Suncorp Group 2015 Investor Day

27 May 2015

Start of Transcript

Mark Ley: Good morning and welcome, everyone here, at Suncorp SMART Plus Repair Centre at Riverwood. And to all those watching on the webcast, my name is Mark Ley, and I'm Suncorp's Head of Investor Relations.

Some housekeeping before we start. Can you make sure your phones are on silent. And in the unlikely event of an emergency alarm, please follow the instructions of the SMART Plus team.

We've got a full agenda this morning. You'll be hearing from a large number of the Suncorp executive team. But we have put aside some time at the end for Q&A. We'll pause the webcast at 20 past 10. Everyone here will be heading to morning tea. We've got some booths set up to showcase some of Suncorp's customer innovations and supply chain initiatives.

But to start off proceedings, it's my great pleasure to hand over to Suncorp Group CEO, Patrick Snowball.

Patrick Snowball: Thank you, Mark, and good morning. Thank you very much for joining us at Riverwood this morning and, obviously, welcome to those who are also joining us on the webcast.

Two years ago, a lot of you will remember, when we were last out here, this we were demonstrating as the highlight of our vertical integration at the time. Today, as you go round, you'll see that we're taking this to a new level.

Our new business model will include facilities that can accommodate both drivable and non-drivable repairs in this shed here. It's a great example of how we continue to evolve and adapt our strategy for the benefit of both our shareholders and, of course, our customers as well.

We continue to expand our successful relationship with our joint venture partner, Jimmy Vais. A lot of you, actually, this morning met him. He's bringing his SMART process and technology to this facility here. And the manufacturing approach that we're adapting will further improve quality, cost and, most importantly, customer service.

We've also rebranded the site SMART Plus. This allows us to leverage the scale of our joint venture network and improve both administration and workforce planning. It also allows us to realise additional procurement benefits. And, as you'll see today, we'll be highlighting the role that ACM Parts is playing within our integration story.

So, before we go out at morning tea, I'd like to start off by describing what we're actually looking to achieve today. We're going to be presenting in two parts. The first session sets out how each of our businesses is progressing with the Simplification program that we talked about last year and how they're positioning themselves for the future.

After the break we will show how these projects contribute to what we're calling an optimised platform, which will give the Group a sustainable competitive advantage well into the future.

In 2010 we began our transformational journey. Without going into too much detail, I'd like to remind you of what we've achieved over those five years. Firstly, we implemented a clear strategy: one company, many brands. And to achieve this we integrated our systems, establishing the one platform to manage all our pricing, claims, finance and people systems.

Secondly, we rebuilt our balance sheet, divested non-core businesses and streamlined the Group's legal structures within the non-operating holding company. We also established our strategic partnership strategy, both here in Australia, as well as in India, China and the Philippines. Most importantly, we created a high performing culture of which all our employees could feel proud.

Both the Building Blocks and Simplification programs have reduced complexity, driven efficiencies, enhanced customer service and, ultimately, simplified the Suncorp Group. As you can see from this graph we've delivered $460 million of cost saves to date, $235 million of annual benefits from Building Blocks, and an additional $225 million from Simplification.

This explains the significant improvement in our underlying ITR, which is now well ahead of our target of 12%. At the same time we've maintained a relatively flat cost base, at about $2.6 billion, whilst absorbing the program cost within our operating budgets.

I've always said to you that there's a lot more gas in the tank, and over the next two years, as we move to our optimised platform, we will be able to extract further benefits of $170 million, which Steve Johnston will talk to a little later.

For the first two or three years of our journey most of our benefits came from achieving efficiencies and economies of scale in personal insurance and, where possible, leveraging these across the Group.

What's great to see now is the diversification benefit starting to play out. At the half year, for the first time, you will recall that each line of business contributed positively to our performance, and we saw growth and profit coming from our bank, life, commercial insurance and our New Zealand businesses.

I am confident that as we start to maximise the value of our strategic assets that we've talked to you before about - of cost, capital, culture and, of course, customer - and deliver on the next wave of projects, we will see Suncorp achieve a sustainable return on equity above 10%.

Later, each of the Chief Executives will outline the benefits that have been achieved in their divisions through Simplification, and the steps they're taking towards this optimised platform. But before they do, let me explain what we actually mean by this platform.

So you can see on the screen here, increasingly, our customers want to connect digitally. And we're living in a world of both mobility and technological disruption. To ensure that we stay ahead of the competition we've been investing in systems that are digitally enabled to allow our customers and business partners to access us how and where they want.

Standing behind our digital front end we are completing the development of four core administration systems, one policy and one claim system for all our general insurance businesses, both here and in New Zealand, a world class banking system and a new life administration system.

These core systems will feed our customer, policy and claims data, along with HR, finance and management data, into our single centralised data lake. This will allow us to establish a best in class Business Intelligence function, providing forward-looking predictive analytics to deliver better solutions and outcomes for our customers.

And you will see again on this diagram that all of this will sit in a secure and flexible cloud environment where our lean and agile capabilities will enable us to deliver new services at high speed and lower cost.

I want to assure you that none of this is vapourware. We set this plan some time ago and have been delivering our projects on time and to budget over the last few years. The basics are now all in place and will be completed by June 2017.

Later this morning Matt Pancino - who heads up our IT - and Mark Reinke - our Marketing, Customer and Data Head - will talk in more detail about these developments, but our optimised platform isn't just software or hardware either. A key element is our people.

I'm really proud of the high performing culture that we've created. We've changed the way we work and have focussed on lifting the skills and capabilities of our team. We're achieving industry leading results from our staff engagement and enablement reviews, with more than 90% of the team participating in our annual survey.

We've got a great leadership team with a great bench strength. Our culture is unique, and can be best described as aligned, engaged and empowered. This allows us to attract and develop industry leading talent that underpins our ability to execute.

87% of our people are proud to work for Suncorp. In my opinion, this is what differentiates us and sets us apart from our competitors in the financial service sector. Our scalable platform gives us agility. Our Business Intelligence gives us customer insight, and our people give us the ability to execute. Together the form this optimised platform and give us a sustainable strategic advantage into the future.

This platform, or structure, is the culmination of our simplification integration work, which will deliver great cost savings but, more importantly, will really unlock the power and capability we have to communicate with our nine million customers.

Importantly, it will provide us with further organic growth. We'll be better informed, enabled and responsive to markets, segments and demographics, in ways that we were not able to achieve before. This will not only allow us to compete, but to prevail over both our traditional competitors and, of course, potential disruptors into the market as well.

I'm confident that we can clearly demonstrate that this Company has become a leaner, faster and smarter business. Holding our cost base flat has enabled us to deliver a competitive broad range of simple financial service products that Australians and New Zealanders need throughout their daily lives.

We're certainly faster at meeting the needs of our customers. We're well known for our market leading response times to major weather events, and in so doing, we continue to reduce the impact on our customers.

We proved this again with the Brisbane hailstorm in November, when we processed a record 10,000 claims in one day and set up the Fairfield Mass Assessment Centre which processed 1500 cars per day. To date, this year, we've handled over 110,000 natural hazard claims.

There's no doubt that our optimised platform, thinking differently and harnessing our digital and mobile innovations makes us smarter, positioning us at the front end of this new world. The SMART Plus facility here today forms part of the supply chain initiatives. They're a clear example of the way we're thinking differently from the rest of the market.

So this brings us to our targets. Over the last five years we have set extremely challenging and aspirational targets for the Suncorp Group. I'm the first to admit that we haven't achieved all of them. Disappointingly, we will not hit the 10% ROE target in the 2015 financial year.

At the time of the setting of this target we did explain that it could be impacted by natural hazards and investment markets. And, unfortunately, 2015 represents the worst year for net natural hazards in our recent history, with claims currently in Suncorp sitting at over $1 billion net.

Despite the challenges this year, I remain convinced that with the continuation of driving efficiencies and above system growth in life, bank, commercial insurance and our New Zealand operations, we will deliver our 10% ROE target in the 2016 financial year, and this will be sustainable into the future.

We've set our general insurance business to deliver industry leading customer service and achieve an underlying ITR in excess of 12%. We accept there will always be new entrants and challengers who will look to take market share. However, this optimised platform gives us greater capacity to balance both volume and margin as we reinvest some of the benefits we're achieving back into the front end of our franchise.

In addition, I believe the key to unlocking the inherent value of Suncorp's conglomerate financial service model relies on maximising the strategic assets I've talked about, whilst this platform will continue to improve our financial metrics. Most importantly, of course, our cash earnings. This will allow us to continue to improve our ordinary dividend, which is based on the target payout ratio between 60% and 80%.

Today, the senior leadership team will outline the journey we will take over the next two years as we continue to drive, further differentiating ourselves from the market. This Group has a clear strategy, focussed on unlocking the value of our nine million customers. Enabled by our optimised platform and Business Intelligence, we will be best placed to serve our customers, anticipate their evolving needs and be first to market with new and innovative products and services.

There no doubt that we already have a solid foundation. And, today, the Chief Executives will outline the next stage of the plan. Mark Milliner will talk about how the PI business has led the way with Simplification. For example, having one claims system which has significantly reduced the waiting time during peak weather events and increasing, of course, the integration of SMART into our claims response, making it faster, cheaper and easier for our customers.

Anthony Day's commercial insurance business has now implemented one single platform across all our CTP products. This has enabled the business to enter new schemes such as ACT with ease and reduce cost. And this track record positions us well to respond to the recently announced South Australia CTP initiative.

In our New Zealand business Gary Dransfield is gearing up to take advantage of the scale that the Group can provide, especially in technology platforms such as pricing and claims systems; what we're increasingly calling the one general insurance way.

This will deliver significant benefits to our Vero and AAI businesses, which are already contributing excellent results, and along with New Zealand life, are forecast to contribute $200 million of NPAT this financial year.

John Nesbitt will focus on Project Ignite. This best in class IT system is a key industry differentiator, which Suncorp will be the first to implement. It gives our regional bank an IT platform better than most of the majors, and will give the Bank a genuine competitive advantage over its regional peers.

In life we're taking advantage of the Group's scale to position us at the front end of an industry that is going through transformational change. Geoff Summerhayes will give a brief overview of current market conditions and will spend some time explaining the benefits of the new superannuation platform and how this, again, focusses on the customer. And finally, of course, Steve Johnston will outline further costs benefits that will be realised over the next few years.

You should be confident that we now have an ingrained culture of successfully executing projects on time and to budget. And these further benefits will continue to support the foundations for growth. All of this has been, and will continue to be, key differentiators which will increasingly make Suncorp a standout company, both in Australia and in New Zealand.

So on that note I'd like to ask Mark, Anthony and Gary to come on stage to discuss the progress we're making in establishing the one GI way. Thank you very much.

Mark Milliner: Good morning, everybody, and thank you, Patrick, for passing over to us. Look, I'd love to add my welcome to everybody here today at our Riverwood facility with SMART Plus. As you've heard, there's no doubt we continue to improve the efficiency. The customer capability in terms of getting cars back to our customers much quicker is evident here. And I think, most importantly, our ability to duplicate this site around Australia quickly now we'll talk about a bit later.

Look, I think in terms of this morning, I certainly want to talk to you about our Simplification program of work that was outlined a few years ago. The core to that simplification work was us moving from 14 policy systems down to one policy system. And we really have been able to execute that ruthlessly over the last couple of years, so that now not only home, motor and CTP are now all on that one platform.

So there's no doubt our Australian business has led the way in terms of creating that one GI way that Patrick's already talked about. And it really does now allow the rest of our general insurance business, around commercial and New Zealand business, to take that on and leverage that capability, going forward, and the guys will certainly talk to you about that.

Look, there's no doubt that scale advantage that we've got by having everything on one system now really does put us in a great position from a customer perspective, from the ability to roll new products out around our business.

The other thing, I think, that is absolutely critical - and Patrick's talked about the optimised platform across Suncorp that we're putting in place - but the one policy system across the whole general insurance business will be absolutely fundamental and critical to that optimised platform, given the number of customers we have in the GI business.

The other thing, obviously, we touch on regularly is our four Cs. I think there's no doubt the one policy system across PI will certainly help with all those four Cs: Customer, Culture, Cost and Capital. But today I just wanted to touch on three of those that are on the slide.

But there's no doubt we do have a better customer experience now across our PI business. The platform is much more flexible, adaptive, and certainly allows us to be more innovative in what we've been doing. And it's also lowered our cost to benefits that we've got in terms of a lower cost position this year. We've pushed back into the front end of our business in terms of a lower price so that we can maintain our customer base, but also, more importantly, keep our ITR meeting or beating 12%, and we're certainly in that position today.

So let me touch on the three elements of the four Cs. I'll just give you a few examples of where - of how it's played out in terms of benefiting our business. Look, I think from a customer's perspective, we have seen increased retention rates across our business. There's no doubt that having consistency in our product sets across the business has certainly made it easier for our customers to understand and, therefore, we're certainly - along with the price reductions that we've got in the market - been able to improve our retention.

We've also seen with that an increase in our customer satisfaction scores, as well as our net promoter scores, across all of our brands, which has also been very satisfying.

I think one of the other things that we've been able to do is certain features that we've had in some of the brands historically, such as calculators for home insurance so people can go on and really understand what it would cost to rebuild their home in the case of something happening has allowed us to push those sorts of things across all the brands. What that's meant is we've really been able to get our customers to understand what it does cost, and therefore insure their property at the right price.

I think another great example of us being very adaptive and innovative in the current market with having the one policy system has been a new product that we've just launched. We've launched a direct strata product into the Australian market. Historically, that's been dominated by brokers. We've got that in place across two of our bigger brands - AAMI and Suncorp - very quickly, and we're already getting great results in terms of that product out in the market.

I think, also from a customer's perspective, it's important when people ring us that they really are able to get through to us quickly. And what we've been able to do is load - certainly from a load balance perspective - if our queues get too long in one brand, because we've got one system it's quite easy for us to bring customers across - sorry, our staff across into that brand very quickly and answer the phones much quicker. So we've got a much better consistent level of service across the whole business.

The second area I wanted to touch on is culture. Look, there's no doubt having an enabled workforce really does make a big difference to how our staff feel, and therefore how we deliver our services to our customers. We've certainly seen a massive shift in that over the last three or four years.

