

# Old Mutual

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## “Turning Challenges into Profit”

16 November 2000

Roddy Sparks  
Old Mutual South Africa

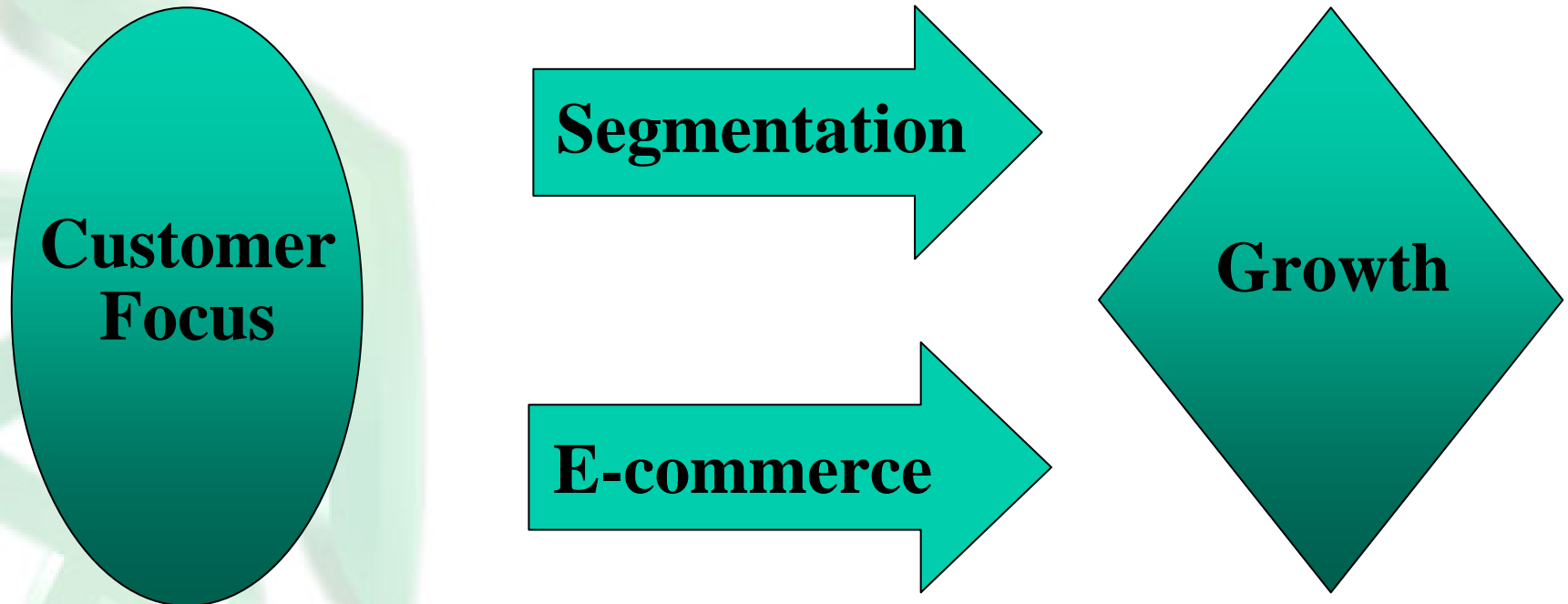
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**UBS Warburg**  
Financials Conference

