

## Prudential Investor Day Video Business@Pulse A Breakthrough

### Dennis Ng

*Chief Revenue Officer, SME Ecosystem/ Enterprise Business, Prudential Corporation Asia*

Prudential has been offering Group Insurance solutions in a few of our markets in the last two decades. It's a space for many global brokers, and because this space primarily involves serving large corporations, it compresses the profit signatures over time.

So, in 2018, we asked ourselves. First, is this a business we want to be in, and will it help us accelerate customer acquisition at scale? Second, can we leverage this business to enable more meaningful leads for our distribution channels and digitise the way we do things? Third, do we want to solely depend on Global Group Insurance Brokers to drive our Business?

As we looked for answers, we found a clear opportunity. Business@Pulse is the result of us rethinking our proposition completely. We thought hard on the business we wanted to be in. In 2018, we pivoted to serve Small to Medium Enterprises, or SMEs. They are a large segment that is underserved, and as most competitors are serving large corporations. There is a significant opportunity with SMEs in Asia and Africa.

SMEs make up over 70% of the economy in Southeast Asia<sup>1</sup>. There are about 70 million SMEs responsible for about 140 million jobs<sup>2</sup>. In Indonesia alone, there are 64 million SMEs, hiring 117 million people<sup>3</sup>. SMEs in African countries account for 80% of jobs in the continent<sup>4</sup>.

### SMEs in Southeast Asia

	Number of SMEs	Total Number of Businesses	SMEs as % of All Firms	Persons Employed by SMEs
Brunei (2017)	5,900	6,000	97.2%	66,100
Cambodia (2019)	460,000	510,000	90% +	1,200,000
Indonesia (2018)	64,194,000	64,199,600	99.9%	116,978,600
Laos (2006)	114,200	126,900	90%	Not available
Malaysia (2016)	907,100	921,000	98.5%	Not available
Myanmar (2015)	114,200	126,900	Not available	Not available
Philippines (2018)	998,300	1,003,100	99.5%	5,714,200
Singapore (2019)	271,800	273,100	99.5%	2,520,000
Thailand (2018)	3,077,800	3,084,300	99.8%	13,950,200
Vietnam (2019)	744,800	760,000	98%	Not available
<b>Total</b>	<b>70,888,100</b>	<b>71,010,900</b>	<b>99.8%</b>	<b>140,429,100</b>

*Figures rounded to the nearest hundred. Myanmar SME count not provided, so figures are imputed as conservatively being 90% of all firms.*

*Sources: Brunei (2017: 6), Indonesia (2020), Lao National Chamber (2020), Malaysia (2018, 2020), Myanmar (2018: 404), Philippines (2018), Singapore (2020a, 2020b), Thailand (2019:4-03, 4-08), Pisei (2019), Vietnam (2020).*

SMEs don't have access to tools like the HR management tools that large enterprises take for granted. However, that doesn't mean they don't need those tools to power their growth ambitions. The important opportunity here is that the number of SME employees across Asia and Africa give us the impetus to help them become healthier and wealthier.

The second question that led to our pivot was transforming our distribution channels. Worksite marketing was prevalent in the 1980s. But today, we are leveraging Pulse to gather data to understand our customers and employees better. The data from Pulse helps us create Digital Workplace Engagement. The engagement represents valuable opportunities to send leads to our distribution force.

<sup>1</sup> Source: Asia Small and Medium-sized Enterprise Monitor 2020 by Asia Development Bank, measured by total workforce

<sup>2</sup> Source: [https://www.iseas.edu.sg/wp-content/uploads/2020/06/ISEAS\\_Perspective\\_2020\\_79.pdf](https://www.iseas.edu.sg/wp-content/uploads/2020/06/ISEAS_Perspective_2020_79.pdf)

<sup>3</sup> Source: <https://www.straitstimes.com/asia/se-asia/indonesian-smes-struggle-to-survive-as-sales-revenue-plunge-with-covid-19-pandemic>

