GAME-CHANGER: THE DIGITALIZATION OF EMPLOYEE BENEFITS DELIVERY

A new wave of human resources technology offers employers unprecedented access to digital solutions for simplifying benefits management. Are employers ready?

GUARDIAN®

INTRODUCTION

The digital age of employee benefits has arrived. The broad trend toward digitalization is creating a paradigm shift for the human resources and employee benefits functions. Increasingly, businesses are turning to human capital management (HCM) technology solutions, which seek to integrate benefits administration applications with their payroll, talent acquisition and workforce management platforms.

The adoption curve has spiked thanks to the growth of the software-as-a-service (SaaS) model, which enables large and small businesses alike to gain more affordable access to cloud-based applications for handling various aspects of HCM. Use of technology for payroll processing is well-established, but more employers now use software platforms for human resources management, benefits enrollment and benefits administration.
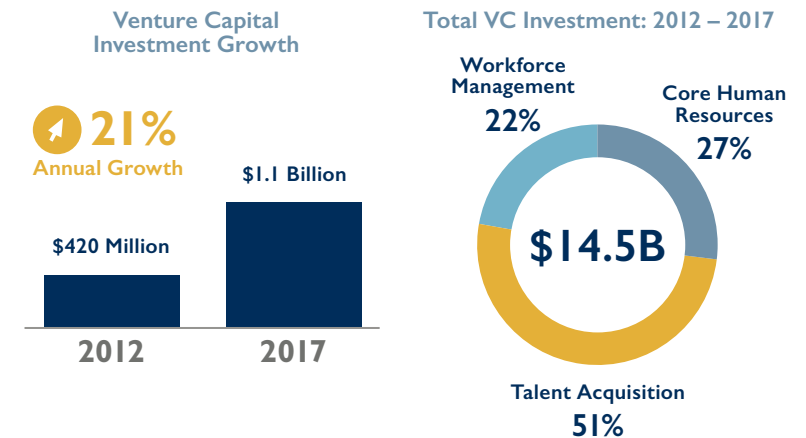
EMPLOYER ADOPTION OF HR TECHNOLOGY
PERCENTAGE USING SYSTEMS/SOFTWARE FOR EACH FUNCTION

80% Payroll

51% Enrollment

44% HR Admin

40% Benefits Admin
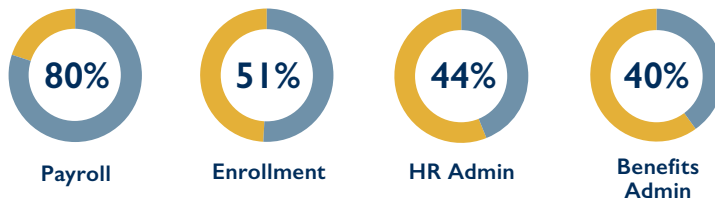
A majority of employers have increased their spending on benefits-related technology in the past five years, with about 50% expecting further increases in the next three years to address their top benefits challenges: controlling costs, increasing efficiency, ensuring legal compliance and improving workforce engagement.

And the availability of HCM-related technology is exploding, with investors steering more than $14 billion into software and platforms since 2012. Investment has grown 21% annually over the past five years, and much of this growth is in integrated platforms for midsize companies (i.e., 100–1,000 employees).

INVESTMENT IN HUMAN CAPITAL MANAGEMENT TECH[1]

Venture Capital Investment Growth

21% Annual Growth

$420 Million — 2012

$1.1 Billion — 2017

Total VC Investment: 2012 – 2017

$14.5B

- Workforce Management 22%
- Core Human Resources 27%
- Talent Acquisition 51%

Demographic shifts, coupled with society's growing reliance on digital technologies, are reshaping consumer expectations of the employee benefits experience. As millennials continue to expand their share of the U.S. workforce over the next decade, their demand for a more intuitive, personalized and engaging benefits experience is a given, and the marketplace is responding.

Employers plan to increase their investment in HR and benefits technology; consequently, business leaders will require greater support in developing a strategy and evaluating the plethora of available models, platforms and vendors. Identifying and implementing more holistic HCM technology solutions will be a growing priority for U.S. employers in the next five years. Ready or not, the digital benefits revolution is here.
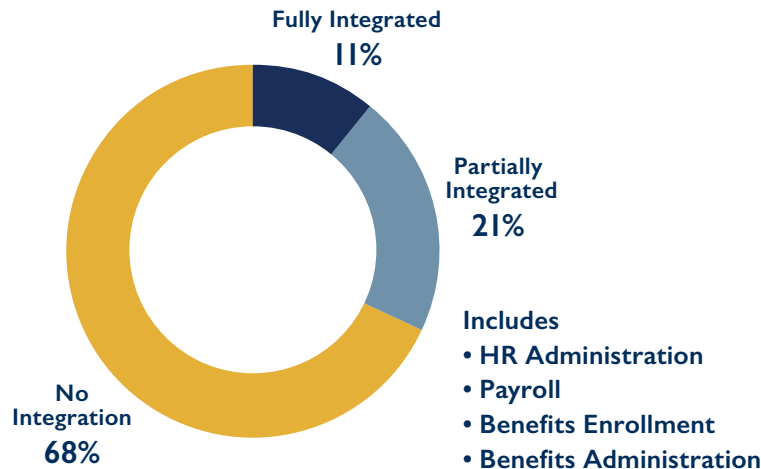
HR SYSTEMS INTEGRATION IS THE NEXT FRONTIER FOR EMPLOYERS SEEKING GREATER EFFICIENCY AND ENGAGEMENT

As the role of the human resources' function has evolved to become a more strategic business partner, new and improved technology is replacing much of the administrative work that used to be part of the day-to-day HR activity. Payroll, onboarding, time and attendance tracking, and benefits administration have become increasingly digitized processes at many companies.

