

Superannuation Fund Consolidation

Australia's Best
Program Delivery Company



Official Partner
of the
 **Westfield
MATILDAS**



1. Program Delivery



We deliver some of Australia's most complex and challenging agile, traditional and hybrid programs. We work with our clients to understand their organisational and program characteristics. These inform how we design our delivery approach to produce the best outcome for our clients. The majority of our Consultants are scaled agile (SAFe) certified and we have over \$3bn of Agile and traditional Programs under direct management.

2. PMO Services



We provide PMO establishment and management, PMO analyst and scheduling services, and tools for some of the largest organisations in Australia.

3. Delivery Consulting



We provide delivery capability uplift, sponsor and project manager training, portfolio and program reviews to assist our clients improve their program delivery.

All of our clients are reference sites

Our Clients

Seven Consulting has a proven track record delivering critical outcomes for Australian organisations across industries and domains. 100% of our clients are reference sites.



Our clients and staff are our top priority

Client Satisfaction Survey Results

Year	Satisfaction rating	Survey questions
2020	98.87%	14,455
2019	99.08%	14,949
2018	98.65%	15,450
2017	99.08%	9,691
2016	98.94%	10,336
2015	99.35%	5,655
2014	99.26%	3,520

100% of our clients are reference sites

Staff Satisfaction Survey Results

Survey Date	Satisfaction rating
Dec'20	97.90%
Jun'20	98.51%
Dec'19	98.30%
Jun '19	98.82%
Dec '18	96.44%
Jun '18	96.40%



"It is clear that you only recruit PM's that are the best in the business"



"No fuss, just good, honest and consistent project delivery"



"Very professional"
"Great consulting skills"



"Seven have gone above and beyond to make this implementation a success. With short notice their consultants jumped in and made a significant impact."



"Highly professional staff, great support from the broader organisation. Clear about what they are good at and stick to this"



How do we get 98%+ client satisfaction?

Why all our clients are reference sites.



Hands-on ownership



High staff engagement, low turnover with no contractors



At a minimum, there is monthly Quality Assurance review of the consultant's work.



Bench support available to all consultants at no cost to the client



Extensive mentoring and training support, strong IP and knowledge sharing



Holiday and sick leave cover for assignments



Strong in-house tooling to support consultants, clients and quality assurance

How our values impact our delivery?



Teamwork

Teamwork has to be at the core because you can't deliver big projects without great teamwork – we focus on ensuring that the Seven team, the client team and vendors work seamlessly together.



Transparency

Assumptions and poor communications kill projects, whereas openness is the foundation of good relationships and reliable delivery. We remain a completely independent consultancy.



Delivery

A focus on outcomes focuses the team and grows confidence. With a confident attitude, expert personnel and effective teams we always deliver to clients high expectations.

Super fund consolidation - background

At the end of 2019, there were **204 superannuation funds** and 596,000 SMSFs in Australia. The super funds were managing assets of \$2.9 trillion across 26.3 million accounts.

The number of funds vs. the size of the market result in some significant variation for both investment returns and management costs. It is broadly agreed that a degree of consolidation is desired:

- To reduce the cost to serve for member
- To improve the efficiency and consistency of return across the superannuation industry.

The pressure to consolidate super funds is also accelerated by a series of other factors including:

- **Hayne Royal Commission** into Misconduct in the Banking, Superannuation and Financial Services Industry
- **Productivity Commission's review** of the efficiency and competitiveness of the super system
- **Increased regulation**, prudential oversight and cost to play (e.g. SuperStream messaging)
- **The impacts of the COVID-19 Coronavirus** on jobs, service industries and the economy

This capability statement provides an overview of Seven Consulting's recommended approach to super fund mergers and consolidation.

(*) Source: APRA Statistics, December quarter 2019; ASFA

The trustees of super funds are obligated to ensure their actions are in the best interests of members.








Tangible benefits of a merger between 2 super funds generally include:

- Reducing costs associated with member administration and overall fund operating costs
- Improving value via lower cost or more comprehensive insurance
- Improving investment outcomes through scale and the pooling of talent
- Improving member services and engagement opportunities

In addition to the tangible benefits, a potential merger between super funds could also result in some of the following **strategic/intangible benefits**:

- Delivering the scale required for access to certain types of investment opportunity
- Obtaining exposure to new member cohorts (ie age, industry, occupation)
- Expanding the geographic area in which the fund operates
- Expanding the breadth of skills available to the fund by combining executive teams and boards
- Broadening the range of products available to members
- Diversifying exposure to defined benefit schemes

