



# Realizing efficiencies

**Blake Bostwick**  
Chief Operations Officer

New York City – December 8, 2016

*Helping people achieve a lifetime of financial security*



# Today's storyline

## Doubling expense savings

- Achieved run rate savings of USD 75 million by Q3 2016
- Delivering original 2018 expense target of USD 150 million in 2017
- Strong delivery on expense savings target; doubling 2018 target to USD 300 million
- Transformation to One Operations team is delivering ~50% of future savings

## Streamlining operations

- First phase of location strategy implemented – impacting 3 locations
- Completed transfer of legacy recordkeeping systems to a single platform
- Significant outsourcing capabilities already in place as foundation for future
- Utilizing new technologies to drive further efficiencies and improved experiences

## Launch Advice Center and Digital Platform

- Innovative use of digital solutions provide new integrated worksite platform
- Provides employer, employee and adviser with engaging, self-service capability
- Broader advice capabilities enables closer customer relationships and increased revenue
- Ready for Department of Labor changes in line with April 2017 deadline

# Clear 5 part plan to improve performance

## Focusing activity to deliver committed targets and become future fit



### Doubling expense savings target to USD 300 million by 2018

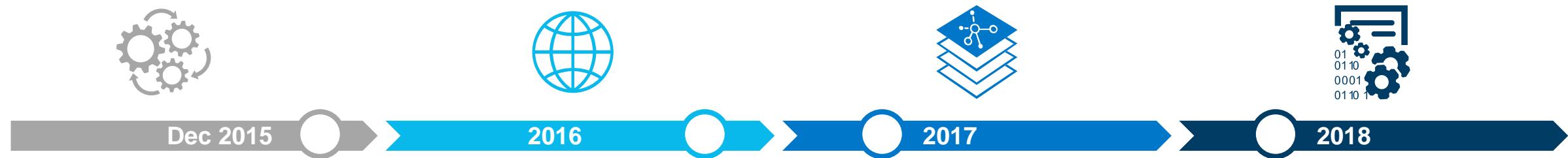
#### 2016 Achievements

- Run rate savings of USD 75 million achieved by Q3 16
- Net reduction of >500 additional roles
  - ~800 roles removed or relocated
  - ~300 first phase of roles created to capture skills in advice & digital
- Location strategy implemented
  - Closing 3 Operations locations in the US



# Transforming Operations

**Operations delivers ~50% of Transamerica's expense savings**



- Organized by major lines of business
- ~6000 employees over 17 locations
- One Transamerica
- Alignment of work by key priorities to simplify and gain efficiencies
- Further digitization of processes using new technologies
- Implementing the Worksite Platform and full launch of Advice Center
- Additional digital capabilities on Platform
- Gaining additional efficiencies through process improvements, robotics and sourcing

# Delivering One Transamerica to customers

## Creating a single Operations team drives efficiency and experience

### Priorities

-  Driving customer value through an improved experience
-  Optimizing our mobile and digital experience
-  Leveraging scale and simplifying business processes
-  Engaging and developing our team

### Seeking to combine commonality to drive efficiency

#### Specialist activities

#### Life, Health & Annuity

Underwriting, new business, licensing & claims

#### Unified activities

#### Worksite & Institutional\*

Client management, fund operations, installations, recordkeeping administration, and plan compliance

One Customer Care serving needs across all products

One Advice Center for new & existing customers

One administration team supporting enterprise services

# Location strategy – phase 1

**Execution of location strategy is on track, announced closing of 3 offices**



## Closing impact:

- Closing 3 offices and consolidating locations in Cedar Rapids and Baltimore
- Reduction of >500 roles

## Consolidation impact:

- Efficiencies from fewer leases, lower maintenance and travel
- Improved collaboration and culture across locations

# Delivering operational excellence

## Management action drives successful implementation

### Process improvements

- Completed the transition of legacy retirement recordkeeping into a single system, improving experience for customers and reducing costs
- Implementing streamlined Life application processes to reduce handling costs by ~40% and improve the cycle time by 80%

### Sourcing and third party relationships

- Allows us to focus on core competencies
- Benefit from economies of scale and specialist skills
- Long track record of using vendor partners for back office functions
- Outsourced roles represent ~10% of existing workforce

