



High performance. Delivered.

Distribution Effectiveness in Financial Services

“Is Your Network Optimized?”

SAS PBLs Event
Las Vegas, Caesars Palace
October 29, 2008

Current Weather



“More than any other time in history, mankind faces a crossroads. One path leads to despair and utter hopelessness. The other, to total extinction. Let us pray we have the wisdom to choose correctly.”

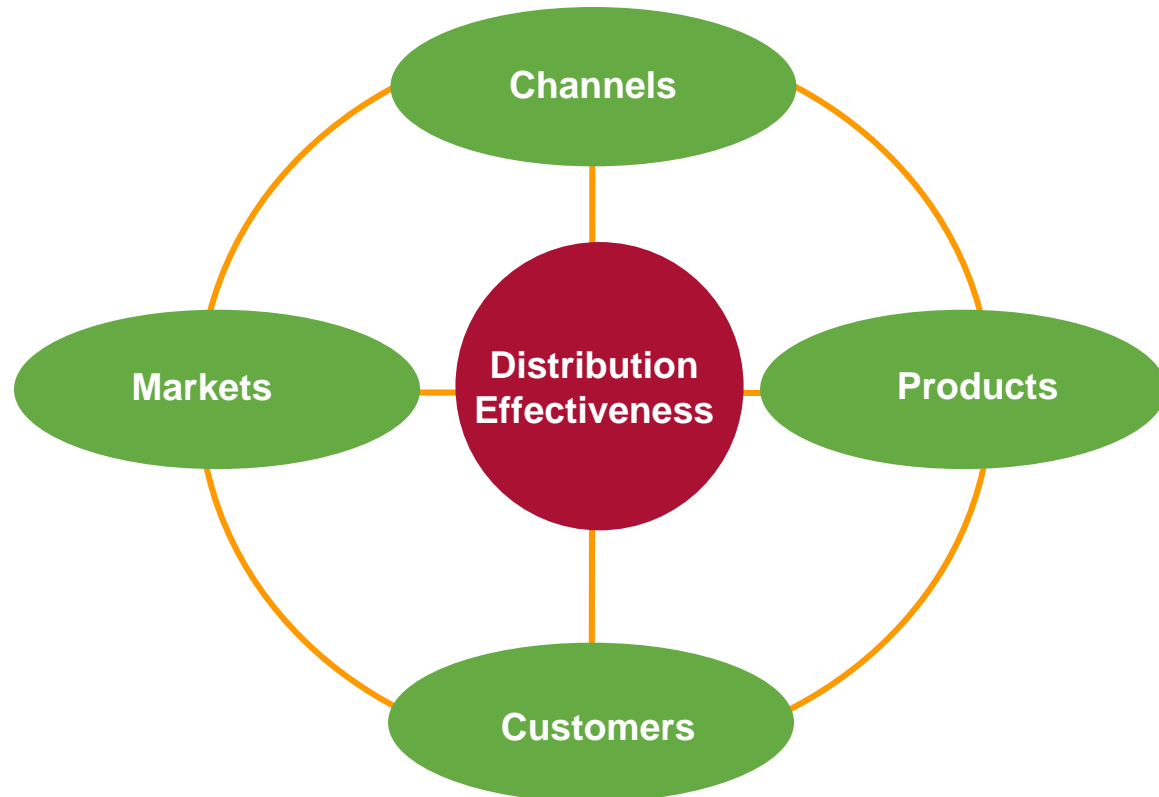
Mr. Woody Allen

Introduction



C – Suite Themes

- Capital preservation
- Expense reduction
- Risk exposure
- Regulatory compliance
- Growth