More employers are now looking to integrate their HCM systems to better capitalize on the potential value of a comprehensive enterprise model. Nearly one-third of employers report that their core HR and benefits systems are at least partially integrated. But many smaller businesses are still dependent on paper and manual processes, while larger companies often utilize a patchwork of legacy systems and siloed technologies across their organizations.

EMPLOYER TECHNOLOGY INTEGRATION
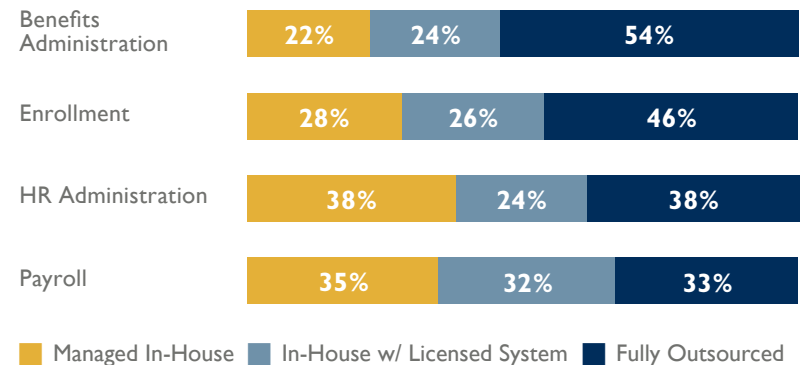### FOR CORE HR AND BENEFITS FUNCTIONS

Fully Integrated
11%

Partially Integrated
21%

No Integration
68%

Includes
• HR Administration
• Payroll
• Benefits Enrollment
• Benefits Administration

ONE-THIRD OF EMPLOYERS HAVE AT LEAST PARTIALLY INTEGRATED THEIR CORE HR SYSTEMS

FULL OR PARTIAL HR SYSTEMS INTEGRATION
BY NUMBER OF EMPLOYEES

All Employers	5–24	25–99	100–499	500–999	1,000+
32%	27%	28%	34%	39%	56%

Number of Employees
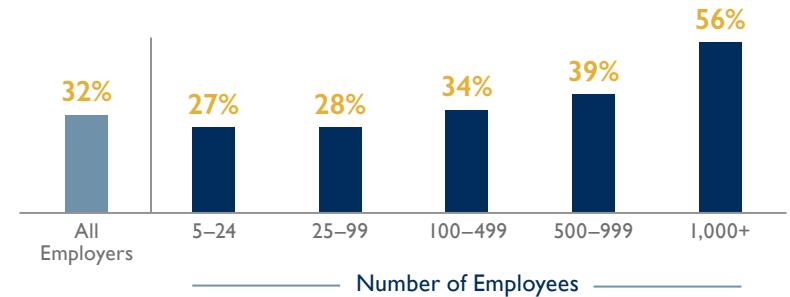
A majority of employers either fully outsource or co-source (i.e., license software) their HR and benefits functions. External resources are most commonly used for benefits administration (78%), while more than one-third of companies rely on in-house resources for HR administration (38%) and payroll processing (35%).

EMPLOYER USE OF TECHNOLOGY
FOR HR AND BENEFITS FUNCTIONS

	Managed In-House	In-House w/ Licensed System	Fully Outsourced
Benefits Administration	22%	24%	54%
Enrollment	28%	26%	46%
HR Administration	38%	24%	38%
Payroll	35%	32%	33%

Legend: ■ Managed In-House ■ In-House w/ Licensed System ■ Fully Outsourced

INNOVATIVE SOLUTIONS ARE NEEDED TO ADDRESS BENEFIT COSTS, COMPLIANCE AND PRODUCTIVITY

Pressure is mounting for employers to rein in benefit costs and ensure legal compliance of their programs while managing a widening array of benefit offerings. In addition, employers remain focused on making benefits affordable for their workforce, and improving employee productivity and engagement. Making progress on these top priorities has been a struggle for 68% of employers, and nearly half expect that their companies will place even greater importance on these goals over the next three years.

TOP FIVE EMPLOYER BENEFITS OBJECTIVES

Control Costs	Provide Affordable Benefits	Employee Productivity	Maintain Compliance	Employee Engagement
80%	**80%**	**78%**	**77%**	**77%**

Percent rating 8–10 on a 10-point scale

2 IN 3 EMPLOYERS ARE HAVING DIFFICULTY ACHIEVING THEIR TOP BENEFIT PRIORITIES

Given the unprecedented pace of change in employee benefits this past decade, it is not surprising that 58% of employers say managing their benefits programs has become increasingly complex—up from 52% in 2015.

