

# Norway's groundbreaking new pension system successfully launched



High performance. Delivered.

## Summary

In 2005, the Norwegian government initiated sweeping welfare reforms. One of the largest involved the US\$500-million program to transform the way Norway administers its pension benefits. With the number of retirees in Norway projected to double by 2050, this was a critical objective.

Hampered by old technology and a paper-based organization, the existing pension system was struggling to keep pace with current applications, leaving Norwegians unable to adequately plan for retirement. To address this situation, the Norwegian Labour and Welfare Administration (NAV) established a pension program in 2006 to drive through the transformation needed to implement a sustainable pension system for future generations.

Collaborating with Accenture as its strategic partner, NAV successfully launched its groundbreaking new pensions system—on time and on budget—in July 2011. This end-to-end transformation of pensions administration sets a new standard in how to implement new reforms, demonstrating the power of innovative solutions to help public agencies do more with less.

Norway's pension reform sets a new global standard with two firsts. As well as being the only country to provide its citizens with an integrated view of their total public and private pension benefits, the Norwegian system became the first to enable an end-to-end automated process for gathering user information, calculating benefits and enabling payment transactions—all in just a few seconds.

## Business challenge

As Norway's largest welfare reform since the introduction of National Insurance in 1967, the pension reform program created wide-ranging challenges. As well as lowering the minimum retirement age from 67 to 62 and extending eligibility for retirement benefits, the new system introduced complex new rules enabling Norwegians to gradually reduce the amount they work and phase in pension benefits. They could also choose to work full time—at the same time as receiving pension benefits.

With the proportion of pensioners in the population rising rapidly and an inefficient legacy system in place, NAV was under pressure to achieve rapid results.

The priority was to re-invent pensions administration from claim to payment by using world-class technology to automate and accelerate the paper-based pension application process.

The massive undertaking—the largest European service-oriented IT program at its inception—faced several daunting hurdles:

- Combining 290 services and more than 30 application components, transforming outdated legacy systems, case processing, and the pension organization itself into a centralized spine supporting the self-service portal.
- Compiling and converting 125 million records dating from the 1960s to calculate each citizen's pension, and building central registries to collect and store data.
- Ramping up from zero to 100 developers in months; implementing 160 screens, 114 batch programs and over 6000 pension rules for the rules engine.
- Completing 115,000 tests (test scrips?) in 35 parallel environments.

In order to carry out the pension reforms and ultimately achieve high performance, in 2006 NAV selected Accenture as the pension program's primary contractor and cooperation partner. Building on a strong, years-old relationship between the two organizations, Accenture assumed responsibility for all aspects of program management and implementation—from design, through testing and integration to change management and deployment.

Accenture was chosen for its global resources and breadth of skills in business process reengineering, technology architecture, program management, change management, learning programs—as well as for its strong track record in end-to-end delivery of large, complex environments that deliver measurable results.

## How Accenture helped

Working as NAV's cooperation partner, Accenture was responsible for the full scope of delivering changes to the pension program. As well as developing and overseeing the five-year deployment plan, Accenture drew on its proprietary Delivery Methods methodology and leading practices from other pension administration engagements to ensure the success of this vital initiative.

Over five years, NAV invested US\$500 million to launch a new system by the mandated deadline wherein users can apply for benefits online with just two clicks. A simple, flexible self-service portal is at the heart of the new multi-channel, customer-centric strategy. To enable Norwegians to make informed pension decisions, this one-stop portal — [www.nav.no](http://www.nav.no) — has been fully integrated with private pension providers, centralized case handling, fully automated pension administration processes and a national call center solution.

NAV and Accenture achieved success by focusing on five priority areas:

- Implemented information technology (IT) solutions through a new pension portal linked to a new, back-end, centralized service-oriented architecture case-handling system.
- Revamped and automated all pension-administration processes.
- Established five national production centers that centralize case work.
- Set up a new self-service solution and developed benefits guidance information for citizens that is delivered through 465 municipal offices.
- Set up a national call center to enhance customer service, alleviate extra workload on local units, centralize competence and optimize case-handling processes.

These initiatives were accompanied with extensive skill training, learning and change management efforts. The final phase of the program rolled out all initiatives based on the new regulations. This was supported by a nationwide public awareness campaign to convince a hesitant population of older citizens to adopt online self-service.

## High performance delivered

With Accenture as its strategic partner, NAV successfully transformed its administration organization, processes and IT systems. As a result, the new pension system was launched on deadline—and on budget—in July 2011.

The establishment of the five production centers streamlined the case-handling function and concentrated case-handling knowledge. Case managers now access one, modern centralized system instead of numerous legacy systems, greatly improving case-handling quality and efficiency. As a result, managers can take on more cases per day and spend more time with individuals at

NAV offices. The rationalization and redesign of business processes also contributed to improved efficiency.

The launch of the pension portal on [www.nav.no](http://www.nav.no) (called *Din pension*, "Your pension" in Norwegian) gives citizens a pension self-service solution and automates application processing. Pension applications used to take about three months to process by post; today, it takes minutes when submitted electronically. However, the portal goes beyond application processing. It also represents a comprehensive "one-stop" tool that Norwegians can use throughout their lives to plan their pension timeline and benefits.

Overall, the benefits of NAV's new pension program are dramatic and far-reaching, helping Norway achieve its overarching goal of "doing more with less". These benefits include:

- **Better service and increased flexibility for retirees:** In spite of rising demand and increased complexity, automation allows NAV to process more benefits at the same cost.
- **Broad user adoption of self-service:** 40% of all pension claims are now submitted online and an additional

26% are assisted by case workers using the self-service portal to enter applications on behalf of Norwegian citizens. Since 2010, an average 17,000 Norwegians have logged on each week and a recent public survey confirmed that more people are choosing pension assistance online.

- **Faster application processing:** Instead of taking three months to manually process a claim, two-thirds of applications submitted electronically are processed in just seconds. 44% of all new applications using self-service are now being processed electronically—the highest level of self-service and automation ever achieved within NAV.
- **Improved quality and efficiency:** By deploying a centralized IT backbone with fully integrated pension processes, NAV now has accurate, up-to-date data, reducing errors, streamlining work and increasing productivity.
- **Better information and advice for pension planning:** The new simulation tool allows citizens to make more informed choices, while the new specialized pension call center gives users direct access to dedicated pension experts.

## About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with more than 246,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US\$25.5 billion for the fiscal year ended Aug. 31, 2011. Its home page is [www.accenture.com](http://www.accenture.com).