

Channel Shift Case Study

Guidance Area #5:	Reward Digital Users
Provided By:	Companies House
Sector:	Central Government
Service:	Annual Returns Service

All limited companies in England, Wales, and Scotland are registered at Companies House (CH) – an executive agency of the Department for Business, Innovation and Skills (BIS). There are over 3 million registered companies and more than 480,000 new companies are registered every year. All limited companies have to file certain documents with CH including some annual documents such as the Annual Return and company accounts. The Annual Return is a snapshot of the company and the format is defined by CH so they could influence its usage (unlike company accounts which is free-form with CH being only one of a number of interested stakeholders).

In the summer of 2004, the internal CH customer insight team, supported by an outside agency, commissioned a series of annual quantitative surveys. These focussed on companies who file returns themselves and the advisors (usually accountants or solicitors) who file on behalf of companies'. CH has established focus groups, used for research and concept testing purposes, so the results of the annual survey could be cross-referenced or complemented using some 20 focus groups across the country. There is also rolling customer satisfaction survey run by CH, which uses a number of tools across the different channels to test customer satisfaction. This research underpins all communications from CH to their customers, as well as the design of services and policy. In this way CH came to understand *how and why people use their services* and also *identified user triggers for using non-digital channels*.

All of these insights have helped CH move to a model of online outputs – more than 99% of all outbound information is electronic but getting all inputs to be done online presented more of a challenge. In March 2004 only 1% of annual return filings were done online but by March 2009 89% were being filed online and online now accounts for 98% of annual return filings.

CH used their customer insight to move to a delivery model whereby 90% of outbound information is handled electronically, but getting all inputs online presented more of a challenge. In March 2004 only 1% of annual returns were filed via the online service. However, by March 2009 that figure had risen to 89% and now online filing accounts for 98% of annual returns.

What They Did:

CH created a channel shift team comprised of representatives from product management, customer care, marketing, customer insight and corporate strategy teams. They developed a five stage process for moving filing of the annual return online:

1. Developed effective and easy to use online services based on user testing
2. Raise awareness of online filing with companies and their advisors
3. Used the detailed research findings to tease out perceived benefits of filing online and used these in targeting communications
4. Introduced a fee-differential to encourage online filing
5. Phased out automatic delivery of pre-populated paper based annual return forms

CH makes a charge to companies for filing the annual return and the CH funding model does not allow cross-subsidising of services – so the cost of each service is clearly understood. The customer insight research highlighted that lower costs was a trigger to encourage online filing and an automated confirmation (upon successful filing) was seen as an advantage over having to request confirmation (as is the case with paper filing).

CH *investigated whether it was possible to offer companies some advantages or benefits for using online filing*. They carried out a cost recovery analysis and found that the electronic filing services had less costs associated with it than paper filing. Their customer insight also provided evidence to demonstrate that customers would be more likely to use online filing if they were offered a lower fee for doing so. CH, therefore, had little difficulty in persuading ministers to allow price differentials, thereby *charging less for online filing*. Initially the paper fee was £30 and the online fee was £15; this has now been updated and the differential increased – paper based filing now costs £40 while the fee for online filing is £13.

An automatic email acknowledgement was built into the online service so that those filing returns received an instant acknowledgement for successful filing, thereby *providing additional features from using online filing*.

The marketing team within CH took the lead on a communications campaign aimed at companies and their advisers, based on the customer insight garnered from the quantitative research. The research highlighted the fact that decisions about how to file returns was largely done at technician level within the accountancy or legal firms, so the campaign was directed at them and aimed to encourage them to choose online filing of all forms not just annual returns. The key messages was that paper filing was out-dated (they were dinosaurs) and online filing was heroic (making them super heroes) as it saved time, paper, and money for their companies.

CH recognised that the drive to online filing would be defeated if they continued to make it easy to use an alternative offline channel. Before the online service was introduced, CH had made paper filing easy to use – a pre-populated form was issued that simply had to be updated and returned as the completed paper based filing. Some advisors continued to prefer paper based filing over online filing – often because they could give the companies a copy of the paper form for checking over and to get it signed-off by the company.

The channel shift team in CH made a number of changes to the offline process to encourage

online filing:

- They issued a one-page letter reminding the company that it was time to file rather than issuing pre-populated forms and provided a link to the online form
- The online form was pre-populated and over time pre-population of requested paper forms was phased out
- The authentication code details needed to file for the company online were sent within the reminder letter for easier access
- All annual return details can be obtained from the CH secure web filing system – so advisers can send PDF files to their clients

CH has considered making online filing mandatory – there is a clause in the Companies Act that requires an affirmative resolution should it be deemed required. However, CH has not made online mandatory mainly because it does not want to be seen as creating a burden – especially on smaller businesses.

Key Lessons Learnt:

The move to online services has not been easy, paper based forms have been around in one form or another for over a hundred years. Both customers and staff were used to working with paper based forms – they were reluctant to change to online filing, especially where the online service replicated the existing paper based forms. Staff were also hesitant to adopt online filing as, in some cases, they saw it as a threat to their jobs – not helped by press speculation about Civil Service job cuts.

To help ease these staff fears, the channel shift team developed a communications campaign aimed at staff. Senior managers, including board members, helped to deliver the campaign, which sought to reassure staff, show them how online filing would make their jobs more interesting and improve their working environment.

The legacy systems used at Companies House presented technological challenges in moving to online filing and this necessitated the replacement of the mainframe system – to do so it was necessary to run a separate but concurrent IT project alongside the service transformation project.

Finally, the transition to online filing has not been a smooth line steadily moving up towards 100%, growth in online filing has risen by a series of fits and starts with plateaus often appearing between periods of growth. The price differential saw online filing increase from 5% to 30% before plateauing at about 30%. CH used their customer research to identify perceived benefits of online filing and noted the main benefit identified by their customers changes over time. Therefore, CH were able to develop a rolling campaign over time using selected benefits – for example, when take up was approaching 50% the 'dinosaur' campaign was used, giving the impression that paper filers were in the minority.