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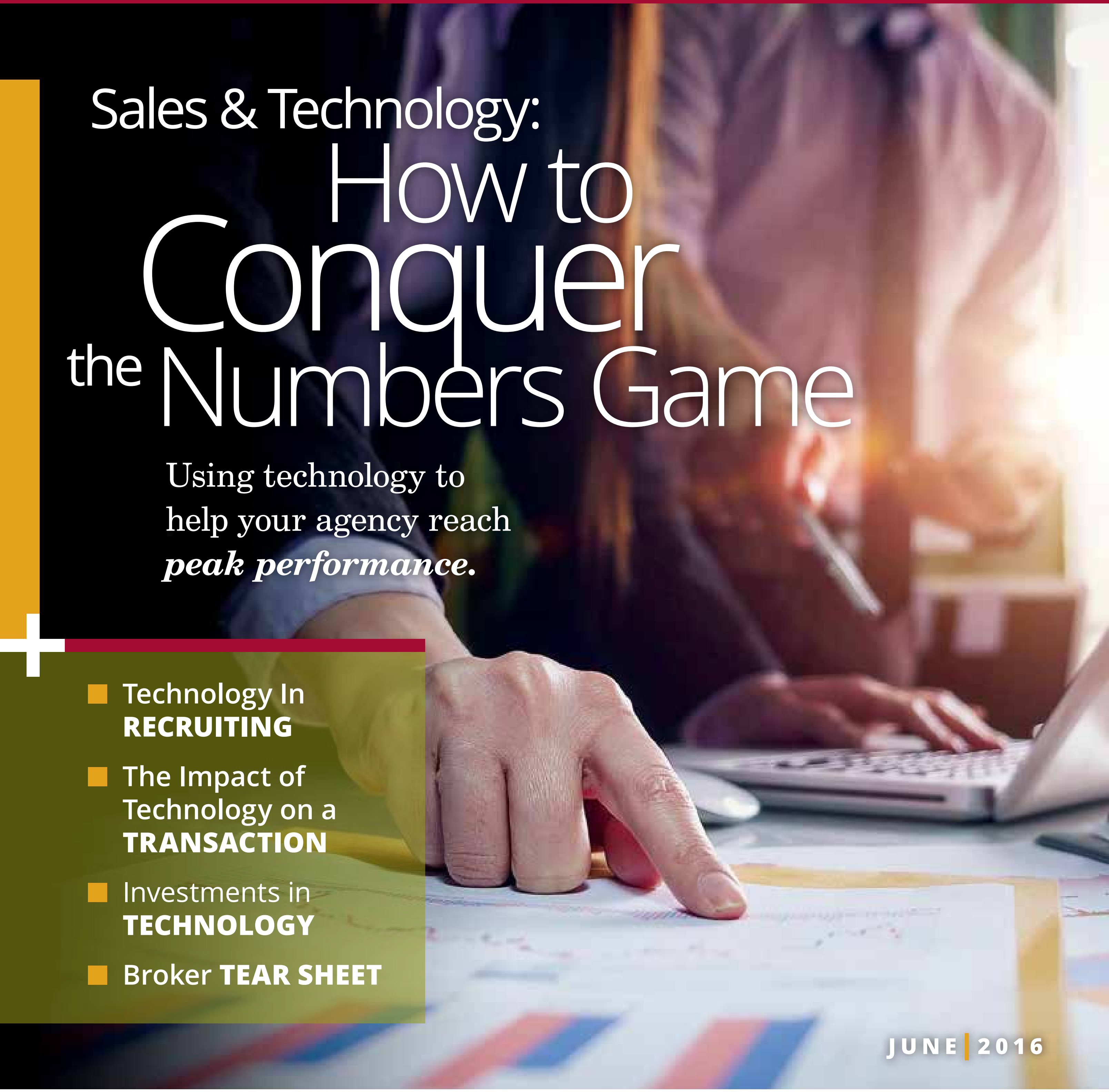

## Sales & Technology: How to Conquer the Numbers Game

Using technology to help your agency reach ***peak performance.***

- Technology In **RECRUITING**
- The Impact of Technology on a **TRANSACTION**
- Investments in **TECHNOLOGY**
- Broker **TEAR SHEET**

JUNE | 2016

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**Merger & Acquisition Announced Transactions in Insurance Brokerage (1999-2015); Ranked by Total Number of Deals*

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*June* **Spotlight**

# We are gearing up!

**The MarshBerry 2016-2017 Market & Financial Study will be released in July — *watch your emails for your opportunity to participate!***

Results from the study compile anonymous general independent agency information on financial performance, market dynamics, and technology, along with MarshBerry's proprietary financial management system Perspectives for High Performance ("PHP") data.

*Core chapters offer a market overview and outlook with charts in each section providing information on:*

- External Factors
  - Economy
  - Market Dynamics
- Merger & Acquisition* & Perpetuation Readiness
- Growth
- Expense Management & Profit
- Operations & Productivity

Fully completed responses, and those that provide their email addresses, are eligible to receive on complimentary PDF of the final report. Partial completes are not guaranteed to receive a complimentary copy.

To purchase the 2015-2016 study, log on to:
**www.MarshBerry.com/2016MarketFinancial.**

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# Sales & Technology: How to Conquer the Numbers Game

by ***Nick Kormos, CIC, CPIA,***
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Using technology to help your agency reach ***peak performance.***

# Your goal is to ***increase*** the agency's annual sales—so you set revenue targets and monitor expenses.

**The idea is to see the revenue climb and control the costs. So you watch those two numbers and producers are given their goals.**

The problem is, come year-end, there's a surprising gap between what the agency (and each producer) wanted and what was actually produced. Perhaps sales are up, but the numbers still don't meet your goal. Maybe sales are stagnant, but retention remained high. No big wins, but no major losses either.

