Suncorp Group 2016 Investor Day

25 May 2016

Transcript

Mark Ley: Well, good morning, everyone, and welcome to the 2016 Suncorp Investor Day. For everyone in the room, could I ask you to take your seats and make sure that your phones are on silent. Please don't switch them off. Just make sure they're on silent. In the unlikely event of an emergency, please follow the instructions of the establishment crew.

My name is Mark Ley, and I'm Head of Investor Relations. On behalf of Suncorp I'd like to acknowledge the traditional custodians of the land that we meet on here today, the Gadigal people, and pay my respects to Aboriginal and Torres Strait Islander peoples, both past and present.

At Suncorp we always look forward to our annual investor day, and we like to give you an update on our strategy. We also look forward to making it an interesting and informative morning for all of you.

So today we'll start with an introduction from our Managing Director and Group CEO, Michael Cameron. Michael's going to provide a business update and outline why Suncorp is well placed to provide more value for our nine million customers, and how this in turn creates more value for our shareholders.

We'll then hear from Mark Reinke, our Chief Customer Experience Officer, who'll dive deeper into our customer strategy and introduce the showcases at morning tea. For those of you in the room, you'll be heading upstairs where you'll be separated into groups based on the colour of the lanyard that you're wearing. For those watching online, we'll be pausing the webcast and reconvening at 10 past 11.

After morning tea break Gary Dransfield - our Chief Executive Officer of Customer Platforms - will talk about some of the marketplaces that Suncorp has already created and the segments that we're prioritising.

Amanda Revis, our Chief People Experience Officer, will run through our cultural progress. She's also going to talk to some of the CEO's of our new partners, Trōv and 9 Spokes.

Steve Johnston, our Chief Financial Officer, will complete the formal presentations by providing an outline of the financial implications of the new operating model and the platform strategy. Then we'll have the entire executive team up here on stage for a Q&A session, before we head back upstairs for lunch.

So please join me now in welcoming to the podium Michael Cameron.

Michael Cameron: Thanks, Mark, and a good morning to everyone. It looks like being a fun day, so I'm looking forward to lots of discussion with the questions. Before we start, I'd just like you to take your smart phone out of your pocket.

I'm not going to tell you to turn it off or anything like that, but I just want you to reflect on how many applications that you actually have on your phone. You don't need to count them right now, but according to Google the average number of applications on a telephone is about 27.

The question I'd like to ask you is how do they actually get there? How do they get on to your phone? Did you have someone sell them to you? Or did you buy them? Or were you navigating it on the platform - call it a smart phone or an iPhone? Did you discover them? Did friends tell you about them? Were you thinking I could actually use that app, that's going to solve one of my needs et cetera?

Well, I can tell you, I don't think anyone actually sold you any of those apps. You actually bought them. And the reason I mention this - it does highlight the difference between cross-sell and the concept of a platform or a marketplace. I'll come back to that later, but I just wanted to start by highlighting that point.

Now, on this first slide - we can just move to the first slide, if I can please? There we go. It seemed like an appropriate time to reflect on our purpose. We were thinking it's got to be all about confidence of our stakeholders, and thinking about how they feel. People want to live a good life today. They want to prepare for the future.

We talked to a few of our staff members. We also talked to a few of our customers. And we actually worked out that people are getting less concerned about planning for 10 years, 20 years, 30 years ahead, and they actually want to be in a good position today. So we come up with a purpose called creating a better today. I think it's very appropriate for all of our stakeholders.

In relation to the business model, you've heard us talk for many years now about one company, many brands, and we've achieved a lot in relation to our costs, in relation to our capital, our culture. But in relation to the customer this is the big opportunity that we have now to be one organisation to our customers, to think of our customers as group customers, and we've never done that. Very few entities do that. So One Suncorp is a great reflection of the model that we are now adopting.

Then when it comes to strategy it, of course, now is our chance to make this all about the customer and to move to having connected customers by having deeper, broader relationships, providing navigation skills, helping them actually meet their needs, thinking about our brands as being a funnel to give people access to the products and services and components that we offer - any brand, any product, through any channel, and even third party products and services.

Then, when I think about our priorities, it's very, very clear. We need to maintain the stability and the momentum of the organisation. The resilience of the organisation is absolutely key. Second, we need to elevate the customer. And, lastly, a recalibration of our costs is critical.

So today we'll give more detail about our strategy, talk a little bit about the progress that we're making and make some comments on how the business is performing.

The interesting thing though in relation to stability and momentum - this is about doing things like rectifying our claims costs, improving our service levels, continuing to compete with our traditional competitors, focussing on our pricing, continuing to be a low cost provider, and the simple equations of higher revenues, lower costs and a better return on equity.

But at the same time that we have to continue to do that we also need to compete in a new way against new competitors by elevating the customer. We will increasingly compete on a digital mobile first basis. Our goal is to create what I call non-price value, and we'll talk more about that in a moment, by connecting our customers.

In relation to resilience, of course, reducing our working claims costs remains my number one priority. Before we talk about the strategy in detail I'd just like to make some comments about how we're going.

We talked about the causes and the actions that we're taking back in February. Now, in relation to home, over the past few months we've seen a big reduction in the number of open claims. Now, this is a big issue for us. They've reduced from 64,000 to 51,000, but we also expect a major reduction over the next few weeks and months.

Clearing some of the more complex claims within the backlog has tended to slow down the reduction in the average claim size during the period. We've put more resources in place. As you know, we've revised the cash settlement process, and we continue to see opportunities to put better controls over how we handle our home claims of under $100,000. For motor, the number of vehicles that are processed by SMART have increased to 3225 a week, and the proportion of cars going through SMART have increased from 36% to 40%. We've got a lot more resources and, to further increase our capacity, we've opened more SMART centres this year and we've got another four to open before December.

The one area that we haven't talked about is our recoveries. If I look at where we've been over the last 12 to 18 months, we're well below the historical average level of recoveries from other insurers, and certainly well below the industry levels. So this is creating a further opportunity that's within our control, to reduce the costs. The average monthly working cost claims is now down and that's helping improve the underlying ITR in the second half of this year. Of course we're now very well positioned going into 2016/2017.

So it's almost the end of year, 30 June is fast approaching, the business is in really good shape. We're achieving low single growth across the business in relation to gross written premium. The investment markets, as you know probably better than I do, remain extremely volatile and hard to predict. As at today, touch wood, year-to-date, our natural hazards are actually better than our allowance, so it's a really good position to be in. The Bank continues to have high credit quality and we're achieving good growth. In the Life business we're seeing stable lapses and stable claims. We will finish the year with a strong capital position, with a surplus reflecting the current low yield environment, the costs of the South Australian CTP business, the software costs and the current insurance margin.

Right, now back to the strategy. We are certainly positioning ourselves to put the customer at the centre of the business, and we've already adopted a new operating model. As you know we used to have five separate businesses, five very separate businesses, and we'd think about the Bank having Bank customers, the Life business having Life customers, the Insurance business having Insurance businesses. We're going to expand that now, so all of those customers are Group customers. So if I pick on the Bank, we no longer just have Bank products being sold to Bank customers, we now think of them as Group customers having access to all of our products and services.

We're now focussed on customer outcomes and providing access, as I say, to all of our products, all of our services, all of our brands through all of our channels. We've brought together the product design and the development under John and Anthony and Paul in New Zealand, and the corporate functions have been streamlined. So this change in the model has not only helped us elevate the customer, but it's also helped us achieve a material reduction in the people costs and the discretionary spends within the business. Amanda and Steve will talk more about the details of those items.

So if I think about the context of where we've come from. We've already done a great job of simplifying the business, of competing with traditional competitors, aligning the culture, all of those things that provide a very, very strong foundation for our business for the future. Market conditions continue to be very competitive, as you know. There's regulatory and political uncertainty, both domestically but essentially all around the world at the moment. We, of course, are seeing a low growth, low return environment. We're also seeing new competition start to enter the market. We talk about fintech, I talk about insurtech, but there's a wave of activity approaching that has the potential to undermine the advantage that companies like Suncorp has.

We also see intense price competition from our normal competitors. You might say, well that's normal, you would expect that, but there's an amazing level of churn across the industry. You might say, well sure, everyone has churn and we're no different to anybody else, but we actually lose 125,000 customers a month. Now that's 1.5 million customers leave us each year and that's because we're continuing to compete on price. So what that says to me is that competing just on price is not sustainable. A business cannot continue to do that and, at the same time, continue to grow and deliver great returns for shareholders. So this is a huge opportunity that we have.

In relation to the evolution to address this opportunity, we're driving our existing business to shift to creating value for our customers, and the concept of non-price value is critical. We've moved from focussing on products, to focussing on customer outcomes and getting more connected customers. This is where the basis of the platform or the marketplace that we've been working on is so critical. To make it easier to access and to navigate around Suncorp is critical. To give access to a wide range of products and services and other value tools, not only the things that we manufacture but things that other third party companies also manufacture. Now it's very frustrating, a lot of people say to me, okay Michael, I understand what you're saying, you're talking about Bancassurance or Allfinanz, I understand it. That's not true, that is cross-sell. In fact if someone asks me that as a question today, you're not coming to lunch, it's as simple as that. It's not cross-sell and I want to talk about that in a moment.

The priorities for the organisation, as I said, are firstly to maintain the momentum and the stability of the business, to deliver on the market commitments that we make. We'll focus on ROE, focus on risk and focus on delivering a stable flow of dividends from the business. In elevating the customer, we'll bring the marketplace to life, we'll increase the number of connected customers and we'll also recalibrate our costs. That's about being more efficient, about having smaller overheads within the business, but also a more frugal approach to how we spend our discretionary money. We'll continue to invest in business as usual, in both the traditional business but also the new model.

So the outcomes. The outcomes from the strategy will be about increasing the number of connected customers. About meeting more needs, about helping customers via digital interaction, [robo advice], et cetera, et cetera. It'll be about having a strong digital and physical approach and integrating those third party components. To explain the value that can be created, if we increase our number of connected customers by 50,000 customers, that delivers around $10 million of additional net profit after tax each year. It's a very important number. It'll also help us retain some of the 125,000 customers that we lose each month that I mentioned before. It'll also help us grow the relationships, more depth, more breadth in our relationships. So that will lead to us comfortably delivering at least 10% ROE in the future.

The most obvious question I think is what about our ability to execute on this. This is a critical question. Well firstly, we already have a very large customer base. As you know we've got nine million customers across Australia and New Zealand, so we don't have to go out and get a whole bunch of new customers. This is not a start-up business that needs to grow the share. We're already trusted by our customers, our partners, our brokers. We've got very, very strong foundations in the business and significant scale in all of our businesses. We've got a very unique structure. There are not many businesses that have a Life Insurance business, a Bank and a very large General Insurance business. We operate in very stable markets in Australia and New Zealand. We also have a very strong and unified culture.

We've got a good history though of innovation and execution, you'll see more today. I think the showcases will really highlight more of the same thing that we've been doing over the years, it'll be exciting. The staff, the employees, the team. I talk to a lot of people at the coalface that are dealing with the customers, and people across the organisation and I've been so impressed at how they've embraced the strategy around the customer and the marketplace. Of course we've already demonstrated that we can do this. We've already demonstrated what a platform is and how it can benefit. If I think about Shannons, Shannons has an amazing level of retention, an amazing level of satisfaction, and it's not the cheapest product, it's one of our more expensive. That's a platform, that's a marketplace that connects customers. APIA is the same. The other item is that we've already taken a huge step forward towards achieving this by aligning our model around the customer. Now this is a low risk strategy, it doesn't require a large program of investment and we already have all of the components necessary to make this work.