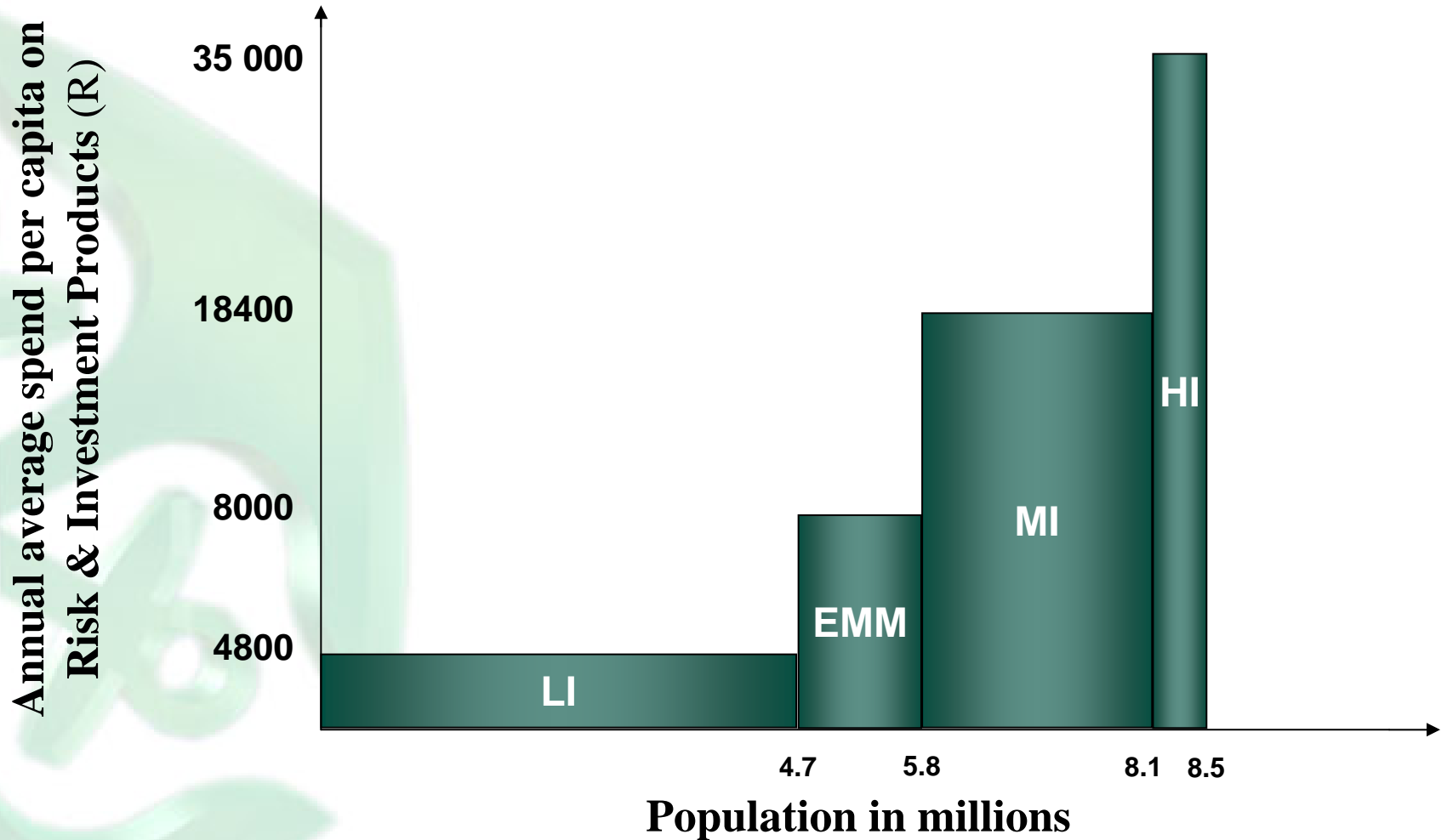


# Challenges to Profit

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# Understanding Market Potential



