

Modernizing welfare using the third sector

29. October 2015

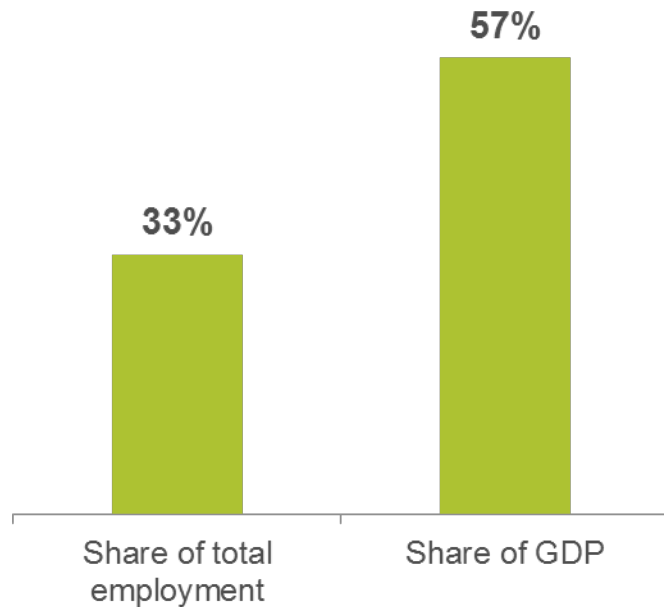
Carsten Stendevad, CEO, ATP



The imperative of modernizing Denmark's largest sector

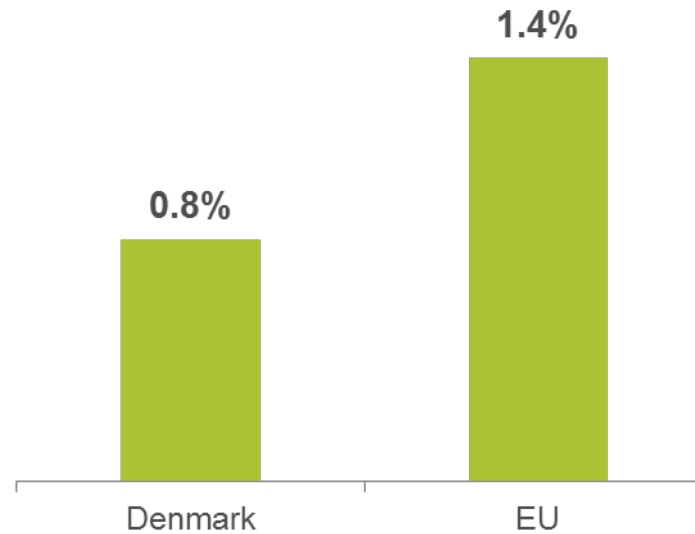
A large public sector...

Public sector share of the economy
(2013)



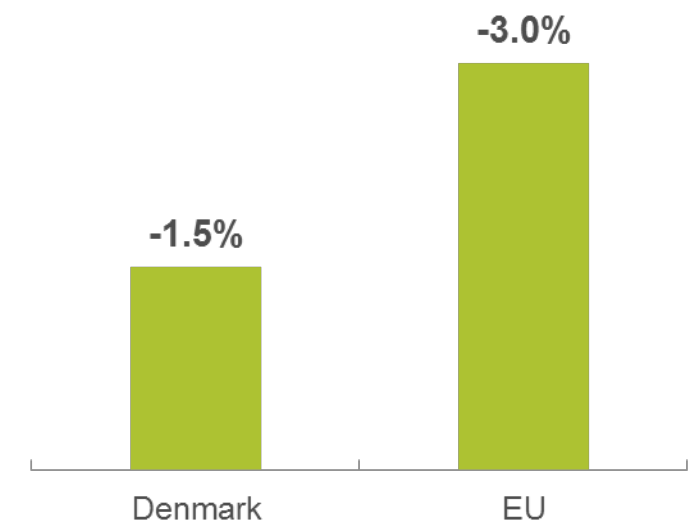
... in an economy with a low productivity growth...

