

Global Employee Benefits Watch Report 2018/19

The global benefits tipping point



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Chris Bruce
Founder and Managing Director

Foreword

Each year, I wait with great anticipation to read the results of our Global Employee Benefits Watch. Now in its 14th year, it is the compass that points the benefits industry's direction of travel. The industry's trajectory has changed an extraordinary amount since I entered it 26 years ago, when benefits were something employees would barely consider and organizations provided purely as a hygiene factor.

The importance of reward and benefits has grown tremendously over this time as organizations recognize that the benefits they offer say something about who they are. So as a benefit professional, you have the challenge of reducing your costs (this year achieving "tighter control of global costs" has become an even higher priority initiative for 63% of employers), whilst delivering on your top objective (82% of employers said their top objective was to attract and retain talent).

So it is of no surprise that organizations are recognizing small incremental changes to their benefit delivery models won't enable them to compete. As a consequence, we are seeing an extraordinary rise in the number of organizations implementing a global benefit strategy and the technology to deliver it. Only a few years ago, something that was the preserve of early adopters has fast become mainstream.

Virtually all industries and sectors are being transformed by technology. Benefits are one of the largest people costs with the ability to impact not only recruitment and retention, but organizational identity and values. It is therefore not surprising to read in this report that the tipping point of global benefits has been reached.

Understanding that organizations need support in this journey and are looking for different solutions, Mercer acquired Thomsons and our technology Darwin™ to set the pace, disrupt and revolutionize so that we are always on the front foot in the changing benefits market and can help our clients prepare for the future today.

Exciting times ahead!





Introduction and executive summary

Tipping point

“the critical point in a situation, process, or system beyond which a significant and often unstoppable effect or change takes place”

Source: Merriam-Webster dictionary

Benefits professionals are under pressure. The cost of providing benefits is rising, fuelled predominantly by the increase in health insurance and pensions costs associated largely with an ageing workforce.

This can be seen most starkly in the United States, where, according to the Bureau of Labor Statistics¹, benefits accounted for 32% of total employer compensation costs.

So it is not surprising that benefits are under renewed scrutiny by the C-suite.

As a result, benefits administration is coming to the fore as a key area where savings can be made.

At the same time, this intense inspection is revealing to HR teams that a one size fits all approach to benefits will simply not do. Today's employees resist categorization, demanding exceptional and individualized employee experiences, underpinned by trust and transparency... and they expect this from their benefits experience too.

1. <https://www.bls.gov/news.release/pdf/ecec.pdf>

However, this is not the only pressure on benefits professionals, who face a conflicting set of priorities. This year's research shows that the number one global benefits strategy objective is now to "attract and retain talent", followed by "enhancing employee engagement".

This shows just how the benefits function has evolved from one that provides security and protection, to being a powerful means of attracting and engaging talent.

As a result, benefits professionals are reaching a tipping point; there are so many demands on the function that inaction is no longer an option.

In this report we explore:

Moving towards a digital-first consumer experience

Market leaders are moving towards a digital-first experience of benefits. But what is required of HR teams to enable this? The first step must be to look at their global benefits strategy holistically and align it with their people strategy.

We uncover how organizations are delivering personalized support to employees anywhere, anytime. Achievable only through integrating multiple vendor platforms to provide a seamless, flexible experience for employees – demonstrating tangible success and providing employees with a personalized experience of benefits and the ability to demonstrate ROI.

A benefits function in flux

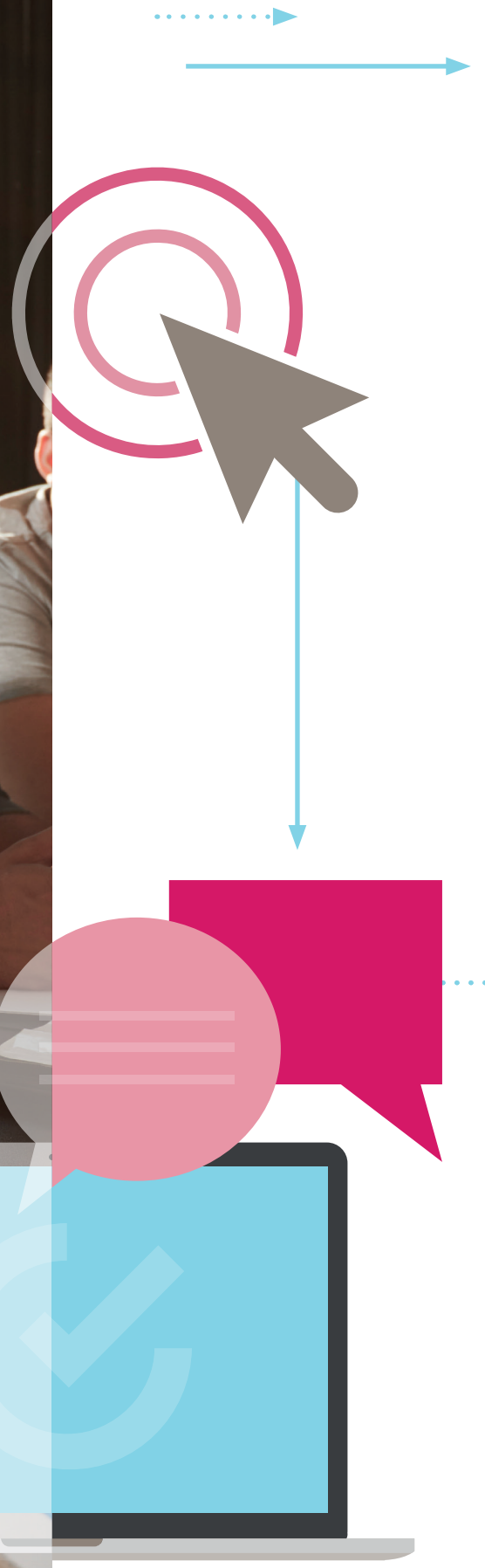
How are benefits professionals stepping up to the mark and making a credible business case for investment in technology to meet the multiple demands on their time? Through digitization they can now provide much-needed clarity on spend and focus their time on high-value strategic work for the HR function, while providing certainty that every base is covered when it comes to employee coverage and compliance with local legislation.