### Implementing new technologies in H1 2017

- Implementing artificial intelligence and robotics to enhance workforce capabilities
- Digitizing transactions to gain efficiencies and improve the overall customer, employer and adviser experience

# Digitizing transactions

## Improving the customer experience and gaining operational efficiencies



### Self service

Putting more control in the hands of the customer



### Digitization of transactions

Enabling straight-through processing to gain operational efficiencies



### Digitization of paper

Delivering customer documents electronically

#### Areas of opportunity

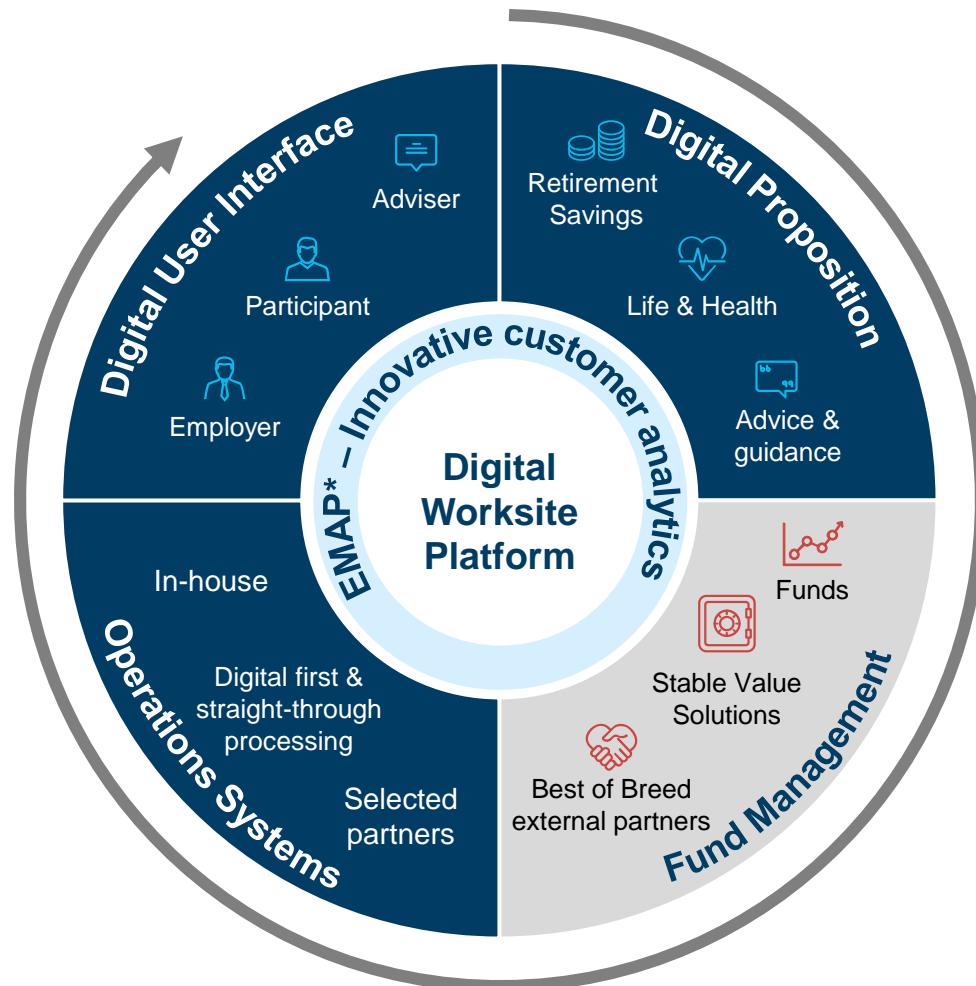
- Initial focus on worksite activities:
  - Retirement Plans
  - Transamerica Employee Benefits
- Further opportunities:
  - Life & Health
  - Annuities

#### Driving efficiencies

- Increase adoption rates
- Broaden areas digitized
- Drive more customers to our digital platform

