



Targeting Benefits Administration

Market Analysis
Report Abstract

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Who Is This Report For?

“Targeting Benefits Administration” is a comprehensive market analysis report designed for:

- Sourcing managers monitoring the capabilities and other members of procurement involved in the evaluation of benefits administration
- Vendor marketing, sales, and business managers developing strategies to target service opportunities within the benefits administration market
- Financial analysts and investors specializing in the benefits sector

Scope of the Report

The report analyzes the global market for outsourced benefits administration services and addresses the following questions:

- What is the current and future market for benefits administration?
- What is the size and growth of the benefits administration market by service line and geography?
- Within benefits administration, which industries are emerging strongly?
- What are the customer requirements for benefits administration including drivers, benefits, and inhibitors?
- What technologies and platforms are being utilized and what are the key developments?
- What are vendor challenges and critical success factors?
- How are vendors positioned within each benefits administration service line?
- Additional topics include: contract lengths; pricing models; partnerships; acquisitions; delivery capabilities and the use of offshoring; vendor targeting by client size and geography.



Key Findings & Highlights

Due to the complexities of administering benefits and the need to control benefits spend, the market for benefits administration services remains the largest of all the HR outsourcing service lines. This report highlights current market sizing and growth estimates for each service line within benefits administration including:

- DB administration
- DC administration
- H&W administration
- Reimbursement administration
- Leave of absence administration
- COBRA administration
- Flexible benefits administration.

Drivers for benefits administration outsourcing vary depending on whether it's a first generation contract or a second generation contract. The main drivers of first generation outsourcing include reducing operating costs, complying with legislation, transferring / minimizing risk, and updating technology. Within second generation contracts, competitive pricing is the number one reason for clients to switch benefits administration service providers.

The report also defines, analyzes, and provides examples of the four approaches of total benefits outsourcing (TBO) deals including the traditional big bang, the big bang version 2.0, the mass consolidation, and the step-up approach. While the traditional big bang approach is the oldest and largest, making up 55% of current TBO contracts, the mass consolidation and step-up approaches have the greatest growth potential. Drivers of TBO and total retirement outsourcing (TRO) activity are also discussed.

Multi-country benefits administration services are slowly emerging among MNCs, currently accounting for less than 5% of the benefits administration market. The report covers the specifics of this area including growth, the average number of countries included, the use of technology including existing platforms, etc.

The report also explores new offerings that have emerged in response to legislation such as health insurance exchanges in the U.S. and automatic enrollment in the U.K., and how the role of technology is expanding beyond portals and call centers to include mobile capabilities and smartphone applications. Currently 40% of vendors offer mobile applications, which can be divided into two categories: those for employers and those for employees.

The predominant success factors for benefits administration that extend across TBO, TRO, and H&W services include the ability to provide offerings as a result of legislative changes or offerings that add value for participants that plan sponsors do not have the resources to implement, the ability to deliver enhanced communications including customization and multiple delivery channels including mobile, and initiatives to educate participants along with decision-support tools.

Contents

1. Changing Shape of Benefits Administration
2. Customer Requirements
3. Market Size and Growth
4. Vendor Market Shares
5. Vendor Offerings
6. Delivery Capabilities
7. Role of Technology
8. Vendor Targeting
9. Vendor Challenges and Success Factors

Appendix I – Vendors Researched for Analysis

Appendix II – Vendor Capabilities

Appendix III – Abbreviations

Appendix IV – Legislation Affecting Benefits

Vendors Researched

ADP, Aon Hewitt, Benesyst, Businessolver, Capita Hartshead, Ceridian, Empyrean Benefit Solutions, Equiniti Group / Xafinity Paymaster, Fidelity Investments, Mercer, Morneau Shepell, Mouchel, PlatformOne, Secova, Towers Watson, T. Rowe Price, Wageworks, Xerox

Report Length

127 pages, consisting of 9 chapters and 26 data charts

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