



<http://www.casestudiesjournal.com/>

Impact Factor: 4.428

A Strategic Analysis of Aegon, Ltd. (2023)

Author's Details:

⁽¹⁾ Amber Horton-Business Department, CUNY School of Professional Studies

⁽²⁾ Herbert Sherman-Long Island University - Brooklyn

Abstract

This strategic case analysis focuses upon Aegon Ltd., more commonly known as simply “Aegon,” an international financial services firm headquartered in The Hague, Netherlands. Aegon offers a wide variety of investment, insurance, and retirement solutions to its nearly 24 million customers worldwide. Its portfolio of businesses includes its fully owned businesses in the United States and the United Kingdom, a global asset manager, as well as joint ventures in Spain, Portugal, China, France, and Brazil. This strategic analysis includes the use of the following external/environmental analysis tools (PESTLE, Five Forces and Competitor Analyses) as well as internal analyses (VRIO, Value Chain and Functional) which are presented in table form. All of these analyses culminate in a SWOT analysis of the firm

Keywords: Case study, strategic analysis, international, financial services.

INTRODUCTION

Aegon Ltd., more commonly known as simply “Aegon,” is an international financial services firm headquartered in The Hague, Netherlands. The company was founded in 1844 in the Dutch province of Friesland and is part of the financial services industry. Initially, Aegon sold burial insurance, but soon began to expand its product offerings to include investment, insurance, and retirement products. Aegon offers a wide variety of investment, insurance, and retirement solutions to its nearly 24 million customers worldwide. Its portfolio of businesses includes its fully owned businesses in the United States and the United Kingdom, a global asset manager, as well as joint ventures in Spain, Portugal, China, France, and Brazil. In addition, Aegon also owns a Bermuda-based life insurance company and a 30% stake in the Dutch insurance company, a.s.r. (*Our Company*, n.d. -a). Aegon has a current market capitalization of \$11.678 billion (*Aegon Ltd. (AEG)*, n.d.).

Mission, Vision, and Social Objectives

Aegon’s mission, which it refers to as its purpose, is to “to help people live their best lives” (*Our Purpose*, n.d.). Its vision is to “be a leader in investment, protection, and retirement solutions” (*Integrated Annual Report 2022*, n.d., p. 9). In order to fulfill its purpose and vision, Aegon has identified three “best life behaviors” (*Our Purpose*, n.d.) that serve as the foundation for everything the company does. These “best life behaviors” (*Our Purpose*, n.d.) are tuning in and listening to its customers; stepping up and responding to their needs; and being a force for good by having a positive, lasting impact on the communities in which Aegon operates (*Our Purpose*, n.d.). In addition, the company also designs products that help its customers make the most of their longer, more purpose filled lives (*Integrated Annual Report, 2022*, n.d.).

Aegon’s social objectives, which it refers to as its priorities, are fostering a diverse and inclusive culture and combatting climate change. More specifically, Aegon aims to build a fair and inclusive company, where everyone belongs, and employees are able to be their authentic selves at work without fear of being

discriminated against. As part of this effort, Aegon is focused on five key areas of improvement, including gender balance, race and ethnicity, sexual orientation, disability, and life stages (*Our Priorities*, n.d.).

In addition to fostering a diverse and inclusive culture, Aegon is also committed to combatting climate change. As part of its support of the global transition to an environmentally friendly economy and “net-zero world” (*Our Priorities*, n.d.), Aegon offers a variety of climate-resilient products, allowing its customers to invest in a sustainable future. The company is also working on making its risk management processes more sustainable (*Our Priorities*, n.d.).

Aegon’s Generic Strategy¹

Aegon’s generic strategy appears to be a differentiation strategy. There are many ways in which a company can implement a differentiation strategy, including product features, functionality, durability, customer service, or brand image (Parnell, 2020). Aegon, for example, strives to differentiate itself from its competitors by improving customer satisfaction, expanding its target market, embracing a hybrid workforce, building a responsible supply chain, and investing in the local communities in which it operates (*Integrated Annual Report 2022*, n.d.).

In addition, specific differentiation tactics include (*Integrated Annual Report 2022*, n.d.):

- Targeting lower-income earners who are currently underserved by the financial services industry.
- Working with its distribution and supply chain partners to promote sustainable distribution practices.
- Redesigning its product offerings to be more user-friendly and personalized.
- Enforcing strict product development processes to ensure that its products meet the needs of its customers.
- Continuing its transition to a hybrid workforce, allowing employees to have greater work-life balance; many other firms in the financial services industry have not adopted this strategy.
- Operating the Premier Services Group which provides specialized support for top-producing agents, enhancing both the agents’ and customers’ experience.
- Supporting local causes that align with its purpose, strengthening the local communities in which it operates, and allowing employees to engage with their local communities.

Overall, Aegon’s differentiation strategy makes sense given its core competencies and its vision to be a “leader in investment, protection, and retirement solutions” (*Integrated Annual Report 2022*, n.d., pg. 17). Aegon’s core competencies include its strong brand recognition and its unique distribution network. The company has a proven reputation for creating trusted brands and leading retirement solutions around the world (*Integrated Annual Report 2022*, n.d.). In the United States, for example, Aegon’s wholly owned subsidiary, Transamerica, is a well-known and iconic brand. In addition to being one of the top five insurers in the industry, Transamerica also has a proud history of making financial services available to the many, not just the few (*Capital Markets Day 2023: Transforming Aegon – The Next Chapter*, 2023). Moreover, Aegon also has a unique distribution network, World Financial Group (WFG), that allows the company to distribute Transamerica products, as well as the products of other insurers (*Capital Markets Day 2023: Transforming Aegon – The Next Chapter*, 2023; *Integrated Annual Report 2022*, n.d.). These core competencies not only allow Aegon to differentiate itself from its competitors, but also position the company to become a leader in its chosen markets.

