

# HCL engaged in Process, IT Application and IT Infrastructure: Optimisation and Reengineering

The Client is UK's leading provider of long-term savings products with a range of innovative solutions for pensions, investments and protection. The Client pioneered the Multi-Manager investment approach in the UK for over 20 years, as well as providing access to a wide range of fund managers and their funds. Their wealth of experience has earned a reputation for excellence in approach to product design, administration and service. By the end of the year 2006, the group reported adjusted operating profit of GBP 1.4 billion and had GBP 239 billion of funds under management. With 6,425 employees, the Client has a passion for providing opportunities to build a strong financial base and a commitment that goes beyond money, to help customers towards their goal. Due to increasing competition and to sustain its competitive advantage, the Client decided to make the transition towards a Service Orientated Architecture (SOA) by providing a world class IT landscape and an agile infrastructure.

## Business Drivers

Three main ingredients that propelled the Client towards the engagement with HCL were:

- Cost** : Unacceptable and increasing administrative cost (GBP 30-GBP 40/policy)  
High IT costs without subsequent savings produced in terms of ROI
  
- Customer** : Increased customer expectations  
Need for scalable IT solutions to develop business and meet expectations  
Sustain "5 Star" rating to have an edge over competitors  
Shift focus from Product to People
  
- Compliance** : Non-standard/ inconsistent process  
Multiple entities from M&A  
Know Your Customer issues  
Championship Culture – no documentation

The implications of these elements were serious and resulted in low performance. The Client faced increasing margin pressure and based on the premises that 'the status-quo position is no longer a sustainable option for the future success', the **Flexible Business Project** was initiated to proceed with a sourcing strategy that would generate:

- Increased IT capacity
- New IT capability (e.g. new technologies, CMMi etc)
- Reduced IT costs

The focus was to identify a partner to help drive the Darwin Initiative. The initiative aimed at creating IT systems, processes and people with focus on value - creation activities which would enable a faster time to market, through an expandable development capability.

Thus an engagement, which would reverse the IT development 'entropy' and avoid a legacy situation on a long term basis was to be built. This was essential to transform the current IT landscape in order to provide business-improved services and launch products faster.

HCL was chosen as an outsourcing partner to aid in the seamless transition towards SOA and provide application optimisation including development, maintenance and support (across all platforms) and remote infrastructure management.

"The intention was to increase the delivery of the project work. The maintenance backlog was getting in the way of that, so HCL's effort to clear it was an early and very tangible indicator of the overall benefits of the contract.

HCL had an engineering-oriented approach, and a detailed way of getting information. Also, we never felt they would try to up-sell us".

**Tim Mann** - Director,  
Customer Service And Technology

### Client's Expectations

Transformation of the current IT landscape to provide business - improved services and ability to launch products faster

Access to various technology skills and resource pool by having a strategic IT partner

Implementation of a shared services model with unitised pricing

Focus on core business functions

Cost certainty in Application Maintenance

Savings - 30% over the deal - period

### Why HCL

Integrated Model (IT, Infrastructure and BPO) which would enable the transformation

Relevant infrastructure with domain and verticals expertise

Strong partnership-based governance model with value-based pricing

Offshore delivery experience etc.

Demonstrable Client Reference

Strong Management Team

“

We settled on HCL for four reasons: capacity, standards-driven software development, cost savings, and, after several trips to India, the interpersonal relationship that developed.”

”

**Tim Mann** - Director,  
Customer Service And Technology

## Key Objectives

As part of an initiative to develop a world-class agile infrastructure that would make the Client more competitive and to enable and accelerate the move towards Service Oriented Architecture, the following things were required -

- Form a single view of total relationship with a customer
- Prevent entry of inconsistent data into the Clients' system and to clean existing data
- Improve customer service procedures
- Streamline existing processes and supporting technologies
- Savings - 30% over deal period

## HCL's Recommended Solution

- Improve the existing infrastructure by Application Development & Maintenance (ADM) and Infrastructure Management
- Process Documentation and Reengineering
- Data Cleansing (for achieving single-customer-view)
- Customer Interaction Management
- Reduce cost by 33% through Integrated Services and ROI in IT

## Engagement Architecture: Fix 'n' Lift Approach

To achieve Transformation and Efficiency Gains before offshoring gains.

