SANLAM PRESENTATION ON
"Digital" Disruption in SA financial services

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AGENDA

- Sanlam Group Overview
- Broad overview on our approach to digital transformation
- What is digital transformation?
- Key lessons for Sanlam
- Our approach
- Conclusion
- Questions

A PROVEN STRATEGY THAT DELIVERS

Our purpose

Our purpose is to build a world of Wealthsmiths™, that supports people in living their best possible lives through financial resilience and prosperity at the individual, organisational and societal levels

Our values

To:
- **Act** with integrity;
- **Grow** shareholder value through innovation and superior performance
- **Lead** with courage
- **Serve** with pride; and
- **Care** because we respect one another

Our strategic intent

Our strategic intent is to create sustainable value for all stakeholders.

Our vision in South Africa	Our vision in Africa, India and Malaysia	Our vision in developed markets
To lead in client-centric wealth creation, management and protection	To be a leading Pan-African financial services group with a meaningful presence in India & Malaysia	To play a niche role in wealth- and investment management in specific developed markets

Our strategic pillars

Profitable top-line growth through a culture of client-centricity

Extracting value through innovation and improved efficiencies

Enhancing resilience and earnings growth through diversification

Responsible capital allocation and management

Transformation

Continuous transformation is central to Sanlam's ability to adapt to a changing world and underpins all of the strategic pillars.

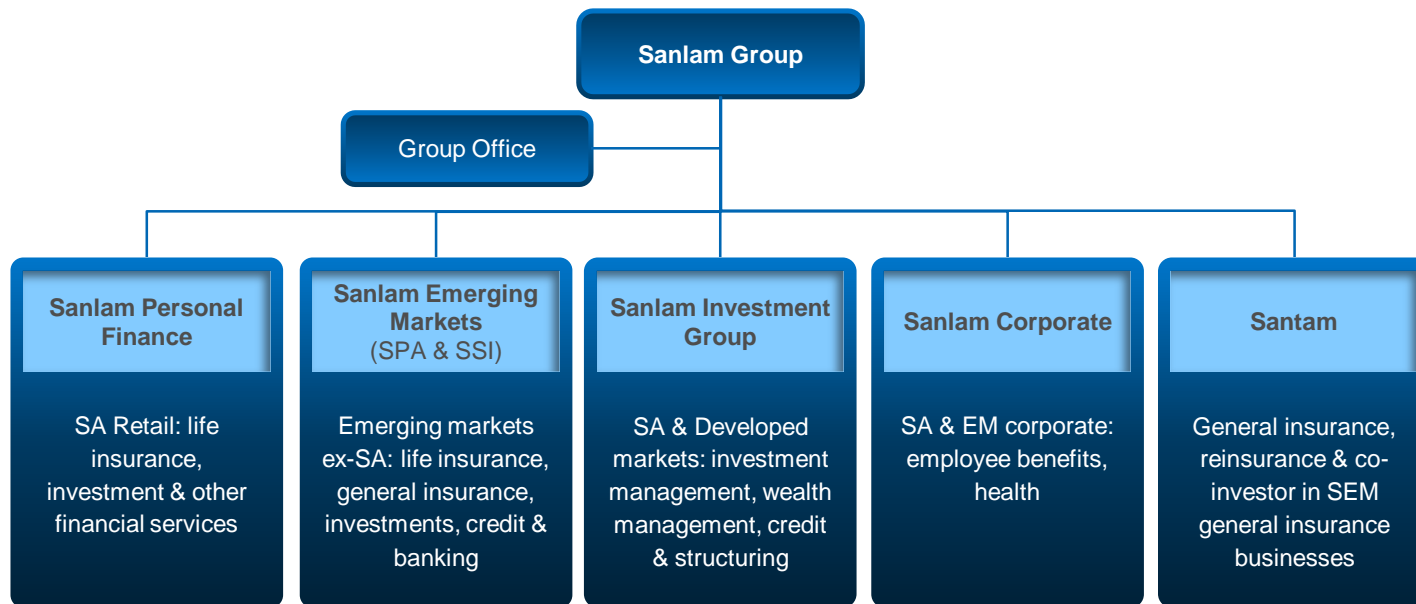Executed through five clusters SPF SEM SIG SNT SC

