



MOMO Inc. AND THE ONLINE HEALTH INSURANCE MARKET

10/4/2020

By S.H.A.R.K. (Spencer, Hannah, Rocky and Kira)

Table of Contents



Company Introduction

1. Current Growth
2. Future Predictions



Market Overview

1. Current Growth
2. Current Pain Points
3. Future Growth
4. Future Opportunities



Business Models

1. Three Sectors in the Market
2. Three Business Models used by similar companies
3. MOMO's Business Model
4. Reasons for this Business Model
5. Risks and Potential Problem



Market Entry Strategy

Our client, MOMO Inc., is a mobile-based social networking company with positive and upward tendency on its all financial indices and customer data in the past 5 years

1 Company Information

Chairman & CEO: Yang Tang

Registered Capital: 90.3 million

Established Year: 2012

Number of Employees(in person): 2350

Location: Beijing, China

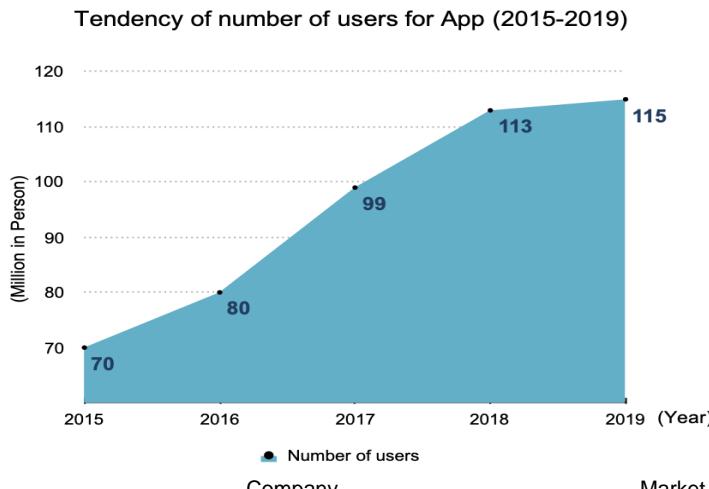
Industry Category: Internet Media

Main Product: Momo Mobile Application, Tantan Mobile Application

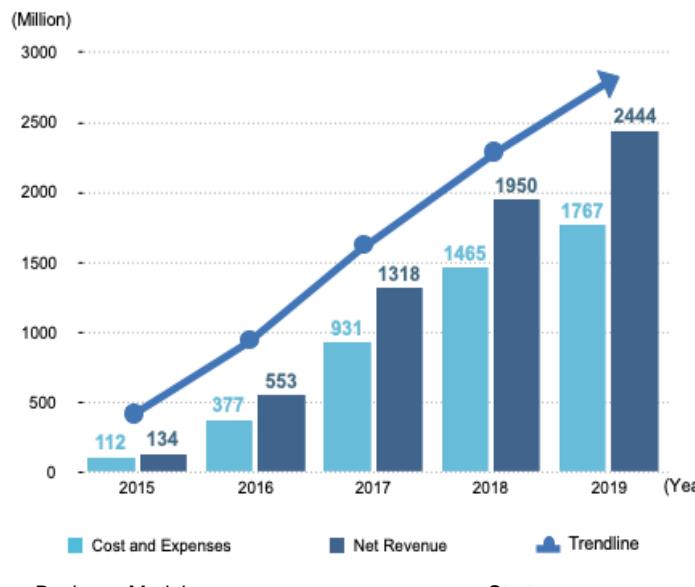
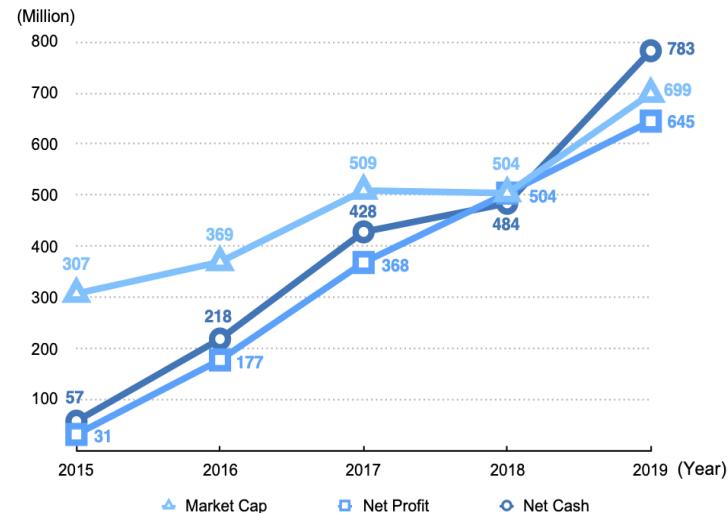
Product Description: mobile-based social and entertainment platforms.

Product Main Functions: live talent shows, short videos, social games, live chats and mobile karaoke experience

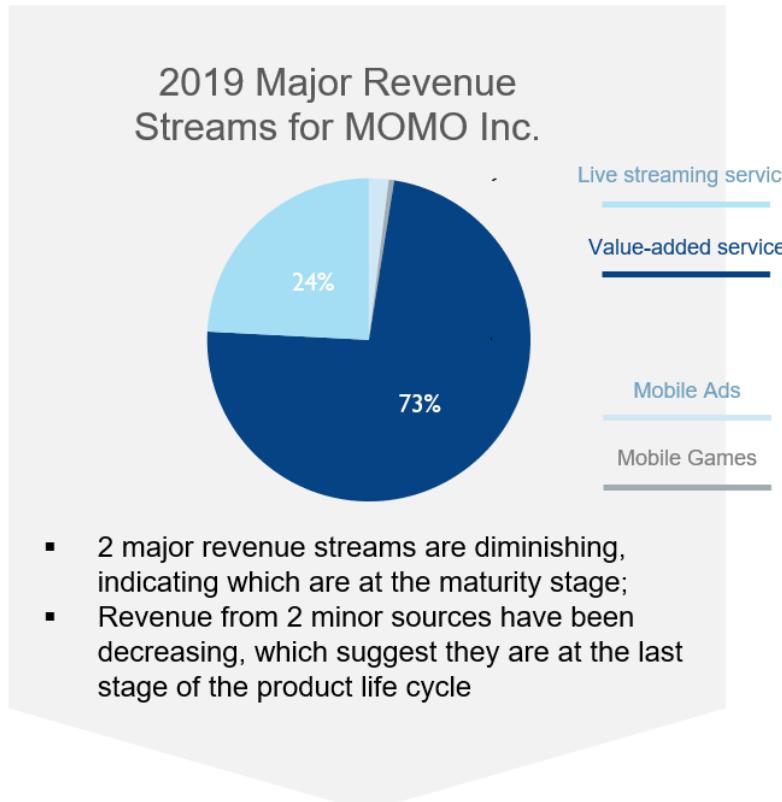
3 User Situation of MOMO



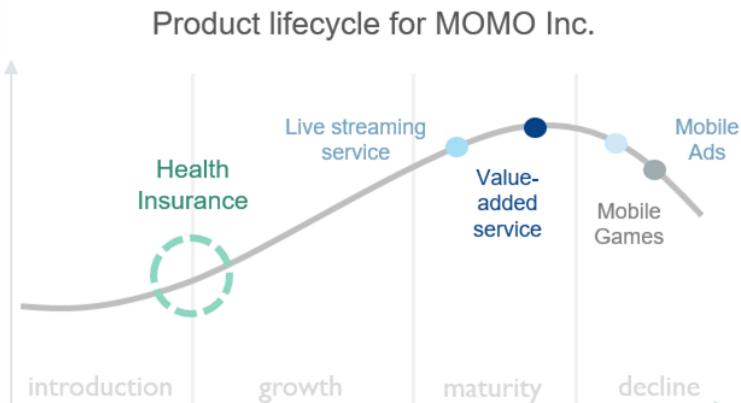
2 Financial Situation (in USD)



Nevertheless, the growth rates of financial indices are decreasing continuously in recent years. MOMO Inc. should enter health insurance market to change the current situation

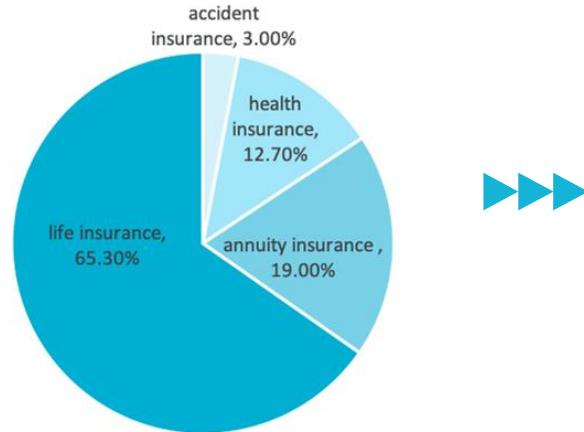


ALL CURRENT PRODUCTS ARE LATE-STAGED IN THE PRODUCT LIFE CYCLE, WHICH MEANS ARE WITH LOW GROWING POTENTIAL, NECESSARY TO DEVELOP NEW PRODUCT LINES FOR FUTURE SUSTAINABLE GROWTH.

