



Innovation at Mutua Madrileña

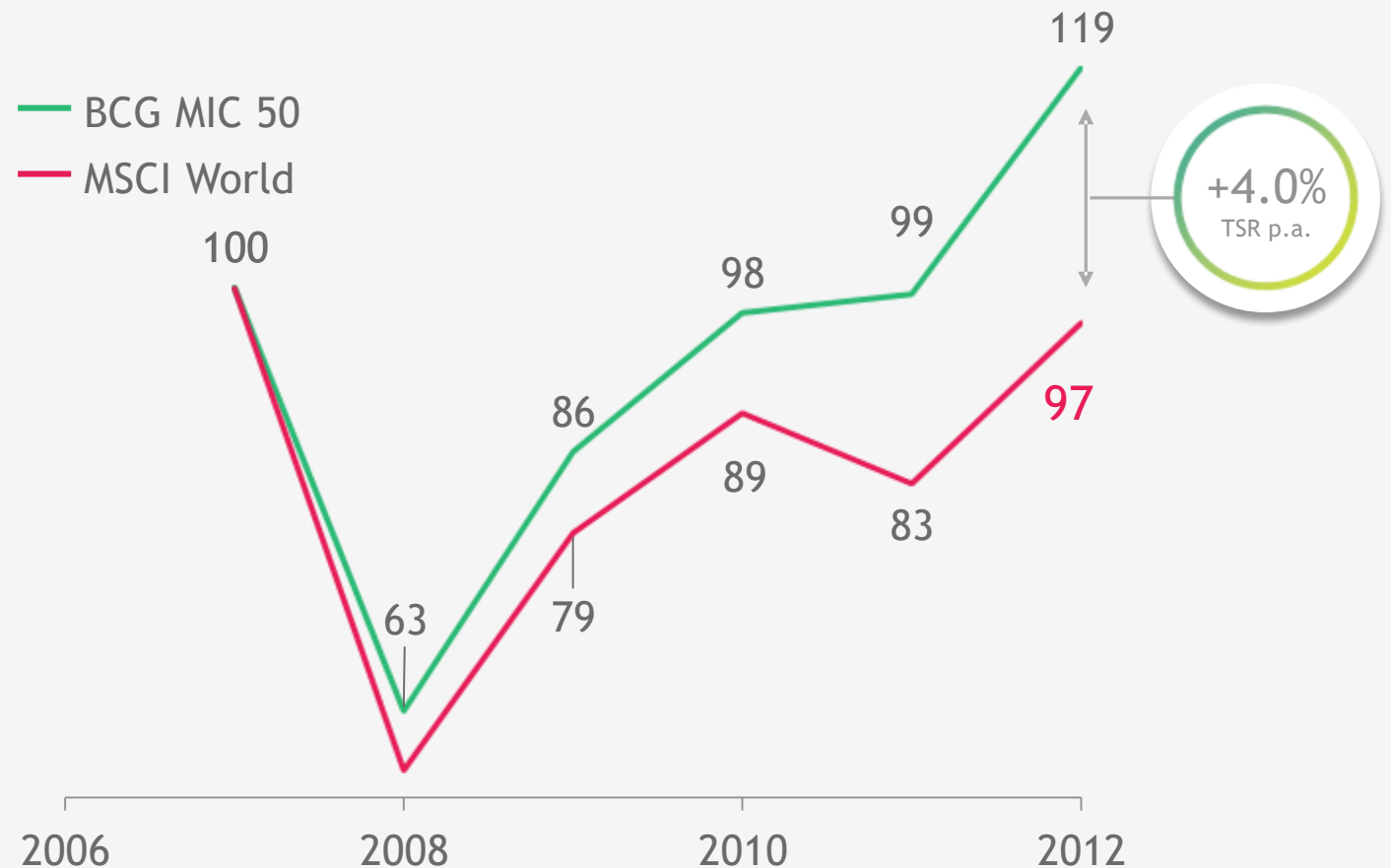
Context: We are in a challenging environment with COVID-19

Innovation is more important than ever to accelerate out of this crisis

Looking back at 2007/2008:

A portfolio invested into BCG's MIC 50 companies pre-crisis (2007) beats the MSCI by 4%-points per year.