### Does this scenario sound familiar?

A better question to ask yourself is what about tracking all of the ***other numbers?*** The reality is, producers and data input are like oil and water. They don't mix. Producers shove data entry to the back burner (or do an incomplete job of it); and leaders often do not dedicate the time to review and monitor the effectiveness of the sales process. Often, the technology to capture "the numbers" is in place—but it's not being used to change the final outcome: actually achieving your growth goals. The tools that can improve qualifying prospects, following up with prospects, and closing more prospects leading to increased revenue are collecting dust.

So, what's the solution? The typical solutions agency leaders try, such as pounding their fists or offering compensation carrots for producers that hit their goal, have little effect. Instead, an actual solution would consist of leaders taking ownership of implementing technology, making it relevant to the producers by infusing the sales process into the technology, tracking producers' activity, then calculating each producer's closing ratios to identify coachable moments so you can help mold behavior. Then, and only then, will you have built a predictable, profitable organic growth engine.

**Choose one of the following old sayings and they still hold true: *"what gets tracked gets done,"* or *"people re-spect what you in-spect."***

## What's the Workflow?

**Think about the systems that keep your agency running.**

Thousands of dollars and countless hours are dedicated to building internal workflows to better service clients and manage the books. Checklists are in place to ensure there are no gaps in coverage, or to avoid employee mistakes. Most agencies can tell you exactly what the workflow is to process a policy change or a payment, but very few can articulate a consistent workflow for producing a sale.

First, let's step back and identify the critical steps in the sales process. For example, instead of focusing on the revenue goal, dissect the sales process and clearly define exactly what must happen for a producer to take the name of a suspect and convert it into a client. What must happen to upgrade a suspect to a prospect, or a prospect to an appointment, or an appointment to a proposal? Criteria must be in place and monitored for each phase.

Consider your agency's current book of business. *What is the average dollar value of an account? What industries are represented in your book? (Are you missing a market opportunity?) How much time passes between an initial call and follow-up. (Are leads slipping through the cracks?) How long does it take on average to close a sale? What's the average closing ratio on proposed accounts?*

Start by analyzing your current sales process or building a proprietary sales process with the help of your top producers, track the flow of activity, and you'll start to see where the real "gaps" are.

Once you create and solidify the sales process by identifying activities that must take place at each stage, developing nomenclature or phrases that all the producers can memorize so your sales cadence is the same, and you can build a technology platform that follows your sales workflow to build a more scalable organic growth engine.

## Get on Task with Technology

**If you're stuck on the idea of "building a technology platform," you're not alone in the insurance industry.**

Technology is vastly underutilized and there are a number of reasons why. For one, adopting technology takes time and money — a lot of both if you want to do it the right way. **It requires a champion** in the organization to take ownership of the process, to train producers how to follow the process, then the leader must ensure producers are accountable to following the new business development workflow.

We know that tracking data is crucial for improving sales. But, technology often becomes a barrier to data collection because it's yet another technology system your team has to learn, then they have to actually get consistent with using it for it to be effective enough to identify trends.

The good news is, technology can be simplified and customized to serve your sales workflow needs. Customer Relationship Management (CRM) platforms come with loads of features that aren't always necessary to collect the right data from an agency's sales workflow.

By ***cutting out the "fat"*** you can help your team focus on the key performance metrics—***the numbers that actually matter.***

For example, you can track how many appointments were secured with prospects with potential revenue greater than $5,000. You may discover that producers are logging lots of appointments, but not in the targeted "sweet spot." Then, your training might focus on how to better qualify leads and be more efficient with their prospecting and the appointments they actually do have.

When technology is in place and data is tracked, analyzed, and acted upon, you can remove barriers and bottlenecks and that goal-to-actual revenue gap will close. We recommend a customized activity dashboard that gives leaders full visibility of the sales workflow results, and a common language that can ensure transparency with the producers on their expectations and actual performance.

## Own the Numbers

**With technology, implementation and follow-through are the two areas many agencies get overwhelmed and ultimately give up or dismiss the value of the technology.**

In reality, producer training and accountability fall short. The data is collected, but no one is acting on the numbers. Data sitting in a spreadsheet is nothing but a bunch of numbers. The goal is to use the information and data to identify "coachable moments" for the sales team as a whole and individually with producers.

Technology can be a catalyst to organic growth if the whole team embraces it. Buy-in requires training and constant reinforcement. It means doing more than saying, "Here's the new tool, we spent a lot on it so please use it." Leaders must introduce the technology as a part of the sales protocol—as the infrastructure supporting the sales workflow and a new tool to improve the sales culture and allow the producers to be more effective at their job. Show producers how reports can help them improve their game. Show them what the numbers say about their activity, then offer support and coaching so they can excel. Far too often, managers try to use the tool to "brow-beat" or babysit their producers by saying they're not doing enough prospecting, which leads to decreased utilization or fake data being entered into the system by the producer to keep their sales manager off of their back. The only result under this scenario is a loss for everyone.

In sales meetings, the sales dashboard should be used to frame discussions with the producers. Review the bottlenecks and ask for insights into why producers think a certain activity is occurring. This will create the buy-in that the information collected by the technology is indeed powerful. They can grow as professionals, and contribute to the success of the agency by understanding the data. Meanwhile, dashboard results can provide leaders clear insight and grounds for making tough decisions regarding salespeople.