Look, it's not only because of the new one policy system, but there's no doubt in our distribution teams it's had a massive impact in terms of our staff feeling much more enabled. And we've had a 20 point lift in our enablement scores over the last three years, which has been amazing.

I think the other thing, from a - if you think about our staff and culture - that's made a big difference with this program of work is the fact that the staff can now see all of the products that a customer holds in one brand.

Historically, what occurred was they had to go in and out of all sorts of different screens to figure out whether they had a motor home CTP policy. Today they get that in one view up front when a customer calls, and it really does help in terms of cross-selling and servicing the customer much better, and therefore the staff feel much more comfortable in terms of what they're doing.

Look, in terms of cost there's no doubt having one system to support and maintain, as opposed to 14, is much easier from an IT perspective, and is producing a much lower cost for us. I think the other thing that we've done with LSP, or the one policy system, is also move a lot of our documentation away from historical snail mail type scenarios on to digital electronic.

So we send quotes electronically straight away. We can send and bind business immediately and get documentation to our customers in an electronic form. And that's clearly saving us a significant amount of money in terms of postage.

The other one, I think, both in terms of us being nimble, but also lower cost, is our ability now to innovate at the front end in a mobile digital capacity, and then roll it out across all of our other brands. Historically, when you had multiple back end systems you had to build one platform for that system and then redo everything at the same cost or more on another. Now we can build it in one brand and put it across all our brands at a significantly lower cost than historically.

So, look, I think there's no doubt we've got - by having this one platform in a GI way, we've got a much better customer service. There's no doubt that culturally, it's helped us on our journey to become a global, high-performing company in terms of engagement and happier staff, and obviously, we're in a much better position from a cost perspective and speed. So that strong platform has been key to the changes we've made across the business. So I'd like to hand over to Anthony now to talk to you about what he's doing in his world.

Anthony Day: Thanks a lot Mark, and the great part about all the work that Mark's been doing, we've been along that journey the whole way. I think that's the important part of the way we're approaching this new platform, because it's just not about personal insurance products. It's across all of our products in our business. So while today I'll just cover off a couple of things rather than duplicate all the benefits that Mark talked about, just focus on what it means to commercial insurance, and where we're at in that journey. Secondly, I just want to talk about the final destination, and lastly, the benefits that we'll see coming through this program. So they're the three areas.

As I said, and I think Patrick's said in his opening as well as Mark, that we're now 100% on with our CTP products onto the new platform, which is a great area to be on, because that's where the biggest volume in commercial insurance is, is in CTP. This is already providing enormous benefit to our people. Having a way of actually interacting with the system when they work closely with Mark's distribution teams in selling personalised products, it's really important that they're on the same platform. That's really coming through. That's why we focused very early on that. For our customers, it makes it a lot easier for them to interact with us, and that's the early benefits we're getting out of that.

So where are we at right now? I think if you look at, as I said, CTP is complete. We did that over about 15 months. We started, and it was interesting the way we did it, it was a little bit different. We started with our AAMI products on CTP, which was about 600,000 product - policies that we moved across to the new platform. We did it on one weekend. Then we went to the GIO products, and we moved that on another weekend. Then eventually we went on to the Suncorp products and moved them across. So GIO was about 850,000 policies, and then the Suncorp was about 1.3 million. Why is that important? The reason that's important is because it allows us to get the benefits very quickly. We're not transitioning over a 12 month period, we're able to get it straight away. That really is providing some benefits to us, particularly our customers.

It also helps our national team, and you'll hear me later on talk about our statutory business. But it helps our national team have a common way of thinking about that portfolio and the dynamics of that portfolio and how we work in with those, and gives us some flexibility on how we interact with our customers. It gives us the opportunity to go into new schemes with a lot of confidence. We're not dealing with old legacy platforms. We can go in with a new platform into new schemes. Patrick mentioned, obviously, the opportunities coming up with new schemes and our recent entry into the ACT.

Next stage for us was to move into the next product, and in November last year we focused on our worker's compensation online products. We wanted to get that out there as quickly, and test it in the market. That has been very successful. A couple of weeks ago, we launched into the GIO online business pack for mobile businesses, tradies, which - it's great to be able to move into that direct line and test it in that market and see how it actually develops. We've seen some good results early on. So where we'll get to over the next two years, we'll have all our directed, intermediated products onto the new platform. For me, that is so important for us as a business, because if you deal with a very diverse business like commercial insurance, you have 16 different products. They all do it different ways. To have it on one platform doing it the one way makes it easier for our customers, but also makes it easier for our people to interact and find efficiencies in that.

Leading in with direct was a smart move, because as we're seeing, customers change behaviours, it gives us an opportunity to adapt very quickly for that changing behaviour and their buying preferences. Worker's compensation's progressing well. So we're moving into the intermediated space of that, and progressing that. But we're going to turn the focus, over the next period, into the broker marker, which is the big bang for us. It's still the majority of the commercial business is in the broker market, and how we're going to focus on that is on the front end, making sure the front end of that - and then making it easier for them to deal with us - is such a big benefit to us. The easier we make it with brokers, particularly on small business to transact business with us, the more business we will be able to attract into us.

So what are we going to achieve? I think what we've set out is the cost and growth benefit on an annual run rate of AUD35 million, which will come through a number of areas. The reduced spend to build, which - and to maintain on our IT site, and the productivity improvements that are going to come through, plus obviously the new business opportunities. From our people and customers, it will just make it so much easier to deal with us. If I'm a broker and I've got one set of systems that I have to deal with, it actually drives processes from our people on being able to interact with them and with a common way of dealing with us, and allows for that diversity of business.

We're already seeing CTP call centre times reduce dramatically, and I think that's fantastic for the customers. It makes it easier for them to deal with us. The 24/7 access to our online capabilities is obviously the way of the future, particularly with small business owners. So the system itself, commercial, and we're very excited. Gary and I are taking over the baton of the lead, I guess, from Mark. But it is about finishing it off over the next two years, and leveraging some of the great work that we've done in the personal insurance space, as well as the CTP area to really finish off the job across the whole of the general insurance business. So now I hand over to Gary who's going to give us a bit of a market update, and then tell us how they're fitting into this. Over to you Gaz.

Gary Dransfield: Thanks very much Anthony, good morning. Like any good front row in a scrum, I get the benefit of the heavy lifting of the props on either side do - so when the ball gets fed in, it should be much easier for straight out for the New Zealand business. You can see, being a New Zealander, I've had to go low commitment on State of Origin day. I've had to cover both bases. Blue shirt, maroon tie. So look, I just want to give you a bit of a quick market context for New Zealand, because it does very much drive why we've needed to simplify and transform our business, and then give you a sense of what that's going to look like.

In my four years in New Zealand, there's - as the analysts in the room know, obviously - has been significant disruption and change driven in some cases by global and international trends, but much more catalysed by events stemming from Christchurch. We've very much needed to respond to those changes in our business in New Zealand, build a much more resilient, stronger, and more profitable business to cope with what we know, now, can be quite significant shocks. But also, there's upside and we need to respond and transform ourselves because there's opportunity in the market structure that we face into in New Zealand. Opportunity in terms of growth at the top line, and profit.

So just specifically, what's impacting our operating environment. Well, market structure, our concentration obviously. One player that's half the market. Us as the number two player at a quarter of the market is very concentrated, and throws up opportunity for us. In terms of commercial lines, we've seen a somewhat surprising and dramatic softening of the commercial lines market, driven very much by cheap offshore capital, and capital that in many cases is not loss affected by Christchurch, that's looking to drive organic growth and return for itself. In personal lines, very attractive market structure given the concentration that we've got, and harder for offshore capital to break into.

Producing strong margins, and clearly attracting the first new entrant in the New Zealand personal lines for 20 years, since our own AA Insurance business started up. But right along the value chain, there is change. In the broker market, there's consolidation in New Zealand. The large players are getting larger. Aon. A J Gallagher's taking over Crombie Lockwood. Marsh. But then the Australian-listed broking houses like Steadfast, and Austbrokers, are now building formidable presences through roll-ups and alliances in the New Zealand market. The consequence of that for us as underwriters is clearly that there is more power in the hands of fewer brokers. But we back ourselves to manage our relationships really effectively through the key brokers to retain our good business and continue to grow.

Prudential supervision. The Reserve Bank clearly is a relatively new regulator. The *Insurance (Prudential Supervision) Act* was passed through Parliament the day or two before the first of the earthquakes, and clearly, many of the elements of the (*Prudential Supervision) Act* now are very much targeted at the frailties that can arise from serious catastrophe in New Zealand. The Reserve Bank, unsurprisingly given the earthquake impacts focuses on solvency, capital, earthquake reserving, and the accuracy of that, and risk governance, and the quality of risk governance. So these are all quite significant forces, market and industry structure forces for us.

But very much catalysed in most cases by Christchurch. Of course, no New Zealand presentation, still, at the moment, would be complete without a Christchurch update. So I can just tell you a little bit about where we're up to. Private insurers, overall, are going to pay somewhere over NZD20 billion, and have paid just a tick over NZD15 billion at the moment. At Suncorp, we've paid just a bit over NZD4.3 billion, and that's around 83% of what we think we'll ultimately have to pay. Our time frames are stretching out for completion somewhat more than we would have hoped, and the factors driving that are litigation, and the delay that that brings in as other parties wait to see the out-workings of judgments in courts.

EQC over-cap claims continuing to come through, and of course, it gets harder for the tail of customers to ultimately make complex financial decisions. But one of the clear things coming out of Christchurch, and this is very relevant to the way the industry goes forward and how profitable it can be, is the *Earthquake Commission Act*. We're very keen, as an industry, and as Suncorp, to see the learning, while it remains fresh, taken advantage of. Clearly, the dual insurance model of private insurers and EQC has worked well for the country from the point of view of aggregating capital in terms of reinsurance and the natural disaster fund that the EQC was able to bring to bear.

It's been less effective as a dual-insurer model for customers, and claims handling has proven quite clunky and inefficient for customers and for the overall recovery. Suncorp, particularly, but the industry as well, have called very strongly, recently, for reform of the *Earthquake Commission Act* both in terms of coverage and claims handling. The objective that we want to see out of reform of the Act is lower claims cost, should there be another major catastrophe, less duplicated claims handling expense, a quicker recovery for the economy, and much better outcomes for home owners in New Zealand. I think just in closing on Christchurch, it's appropriate to say, there is still an overhang that you see come through insurer numbers. It varies by insurer, it's diminishing, but there is still an overhang floating around there.

But now moving to our transformation and how we've had to adapt to the changed circumstances in the New Zealand market. We very much sought to bring a greater balance to our business between commercial lines and personal lines. We were primarily [rote] commercial insurer before the earthquakes, and so what we're trying to do is bring growth to personal lines, diversify across channels to limit or reduce that dependence on a smaller number of brokers. But still strengthening our position in commercial insurance as a market leader. We're building a more simplified, resilient and strong organisation.

Evidence of that, and our focus on growth in personal lines, has been our unit growth in personal lines, which has run at over 6% per annum for the last two years across all channels. That's very much helped us offset commercial lines softness that's come through the market. We've retained and grown our corporate partner footprint across the country, and that's very much been a factor in our personal lines growth. We're fiercely defending our patch in our commercial market against the soft rates. We want to hang on to our high quality and great customers. We're innovating product by virtue of being able to leverage the Group's capability and reinsurance relationships, and intellectual property around product development to take a market leading, most comprehensive home product to market.

As Mark and Anthony said, we're very much learning from the Australian simplification, and the work done on both legacy simplification and claim centre. Re-using technology platforms and business processes, but at much lower cost than we would have otherwise been able to do. For us, what that means is 17 systems are coming down to two systems, so a much more simplified environment. But with product and customer functionality uplift coming along as well. We'll very much piggyback the Group's investment and capability in social mobile analytics, and cloud computing. So just in closing, I'll recap what I said here a couple of years ago at this same session in 2013.

In terms of market commitments, we very much feel that we're beating New Zealand industry system growth, both by virtue of our personal lines unit growth and holding onto our commercial base through our rebalanced portfolio. We're on track, as Patrick said, to well exceed our NZD100 million NPAT target. That was deliberately set conservatively, because we did see noise coming through for a number of years from earthquake overhang. Then finally we're well and truly ahead on our underlying ITR commitment of 12% meeting or beating - we expect that to strengthen as we get more benefit from simplification in the system platforms coming through.

Just in wrapping up on the GI session for the GI front row here, Patrick referenced at the outset the one general insurance way. What our ability to leverage technology platforms and importantly business processes and the customer propositions they deliver is doing for us in New Zealand, but creating some flow back, I think, into Australia of capability that we can help develop and invest in is truly a one GI way; a very powerful GI group across the Tasman where value is very much able to flow in both directions, and for us in New Zealand, quite selfishly, it helps accelerate our transformation coming out of the catalyst of the earthquakes and the impacts of those.

So with that now I'll hand over to the Chief Executive of Suncorp Bank, John Nesbitt.

John Nesbitt: Thanks Gary, and good morning everyone. Thanks for joining us here today at Riverwood. This is an exciting time for Suncorp Bank, and frankly, it's a great time to be leading the Bank. Today, I'm going to talk about the way that we're transforming our bank, how we're using the strength of the Group through our shared capability, technology, and innovation to be the bank for aspiring Australians. The genuine alternative to the majors. You will have seen our quarterly (APS) 330 update delivered to the market earlier this month. We're extremely proud of what that update signifies. It highlights the strength of the Bank's balance sheet, and reinforces the focus we have on achieving sustainable, high-quality growth in our target segments.

Total lending increased by 3.3% for the quarter to $52 billion. Impairments were down. They were down in home lending, agribusiness, and commercial. The capital position for the Bank was further strengthened. Growth founded on good credit quality is important to our business. It's important to building trust and credibility amongst all of our stakeholders. It's important to the foundation of the new bank that we're building here at Suncorp. Our results clearly demonstrate the potential for this bank. They highlight the role that the Bank will increasingly play in building this diversified financial services business.

The new bank that we're building has four strategic pillars or enablers. Firstly, Ignite, our new banking platform. Secondly, advanced risk management. Thirdly, our Business Intelligence initiatives, and finally, our group customer extensions. Now these four pillars will serve us well as we move through and beyond this low interest rate, low growth environment. They'll support us in a banking market characterised by heightened competition in an uncertain economic, political and regulatory landscape. Now this has all happened - happening against the backdrop of major technology and consumer behaviour change, where banks are reacting to changes in the competitive environment in a lot of different ways.