3 IN 5 EMPLOYERS say managing benefits is increasingly complex

Midsize companies with 100–1,000 employees and younger firms are among the most likely to feel challenged in managing their benefits programs. In addition, employers that offer high deductible health plans (HDHP) with a health savings account (HSA) and those that self-insure their medical plans are more likely to feel that managing benefits is getting increasingly complex.

EMPLOYERS MOST LIKELY TO AGREE THAT MANAGING BENEFITS IS INCREASINGLY COMPLEX
PERCENT SAYING "HIGHLY COMPLEX"

IN BUSINESS 5–10 YEARS	**72%**
OFFER HIGH DEDUCTIBLE HEALTH PLAN WITH SAVINGS ACCOUNT	**69%**
MIDSIZE FIRMS (100–1,000 EMPLOYEES)	**68%**
SELF-INSURED MEDICAL PLAN	**68%**

Progressive, high-growth companies are also more attuned to the fact that managing benefits is becoming increasingly complex and are more likely to adopt benefits technology as a solution.

FORWARD-LOOKING, GROWTH COMPANIES SEEK TO ADDRESS BENEFITS COMPLEXITY
PERCENT SAYING "HIGHLY COMPLEX"

ANTICIPATE SIGNIFICANT CHANGE IN THE NATURE OF WORK	**72%**
HAVE AGGRESSIVE REVENUE GROWTH GOALS FOR THE NEXT 3 YEARS	**69%**
HAD SIGNIFICANT EMPLOYEE GROWTH IN THE PAST 3 YEARS	**68%**

EMPLOYERS ARE ALLOCATING MORE BUDGET TO BENEFITS TECHNOLOGY AND ELEVATING ITS STRATEGIC IMPORTANCE

Technology is receiving greater attention from C-Suite executives seeking simplification of their HCM functions, including benefits administration. In fact, "expanding the use of benefits technology" has been a top cost-containment strategy the past five years for tasks such as benefits enrollment, eligibility tracking, record-keeping and leave management. The percent of employers placing greater importance on having a benefits technology strategy increased sharply since 2016, as have employers emphasizing greater integration of their benefits programs.

IMPORTANCE OF BENEFITS TECHNOLOGY & INTEGRATION

PERCENT HIGHLY IMPORTANT — 2017 VS. 2016

|	Expand Use of Benefits Technology	Better Integrate Benefits Plans
2016	37%	35%
2017	49%	49%

■ 2016 ■ 2017
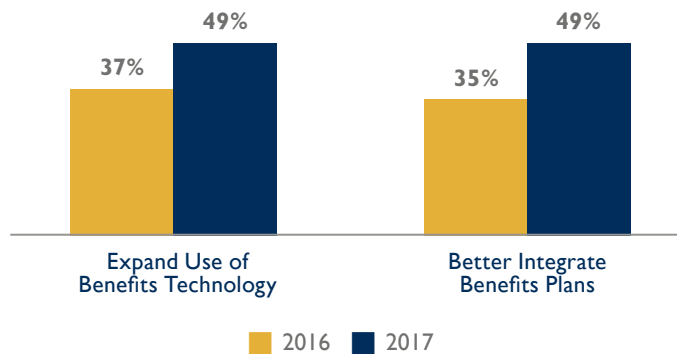
The role and impact of benefits digitalization is likely to increase further through the end of this decade. More than 40% of all employers say that expanding their use of technology will be among their top benefits strategies in the next five years.

TECHNOLOGY IS BECOMING AN INTEGRAL PART OF BENEFITS STRATEGY FOR MANY EMPLOYERS

For many employers, technology already plays a central role in their benefits cost-containment strategy, especially among midsize companies (i.e., 100–1,000 employees). Utilizing technology is also a key cost-control strategy among employers in the high-tech, education and retail sectors.

EMPLOYERS MOST LIKELY TO RATE TECHNOLOGY A KEY BENEFITS STRATEGY

PERCENT HIGHLY IMPORTANT

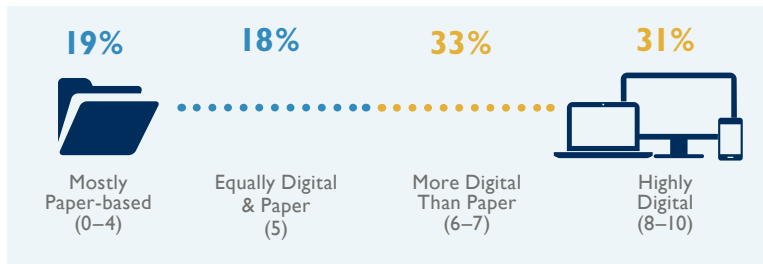| Midsize (100–1,000 employees)	High Tech	Education	Retail Firms
68%	**63%**	**58%**	**56%**
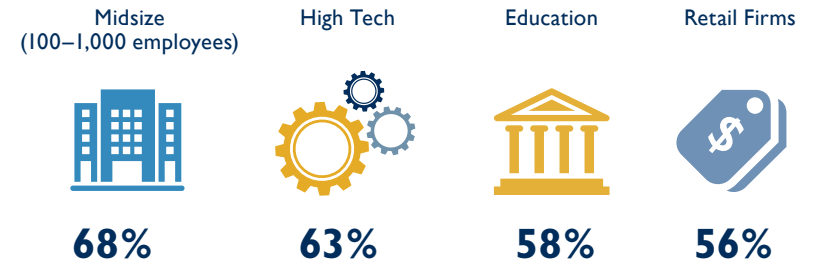
About half of benefits decision-makers plan to spend more on benefits technology in the next three years, and many already raised their technology spending from 2015 to 2017. Midsize employers are more likely than other firms to expect budget increases for benefits technology.