Technology is undoubtedly changing the function of benefits professionals. They are in a constant state of flux as their purpose shifts from administration and delivery – which is becoming increasingly automated – to a more strategic, data-driven role.

Data: the benefits game-changer

For benefits professionals to meet the demands of their changing roles, they will rely not only on tech, but data too. Satisfying the appetite of the C-suite for ROI and assurance that all legislative and administrative requirements are being met can only be done with hard data and the HR team needs to be 100% confident it will stand up to their scrutiny. Not only that, but data will unlock the ability to provide the consumer experience that will set their organization apart in the eyes of employees. Without insights about employee preferences, a personalized approach to benefits (and communication about those benefits) simply cannot be achieved.

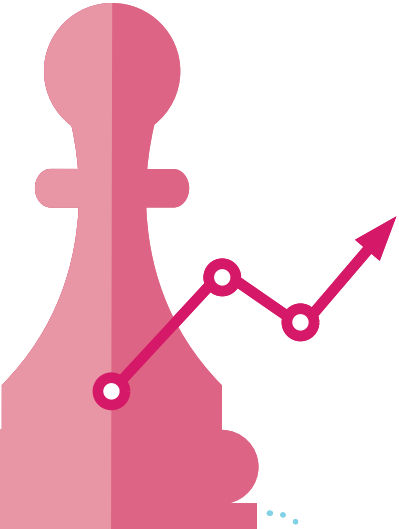






Moving towards a digital-first consumer experience

Benefits professionals are increasingly given conflicting priorities, for example extracting more value out of the organizations' benefits offering at a time when cost control is a priority.



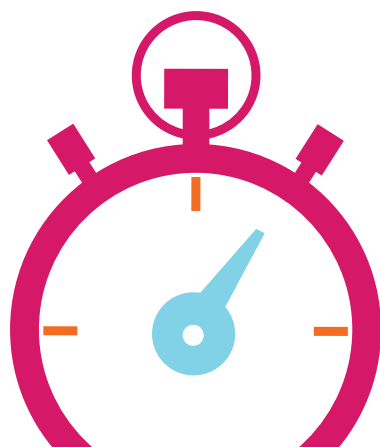
As benefits teams strive to achieve more with less, they are inevitably turning to technology not just to automate processes, but to provide them with the information they need to identify cost savings as well as improvements in the way benefits are delivered.

Employees are also driving this change with a growing demand for flexibility and easy access to the benefits, whenever and wherever they want – with an ever-growing trend towards accessing them on mobile devices.

This digital-first experience of benefits requires HR teams to look at their global

benefits strategy holistically and align it with their people strategy. Only then can benefits add real strategic value and deliver personalized support anywhere, anytime. This is only achievable through integrating multiple vendor platforms to provide a seamless, flexible experience for employees – demonstrating tangible success and providing employees with a personalized experience of benefits and the ability to demonstrate ROI.

Technology is the only way organizations will reach this tipping point and be able to deliver the experience of benefits that attracts, retains and engages employees.



The pressure is on

Attracting and retaining talent is by far the most important objective of an organization's global benefits strategy.

This key finding from our research will probably come as no surprise given that skills shortages and an increasingly tight labour market are so high up the agenda for organizations globally. It is a problem that will only intensify as the employment rate referenced in the Organisation for Economic Co-operation and Development (OECD) continues to rise.

Our research results reflect a global trend that has been highlighted by central banks, economic think tanks and consultancy firms which consistently reveal that CEOs and CMOs are making talent retention and attraction a top priority in 2018.²

It reveals just how critically important global benefits strategies have become as a tool for attracting and retaining talent. What was once seen as largely an HR responsibility, is now very much on the

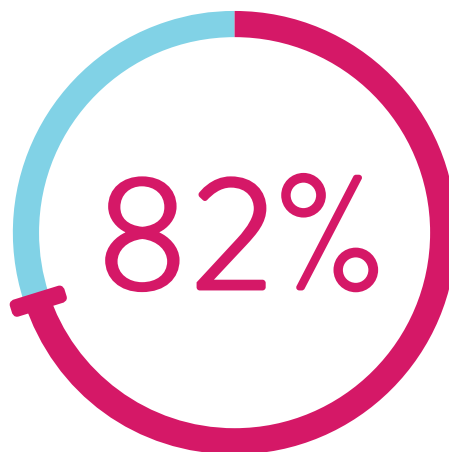
agenda for benefits professionals.

