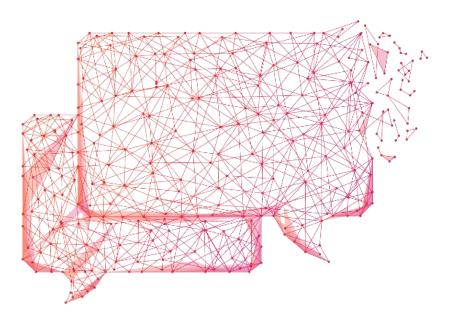
Leveling Up the Vitality Brand





Overview



Vitality conducted an array of market research (both internal and with RedSky Strategy) to learn more about our position in the marketplace and Level Up the Vitality brand in 2019

Using insight to set the stage for how Vitality will differentiate ourselves in the market



Agenda

- 1. Background
- 2. Approach
- 3. What We Found
- 4. Outputs
- 5. Vitality Differentiators

Background and Objectives

Develop a refreshed positioning for Vitality to help boost growth in a more competitive market, and to coincide with the launch of the new Vitality product

The situation

Market becoming more exciting....

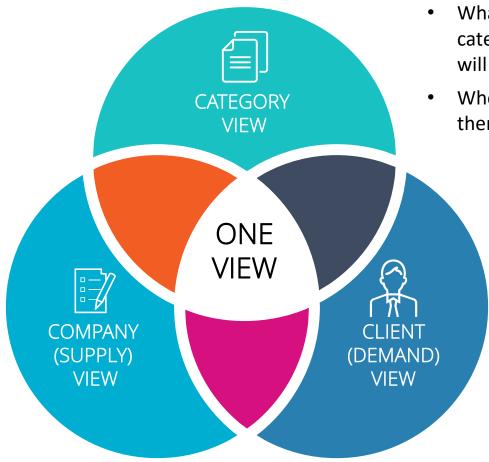
- New technologies and avenues to achieve wellness
- More acceptance of the category
- Expansion from physical to mental wellness

...and challenging

- Competition is heating up: Through multiple mergers, some players have come to dominate the marketspace
- Health insurers have jumped on the bandwagon but with mixed results
- The category no longer seen as the panacea to rising health care costs no longer as interesting to clients, and the government is placing less emphasis on prevention than before



We conducted a OneView Situation Assessment...



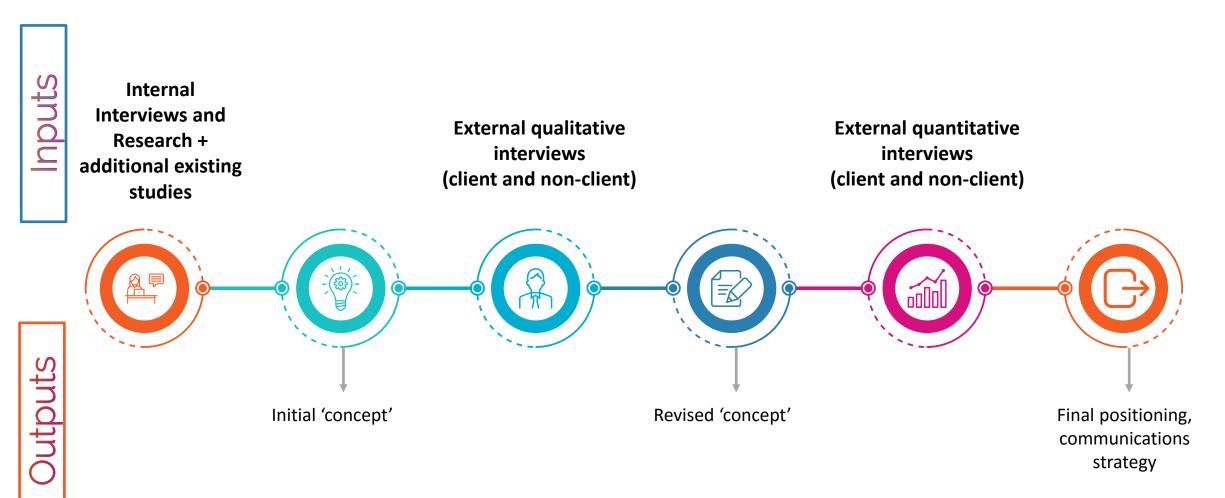
- What are the broad trends in the category (and in society as a whole) that will affect the Vitality brand?
- Who are key competitors what makes them different?

- What is the "DNA" of the brand?
- What differentiates Vitality?

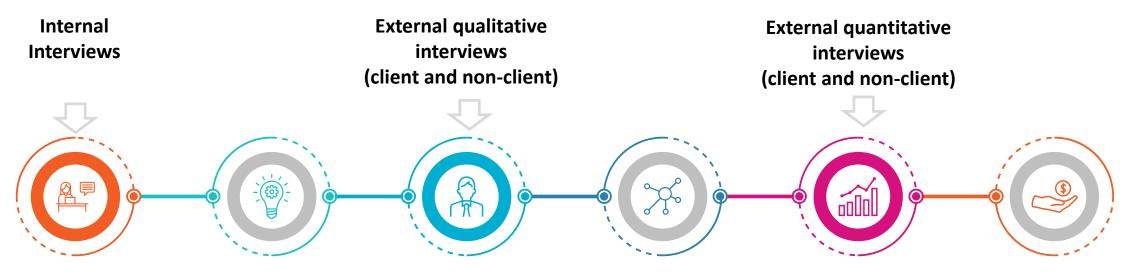
- What are key Vitality client (and non-client) needs?
- What will affect their perceptions of value?
- What are the barriers to using Vitality?