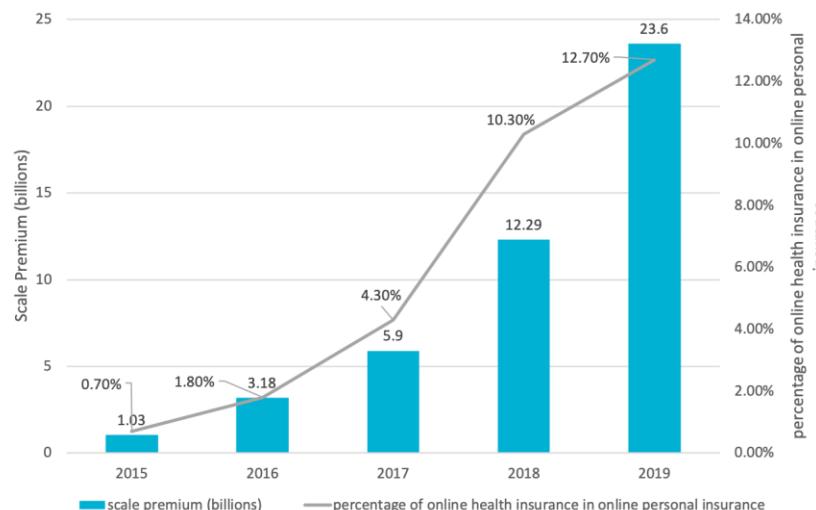


Current: Online health insurance market is growing rapidly over the past few years

2019 Online Personal Insurance Composition



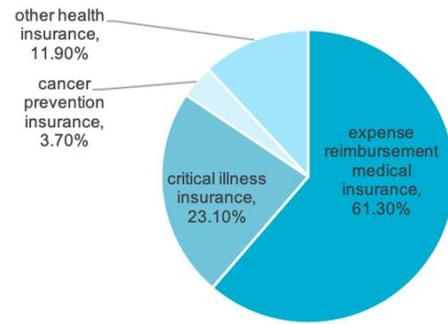
Development of Online Health Insurance (2015-2019)



KEY NUMBERS

- In 2019, online life insurance market **returned to a steady growth**, with a total annual premium of **185.77 billion yuan**. Health insurance is the **fastest growing sector**.
- Health insurance premiums totaled **23.6 billion yuan** in 2019, up **92% year on year**.
- The proportion of health insurance in life insurance increased to **12.7%**, up by **2.4% year on year**.

2019 Online Health Insurance Composition



Among health insurance, expense reimbursement medical insurance is the main sector. The accumulative insurance amount **reached 14.47 billion yuan** in 2019, **126% higher** than previous year, accounting for **61.3% of the total insurance amount** of online health insurance.

Current: Market pain points mainly lie on technology and customer experiences

1 Technology yet to be fully utilised

平安e生保2020

尊享e生



Homogenous Products

- Prices determined using actuarial models
- Based on statistical and historical data
- Products often homogenous to cater the needs of general markets



High Maintenance Costs

- Large insurance agents are required to gain sales and are often easily impacted (COVID-19)
- Large operational teams also required



Claims Processing

- Inefficient and fails to integrate with the ecosystem
- Requires operational staff and involves high costs

Results obtained through interview with Mr. JINGJIAN HU, Product Manager at PingAn Insurance

2 Customer Experiences

In 2018, Banking and Insurance Regulatory Commission and its local offices received 16,976 complaints on sales disputes from life insurance company, accounting for 42.63 % of the total.



Traditional companies seek to improve experience through key processes. While this is logical, it misses the bigger picture, therefore resulting overall unsatisfaction.

Future: Great growth potential underlies online health insurance market

1 Increasing Middle-Class Families is Changing the Consumption Structure

UBRAN PRIVATE CONSUMPTION IN CHINA

■ AFFLUENT (>229,000RMB)
■ MIDDLE CLASS (60,000-106,000RMB)

■ UPPER MIDDLE CLASS (106,000-229,000RMB)
■ POOR(<60,000RMB)



2022



HEALTHCARE SYSTEM IN CHINA

Commercial Health Insurance
Basic Medical Insurance for Urban Employees
Basic Medical Insurance

SUPPLEMENTARY

The new Rural cooperative medical insurance

PRIMARY

Medical Assistance Funds in Urban and Rural Areas

Charitable Donations

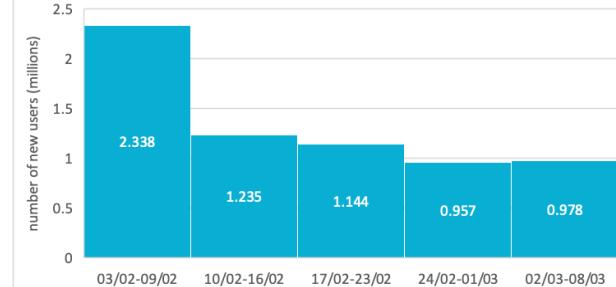
SECONDARY

3

Commercial Health Insurance can address key social issues that stress the national healthcare system

2 COVID-19 Increases awareness and brings new opportunities to the industry

Number of New Insurance App Users during Covid-19 Outbreak in China



平安好医生 visited by 1.11 billion people during COVID-19

Aging Population

- Less insurance funds payers
- Greater demand for commercial health insurance
- Population above 65 is expected to reach 0.329 billion in 2050

Deficit in Medical Benefits Funds

- Increase in Medical expenses and demand for services
- Greater pressure on the system due to COVID-19
- It is expected that Medical benefits funds will be in deficit by 75.37 billions yuan by 2024

Individual Medical Spending far from ideal level

- Percentage of Medical Spending paid by individuals has decreased gradually due to new regulations
- However, it is far from WHO's recommended level. Threats of such economic crisis has not been eradicated.

Future: The key for growth and success is to build an ecosystem with new technology



Products standardized

- 产品解读 (Product Interpretation)
- 保险权益 (Insurance Benefits)
- 特殊说明 (Special Note)**
- 理赔信息 (Claim Information)

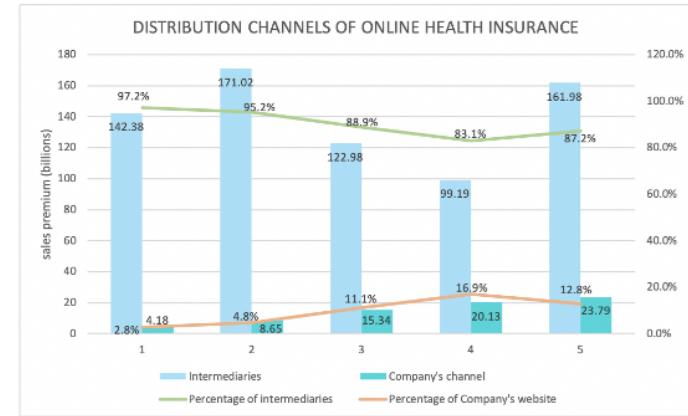
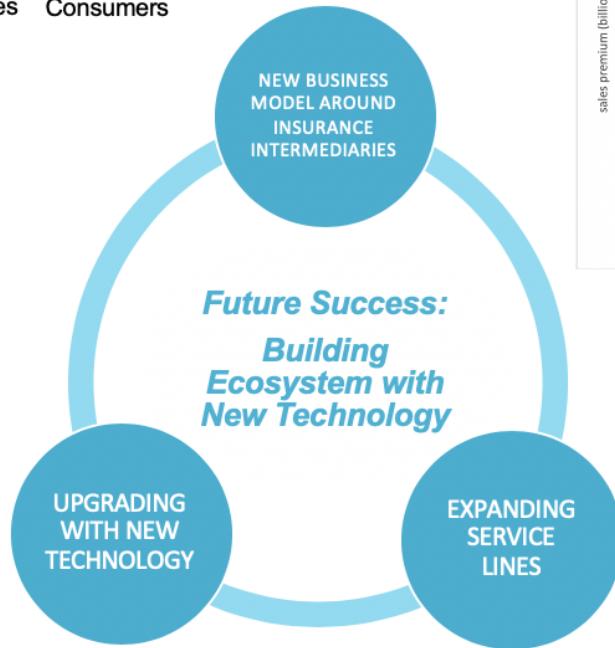
simplified and transparent policies