Last year 65% of organizations taking part in our research said their number one global benefits strategy objective was to 'attract and retain talent'.

This year the number has risen sharply, with 82% saying this is now their number one objective. As a business priority, it is closely followed by 'enhancing employee engagement' at 65%.

As we can see in Figure 1 traditional 'protection and security' aspects of employee benefits have slipped down the agenda (promoting employee health and wellbeing is a number one objective for only around half of organizations).

So, employee benefits strategies for many organizations have evolved to become increasingly about ensuring organizations find and keep the employees they need.



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² <https://worldcomgroup.com/resources/confidence-index>

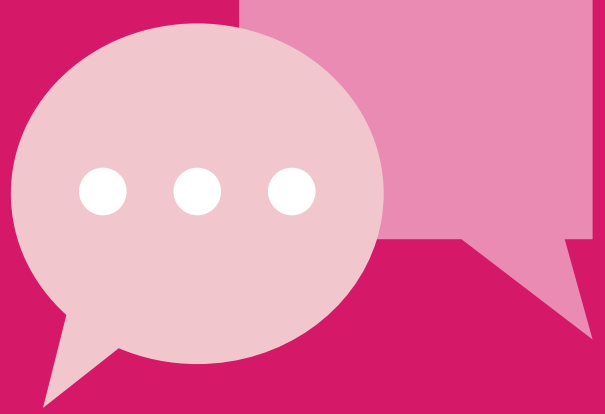


Figure 1 / Top objectives for global benefits strategies

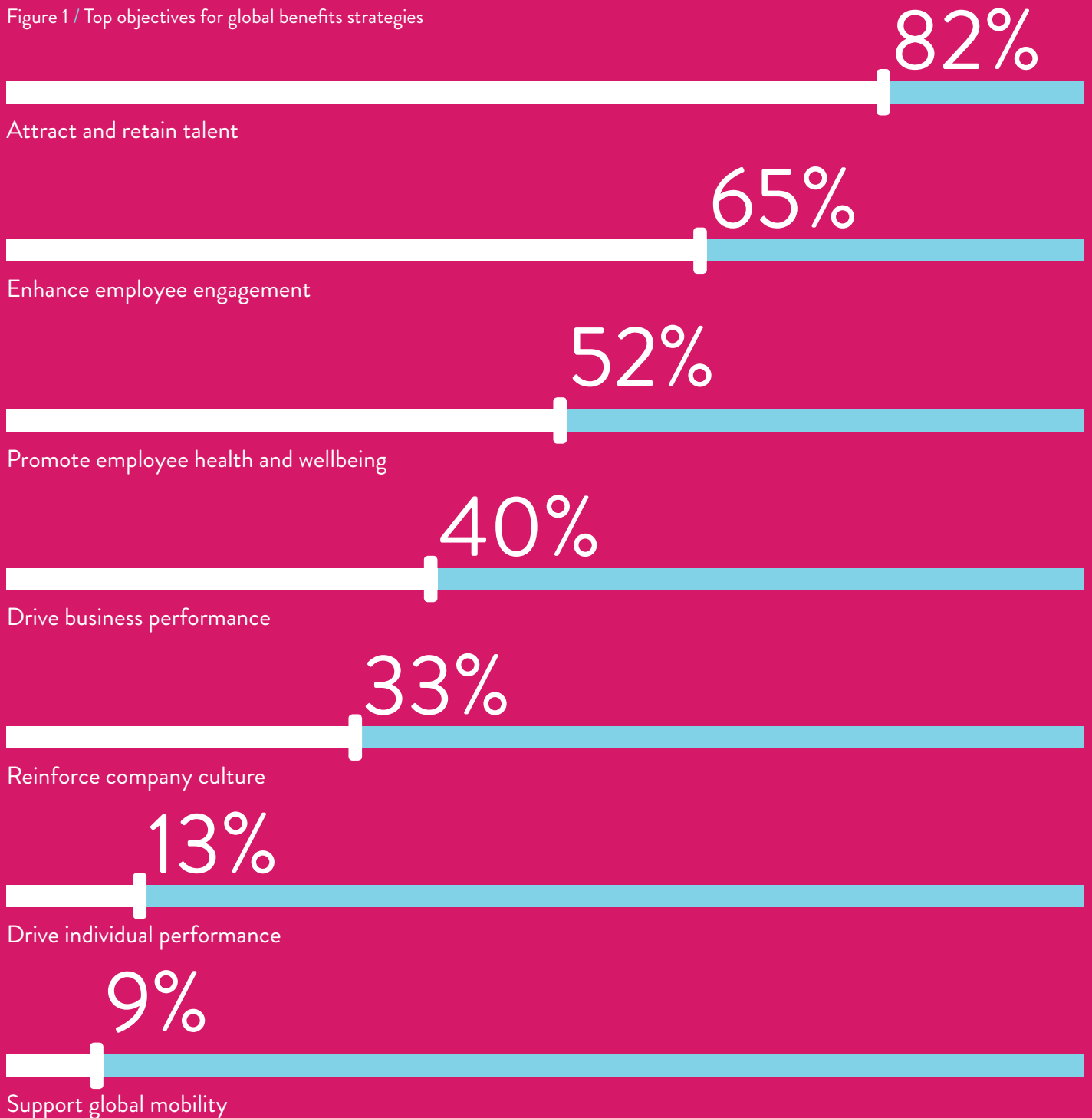
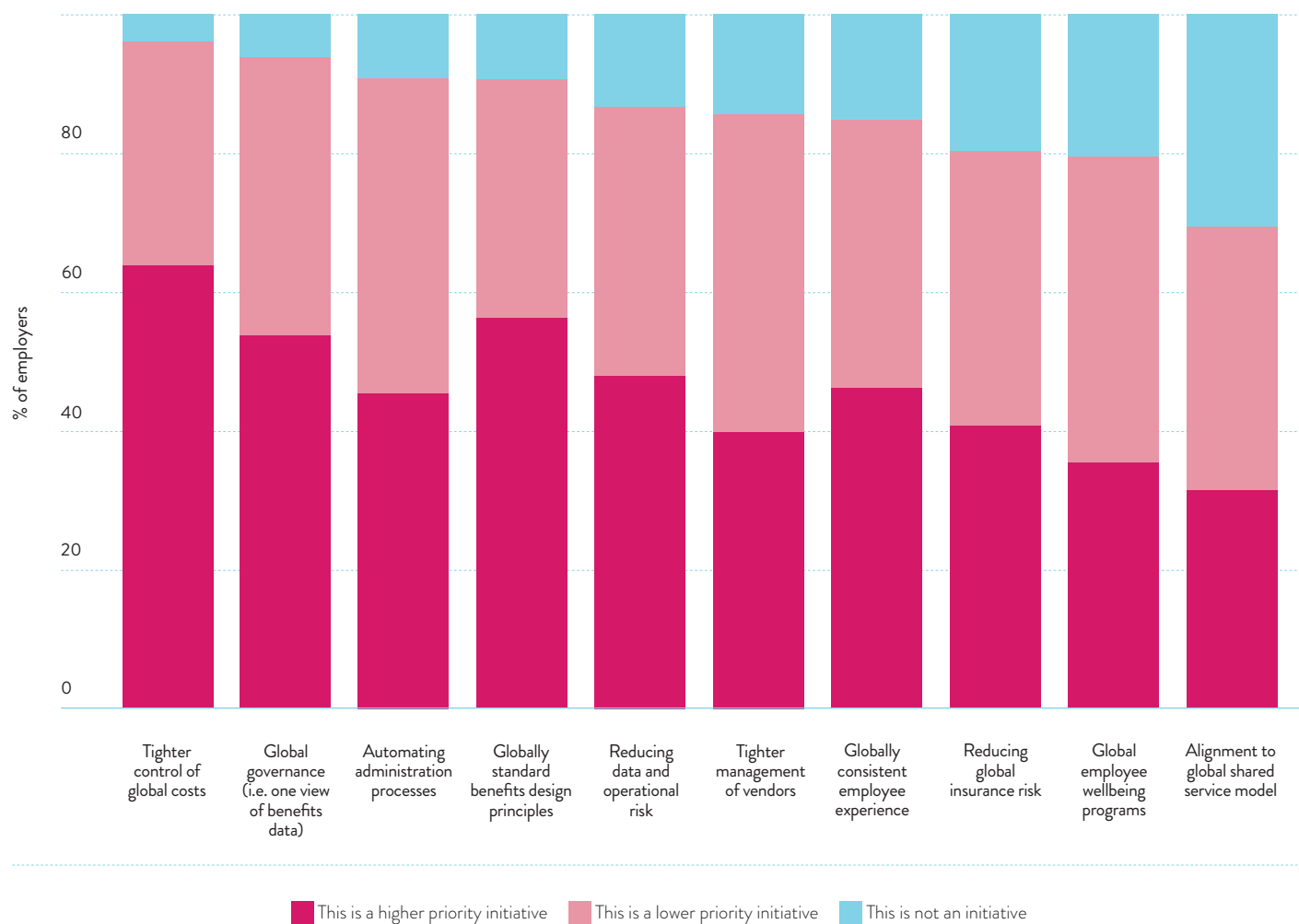


Figure 2 / Key initiatives within global benefits strategies



Cost control is high on the agenda

This year achieving “tighter control of global costs” has become an even higher priority initiative within 63% of respondents’ benefits strategies. This is no surprise, when looking at the rising costs associated with employee benefits. For example employers expect that their average cost per-employee for health benefits will rise by 4.3% in 2018, which is above the average increase of 3% each year over the past five years.

“Mercer’s National Survey of Employer-Sponsored Health Plans, 2017”³ also found that employers are struggling to control cost for pharmaceuticals, which will rise more than 7% in 2018 as spending on new specialty medications skyrockets. The huge (and often poorly governed) cost of employee benefits can no longer be ignored.

As you can see from Figure 2 global governance issues have also risen up the agenda. This reflects regulatory changes such as the Global Data Protection Regulation (GDPR) in Europe and high-profile corporate ‘use of data’ scandals that have rocked organizations (which we will explore in greater detail in Chapter 2).

