the size of your pension?

Given the complexities of how pensions are managed through different funds and brokers, unless you're an expert, taking control of your pension portfolio can be not only confusing but daunting. Can I keep track of the paper work (and it usually always is paper) Is my pension too volatile? Is the money safe and will it yield sufficient returns?

What's more, people's working lives have changed. The likelihood of staying in a single organisation or role throughout our careers is now low. This means that as you move from role to role you might pick up several pension pots. Who manages these pots: employers? citizens? expensive financial advisers? the Government?

Pensions need to be demystified and simplified so that individuals can work out what decisions they need to make and how to make them. Without this knowledge, it's all too tempting to put such decisions off until a later date.

Now let's examine the industry itself. Under intense market pressures, life and pensions providers are having to harness vast amounts of data to mitigate significant risk as people retire earlier and live longer. At the same time, they are beginning to apply an array of emerging technologies to become more efficient and effective, and more responsive to consumer demands. And that's before we even get to the myriad products that have sprung up over decades and need to be streamlined and optimised.

Thanks to connected technologies, open banking and FinTech disruption, providers are under pressure to give customers greater visibility and control of their finances. This shift will have a huge impact on the pensions market and we can see this reflected in the concept of the pensions dashboard now being developed by the Government, a short overview of which can be viewed to the right of this article.

There is plenty of good news here. People will benefit from greater transparency which along with dashboards should simplify personal pension administration, driving up satisfaction and engagement - while driving down the risk of procrastination and inaction and reducing at a macro level the level of risk for the nation that is associated with a less prepared pensionable population.

Government has already been addressing risk reduction by applying nudge theory; using positive reinforcement rather than obligatory compliance to change people's behaviours. After the 2012 auto enrolment legislation, active membership of UK private sector pension schemes leapt from 2.7 million to 7.7 million in just four years. The UK Government's approach proved that appropriate use of Nudge Theory in policy design is an effective way to move people to an outcome that they may otherwise have passed over.



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And this is important, because when we can see what's happening and can make informed decisions, we will feel more confident and secure about our future. In turn this could also will foster more opportunity and creativity later in our careers. With more people living longer and shifts in work patterns, people can have the chance to do different kinds of work while being clear about both about where they stand with their pension but also to have greater flexibility on how to use it.

It is beholden on the industry and partners to make it easier for citizens to access, manage and understand their pensions. Retirement is no longer simply the end of a working life: it is the start of a new set of choices. Pensions have a huge part to play in enabling people to invest, work, spend time with family, help friends, volunteer, start a new enterprise or even simply to see more of the world. All this and more people will now probably do for an extended period of time. By knowing how best to leverage life and pension plans, people can make positive decisions for what should be an enriching period of their lives.

The world of pensions is changing. When we start our pensions, how many pensions we have, and what we do with them, will mean our retirement and how we manage our journey to it is going to be very different.



Dashboards will help people see clearly and simply how much is in their various pension pots – including State Pension – and what they can expect to have to live on in retirement.

This is a seismic shift. For too long, pensions have been an after-thought – something we only start worrying about when it's too late to adjust what we're saving to ensure financial security in later life.

Part of the problem has been the inaccessibility of information about our pension pots, with obscure annual statements that blur the bottom line serving only to make people switch off.

In this context, dashboards have the potential to transform the way we all think about and plan for retirement.

**Rt Hon Amber Rudd MP,**  
**Secretary of State for Work and Pensions**  
**April 2019**

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# Employee view

We asked a cross-section of colleagues within Atos, 'what does transformation mean to you?'

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Business transformation creates opportunities for greater customer intimacy and efficiency gains. Yet if people don't have the right mindset, or if tools or processes are flawed, then any attempt to transform could result in wasted time and effort.

Adopting a people-first approach to transformation is likely to remain key. In helping organisations to transform, we rely on the people working at the heart of our customers' business, so it is the blend of people and technology that is key. People bring detailed knowledge of their customers' behaviour and drivers, and of what works and what doesn't.