Matching scenarios

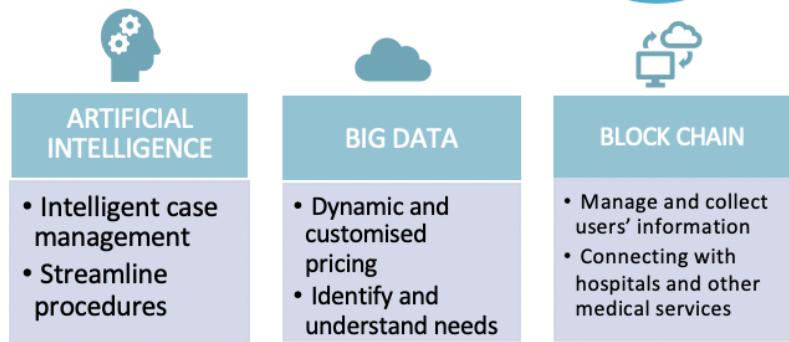
- Create needs in all aspects of life
- Flight Delay Insurance
- Shipping return insurance

Ctrip 携程

Taobao.com



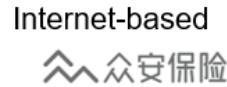
In 2019, the accumulative insurance premiums reached **161.98 billion yuan** through third-party platforms, reaching an **increase of 63.3% than 2018**, accounting for 87.2% of the total insurance premiums of Internet life insurance



There are three sectors in the online health insurance industry. All internet companies similar to MOMO play the role of insurance intermediaries

2. Licensed Insurance Company

The underwriter of insurance policy by who the claims are processed.



1. BaaS

(Blockchain-as-a-Service)

Blockchain-as-a-Service (BaaS) is the third-party creation and management of cloud-based networks for companies in the insurance business of building blockchain applications.

UBI



SaaS



Risk Management



TPA



3. Intermediary

Represents insurance companies and sell insurance product to clients through their channel

Internet scenario



Internet Traffic



Internet distribution



There are currently three business models for online insurance intermediaries

Most similar to MOMO
Most suitable for MOMO

Internet Scenario



STRENGTH:

- Customer strategy: accurately target and understand preferences and demand
- Underwriting and Policy Management: Stronger capabilities of risk controls
- Product and Pricing: Tailored innovation integrated in scenarios. Greater bargaining power with insurance companies

WEAKNESS:

- Customer Strategy:Negative feedback from customers who are not interested in insurance.

Internet distribution



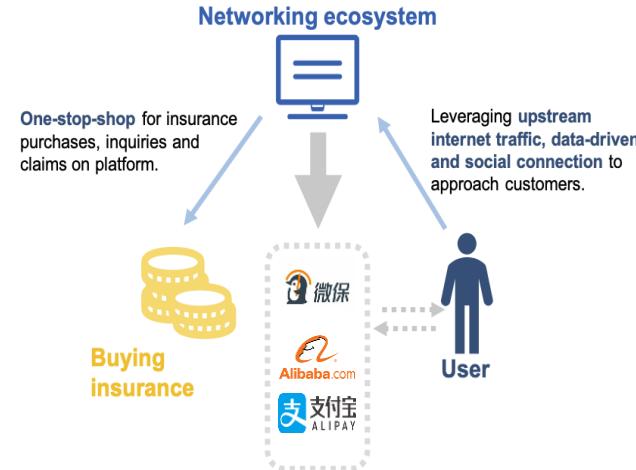
STRENGTH:

- Product and Pricing: lower cost and more comprehensive products
- Policy and Claim Management: Established and more sophisticated system

WEAKNESS:

- Customer Strategy: weak correlation with customers.
- Product and Pricing: low level of innovation and lack of data

Internet Traffic



STRENGTH:

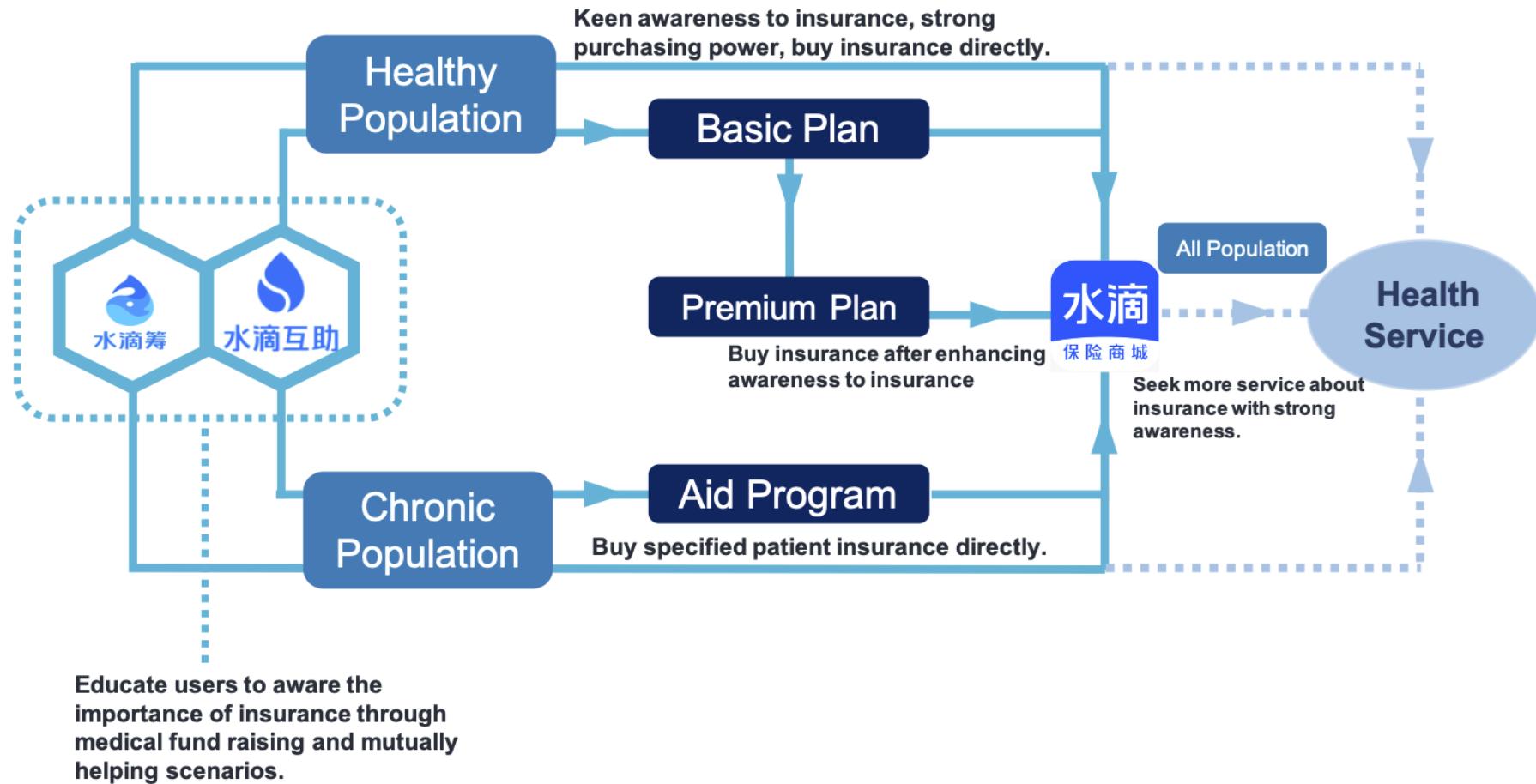
- Marketing:lower customer acquisition cost

