

## **ATP Group**

### **“Effective and Efficient ICT Strategies to Support Pension Administration”**

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#### **1. Facts about Denmark**

Approximately 5.5 million people live in Denmark and compared to other countries, Denmark has an advantage – due to several national governmental databases. This means that the ATP Group and other pension schemes as well as many other businesses can use the information for administration purposes

Every Dane and employer have a unique ID-number (called the CPR number and the CVR number), and all adults have an easy account (called NEM-Konto) by means of which all public companies can transfer money (no account number registration needed).

This means, among other things, that the identification processes and the verification processes are much faster and easier in Denmark than in several other countries. This obviously helps the ATP Group in achieving low costs. But on the other hand, you must be able to use the national governmental databases very carefully and implement necessary controls and validations.

For example, when a citizen changes address or dies or when a company goes bankrupt, we will be notified by the governmental databases. It sounds very easy, but the challenge is to cater for this in your processes and your administration.

Digital signature is widespread and due to e-banking more than 58 per cent of the entire population already have a digital signature. Altogether, the IT readiness is very much present among both the private population and companies - and it is constantly evolving towards greater web presence and more advanced use. Today, there are more people and businesses using only digital communication and self-service, and few who never use it. Most Danes (86 per cent) have access to the internet and since 2001 the internet access for people older than 60 has been doubled.

The mobile phone is the most common type of communication; 93 per cent of the population has a mobile phone and for people older than 60, the percentage is 82. About half the population has been in contact with the public sector by the internet - primarily to seek information. And the vast majority of the users (84 per cent) express that the internet strongly or somewhat replaces personal or telephone contact. Customers expect to be able to use secure self-service solutions 24/7.

The government has introduced several activities to increase the usage of internet including self-service and in 2012, it is the intention that the public sector only has digital communication with private companies and must have digital solutions to all services to members.

## **2. The Vision and Values**

ATP is a political institution. We are an independent, statutory institution - managed by a board of directors consisting of representatives from both sides of the labour market parties.

Our vision is to ensure basic financial security for all of Denmark and we are seeking to be world-class. Our core values are an integrated part of the culture in the ATP Group. We are ambitious but we don't forget that working should also be fun!

It may sound like a cliché, but all in all, we want employees who make a difference. This is a natural link to our common goal, which is to make a difference for the whole of Denmark and to eliminate everything that is complex and cumbersome.

## **3. The ATP Group's Activities**

The foundation of the Group's administration activities has been achieved by ATP for more than 40 years with IT-based mass administration in the fields of pensions and social security. The core elements of the Group's administration activities are

- 1) the collection of contributions,
- 2) payment of benefits and
- 3) membership and client administration.

Over time, the Danish government has placed the administration of a number of pension and social-security tasks in ATP. These schemes are administered by ATP on a cost-recovery basis. See appendix 1 for an overview of the schemes managed by ATP

We work closely with the government and the ministries, and we are often consulted in relation to a new law or changes in an existing law, including preparation of notices and legal texts. We understand the political environment and try to influence legislation in order to create the most appropriate administrative solutions.

Services are provided at cost, but are to the advantage of ATP members as they help to generate economies of scales that ATP would not otherwise obtain. In addition, ATP provides administration services at arm's length (i.e. on market terms) through subsidiaries.

A key issue throughout the development of the ATP Group has been the focus on minimising the operational costs of scheme administration to maximise the pensions of members, delivering high quality service and minimising the administrative burden on employers.

## **4. ATP Lifelong Pension**

ATP Lifelong Pension was the first scheme in the ATP Group and is still the backbone and reason for being in the ATP Group. ATP Lifelong Pension is a mandatory supplementary pension scheme in Denmark. ATP was founded in 1964 and the idea behind the scheme was to have a funded supplement to the tax-funded state pension. ATP Lifelong Pension is a funded guaranteed lifelong pension. Today ATP Lifelong Pension represents approximately one third of the basic state pension.

As a funded supplementary to the tax-funded state pension, ATP Lifelong Pension plays an important role in the years to come. As in many other countries, the demographic challenges put a lot of pressure on the public economy and tax systems in the future. The population get older and the working population decrease in the years ahead. Since ATP Lifelong Pension is funded and guaranteed, it is designed to meet challenges like this. We therefore expect to see a political pressure to strengthen ATP Lifelong Pension in the future - both in terms of including new segments in the scheme and in terms of increased mandatory payments.

Denmark has somewhat more than 850,000 people above 64 years, accounting for almost 16 per cent of the Danish population. The average life expectancy is 81 years for a new-born girl and 76 years for a new-born boy.