SANLAM GROUP STRUCTURE

Agility ensured

Our Group structure is business centric (federal) thereby ensuring agile operations, solutions and accountability

Sanlam Group

Group Office

Sanlam Personal Finance	**Sanlam Emerging Markets** (SPA & SSI)	**Sanlam Investment Group**	**Sanlam Corporate**	**Santam**
SA Retail: life insurance, investment & other financial services	Emerging markets ex-SA: life insurance, general insurance, investments, credit & banking	SA & Developed markets: investment management, wealth management, credit & structuring	SA & EM corporate: employee benefits, health	General insurance, reinsurance & co-investor in SEM general insurance businesses

OUR BUSINESS PHILOSOPHY

The Sanlam Group is held together by a 'shared business philosophy' that creates a 'One Firm' Firm. This philosophy encapsulates the following characteristics:

- an entrepreneurial culture
- traditional values
- Innovation
- stakeholder value
- strong ties with business partners
- client-centricity
- solution-oriented
- business responsibility (federal model)

TIGHT-LOOSE PRINCIPLES

Compliance to principles mandated in order to comply with minimum governance standards or regulatory requirements

Centralized functions necessary for setting strategic direction, allocation of capital, performance monitoring and Brand stewardship

Interdependence is clearly understood

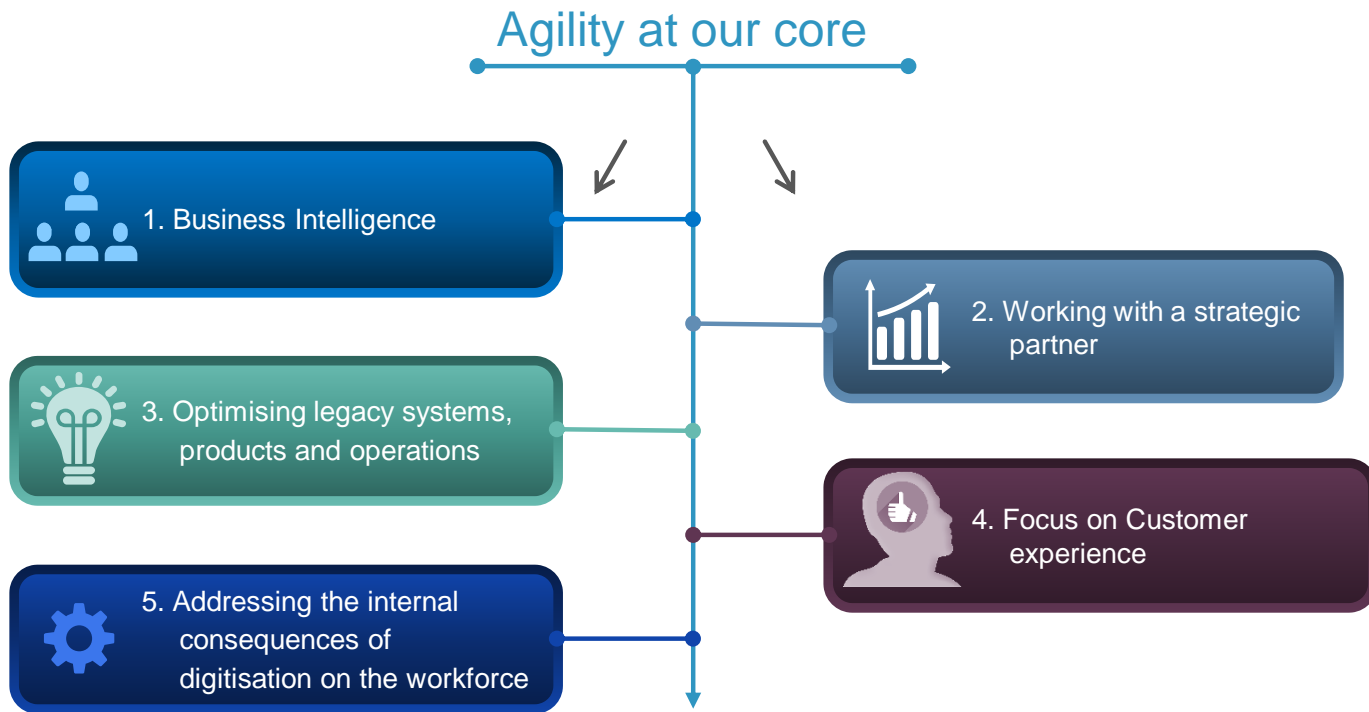# DIGITAL TRANSFORMATION

Understanding our context

Operating in 43 different jurisdictions

Across multiple product lines

Subject to heavy regulation across product lines and in jurisdictions

Over 200 operating businesses

The Sanlam Group

101 Year old organisation

Each business unit has expertise in markets, customer segments, product lines and geographic niche

