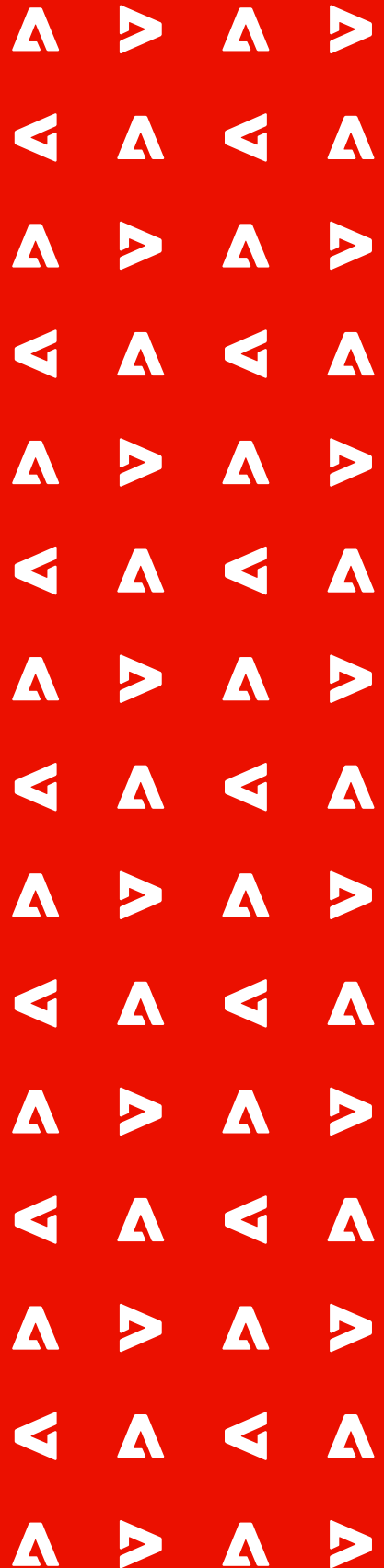




**The digital transformation of the Superannuation industry – a world of opportunities amidst change**





**Australia's superannuation industry is in a dynamic state of transformation as leaders navigate a series of internal and external disruptive forces requiring rapid modernisation and reinvention.**

With a value that is well in excess of AUD\$3.3 trillion dollars, the fifth largest in the world, Australia's Superannuation fund is globally recognised as one of the most mature and stable retirement funds, however that stability is being challenged.

The expectations of the superannuation consumer have evolved, superannuation is no longer a 'set and forget' service. Members are on a journey through life and their needs and expectations change along that journey. Performance transparency, self-managed investment options, and a shift from employer owned, to direct member relationships means individuals are now in greater control of their superannuation funds. To meet and exceed expectations Superannuation providers must foster the financial health of every member, across their entire lifetime.

In addition to these shifts in member demands, market incumbents are navigating a series of disruptive challenges. The competitive landscape continuously evolves with significant organisational acquisitions, mergers, and divestments across the industry. Regulatory reform and new business sustainability pressures are driving operational compliance challenges. Simultaneously, a generational shift is occurring, Australia's ageing populous are gaining access to their money while governmental initiatives designed to lessen the socio-economic impacts born of the pandemic grants funding access to younger generations.

The disruptive dynamism of these challenges is placing immense downward pressure on business performance for industry incumbents. When recently surveyed in eConsultancy's Digital Trends in Financial Services, some 5,000 industry leaders identified the number one blocker hampering the business' ability to pivot and respond to these challenges is legacy backend systems and technology debt across key areas of infrastructure, consumer marketing and business operations.

However, industry leaders who invest now to innovate and modernise their customer experience technology platforms can capitalise as competitive members churn and re-evaluate their provider. This represents an opportunity to increase acquisition rates and attract new members from competitors while retaining and growing existing members that will deliver higher lifetime values across stickier, lifelong customer relationships. For leaders willing to invest now, these opportunities represent an exponential increase in funds under management, industry recognition and performance ratings.

# Customer expectations

The days of customers having little say in which superannuation fund their contributions are invested, and how their funds manage their portfolio, are behind us. Fund members expect to be able to see the real-time performance of their fund, forecast their financial position, update and manage the mix of their investments accordingly.

More so, members can now look at their current fund and compare it against others to make more informed choices. Examples, such as the Australian Tax Office's YourSuper comparison tool, have empowered members, allowing them to easily see the performance and fee structures of competing funds.

In the past, superannuation managers negotiated with employers to sign up entire workforces. For example, a large fund could sign a company with 20,000 employees and have all those mandatory and voluntary contributions channelled into their fund. But new legislative changes mean those 20,000 employees can choose their own funds and direct their money into specific types of investments depending on their personal preferences. Individuals can now take their superannuation account with them as they move between employers. This has created a new level of competition for funds.

Similarly, traditional fund management platforms were built on the assumption that fund managers would negotiate with a relatively small pool of employers rather than masses of individuals. Instead of offering services to employers, superannuation funds must now focus on the unique and personalised fiscal needs of the individual, resulting in a completely new go-to-market strategy that includes financial advice and education as well as new approaches to marketing and sales. Today's fund managers must invest in platforms and strategies to engage with members via direct member relationships. This includes attracting, acquiring, growing, and retaining members on a personalised, one-to-one level.

Rather than simply being a service for holding and investing money, customers expect fund managers to offer them insights into the performance of their investments. Creating

platforms that enable members to look at fund performance and carry out 'what if' analyses so customers can make more informed decisions about their investments, enabling them to have more control over their financial management journey.

