

Emerging LifeTech ecosystem promises profound impacts on life insurance



Identifying LifeTech



Joel Albarella explains the implications of LifeTech for the future of the life insurance sector.

Following the 2012 founding of New York Life Ventures, the corporate venture capital arm of New York Life Insurance Company, the team quickly realized the significance of start-ups offering technologies that address opportunities specific to life insurance companies. This included start-ups squarely focused on the insurance space as well as technologies within established categories beyond insurance, such as data and analytics, cloud architecture, cybersecurity, regulatory, health, and human resources.

In screening over 1,800 start-ups and facilitating more than 175 proof-of-concept tests that explore the viability of new technologies, the group increasingly realized that this emerging ecosystem of start-ups outside of the traditional InsurTech space not only had significant promise for New York Life, but also for the life insurance sector as a whole. This led to New York Life Ventures identifying the “LifeTech” ecosystem that includes all start-ups with significant relevancy to the life insurance industry.



“The value at the intersection of technology and life insurance has yet to be fully realized and the start-ups with the most potential are new to the insurance industry; herein lies the embedded potential of our growing LifeTech ecosystem.”

— Joel Albarella

LifeTech vs InsurTech

Even though life insurance is fundamentally different from other lines of insurance, New York Life Ventures found that technologies relevant for various insurance lines were often lumped together in a general “InsurTech” category, born out of the FinTech movement. The team saw InsurTech as an imperfect proxy for life insurance and defined LifeTech as a start-up ecosystem distinctly different from the prevailing InsurTech landscape.

LifeTech involves both enabling and adjacent technologies.

Enabling technologies are those that directly support existing value chains within the industry. Data preparation and data analytics technologies are promising examples of these enablers, as they more quickly derive actionable insights from an insurer’s huge streams of data.

Adjacent technologies in the LifeTech space are those start-ups that aren’t InsurTech-focused at all, but whose offerings may become complementary to life insurance companies over time. Examples include start-ups in the digital health space.

New York Life Ventures estimates that only 20 percent of the start-ups tracked by the team overlap with the InsurTech world.

Industry validation

Start-up founders and investors have recently ramped up their focus on enabling incumbent insurance companies.

The opportunity to create value in the life insurance space by connecting with those outside the industry is massive. The corporate venture capital teams of major life insurers are starting to invest accordingly.

Investing in LifeTech

Many of the companies in the New York Life Ventures portfolio are a reflection of the team exploring the start-up world through a LifeTech lens. With a mission to add value and support to both relevant start-ups and to New York Life, the team's efforts include:

- seeking new technologies to power the future of the life insurance sector;
- harnessing the power that exists at the intersection of humans and technology, where combining the two delivers exponentially more value than choosing one over the other; and
- driving growth through a proprietary model that connects partners with New York Life's resources.

This includes a fully staffed business development team focused on helping accelerate the growth of start-ups.

Supporting life insurance

Within this publication, an overview of two recent New York Life Ventures investments is shared: Carrot (page 5) and Trifacta (page 7). Each shows the potential benefits that LifeTech start-ups can deliver to the life insurance sector by:

- enhancing the existing value chain;
- helping empower agents to do a better job; and
- supporting efforts to provide better services and products for customers.

For New York Life, investment in these companies and in the wider LifeTech ecosystem accelerated the organization's ambition to provide enablement across the chain.

About Joel Albarella

Founder and leader of New York Life Ventures, Joel steers the direction of the group's activities, oversees the venture investments portfolio and guides technology partnerships and alliances to enhance New York Life's existing businesses. He also oversees the R&D Lab and Innovation Services. Joel believes that the only sustainable competitive advantage for an organization is the speed at which its employees can learn.





Adjacent LifeTech: Digital health

Fact file: Carrot Inc.
Sector: Digital health
Key focus: Smoking cessation
Founded: 2015
HQ: Redwood City, CA

Facts and figures

- **32 percent quit rate** for study participants who said that they were not ready to quit upon entering the quit program, according to a trial published in JMIR mHealth and uHealth.¹
- To commercialize its smoking cessation solution, Pivot™, Carrot announced in October 2018 a **\$25 million** funding round that involved multiple investors — including New York Life Ventures.

Carrot's mission is to engage and empower millions of people to quit smoking through an approach that blends technology, science, and human coaching. Realizing the potential wellness implications of Carrot's work, New York Life Ventures invested in this company adjacent to the life insurance industry.