# Digital experience for customers

## Significant experience improvement but also a step change in efficiency



### Digital User Interface

- Omni-channel, mobile-first experience for employer, participant and advisers
- Self-service to a multi-product proposition
- Backed up by digitally enabled Customer Care

### Customer Analytics

- Capturing valuable insight to inform a holistic view of Customer Journey and Experience touch points
- Enables opportunity to increase share of wallet

### Operations Systems

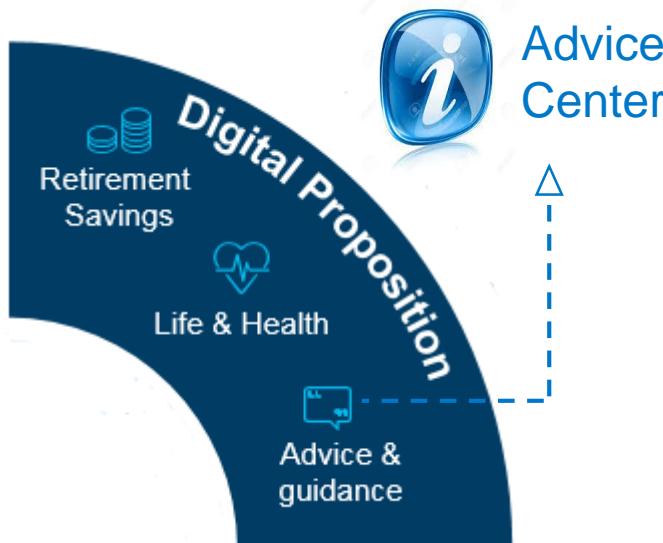
- Digital first – drives significant efficiency
- New skills required in continuous customer experience improvement & outsourcing management

\* Enterprise Marketing & Analytics Platform – incorporating internal and external data sources to drive insight on customer value & journeys

# Creating a holistic Advice Center

## Getting closer to the customer and expanding the relationship

### Digital Platform drives customers to Advice Center



### Adding customer value

-  One customer touch-point
-  Holistic needs assessment
-  More advice options

### Creating a holistic offering to improve experience

- **Broader offering** – advice within the plan, advice with IRAs, annuities, and life & protection
- **Leveraging Venture Fund** – investment with Next Capital for aggregation and investment platform
- **DOL compliant** – acting in the customer's best interest facilitates deeper planning
- **Increases revenue** – consolidation of outside assets and delivering on broader needs

# DOL readiness

## Transamerica ready for the changes

### New advice & service models

- Investing in infrastructure to support the Best Interest Advice Model (Advice Center/TFN\*)
- Installing controls for back office functions
- Operating under the BIC\*\* and a fee for service model for more customer choices

### Updating training & compliance procedures

- Implementing required rule and fiduciary training
- Creating new procedures to ensure compliance where we are not becoming a fiduciary
- Installing new systems for oversight and review

### Completing system & operational changes

- System changes to comply with disclosure requirements under the DOL (DTCC\*\*\*)
- Changing compensation on various product lines to comply with reasonable and differential compensation requirements

\* TFN – Transamerica Financial Network covering World Financial Group and Career Agents    \*\*BIC – Best Interest Contract Exemption

\*\*\* DTCC – Depository Trust and Clearing Corporation

# Strong foundation to deliver Realizing efficiencies

Doubling  
expense savings  
with credible plan



Streamlining  
operations



Launch Advice  
Center and  
Digital Platform

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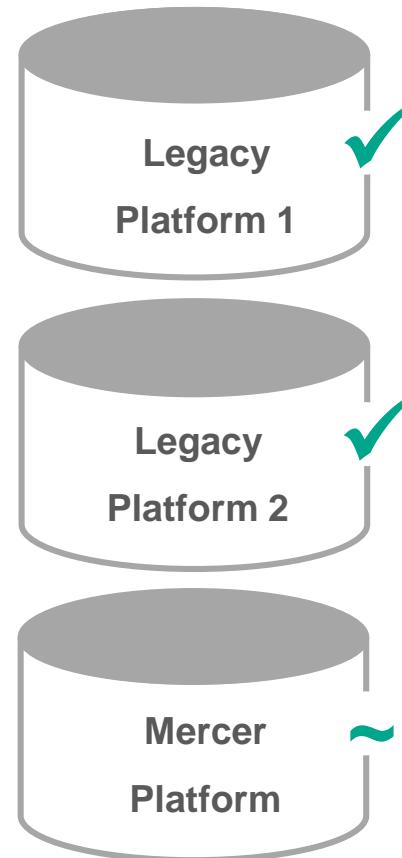
## Delivering operational excellence