Underpinning this increasingly dynamic relationship between fund managers and member are elements such as privacy and security. Security measures such as multi-factor authentication, most likely using biometrics, and strong encryption of all data are table stakes in today's world. Fund managers cannot afford the reputational and business risk that would come from a significant breach. Every interaction between the fund manager and its members must be appropriately secured.

Fund managers need to rearchitect their systems to offer a much broader suite of servicing and product mix. That will require a rethink of the entire application stack for superannuation providers. They will need to build investment products that cater to a broad set of diversified risk profiles as well as offering members options to invest specifically in ethical investments or to avoid specific companies in their portfolios.

All these pieces create a complex puzzle where fostering member engagement and satisfaction to drive retention and defer competition is paramount. To attract new to member brand members must orchestrate a journey to move existing members from employer owned engagement to direct member relationships. Building brand reputation based on customer experience, performance, and positioning is pivotal to attracting more members. Falling foul of regulatory compliance, abuse of consumer privacy or lack of data security will wholly jeopardise a brand's reputation.

This level of platform modernisation and inherent personalisation requirements need to be supported across a variety of communication channels. Users demand access to services on desktop and mobile platforms with the ability to not only view information, but to make changes to their investment portfolio and product mix as, where, when and how, they engage.

# Future proofed business requirements

Leading organisational requirements encapsulate data-driven personalisation and one-to-one journey orchestration. This enables the ability to craft dynamic new products and investment portfolios and provide significant flexibility in how members access services, all while protecting their privacy and security.

At the same time, funds have been under pressure, both competitive and regulatory, to rein in costs. However, many of the existing systems used by fund managers were developed in cooperation with peer organisations. At the time technology was complex and costly to develop and deploy. Redeveloping and replatforming legacy systems offer untapped opportunities.

These legacy systems cannot keep pace as customer expectations have evolved, and the pace and scope of regulatory change has increased, these older systems are difficult and costly to update. Shifting to newer development tools, cloud-based platforms architected with customer experience centricity offers new levels of flexibility and at a lower operational cost than legacy systems.

Superannuation fund managers have traditionally been very skilled at managing investments. But the shift to increasingly personalised services means members are now looking for advice on how to alter their investment mix at different life stages. Additionally, members look to purchase complementary products and services life insurance, income protection insurance and other forms of financial advice.

The superannuation industry is also undergoing market transformation as the number of funds decreases through mergers and acquisitions. While a reduction in funds may seem to reduce competition, the reality is that the market consolidation is delivering reduced fees for customers. Fund managers, who can use their technology to operate at scale, can minimise their costs. But this is contingent on having systems and processes that can attract, grow and retain members.

For business undergoing mergers or acquisitions, these cloud centric and integration agnostic technologies facilitate real-time unification of member data, business processes and employee experiences. Removing the burden from heavy I.T. infrastructure and integration costs while increasing time to market.

In parallel with changing customer needs, there has been a raft of compliance changes introduced by the Federal Government and regulators. These changes impact every stage of members' lives starting with when they first enter the workforce, through the scrapping of the \$450 threshold for super contributions through to the ability for retirees to make larger investments into their super if they downsize their family home.

Regulators are setting new rules that significantly change how industry funds operate and how they communicate and interact with their clients. Fund managers are under increasing scrutiny to be transparent about almost every aspect of their operations. Marketing and communication platforms must be utilised with consumer data privacy and organisational data governance built-in to ensure regulatory compliance, consumer protection and platform security.

# The opportunity

There is no part of the superannuation industry that has been unaffected by the disruption of the market and subsequent transformation of consumer behaviours. Modernised systems and processes allows Superannuation leaders to respond to the market changes of today and reading for the needs of tomorrow.

Proven cloud-based experience technology from leading providers such as Adobe's Experience Cloud and Microsoft's Azure, integrate with and modernise aging technology. Rather than modifying legacy technology, these extensible, open, and agile cloud platforms facilitate fast turnaround to meet evolving business needs, with reduced I.T. reliance, and carry forth reductions in ongoing management overheads and total cost of ownership.

These data driven customer experience platforms allow Superannuation businesses to attract new consumers as they enter market through highly efficient targeted acquisition marketing and acquisition journeys. They also facilitate the growth of existing members by delivering personalised advisory content fostering financial health and wellness. High velocity content distributed in mediums such as eNewsletter, Blogs, and Digital Social Communities drive high member engagement and retention. Finally, these platforms guide members as their fiscal needs evolve across key life stages such as moving from employment to retirement.

All of this is delivered in channels where the modern connected consumers interact. Digital channels such as smart mobile applications, personalised member portals and websites integrate with offline channels such as call centres to ensure holistic member experiences at every interaction.

By modernising technology intelligently, fund leaders can innovate services that mature consumers relationships, where the fund partners with the member to deliver personalised financial wellness ultimately create wealthier, happier, and more engaged brand advocates that deliver increased business growth and performance.

A turbulent and challenged industry represents peerless opportunity for leaders willing to invest and innovate. Partnering with customer experience technology leaders with a proven track record in Superannuation, and similar financial service industries unlocks unsurpassed business opportunities. As disruption drives customer churn amongst laggards, leaders will capitalise - winning market share, capturing the hearts and minds of Superannuation members today, whilst readying for the demands of tomorrow.

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