WEAKNESS:

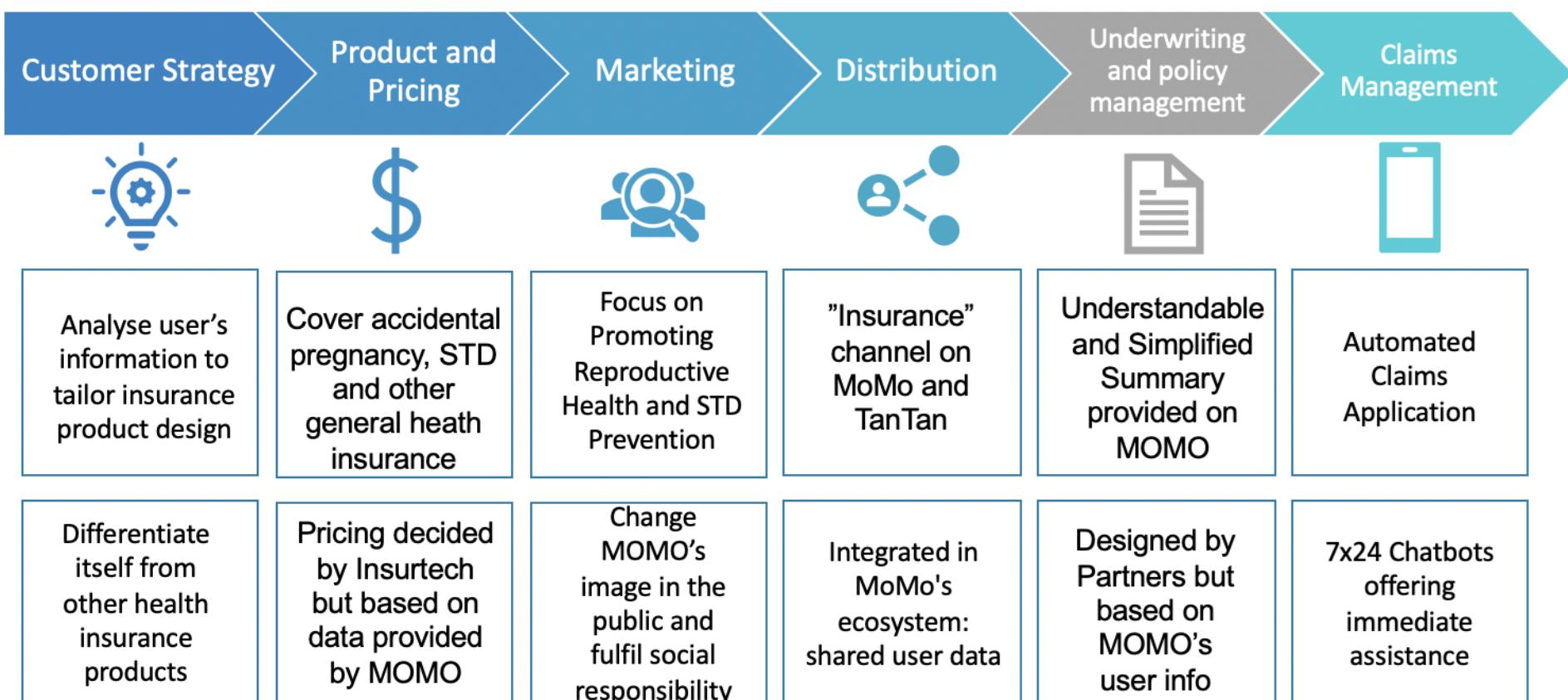
- Product and Pricing: weak correlation with customers
- Customer Strategy: solely relying on willingness

Case Study: SHUIDI, an Internet company as MOMO, employs the business model of internet-scenario and effectively exploits the opportunities through innovating the online insurance value chain

Leveraging the scenarios of fundraising and mutual assistance on the Internet, customers are more aware of the severity of illness, therefore paying more attentions to health insurance.



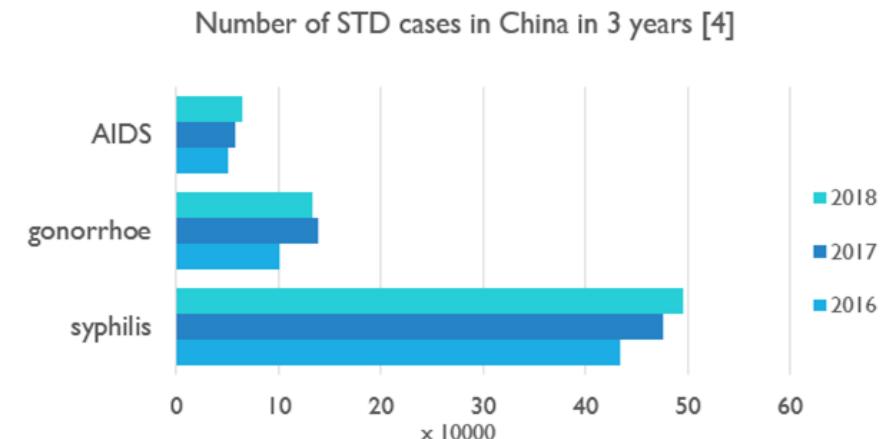
MOMO's Business Model: Internet-Scenario Insurance Intermediary focusing on health insurance, particularly Reproductive Health, Accidental Pregnancy and Sexually Transmitted Disease (STD) Insurance



Business Model Reason 1: There is an absence of STD insurance in the market while China lacks adequate support for reproductive health

Attractiveness

Health insurance covering STD (Sexually transmitted disease) is yet a **BLUE OCEAN MARKET** in China



Feasibility

The target audience is **HIGHLY OVERLAPPED** with MOMO users

MOMO has **GREAT CUSTOMER BASE**

141m Active User on MOMO /
57.4% (81m) involved in offline dating
33.8% (27.38m) engaged in condomless intercourse with the last partner found through social apps. [1]