ENVIRONMENTAL/EXTERNAL ANALYSES

¹ For a discussion of generic strategies see Porter, Michael E. (1980). *Competitive Strategy*. Free Press. ISBN 0-684-84148-7.



Political Forces

As a global company with locations throughout the United States, Europe, South America, and Asia, Aegon is subject to a number of global political risks. For example, Russia's invasion of Ukraine, the deteriorating relations between China and Taiwan, as well as the war between Israel and Hamas has led to heightened geopolitical tensions in several parts of the world. In addition, mounting political tensions ahead of a contentious presidential election has led to greater political instability in the United States, a core market for Aegon. Lastly, the escalating trade war between China and the United States continues to strain the political stability of both nations (*Integrated Annual Report 2022*, n.d.; *Integrated Annual Report 2023*, n.d.).

Overall, threats are greater than opportunities. Threats such as deteriorating international relations between countries, political unrest due to a contentious presidential election, and continued political instability as a result of an escalating trade war leave Aegon, and the financial services industry as a whole, vulnerable. The most Aegon can do is continue to monitor these global developments closely (*Integrated Annual Report 2022*, n.d.).

Legal Forces

Aegon operates in a highly regulated industry. As such, it is subject to numerous state and federal regulations as well as several licensing and capital requirements in order to operate (*Regulation*, 2023). These regulations include, but are not limited to, the McCarran-Ferguson Act of 1945 which gives jurisdiction of the regulation of the insurance industry to state governments (*Regulation*, 2023), and the US Patriot Act which requires all financial institutions to verify the identity of its customers at the time of account opening (*USA Patriot Act*, n.d.).

Overall, threats are equal to opportunities. The financial services industry is highly regulated and there are substantial licensing and capital requirements that must be met in order to operate. While failure to comply with the applicable laws and regulations can pose a threat for Aegon, these factors also create significant barriers to entry for new firms.

Economic Forces

Aegon is affected by a number of economic forces, including interest rates, inflation, economic growth, and exchange rates. For example, as a life insurance provider, Aegon has had to contend with ultra-low interest rates for the last decade. This has put a tremendous strain on the company's balance sheets. In addition, factors such as inflation and economic volatility have led to increased costs of doing business, especially as inflation continues to outpace the growth of interest rates. Lastly, as an international company, Aegon is also subject to exchange rate risks which can affect profitability (Balasubramanian et al., 2022).

Overall, threats are greater than opportunities. Factors such as ultra-low interest rates, rising inflation, exchange rate risks, and economic volatility pose significant threats to Aegon, and the financial services industry as a whole.

Social Forces

Aegon is subject to a number of socioeconomic factors, such as population demographics, lifestyle trends, and societal values (Peterdy, 2023). For example, global demographics are changing as the global middle class continues to grow at an accelerated rate, resulting in higher incomes, greater financial wealth, and an increased need to mitigate risks. In addition, the world's population is aging, and many people are at risk of outliving their retirement savings (Bernard et al., 2020). In the United States, inflation and economic uncertainty have led to a decreased demand for life insurance products. Finally, many consumers, especially younger ones, are looking for financial advisors who can meet all of their financial needs, including life insurance, investment, and retirement solutions (Balasubramanian et al., 2024).

Overall, opportunities are greater than threats. While decreased demand for life insurance products does pose a threat, factors such as a growing global middle class, the need for retirement solutions that last, and Aegon's ability to provide its customers with a "one-stop-shop" solution for their various financial needs, represent a tremendous opportunity for the company.

Technological Forces

Aegon is subject to a number of technological forces, both good and bad. For example, generative artificial intelligence has the ability to significantly increase productivity (Balasubramanian et al., 2024). In addition, digital innovations such as round-the-clock service and "the use of technology to promote financial literacy and combat fraud are continuing to shape the industry agenda" (*Integrated Annual Report 2022*, n.d.). In contrast, data breaches and the loss of sensitive information continue to be a threat to Aegon and the industry as a whole (Dowson, 2023).

Overall, opportunities are greater than threats. Factors such as the use of generative artificial intelligence to improve productivity and the use of technology to provide round-the-clock service, as well as improve financial literacy and combat fraud are areas of opportunity. The potential of data breaches or the loss of sensitive information will always be a threat.

Conclusions

In general, the financial services industry is affected by several macroenvironmental factors that affect Aegon as well. The biggest risks are factors beyond Aegon's control such as political risks, including deteriorating international relations between countries and continuing political instability, and economic risks, such as ultra-low interest rates, rising inflation, and economic volatility. Despite these threats, there are also several opportunities Aegon can take advantage of as well. For example, a growing global middle class in need of protection, investment, and retirement solutions, as well as the company's ability to meet their customers various financial needs represent a tremendous growth opportunity for Aegon. In addition, leveraging technology to provide personalized customer experiences and flexible product solutions is another way in which Aegon can satisfy its customers' needs while restoring profitability and growth (Bernard et al., 2020).