While smoking among American adults has fallen substantially in recent years, the Center for Disease Control (CDC) estimates that nearly 38 million American adults in 2016 still smoked every day or some days.¹

Moreover, smoking appears to be on the rise among America's younger population. The CDC reports that the use among high school students of any tobacco product jumped 27.1 percent in 2018, propelled by an increase of over 20 percent in e-cigarettes.²

With over one billion people who smoke worldwide,³ there is an opportunity to dramatically improve individual health and longevity and drive down healthcare costs through smoking cessation.

Who is Carrot?

Carrot is a digital health company on a mission to use mobile technology, behavioral science, and clinical expertise to engage and empower millions of people to quit smoking.

What makes Carrot different

Most smoking cessation attempts are "cold turkey," unilaterally initiated by the person who smokes, without the support of a quit program. Conversely, most organized quit programs involve telephonic coaching and pharmacotherapy (nicotine replacement) and enroll, primarily, people who are truly ready to quit smoking. These programs are limited by a lack of scalability and are missing a large proportion of the population that smokes tobacco but are not firmly ready to quit.

Carrot takes it a step further, blending scalable technology with goal-setting and accountability, and empowering individuals to seek out positive change. Carrot realizes that most people who smoke do not want to continue this habit, but simply do not know how to quit or have anyone to turn to for help. Carrot's evidence-based digital therapeutic quit program, Pivot, is a personalized program for all people who smoke, regardless of their readiness to quit.

Pivot has five main components: (1) a mobile app, (2) a carbon monoxide breath sensor cleared by the FDA,

(3) the delivery of pharmacotherapy, (4) a supportive Pivot community, and (5) a dedicated coach trained in tobacco cessation.

Pivot provides its users with rich interactive personalized content, based on cognitive behavioral therapy (CBT) and self-determination theory. Pivot users learn about their behavior, build motivation and skills, get support from their coach and community, receive pharmacotherapy to help them in their journey, and then slowly reduce their cigarette consumption, set a quit plan, and ultimately quit smoking altogether.

Why New York Life Ventures invested

New York Life Ventures sees the digital health and wellness space as having significant potential to profoundly impact the future of life insurance through additional value and support that insurers may look to deliver to policy owners. Both policy owners and insurers benefit in a variety of ways from individuals living longer, healthier lives. Abandoning unhealthy habits can yield lifestyle advantages and lower future medical expenses. The financial ramifications can be substantial.

Carrot has developed a goal-oriented coaching approach that pairs user-centric technology with human coaches, in order to tackle smoking cessation from different angles. The combination of technology, science, and human coaching offers immediate benefits and the potential to apply the method to a number of behaviors that may undermine good health.

What we say

"Carrot is a strong example of those companies that are driving exciting innovations at the intersection of digital health and life insurance. These technologies have the potential to play a meaningful role in the future of the life insurance industry."

*Tim Del Bello, Director of Investments
at New York Life Ventures*

Sources:

1. <https://mhealth.jmir.org/2018/12/e11708/>
2. <https://www.cdc.gov/media/releases/2018/p0118-smoking-rates-declining.html>
3. <https://www.cdc.gov/vitalsigns/youth-tobacco-use/>



Enabling LifeTech: Data wrangling

Fact file: Trifacta
Sector: Data and analytics
Key focus: Data preparation speed and efficiency
Founded: 2012
HQ: San Francisco, CA

Facts and figures

- Trifacta products are used in over 173 countries, by more than 75,000 users at 20,000 companies.¹
- **Named Number-one Data Prep Technology** in Ovum's Decision Matrix.²
- Recognized as a Leader in the Forrester Wave: Data Preparation Solutions, Q4 2018.³
- **Rated 4.7 out of 5** by users in Gartner Peer Insights for Data Preparation Tools.⁴

Trifacta, a leader in the data wrangling space, is a prime example of a company that exists within the LifeTech ecosystem. The company delivers enabling technology that converts raw data into an analyzable format for companies across a wide range of industries, including insurance. New York Life partnered with Trifacta to modernize its analytics platform and has experienced positive impacts in areas like customer relationship management and risk analysis.

Through the work of New York Life Ventures, New York Life not only became a user of Trifacta, but also an investor in the company as well. The technology exemplifies how the combination of modern tech and a human touch enables incumbents to improve process and provide increased value to customers.