# Appendix

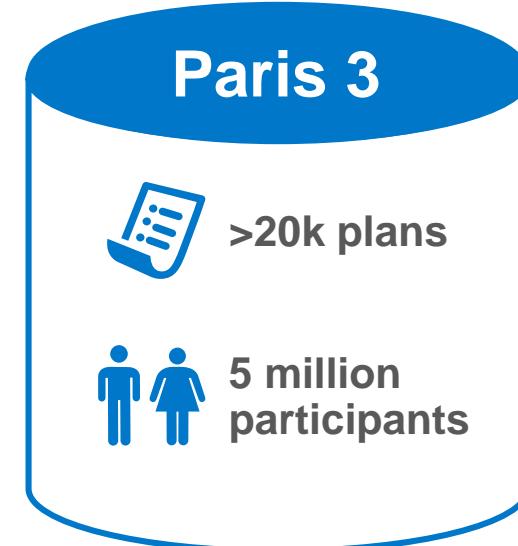
# Recordkeeping platforms consolidated

Mercer platform fully migrated to Paris 3 by end of 2017

## Legacy platforms



## Solution



## Benefits

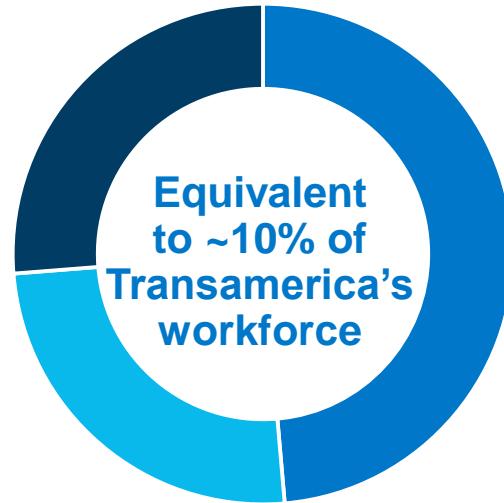
-  Growth & scalability
-  Addressing risk
-  Cost efficiencies
-  Market agility

# Sourcing and third party administration

## Strong capabilities developed through years of successful execution

### Current sourcing utilization

(Resources by function)



- Technology
- Finance & Actuarial
- Operations back-office

### Third party administration

- Administers ~3 million policies\* on behalf of Transamerica
- Provides specialized services across Life, Annuities and Health
- >25 years of experience with external partnerships

### Benefits of sourcing & TPAs

-  Creates a scalable policy cost structure
-  Supports continuous improvements and ongoing savings
-  Allows internal focus on automation, process improvement, and core competencies
-  Provides flexibility to leverage internal resources to provide new services to our customers

\* Active records including group certificates and individual policies

# Applying technologies

## Gaining efficiencies within each of our Operations priorities



### Driving customer value through an improved experience

- Improved Interactive Voice Response in Customer Care
- Cognitive computing and predictive models simplify and improve customer interactions in our new business, claims and customer care teams



### Optimizing our mobile and digital experience

- Improved customer website and log on experience
- Digitizing the top customer transactions to improve customer self service



### Leveraging scale and simplifying business processes

- Robotics improving producer appointments and retirement file processing
- Other automated processes reducing back office handling and improving overall cycle times



### Engaging and developing our team

- Integrated customer facing teams to improve engagement and service
- Improved business acumen and more career pathing options given the advancement of new technologies

# Thank you!

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  - The effect of the European Union's Solvency II requirements and other regulations in other jurisdictions affecting the capital Aegon is required to maintain;
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- Further details of potential risks and uncertainties affecting Aegon are described in its filings with the Netherlands Authority for the Financial Markets and the US Securities and Exchange Commission, including the Annual Report.
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