Our approach to getting to OneView



Research Methodology



- 12 Interviews
- Broad range of people inside the organization
- Incorporated multiple internal research documents:
 - Broker surveys
 - Member surveys
 - Focus groups

- 1 hour phone interviews on Fuse platform
- 3 client interviews
 - Missouri Employers
 - Restaurant Technologies
 - Schreiber Foods
- 4 non-client interviews
 - BP. E-Trade, Omni hotels, Ghai Mgt Services

- 150 respondents
- Hold a title of CHRO, SVP HR, VP HR, HR Director, or HR Manager
- Have a role in purchasing benefits platforms
- Had purchased or renewed their benefit platform in the last 5 years
- Have been in their role at least 5 years

Outputs





Where

Clear understanding of where Vitality sits in the market

Who

Basic market segmentation



What

What should Vitality stand for



How

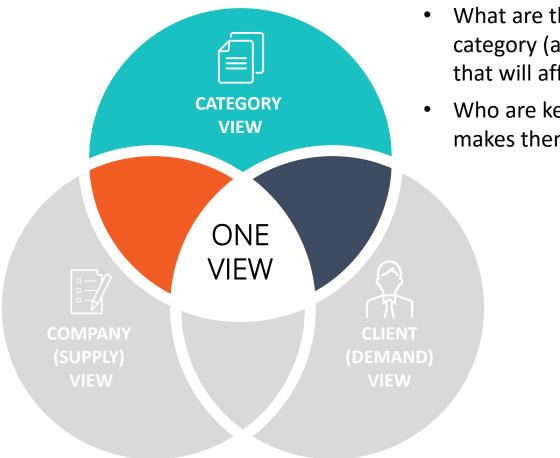
How should we communicate this (e.g. words that work (and don't))



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Category View



- What are the broad trends in the category (and in society as a whole) that will affect the Vitality brand?
- Who are key competitors what makes them different?

"Wellness" and "wellbeing" have grown out of favor with corporate clients, increasingly viewed as clichéd and over-promising

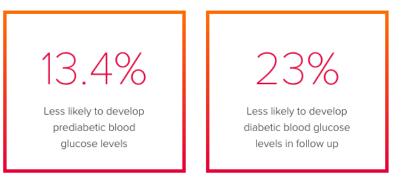


Promises of significant shifts in health care costs and massive ROI have fallen flat...

Reverse your rising risks and key cost drivers.

RedBrick participants with healthy glucose levels at baseline are 13.4% less likely to become prediabetic and 23% less likely to become diabetic.

Source: RedBrick Health book of business analysis of blood glucose trends.



Deliver Value

Castlight is helping over 250 leading companies, including 15% of the F500, to reduce medical spend and drive engagement in programs that deliver value. Further, by doing so via a unique and engaging user experience, we increase overall satisfaction with the employee benefit plan and help to drive organizational effectiveness.

Optimizing Health, Maximizing Rewards.

Improve Healthcare Value





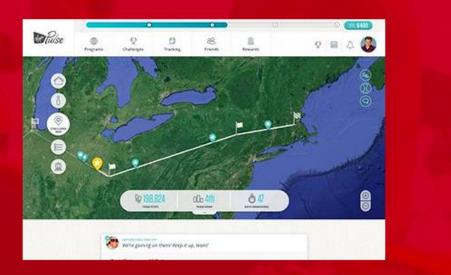


As a result, vendors are now positioning themselves as fun, flexible challenge platforms for employers to offer as an engagement tool...



Create a healthy culture from the ground up. Virgin Pulse Ignite leverages imaginative, team-based corporate challenges to elevate social connections and drive healthy competition across your organization. Employees will be having so much fun, they'll barely notice that along the way they're getting more active, building healthy habits and creating a supportive, collaborative, and fun culture.





...or aggregation platforms, helping HR professionals navigate or coordinate the various health benefits offerings in the market







All of your initiatives are centralized into a seamless experience. We start by incorporating the programs you've already invested in, then add programs developed by Welltok and our award-winning Connect Partners. The result is an extensive library of programs that are unique to your population and facilitate year-round digital engagement.



One-Stop Shop

Provide a single place for employees to access benefits and navigate healthcare.

There are some issues with this current state...

confidential/proprietary Vitality Sales Training Jan 8 2019

Current players are not addressing key issues especially around condition-management, drug adherence and managing the 10% who account for 80% of the medical costs



Where is the market evolving?

The market is beginning to evolve from employee engagement to focusing more on employee experience

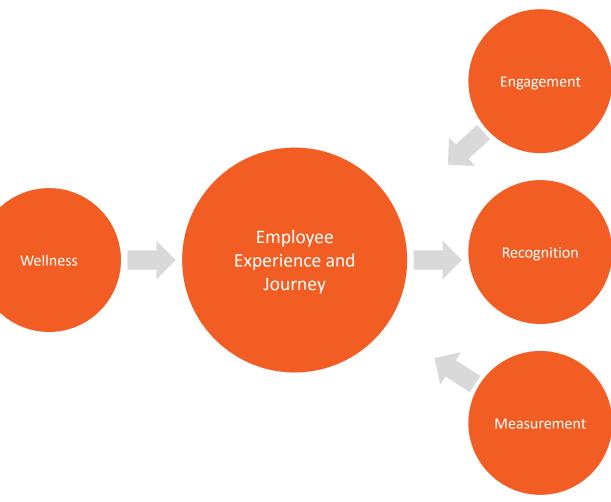
 – likening an employee's journey with a company to that of a customer's journey

