EQUINITI

MEMBER ENGAGEMENT –
it's not what you do,
but the way that you do it…

Auto enrolment has transformed the workplace savings environment. Millions of workers who did not save for their retirement are now compelled to make a decision as to whether they are in or not.

The default arrangements each pension fund is required to have would suggest that member engagement is no longer held to be as important as it once was. This is far from the case.

An overarching default arrangement should simplify engagement, but such an opinion is out of step with not only the latest regulation but the views of the regulator as to how the industry should look in the future.

The regulator has been focused on raising the governance standards of defined contribution (DC) and it is clear it has very high expectations for those running either DC, defined benefit (DB), or both.

Pensions liberation has required schemes to communicate with members over the potential threat to their future wealth through exercising their rights.

The introduction of pot follows member regulation will further make it necessary to communicate with members to inform and also manage expectations of what they might expect of transferring to another scheme when they move jobs.

However, the radical changes introduced by the chancellor in the March 2014 budget were something of a game-changer.

No longer will schemes be able to rely on simplistic forms of communication at specific times in the life of a member. The concept of treating information on a need-to-know basis is redundant, because members or employees do need to know and are more willing to access information themselves if they know where to get it from.

This paper looks at how employee/member engagement needs to change to take advantage of social change and technological innovation.

COMMUNICATIONS –
but not as we know it…

The last 20 years has seen a technological revolution transform the way we communicate in society. Personal computers provided access to powerful tools for use in the workplace and the home.

The internet has found its feet with the spread of broadband and revolutionised the way we watch TV, consume goods and interact with friends, family and organisations.

But it is in the last five years we have seen the greatest leaps forward.

Smartphones have changed our world. They have transformed the very way we interact every part of our lives and have finally allowed (almost) everything to be done online from wherever we are in the world.

The annual UK consumer media survey by Deloitte showed more than 80% own laptop computers and the number of hand-held devices is on the rise.

In 2013, the number of those of us with smartphones rose by 10% to 75%, while the number owning tablets has increased by almost 25% to nearly 60%.

If you own one hand-held device, you're likely to have more of them, with 49% of households owning six or more smartphones, tablets or PCs.

Why should this be important? Consumers are now consuming content which they choose via their smartphones and tablets.

The KPCB global internet trends survey states mobile broadband is already challenging the supremacy of fixed internet access. Mobile internet already accounts for more than 25% of all internet.

Emerging economies in Africa and Asia have bypassed the previous stages of technological development and are adopting smart devices in increasing numbers.

Video is growing and some consumers are ditching TV for online video content, while 84% of mobile owners use their devices while they are watching TV.

This means organisations must have engaging content, but that if they have the right content, consumers will access it themselves.

This is an important lesson for those in the pensions industry to heed. Member engagement is expensive and often reaps little by way of reward.

The industry must find a way to attract the increasingly discerning, connected individual.

VIDEO IS GROWING
AND SOME CONSUMERS ARE DITCHING TV FOR ONLINE VIDEO CONTENT, WHILE
84% of mobile owners use their devices while they are watching TV.
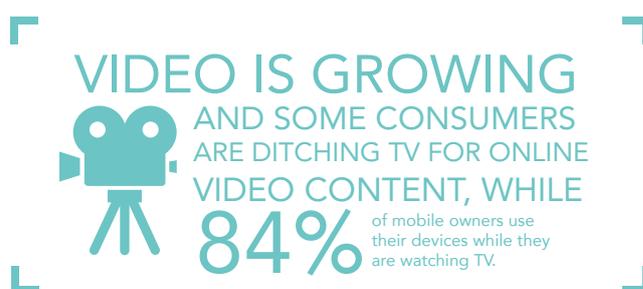
WHAT'S HOLDING BACK PENSIONS?

The issue of engagement is not simply about technology. Whatever the level of sophistication available, the existing systems of communication all share the same problem – technology alone is not enough to drive up engagement.