- Even though it's complex, the job needs to be done and the benchmark is the top digital companies (Big Tech) in the world;

- The benchmark is not the top insurance companies in South Africa

BROAD OVERVIEW ON OUR APPROACH TO DIGITAL TRANSFORMATION
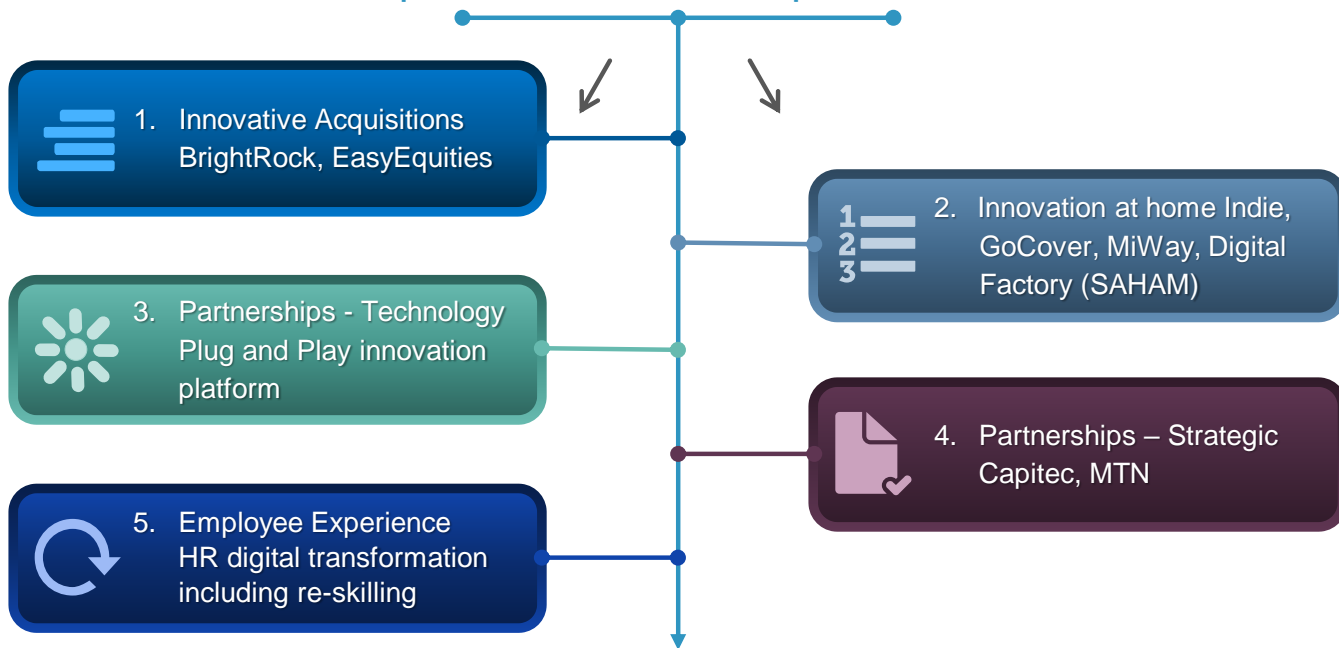
OUR KEY DIGITAL TRANSFORMATION THEMES
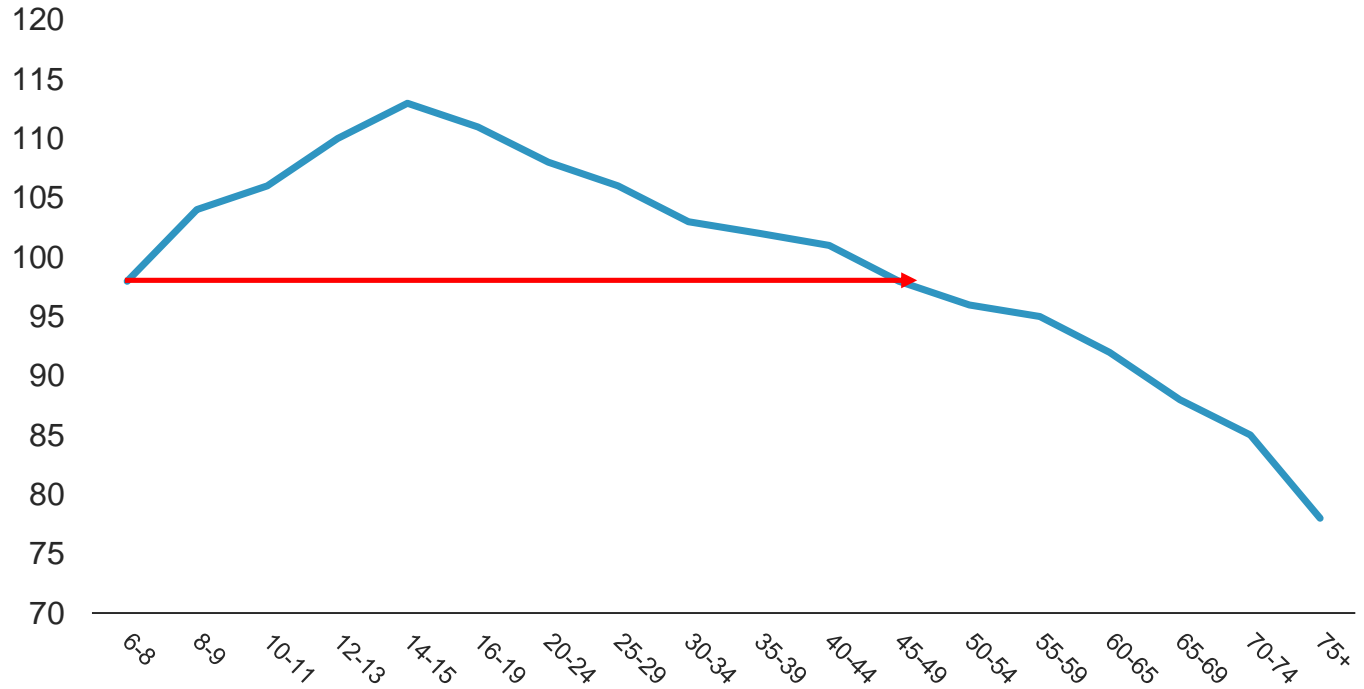
DIGITAL TRANSFORMATION