Our experience

Organisation	Engagement description
	Program management of the Link Groups acquisition of Superpartners and the major funds which Superpartners was administering. The scope of the program involved the migration of MTAA Super, Hesta, Hostplus, Cbus and AustralianSuper funds from Superpartners to Link
	Transition management for 17 fund migrations
	PMO management services across 3 demerger programs including the sale of CommInsure to AIA and the sale of Colonial First State Global Asset Management to Mitsubishi Trust and Banking Corp
	Program management of the separation of NAB Wealth/MLC from NAB
	Program management of the due diligence phase of the sale of MLC Life Insurance by NAB to Nippon Life
	PMO management of the separation of AMP Life from AMP Limited
	PMO management for BNP to transition some of AMP's portfolio to Resolution Life and the simplification of AMP Wealth's Master Trust superannuation investment

Strategic decisions and context

There will be a number of strategic decisions that will influence the super fund merger and will need to be decided up front.

Strategic Decisions

Explanation

Commercial Structure

Product Gap

Migration Approach

Target Operating Model

Processes

Systems

People

Implementation Approach

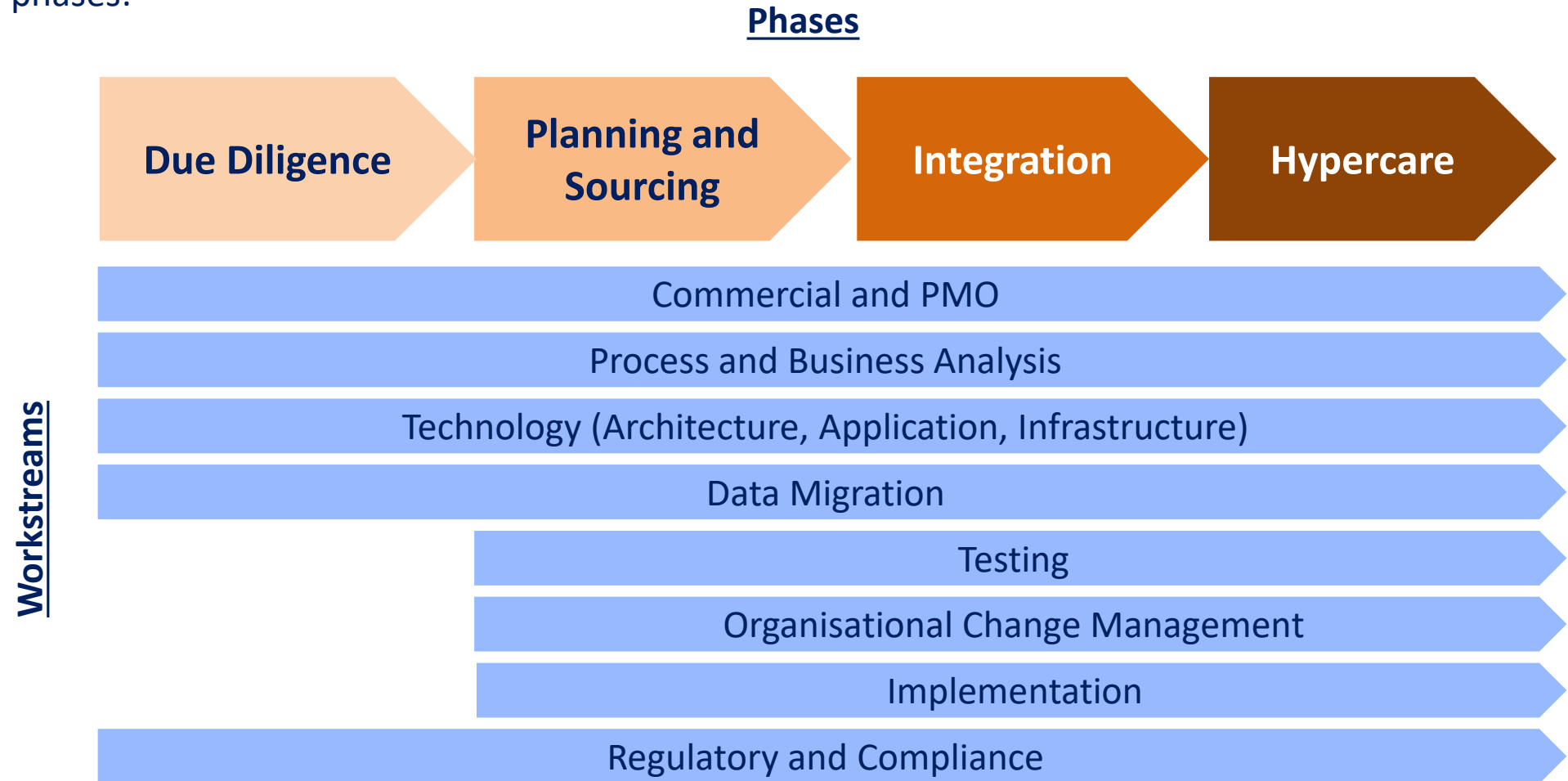
Regulatory and Compliance

Business Case

- Trustee structure, use of an outsourced super fund administrator
- Product gap between the 2 funds being merged
- Migration using SFT, outsourcing provider, active accounts
- Target processes
- Target systems and infrastructure
- Target people structure and change management approach
- Implement by fund, by product, by geography, by adviser group
- Big bang vs maintaining BAU SLAs
- Number of people to be trained
- Business outage window
- Inform APRA of intention to merge and keep them informed
- Identify and manage any compliance issues/risks
- Determine migration cost, determine target operating costs, confirm if business case stacks up (ie benefits > cost of migration)

