

The Old Mutual Demutualisation Case

“Members of the Society will become Shareholders of the Proprietary Company”

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Synopsis

On 12 July 1999, Old Mutual went public and simultaneously listed on 5 different Stock Exchanges in 5 countries across the world. It was the culmination of a multi million rand Programme affecting 3.2 million people and injected billions into the world economy. Approximate 700 tons of paper was used in all the respective mailings to the clients. Over a period of 20 months the Post Office handled 10 million pieces of mail related to the Old Mutual Listing programme. The overall Programme costs are in the region of R700 million and 350 - 400 people, excluding the call center staff and approximately 40 different organizations were involved in some way or another in the overall Programme.

The largest Call Center in the Southern Hemisphere serving a single function was established and this Call Center is currently providing broker services and telephonic sales to the Old Mutual share holders. The IT component of this programme was Project Managed by PQ Africa staff members from the PQ Project Management Office, PMO, over a period of 20 months. Due to the strict deadlines and dates set by the Supreme Courts, the option of missing a deadline did not exist - and none were missed. Successful delivery of this large IT Programme has also empowered Old Mutual to streamline several of its other business areas. At any given time the IT team working on the Programme consisted of approximately 80 people. These people would be Old Mutual hardware and software project staff, external suppliers i.e. BSW, Di Data, Datafusion and IMX, developers from Australia in the form of Computershare, independent Project Managers and PQ Africa members.

Introduction

From a position of considerable strength, in terms of both financial reserves and market leadership, the Old Mutual Group announced a decision in principle to Demutualise and to list on the stock exchange. Commenting on this decision, the chairman of Old Mutual, - Mike Levett said: "The transformation would carry with it significant advantages for the current members of the Society since they would become shareholders in the proprietary company, thus benefiting from the allocation of tradable shares. It makes more sense at this stage for the Old Mutual Group to restructure itself as a financial services holding company, thus putting itself in a position where it can raise capital on international markets, as and when required. This would also establish an appropriate distinction between the expectations of clients and those of the suppliers of capital - the shareholders."

The Listing, Mr. Levett was referring to would involve the simultaneous Listing on the Stock Exchanges of the United Kingdom, South Africa, Zimbabwe, Malawi and Namibia. The impact of the above words on the South African economy alone is realized in the release of an approximate R8 Billion rands worth of shares to Old Mutual shareholders. This was one of the biggest projects that South Africa has seen - and PQ Africa Project Management Office was responsible for Programme Managing the IT component.



The Scope of the first phase was defined as follows: "If it has an electronic pulse and it impacts or will impact the Demutualisation and Listing Process - it is in the Scope". There were 5 phases in total with the IT phases always ending before the Business phase as the IT systems had to be bedded in and training given. The first phase saw the creation of a 300-seater Call Center that could handle the calls of the 3.2 million prospective clients. It saw the first of four mail shots that was printed and posted to the prospective shareholders to confirm their address details. The printing of the 3.2 million mail shots was distributed between Cape Town, Johannesburg and Durban as no single printing company had the capacity to deal with the volumes. Once printed and hand inserted the mail was sorted per province and per region and delivered to the main postal hubs across the country. The Postal Services could not manage such a bulk mail and the mailing was staggered over a period of almost three weeks. Each piece of mail that was returned was scanned as an image and the data was extracted from the form using the latest OCR and ICR technology. The images were stored in Workflow software and the data used to update shareholder records.

During the second phase the Call Center was expanded to approximately 500 people using the latest Call Center switches, software and scripting tools. Mail was produced again and distributed to the 3.2 million prospective shareholders. There was a very short cycle for the clients to return the mail and therefore it was important to deliver the mail as soon as it was printed. Negotiations with the Postal Services resulted in the delivery of all the mail over a period of 5 days. This mail contained voting information and prospective shareholders had to return their vote in favour of or against Old Mutual continuing with the Listing process.

