

Wealth2k[®] CEO David Macchia's Remarks to RIIA's 3rd Annual Managing Retirement Income Conference

Presented as Conference Co-Chair on February 12, 2007

Thank you, Francois, and good morning to each of you.

The theme of this morning's sessions is *context*; and following my remarks we'll have three sessions that will reveal vision and insights that are vital to shaping the future of retirement.

At its website, RIIA is described as the vortex of innovation in the retirement income industry. I believe you'll experience exactly that beginning this morning, and throughout this gathering.

Yet there's another dimension of context that hangs over this entire conference. It's significant and demanding of our attention. It is the issues of *communicating*, communicating our products, or services, or the very nature of our *value*.

A critical question to ask is, "How will we educate and motivate, and successfully communicate that value to an unprecedented number of potential customers?"

I say *potential* customers because *no* organization holds a guarantee, which assures its success in attracting them... or enough of them.

Outside of this building radical transformation is unfolding which will touch all of us. It's a transformation in the manner in which your customers are acquiring information.

The customer is increasingly learning by *watching* rather than reading.

This is a seismic shift, one that presents especially challenging implications for retirement income businesses.

I like to cite the example of YouTube. YouTube is an 18 month-old, zero revenue start-up that was recently purchased by Google for \$1.6Billion. Google understood that YouTube had disrupted the status quo in the very large business of broadcasting. The disruption was in the form of the shattering of the traditional barriers to entry in the broadcasting business. In the past it took a very large company with \$Billions worth of physical and human assets to be a broadcaster. And there were only a few.

Today, with only a cell phone and an Internet connection, anyone, anywhere can broadcast virtually anything they wish to in the form of a Flash video delivered to the web browser.

Whether it's the image of Saddam Hussein with a noose around his neck, or Hillary Clinton singing off key, or Senator Joe Biden making an insensitive comment, or a video of a driver throwing a bag of trash from his car window, with the driver's face and his car's registration plate exposed to millions, YouTube recognized the powerful desire of people to be entertained, and to acquire information by watching and listening.

Currently, YouTube is streaming more than *three-billion* videos to web browsers each month.

Several years ago I heard it said that *knowledge* about the Internet is the first example in human history where critical knowledge has been conveyed on a massive scale to older people by younger people. Traditionally, of course, it's the other way around; the older educate the younger.

In financial services I believe we've at a point where, in many cases, the customers have advanced beyond their providers in terms of their sophistication and comfort with modern, consumer-facing communications technologies. Why?

It's because other large industries routinely use engaging content including video streamed to the web browser to help their intermediaries educate their prospects and close more sales.

Want to buy a new car? Before ever meeting with the intermediary agent- the *dealership*- you can visit the auto manufacturer's website and build your car virtually. You can watch Flash videos, experience three-hundred-sixty degree external and internal views of the vehicle, and outfit the car with the options most important to you. Then you can view the finished product you've created.

There's a current BMW micro site devoted solely to the model X-5 SUV. The micro site streams a flash video that conveys both the image of the car with its wheels spinning, *and* that *unique* sound of its high revving BMW engine. The experience conveyed is simple, visceral and powerful. It makes you *feel* the pleasure of driving. It creates an emotional connection, and a very real desire to own the X-5

Just a couple of years ago, BMW would have relied upon its *intermediary* to create a similar emotional response and desire to purchase. Today, the prospect is often times already *sold* before entering the dealership.

Many would say that the most prestigious newspaper in the U.S. is the New York Times. In 1993 the Times purchased the leading newspaper in this city for \$1.3 Billion. Last week, the Times wrote down its investment in the Boston Globe by \$570 Million.

It's no secret that fewer and fewer people are reading newspapers.

Last week, the Times publisher, Arthur Schulzberger, said, "*I really don't know whether we'll be printing the Times in five years..*"

Schulzberger also said that his *number one* business challenge is to manage the *transition* from print to Internet.

I believe that fits the definition of radical transformation. And also provides a critical context that each of us must consider.

What does all of this mean for financial services? I think it raises some important questions, such as:

In terms of our retirement communications strategies, are we currently properly aligned for success?

Do our websites convey the experiences and quality of educational experience that our present and future customers expect?

Will the whole notion of the type of content we deliver to our customers require its own radical transformation?

Due to the importance of these and related questions, it's likely that RIIA will host an entirely new conference dedicated to Retirement Income Communications and the discovery of the answers to these and related questions.

Personally, I am convinced that those companies that ultimately emerge as the winners in Boomer retirement security won't be those with the "best" products, rather they will be those which are the *best* at communicating their value to large and fluid marketplace comprised of Internet-savvy consumers.

Yes, this describes the Boomers. They are *connected*. And their expectations are accelerating. You will need to meet them.

Thank you!