Now through genuine customer and community connections, Suncorp Bank is very well positioned as the genuine alternative to the big, old and impersonal banks. The capital funding capability and strength of the Suncorp Group provides this bank with further leverage so that it undertakes a significant change program to deliver an optimised platform and a brand spanking new bank for 2017 founded on these four pillars. Now Project Ignite is a key enabler for our bank, no doubt, and I'm going to focus on this major program at work here today. But first I'd like to give you a brief overview of the other three strategic initiatives or projects.

Now, our risk management capabilities are core focus of the Bank. We're building sophisticated risk management under [Basel] advanced accreditation. This brings absolute discipline to our business in stealing good risk assessment and decision making in everything we do. Our fully implemented, advanced accreditation program will provide risk adjusted pricing tools to make us more competitive for high quality lending, and, charge a justifiable premium for loans with higher risk grades. Now this is going to give us flexibility to drive our business around risk reward trade-offs. And further drive down impairments.

The program is equipping our team with the skills and tools to make highly informed, risk-based decisions. Our team will have a deeper understanding of the underlying risk and profit drivers of our business, so that they can direct their sales and service efforts in the most effective and efficient way.

Now on the second pillar, the Bank customer is working as a virtual team with the Group customer intelligence as part of Business Intelligence Program at work. The team is building insight through data that has previously not been available to the Bank. These insights are setting us apart from our competitors, particularly the regional and mutual banks that just don't have access to the Group tech capability or nine million customers. In Group customer extensions, cross-Group teams have been formed to design lifestyle solutions for segments of the combined Group's nine million customer base. Specifically, the 3.3 million customers who are aged over 50, and, the 450,000 SME customers who are critical to our bank.

This provides a sharp focus on meeting the needs of our customers in what is a rapidly shifting, consumer and technology environment.

Now to Project Ignite, this transformational program replaces our core banking system with the Oracle product. Ignite is the key piece of infrastructure required to build the base of the Bank's optimised platform by 2017. The program is delivering the back bone on which exceptional customer experiences are being built. We're building a seamless experience for customers through the true integration with mobile apps and external systems.

You can see this here on the slide this morning. Different types of users use different types of apps via an appropriate API - you're going to hear this word a lot, API, or it's interface simply - that will interact with Ignite. Now Ignite is an enabler for our bank's strategic direction through the benefits it's providing in the areas of simplification, flexibility, automation, data quality, cost reduction and sustainability. In and of itself Ignite is a banking platform. It's what we're doing with it that will make all the difference in the future.

Now at our Investor Day last year I outlined our plan. And I'm very pleased today to be able to update you on what has already been achieved. Pleasingly, the timeline hasn't changed. We're smack on schedule, and we've successfully implemented phase one, personal loans. Now Ignite involves a couple of things. Firstly, the de-commissioning of 12 complex legacy systems, secondly leveraging straight through processing capabilities to re-engineer 580 business processes and remove duplication.

And finally, the rationalisation of our product set for simplicity and modernisation of our offering. We've taken a customer-centric approach to the design and delivery of this Ignite system. The technology of Ignite will empower our front line to own customer experiences by resolving enquiries at the very first contact. And having control over workflows. They'll own the risk reward of their originated transactions as the first line of defence.

Our sales people will have sophisticated connected customer and risk tools that provide tailored insights and pricing. This is drawn from the Bank, the Group and also external data sources, and brought together by the Group Business Intelligence program. All of this is brought to life through the new Ignite program. This will elevate the quality of conversations we have with our customers.

User interfaces will become common across internal and external platforms, with the same quality of experience delivered across digital, contact centre and face-to-face interactions. Our people will be experts in the system they operate, and be able to teach customers to interact with them via self-service channels. The new Ignite back-end systems will have straight through processes that facilitate live feedback and decision-making.

This will decrease error rates and increase productivity. With transaction processing and customer servicing activities reduced in our front line roles, our team will focus on more sophisticated conversations and opportunities with the customers. Our contact centre, web chat, and branch channels will offer a high level of insight and support to our customers. Ignite will enable our people to make genuine connections with our customers through multiple channels.

The level of automation in the system will allow our customers to experience a seamless integration between our digital and physical channels, ensuring a consistently high level of service. Automation - it's critical and it's going to serve our bank massively as we go forward. Ignite supports our ability to embrace new technology faster, making us more agile to respond to emerging customer needs with much greater ease, at less cost, and faster to the market. This will provide us with another real advantage over the regional banks and truly enhance our positioning against the majors.

Now, our approach to delivering this project has been consistent and designed around risk mitigation. We've sequenced releases to reduce risk across the program. We started with the low risk processes and portfolios to enhance our learning for more complex phases. We've gradually moved to the more complex, as determined by size, scope, customer impact and employee impact. The first phase of Ignite involved detailed design and planning, and extensive testing. The better you plan the better the outcomes you get for these types of projects.

We've come a long way in the journey so far, the critical planning, testing and design phases have set us up very well. The new customer relationship management, or CRM, system, was the first stage of the program. This has successfully been operating in the Bank for the last two years or so. The CRM gives us the 360 degree view of our customer, and provides the foundation data which allows us to manage customer interactions much more effectively.

The next phase was the release of personal loans onto Ignite, in November. I'll outline a little bit more about that now. So we successfully rolled out personal loan origination on the Ignite platform in November last year, on schedule as planned. This was a critical first step for the platform, as this low risk part of our business allowed us to successfully test over 2/3 of the systems across the Bank. End-to-end, it's in the business, it's running today.

The staggered deployment of this release ensured controlled roll-out, and supported system functionality. It was a low risk approach providing lots of learning and validation across the system. We released the pilot program to a contained group of staff initially, and this allowed us to test the functionality of the release and ensure business readiness success.

Now the success of the program can also be credited to the change champions across the Bank, who have embraced the new system. They have been instrumental in trialling, feedback, endorsement and championing of Ignite. This is a big piece of change but a very welcome one for all of our people.

Now as of today, more than 3,500 personal loan applications have been processed on Ignite. Our national branch network is fully trained to operate on the platform. This is not vapourware, it's in, it's running today, it's being used by our teams. We're now settling loans same day. This is a significant change from the pre-Ignite world, previously there were multiple touch points across our business in the approval, and fulfilment, of a personal loan. It took 3-5 days due to multiple hand-offs. Not a very good customer experience. We can now process personal loans in some cases in under 20 minutes with much better risk controls.

Now, improving the customer experience is really what Ignite is all about. It's providing us with a strong and stable de-risked platform onto which we're building tools that will help us grow what we call connected customers. The CRM system that I spoke about a little earlier is our window to the customers, it provides the data which drives the five elements of customer central, or connected customers as we define it. And these are, firstly, customer segmentation, secondly connect online tools, thirdly the voice of the customer - which measures our customer service outcomes, fourthly a dedicated complaints mechanism to help us improve, and finally, six levels of service demonstrating what good really looks like across the Bank.

Now this work is gaining traction now. It's not a promise, it's not going to happen in the future, it's happening today. Since we launched these tools in October, we've almost doubled the number of new home loan customers who are connected customers. This means they have active transaction and savings accounts. We wrote 18,000 new loans in our mortgage campaign in the December quarter. Now the customer central program helped us connect the majority of these customers, and this is great news for both retention and growth. Over 60% of those 18,000 customers came through us connected.

Now the tools are important and the discipline around the program is driving results. This can be clearly seen today in the increased low cost transaction account volumes right there in the results this year. This is really just the beginning of the benefits that we will drive through Ignite.

So, what's next? Our multi-release strategy allows for functional components of the new banking platform to be implemented in phases. The program has been refined to a number of smaller releases, with the purpose of reducing risk, and the more complex phases around - particularly reducing risk around the more complex phases of deposits and transactions. Time is the biggest risk, wherever we can we're looking to accelerate the program to reduce the risk at the back end of the schedule.

The next significant milestone is the implementation of new hardware and the updated version of the software in June, next month. This will be followed by a series of implementations that will allow new home loans to be written on the platform in September. Term deposits and transaction account functionality will be available for new business from early in calendar 2016. Once the upgrade to version 2.4 of the software is completed early next year, legacy system conversion will start taking place.

Now we expect Oracle to deliver the simplified business banking system that we need by late 2015 so we can complete implementation of business banking by June next year. Risk mitigation through phased and ring-fenced implementation, regular post-implementation review, and cross-Group collaboration, is supporting the management of this project. We're very pleased with progress-to-date, but I can tell you we're not complacent by any means.

By their very nature, technology and change programs require absolute diligence and vigilance. We've got the right people and the right expertise both internally and externally supporting this program, Ignite. We understand the value that the program can provide to both our bank, and the broader Group, we're extremely focused on delivering this change program successfully so that we can move into 2017 as an agile, and resilient new bank.

So thank you very much for listening to where we're at with the Bank. I'd like now to introduce Geoff Summerhayes, CEO for Suncorp Life who will update you on the direction of our Life business. Thank you very much, good morning Geoff.

Geoff Summerhayes: Thanks John, and good morning all. Good to be with you. As Patrick outlined in the introduction, I'd like to provide you with an overview of several of Suncorp Life's simplification initiatives. But first, our super simplification program in our superannuation business, which utilises processes and technology to achieve a scalable, customer centric business, and second, the initiative known as Acclaim, that is as in praise, not to pay a claim, which is within our Life risk business, and it's an advisor value-based segmentation model, to build a platform that enables us to adapt to the structural industry change that is underway.

Both the super simplification program and the Acclaim segmentation model are components of Life's optimised platform, and will allow us over the coming years to be leaner, faster, and operate in a more customer-focussed orientation. Before getting into the detail of these initiatives, it is worthwhile looking back at where we've come from in the Life business. In the Life company, we've simplified our business and our moral and processes. We've divested non-core businesses, released excess capital back to the Group in an innovative reinsurance arrangement, some time in advance of others in the market, re-set the balance sheet of our Life risk business in 2014, developed a strategy to build the Life company of the future, which is focussed around the customer, based on sustainable advice partnerships, where we are partnering for value not volume. And thirdly, we're the leadership position in the direct market segment.

I can report that the Life business is performing in line with our reset assumptions last year, and we are optimistic about the change ahead. Perhaps some context - the increased focus by the government and the regulator in improving the quality of advice and the level of professionalism in the industry is welcomed by Suncorp, and we have been an active participant in a range of these both government reforms and industry responses. Similarly, the superannuation industry has been going through a significant change. With heightened awareness by the customer, increased competition and continued pressure on margins.

In combination with these structural changes, the industry is also witnessing an evolving customer dynamic, with a more engaged customer seeking improved levels of service with lower cost and wanting to interact with institutions such as ours in different ways. There are many initiatives that we have undertaken in this context of this change, I hope that my overview of the superannuation changes that we are making, and the advice segmentation model, will give you some sense of how we are positioning our business for the future.

So firstly let's look at the simplification of our superannuation business. There is significant structural change underway in the superannuation sector, which is impacting margins and profitability of the sector. In essence, the superannuation sector is being re-priced in the retail sector, from about 200 basis points of gross margin, down to a gross margin of about 120 basis points. This is occurring as older products are being replaced with the new generation of simpler, lower-fee on sale products. The 40% reduction in gross margins will have a significant impact on net margins over time, if organisations don't optimise their platform.

As a business, our current superannuation systems and product mix, are not flexible enough to meet the needs of tomorrow's customers. And our operating costs are too high. The combination of these factors provide us with a need for change. The success of our direct superannuation offering, Suncorp Everyday Super, has given us a platform to reset our product range and processes and technology for the rest of our super products, and meet the needs of our customers going forward. We aspire to have a simple, and agile, superannuation business that is customer centric and can adapt to the change and needs of customers and our portfolio brands over time.

As a result, we have started to implement a three part simplification program of our super business, that will achieve scale, implement best practice thinking, and drive cost efficiencies. The first part of this program is business process partnering, where we are enhancing our internal processes to provide a more cost effective structure, by partnering administration and service of this business. We are currently partway through this transition and this will allow us to be leaner, faster, and leverage the best practice skills and capabilities of our partners, while improving our service to our customers.

The second part is IT partnering. We've almost completed partnering of our IT production, support and maintenance, allowing us to get our business ready for new technology and product transformation.

The third part is the technology and product transformation, that is, transforming our core registry system to a new registry system, and the enabling rationalisation of our product suite that follows. The modernisation of our legacy systems using customer centric technology will result in not only lower costs but enhanced levels of service, and we expect to commence this phase of our work early in FY16.

The project will draw heavily on the existing Group capabilities, and reuse practices from projects such as the legacy simplification program in GI, Ignite in the Bank, and that is specifically we're tapping into skills like our program management, agile delivery, business engagement, product rationalisation and at the end of the program we would expect to see a simplified scalable business that's more cost effectiveness, enhance and much easier for the customers in both our direct, advise and corporate sector, the ability to launch pension and retirement products offerings that meet the need of an aging demographic and finally reducing the risk by rationalisation of legacy products.

The Super Simplification program is expected to complete in FY17 in line with the Groups optimised platform targets. I'd now like to outline the Acclaim adviser segmentation model which is resetting our business model for our advice business in the risk sector. The advice business is in a state of significant structural change and while much of the public debate is on remuneration as with any industry structural change, change occurs right across the industry value chain in many components of the sector.

The two that I would call out is the shift in the supply curve that we expect to occur in the industry. I truly believe that the increase in professional standards not just the remuneration change will have a huge impact on the professionalism within the industry but also will change the supply of advisers in the sector.

The second change to call out is consumers which are demanding that as an industry we become more aware of their needs and interact in different ways and this will lead to different business models than you currently see today. In anticipation of this need for industry change, our strategy has been focused on building sustainable advice partnerships with our key advisers. One of the initiatives we undertook a little over 12 months ago was the development of a segmentation model which we call Acclaim which is a whole of business approach to how we manage our advice book of business and its premise on a shift from volume to value.

The Acclaim model provides as a segmentation approach and management and we have tiered our advisers into platinum, gold, silver and bronze categories at a value level rather than a volume basis. By value we look at the types of advisers that meet hurdle rates in terms of quality of business they are writing not just the volume of business they are writing. This segmentation has been enabled and is being powered by the Group's emerging capability and data analytics and our Business Intelligence program.