INDUSTRY ANALYSIS²

² For a discussion of Porter's Five Forces model see Porter, Michael E. (1980). *Competitive Strategy*. Free Press. ISBN 0-684-84148-7.



The Threat of New Entrants

The threat of new entrants is low. The financial services industry is highly regulated and there are several laws and regulations that must be complied with in order to enter and stay in the industry (Peter, 2023). In addition, there are also several licensing requirements that must be met, making entry both difficult and costly. In the United States, for example, a separate license is required for each state in which a company operates. As a result, the barriers to entry can be quite substantial (*Competition and Related Regulation Issues in the Insurance Industry*, 1998).

The Bargaining Power of Buyers

The bargaining power of buyers is moderate. According to Maverick (2023), the financial services industry has two types of customers – individual customers and institutional customers. The bargaining power of individual customers tends to be quite low, while institutional customers tend to have more bargaining power than individual customers. In addition, many insurance companies impose high switching costs on their customers in order to dissuade them from switching carriers (*Can I Switch Life Insurance? Is It Worth It?* | John Hancock, n.d.).

The Bargaining Power of Suppliers

The bargaining power of suppliers is relatively low because Aegon creates and distributes its own products through a variety of channels, including independent agents, commercial brokers, as well as selling directly to the customer (*Background on: Buying Insurance* | III, 2023).

The Threat of Substitute Products

The threat of substitute products is high. Most companies in the financial services industry offer a similar suite of products (Peter, 2023). In addition, most firms keep a close eye on their competitors. As a result, it is difficult for companies to differentiate themselves from the competition. Any competitive advantage from new products or innovations is often short-lived (Werth et al., 2020).

Competitive Rivalry and Competitive Analysis

The threat of competition is high. The financial services industry is highly competitive, and there are several companies vying for market share. As a result, the market tends to be quite saturated, and standing out from the competition and attracting customers is notoriously difficult (Peter, 2023).

As previously mentioned, rivalry in the financial services industry is high, with several companies vying for market share (Peter, 2023). As a result, there are several companies that offer similar products, and compete on factors such as product features, customer service, price, commission structure, and brand reputation (*Integrated Annual Report 2023*, n.d.). Direct competitors of Aegon include Primerica, Corebridge Financial, and Prudential plc.

Primerica is a direct competitor of Aegon, and offers a similar suite of products, including term life insurance, annuities, mutual funds, and retirement plans. In addition, Primerica also offers mortgage products, auto & home insurance, and pre-paid legal services (*About Primerica*, n.d.). Both companies have similar diversity, equity, and inclusion (DEI) and philanthropic initiatives (*About Primerica*, n.d.; *Our Priorities*, n.d.). What sets Aegon apart is its strong customer base and its status as an international company. Aegon has nearly 24 million customers worldwide compared to Primerica's approximately 8.5 million. In addition, Aegon has locations throughout the United States, Canada, Europe, and Asia, while Primerica has locations in the United States, Canada, Puerto Rico, and Guam (*Integrated Annual Report 2023*, n.d.; *About Primerica*, n.d.).

Corebridge Financial is another one of Aegon's competitors and offers a variety of insurance products and retirement solutions, including term life, universal life, and whole life products, as well as annuities, mutual funds, and brokerage services (*Who We Are | Corebridge Financial*, n.d.). Both companies have similar priorities regarding inclusion and diversity, as well as sustainable operations (*Integrated Annual Report 2023*, n.d.; *Who We Are | Corebridge Financial*, n.d.). While Aegon and Corebridge Financial both offer a similar suite of products, Aegon has an advantage over Corebridge Financial in terms of overall market share. Corebridge is focused on the US market while Aegon has its sights set on the US market, as well as markets in Asia, Europe, and South America (*Integrated Annual Report 2022*, n.d.).

Prudential plc is a multinational insurance company that provides health and life insurance, as well as asset management solutions to customers in Asia and Africa. The company is headquartered in London and Hong Kong, and focuses on four strategic regions – China, ASEAN, India, and Africa (*Our Company*, n.d. -b). What sets Aegon apart is its geographic diversification, including a significant competitive advantage in the United States (*Integrated Annual Report 2022*, n.d.). With that being said, however, Prudential plc has a significant market share in Asia (*Our Company*, n.d. -b) – one of Aegon's identified growth markets (*Integrated Annual Report 2022*, n.d.).

Conclusions

Overall, the financial services industry is risky – it is highly competitive with several companies offering a similar suite of products. This makes it difficult for companies to stand out amongst the competition. Moreover, it is also difficult for companies to differentiate themselves since many companies tend to keep a close eye on each other. Competitive advantages from new products and innovations are short-lived since most competitors are able to quickly and easily adopt most of these (Werth et al., 2020). Ways in which Aegon can differentiate itself from its competitors include providing exceptional customer service, offering unique value propositions, and leveraging technology to meet the needs of their digital savvy customers (Kulkarni, 2020).

INTERNAL ANALYSIS

Internal Analyses will be presented in Table form in order to keep the analysis brief and to the point. Three specific strategic tools have been applied in order to cover differing strategic perspectives on the firm³: VIRO analysis, Value Chain Analysis and Functional Analysis.

