

AIM for the Best - FCIM 2022 Update

FauxCo Information Management

January 2022

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Agenda

- ▶ **Executive Summary**
- ▶ **FCIM's Journey**
- ▶ **FCIM –Targeting FauxCo Success**
- ▶ **FCIM 2022 At-a-Glance**
- ▶ **FCIM Current and Future Predictive Analytic Capabilities**
- ▶ **Spotlight On:**
 - A Look at the Big Picture: Capitalizing on Opportunity
 - Opportunity Manager: 2022 and Beyond At-a-Glance
 - Measuring our Success
- ▶ **Next Steps and Moving Forward**
- ▶ **Appendix**



Executive Summary

FCIM has evolved to support many business areas of FauxCo, found ways to handle increased volume, re-engineered major costs, established a truly global team, innovated and established new growth channels for the firm, and established ways to more effectively identify and protect the company from key risks.

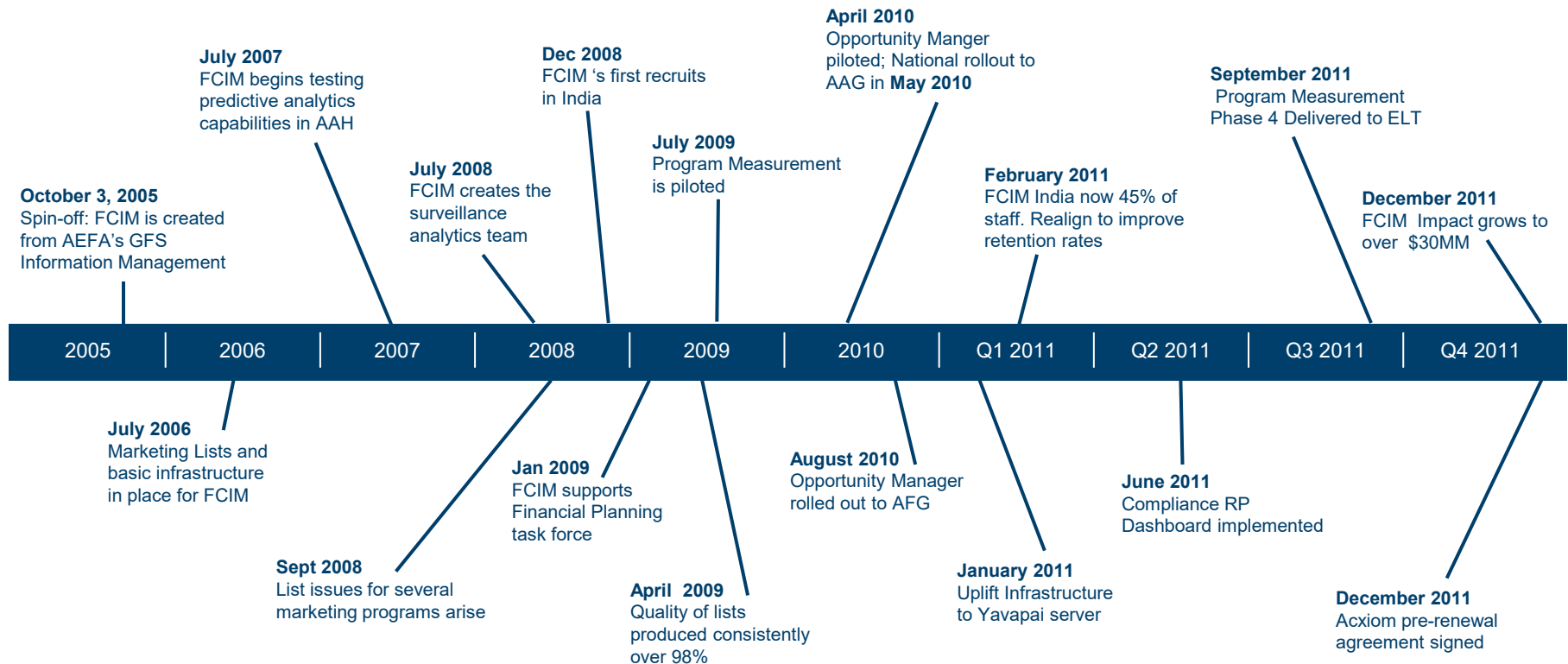
- Opportunity Manager can unify all components of sales delivery and greatly improve overall business results. In 2022, it is the cornerstone for selling Annuities and Bank products. By 2028, we believe it should be the cornerstone for all product sales functions.
- Measuring FauxCo programs remains a top priority for FCIM. In 2022, we are changing the approach and focusing on "deeper and richer" value added analysis.
- FCIM completed an Operational Risks Assessment in 2011 – our human capital was flagged as yellow. Recruiting, retention and career path options were and are the most notable risks.
- Project demand comes from all business groups and most of the staff functions, FCIM continues to "work smarter," automate, remain flexible and support each other, but we are at our capacity boundary. Unexpected requests, especially those where FCIM moves or manipulates data feeds, costs valuable analytic capacity.
- Business partner alignment and support appears to be strong, but several feel FCIM's lack of capacity holds them back or slows them down.