The Danish pension system consists of several schemes, each of which helps to provide for us when we reach retirement age.

Basic pension cover is provided by the State-funded old-age pension system and ATP. The State pension is financed through general taxation whereas ATP is an insurance scheme to which virtually all working Danes contribute.

Most employees contribute to labour-market pensions, helping to ensure coherence between their retirement income and their income in working life.

Nine out of ten Danes are part of ATP Lifelong Pension, representing 4.6 million employees across 160,000 employers. Also non-employment groups and recipients of transfer income are included in the ATP scheme.

Contributions are mandatory for all workers between age 16 and 65 or 67 and are divided with two-thirds paid by the employer and one-third paid by the employee. Contributions are made at a flat rate, graded by the number of working hours, to a maximum of EUR 430 annually per member

Personal pension schemes cater, in part, for people not covered by labour-market pensions and, in part, for people wanting more flexibility in their pension cover.

Danes have to be aged 60 to start drawing their pension. To be eligible to draw their State pension and ATP, however, they must be 65 years or older.

ATP is one of the world's largest pension schemes. In 2008, more than 3 million paid contributions and more than 700,000 received payment.

The maximum ATP pension for a 65-year-old pensioner was EUR 2,900 a year, equivalent to 35 per cent of the basic amount of the state pension. The amount was paid to members who had paid the full ATP contribution from 1964 until retirement.

The average ATP pension for all pensions was approximately EUR 1,500 a year and the average ATP pension for new 65-year-old pensioners is about EUR 1,800 a year.

Starting from 2009, it will be possible to defer ATP pension receipt until age 75 (for five years longer than it has been possible to date).

In case of death a lump sum of EUR 6,600 (before 40% tax) is paid to spouse or common-law spouse and children under the age of 21.

The Civil Registry Office automatically notifies ATP on the death of the ATP members. This enables ATP to pay the lump-sum benefits to eligible dependants immediately after the death of an ATP member – without the dependants having to take any action.

The scheme is highly automated and operates at a cost of less than EUR 6.5 per member per annum (The CEM benchmarking institute found that the annual administration cost per member was the lowest ever in their database and 13 times lower than the average in ATP's peer group).

## **5. Volumes**

The ATP Group handled the following volumes in 2008:

- 60 million Payment Records (value EUR 2.3 bn)
- 15 million Payments (value EUR 1.2 bn)
- 12.7 million Outgoing letters
- 3.3 million Incoming letters
- 890,000 Incoming Calls
- 130,000 Incoming Emails
- 7.8 million Website visits (1.1 million self-service)

The administration is highly automated and we are focusing both on optimizing all channels and on moving contact points from expensive to cheaper channels.

## **6. Reputation**

ATP has since 2005 received several international awards. The prizes were awarded primarily for ATP's risk management, which systematically links investments, pension liabilities, and reserves – but also our administration and HR departments have been awarded.

ATP won the IPE award (Investment & Pensions Europe) for Best pension fund in Europe in 2005 and again in 2009. In the same period we have won a number of other prizes: i.e. Best Family friendly company in Denmark 2007, Danish Service-Oriented Architecture award 2008, Danish annual report award 2008, Best work life balance in Europe 2009, Danish public web award 2009, International direct marketing award (ECHO) 2009, Danish Great place to work award 2009.

Furthermore, we are the only financial company in Denmark that has been working environment certified.

In the same period, the public knowledge about ATP and ATP's image in public have increased and ATP is today a "famous" company (well known and with a good reputation).

## **7. Channels**

ATP is targeting a focused channel strategy.

The goal is to offer the channels that our target groups (members and employers) prefer using (outside - in approach). But we also have an internal prioritization of our channels (inside - out approach), meaning that we try to promote as much customer contact as possible on cheap digital channels.

We are constantly developing our processes to adapt to the cheapest possible channels. The no-touch principle is preferred. We get as much information as possible from central registers making sure that we only need to give and get information from our customers when absolutely needed.

We are offering digital self-service solutions on our processes and we are developing our website to be as informative and self-service oriented as possible to minimize telephone and e-mail contact. In 2010, ATP will develop digital customer service including automated help services on the web site and chat + automatic e-mail functionality.

ATP seeks to digitalize as much contact as possible with the end customer. ATP was frontrunner on a digital mailbox solution called eBoks where customers can choose to receive letters digitally in a secure environment. ATP is today the biggest eBoks customer with app. 1,2 mio. members. This means that one third of ATP's yearly statements are distributed electronically saving more than 1 mio. EUR each year.