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3. <https://www.mercer.com/newsroom/merc-national-health-survey-employers-finding-new-ways-to-hold-the-line-on-health-benefit-cost-growth.html>

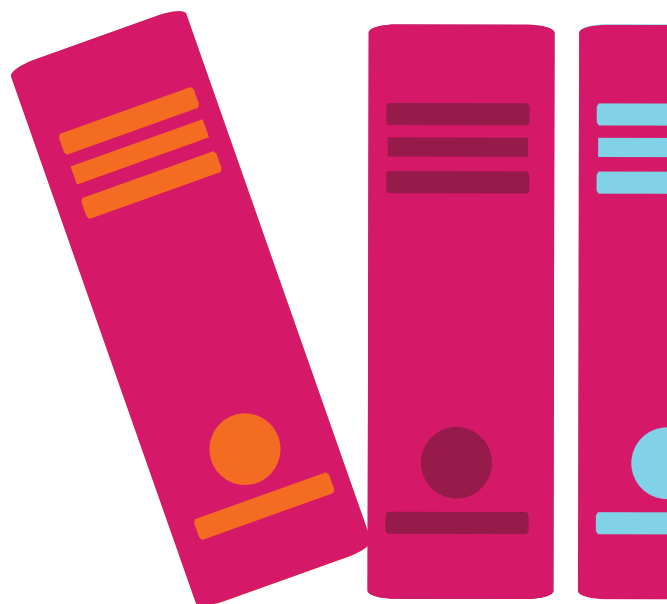
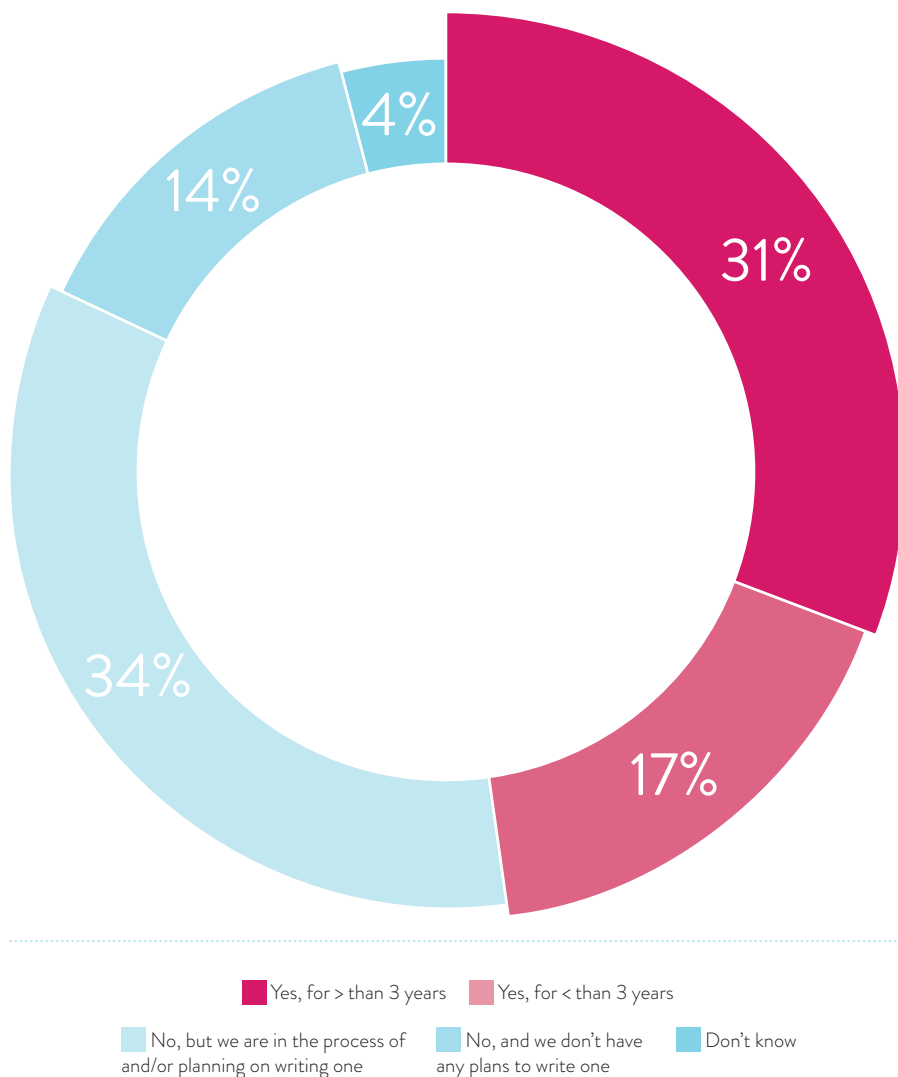


Figure 3 / Whether an organization has a global benefits strategy and how long it has been in place



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look beyond these statistics and you can see that progress is being made... and quickly. In the next few years, if the organizations planning or currently writing a defined global benefits strategy implement them, then the percentage with a strategy will rise to 82%

With cost control as a priority, it is not surprising that investment in technology to automate administration processes is another key trend.

Although, Figure 2 shows there is an even split between the number saying it is a higher priority initiative and a lower priority one, this simply reflects the fact that many organizations have already automated many processes and are on the path to introducing more advanced systems such as data analytics (something we will explore in greater detail in Chapter 3).