FCIM's Journey to Our Current Capabilities

FCIM has made significant progress against the "AIM for the Best" Roadmap we presented in 2009. Our continued focus on improving business performance and decision making exists at many levels across the organization. Each year we provide real, measured value to FauxCo by delivering information-based solutions that are consistent and accurate – some make headlines, but most do not. Instead, our solutions work behind the scenes to improve the overall performance of our company.

Like FauxCo, our competitors in the industry are beginning to clearly understand the importance of competing on analytics. To win, FCIM must continue to push ahead to further understand the FauxCo “power alley,” where the most valuable insight exists for our products, clients and advisors. Here is a look at the major FCIM milestones since our inception:



FCIM – Our Charter is Targeting FauxCo Success

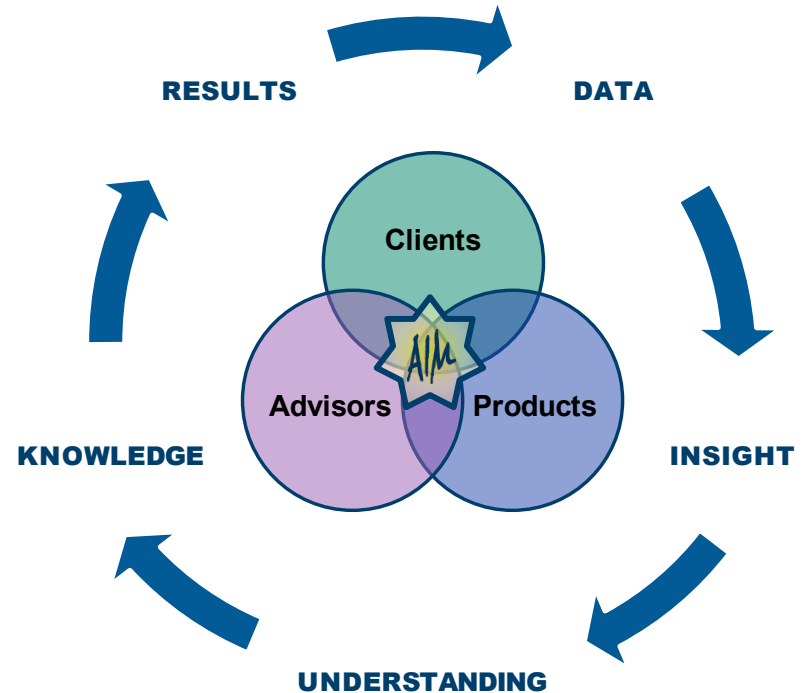
The FauxCo Information Management vision is to deliver a sustainable competitive advantage to FauxCo Financial by visibly driving information-based decisions and solutions. This vision includes making sure that our company is using data for systematic reasoning to make decisions. It includes targeting the right people with the right products and services at the right time.

FCIM's 4 Cornerstone Capabilities: FCIM is a knowledge expert with an extremely broad base of information – and we know how to use it. By integrating people, tools and processes, FCIM provides the following solutions to FauxCo Financial:

- **Predictive Modeling**
- **Campaign Services**
- **Consultative Services**
- **Measurement Solutions**

" I have worked at a lot of companies that thought they could deliver analytics. You guys in FCIM are the first ones that have been able to deliver against our needs."