Technology is empowering because it opens your eyes to what's really going on in your business. As an agency owner, or key leader, you probably know the exact amount of new business you need to write to achieve your growth goals,

METRIC OF THE **MONTH**

## *Investments in* **Technology**

Average technology spent per employee measures an agency's investment in dollar amount on technology per employee. MarshBerry breaks out the total expenditure into three categories: Computer Hardware and Software, T-Com, and General Technology.

**Using MarshBerry's Perspectives for High Performance proprietary database also known as "PHP," we analyze where agencies allocate their technology investments.**

Sixty-one percent (61%) of the technology dollars spent per employee are being allocated towards computer related expenses, which include both hardware and software, as well as any maintenance or servicing expenses. Most of these expenses tie to the cost of the agency management system. T-Com (e.g. phone systems, internet, cell phones, and network equipment) makes up 30% of the technology dollars spent per employee. General Technology encompasses data processing, IT consulting, but do you know the number of prospecting attempts, conversations with decision makers, new business appointments, and proposals that the agency needs to get there? While sales is mostly an art and requires a person with a unique drive and skillset, it is still a numbers game. So there are reasons why your agency's revenues aren't what you hoped for... and technology can help you identify those reasons and correct them.

**What's necessary is to implement the technology in a way that mirrors your sales process so you can monitor performance and adapt your sales strategy in real-time, rather than reflecting at year-end and trying to figure out why or where the producers fell short of their prospecting goals.**

***Technology is empowering —*** it can open your eyes to what's really going on in your business.

# 2016 MarshBerry Agency Compensation Trends Report
## Now Available for Purchase

**MarshBerry conducts a biennial insurance agency compensation study to determine how salaries, commissions, bonuses and employee benefit levels in agencies have changed. This report is one of a kind in the industry.**

The 2016 Compensation Report presents the aggregate responses provided by the 424 insurance agencies that participated in the study, as well as relevant data sets from the MarshBerry proprietary financial management system Perspectives for High Performance ("PHP").

***The complete report offers insight on:***

- **Executive & Management Compensation**
- **Validated & Unvalidated Producer Compensation**
- **Service Staff Compensation**
- **Support Staff Compensation**
- **Trends in Employee Benefit**
- **Case Studies on Each Function**

It is extremely important to take a look at what agencies are paying their sales, service, support and executive personnel. Most agencies allocate just under 70% of their revenues to compensation costs. Since this is the largest expense for your agency, it makes sense to manage it wisely.

**The full report is available in electronic format for $950. To purchase, log on to www.MarshBerry.com/2016Comp. Once you complete your payment in PayPal you will be redirected to another site to download your report.**

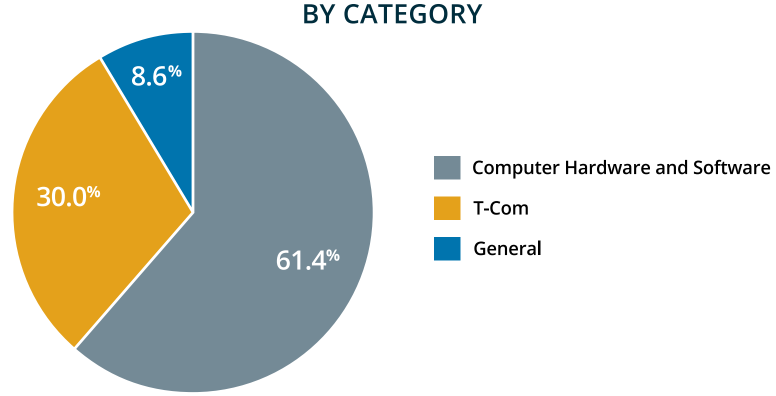
— advertisement above

website related and third party equipment, and makes up 8.6% of the total dollars spent per employee.

**Technology has the potential to play a significant role in the insurance distribution space and could influence both growth and productivity. However, the key is proper implementation and utilization of technology for it to become a catalyst for organic growth and productivity.**

*Source: MarshBerry's proprietary benchmarking system, Perspectives for High Performance*

**PERCENTAGE OF TECHNOLOGY SPENT PER EMPLOYEE BY CATEGORY**



# Technology in Recruiting

by ***Brett Buckingham,*** Regional Sales Leader
616.214.3102 | Brett.Buckingham@MarshBerry.com

## Utilizing tools, and people, to make the best hire.

In recent years, the onward march of technology and automation has moved from a gradual creep to a full on integration into all areas of life, personal and professional. The world of recruiting and talent acquisition has experienced this same trend. Top quality candidates are accustomed to a world where computers, smartphones, databases, and the internet are a streamlined part of their ongoing career growth. The old adage 'You never get a second chance to make a first impression' rings truer than ever, as the technologies and processes used in your search and hiring process are as integral to a candidates first impression of your organization as the first actual conversation and meeting.

### Tools to increase Productivity

The automation of recruiting and hiring has developed beyond the standard job boards of yesterday. Today it is automated outreach and applicant tracking systems (ATS) that help companies maintain composure during the exponential amount of resumes and cover letter received due to online postings. These systems and automated touchpoints are what allow top tier organizations to keep and maintain the attention of top tier candidates: providing specifically tailored responses and communication to specific candidates, based on more than just employment history or education information. Advancements in linguistic analysis, combined with high level document parsing aim to target active initiatives and to find the right candidate more quickly and seamlessly, by evaluating skill and ability and predicting success of a candidate in a given role, based on ALL information available. This can be achieved through obtaining passive information about candidates via social media, general web presence, and well as information obtained from applications and resumes. Through the integration of these technologies into the recruitment process, companies are able to grasp and maintain the consideration of top quality candidates, all while quickly and efficiently moving them through a process that requires increasingly fast turnaround in our short attention-spanned world.