So what does this mean? We currently have about 180 platinum and gold advisers. As one of our platinum and gold advisers, the services that you now experience in the Acclaim segmentation model include having dedicated underwriting staff assigned to your needs. Priority settlement of your customer's claims and dedicated support service and call centre lines for faster turnaround times. Now most of these high valued advisers are keenly sought out by our competitors and we're finding the Acclaim model is helping to align those advisers and lock them into us as a provider.

To support this differentiated offering, we are aligning every aspect of our business model including new distribution support structures, redesigning our processes where appropriate. For example, Tele-underwriting where we now have 100% of our underwriters trained in Tele-underwriting where those underwriters can speak directly with the client, Tele-claims where we are able to settle claims over the phone in a greatly enhanced and speedily way. You'll see more of both of those initiatives at the morning tea break at the booth outside where those two initiatives in particular are outlined.

Both of these initiatives have come from our customers at the Forefront program. We're led by our employees across the organisation. We've had a culture of driving out lean and looking for 1 per centres in our business that make a disproportionate impact to both our customers and advisers.

While it is still early days, we are very confident in the Acclaim business model and what it will give us. We expect it to drive our longer term sustainable relationships with our advisers and the Suncorp Group, improve the quality of business that we are writing, reduce our costs through more effective distribution support structures and enable the support and the implementation of change for advisers as they go through what is anticipated to be enormous structural change over the next couple of years.

So on closing, disruption is occurring and will occur in the Life sector. The work we are doing in superannuation and the advised Risk sector to simplify, remove legacy, focus on the customer and evolve our business model by partnering with service providers and distributors will ensure we optimise our platform and become a relevant part of the Group's 2020 vision. Thank you and with that I'll hand back to Patrick who will take us to the morning tea break. Thanks Patrick.

Patrick Snowball: Thank you very much Geoff and thanks to the rest of the team. I hope you'll agree with me now that we can clearly demonstrate a huge progression in this business over the last few years and indeed a real acceleration in that over the last two. I'd describe Suncorp as being locked and loaded now behind the one company many brand strategy. You can see that wherever you touch the business, whether it's the one GI business or the wider Group, we've been able to absorb all the building blocks and simplification initiatives we've talked about this morning within our budget. We have clearly delivered on that $460 million of benefit and this is given us now the foundation for the next stage.

Everything you heard today is as it were work in progress. It's all been started a couple of years ago and it's all coming to the forefront now. So as we go to morning tea, what we'll be able to do on the floor outside is demonstrate in six booths the tangible benefits that are coming out to some of the discussion that you've heard so far. Each one of these showcases will be able to demonstrate market leading innovation. It will show how we're integrating all the aspects of our business together in a way that clearly is differentiating ourselves in this market.

So what I'd like is to say to the people on the webcast to re-join us at 11:20am please and for those in the room to move outside where you'll be grabbed by members of the SLT, given a high vis jacket. Please take your goody bag with you and we'll move downstairs to the booths and for morning tea. Thank you all very much. I look forward to seeing you downstairs.

[Break]

Patrick Snowball: Okay, we can start again. So welcome back after morning tea and welcome back to those people on the webcast. I'm sorry we're a couple of minutes late but a lot of people got rather over enthusiastic on the shop floor. So I hope you found those of you in the auditorium I hope you found that trip around interesting. What we were really I guess showing you was how we believe we are market leaders in terms of innovation, cost and service leadership. You can certainly see that across everything you saw.

Most importantly, you were able to engage with a very broad range of Suncorp people and hopefully you were able to understand what we mean when we talk about 'One Company. Many Brands' and the fact that people are cohesed [sic] together now as a group. So I think that the important thing is that what we want to do now is really to explain how all this comes together. So as I said what I really - the way I'd describe it using the garage is that for the next bit what we're going to do is lift up the bonnet and look in underneath the bonnet and see how all this is brought together.

Firstly, Mark Reinke who is Marketing, Data and Customer will talk and then Matt Pancino who runs all our Shared Services and again we're going to talk about we are put shared services together. We've been running a shared service model now for four years - four or five years and it's completely engrained in everything that we do. What this will demonstrate hopefully is you can see how we can provide flexibility and agility within our business. So once you've heard from the two of them then what will happen the three chief executives will come up one at a time this time.

It won't be like the front row of the scrum and what they'll really be talking about Mark will articulate both everybody here and on the webcast, the tangible benefits we are getting from the joint ventures that you actually saw out there. What it means to our customer, what it means for our shareholder. Then Anthony will talk about why we are confident that we can continue to have prior year releases above the rate that we've always talked about. Why were they higher at half? Why are they going to be higher going forward? Very important that we flag that up. Then finally, Steve will really talk about the impact of this on our financial performance. So I'd like to hand over to Mark Reinke now who will start to lead us through the next stage of the morning. Thank you very much.

Mark Reinke: Thanks Patrick. Good morning everyone. I guess if you've heard from the GI front row and the Life and Bank second row well I guess I'll be the Customer, Data and Marketing halfback for today. So I hope you enjoyed the boost this morning. Hopefully it gives a little bit of a view of what we're doing at a really tangible and granular level. We heard before the break from each of our CEOs around where we're continuing to invest in simplifying our core systems to deliver cost advantage and to deliver fast responsive service.

What I wanted to do now is to really build on that by talking you through what we're doing with our Business Intelligence function. You've heard little pieces of that from each of the chief executives this morning. What's interesting about that is the core essence of that is taking data from our core systems, combining it with other internal and external data and then creating intelligence from that that gives us options for growth. That's essentially what we're doing.

I wanted to specifically do three things though if I could in this session. I wanted to talk through how this capability positions Suncorp for the future. I wanted to talk through the specific and tangible evidence of our progress on this journey and then I wanted to share a few examples of how we're delivering customer experiences that are simple and personalised. So at the outset I guess what I would say is Business Intelligence means a lot of things to a lot of people.

So what it means to us is connecting data, much of which wasn't connected before and conceivably couldn't have been connected before. We then applied data science techniques to that and that can be either human or machine. We apply those to create predictive intelligence. Our view is that that predictive intelligence can do a lot things but principally too it can create resilience for our Company so we can adjust to change no matter where markets go and it can start open up the jaws - the jaws between income growth and expense growth.

Now income growth we are very, very focused on meeting more needs for our nine million customers. That's very hard to do on a one size fits all basis because customers have very different needs, they're in the market at very different times. So we're using and we plan to increasingly use Business Intelligence to understand those needs at a much more granular and personalised level. When we get that right, when we're very personalised at an interaction whether it's online, in a branch, in a contact centre, we end up with a better customer experience, we see better NPS scores, better customer satisfaction. We also end up with better conversion. So it's very important for us to be able to do that.

We also want to use this capability to improve risk selection, tailor pricing which makes absolute sense and we're starting to see the emergence of completely new models that we didn't even know were possible. I'll talk about that a bit as we go. The other part of the jaws though is expense growth and you know that we've kept our expense base very flat for a considerable amount of time and you've heard this morning how we're going to continue to do that. We're also seeing emerging opportunities to use predictive intelligence and apply that intelligence to fraud, to supply chain, to claims costs so that we can start to look for new synergies and we only have to make small differences to those costs to make a big difference to our bottom line.

We can see a number of opportunities there but to be honest, I think this area is changing so quickly that we can probably only see one tenth - one hundredth maybe of what those opportunities might be over the next three, four, five years. This is changing so quickly. The type of data that we're now able to collect is different. We're able to collect sensor data, telemetry data. We'll see more and more wearable technology data, social data. We're also now able to use that data at scale and technology is allowing us to store that and apply big compute power to it to be able to do something with it.

I think what's most important is that what we're trying to do is to build a capability and a culture to be able to capture those opportunities as they arise. I think you'll see a lot of talk in the market about doing this sort of thing but the reality and the rhetoric are two different things. We want to be there and we want to be able to execute this. So last year we spoke about in this investor session our intention to really make an investment in this area and build our capability and build our culture.

So what I want to talk through is what we've actually done in the last 12 months. First thing that I want to point to is that we've taken and bought together 300 of our staff with modelling and analytical capability and bought them into a single function - 300 people, skilled people. We've then put that function on its side and we've created domains that now run right across the Company - customer, pricing, enterprise analytics, claims, advance modelling. So they run right across the Group and we're starting to see new opportunities by connecting that horizontally across our Company.

We've then looked to accelerate our capability to do much more sophisticated analytics by forming a partnership with a global leader in this space, principally Mu Sigma. An Indian based very, very advanced capability to use data. We're working with them in both an onshore and an offshore capacity with resources here and in India and we're working on a portfolio of quite sophisticated use cases and pilots involving machine learning and algorithmic learning and over time we'll start to work on spaces that will include artificial intelligence and a range of other things that we quite frankly don't have the capability at the moment but with that partnership we'll look to extend.

The core of the strategy though is to get the data into one place. Of course that makes sense from a costs perspective but it also makes sense because it means we have to spend less time grabbing pieces of data from here and there and putting them together which allows us to reinvest that time in analysing the data and doing something about it. Because we can get it in one place we can put much better governance over it, much better data protection, so from a risk point of view also significant benefit. The way we've done this is by building a data lake. Patrick mentioned this earlier today and Matt Pancino will take you through some of this in more detail in a minute.

That data lake has allowed us over the last 12 months to have our cores systems feeding into that lake. We now have 90% of our core data in the lake. We're going to progressively add more and more data to that lake, external data, other internal data. I guess the important thing to note there is that we have infinite capacity in that lake. That is a result of cloud computing power and Matt will talk to you a little bit more about how important that it is.

I know you will hear from other companies talking about similar strategies. I think what's different with Suncorp is we haven't just put our customer data in the lake, our claims data in the lake, our pricing data, our fraud data - we've put all of our data in this lake. That's starting to show benefits. We've put people data in there. We've put finance data. Even last week we saw an opportunity that quite frankly I didn't imagine three or four weeks ago when you've got people data and bank transactional data in one space now and you can connect that. We can look in 15 minute increments what transactions look like in every one of our branches and then match our people and resourcing and workforce planning to that.

So we're able to look at opportunities that we simply couldn't see before because the data was in too many different places to actually make that happen. On top of the lake we've put what we call a customer layer. That's our way of creating a single customer view. Now it's important to know single customer view can mean just seeing all of the customers' products in one place. We can do that. We can see your claims. We can see your complaints. We can see all of that stuff in a good quality form today but as we go forwards we want to add more signals. We look at data as signals. If you want to understand a customer better, you want to understand those customer signals.

So we will be progressively putting digital data, third party data and other data in there that allows us to hear those customer signals in a way that we just can't today. That's going to be important because that's going to mean the difference between traditional cross selling and what we're doing which is what we call sense and respond and I'll talk to you more about that in a minute.

Importantly, a year ago when I stood in this spot, we had 13 data warehouses in this Company, so data locked in 13 different places so it's really hard to get data out. We're now going to be by the end of next month we will have seven of those data warehouses decommissioned. They'll be turned off. That's important because this is not just about the technology to do it; it's about the behavioural change and the culture to be able to do it differently. So we've made a lot of progress. Our funding is locked in for next year. We are making significant investment in this capability. We're planned and ready to go and we're executing against that every day, every month.

How does it make Suncorp a smarter Company? The best way to look at that I think is that we're moving and Patrick mentioned this at the outset today, we're moving from a capability that was largely backward looking to a capability that's largely forward looking. When I say backward looking what I mean is most of our capability in the past was able to tell us what had happened in our business and why. Most of our capability was there. Now what we want to do is move up to the top right. We want to get up there because that's more predictive, that's much more what will happen and to be able to proactively manage that.

When we look at the big value, the new propositions, the Silicon Valley start-ups, the disruption that's coming, it's coming up in the top right. We see examples of that in our business every day. Robo advice - the ability to help customers predict their cash flows and do something about it rather than wait until they've got problems. The ability for us to be able to do something about it in our business. We want to move up there. Of course that creates a wicked problem. If your capability in the past like most companies, if not all, is bottom left how do you get up top left? So we're taking a dual approach to that. We're well underway.

Bottom left we are automating everything we can. We are rationalising everything we can, stopping a lot of stuff that truthfully doesn't add a lot of value and we're self-serving as much as we can. We're doing that to release capacity, to invest top right, much more predictive. The way we're doing that is through partnerships, companies like Mu Sigma in terms of their ability to analyse data but also partnerships with new companies to bring valuable data to us. We're testing and learning. We have a program to be able to be able to test what works. Not everything is going to work. We're not going to get everything right but we are determined to take this Company from hindsight to foresight because we think there's real value locked up in doing that.

To grow the Company though we have to make this innovative and make it real across all parts of the customer journey. I wanted to talk about just a couple of examples of where we are, getting customers, keeping customers and growing customers. In financial services at the moment as you would well know, it's very competitive, relatively moderated growth, relatively mature markets. That generally adds up in a slowly increasing cost of customer acquisition.

So our strategy, of course, is to use this data to drive that cost of acquisition down, the cost of attracting new customers. Now, we can do that in many ways. Right now, we've invested in re-platforming our core digital experiences from one size fits all experiences to experiences that change based on your behaviour.

So you're leaving signals everywhere, online and digitally, about what you're trying to do, and so we're re-platforming our key websites and digital experiences to be able to take those signals and change. Change what you see, change the offer, change the entire experience. We do that because customers like to get what they want faster and it drives conversion rates.

We're also improving what we call our re-targeting, so when people come to buy but don't buy, how do we automate that using the data that we've got and make sure we close the loop on that?

We want to, and we will be, moving from advertising models which are around buying advertising space to real-time trading platforms that are buying digital assets in very small cohorts. Part of the way that we'll be doing that is by forming data alliances with big platforms, where we take some of our data, they take some of their data, we put that data together.

Not at a personalised level, we don't need to do that, but we can put it together at a cohort level. Customers that look like this with behaviour that looks like that. We can do that and we can start to target very, very specifically.

Media markets are changing, so today, even traditional media, pay TV, Foxtel last month launched their IQ3, the little box that sits in your house if you've got Foxtel now allows us to understand exactly what a household is doing, not what an audience is doing. We're seeing the launch of Presto, Stan, and all of those Netflix-style video streaming. All of that is around us being able to use data to be able to acquire very specific cohorts of customers.

So there's a lot of work for us still to do and get, but we can see how we can drive that down.