Activities to date

Our model is build on partnerships, people, platform, product and client experience

1. Innovative Acquisitions BrightRock, EasyEquities

2. Innovation at home Indie, GoCover, MiWay, Digital Factory (SAHAM)

3. Partnerships - Technology Plug and Play innovation platform

4. Partnerships – Strategic Capitec, MTN

5. Employee Experience HR digital transformation including re-skilling

6YR OLDS SHOW THE SAME CONFIDENCE WITH TECHNOLOGY AS 45YR OLDS

Source: PWC

WHAT IS DIGITAL TRANSFORMATION?

INTRODUCTION

- Implementing new technology <> digital transformation
  - Hygiene factor though
- Digitalisation
- Digital transformation
  - New level of client centricity
  - Leveraging technology to solve:
    - Existing client needs in new ways (In-force book and new business)
    - New client needs (expressed / not)
  - Requires agile, iterative and ongoing engagement with clients

A CASE STUDY: COMPUTER GAMES

BATTLEFIELD I

BATTLEFIELD V

HIGH LEVEL REMARKS

- Similar strategies followed by competitor games:

- Gaming companies employ the best programmers, architects, designers

- Commercial numbers:
  - Battlefield V sold 7.3m copies by end 2018
  - Assuming $50 a copy, revenue of $365m

But then this happened…

$3 million

the prize money of the 16 year old winner
(6× that of Tour de France winner)

DIGITAL DISRUPTION

- Disruption driven by evolving client needs:
  - Multiplayer gaming = platform for socialisation
  - Need for individualization
  - Cartoon-like characters – reassuring for adults
  - Keep it fresh and slick – continuously introduce new content
  - Make it work on most machines
- Approximately 250 million registered players
- Survey in the US, 70% of players have spent on average $85 on cosmetic content
- Generated approximately $2bn in 2018