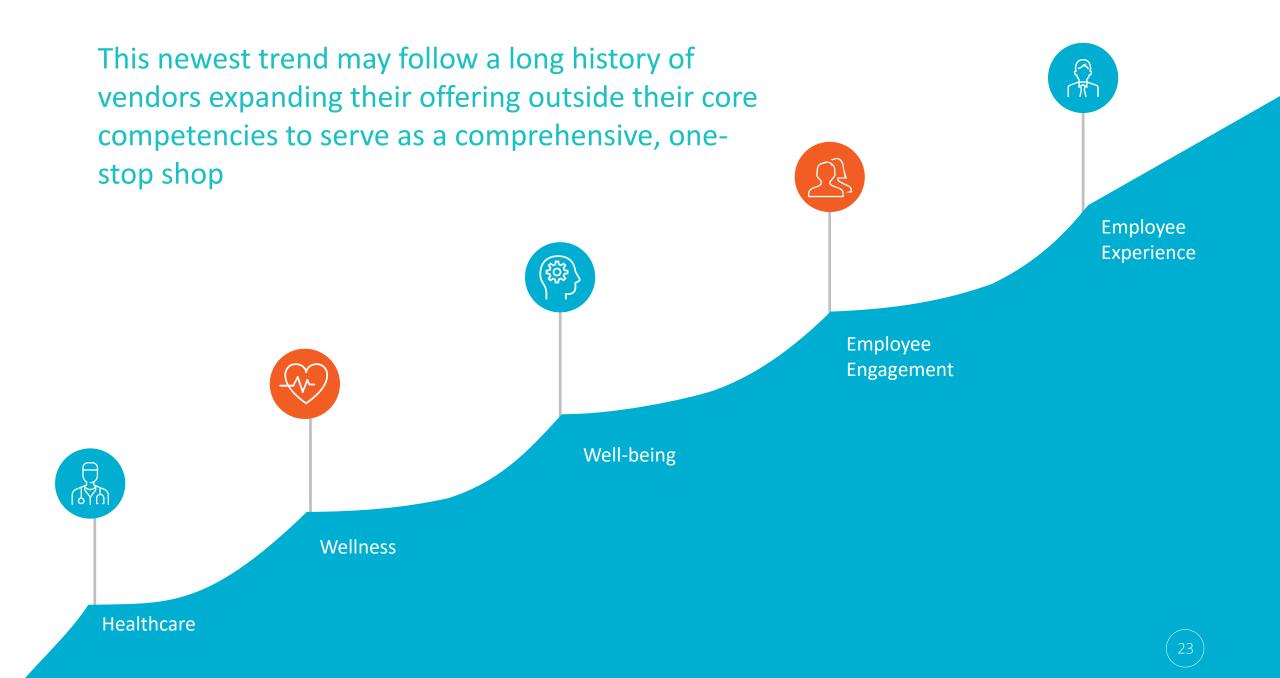


The HR space will begin to converge on the Employee Experience proposition, with competitors emerging from all directions

Many disparate categories within HR technology are battling for the attention of the employee engagement buyer: recognition, engagement measurement, wellness, next-generation learning and talent management, talent acquisition and assessments, workforce analytics, benefits, and even employee communications. Early attempts at a platform play are already emerging.

-TSCIU Employee Engagement Brandscape





This convergence on a broad proposition follows the trend of over-promising, under-delivering, and moving on

Yet, the number of engaged employees hasn't changed much. For the last decade, it's hovered right around 30 percent. After the first 15 years of SaaS HR technology solutions, everything that's ever been thrown at employee engagement has failed to make a dent. As a result, it's not surprising that there's widespread cynicism about employee engagement.

–TSCIU Employee Engagement Brandscape

There are three possible outcomes from this trend:



Well-funded companies will embrace this employee experience and grow through acquisition Some companies will remain stuck in the middle

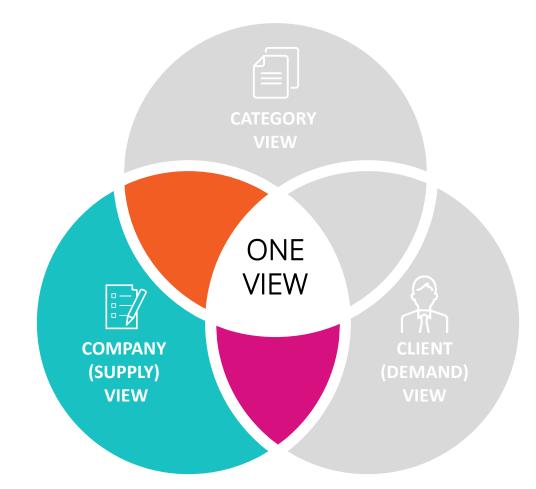
Others will double-down on their deep subject matter expertise

Implications / Insights

- Vendors continue to try to expand their offerings in areas outside their competencies to serve as a universal salve for all of HR's issues. The jury is still out on whether they can deliver on such a broad scope
- Some fundamental problems in the corporate wellness space have not been resolved including the core cause of rising healthcare costs, verification, and globalization
- ✓ If vendors continue to over-promise, under-deliver, and move on, will we see buyers revert to purchasing best-in-class providers at each of these steps?

✓ How can Vitality position itself to prepare for these developments?

Company View



- What is the "DNA" of the brand?
- What differentiates Vitality?

Executive Summary: Employee interviews

Vitality is seen as a well-respected, but aging brand

- Vitality is one of the only brands that leverages a methodology rooted in behavioral economics with data-backed incentive structures and the ability to verify results
- However, new entrants are coming to market with the promise of more fun platforms that promise increased employee engagement
- Vitality has also offered limited new content to its clients

The current Vitality value prop needs to be more competitive

The offering does not go far enough in addressing chronic conditions, but at the same time does not deliver on the "fun," "engaging." and "energizing" platforms that new players are offering

Our client service is superior

While Vitality is not winning its fair share of new business in the market, existing clients are very happy because of both the product but also the superior client servicing offered

But the platform is overcomplicated

The biggest complaint prospective buyers have about Vitality is that the platform is too complicated and overwhelming and does not have the flexibility to allow for integration with existing point solutions

There is an opportunity to listen to our clients more

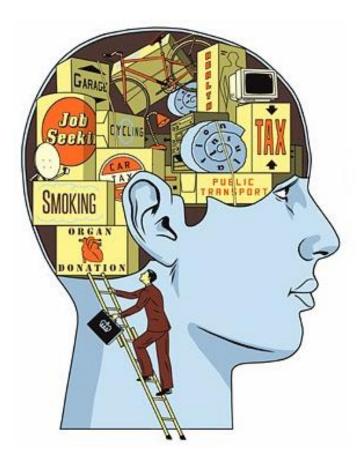
Some feel that Vitality has been operating in vacuum, and needs to re-center around client needs. Vitality needs to create something around them, rather than us

28

Why is Vitality different?