As I think each of the CEOs mentioned this morning, we've had some very strong retention results over the last 12 months and we want to continue that and we want to use more of our data and Business Intelligence capability to be able to do that.

The most important thing that we can do in terms of keeping customers is removing pain points and the frustrations that customers have. Asking them questions that we should already know the answer to, making them do things that we should already take complexity out to accommodate.

So there's a lot of opportunity for us to take pain points and friction out of the customer experience, which ultimately, to be honest, when we look at the research, that's why customers leave. Yes, some people leave for price, but ultimately when you really get into that research, they leave because they didn't feel we knew who they were, they felt we made things too difficult, like most companies. So we want to be able to do that.

Of course we want to be able to also use our data for early warning signs, signals of attrition, and we're doing that now. So we're able to understand that someone's thinking of leaving well before we could have even a year ago.

Growing customers, very big opportunity, as you would imagine. What we're doing there is looking at how to use the data lake, all of that data, our customer 360 view on the top of that, and we are sensing and responding. So we are looking for signals 365 days a year and then setting up through algorithms to be able to do one of three things.

So for every customer to save, to serve, or to sell. So we have every single customer with an action, and that gets updated every part of every minute of every day. We're not quite there at the moment, but we're pretty close, and I'll show you what that looks like.

So that will mean we don't need a traditional cross-sale model where we decide what product you're going to have and we push that product at you. We're not interested in that. What we want to be able to do is know when there's a trigger from your behaviour that means we should save, serve, or sell.

We also want to make it easier for you to buy our products. In many ways we make that difficult, and we can see many opportunities for using data to make that just a click of a button. I can imagine great opportunity, particularly in John Nesbitt's business where we have Ignite, with straight-through processing, digital experience and data, how easy it will be to buy products that don't look like products today.

The last thing that we're definitely very focused on in terms of growing our customer base is picking three or four big plays, opportunities where we think this company has both the data, the customer base, and the brands to play and disrupt.

We've mobilised teams on that now. Two of those, to give you a sense, will be in small business and mature customers. We can see what are products today, if they're joined together differently with the right data, become services. They become lifestyle services. We can see particular opportunities around that, but it is enabled by data, because if you can't put that data together in the right way, then you're not delivering a service, certainly not a simple service.

I just wanted to share two quick examples in action. These are pilots. It's early days. We'll progress from these. The first one is Sense and Respond, which is what we're doing in terms of listening to signals and responding to that, i.e. pull, not push, meeting needs, not cross-selling in a traditional sense.

The second one is how we use location data to deliver simple services. The two things they have in common are they're simple and personalised and they're all based on predictive analytics. So if we could just show the video quickly, guys.

[Video presentation: Business Intelligence Video 1 – Sense and Respond]

Mark Reinke: And we'll just show the second video if we can, too, guys, please.

[Video presentation: Business Intelligence Video 2 – Location Intelligence]

Mark Reinke: So hopefully that gives a sense of what we're doing. I guess I'll just say in summary that Business Intelligence is a critical strategy for us to be able to navigate the future.

It gives us options for growth that we simply didn't have before, understanding our customers' needs at a level that's much more granular than was previously the case, to be able to understand those signals and do something about it in a customer-centric way rather than a product-centric way, to be able to innovate and create services that were previously separate products, presents a lot of opportunities.

We certainly have a lot of work ahead of us. Hopefully you can see that we're making real progress. We're doing a lot of things here that are setting us up and we'll learn more as we go. Ultimately it is going to be around both culture and capability, and we're working on both of those so that we can execute whatever those opportunities look like.

There's a lot of technology and a lot of really clever thinking behind this, and to give you a sense of that from a cloud and digital point of view, I wanted to hand over to Matt Pancino, who will tell you how this is possible.

Matt Pancino: All right, thanks, Mark. As Patrick said, I'm the CEO of Suncorp Business Services, so sticking with the sporting analogy, Mark, if you're the halfback I guess I'd probably be the fullback. That's probably one of the only positions left. Thank you for the introduction. It's good to be here again.

Now, this morning we heard from all of our CEOs talk about simplification and the journey of simplification. Now, all those businesses are different. What we also heard was the ongoing need for us to digitally connect our customers, and we also heard that there's this common theme around how technology might change future industries, this so-called disruption.

It's an interesting term, isn't it, this disruption, because it's become very in vogue lately. Hardly a day goes by, whether it be the RBA or the big four, you'll always hear someone in mainstream media talking about the potential changes that technology may have to particular business models.

But if you look through all the rhetoric and all the hype, what's less clear is how are traditional organisations actually going to adapt to these rapid changes? That's an interesting point. How do traditional companies, enterprise companies, respond to competition that potentially doesn't operate within geographic boundaries? It certainly does not have legacy infrastructure, and it operates with relentless innovation zeal that traditional companies don't have. How do you respond?

What I'd like to do today is just take a few minutes to talk about how the optimised platform that Patrick talked about this morning actually is positioning Suncorp to be able to adapt, and adapt as customer needs change as technology changes. It gives us agility.

The fact of the matter is technology is having a material difference on how companies are operating. Now, to illustrate my point, I'd like to just talk about the S&P500 just for a second.

So imagine we're in 1958. The average tenure of an S&P500 company back then was 61 years. You wind forward to 1980 and that tenure had reduced to 25 years. In 2011, the average tenure of an S&P500 company was 18 years. The point I'm trying to make is technology is having an impact on traditional companies and in some respects is shortening their life cycle.

Now, if you're a traditional financial services firm that's been around for a long period of time, that is an interesting, if not quite sobering, statistic. To compound it even further, and forgive the cliché, but technologies increase at an ever-increasing rate. Since I stood on the stage at Investor Day last year, let's just think about how much has changed.

Mobile internet traffic has grown 69% in the last 12 months. There's been 77 billion app downloads. That's a lot of Angry Birds. But the really big statistic I can't get my head around is since I last spoke to you, there's been a phenomenal or an additional 1 billion smartphone devices that have been put into the world, and that's going to have a profound impact of how our customers behave, and it has the potential to impact how our business operates.

John Nesbitt and I were in Palo Alto a couple of months ago talking to one of our key providers, and by their estimates, there are 460 fully-funded financial service start-ups, all out to disrupt the financial services industry, just in the little piece of land, the 60 miles between San Francisco and San Jose. Just in that particular location.

When you hear these kind of statistics, you actually think I wonder who is going to be the next Facebook or Google of financial services. But you know as well as I do, the reality is we have no idea. We have no idea if any of them are going to be successful, so perhaps that's the wrong question to ask.

Perhaps we should be thinking about this differently. Perhaps we should be thinking if just 1% of those start-ups find a new way of innovating and solving customers' problems, the real question we need to be asking ourselves is can we adapt? Can we adapt to our changing customer needs? Can we still be relevant and therefore can we compete long into the future?

That's the real thing that we have to focus on, and that is what the optimised platform gives us the capabilities to do. As Patrick pointed out, the very foundation of this platform is our talent. It's our talent and our way of working, whether it be the customer service focus you've heard from all of the business units, whether it be innovation, our ruthless execution, or particularly in the technology areas, whether it be our focus on advanced practices around lean and agile.

I will challenge you to find any organisation in financial services that uses these advances practices across the entire breadth of their business, whether it be the [1GI] Program in LSP, whether it be Geoff Summerhayes's transformation program that he's talking about, or whether it be in the Banking program. We use these practices right across the board today and we have been for the last five to seven years. This is not new for us.

We've completely replenished our talent, because we constantly use our graduate and intern program, and we're also encouraging our people to learn from others, thought leaders, and we create an environment of innovation.

Remember, it was this time last year we had over 500 of our staff volunteer to perform an innovation day, 77 ideas of which you all got to judge on the winning idea. Who actually was here? I know there were a couple of people last year who voted for those winning ideas. Hands up, come on. Did you notice that they're in production? Actually, we've got two of them in production out there, not one. So these things are real.

We also really work hard with industry leaders and thought leadership, whether that be our relationships we have with River City Labs in Brisbane, a technology incubator, or what will be a relationship that John's setting up with Stone & Chalk incubator here in Sydney, or whether it be working with Mark's strategic innovation team.

We build long-lasting partners with thought leaders, service providers, and partnerships. Mark Reinke talked about a fantastic organisation we're working with, Mu Sigma, around BI. So all of these capabilities come together and we have a great culture and a great way of working.

What we have learnt over the last five years is just how much agility we have when we apply all of these capabilities to simplifying our legacy environment. If you think about it, legacy complexity - and I'd urge you to look in your own organisation - it really is like the modern-day equivalent of a ball and chain.

The best examples, I think, are actually us, and we've already given you many of them. Mark talked about the 14 policy systems we used to have, and unfortunately I still remember those days.

Whether it be a simple regulatory change or a product feature that we have to put into production, and it could just be a product feature that will keep us at par of the market. In the old days we used to have to apply that change 14 times with 14 different product teams, with 14 development teams, and we used to have to train 14 customer service teams. It was an absolutely insane way to run a business, and many businesses run that way today.

Or John Nesbitt's example regarding Ignite. Before we had that system in production, to do a simple personal loan, with the amount of handoffs between the front office and the back office, we might be able to get you an approval in three days, but we probably will get you an approval in five.

With that system now being in production - that's real, that was one of our commitments last year - that can take up to 20 minutes now. It's a far more agile way of running a business.

Now, one of the interesting consequences of all of this simplification that we've been going after across all of our business for so long, and much as I'd like to say we planned it this way, unfortunately I can't. But one of the interesting by-products of all of this is it's been that much easier for us to be able to get all of our data into the data lake that Mark Reinke just talked about.

We only announced our BI initiative 12 months ago. However, within 12 months we've already got 90% of the core system data in the data lake ready for us to start drawing better insights and serving our customers better. That's a pretty big - it's been a big 12 months. Of course, all of this sits on our secure and scalable cloud environment.

Now, this time last year I spent a lot of time explaining what the cloud is or trying to convince everyone what the cloud was. At its most basic level, it's just about lowering the complexity of our infrastructure and lowering costs, and if we do that, we can increase the speed in which we deliver to customers and we can do it in a much less risky way.

I'm happy to inform everybody here today we are now 50% through our cloud strategy, and we're already seeing the benefits coming through. My personal favourite benefit is the number of critical incidents I have to manage or the team has to manage - that's the outages we have to deal with - they're down 40% year-on-year, and that makes our lives a lot easier.

We're seeing tremendous scalability benefits as well. So that next best action pilot that Mark talked about that we did in AAMI. Only 12 months ago that would have required us to go and spend millions of dollars on capital, on buying very proprietary hardware, in order for us to have the amount of compute capacity to deliver real-time analytics. For that pilot, we did not have to buy a single computer. We could just rent the capacity that we needed. There are tremendous benefits that are there. Also, you will remember that last year's winning idea, the weather alert system on the AAMI mobile application that you saw Lisa Harrison and Jarrod demonstrated outside. I remember how much trouble I got in when that actual application won last year, because I think Mark Milliner walked up to me and said, so exactly how are we going to pay for the millions and millions of SMSs that that thing's going to generate?

Well using cloud technology, because that is a cloud first application, we're able to deliver up to 2 million weather alert notifications for the princely sum of $1. That's how much it costs for us to do. That's the kind of benefits that we can get from the cloud. So there you have it. We have simplified systems sitting on a data lake, and a cloud with a great culture and a great way of working. All we really have to do now is to remember to connect these systems to our customers. Of course, we will do that with our great people and our great culture that all of our businesses have. But on an increasing basis, we have to work out how we connect all of these systems to our customers in a digitally-connected world.

We will do this using these things called application programming interfaces, or, as the cool kids would say, APIs. Now before everyone rolls their eyes and goes, great, yet another technical acronym that's going to weave its way into the business language, let me just assure everybody that these things called APIs have been around forever and a day. They've been around as long as I've been in the industry, which is quite some time. There is nothing new about them. But what is new is what you can do with them if you have a platform. That's very new, because put very simply, all APIs are just a way, or a protocol that enable systems to talk to each other in a very simple way, and it gives us tremendous benefits.

Not only - the interesting thing is, not only can you get your systems to talk to each other internally very simply, in other words we'll be able to start utilising the new banking system across different parts of our businesses, in the Life system et cetera. We can mix and match products and services across our brands more easily, because that's interesting and good. But we can also connect our systems externally, and when you start connecting them externally, you can start generating some really interesting business models for customers. The best example I can think of APIs, and again it demonstrates how fast the industry is moving, is Uber.

Right, Uber is that great taxi company that owns no cabs who happens to be generating half the hype in the industry regarding disruption. But last August, which is only 8 months ago, Uber released a public API, and what that API would enable, would enable anyone or any business to integrate taxi services into their customer-value proposition. They could do it with just a few lines of code. Within the same week that Uber launched its public API, the United Airlines actually wired up Uber services to all their mobile applications where people carry around all their flight details. I mean, imagine that. In one week, 140 million passengers that fly United Airlines have the ability to get a drop off and a pick-up by their mobile phone using Uber services. Fantastic customer service.

But what's really interesting, I think, is that in that same week, by doing that, and a few lines of code, Uber got access to a potential 140 million pick-ups or drop offs, and United Airlines got the opportunity to clip the ticket on a potential 140 million pick-ups or drop offs. It's good for Uber, it's good for United, and it's great for customers. That's the power of APIs and having a proper platform, and that's the way we see the whole platform. Like others will talk about components of this. I've got a bit of this. I've got a bit of that. We see it as the whole set of capabilities, a way of thinking. So while there is still a lot of hype around technology disruption - and I think technology does pose a threat to traditional companies, absolutely - if you have the right thinking, you have the right culture and talent, and you have the right platform, it can also be a great opportunity.

I'll just leave you with a quote from a famous American civil rights activist who simply said, the future belongs to those who prepare for it today. Now the platform we have built really represents the last five years of preparation for the future of this company. What I'd like to do now is hand back to Mark Milliner, who can show you what you can do when you have a platform in place. Over to you, Mark.

Mark Milliner: Thank you, Matt. So in the sporting analogy, back to the front row, into the engine room of the team where we've got plenty more gas in the tank. Look, today I really do want to talk to you about a program of work that will certainly support the GI one way philosophy. It will deliver at least another $100 million in further simplification benefits for the PI business. It will certainly help keep our GI ITR tracking at or above the

12% and it will significantly differentiate our customer service at claims time. We call this program our claims transformation. By leveraging our scale, our technology and our relationships, we can extract significant efficiencies from the $2 billion plus of spend we have each year across personal insurance.

