

VANGUARD- REIMAGINING THE RETIREMENT EXPERIENCE, AGAIN

My company's 401(k) plan is administered by Vanguard, and there is a good chance that yours may be too, with your employer as the plan sponsor. Vanguard is a strategic recordkeeping partner to nearly fifteen hundred plan sponsors, which translates to helping almost five million participants save for retirement.

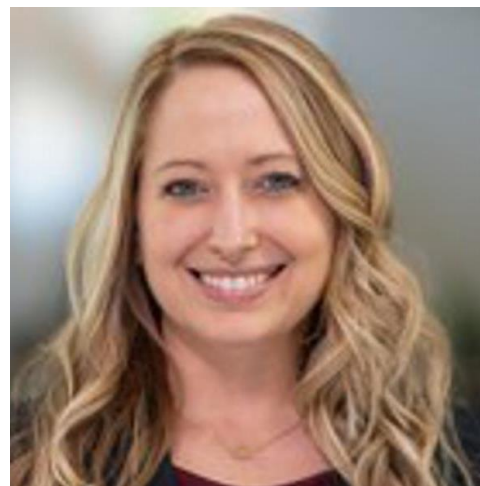
Companies across all industries are striving to create a best-in-class omnichannel digital experience for customers and suppliers. Vanguard appears to be out in front on this trend, aiming to fundamentally reshape the corporate retirement plan experience for its plan sponsor clients and their participants, in part through a unique collaboration with technology giant Infosys. I was excited to sit down with Amber Czonstka to understand the journey taken with Infosys in the highly regulated retirement plan industry. Amber is the Head of Institutional Investor Advice and Client Experience at Vanguard.

THE "EXPERIENCE ECONOMY"

As Czonstka explained, "we are in an experience economy. Consumers gravitate toward experiences that enrich their lives." Research from CX consulting firm Horizon Digital suggests that up to 67% of customers switch brands – not due to price or features – but due to customer experience or a perceived lack of attention, personalization, and engagement by the brand.

My personal experiences as a consumer in today's economy confirm this and I'm even willing to pay more for a better experience. Companies cannot ignore the need to go beyond responding to customer needs in near real-time. Today they are expected to know their customers so well that they can predict and respond to future needs before they arrive.

Vanguard says it is focused on helping improve participant outcomes through a combination of groundbreaking investment, advice, thought leader-



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Source: Vanguard*

ship, and technology solutions that meet the needs of each plan participant both now and in the future. Vanguard is already a leader in personalization and uses behavioral nudges to send individual communications to participants while online, nudges that prompt them to take specific actions toward financial wellness. By tapping into Infosys' ability to build leading-edge, customer-centric experiences, and through the use of cloud-native and API-based microservices, Vanguard says it can further adapt a participant's digital and mobile experience to their specific needs in real-time. An example might be recognizing when a participant's online behavior suggests they're considering taking a loan from her 401(k). To help facilitate an informed decision-making process, Vanguard might serve up a personalized video outlining the pros, cons, and potential alternatives before the participant decides to initiate the loan. If necessary, the system may offer a consultation to help them think through debt management strategies more holistically.

Vanguard is also working with Infosys to deliver highly customized, real-time data solutions to plan sponsors. Think real-time participant and plan analytics at plan sponsors' fingertips, a tool that can quickly model plan design changes, or a way for plan sponsors to track participant sentiment to keep a pulse on participants' needs and opportunities for plan improvement. With these capabilities, Vanguard can also provide even greater custom recommendations to plan sponsors backed by the most up-to-date plan and participant data.

BUILDING IN THE CLOUD

Vanguard's journey to hyper-personalization begins in the cloud. The firm's new cloud-native recordkeeping platform, powered by Infosys Cobalt, will unlock these digital experiences, and enable virtually unlimited paths of development for improved services for retirement plan savers.

Martha King, Executive Vice President at Infosys, and the firm's Chief Client Officer, explained the relevance of the cloud in major transformations like Vanguard's. "Big firms – which often have big, complex technology systems – must balance the need to be innovative and agile with the need to be efficient and mitigate risk. Cloud technology helps achieve that balance."

Legacy mainframe systems made it such that plan providers wanting to improve their user experiences were unable to fully capitalize on real-time enhancements because of the limitations of their technology infrastructure. Firms have invested heavily to continually modernize these platforms to keep pace, but doing so can be time and cost-

intensive and often result in a patchwork system that offers less flexibility than a fully-integrated platform. Often, those who claim to be the “in the cloud” are simply enabling their software to run on cloud hardware, further complicating this patchwork of systems. That’s why Vanguard’s cloud-native approach is noteworthy.

Together Vanguard and Infosys are building this new platform from the ground up, with an approach that integrates application programming interface (API) service into the web experience. Open APIs provide plan sponsors with the flexibility to create custom plan management tools, integrate third-party services, and share plan data with consultants in a seamless, secure way.

EXPLAINING MICROSERVICES AND APIS

A cloud-native system is broken into small, discrete components called microservices, which work together in logical groupings to fulfill a more complex function. Because they are packaged separately, each can be modified, upgraded, and managed independently. This will enable Vanguard to introduce new features and functions with greater speed, and less risk to the application and its users than previously possible through legacy technology.

APIs are what enable these microservices to securely communicate with each other and with other applications and users. APIs can also be used to interact with systems inside and outside of the Vanguard recordkeeping ecosystem. For example, Vanguard could work with plan sponsors to build custom applications or intranet sites that interface with the recordkeeper and update in real time.

Vanguard is already benefiting from the agility of its cloud-based approach, having delivered a new participant web experience that sets the stage for hyper-personalization. Over the next two years, Vanguard will take personalization to a new level. For the plan sponsor, Vanguard has launched a new homepage that lays the foundation for greater data reporting and analysis.

STAYING AHEAD OF THE CURVE - INFOSYS LIVING LABS

Vanguard is also leveraging the work coming out of Infosys’ [Living Labs](#), a program that helps create innovative solutions for clients by contextualizing emerging technologies. For Vanguard, Living Labs helps the firm look beyond the horizon and investigate how things like [augmented, and virtual reality](#) and [conversational](#)

AI (artificial intelligence) can enhance the retirement experience, and how Vanguard can lead the way.

WRAPPING UP

From my vantage point, Vanguard has a long history of doing what's in the best interest of investors, which has enabled its long-term success and engendered the trust and comfort many of us feel in doing business with them today. I am a customer. Their approach here is no different.

I believe Vanguard's proactive objective to radically transform the retirement industry and further improve participant outcomes is the right strategy for the thousands of plan sponsors and millions of participants it serves.

The marriage between Vanguard's expertise in driving participant outcomes, designing retirement plans, and delivering best-in-class advice, and financial wellness solutions with Infosys, a technology leader with cutting edge technology prowess, is powerful. They're taking the industry by storm, and they know what they're doing. I can't wait to see where their transformation takes us.

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