## **8. Communication**

The ATP brand positioning is "responsibility through simplicity". This means that we have a socio-economic responsibility regarding basic welfare in the Danish society. On the other hand, ATP is striving to make a low interest subject as pension easy to understand. Our communication must be easy to understand for everybody, and we are limiting our pushed information to our customers to the least possible.

ATP Group has continuously improved the quality of our communication through pilot testing, post-implementation review and customer feedback in order to minimise complaints and queries. Current scheme employee satisfaction is high. In 2008, 88 percent of individuals rated the service as good or very good.

The written communication will always be supported by visual communication (graphics, pictures, videos) making sure that we are also reaching the not-so-good readers and also the not-so-interested customers. We have a close cooperation between our call centre and our web managers making sure that our web site always supports the FAQ's as much as possible. ATP has a number of examples where the communication strategy has helped to lower the administration costs.

In 2007, we launched our loyalty programme: ATP-forum. The idea is basically to have a forum where interested customers can learn more about ATP and pension in general.

ATP-forum has 3 fundamental drivers

- 1) A website with different pension topics and expert statements – actually to replace the member magazine
- 2) Surveys leading to individual intelligent feedback based on the users answers
- 3) Quantitative data which we use as general feedback to members and to generate stories to the media

And the results speak for themselves – more than 1 million unique visits on [www.atpforum.dk](http://www.atpforum.dk), 300.000 answers in total in 4 surveys and 52.000 users have until now joined the loyalty programme in ATP-forum.

Once every year, ATP invites our 4.6 million members to our member meetings. It is a chance for the customers to listen to the top management of ATP and to ask questions.

Historically, we have followed the same recipe as other large Danish companies: A presentation of last year's results followed by dinner.

However, the last two years the top management have spoken directly to the customers as experts and around topics important to ordinary people. We have also invited the customers to debate with our management, and we have launched ways to involve everybody in the discussions.

But what is most important – we have succeeded in cancelling the dinner. We want that customers join the meeting because they are interested in ATP and Pension - and not because they can get a free meal.

The interesting fact is that we have increased customer satisfaction and we save almost 1 million EUR every year.

ATP has a pro-active approach to PR. We work with the press and we try as hard as we can to support them with newsletters and synopses - and we are always available for interviews or comments.

Living by these simple rules, we have managed to become the most quoted pension company (3,351 in 2008) and have the highest positive PR score of all pension companies.

ATP strives to communicate in an open, easy-to-understand manner with our customers. In an annual, external survey, ATP achieved a satisfactory score as one of the best known and recognised companies in Denmark.

According to the survey, the public's knowledge of ATP primarily derives from personal contact, including online contact, and through television news broadcasts.

## **9. Customer Service**

We have great experience in working out the balance between economies of scale and high customer satisfaction. In Customer Service, we always have great focus on customer satisfaction and improvement of the processes. We consider external partners as a very

significant part of our processes and we do not ask for information that we can obtain from third parties.

First of all, all incoming mails are quickly and efficiently sorted out and scanned. We have centralised this procedure, and we have almost succeeded in avoiding bringing paper to all the units in Customer Service. However, most of the structured forms are automatically loaded into our IT system and require no further manual processing time.

All scanned mails are available on the screen in real time, and the employees document all relevant enquiries so that key figure dependence is reduced. Furthermore, we do not, as a principle, state the employee's name or local phone number in mails and emails as we do not want the customers to ask for a specific employee.

Beyond this, we try to organize according to the channels - hoping that a customer can be handled by the same employee, for instance when customers ask questions about contributions to several of the schemes administered in ATP.

Apart from this centralised mail unit, we have organised customer service in front office and back office where appropriate. Everyday life in Front office consists of many telephone conversations and a limited number of types of tasks (primarily answering emails that usually can be completed while answering or waiting for next call). Everyday life in Back office is characterized by few calls and more complex tasks including critical tasks with a short dead-line (for instance payment out).

We have a sophisticated call center system and during peaks, employees working in Back Office can easily help employees in Front Office with answering the calls. Our employees are normally specialised within one product, but they can all easily answer calls related to other products. It makes it possible for us to level the resources and thereby maximise the efficiency and reduce costs.

Our business processes, procedures and guidelines are all well documented so it is easy to identify less complex tasks and ask other employees to solve the tasks - or hire substitutes. Our employees are experienced and competent and they have very different backgrounds with a seniority of 11 years and an average age of 43 years. We look for diversity in our recruitment strategy, and our employees appreciate to make an effort in order to achieve customer satisfaction.