<sup>4</sup> Source: <https://www.weforum.org/agenda/2015/08/why-smes-are-key-to-growth-in-africa/>

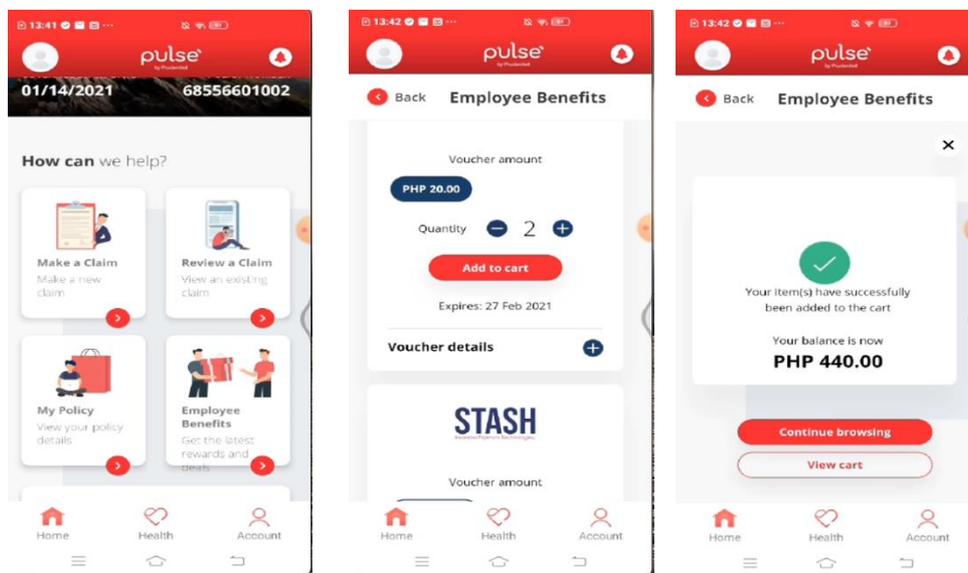
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Digitisation has enabled us to scale up rapidly. It allows us to create effective and efficient ways of selling and capturing data. At the same time, the shift to digitalisation creates a frictionless experience for our customers, from acquisition to retention.

Our third big question was looking for ways to expand beyond Global Group Insurance Brokers to drive our business. We clearly want to keep close to our customers. So, we saw the need to focus on ensuring our distribution channels, our agents and partner banks, enabled Prudential in reaching out to SME customers and their employees, without reliance on Global Brokers' closed infrastructure. Enabling this managed our pricing in a more effective and efficient manner, with solutions that catered to SMEs.

Ultimately, we want to help SMEs have a chance to be on the same level playing field as large corporations, by empowering them with our digital solutions to care for their employees better.

### **Creating Prudential's Flexible Benefits (Employer Benefits) for easy access through Pulse**



Prudential is the only insurer in Asia and Africa to provide our own Employee Benefits through Business@Pulse. We are also the only insurer that features a HR management tool designed to provide better tailored solutions for both clients and employees. Now, owners and HR managers and department heads can easily manage their insurance coverage. Starting with the onboarding process, employees can access payroll, benefit and claim information and manage their leave.

Typically group insurance renews annually, but our ecosystem has been designed to create and reward deep relationships, avoiding endless negotiations.