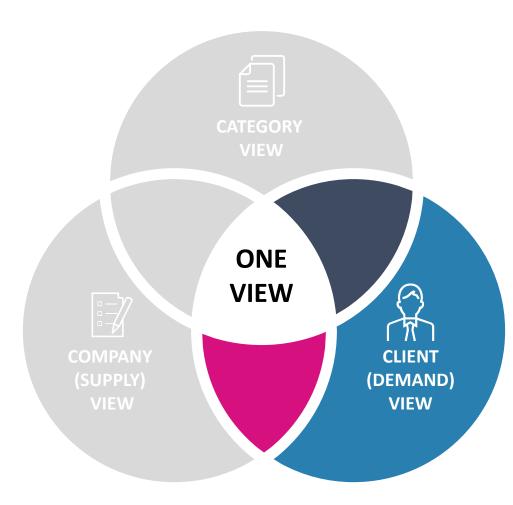
- Vitality shifts behaviors at the individual level...
- Leveraging methodology rooted in behavioral economics...
- And data-backed incentive structures based on verified behaviors...

Delivered with superior client service



29

Client View



- What are key Vitality client (and non-client) needs?
- What will affect their perceptions of value?
- What are the barriers to using Vitality?

Executive Summary: External research

Health is still the bottom line

While certain types of employers are looking at employee engagement and culture, the employee population's health and reducing healthcare costs tend to be the resounding triggers for purchasing a corporate wellness platform.

Different buyers, different needs

Some companies e.g. professional services firms are likelier to be looking for a boost in engagement from their wellness platforms and view these platforms as a critical component of building a positive culture.

Vitality is the serious, reliable player

Vitality has relatively high awareness and is seen amongst those who know if it as a serious, reliable, and verified partner in corporate wellness. However, many buyers see an opportunity for Vitality in mobile-friendliness and ability to customize.

Trust but verify

The most consistent theme across buyers is the desire for verification and validation – whether it's verification of their employees' self-reported activity or validation that the platform they are purchasing is effective. This was a recurring theme in the highlighter task analysis.

Qualitative research learning: One size doesn't fit all

Buyers are looking toward wellness to solve a wide and differing array of issues.

Demographics and Types of Work Make All the Difference

- Organizations where the employee population skews older and does manual work look toward basic wellness programs to lower their overall healthcare costs.
- Younger organizations in more professional services roles are looking for more of a boost in engagement and culture and tend to look toward more technologically-enabled programs.

	ВР	E*TRADE
Employee Population	Older men who put off "health" issues	Younger population (51% millennial)
Types of Work	Manual labor (working in refineries)	Desk jobs (financial analysts)
Why wellness?	Reduce healthcare costs	Engagement and culture

66

I think a good chunk of it was just driven by what our cost trends were; a very traditional company, really offered good benefits but really didn't engage employees in their health. And we were seeing a pretty dramatic double digit costs on our healthcare

66

I'm not looking for someone to say they got healthier... to me it's the cultural aspect of it, it's the engagement, it's the usage...the cost of these type of programs is not that expensive...so I'm not necessarily looking at it from an ROI.

There is a healthy skepticism around wellness promises

Buyers are skeptical of cost-reduction promises. But even with this skepticism, almost all buyers have had a positive experience with their platform in one way or another.

66

Overall we've been pretty comfortable that StayWell continues to deliver. It's probably not the leading edge platform...but overall, we've had good success and we've been comfortable. You don't wanna just change vendors just to make a change.

- Director, Health & Benefits, BP

66

I struggle with all this talk about "proven results." I want to know how it's proven. I struggle with this promise of improved health when I do not see that in my population. I justify it by saying "maybe I'm keeping a percentage of my population engaged and healthy

- Benefits Team Leader, Schreiber Foods

Skepticism of Cost Reduction

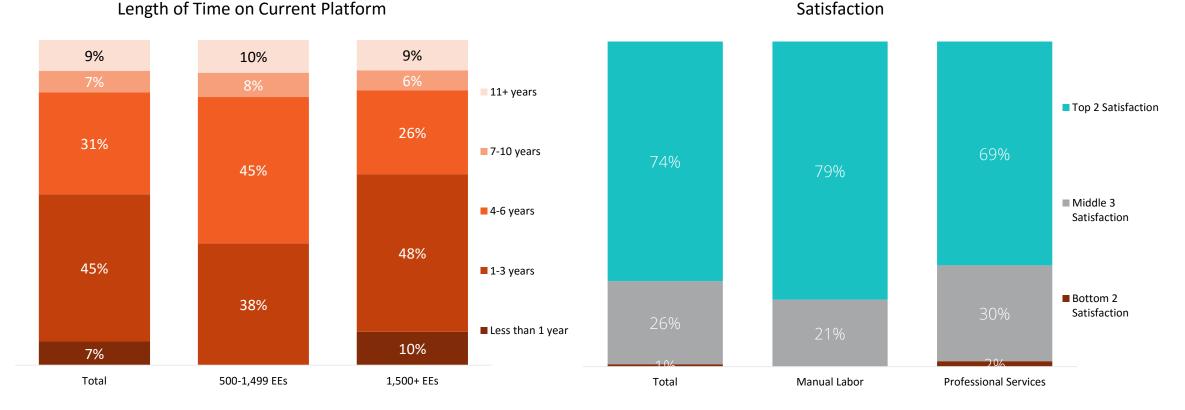
Even those who use wellness to reduce healthcare costs admit to an inherent difficulty in measuring and verifying any real reduction as a result of wellness programs.

Perceived Benefits

While users are generally satisfied, the perceived benefits of wellness platforms *are fairly mod*est. Buyers tend to point to engagement with the platform as the primary benefit. Even those who speak to improved employee health and decreased healthcare costs acknowledge that they cannot truly quantify those benefits.