# Implementing Segmentation

## Product/Service

- Drive product innovation and differentiation
- Optimise value

## Channel

- Multi-channel co-ordination

## Organization

- Management focus
- Re-align incentives

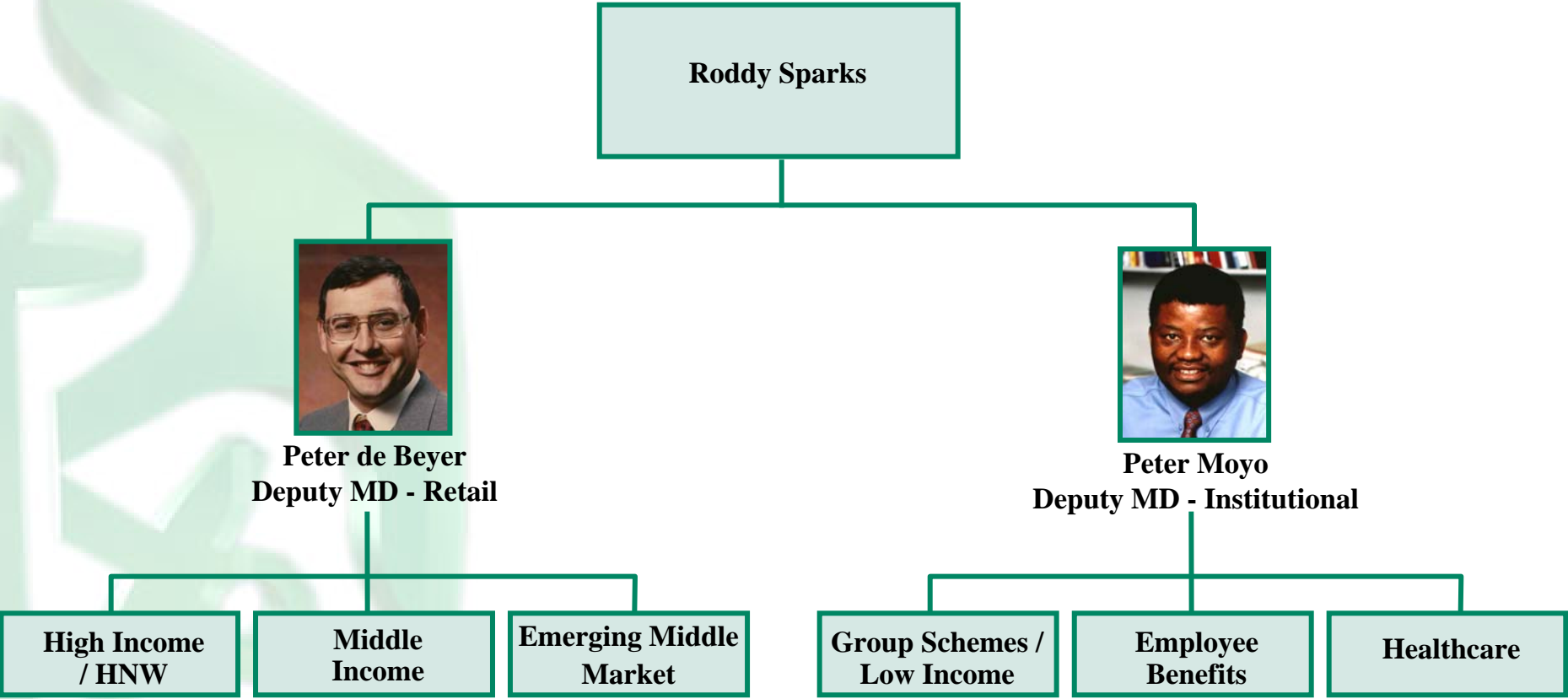
- Group Schemes
- Essentials
- Investment Horizons
- Investment Frontiers
- Fundsnet

- Salaried Sales
- PFA
- Mint
- Brokers
- Bancassurance
- Internet / Direct
- Institutional
- Alliances