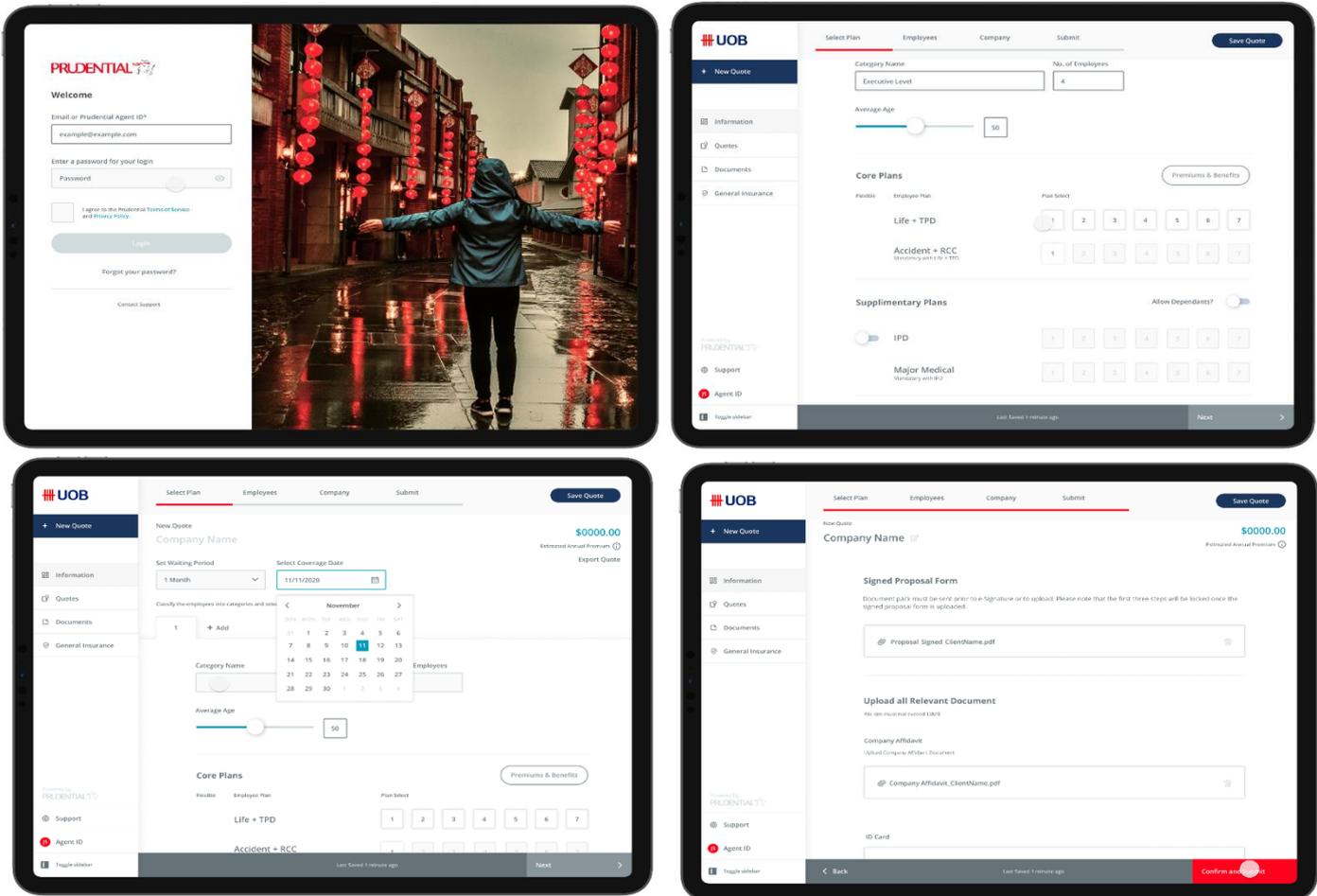
We want to go into these new directions because it's a distribution play in which we can place our agents and partner banks in the centre of providing real solutions for business owners.

Our propositions are first in market. Our platform delivers services on the ecosystem that allow us to serve SMEs with more than just insurance. The "Employer Benefit to Life" (EB2Life) platform creates a Digital Workplace Engagement that leverages on Pulse, bringing us closer to our customers.

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We have the advantage of omni-channel distribution. The first advantage is being able to target SMEs, giving us an advantage over our competitors. Majority of competitors are targeting large MNCs and corporates.

### A digitised way to allow distribution partners to seamlessly engage customers



Our SME ecosystem facilitates our distribution partners, the agents and banks, to reach out directly to our customers, without placing a middle person, such as the broker, between Prudential and the customers. By providing simple and packaged solutions to SMEs across Asia and Africa, the opportunity gives us a clearer insight to our customers and also maintains our profit signature.