Market Context

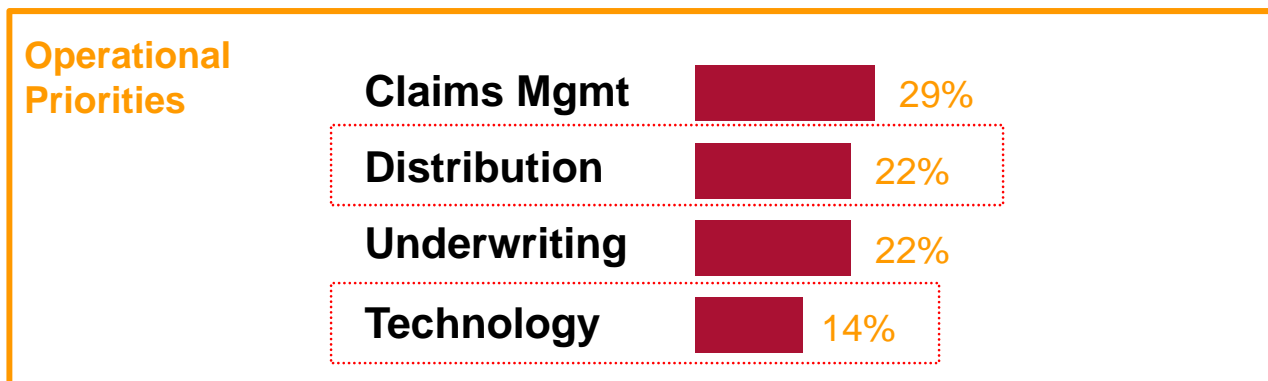
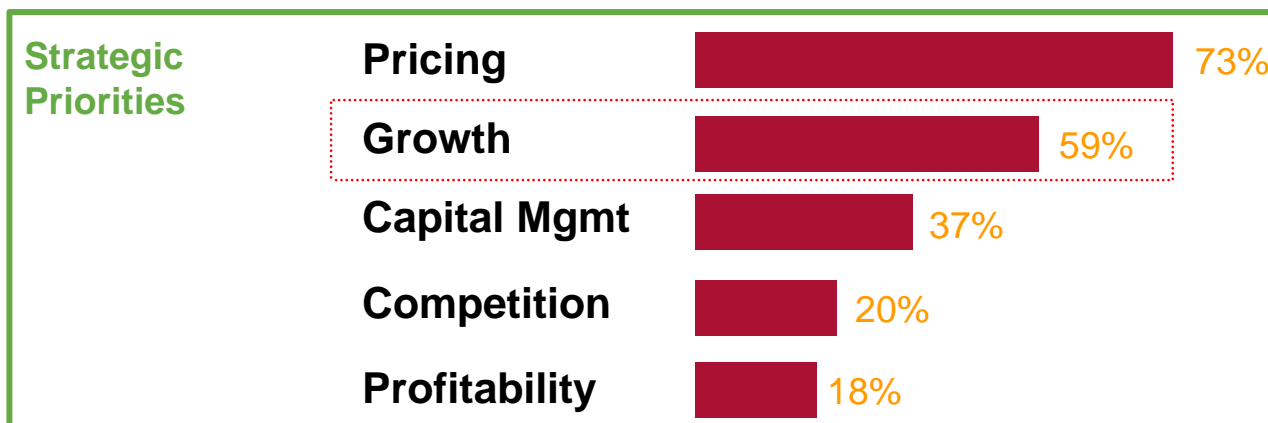


Crisis is the headline, but pre-existing conditions are still there



Growth Imperative

Accenture Insurance Industry Equity Analyst Survey Results



Priorities not aligned to meet expectations..

Traditional Response

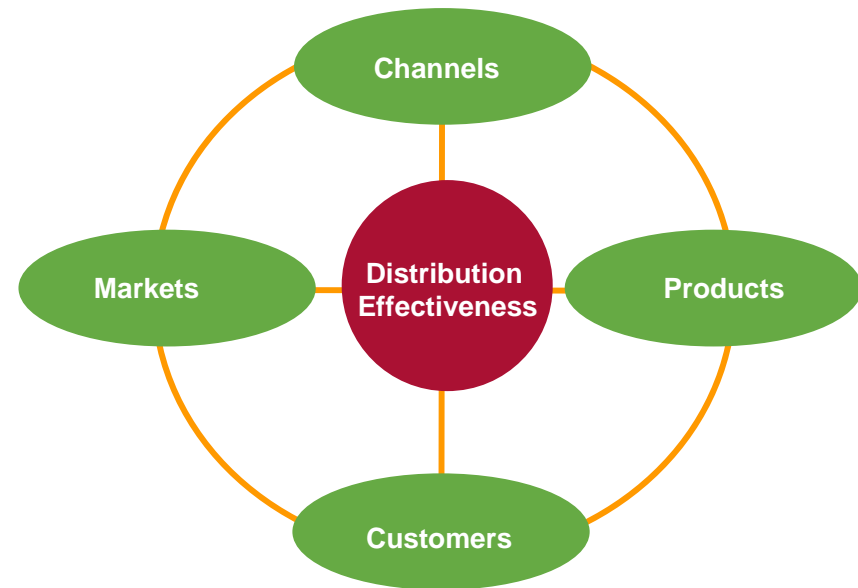


- Price Competition
- New Markets
- Hire More Agents
- Advertise More
- Raise Commissions
- Promote Products

Optimizing Distribution



- Maximize Distribution Efficiency by
- Optimizing performance across markets, customers, products, channels
- Measured on an absolute and relative scale by revenue and profit
- Against marketing, sales, commissions and infrastructure expenses



Seeing the Big Picture



VS.