Figure 2 also provides a very clear graphical illustration of the tipping point benefits teams now face, demonstrated by the sheer amount of initiatives that are high priority.

If this trend continues (as expected), in future years the research is likely to reveal that even fewer organizations are making automating the administration of benefits a high priority, having already achieved this goal.

Instead they will be focusing on more sophisticated methods of harnessing technology to identify cost savings, while also using benefits as attraction, retention and engagement tools (identified as the top underlying objective of global benefits strategies in Figure 1).

However, given the backdrop of the need to control costs and issues surrounding talent attraction and retention as well as the risk of data misuse, it is not only these issues that are increasingly occupying

benefits professionals. As can be seen in Figure 2, it is global governance and globally standard benefits design that are both now higher priority initiatives for most organizations. Both of which are linked to strategy.

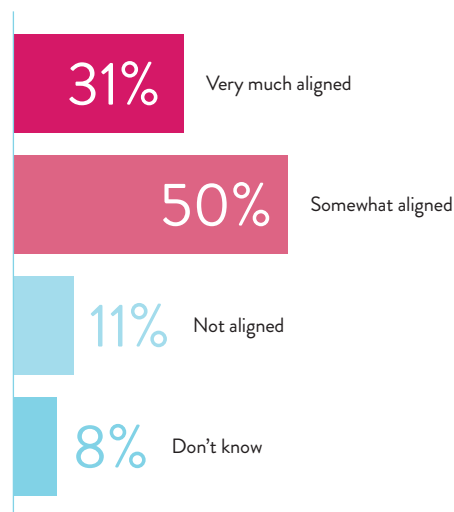
Working towards a global strategy

How can benefits teams meet the goals of an organization if they have no strategy in place?

It is a challenge for just under a third. As Figure 3 reveals, only 31% of organizations have had a defined global benefits strategy in place for three or more years.

However, look beyond this statistic and you can see that progress is being made and quickly. In the next few years if the organizations planning or currently writing a defined global benefits strategy implement this then the percentage with a strategy will rise to 82%.

Figure 4 / To what extent organizations' global benefits strategy is aligned to their people strategy



The challenge of getting it right

While most organizations have either already implemented – or are on their way to implementing – a global benefits strategy, the research once again reveals a mismatch between what organizations want to achieve and how their benefits strategies meet (or rather, fail to meet) these goals.

One of the most startling findings is that only one in three organizations surveyed believe their benefits strategy “is aligned to their people strategy”.

Looking back to the initial headline finding of this year’s research – that 82% say their number one global benefits strategy objective was to ‘attract and retain talent’ – this is something HR and reward professionals, along with the C-suite, should be reviewing and ensuring they are on the same page.

Of particular concern, giving the maturity of the employee benefits market, is that nearly one in five organizations (19%) either do not know if their global benefits strategy is aligned to their people strategy or admit that it is not aligned at all as can be seen in Figure 4.

Yet organizations largely understand that a well-aligned and clearly-defined benefits strategy makes the delivery of global benefits objectives more successful.

Without the right strategy – one that is underpinned by appropriate technology and communications – organizations will struggle to leverage this to provide an authentic employee experience.

Employees do not just want to know what their organization does, or even what it stands for, from hearing about its values – they want to experience it.

So, every touchpoint that an employee has with their employer must chime with what their employer says about themselves. Any discordances will diminish the organization’s authenticity.

That is why this experience – including how employees use and value their benefits – also needs to align globally to the organizations’ brand, so that employees share the same experience and feeling towards their employer no matter where they work or how they work (remote workers, for example).

While this strategy needs to be a global one, it also needs to allow for local tailoring (but within this global framework and direction) to meet the particular needs of employees in different countries.

For example, an organization may have a strong focus on supporting employee mental health in their people strategy. Their global benefits strategy would then not only ensure local offices are mandated to offer these benefits – but also has a focus on putting the global tech in place to enable employees to quickly access

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this experience – including how employees use and value their benefits – also needs to align globally to the organizations’ brand, so that employees share the same experience and feeling towards their employer no matter where or how they work





and select the support that is relevant to them. All the while tracking the effectiveness of this approach through data on a global scale. However, what is critical in this example is that local countries have the ability to choose the mental health benefits that are most relevant for that country, remaining aligned with the global framework. The result? Every employee feels their organizations' dedication to supporting their mental health, no matter where they are based.

As Figure 5 shows, this alignment is important particularly given that cost control is a growing priority.

When the benefits strategy is “not aligned”, for six in ten organizations the money spent on benefits is considered “not effective”.

In contrast, when the benefits strategy is “very much aligned” 54% say their delivery of global benefits is “effective”, 26% say it is “somewhat effective” and more than one in ten (11%) say it is “very effective”.

Figure 5 / Global benefits strategy alignment and overall effectiveness



The drive to make spend more effective

Returning to the headline findings of the research, after talent attraction, retention and employee engagement, the other top three global benefits strategy objective is to “promote employee health and wellbeing”, cited by 52% of respondents.

However, unless employers make engaging with health and wellbeing schemes as effortless as possible – the emphasis doesn’t quite ring true. So once again there is a risk that the delivery does not match the goal.