³ See Sherman, Herbert, Daniel J. Rowley, and Barry Armandi (2006). **Strategic Management: An Organizational Change Approach**. (Lanham, MD: University Press of America). 0-7618-3364-1. Reprinted (2007) by Overseas Press India Private Limited, New Delhi, India. 81-88689-80-7 for a fuller discussion on conducting an internal analysis of the firm. Tables employed in this analysis follow the format suggested by Sherman et. al. (2006).

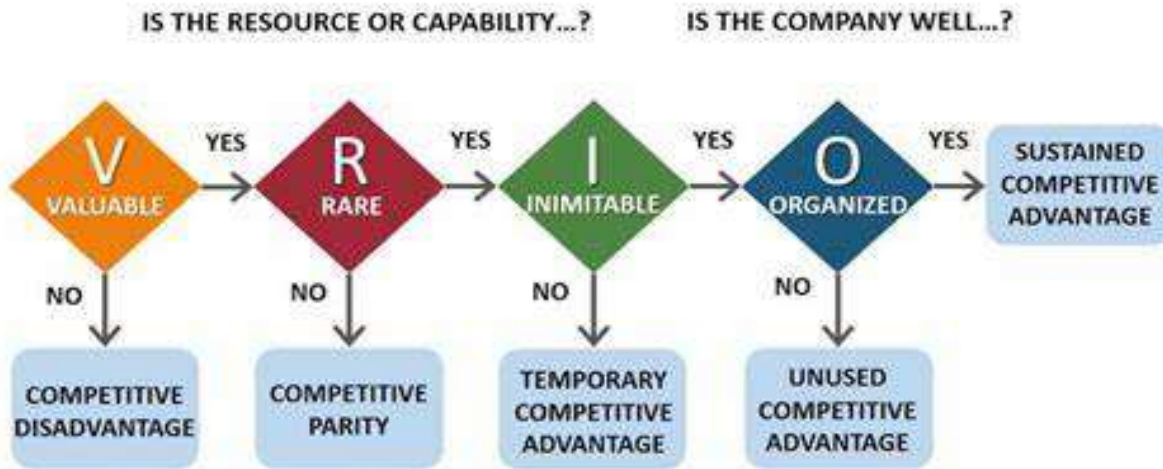


Table 1: Resource Analysis

Basic Resources	Core Competences (VRIO Framework ⁴)	Distinctive Competencies	Competitive Advantage
<i>Tangible Resources: Buildings, Office/Computer Equipment, IT Infrastructure, Cash & Cash Equivalents, Short-term Investments</i>	Buildings: V-Yes I-No R-No O-Yes Office/Computer Equipment: V-Yes I-No R-No O-Yes IT Infrastructure: V-Yes I-No R-No O-Yes Cash & Cash Equivalents: V-Yes I-No R-No O-Yes Short-term Investments: V-Yes I-No R-No O-Yes	Aegon's distinctive competencies include its brand recognition and its unique distribution network (WFG). Tangible resources such as buildings, office/computer equipment, IT infrastructure, cash & cash equivalents, and short-term investments are inimitable throughout the industry and do not provide a competitive advantage.	Aegon's competitive advantage in terms of its distinctive competencies is its brand recognition and its unique distribution network. When applied to the VRIO framework, the specific characteristics of these competencies all answer "yes," which implies that these resources are valuable, imitable, rare, and organized. This provides Aegon with a sustainable competitive advantage over its competitors.
<i>Intangible Resources: Brand Recognition, Organizational Culture, Unique Distribution Network (WFG)</i>	Brand Recognition: V-Yes I-Yes R-Yes O-Yes Organizational Culture: V-Yes I-No R-No O-Yes Unique Distribution Network (WFG): V-Yes I-Yes R-Yes O-Yes	What differentiates Aegon from its competitors is its brand recognition and its distribution network. In the United States, Aegon's subsidiary, Transamerica, is a well-known and iconic brand, and is one of the top	

⁴ For a discussion on the VRIO framework see Barney, J. B. (1995). Looking Inside for Competitive Advantage. Academy of Management Executive, Vol. 9, Issue 4, pp. 49-61.

<p><i>Employee Competences: Customer Care, Industry-related knowledge (e.g., understanding of how financial products work (benefits, features, etc.)</i></p>	<p>Customer Care: V-Yes I-No R-No O-Yes Industry-related knowledge: V-Yes I-No R-No O-Yes</p>	<p>5 insurers in the industry. In addition, its distribution network, WFG, allows the firm to sell both its own products and the products of other life insurance carriers. Moreover, the diversified background of its agents allows Aegon to reach customers who have traditionally been underserved by the financial services industry (<i>Capital Markets Day 2023: Transforming Aegon – The Next Chapter, 2023</i>).</p>	
<p><i>Needed Resources, Assets, & Competences</i></p>	<p>Technological innovation - The digitalization of the financial services industry is disrupting the traditional service model; Aegon needs to strengthen its partnerships in non-traditional distribution channels to retain its competitive advantage (<i>Integrated Annual Report 2022, n.d.</i>).</p>	<p>Core competencies of market leaders include the ability to assess risk, customer service, and company credibility.</p>	<p>Aegon's plan for sustaining its competitive advantage include expanding its market share into key growth markets, including China, Spain & Portugal, and Brazil. It also plans to expand its market share in the US by targeting the middle market - a demographic traditionally underserved by the financial services industry (<i>Integrated Annual Report 2022, n.d.</i>). Aegon is a learning organization and places a strong emphasis on the continuous improvement of both the organization itself and its employees, allowing it to fulfill its purpose of "helping people live their best lives" (<i>Our purpose, n.d.</i>).</p>

Value Chain Analysis⁵ (Porter, 1980)

⁵ For a discussion of Porter's Value Chain Analysis see Porter, Michael E. (1980). *Competitive Strategy*. Free Press. ISBN 0-684-84148-7.