Our approach

Our approach to super fund consolidation is based on 8 parallel workstreams running across 4 phases:



Workstream objectives

The objective of each workstream is outlined below:

Workstreams

Commercial and PMO

Process and Business Analysis

Technology (Architecture,
Application, Infrastructure)

Data Migration

Testing

Organisational Change Management

Implementation

Regulatory and Compliance

Objectives

- Manage the deal, the integration program and stakeholders
- Specify all product gaps, process gaps, reporting gaps, letters requirements
- Manage the design/build/test of any changes required to the technology solution including online portals, interfaces, core registry, other systems
- Manage the design/build/test of the data migration of customers, employers, accounts, balances, inflight transactions
- Manage the test preparation/execution of integration/e2e/UAT/performance testing
- Define org change impacts, prepare training, deliver training, deliver communications
- Prepare detailed business implementation plan and runsheets
- Manage relationship with regulators, ensure program compliance

Heat map of where the majority of the integration work is likely to be

Legend: Low Medium High

Fund being acquired (source)

Commercial and PMO

Process and Business Analysis

Technology (Architecture,
Application, Infrastructure)

Data Migration

Testing

Organisational Change Management

Implementation

Regulatory and Compliance

Acquiring fund (target)

Commercial and PMO

Process and Business Analysis

Technology (Architecture,
Application, Infrastructure)

Data Migration

Testing

Organisational Change Management

Implementation

Regulatory and Compliance

Implementation considerations

There are a number of factors in each workstream which will determine the complexity, timeframe and cost of the integration, including:

Workstreams

Commercial and PMO

Process and Business Analysis

Technology (Architecture,
Application, Infrastructure)

Data Migration

Testing

Organisational Change Management

Implementation

Regulatory and Compliance

Key considerations

- Type of merger, number of super admin providers invited to bid, number of stakeholders, number of members, FUM, market share
- Number of product gaps, number of additional reports, number of letter templates
- Number of portals to be updated, number of interfaces to be updated, number of core registry enhancements, infrastructure upgrade requirements, vendor dependencies
- Number of product gaps, quality of source data, existence of data migration routines which can be reused, complexity of financial reconciliation, treatment of inflight transactions, additional data storage and testing environments
- Number of product changes, number of new reports, number of new letters, number of new interfaces, availability of skilled testing team
- Number of staff impacted, number of redundancies, number of people to be trained, training vs BAU commitments
- Complexity of business implementation, number of members to be migrated, outage window, regulatory changes, contractual dates
- Regulators stance on the merger, number of compliance issues

Seven Consulting is a proud sponsor of Australia's National Football side, the Westfield Matildas

We are extremely proud to be official sponsors of Australia's best team. The Westfield Matildas are now ranked 7th in the world and were finalists in the Asian Cup.

*We are also providing paid internships for a number of the team (**Tameka Yallop**, and **Elise Kellond-Knight**), to support their post sporting careers.*





Australia's Best Program Delivery Company

Award Winning Company

WOOLWORTHS GROUP

Woolworths Group IT
Exceptional Services Award
Winner 2018



Seven Consulting Pty Ltd ABN 44 100 234 179











SYDNEY Level 13, 179 Elizabeth Street, Sydney, New South Wales 2000 **+61 (0)2 8267 5000**

MELBOURNE Level 5, 520 Collins Street Melbourne, Victoria 3000 **+61 (0)3 9617 8200**

MANILA 7th Floor, 6780 Jaka Building, Ayala Ave, Makati City, Philippines

www.sevenconsulting.com

Appendix - Our superannuation experience

Organisation	Engagement description
 	Program management of various projects to establish NAB/MLC's SuperStream capabilities to support contributions and rollovers
 Commonwealth Bank	Technical program management of CBA's SuperStream capabilities to support contributions and rollovers
	Program management of the eContributions program which introduced the SuperStream electronic messaging for contributions. Program management of the Insurance Remediation program
	Quality assurance and testing for AMP's SuperStream projects
   	Project management of CRM project for Link, AustralianSuper, cbus and Hostplus
	Review of enterprise PMO (Program Management Office)