Atos' CX Academy is an internal programme which focuses on a customer experience-led approach to driving positive change. The Academy promotes an innovation culture, underpinned by problem solving, creativity and critical thinking. We take people on a transformation journey, engaging them in the change, retraining them for the jobs of the future, and empowering them to become brand ambassadors and champions of change.

**Emma Halliday, CX Team,  
Business Transformation Services**

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When transformation is needed particularly when there are legacy systems in place, the initial focus shouldn't be on just implementing more tech. There is no single technology platform or service that can alone meet the challenges around cyber security.

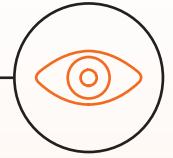
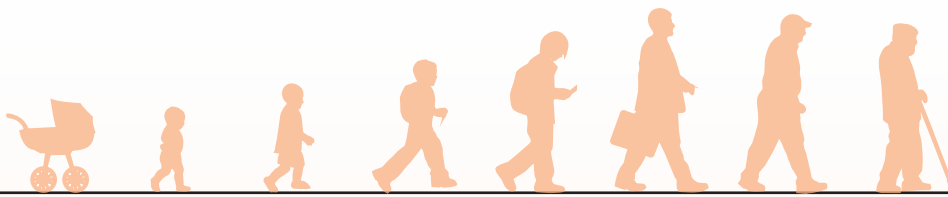
When it comes to cyber security, the traditional defences are no longer enough. Security around the perimeter of systems alone won't protect against today's threats, which are growing in number and become ever more sophisticated.

Given the pace at which the cyber security industry changes, we need to enable and encourage new types of innovation and creativity.

Technology is a vital enabler for transformation; but jumping straight to particular solutions or vendors shouldn't be the first move. Instead, a clear assessment of cyber security risk is essential. Focusing on each organisation's needs while working in collaboration to become secure by design, should be the starting point.

**Elly Howells, Cyber Security Analyst,  
Big Data & Security**

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“Transformation is about putting in place solutions to ensure that helping our customers is as simple as possible. This requires a customer-focused rather than a process-focused approach.

Transformation means providing intuitive digital solutions for applicants and policyholders, as well as financial advisers. It also means giving our teams easy-to-use systems that enable them to give speedy, accurate and straightforward answers to customer queries.

Transformation means no manual workarounds for common and repetitive tasks. While resolving common or simple requests with minimal human processing, teams can be freed to help customers who have special circumstances or complex queries.



Finally, for transformation to happen, systems and processes are needed to encourage, enable and examine customer and employee feedback in order to create a full picture of our customers' experience. Transformation doesn't mean every single thing is fixed, but it does mean making sure we continually improve our customers' experience.

**Mark Illingworth, Aegon Customer Liaison Team,  
Business Transformation Services**

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# Engagement versus communication: making transformation stick

In a highly competitive life and pensions market where customer experience and brand loyalty increasingly inhabit the battleground, why do some organisations fail to deliver successful transformation?

Transformation programmes are challenging and demanding; they can reach a point where change feels really hard work, like pushing the proverbial rock uphill. In general, people usually start to resist change when they believe they will lose something of value, or they fear they will not be able to adapt to the new ways. What's more, when organisational change goes wrong, this is often because it is being treated purely as an implementation of a new process<sup>1</sup>.

## Traditional barriers

To drive truly successful transformation, businesses need to develop a strong vision and strategy to engage their teams in a collaborative programme of change. The critical word here is engage: many organisations, whilst they acknowledge the traditional people-related barriers to change, choose merely to communicate with their

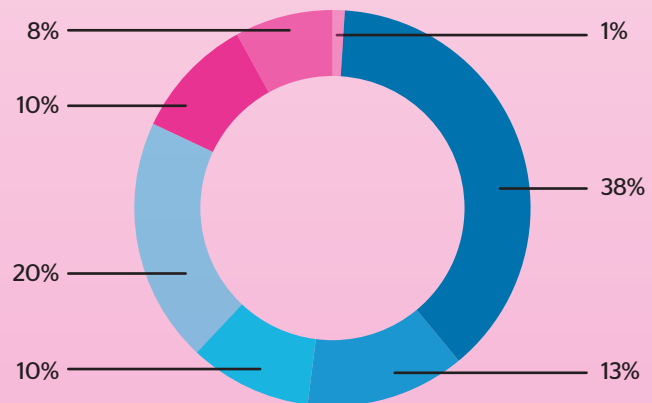
employees rather than to engage with their people as their most valued asset.