Alright, let me just talk a bit about this confusion about Bancassurance and Allfinanz. We know cross-sell as a concept, it doesn't work in Australia, in fact it doesn't work anywhere around the world. It's the focus of most banks and we know it's not that successful. I mentioned the phone example before about how many apps and how they got on there. As I said, no one sold you those apps that are on your phone, you bought them. The other thing is, I have an iPhone, an iPad, an Apple Watch, a MacBook Pro, a couple of computers at home that are Apples. So I'm a connected customer. If someone said, here's a Samsung phone for free, I'm not going to change because I'm connected. So it's not about price, it's about non-price value. Now there's probably Samsung users that are just as happy but they're connected to Samsung. But what I'm demonstrating is, because I'm on a platform, because I'm in a marketplace and I'm using all of that stuff, I'm unlikely to tomorrow wake up and say, I'm going, unless there's a great reason. So it's a great way to connect your customers and to retain your customers.

Another example, now my wife, Michelle and I live just near an IGA store. Now she always says to me, I'm just going to pop in and get some milk. Of course I say, can I give you a hand? She always says no, I'm just getting milk, I'm fine. Then of course you know what happens, she comes out with 16 bags like this, milk, break, orange juice, newspapers. I say, what happened? I don't know why I say that each time. But she says, I found a whole bunch of things that we need. Now no one sold her those things, there wasn't a person in there saying, can I talk to you about Life Insurance. She actually just went around, looked at the aisles and she found a whole bunch of things that are going to meet her needs and she came back very happy. Now we are going to provide that sort of experience for Suncorp customers.

We're also not a price driven product comparison site, that's not our goal to become that. We're going to fill in the gaps in the customer journey. We're going to provide access, we're going to provide choice. Mark and Gary are going to give us some examples of that, coming up soon. But maybe if I can just highlight one of the examples. If I think about our branches, to date they've been bank branches designed to service and cater for bank customers. What we're going to do is they are going to become Suncorp stores where our customers can get access to all of our products, all of services, all of our brands, in addition to components that are provided by other third parties. It's a very, very different model.

Let me pause now. Mark is going to talk to you about the customer experience but before he does, I'd like to show a quick video about the new Suncorp, thank you very much.

[Video plays]

Mark Reinke: Good morning everyone. That video brings to life I think the type of connected and personalised experiences that we're building for our customers. In this session, what I'd like to do is take you through the customer strategy that sits behind that and take you through how we plan to execute it.

The question I get a lot is what's different? What's different to the way Suncorp was executing its customer strategy a year ago and what's different to a lot of the companies that I know you talk to and talk to about customer strategies? I think there are two key differences that are worth highlighting up front. The first as Michael said, our customers are no longer in banking, insurance, wealth, super or life silos. They are truly Suncorp customers and I can honestly say over the last couple months of working in this new organisational model, you make different decisions. You make different decisions about where to put your money, you make different decisions about what's important for customers.

The second thing that I think is particularly different is that we are creating the means by which to create scale in the way we meet customer needs. Scale is a supply and demand game and what we've experienced in the past is that we've constrained demand and in effect we've had constrained supply. What I mean by that is while we've had nine million customers and they've had an enormous range of needs, we've been able to meet only a subset of those needs because our brands only had the capability to meet a piece of those needs. So in reality, demand was constrained.

From a supply perspective, while we had a whole range of services and products that we could provide to our customers, in reality we were providing only a subset of those products and services through one channel verse another channel, through one partner verse another partner. So we hadn't created scale. What we're doing in our marketplace and platform approach is creating scale on the demand side by linking our customers differently to our brands and on the supply side, by linking services and solutions that we manufacture with third party solutions and making them available through all partners and all channels. Increasing demand, increasing supply and using simply a platform approach to do that.

Now platforms are a very important part of our strategy and over the last 12 months, we've been working on a development pipeline of different platforms and of course when you do that you learn a lot about platforms and a couple great learnings that we've had, I'd love to share. Our Shannons Club concept we've been running for the last two years. Shannons Club is an online hub for everything you would possibly need as a motoring enthusiast - content, options. It brings together customers in new ways. It's a high interaction model, customers are interacting every day. We've got 60,000 members and I use the word members in that club.

Now what's really interesting apart from the fact that it's high frequency and they get lots of value is that it's changing the economics of how we see that business. Churn is significantly lower. The number of solutions that those customers have is significantly higher. So we've learnt a lot about how to engage customers frequently and how that engagement changes customer behaviour and changes in turn the economics.

Another great example is our partnership with Trōv. This week we will launch a world first insurance platform with our partner Trōv - single item insurance platform that allows you to cover the individual possessions and things that you really care about. You can do that from your iPhone, you can turn it on, you can turn it off, you can change the duration. You'll see this today. Today you'll hear from the CEO and founder of Trōv and you'll get to see a demonstration of this platform. They're just examples of the learning that we've had over the last 12 months and we'll continue to build this out over the next couple years.

Like any good customer strategy, this strategy starts with the customer and starts with a deep understanding of the customer's needs. All of our research at the moment and all of the feedback we get from customers tells us that they're excited about the future but completely overwhelmed - overwhelmed with change, overwhelmed with complexity, overwhelmed with choice.

They want to make good decisions. They want to make informed decisions. They want to feel in control but the reality is there are very few tools available for them to do that. Very difficult for them to navigate the myriad choices and challenges that are there. What they tell us is the way they deal with that stress is they reduce the risk of making the wrong decision by buying the cheapest product. If I bought the cheapest then maybe I've reduced the risk of making the wrong decision. Or we're increasingly seeing customers making no decision at all. It's just too complex.

What we're also seeing from that customer research is once they've purchased a product or a solution, it just gets harder. So it's very difficult then to integrate it with other solutions I've got, I'm left to manage the complexity of that. If I move home and one in five Australians move home every year, then that's really difficult where I'm making multiple phone calls even to the same company to try and manage this. I'm sure these are things that you can relate to.

What it does is set up an interaction model that is very transactional and it's very shallow and it's very frustrating for customers. There is real, unmet needs and we hear it every day from our customers and other customers. What we're doing in this customer strategy is solving that problem and we're solving it through the unique strengths that Suncorp has. Now you've heard and seen these strengths for a long time and I appreciate that. Yes we have a lot of customers, yes we have great brands but we are now putting that together in a way that is directed specifically to that problem.

So nine million customers with a large number of needs, connected differently to our brands with the investments we've made in simplifying the platforms in our business so that we can connect them more simply so we can move to the cloud, use greater compute power, our investment in [BI], put that power back in the hands of our customers to allow them to make better decisions.

When we bring that together, that's our connected customer strategy and from the experience we've had to date with the platforms that we've got in market, it changes the economics. We reduce the 125,000 customers that we're losing every month down and very quickly that adds value. We increase the relevance of our brands to those customers and very quickly we earn the trust and thence the business of those customers.

Now I talk very carefully about needs. You will not hear us talk about products and this is not a product centric approach. I know you would hear that from many, many of your clients so I want to be really clear about what we're doing. We think about needs in four need categories - home and property, mobility, self and people, money, financial security. So where have these come from? They've come from our customers telling us what they really care about. Now when we sit with people and say what do you really care about, they tell us a home I own, financial security, wealth and the ability and freedom to move from A to B. These are the things that people really care about. So we're going to play in the needs that people really care about.

Secondly, we see significant growth and innovation in technology and data in these areas. So if you think about what the internet of things and connected homes and connected cars and all of the information around health, mobility, you can see significant potential emerging profit and revenue streams in those areas. So we're centring this business around those profit pools and we see over time that those profit pools will start to converge - connected home, connected self, connected cars. We need to be and we will be in all of those.

So let's just take a couple examples there. If we look at home as an example, today of course we're a creditable player around home and property. We provide lending, we provide protection but we see a whole range of other services there - buying a home, helping people move and increasingly as the population ages, keeping people in their home longer so they don't need to move into aged care. For example right now, when we talk to our APIA customers, 55% of them say we're really worried. We're worried about having to move or to sell our homes as we need care as we get older. Now right now, we're testing in a regional market the ability to deliver new services into homes so that people can age in place. So that they can stay at home in the communities that they feel comfortable with and there is an entire range and pipeline of new services that would sit around that. It's another example of a platform that we're developing at the moment.

If I take an example in self, people. We see great near term opportunities to bring together life insurance, health insurance, trauma into a package, simple way for an individual to manage their own well-being. For businesses, employers, we see very real opportunities to bring workers compensation together with health, with accident, with wellness programs, to provide those to employers so they can in turn provide them to their staff. These are capabilities Suncorp has and can start to provide very clearly.

While we're doing that, increasingly we're going to turbo charge this with a whole raft of solutions, tools, apps, that increase the interaction model. So a once a year approach to our business is good but not good enough in this. So we're going to change that interaction model and we are developing ways to engage our customers with every day services. Now these every day services will be free and to give you an example of that, Trōv is a free service. So by the end of this week, you will be able to download that Trōv app, you will be able to catalogue and manage all of the stuff that you think is important in your life for free, but the path to paid is really simple. In this case with Trōv, you just have to swipe the screen and you've gone from a free service to a paid service. You'll see today an example of what we're doing in small business. We're providing businesses incredible ability to see all of their cloud based accounting people, inventory, marketing software in one place, on one dashboard with all of the data there completely free.

If you'd like to see the performance of your business - so if you were a florist, you'd like to see the performance of your florist relative to your peers, you pay for that a small subscription fee per month. This, with examples like Shannons, are one of the many examples that we're going to be providing to keep our customers with real value every day in engaging more often with our brands.

Why are we excited about this? We're excited about this because if we can deliver these frequent services to customers and they get value out of them every day, we're more relevant, yes; they're happy because we're solving a lot of the problems that I described at the beginning but it also creates significant value for shareholders.

You won't be surprised to learn that a customer that has solutions in two of those four buckets is substantially more valuable than a customer that has solutions in one. Four times more valuable, in fact. If you have solutions in three or four, that value starts to move up very significantly; significant value for customers, significant value for shareholders. Today, the big opportunity for Suncorp is that we've got 60% of our customers that sit in only one of those four needs. So the opportunity to move customers through that by giving them every day free value and services and moving from free to paid is really significant, so it's a very exciting opportunity.

The question is how do we do this? Hopefully that gives a sense of why we think this is so valuable. Like any strategy, you would not expect to see a silver bullet, and there isn’t. We've got four big levers that we're pulling. The first lever is around customer and insight. We've spent and we continue to invest in our business intelligence capability, our data and analytics capability, the ability to understand customers in real time.

What we're now doing is combining that with some bets on parts of the market we think we can excel in and we think we can deliver these platforms at great speed and great value. They are: mature lifestyle, and an example I just highlighted before around where we see the mature market moving in Australia in the new services; small business, and Gary will share an example shortly of what we're doing with small business, we believe there's a significant role for us in small business. The third priority segment will be young lifestyle; our

Trōv platform is just the beginning of our arc into the millennial, the younger customer segment. You'll see examples throughout the day of all of those.

Michael mentioned the marketplace. The marketplace is central to the strategy. It's our way of scaling supply and demand, it's where we're going to develop tools and simple ways for customers to navigate all of this complexity and change. It's the place in which we're now not going to constrain supply and demand, we're going to open it up, and we'll talk more about that in a sec.

All of this is important, but ultimately what the customer experiences is what really matters. It's where the magic happens. That means us focusing a great deal on exactly

how to deliver that experience. What does the customer see? What that means today, for example, is we're making investments in things like knowing our customer wherever they touch our business, providing the tools to be able to see and manage your solutions in one place. We're then taking it further because customers generally are trying to achieve something, they're trying to move through a journey. Whether it's retiring early or buying a home, we're setting up our business to remove all of the obstacles to what that customer is trying to do. And today, a product isn’t central to that; we've got to insert the product and the experience and the education in the right order so that we can do that for customers.

