## PASA Digital Admin Working Group

# Delivering Effective Digital Transformation - Practical Guidance for schemes at all stages of their journey

## Part 2: Planning the Digital Transformation Journey

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Procentia®

Our Experts for Digital Admin

PASA

# Part 2: Planning the Digital Transformation Journey

# Acknowledgments

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# Part 2: Planning the Digital Transformation Journey

> ***'Innovation doesn't just happen. It's a mindset of continuous improvement which separates the leaders from the followers.'***
>
> **Liam McGrath, Procentia CEO, at the PASA Annual Conference 2025**

## 1. Introduction

This Guidance is the second in a 3-part series on delivering effective digital transformation. The series is designed to help schemes deliver value for users and savers, meet compliance and legislative standards, and establish scalable foundations to support evolving needs and expectations.

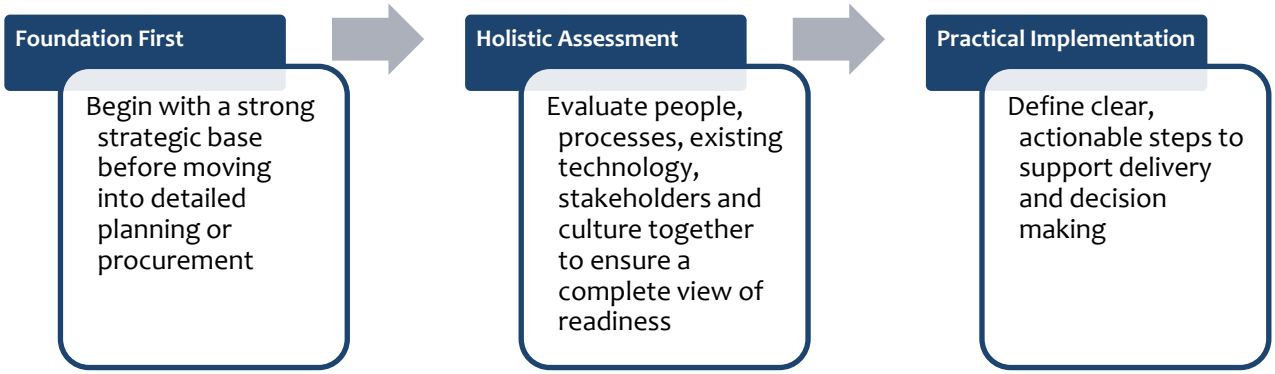
This second part of the series focuses on planning the digital transformation journey, presenting actionable strategies to help schemes scope, structure and sequence transformation initiatives regardless of scheme size or digital maturity.

## 2. Building the 'BRIDGE'

The BRIDGE digital transformation planning framework has been designed to support schemes in moving confidently from vision to implementation. Rather than starting with technology decisions or vendor selection, BRIDGE focuses on establishing strong strategic foundations to inform effective planning and delivery.

BRIDGE supports project scoping by clarifying current readiness, future ambition and the capabilities required to deliver transformation. It provides a structured and shared basis for decision-making, ensuring planning and implementation efforts are aligned to agreed priorities and organisational readiness.

The framework is repeatable and scalable, making it suitable for schemes at all stages of their digital transformation journey. It operates on three core principles:



**The 'BRIDGE' concept comprises six key areas:**

## 1. B - Baseline Assessment

**Objective:** Establish a clear understanding of the scheme's current digital maturity

**Strategies and Tactics:**

1. **Conduct a comprehensive digital capability audit covering systems, data, processes and skills**

Use a structured assessment framework with defined criteria to ensure consistent evaluation across capability areas and enable comparison over time

2. **Use interviews and surveys to identify pain points, performance gaps and improvement opportunities**

Involve a representative cross-section of users, administrators and decision-makers to ensure findings reflect real operational challenges

3. **Map the existing technology infrastructure, system functionality and service delivery processes**