Platform Experience: Despite high satisfaction, tenure on a platform is relatively short

A majority of organizations have been using their corporate wellness platform between 1-3 years with smaller organizations averaging a little longer. Most tend to be satisfied with their vendor except for professional services firms which tend to be less satisfied.



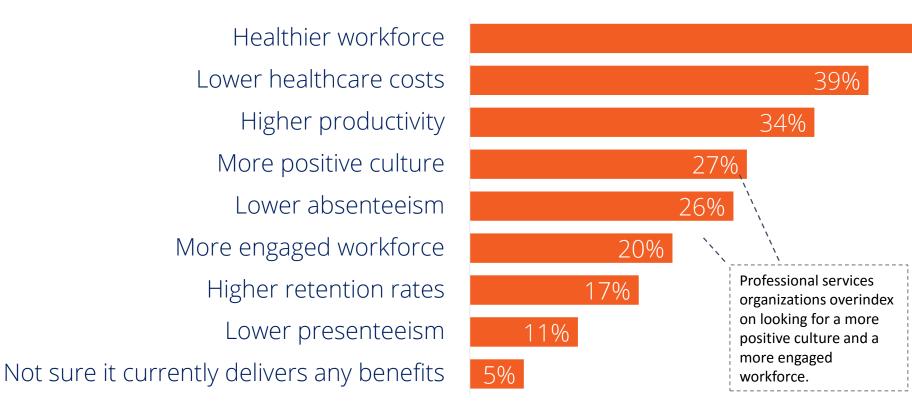
Q5. How long has your organization been using [PIPE IN RESPONSE SELECTED AT Q3]?

Q7. How satisfied are you with [PIPE ANSWER FROM Q3]?

Why wellness?

Most respondents are heavily focused on health – both creating a healthier workforce to improve productivity and reducing healthcare costs. Engagement is also a central concern, especially for professional services organizations

Perceived Benefits from a Wellness Platform



Q15. What benefits does / do you think a health and wellness benefit platform [might] provide your organization? Please select up to three.

53%

Why wellness? (cont.)

Respondents derive various forms of personal satisfaction from installing corporate wellness platforms in their organization. They also tend to experience the related emotions of peace of mind and relief

Perceived Benefits in Your Role from a Wellness Platform



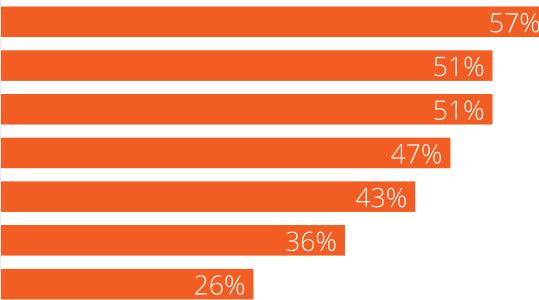
Q16. What benefits does / do you think a health and wellness platform [might] provide you in your role? Please select up to two.

Perceived benefits of a wellness platform

Health benefits are most important but respondents want to be sure it will be interesting to employees and will provide value for money

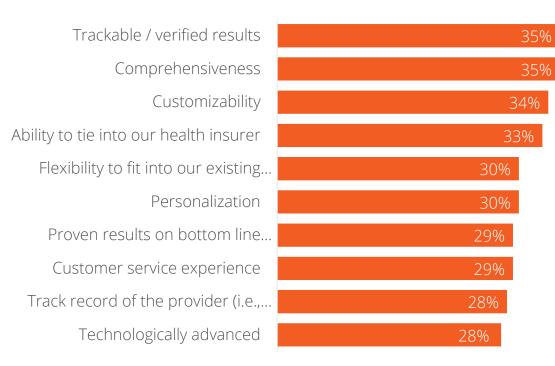
Factors Weighted When Deciding to Purchase a Wellness Platform

Whether it would improve the health of my workforce Whether my employees would be interested in it Overall dollar cost Whether it would increase my workforce's engagement... Return on investment by reducing my organization's... Whether one provider could service our company properly Whether others in my industry were adapting similar...



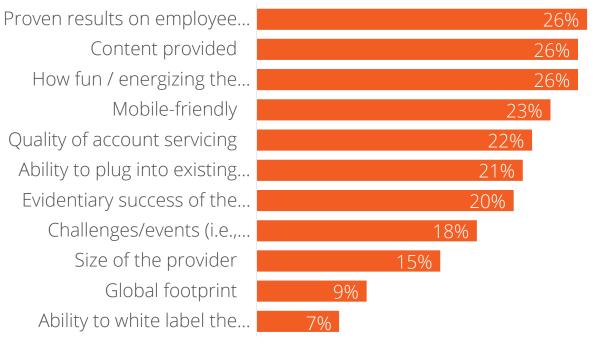
Deciding between platforms

When deciding which platform to purchase, buyers tend to weigh whether the platform offers trackable / verified results, how comprehensive it is, and whether it can tie into their existing health insurer. White labeling and a global footprint are not as important.



More Important Factors Weighed

Less Important Factors Weighed

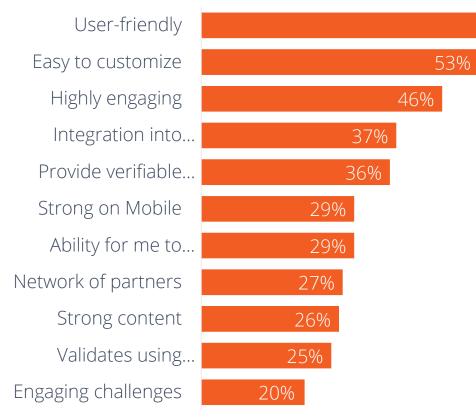


Q29. Which factors did you weigh when deciding which health and wellness program to purchase? Please select all that apply. ≈

Overall strengths and weaknesses of incumbents

Most buyers believe that their current wellness platforms are user-friendly and easy to customize, but would like them to have more challenges and be more engaging.