Lastly, and definitely not least, brands. We've got a significant brand portfolio as you know; they're some of Australia's most trusted brands. We're going to organise those brands differently. They're strong individually but when we network those brands they become really powerful and scale up the demand, and I'll talk through a little bit more about how the brand strategy will work.

Just to quickly start providing more context around the marketplace, every day no doubt you would hear about new examples of platform companies from the big Amazons and Ubers of the world to many smaller ones, and around how platform thinking is changing business models and changing value for customers. Now, I'm not here to tell you that Suncorp is becoming the Amazon of financial services but I am here to tell you that we are taking that thinking, which is non-financial-services thinking, and applying it to our business. So what we are doing is we are thinking like a platform business. What that really means is we are designing our products to be connected; they're largely not today.

Secondly, we are designing so that third parties can more readily connect into our platform, creating an open ecosystem, APIs, these sorts of things where people can plug in. That's really important. Thirdly, we've got to design our solution so that we can put them on other people's platforms, because that makes sense. Lastly, and probably even most importantly I think, we are creating Suncorp as a place where if you are a really smart innovator in insurtech, fintech, you want to work with Suncorp. You'll see examples today - so you don't want to take my word for it - and you will hear today from a number of CEOs and founders of very progressive platform businesses and why they would want to work with Suncorp. We're taking that, and we're taking that thinking and bringing it to like through our marketplace approach.

The marketplace has three key features, and you'll see them there. You can access the full scale of our range of products and services no matter where you want to touch or interact with this business. Secondly, we are going to bring together solutions that we manufacture, third parties manufacture, and we're going to organise them in a way that just makes sense. We're going to organise them around self, mobility, home, and financial security, and we're going to do that slightly differently by brand because that will make sense to customers who buy those brands. We're going to put tools over the top of that to allow customers to navigate their way through and find the solution that's right for them.

To do this, we have to think very differently about what the customer is trying to achieve versus what we are trying to achieve. We can't achieve what we want to achieve by starting with us. So the strategy is around completely reinventing customer journeys, so going back to what the customer is trying to achieve, and we'll work backwards from that. So customers are rarely, very rarely, trying to achieve I want to buy a product outcome; they're usually trying to achieve I'm moving home, what do I have to do, I want to retire earlier, I want to start a business, what do I need to do. Today this is really difficult for customers to do. If you've ever tried to do these things you will find this is a very emotional, unconnected and frustrating experience.

We're going to be very good at connecting this stuff up. If you take a really simple example like buying a home, today Suncorp might be part of that but probably towards the end of the process. Maybe we'll have an opportunity to provide your lending or protection but probably down the process, but what about all of the research, the valuations, the legals, the moving, services? Well, we don't have to create those, manufacture them, but what we can do is connect them in a really simple way so that you can do that, put that on our platform, everything you need to be able to move home, buy a home.

Another example, even more pointed I think, is small business. Today Suncorp has no less than five brands that are providing a piece of that journey for small business. So imagine - and we are imagining - how we connect those brands up with other things small businesses want, so it's really easy to start a business, it's really easy to have the tools at your disposal to grow your business. Today it's not; it's particularly difficult.

Lastly, I just wanted to touch on brand strategy. Brand is a critical part of this strategy. Our brands are the door through which you enter the marketplace. They are very important tools, they mean a lot to our customers and their trust is critical, but we're going to change the way those brands relate to one another. What we'll be doing is continuing to allow the customer to make the choice of which brand they identify with most, but once I enter that brand there will be a whole marketplace of opportunities that will help me make more informed decisions, help me manage things in one place, a whole range of new values.

To give an example to bring this to life, if I relate most to AAMI and AAMI is a brand I trust and really believe in and I go online, what would you expect to see? You'll see all of the great experience that you would typically see for AAMI but you'll see more. You'll also have the ability to bring in other solutions, the Shannons and APIA or another solution, and manage it in one place, because that takes the effort off me having to manage all of this stuff all over the place, so I draw it down. Second thing you'll be able to do is access all of the tools that will help you navigate other parts of your life other than just simply protection around home, mobility, self and so forth.

To do this, we're doing three things with our brand strategy. Number one, we are strengthening the master brand. The Suncorp brand will be strengthened and repositioned. It will then be attached in an endorsement sense to each of our brands. Why would we do that? We do that because it creates a relationship between those brands, so if I'm dealing with AAMI and you say would you like to be able to manage a Shannons solution in one place there's a logic for doing that.

Second thing we'll be doing is strengthening the differentiation of key brands, not through price as Michael said, but through the way we curate or collect and select the services around those four areas for that brand. So it gives us a lot of different ammunition to be able to differentiate these brands. The third thing that we'll be doing is simplifying the brand portfolio. We maintain a commitment to a multi-brand portfolio; it makes sense to have multiple doors into the marketplace, but we are going to simplify that down over time so that it's more concentrated on key brands.

To conclude, I just wanted to leave you with a couple of thoughts. Number one, we are reorganising our business to connect customers in ways that are good for customers and good for shareholders. Number two, we are scaling supply and demand to make a more definitive contribution to earnings growth through platform thinking; and thirdly, we are changing the interaction model from low-frequency transactional to higher-frequency, much more engaged and much more relevant model.

Now, as we head to morning tea, you're going to see examples of where we are today. You'll see an example about how we're building AAMI out, the AAMI marketplace that I described. You'll see where we are and you'll see an arc in terms of where we're going. You'll see how we're using digital and face-to-face tools to understand customer needs. You'll see this is not product-based, this is need-based, and you'll see some of that in action. Thirdly, you'll see our relationship with Trōv brought to life through our Trōv single item insurance platform and you'll get to see a demonstration of that as well.

After morning tea you'll hear from Gary Dransfield, our CEO of Customer Platforms, and Gary will really start to put some meat on the bones so you'll be able to see what this looks like in terms of delivery. With that in mind, we will next move to the morning tea break and those showcases; they're upstairs on level three. If I could ask everyone to start to move that way, except for those if you could if you've got a green lanyard, if you could just stay back for a minute or so just because you're going to go straight to coffee before you go through some of the other booths. So if we could just stay back for a few seconds if you've got a green lanyard and everyone else if you wouldn't mind moving away up to level three. Thank you very much.

[Morning Tea]

Gary Dransfield: I guess the end of that soothing music means it's pretty much time to get going again. Good morning everybody and welcome back from the break and the showcases. Thanks for being so prompt in getting back down here and a particular welcome back to those people joining us again on the webcast.

I was pretty confident that quite a few of you in this room know your way around the dark recesses and nooks and crannies of this particular dining and entertainment venue and you wouldn't have too much trouble finding your way back but I won't point anybody in particular out in that respect, Steve Johnston.

So I just did want to begin by recapping on the relevance of the showcases that the people at the venue have just seen upstairs and the relevance to our customer strategy. Firstly the connected conversation showcase, that was very much about providing you examples of how we'll bring to life the way we want to help our customers to make good choices and to navigate their way in an ever more complex world using the sorts of tools that you saw examples of there, conversation tools, calculators, that will help them best meet their needs both today and their aspirations for the future.

As Michael said at the outset, the feeling that we want to create for our customers is most definitely not about product push. It's very much about our customers wanting to pull things from us. In the AAMI showcase, and I see some of the very fetching fedora hats and a few of the blankets around, we demonstrated how we've built out what is now what we call a foundation for an AAMI branded marketplace and we've done that over the last three years I think as [Vlad], who is one of our presenters mentioned, he's been on that whole digital journey. Starting form an initial AAMI digital transactional presence, a basic digital transactional presence to what's now very much what we think is a customer hub and an evolving loyalty platform.

For us as many of you in the room know, what we're trying to overcome there, particularly for a brand like AAMI is the low involvement challenge of the insurance category. We send out one bill a year, we may have a claim every few years and we want to overcome that to build deeper customer engagement with AAMI customers. I hope you were able to grab on your way out of the AAMI showcase from the AAMI girls the Lucky Club National Geographic reward tickets if you're minded to head down to the Opera House and check that out.

Then finally the Trōv showcase, there was quite a good buzz as people were coming out to their coffee. It might have been because they were coming out to their coffee, but that was really very much an example of how we've been able to collaborate with a really innovative and disruptive partner to both launch what Mark Reinke referred to earlier as an everyday service but also to provide access to what we think is a largely uninsured millennial market and we'll talk a little bit more about that as we go along.

Now I want to take you through how we think about the AAMI marketplace platform that you can see on the screen. You'll see how those four categories of needs that Mark spoke about earlier - home or property, self, mobility and money - are driving our solutions beyond purely financial products and services. Importantly and as Michael said very much focused on needs, our customers will be able to navigate by needs category as they go through the AAMI marketplace. In the home category, and you can see a home button there, home insurance under the help me protect tab, it's a pretty obvious solution that we manufacture today, but under the help me move tab, we may well deploy a third party solution that takes what we all know is the horrendous complexity out of some of the physical processes of relocating your home.

In the case of the mobility category, again help me protect is a pretty obvious solution that we manufacture today at Suncorp, but under the teach my kids to drive tab, we're seeking to develop with a partner an app solution for what those of us who have been through it know is the extremely onerous process of monitoring learner driver progress and performance. In my case, my perfectionists love the well-kept learner logbook, my wife would say my obsessive compulsive disorder love of a well-kept learner logbook, over three long years of driver training with my kids caused plenty of stress in the Dransfield household. So something like that would have been great for me and would have built deeper engagement with the AAMI brand.

They're just some of the examples of the broader thinking about reinventing and improving customer journeys that Mark referred to earlier. I'll also show you an example shortly of how we're helping small business owners. The AAMI market place will have foundation principles such as single online login, the ability to manage solutions in one place and provide integrated access via our stores and phone network to make the customer experience easier.

Successful marketplace models have a pipeline of experience enhancements that characterise them and they're very much a pipeline of enhancements that are in development at all times to refresh the proposition and that's very much key to what we see in our marketplace approach. For our 2.8 million AAMI customers, their experience will be very much enhanced by the evolving of the Lucky Club rewards program and you saw the beginnings of that really, the essence of it in the showcase.

For us, again as I said, it's about creating deeper customer engagement or enmeshment and greater loyalty, like the Shannons member program does, which we can explore a little bit now. So you may recall Mark's sort of atomic brand diagram on seamless connected customers experiences by brand and how we see those building out. In this case we can give you a really good illustration of how that works in the case of Shannons.

We curate - and curate is a word you'll hear a lot today and you've heard a lot today - it's a very important word when we think about marketplace or platform business models. We curate customer experience components by collecting a range that are relevant to the four needs categories that we've spoken about and then we select - selecting is important or we allow the customer to select as they see fit, those that are the most appropriate to a particular branded proposition - in this case Shannons - or to a particular journey such as moving home, acquiring a home, buying a car, getting started as a family.

In the case of Shannons, as a Shannons customer or member, you're presented with a broader range of experiences including most obviously motor and home insurance products, but also an insurance portal providing self-service tools for making a claim, making a payment or easily searching for a policy number. Shannon's Club - and Mark mentioned a little bit about that - to connect to other car enthusiasts which is very important for car enthusiasts, to be able to engage with each other and get access to the latest car news, events and offers in the vehicle class that they're interested in.

A buy and sell marketplace, and you may have seen, some of you, a *7:30 Report* series on the way in which the Shannons auction house works, that buy and sell marketplace. It caters for veteran, for vintage and other collectable vehicles to be traded in an open market. Specialised road service, you need different road service if you're moving around a collectible vehicle, compared to a beaten up Toyota Corolla, as well as access to Suncorp lending products and services.