Document system integrations, data flows and user journeys to identify bottlenecks, duplication and opportunities for improvement

4. **Benchmark against industry standards or peer schemes to understand relative digital maturity**

Identify relevant best practices and performance targets to inform ambitious yet achievable improvement goals

5. **Document findings in a comprehensive readiness report to inform future planning and prioritisation**

Structure outputs to highlight key findings, recommended actions and dependencies to support decision-making

## 2. R - Risk Appetite and Governance

**Objective:** Establish the scheme's comfort level with change, investment and disruption and embed this into governance and decision-making for digital transformation

**Strategies and Tactics:**

1. **Facilitate leadership workshops**

Explore risk appetite across financial, operational, technological and reputational dimensions, including cultural readiness and change resilience

2. **Structured risk appetite assessment**

Develop a risk appetite matrix mapping risk categories (financial, operational, cyber, compliance and reputational) against defined tolerance levels. Use risk assessment tools and case examples to support clear and consistent articulation of risk thresholds

3. **Scenario planning**

Model best-case, worst-case and realistic scenarios for key transformation decisions to assess trade-offs and inform strategic choices and contingency planning

4. **Comprehensive risk register**

Maintain a risk register covering each phase of the transformation, with defined mitigation strategies and controls

Ensure cybersecurity, data protection and regulatory compliance risks are explicitly captured and reviewed

5. **Assign risk ownership**

Allocate accountability for monitoring, managing and reporting specific risks throughout the lifecycle, include third-party and vendor risk management

## 3. I - Intention and Vision

**Objective:** Set a compelling and aligned vision for transformation and the saver/user experience

**Strategies and Tactics:**

1. **Co-create a transformation vision reflecting trustee, administrator and leadership perspectives**

Use structured visioning sessions to define the intended transformation direction and future saver and user experience

2. **Define guiding principles and strategic values to anchor decision-making throughout the transformation**

Use these principles as a consistent reference point for evaluating initiatives and resolving competing priorities

3. **Align the transformation vision with broader organisational goals and saver expectations**

Map the vision to existing strategic objectives and validate it against saver insight and feedback to ensure coherence and relevance

4. **Develop a transformation charter to outline purpose, scope and intended outcomes**

Use the charter as a shared reference point to communicate intent and maintain alignment throughout the transformation journey

5. **Use clear narratives and visual tools to communicate the vision consistently across the organisation**

Tailor messages to different audiences to support understanding and alignment with the intended direction of travel

## 4. D - Desired Outcomes

**Objective:** Define what success looks like across operations, technological performance, service delivery and saver experience

**Strategies and Tactics:**

1. **Identify measurable goals for systems, administration and saver experience to align with the transformation vision**

Define and agree success criteria for each outcome area using a consistent and structured approach

2. **Apply 'SMART' criteria (Specific, Measurable, Achievable, Relevant, Time-bound) to ensure goals are well-defined and attainable**

Review each goal to confirm clarity, feasibility and alignment with strategic priorities

3. **Develop success metrics for each outcome area using Objectives and Key Results (OKRs) and Key Performance Indicators (KPIs)**

Define responsibility for tracking and maintaining each metric to ensure clarity and consistency

4. **Link desired outcomes expected benefits and value to demonstrate the contribution of transformation activity**

Use outcome definitions to inform cost-benefit considerations and prioritisation decisions

5. **Use a transformation scorecard to track progress and measure impact against defined outcomes**

Review outcome performance at agreed intervals to confirm progress and identify areas requiring adjustment

## 5. G - Gains

**Objective:** Clarify the benefits and value-led outcomes for the scheme, its administrators, internal teams and pension scheme members.