LESSONS FOR DIGITAL TRANSFORMATION

- Technology and digital transformation
  - Implementing cutting edge technology does not lead to digital transformation
  - Cutting edge technology an enabler for digital transformation
- Digital transformation:
  - Leveraging technology to better solve current needs
  - Leveraging technology to address unsolved needs, recognising that these needs are
    - Often novel
    - Often unspoken
    - Self-reinforcing / evolving
  - Digital transformation directly impacts strategy and value proposition

NEW CAPABILITIES REQUIRED

- HBR: Technology isn't the biggest challenge, culture is

- Spotting and solving client and intermediary needs from digital perspective

- Rapid prototyping
  - Iterative way of doing things
  - Agility
  - Business-led IT
  - Experiment with IoT, wearables etc.

- Critical to simplify legacy systems and products:
 - Turning legacy into heritage

CHALLENGES

- Skills / Talent:
  - International challenge
  - Skills in digital solution development (advice, product, service)
  - Modern technology skills (bench strength of our IT departments – clusters and GTI)
  - New skills required:
    - Designers
    - Data Scientists
- Familiarity with technology
  - Cloud
  - Modern software

SANTAM

A few examples of our program
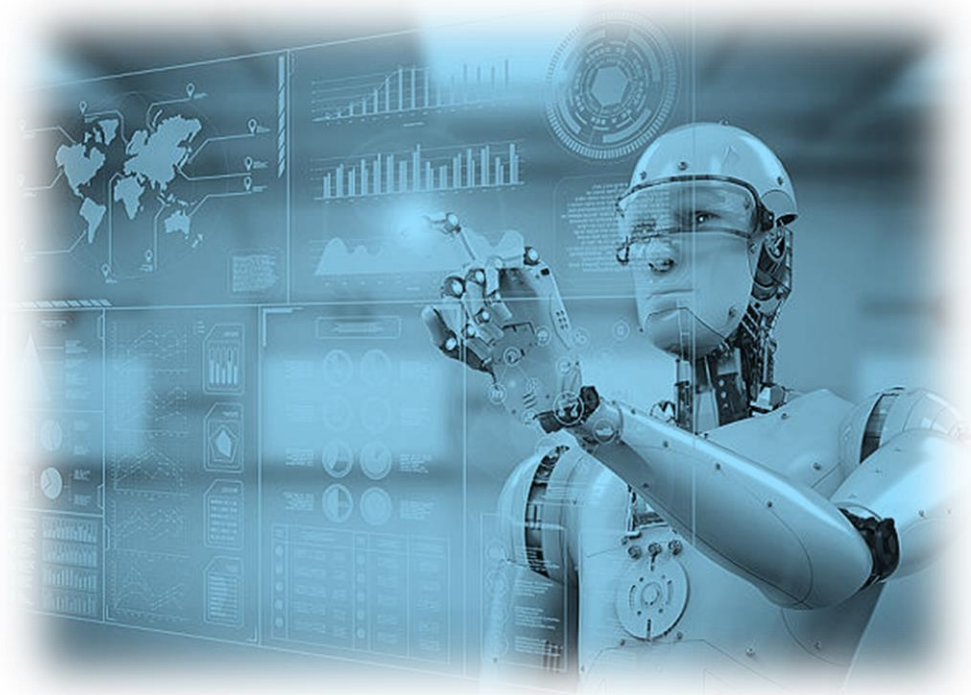
Projects bedded down