67%



Current Wellness Platform Strengths

Current Wellness Platform Opportunities

Engage my employees more	31
More engaging challenges	29%
More advanced techonology	23%
Having more mobile capabilities	21%
Allow for more integration with	20%
Have more partners in their	20%
Better content	17%
Allow me to pick and choose	16%
Be able to provide verified results	15%
Be more customizable with our	15%
Be more user-friendly	15%
Validate using sound data that	14%

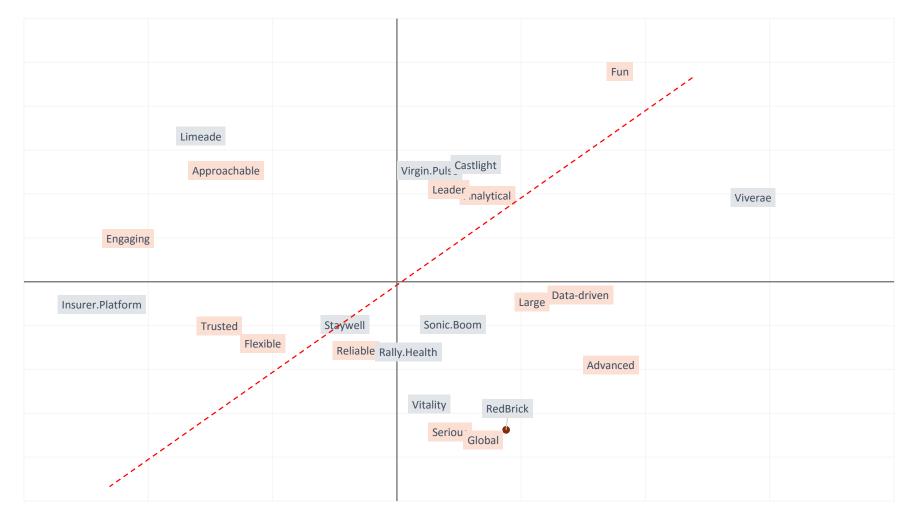
Brand Sentiments: (based on those aware of each brand)

Vitality is seen as a more serious, analytical, and reliable brand when compared to other brands. Being flexible and data-driven is a market gap that few platforms seem to have achieved in the eyes of buyers.

	Serious	Engaging	Analytical	Approacha ble	Data- driven	Large	Reliable	Flexible	Fun	Trusted	Advanced	Global	Leader
Vitallaty	40%	44%	40%	31%	34%	32%	49%	29%	21%	43%	35%	31%	28%
Viragln	24%	52%	44%	44%	32%	32%	48%	28%	44%	44%	40%	16%	36%
Limeade	29%	50%	29%	54%	29%	18%	39%	32%	39%	43%	11%	14%	29%
Castlight	30%	47%	43%	43%	27%	40%	27%	33%	40%	33%	37%	17%	40%
Staywell	26%	52%	29%	47%	37%	32%	55%	35%	23%	44%	45%	21%	32%
Viverae	14%	14%	29%	29%	43%	29%	36%	14%	36%	29%	36%	14%	29%
Redbrick	42%	28%	19%	22%	33%	28%	42%	31%	25%	36%	33%	14%	19%
Rally Health	33%	44%	28%	44%	31%	36%	41%	49%	33%	51%	46%	36%	38%
Sonic boom	34%	31%	38%	38%	31%	28%	44%	25%	28%	44%	31%	22%	22%

Brand sentiments (another view)

Correspondence Map



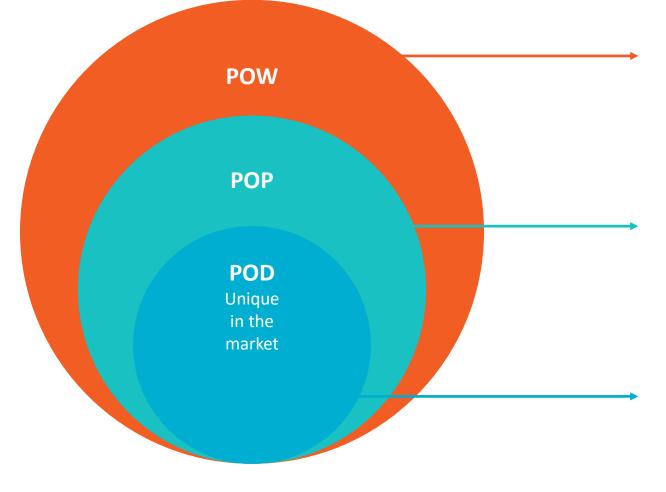
Based on client opinions, Vitality is better positioned than most competitors to address the market's primary needs

	User- Friendly	Network of Partners	Network of partner	Easy to custom-ize	Provides verifiable result	Validates using sound data	Highly engaging	Strong on mobile	Ability for me to choose the functionalit ies I like	Strong content	Engaging challenges
vitality	82%	32%	27%	45%	50%	27%	64%	18%	14%	27%	14%
others	62%	29%	35%	60%	33%	34%	38%	28%	27%	19%	19%

1/3

Of buyers identified trackable / verifiable as the most important factor weighed when deciding on a wellness platform

Vitality has essential points of difference...but also some perceived weaknesses



POINTS OF WEAKNESS

- Approachable
- Flexible (-)
- Fun (--)
- Integration with health insurer
- Mobile
- Challenges
- "Overwhelming"

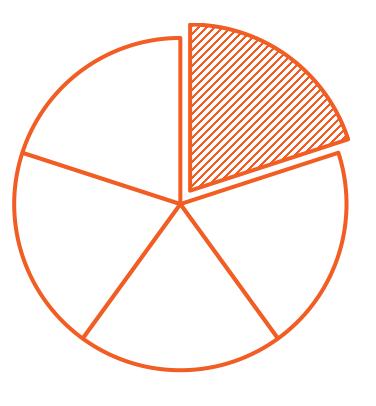
POINTS OF PARITY

- Approachable
- Engaging (-)
- Data driven (-)
- Trusted
- Leader (-)
- Network of partners
- Content
- Advanced

POINTS OF DIFFERENCE

- Serious (++)
- Analytical
- Reliable
- User-friendly
- Verifiable results
- Global (+)

Why segmentation?