Prudential is the only insurer currently that creates our own Employee Benefits. This is a competitive advantage that gives us an edge in garnering meaningful data points to better serve employers and employees. Concrete data points allow us to also better develop individual solutions for employees, and hence create a compelling EB2Life propositions that speaks directly to our customers.

As of March 2021, over 1 million employees are being progressively enrolled through Business@Pulse. With customer centricity and customer stickiness through our value-added services, and as we expand into new markets, this could have a compounding effect on the APE growth in the future years.

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Over the course of just the last three months, we are in the process of moving Prudential's employees into Business@Pulse, to experience what our customers experiencing as well, using the flexible benefits and employee rewards, etc.

Business@Pulse has also partnered with TMB in Thailand and, soon, with SeABank in Vietnam. We'd like to tell you even more about our successes in the region, starting with Singapore. Our SME partnership with UOB in Singapore began in 2018, with an emphasis on programmes designed for a population living longer, healthier lives. Recently, it has evolved to include a focus on sustaining businesses and providing tools for a workforce that faced numerous pandemic-related challenges.

### **Dennis Tan**

*Chief Executive Officer, Prudential Singapore*

The Enterprise Business segment is a new growth area for Prudential Singapore, and one that's been growing from strength to strength. Three years ago, we decided to reimagine the business, to accelerate growth. We moved from the broker model and formed our own Enterprise Business team. Now we have a dedicated Corporate Sales function engaging large corporates, supporting our 5000 Financial Consultants, and leveraging our bank partnerships to expand our reach.

The market opportunity in Singapore is huge – there are more than 270,000 SMEs in Singapore, with 2.5 million employees<sup>5</sup>. It's a large but underserved segment for insurance services.



Prudential has stepped in to fill this gap with a unique proposition tailored to SMEs' needs. Dealing directly with corporate clients means we offer more competitive rates, which is key. We're also known in the market for customisable group insurance coverage to suit our client's needs. Our distribution force is mobilised to sell Enterprise Business or EB. More than 80% of our Financial Consultants are qualified to sell EB products.

On the bank side, we are fortunate to work with strong SME banks, UOB and SCB, and can leverage their large SME customer base.

<sup>5</sup> Source: <https://data.adb.org/media/7281/download>

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In just 3 years, we now serve more than 2,400 clients, including many of the largest corporates in Singapore, and close to 170,000 of their employees.



**>2,400**



**170K**

With such a sizeable base, there is a huge opportunity in the cross-selling of life insurance to employees of our clients: what we call EB2Life. A key gateway into EB2Life is our suite of health and wellbeing services under the WorkPlayce by Prudential worksite programme.

This series of themed wellness clinics focuses on various topics such as nutrition, fitness and mental wellness. Our Financial Consultants are trained as wellness ambassadors. At these events, they have the opportunity to connect directly with employees of corporate clients, not only about wellness and their EB plans, but also to engage them on life plans. Altogether, this has been a successful formula for us.

For Enterprise new business, we hit a 2020 APE of S\$71m in Singapore, up 27% from the year before. Quarter-on-quarter, 2021 versus 2020, we are up 48%.



This first quarter, our free personal accident micro-insurance product proved to be a big draw, helping to bring in many new leads.

The EB2Life conversion rate quarter-on-quarter was up 154%, contributed strongly by our worksite marketing activities and this micro-insurance product. Very soon we will launch new functionalities on Pulse which cater to our enterprise customers and their employees.



**154%**  
up quarter-on-quarter

Besides facilitating their journey towards better health and wealth, users will have the ability to make “claims-on-the-go” directly via the app. Just snap a picture of your doctor’s or hospital bill and upload. The convenience of this digital experience for employees will add great value to our overall EB proposition and distinguish us in the market. To support the growth of our EB business, we are deepening our relationship with the wider SME community in Singapore.