Distribution Efficiency

	M	Ch	P	Cu
M				
Ch				
Pr				
Cu				

Distribution Efficiency Ratio

- Marketing Expenditures
- Commissions
- Employee Cost
- Infrastructure Cost

Divide

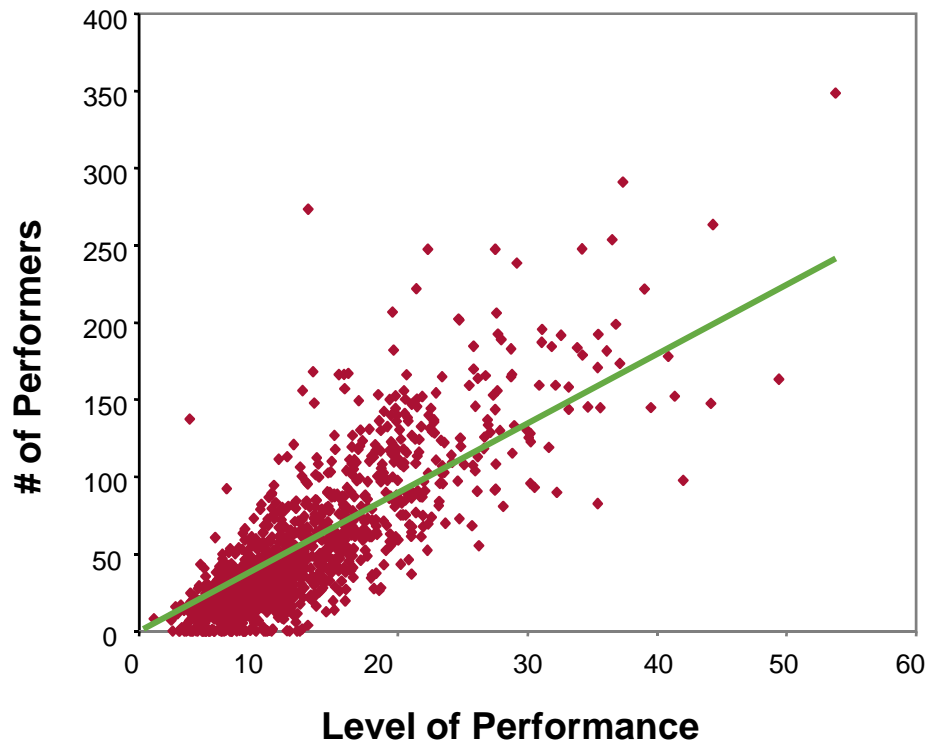
- Sales
- Growth
- Market Share

- Focused
- Scalable
- Industrialized
- Indexed
- Multi-variate
- Actionable
- Simple

Current Reality



Sample Distribution Performance



- Myth of the Bell curve
- Comfort of averages
- Need for Relativity
- Laws of Unintended Consequences