- Don Froude, August 2010

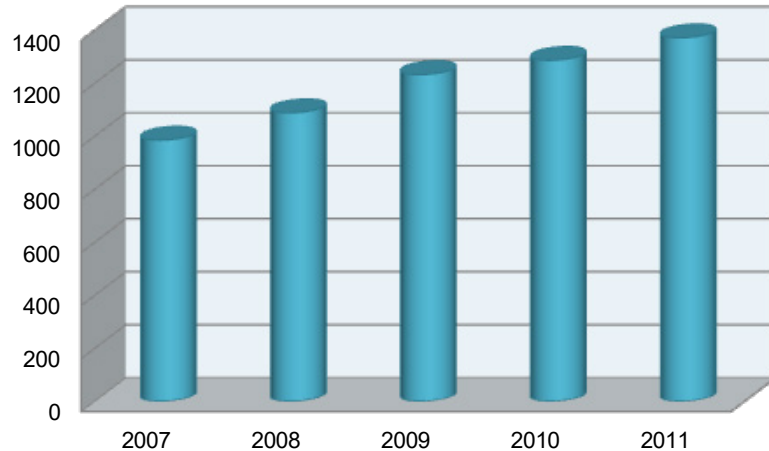


Integrated Financial Services Model: Information from Client, Advisor, Prospect, Product and Channel are brought together to drive information-based decisions and strategies



FCIM 2022 At-a-Glance

Number of AIM Requests 2007-2011



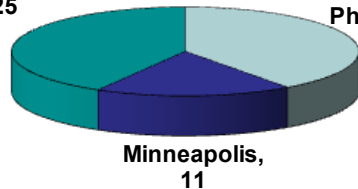
FCIM continues to deliver increasing volume, to an increasing number of business partners with very high quality. The 2022 plan is to maintain current quality levels, while managing our increasing volume.

The number of requests for FCIM services is up 11% from 2009 with 1372 requests received in 2011.

Staffing Picture for 2022

India, 25

Phoenix, 24



60 FTEs:

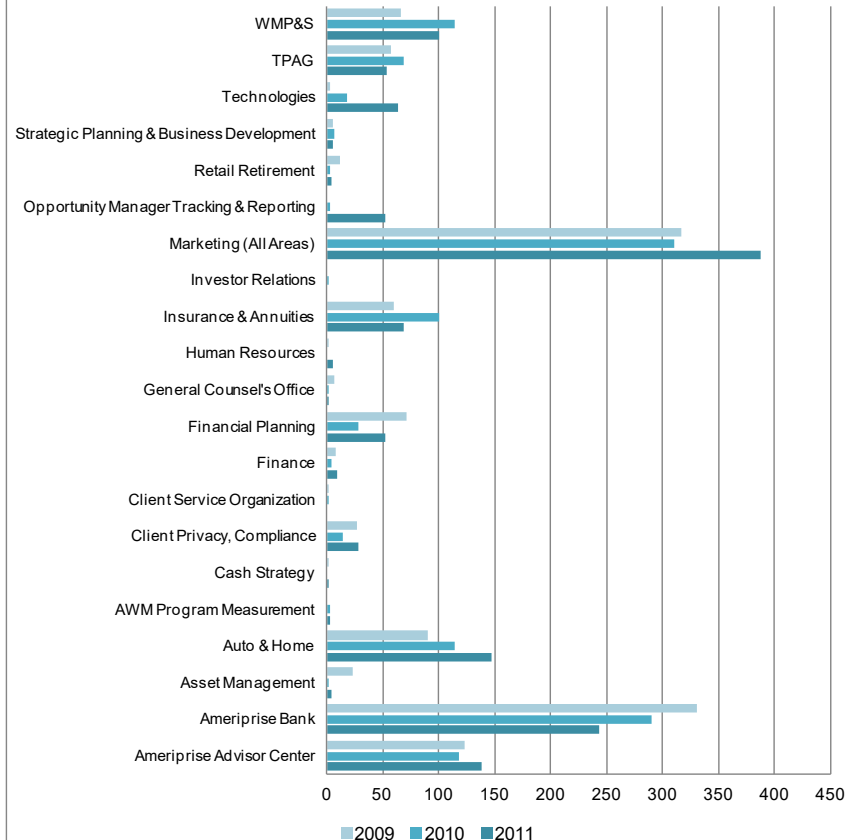
42% Offshore

58% Onshore

2022 Focus:

- Fill our open offshore positions and work to retain staff in India
- Implement and use newly developed onboarding capabilities
- Balance points determined by complexity of tasks and business needs
- Leadership, analytic business partners, business development, and key SME resources must be maintained onshore