We are changing and simplifying the claims process by improving our lodgement processes, by improving our assessment processes, by improving the way we use our repairers, and improving our procurement processes. This allows us to deliver faster cycle times and better service for our customers. It will deliver a more efficient process and lower our claims cost for our shareholders. Changing and simplifying how insurance claims are delivered will create a global best-practice claims experience for our customers. Cheap and accessible technology now allows customers to lodge claims faster and with much more convenience.

We have built a self-service capability in our AAMI-branded app that will allow customers to lodge claims, track claims, and manage your policy, and as matters explained, alert our customers to impending bad weather. The weather alert that you voted for last year at this very investor day, I think the only thing I'd add to Matt's 2 million updates at $1, which is pretty impressive, is I don't really want to have an event where we have to update 2 million customers at any one time of course. But it is amazing in terms of the cost that we can do that for vis-a-vis a text, and it's certainly, in typical Suncorp style, already implemented and up and running.

In assessing, there's no doubt we've invested in technology that certainly will improve our claims handling efficiency. It will improve the assessment completion times, and already it is improving the average repair costs. In motor claims, technology such as Autonet allows us to estimate repair times or repairs costs faster and more accurately. It's now up and running in our system successfully, and integrated into Guidewire, our claim system. In home claims, we're successfully also trialling accessing product that will also be integrated into our Guidewire platform. Utilising these technologies and leveraging our physical network more efficiently, we know we'll continue to drive down our costs.

I'll now touch on our repair practices, which we started in motor, and we've now expanded into home. We've seen the HomeRepair out in the booths. In motor, we have redefined the way Australians get back on the road and transformed the entire smash repair industry. We launched SMART in 2010 with a handful of shops that have fixed a few thousand cars. This year, SMART will fix 125,000 cars with 26 shops in Australia, and one shop in New Zealand. By the end of 2016, SMART network will repair over 160,000 cars. SMART works because we fundamentally understand why cars are so important to our everyday lives.

Recently, we merged the Capital SMART business with our QPlus business to leverage SMART's scale and efficiency. We have spent the last 18 months improving the efficiency of the Riverwood repair facility. We can now replicate similar facilities in other capital cities, thanks to the innovation that we've bought to this site. Melbourne, Brisbane, Perth are all next. We expect to have at least two more of these facilities or SMART Plus shops up and running and operational by Christmas this year. Combined, the network will repair over 200,000 cars, and generate an annual income of $400 million over the next two years.

Bringing all of our smash repair businesses together has allowed us to leverage the scale of Capital SMART, to leverage the SMART network that already exists, to leverage one head office, to leverage the technology that SMART has built in key-to-key, and leverage the innovative culture that exists across the SMART business. You've also witnessed, this morning, our parts business, ACM, being integrated into our SMART Plus workshop. The growth in SMART and SMART Plus continues to underwrite our investment in the ACM Parts business. ACM is already the largest part supplier to the SMART network and growing rapidly.

More and more, ACM will work hand-in-glove with SMART. This integrated service will help SMART change the parts mix in its business. More parallel parts, more recycle parts, more after-market parts, to lower the parts cost and improve SMART's margins. This is particularly important as the cost of new, genuine OEM parts increases as this Aussie dollar falls. With quality, an international certification program for after-market parts, the ACM business will continue to disrupt the part supply chain in Australia. Our future plans include a platform that creates assessment of cars done automatically off digital photos, parts pre-ordered electronically, and parts delivered before the car arrives to the smash repair shops.

This work has been scoped and we are working on connecting these core functions from each of the different businesses. This technology can be applied across all smash repairers we utilise to fix Suncorp cars. This will improve the efficiency of many smash repair businesses around Australia if they choose to. Our supply chain initiatives in motor has given us valuable insights which we have extended into HomeRepair. We introduced HomeRepair to you earlier today in the booths. We formed a joint venture in February to handle small to medium repairs valued up to $10,000. HomeRepair is already operating in Melbourne and Brisbane and will be open in Sydney by October this year.

Already, they are achieving strong customer satisfaction, achieving reduced claims times, and obviously reduced costs. We expect them to be carrying out at least 20,000 home repairs per annum by the end of 2017. We know there is more opportunity in home repair, and like SMART, expect to continue to extend capability as the business learns and innovates. Beyond our repair initiatives, the smarter use of technology continues to provide significant procurement opportunities. Aside from ACM Parts, we continue to work with our national building suppliers, glass suppliers, auction suppliers, and white good suppliers to improve our B to B capability and leverage our scale.

We can already link glass claims to our glass provider directly without a single claims employee touching the claim. Friction costs are removed and claims costs fall. Now the benefits are clear, tangible, and support our margins remaining above 12%. I have taken you through how we are changing the lodgement process, the assessment process, the repair process, and of course the procurement process, to create an integrated, simplified claims platform.

I want to finish today by giving you a view of this platform and how it can enable a customer experience. Imagine a Bingle customer has an accident. They take a photo of their damaged car on their smart phone and lodge the claim using the photo.

We can identify, order and deliver the parts we need through our technology platforms and predictive algorithms. The customer can use the claims apps to select the best time to drop the car off at a SMART shop where the parts will be ready and waiting for the repairs to occur. The app updates the customer on the repair progress and receives an SMS when the car is ready to be - when it's finished. They can either come and pick that car up or we can drop the car back to them on a tow truck. It is a seamless, faster, end-to-end claims experience, enabled by technology on a mobile device, and it is happening today. Today, customers can choose how they interact with us in a more transparent way.

Today, repairs times are faster, and quality and service is greatly improved. The great thing is we have started to lower our costs and improve customer experience. Delivering $100 million in benefits and a world-class customer experience do not need to be mutually exclusive ideas. Like building blocks and simplification in previous years, claims transformation delivers on PI's commitment to protect what matters for our customers, our people, and of course, our shareholders. So with that, I'd like to thank you, and I'll pass over to Gary, who'll now talk you through what's happening in New Zealand and specifically the SMART workshop that's over there. Thank you.

Gary Dransfield: Thanks Mark. Our New Zealand claims service is a key market differentiator for us. By re-using the Group's Australian technology platforms and business processes, we're improving the capability in our direct and intermediated claims areas at a much lower cost than would otherwise be possible. We've created a dedicated claims business unit, and moved all of our business as usual and earthquake claims people back into this one area. This was a significant step for us that signalled to our people, our competitors, and the market that we were confident in our progress with earthquake claims and that we were ready to move back towards business as usual.

By making this change, we've already started seeing some benefits. Team members share their knowledge and experience across a wider team, and that increases our effectiveness in managing claims and meeting customer expectations. It gives us a competitive advantage, as we have a team of knowledgeable, local people on the ground, with the ability to work with customers quickly during an insured event. A number of our commercial lines' competitors rely solely on offshore claims operations, and don't have sufficient knowledgeable claims staff on the ground. They have to assign external resources, and valuable time is taken to brief them on process and controls.

Everyone wins as a result of an improved claims experience. Efficient claims cycle times mean lower claims costs, and higher customer satisfaction levels. We've been focused on getting the job done in Christchurch, but are now able to turn to leveraging the Group's customer tools and processes, and combining these with our existing service culture to accelerate our journey to deeper customer centricity. An important step in understanding our customers and simplifying their claims experience, is knowing who they are and what they need. Like all other parts of the business, we're taking a very close look at how we can become more customer centric.

We do this by encouraging our people to be innovative in identifying areas of improvement, and looking for way to improve the customer's experience with us. Our leaders use customer feedback to identify clear actions that can be taken to improve customer satisfaction.

These are often quite small changes but they can have a very big impact on the customer and ultimately on our retention rates. You saw in the booths downstairs the Life one per centres and that's a very clear example of what we're talking about here. This change in focus has resulted in our people now having a higher level of performance accountability for customer satisfaction.

As Mark mentioned, the first NZ SMART Shop was launched in Auckland late last year. Throughput volume, repair cost savings and customer experience are all on target and meeting our expectations. This example of Group innovation delivers us competitive advantage through cost benefits and better customer service. From October this year the direct personal lines business in New Zealand will lodge all new claims in claim centre for common general insurance claims platform across the Group.

When we have a significant localised national hazard event, claims people from across the Group will be able to easily step in and help the claims lodgement in future. As we get to higher levels of automation and more claims supply chain vertical integration, this will in turn set us up to further reduce the time taken to settle claims. Ultimately, we want to access all of the Group's digital customer capability such as online claims access via my claim manager. You heard at one of the booths downstairs about the customer and business benefit of mobile claim lodgement particularly during events.

Indeed many of the booths downstairs demonstrated claims assets and intellectual property that we are very keen to leverage once we are operating on claims centre in New Zealand. This reuse of Group claims technology and business processes along with the Groups know how in social, mobile analytics and cloud computing well represent our one GI model for the general insurance businesses. Thanks and now I'll hand over to Anthony Day, CEO of Commercial to talk about long-tail GI claims.

Anthony Day: Thanks a lot Gary and whilst Mark and Gary have focused on the short-tail businesses which the commercial insurance business is certainly capitalising on, I'm going to focus on the long-tail business in two aspects of our statutory portfolio. What we've done in regard to remodelling this business over the last five years and more importantly the opportunities that this brings us in a changing environment. So in an industry where big players are looking for growth, there is only one area with enormous growth potential. That's the statutory classes of CTP and Workers' Compensation.

Nationally, there are around $15 billion in premium for these classes. Currently government underwrite $10 billion of this. That's $10 billion in potential GWP growth as governments increasingly recognise the benefits of moving to a competitive underwriting system. South Australia has led the way with its CTP scheme making a change on 1 July next year. I expect that in time more will follow. Suncorp is Australia's largest personal injury insurer. We are uniquely placed to maximise returns on our current book and take full advantage of the growth opportunities in the future.

Over the years we've put in place the right structure, systems, processes and culture to deliver the best possible claims experience and consistently outperforming the competition. That's good for our business and our shareholders. Mostly importantly it's good for our customers who are being supported by the best in the business to recover from their injuries.

One of the first things I did when I became CEO of the Commercial Insurance business five years ago was to put together the Workers' Compensation CTP businesses to create one statutory portfolio. We are the only major insurer to do this and I recall some people telling me at the time that it just couldn't work because they were so different. There were hurdles to overcome in terms of systems, processes and culture and some of these were substantial hurdles but I believe we could generate scale benefits by focusing on what's common between these two personal injury classes of insurance and that's proved to be the case.

We set out to expand our capabilities and simplify our operations. Personal injury claims are often long and complex. So a critical component of our claims is the management platform. The solution was to move to a single modern system across the business. The platform we chose was claims centre. This wasn't just dropping a new front into existing decades old main frame. This was full transition to a leading edge system. Not an easy task when you have over a quarter of a million existing claim files to transaction from old main frames onto the new platform.

Plus each state and territory has its own distinct CTP and Workers' Comp Scheme requirements. The project took two years and cost just shy of $60 million. It's an investment that's already paid for itself a number of times over. It's enabled us to take a short-tail management approach to long-tail claims. The leap forward in reporting and tracking claims performance was astonishing. Where previously we would generate monthly reports, we now track claims performance in real time. Claims centre made it easier for the front line. Previously our claims staff were simultaneously running seven different applications on their computer, now they have one. The system change gave us tremendous opportunity for improvement. Having a piece of software with amazing capability isn't enough. It comes down to how you put that into operation.

Having the structure and systems in place meant we could improve our processes and enable our people to get better outcomes on claims. We centralised the common and administration tasks. The time consuming admin work that reduces the productivity of our highly skilled claims managers. It frees up our people to be on the phone speaking to claimants, employees, medical providers, improving the customer experience and making sure the core task of helping injured people recover and return to work happens as quickly as possible.

As a national provider operating in seven schemes, we're also able to implement the best practice claims management across the board. To illustrate the fact, if one scheme stipulated that first contact had to be made within three days and another said seven days and another five, we made three days across all schemes. This national consistency not only improves service levels to our customers and injured people it meant we have one quality assurance program and one performance management approach operating on one claims management platform across Australia.

So we've got the structure, the systems and the process in place to optimise performance but ultimately it comes down to people. Personal injury claims are a serious business. We're not replacing whitegoods, we're dealing with people who often have serious accidents with profound implication to their physical, mental and emotional health. Managing the recovery and return to work process requires skilled professionals which is why we're invested heavily in education and training.

In the last three years the proportion of statutory claims managers with tertiary qualification has risen from less than 20% to well over 50%. That's over 220 tertiary educated claims professionals. The number continues to rise. As Australia's leading personal injury insurer, we see it as our responsibility to increase the professionalism of the industry. We want our people to be recognised as highly skilled specialists playing an important role in our community with a clear career path.

There is a clear focus in our statutory claims teams on customers and claimants. A number of initiatives support this. In personal injury claims the way we interact with people at the other end of the phone is crucial to developing trust so that we can work towards getting towards a shared goal. We've trained our people to better understand the various customer personas so they can respond to each customer's individual needs. Core recording and follow up coaching is part of our BAU. We've embarked on a first ever survey of injury claimants to better understand how we improve their claims experience.

With our direct claimants we're moving away from traditional adversarial approach and putting the customer at the centre of everything we do. It means we're being more proactive to ensure rehab is moving along. The old days of reviewing claims every three months are gone. We use our real time reporting capability to consistently monitor progress. Every step of the claim is tracked so the claim doesn't sit idle. Early intervention helps them recover as quickly as possible. All the pieces we have in place means that we can apply a short-tail management approach to long-tail claims which delivers better outcomes for customers across the Board.

The results speak for themselves. Claims are being finalised faster which is better for everyone. In Queensland CTP where we have around 50% market share our average claims cost is better than the rest of the industry. In New South Wales Workers' Comp we're now the top performer. New South Wales WorkCover recently rated us the number one across all claims performance metrics. This is the first time any agent has had number one in all metrics. In the recent New South Wales Workers' Comp tender, this performance was rewarded with an increase in market share from just over 15% to just over 20%.

As was mentioned at our half year results, this all translates into significant reserve releases. To sum up, the capability we've developed in this important part of our business puts us in a unique market position. We have the scale, the systems, the expertise and the customer focus culture in all places to maintain and capitalise on that market leading position, an area with huge growth potential and a great position to be in. Thank you very much and now I'll hand over to Steve who'll detail how all these numbers come together for the additions we've put in place.