Importantly, we have more than 15,000 non-customers who access the Shannons platform every month and who have the potential to become paying customers. Successful platform or marketplace business models are very good at creating a network effect, where the parties are drawn into the marketplace by the growing attraction of either providing or receiving the products and services that are delivered in that marketplace. For us, Shannons is a great example of that within the Group already.

As Mark mentioned, we're also focussing on three priority customer segments. They are mature lifestyle, small business and young lifestyle segments. So for business customers, we're helping them navigate the complex world of running a business. You'll note here the common structure in our thinking, with the way we think about the AAMI marketplace earlier. In terms of businesses, we know from the research that we do for our insurance and for our banking work, that they're consumed by paperwork and admin. They want time to focus on what they love doing. They don't have a good handle on business performance, cash flow is always a concern and they don't like chasing debt, who does? They want to grow but they don't know how.

You might have noticed in Michael's customer experience visualisation video that we saw, the scenario with the café owner. So the lady that comes out, sees it's starting to rain, she goes to her Suncorp business dashboard, and the sales and weather tab that you saw come up, to see what happens to her sales on rainy days typically. That might, in this case, sit under the cash flow, help me manage my business tab on the screen. Our Suncorp SME dashboard will provide business owners with a broad range of solutions and services that are very much tailored to their needs. Again, the principles remain the same, whether we're talking about consumers, businesses. We need to make it engaging and easy to navigate, we need to curate and select relevant solutions to solve real customer problems, and we have to present them in a simple manner to enhance the user experience.

As you've seen, the marketplace is not about creating everything ourselves. We'll be partnering with the best, such as 9 Spokes, to solve problems for our customers. We'll soon hear from the 9 Spokes co-founder and CEO, Mark Estall, who'll join Amanda in a panel session, and welcome Mark. With the help of 9 Spokes, we're enabling business owners to make informed decisions on valuable insights. Under our brand the platform will deliver a view of all our Group product and services, integrated business intelligence dashboards for mobile, tablet and desktop, access to industry peer benchmarking, and real-time needs assessment for financial services and other relevant business products. Then finally, simplify business operations - really important for small business - via best in class third party components, including cloud apps such as Zero, tailored to the industry segment - in the case of the video, the lady with the café - that makes it easy to navigate and find comparison.

We've also asked our customers if they'd be interested in seeing a business dashboard such as this every day. The answer was overwhelmingly yes. More telling is that we've already received great feedback during the trials that are going on at the moment, with some remarking that they would never have expected Suncorp to do something like this for them. Customers have loved the easy sign-up process and how the dashboard's helping them to have better conversations with their key business advisers.

Now you've heard us speak about free apps and services as a pathway to creating more value for our customers, but also helping us to deepen engagement and to enmesh with them. These help meet more of their needs and build deep engagement, but also solve real problems. Those everyday services encourage customers to ultimately pay for solutions that provide additional value. Again, the common themes are they've got to be easy and be able to be used frequently, they've got to offer engaging experiences and, most importantly, help to solve real problems.

So I've just covered the customer dashboard for business customers. But to recap on what you saw of Trōv as a consumer example at the morning showcase, the pathway to paid for this particular everyday service is from the use of the free Trōv app and, as Michael said, we'd love to distribute that to all of our customers. That's to store information on your stuff, on your things, straight through to simply swiping to buy insurance for specific items at particular times. But as well as creating an everyday service, the insurance capability with Trōv Protection helps to open up a market of millennials that have previously been uninsured.

Again, in my case, with my three 20 something children that all still live at home, their most valuable lifestyle assets, other than my income, are their tablets and their smartphones, so it really hits that market. So as Mark said earlier, and I'm sure Scott would have mentioned in the showcase, Trōv launches later this week. We'll send you all an email link in coming days so you can download the app for iPhone IOS, with Android to follow in six to eight weeks. Clearly Michael you won't be needing the Android version, we'll just get you the Apple one.

Under our old business model we were constrained by single product line distribution. Our customers were unable to see products and brands across the Group. In the very near future it'll be much easier for our customers to both connect and see their products, making their experiences with us much more seamless. Our distribution model is clearly changing. Customers will have access to any product, through any channel. We'll have a central view of the customer that enables us to, again, curate the best solutions for their needs. We'll create deeper relationships for new and existing customers and it will be supported by simplified and aligned processes, for example leads generation. Our channels will no longer operate in isolation, in silos, no longer providing disconnected engagements with our customers.

Right from the very first day that the new operating model was announced in mid-February there has been, as Michael said - and it's palpable in the organisation - real passion and excitement unleashed in the organisation about what we can do for our customers now. I'm already seeing in my part of the organisation and hearing people bubbling with ideas about how we can meet existing and new needs for our customers, across what were our old line of business structures and channels. As Michael said before, our thinking and our actions about connecting Group customers to relevant products, services and experiences need no longer be constrained by product line business structures or, indeed, conventional financial services approaches.

Our physical stores are an important part of our customer strategy and they'll be evidence of the change in our approach to engaging our customers in a really different way. Currently our Bank branches are a primary channel for originating loans, attracting deposits, undertaking banking transactions, asking questions and resolving banking problems. While we're already moving quite aggressively within John Nesbitt's team to reconfigure that network into a leaner, more efficient model that better matched customer needs and movement of transactions and service requirements, our new way of thinking about that network, as a retail stores network, takes that even further. We're overlaying our customer strategy to create a new retail experience for our Group customers.

Our team will be on hand to navigate customers as they arrive. Customers will be able to see and manage their solutions in one place in the store. They'll know their journey and we'll know their journey, whether it was online, initiated via a contact centre or began in the store. The stores will feature digital offerings, so customers can do the simple things themselves, and so we help them to learn to do that. Our team will be on hand in dedicated areas for more personalised conversations and advice. We're focussed on offering a very personalised and integrated Suncorp experience, with services and offerings across our brands, product and customer journeys. Again, I think the experience visualisation video showed how we're thinking about integrated experiences in the store, with digital and physical interacting to provide new value for customers.

Our design phase with this is well underway. We're at targeting concept stores in Sydney and Brisbane this year, where we really want to test and deploy different retail models and different customer propositions. Our aim is very much to make these destination environments, where people can come and do more than just talk about products and where, through activities, events and technologies, we can really activate and make the space quite interesting.

You've heard often today how we're becoming more customer led and that we are becoming more customer led. That'll very much inform what products, what services and experiences we manufacture or source externally. While we drive change, some things remain importantly the same. Our very deep manufacturing capability and expertise in a broad range of insurance, banking and wealth products and services provides a really solid foundation for our marketplace approach. In fact, our manufacturing expertise at pricing financial risk and bundling solutions, positions us really well to think through how we and our partners can join together to solve customer problems and create smoother customer journeys. Certainly we're very well placed, with the capability of our colleagues in insurance and banking and wealth and in New Zealand, to navigate regulatory and implementation risk as we collaborate with partners to bring new solutions to our customers. The new model requires us to work together to meet needs and deliver a customer experience that we think will be truly differentiated and memorable.

The significant investments made during the building blocks, simplification and optimisation programs have delivered scalable, simpler organisational and product manufacturing capability. Our business platforms will be underpinned by our leading technology capability, through a series of key enablers. People and culture, you've met some of our team again today at the booths you visited. Amanda will pull that out a little bit more in terms of culture in the session coming up, and hopefully you'll walk away with a very positive view of our ways of working at Suncorp. Importantly, utilising secure and scalable cloud technology. For us Cloud is absolutely key to connecting our systems and our data and underpinning our agility and our change capability. Utilising data and business intelligence from our Data Lake investments to connect customer needs to new customer solutions. Finally, utilising the simplified systems that we've invested in across our product lines and brands.

As we progress through two big programs, the Bank Ignite and General Insurance Legacy Simplification Programs over the past year, we've seen opportunities to expand our technology focus, to really building out an API integration layer. You may have heard of the evolution of an API economy, where organisations publish their API development standards to enable internal and external capability to be rapidly connected. This makes it easier for us to build and expose reusable application services, to more quickly connect our own manufacturing capability with third party capabilities, in a broader eco-system that we'll integrate in our digital and our staff assisted customer platforms. Now while many companies are feeling the pressure of transformation, we've been on a long journey of building capability and delivering infrastructure that we think will very much support and enable us in our new connected world.

We have a unique collection of assets and brands working in our favour. We have nine million customers that have put their trust in us. We already have elements of our future state and thinking in place, with Shannons and APIA as great examples of marketplace thinking and execution. Suncorp will transition from being purely a creator of products, to a connector of solutions. To that end, we'll continue to enhance our customer insights and capability and in 2016 we're aiming to deliver new sources of value to our customers through our concept stores and through the build out of the AAMI marketplace. We're also developing new customer segment propositions to put in market for businesses, for young lifestyle and for mature lifestyle customers. We're delivering new sources of revenue and these will evolve through things like single item insurance, an expanded health insurance offering and broader retirement solutions. We're building the capability necessary to set up, to commercialise and to run a marketplace way of operating.

Of course our people are key in delivering all of this. But I don't expect you to just take my word for that. So please welcome our Chief People Experience Officer, Amanda, Revis, to the stage. So Amanda can talk about our real competitive advantage, our people, our technology and our great partners.

Amanda Revis: Thank you Gary. Well good morning everybody, I hope you're feeling as excited as I am, having heard from Michael, Gary and Mark and also visited the showcases this morning. You can see that the future is really exciting for us. For my part, what I'd like to start with is a quote, a well-known quote, a well coined phrase, from Peter Drucker, the well-respected business writer. That is that culture eats strategy for breakfast, lunch and dinner.

Now you could say that being the Chief People Experience Officer for Suncorp, that I might be a little bit biased, but I'm thinking that there's plenty of you in the room today and the people on the webcast who also believe that people and culture make a real difference to an organisation and really bring the strategy.

So it reminds me also of another quote from Lou Gerstner when he was reflecting on his time at IBM and reflecting on what made the real difference to the organisation. So culture is often described as the way of doing things around here. In actual fact, it's a really complex mix. It's a complex mixture of a number of drivers including the people in the organisation, their individual personal beliefs, the leadership of the organisation and their behaviours and the performance of the organisation. At Suncorp, we have a key cultural strength and that's around the delivery of outcomes. It's around the execution of the programs of work and small programs of work and we've got many example of those that you are aware of.

We've delivered over the last few years against some significant technology programs of work within our building blocks program and within our simplification and optimisation programs. We've accelerated our financial reporting for our end-of-year and our half year results and we've developed some significant relationships with global partners. This delivery, this execution has given us a fantastic grounding to be able to further change the organisation to be able to deliver the Suncorp customer strategy.

So by the end of June this year, we will have realigned our organisational structure to our customer strategy. We will have moved from being business units or lines of business to being aligned to the customer. We will have removed duplication and we will be working as one Suncorp. This will deliver benefits to our customers but also to our shareholders, so the changes will deliver $80 million of cost benefits in the next financial year and by investing this year in before tax costs of up to $55 million.

We've achieved a huge amount since the announcements in February from Michael around our strategy and we've been able to do that because of our really talented and engaged people. Our people are really engaged around wanting to deliver for our customers and deliver value for those customers. This is demonstrated by our leading and our global high performing engagement and enablement levels. It's also demonstrated by some recent awards that we've been given around for example the best customer experience for our Bank BillSplitter App and some internal - some awards for our innovation as well around our approach to developing our people around the customer.