Table 2: Value Chain Analysis

	Inbound Logistics	Operations	Outbound Logistics	Marketing & Sales	After Sales Service
Production/Market	Market research/product conceptualization (e.g., assessing the needs of the firm's target demographic) (<i>Integrated Annual Report 2022</i> , n.d.).	Develop products to suit customer needs/wants; estimate and price risk involved for the firm (<i>Integrated Annual Report 2022</i> , n.d.); develop paperwork to be completed by clients; ensure product meets regulatory requirements (Picardo, 2023). The added value is the firm has converted its market research/product conceptualization into products that can be purchased.	Register the product with the appropriate regulatory body; develop a prospectus (Picardo, 2023); distribute the product via intermediaries such as brokers, banks, and financial advisors, as well as selling directly to the client (<i>Integrated Annual Report 2022</i> , n.d.); determine how intermediaries will be compensated (Picardo, 2023). The added value is the firm's products can now be sold to	Develop marketing literature (brochures, presentations, etc.) to communicate the product's features and benefits (Picardo, 2023); Brand/launch product for sale (<i>Integrated Annual Report 2022</i> , n.d.); Monitor sales to ensure product is being sold to clients for whom it is suitable (Picardo, 2023). The added value includes making the products known to	Customer support (claims handling, complaint resolution, account owner information updates, etc.); Policy services; Retirement withdrawals; Product upgrades (<i>Integrated Annual Report 2022</i> , n.d.; Picardo, 2023). The added value is the ongoing customer support after a sale has been made, strengthening the firm's relationship with their customers.

			consumers.	consumers, the purchasing of products through intermediaries, and ensuring consumers are being sold a suitable product.	
Firm Infrastructure	<i>Planning & Financing (researching customer needs; budget required for R&D)</i>	<i>Planning & Financing (development and financing of new products)</i>	<i>Financing; Corporate governance; Organizational (general) management</i>	<i>Financing (budget for marketing literature and campaigns); Branding</i>	<i>Quality management; Infrastructure management; General management; Financing</i>
Technology Development	<i>Data mining (market research); Product R&D</i>	<i>Product design; Process design; Market research</i>	<i>Process design (transaction execution, risk management systems); distribution planning</i>	<i>Market research</i>	<i>Process design (CSR activities, policy services, automation); data mining and analysis (trends in claims, product sales)</i>
Human Resource Management	<i>Recruitment & Selection</i>	<i>Training & Development; Compensation; Performance evaluation</i>	<i>Training & Development; Employee Retention; Compensation; Employee Wellness Programs</i>	<i>Training & Development; Performance evaluation; Compensation; Employee Retention</i>	<i>Training & Development; Performance evaluation; Employee Retention; Compensation</i>
Procurement	<i>Define customer needs</i>	<i>Identify potential vendors & negotiate price</i>	<i>Infrastructure required to distribute products; infrastructure required to process customer applications; asset management system</i>	<i>Order processing system; payment system</i>	<i>Web management system; customer service management system</i>



Table 3: Functional Analysis⁶

Functional Areas	Strengths	Weaknesses	Average Sub functional Score
<p>Financial: <i>Key Functional Strategies</i> - 1) Value-creating capital allocation; 2) Maintaining a strong balance sheet; 3) Reducing risk profile</p> <p><i>Subfunctions</i></p>			
<p>Create a more focused business portfolio; increase free cash flow and capital generation; reallocate capital from Financial Assets to Strategic Assets (Integrated Annual Report 2022, n.d.).</p>	<p>Narrowed strategic focus to 3 core markets, 3 growth markets, and 1 global asset manager; implemented a number of in-force actions aimed at eliminating unprofitable business units and reducing its financial assets, freeing up cash flow and allowing the company to invest in assets with a greater return on investment (Integrated Annual Report 2022, n.d.).</p>	<p>Despite selling its unprofitable business units and increasing revenue by approximately \$18,000,000, the company is still operating at a loss with a pre-tax income of - \$391,000 (Aegon Ltd. (AEG), n.d.); increased geopolitical tensions make investing in growth markets risky (Integrated Annual Report 2023, n.d.).</p>	6

⁶ For a description of business functional analysis see Sherman, Herbert, Daniel J. Rowley, and Barry Armandi (2006). **Strategic Management: An Organizational Change Approach**. (Lanham, MD: University Press of America). 0-7618-3364-1. Reprinted (2007) by Overseas Press India Private Limited, New Delhi, India. 81-88689-80-7.