**Strategies and Tactics:**

1. **Conduct benefit mapping exercises to identify tangible and intangible gains**

Use practical examples and scenarios to clarify how benefits are expected to be realised across different areas of the scheme

2. **Prioritise saver-centric benefits such as improved access, responsiveness, transparency and self-service**

Validate priorities against scheme member insight and feedback to ensure benefits address real needs

3. **Define internal gains like efficiency, data quality and staff capability**

Where appropriate, quantify expected improvements using indicative targets to support prioritisation and comparison (e.g. 30% reduction in processing time, 95% data accuracy, increased employee satisfaction scores)

4. **Establish approaches to assess realised gains against baseline metrics**

Use proportionate reporting to demonstrate value realised over time

5. **Communicate expected and realised gains clearly and consistently to support momentum and understanding**

Highlight achieved benefits and learning points to reinforce progress and inform future phases of transformation

## 6. E – Essential Capabilities

**Objective:** Identify and build the capabilities needed to bridge gaps in performance, expectations and desired outcomes

**Strategies and Tactics:**

1. **Conduct a gap analysis to identify discrepancies between current capabilities and transformation requirements, including technology, processes and skills**

Prioritise identified gaps based on impact, urgency and feasibility of closure

2. **Define and map capability domains across people, processes, technology and culture to establish a clear view of organisational readiness**

Identify accountable roles for each capability domain

3. **Develop a capability roadmap that sequences priority capability improvements over time**

Group capabilities into short-term (0-6 months), medium-term (6-18 months), and long-term (18+ months) horizons to reflect dependencies and delivery readiness

4. **Design targeted capability-building initiatives to develop digital literacy, technical competencies and transformation readiness**

Tailor development approaches to different roles based on identified skill gaps

5. **Embed required capabilities into relevant people and talent processes**

Ensure role profiles and recruitment criteria reflect the capabilities needed to support ongoing transformation

**Benefits of using the BRIDGE Framework**

BRIDGE provides a structured, strategic and scalable approach to navigating digital transformation. By guiding organisations through the six critical areas, it ensures transformation efforts are grounded in clarity, aligned with long-term goals and tailored to stakeholder needs. The model can be a repeatable exercise at milestone phases along a long-term transformation journey.

By focusing on readiness, intent and outcomes before technology decisions are made, it helps schemes avoid common pitfalls such as misaligned priorities or premature procurement. Its emphasis on saver-centric design, cultural alignment and iterative delivery fosters sustainable progress while maintaining operational stability.

The framework supports repeatable, saver-centric transformation aligned with long-term organisational goals and delivers measurable impact.

## 3. Setting the Technological Foundations

Digital transformation is the *"rewiring of an organisation, with the goal of creating value by continuously deploying technology at scale"* as defined by McKinsey & Company.

Coined in 1992, 'Tech Debt' is now a familiar term calling for businesses to establish a long-term strategy to include a continual investment in technology and consider the consequences if they don't. As time passes, the gulf widens and the 'repayment' to get back in the black becomes more costly. A 'big-bang approach' to reducing tech debt isn't required. Focusing and delivering on one area at a time delivers the biggest value and positive impacts for all pension scheme members.