### IT and Infrastructure

HCL corrected all the inefficiencies by updating all the systems and then moved the ADM offshore. 295 IT roles and 159 staff were transferred to HCL to ensure a smooth transition. This was augmented by one of HCL's leading offshore insurance delivery centers based in Chennai. The new architecture delivered productivity improvements and gains, guided by an extensive service level agreement (SLA) and periodic external benchmarking.

#### AD/AM Services

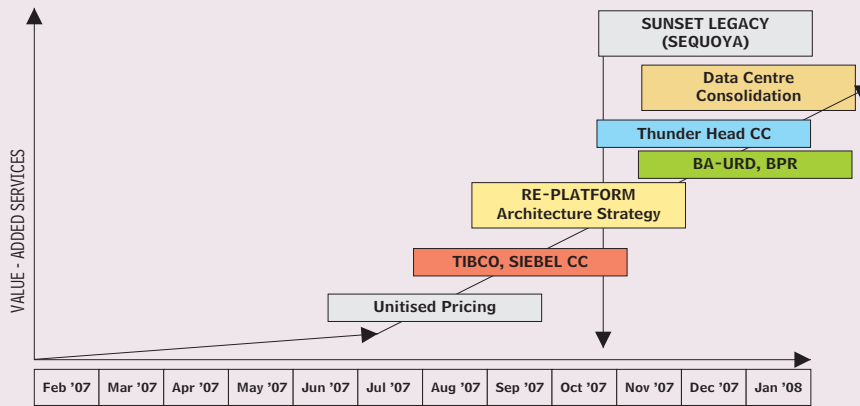
- 40 FTEs in AM on a fixed charge basis
- 166 FTEs in AD
- Transition to complete in 12 months
- AD – 40,000 man days/ year
- AM – 195 apps
- Approximately 80% work offshore in steady state

#### Infra Management Service

- 89 FTEs based in the UK and the Isle of Man
- Fully unitised - based pricing model
- Transition completed in 6 months
- All the assets and third party contracts
- Approximately 70% work offshore

- Working towards a common service desk
- Application and Infra Team co-located offshore under unified governance
  - Client's N2N process has been adopted for both Apps and Infra

- Built an Extended N2N Model to bridge HCL's CMM L5 to Client's Processes
- Transition completed in six months against agreed timeline of 13 months
- Steady state achieved in 7th month
- Successfully downsized the contractors
- Transferred work offshore adequately
- Completed the set-up of an Integration (TIBCO) competency centre part of the Darwin initiative



## Achievements

- Built an extended N2N Model to bridge HCL's CMM L5 to Client's Processes
- Transition completed in six months against the agreed timeline of 13 months
- Successfully downsized the contractors
- Transferred work offshore adequately
- All projects delivered on schedule with zero effort variation
- 10% of projects delivered ahead of schedule with less than budgeted efforts
- Unitised Pricing for Infrastructure and third parties implemented from July 2007
- Completed the set-up of an Integration (TIBCO) competency centre in August, a part of the Darwin initiative

## BPO

HCL optimised and reengineered the Client's operations to form a single view of the customer and prevented entry of inconsistent data into the Client systems. The existing processes were streamlined and improvements were made to customer service procedures.

### Phase I - Process Documentation

- Updates Business Procedure Documents
- Implementation of workflow in post - issue areas and automation
- Automate the Client correspondence
- Streamlining mail room functions
- Segregation of data and voice processes
- Benchmarking the "Span of control"

### Phase II - Data Cleansing

- Analysis on plan data entry through various entry points/ processes
- Identified gaps in the process
- Process optimisation and reengineering
- Analysis of the CMR to identify mismatch/ inconsistency
- Verify and validate data
- Clear inconsistencies of data
- Prevent entry of inconsistent data in future

### Phase III - Customer Interaction Management

- Improvement to Customer Service Procedures
- Customer Interaction Framework developed and implemented
- Interaction channels - Web, Voice, Fax

- Rationalised from over 2000 business processes to 700
- Grouped into 42 procedures across all 7 companies and 6 geographies