In other words, an organization can

say that it makes the wellbeing of its employees a priority (the strategy), however unless it makes this a reality (the delivery) it risks this spend falling into the “ineffective” category in Figure 5.

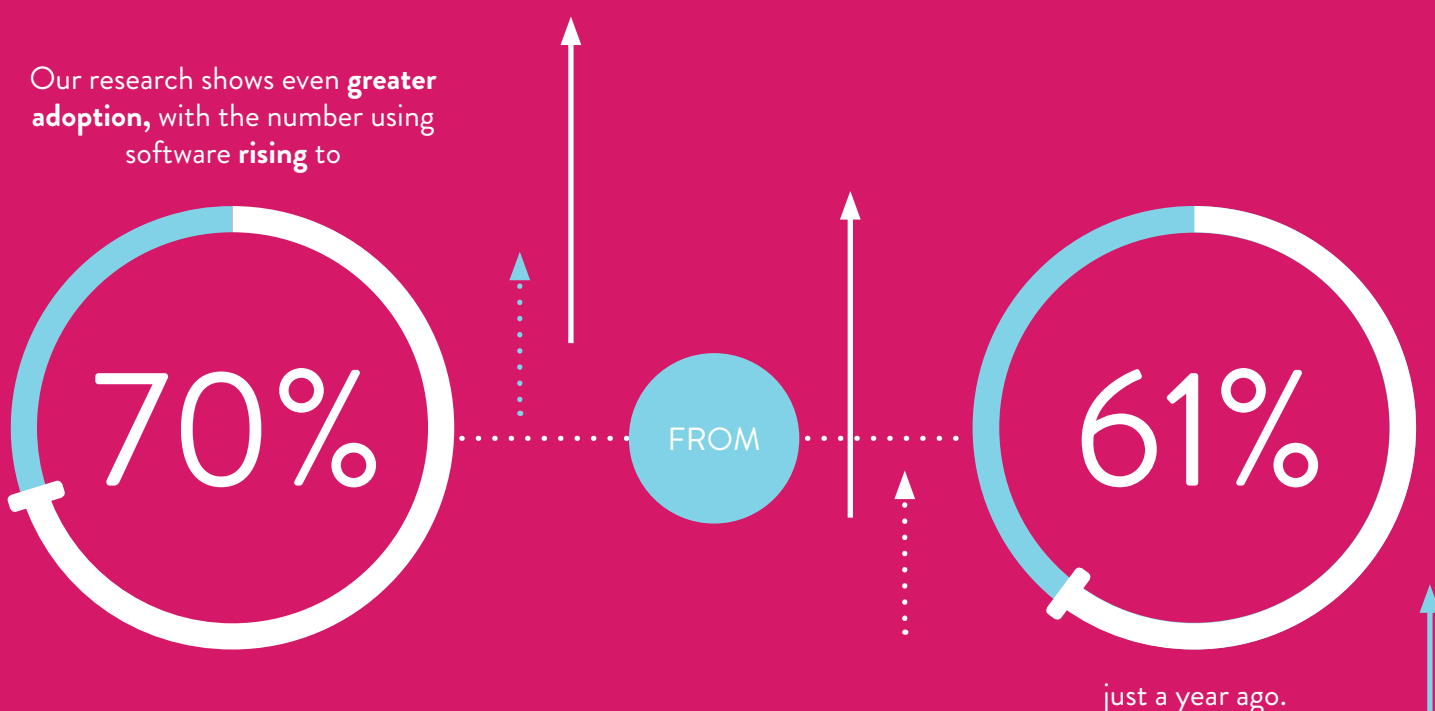
The tools to make this happen can be found in the digital experience, particularly if benefits engagement is proactive not just transactional, and individualized rather than generic.

Flexible tech and the drive for diversity

Never before has the emphasis on

individuality been so pronounced. We will soon have five generations in the workplace at once. Up until this point there has been three or four generations at a time. This will have a huge impact on the types of workforce behaviour, what motivates employee engagement, and the tools and practices employees need to interact with each other. This mixed, multi-generational environment is a new diversity challenge for HR organizations everywhere.⁴

A trap that employers need to avoid is making assumptions on an employees’ benefits needs based on their age demographic. For example, Thomsons recent whitepaper ‘Giving employees a voice on global reward and benefits’ including research from over 2,200 employees from



4. <https://www.forbes.com/sites/rawnshah/2011/04/20/working-with-five-generations-in-the-workplace/#6599110d3e7a>

multinationals around the world, shows that employers looking to win the loyalty of their people must focus on supporting their individual needs, and stop thinking in generational stereotypes. The research made it clear that assumptions are not helpful when thinking about which benefits to offer, for example in the over 65 age bracket, almost 30% of employees still want to buy a house and over a third want to progress further in their career. At the same time, goals typically associated with younger generations do not apply to all – 17% of 26 – 35-year olds do not classify socializing as important and 25% do not feel that travelling is.

So how are organizations delivering this flexibility? The answer (once again) is technology.