THE SHIFT TO DIGITAL BENEFITS DELIVERY IS ACCELERATING, PARTICULARLY AMONG MIDSIZE, GROWTH COMPANIES

Technology enables automation and smoother execution of tedious and often time-consuming benefits functions (e.g., ACA tax reporting). Therefore, more employers are moving away from manual paper processes and migrating toward digitizing their core benefits processes. In 2017, 3 in 10 employers reported "highly digital" benefits administration.

DEGREE OF DIGITALIZATION OF BENEFITS ADMINISTRATION

19%	18%	33%	31%
Mostly Paper-based (0–4)	Equally Digital & Paper (5)	More Digital Than Paper (6–7)	Highly Digital (8–10)

The benefits processes that employers are most likely to report efficiency gains through digitalization include record-keeping, enrollment, billing and eligibility processing.

TASKS WITH TOP EFFICIENCY GAINS FROM DIGITALIZATION
PERCENT "VERY EFFICIENT"

Record-keeping	58%
Enrollment	57%
Billing	54%
Eligibility Processing	45%

TWO-THIRDS OF EMPLOYERS ARE MORE DIGITAL THAN PAPER-BASED IN MANAGING THEIR BENEFITS

Midsize firms have more digitized benefits processes compared to smaller ones, due to the scale of the benefits managed. And while startups often use more benefits technology versus mature firms, newer yet established companies are the most highly digital.

Employers with a highly digital approach to handling benefits processes tend to be more growth-focused, open to technology and have an optimistic outlook on their business in the next three years.

EMPLOYERS MORE/LESS LIKELY TO BE "HIGHLY DIGITAL" 8–10 ON A 10-POINT SCALE

MORE LIKELY TO BE HIGHLY DIGITAL

MIDSIZE FIRMS (100–1,000 EMPLOYEES)	38%
IN BUSINESS 5–10 YEARS	42%
HIGH-TECH SECTOR	42%
WEST & SOUTHWEST REGIONS	33%

LESS LIKELY TO BE HIGHLY DIGITAL

SMALLER BUSINESSES (5–24 EMPLOYEES)	27%
IN BUSINESS 20+ YEARS	26%
GOVERNMENT SECTOR	24%
NORTHEAST REGION	27%

MORE EMPLOYERS ARE UPGRADING THEIR BENEFITS DELIVERY MODEL TODAY FOR THE WORKFORCE OF TOMORROW

The shift to a more agile workforce is gaining momentum, with one in five U.S. companies expecting a significant increase in their virtual and flexible workforce over the next five years. Employers are rethinking how they engage a more mobile, tech-savvy and widely distributed workforce.

1 IN 5 EMPLOYERS expect their agile workforce to increase significantly by 2020

Companies are beginning to lay the foundation for an employee benefits model that is more agile and offers the kind of end-to-end user experience that their workers will need and expect. In the past few years, strategies to deliver enhanced self-service platforms offer more effective education to enable better benefits decision-making, and personalized benefits communications and solutions have become increasingly important.

STRATEGIES FOCUS ON EMPLOYEE EXPERIENCE
PERCENT RATING EACH STRATEGY "HIGHLY IMPORTANT"

HIGHLY IMPORTANT = RATED TOP 4 ON 10-POINT SCALE	2014	2017
Improve effectiveness of self-service platforms	61%	75%
Help employees make better benefits decisions	47%	73%
Increase employee financial/benefits education	40%	64%
Tailor benefits to specific employee segments	33%	58%

3 IN 5 MILLENNIALS WISH IT WERE EASIER TO LEARN ABOUT AND ACCESS THEIR WORKPLACE BENEFITS

Millennials (ages 21–38) now comprise more than half of the U.S. labor force, and they are projected to account for 75% of working Americans by 2025. The millennial generation was the first to be raised on mobile technology; consequently, they have different expectations of how their employee benefits should work. They want a digital, mobile and personalized benefits experience, much like their customer experiences with companies like Amazon, Uber, Netflix and Zappos.

While millennials appreciate the convenience of obtaining products and services at the workplace, they are less satisfied with their benefits experiences to date. They are more likely than baby boomers to feel it is difficult to access and learn about their benefits. They would prefer better self-service tools, richer benefits and to use artificial intelligence devices to access benefits and health-related information.

GENERATIONAL DIFFERENCE REGARDING BENEFITS
YOUNG MILLENNIALS VS. BABY BOOMERS

	Young Millennials (ages 22–29)	Baby Boomers
Find it difficult to access benefits	58%	34%
Have a good understanding of how their employee benefits work	46%	60%
Use artificial intelligence (e.g., Alexa or Siri) for benefits or health-related questions	42%	26%
Expect workplace benefits to be more generous in the next 5 years	34%	8%

BENEFITS DIGITALIZATION IMPROVES USER EXPERIENCE AND EFFICIENCY

Many employers want an easy-to-use and integrated benefits platform with employee applications that can be used on mobile devices. Digitalization not only has the potential to improve the employee experience and generate better engagement, but it can positively impact productivity and the efficiency with which employers manage their benefits programs.