So these are really important elements of our culture - our ability to deliver, our customer focus and our innovation and we'll continue to develop those with our unique way in which for example we deliver our 24 hour FedEx development days, but the way in which we deliver flexible work arrangements and the way in which we embrace new technology such as robotics. So really important parts of our culture. We're very strongly placed to be able to deliver on our customer strategy because of our culture and because of our engaged people. We know however that we can do it even better if we work with our partners. We've developed some important strategy relationships over the last few years with organisations like IBM, Genpact, WNS and Thoughtworks and these relationships have been built on their capability around their IT expertise, around their business processing expertise and more so they've been focused on really improving on our efficiency and releasing our people to be able to focus on delivering value for our customers.

More recently we've been developing those relationships further and we've been focusing on that creation of value for customers. So for example the BillSplitter App that I mentioned, that was developed in conjunction with Thoughtworks, our team onshore from the IT team and the innovation team with Thoughtworks in India developed that application. Then most recently as you've heard, we've developed some relationships with really strong innovators. So I'm really delighted today to be able to introduce you to Mark Estall. Mark is the CEO and founder of 9 Spokes and also Scott Walchek who you will have met earlier on in the showcases who is CEO and founder of Trōv. Please join me on the stage.

Thank you so much for joining us today. Now both Mark and Scott have joined us from overseas so they've travelled her especially to join you all here today. So I just wanted to say we really, really appreciate both your time and your effort in being here. I thought it'd be useful if we started by introduction for you each and maybe if you could do the introduction. So little bit about yourself and about your business. A lot of people won't have heard from you, Scott, before because they weren't in the showcases. So maybe Mark if you want to start with a little bit about yourself and your business.

Mark Estall: Sure. I've started a number of small business over the years, like quite a few and like any business, you've got to have an idea and an idea is about 5% of the value. You've then got to spend the other 95% and get the business right. You've got to be able to scale and grow and make a robust business and you actually do that with technology and software. With the proliferation of Cloud software that we've seen come up over the last few years, it's become possible to get that technology in the business and we saw a great opportunity there. We also saw a big problem for small businesses in terms of the complexity that Mark spoke about, that it is very difficult to sort out what's the software for me, what's the right applications for me to use and how do I use them?

So that's part of the 9 Spokes - I think you've heard enough to figure out how we do that. So 9 Spokes' proposition is really to provide a store or a marketplace where you can acquire curated apps for your business and the appropriate business size and scale, et cetera. We then have a single pane of glass so we can show the metrics of how you run your business and how you're performing on a day-to-day basis and then lastly we have the ability to provide some benchmarking so you can see how your business is going compared with your peers and I think that's a real value proposition.

Amanda Revis: Fantastic, well thanks very much and Scott?

Scott Walchek: I was just looking - I think this is my sixth start up in about I think 25 years, at least six of those that I want to talk about. Those of you - some of you are old enough to remember some of these companies - Macromedia back in the '80s, I was running products for them on their founding team. It went public in 1993. I then left and started what - built a bunch of studios to build titles for Electronic Arts. We built 57 titles on the newly launched CD-ROM medium, sold that mostly to Disney in 2006 and then went on to start what became the most popular shopping search technology company, sold it to Inktomi which was the Google before Google in 1998 and then took some time off and started a small venture capital fund, reinvesting my and my partner's capital.

Made a bunch of investments 1999. Circa 1999 things I really don't talk about very often. You've been there, but did happen to get introduced to Eric Xu and Robin Li and was the first investor and served on the board of directors of Baidu, the Google of China and we had the most successful foreign company IPO in history in 2005. I then - I like to say in 2008 armed with more hubris than brains attempted to reanimate the secondary market. I think 2008, launched an electronic trading platform for non-securitised portfolios of consumer debt and sold it to Jeff Sprecher in 2011, thank you Jeff, and then began Trōv in 2012 around the idea that there's an enormous value that's locked up in the information about the things that people own. People are disconnected from that value because historically it's been incredibly difficult to collect that information but if in fact we could remove the friction around collecting information and give people agency over that information then we could surface, we could curate from that engagement new ways for them to benefit from the information, the first one being this on-demand insurance for single items.

Amanda Revis: Fantastic, thank you. Where does Suncorp fit into all those ideas?

Scott Walchek: So what we're doing is super hard. The technology, we didn't bring insurance background at all to - we didn't know anything about distribution. We certainly didn't know anything about the regulatory environment so finding a partner that would understand the full arch of Trōv's impact, would embrace us from the top from leadership down which has been a remarkable experience for us, was quite surprising actually and the extraordinary part was not just the leadership, the culture that is embracing us in ways that we hadn't seen before, super important for us to be able to navigate the real tricky world of insurance. So it's been enormously important and it's so fun to be here on your investor day, the day that we also have released to the app store, which we planned two and a half years ago to do that exactly on your investor day. There you go.

Amanda Revis: Thanks Scott.

Scott Walchek: Yes perfect.

Amanda Revis: Mark, where does Suncorp fit into 9 Spokes in your plan?

Mark Estall: Well Suncorp and 9 Spokes actually have a really similar strategy. You know, you want to add value to your customers, you want to provide product to help them make their businesses better. Those are things that we want to do and it's like a match made in heaven really for us, but to go forward.

Amanda Revis: Great, good. So the concept of the marketplace in financial services is quite a - it's a new concept. It's new for Suncorp. Mark, what gave you confidence to work with Suncorp so early in that journey?

Mark Estall: Couple of things. I guess the really early stage, we had a lot of engagement with Mark Reinke and his team and we got a firm view that there was executive buy-in here and that gives lots of confidence to engage. Then we've kind of - and working with the team, started to see that there's kind of a pragmatic approach to things and that makes us really confident that we can execute on what we're trying to do and those two things together just made it seem like again, a match made in heaven.

Amanda Revis: Good and Scott, from your perspective.

Scott Walchek: I remember a phone call - I had met with Kirstin, the SI team in 2013 and we did a phone call shortly thereafter with some of the leadership and one of the most surprising parts of that phone call which I think is indicative of where the relationship formed from there was the statement that we will be no matter where it takes us, where the consumer wants to be. So that sort of dedication to even if it disrupts our current businesses, we want to be where the consumer is and that was I think pretty idiomatic of where the whole approach has been and given us a bunch of comfort about how to get there.

Amanda Revis: So that concept of potentially disrupting the business in your experience working with other partners, how would Suncorp compare?

Scott Walchek: Yes, it's extraordinary. You - Suncorp - and with context, we have met with probably every major name around the world. We have demand in 18 developed countries for going what we're doing and so we bring a lot of context to this answer and that answer is that you have institutionalised the investigation and embracement, your own disruption. Like you have institutionalised the process of both looking ahead, finding out what is going to potentially be disruptive and then embracing if you would the disruptors. That gives us a bunch of confidence to move forward.

Amanda Revis: Great, thank you. Mark you're working with a major UK bank. What's your experience been like working with us relative to other organisations you're working with?

Mark Estall: Yes, similar to Scott. I mean when you're working with a large corporate, you know, they have lots of people, layers, bureaucracy, traditional thinking, really hard to connect to. But the organisations that we're dealing with, if you're not prepared to embrace the disruption-type technologies then actually we're not prepared to work with you either. What we have experienced within Suncorp is the exact opposite; there was nothing traditional about Suncorp. We understand on a corporate level that you've got your governance and its essential and we have a team that can work together, but the working together piece is quite amazing, actually.

Amanda Revis: Mark, again I'll ask you the next question. I think we've still got a lot to learn, so obviously we've made some good progress. Just thinking about traditional incumbents in the industry, what do you think we need to think about differently?

Mark Estall: I think you have actually made amazing progress on what you're doing but I think the thing about you want(ing) to add value to your customers. A lot of people think that's functionality; it's not functionality, adding value is going to the end requirement of the customer and understanding that. I would say simplicity is the new loyalty and what you should be doing on a day-by-day basis, looking at your product and thinking how you can make it simpler, easier, faster for your client base.

Amanda Revis: Thank you. Scott, from your point of view?

Scott Walchek: I think primarily we look at disruption as being led by technology, and therefore we bring technology thinking to our planning. What we have found and what we recommend to all of our partners is that you bring the entire organisation in, regulatory, legal, customer service, into the process early so that they understand and not at the end of the process, which sometimes can be jarring because the technologists, the strategists, what have you, are moving ahead with a directive. And by bringing the whole organisation in early enough you end up removing some of the friction at the end.

Amanda Revis: That's a very good point. Last question then: where do you see the relationship going in the future with Suncorp?

Scott Walchek: I think first off we have a lot to learn together. I think one of the most important textures of this relationship is the idea that we are going to learn together. But as I stated earlier, the full arc of Trōv is actually even bigger than insurance and we think that there is a lot for us to explore together. I look forward to doing that.

Amanda Revis: Thanks, Scott. Mark?

Mark Estall: Hundred percent agree. I guess the thing is the world is changing so fast nobody really knows what three years is going to bring, and I think we've got to have an eye into the future and we've got to have our roadmaps together and we need to take a process of watching our clients, iterating from our clients, learning, improving, improving in small pieces frequently, and just keep moving forward but with a bit of an eye to the future. We have to do that.

Amanda Revis: Great. Well, thank you again so much for joining us today and sharing your relationship with us. I think you can see that that combination of Suncorp's assets around our people and our culture - and these gentlemen with this entrepreneurial flair - is really helping to create significant value for our customers.

Mark Estall: Thank you, we really appreciate that.

Amanda Revis: Thank you very much. Thank you.

[Applause]

Amanda Revis: Just in conclusion, our strategic partners really want to work with us and they are helping us to develop the way in which we will deliver our customer strategy. So a combination of our strategic partners, a combination of our culture and our engaged and talented people will give you confidence that we will deliver against that customer strategy and deliver significant value for all of our stakeholders.

I would now like to invite onto the stage Steve Johnston, who is going to talk you through the value that will be created for our shareholders. Thank you.

Steve Johnston: Thank you, Amanda, and thank you to Mark and Scott. Amanda started with her quote and what she didn’t tell you is that while culture may eat strategy for breakfast, lunch and dinner, finance is a bit like the cheese platter that you have at the end of the day. It's got lots of different things on it, some of it doesn’t look too good, some of it mightn’t smell too good, but actually after you eat it you think gee, that wasn’t too bad, in fact it was actually quite tasty. So let me see if I can meet that requirement before we go to lunch.

Look, in the process of redesigning the organisation and bringing together our customer functions that Mark and Gary have talked about and to put them in the best position to deliver to the objectives and the aspirations they've talked through today, we have also been working hard to streamline our support functions and a number of the key processes that underpin our business. Amanda detailed that as a result of the organisational restructure we expect to achieve around $80 million in annualised savings but at an upfront pre-tax cost of up to $55 million, and we're in the middle of that process today, and we will book that upfront charge in the current year. It will be treated as a one-off and it will appear below the profit after tax from business lines in the Group P&L.

Turning now to the business case for the customer strategy and the marketplace. Now, at previous investor days you'll be familiar that we've announced many new strategic initiatives and that these have been accompanied by substantial investment and benefit realisation, which has typically occurred over a three-to-five-year period. Now, the strategy we're presenting today adopts a more incremental and iterative approach than the building blocks, the simplification and the optimisation programs before them.

Now, while over time our customer initiatives will make a dramatic difference to the way we engage with our customers, it does not require any one single, major investment and its leverage is very much the investments that we have made over the past decade in our core systems across the three of our businesses. The business case to deliver the strategic priorities of our customer experience and customer platforms includes the following five key areas of investment: building the marketplace; branding of the marketplace; creating marketplace propositions; testing the propositions in lab environments and assessing the marketplace digitally and via concept stores and through contact centres.

Delivery of the key customer projects will follow a minimum viable product approach, which allows for value to be demonstrated at each phase of delivery. Development will also be undertaken on a test-and-learn basis, firstly to ensure we understand the impacts of the changes that we're putting in place have on our customers, and secondly, to give us the opportunity to refine prior to the full implementation of the program. That's a slight variation to the way we've managed large programs across Suncorp over the past five or six years.