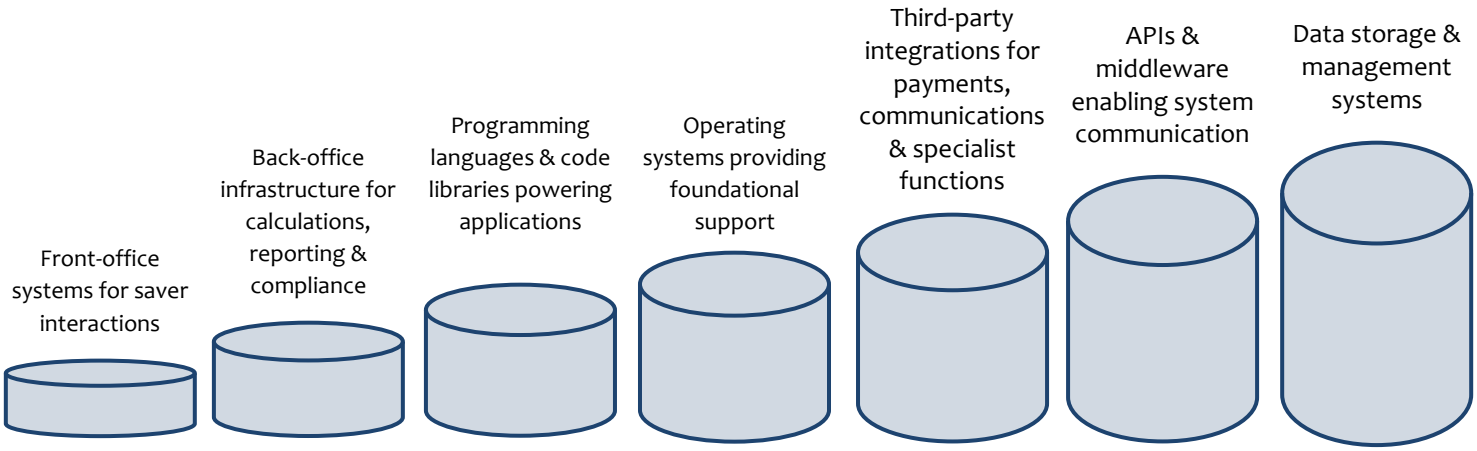
Digitisation **must** be balanced with user interaction and not come at the expense of it.

### Software Integration and Establishing a 'Tech Stack' (PASA Jargon Buster)

A tech stack is a suite of technology services used to build and run websites, platforms, or applications. It forms the technological foundation to support administration services and works to ensure seamless interaction between the frontend (user experience) and backend systems handling data processing.

These components should be viewed as modular rather than fixed installations, allowing for independent upgrades, replacements, or enhancements.

An effective tech stack includes:



## Architecting Back-office Systems for the Future

Given a choice, savers will invariably choose pension providers and schemes offering responsive, immediate and self-serve experiences. The back-office architecture determines whether organisations lead or play catch-up in this selection and scheme migration.

Traditional administration systems expect predictable demand patterns. However, user behaviour is increasingly dynamic, driven by market events, regulatory changes and seasonal factors like tax year-end. System architecture must manage these surges automatically without manual intervention or service degradation.

Architectural transformation provides the foundation for improved user experiences and continuous innovation. Implementation requires an understanding of how to transform existing systems component by component. It requires leveraging modern technologies while maintaining operational stability and building organisational capabilities for ongoing technological evolution.

Regardless of scheme size or maturity, reliable scalability builds trust through consistent availability and predictable performance. This requires:

- ✓ Cloud-native architecture to provision resources on demand
- ✓ Microservice design to scale individual functions independently
- ✓ Load balancing which distributes demand across available resources
- ✓ Auto-scaling policies to respond to real-time usage patterns

Future-ready foundations include:

- ✓ API-first architecture enabling seamless system communication
- ✓ Middleware layers to translate between different technologies
- ✓ Standardised data models ensuring consistent information flow
- ✓ Security frameworks protecting data movement between systems
- ✓ Monitoring and logging capabilities to track performance and issues

## Conducting a System Audit

The first step in any transformation is conducting a thorough audit of current systems. This isn’t about finding fault. It's about understanding what exists, identifying gaps and recognising opportunities for improvement.

The following is an example framework for the audit:

- Where are the bottlenecks?
- Which processes take the longest or require the most manual intervention?
- What frustrates users most? Consider both internal staff and savers
- What technical debt exists?
- Which systems require the most maintenance or cause the most operational friction?
- Which functions are commoditised?
- Where could schemes benefit from proven third-party solutions?
- Where do schemes differentiate?
- What capabilities set the service apart from competitors?
- How flexible is the current architecture?
- Can new technologies be easily integrated?

### Build or Buy

A critical decision is component-based transformation. This determines what to build internally versus sourcing externally. This is a strategic choice about where to invest development resources.