Total Shareholder Return
31.12.2007 = index 100



Note: Chart compares TSR performance of publically listed MIC 50 companies in 2007 (pre-financial crisis) and follows their TSR performance through the crisis until 31.12.2012
Source: BCG Innovation Journey Analytics Database; CapitalIQ



Machine learning

BCG Most Vital Companies

How corporate vitality drives long run value

100.000+ data points, media partner: Fortune Magazine

BCG Most Innovative Companies

The Rise of AI, Platforms & Ecosystems

30.000+ executives surveyed over 15 years

Human judgment



Benchmarking MM against leading innovators

Starting point: BCG research

Selecting most *innovative* & most *vital*



BCG Most Innovative
Human perception

&

Fortune Future 50
BCG Most Vital
Machine learning



Combining two lenses to identify
leading innovators, based on human
judgment & machine learning methods

companies

~250

Expand coverage

Detailed, representative



Benchmark: 1:1
interviews & surveys

~1.200

Benchmarking sample

19 industries & sub-industries - illustrative firms

Automotive n/69



Chemicals n/50



Consumer n/63



Durables n/62



Energy n/68



Finance n/66



Hospitality n/56



Industrials n/63



Insurance n/61



Materials n/52



Med Tech n/61



Media n/48



Pharma n/69



Software n/76



Technology n/59



Telco n/72



Transportation n/65



Wholes./Retail n/62



Innovation benchmark captures 2 key elements

1 Innovation system



Where is our innovation system (strategy, governance & operating model) working well?

Where are gaps to benchmark?

2 Innovation impact



Do I manage my best innovation projects well?

Do I have a healthy pipeline?

Is my portfolio ambitious enough versus my peers?

A real innovation assessment evaluates best practices in all dimensions



What are MM key strengths in innovation?



Experience working in multidisciplinary teams



Top management commitment with innovation



Compliance culture that makes MM to carry out any started project



Availability of resources (both economics and skilled staff)



Proven track record in incremental innovation close to the core



Company culture in transformation towards a try and failure one, more open to learn from its errors

Best practices peers in innovation already obtaining significant results through ambitious innovation strategies

die Mobiliar

Innovation investment

- ~1.5 B€ invested over last 5 years, 8-10% of their sales

Innovation domains

- Home (Renting, Buying, Living) and Services for SMEs

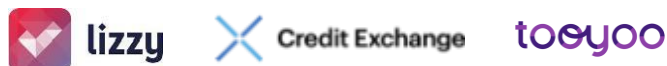
Innovation vehicles

- Innofactory (Innovation Lab and Venture Builder) and Corporate Venture

Invested companies (example)



Launched companies (example)



Baloise Group

Innovation investment

- 300-400M€ invested over the last 3 years, 3-4.2% of their sales

Innovation domains

- Home, Mobility (+ Financial Wellness and Business Services)

Innovation vehicles

- Venture Builder, Corporate Venture and External partnerships with start-ups

Invested companies (example)



Launched companies (example)



Innovation investment

- 350-450M€ invested over the last 5 years, 3.4-4.4% of their sales

Innovation domains

- Home, SMEs and Collaborative economy (+ Data Intelligence)

Innovation vehicles

- Altima (Venture Builder), Avenir (Venture Capital), French Assurtech (Accelerator) and partnerships

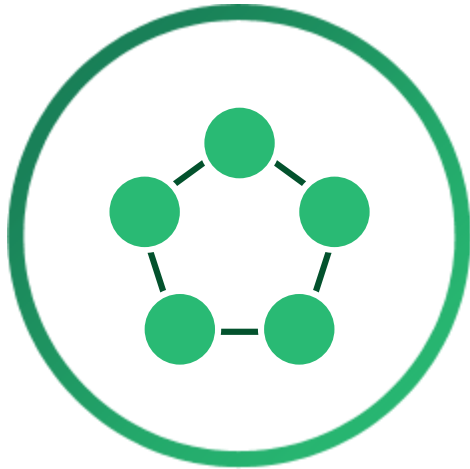
Invested companies (example)



Launched companies (example)



It is key to have the innovation domains clearly defined



What are innovation domains?

Specific areas where the company will focus innovation efforts

In insurance, they are usually customer centric (ecosystem) or LoB centric (connected health, connected home..)



Why is it important to define them?