The third phase was the holding of a Special General Meeting at which the prospective shareholders could vote for or against the continuation of the Listing process. Offsite networks were established on the Old Mutual sports grounds and a marquee tent erected to cater for 5000 people. The tent, inclusive of the catering and reception tents, almost covered a complete rugby field.

The fourth phase saw the Members each receiving another mailshot requesting the member if s/he want to keep-, sell-, or buy more shares. The share dealing register software and staff was contracted from Australia and huge integration projects saw the new software installed at Old Mutual. The last phase includes the simultaneous listing on the respective Stock Exchanges and the telephonic dealing of shares with the supporting financial, payment and Call Center systems.

This presentation will attempt to relay the magnitude of the Technological issues that were faced in this excersize and how, through using the disciplined application of Project Management, this large interrelated and complex project was a resounding success.

Phase 1

The Listing Call Center has been the hub of the entire operation, as it has been here that the public has interfaced with Old Mutual regarding the Demutualisation and Listing.

At the beginning of Listing, Old Mutual Infrastructure Division, ISE, was involved in installing the network servers, about 500 PCs and software in the Listing and other Call Centers, and then offering all desktop support. Installation of these PCs had to be done quickly and without any downtime, so that there was minimal disruption in servicing the client.

TELEPHONES IN THE CALL CENTRES

Call Center Services was responsible for putting in the telephony infrastructure for the Listing Call Center. In March 1998, they installed a DVX switch installation, 400 telephones and software into all the operators' workstations. Wall boards to give real-time statistics on the number of calls waiting or received was also installed.



Because Listing has been such an important project, it was decided to install a different switch that would provide a more stable environment. ISE rented a Lucent Definity PBX and installed Genesys middleware, highly sophisticated technology that allows computer telephony integration (CTI). With 450 telephones and workstations being linked into the PBX, it has been the largest single installation in South Africa.

During the Share Option Mailing phase of listing, calls to the Call Center peaked at around 26 000 in a day with the services being provided from 07:00 to 20:00.

Special General Meeting

The SGM was the culmination of the PTMV phase. The Special General Meeting provided a particular challenge.. It involved the erection of a large marquee on the sports fields adjacent to OM. The registration area had to have fully redundant networking, electrical power and all computers had to be backed up with stand by machines.

Once the marquee was erected on the fields, ISE had to install electricity, network cabling, and computers, software and servers. A complete, secure server room was built in the Sports Centre , complete with air conditioning and access control!

To ensure that there was no threat of sabotage or tampering, cables from Old Mutual to the marquee were laid underground. Roads and fields were dug up and re-laid to ensure connectivity.

In total, building the marquee and setting up everything for the SGM was a two-week operation. ISE, however, had only four days to put in the infrastructure. After the SGM, the entire installation had to be dismantled on the same day! This was all highly successfully achieved! All deliverables in this part of the project were met and there were no failures of any equipment or software.

Phase 2

Inference Case Base Reasoning was chosen to assist the Call Center agents in correctly answering client queries. The development of CBR was being undertaken by 4 OM resources and was being led by a resource from Inference UK. Project Management was important once the once the UK resource returned. The project had approximately 6 weeks to research all the necessary information from the various business sources and input in a logical format into the CBR system.

At the same time, a server had to be purchased, installed and made accessible for the program to be loaded. This meant establishing the specifications, acquiring the hardware and planning the installation to coincide with the development of the software.

The project also required the establishment and finalization of a contract with Inference UK and Dimension Data for the support and licensing of the project. This required frequent meetings with the vendors and correspondence with the UK.

The project was successfully implemented by the deadline and all services were available for use in the Call Center by 31 October 1998



Rollouts

Old Mutual has stringent change control management procedures that are in place in an attempt to manage the complex architecture of the computer networks. Once software had been compiled by one of the sub-projects deployment had to be carefully Project Managed..