We have a large number of these small iterative projects that in aggregate will deliver the customer strategy yet individually only require a small investment. Now, this program of work can comfortably be funded through the Group's existing P&L project envelope which we expect will remain in line with previous years at between $160 million to $180 million per annum.

We believe these initiatives have the ability to deliver greater customer engagement and retention and that will ultimately over time translate to improved revenue and profit growth.

This is also the case with customer platforms in Gary's world where we expect to generate new sources of revenue from third party providers and through our multiple partnerships. However, I'm sure you'd understand we are adopting a prudent approach to the benefit realisation from these programs and hence we will not be quantifying the financial benefits or the revenue benefits at this stage. The technology investment and process improvement we have made over the past five years has significantly reduced the risk associated with our new approach. This should be seen as an incremental but a necessary step towards making Suncorp a more resilient and a differentiated business.

To summarise the impact of the various initiatives we've announced today, leaving aside the one-off items in FY16 that I've talked about, we expect the Group's operating cost base to remain flat in nominal terms in FY17 and FY18 which we think is a very substantial achievement. This takes into account both the ongoing benefits from the operating model restructure and the incremental investment that we're making in critical elements of the customer strategy.

In conclusion, let me reiterate Michael's earlier comment that the focus of the business has been, and it will continue to be, on rectifying the claims issues that we've talked about in the first half and that we have identified. We are making very good progress in this area, as well as challenging discretionary expenditure items right across the business and we've been removing duplication that has existed. Our key medium targets remain unchanged. Maintaining a flat cost base, driving GI margins back to 12%, reducing the Bank's cost-to-income ratio, all alongside moderate growth across the portfolio, will result in us achieving our ambition of sustainable ROEs of 10% and above.

On that note, let me now invite Michael back to the stage and join me with the team to begin the Q&A process.

Mark Ley: Thanks, Steve. We've put aside 45 minutes for Q&A. We'll just set up, we'll just get the executive team back here up on stage. If I could ask that you wait until the microphone arrives, say your name for the purposes of the webcast into the microphone before asking your question. I'll start over this side of the room; I can see who you all are. Maybe we should start over here with Kieren.

Kieren Chidgey: (Deutsche Bank, Analyst) Thanks. Kieren Chidgey, Deutsche Bank. Steve, I might just - a quick question, follow-up, on some of the financials. The optimisation cost program that we heard about through the previous investor days, can you just clarify how this interacts with this $80 million cost reduction you've got going forward?

Steve Johnston: Yes. The $80 million cost is really a process of organisational restructure. If you work your way back to the optimisation benefits that was a readjustment around claims management, around partnering, around procurement, around items that typically weren't requiring of large-scale organisational restructure, so they are different programs. Now, clearly as we work our way through optimisation we are having a look to test the revenue or the benefit stream versus the cost stream there and will provide a further update of that at the full-year result.

Kieren Chidgey: (Deutsche Bank, Analyst) Thanks.

Mark Ley: Daniel.

Daniel Toohey: (Morgan Stanley, Analyst) Thanks. Daniel Toohey, Morgan Stanley. Michael, I get the idea around the modular open architecture financial services platform business; in essence we need to move down that track because it was allowing us to leverage the digital capabilities, the risk of disruption, complement our existing capabilities et cetera. Where would you assess your position as a company relative to others in the Australian market, and is there anyone that you look at globally who you would benchmark yourself as a - or see as somewhere you'd like to get towards.

Michael Cameron: I think as far as a starting place, I mentioned about 10 things why I thought we were in a very strong position to be able to execute. There's a couple of key points in there; the first one is that we already have a diverse business with the Bank, with the Life Insurance and the Insurance business, and I actually feel that we're thinking very differently, for instance, to the large banks. The large banks still think of themselves as banks. They think of mortgage products as loan products; I think of them as a way of managing your liquidity. They also think of savings products - of deposits and superannuation as savings products, where I think of them as a way of managing longevity. So they think very differently to how we think.

And we're very much going down the path of being a retailer of financial services. We don’t have to get more customers to be successful. We've got 9 million customers. We just need a deeper, broader relationship with them, and that’s a great position to be in.

So I think structurally we're very different. We've got a very good head start. All the other stuff that I talked about is critical as well. It's really the model that is important to think about. And there's some good examples in the US, but the very best example I can give is a company called Saga in the UK.

Saga is very similar to the target audience of our APIA product. It's targeted for 50 plus. They do travel, financial services, all sorts of interesting things. An amazing service. It's a club, essentially, and it's probably the most interesting and the most successful of those sorts of models. There's other examples as well, also in financial services, that we could go through, but I think that’s the one that I would really benchmark our success against.

But, again, it's always hard because people try to look within the industry or across other geographies to compare and contrast. To me, the best way to challenge conventional wisdom is to look outside of our sector and think very differently.

So when people say this is what everyone else is doing, or they say to me this is how it's always been done, to me, that just presents a fantastic opportunity because it tells me something about the industry.

Daniel Toohey: (Morgan Stanley, Analyst): And in terms of evaluating how you're going, in terms of executing on this, will you provide details or retention? And also, I guess, there was that chart where you showed that only 60% of customers have some sort of transactional relationship, to be able to track the progress and things that we're getting.

Michael Cameron: Yes. The ultimate measure is going to be ROE of the business. And if we achieve that, obviously, people are going to be extremely happy, but it will be as a result of delivering all of the other things.

Behind that though is the concept of connected customers. And our goal would be to continue to increase the number of connected customers. We know that that drives a stronger ROE, and we'll be able to trace that back and we'll be able to show progress against that.

And I'd like to think that we will be both measured on some of those metrics, but also rewarded under some of those metrics. But to incorporate some of those things into performance measures and rewards is something we need to do a bit more work on, but that's our general feel about where we will end up.

Daniel Toohey: (Morgan Stanley, Analyst): Thank you.

Mark Ley: We'll go to Sid in the middle here.

Siddharth Parameswaran: (J.P. Morgan, Analyst) Hi there. Siddharth Parameswaran from J.P. Morgan. A couple of follow-on questions from Daniel's. You seem to have dropped any mention of market share. If you look back over the last couple of years - just Suncorp - you have, arguably, been growing [sub] market in general insurance, life insurance and the bank.

That isn't a focus in your targets, going forward, so can you just give us some idea if - what you plan to do with market share? A lot of what you're talking about is engaging customers and should - you would think it would lead to more customers, but your thoughts.

Michael Cameron: Sure. I mentioned some of the challenges, increased levels of competition. That's been emerging for a long time. Some of the challenges they talk about as being new entrants, they're a long way past being new entrants. They certainly seem to be growing in market share. So what we've seen for the large incumbents is a slow decline in market share, which is the point that you're making.

I'm pleased to say that in recent months we certainly have seen the stabilisation in market shares across the general insurance business, and also in the bank we've seen good growth. So we're making some in-roads, but the underlying principle is in the industry it's all about price competition. And there's a great way to increase your market share, as you know, which is to reduce your price.

Now, that's not a great ending. It's not sustainable business. So we could achieve growth in market share at the moment by going through that process, but our goal in creating non-price value and increasing the number of connected customers will see us not forfeit the price or the margin, but also, at the same time, stabilise on all - our expectation is to grow market share on that basis.

So it's really a very different strategy to what the rest of the industry seems to be taking, which is to get that balance between market share and price to the right point, which is - I think it's a slippery slope. It really is.

So the strategy, whilst I find it extremely exciting, and it removes all of the natural boundaries we have, I don't think it's optional because to continue to compete just on price will get us to one point: either lower margins or lower market share, and we don't want that.

Siddharth Parameswaran: (J.P. Morgan, Analyst) If I could just ask a second question, just around your guidance on margins previously? I think you've said that underlying margins were around 10.1% at the half. You've shown some charts here which suggest that home active volumes on working claims have actually been rising since December. How should we take that in relation to your underlying margins? Are things actually looking better or worse?

Michael Cameron: Yes, well, we made a couple of comments. The first thing is I should make as a statement that we believe the 12% is the right number as an underlying ITR and we continue to target that. We're working through the issue of the cost of working claims at the moment. We've seen good progress. We're expecting - well, we've seen a reduction in the second half in the cost which will drive a stronger underlying ITR.

Look, we've still got work to do. So we're working through that and we expect that - the goal is to get back to 12% as soon as possible, and it's my number one priority to get to that point.

Siddharth Parameswaran: (J.P. Morgan, Analyst) Thanks.

Mark Ley: If we stay over that side and go James and then Toby.

James Coghill: (UBS, Analyst) Michael, just following on from Sid's first question, one of the distinct impressions is that your predecessor was focussed on both growth and margins and, obviously, growth seems to have disappeared from most of the rhetoric and the commentary in the strategy.

I just hope - I was hoping you could flesh that out in a bit more detail at two levels. So there were always businesses that your predecessor used to refer to where you thought Suncorp did have the ability to grow ahead of market. So perhaps you can just highlight which ones you think those are.

And a second question to that: you did refer to annuities and health insurance on one of the slides, so perhaps you can just flesh out your intentions there because I don't think you'd have moved the dial on growth by - through an organic strategy on that front for either of those businesses.

Michael Cameron: Sure. The issue of growth - if we haven't used the word growth enough times today it's not because we're not targeting growth or we're not confident of achieving growth.

I just find that - I could make big bold promises today. I could talk about growth, but I think that's not what you want to hear about. You want to actually hear what's going to drive the growth, and that's where the focus has been today, to get to the intellectual argument about why we'll be different and why we'll be able to deliver those things in the future.

Now, we could talk about a whole bunch of things, like make a big bunch of commitments. I'm not sure that's going to make anyone feel better. But I think - well, I know that the conversation today is about filling in the gaps, about the understanding, explaining what's different to - between a marketplace and cross-selling et cetera, but we have absolute ambitions to deliver strong growth, and there is no way we can deliver an underlying ITR of 12 or a return on equity in excess of 10% without solid growth.

Now, look, you mentioned a couple of alternative type products or services. That’s really the tip of the iceberg because what we see happening - again, if you think about the business as it was a few years ago, there were natural constraints. There were obviously geographic constraints that we put on ourselves. We said Australia and New Zealand.

We also focussed on a broad range of products and services. But what we've done now is we've opened up and we've removed this whole question about will you manufacture, will you bring in third party products? Whatever the customer wants, that’s going to connect together to help them through those journeys we want to actually provide.

Now, some of those things, like annuities - I can't see at the moment that we would be keen to manufacture those and take the risk on board. I'm not sure that we want to put our brands associated with that product - not that there's anything wrong with it, but there's a massive demand out there by customers for annuity products.

So to package it up with a whole bunch of other things, why wouldn’t we put somebody else's annuity products on the platform and allow them to connect in that way? So, for us, there's a couple of things. It all starts with the customer. Do the customers want it? The answer is yes or no. If they do want it, are we able to manufacture a product or a service that’s going to be a leader? Is it going to be profitable? Is it going to return the right sort of ROE? Is it going to be the best available product in the market that we can give to our customer?

If the answer's no to all of those things, we may as well just get somebody else's product and clip the ticket on the way through. So I see the range of products and services - health, annuities, all sorts of things like that that are in demand - are coming on to our platform. Some of them will be branded one of the Suncorp brands. Others may not be, but there’ll be a whole suite of products and services - and you saw some interesting screens upstairs a minute ago in the connected customer discussion - that will be a great experience for the customer.

So, hopefully, that’s not too much of a general answer for you, but I'd like to open up people's thinking to say this is what's possible and remove the natural constraints that you may have on the business. I think the discussions in the past have very much been would you buy this - a business that could do these things for you? And really, going forward, that would be a different sort of discussion about what's best from an outcome perspective for the customer. So thanks, James.