This is because it fails to address the fundamental flaw not inherent in the technology systems implemented, but the processes underpinning that technology.

Simply adding technology to an outmoded and inefficient system does not make the system better. It immediately undermines the benefits of introducing the technology in the first place, as an ineffective system working twice as efficiently simply loses money quicker.

Processes – including communication – are completely siloed in pensions and this prevents true interaction and interconnectivity.

A new approach is required that uses technology to improve the way you go about communicating with members and also automating processes. Let's deal with engagement first.

Pension schemes traditionally communicated little and infrequently with their members. As long as communications were compliant with regulation, the bare minimum satisfied both parties – communication is expensive and largely goes unheeded by members who neither understand nor care what is being communicated to them.

Regulation and a shift to DC pension structures have required increasing levels of communication from schemes to members.

Communication is acknowledged as hard, but engaging a disengaged audience is nigh on impossible. As new methods of communication became available, received wisdom was that more points of contact would allow more members to access the information they wanted/needed.

Of course, it became apparent that more was in fact less, as levels of engagement reduced as the multiple points – pensions department, annual statements, websites and intranets – only confused members more, pushing them away from the support they might need.

AN AUDIENCE OF ONE

The way our society engages with information has changed and that change is permanent. Engaging via smart devices is not simply about pushing key messages to members. Thanks to smart devices, engagement operates through multiple channels. It goes far beyond two-way relationship as members can share information at the touch of a button (or screen) with their friends, colleagues or the whole world, should they choose to.

By interacting in this way, the scheme is no longer the only generator of content, because the user had taken it and made it their own.

User generated content, so powerful across social media, can greatly assist schemes in engaging with members and transform it from a dry and unappealing process into a dynamic and collaborative one.

Interaction leads to better relationships with members, but any form of contact provides a greater understanding between two groups.

As an electronic medium, every touch point generates data; data which can be used to inform the scheme of the way its audience chooses to interact with its engagement process. This data, known as 'big data' because there is just so much of it, can then be put to good use to improve that process.

What big data can deliver is an aggregated impression of the behaviour of its customer base. So although each client or member is an individual, the macro shifts in behaviour influenced by birthdays, benefit statements or even government policy can be observed and that analysis used to predict future behaviour.

It is like the difference between delivering an advertising campaign during a major TV event such as a X-factor or the FA Cup final aimed at the maximum possible consumers, to delivering a personalised message to an audience of one via the member's smart device.

As we continue to see the impact of the post-PC era and the widespread take up of 4G, the market – including corporate – will continue to move towards a more tablet/touch based devices boasting portability and connectivity to cloud based services.

However, legacy systems remain an issue in pensions, and must be addressed.

AS WE CONTINUE TO SEE THE IMPACT OF THE POST-PC ERA AND THE WIDESPREAD TAKE UP OF 4G

the market – including corporate – will continue to move towards a more tablet/touch based devices boasting portability and connectivity to cloud based services.

BREAK WITH THE PAST

While access to members on an individual basis is an appealing proposition, the pensions industry must reassess its deployment of technology to ensure it meets the needs of its key client groups.

The legacy systems that much of the pensions industry operates on are simply not up to the job. Even if the mainframes have been consigned to history, there is a new revolution in technology and that is cloud.

Cloud has been around for a while, but only gained popularity among new industries and also consumer groups for simple storage and music services. However, much of the financial and legal sectors have finally begun to jettison the established client/server approach to IT delivery for a cloud based solution.

Client/server is by its very nature expensive. It requires literally tons of kit, software installations with their attendant licences, is slow and vastly expensive.

The development of smartphones and the infrastructure they utilise means there is no longer any need for an organisation to have a small army install and maintain this equipment on their sites any more.

Accessing software solutions in the cloud –i.e. remotely over the internet – offers many benefits. The obvious ones are cost savings, but because the developer is in control of the base system all the time, updates are done automatically and in an organic fashion. There is no more rushed system updates on a scheduled or even ad hoc basis which have their own attendant problems.