### The Human Touch

Ironically however, the blitz of increased technologies, databases, and automation also highlights the need to involve an exceedingly competent human touch. As systems are sending messages and parsing data from applications, candidates are still looking to talk to a person and know that there is an individual behind the curtain, directing and organizing the method. In these areas, methods such as Skype and other video services are being used for interviews. Candidates are often more responsive to a phone call where they hear the voice of a hiring manager. These familiar technologies allow candidates and employers to meet face-to-face and insure that there is a human aspect to the organization.

The old adage ***'You never get a second chance to make a first impression'*** rings truer than ever.

## A Happy Medium

As technologies and automation become increasingly "smart" there will be a constant stream of new resources to simplify and streamline the hiring process. Artificial Intelligence is sure to make a splash, as will Augmented and Virtual Realities that will someday allow a potential candidate to "visit" your office from the comfort of their own home.

**However as we continue to implement these remarkable and dynamic resources, it will be important to remember that automating and improving the right tasks, free up the time and resources to do the in-person ones even better!** ■


# Mark Your Calendars!

**MarshBerry's 2017 Peak Performance event is set for January 29 - 31, 2017, at the Hyatt Centric Park City.**

MarshBerry's Peak Performance event is the preeminent event for specialty distributors and specialty carriers in the insurance space. This intimate networking opportunity allows executives to learn and improve their business while enjoying the slopes of Park City, Utah.

Registration opens June 2016

**www.MarshBerry.com/Peak**

***Interested in being a sponsor for 2017?***

Contact Jessica Stogran at Jessica.Stogran@MarshBerry.com or 440.392.6558 for details.

# Congratulations to Our 2015 Pinnacle & PIN Up Winners!

**Both accomplishments are awarded in relation to an organization's Performance Indicator Number (PIN) score, a MarshBerry proprietary calculation that summarizes a firm's financial performance.**

## The Pinnacle Award

The Pinnacle Award is an honor that acknowledges the agency with the highest PIN score, excluding agencies who have won within the last five years.

MARSHBERRY PINNACLE

***The 2016 Spring Pinnacle award winner is McSherry Hudson & Hall***

McSherry & Hudson
MANAGING RISK FOR OVER 100 YEARS

## The PIN Up Award

This award recognizes the agency with the largest increase in PIN score since joining the MarshBerry networks.

MARSHBERRY PIN UP

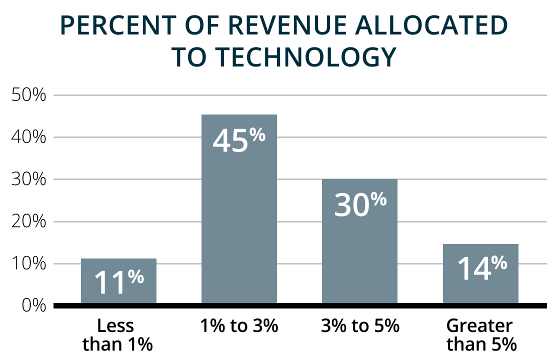
***The 2016 Spring PIN Up award winner is JA Benefits, LLC.***

JA Benefits
listen. research. deliver.

# The Impact of Technology on a Transaction

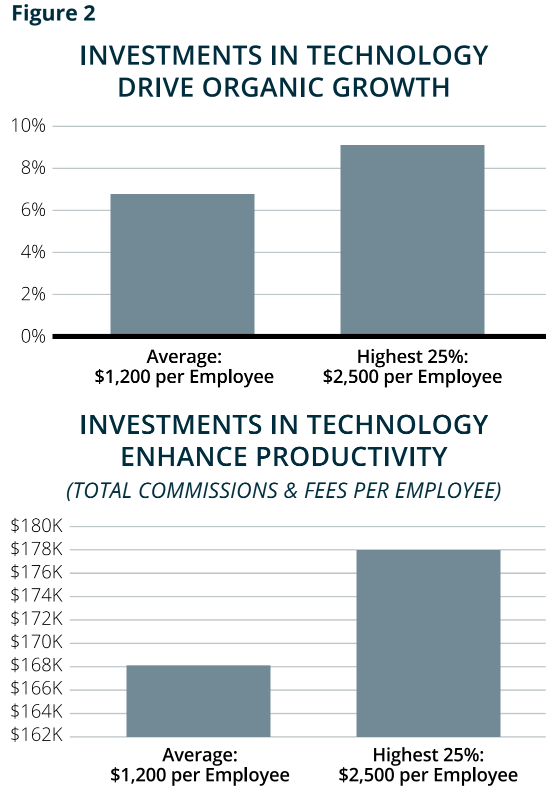
by ***Eric Hallinan,***
Vice President
949.234.9652
Eric.Hallinan@MarshBerry.com

**Figure 1**




*Source: MarshBerry 2015 Market & Financial Outlook Survey*

**Figure 2**




*Source: MarshBerry proprietary financial management system Perspectives for High Performance ("PHP") for the 12 month period ended 9/30/2015.*

## Other than issues related to logistics and transition, technology doesn't often play a significant role in insurance agency mergers and acquisitions.

Many independent insurance agencies are utilizing technology in the same ways, limiting their investments to agency management systems, computers, Microsoft Office software, and little else. We believe there is an opportunity to use technology as a strategic investment to help create differentiation, drive organic growth, and increase productivity. In our experience, the agencies that are successful in these areas often see higher transaction valuations.

According to Figure 1, 45% of agencies allocate 1% to 3% of their revenue to technology expenses (both hard and soft costs) and another 44% of agencies spend a little bit more. Based on the responses received, most of that expense is dedicated to the cost of agency management systems.