AIM Requests by Business Unit



FCIM Current and Future Predictive Analytic Capabilities

FCIM currently has an overall high readiness level and is able to deliver many capabilities needed for FauxCo to compete on analytics. However, some challenges and gaps still exist for FCIM to move to the next evolutionary phase of Predictive Analytics.

Required for Competing on Analytics	2009 FCIM Capability Status	Current FCIM Capability Status	2009 Attributes	2022-2028 Attributes
Data	Green	Green	<ul style="list-style-type: none"> Top data quality and integration processes for client, advisor, prospect universe, demographics, alliances and purchased data 	<ul style="list-style-type: none"> Advisor behavioral data, additional demographic and lifestyle data; contact results for client/prospect contact in all channels
Architecture	Red	Green	<ul style="list-style-type: none"> 6 terabyte storage network, top quality processes, security, BCP and data access controls. Architecture investment lacking due to reengineering efforts 	<ul style="list-style-type: none"> Infrastructure and data is cost effective and secure. FauxCo maximizes the value of this enterprise data asset.
Intellectual Capital	Green	Yellow/Green	<ul style="list-style-type: none"> Quality of personnel is good as any other analytical competitor; offshore team handling many repeatable processes; significant need to maintain analytical SME base 	<ul style="list-style-type: none"> Appropriate human capital is required to achieve the analytics vision; Proper balance of onshore, offshore, and vendor/contractor labor; adaptable to changing business needs and expectations
Business Relationships	Yellow	Green	<ul style="list-style-type: none"> FCIM is aligned with all major lines of business, products, and channels 	<ul style="list-style-type: none"> Aligned with all business partners across the enterprise before decisions are taken where analytic capabilities can be leveraged.
Executive Support	Yellow	Green	<ul style="list-style-type: none"> Pockets of support throughout the company; no executive mandate for measurement or test and control; FCIM is aligned well at the tactical level in most business areas but is not part of strategy-level decisions 	<ul style="list-style-type: none"> Enterprise wide adoption of test and controls, and measurement of programs; FCIM analytics are part of strategy decisions; analytics are embedded into all business processes
Culture	Yellow	Yellow/Green	<ul style="list-style-type: none"> Silos detract from effective integration of analytics across lines of business, products, and channels Very little measurement or accountability for the performance of programs and initiatives; reluctance to embrace analytics from many lines of business 	<ul style="list-style-type: none"> A culture of measurement and analytics are embedded into all major business processes. Fact-based decision making is pervasive throughout the company
Production Processes	Green	Green	<ul style="list-style-type: none"> Stable, efficient, outsourced where appropriate; high quality product offerings 	<ul style="list-style-type: none"> Production solutions continue to deliver six sigma level quality. Research analytics and production analytics are separated; analytics are embedded into all major programs; tests and control groups are the norm
Delivery Mechanism for Analytics	Red	Yellow	<ul style="list-style-type: none"> Soft copies Paper copies Some delivery through Advisor Dashboard 	<ul style="list-style-type: none"> Business Intelligence solution that support ad hoc and query capabilities. We have a unified sales solution integrated into our advisor technology solutions.



A Look at the Big Picture: Capitalizing on Opportunity

Opportunity Manager continues to show huge potential for advisor productivity growth. Advisors that used OM regularly benefited the most with significant improvements in their 2011 TOS GDC compared to 2010. However, OM usage has to improve for us to observe the full benefits of the tool in the field.