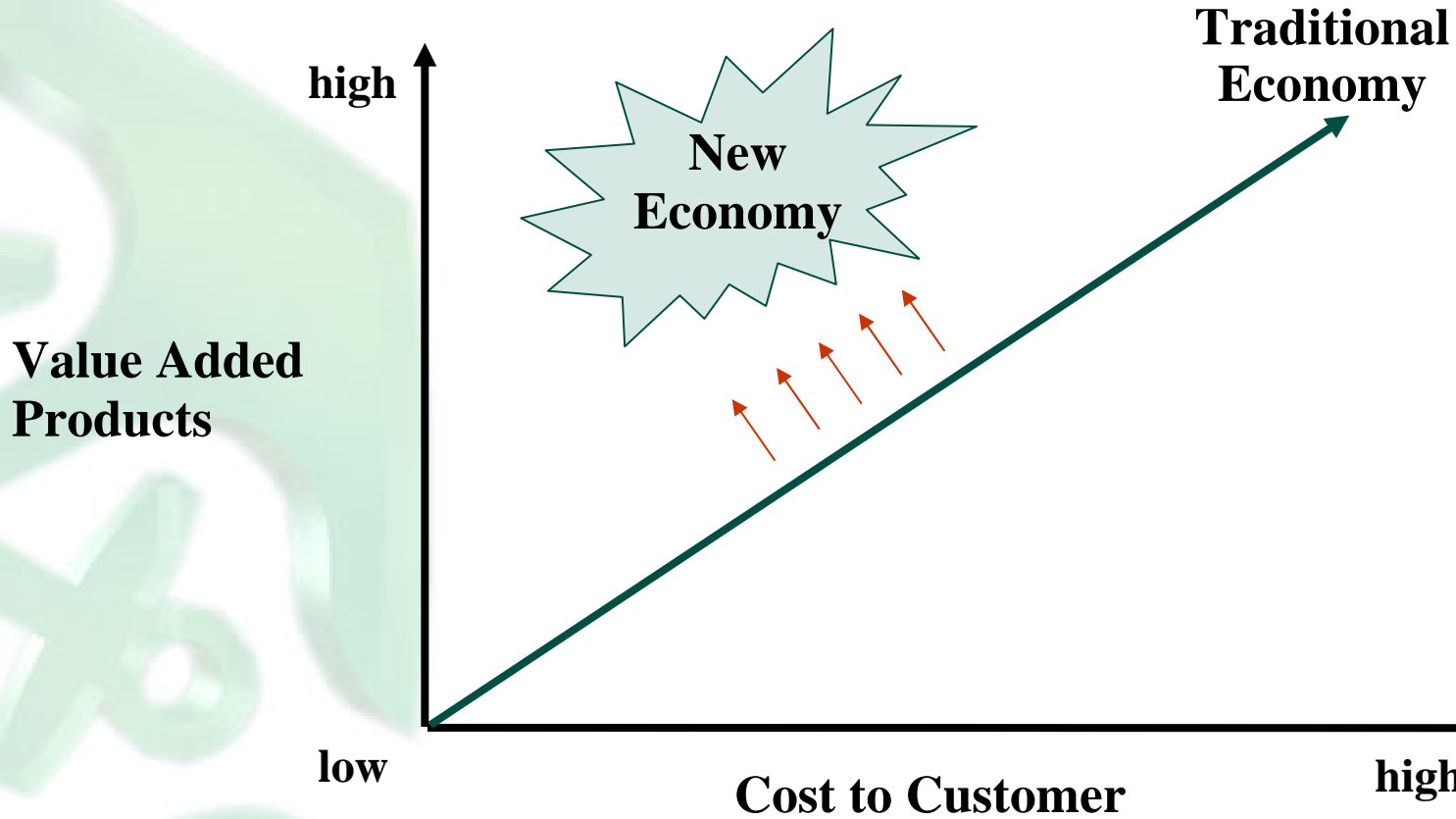
- High Income
- Middle Income
- Emerging Middle Market
- Low Income