The issue isn't how much an agency spends on technology, but how that investment in technology influences growth and productivity. See Figure 2, in which agencies in our proprietary database were ranked based on their technology spend per employee. We segmented the firms that spend the most on technology per employee (top quartile) and analyzed organic growth and productivity. The agencies in the top quartile of technology expenses per employee spent 109% more on technology, had 6% higher productivity, and 34.5% higher organic growth than the average.

## In order to spend more on technology without sacrificing profitability, ***expense reduction in other areas is often necessary.***

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## Potential Technology Investments

### Online Presence

- Website, social media
- Branding: niches, publications, thought leadership

### Third-party websites

- Research, advice, ease of buying

### Mobility

- Employees: phones, iPads for presentations, telecommuting
- Clients: mobile apps for claims reporting, insurance ID cards, etc.

### Other Tools

- Client-facing portals
- Data warehouses
- Robust marketing and technology support
- Self-service sites
- E-Signature

Typically the reduction is in compensation. Once agencies have freed up resources for investment in technology, it is important to monitor those investments to ensure they are producing an adequate return, either in the form of increased growth or increased productivity. Increasing spending alone will not produce these results, **implementation** and **utilization** is key.

If an agency's technology use begins and ends with the agency management system, there will likely be little (if any) transaction impact. Technology goes well beyond agency management systems.

**For those firms that are doing something different with their technology, and sucessfully driving growth and productivity with it, our experience has been that they often enjoy higher transaction values than the average agency.**

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# Peer Exchange Network News

## EMERGING LEADERS

*Are your agency's future leaders ready to take the next step?*

**The 2016 Emerging Leaders Seminar, June 27–29 in Chicago, IL, showcases the newest and most innovative tool in agency leadership training.**

Working with a team of other future leaders, participants manage a computerized insurance agency, making the strategic and tactical decisions agency principals make each day. Over several simulated years of competition, the team is exposed to the critical business tools and leadership techniques that can prepare them to more effectively manage an agency.

Participants will enhance their ability to develop strategy and gauge the impact of their decisions, all while increasing the individual's financial acumen to ensure the agency's long-term success.

*Want to learn more about the* ***Emerging Leaders Seminar?***

**www.MarshBerry.com/emergingleaders**

*Interested in learning more about our Peer Exchange Networks?*

Contact Tommy McDonald today at ***Tommy.McDonald@MarshBerry.com***

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# Quarter in Review Q&A

*with* **John Wepler**

## 1 What is the general consensus among brokers of the current market conditions? Which markets have stabilized, are experiencing growth, or continue to be soft?

The consensus today, on market conditions and the global economy from public brokers, is that economic conditions are mixed. U.S. economic conditions appear to be modestly better than the global environment. Overall, there is broad-based weakness across the global energy market (i.e. oil/gas), while domestic property has been soft with coastal rates continuing to decline (most brokers noting double digit decreases). On the other hand, there has been growth in other risk markets, such as cyber liability, health and U.S. mortgage credit risk. Brokers noted a broadly "stabilizing" rate environment with declines moderating within the hardest hit coastal property segment, and Property & Casualty (P&C) rates showing slight improvement in some areas (professional liability and commercial auto, according to Brown & Brown, Inc.'s 2016 first quarter earnings call).

## 2 Despite lackluster conditions, how are some brokers maintaining organic growth higher than 2.5% (U.S. organic revenue only)?

Despite the overall mixed market from an economic perspective, there are several business segments that most brokers noted as performing above average. Specifically, brokers are focusing on ancillary services and product lines outside of traditional brokerage to drive stronger organic growth. These areas include businesses such as risk management and claims services. In addition, nearly all brokers indicated health and benefits as overall tailwinds to organic growth. Agencies noted they are seeing stronger demand for consulting, benefits administration, Human Resource services, and benefits exchanges. Investments in technology platforms and data analytics were also noted as driving differentiation in the marketplace and better organic growth. Feedback on wholesale/program business was mixed across the public brokers, with some (Arthur J. Gallagher & Co. and Brown & Brown, Inc.) noting above average growth from most wholesale and programs, though there is continued pricing pressure particularly driven by the weakness in property markets that appears to be driving growth down in those segments.

## 3 How have brokers expanded their margins in the face of economic pressure and low premium rates?

The number one driver to margin pointed to by most brokers is organic growth. Several noted a 2.5% organic growth threshold below which it can be difficult to see margin expansion and make investments. With stronger growth in some higher margin businesses (financial services, wholesale, risk management, claims processing, etc.), brokers are able to expand operating margins overall. Marsh & McLennan Companies, Inc. noted during their 2016 first quarter earnings call that they have seen better commission percentages from underwriters/carriers in the weaker rate environment, which would have a positive impact on margins for the broker. In addition, brokers are focused on operational efficiencies. In particular, Arthur J. Gallagher & Co. called out increased workforce productivity, resulting in a lower headcount through natural attrition and not needing to replace employees.

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**The *Broker Tear Sheet* is a proprietary quarterly report from MarshBerry that highlights critical ratios and statistics on the performance and market value of the five publicly traded insurance brokers. The information is compiled from a number of credible sources including: *SNL Financial, Yahoo! Finance, Morningstar* and *Reuters* reports along with company websites.**

The one and five year Financial Performance Indicators are updated after each broker's year end filing (Q4), while the remaining metrics are updated on a quarterly basis.

