

# When two become one



**AT8's Mark Loosmore looks at the consolidation of Scottish Widows' and Clerical Medical's product ranges following their merger last year**

The take-over of HBOS by Lloyds TSB last year led to the merger of two of the best-known brands in the Life and Pensions market – Scottish Widows and Clerical Medical. Such mergers have many attributes and work-streams to them, but as e-commerce consultants, it is the alignment of the different products and supporting e-commerce services that we watch with interest.

The branding decision was made swiftly and with a refreshing degree of clarity. While both brands were respected in the IFA market, the end consumer awareness of Scottish Widows was far higher and this brand was chosen to market all products going forward.

The company analysed the best products across their entire suite and selected what it felt were the best ones with which to continue. The selection was done on the merits of the products themselves, and not the supporting services. At a high level, the Clerical Medical products have been adopted for investments, while the Scottish Widows' products were adopted for pensions. The process now has left the rather substantial job of aligning the services in a consistent manner across the entire product range.

## IFA focus

The newly merged organisation has a heavy focus on the IFA sector. The large banking corporate also distributes through bank branches, but the Bancassurance distribution is aimed at a different market with a different product set and, to maintain their market position, Scottish Widows took the IFA market to the heart of its distribution strategy. It has invested heavily in its broker consultants and now has one of the largest IFA facing sales team in the industry. It also continues to invest in industry utilities such as Assureweb (in which it owns a 16% share).



Unifying the e-commerce services across the company was no small task, but is the aim of the e-commerce team led by Adrian Bishop, head of e-commerce. Scottish Widows has learnt some of the lessons of past mergers in the market and is consulting closely with IFAs to understand where their priorities lie. The consultation has served as a timely reminder to not just focus on bringing 'shiny' new advice tools to help increase new business, but rather to remain cognisant of the need for IFAs to access information on existing business as well.

Another clear message coming from the IFAs is that many do not want to use company extranets to get policy information or even to quote and apply for products.

As a result, Scottish Widows has put a lot of emphasis on integration to the back-office suppliers and to support the quote

and apply portals. Indeed, Scottish Widows now integrates to 10 different back-office solutions including, 1st – The Exchange (Adviser Office), IntelliFlo, Quay Software (Client Care Desktop), True Potential, Figure Out, Bluecoat Software, SSP (Swift21), Durrell Software, PRD Software, Plum Software. It supports both automated commission reconciliation and contract enquiry with confirmed plans to extend the contract enquiry coverage for individual pensions and the Scottish Widows heritage closed book bonds by the end of 2010.

Scottish Widows' products sit on Exweb, Assureweb and True Potential supporting the quote and apply process. Work has been done to ensure the products are more fully represented on these portals, making sure, for example, that the full flexibility available within the flagship individual pension product,

Retirement Account, is maximised in portal comparison quotation services.

## Product unification

The product unification process has been active since last year with further big deliveries in the e-commerce arena planned for the end of 2010. The aim is to have a single end-user experience across all products available online – which, if achieved, will mean it has managed to accomplish more than many other providers have done, including much smaller companies with fewer political issues to navigate.

Scottish Widows also has several financial planning tools available covering Fund Charting, Portfolio Creation and Monitoring, a With Profits Analyser and a 'What if' Calculator. It also provides a series of comparative tools to compare areas such as Bonds vs OEICS, Tax-Free Cash and Pensions, and Bonus vs Dividends.

## Spoilt for choice

The range of tools is impressive and the user is spoilt for choice as both Clerical Medical and Scottish Widows had invested heavily in financial planning solutions. After review, it was decided to keep and extend the Clerical Medical tools supplied by Towers Watson (TW). The TW tools have several interesting features including the ability to choose either present model portfolios or distributors' Model Portfolios. It also allows the adviser to model the whole of market funds and upload additional products. Scottish Widows supports its asset allocation facilities with a series of tax calculators.

## Essential support

Recognition has been given to the fact that a successful e-commerce strategy is not just about the technology but the whole service proposition, which brings

focus on the often forgotten area of support.

Many providers do not give enough importance to support models, and in the past Scottish Widows was not immune to this. Currently, though, this is an area getting a lot of attention; what happens if something goes wrong or if an adviser needs information not available online or simply wants to give feedback to Scottish Widows? To address issues of these types, Scottish Widows is putting in single points of contact for IFAs and investing in new monitoring processes. It is also investing in the team that is charged with taking the message to market, working closely with its sales force to provide support for intermediary firms in their use of technology and to drive up the adoption of the e-services.

Scottish Widows has a long journey ahead to ensure its services are consistent and well developed across its entire product range. However, it has made some significant steps already; it has agreed a single brand and a unified product strategy. It has prioritised integration to adviser systems and delivered a great deal in this area already. Now it is implementing a single access/security strategy and creating a single user experience across the entire product range.

It has the brand and capital to make the integration work and it would be a brave person to bet against them executing the strategy effectively.

## KEY INSIGHTS

- Speed and decisiveness in decisions – don't prevaricate
- Look to achieve best of best
- Product propositions need strong support propositions if they are to appeal to advisers
- Ask the IFA... listen and act on feedback
- Investment and commitment from management will ensure programme will succeed

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