Tailored customer value proposition

# Aligning Structure with Strategy



# Improving Customer Value



# Incumbent Advantage

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- **Brand** (Strongest in Sector)
- **Customer Base** (4 million)
- **Distribution** (3000 Advisors; 8000 Brokers)
- **Advice** (Tailored; industrialized)
- **Capital** (R 60 billion)
- **Intellectual Capability** (700 IT; 50 Actuaries; 100 CA's;)
- **Research and Development** (Technology; product; marketing)
- **Product Expertise** (World Class)
- **Economies of Scale Processing** (Work flow; call centre; image)
- **Technology Platforms** (Internet; STP; 24x7)

# Building An Electronic Value Chain

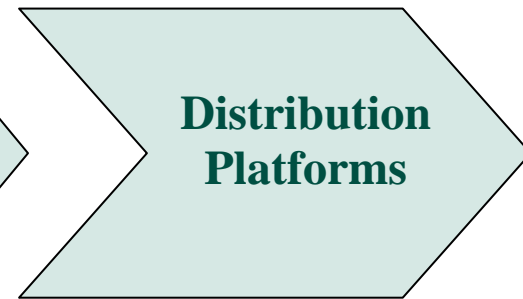
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**“A Revolution From Within”**

**Cost Reduction**



**Market Penetration & Share of Wallet**

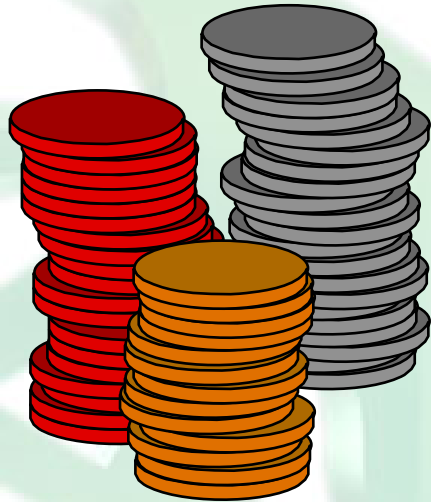


**Creating Value for Customers and Shareholders**



# STP Cost Saving - Unit Trust Purchase

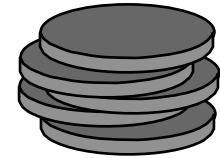
Traditional  
Processing



**R 30**

(COST TO COMPANY)

Straight Through  
Processing



**R 5**

(COST TO COMPANY)

Web Enabling  
Back Office

# Delivering An On-line Product Set

	<b>Initiative</b>	<b>Target</b>	<b>Product</b>	<b>Functionality</b>
<b>1st ½ 01</b>	<b>OM Banking Services</b>	Retail	Savings / Loans	Sales & Service
<b>Mar 01</b>	<b>Dataway</b>	Institutional	Money Transfer	Premium Collection
<b>Feb 01</b>	<b>Investment Frontiers</b>	Retail / Intermediary	Life Wrapped Product	Buy/ Switch / Sell
<b>Nov 00</b>	<b>Fundsnet</b>	Retail / Intermediary	Unit Trust Supermarket	Buy/ Switch / Sell
<b>Jan 00</b>	<b>Unit Trusts</b>	Retail	Old Mutual Unit Trust	Buy/ Switch / Sell
<b>July 99</b>	<b>Galaxy</b>	Intermediary	Unit Trust	Customer / Product Information

# Two Brand New Business Models

## FUNDSNET

- Revolutionizing UT industry
- 90% Manco Coverage
- High Income Focus
- Straight Through Processing
- US Best practice
- Fee Based Advice offering

## OM Banking Services

- Extended OM product range
  - savings products
  - policy/pension backed loans
  - mortgages
- Targeted at existing customers
- Intermediary + internet + telephone

# Complementary Distribution Platforms

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## Intermediaries

## Customers

### **OLDMUTUAL.CO.ZA**

- 35 000 Registered Users
- 50 000 hits pm
- Green Key
- My Portfolio

### **GATEWAY**

- 4 700 Registered Users

### **CONTACT CENTRE**

- 800 seats
- 400 000 interactions pm

# International E-commerce Initiatives

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## **eSecLending (US)**

- **Revolutionary: on-line auction of lending tailored portfolios**
- **Customize lending lots to suit borrower**
- **Decreased cost / Increased return**
- **World market of securities lending is \$ 2 trillion**