Mark Ley: If you just pass the mic back to Toby in the back row over there.

Toby Langley: (Bank of America Merrill Lynch, Analyst) Michael, your comparison of yourselves with Saga I think's very interesting. And one of the things that’s not really been discussed today with regards to your shift towards the customer and having a far more service orientated proposition. To me that talks to a more capital light strategy.

Saga recently signed a jumbo sized quota share. You haven't really talked about using your balance sheet too much today, but it would - you're taking similar steps yourself, perhaps, would be an easy win towards the ROE trajectory. So I'm just thinking about how should we think about the shift change in your business around capital consumption and putting the balance sheet to work.

Michael Cameron: There's two fundamental questions to answer: what's the best outcome for the customer? And the second one, in providing the best outcome for the customer, how do you actually do it in a way to deliver the best return on equity in the business?

Obviously, there'll be parts of the business that are more capital intensive than others and - from a free cash flow perspective - parts of the business that will generate more cash than others. So if we are standing here - or sitting here today and making a commitment that we will deliver a strong yield, a good flow of dividends, a high return on equity, et cetera, et cetera, it leads you to a natural decision process about how you allocate your capital and what businesses you may choose to manufacture, as opposed to not manufacture.

So it's really - to me, it's very simple. What's best for the customer, and then what's going to deliver the best return to shareholders in providing those products and services in the most efficient way to the customers and everything will come back to that simple decision-making process. To me it becomes much clearer than it may in a traditional business.

Toby Langley: (Bank of America Merrill Lynch, Analyst): So just to clarify then, the balance sheet structure is fluid, shall we say, in terms of fulfilling your objectives?

Michael Cameron: Well fluid's - it's a relative word, but if you're going to use shareholders' capital to get a return, you do have an opportunity - it's no different to any other organisation in any other business and you - there's a particular risk appetite, there's a particular expectation and there's a particular commitment that you've made to the market about what you would deliver and that's how you use the balance sheet. I don't have any expectations that we're going to turn the Group's balance sheet upside down.

We are still a highly regulated group of companies which is a good thing. We still operate within a particular environment and the new world that we've been talking about today will be a process of transition and we will over time see the traditional customers move into a much more exciting and rewarding place and that takes time, but for the time being there's still a massive [run] of very happy and profitable customers that we have so I wouldn't be expecting to see dramatic changes in the structure of the balance sheet and will it be fluid? I think our thinking will be fluid but I wouldn't expect dramatic change to the organisation from that perspective.

Toby Langley: (Bank of America Merrill Lynch, Analyst): Thank you.

Mark Ley: We'll stay down the back there. Brett, in the back row.

Brett Le Mesurier: (APP, Analyst) Thanks. Brett Le Mesurier, APP. On slide 6 you said the business was in good shape and then you referred to the strong capital position with a few negatives emerging - the lower investment yields, increasing Life capital, the upfront costs. Then you've got capitalised software costs. We're heard about a $55 million charge to the P&L, but it sounds like there's additional capitalisation of software that's going on, on top of that $55 million and then the last comment is - seems out of place. It refers to margin.

Why have we got a comment on the General Insurance margin down there and what are you trying to tell us by putting it there?

Michael Cameron: Sure. Well the capitalised software is a continuation of the capitalisation of the Ignite program, which we have continued to communicate to the market. So that's the completion of that program and of course at the moment with the insurance margin, it does require an increase in the level of capital to support that business which impacts the surplus capital. So Steve, do you want to add something?

Steve Johnston: Look I think the theme is similar to what we reported as we came through the half year result. As we work our way through these issues on the claims side in General Insurance, clearly they've been very visible from a P&L view, but they also do have a balance sheet imperative because as we come through, we're adjusting [force] loss ratios and as you adjust force loss ratios prospectively you will make adjustments to your premium liabilities and your excess tech provisions which will play through your balance sheet and your capital levels.

Now that's one of the factors we've talked to. We obviously have some unwind of the hazard element of that, that typically hits us quite hard in December but some of that will unwind through June, but as we work our way through the valuations in the full year, the force loss ratio element will be an important consideration in terms of offsetting the balance sheet at the full year...

(Audio drops out)

Steve Johnston: Point reductions in yield...

(Audio drops out)

Steve Johnston:...curve, about 40 basis points for three years, over 50 at the 10 year. Both of those play through the balance sheet in terms of the longer dated yields for the life business and we do have some of the costs associated with South Australia CTP entry.

So look, the balance sheet will remain very strong. There will be some tail winds and some headwinds and as always, we will drive the P&L and the balance sheet hard through to year end and then work through our ordinary dividend based pretty much on our 60% to 80% payout ratio, typically trying to get that to the top end of the ratio at the full year and then we'll consider our excess capital position from there.

Brett Le Mesurier: (APP, Analyst) So we may be in the position where not all the profits are returned to shareholders as a dividend this year.

Steve Johnston: Well we would always be targeting or continue to believe that 60% to 80% payout ratio is the right way to look at the business and typically we run at midpoint of that at the half year and we try and calibrate it up to 80% at the full year. That's the typical approach we'll make. That'll be the ordinary dividend set and then we'll look at the excess capital position at that point and if there's capacity to do anything additionally we will do it but again we've always said that we will not run a skinny capital position at any point in time.

Mark Ley: There's another question down the far end over there.

Jan van der Schalk: (CLSA, Analyst) Hi, Jan van der Schalk, CLSA. I'm talking to you as a lapsed policy holder. Earlier this year I was punched a 22% increase on my homeowner's insurance and when I called up about that, interestingly the outcome was that the increase was decreased to only 4% and at that point I decided I really didn't want to be treated that way.

So my question is this. You're building all this fantastic front end technology. You're building amazing ways to deal with the company, but if your back end stays, if you like, mired in the old ways of doing things, are you just not sort of creating a window-dressing exercise? I mean what changes have to happen if you like at the pricing end that at least in my experience aren't occurring right now?

Michael Cameron: Yes, I might - Anthony, do you want to make some comments?

Anthony Day: Thanks Jan, I'm sorry you're not a client of ours anymore. We're adjusting our pricing all the time and I think that having just come in to take a fresh look on how we bring the pricing tools that we're investing in, we'll be able to adjust those appropriately. As you know, it's also about reselection so I'm not sure what that says about you, Jan. But certainly we're doing a lot at the back end of our business to ensure that we have a consistency in our pricing, that we're adjusting it appropriately at the right times.

And I don't know your individual circumstance so I can't comment on why yours would have adjusted that way, but the experience at the back end is just as important right now for our customers. The work that we're doing through Gary's area as well as the claims area is about improving that experience.

Jan van der Schalk: (CLSA, Analyst) Sorry, I did downgrade [the stock] a while back, so maybe it was retribution in some way or another.

Gary Dransfield: If only the pricing engine was that intelligent, Jan. I would just add to what Anthony said. As we roll forward the pricing capability, we do want to take much more of a customer view in pricing. So the pricing capability has been very policy - by policy driven historically through GIPE, but as we roll through a customer pricing engine, we want to use that to be able to take firstly across the insurance lines, the general insurance lines, but then across all the lines, a more customer broad view of pricing elasticity and risk obviously at a policy level, but overlaid with a customer view.

Jan van der Schalk: (CLSA, Analyst) I guess so really trying to point out the size of the increase, is there a danger that if you take a customer by customer view, that you get away from that stability piece? I mean had you put my price up by 4% in the first place, I would have just renewed.

Gary Dransfield: Yes I mean typically within the pricing algorithms that exist today, Jan, there is a capping and cupping capability and that would usually play out to limit the size of an increase. Clearly in your case it hasn't and at times there are some transactions that can override that capping and cupping because we are very mindful of the impact of elasticity on retention decisions, either too low an increase because consumers do expect some movement over time or as in your case too high an increase.

Michael Cameron: I'd just like to make a comment too, Jan, about the comment about the old world new world suggestion because the last thing I want people to do is to come away with the impression that we're now focused 100% on all this exciting new stuff about the future and we're going to forget about the part of the business that's making all of the money at the moment for shareholders. It's not about stopping the old world and starting the new world one day in the future. It'll be a transition and I think the working claims issue is an absolute wake-up call for the organisation from the Board down where we realised that we have to be absolutely focused on every part, every moving part of the business and there are risks associated with changing directions and strategies that you create unintended consequences in the business and in trying to achieve transformation benefits in the claims area, we actually created an unexpected consequence which we're now fixing up.

So as we focus on moving the stores and the new connected customer and the whole process, we are absolutely rigorously going across the rest of the business to make sure that complaints continue to come down, that pricing decisions are made correctly, service levels continue to improve, et cetera, et cetera, et cetera. So it's absolutely critical to deliver that and we have no plans to take our eye off the ball in any part of the business.

Jan van der Schalk: (CLSA, Analyst) Thank you that was very helpful and I've got one other question. I think it's probably the first recorded question to Amanda ever. Really fascinated to see what you - to hear what you had to say about culture. Can you give us some kind of sense of how we go about valuing that? I mean what's that worth to the organisation, not just if you like in a nice to have way but in terms of what it adds in terms of value of the organisation?

Amanda Revis: I mean I would say that my best reference point for valuing the impact is to look at the published information from for example Macquarie Equities. So they look at a whole range, basket of different aspects of culture and they've looked at the high performing organisations in terms of value generation versus those factors and they've shown a strong correlation between the two in terms of - I can't remember the multiple of times performance, but there is a clear link. The challenge with that is that you're just limited by the different measures that are being used.

For us internally within Suncorp, we've been using the employee engagement and enablement survey which is the Hay survey and over the last five years, we've improved - if you look at those two factors, you then measure the outcome is effectiveness of employees and that's then translated to those who will leave the organisation and take value with them versus those who stay. So we, by valuing those who are effective versus not effective, you could assume that those people who are effective are performing and delivering some value versus nothing and we believe over the last five years the improvement in engagement and enablement will have delivered around $100 million in terms of more efficient working within the organisation.

So when you think about that over the last five or six years, there's still more to go, that there has to be more opportunities if you get the majority of your organisation working effectively.

Mark Ley: Thanks Jan. Any - there's one question over here.

Leanne Leong: (Mason Stevens, Analyst) Leanne Leong from Mason Stevens. Michael, you kind of - I mean it's great, the fact that you've gone through this transformation and put in renovations I guess into financial services, but how do you in this case convert the mindset of your nine million customers and what timeframe are you putting to this?

Michael Cameron: Sure. I'll give you an example. I was down in Victoria at one of our call centres and I was talking to a young lady - and this is a couple of months ago - who works for AAMI. I said, how is business, tell me about your job and what you're doing. She said, I really enjoy working here, excited about the future. She said, but quite often very disappointing things happen. I said, well explain, like what? She said, I lost a customer the other day who rang up and said, look I'm an AAMI customer, I'm actually not happy with one of the features of my policy and I'd like to get that feature put on. She had to say, look we can't do that, it's an AAMI product and we can't do that. So this customer said, well I can get it from one of your competitors. She said, look I just can't help you. So the customers said, look thank you, and gone, lost maybe forever.

She said the said thing is we have a Suncorp Insurance product policy that has that feature and it's the exact same price and I wasn't able to talk to her, the customer, about that product. It just amplified to me the opportunity that we have in front of us. I don't know how many examples there are that are like that but it's such a simple thing. Now that doesn't need wonderful innovation, it doesn't need creativity, it doesn't need massive investment to deliver a different experience. So in opening up to our customers and providing a very different offer, it will give us an amazing advantage.

