

**Dean Connor**  
**Building Trust in the Fourth Industrial Revolution**  
**Ivey Business Leader of the Year**  
**November 1, 2018**

### **Introduction**

Barb (Stymiest), thank you for that very kind introduction.

Two weeks ago, Barb received the Distinguished Service Award at a ceremony at Ivey for her great work there over the years.

It is wonderful to be here and accept this honour from Ivey. It's humbling to be in the company of so many distinguished Canadian leaders.

Last month, I had the opportunity to speak to 600 first year Ivey HBAs and it was such a pleasure to meet this next generation of Ivey students. They are so bright. So engaged. So ready to take on the world.

I want to thank Mark Whitmore and Darin Deschamps, who jointly chair The Ivey Business Leader Award, as well as Terri Garton and Mark VandenBosch from Ivey School of Business for this wonderful award. And thank you to Dr. Amit Chakma for your kind words.

I also want to thank my wife Maris and my family for all of your support over the years. You are incredible and I'm so delighted that you could be here tonight.

I also want to give a shout out to my many colleagues from Sun Life who are here tonight, including our Executive Team and Board of Directors. You are one amazing team, and I am so proud to work with you each and every day.

Sun Life's roots run deep in Canada – our company began more than 150 years ago. The business started with the sale of personal life insurance and has expanded to offer health and benefits programs, wealth solutions, pensions and investment management, serving nearly 40 million Clients around the globe.

We have some great natural advantages: we are headquartered in Canada, which I view as one of **the** best places in the world to have a head office; we have the Sun in our name and in our logo, a brand that shines and resonates everywhere we go around the world; and we have a truly inspiring Purpose, and that is we help our Clients achieve lifetime financial security and live healthier lives.

Our 34,000 employees and 100,000 Sun Life advisors around the world have a common focus – ensuring that our Clients' needs are at the centre of every decision we make.

Now the foundation of our relationship with Clients is trust. We have built our company on this. Without trust, everything grinds to a halt.

## **Bridge to Main Theme – Building Client Trust in the new economy**

So tonight, it's a privilege to share some thoughts with you about where I see an opportunity for leadership, and that is Building Trust in the 4<sup>th</sup> Industrial Revolution.

As leaders, we need to seize the opportunity to create a step change in trust with our Clients and with our fellow citizens.

100 years ago, trust in financial services was anchored around financial stability and strength. Will this bank be able to safeguard my deposits? Will this insurance company be around in 50 years to pay my claim?

We responded by building large, stately buildings....buildings of granite and marble....buildings that would last for centuries. They were designed around **trust** – to impress upon Clients that their family, their investments and their future would always be safe and protected.

Today, most people take for granted that the bank or insurance company will be solvent – and if they're not, the government will bail them out, right? So what is the new and future definition of trust in a modern economy?

Increasingly I think it will be about Client data: are you using my data to help me, or hinder me? Is my data safe, and is it kept

private? How are you profiting from my data and what do I get in exchange? Can I trust you with my data?

So if steam drove the first industrial revolution, electricity the second, computers the third, the fourth industrial revolution is about data and the tools surrounding it, like blockchain, the Internet of Things, and AI. Data is increasingly the lifeblood of innovation, the lifeblood of organizations, the lifeblood of society.

We have grown to value data and cannot live without it. It is suddenly pervasive in all aspects of our lives. From our Apple watches to Wazing your way through traffic; from fitbits to cycling through NYC real-time with others around the world, using the bike in your basement. From watching the little Uber car turn the corner on your smart phone, to listening with surprise and delight to the latest playlist that Spotify picked for you.

But with all the advantages of data, it is creating a new set of challenges. Data is valuable, so not only do companies want to buy it, others want to steal it. It is creating tectonic shifts in business models and in industries.

With Facebook and Cambridge Analytica, we are starting to realize that the stakes are even higher. Closer to home, a tremendous amount of debate is taking place on Toronto's Sidewalk Labs

project, on the question of data. Whether Stats Can should be able to get all of your personal banking data ... and so on.

Why will data have such an impact on Client trust? Clearly data can be intensely personal, and there are more ways to get this wrong than right. But it's also because business models are changing, in some cases profoundly changing, to take advantage of the Internet of Things, digital, AI and blockchain – all driven by data. With your indulgence I'm going to digress for a minute on the topic of business models, because they are the accelerant for this issue.