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Last year, we offered free COVID coverage for employees of our corporate and SME customers as part of our S\$3.5m PRUCare Package<sup>6</sup> for the community. This was appreciated by many of our customers who were affected during the height of the pandemic in Singapore. We're also investing in long-term development of the SMEs, through the SME Skills Accelerator. This is an industry-first partnership between Prudential and a government statutory board, SkillsFuture Singapore.



Under the programme, we support SMEs in 3 key areas: Design Innovation, Digitalisation and Workplace Learning to help them in terms of business transformation and growth. Our corporate staff provide the subject matter expertise, alongside our Financial Consultants who are trained as Skills Ambassadors. Such initiatives demonstrate our deep commitment to the health of the SME community.

When SMEs thrive, our community thrives and our business thrives.

As we accelerate our growth in 2021, EB remains a key focus and driver of our business. It's an area that we intend to nurture and continue to seek out new opportunities for growth.

**Divine H. Furagganan**  
*EVP & Chief Distribution Officer, Pru Life UK Philippines*

There are around 900,000 SME's in the Philippines which employ around 5 million people<sup>7</sup>. SMEs are a boon for an emerging economy like ours, even amidst the pandemic, small business owners showed their adaptability and resilience to cope with the reeling economic pressures. As a leading life insurer, Pru Life UK is determined to support the growth of SMEs by offering meaningful and value-adding solutions that will enable business owners to keep their employees productive, engaged, and more importantly, protected.

<sup>6</sup>The PRUCare package was launched on 19 February 2020 to provide support to various groups during the challenging period brought about by COVID-19. We gave out close to S\$3.5 million in cash benefits and donations to more than 3,400 individuals and the community.

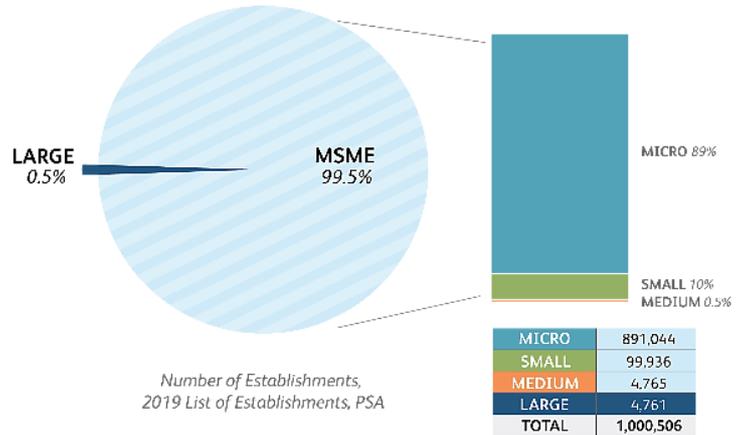
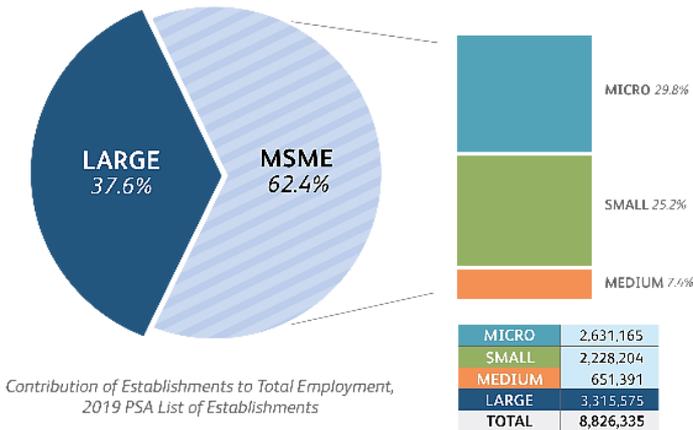
<sup>7</sup> Source: [https://www.dti.gov.ph/resources/msme-statistics/#:~:text=The%202019%20List%20of%20Establishments,0.5%25\)%20are%20large%20enterprises.](https://www.dti.gov.ph/resources/msme-statistics/#:~:text=The%202019%20List%20of%20Establishments,0.5%25)%20are%20large%20enterprises.)