Most administrators benefit from building user experiences (differentiators) while buying tax rule management, benefit processing, illustration engines, or regulatory reporting tools (commodities).

**Consider building when:**

- ✓ The capability directly differentiates the service offering
- ✓ There are specific requirements standard solutions can't meet
- ✓ The function is core to competitive advantage
- ✓ Complete control over the roadmap and evolution is needed

**Consider buying when:**

- ✓ The function is a commodity needed to work reliably rather than innovatively
- ✓ Proven solutions exist to be integrated via APIs
- ✓ The capability requires specialised expertise not possessed internally
- ✓ Speed to market is critical
- ✓ Building in-house would create new technical debt

### Component-based Transformation

Component-based transformation allows starting small and building momentum by addressing clear pain points with immediate value. Quick wins include:

- **Enable scheme member Self-Service -** Use APIs to allow savers to update details, view balances and download statements to reduce admin workload and improve user experience
- **Modernise Payments -** Implement fast, flexible payment gateways to support contributions, withdrawals and direct debits to enhance convenience and reduce processing costs
- **Automate Communications** - Use email and SMS tools to send confirmations, statements and regulatory updates to improve compliance and allow staff to focus on higher-value tasks

Maintaining seamless user experiences remains essential when introducing new components. Pension scheme members shouldn't need to know their contribution is processed by a third-party payment system, it should simply work. This requires single sign-on across integrated systems, consistent data flow ensuring information entered propagates everywhere it's needed, unified interfaces hiding integration complexity and reliable error handling when integration points fail.

Component choices made today impact future flexibility, so schemes should rigorously evaluate future needs as part of the scoping process.

### Enhanced Opportunities – Agentic Artificial Intelligence (AI)

AI is evolving toward 'Agentic AI' – systems acting independently on behalf of users rather than simply providing information.

In administration, this could include AI agents automatically rebalancing portfolios based on market conditions, optimising contribution timing for tax efficiency, managing intelligent withdrawal during retirement and automating pension consolidation across multiple schemes.

Key technologies such as Business Process Automation, Robotic Process Automation, AI and Machine Learning hold promise for not only reducing operational costs but also improving accuracy and response times.

The following points should be considered for schemes at different points of their digital journey:

- Smaller schemes and those at the start of a digital transformation journey are unlikely to afford or implement Agentic AI solutions. However, future technologies and aspirations should be considered within the vision scoping and business case to ensure the technological foundations support an evolution to advanced solutions

- Schemes further along in their digital capabilities should begin exploring AI opportunities to enhance their tech stack and saver experience. Software providers can help scope the evolving

requirements and saver expectations and build this into an ongoing transformation roadmap and iterative implementation and delivery plan

- Schemes which are further advanced in their digital capabilities will be better positioned to incorporate solutions able to enhance established user-centric models and engagement strategies within their back-office and saver portal experiences. Agentic AI requires back-office systems designed to support it

## 4. Creating a Roadmap for Change

Digital transformation affects many organisational parts simultaneously. It's faster-paced than traditional change and often challenges established work methods, making stakeholder buy-in particularly important. Schemes need to deep-dive into their operational performance, identify where the gaps and inefficiencies lie, define what users and savers want and need, and then clearly map out how it's going to get there.

### Starting with the end in mind

Before a roadmap is created, schemes need to be clear about what success looks like. What will the organisation be able to do differently when the transformation is complete? How will people's day-to-day work change? What new capabilities will be available?

### Mapping the current state

This requires looking at the current technology, how people work today, what skills they have, and how ready they are for change. Think of it as taking inventory – you can't plan a journey without knowing your starting point.

### Identifying key milestones

Break the transformation journey into meaningful segments. Milestones help people see progress and provide natural points for celebrating wins and adjusting approaches.

### Planning change activities

For each milestone, plan what change activities need to happen, including communication campaigns, training programmes, support activities, and feedback sessions. Ensure these activities occur before, during, and after any system changes.

