

Why Pension Systems Need a Digital Mindset

Putting Technology Trends to Work for Pension
and Social Security Transformation in Europe



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Technology is a driver of the transformation of pension systems. But as pension and social security systems face forces influencing reform—from changing demographics to shortfalls in retirement funding—what technologies are relevant? And how can pension systems harness them for outcomes?

The *Accenture Technology Vision 2013* answers such questions.¹ This year's report is not about hot, yet unattainable trends—it provides both a vision for the future as well as a practical guide to putting these key technologies to work for business outcomes. This pragmatic approach is relevant for government organisations, including pension agencies, facing pressure to transform to deliver public service for the future.

Top technologies to pursue in pensions

One of the report's key themes is the need for organisations to function like "digital businesses." This means elevating IT as a strategic asset that can transform performance, rather than simply viewing it as an enabler of the strategy.

Even as pension and social security systems develop this digital mindset, the technology landscape can be daunting. To help prioritise investments and efforts, Accenture has identified five technologies that pension agencies can employ to help sustain an effective transformation agenda.



Relationships at scale

Effective and efficient social security means getting the right help to the right person at the right time. Lack of specificity in targeting means unsustainable spending or widespread unmet welfare needs. Likewise, retirement planning is about understanding individuals, their expectations, needs and ability to act to support themselves. This is a real challenge in European countries where social security and pension agencies deal with entire populations and manage tens of millions of different individual data files.

In the digital era, pension systems can connect with **every** customer in relevant ways, offering personalised and more sophisticated services in addition to traditional pensions and welfare delivery. For example, Accenture assisted the

Norwegian Labour and Welfare Service develop a pension app for smartphones that helps younger target groups contribute to increased knowledge about pensions amongst their peers and understand how new pension regulations impact them. What's more, the American State of Michigan's Office of Retirement Services developed a social media strategy with plans for a multichannel social media program that can help drive personalisation at scale.

Such models must be the next evolutionary step for pension agencies—from the development of a holistic customer view to customised interactions based on that understanding. The result? Greater efficiency in meeting customer needs for less cost—and an important shift from standardised to personalised services key for public service for the future.



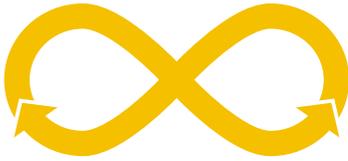
Design for analytics

Analytics can help tackle benefits or contributions fraud, improve internal processes, better target services to customers, and inform dynamic policy. Yet to be truly insight-driven, pension agencies must determine what data they need from the outset, and then design their applications to gather the appropriate data. Doing this means understanding what strategic questions need to be answered. This is just what the United States' California Public

Employees' Retirement System did in using analytics to study the effectiveness of pension benefits in replacing pre-retirement income.

Analytics has the power to transform pension systems' impact on the citizens they serve. However, analytics is only as good as the data collected, the insights drawn and the action taken on the results. The right data will rarely fall into the process by luck alone. So pension systems need to design for analytics from the start.

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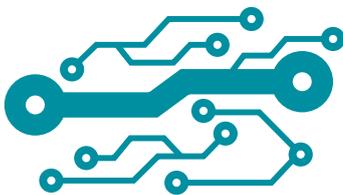
Seamless collaboration

The convergence of social institutions is more than a trend, it is a necessity. Social security and pension agencies understand that holistic customer views require internal collaboration and external inputs, but it is also about embedding collaboration technologies into processes and systems across government.

Using technologies that work with existing processes to effectively and

securely share data while finding ways to communicate easier at an individual level across organisations is key to unlocking the next wave of pension delivery. For example, Accenture helped the Norwegian pension and welfare agency (NAV) implement a one-stop portal which citizens can use to plan their pension timeline and benefits, including a forecast of their pensions (including state pension and pension funds) based on their individual contribution data.

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Active defense

It is no secret that cyber attacks have wreaked havoc from banks to defence agencies—no organisation is immune to the threat. Such disruption of public pension and social security benefits, which are worth billions of dollars each month, could be catastrophic.

The pace and complexity of cyber threat development suggests that system compromises and data leaks are inevitable. Given the nature of the data, the services, and the trust essential in public institutions, protecting against such threats is essential.

The only logical response to such constantly evolving threats for pension systems is an active defence—dynamic, reflex-like and highly responsive.

There are countless solutions that can help this aim. For example, Mykonos Software developed deceptive “honey pots” to detect attackers before they do damage. And Accenture helped Romtelecom implement a robust data loss prevention solution. It has enabled greater control of the distribution of confidential information and the ability to automatically classify confidential files.

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Beyond the cloud

As pension and social security agencies deploy applications in the private cloud and in government data centres, businesses already view the cloud as a de-facto part of the IT infrastructure. Public cloud, while not used for mission-critical applications in many businesses, is now a default choice for many other applications and software-as-a-service is now routinely woven into the IT fabric of

the enterprise. Pension and social security agencies will shift to a hybrid cloud approach—one that reflects the inherent public cloud concerns of government data but also routinely integrates appropriate cloud applications.

Striking the right balance for results

Emerging technologies are exciting—but often elusive in the public sector. Sometimes just as agencies pursue a new technology, the “next best thing” has arrived. Yet these recent trends are accessible and available. Forward-thinking social security and pension agencies can put them to work in a time- and cost-effective manner—impacting business outcomes and the transformation agenda.

¹ Accenture Technology Vision 2013: Every Business is a Digital Business, <http://www.accenture.com/SiteCollectionDocuments/microsites/it-trends-innovations-2013/pdfs/full-report-2013.pdf>

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