OUTSIDE THE BOX

Opinion: These 3 growth sectors are helping people flourish — and long-term investors are buying in

Market leaders such as Amazon and Humana are betting on the high-margin business of unlocking people's potential as the ultimate investment

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> *Healthcare, financial services and education form the foundation of the emerging 'transformation economy.'*

Stop reading if you're a short-term investor. But if you invest for the long term, recognize that the economic sectors poised to grow more than average are those that help people become, as the old proverb has it, healthy, wealthy and wise.

Why? Because people buy such offerings specifically to help them achieve their aspirations — whether that's improving well-being, increasing prosperity or developing knowledge.

These aspirations speak to customers' greatest desires, their dreams for the future, and their conceptions of who they are and who they strive to be. There is no greater economic value a business can create than to guide customers in achieving their aspirations.

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Such companies are, economically, in the transformation business, where they guide customers from who they are today to what they desire to become across some aspect of self. Transformations are a distinct economic offering. While most economists only identify commodities, goods, and services as economic offerings, we have long been in an "experience economy," where experiences — memorable events that engage each person in an inherently personal way — have become the predominant economic offering.

> *Transformations generate time well-invested. When people live longer in a world of far more abundance, they value their time more.*

The economy is now shifting from experiences to transformations — effectual outcomes that change individuals in a lasting way. From engaging customers to transforming them. From creating memories to achieving aspirations. From ephemeral events to lasting change. From experiencing to flourishing.

Healthcare, financial services and education form the foundation of the emerging "transformation economy." Such sectors have already seen tremendous growth in revenue and pricing in the past few decades, in no small part because they are perhaps the most regulated with frequent government interventions, which pushes up prices.

But a large reason for such pricing increases is because people value them more. Why? Time. Commodities, goods and services provide time well-saved, while experiences offer time well-spent.

Transformations generate time well-invested. When people live longer in a world of far more abundance, they value their time more. In fact, people want goods and services to be commoditized — bought at the lowest possible price and the greatest possible convenience — in order to spend their hard-earned money and their harder-earned time not just on experiences but on the transformations they value so much more highly.

No wonder venture firm Andreessen Horowitz recently raised $15 billion to invest in companies "that generate human flourishing: biology, health, defense, public safety, education, and entertainment."

Likewise, consider investing your own hard-earned money where people invest in their *selves*, in becoming who they want to become, in flourishing as human beings. Such businesses recognize that the end goal is not profit per se but the flourishing of their customers, employees and communities. Profits are the measure of how well a company fulfills your purpose of fostering human flourishing.

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Investing in 'transformation' stocks

Here are some principles to apply for investing in companies that will tend to thrive in the transformation economy. Look for companies that:

1. Sacrifice short-term results for the long-term benefit of their customers: For example, last November Jim Rechtin, CEO of Humana ↓ **HUM -2.96%**, told analysts that he was "prepared to take targeted actions to slow new sales if we reach the point where the volume risk is negatively impacting member experience," sacrificing growth while fulfilling the health benefits company's purpose of "helping people live healthy and happy".

2. Get people to pay out of their own pockets for well-being: Think of the app Noom, which empowers individuals to lose weight and keep it off by changing their thought processes and their behaviors through lessons, peer accountability, 1:1 coaches and an AI chatbot. (It turns out that one thing AI is very good at is coaching.) Noom users invest their time — encounter by encounter, lesson by lesson, behavior change by behavior change — to achieve weight-loss or well-being goals.

3. Focus on the impact on customers' lives or their businesses: Insurance provider Unum ↓ **UNM -2.08%** recognizes that its offerings aren't just about paying money when something bad happens, but that it is "helping the working world thrive throughout life's moments." In B2B, ABM Industries ↓ **ABM -1.91%** provides facility, cleaning, support and other offerings that fulfill its purpose "to make a difference, every person, every day."

4. Create new business models focused on the outcomes customers achieve: Calibrate, a metabolic health company, subsumes GLP-1s into a membership-fee program where personal coaches, supplemented with AI, work with members on individual goals across a number of elements (food, sleep, emotions, exercise) to achieve those aspirations — a process that continues even after the weight goal is met.

5. Charge for customers' achievement: Calibrate's "results money-back promise" offers a 50% refund of its membership fees if members do not lose at least 10% of their weight over 12 consecutive months. In B2B, IT consulting company Cognizant Technology Solutions ↓ **CTSH -1.70%** bills for its work only when customer-defined outcomes are achieved.

6. Commoditize goods and services: Think here of two of the largest companies in the world, Amazon.com ↓ **AMZN -3.95%** and Walmart ↑ **WMT +0.58%**. Both are getting more into health and well-being, but their greatest contribution to human flourishing is, perhaps paradoxically, that they commoditize goods and services, enabling customers to buy at the lowest possible prices and greatest possible convenience. (Amazon even seeks to commoditize AI by greatly lowering the costs of using it in businesses.) This, in turn, enables customers to spend and invest both money and time on more highly valued experiences and transformations.

There's one antiprinciple to this: Do not invest in companies that intentionally try to addict their customers to spend more time, attention and money on them, to the detriment of those customers' flourishing. This is a road on which many social-media sites, apps and AI companies seem to be trodding.

Instead, invest in the companies that best embrace the transformation economy and contribute to human flourishing.

B. Joseph Pine II is cofounder of Strategic Horizons LLP and author of "The Transformation Economy: Guiding Customers to Achieve Their Aspirations." *(Harvard Business Review Press, 2026.)*