This meant contracting with four OM departments, planning the rollouts, ensuring resources were available and then ensuring that the software was rolled at the correct time. Testing and user acceptance was an integrated part and careful planning was necessary. The rollouts as well as the fixes and enhancements started 31 October 1998 and went through until mid December. This allowed the project time to tailor all the systems to meet the clients needs.

Phase 3

The SOM Phase was once again handled as a programme with a number of project managers. This phase involved in following:

- Establishment of offices for the Computer Share representatives from Australia
- Relocation of certain Call Center agents
- Reloading of the Members Register Database
- Extensive trouble shooting on the Inference server. The result of this was that a worldwide bug was found that had not been documented before.
- Scanning of all returned mail
- Facilitation between sponsor and various development teams including BSW and Computer Share
- Rollout of various software components to the Call Center
- Rollout of the Secure Mail system with interfaces to the Post Office

Phase 4

D-DAY: 12 JULY

D-Day arrived on 12 July with the listing of Old Mutual as a public company. The process kicked off on Monday, after the share-listing price was announced.

Output Management was responsible for getting cheques printed and sent out to all those shareholders selling their shares. One of the JSE rules states that cheques must be in the mail six working days after trading. As the Listing team was expecting to send out one million cheques, time was limited!

As Old Mutual did not have a Cheque printer large enough to cope with the quantity, we borrowed a large Cheque printer from Digitron – enabling us to have two machines running concurrently on-site. This meant installing the printer and testing it the weekend before listing day! Output Management worked round the clock from Monday 12 July to Sunday night printing, checking and reconciling the cheques. In this time, all the cheques to shareholders were printed and sent out. For security, a special safe was built to keep the cheques, and every Cheque had to be hand-counted before being printed. Three shifts worked around the clock to make the deadline and a support engineer for the printing machines was on-site at all times to deal with any hitches.



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STUDY HISTORY

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| <ul style="list-style-type: none">• Matric• National Diploma : Electronic Data Processing• National Higher Diploma : Computer Systems• National Higher Diploma : Management Practice• National Masters Diploma in Technology : Management Practice• Masters Degree in Technology Business Administration | <ul style="list-style-type: none">• Completed at Nico Malan Hoër Skool in Humansdorp in 1981.• Completed this three-year qualification full time at the Port Elizabeth Technikon in 1984.• Completed this two-year qualification part time at the Cape Technikon in 1990.• Completed this 18-month qualification part time at the Cape Technikon in 1994.• Completed the conversion qualification required to change from the above Masters Diploma in Technology: Management Practice to the Masters Degree in Technology: Business Administration.• Currently busy with a Masters Thesis in Project Management. |
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CAREER HISTORY

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| <ul style="list-style-type: none">• National Service• Ciskei Peoples Development Bank (Jan 1987 - Dec 1989)• Norwich Life IT Development, Operations and Administration (Jan 1990 - July 1995)• SPL OHIO (Aug 1995 - Oct 1996)• New Directions Project Management & Consulting (Nov 1996 - Oct 1997)• PQ Africa Project Management Office (Nov 1997 onwards.) | <ul style="list-style-type: none">• Worked as a Basic and dBase programmer at the SADF Headquarters in Port Elizabeth After the completion of 6 months basic training.• Worked as mainframe developer doing installation and maintenance service for this Semi Government Financial Services company on a WANG Mainframe with integration into a Novell network.• Project Manager for the management and implementation of mainframe based software development projects. Then Operations Manager responsible for corporate mainframe and network Bureau. Then IT Administration and Risk Manager.• Divisional Head responsible for the Services Division, SPL OHIO, to support Network and Client server platforms as well as new Software development and maintenance activities.• Registered own Project Management company and Project Managed the implementation of the Syfrets IT Billing System as well as the JSE Share Dealing of the merger between UAL and Syfrets Securities.• Programme Management of the IT component of the Old Mutual Demutualisation process, listing in 5 countries Stock Exchanges, across 3 continents and created the Largest Single Function Call Center in the Southern Hemisphere. |
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