Average annual productivity growth
(1995-2014)



... and fiscal pressures

Public deficit
(2014)



ATP delivers good, cheap pensions to 4.9m Danes

ATP is Europe's third largest pension plan ...



Mandatory scheme for 4.9m Danes

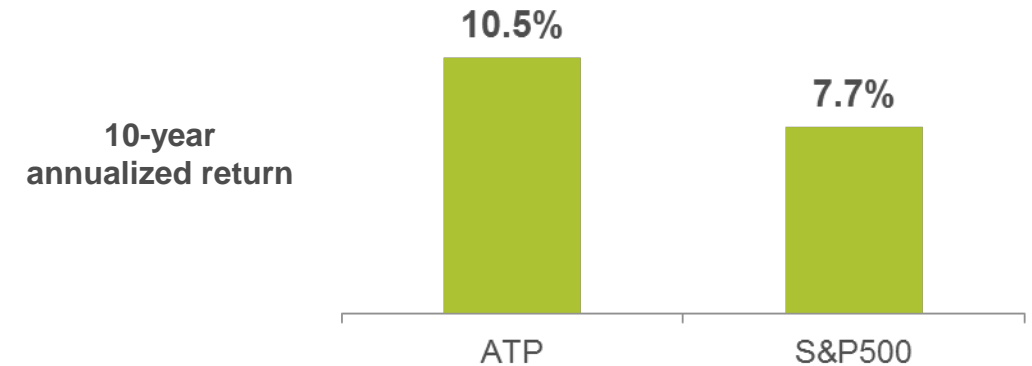


€92bn in assets. One product w/o choice

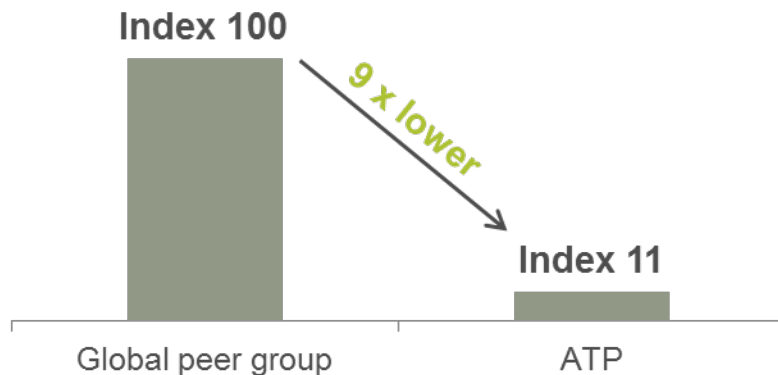


Self-owning institution governed by the ATP Act; full operational independence

...with a record of strong investment returns...



ATP is a cost leader in the global pension industry...



...with a continued focus on cost cutting



ATP delivers cost-effective welfare administration

ATP handles 2/3 of Danish welfare benefits on behalf of social partners and the public sector