For example, companies that have migrated most of their benefits-related processes from paper to digital are more satisfied overall with how well their benefits programs are running.

EMPLOYERS "SATISFIED" WITH BENEFITS ADMINISTRATION

HIGHLY DIGITAL
81% SATISFIED

MOSTLY PAPER-BASED
56% SATISFIED

Furthermore, employers that are "highly digital" report that their core benefits processes are more efficient compared to firms that are mainly paper-based for tasks such as enrollment, record-keeping and eligibility processing.
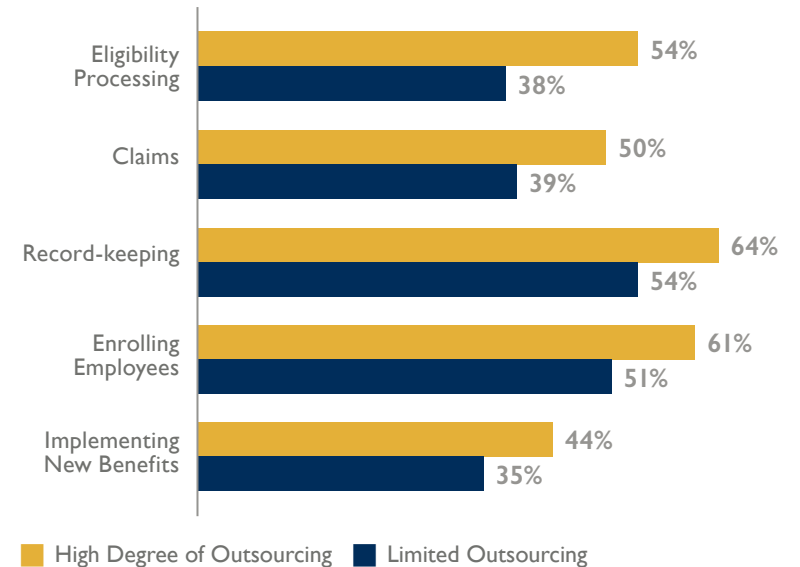
EMPLOYERS RATING "VERY EFFICIENT"
"HIGHLY DIGITAL" VS. "PAPER-BASED"

	HIGHLY DIGITAL	PAPER-BASED	POINTS DIFFERENCE
Enrolling Employees	67%	44%	+23
Record-keeping	68%	48%	+20
Eligibility Processing	53%	33%	+20
Implementing New Benefits	47%	30%	+17
Claims	52%	36%	+16
Employee Communications	39%	27%	+12

HIGHLY DIGITAL EMPLOYERS REPORT GREATER EFFICIENCY ON THEIR CORE BENEFITS PROCESSES

Leveraging the benefits technology and administration expertise of external vendors can improve an employer's results. Greater use of benefits technology and administration outsourcing contributes to higher employer satisfaction with the experience and perceived efficiency in managing benefit programs. Specifically, employers that outsource the management of at least four core benefits processes report increased efficiency overall and on specific tasks, including eligibility and claims processing, record-keeping, enrollment and implementing new benefits plans.

EMPLOYERS RATING EACH PROCESS "VERY EFFICIENT"
HIGH VS. LOW DEGREE OF OUTSOURCING

Eligibility Processing: 54% / 38%
Claims: 50% / 39%
Record-keeping: 64% / 54%
Enrolling Employees: 61% / 51%
Implementing New Benefits: 44% / 35%

🟨 High Degree of Outsourcing 🟦 Limited Outsourcing

CLOUD-BASED APPLICATIONS ENABLE EMPLOYERS OF ALL SIZES TO LEVERAGE THE BENEFITS OF DIGITALIZATION

Senior management teams are increasingly turning to technology as a solution for hitting business goals. Just as automation has enabled employers to improve the efficiency and performance of their core business, employers are betting on digitalization to help enhance benefits communication, enrollment and administration. Long-held fears of investing in new technologies are outweighed by the potential of lower cost and higher reward from innovation.

Nearly 4 in 10 employers anticipate changes to how their company manages benefit programs over the next few years. Changes are expected regardless of employer size, even among smaller businesses (i.e., 5–24 employees), with one-third planning to introduce changes by 2020.

EMPLOYERS PLANNING CHANGES TO BENEFITS ADMINISTRATION
IN THE NEXT THREE YEARS

	All Employers	5–24	25–99	100–1,000	1,000+
	38%	33%	42%	38%	44%

Number of Employees
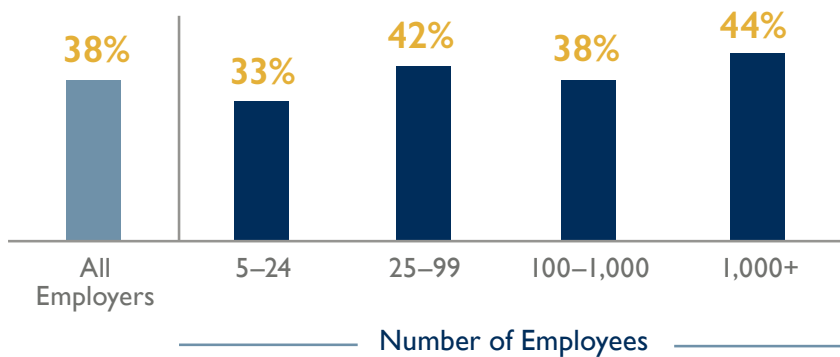
4 IN 10 EMPLOYERS PLAN TO EXPAND THEIR USE OF CLOUD-BASED HR TECHNOLOGY BY 2020

For years businesses have been migrating technology and data to the cloud; many are adopting cloud-based applications for employee benefits management as well. Nearly half of employers indicate that they use HR technology hosted in the cloud. And among employers planning changes to how they manage employee benefits over the next three years, about 4 in 10 expect to adopt cloud-based software/systems. More than one-third plan to introduce a new administration platform or integrate additional benefits administration functions.

