



# The Rise of Forerunners

## A business model that creates good behavior

**[Adrian]** Hi, I'm Adrian Gore, CEO of Discovery and Vitality.

Join me on Forerunners.

**[SOUNDTRACK]**

**[Gianfranco]** An insurance scheme that rewards you for making better choices and living a healthier life.

Well, that's exactly what Discovery Limited has created in Vitality, their pioneering Shared Value insurance model that rewards people for living well, driving well and banking well.

Sounds too good to be true?

**[SOUNDTRACK]**

**[Gianfranco]** Discovery calls this "the world's leading behavioral change program" that combines behavioral economics, clinical science and financial incentives to encourage members to take steps to improve their health, driving and financial behavior.

Today, Vitality serves over 20 million members across 30 countries.

I'm delighted to be joined from Johannesburg by Adrian Gore, the Founder and Chief Executive of Discovery.

Adrian, welcome to Forerunners.

**[Adrian]** Thanks for having me, Gianfranco, very excited to be here.

**[Gianfranco]** The pandemic has sent shockwaves through organizations all over the world.

How has the pandemic impacted Discovery?

**[Adrian]** Our country, South Africa, has been hit quite hard, as you know. So, it is a complicated time.

As a very substantial player in the healthcare system, we've been fairly central around helping the country response. So, elements of building track and trace applications with Google and working with government to make sure that we play a role in that, working with a telco to make sure that every South African has access to GP consultations during the pandemic.

And then we are playing a pretty outsized role in the vaccination rollout.

So, we're building vaccination sites, helping the procurement process of vaccine.

We believe this is a time to rise to the challenge.

**[Gianfranco]** In a study that we conducted recently, only 11% of the companies that we surveyed are ahead of the game in terms of being ready to step up and accelerate, during the pandemic, and in particular, post-pandemic.

It seems to me that Discovery is actually a Forerunner.

**[Adrian]** You're very gracious in your definition.

The fundamental issue, Gianfranco, is we built the organization around the simple idea of making people healthier.

It seemed like, at the time, a pretty woolly fluffy idea.

Coalescing actuarial science with behavioral science, with medical science, with technology, and the ability to operationalize and execute on that.

To the customers, it's some cool idea, you know, do healthy things, earn points, get rewarded, but behind the facade is the ability to deliver that into financial products that work, and into tech and customer journeys on the face of the mobile that are intuitive and then taking those skills and building vaccine sites.

There's an element, I think, in businesses today that requires considerable agility. You can take your skills and use them in how they need to be used as the world around us kind of convulses and changes.

**[Gianfranco]** I got impressed by the fact that for the first time ever, I saw an insurance idea be transformed by technology.

And this notion of sharing value is clearly at the core of your idea.

You have shared value in between Vitality and your clients, your employees, the communities. And of course, in between Vitality and your shareholders.

**[Adrian]** The idea actually came out of a very South African problem of building a health insurer in a country with too few doctors, very high levels of disease burden,

and a very onerous regulatory environment. And our simple hypothesis was “could we make people healthier by incentivizing them to do healthy things”.

A few behaviors drive most of sickness and death, you know, eating badly, being physically inactive.

So, this concept of a few behaviors driving a lot of mortality and morbidity was kind of unknown.

Vitality tapped into that concept.

Quite quickly, we could see that if they're healthier, we're more profitable.

We incentivize better health, our clients are healthier, we are more profitable, we can afford the incentives.

So, you get this virtuous cycle of shared value.

**[Gianfranco]** You have partners in each and every country where you operate, from food companies to retailers, to gyms and fitness organizations.

And it's completely different from the traditional insurances that you started from.

**[Adrian]** An insurance business, in its classic sense, collects premiums and pays claims.

As you journey into making people healthier, engaging people and then, in our case, creating physical networks of gyms, of retailers, this is physical plumbing, you know.

It's a customer-centric mindset about how will the customer journey through this world of wellness, what will really inspire them to do things that are better for them.

And the power of partnering, it's a very important competence.

It makes the model repeatable and scalable.

**[Gianfranco]** Reflecting on that, Adrian, the idea of fulfilling the full spectrum of aspirations of employees becomes crucial, making them an integral part of the entire value creation.

**[Adrian]** What is a corporation?

It's a purpose and values and an impact.

People are proud of our financial performance, but I don't think earnings per share growth inspires employees. I think it annoys them, frankly, in my

experience.

I think what people value about employers is its impact and its impact on their lives.

Health, nutrition, physical activity, people's mental status, how they learn, how they think about their finances, financial wellness. I think corporations can make a massive difference on their employees' lives in a profound way.

**[Gianfranco]** You had a very clear and central purpose in mind when it all started.

So, what's next in your mind?

**[Adrian]** It really has been a tremendous journey. We're working with our partners like AIA, Ping An, Generali, John Hancock, Sumitomo around the world, partners now that represent 35% of the world's insured market and if we can penetrate more of those partners, the ability to make real impact with them is so substantial.

We started a bank in South Africa, a considerable investment, around this idea of making people manage their money better.

It really is important to say, health and resilience are so fundamental in a post-COVID world.

I guess our challenge, Gianfranco, going forward is, "can we scale to the level that we need to".

I think the purpose does have to be authentic and really believed.

So, I'm excited.

We're in a good partnership with you and we appreciate it.

**[Gianfranco]** The journey has just started.

So, thank you for being with us today, Adrian, and looking forward to coming to South Africa as soon as safe and possible.

**[Adrian]** Gianfranco, thank you. A pleasure and an honor to be part of it. Thank you.

**(LET THERE BE CHANGE)**

**END**