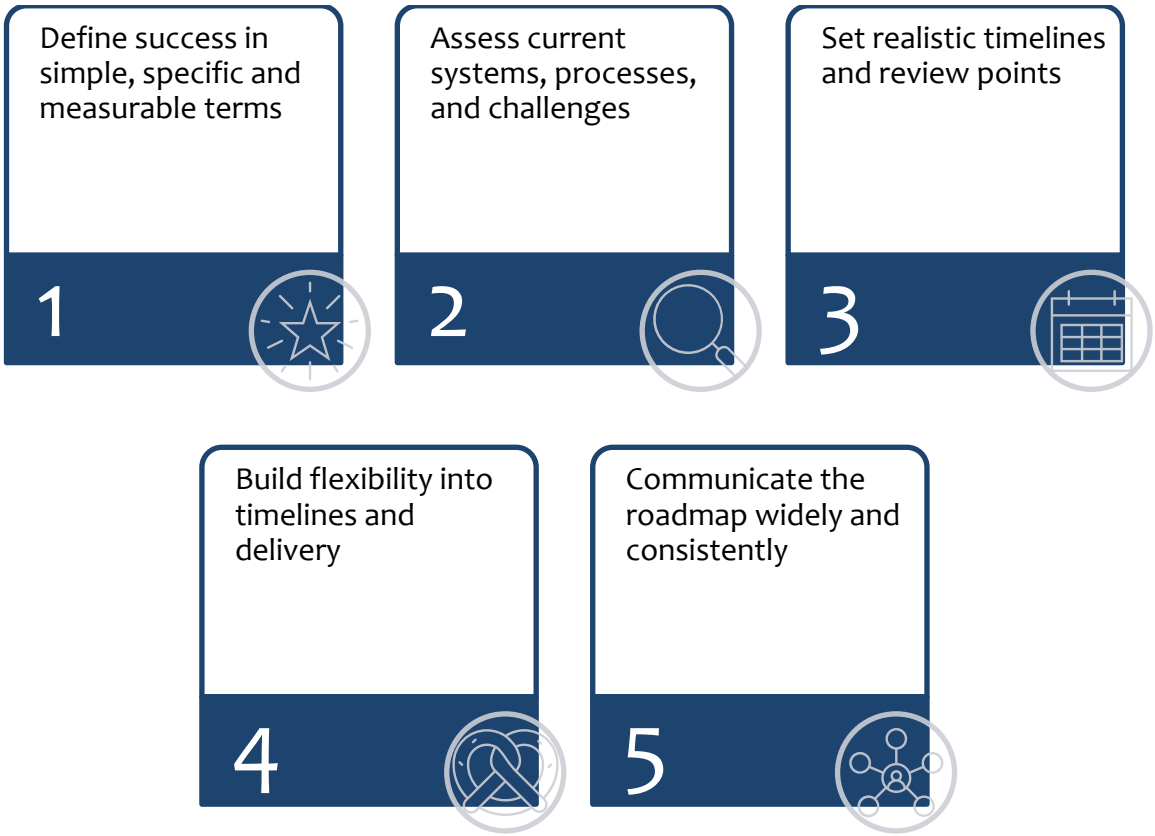
### Building in flexibility

Digital transformation rarely proceeds exactly as planned. Build flexibility into the roadmap so adjustments can be made to cope with unexpected challenges or opportunities and establish backup plans, buffer time, creep or alternative approaches.

### Creating Parallel Workstreams

Roadmaps should illustrate how different activities run alongside each other. While IT teams set up systems, change management teams should prepare people for upcoming changes.

### Roadmap checklist:




## 5. What's next?

Part 3 in this series will be published in February 2026. This Guidance will explore how the foundational elements translate into real-world implementation. It will focus on saver engagement, effective change management and delivery strategies to turn transformative visions into reality, ensuring outcomes are both impactful and aligned with long-term value.

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