Potential

Potential opportunities Available

- 30 different product opportunities with \$11.8B Potential Value as of Nov 30, 2011
- \$9.8B for AFG and \$2.0B for AAG

Usage

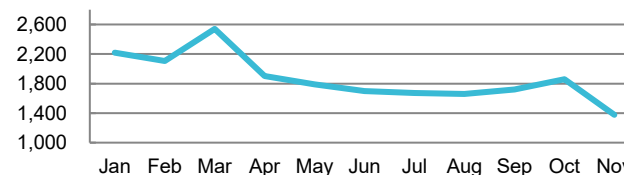
Advisor Usage of the OM Tool

- % of the advisors who accessed the tool on a monthly basis fluctuated between 27% and 14% through out 2011
- 84% (7,983) advisors accessed the tool at least once since inception; 92% of AAG and 81% of AFG

FCIM Insights: Advisors are segmented based on their OM usage frequency and high users had on the average **\$162K (99%) higher** TOS GDC in 2011 than non-users.

Advisors ranked bottom 25% in terms of their 2010 TOS GDC benefited the most from OM usage. 2011 average TOS GDC for high users was **15 times higher** than for non-users

Advisors with OM Login by Month in 2011



Confirmed Sales

Actual Sales Results Tracked

Conversion:

- Overall, opportunity clients convert at a rate that is **3 times higher** than non-opportunity clients
- Opportunity clients when actioned through the OM tool convert at a rate that is **6 times higher** than non-opportunity clients

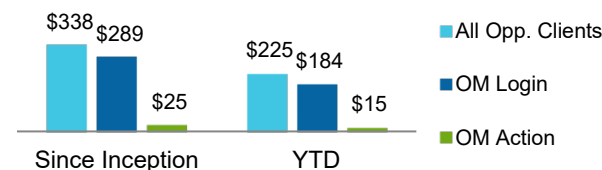
TOS GDC/Value:

- OM has been used to generate at least \$25MM in TOSGDC since launch and \$15MM YTD through November 2011

Conv. Rate Comparisons Opp. Vs Non-Opp.
(shown as X Non-Opp Client Conversion)



Confirmed TOSGDC of Sold Opportunities*
(Millions)



*AAH, Cash Reserves and Cash & Liabilities don't have TOS GDC



Opportunity Manager: 2022 and Beyond At-a-Glance

In 2022, our main focus is to **Improve OM Usage**. Segmenting advisors based on OM sizing, along with predictive analytics insights, is going to be key to developing more effective forward-looking product sales and field leader strategies that will drive OM usage and advisor productivity.

Opportunity Manager improves GDC, saves time for advisor



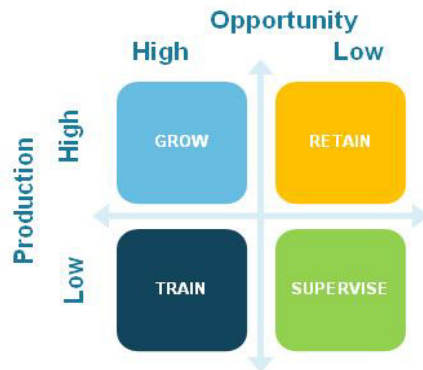
Matt Graf, CFP, found a way to make Opportunity Manager work for him. What at first seemed overwhelming resulted in an estimated savings of 300 hours of work in 2011. Matt and his team simplified it, made it work for them and have created a system that helps them execute implementation, resulting in increased GDC numbers, including insurance.

[> Read more](#)

More headlines like this!

2022

2028



UP

LEVEL



DOWN

- ✓ Highest Impact Treatments for Advisors with High Potential
- ✓ Low Cost Treatments for Advisors with Low potential
- ✓ Organize advisor contacts

- ✓ Optimize work streams across product groups and field leadership
- ✓ **Field and Head Office OM Tool:** Extend OM to include "Advisor Prioritization" Lists

FCIM Insights: 40% of the advisors are "High Opportunity" and have 70% of the OM potential value. In 2011, AFG FVPs selected 125 focus advisors with "High Opportunity". Based on Jan-June 2011 tracking, focus advisors, compared to rest of the advisors utilizing OM tool:

- had almost **doubled** their utilization and client action rate (32% vs. 17% OM Action)
- on the average, generated **71% more** TOS GDC from actioned clients