<p>Marketing: Key Functional Strategies - 1) Develop a clear marketing strategy that emphasizes Aegon's purpose of helping people live their best lives; 2) Find new ways to engage with customers; 3) Reach more customers through responsible products; 4) Promote financial awareness, and health and wellbeing</p>			
<i>Subfunctions</i>			
<p>Product development; pricing strategy; distribution; customer satisfaction (Integrated Annual Report 2022, n.d.).</p>	<p>Aegon offers a variety of investment, protection, and retirement products to both traditional investors and low-income earners, traditionally underserved by financial services industry; pricing strategy is in line with industry practices and risks involved; in the US, NPS scores are in line with market average</p>	<p>Many companies offer a similar suite of products; high inflation and increased cost of living has a direct impact on customers' ability to afford products; changes in distribution channel could affect Aegon's ability to distribute its products; NPS scores below market average in the UK and Netherlands (Integrated Annual Report 2022, n.d.; Integrated Annual Report 2023, n.d.).</p>	7
<p>Technology: Key Functional Strategies - 1) Prevent cyberattacks and minimize impact of any potential disruptions from a data breach; 2) Leverage technology to gain a competitive advantage</p>			
<i>Subfunctions</i>			
<p>Implement strong cybersecurity and privacy measures to secure and protect data according to regulatory requirements; implement digital innovations such as round-the-clock service to improve the customer experience; utilize technology to combat fraud and promote financial literacy (Integrated Annual Report 2022, n.d.).</p>	<p>Aegon has a number of controls and processes in place in order to protect the confidentiality, integrity, and availability of personal/confidential information; technology makes it easier to move into new markets (Integrated Annual Report 2023, n.d.).</p>	<p>There are several risks associated with the use of artificial intelligence, including threats related to data use and privacy, false information, and ethical and bias risks; failure to adapt to new technology may negatively impact Aegon's competitive position; poor data management could cause reputational damage (Integrated Annual Report 2023, n.d.).</p>	7
<p>Human Resource Management: Key Functional Strategies - 1) Foster an inclusive and diverse work force; 2) Attract and retain top talent; 3) Maintain high levels of employee engagement</p>			
<i>Subfunctions</i>			

<p>Focus on inclusive recruitment; provide training to help employees develop the necessary skills required to meet the changing needs of the company; administer employee surveys to assess engagement (Integrated Annual Report 2022, n.d.).</p>	<p>Earned a perfect score on the Corporate Equality Index, earning the "Best Place to Work for LGBTQ Equality" award for six consecutive years; recognized as one of the top US-based companies for women in leadership (Integrated Annual Report 2023, n.d.).</p>	<p>Results from Aegon's first international Inclusion & Diversity survey indicate that minority groups have a negative view of diversity at Aegon; a strong link between inclusion & diversity and employee engagement exists; competition for top talent is intense; participation in employee surveys in voluntary, increasing the possibility of low participation rates (Integrated Annual Report 2023, n.d.).</p>	<p align="center">8</p>
<p>General Management/Production & Operations: <i>Key Functional Strategies</i> - 1) Improve operational performance; 2) Leverage business synergies; 3) Invest in profitable growth</p>			
<p><i>Subfunctions</i></p>			
<p>Execute firm-wide operational improvement plan aimed to improve Aegon's operational performance by reducing costs, expanding margins, and growing profitably; Leverage business synergies across the company and its markets; continue to expand the company's customer base by investing in both core and growth markets (Integrated Annual Report 2022, n.d.).</p>	<p>Aegon has an extensive list of initiatives in place aimed at reducing its costs, and transforming itself into a leaner, more efficient business; the company also has several growth initiatives in place designed to expand its market share (Integrated Annual Report 2022, n.d.).</p>	<p>Deteriorating relations between China and Taiwan have led to heightened geopolitical tensions, making Aegon's investment in China risky; increased volatility across the global economy has a direct impact on Aegon's stakeholders (Integrated Annual Report 2023, n.d.).</p>	<p align="center">8</p>
<p>Functional Analysis Average: 7.2</p>			

Overall, Aegon appears to be strong functionally with a functional analysis score of 7.2. The company's greatest strengths are their human resource management and the general management/production and operations functions. Aegon has been consistently recognized for being an inclusive place to work, earning the "Best Place to Work for LGBTQ Equality" award six consecutive years in a row, as well as being recognized as one of the top US-based firms for women in leadership (Integrated Annual Report 2023, n.d.). In addition, Aegon has also created an extensive list of initiatives aimed at reducing costs and improving operational performance in order to transform itself into a leaner, more efficient business (Integrated Annual Report 2022, n.d.). Aegon's biggest stumbling block is its finance function. Although the company has taken a number of steps to create a strong balance sheet, including selling several of its unprofitable business units (Integrated Annual Report 2022, n.d.), and increasing revenue, it is still operating at a loss with a pre-tax income of - \$391,000 (Aegon Ltd. (AEG), n.d.). Given this information, Aegon should continue to strengthen its financial position by continuing to eliminate its unprofitable business units and reducing its financial assets (e.g., capital-intensive blocks of business with little to no return of investment) (Integrated Annual Report 2022, n.d.). Once the company is in a better position financially, Aegon can shift its focus to a growth strategy to increase its revenue and market share.