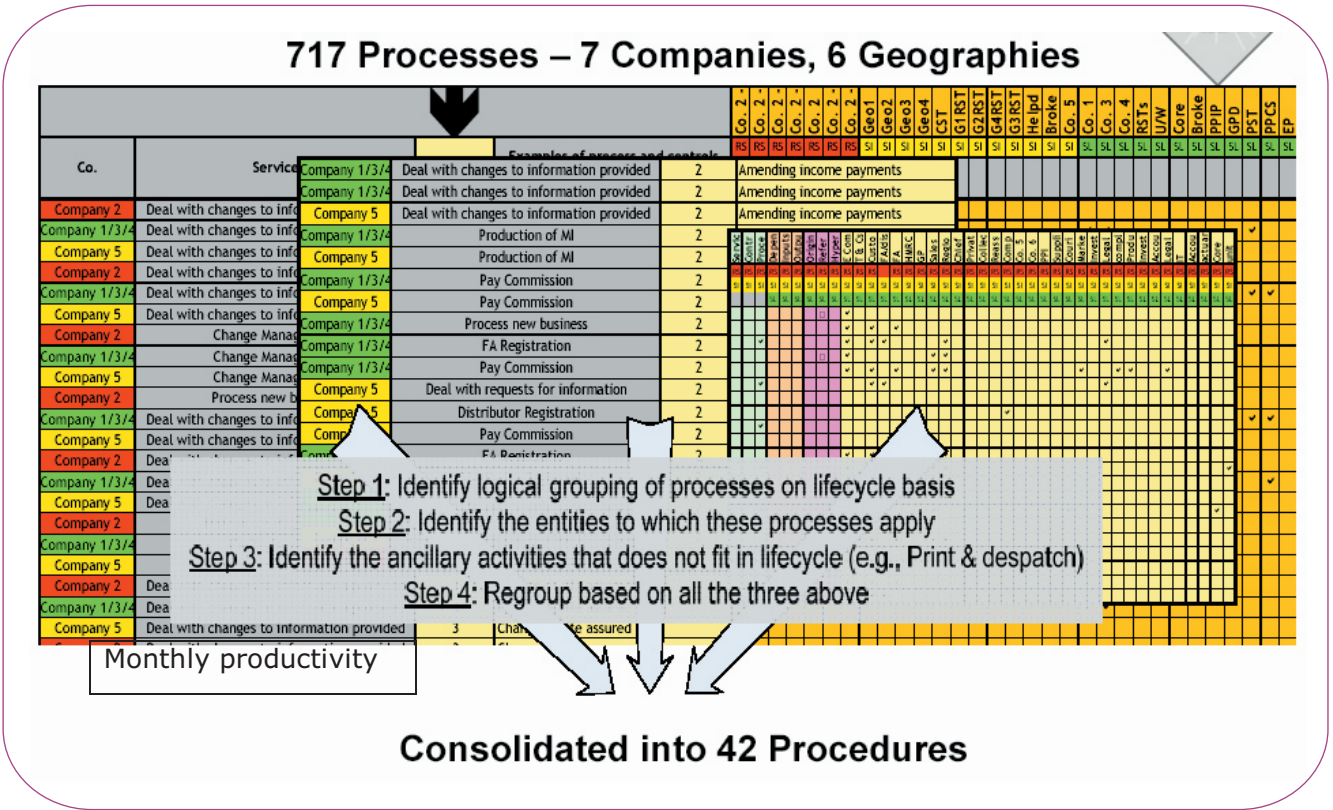
- Single view of customer
- Maximised data integrity
- Accurate and synchronised customer data across plans
- High performance and scalability
- Prevent entry of inconsistent data
- Alternative view of customer centric approach

- Flexible Framework of Management Interaction
- 21st century correspondence templates
- Future delivery or process and customisation
- IVR, segregation of voice/ data

- Reduced cost by 33%. Integrated the elements of IT and operations, data cleansing to operationalise KYC
- Streamlined processes and supportive technologies
- Qualitative benefits like brand enhancement, improved conversion rates etc.

## Phase I: Process Documentation

The inconsistent processes/ breaks in process resulted in Low Performance. The management and segregation of back-office and front office activities was non-existent. To address these critical issues, HCL updated and created business procedure documents. The Business Processes were rationalised from over 2000 business processes to approximately 700 business processes. These were further rationalised and grouped into 42 procedures across all seven companies and six geographies.



## Phase II: Data Cleansing

Depending upon the products, which the Client sells to each customer across the globe, the discrepancy origin begins irrespective of the field. The primary objective was to bring a unique Client number, which could be mapped with various plans/products pertaining to one customer, across business lines.

Data Cleansing enabled the extranet applications, wherein the customers had clarity at any point of time about the products they own. The inconsistency in the Client information was addressed while achieving the objective of 'Single Customer View'.