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**MSME Employment and Businesses in The Philippines**

**62.4%** of total employment are from MSMEs

**99.5%** of all businesses from MSMEs



Source: <https://www.dti.gov.ph/resources/msme-statistics/>

**Marlette S. Jaranilla**  
*Vice President of Enterprise Business, Pru Life UK Philippines*

In November 2020, Pru Life UK established its group insurance business with the launch of Business@Pulse. Business@Pulse is off to a promising start, with already over 4,500 agents registered. Continuous training for registered agents, providing them with the right tools and skills, as well as insights into the opportunities remains a priority.

Simple to buy, simple to sell products for agents, combined with simplified underwriting processes, is the game-changing proposition of Business@Pulse for SMEs. Pru Life UK takes away these worries from the business owners so that they can focus more on growing their business.



Policy Info **Benefits** Policy Contract

**Policy Coverage**

- ✓ Accidental Death and Dismemberment (ADD)
- ✓ Funeral Benefit amount that is payable to the Funeral Service Provider
- ✓ Terminal Illness Benefit
- ✓ Protection for your family in case of your death

**Policy Details**

Rider **IN FORCE** ✓  
Accidental Death & Disablement Benefit  
Sum Assured: ₱10,000.00

Rider **IN FORCE** ✓  
Burial Benefit  
Sum Assured: ₱1,000.00

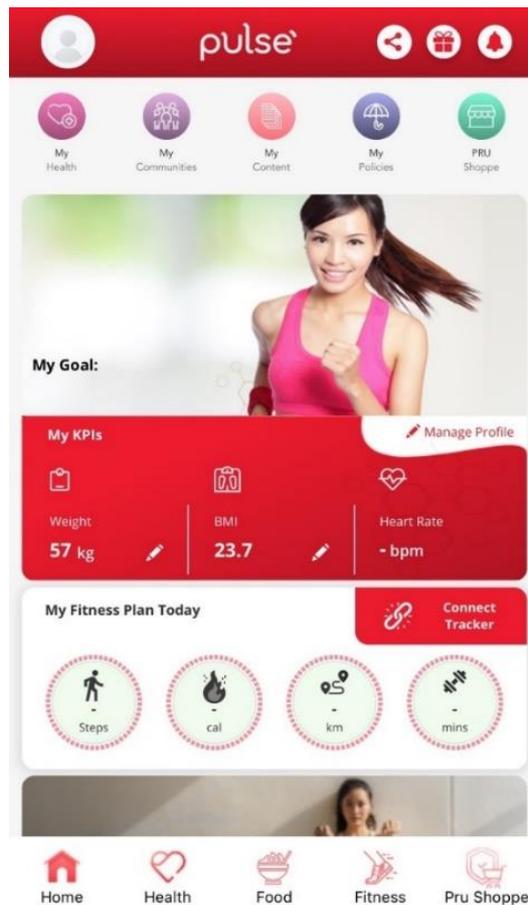
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**Divine H. Furagganan**  
*EVP & Chief Distribution Officer, Pru Life UK Philippines*

With Business@Pulse, backed by the most formidable agency sales force among all life insurers, Pru Life UK is even in a better position to capture the underserved market of SMEs.

From purely insurance provider, Pru Life UK is helping Filipinos, from small business owner to employees alike, to get the most out of life as their all-around health and wealth partner.



**Dennis Ng**  
*Chief Revenue Officer, SME Ecosystem/ Enterprise Business, Prudential Corporation Asia*

We aspire and aim to have US\$1 billion in premiums and 5 million employees across Asia and Africa in 2025. Together, Business@Pulse and Pulse offer SMEs a powerful way to thrive and at the same time nurture a healthier and more productive workforce.