They provide specific opportunity spaces and provide clear strategic focus

Companies should aim to dedicate ~80% of their innovation efforts to them

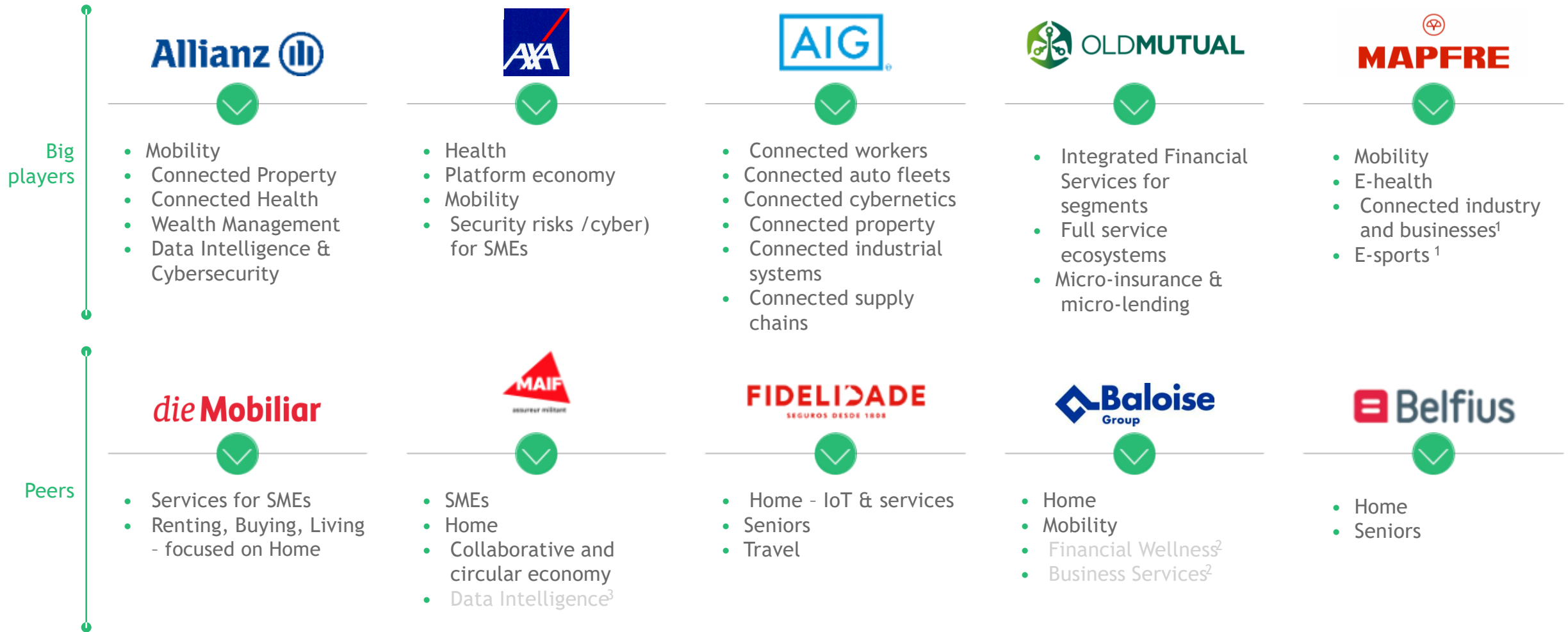


How are they defined?

Three lenses:

- Existing business
- Competitive advantages of the insurer
- Competition play (find the white spaces)

Large insurers play usually in 4-6 domains and mid-size peers in 2-3



1. Not broadly defined in all Mapfre communications 2. Non priority domains 3. Transversal domains
 Source: Company website and public documents, BCG analysis

Insurers uses typically up to 4 types of innovation vehicles combined with external collaborations

Innovation vehicles



Internal vehicles (invent)



External vehicles (invest)



External innovation (collaborate)



Innovation Labs & Factories

Lab: Internal team in a single space to develop core new ideas

Factory: Horizontal technology innovation (long term investment horizons)

Output: new BU or application of new technology

Venture Builder

Program to build new companies from the ground using company own assets

Output: owned new companies with great synergies with the rest of the group

Corporate Venture

Direct investment in external startups (early or late stage)

Output: equity from invested startups and potential use of their technology / capabilities

Accelerator/ Incubator

Program for external startups with space, mentorship and educational program

Output: scan of very early business ideas and early access to invest in promising startups

Third-parties partnerships

Partner with existing 3rd parties to drive joint value creation

Output: products, ventures, capabilities.. Jointly created



Peers are already launching ventures



100% digital Motor insurance with total personalization



Klinc: on-demand insurance



Jane: solution to allow seniors to live at home in complete safety thanks to IoT and AI



Digital marketplace of local tradesmen for home improvements



Faustudo: on-demand home services App



Just in Case: travel planner and insurance App



Friday: auto and home digital insurer



Car insurance based on gamification



Digital fund-based asset investments



Online platform where coaches help you achieve your physical/mental goals



App to record and report of the status of new apartment



Helps transfer data and assets to the family after death



Online portal for tenants and real estate agencies



Mortgage aggregator (broker) platform

Three topics needs to be defined to assure the right Governance and Operating Model in innovation



Roles and responsibilities in innovation

Who does what



Governance bodies

Where are decisions taken



Innovation funnel and performance KPIs

What process follows an idea and how progress and performance are monitored



Thank you for
your attention

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