Risk App
Broker enable to do CL risk assessment

Agri App
During 2018/2019 season, 88% of all claims were assessed in the App

Survey App
Surveyors now do between R1.2bn – R2.5bn worth of business via App

Projects in the pipeline

- Automation of underwriting
- Drone technology
- Telematics to improve & refine rating
- Investing/partnership with Fintech
- Experimenting with IoT
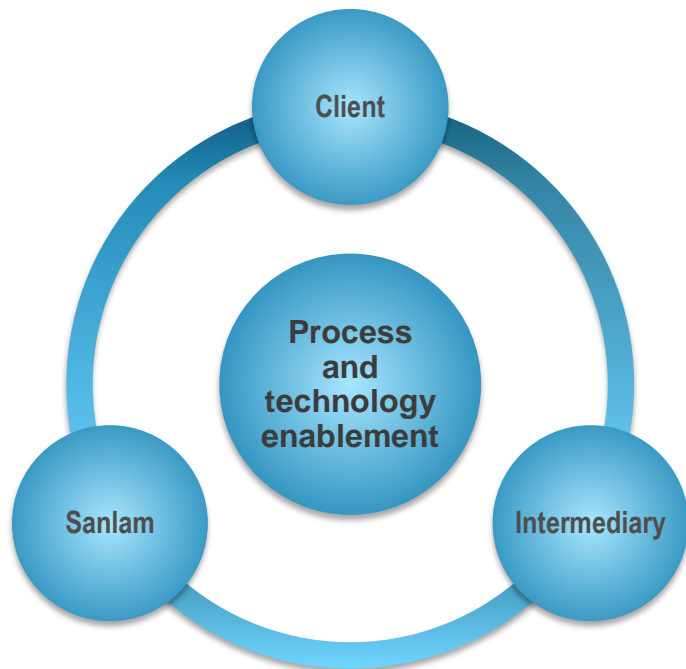
SPF DIGITAL: PORTFOLIO OF INITIATIVES

Scan, test and learn	planswell GOTBOT Olı•ı PLUGANDPLAY GuideVine Glassbox pai PAI Health VIDADO claimspace lightblue
New business	MiWayLife.co.za BRiGHTROCK
Transformation of core business	Robotics Find an intermediary Sanlam Now Risk Cover Savings Goal Manager Glacier Investment Hub Business intelligence

A MOVE TO SIMPLICITY

Mass Customisation in the advice process

Liberal Customisation

Personalised yet simplified advice

Modular Building Blocks
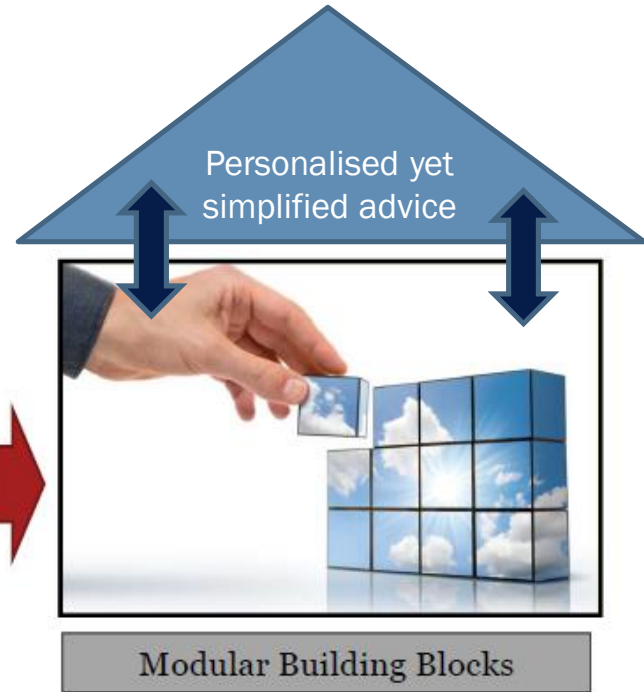
HOW WE THINK ABOUT CLIENTS AND INTERMEDIARIES!

Client

Process and technology enablement

Sanlam

Intermediary

Clients value "advice" more than ever – they just increasingly expect it to be digitally enabled

This actually involves all customer segments to a degree not just "tech-savvy" customers or millennials

Clients want to work with brands they trust

The future is less about disintermediation per se and more about a more seamless and less clunky advice and product experience

WHERE IS SPF
on their robotics journey?