## Q1 2016 Snapshot (as of 03.31.16)

| BROKER | Aon Corporation | Arthur J. Gallagher & Co. | Brown & Brown, Inc. | Marsh & McLennan Companies, Inc. | Willis Towers Watson[4] |
|---|---|---|---|---|---|
| **Ticker** | AON | AJG | BRO | MMC | WLTW |
| **Total Revenue LTM (in $ mil)** | 11,653 | 4,115 | 1,680 | 13,059 | 5,037 |
| **Number of Employees (FTEs)[1]** | 68,790 | 21,492 | 7,807 | 60,000 | 23,700 |
| **Number of Offices[1]** | 500 | 650 | 236 | 600 | 400 |
| **Revenue per Employee ($)** | 169,400 | 191,462 | 215,244 | 217,650 | 212,532 |
| **Revenue per Office ($)** | $23,306,000 | $6,330,615 | $7,120,386 | $21,765,000 | $12,592,500 |
| **ENTERPRISE VALUE[2]** | | | | | |
| **Common Stock Price ($)** | 104.45 | 44.48 | 35.80 | 60.79 | 118.66 |
| **Number of Shares Outstanding (in 000s)** | 264,800 | 177,129 | 140,173 | 521,521 | 138,381 |
| **Market Capitalization (in $ mil)** | 27,658 | 7,879 | 5,018 | 31,703 | 16,420 |
| **Plus: Total Debt (in $ mil)** | 6,597 | 2,523 | 1,139 | 5,013 | 3,911 |
| **Plus: Preferred Stock & Minority Interest in Subsidiaries (in $ mil)** | 66 | 55 | 0 | 92 | 206 |
| **Less: Cash & Short Term Investments (in $ mil)** | 465 | 425 | 402 | 918 | 954 |
| **Equals: Enterprise Value (in $ mil)** | $33,856 | $10,031 | $5,755 | $35,890 | $19,583 |
| **BOOK OF BUSINESS VALUE[2]** | | | | | |
| **Market Capitalization (in $ mil)** | 27,658 | 7,879 | 5,018 | 31,703 | 16,420 |
| **Less: Tangible Net Worth (in $ mil)** | -5,172 | -1,714 | -1,157 | -2,214 | -4,259 |
| **Equals: Book of Business Value (in $ mil)** | $32,830 | $9,593 | $6,175 | $33,917 | $20,679 |
| **ORGANIC GROWTH** | | | | | |
| **Organic Growth[3]** | 3.0% | 4.8% | 1.3% | 4.0% | 1.0% |
| **Total Growth[3]** | -2.0% | 8.0% | 4.9% | 3.6% | 106.7% |

*[1]Number of employees and number of offices are estimates based on data provided in annual reports, SNL Financial and on corporate websites by each company.*

*[2]Numbers may not add up due to rounding.*

*[3]Both Organic Growth and Total Growth represent the most recent quarter (MRQ) in comparison to the same period for the prior year for all reported segments. As such, the difference is comprised of growth by acquisition and disposition of applicable business units for the MRQ. It could include items such as contingent revenue, acquisition revenue and disposed revenue from those that would exclude it from their organic growth calculation. Organic Growth calculations vary by broker (see reverse side).*

*[4]Total growth for Willis Towers Watson includes merger effective January 4, 2016*

*The Broker Tear Sheet has been prepared by Marsh, Berry & Co., Inc. This is an overview and analysis of the five publicly traded insurance brokers, and is not intended to provide investment recommendations on any company. It is not a research report; as such term is defined by applicable laws and regulations. It is not to be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any securities, financial instruments or to participate in any particular trading strategy. This tear sheet is distributed with the understanding that the publisher and distributor are not rendering legal, accounting, financial or other advice and assume no liability in connection with its use. This tear sheet does not rate or recommend securities of individual companies, nor does it contain sufficient information upon which to make an investment decision. These materials are based solely on information contained in publicly available documents and certain other information provided to Marsh, Berry & Co., Inc., and Marsh, Berry & Co., Inc. has not independently attempted to investigate or to verify such information. Marsh, Berry & Co., Inc. has relied, without independent investigation, upon the accuracy, completeness and reasonableness of such information and therefore has assumed no obligation to update this data for financial restatements. These materials are intended for your benefit and use and may not be reproduced, disseminated, quoted or referred to, in whole or in part, or used for any other purpose, without the prior written consent of Marsh, Berry & Co., Inc. Nothing herein shall constitute a recommendation or opinion to buy or sell any security of any publicly traded entity mentioned in this document. Numbers may not add up due to rounding, however, this does not materially affect the data integrity.*

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# Q1 2016 Financial Performance Indicators (as of 03.31.16)

## GROWTH

| Total Revenue LTM (in $ mil) | |
|---|---|
| Marsh McLennan | 13,059 |
| Aon | 11,653 |
| Willis Towers Watson | 5,037 |
| AJ Gallagher | 4,115 |
| Brown & Brown | 1,680 |
| **Median** | 5,037 |

| Organic Growth Quarter End 1Q16[4] | |
|---|---|
| AJ Gallagher | 4.8% |
| Marsh McLennan | 4.0% |
| Aon | 3.0% |
| Brown & Brown | 1.3% |
| Willis Towers Watson | 1.0% |
| **Median** | 3.0% |

| Organic Growth Year to Date as of 03.31.16[4] | |
|---|---|
| AJ Gallagher | 4.8% |
| Marsh McLennan | 4.0% |
| Aon | 3.0% |
| Brown & Brown | 1.3% |
| Willis Towers Watson | 1.0% |
| **Median** | 3.0% |

| Revenue YOY Growth as of 12.31.15 | |
|---|---|
| AJ Gallagher | 13.3% |
| Brown & Brown | 5.4% |
| Willis Towers Watson | 2.0% |
| Marsh McLennan | -0.5% |
| Aon | -3.0% |
| **Median** | 2.0% |

| Revenue Growth 5 Year CAGR | |
|---|---|
| AJ Gallagher | 17.6% |
| Brown & Brown | 11.3% |
| Aon | 6.5% |
| Marsh McLennan | 4.1% |
| Willis Towers Watson | 3.1% |
| **Median** | 6.5% |