Steve Johnston: Well thank you Anthony and it is really good to come off the interchange bench with five minutes remaining in the match. I say that because it's good to stretch the legs because I'm pretty sure I'm guaranteed a starting run on spot for the next big game which is I remind you on 4 August this year, under 50 days away which is very, very, very early in the season.

For the moment let me run you through the financial implications of the initiatives that we've outlined today but I'm sure you'd be mightily disappointed if I didn't start the presentation by reminding you of the Suncorp shareholder promise which of course centres around our objective to build a simple, low risk financial services group that delivers high yield and above system growth. Everything you've heard this morning reinforces this shareholder promise and sets us up to continue to deliver both our yield and growth objectives.

As Suncorp's leadership transitions over coming months, I'm sure there will be appropriate recognition of what has been achieved in simplifying and de-risking in addressing legacy issues and problems and in strengthening the balance sheet. At the same time as dealing with those issues, we have been investing in a fully digitised and integrated platform that will provide the catalyst for future growth and improve shareholder returns and that in a nutshell is what we've been talking about today.

So to the financials and the program of work we've outlined today will provide annual benefits of $170 million by the 2018 financial year with total one off project costs of $75 million. Now I've not included the Ignite Project in these calculations as the majority of these costs will be capitalised with the cost benefits of that new platform flowing exclusively to the Bank and which are best represented in underpinning our commitment to a sub-50% cost income ratio target. Nor, for that matter, have I included any assessment of future long-tail releases, which, as Anthony pointed out, we expect to remain well above 1.5% of net earned premium.

Now, today the team has walked you through the key projects that materially contribute to that $170 million in annualised benefits. And, to recap, these are, first, a major program of transformation in PI claims across both the home and motor portfolios.

Secondly, the ongoing rollout of SMART and SMART Plus across Australia and, increasingly, New Zealand. Third, the Super Simplification Program outlined by Geoff, which provides both cost and functionality benefits. Fourth, a new Business Intelligence, that Mark Reinke talked you through, which will reduce licensing and hardware costs, and result in the decommissioning of seven data warehouses, which will significantly reduce our data storage costs.

And, finally - and while not specifically mentioned today - further improvements in technology, increased partnering and centralised procurement will allow a further reduction across the Group's central shared services.

Now, as we've regularly pointed out, the program of work to improve the efficiency of our business is an ongoing project. We have significant scale that's available to us. And if we manage that well, we believe this will prove to be a key differentiator in the market; and you've seen plenty of evidence of this today.

The $170 million of incremental cost savings announced today are genuine cost reductions, the majority of which will flow through the personal insurance business and support the insurance trading ratio.

Now, this is possible because, having completed the program of work that we've talked about in personal insurance, that business is now in a position to identify new opportunities and capitalise on the program that has already been built. And we'd expect similar opportunities to begin to emerge across CI, in Vero New Zealand and the Bank and life businesses ahead of that optimised platform fully coming online in 2017.

When it is complete you should begin to expect the benefits to emerge at the revenue line because, first, each business gains a better understanding of its customer base and sells more of its own products and services to its own customers. Second, by better understanding the needs of our total nine million Group customers we will increase the number of Group products held per customer.

Third, that platform gives us the ability to target new customers. And, finally, the optimised platform and our broad manufacturing capability puts us in a great position to manufacture new products which truly meet the next best needs of existing and new customers. Mark Reinke referred to this as a program you'll increasingly hear us talk about as the Customer Extension Program.

As I said earlier, the benefits of the Optimisation Program will flow through all lines of business but, perhaps most crucially, they support our general insurance strategy of maintaining market share while keeping the underlying ITR above our 12% commitment.

Optimisation builds on our current strategy to manage the challenges of price, volume and margin, particularly in personal insurance. Over the past six to nine months we've been reinvesting the incremental benefits of the Simplification Program to the benefit of our customers. This has meant we've been able to pass on premium reductions on renewal, as well as increasing our aggregate marketing spend. And this has been working.

We've successfully stabilised market share while maintaining the underlying margin, well above our 12% through the cycle guidance. But what does this all mean in the context of the current debate about price, volume and margin?

Well, heading into the next two years we have incremental benefits from both optimisation and simplification of $67 million in FY16 and $135 million in FY17 that can, if necessary, be reinvested back into the front of the business to maintain and manage the balance between margin and growth. And that puts us in a very strong position.

So at that point, invite Patrick back up and, with the team in the front row, we'll go to Q&A.

Patrick Snowball: So we've got slightly concertinaed because of the enthusiasm on the workshop floor. So, Mark, you'll have to just tell us when you want us to stop.

Mark Ley: It goes to one o'clock.

Patrick Snowball: Okay. So you've got Steve and myself, and you've got the whole team. I would remind you that - to make certain that we sharpen you all up for the results season - you'll have an early session with us on 4 August. So this question and answer session is more really about the direction of the business. And, of course, the numbers will have to wait until 4 August. So who'd like to start?

James Coghill: (UBS, Analyst) James Coghill, UBS. Patrick, certainly some impressive initiatives on the claims side. I was hoping to just tie it back to some of the comments that you made on top line at the start. When you were outlining the grow market share across your different lines of business I'm sure you didn't include personal insurance in that list. And then just tying that to one of Mark's comments, he said maintain customer base is the strategy there.

So I was just interested to understand is target to hold policy numbers in personal insurance? Do you not think that these benefits allow you to actually grow in line with the market?

Patrick Snowball: So I know this is one of your hot potatoes, and it's good to talk to you before you sit at the bread and water table at lunch.

James Coghill: (UBS, Analyst) The naughty corner.

Patrick Snowball: What we've really tried to talk about - well, I've tried to talk about the whole way through the four, five years I've been here - is balancing margin and growth and getting the yield and the growth.

And, yes, we have been surprised by the speed at which the whole economy has turned down. And therefore the absolute growth in the economy is reflected in our ability to grow our business, whether that's in mortgages, whether it's numbers of motor cars registered, or whatever it is.

What we've clearly also said is that we differentiate our view on growth and margin between our personal insurance business - which has got approximately 30% market share - and our ability to grow our regional bank. I've always said 1% more growth in our bank, in market share terms, is 30% growth in the Bank. And we have got that headroom to do it.

Certainly, we can get above system - 4% probably above system - in our commercial business, and we've shown how we do that. We've certainly shown about how we can get good growth in our sales in our life business, and we are getting above system growth in New Zealand.

Now, when you turn to the motor business, you're absolutely right. What we've talked about is the fact that with 30% market share - and is the market growing? Well, I tell you, you need a microscope. I think sales were up 1.8% in March, down point something per cent in April.

We believe that holding our personal insurance market share at about 30% is a good position to be in. And we've got the ability now to grow that business at the time of - in relation to the market, but retain customers and actually give a broader perspective to that customer base in the way that Mark's been talking about.

And, certainly, the work we've been doing has clearly demonstrated that as we have a broader understanding of our customer base, we can retain our general insurance or personal insurance business and sell additional products.

But you're right. At the end of the day, we have clearly demonstrated over the last year, since we called this out, that our ability to take ongoing forward benefit in underlying ITR as it was increasing, bring it back into the front end of the business, we've been able to maintain an underlying ITR well in excess of 12% and, as you've seen from the rolling 12 month average, not only retain our business, but actually get a little bit more. And I think that's absolutely the right strategy.

So we get growth where we can - where we haven’t got that huge scale - and we basically drive margin and efficiency ahead of the competition in the way that we use the scale of our personal insurance business.

Anything to add?

Steve Johnston: No. Look, I think we've often talked about - been challenged as to why we can deliver above system growth across this portfolio, and it does come down to the market shares we hold across each of our business.

I mean in our personal insurance business, in statutory class areas - particularly CTP - we have very high market shares. And you would expect us, in that position, to make comments around broadly maintaining share and managing price and volume to deliver the right outcome for the shareholder.

But there are other markets in commercial insurance, in Vero New Zealand, and particularly in the Bank and life, where we have smaller market shares in different structured industries, which allows us to find opportunities to grow in those markets, such that at a Group level we can, rightly, be able to deliver system and above growth. So we do look at it as a portfolio of businesses operating in completely different industries.

Patrick Snowball: So what you've actually seen in the last year - I mean we certainly called out that in the financial year - back end of '13, '14 - we probably lost about 1% market share because we were absolutely determined to hold that margin at the time because we could see these benefits coming through. And what we want to do is then recycle some of those benefits subsequently. And that's how it has played out.

And what you're really seeing out in the sheds here - and talking to this team - is why we can continue to hold that margin as the competition struggles with increased cost of parts, increased cost of labour, increased cost of legacy technology. The fact that we've actually got everything on one system makes it easier and simpler.

So I think we've got the balance absolutely right. And as the market starts to kick up again, then we'll get more growth, but we talked about system growth, okay.

James Coghill: (UBS, Analyst) Right. Thanks.

Patrick Snowball: Yes?

Jan van der Schalk: (CLSA, Analyst) Jan van der Schalk, CLSA. This is a question to try and get me on the steak and lobster table.

Patrick Snowball: You're coming to the footy anyway tonight. It is called footy, isn't it, we're going to tonight?

Steve Johnston: Yes.

Patrick Snowball: I'll get it right.

Jan van der Schalk: (CLSA, Analyst) On the hindsight to foresight thing that you introduced around Business Intelligence, can you give us a sense of the value that you think is locked up in that and how long it will take to extract that value?

Patrick Snowball: Wow. I'm going to start it. Then I'm going to bowl it fast to Mark Reinke, who's far cleverer at these things than I am. I think what has surprised us has been the speed at which we've been able to embrace the digital world, simply because when we put together the arguments about why do we have Building Blocks, why do we have Simplification, each of those programs stood in their own right in terms of cost and benefit. They all made sense.

What we didn't really understand was that the benefit we were accumulating cross the whole of that gave us this ability to switch much quicker. So, as you said, within this one year process of being able to get the amount we've got into the cloud - and a very quick example of that was when I was in China in January.

Some of the guys working on the applications side for commercial team said that six months ago they would have to bid for capacity 30 days in advance to change something within the commercial insurance business. He says he can do that in 30 minutes now, and he knows the cost on a 20 minute [basis] of what he's doing.

So in terms of really understanding our business and being able to move it more quickly, it's almost difficult to put a sum on it. But - Mark, do you want to just pick up? I mean we are slightly holding back at the moment on giving the hard targets about products per customer, numbers of customers, what we're going to do, because we want to work through a bit further, probably over the next six or nine months. But do you want to just talk about where you think we are?

Mark Milliner: Yes, Jan, I think that's absolutely where we are. Internally we're setting two big mantras, two big targets, but we want to prove them before we come and lay those on the table. The first, as I said, is the holy grail for us is being able to meet more needs for these nine million customers. We meet a relatively small number of their needs and yet we've got brands, when we do the research, customers say, I trust that brand, I will be happy to buy more from that brand. But what we haven't been able to do is to create enough precision around that with our performance systems and to be able to do it at scale. So you need both. You can't do that as a one size fits all.

The fact is, every one of those nine million customers have different needs, so what we're trying to do now and you saw a little bit of that in the video, is to test it, to test how to get that right. It's not just technology; it's also how it interacts at the frontline, how you build the digital experiences and that sort of thing. So we can see and we've done some math on it, so we've got a target internally, but we want to deliver that before we put that on the table. So that's what I call this sort of bottom up, customer led, signal led cross sell, but it's not pushing products. We think we can do that at scale given some of the technology Matt spoke about. So that's the sort of organic piece.

Then there's the big play stuff. Pick some markets and go after them and as I mentioned, we've picked a couple. We see significant opportunity in ageing Australia. As people get older, they need to preserve cash longer, they want to live a different form of life that's not as simple as retirement. They don’t want to go into aged care homes and yet most of the money that they need to live that life is locked up in their home. So we're working at the moment in that space to be able to use data to create new services, rather than the traditional products that just don't meet the needs of those people, similarly in small business.

So Jan, look we've got a lot of work to do, to Patrick's point, but it is material, but I would very much hope this time next year we're showing you exactly what that looks like.

Patrick Snowball: It really is moving into what we call our broader customer propositions. It kind of goes back to where James is coming from, well how are you going to get this growth? Because what we're actually doing now is taking our vertical product lines and turning them horizontally and looking at what I call stages of life or lifestyle requirements and saying, across each of our brands, how do each of our brands work on that? So our Apia brand will work very differently and more broadly, perhaps, than our Suncorp brand and our AAMI brand will work in a different way.

So what all this is allowing us to do is to take all the data, take our product range, tip the whole business on the side and look across it from the customer perspective. So it will answer slightly, James's question, was how are you going to continue to grow. Well the answer is, this innovative way puts us well ahead of a lot of people who are still working what I call silo based businesses. Because we've now put the infrastructure and technology in place, we can actually prove we can do it, it's not a pipe dream.

Ross Curran: (CBA, Analyst) So it's Ross Curran from CBA, just a question on - as you sort of homogenise the brand experience across all those personal lines brands and you get those overflows from the call centre if you've got high waiting times, how do you preserve the brand equity in each of the personal line brands as they become more similar?

Patrick Snowball: I think, I mean this is a real tipping point and I think over the years we'll have to look at it. What's really important is that we see each of our brands facing into a different community and what we test the whole time is to make certain that those communities complement each other and don’t sit on top of each other. So if you go down to the very basics of it, we've actually got a room that you can actually see pictures of the GIO customer, the AAMI customer, the Apia customer. Now what we do, of course, is we then shape the proposition to the expectation of that brand community.

But I think I've said it before, we kind of feel ourselves like the Audi/Volkswagen group of financial services. So actually a customer walks into the showroom, the AAMI showroom, they see what they want, they see the brand, they're comfortable with the expectation. But actually as you come back and you get the common running gear, you find we've got a single claims system, single policy system. At the point of contact, particularly if you look at any of one of our customers with a motor policy, they drive into a SMART shop, they will actually see all the Company brands up on one wall. But actually what they want is they want their car in, fixed and back out as fast as possible.