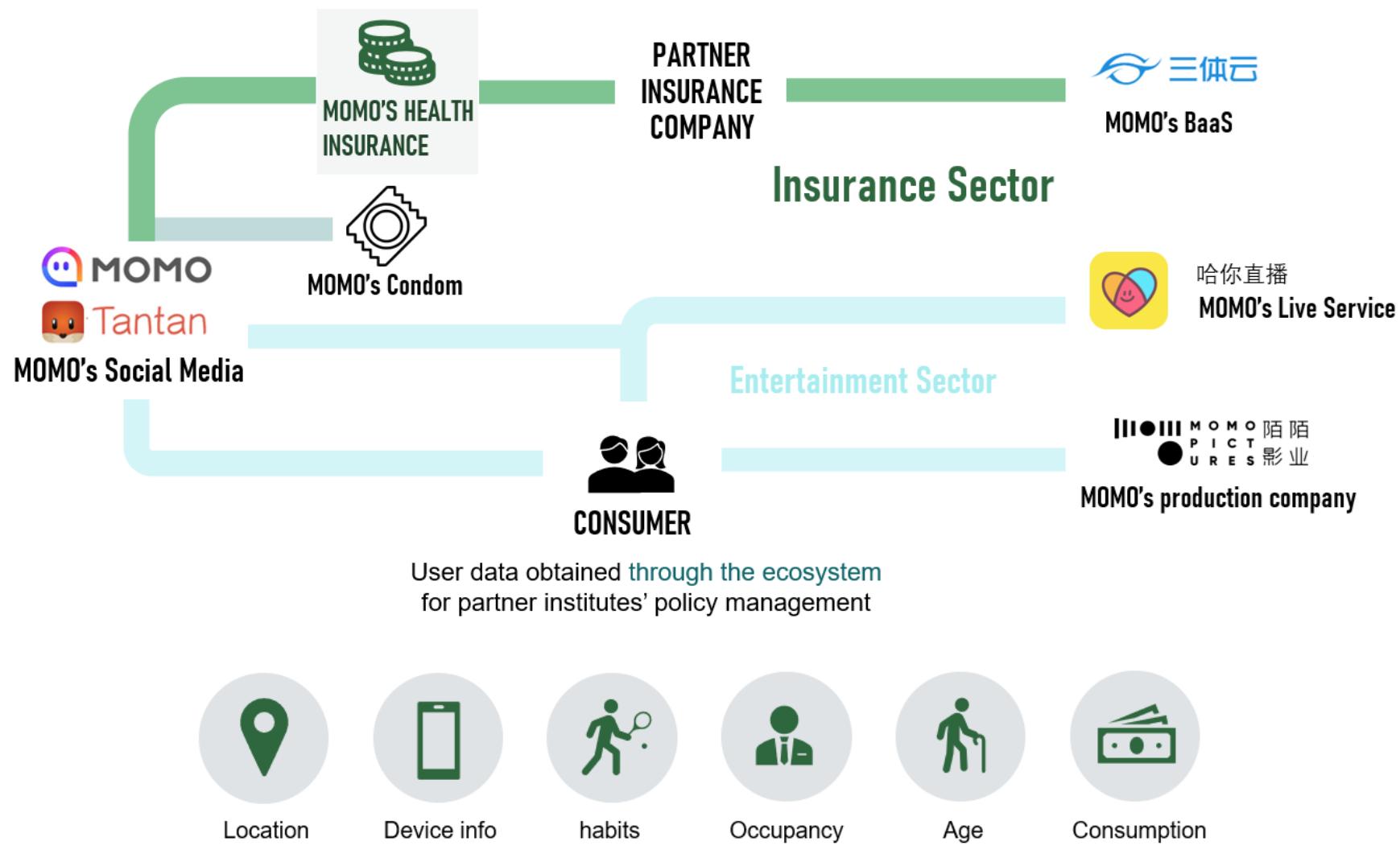
[1] MOMO 2018 Annual Report

[2] China Social Mobile App User Insight Report, 2017, Iresearch Inc <http://www.imediaad.com/attaches/2017/08/0-mpBP5f.pdf>

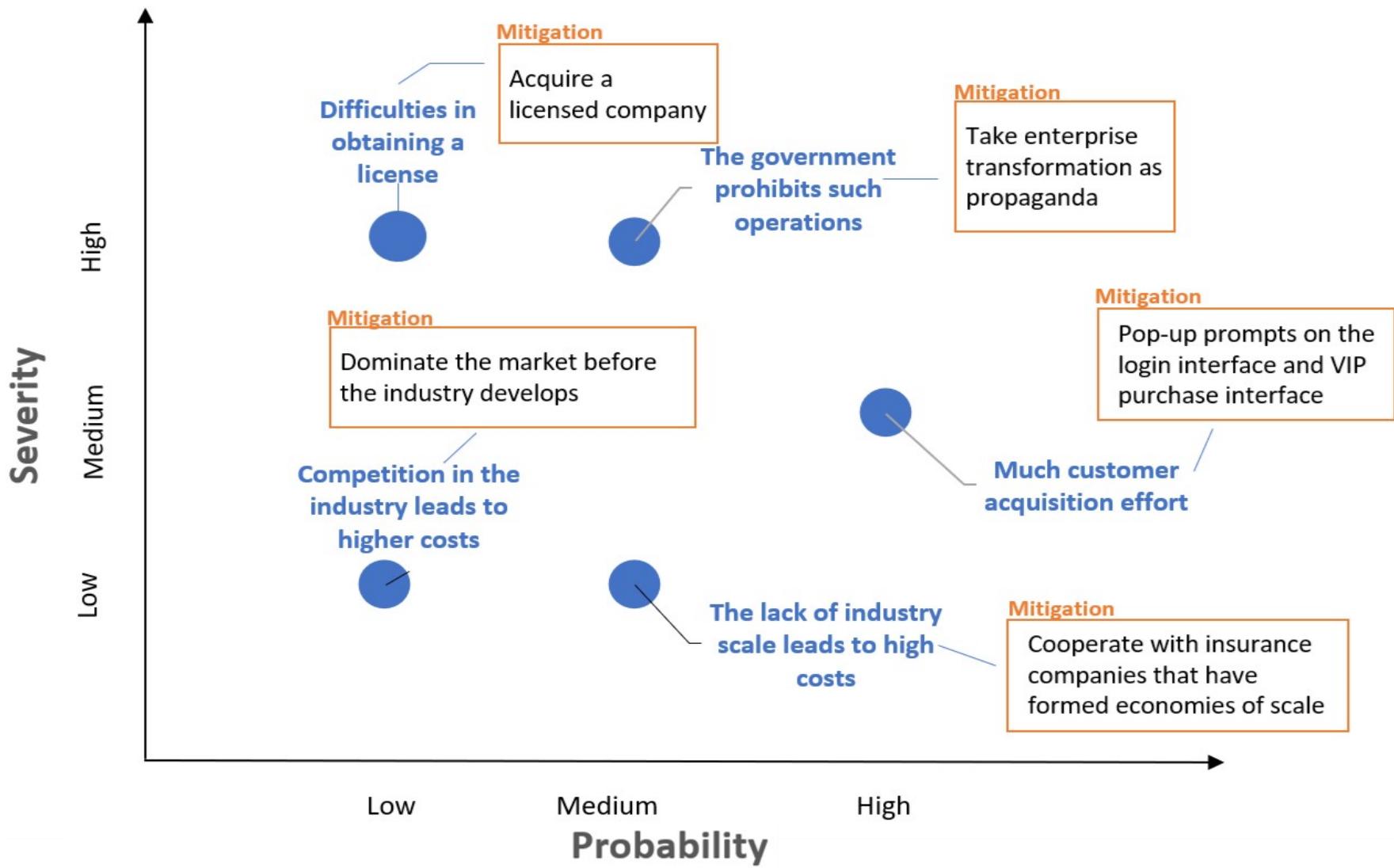
[3] Li, Changchang; Chen, Lei; Tang, Weiming; Yang, Bin; He-Ping, Zheng; et al. *Sexually Transmitted Infections*; London Vol. 95, Iss. Suppl 1, (Jul 2019): A182. DOI:10.1136/setrans-2019-sti.460

[4] China's Health yearbook 2017-2019

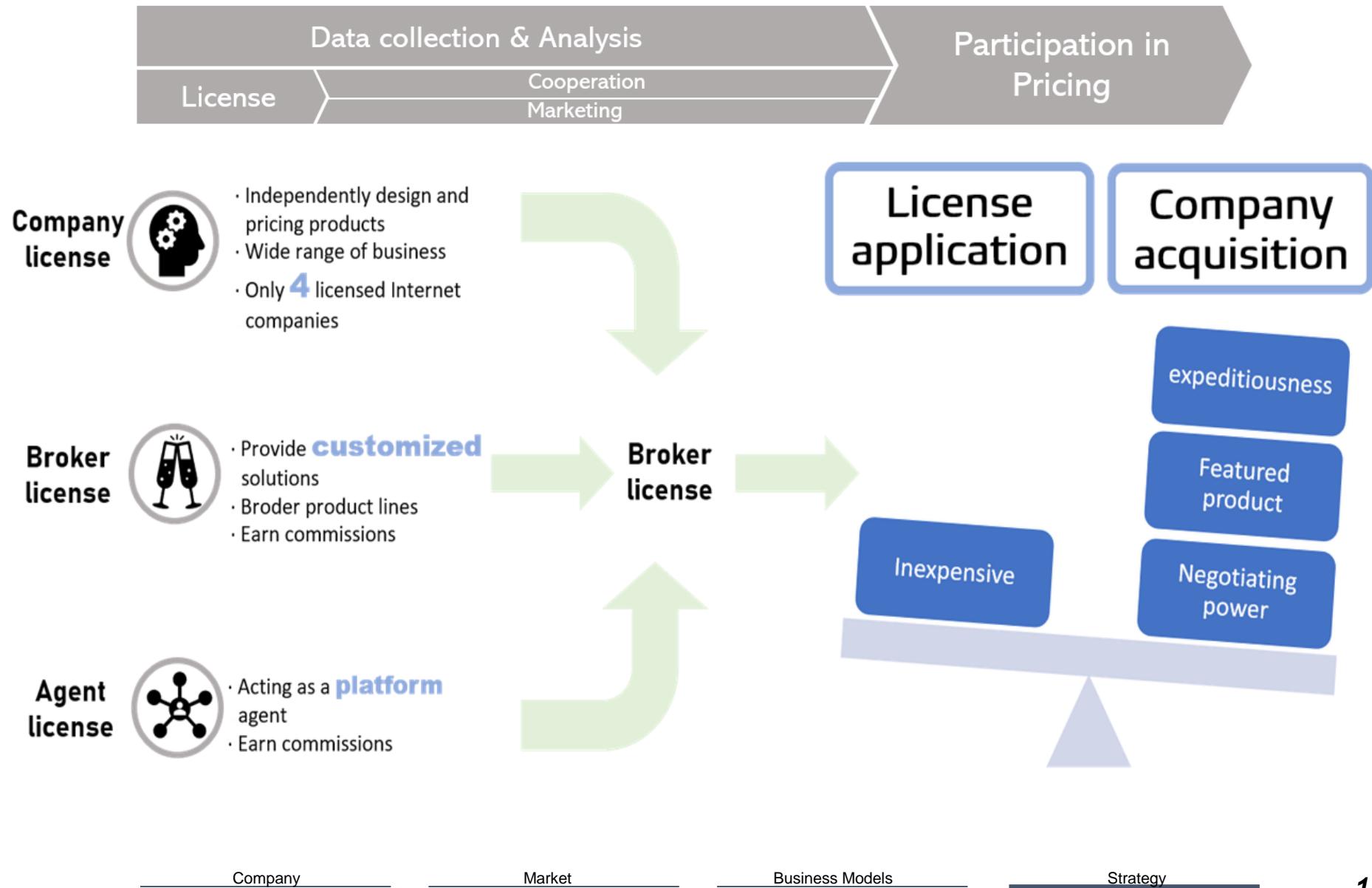
Business Model Reason 2: MOMO's existing industrial ecosystem can fully support its health insurance product line, allowing creation of scenarios and data analysis for users



