Our strategy

Optimise our core insurance business while creating future growth options

At IAG, our **purpose** is **to make your world a safer place:** IAG's purpose means that whether you are a customer, partner, employee, shareholder or part of the communities we serve, IAG exists to 'make your world a safer place'. We believe our purpose will enable us to become a more sustainable business over the long term, and deliver stronger and more consistent returns for our shareholders.

Financial Targets

IAG is focused on delivering through the cycle targets of:

- Cash return on equity 1.5x weighted average cost of capital;
- A dividend payout of 60 – 80% of cash earnings;
- Top quartile total shareholder return; and
- Approximately 10% compound earnings per share growth.

Strategic Priorities

IAG has identified three key strategic priorities, supported by organisational capabilities, to deliver its strategy:

I. Customer – World-leading customer experiences:

Create a delivery platform that transforms customer experiences:

- Better connect customers and automate processes, enabling IAG to reach more customers in a timely manner;
- Develop an innovation approach which provides the ability to think differently and deliver quickly;
- Embed cognitive capabilities and artificial intelligence that anticipate customers' needs; and
- Use data to power decision-making, allowing IAG to better understand its customers.

II. Simplification – Simplified, modular and lower cost operating model:

- Reduce organisational complexity by consolidating technology platforms, harmonising products, simplifying processes and systems, and executing the technology strategy;
- Leverage operational partners to optimise the operating model and drive scale economies across the value chain; and
- Improve allocation and maximise utilisation of the preferred repairer network to reduce average claim size.

III. Agility – An agile organisation distinguished by innovation, speed and execution skills:

- Create a disciplined approach to IAG's management and leadership, including building stronger role clarity and introducing agile ways of working;
- Build a talent pipeline based on the skills required to deliver IAG's strategy and help IAG people transition to the future of work; and
- Be recognised as a purpose-led organisation that shapes its internal and external environment.

Operational scorecard
A range of activities linked to our three strategic priorities

	2018 activities	2019 priorities
Customer	• Applied the customer segmentation model to inform brand strategy, marketing and customer journey design • Digitised key customer journeys including redesigning the motor claims process • Consolidated IAG's data asset using open source technologies and received the Red Hat 2018 Innovation Award • Deployed world-class pricing capability using machine learning and real-time pricing models, across core personal lines portfolios	• Apply customer behavioural analysis to prioritise investment decisions that drive customer advocacy • Transition the data platform onto a scalable, flexible and cost-efficient cloud capability that powers decision-making • Embed cognitive capabilities such as chat bots and computer visioning across the organisation • Continue digital transformation through the development of application programming interfaces (API), scaling of digital infrastructure and use of cloud
Simplification	• Embedded single Australia Division operating structure • Completed Australian personal motor and home lines claims component of systems consolidation • Continued transition of targeted activities to operational partners • Embedded operational partnering excellence framework	• Continue consolidation of core technology platforms and decommissioning of redundant systems • Complete transition of targeted activities to operational partners • Progress review and delivery of optimised repair model
Agility	• Deployed Leading@IAG program, linking purpose and strategy to individual accountability and performance • Increased employee advocacy score by 18 points • Launched Future ME program to empower employees to build their knowledge and preparedness to participate in the workforce of the future • Continued investments through Firemark Labs and partnerships to launch products and solutions that deliver on IAG's purpose	• Strengthen ways of working, leadership and people frameworks to create clarity, improve productivity and evolve skills to be successful in the future • Continue to develop partnerships, products and shared value programs that drive safer communities and deliver on IAG's purpose: we make your world a safer place