So I think that's the way we do it and increasingly taking Mark's point, as we look at these broader customer propositions, whether it's in lifestyle, whether it's in health, whether it's the SME market, these sort of areas we're starting to look at, you've got to make certain that you understand what range of propositions will work for what range of customers in those brands. But certainly over time you'd have to keep watching to make certain that you understand if and when you are cannibalising your brands and to what extent you're doing it.

Mark Milliner: I might just add a point there if I can, Ross. One of the great things about that Business Intelligence capability is we can measure pretty accurately the switching between our brands and the cross product holdings and all of that stuff. So to your point, we watch really closely whether we're starting to create blancmange; are people really just sort of gravitating to fewer brands? What that's telling us at the moment is that switching between brands varies by brand, but is between 5% and 8%, not very high and the cross product holdings, so customers that hold more than one brand, really only about 10%.

So what that means, to Patrick's point, is we are still getting more right than not the brands lined up against those right customer demographics and psychographics. The other thing I would say, Ross, going forwards, when Matt spoke about the platform and the ability to plug external experiences, external brands into that, that gives us options that we didn't have before. So we don't have to make everything, manufacture, underwrite everything to be able to make that brand really differentiated. Our skill going forwards will be much more around what do we connect up for that customer set and what do we manufacture verse what do we plug in from someone else? We couldn’t even contemplate that before.

Patrick Snowball: I do think also, I guess my experience of being here for five or six years now, is that a lot of people outside Australia just don't quite understand the strength of community that you all live with and are part of. I think that's why we think that the brands work, because they face inter-communities that are many educated or expecting certain experiences from that brand. The key thing, of course, is to make certain, as we have been up in Queensland, that we're there to be counted when things go wrong. The fact that we had 1500 cars, multiple brands, going through one centre and we'd done all our assessments before other people had hardly started theirs.

Daniel Toohey [Morgan Stanley, Analyst]: Patrick, I'm just pleased to see cars in the shed out there.

Patrick Snowball: Yes, I thought you'd like to see that.

Daniel Toohey [Morgan Stanley, Analyst]: That's a terrific job. Just on the personal lines business, there was average rate reductions of 3% to 4% put through in the December quarter. I'm just wondering if you could comment as to volumes and retention rates and how that - what [unclear] has been.

Patrick Snowball: So you are treading into 4 August. What we can tell you is that in the first quarter this year we were net positive on policy count on motor and we were about on level with home and we are well meeting or beating our 12% underlying ITR. Those are the key messages that I can tell you at the moment. In other words, as I come back to James' question, the recycling of some of the increasing underlying ITR back into the front end has stabilised the business. If you look, as I said, the run rate over 12 months, you will see that actually we not only maintained but slightly increased our market share.

So that's actually a really good position and one of the reasons we can maintain that strength of underlying ITR is because of what you've seen out here.

Daniel Toohey [Morgan Stanley, Analyst]: Okay and…

Patrick Snowball: I'll just check with my CFO that I've answered that alright.

Steve Johnston: No, look I think the only other thing I'd add to that would be one of the significant achievements and it mightn't seem significant, is that when you do decide to reinvest back into a multi-brand, multi-distribution, multi-sales business like this, that you're never 100 per cent sure that it's actually going to take traction. Probably the first insight that we had, which was very pleasing and very positive, was the fact that we did invest and we did see our renewal rates start to increase, which , as I've talked about before, would mean the new business flows of our competitors would start to fall away.

So that's something - one of the big positives out of all of this, that we now know that we can reinvest, we now know we have got significant margin fire power to work with and we also know that there's $4 billion worth of claims sitting out in the industry at the moment that need to be solved, need to be addressed.

Patrick Snowball: I think that's one of the fundamental changes that's happened in the last quarter, is that historically there's been a catastrophe, it's a sun problem, it's North Queensland again. What is really interesting this year, if you can put a silver lining on a pretty dark cloud, is of course that it has been very extensively in New South Wales and Southeast Queensland where quite rightly for a period, because of concentration risk, Mark was actually reducing his household policies in that area.

So this is a much more equally spread set of claims experiences and, as Steve says, we've got a billion and the rest of the market's got $3 billion, someone, somewhere has got to work out who's actually going to pay for that.

Daniel Toohey [Morgan Stanley, Analyst]: Just a follow up question, I mean there's a lot of terrific initiatives underway in the business in terms of its digital preparedness and to compete in a digital world, I guess I was just wondering from Mark, really, I've seen comments from the Insurance Council and other topics you've spoken on, on the risk to digital disruption, but just from a personalised perspective, just interested in what you'd see perhaps as the two key disruptive risks within the personalised space.

Patrick Snowball: I think Mark's both of them actually [laughs].

Mark Reinke: Well I think broadly I would say you've got both at a revenue line and a cost line. We clearly talked about personal lines moving to be distributed more on a digital basis and you've seen examples how we're trying to link customers up also on a daily basis with telematics or the safe driver app, the Trov app that's also been demonstrated, the AAMI app that will help track line policies, manage claims, which we'll roll out to all the other brands fairly quickly now, all making a difference across that whole sphere.

I mean we know today that 80% plus of people start buying a personal lines product online and that in our world probably about 55% now combine and complete online. That's up significantly from years ago. I think in the claims space, if you think about it, lodging claims online historically was zero. We're now across our whole portfolio starting to get over 10% and growing rapidly. I think Patrick talked about the first day of the hail in Brisbane, I think we lodged nearly 40% of the 10,000 claims online. So you're seeing a massive shift to people wanting to use mobile devices. I mean to Matt's point, a billion extra mobile devices out there in the world, people want to use them, so we're letting them use them, but leveraging it back into a great experience.

Patrick Snowball: I think where we have a level of confidence on this now is that because we have got ahead of the jump on this, that actually what we're starting to see is disrupters wanting to hook into our systems, because actually we've got access, rather like with Uber, we've got access to a broad range of customers increasingly digitally engaged. So instead of trying to actually attack us, as it were, these guys are coming to us and saying look we've got this app, whether it's going to go into your banking customers or general insurance customers, we would like to talk to you about it. So particularly when we get to the broader propositions that we start to talk about now where we're looking under a brand to satisfy a broader set of requirements say for people in their '60s and above, we can actually bring in those disrupters onto our platform to give them access to what we've got which is what we've these guys - LKQ were so interested in SMART which is a big customer base who we want to engage with more often. That's really what this is all about.

Daniel Toohey [Morgan Stanley, Analyst]: Thanks.

Patrick Snowball: Kieren Chidgey.

Kieren Chidgey: (Deutsche Bank, Analyst) Thanks. Kieren Chidgey, Deutsche Bank. Just a question on the ROE, you're now signalling greater than 10% over the medium term. Back in February you were talking in number around 12% as being achievable. Has anything changed in your mind?

Patrick Snowball: So I'm slightly nervous about committing too far out to my successor. Certainly what we are calling out is that we see we should weather permitting, we should be able to hit that next year and certainly we believe we can outsmart or outperform the 10% going forward. I think one of the things that is changing is actually the cost of capital itself. When we put this out into the market, our cost of capital is what...

Steve Johnston: Over 11%.

Patrick Snowball: 11% and it's probably about 9 point something. So we've got to make certain we keep some sort of balance but certainly I can see where you can get this business up to at least near 12% ROE within a period. It's not more than three or four years in my view because simply the way we're being able to turn the handle and the only thing we have to watch of course is that we are starting to see more growth coming from more capital intensive areas of the business than historically it's done so whether that's the Bank or indeed statutory classes. So that's the balance but certainly 10% is not where it stops, we think it can go on up.

Kieren Chidgey: (Deutsche Bank, Analyst) Thank you.

Mark Ley: One more- maybe one more question if we've got one more quick one.

Siddharth Parameswaran: (J.P. Morgan, Analyst) Patrick, Siddharth Parameswaran from J.P. Morgan. Just one question on the Life division - historically you signalled that you were keen to grow in the direct space ahead of the planner space but the changes that may occur in the industry going forward do you see - are you still committed to that strategy or do you see more of the growth coming from that going back to the planner space? Also, could you just remind us about your reinsurance arrangements as well, whether you can turn those off?

Patrick Snowball: So we're starting to head straight back to 4 August. Let me just start with the direct strategy of Life. Again, when you look at this platform that we're creating, you can understand why it's becoming much simpler for us to engage under different brands with our customers on a broad range of product. So the answer is we are committed to continuing to sell directly into particularly the Sun customer base. I think what we'll actually see is and where we're looking at that there is probably a hybrid product that requires a limited advice that you can sell direct to the customer. So I guess our average premium at the moment is what about $500 or $600.

Geoff Summerhayes: In direct, yes about $600.

Patrick Snowball: Yes I think that there's an opportunity and you can see even ASIC pushing for clearer products with a broader range of benefits that can be sold more simply. I think the platforms that we're creating will allow us to do it. Geoff, I don't know if you want to add to that?

Geoff Summerhayes: I mean Sid, you're right, going back in time the Life business was very dependent on the IFA channel. That as flagged is in for a fair amount of disruption in the next couple of years. The Acclaim segmentation model we think positions us well to manage our partners through that. We've also diversified the business a fair bit over the last few years.

So we've got a New Zealand business which is growing and contributing strongly. We've built a direct business from scratch and I talked through today the importance of super going forward. So we are less dependent on the IFA channel than we were three years ago and if you look at the revenue contribution it's diversified across those different products and distribution channels.

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

Patrick Snowball: Mark, do you want to just...

Mark Reinke: Yes we'll probably have to wrap up Q&A there because we have got some people who need to get back to the city. There is a bus heading out fairly shortly. Most of you are staying here for lunch. Thanks for that. We're looking forward to it. We've got the Management Team here. We'll have you mixed amongst the tables. We will get all of our speakers today moving between entre and main course so it will give you an opportunity to talk to people.

There are nine tables. Despite Patricks' request, there is no bread and water table. All of you including all of the sell side analysts will get a good feed. [Laughter] Just on behalf of the Investor Relations team and everyone at Suncorp, thanks for coming out to Riverwood today. We know it is a bit out of your way. We hope it has been useful for you to see some of the things we're doing at a strategic level but you can't see normally within our P&L and on the balance sheet but if you do have any follow up questions, please contact me or the IR team. Thank you.

Patrick Snowball: So can before everyone rushes can I just wrap it up. Is that okay Mark, can I do it?

Mark Reinke: Yes of course, of course.

Patrick Snowball: So I guess I'd better thank my team rather quickly or I'll be on bread and water but thanks to Mark and the team and everybody in Suncorp who's put this together. I guess there's obviously going to be a period of reflection as I ride into the sunset but five years ago when we all first got to get together there was a huge question mark around the future and direction of this company.

My immediate reaction when coming in was that we had a high quality set of assets but they were a series of disparate businesses, they were unconnected, they were divided and they were unleveraged and of course that made the Group very vulnerable to what's going to happen next. My earliest fear always was that the sum of the whole was greater than the parts and that if we could actually bring it together under the 'One Company. Many Brands' strategy I believe that actually we had something very special that we could offer both our customers and our shareholders.

Obviously at the time my number one priority and that of the team as we put it together was to build the balance sheet and stabilise the Group within the NOHC and I think that was one of the things I'm very proud of that we've now got: that very strong balance sheet which has been allowing us to share the transference of that capital with our shareholders in a series of special dividends over the last few years.

Certainly that cohesion paved the way for the building blocks simplification projects and really got us going. It embraced of course technology. Our business partners, we haven't really talked about that, the huge dependency on business partners here and overseas and of course our people. This really has allowed us to build capability and extract value as you've seen from each stage of the journey. I guess all of this journey has been achieved with increased profitability, better access to the system, better affordability, better service, and I guess above all one of the things - well, the thing I am most proud of is the culture and the pride that we have instilled within our organisation.

This integration and simplification has undoubtedly freed up our people. They are much more focused on high-value work. They're allowed to fulfil, develop ideas and create new concepts both for the benefit of customers and the Company. A lot of you shared in that when we talked about the FedEx last year and the way we bring people together and basically say well, what have you got to add, what can we build on? This has been fundamental to the journey and the outcomes and the future direction of this Company that you've heard today.

I know some people over time have questioned the value of a diverse financial service group, but I maintain that this is the virtue that actually sets us apart from everybody else. It gives us that greater leverage or the levers that we need to adjust on growth to manage cycles, whether it's the mortgage cycle, the lifecycle, the personal insurance cycle, whatever it is, we've got other parts of the business that we can use at different stages. The keys really of course of that have been leveraging our economies of scale. I think that when you start off on one of these journeys you tend to just think about that as price-bashing; I want to buy a lot of this stuff off you and therefore I want a discount.

Actually, what you've seen now is the way we really do leverage the economies of scale, whether it's in our technology or our skills base, the people who started the LSP program are now working in the Bank. No other regional bank could actually afford to do what we're doing in terms of the amount of money, but they wouldn't have the technology or the capability to do it. So it's a much broader set of economies of scale that we've delivered.

Obviously I'm very proud of the journey. I think I've used the word proud three times now. Suncorp is a far more resilient and agile Company than it was. I think it's capable of withstanding significant financial shocks and we've shown that it can actually take significant weather shocks in its stride as well. Although we won't hit the 10% ROE this year, I think we will have a very strong result still. We will have above-system growth, which is as you know is very thin at the moment, and we will maintain that margin in excess of 12% in our general insurance business.

I'm quite clear as I move off that this Company is a very unique proposition. The special DNA of it is about our technology; you've seen that this morning. You've seen it about our people, and thirdly, it's about our ability to execute, the pride which we actually have in delivering stuff that we say we're going to do.

Of course the big challenges, and you've raised them this morning with me, are around mobility, data and the cloud. I hope as you leave this morning you will see that Suncorp is addressing each one of those challenges in a very creative and joined-up fashion. That puts us in really good shape to face not just the challenge of our historic competitors but the digital disruption that people talk about going forward.

So today we feel really set for the next stage of the journey. We actually started that journey two years ago, and that's what should give all of you confidence that we can deliver it, because we're not saying this what we're going to do, you've been able to feel and touch an awful lot of our promises for tomorrow today. We are at that transition point. We've got the systems, we've got the capability and most importantly, we've got the capacity to meet our promise going forward on both growth and yield.

I think it's a really exciting position to be in. In fact, I kind of feel that my hands are going to have to be prised off the wheel at the end of September of this great business. We are in great shape. We've got a great opportunities, we've got a great strategy and we've got some really good people to execute it. So thank you all very much for coming. Thank you.

End of Transcript