As leaders, we tend to self-impose boundaries – this is what my industry does, here's where we fit in the value chain, here's how we add value. But companies are increasingly creating new business models, drawing new boundaries around much broader swaths of the value chain.

For example, let's say you provide car financing. You offer loans through car dealers, or sell car loans directly to consumers. In the funnel, you sit underneath the car search providers, underneath the car dealers, you sit beside other finance companies, and maybe just on top of auto insurers.

But Clients don't wake up in the morning saying "Boy, I really want to get me some of that car financing." They just want a car.

So a competitor builds the complete platform, the funnel from top to bottom, that finds and delivers your car from start to finish, where financing and auto insurance are commoditized, or combined into the product, all of a sudden as a finance provider you may find yourself on the outside looking in.

As a response to this, some banks have launched end-to-end car buying platforms...redrawing the boundaries to solve the complete outcome for Clients.

All of this enabled by data, in this case tons of data on car dealership inventories, Client preferences, credit scores and so on.

Here's another example of redrawing the boundaries. 18 months ago Tesla announced that the majority of Tesla cars sold in Asia come with car insurance that is customized to Tesla, that takes into account not only the Autopilot safety features, but also the maintenance costs of the car. All driven by data; in this case, Tesla collects over three (3) million miles of driving data per day. So if you're Geico or Progressive, and today your competitive moat is a billion dollar spend on Direct To Consumer advertising, what happens when the buying decision for car insurance shifts from millions of people to just one person at each of 10 car companies, companies that manufacture data collection machines on wheels.

Another example of redrawing boundaries that is close to home for us, is in our Group Benefits business here in Canada. The industry

forever defined the Client as the employer, the one who hires and fires us, the one who pays the premiums. The plan members were these claims-submitting units who made lots of calls to the call centre.

Several years ago, we redrew the boundaries. We said that plan members were also Clients, and if we do an amazing job getting the basics right – for example getting their dental claims paid accurately and quickly – we could earn the right to do other things for them, and directly with them. And in the process, employers would ultimately place greater value on how we're looking after their people.

That hunch has worked out well. We built Ella, powered by our digital benefits assistant that rolled out over 26 million nudges – for example, you're not taking full advantage of your company pension plan and are leaving money. Over the past 12 months, 1.2 million Clients have interacted with these nudges, attracting \$400 million in new wealth deposits and \$300 million in new insurance protection.

Today we are redrawing those boundaries yet again. We realized that Sun Life is the single largest payer of private health expenses in Canada, with \$8 Billion of claims submitted each year for drugs, hospital, vision, physiotherapy, dental and so on.

We process millions of transactions a year with incredible amounts of data. So we launched a Digital Health platform, with 6 million Sun Life members on one side, keen to get insight and information on their health needs, and 200,000 health providers on the other side, keen to get their services in front of members.

Each time they submit a claim, Sun Life members can rate their health providers on a 5 star basis – we have 5 million ratings now – and they can price shop. Curious to see if your dentist charges more than others in your area, or how other Sun Life members rate them? Check it out.

And just two days ago, we opened up our Digital Health platform to all 37 million Canadians so they can better manage their health, under the brand name Lumino Health.

So these are a few examples of new business models. All of them turbocharged by data.

Coming back to the main theme, if we think we have data governance challenges *today*, just wait. More companies are redrawing their boundaries in ways that were not previously possible, and in ways that use vastly greater amounts of personal data than ever before.

As leaders, we need to think deeply about the human side of this digital experience – we need to think about how we use people's

private information and be able to talk to our Clients and our employees about what we're doing with data.

Another interesting layer here is the fact that cultural norms and attitudes about data and privacy differ around the world. These differences can impact a country's speed of innovation and competitive advantage – just think of the differing social norms in China vs. Europe vs. North America.

### **We are at a Crossroad**

My view is that we are at a cross-road and Client trust is hanging in the balance.

The Edelman Trust Barometer gives us some perspective here. Each year, the Barometer measures the level of trust that people have in institutions like corporations, government, NGOs and media. This year, the U.S. suffered the largest-ever-recorded drop in the survey's history on trust among the general population. Given recent events in the US, this is not a surprise.

