

Benefits Administration Vendors Need to Demonstrate Expertise & Strong Technology to Win New Clients

posted on **Feb 22, 2017** by Amy Gurchensky, Senior HRO Analyst.
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NelsonHall's latest Benefits Administration Services NEAT vendor evaluation included customer interviews to ascertain current satisfaction levels and future expectations across a range of criteria. Below is a selection of some of the findings from our interviews with benefits administration customers.

Principal issues & operational priorities

Some of the more prominent issues and operational priorities cited by respondents included the following:

- Compliance with legislation, including ACA requirements
- Continuing to drive costs down
- Integration with other benefits offered and other partners
- Improving the employee experience, including the right balance to meet the needs of a diverse workforce, which includes Millennials, Gen Xers, and Baby Boomers, whose preferences for self-service vary
- Seeking additional alternatives, such as exchanges, as the benefits space changes.

These issues and priorities directly impacted the drivers and benefits organizations were seeking to obtain from outsourcing benefits administration services.

Drivers for outsourcing benefits administration

Around a quarter (26%) of respondents were seeking an improved technology solution when outsourcing benefits administration services, which for some organizations meant a more reliable system, for others a more dynamic system, and in some cases a single easy access portal.

The next highest objective organizations were striving to obtain by outsourcing benefits administration services was a seamless and streamlined experience for both HR managers as well as employees. This was closely followed by respondents seeking lower costs and better pricing.

Other reasons cited by organizations included improving quality, access to expertise and best practices, implementing automation, and seeking standardization.

Top vendor selection criteria

Approximately 30% of respondents made their decision on which supplier to use based on the vendor's ability to demonstrate their knowledge and expertise, or as one organization put it, *"they brought really good people to the table who were able to answer questions on the spot, which really stood out to our team."*

Next to expertise, vendors were expected to have an impressive technology platform, as well as competitive pricing.

Current satisfaction levels

Current satisfaction levels respondents derived from benefits administration services show that there is room for improvement, and that compliance is the number one area vendors should focus on over the next few years.

While cost savings are constantly cited as an organizational issue and top driver, driving standardization and self-service will rise in importance to organizations over the next three years.

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| Benefit | Current Client Satisfaction Level (%) | Future Importance to Clients (%) |
|--|---------------------------------------|----------------------------------|
| Improved compliance | 90% | 98% |
| Cost savings achieved | 86% | 89% |
| Improved standardization & consistency of services | 83% | 94% |
| Improved self-service | 83% | 90% |
| Improved employee satisfaction | 81% | 88% |
| Improved reporting | 72% | 82% |

Current Satisfaction & Future Importance Ratings

Areas for improvement

Respondents cited many areas vendors can improve on to meet future requirements, with the top one relating to more integration and/or business development with other key suppliers to create a more cohesive and holistic view. Other areas cited for improvement included:

- Flexibility and responsiveness
- Accountability and close controls
- Reporting capabilities (e.g. making reports more intuitive, consistent, and timely)
- Availability of resources (especially during crunch times to meet deadlines).

NelsonHall's NEAT vendor assessments look in detail at vendors' ability to deliver immediate benefits to their clients, as well as their ability to meet future client requirements, and assist strategic sourcing managers in assessing vendor capability while cutting the time and cost associated with their sourcing projects. To find out more, contact [Guy Saunders](#).