### Matching Criteria

Surname

Forename

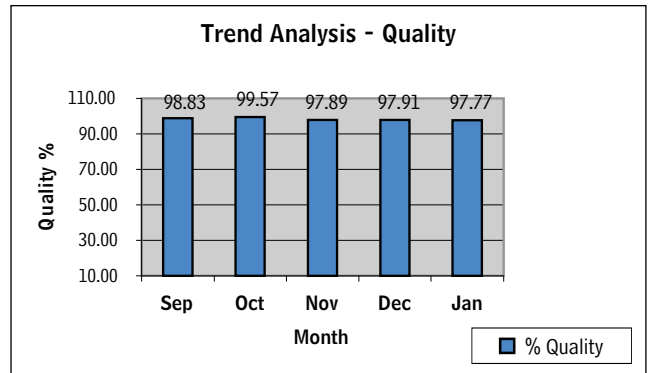
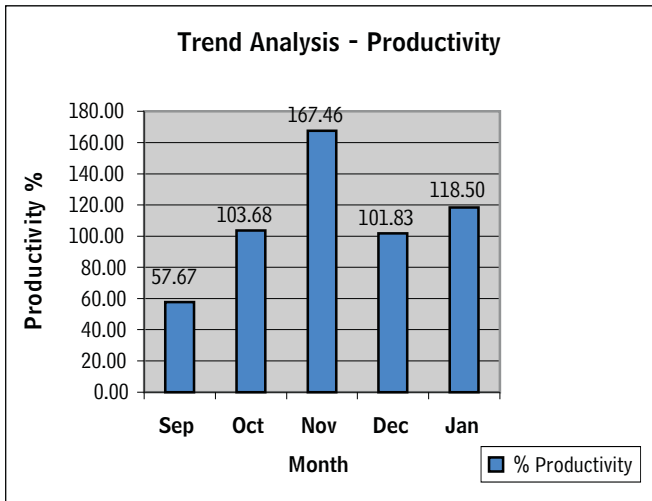
D.O.B

First line of Address

Postcode

Activity	Target Set	% Achieved
Monthly productivity	13,700	109.83%
Quality	92%	98.28%

## Driving Excellence – Productivity vs. Quality



### Generic Improvements MADE

- Understanding the severity on feedbacks for the queries raised beyond given instructions
- Implementation of PEER-TO-PEER check to enable both productivity and quality improvements
- Sustain productivity and quality in updating system through process verification on right image approach

### Specific improvements respective to PRODUCTIVITY

- Utilizing POSTCODE FINDER effectively to amend the correct form of address in a quicker way
- Clear understanding of filing POLICY TRACE NOTES
- Right approach / steps identified to perform EXCLUSION

### Specific improvements respective to QUALITY

- Utilising CLIENT SEARCH to identify the right data from other plans, that the Client holds
- Cross-verification made in the CLIENT SEARCH, to ensure that a UNIQUE ID is created
- Review comments furnished by the CLIENT'S ADMIN TEAM, in the POLICY TRACE NOTES, soon after discrepancy is studied
- Daily team huddles to ensure that the team is consistent with updates

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The deal with HCL will enable us to have the scalable IT required to grow our business, develop our products and support the key services provided by our customer support team in the UK. We looked very carefully at a range of options, and HCL offered the capability and flexible capacity for our business going forward.”