€31bn benefits paid out



2.3m clients served



1.3m letters received



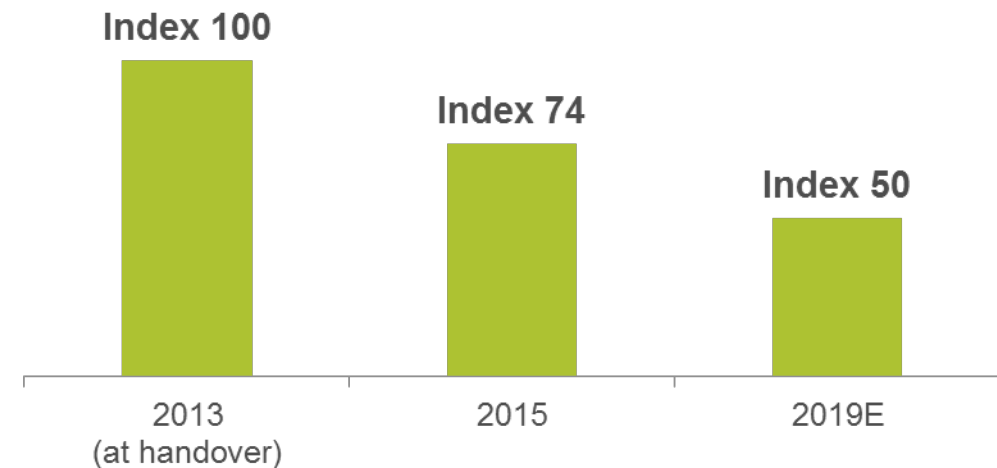
2.5m calls received

Udbetaling Danmark (UDK) is a case study...

- In 2013, 1500 FTE's across 98 municipalities were outsourced to ATP
- All savings returned to municipalities