Without a compelling vision and a clear supporting story, the risk of failure increases. Any momentum that is established at the start of a transformation journey erodes and traction is lost just at the time when a strong

will and determination to succeed is most needed.

Understanding what motivates employees is critical to engaging them successfully in any change. The chart below shows the reasons why people say they come to work.

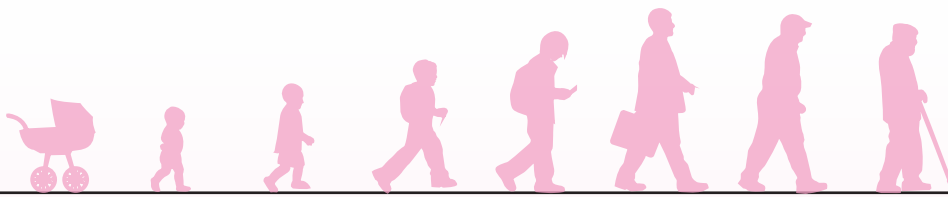
- To pay for things I need
- To pay for things I want
- To learn and grow in my career
- Because I love what I do - it feels less like a job and more like a vacation
- Because I like the company I work for - we're on the same mission
- Because I like the people - many of them are friends and there's a great social life
- Something else



<sup>1</sup> Forbes 2016 - <https://www.forbes.com/sites/brentgleeson/2017/03/21/5-ways-to-empower-and-engage-employees-to-lead-change/#1b9e199918fa>

<sup>2</sup> Source: The People Unboxed Report, ADP, 2018





### Subtle differences

When, for example, over 51% of employees come to work to pay for things they either need or want, is it little wonder that there is a degree of trepidation when transformational change is communicated in a way that people feel threatened by? If teams feel they don't understand the vision and strategy, or feel that they haven't been able to contribute to that strategy, those logical tensions arise and the blockers to change materialise. This is why it is so important to understand the subtle differences between communication and engagement. In essence, communication focuses on content and target audience, while engagement is more about who to listen to and what they hear in that conversation.

Andrea Di Maio, Managing Vice President for Public Sector at Gartner Research, suggests that communication and engagement can even be opposites in certain cases. "In essence... an effective communication strategy is likely to be almost the exact opposite of an effective engagement strategy. The former chooses and controls channels, while the latter joins somebody else's channels. The former determines the rules of engagement, the latter follows somebody else's rules". Communication and engagement about the new vision and strategy can be effective partners because they complement each other. While communication can happen without engagement, engagement cannot happen without communication.

### Collective effort

It's no surprise, therefore, that an effective and sincere engagement strategy and well-planned communication is more likely to get buy in and co-operation from key stakeholders because they are engaged, onboarded and become part of the solution. This means they are not, as so often happens, sitting on the side-lines predicting failure. In sporting terms, they are on the pitch trying their best for their team.

Building trust through open and honest engagement and listening to feedback (all feedback) and acting on that stimulus will demonstrate that change is a collective effort. Employees will truly feel part of the solution, worrying less about the impact of a failed programme on the reasons they come to work in the first place. Employee engagement in transformational change should not be seen as a line item of a project plan; it is at the very heart of successful transformation.

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Communication focuses on content and target audience, while engagement is more about who to listen to and what they hear.

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# In summary...

Following the route of organisations elsewhere in the financial services industry, life and pensions companies are undergoing a period of sustained disruption.

Key drivers for change are competitive pressures and the availability of digital platforms and large volumes of data, combined with wider societal change and the need to inform and more closely engage customers to look after their long-term financial security.

With costs rising and a pressure on margins, digital transformation is vital if life and pensions companies are to gain the necessary efficiencies while also attracting and retaining new generations of customers.