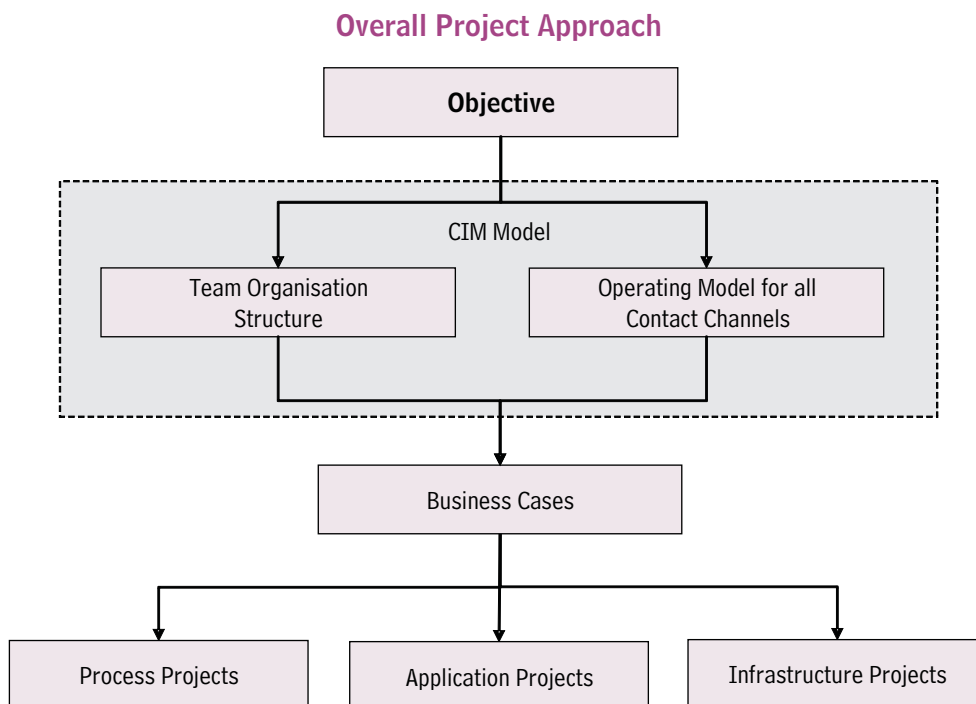
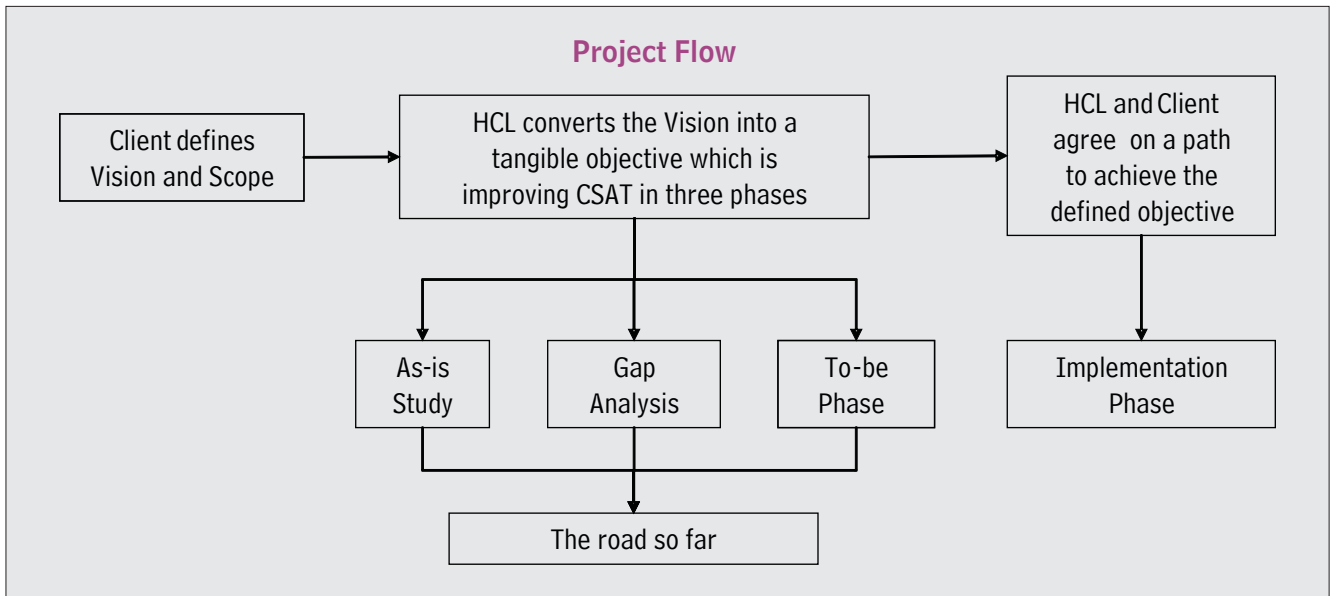
Nick Poyntz-Wright- CEO

### Phase III: Customer Interaction Model

The Vision is to establish 'Customer-Centric' contact centre for each channel of communication for Client that provides '5 Star' customer service by addressing key areas of:

- Efficiency by streamlining processes
- Flexible and scalable solution
- Empowered and invigorated staff
- Five-star service at an acceptable risk and cost
- Reduced failure demand
- Enhanced MI around customer interactions

All inbound and outbound customer interactions were directly between Customers and the Head Office, where a Business or Customer Benefit (in line with the Vision Statement) could reasonably be achieved and included Phone, e-mail, Text, Fax, White Mail, and G4/Web.