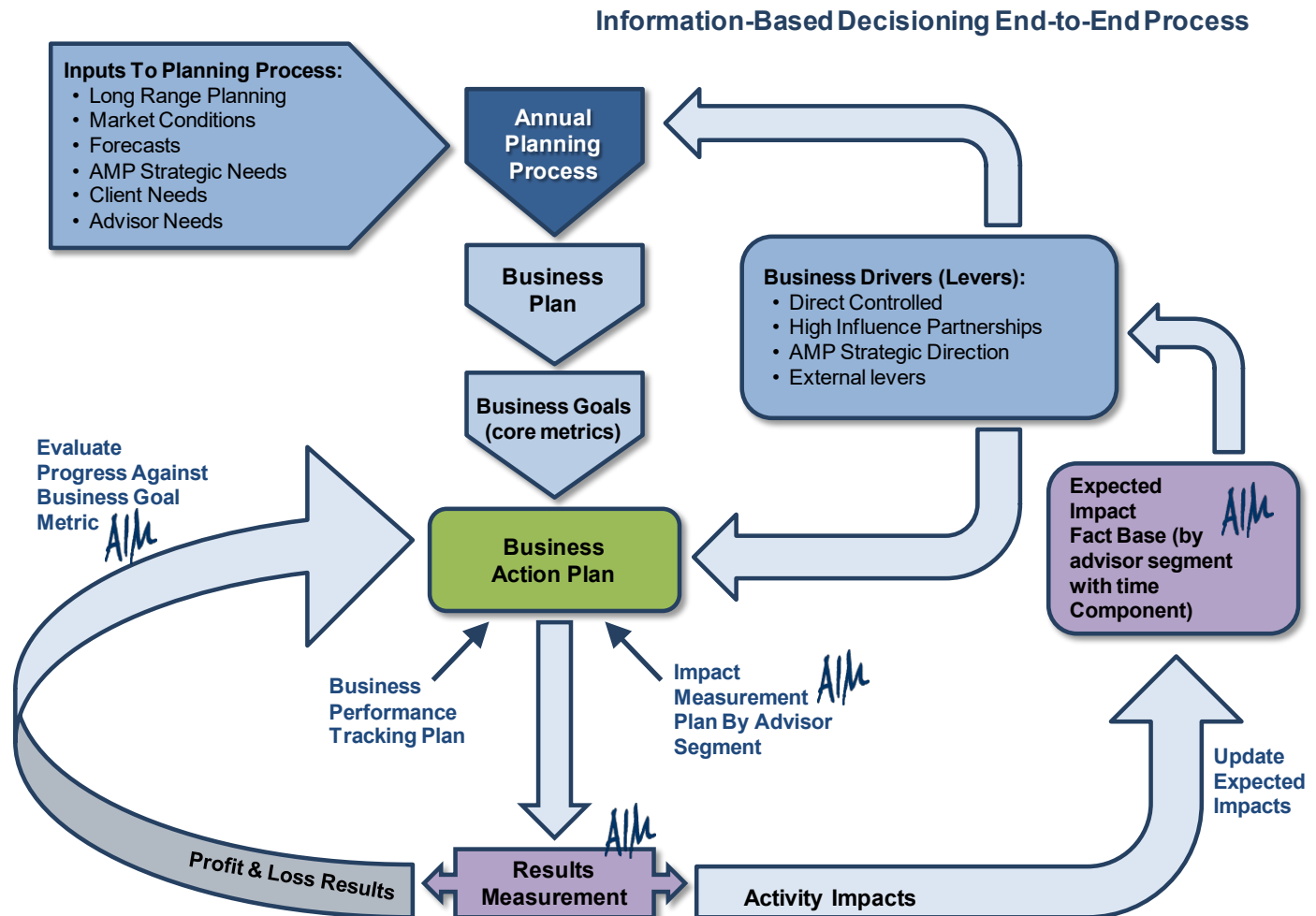
Measuring our Success

Measuring the actions we take to achieve business goal metrics creates a fact base that increases our understanding of business drivers, or levers, leading to information-based decision making in a continuous cycle.

“I think this revolution in measurement, starting with the switch from analog to digital data, is as profound as, say, the development of the microscope and what it did for biology and medicine.”