SWOT ANALYSIS



Strengths vs Weaknesses

Overall, Aegon’s strengths outweigh its weaknesses. Its strengths include its vast industry knowledge, its reputation for creating and operating trusted brands, a strong customer base, and its organizational culture. Since its foundation in the mid-1800s, Aegon has grown into one of the world's largest life insurance, pension plan, and investment product providers (*Our Company*, n.d. -a). In addition, the company has a strong reputation for creating and operating trusted brands, including advanced retirement, global asset management, and protection solutions. Aegon also has a strong customer base of nearly 24 million customers worldwide, allowing the company to expand its business to new and existing customers (*Integrated Annual Report 2022*, n.d.). Lastly, Aegon’s commitment to fostering a diverse and inclusive organizational culture (*Our Priorities*, n.d.) helps to ensure that its actions align with its purpose.

Aegon’s weaknesses include its unprofitable business units and capital-intensive blocks of business that provide a relatively low return on investment. These blocks of business include fixed and variable annuities (products that are sensitive to fluctuating interest rates), stand-alone long-term care products, term life products, deferred annuities, and defined benefit group pensions. While these weaknesses can have a substantial negative impact on Aegon’s balance sheet, the company is taking steps to reduce this impact by limiting new sales of these products and selling its unprofitable business units (*Integrated Annual Report 2022*, n.d.).

Opportunities vs Threats

In general, Aegon’s opportunities outweigh its threats, albeit narrowly. The company’s biggest opportunity is its ability to expand – both in existing markets and growth markets. For example, Aegon is actively expanding into countries such as China and Brazil through strategic alliances and partnerships in those countries (*Capital Markets Day 2023: Transforming Aegon – the Next Chapter, 2023; Integrated Annual Report 2022*, n.d.). In addition, Aegon also has several initiatives in place aimed at targeting the middle market – a demographic that has been largely overlooked by the financial services industry (*Integrated Annual Report 2022*, n.d.).

Aegon’s biggest threat is the competitiveness of the industry it operates in. The financial services industry is both highly competitive and saturated. There are several competing firms and many of these companies offer a similar suite of products. As a result, it is difficult to stand out from the competition and attract new customers (Peter, 2023). However, Aegon’s expansion plans, as well as its ability to offer

personalized products to its customers should allow the company to maintain and/or strengthen its market position.

CONCLUSIONS AND OBSERVATIONS

Overall, Aegon seems to be doing well and following the correct strategy. A thorough analysis of the firm's mission, strategy, environment, and internal operations did not reveal any misalignments. The company is currently pursuing a combination of retrenchment and growth strategies. Aegon has a strong brand reputation, particularly in the United States, where it is one of the top five insurers in the industry. In addition, the company also has a strong customer base of nearly 24 million customers worldwide, providing a strong foundation from which to expand its business (*Integrated Annual Report 2023*, n.d.). Although Aegon is subject to a wide range of economic, political, financial, regulatory, social, and environmental factors, the company is also actively taking steps to mitigate these risks and transform itself into a leaner, more effective business. In addition, Aegon also has several growth strategies in place aimed at achieving internal and external growth. These strategies include investing in its wholly owned businesses, acquiring businesses with similar core competencies, and partnering with other firms in order to access attractive growth markets, allowing Aegon to increase its revenues and overall market share (*Capital Markets Day 2023: Transforming Aegon – the Next Chapter*, 2023).

Based on the current analysis, it is not recommended that Aegon make any changes at this time. Overall, there is little to no misalignment between the firm and its mission, strategy, and market. As previously mentioned, Aegon's mission is to be a "leader in investment, protection, and retirement solutions" (*Integrated Annual Report 2022*, n.d., pg. 17). As such, it makes sense that the company would pursue a differentiation strategy in order to set itself apart from the competition and gain and/or maintain a competitive advantage. In addition, as part of its vision of building market-leading businesses, Aegon has ambitions of becoming "America's leading middle-market life insurance and retirement company" (*Integrated Annual Report 2023*, n.d., pg. 13). Despite being the largest and fastest growing market in the United States, the middle-market remains relatively underserved by the financial services industry (*Integrated Annual Report 2023*, n.d.). This represents a tremendous opportunity for Aegon, and the company should continue to leverage its strengths in order to capitalize on this opportunity.

The most important action that Aegon needs to take is continuing its plans to eliminate unprofitable business units, as well as continuing to reduce its exposure to capital-intensive blocks of business that provide little to no return on investment (*Integrated Annual Report 2022*, n.d.). In doing so, Aegon will not only be able to transform itself into a leaner, more effective business, but also free up capital that can be used to support its plans of expansion (*Capital Markets Day 2023: Transforming Aegon – the Next Chapter*, 2023). Once the divestment of its unprofitable business units and capital-intensive blocks of business is complete, Aegon is free to pursue its growth strategy, allowing the company to increase both its revenue and overall market share, as well as become an attractive option for shareholders.