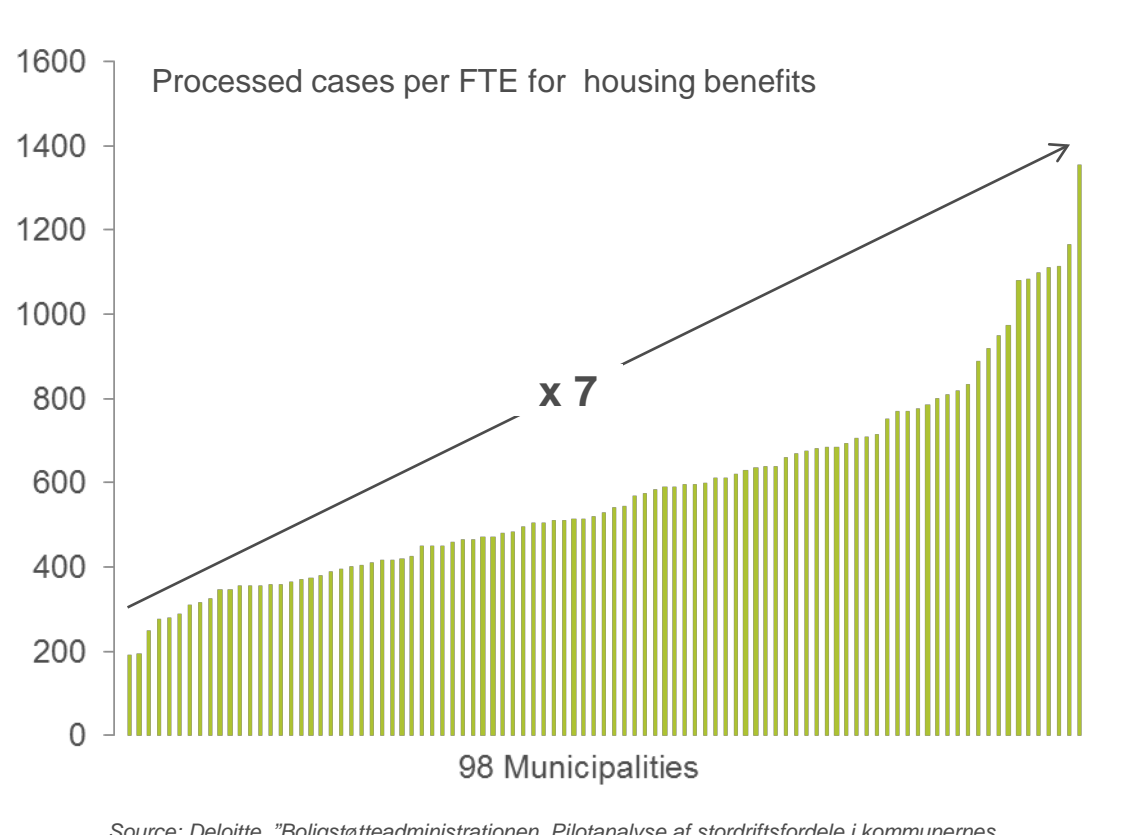


...of substantial welfare administration savings



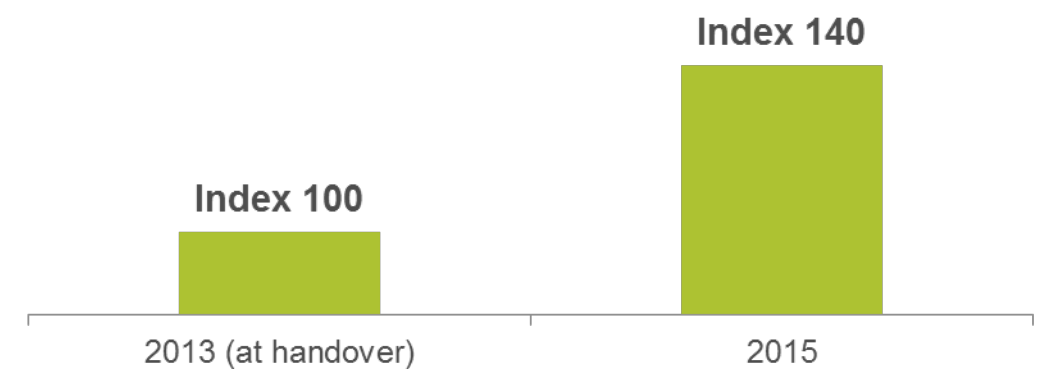
UDK case: No trade-off between productivity improvement and customer satisfaction

Large productivity differences at handover...

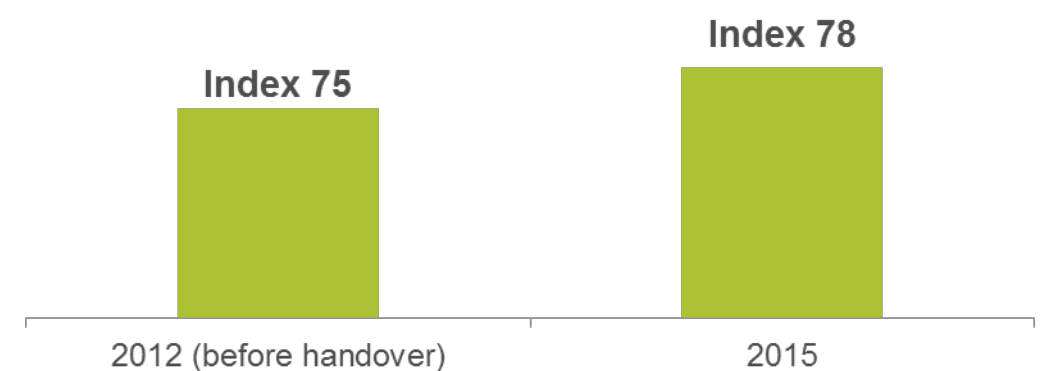


Source: Deloitte, "Boligstøtteadministrationen. Pilotanalyse af stordriftsfordele i kommunernes objektive sagsbehandling" (2009)

... subsequent 40% productivity improvement...



... and continued high customer satisfaction



Key ingredients for succeeding as a third sector operator

1. Adopt mind-set of private sector operator...

- Protect operational independence
- Adopt strong focus on managerial capacity
- Avoid public sector “zero-risk” culture
- Attract and retain top talent

2. ... with a clear focus on cost leadership...

- Build scale
- Use process re-engineers, not “stop watchers”
- Push for simplification to enable digitalisation and automation

3. ... and a constructive dialogue with policy makers

- Quantify all aspects of operations to enable fact-based dialogue with policy makers

Price per transaction in ATP:

Personal encounter	€9,4
Contact by phone	€4,8
Self-service via digital solutions	€0,7
Automatically*	€0

** While the cost of the transaction is €0, automated processes are still associated with considerable investment costs*

Others potential areas for modernizing using third sector

Other public schemes



Utilities



Infrastructure

