

# Pension Protection Fund

## Supporting the transition and exit of legacy IT systems

### Challenge

As a relatively new organisation the PPF had undergone structural changes including bringing investment services in-house and taking on the Financial Assistance Scheme. The PPF's IT managed service contract had been in place for many years, was inflexible for a changing business and had stifled their ability to innovate. This resulted in a strained relationship for both parties.

**In late 2018 PPF took the decision to exit the incumbent within a 12-month period and use the opportunity to launch a Digital Transformation over a 3-year period.**

This presented PPF with an opportunity to disaggregate the provision of services in order to take control and gain greater value and flexibility. PPF recognised that they did not have all of the in-house expertise to do this challenging programme of work on their own. PPF selected Methods to support them on their disaggregation and exit journey.

### Background

In 2005 the Pension Protection Fund (PPF) was established as a result of the 2004 Pensions Act, as an arm's length body governed by the Department for Work and Pensions (DWP). The PPF protects employees from its member organisations with a defined benefit pension if an employer becomes insolvent.

The PPF supports approximately **249,000** members and manages a portfolio of **£32 billion**.

The PPF has approximately 400 employees across two offices. The PPF is a public organisation but is not funded by the government or the taxpayer. Instead the PPF collects a compulsory levy, much like an insurance premium, from eligible defined benefit pension schemes. Without the PPF many pension schemes that have gone into insolvency would have left employees destitute in their retirement.

### Summary

Methods used its deep, industry-wide expertise in disaggregation to support the transformation as part of a blended team. Working closely with PPF staff to define the Exit stage of the programme, Methods delivered a sound platform for change and helped to ensure a successful exit of the incumbent managed service provider.

Methods' unique Disaggregation and Exit framework provided a structured 4 phase approach for the programme focussing on key priorities and desired outcomes.



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### Solution

Methods were engaged to deploy expertise in IT contract disaggregation beginning with a deep dive into the legacy contract to understand the service architecture, change notes, monthly service reports, volumetric data as well as interviews with suppliers and PPF stakeholders. Each service was mapped to a business portfolio to understand how the services were consumed and the criticality to the business. The services were then organised into and assessed against service towers which mapped to PPF outline service blueprint and target FMO. Methods identified key risks and gaps in design resulting in a Gap Analysis Report.

Methods proposed a structured approach to develop a service-based operating model, tracking team capability iteratively to ensure that the technology teams were ready to take on, or manage, services based upon the hybrid sourcing model agreed upon.

Developing and implementing a people plan and supporting a wide-ranging business engagement, Methods supported the end-to-end process of deploying an outsourced Service Desk assisted by a specialist service architecture resource provided by Methods to drive design and delivery.

### Maturity assessment

In order to ascertain the programme maturity and organisation readiness for change Methods conducted a high-level maturity assessment against the desired state FMO, design artefacts and sourcing models to provide a multi-faceted Current Operating Model (COM).

The COM exercise helped to clarify capability shortages and inform activities to define and document proposed interim operating structures and recruit key skills and upskill internal staff.

### From discovery to early transition

Methods defined and supported the governance requirement to guide the exit process from Discovery to early Transition stages by establishing a Design Authority responsible for overseeing organisational and process design decisions during Exit and Transition. Methods delivered a process redesign and definition of the Service Management organisation, seen as a key enabler to a successful exit.

The backdrop of a technical migration with a disincentivised incumbent and a marked lack of technical documentation meant that Methods' appointment of a highly experienced Exit Manager to oversee the exit process was key, this role was pivotal in facilitating a smooth and successful exit.

As with any contract exit there were several complexities to overcome, including:

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-  **Technical:** The contract with the incumbent was old and did not support the current and future business needs. Key documentation was out of date making planning for migration difficult.

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  -  **Organisational:** Methods identified a number of internal capability and capacity gaps which required addressing.

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  -  **Time-bound:** The Technology and Change team had twelve months to exit from the incumbent contract.

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  -  **Critical planning dependencies:** Methods developed a detailed transition plan which covered the sequencing of supplier activities, critical dependencies and integration requirements to support continuity of the business.

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### Results

The pragmatic approach taken by the blended team resulted in a successful Exit from the managed service provider within the allocated twelve-month period.

As well as achieving the brief of a low impact exit of the incumbent supplier, numerous efficiencies were delivered during the engagement. Capability across the Technology and Change team was increased to enable smooth on-boarding of services.

In addition, elements of the service that are supported by third parties such as the new service desk provider has seen



business benefits from launch



a significantly improved user experience



an array of self-service improvements



24/7 technology support

Throughout the transition period core technology processes were developed and reviewed. Technology teams were established with the capability to provide the business with effectively managed technology services. The smooth transition of services paired with the vision and ambition of senior figures at the PPF has provided a firm foundation for an innovative and fruitful digital transformation journey to follow.



### What was the Methods added value?

Methods wide-ranging expertise added structure, control and agility to a navigate a difficult journey to a smooth and successful transition. The Methods team integrated seamlessly into a well-established team providing a blend of hands-on support and professional advice to tight timescales.

Methods provided assurance that the appropriate transition architectures and organisational structures (people, place, processes, technology) were in place. We worked closely with the internal IT teams to develop a new SIAM model including the procurement, design, and deployment of an outsourced Service Desk and detailed knowledge transfer processes.

We identified the necessary elements that were not yet in place and the steps needed to bring them together ensuring transition, exit and business continuity plans were aligned, tracking team capability iteratively to ensure that PPF and its new suppliers were ready to take on and manage the services to support a low risk transition from the incumbent provider.

Methods supported business communication and ensured business continuity plans were in place and effective. We undertook dry runs and rehearsals addressing potential issues and implementing dual running for a number of services before effecting final transition.