POTENTIAL CHANGES TO BENEFITS ADMINISTRATION
IN THE NEXT THREE YEARS

Expand Cloud Applications	New Platform/ Software	Integrate More Functions	Plan to Outsource More
42%	39%	36%	27%
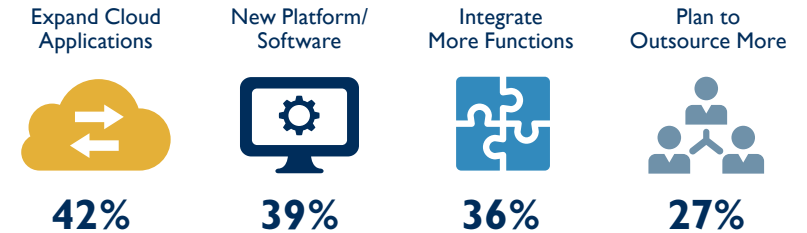
Employers most likely to adopt cloud-based benefits technology and platforms include those that:

• Outsource most of their benefits administration and use more than three different vendors

• Offer at least three voluntary benefits with payroll deduction

NEW VENDORS AND CAPABILITIES ARE FUELING GROWTH IN BENEFITS ADMINISTRATION OUTSOURCING
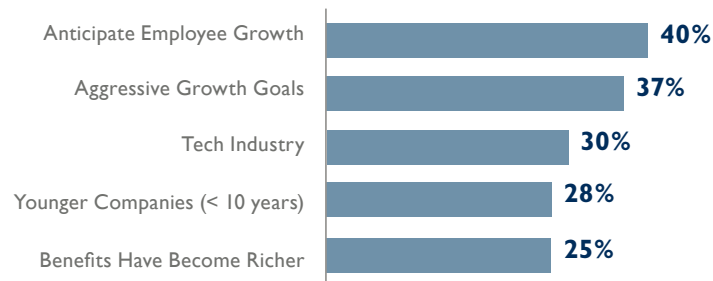
Outsourcing of benefits-related functions increased gradually in the past two decades, but now appears to be gaining momentum. In 2017, more than 80% of employers reported using an external vendor to manage at least one benefits task—an 18% increase since 2014. The trend is likely to continue as employers seek help with additional benefits functions from vendors with the necessary expertise and technology. Nearly 4 in 10 companies cite outsourcing as a top benefits strategy, up 41% since 2014.

EMPLOYERS RATING OUTSOURCING AS AN IMPORTANT BENEFITS STRATEGY

27% 2014

38% 2017

41% Increase

Younger, growth companies are among the most likely to have increased their level of benefits outsourcing in the past three years. These firms anticipate above-average revenue and employee growth and expect to offer richer benefits to compete for talent. Not surprisingly, high-tech firms often fall into this category; they are increasing outsourcing at a faster rate than other sectors.

EMPLOYERS INCREASING BENEFITS OUTSOURCING
IN THE PAST THREE YEARS

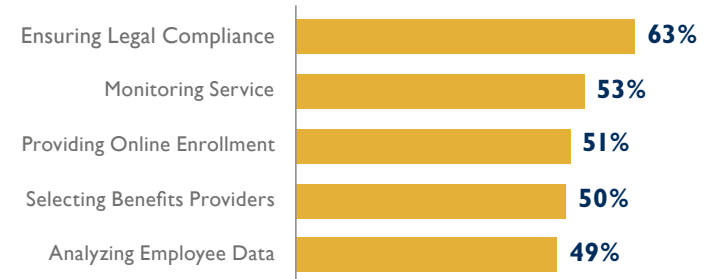|	
Anticipate Employee Growth	**40%**
Aggressive Growth Goals	**37%**
Tech Industry	**30%**
Younger Companies (< 10 years)	**28%**
Benefits Have Become Richer	**25%**

8 IN 10 EMPLOYERS OUTSOURCE AT LEAST ONE BENEFITS-RELATED FUNCTION—UP 18% IN 3 YEARS

Ensuring compliance of benefits plans is becoming increasingly important; 6 in 10 employers rely on their benefits broker and/or carrier. About half also depend on external support for monitoring, online enrollment, selecting providers and analyzing their data.

Most businesses manage and track employee leaves using in-house resources, while also handling payroll processing, eligibility and record-keeping for their group insurance plans. Half say they develop their own enrollment strategies, despite the fact that most work with a benefits broker or consultant.