Risk analysis: Major risks of entering this market are government regulations and customer acquisition



Market Entry Strategy 1: Acquiring an insurance company to obtain an intermediary licence



Market Entry Strategy 2: Promoting MOMO's Health Insurance Sector through building new corporate values and educating the public on reproductive health

ONLINE

EDUCATION CENTRE

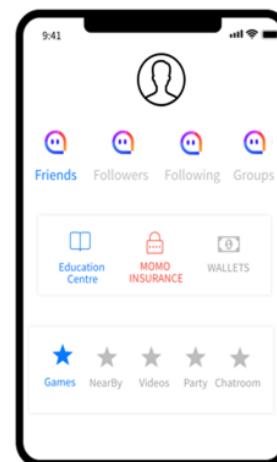
- Different sectors in the app providing info on Reproductive Health, STD, Protection during sex
- Inviting experts to livestream on reproductive health and related issues
- Information on STD Testing Centers and hotlines

ADVERTISING CAMPAIGN

- Shoot a documentary on STD patients and the lack of awareness on reproductive health
- Hashtags and Invite KOL to raise awareness on the lack of education in these topics
- Beginning Marketing Campaign should not be focused heavily on the insurance product itself

OFFLINE

- **Free condoms program** for qualified applicants
- **Volunteer Teaching** of Reproductive Health in Rural Areas and Offer STI testing kits to rural governments



Marketing Goals



Build new corporate values fulfil social responsibility -es

Transform existing bias on MOMO into positive impressions

Raise awareness and direct user to purchase MOMO Insurance

Market Entry Strategy 3: Collaborating with Insurtech to design innovative products and potentially develop an ecosystem

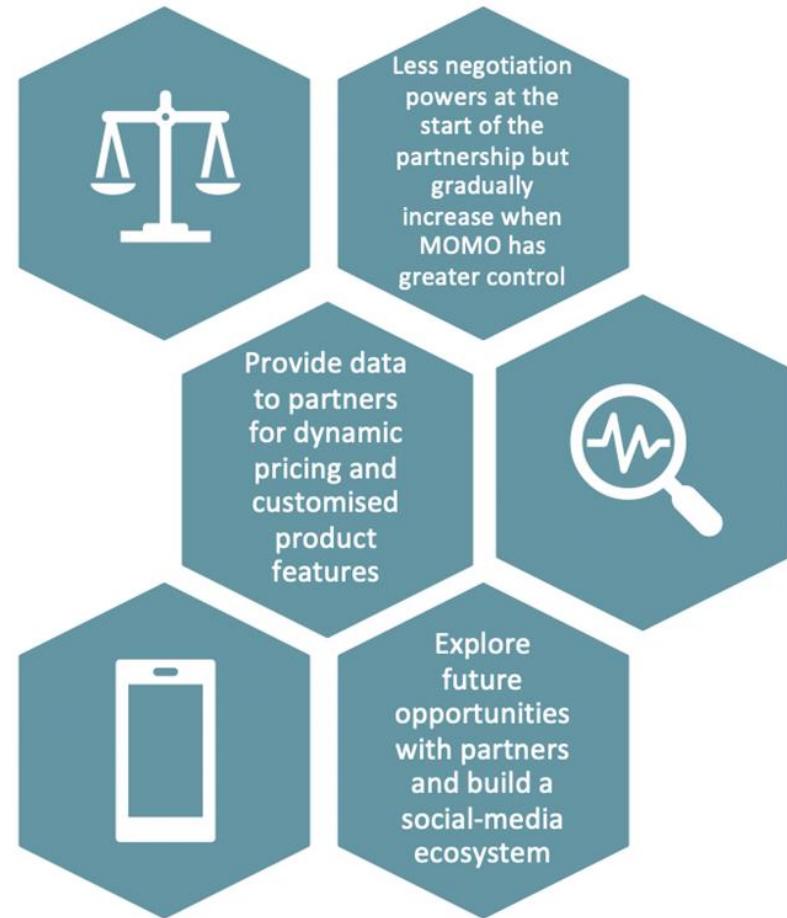
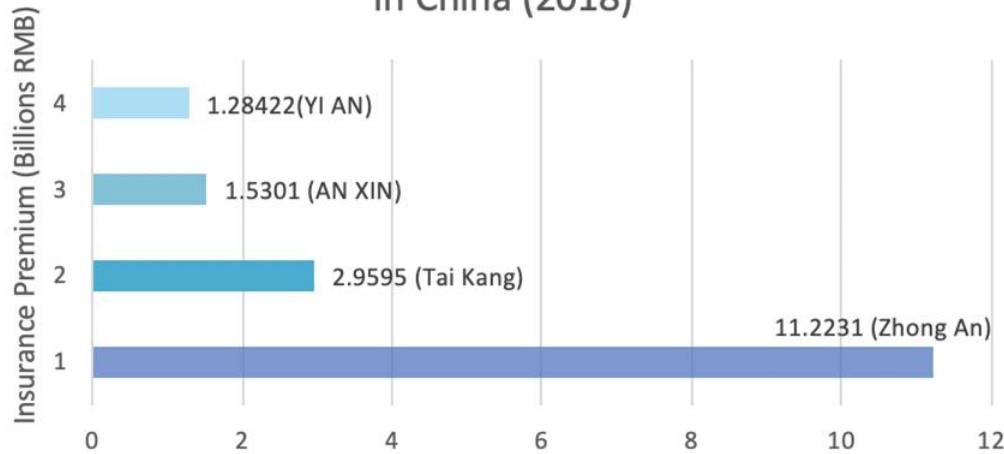
众安保险