Even though we are mostly working on a cost-recovery basis, we set ambitious service level agreements. Normally, the calls are answered within 30 to 60 seconds and we operate with an abandon rate of less than 5 percent. Several surveys support that customers accept waiting time up to several minutes as long as they get a correct answer.

In peak situations, we carefully estimate the economy and decide the service level together with the key account manager including whether we shall activate call back solutions or extend the normal working hours (which are business days from 8 am to 9 pm).

Emails are normally answered on a daily basis or at the latest within 48 hours, and we have introduced an automatic response with the most frequently asked questions so many

customers will experience that they receive an answer immediately. Mails are completed within 5 or 10 days, and our telephone customer satisfaction is in the late 80s to start 90s.

We have a special unit in customer service that among other things helps all the units with optimization and planning as well as logistics of production - and only 30 employees out of 200 in customer service handle the ATP Lifelong Pension.

## **10. ATP Business Platform**

ATP has in recent years developed and implemented the ATP Business Platform which all current and future products must rely on.

Seen from above, the platform consists of standardized processes connected to the underlying IT systems.

The ATP Business Platform is based on open standards, frame systems and SOA architecture principles. The platform is modular and scalable - focusing on delivering cost effective solutions based on standardizing, automating and simplifying processes.

Working on this new platform ATP can up- and down-scale our business in a quick and effective way. Changes in scope, new demands, and new business opportunities can be implemented fast and at low cost. All end customers are registered in one system meaning that it is easy and cheap to implement new schemes on the platform because of re-use of data and economies-of-scale.

All new functionalities on the platform are developed and tested once and across all our schemes. We design our processes meeting customer needs and with as little customer involvement as possible - no-touch. The goal is to have our processes as lean and automated as possible and working across our different schemes.

The ATP Group is cooperating with a number of different third party suppliers. We want to use as much data from central registers as possible, and we are constantly developing processes and solutions with both public and private stakeholders. The ATP Business Platform helps us to connect to third party systems and improve our data quality and processes with them. This fact decreases our administration costs and improve our customer satisfaction at the same time.

## **11. Human Resources**

Almost all Danes and Danish employers are somehow customers of the ATP Group.

ATP is located in Hillerød north of Copenhagen with approximately 785 FTE's. Customer Service is the biggest area with more than 200 FTE's, IT Development and Production has 185 FTE's, Investment department has 150 FTE's and Business Development 80 FTE's.

Over and over again, we realize that the greatest business secret is the employees. If we had high staff turnover, not motivated staff, lack of skills, qualifications and readiness for changes - we would be "out of business" in no time. We have no doubt motivated, committed, proud and competent employees who ensure value for money to our customers, higher customer satisfaction and more efficient administration.



In the ATP Group, we have, in the past 10 years, worked hard at integrating human resources in all the business areas - and we believe that we have succeeded. Even though we have a monopoly of ATP Lifelong Pension, we act as open competition. The results in the annual employee survey are significantly higher than all Danish employees as well as all banks and insurance companies in Denmark. We have been focusing on job satisfaction and motivation and on how we can make it visible that each and every one of us makes a difference.

We constantly focus on developing the competences as we want to increase the market value of each employee. We know that it is risky as the employees then become more and more attractive to other companies, but the best we can do is to develop our competences, learn from each other and pass on our knowledge. Each year, each employee spends at least 5 days developing his/her competences.

We also focus on strengthening the competences of our leaders – and we want excellent leadership. Our leaders are trained to manage the unmanageable, live in accordance with the values and show empathy. We believe in authentic leadership, and we train our leaders to become role models.

We do not want to be in the lead on wages, but we have attractive employment conditions – especially within the area of Work Life Balance. We want our employees to handle the unlimited work in a balanced way and find the individual work life balance. We focus on mental health, organic food etc. and we offer many different in-house services as well as regular dialogue between employee and leader (we call it pit-stop). Work Life Balance is today an integrated part of the ATP culture. In this way, we get motivated employees focusing on their work.

Work Life Balance is not only a good Christmas party and Work Life Balance is not an obstacle for success. You can be ambitious even though you have a day off on your children's birthday. We believe that one good turn deserves another – but there is a limit and the employees must take responsibility for their lives.

## Appendix 1

The Group's primary business area is the management of the ATP pension scheme and the SP and SUPP savings schemes.