BENEFIT TASKS MANAGED EXTERNALLY
PERCENTAGE OF ALL EMPLOYERS

Ensuring Legal Compliance	**63%**
Monitoring Service	**53%**
Providing Online Enrollment	**51%**
Selecting Benefits Providers	**50%**
Analyzing Employee Data	**49%**

BENEFIT TASKS MANAGED IN-HOUSE
PERCENTAGE OF ALL EMPLOYERS

|	
Leave Management	**79%**
Payroll Processing	**55%**
Eligibility Processing	**53%**
Beneficiary Record-keeping	**51%**
Enrollment Strategy	**50%**

THE BENEFITS TECHNOLOGY LANDSCAPE IS CROWDED AND EVOLVING

Twenty years ago, the market for HR technology was dominated by a few major players like ADP, Oracle and SAP, but that is no longer the case. Cloud-based mobile solutions are becoming more mainstream, and a sharp rise in venture capital-backed entrants has shaken up the market. In 2018, more than 150 vendors compete in the HCM tech category, offering systems/software to support core HR, workforce management and talent acquisition for employers of all sizes.[1]

As the number of vendors has grown and their capabilities have advanced, more employers are leveraging technology for benefits administration. Since 2015, one in five employers has increased the number of vendors used to administer benefits programs. Large companies (1,000+ employees) are more likely to use multiple vendors for benefits tasks such as enrollment, record-keeping, eligibility processing and COBRA administration.

CHANGE IN NUMBER VENDORS
IN THE PAST THREE YEARS

22%

OF EMPLOYERS **INCREASED** THE NUMBER OF **VENDORS** USED FOR **OUTSOURCING** SINCE 2015

Decrease
5%

Increase
22%

No Change
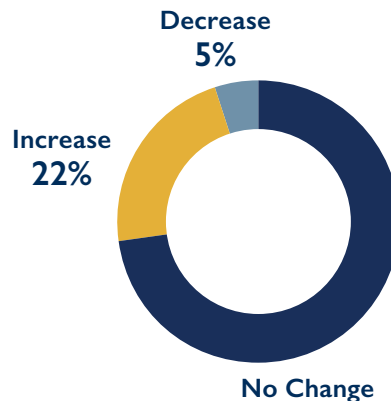
EMPLOYERS USE AN AVERAGE OF 2 TO 3 VENDORS TO HELP ADMINISTER THEIR BENEFITS PROGRAMS

ADP is by far the dominant player in core HR technology, with roughly 20%–30% market share across payroll, enrollment, HR and benefits administration. The rest of the marketplace is fragmented and includes many startups and nontraditional players (e.g., Zenefits, Namely).

The landscape will likely continue to shift as traditional payroll and HR administration vendors enhance their integrated systems, adding functionality to their core offerings (e.g., ADP Vantage HCM, Oracle HCM Cloud and Ultimate Software's UltiPro system).

Traditional benefit enrollment and administration vendors have expanded their capabilities as well and offer greater integration of core HR services (e.g., Maxwell Health, PlanSource, Employee Navigator and BeneTrac/Paychex).

VENDORS USED FOR CORE HR SERVICES
TOP MENTIONS ACROSS THE FOUR FUNCTIONS

PAYROLL

ENROLLMENT

HR ADMIN

BENEFITS ADMIN

paylocity · Ultimate SOFTWARE · employee NAVIGATOR · Common Census · paycom · ADP · Maxwell | Health · bswift · Paycor · benefitexpress · Ascentis · PLANSOURCE · Namely · BENETRAC · CERIDIAN · zenefits · EMPOWER

DETERMINING THE RIGHT DIGITAL STRATEGY CAN BE DAUNTING; MOST EMPLOYERS NEED HELP

The rapid expansion of benefits technology offers employers a wider range of options; however, it also creates confusion about which vendors and capabilities are the best fit for a company's particular needs. In addition, many employers struggle with siloed systems (e.g., new hire onboarding, enrollment, payroll) that do not talk to each other and lack integration. This often leads to inefficient and more costly HR/benefits processes, and a disjointed employee experience.

Consequently, 26% of employers say that developing a successful benefits technology strategy is a significant challenge for their company. The smaller the firm, the greater the challenge.

1 IN 4 EMPLOYERS say developing a benefits technology strategy is a top challenge

These findings reinforce the fact that most employers require expert advice to navigate their benefits technology options. Larger firms use a combination of internal and external resources for guidance, while smaller businesses generally must rely on outside help, mainly from benefits brokers and third-party administrators. Half of all employers surveyed say they expect their benefits broker to make recommendations about innovative technology solutions.

EMPLOYERS SEEK HELP WITH BENEFITS TECHNOLOGY

HALF OF ALL **EMPLOYERS EXPECT** THEIR BROKER TO RECOMMEND **INNOVATIVE BENEFITS** TECHNOLOGY SOLUTIONS
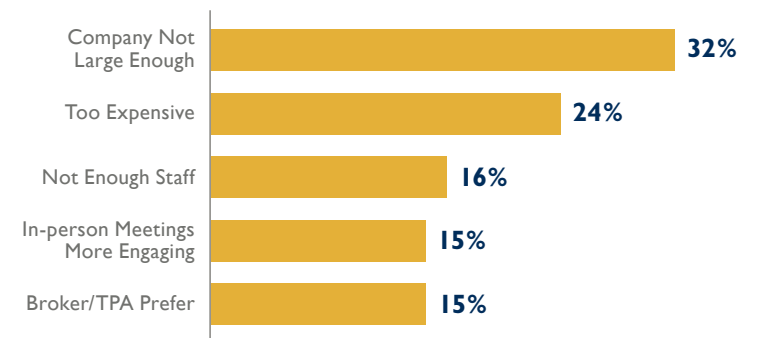
51%
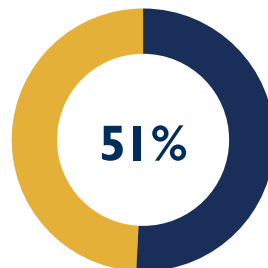
2 IN 5 EMPLOYERS HAVE NOT SPOKEN TO A BROKER ABOUT THEIR BENEFITS TECHNOLOGY NEEDS