## **GNI Touch (UK)**

- **On-line trading of derivatives**
- **Targeted at the experienced investor**
- **Straight through processing**
- **Direct access to SETS**

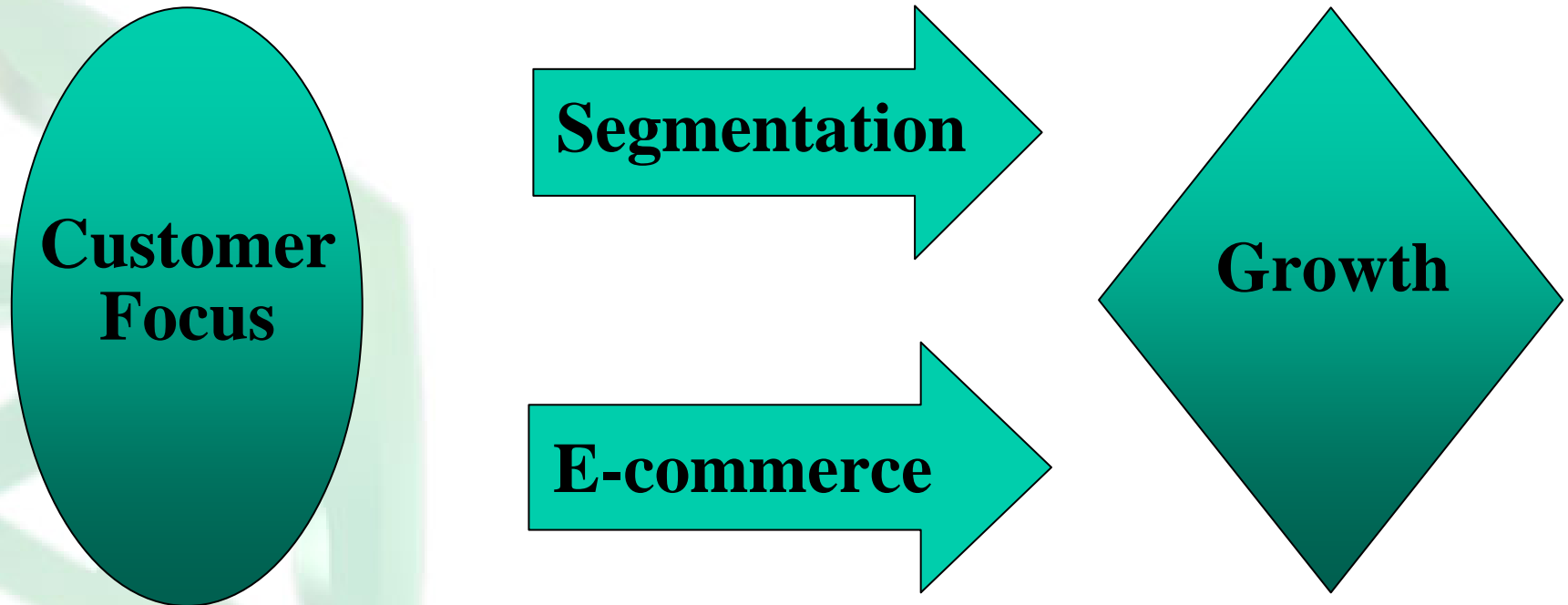
# International Leveraging

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- **Developed Countries**
  - **Exporting low cost base internationally**
  - **e.g. Investment Frontiers to UK**
- **Developing Countries**
  - **Exporting cost effective world class support**
  - **e.g. India (OM/Kotak Mahindra)**

# Taking the Challenge Forward

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**DRIVING SHAREHOLDER VALUE**