- The SP scheme is a special saving scheme with more than 3 million account holders and a total value of EUR 6bn. In 2009, new legislation provided the opportunity for SP account holders to withdraw their SP savings, and now, in view of the few remaining SP account holders, the scheme will be discontinued before the end of 2010.
- The SUPP scheme (the supplementary labour market pension scheme for disabled pensioners) was established in 2003 to secure savings for people not longer able to contribute to the ATP Pension Scheme. In 2008, the total number of account holders is 75,000 with total contributions of EUR 62 million.

The Danish parliament has commissioned the ATP Group to provide full-service administration to 3 independent labour-market schemes with social-security content;

- LG – the Employees' Guarantee Fund was established in 1972 to ensure that wage earners would recover pay arrears, etc. from companies declaring bankruptcy or otherwise going out of business. LG is funded by contributions from private-sector employers. In 2008, LG paid a total of EUR 76m in pay, compensation and holiday allowance to almost 20,000 wage earners.
- AER – the Employers' Reimbursement System was established in 1977 to provide more vocational apprenticeships and traineeships. AER, which is funded by contributions from public and private-sector employers, provides financial support to employers, apprentices, trainees, schools and committees in relation to training and education of apprentices and trainees. AER paid a total of about EUR 4m in financial support to vocational training programme.
- AES – the Labour Market Occupational Diseases Fund was established in 1998 to provide compensation to wage earners suffering from recognised occupational diseases. AES is funded by contributions from public and private-sector employers. In 2008, AES collected EUR 95m in contributions.

All the 3 mentioned schemes are statutory. They publish independent annual reports and have independent supervisory boards to which the ATP Group provides secretarial assistance.

ATP also provides technical and administration assistance to another 4 statutory schemes. The ATP Group, acting as subcontractor, is in charge - in full or in part - of operating the schemes FK, FIB, Barsel.dk and SFS:

- FK was established in 1981. Employers pay holiday allowance into accounts with FK and the scheme subsequently pays the allowance to wage earners. Approximately 1 million wage earners who are not covered by other holiday arrangements each year re-

ceive holiday allowance from FK. The task is performed on behalf of the National Directorate of Labour.

- The FIB scheme – collection of financing contributions. In 1993, it became compulsory for private-sector employers to pay contributions to finance ATP contributions for employees during spells of absence from the labour market due to unemployment, sickness or maternity/paternity leave. ATP collects these contributions from the employers along with the employers' contributions to the LG scheme. Collection of the contribution is a statutory collection performed by the ATP Group on behalf of the Danish Government and LG under the name FIB. In 2008, ATP collected a total amount of EUR 80m in contributions.
- Barsel.dk is a statutory maternity compensation scheme that came into effect in 2006. The scheme is designed to cover the segments of the private-sector labour market that are not already covered by decentralised compensation schemes. Barsel.dk collects contributions for maternity compensation and reimburse employers with wage earners on maternity leave. In 2008, contributions of somewhat more than EUR 80m were paid into the scheme.
- SFS – in 2008 ATP was commissioned to provide information on the scope of individual citizens' employment to a new over-60s tax scheme. The aim of the scheme is to provide an incentive for the segment above the age of 60 to remain in the labour market by offering them a tax credit of up to EUR 13,000. The scheme is implemented in the autumn of 2009.

In addition to administration of the statutory maternity compensation scheme, ATP has been selling services to the maternity compensation scheme DA-Barsel since 2005. These services are provided at arm's length, or market terms, through the subsidiary ATP PensionService A/S.

- DA-Barsel is a compensation scheme established by the Confederation of Danish Employers following the renewal of the collective bargaining agreements in 2004. The ATP Group, acting as a subcontractor, collects contributions from the employers covered by the scheme on behalf of DA-Barsel and subsequently reimburses companies with wage earners on maternity leave.

ATP also provides administration services to the LD scheme and labour-market pension schemes:

- LD – the Employees' Capital Pension Fund was established in 1980 to manage and disburse the high cost of living compensation that was frozen in the years from 1977 to 1979. LD funds are paid to account holders when they reach age 60, leave the labour market or emigrate from Denmark. The ATP Group provides ongoing administration service in relation to account holders, mutual funds and payment on behalf of LD. LD invited tenders for the contract to administer the LD scheme. ATP decided not to tender for the contract and, accordingly, this contract will go elsewhere during 2010.

- The ATP Group currently acts as subcontractor of services involving contribution collection, membership administration and benefit payments for a pension scheme with a membership of more than 600,000 people. The Group also provides unit-link administration and collections of premium for a health insurance company and administers a skills fund. These administration services are provided at arm's length and sold through the subsidiary ATP PensionService A/S.