Employers that use their broker/consultant in a more strategic capacity place greater emphasis on improving legal compliance, employee well-being and productivity, and technology solutions. They also have more digitized benefits processes and outsource much of their benefits administration.

Yet nearly 40% of employers say they have not engaged in a conversation with a broker about ways to harness the power of benefits technology for their company. And many employers remain stuck in the past and avoid even considering a digital benefits model. Such firms need help developing a business case for their senior leadership team that will address common rebuttals such as "our company is not large enough," "it would be too expensive" or "we would need more staff to implement it."

Many employers simply are unaware of the possibilities and affordability of cloud-based solutions; they need credible, expert advice to help them navigate their options.

EMPLOYERS AVOIDING TECHNOLOGY
TOP REASONS FOR DOING THINGS THE OLD-FASHIONED WAY[1]

Reason	Percent
Company Not Large Enough	32%
Too Expensive	24%
Not Enough Staff	16%
In-person Meetings More Engaging	15%
Broker/TPA Prefer	15%

BUILDING AN EMPLOYEE BENEFITS TECHNOLOGY STRATEGY: A STARTER LIST OF EMPLOYER CONSIDERATIONS

CURRENT MODEL: PAPER VS. DIGITAL & INTEGRATION WITH OTHER HR SYSTEMS/SOFTWARE

100% PAPER-BASED ▸ **MOSTLY PAPER, SOME DIGITAL** ▸ **MOSTLY DIGITAL, SOME PAPER** NO INTEGRATION ▸ **MOSTLY DIGITAL, SOME PAPER** SOME INTEGRATION ▸ **MOSTLY DIGITAL, LITTLE PAPER** FULL INTEGRATION

COMPLEXITY OF CURRENT BENEFITS PROGRAMS

- Number of employees, work locations, branches/divisions
- Number of benefits plans offered and funding (contributory/employee-pay-all)
- Workforce demographics (e.g., age, use of technology)

INTEGRATION WITH OTHER HR SYSTEMS

- Talent acquisition (e.g., recruiting, hiring, onboarding)
- Payroll, time and attendance tracking
- Learning and development, performance management

VENDOR MODEL

- Ownership and years in business; number and average size of clients
- Cost of the platform (who pays?)
- Carrier partnerships
- SaaS model, full-service capabilities or both

VENDOR SOFTWARE FEATURES

- Software ownership
- Data security measures/audit; who stores/transmits the data?
- Specific functions/features required
- Customization vs. standard configuration

POSSIBLE STRATEGIC INVESTMENT MODELS

OUTSOURCE MOST/ALL BENEFITS ADMINISTRATION TO BROKER OR TPA

STAND-ALONE BENEFITS ADMINISTRATION ONLY; NO INTEGRATION WITH OTHER SYSTEMS

BENEFITS ADMINISTRATION WITH PAYROLL INTEGRATION ONLY

ALL-IN-ONE PLATFORM FOR INTEGRATING MOST/ALL HCM FUNCTIONS

APPENDIX

METHODOLOGY AND SAMPLE CHARACTERISTICS

The 5th Annual Workplace Benefits Study was fielded in the spring of 2017 and consisted of two online surveys: one among benefits decision-makers (employers) and another among working Americans (employees), allowing us to explore benefits issues from both perspectives.

The study was conducted for Guardian by Zeldis Research, an independent market research firm located in Ewing, N.J.

EMPLOYER SURVEY OVERVIEW

Employer results are based on a national online survey of 2,000 employee benefits decision-makers. Respondents include business executives, business owners, human resources professionals and financial management professionals. The survey covers all industries and is nationally representative of U.S. businesses with at least five full-time employees.

Data shown in this report has been weighted to reflect the actual proportion of U.S. businesses by company size based on data from the U.S. Census Bureau. The margin of error at the 95% confidence level is +/- 2.3%.

EMPLOYEE SURVEY OVERVIEW

Employee results are based on a survey conducted among 1,700 employees age 22 or older, who work full-time for a company with at least five employees.

This year's study included a sample of 300 part-time permanent and contract, nonpermanent workers. Results for part-time/contract workers are not included in the full-time employee data and are not reflected in the total 2017 results when compared to prior years, unless otherwise noted.

The survey sample is nationally representative of U.S. workers at companies with at least five full-time employees. Data shown in this report has been collected in a way to reflect the actual proportion of U.S. workers by gender, region, race, ethnicity, education level, household income, age and employer size based on data from the Bureau of Labor Statistics and the Census Bureau. The margin of error is +/- 2.3% at the 95% confidence level.