Segmentation ?

1

2

3

Drives deeper understanding of audience's needs to identify untapped opportunities

We can reach them with more relevant propositions and effective marketing activities

Facilitates prioritization of marketing resources and improves ROI

Helps analyze the size of the prize and right to win

Segmentation Variables

We looked at many variables to assess whether that variable would affect how likely the organization would be to consider Vitality We found two that had outsized influence.

Age of Employee Base	Measures How Characteristics Impact Productivity	Size of Company	Industry	Manual Labor vs. Service Labor
Region	Senior vs. Middle Management Individual	Decision Making Responsibility of Individual	Mass Audience Publications Read Regularly	Industry Publications Read
Health & Wellness Platform Attitudes	Health & Wellness Platform Consideration Factors	Health & Wellness Platform Decision Factors	Health & Wellness Platform Drivers (Company)	Health & Wellness Platform Drivers (Personal)

Frame Development

We begin building the frame by splitting up the market based on the two independent variables we have identified as being meaningful and actionable

DV: Top Box Purchase Intent of Vitality Concept – Avg. 28% (% of Sample) – Total 150 Professionals

	Measures How Characteristics Impact Productivity	Does NOT Measure How Characteristics Impact Productivity	
Younger Employee Base	35% <i>(32%)</i>	10% (25%)	Likelihood to choose Vitality (based on concept) % of sample
Older Employee Base	52% <i>(24%)</i>	9% (19%)	

Note: Sample sizes may be small

Frame Development

We merge the two cells that do not measure, because they are smaller and have lower purchase intent and are thus less interesting for Vitality

DV: Top Box Purchase Intent of Vitality Concept – Avg. 28% (% of Sample) – Total 150 Professionals

	Measures How Characteristics Impact Productivity	Does NOT Measure How Characteristics Impact Productivity
Younger Employee Base	A 35% <i>(32%)</i>	B 100/
Older Employee Base	C 52% (24%)	10% (44%)

Note: Sample sizes may be small

Segment C

Segment C consists of seasoned HR professionals who are looking to increase their workforce's productivity and engagement levels. Their day-to-day is focused on efficiency in every aspect of their role – whether it's wellness, open enrollment, or other HR programs, everything is aimed at productivity and the bottom line. They're heavily focused on measuring every aspect of their organizational dynamics and take every opportunity to implement improvements based on those measurements.

I'm looking for What do they believe? They are likelier to view wellness More senior HR professionals • From smaller organizations in as a means to increased the south (<5,000 EEs) productivity and efficiency in the • With older employees workplace. While they also care · Who measure effects of about engagement and improved behavioral characteristics on org health, both are viewed as ways to costs increase productivity. They see

 Tend to be in healthcare services, business consulting, or finance and insurance

physical activity as having the largest impact on org costs.

What do they want?

Buyers from this group are largely satisfied with their current wellness vendors. They see them as engaging and verifiable, but want more advanced technology and validation. They're looking for vendors who have a track record and can provide quality account servicing.





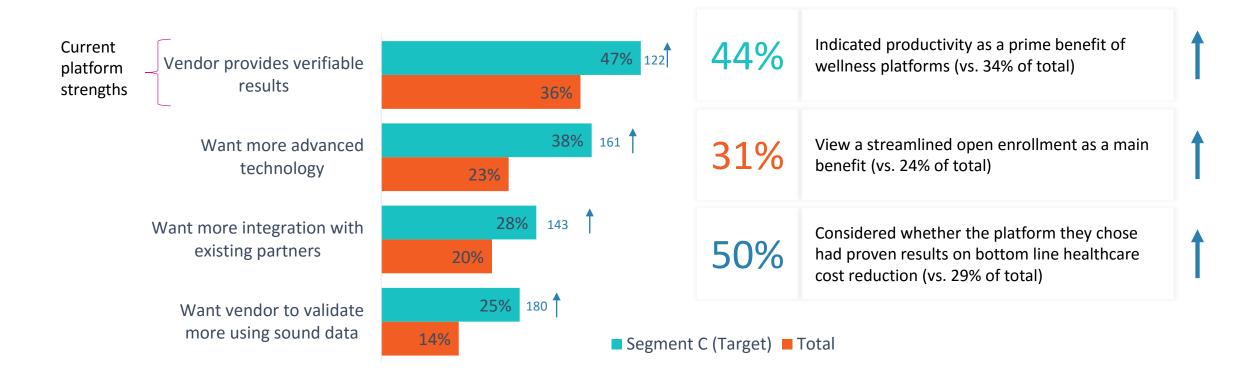
Segment C Snapshot Productivity, Efficiency, and Bottom-line Results

50% 44% 58% productivity as a want to see a prime benefit of proven bottom from the south wellness line effect



Segment C is all about data and efficiency

Buyers at organizations that measure the effects of behavioral characteristics on organizational costs and have older employees are heavily focused on efficiency.



Q9. What are the strengths of [PIPE ANSWER FROM Q3]?

Q10. What do you wish [PIPE ANSWER FROM Q3] could do that it doesn't do now?