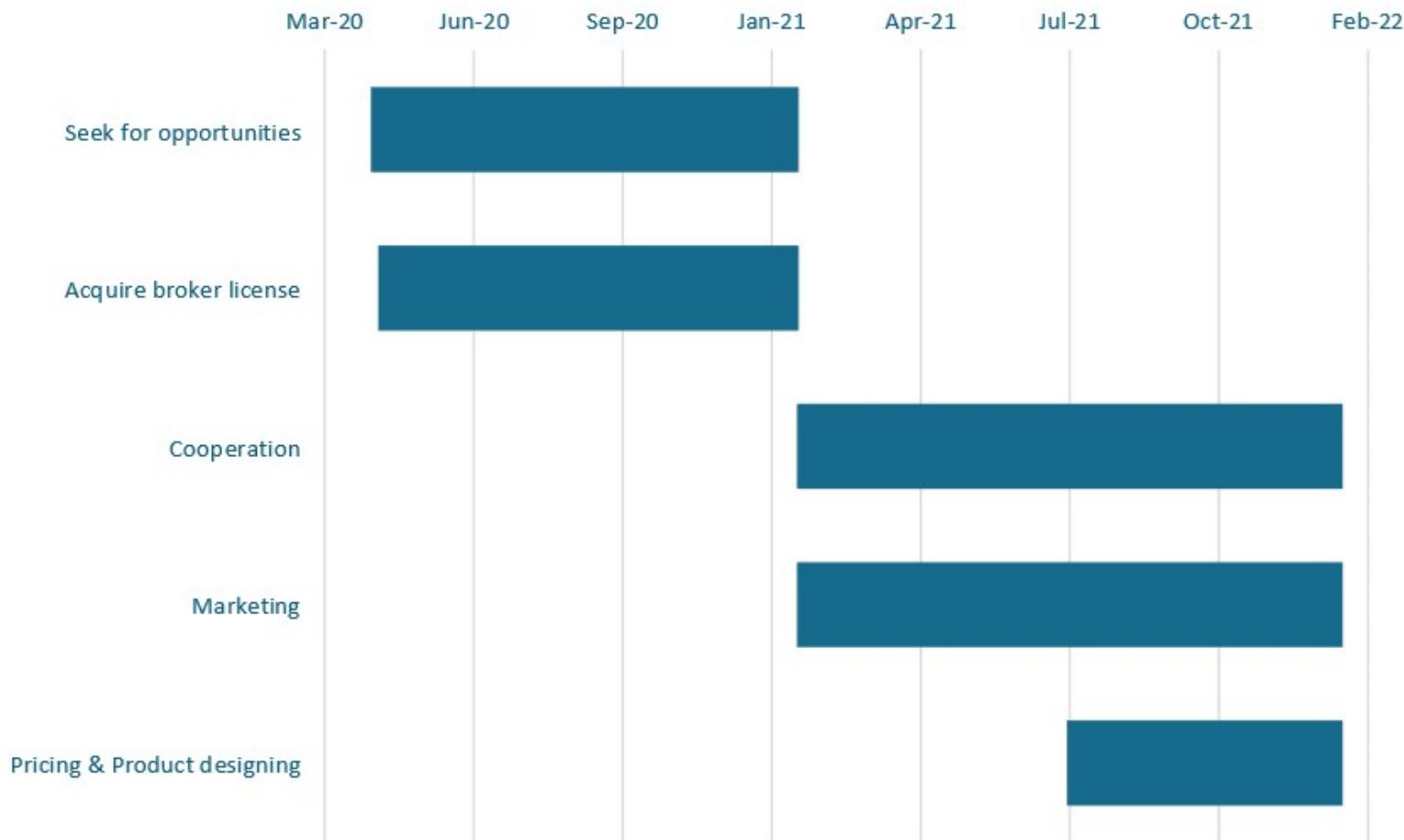
安心
互联网保险

易安保险
YI AN .COM

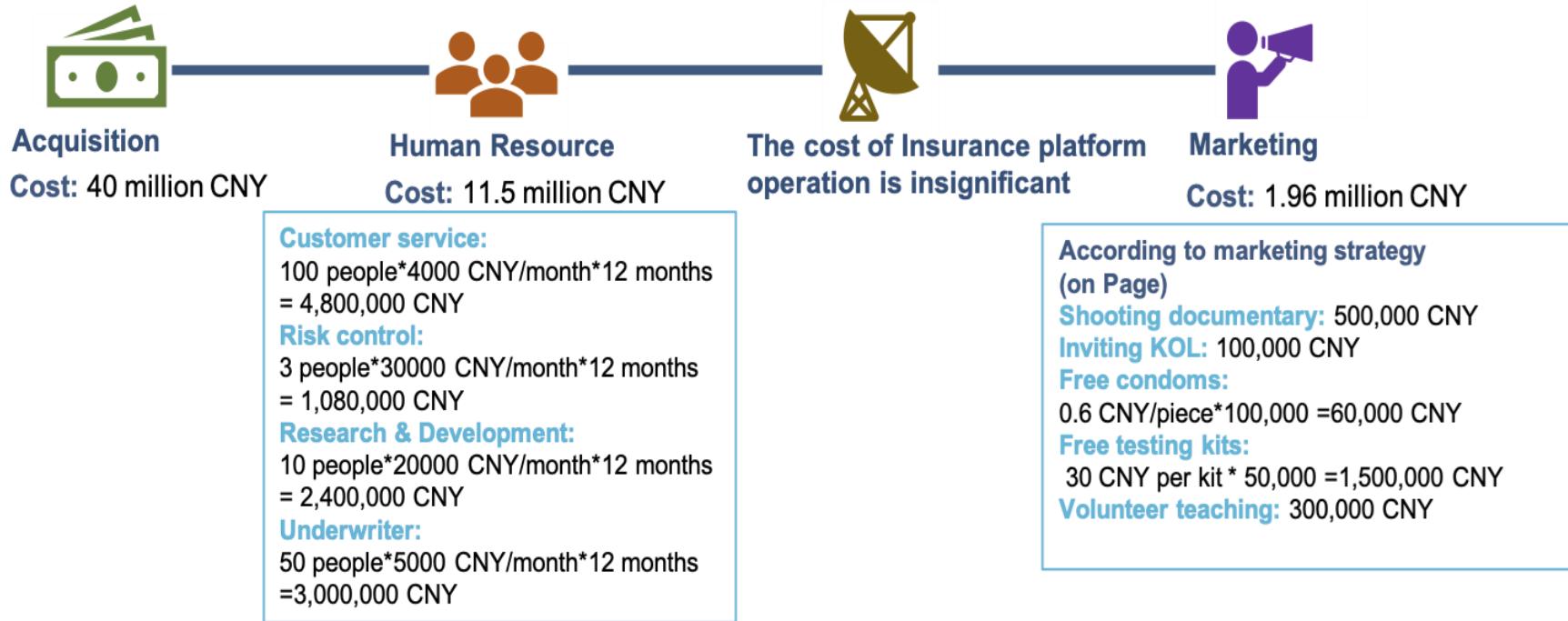
Insurance Premium of Four InsurTech Company in China (2018)



3-Year Market Entry Strategies Implementation Timeline



Revenue Model: MOMO Inc. can reach break-even with 0.842% market share



$$\begin{array}{rcl} \text{Insurance Price} & \times & \text{Commission fee} \\ = ¥ 300 & & = 15\% \\ & & \end{array} = ¥ 45 / \text{transaction}$$

Thus, achieve breakeven when 0.842% of MOMO users purchased the service (according to appx. 1).
Regarding the blue ocean nature of the market, the market share is reasonable., and is likely to be achieved in short period.

Therefore, MOMO should enter the market based on quantitative analysis.