- Erik Brynjolfsson,
Professor of Management
Science at the
Massachusetts Institute of
Technology's Sloan
School of Management

Source: Competing through data:
Three experts offer their game
plans; *McKinsey Quarterly*, 2011
Number 4



Next Steps and Moving Forward

- **The FCIM “can do approach” has led to support requests from many areas that do not fund resourcing (e.g., Human Resources). How should we manage this demand?**
- **What role should FCIM play in the increasing data requests? More specifically, when should we substitute for technologies and when should we not?**
- **FCIM’s resourcing strategy has been “the balanced approach.” After four years, we have a better understanding of the challenges and benefits of this approach. Can we onshore those modeling jobs that we haven’t been able to fill and/or retain offshore?**
- **What should FCIM’s role in measurement be long term? We have partnered with Finance so far, but have a different vision of how and where measurement should happen. Our big rocks in this area are:**
 - Determining which metrics matter
 - Measuring technologies and infrastructure
 - Use of control groups
- **The company needs a solution for basic business intelligence throughout the firm. What role should FCIM play in this space?**
- **What we need from Joe:**
 1. Advocacy across the executive team, especially in Columbia Management where we are slowly gaining engagement
 2. Support to drive alignment with the CFO and COO on the long term role in measurement for FCIM
 3. Support a human capital strategy that ensures FCIM has adequate skill and capacity



Appendix

- ▶ **Client Analytics**
- ▶ **Product Analytics**
- ▶ **Advisor Analytics**
- ▶ **FCIM Shared Services**



APPENDIX: Client Analytics

▪ Priorities for 2022

- Attribution Model work focused on GDC lift based on advertising
- Continued support of interactive marketing to analyze social media
- MyFA Model and Analysis to drive MyFA uptake along with e-delivery and e-mail capture – David Weeks
- Program Measurement - inclusion of 8 KMA into overall results by June (models and pay back analysis) –
- Consumer Preferences/Email Optimization Initiative
- New Brokerage Platform: Quality execution of customer and advisor mailings
- Measure and provide analytics to further support success of : COIs (HRB, PA), seminars and events, referrals and networking, workplace, 403(b)
- Refine targeting model for Financial Planning in the Opportunity Manager
- Support Financial Planning uptake with deeper analysis to understand better understand Financial Planning behavior and drivers for uptake
- Work closely with AAC FCIM Analytics and Jennifer Colvin in support of any test and learn scenarios in support of AAC strategies for Client Acquisitions
- Analyze e-mail engagement with respect to open rates, contact frequency, opt out behavior etc.
- Identify ways to optimize contact strategy (e.g., reduce/increase frequency, type of e-mail, timing, audience)

▪ Long term Vision for Competing on Analytics Through 2028

- One holistic view of our customer regardless of product with an outlook for lifetime value
- The ability to analyze effectiveness of communication channels for our customers, from text message to Facebook
- Early warning indicators of customer attrition and/or higher outflow that is leveraged to provide products or messaging that deters/prolongs this customer behavior