## PROFIT

| EBITDA[5] LTM (in $ mil) | |
|---|---|
| Marsh McLennan | 2,895 |
| Aon | 2,652 |
| Willis Towers Watson | 842 |
| AJ Gallagher | 764 |
| Brown & Brown | 559 |
| **Median** | 842 |

| EBITDA Margin LTM | |
|---|---|
| Brown & Brown | 33.3% |
| Aon | 22.8% |
| Marsh McLennan | 22.2% |
| AJ Gallagher | 18.6% |
| Willis Towers Watson | 16.7% |
| **Median** | 22.2% |

| EBITDA Margin 5 Year Average | |
|---|---|
| Brown & Brown | 32.8% |
| Aon | 20.8% |
| Marsh McLennan | 19.7% |
| AJ Gallagher | 17.9% |
| Willis Towers Watson | 14.7% |
| **Median** | 19.7% |

| EBITDA YOY Growth as of 12.31.15 | |
|---|---|
| Brown & Brown | 16.6% |
| AJ Gallagher | 14.3% |
| Marsh McLennan | 10.8% |
| Aon | 2.6% |
| Willis Towers Watson | -18.3% |
| **Median** | 10.8% |

| EBITDA Growth 5 Year CAGR | |
|---|---|
| AJ Gallagher | 17.2% |
| Marsh McLennan | 16.3% |
| Aon | 11.6% |
| Brown & Brown | 9.8% |
| Willis Towers Watson | -6.2% |
| **Median** | 11.6% |

## BALANCE SHEET

| Tangible Net Worth (in $ mil) | |
|---|---|
| Brown & Brown | -1,157 |
| AJ Gallagher | -1,714 |
| Marsh McLennan | -2,214 |
| Willis Towers Watson | -4,259 |
| Aon | -5,172 |
| **Median** | -2,214 |

| Tangible Net Worth as % of Revenue | |
|---|---|
| Marsh McLennan | -17.0% |
| AJ Gallagher | -41.7% |
| Aon | -44.4% |
| Brown & Brown | -68.8% |
| Willis Towers Watson | -84.6% |
| **Median** | -44.4% |

| Debt to LTM EBITDA (Lower performance is usually best) | |
|---|---|
| Marsh McLennan | 1.7 |
| Brown & Brown | 2.0 |
| Aon | 2.7 |
| AJ Gallagher | 3.3 |
| Willis Towers Watson | 4.6 |
| **Median** | 2.7 |

| Working Capital/ LTM Revenue | |
|---|---|
| Brown & Brown | 13.3% |
| Marsh McLennan | 12.6% |
| Aon | 10.7% |
| Willis Towers Watson | 6.4% |
| AJ Gallagher | -2.0% |
| **Median** | 10.7% |

| Days of Working Capital | |
|---|---|
| Brown & Brown | 64.4 |
| Marsh McLennan | 55.5 |
| Aon | 45.6 |
| Willis Towers Watson | 25.3 |
| AJ Gallagher | -8.0 |
| **Median** | 45.6 |

## VALUE

| Market Cap (in $ mil) | |
|---|---|
| Marsh McLennan | 31,703 |
| Aon | 27,658 |
| Willis Towers Watson | 16,420 |
| AJ Gallagher | 7,879 |
| Brown & Brown | 5,018 |
| **Median** | 16,420 |

| Price-Earnings Multiple | |
|---|---|
| Willis Towers Watson | 28.9 |
| Aon | 21.3 |
| AJ Gallagher | 20.5 |
| Brown & Brown | 20.5 |
| Marsh McLennan | 20.3 |
| **Median** | 20.5 |

| Book of Biz Value as Multiple of LTM Revenue | |
|---|---|
| Willis Towers Watson | 4.1 |
| Brown & Brown | 3.7 |
| Aon | 2.8 |
| Marsh McLennan | 2.6 |
| AJ Gallagher | 2.3 |
| **Median** | 2.8 |

| Book of Biz Value as Multiple of LTM EBITDA | |
|---|---|
| Willis Towers Watson | 24.6 |
| AJ Gallagher | 12.6 |
| Aon | 12.4 |
| Marsh McLennan | 11.7 |
| Brown & Brown | 11.0 |
| **Median** | 12.4 |

| Enterprise Value as Multiple of LTM EBITDA | |
|---|---|
| Willis Towers Watson | 23.3 |
| AJ Gallagher | 13.1 |
| Aon | 12.8 |
| Marsh McLennan | 12.4 |
| Brown & Brown | 10.3 |
| **Median** | 12.8 |

## RETURN

| Dividend Yield Quarter End 1Q16 | |
|---|---|
| AJ Gallagher | 3.4% |
| Willis Towers Watson | 2.5% |
| Marsh McLennan | 2.0% |
| Brown & Brown | 1.4% |
| Aon | 1.1% |
| **Median** | 2.0% |

| Earnings Yield Quarter End 1Q16 | |
|---|---|
| Marsh McLennan | 1.5% |
| Brown & Brown | 1.3% |
| Aon | 1.1% |
| AJ Gallagher | 0.6% |
| Willis Towers Watson | 0.4% |
| **Median** | 1.1% |

| Price Per Share Growth LTM | |
|---|---|
| Aon | 8.7% |
| Marsh McLennan | 8.4% |
| Brown & Brown | 8.1% |
| AJ Gallagher | -4.9% |
| Willis Towers Watson | -7.0 |
| **Median** | 8.1% |

| Price Per Share Growth 5 Year CAGR | |
|---|---|
| Marsh McLennan | 15.2% |
| Aon | 14.9% |
| AJ Gallagher | 7.1% |
| Willis Towers Watson | 7.0% |
| Brown & Brown | 6.0% |
| **Median** | 7.1% |

| Total Return LTM | |
|---|---|
| Marsh McLennan | 10.7% |
| Brown & Brown | 10.0% |
| Aon | 9.9% |
| AJ Gallagher | -1.5% |
| Willis Towers Watson | -5.0% |
| **Median** | 9.9% |