APPENDIX

Appendix: SHARK analysis for market share

Cost = 53.46 million CNY

Breakeven: Revenue – Cost = 0

Revenue – 53.46 = 0

Revenue = 53.46

Industry average commission fee = 15%,

Expected price = 300,

$$\text{market size} = \frac{53.46m}{15\% * 300} = 1.188m$$

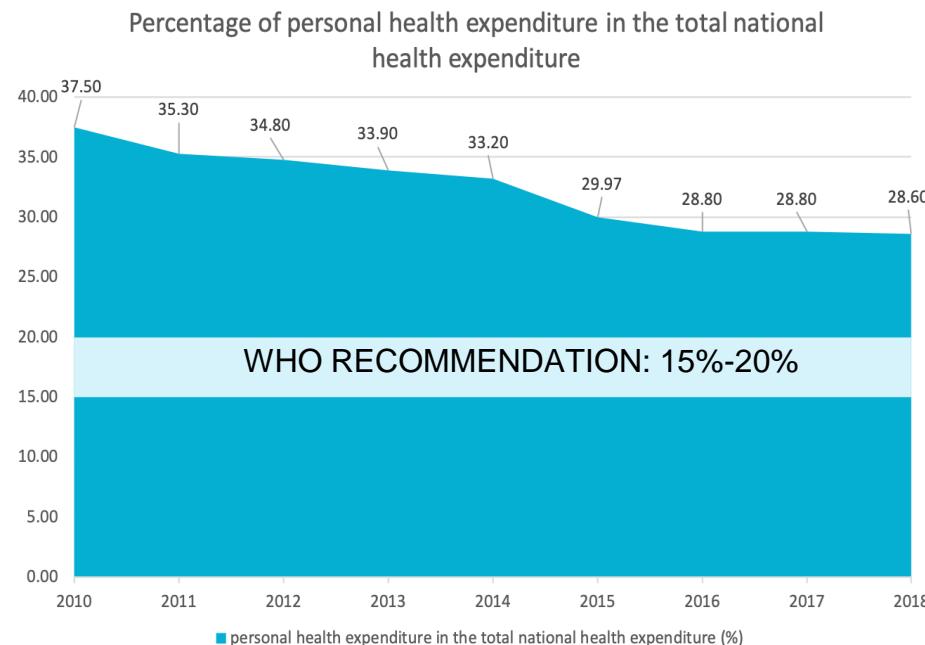
Active user of MOMO = 141m,

$$\text{market share} = \frac{1.188}{141} = 0.842\%$$

Appendix: Government Regulations

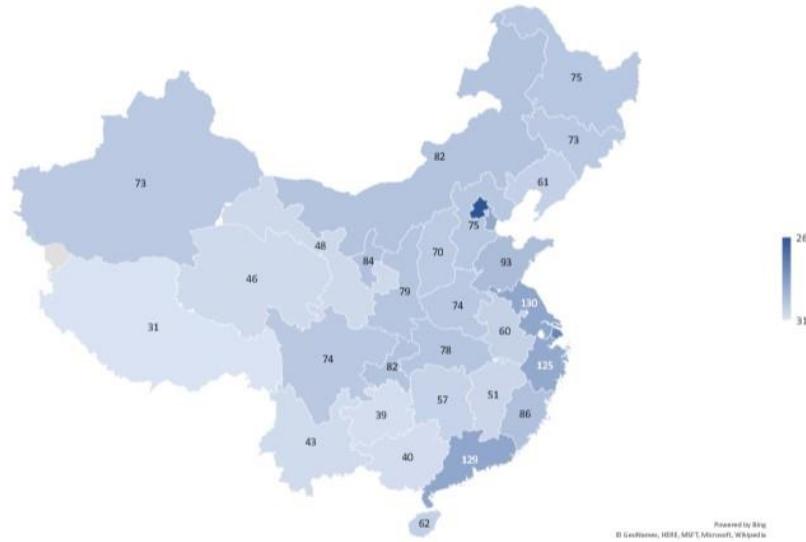
“Insurance institutions are encouraged to provide comprehensive health insurance products and services in response to consumer needs. The goal is to expand the commercial health insurance market to over RMB 2 trillion by 2025.”

—Opinions on Promoting the Development of Commercial Insurance in Social Services

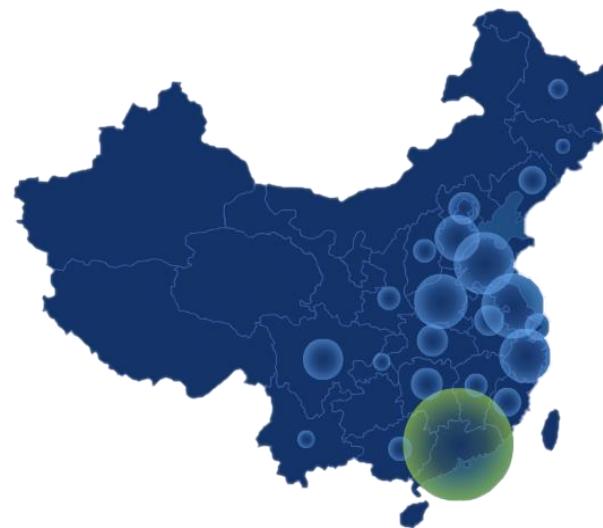


Appendix: Distributions

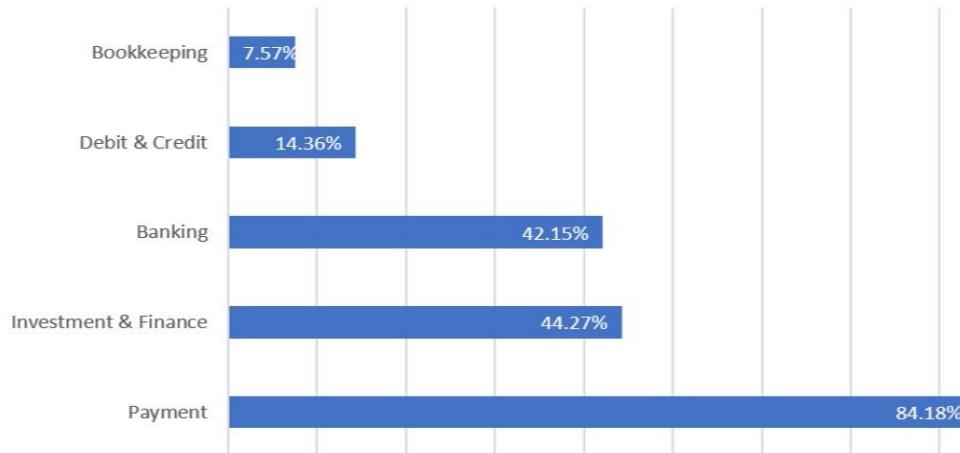
Health insurance density by region (\$)



Momo's User distribution

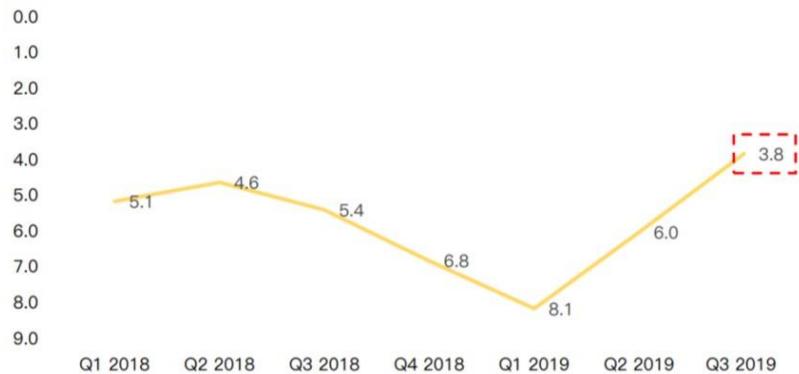


APP preference distribution in the investment field



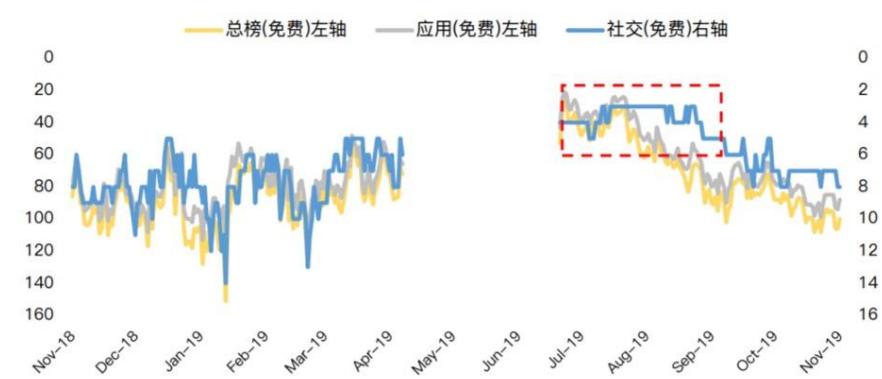
Appendix: Popularity of Momo's app

探探在 SNS 社交应用中 (iPhone) 的下载排名 (季度平均)：三季度明显回升



数据来源：[老虎证券整理](#)

探探在下载排名 (iPhone) 在各类榜单中的 (按天)：三季度明显回升



数据来源：[七麦数据](#), [老虎证券整理](#), 注：空白处为下架期间

陌陌成立新公司，经营范围含一次性使用医疗用品销售等

2020-03-27 分享至 

36氪获悉，天眼查数据显示，3月24日，天津小陌范式科技有限公司成立，注册资本100万人民币，法定代表人、最终受益人为陌陌联合创始人雷小亮，公司经营范围包括卫生用品和一次性使用医疗用品销售、人工智能硬件销售、化妆品零售、母婴用品销售、保健食品销售、婴幼儿配方乳粉销售等。天眼查股东信息显示，天津小陌范式科技有限公司由陌陌的运营主体——北京陌陌科技有限公司全资持股。[原文链接](#)

The background features a minimalist design with abstract geometric shapes. It consists of three overlapping rectangles: a dark blue one on the left, a teal one in the center, and a medium blue one on the right. These shapes overlap in a way that creates a sense of depth and movement.

THANK YOU