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What Can Pension Systems Learn From the Three Little Pigs?

How stable is your digital enterprise? Most pension systems delved into digital with a simple Web presence, and added self-service features over time. But the underlying business did not change, it just had a digital periphery. As automation increases, citizen behaviors change and digital contact channels become the norm, pension organizations today must change to deliver public service for the future and be digital at the core, not just the edge.

The transformation to a true digital enterprise must be based on a solid foundation. Rather than rushing into the next best thing in digital, getting some of the 'old' business basics right will be what separates the houses of brick from the houses of straw.

Laying the bricks for a digital foundation

How can pension systems know whether they have the right materials to support new digital activities? Accenture is benchmarking the operational performance of pension agencies against their peers through the Accenture Pensions and Social Security Maturity Assessment. Initial findings reveal that the similarities between lower performers are more marked than the similarities between higher performers. What's more, the inhibitors of high performance tend to be few and basic.

To move up the maturity curve to high performance, pension agencies must lay bricks of efficiency, legitimacy and an outcomes focus to set a sturdy foundation on which to build up digital capabilities for the future.

Built for efficiency means built to last

Some basic processes will drain resources and time, so it's important to know what not to do. For example, a mail shot could trigger hundreds of phone calls that you can't answer because you don't have the front-office manpower. Boost mission productivity by finding ways to eliminate the contact that you don't need. Appeals are a classic example of a transaction that adds no value, yet takes away resources.

In addition to avoiding contact, avoid paper if you don't need it. Paper cuts don't have to hurt. Digitizing paper will require an upfront investment, but the returns are vast. Documenting process improvements can correct manual errors that result in late or incomplete contribution collections or overpayment of expensive human services benefits.

Norway is dramatically reducing paper use through its ALTINN system, which allows citizens and businesses to interact with government online. Approximately 75 percent of forms that are required to be submitted to government agencies are submitted via ALTINN. A whopping 400,000 companies no longer use paper forms to submit declarations.¹

To be efficient, it's also important to understand the cost of your processes. Knowing the cost of what you do enables you to create the business case for digitalization and measure actual progress against that plan.

Transactional services present the biggest digital opportunity to save citizens' time and governments' money. For example, the average cost of a digital transaction can be 20 times lower than the cost of telephone, and 50 times lower than face-to-face interactions.² The average cost of contact for face-to-face transactions is US\$13.84—exponentially higher than telephone (US\$4.54) and Web transactions (US\$0.24).³

Measuring contact and cost allows you to identify the ripest opportunities to reduce or eliminate avoidable contact and find alternative methods of contact, such as self-service. This can be a boon for mission productivity. The UK government estimates that by moving transactional services online, they will save US\$2.7–2.9 billion per year.⁴ Like successful private sector companies who find ways to combine 'clicks and mortar', pension agencies will be most successful when they understand how best to use their people, resources and channels for each transaction.

Legitimacy builds credibility

Legitimacy is another important measure of high performance as it helps pension systems to gauge whether they are (in both public perception and reality) secure, accurate and tightly in control of operations. The public and citizens want to know the system is being run efficiently, and with an eye to reduce waste and redundancy. However, according to an IDC survey, government was among the lowest-ranked industries for document process efficiency.

Only 1 in 3 government respondents to the survey placed greater importance on projects for improving document-driven processes than other IT projects—10 points lower than the commercial sector.⁵



A focus on outcomes leads to happier endings

Pension systems must consider whether they are strategic, linking everything they do to delivering the right outcomes to the right citizens at the right time. You may believe that you are doing all of the right things to support your mission and your members. But the only true way to track your outcomes is to measure them.

Pension organizations often don't measure the result of appeals and complaints. Forty percent of pension administrators surveyed record the number of appeals they are subject to, however, only 28 percent record the outcome of those appeals.⁶ Doing so could reveal patterns of poor decision making, or it could lead to new processes such as peer reviews.

For pension organizations, moving to digital means breaking down internal and external barriers to communication and interaction. It means tearing down silos of product delivery to offer service tailored to the needs of the customer. But it is as much about construction as it is about breaking down old ways. Fully adopting automation, customer-centric business processes and cross-channel service will form your digital core. And to deliver public service for the future in pensions, your construction must be founded on solid business principles: knowing what you do, how much it costs and how well it meets the needs of your citizens.

For more information, or to assess how your bricks stack up, contact:

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- ⁴ Accenture, "Digital Government: Pathways to Delivering Public Services for the Future" p. 37
- ⁵ IDC Report: http://mds.ricoh.com/files/knowledge_center/IDC_Revenue_WP_Ricoh_FINAL.pdf
- ⁶ Accenture Pensions Benchmarking Survey

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