*[4]As reported in the MD&A published by each company; and calculated and reported slightly differently by each. AON: Includes all revenue (excludes fiduciary investment income, business unit transfers, unusual items and reimbursable expenses). AJG: Includes base organic commission & fee revenue (excludes supplemental and contingent commission revenues, South Australia ramp up fees and New Zealand claims administration). BRO: Includes total commissions and fees and Colonial Claims' revenue related to Hurricane Sandy from 1Q13, among other items (excludes profit sharing and supplemental commissions). MMC: Includes all segments of revenue, using consistent currency translation (Excluding divestitures, business unit transfers, and acquisitions). WSH: Includes total commissions & fees (excludes legacy contingent commission, investment, and other income). All broker calculations exclude the impact of foreign currency translation, divestitures/disposed operations, and the first twelve months of acquisition commission & fee revenue, except where noted.*

*[5]EBITDA is not adjusted to include the add-back of non-recurring expenses written off throughout the year.*

***TERMINOLOGY KEY:*** **LTM:** LAST 12 MONTHS (03.31.16); **CAGR:** COMPOUND ANNUAL GROWTH RATE (03.31.16); **EBITDA:** EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION & AMORTIZATION; **NM:** NON-MEASURABLE; **YOY:** YEAR OVER YEAR

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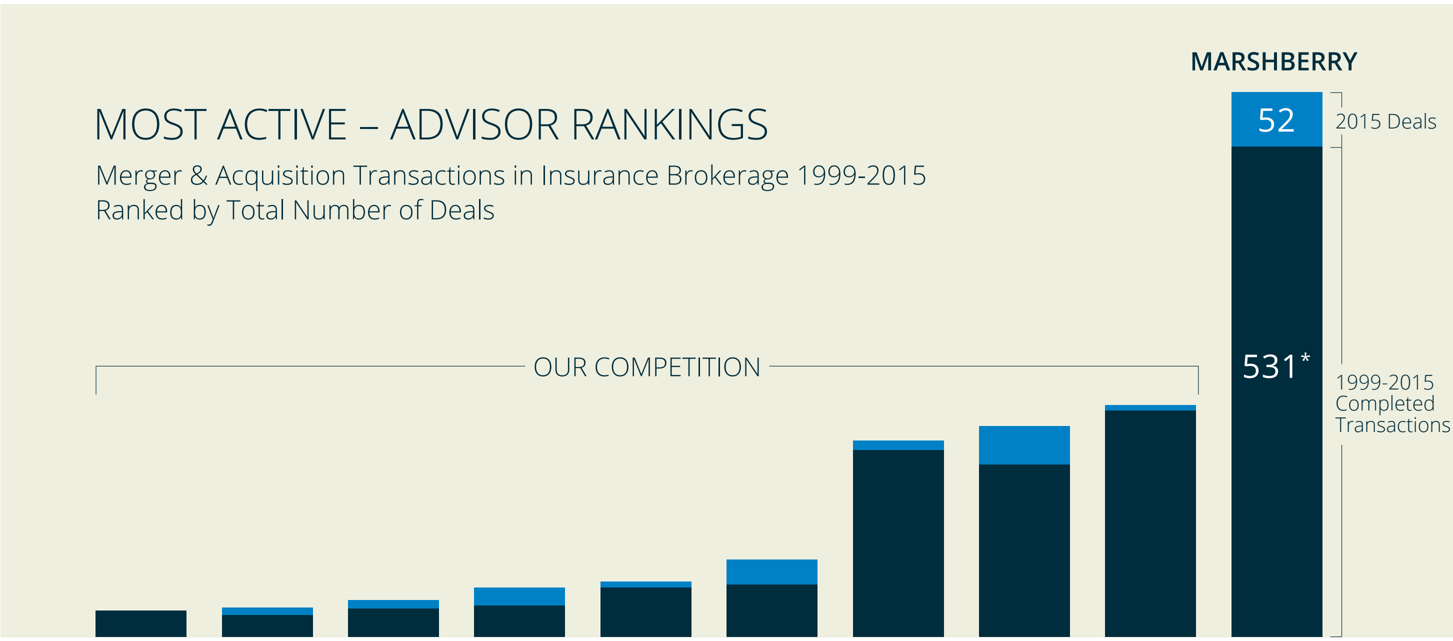
35TH ANNIVERSARY

# NEW YEAR. SAME RANK.




**Completed transactions in the United States as reported by *SNL Financial*, January 24, 2016**

This data displays a snapshot at a particular point in time of the number of deals as reported by *SNL Financial*. It has not been updated to reflect subsequent changes, if any.

## #1 M&A RANKING BY *SNL FINANCIAL*

- 531* total Merger & Acquisition (M&A) transactions advised on since 1999, representing 29% of total advised deal flow as tracked by *SNL Financial*
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Cleveland, OH

**06.27-29** **Emerging Leaders**
Chicago, IL

## AUGUST 2016

**08.02** **Organic Growth Executive Seminar**
Cleveland, OH

## OCTOBER 2016

**10.06** **SalesPro Producer Training**
Cleveland, OH


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