However, if you're wondering what the "best" looked like...well, among the 28 countries surveyed, companies headquartered in Canada were on top, but with a score of 68...call it a "C" grade. Clearly the data suggests the bar on trust is low.

Edelman also tells us safeguarding privacy is a key driver of trust in corporations.

To better understand how people feel about the issue of data specifically, the Canadian Marketing Association commissioned a survey earlier this year and Sun Life was a sponsor of this important work.

Here's what the study found:

- **First**, while most Canadians say they read parts of privacy policies, a quarter admit they don't read these policies at all.
- **Second**, people find privacy policies too long and difficult to understand – and if you've ever tried to download an app and read the material on your phone, you understand this point exactly.
- **Third**, many people do not feel informed about Canadian data privacy laws, individual rights and the obligations of companies.
- **Lastly**, Canadians care about how we store and secure their personal data and want to know how and why organizations collect and use it. Of least concern is how companies monetize data and their use of third-party data providers.

I believe that every organization's brand, reputation and what they stand for will increasingly be about how we treat our Clients' data.

We need to create and communicate forward-looking data governance policies. If we don't, Client trust will erode. And if we don't, and leave it to governments to tell us what to do, we will have failed.

The onus is on us – the leaders in this room and beyond – to lead the way.

Over the past year, my Executive Team and I have been laying the foundation for a set of Data Principles that we will be communicating to our people and to our Clients.

Those of you who have done this will agree that it is not easy to get your arms around it. This topic can easily swirl into complicated concepts and language, but we keep reminding ourselves of one simple principle.

It really speaks to how we treat people.

Here are the principles we are focused on:

- **What data** do we gather on our Clients, and why do we need it?
- How do we create **transparency** around the data we have, and how we're using it, in a way that Clients will understand?

- How can we provide more **choice** to our Clients so they can have more **control** over their data?
- How do we make it cost-effective and secure for a client to take their data – their claims history or financial plan – to another organization?
- How do we define that fine line between ‘**creepy**’ and ‘**cool**’?  
Today we nudge Clients to say “Hey, your 21 year old will drop off your company benefits in three (3) months, so click here if you want to cover them for health coverage”, and when we do that our Clients are telling us that’s really cool. But if we nudge you to say “We’ve noticed you’ve started to take drugs to manage your depression, so click here for a video on how to manage deep depressions,” some might think that was a little creepy. And some might not – that’s what makes this so challenging.
- How do we create an **audit trail**? At the macro level, it’s about ensuring that we are indeed following our own data governance policies. And at a more micro level, it’s about being able to explain why a particular decision engine selected a particular outcome for that Client. If we decline you for life insurance using an AI-driven decision engine, can we explain how we got to that answer (and of course, does the answer make sense)?

- How do we **balance Client interests and the Company's interests**? Every business has examples where Clients underutilize services, or pay more for some services than others pay. To what extent is there an obligation to point that out to Clients?

Data also gives us more ways to differentiate pricing, but will society think they're all fair? Today we charge a smoker 2x what a non-smoker pays for life insurance; we charge a man 30% more than we charge a woman; we charge a type 2 diabetic 45% more than a non-diabetic. If you're in terrific condition with a great family health history, we charge you 25% less.

People generally accept these as fair ways to apportion prices across people with different risk profiles.

But as data allows us to get more granular on pricing – for example, we see you have an awful credit score, which we know correlates with higher mortality; or we theoretically could buy data that might show you spend an unusual amount on alcohol; or we track your fitbit data and see you've stopped moving – will it be seen as fair to reflect that in higher prices?

You can sum up the issue in a simple phrase: “Big Data, Big Judgement”. We are working our way through these questions and will activate them in our daily operations.

Let me close by inviting the leaders in this room to challenge your thinking and challenge your teams on your data governance posture; to develop your own guiding principles for data governance; to communicate and live by those principles, and to build Client trust in the fourth industrial revolution.

This is not just a competitive imperative; if all companies do it, and do it well, it will strengthen the fabric of society and shore up trust in institutions, trust that is so badly needed at this time.

Once again, my deepest thanks to Ivey, to my family, to my Sun Life colleagues and to each and every one of you for coming out and supporting this event tonight.

Thank you!

-FIN-