Opportunity Size



Notional

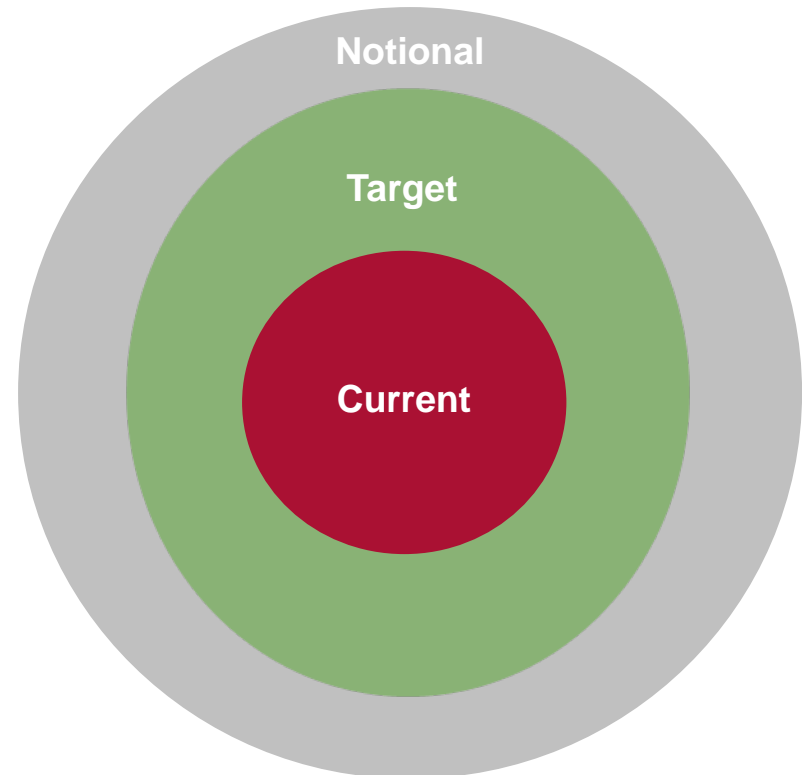
>100% of current

Target

+30 – 60% of current

Current

Underachieving





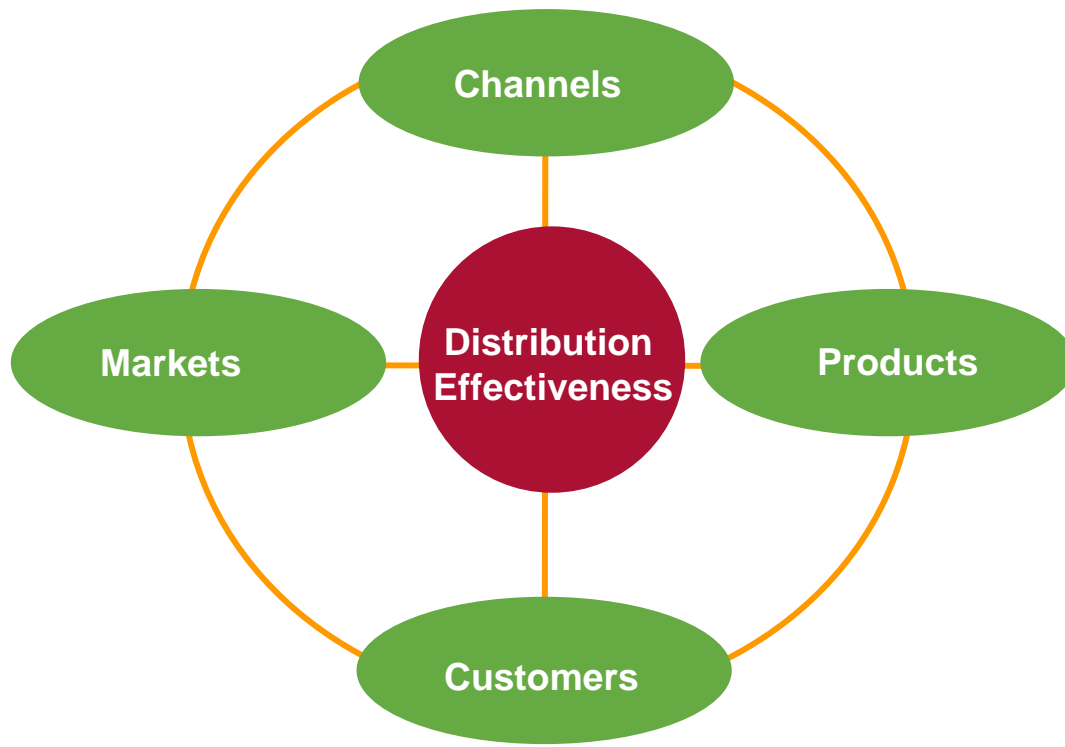
From Reporting to Predicting



Implementation



Transformation Journey



- Establish leadership
- Align with strategy
- Develop governance
- Change culture
- Focus on the business process
- Get points on the board
- Embed in performance management
- Manage execution
- Develop capabilities

Monday Morning



Left to Right



Right to Left



Q&A



- How should we invest in this?
- What are we missing?
- Who should we be talking to?
- What should we do next?