I also spoke to a customer the other day who was unhappy, and we have the odd unhappy customer obviously. She said, look I'm not happy and I've decided I've moved all my business from Suncorp to AAMI just to show you. I thought, how am I going to tell this lady that's Suncorp. But she had absolutely no idea that that was part of the Group. So we've got all these customers who actually want things, they've got needs that have to be met. We've got all of these products and services to provide to them and it only needs an improvement of about this much to generate a benefit.

So the second part of your question was when and how. This process will never finish, we'll never get to the end. I overdo it with the Apple examples but we will continue to release new versions, new updates, new processes, new apps, new stores along this journey, as we create value for our customers and ultimately for our shareholders. So it's not about launching something on a particular date, it's not about achieving something by a particular date. We've already started. We've bitten the bullet, as far as the structure, the operating model, we've done that, which has been tough. Everything we do now will be in line with what we've talked about today.

Our expectation is we will deliver and, when we deliver what we've said today, we'll be delivering more. But you probably know me well enough to know that I'm also not going to sit here and make big, bold promises. I'd rather be measured on what we deliver, rather than what I say we're going to deliver. So we'll continue to do a bit of under-promising about what we'll do and we'll continue to do a bit of over-delivery when we actually achieve what we achieve. But that's the strategy. So thanks Leanne.

Leanne Leong: (Mason Stevens, Analyst) Thank you.

Mark Ley: If you just pass the mic forward to Daniel.

Daniel Toohey: (Morgan Stanley, Analyst) Thanks. Just a follow up question really for Steve. The pre-tax $55 million charge, how do we think of that, in terms of flow through to the dividend?

Steve Johnston: Well clearly it will hit our cash earnings, clearly. So, again, we will - as I said in response to Brett's question - work the P&L as hard as we can through to the full year and look to payout 60% to 80% of our earnings in terms of ordinary dividend.

Daniel Toohey: (Morgan Stanley, Analyst) Okay.

Mark Ley: Back to Toby.

Toby Langley: (Merrill Lynch, Analyst) Hi, it's Toby Langley again from Merrill Lynch. I haven't heard John speak today. I wonder if - there's a little bit of an update there on how the Bank's trading in the final quarter and it sounds like you're talking about growth. So could you maybe give us a flavour for how things are travelling and also your thinking around not participating in that RBA rate cut?

John Nesbitt: Look a couple of things there. On the growth side, on the retail lending side, we target around 1 to 1.3 times system, we were tracking behind that at the half and the three quarter mark. But I'm expecting to be maybe just below 1 times system for the full year. That depends on where system lands and how the new business flows through that's coming through at the moment. But 1 to 1.3 times system is where we target. On the business banking side, I said that we would turn that business around and start to see growth. We're seeing moderate growth coming through the business banking side, which you saw in the Q3 update on the APS330, and that will continue through June. So we'll see a second half growth in the business banking book. Good quality, cautious growth in what's a very interesting market at the moment.

Toby Langley: (Merrill Lynch, Analyst) Just on the RBA thing, is that a sign your margins are under pressure?

John Nesbitt: Look, there was a report in *The Australian* this morning which was wrong. Our team spoke to *The Australian* and said that what they were going to report was wrong and they chose to print. Our rates have been adjusted exactly as we indicated to the market going back three weeks ago when the RBA announced their 25 point drop. We've reduced our retail lending by 20 points across the owner-occupier market and the other adjustments that we've made. But what was reported in the paper this morning was wrong.

Toby Langley: (Merrill Lynch, Analyst) Thank you, that's helpful.

Mark Ley: We'll go back to Sid.

Siddharth Parameswaran: (J.P. Morgan, Analyst) Michael, just a question about the comment you made about unintended consequences from some of the previous changes that had occurred in the organisation.

Michael Cameron: Yes.

Siddharth Parameswaran: (J.P. Morgan, Analyst) Could you just flesh that out a little bit more. Also just in the context that you're still trying to drive more costs out of the business, arguably have any of the problems on the claims side come from seeking very strong expense savings and is there any risk that seeking more might actually just lead to more issues in the claims side?

Michael Cameron: Yes, the best example I can give is - well if I concentrate on working claims, we were endeavouring to reduce the number of people involved and to accelerate the process for the customer to make it quicker. As a result of that, what we saw is a situation where some of the controls around cash payments particularly were eased up with great intentions, with the intention of making it a lot quicker.

At the half year results I gave some examples where a decision was made to make an assessment of a particular loss and then make an instant payment to the customer. Now that does two things. Very good outcome for the customer, very quick, it takes minutes, no involvement for staff, so you need less people and everyone ends up happy.

Except what happens, human nature says well it's very easy for us to drift into a situation where the payments being made are actually unrealistically high. So what we've found is we're actually much better to spend more time to get more quotes, to come up with a situation where we pay - if we do make a cash payment, which is entirely appropriate - that's more realistic to the actual loss.

So in what was a well-intentioned decision to have a more streamlined process and having removed some of the controls, we under-estimated the consequences in inflating the costs. Also from a building panel perspective, to increase delegations, to give more authority to panel builders, you end up in a situation where you probably leave the process open for a worse outcome from a cost perspective.

So what we've now got is a better balance and we're seeing, as we clear the backlog, a much better outcome. So the lesson from that is to make sure you learn from those lessons and we have - our goal is to maintain the current levels of service at the front line et cetera. Where we have been removing cost is where, as a result of the changes to the operating model, there's been duplication. So by bringing two or three teams together, we find we've got two or three people doing the same role. So we very carefully document the changes, make sure that the work's handed over. Once the work is actually removed, then we look at redeploying the individuals. So we've been very, very cautious and the last thing we want to do is to see a repeat of the working claims issue.

Siddharth Parameswaran: (J.P. Morgan, Analyst) I mean, given that you said that a lot of those issues came from streamlining the process, is there no need to increase, spend more, on staff for claims management?

Michael Cameron: In the claims area we've ramped up the claims significantly, the resources, because we've got a huge backlog. I can't remember the page number but the graph, you'll see the outstanding claims, the highest - they sort of peaked around the February/March period and we expect that by the end of this month they'll be back down at almost half that level.

As a result of fixing up that huge backlog of claims, we'll be able to see the level of people in those areas subside. It's really a matter now of working out longer term what we need to firstly maintain the right level of service, but secondly to maintain the right level of average cost. So our priority is to fix the problem and then we'll do some work on what we need going forwards.

Siddharth Parameswaran: (J.P. Morgan, Analyst) Thanks.

Mark Ley: We've got time for a couple more questions. Eliza. Sorry Eliza, Kieren over here.

Kieren Chidgey: (Deutsche Bank, Analyst) Thanks, just two additional questions. One, in terms of potential areas of fallout from changing the strategy, one thing you did talk about is simplifying the brand portfolio over time. Can you talk about how advanced you are in your thinking around that? Particularly as you roll out this new technology and build greater customer engagement, how you actually then step away from some of those brands.

Michael Cameron: Yes, I'll get Mark to make some comments. But if I can say, the brands are very, very valuable assets. So we need to be careful with what we do. We have 14 well-known brands and what we want to do is to emphasise some more than others, and de-emphasise others. There's the potential to do some refinement. But the big brands that we have, the goal is to differentiate. So as I made a comment the other day that everyone knows what APIA stands for, everyone knows what Shannons stands for. But the differences between the GIO, AAMI, Suncorp are less obvious and we'd like to spend some time and some effort in differentiating those, and the way that we use the umbrella brand, being Suncorp, as well. But, Mark, maybe I've answered all of the questions, but I'm sure you've got…

Mark Reinke: Yes, I'll just add one or two pieces to it, Kieren, I think. Multiple brands make sense for this strategy but brands need to be built beyond advertising, they need to be built as true experiences and we're pretty serious about that. So we think the portfolio is probably, not so much too large but too complex for us to be able to execute at the level that we want over time.

So I expect by Christmas we'll take one or two brands out. Now they'll probably be some of our smaller brands. We're going to be very careful about how we do that. There's a couple of ways that we are considering doing that. One is migrating those brands clearly to another brand in the portfolio. Because, to Michael's point, we're very careful to manage the value in even the smaller brands. The other way that we have at our disposal to do that, Kieren, is to migrate them over time to become a product brand within another brand. So we've got a couple of ways of doing that. But to Michael's point, the number one thing that we'll be doing is pulling different levers to differentiate these brands, other than price and simple product features. So all of the stuff that you've seen today gives us different ways to differentiate those brands, particularly big brands like AAMI, GIO, Suncorp.

Kieren Chidgey: (Deutsche Bank, Analyst) Thanks and, Mark, I'm not if it was in your presentation or Michael's but I think one of you mentioned the potential to put Suncorp's products on other player's platforms.

Mark Reinke: Mm.

Kieren Chidgey: (Deutsche Bank, Analyst) Can you just talk about what you're thinking about in that regard?

Mark Reinke: Absolutely Kieren. I think you've heard a lot of our thinking today about the type of platforms we want to build. But our vision going forwards is that this is an eco-system. There'll be other platforms out there and, if our solutions make sense on those platforms and those platforms can reach customers that perhaps we can't, then it makes sense for us to take our solutions and put them on those platforms.

To a degree, Kieren, that's what Trōv is. Trōv is a Trōv branded platform where you've got Suncorp expertise, Suncorp underwriting sitting on that platform. So we think that makes sense. It makes sense for us to have the ability, where other parties see great value in our solutions, for them to be able to take that and do that fairly seamlessly. That just means there are multiple different ways for us to open up new revenue streams.

Kieren Chidgey: (Deutsche Bank, Analyst) Okay, you're not talking about a situation where you're putting your product on a platform that's also got competitor products. So sort of…

Mark Reinke: No, I think definitively, Kieren, what we're not saying is we're going to take our solutions and put them on aggregator platforms. Not interested in that, that's a completely different vision to the one that we've got. I would think more Trōv. How do we take expertise that we've got and combine that with expertise that third parties have got. Where it makes sense for both parties, let's do that. Rather than a traditional compare and save, we're not doing that.

Kieren Chidgey: (Deutsche Bank, Analyst) Thanks.

Mark Ley: Looks like we might wrap it up there. I will hand back to Michael to make some final comments.

Michael Cameron: Great, okay thank you everyone. In wrapping up, a couple of the key points. If the only thing that a company can provide is a better price, then hopefully we've demonstrated today that that's not really a sustainable model. What we're going to do is to aim at delivering non-price value to our customers. The other message I wanted to leave you with is that cross-selling products to customers just doesn't work and we're going to focus on meeting the needs of our customers or help them meet their needs. We're uniquely positioned to be able to establish a financial services marketplace and give access to our customers, to all of our products, all of our services, all of our brands through all of our channels, and to help them navigate that process.

So thank you for joining us today. Our purpose is to create a better today for all of our stakeholders. Our strategy is to be one Suncorp for our customers. Our priorities are around resilience and that means maintaining momentum and stability of the company, elevating the customer and recalibrating our costs. We'll increase our connected customers, improve our retention, in order to deliver an ROE of greater than 10%. So hopefully you get the sense today that our marketplace strategy actually removes the logical constraints that have been on the business for a long, long time. Now there's new ways to grow our business going forward. I'm confident that our customer outcomes based operating model will help you and others to create a better today. So thank you very much.

[Applause]

Mark Ley: That concludes the proceedings, thank you to everyone who's been watching on the webcast. Thank you everyone who is not joining us for lunch, we hope it has been a useful, informative and interesting morning for you. Call the IR team if you have any follow up questions. We look forward to seeing you on 4 August, where we again have accelerated our reporting season and will be one of the first companies to report our full year result.

For those of you who are joining us for lunch, it will be back upstairs where we will have dismantled - where we had the morning tea area. We have got the executive team moving between tables, between the courses, so they look forward to really getting around and having a chat to all of you. Thank you very much.