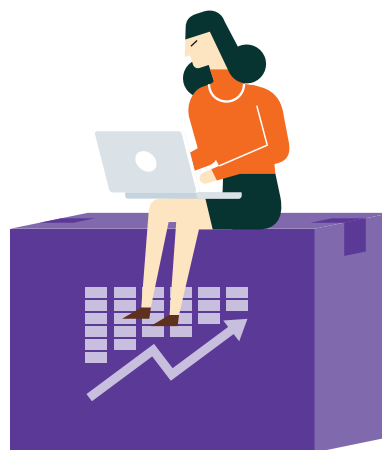
The renewal of the fundamentals which underpin an organisation including IT systems, business process services and related infrastructure ultimately combine to deliver total transformation.

Agile, digital operations will help companies to address the challenges of legacy while ensuring their technology infrastructures are future-proofed.

Omni-channel customer engagement and digital self-service are now expected across financial services, with a requirement for simple, intuitive digital tools to help customers understand and make decisions about their long-term investments.

Increasing use of intelligent automation technologies will ensure right-first-time processes while generating huge amounts of data that can be used to achieve operational excellence and respond to customer needs.

Successful and total transformation depends on close employee engagement to reinvent business processes and achieve sustained customer-focused cultural change.



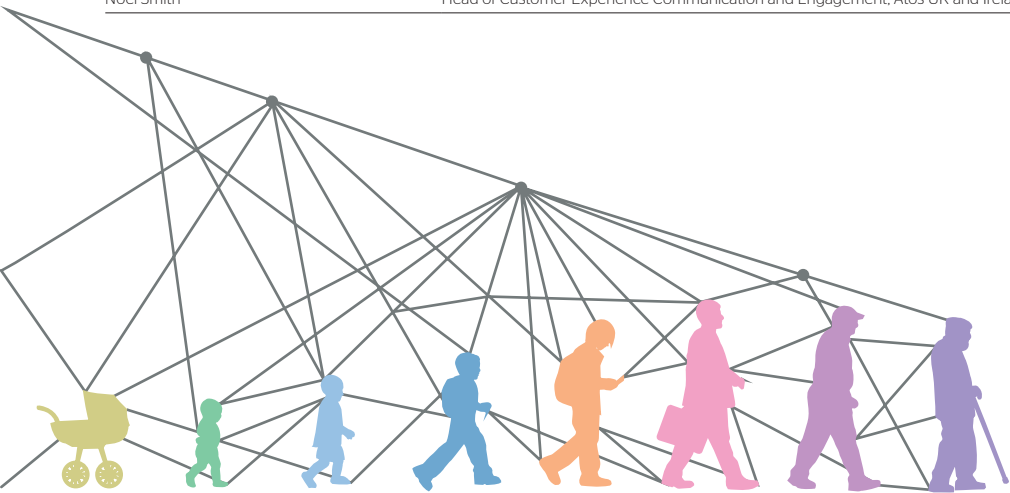


# Acknowledgements

We would like to warmly thank all contributors to this paper. If you wish to send feedback, please tweet using **#DVfLifePensions** or email: **AtosDigitalVisions@atos.net**

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# About Atos

Atos is a global leader in digital transformation with over 110,000 employees in 73 countries and annual revenue of over € 11 billion.

European number one in Cloud, Cybersecurity and High-Performance Computing, the Group provides end-to-end Orchestrated Hybrid Cloud, Big Data, Business Applications and Digital Workplace solutions. The group is the Worldwide Information Technology Partner for the Olympic & Paralympic Games and operates under the brands Atos, Atos Syntel, and Unify. Atos is a SE (Societas Europaea), listed on the CAC40 Paris stock index.

The purpose of Atos is to help design the future of the information technology space. Its expertise and services support the development of knowledge, education as well as multicultural and pluralistic approaches to research that contribute to scientific and technological excellence. Across the world, the group enables its customers, employees and collaborators, and members of societies at large to live, work and develop sustainably and confidently in the information technology space.

Find out more about us  
**atos.net**

Let's start a discussion together



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