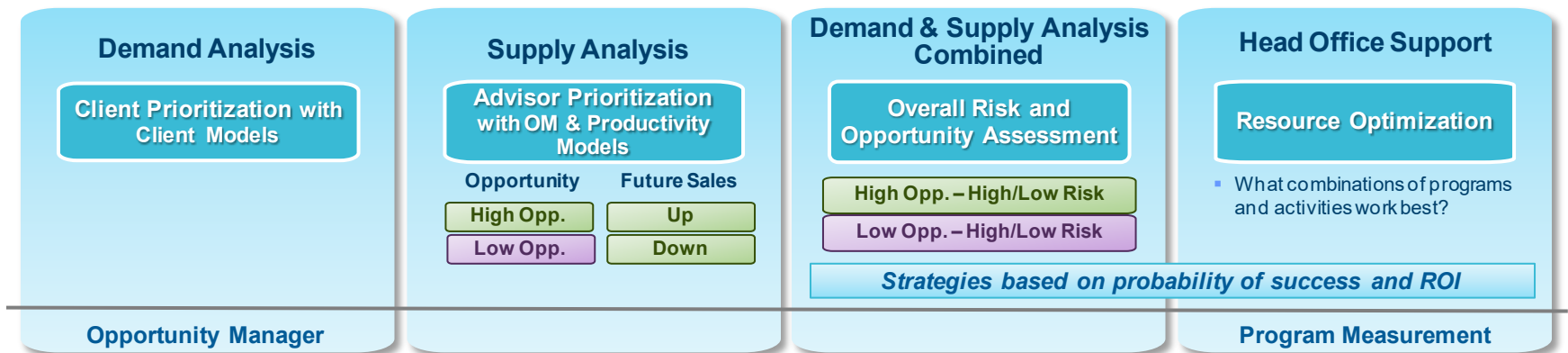
APPENDIX: Product Analytics

▪ Priorities for 2022

- Extend our program measurement fact base to include product specific metrics (the deep dive)
- Support wholesaler strategies through opportunity manager, identifying best client/advisor opportunities and develop more holistic look at opportunities for product sales
- Develop predictive analytic capabilities to better understand net flows and cash movement to help influence more strategic and informed pricing and product development strategies
- Look at ways to participate more in overall company interactive strategy by developing superior customer analytics

▪ Long term Vision for Competing on Analytics Through 2028

- Our long-term vision is to provide advisor support strategy recommendations by taking into account client opportunities and advisor capabilities



- Opportunity Manager and other Advisor tools are built to deliver precision product recommendations that identify client need, trigger and time bound activities for advisors, sales intermediaries and sales leaders
- Simulation capabilities for major product lines that improve the precision of business line forecasts with advanced analytic methods
- Product development and pricing solutions are well integrated with advanced analytic solutions



APPENDIX: Advisor Analytics

▪ Priorities for 2022

- Provide simulation capabilities to help evaluate and optimize channels of advisor targeting, recruiting and acquisition. Example: suite of EAR targeting models integrated into production in 2022.
- Identify ways to optimize advisor productivity and performance through improved, forward-thinking segmentation and effective opportunity identification. Example: target AFG advisors to transfer low-asset clients to the AAC.
- Provide measurement capabilities to better evaluate performance and value of initiatives to improve advisor productivity and sales. Example: targeting high opportunity / low production advisors for Sr. Partnering sessions (with random holdout) in collaboration with RVS Insurance and Annuity wholesalers.
- Develop predictive capabilities to better identify compliance risks and possible attrition (retirement) to manage and assess overall “health” of workforce (surveillance analytics).

▪ Long term Vision for Competing on Analytics Through 2028

- Field and home office leaders have a holistic view of advisors to better manage and develop sales force : an end-to-end picture that outlines performance, opportunities, risk, satisfaction, growth, productivity, surveillance/compliance
- The impact of each member of the sales force is fully understood, measured and optimized at an enterprise level
 - There is a plan to drive efficiency for each advisor that includes treatment, training and is targeted to maximize value
 - All sales intermediaries, including wholesalers, are aligned to a clear focus and common goal
- We implement all change (including tools) with a measurement plan
- Capabilities exist that allow us to prospect and understand each registered rep in the US and determine
 - Who will convert / transfer and when (FauxCo is there first)
 - How they will perform at key benchmarks before we make an offer
 - Which advisors are most likely to leave and why
- Forward looking insight on compliance and surveillance risks
 - At account, client, product, advisor and firm levels



APPENDIX: FCIM Shared Services

▪ **Priorities for 2022**

- Ensure high productivity for department (and company) by implementing and managing best tools available
- Ensure data consistency and implement improved data governance
- Focus on our relationship with Acxiom and continue to manage and improve relationship with and performance from vendor
- Ensure delivery platform is effective and continues to improve with technology and tools available in industry
- Leverage our SharePoint resources to provide improved communication, compliance/governance, data and document storage and overall information management

▪ **Long term Vision for Competing on Analytics Through 2028**

- FCIM data asset stays current is secure, is well adopted by FCIM and select business partners
- Data from key growth strategies (e.g. Web and social Media) is brought together to compete the understanding of our customers and prospects
- The FCIM infrastructure adopts evolving technology and stays “best in class” from a cost and a reliability perspective
- Fully aligned with technologies to establish a holistic data management strategy
- Automated and best in class solution (cost and quality)for list creation