Of course, the reason business has resisted cloud is because of security concerns. That remains a concern for some, but security has been at the centre of cloud's development.

There will be some resistance, but cloud is being adopted by accountants, lawyers, banks and government to solve the weaknesses inherent in a client server environment that is heavily dependent on hardware and updates.

This software as a service (SAAS) approach is a highly efficient method of delivering functionality and creating an environment to engage with key stakeholders/clients.

Microsoft's Office 365 or Adobe Creative Suite of products which can all be accessed online are high profile examples of how SAAS has developed in recent years and all but replaced the physical versions of software.

Rather than making existing technology fit and function on a restrictive system, cloud takes native applications –i.e. they've been designed to work online – that can offer rich functionality in real time.

Large social organisations like Facebook and LinkedIn realised that giving users freedom of access via applications would prove more beneficial for them than making access available only via a direct online service.

CLOUD HAS BEEN AROUND FOR A WHILE

but only gained popularity among new industries and also consumer groups for simple storage and music services.

IT'S COMING TO A PLATFORM NEAR YOU...

The use of cloud in the pensions environment is not only sensible, but essential for schemes, sponsors and providers to go beyond communicating with their member audience and actually engaging them.

Equiniti has developed new versions of its Compendia system to satisfy the changes in user demand but also in an effort to improve the quality of member engagement.

Compendia mobile is a native iOS application that benefits from rich functionality to enhance the member's experience of their pensions environment.

Mobile facilitates push notifications, offering members easy access to data such as their benefit statements.

It also introduces the use of gamification, as an element of fun encourages engagement on the part of the member, thereby helping to deliver the key message.

In addition, greater engagement allows schemes to get a better impression of how their members are interacting with their communications in a way a simple printed statement or scheme report cannot. This direct method of communication has proved particularly appealing to trustees.

The use of cloud delivers benefits beyond member engagement, to those who are running the scheme.

Compendia Touch has been developed to allow the back-office administration system to be reconfigured without the need for a team of programmers, and all from a touch-based smart device.

Workflow can be reengineered without any interaction from the users, simplifying processes and allowing a larger range of schemes to become automated.

From the pensions department's perspective, it means events like retirements can now be handled automatically, greatly simplifying the process and improving the quality of service to the member.

The Touch platform is a step towards software as a service and is a direct response to the market in an interactive and creative fashion by using cloud technology.

Of course, Equiniti doesn't insist on clients migrating onto this new platform if they are not fully comfortable with it.

Security is always of paramount concern to clients and this technology can be deployed in a private cloud where Equiniti will cohost in situations where customers are more comfortable holding the data themselves.

CONCLUSION

The challenge every industry faces as the use of smart phones transforms engagement, is how to exploit the vast amount of data generated by each customer visit. Consumers are dragging the business world into a new age of service based upon their expectations.

The drivers are different for different groups, but Equiniti has found many clients are pushing for these developments not only for better control of information but in response to their member demands.

Engagement via smart devices is not – as is often assumed – isolated to the youth market. Increasing numbers of pensioners have embraced the simplicity of smart devices and want access to their schemes information via iPads and similar.

There is currently a gap of middle-ages who are not yet engaging with cloud to the same extent. This is perhaps due to them being daily users of desktop interfaces. However, in the over-55 group, this is rapidly declining.

The use of cloud-based technology allows organisations to gather vast amounts of data to achieve a better, holistic understanding of how its membership behaves. It also allows the scheme to recognise every individual as just that: an individual.

Personalising communications greatly improves the impact of the message and engaging via smart devices and social media engages members by placing them at the heart of the communication process.

As they interact with the data, so they spread the message and become an individual channel for the benefit of the scheme and its other members.

As with business, schemes that can exploit the opportunities this new technology offers will be better placed to satisfy their members' demands, but also the ever increasing requirements of the regulator.

For more information regarding pensions, please feel free to contact us on **01293 601880**