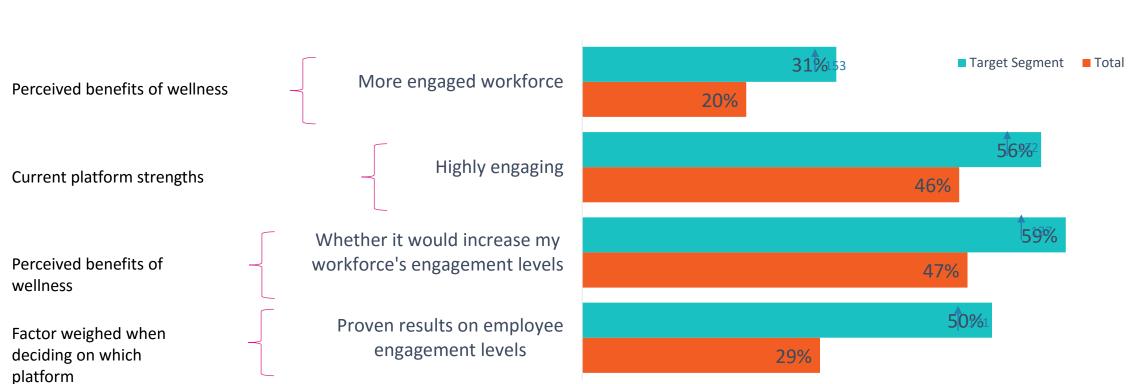
Q15. What benefits does / do you think a health and wellness benefit platform [might] provide your organization? Please select up to three.

Q16. What benefits does / do you think a health and wellness platform [might] provide you in your role? Please select up to two.

Q29. Which factors did you weigh when deciding which health and wellness program to purchase? Please select all that apply. ≈

But Engagement Is Critical

Buyers at target organizations view both healthcare cost reduction and engagement as central to increased productivity. Engagement in the program is core to their wellness strategy.



Engagement Considered At Every Step

Q15. What benefits does / do you think a health and wellness benefit platform [might] provide your organization? Please select up to three.

Q9. What are the strengths of [PIPE ANSWER FROM Q3]?

Q29. Which factors did you weigh when deciding which health and wellness program to purchase? Please select all that apply.

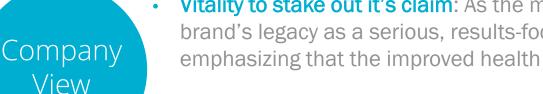
Words That Work!

I'm looking for	I'm interested in	I'll know it's working because	In the end I'd like to see/feel
 Healthier [employees] More productive [employees] Making a difference More energized, productive, engaged Encourage lasting behavior change Physical and mental activity 	Exciting incentive structure Full service Customized programs Simple, fun interface High energy, mobile-based Keeping people engaged Integrated platform	43% of people are actively engaged Transparent dashboard Exclusive partnership with Apple Watch	Positive impact High energy Activity Higher levels of engagement

Oneview: Summary Insights & Implications



- Health is still the focus: While certain types of employers are looking at employee engagement and • culture, health tends to be the resounding trigger for purchasing a corporate wellness platform.
- **Increased productivity as the bottom line:** Many organizations are so focused on health because they see increased health as a means to increased productivity – the true bottom-line for wellness.



Category

View

- Vitality to stake out it's claim: As the market continues to saturate, Vitality must stake a claim. Given the brand's legacy as a serious, results-focused organization, we should double down on that while emphasizing that the improved health ultimately results in increased productivity and energy.
- Vitality is the serious player, but needs to be seen as more bold: Vitality is seen as a serious, reliable, and • verified partner in corporate wellness. However, the brand is seen as somewhat stale and needs to reposition as a bolder, more energized brand that is focused on energizing its clients.
- **Play to your strengths:** The most consistent theme across buyers is the desire for verification and • validation – whether it's verification of their employees' self-reported activity or validation that the platform they are purchasing is effective. Vitality is already a leader in verification and should emphasize that whenever possible

Oneview: Summary Insights & Implications



- Client View
- **Focus on low-hanging fruit (Segment C)**: Segment C represents those who are likeliest to purchase a corporate wellness platform like Vitality. It represents a sizable chunk of the market and Vitality should focus its efforts on this population, at least initially.
- Personal satisfaction as a big driver for HR buyers: HR buyers are heavily motivated to purchase corporate wellness plans out of a desire for personal satisfaction that they are bettering their employees lives. Messaging around this personal satisfaction will go a long way for buyers of all organization types and sizes.



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- 4. Outputs



Strategic Target Audience Senior HR /C-Suite executives in companies of 500 employees or more looking to improve the health and wellness of their employees – in particular those who tend towards older employee populations and who actively measure the impact of their work

What do they need?

I want to make a positive change to the health of employees in my organization -and help improve their lives and performance but I want to make sure that we can measure the impact of our efforts and that we are making a tangible difference in the long term

How does Vitality satisfy their needs?

Vitality provides the most innovative approaches to encourage employees' deep engagement in their physical and mental health - leading to real, measurable differences in their overall health, wellness, performance - and in their lives



Inspiring meaningful engagement in health that changes lives



Vitality Differentiators





When you "level up" you rise to another stage, where you can tackle bigger problems. You can reach the solutions that were previously out of range. You can do what you couldn't before.

Once Vitality joins your company it gets up to speed quickly. It's designed to level up employees' mental and physical health through innovative incentives that encourages them to keep improving, and rewards them for doing so. The promise to your employees is simple: when it comes to health, you become a more active you. For your sleep, you become a fresher you. Saving for the future, you become a more secure you. Your mental state, you become a calmer you. And in general, you become a more dynamic, constructive, effective and valuable, you.

There are no magic wands. Vitality is based solely on demonstrated motivational insights and rigorous data. Everything is verified and tracked. And Vitality has been recognized to be effective by third parties: the RAND corporation – and numerous clients – attest that our program spurs both broad and long term engagement, leading to increased mental and physical health, leading to more productive work.

When an employee is "leveled up" there is a surge in productivity, an expansion of imagination, and an amplification of performance. In fact, with Vitality you can help them level up almost everything – and track their progress through their journey. It's easy to get up and running to help untangle a stressful mind, previously tied up in knots. And to unleash work abilities, previously un-realized. And because it's challenging, and fun, it's an experience that almost all team members will actually want to participate in and keep on participating. You know how hard that can be.

Vitality can activate a higher degree of efficiency, spur confidence and boost the worthy feeling employees get when they are satisfied with their work. Needless to say, enhanced work product also elevates the bottom line. As an HR manager always looking to inspire staff to greater heights, aren't you ready to level up your organization?

Level Up

LVKG

IT UP

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