



## Strategic pillar

Extracting value through innovation and improved efficiencies



To attract and retain clients, Sanlam provides innovative financial solutions along the full extent of the wealth creation, management and protection value chain. To develop these solutions, we invest in and value diversity in our people, particularly for their contribution to innovative thinking.

Sanlam's approach to innovation covers the full spectrum of our value chain, centred around client-centricity, to ensure that we continuously adapt to the changing needs of our clients and the environments in which we operate. We focus on innovation across our products and services, distribution channels and back office processes to enhance Sanlam's attractiveness in the market and to ensure efficiency across the Sanlam business model. Digital innovation is a key focus area – our approach is threefold:

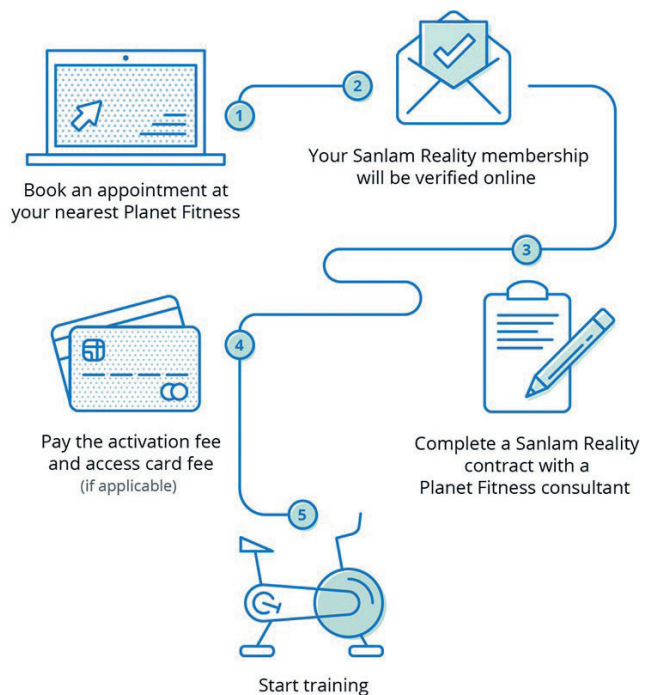
- Digital offerings and technology-enabled product solutions as part of our omni-channel distribution approach.
- Implementing a Group-wide business intelligence platform to assist product development, underwriting, client service and cost efficiencies through big data and enhanced data analytics.
- Investigating opportunities to enhance operational efficiencies through robotics.

The Sanlam design studio was awarded the '2017 South African New Product Innovation Leader in the Insurance Industry on Digital Transformation' by Frost & Sullivan, a global growth consulting and research firm.

The Sanlam design studio was established in the SPF cluster to provide a working and accelerator space for cross-functional teams in Sanlam to achieve the following:

- Rapid prototype development
- Leverage current success stories
- Provide training through the accredited Sanlam Design Thinking course
- Expand the in-house fintech ability

Sanlam Reality provides an example of a seamless omni-channel registration opportunity for clients



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Recent Sanlam digital and technology-based offerings include:

- Sanlam digital storefront – a comprehensive suite of financial products with full online fulfilment capability
- Robo-advice – self-directed, simplified and automated unit trust investment platform
- Indie – internal startup focused on future products with customised partner and territory requirements
- On demand – leading-edge GoCover app with on-demand finserv platform featuring accidental injury and death cover
- Acquisition of stake in EasyEquities, an innovative low-cost investment platform
- Acquisition of a majority stake in BrightRock, enhancing our product offering with a unique, needs-matched life risk product solution
- Virtual advice platform – online service allowing users to screen, select, book and pay an adviser for needs-specific advice
- Paperless application submission for 75% of SPF's life new business

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Sanlam has a solid track record of delivering on operational efficiencies. This is evident in our ability to largely maintain new business margins on a per-product level, despite cost and fee pressures, as well as negligible expense experience variances recognised in life insurance RoGEV over the last 10 years. Operational efficiencies are, however, not only about cost management but also, more importantly, creating the ability to more effectively service the changing needs of clients, from a product and engagement perspective. As such, it is a core mechanism to ensure client satisfaction and persistency, which enhances top-line growth.

We are optimising operating and cost efficiencies through:

- Investments in distribution and administration systems and processes;
- Automation;
- Restructuring to enhance focus;
- System integration; and
- Implementation of business intelligence and data analytics solutions.