ROBOTICS
is making waves

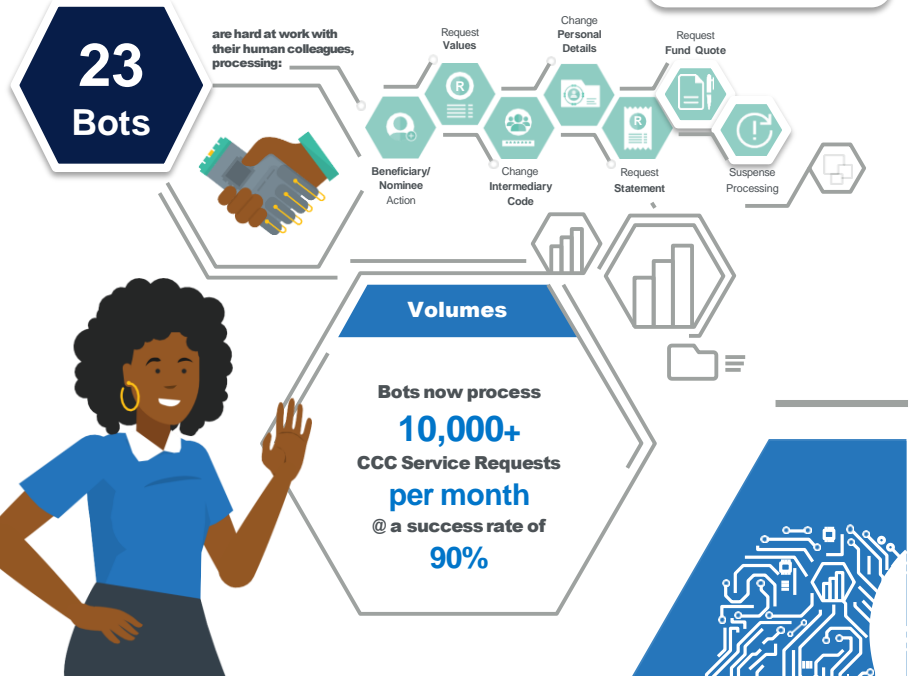and the Client Care Centre is paving the way with this ground breaking technology.

⚠ Challenges

- Handwritten forms requiring data capturing
- Complexity of processes and systems
- Technology challenges (unfamiliar tech)
- Behaviour changes

💡 Opportunities

- Use of AI for handwriting (Vidado) and more
- E-forms and e-signatures (Quicklysign)
- Scaling of COE building own capability
- Introduction of Agile development and deployments
- Opportunities for unattended processing
- Enterprise licencing

Sanlam Wealthsmiths

23 Bots

are hard at work with their human colleagues, processing:

- Request Values
- Change Personal Details
- Request Fund Quote
- Beneficiary/ Nominee Action
- Change Intermediary Code
- Request Statement
- Suspense Processing

Volumes

Bots now process
10,000+
CCC Service Requests
**per month**
@ a success rate of
90%

GROUP-WIDE APPROACH

- Disruption all about client centricity
  - Digital solutions developed iteratively through client interaction – in the businesses
  - Client experience (CX) delivered by businesses
- Initiated work on group-wide approach:
  - Setting group wide expectations
  - Wider standards (especially IT Architecture, client experience)
  - Potentially share more infrastructure
  - Sharing scarce skills (transformation teams)
  - Coordination of prototyping
  - Research capability

BUSINESS INTELLIGENCE PROJECT

- Group wide initiative:
  - Sharing of skills, infrastructure
  - Leveraging data across the group

- Cluster adoption and accountability:
  - BI teams in each of the clusters
  - Drive use cases for value

- Foundational building block in digital transformation
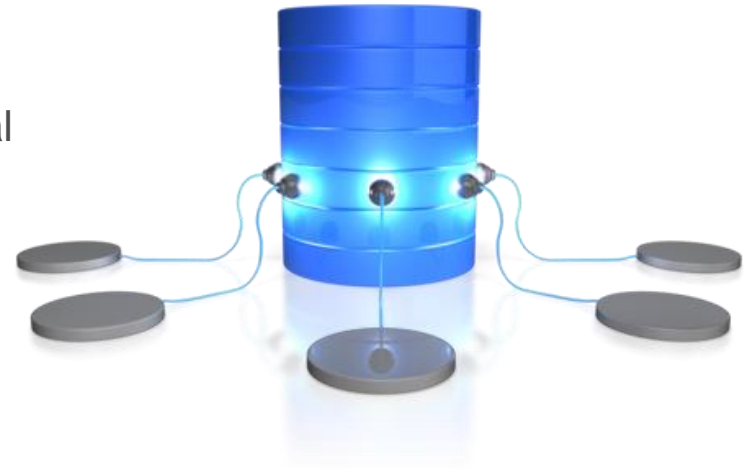
CONCLUSION

IN CONCLUSION

"Today, there is no longer business strategy and technology strategy.

There is just strategy, and technology is driving it"

QUESTIONS? COMMENTS?