

# SUCCESS STORY

## ROYAL MAIL GROUP

Transforming to survive



System transformation underpins a business-critical change at the UK's Royal Mail Group and sets the scene for a successful commercial future

Royal Mail Group urgently needed to transform its pension administration in order to become a commercially viable proposition for potential buyers.

### The Challenge

A world leader in postal innovation, Royal Mail Group is one of the UK's largest companies. It is a key component of the UK's economic and social infrastructure, providing services to private individuals, companies and communities.

However, in a challenging economic climate and with more and more people choosing to communicate digitally rather than by postal means, Royal Mail Group was struggling as a business and losing money.

The UK Government commissioned a high level review (the Hooper Report) of its activities and prospects, which resulted in three key recommendations: the need for external funding via the private sector; changes to the regulatory framework to allow Royal Mail to set its own prices; and the removal of the Group's huge pension deficit. Access to private sector funding, however, would only be viable if the pension deficit could be removed since no buyer would want to take on those liabilities. The UK Government agreed to take over all the historic assets and liabilities from Royal Mail Group's pension scheme, but this required the creation of brand new pension administration schemes and the supporting technology.

### Key Points

- Separation of legacy and new pension arrangements in two distinct systems
- Significant IT change programme achieved in the face of an extremely tight and immovable deadline
- Co-location of Steria experts at Royal Mail Group premises ensured on-going dialogue

An extremely tight and immovable deadline was agreed for the setting up of two separate pension administration systems. The first would manage the historic pensions and associated debt, while the second would manage the new pension scheme.

### Our solution

As one of Royal Mail Group's key IT partners, Steria was chosen to deliver this significant IT change programme. Steria had been responsible for the existing pension administration system, but equally important in Royal Mail Group's decision to award it this transformation project was the company's excellent track record of project delivery.

Delivering Transformation. Together.

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Steria's solution rested on a commitment to provide thousands of man-hours over the short delivery timetable. It also provided an agile response to Royal Mail Group's changing project scope as new requirements emerged. Indeed, as the project kicked off, Steria had yet to receive a set of requirements.

## How we worked together

Steria has been central to Royal Mail Group's IT outsourcing strategy since 2003. This has given Steria a unique understanding of the Group's business and application landscape.

Royal Mail Group's pension scheme was administered via a commercial-off-the-shelf (COTS) system that Steria had been supporting for a number of years.

Steria's task was to build on this to create two new pension schemes with new system requirements and administration rights.

Following the Act of Parliament permitting the proposed changes to Royal Mail Group, a definitive deadline for new pension arrangements was set. This gave Steria just 12 months to deliver the first implementation. For a transformation programme of this scale and complexity, this was almost unheard of.

Steria quickly rose to the challenge and delivered:

- More than 6,000 change requests
- More than 5,000 man-days of development and testing effort
- A second release to deliver scope that was not constrained by the March 2012 deadline.

Working directly with the Royal Mail Pension Administration Team leading this project, Steria co-located its own people at the Group's head office in Chesterfield, UK. This was a crucial success factor. Any queries on Royal Mail change requests could be quickly dealt with on the spot. In turn, the Pension Administration Team could tap into Steria's knowledge during on-site user testing and benefited from a frank dialogue in terms of the art of the possible.

But Steria also recognised that its ability to meet the delivery timetable needed something extra. It extended its onshore capability with offshore resources in India. This allowed Steria to operate a 16-18 hour day. Development work carried out in the UK on one day, would be tested in India for feedback to the UK team the following morning. This kept the pace of the project at the level needed to deliver on time and to budget.

## Results and benefits

Royal Mail Group successfully went live with its two new pension schemes on schedule on 31 March 2012. This, quite simply, secured the future of the business. In providing the system changes needed to operate the legacy deficit pension scheme as a separate entity to the new, unencumbered scheme, Steria helped to create a commercially viable entity.

This made it more likely that buyers could be found for the parts of the business being sold off. It was achieved with excellent project management and a focus on the delivery deadline, which had to be maintained even as changes to requirements kept on rolling in.

Steria continues to support the two new systems and has already adapted them to accommodate legislative changes. For example, pension payments previously based on the Retail Price Index are now based on the Consumer Price Index. This demanded a change to the complex bespoke pension calculations in the systems, which Steria put in place.



### About Sopra Steria

Sopra Steria, European leader in digital transformation, provides one of the most comprehensive portfolios of end to end service offerings in the market: Consulting, Systems Integration, Software Development and Business Process Services. Sopra Steria is trusted by leading private and public organisations to deliver successful transformation programmes that address their most complex and critical business challenges. Combining high quality and performance services, added-value and innovation, Sopra Steria enables its clients to make the best use of information technology.

With 35 000 professionals in over 20 countries, Sopra Steria had pro forma revenue of €3.1 billion in 2013.

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