Sources:

1. docs.trifacta.com/display/SS/Product+Overview#ProductOverview-Whatis?
2. ovum.informa.com/resources/product-content/ovum-decision-matrix-selecting-a-selfservice-data-prep-solution-201819
3. www.trifacta.com/gated-form/forrester-wave-data-prep-2018/
4. www.gartner.com/reviews/market/data-preparation-tools/vendor/Trifacta

By 2020, the digital universe is expected to reach 40 zettabytes — or 44 trillion gigabytes.¹

With most estimates suggesting that around 80 percent of an analyst's time is currently spent preparing data, it is hardly surprising that only 0.5 percent of the data is actually analyzed.¹

As the volume of data created continues to grow exponentially, modernizing data usage as efficiently and cost-effectively as possible will be critical. After all, the speed to insights enables organizations like New York Life to better assess risk, manage claims, and better service customers — while maintaining data governance and security.

Who is Trifacta?

San Francisco-based Trifacta aims to create “radical productivity” for the people who analyze data, by providing a platform for exploring and preparing data for analysis. The company's focus is on making what it sees as the biggest bottleneck in the data lifecycle — data wrangling — more intuitive and efficient.

What makes Trifacta different?

Trifacta's Wrangler platform curates data by converting it from its rawest form into an analyzable visual format. Users can then deeply and interactively explore their findings.

In addition to reducing the complexity of working with data, the platform can help accelerate time-to-analysis for teams and align IT and business teams around data and analytics.

Intelligent predictions help non-technical users leverage their data by offering suggested transformations as a guide. The platform can also help users to discover new patterns and unexpected opportunities to drive success.

The platform is now used in over 173 countries, with more than 75,000 users at 20,000 companies using it directly or through partners to measure, assess, and monitor diverse data.

What spurred the relationship between New York Life Ventures and Trifacta?

New York Life Ventures was first introduced to Trifacta by one of its portfolio companies in 2012. At the time, the strategic-use cases for utilizing Trifacta's technology were fairly limited. Over the next few years, New York Life Ventures and Trifacta remained in contact; and as New York Life's data strategy continued to develop, the two companies engaged more deeply in 2016.

After a thorough assessment of Trifacta's technology through a proof-of-concept test, New York Life's technology and business organizations selected Trifacta as their data wrangling partner in October of 2017. The objective of this partnership was to improve the company's data usage efficiency — as part of the modernization of its analytics practices and technology to better leverage data for business-critical initiatives.

New York Life as a Trifacta user

New York Life's use of Trifacta's cutting-edge solution proved to be an important part of a two-pronged approach to organizing and extracting valuable insights from the company's diverse data sources.

All this has helped empower and embolden the team of data scientists at New York Life. The solution has helped identify meaningful trends to better serve policy owners and manage risk.

“By allowing our businesses to access and process data more easily, we're accelerating and improving decision-making when it comes to important business, risk management, and policy owner-related challenges,” explains Betty Smith, VP and Head of Enterprise Integration Services & Data.

“By combining internal and external expertise, we can unlock insights hidden within our data, and make them more accessible to departments across the company.”

New York Life Ventures as a Trifacta investor

The company exemplifies a big trend in LifeTech — the importance of technology enabling humans to create new forms of value for customers. At Trifacta's core is a focus on simplifying how people interact and work with data.

This customer-led focus closely aligns with New York Life's own vision and values, and was an important factor in New York Life Ventures' decision to invest in January 2018.

What we say

“Speed to insight will separate winners from losers in the insurance industry, but insight generation at scale requires efficient data preparation. Trifacta helps solve for this exact challenge.”

Joel Albarella, Head of New York Life Ventures

Sources:

1. <https://www.emc.com/leadership/digital-universe/2014iview/executive-summary.htm>

About New York Life Ventures

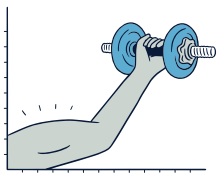
2012



Founding of New York Life Ventures to connect the strength of New York Life with the speed and agility of a trusted network.

\$ 250m

in committed capital since 2012



Top Quartile
Investment
Performance*

Predated the term
'InsurTech' by

3 years

40+

venture capital investments
since 2012

Proof of concept—
has supported
an average of
one POC every

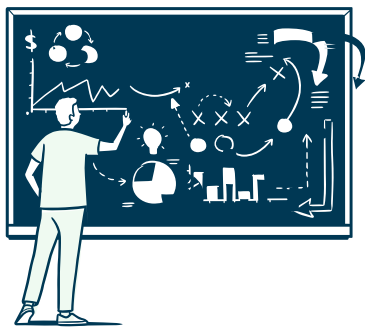
2.5 weeks



since 2012;
more than

175 times in total

New York Life Ventures' Approach



Explore:

seek new
technologies that
will power the future
of the industry

Invest:

invest in people
and ideas that
align with the
vision and values

Impact:

drive growth
through
proprietary
model

*Benchmark data provided by PitchBook.



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