REFERENCES

- About Primerica*. (n.d.). Primerica. Retrieved May 20, 2024, from <https://www.primerica.com/public/about-primerica.html>
- Aegon Ltd. (AEG)*. (n.d.). Yahoo! Finance. Retrieved May 12, 2024, from <https://finance.yahoo.com/quote/AEG>
- Background on: Buying Insurance / III*. (2023, April 6). Insurance Information Institute. Retrieved February 11, 2024, from <https://www.iii.org/article/background-on-buying-insurance>
- Balasubramanian, R., Bernard, P., De Combles De Nayves, H., & Kotanko, B. (2022, December 21). *Reimagining the life insurance model in 2023*. McKinsey & Company. Retrieved February 25, 2024, from <https://www.mckinsey.com/industries/financial-services/our-insights/insurance/reimagining-the-life-insurance-model-in-2023>
- Balasubramanian, R., Boldan, C., Leo, M., Schiff, D., & Vontobel, Y. (2024, January 8). *Redefining the future of life insurance and annuities distribution*. McKinsey & Company. Retrieved February 25, 2024, from

<https://www.mckinsey.com/industries/financial-services/our-insights/redefining-the-future-of-life-insurance-and-annuities-distribution>

- Bernard, P., Ellingrud, K., Godsall, J., Kotanko, B., & Reich, A. (2020). The future of life insurance: Reimagining the industry for the decade ahead. In *McKinsey & Company*. Retrieved February 25, 2024, from <https://www.mckinsey.com/industries/financial-services/our-insights/the-future-of-life-insurance-reimagining-the-industry-for-the-decade-ahead>
- Can I switch life insurance? Is it worth it?* | John Hancock. (n.d.). JohnHancock. Retrieved February 11, 2024, from <https://www.johnhancock.com/ideas-insights/switching-life-insurance-companies.html>
- Capital Markets Day 2023: Transforming Aegon – The Next Chapter*. (2023, June 22). Aegon. Retrieved March 10, 2024, from <https://www.aegon.com/newsroom/news/press-releases/06-2023/capital-markets-day-2023>
- Competition and related regulation issues in the insurance industry*. (1998, December 16). OECD. Retrieved February 11, 2024, from <https://www.oecd.org/daf/competition/1920099.pdf>
- Dowson, M. (2023, September 1). *Cyber threats aimed at the insurance sector: Are you prepared?* | *The Insurer*. The Insurer. Retrieved February 25, 2024, from <https://www.theinsurer.com/viewpoint/cyber-threats-aimed-at-the-insurance-sector-are-you-prepared/>
- Integrated Annual Report 2022*. (n.d.). Aegon. Retrieved February 25, 2024, from <https://www.aegon.com/investors/annual-reports/documents/documents/2022/integrated-annual-report-2022>
- Integrated Annual Report 2023*. (n.d.). Aegon. Retrieved April 21, 2024, from <https://www.aegon.com/investors/annual-reports-archive/documents/documents/2024/aegon-integrated-annual-report-2023>
- Kulkarni, S. (2020, December 3). *Using Porter's five forces to analyze the insurance industry*. Insurance Innovation Reporter. Retrieved February 11, 2024, from <https://iireporter.com/using-porters-five-forces-to-analyze-the-insurance-industry/>
- Maverick, J. (2023, January 1). *Analyzing Porter's five forces on JPMorgan*. Investopedia. Retrieved February 11, 2024, from <https://www.investopedia.com/articles/markets/020916/analyzing-porters-five-forces-jpmorgan-chase-jpm.asp>
- Our Company*. (n.d. -a). Aegon Group Corporate Website. Retrieved April 7, 2024, from <https://www.aegon.com/about/our-company>
- Our company*. (n.d. -b). Prudential Plc. Retrieved May 21, 2024, from <https://www.prudentialplc.com/en/about-us/our-company>
- Our priorities*. (n.d.). Aegon Group Corporate Website | Aegon. Retrieved March 3, 2024, from <https://www.aegon.com/sustainability/our-priorities>
- Our purpose*. (n.d.). Aegon Group Corporate Website | Aegon. Retrieved March 3, 2024, from <https://www.aegon.com/about/our-purpose/purpose>
- Our Strategy*. (n.d.). Aegon Group Corporate Website. Retrieved March 10, 2024, from <https://www.aegon.com/about/strategy>
- Panell, J. A. (2020). *Strategic Management Theory and Practice* (6th ed.). Academic Media Solutions. <https://bookshelf.vitalsource.com/books/9781950377169>
- Peter, A. (2023, August 20). *Top 10 challenges for insurers*. Insurance Thought Leadership. Retrieved February 11, 2024, from <https://www.insurancethoughtleadership.com/going-digital/top-10-challenges-insurers>
- Peterdy, K. (2023, December 26). *PESTEL analysis*. Corporate Finance Institute. Retrieved February 25, 2024, from <https://corporatefinanceinstitute.com/resources/management/pestel-analysis/>
- Picardo, E. (2023, December 7). *How New Financial Products are Created*. Investopedia. Retrieved March 30, 2024, from <https://www.investopedia.com/articles/professionals/020216/how-create-new-financial-product-10-steps.asp>
- Regulation*. (2023, October 10). III. Retrieved February 25, 2024, from <https://www.iii.org/publications/commercial-insurance/how-it-functions/regulation>

USA *PATRIOT Act.* (n.d.). FinCEN.gov. Retrieved February 25, 2024, from <https://www.fincen.gov/resources/statutes-regulations/usa-patriot-act>

Werth, O., Schwarzbach, C., Cardona, D. R., Breitner, M. H., & Von Der Schulenburg, J. G. (2020). Influencing factors for the digital transformation in the financial services sector. *Zeitschrift Für Die Gesamte Versicherungswissenschaft*, 109(2-4), 155-179. <https://doi.org/10.1007/s12297-020-00486-6>

Who we are | Corebridge Financial. (n.d.). Corebridge Financial. Retrieved May 20, 2024, from <https://www.corebridgefinancial.com/who-we-are>