## Business Cases/ Proposed Projects

S. No	Business Cases	Need/ proposed solution
1	Automated Faxing	Lot of manual effort resulting in loss of time and efficiency due to manual faxing. The proposal is to enable faxing directly from the user's desktop.
2	Signature Verification	Loss of time and network congestion due to loading of all pages (approx 10 pages) in a particular document for signature verification. The proposal is to store the page/ part containing customer's signature separately.
3	Restructuring the Organisation	Segregation of voice and data; avoid duplication of teams/services across companies; seamless integration of front-office and back-office; removing inefficiencies and improving service and customer satisfaction.
4	FCR Measurement	FCR is the most important measure and the contributing factor for CSAT, currently not being measured. The proposal is to create an application to record and analyse data relating to FCR.
5	Knowledgebase	Absence of a knowledgebase system resulting in elongated training period, escalations, inability of agents to answer/ resolve even simple queries relating to other area. Proposal is to create a strong Knowledgebase system with easy access/ search facility based on keywords and self-learning.
6	Call Recording	To replace the current outdated/ manual/ inefficient Call-Recording System for meeting quality, training and regulatory needs.
7	WFM Solution	Estimate and manage the right number of resources required across the organisation to improve efficiency.
8	Single-customer View	Give a consolidated view of customers across the different companies/ entities
9	Telephony Solutions	Implementation of optimised call routing on the PBX/IVR; replacing the CSD phones with multiline display phones; automatic announcement of waiting time/ alternative channels available. All these solutions aimed at giving a better service to customers.
10	Performance Management Solution	Aimed at designing a structured mechanism to capture CIM Wide Performance Management and standardised scorecards for various performance metrics as it is currently not available
11	SMS & Email Management System	Creating mechanism/ applications for sending automated outbound alerts to customers; and creating an efficient email and SMS management solution for responding to customer queries.
12	Measuring CSAT	Define a process to measure and trace Customer Satisfaction (CSAT) as there is no measurement strategy in place for measuring and analysing CSAT.
13	Transaction Logging	To implement a standardised transaction logging across the different business divisions and teams across Skandia; mapping nature of queries with specific email ids/ workflows.
14	Implement IVR	To evaluate and implement the IVR system as it is not currently in place.
15	Implement CTI	Develop/ implement CTI solutions for providing screen pop-ups with customer information to make agents better prepared to face the call, improve efficiency and speed of answer.

The Client's Steering Group and the HCL team agreed that Client would have to implement all the proposed solutions in order to achieve the set objectives and targets by December 2010. The priority of implementing the projects was based on HCL's recommendations and the Client's business requirements. The initial phase started in the second half of 2007.

## Value-Adds

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HCL provided long-term solutions for avoiding duplicate records being produced (which will do away cleansing of the data at a later date) – this was taken up as a separate project with involvement from IT and BPO.

### Enhanced Data Integrity with Security

Data Integrity is one among the six fundamental components of information security and its quality is achieved by preventing accidental or deliberate unauthorised insertion, modification or destruction of the database.

### Data Scalability with Increased Scrutiny

Different policies can be applied to different data subsets in different locations, making the data more application-centric and isolating a user from implicit technology characteristics. Persistence becomes an attribute of all parts of the system and not just concentrated in the database. High availability or consistency of data is not compromised, as a configurable policy dictates the number of redundant memory copies to be maintained, and failure detection models built into the distribution system ensures data correctness.

### Possibility of Data Enhancement at its Later Versions

Successful decision making, demands reliable data. The key to make the database work is to have the necessary data, to understand and analyse the prospects of the customer. Objective of this enhancement is to provide a series of data sets that contain completely cleaned and documented subsets of the variables/attributes from various quantitative measures/analysis. Hence, the newer version can hold the business at its finger tip by enhancing the future terminologies.

## Comprehensive Business Outcome

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- The delivered result brought in a unique customer-centric optimised outcome for an incremental income to generate revenue in its business
- A large amount of resources worked together as a team to tailor the solutions to every unique requirement of the Client, to arrive at the right portfolio decisions
- Automated programme steps have vigorously reduced the risks of both planned and unplanned changes. Hence, the derived results showed the efforts taken in a compassionate fashion with an optimised outcome

### Benefits for the Client

- Rationalised from over 2000 business processes to approximately 700 business processes
  - Further rationalised and grouped 700 business processes into 42 procedures across all seven companies and six geographies
  - Maximised data integrity
  - Unique, accurate and synchronised customer data across plans
  - High performance and scalability
  - Qualitative benefits like brand enhancement, improved MI data, improved conversion rates etc.
  - Quantitative benefits like efficiency savings
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