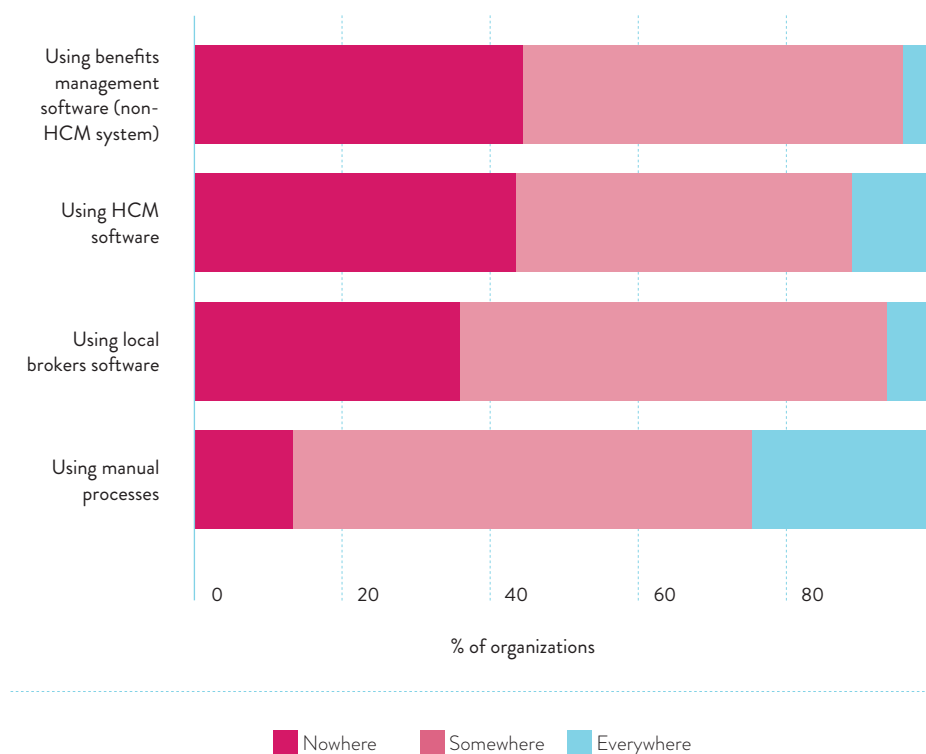
Employers simply cannot provide the range of benefits employees are looking for (and simultaneously control costs) through an offline or fragmented system. In the last year alone, there has been a further sharp increase in the use of benefits management software.

Our research shows even greater adoption with the number using this software rising to 70% from 61% just a year ago.

As you can see from Figure 6 more are now using benefits management software than not and when it comes to HCM software, the adopters also exceed the nonadopters.

Just as revealing is the decline in those organizations using manual processes. Although around a quarter use manual systems to administer benefits in “all countries” as Figure 6 shows, around one in seven organizations no longer use manual systems at all.

Figure 6 / Extent to which technology is used to manage global benefits programs and how global the approach is



It is promising to see this sharp increase in tech adoption in just one year.

In order for this individualization to be possible, organizations need to have the technology platforms that enable them to deliver benefits in new and more individualized ways.

It is these back-end systems that enable the evolution to a digital-first consumer experience of benefits. A shift from one-way communication of traditional benefits to flexible spending accounts, enabling employees to use their benefits allowance in the way they see fit.

Power to the people

One of the most revealing sets of findings in this research looks at when organizations are communicating about benefits with their employees and what they are talking to them about. Once again, the research points to a sizeable shift towards individualization and personalization of benefits.

As shown in Figure 7 more than half (51%) of organizations surveyed this year, say they have either implemented (globally or in some regions) or are in the process of implementing flexible benefit plans (or in other words a pot of money which employees can spend as they see fit) with a further 14% considering doing so in future.

This is a sizeable increase on previous years, and really points to the demand from a multi-generational workforce for a consumer-grade, personal experience of benefits.

This could also be due to the focus on health and wellbeing cited by 52% of employers as a top three priority this year. Flexible benefits, reimbursement accounts or 'wellness pots' are a key way of giving the power to employees to choose the activities that best support their wellbeing.

Choice does not have to cost extra. For example, a discounted gym membership might only benefit a small proportion of the workforce – ones who are in the office and have time to go to the gym. The same spend, empowered by technology, on a wellness account could be used to benefit all the workforce including those who would rather go to yoga classes!

In the not-too-distant future, we could see this go one step further. Where health implants track the health of individuals, then feed this data back to insurers. Cover (and the cost of cover) could then be tailored to that individual – along with preventative health measures and incentives to stay fit and well – rather than this being negotiated on an organization-wide basis.

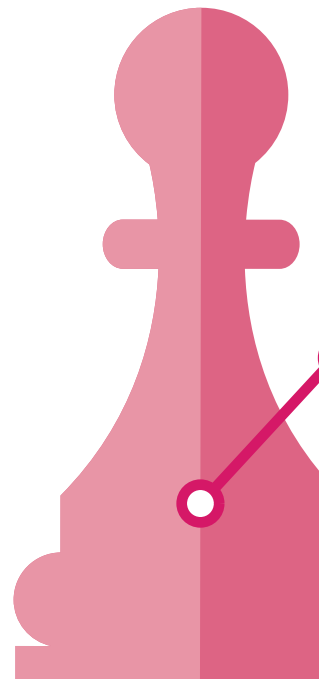
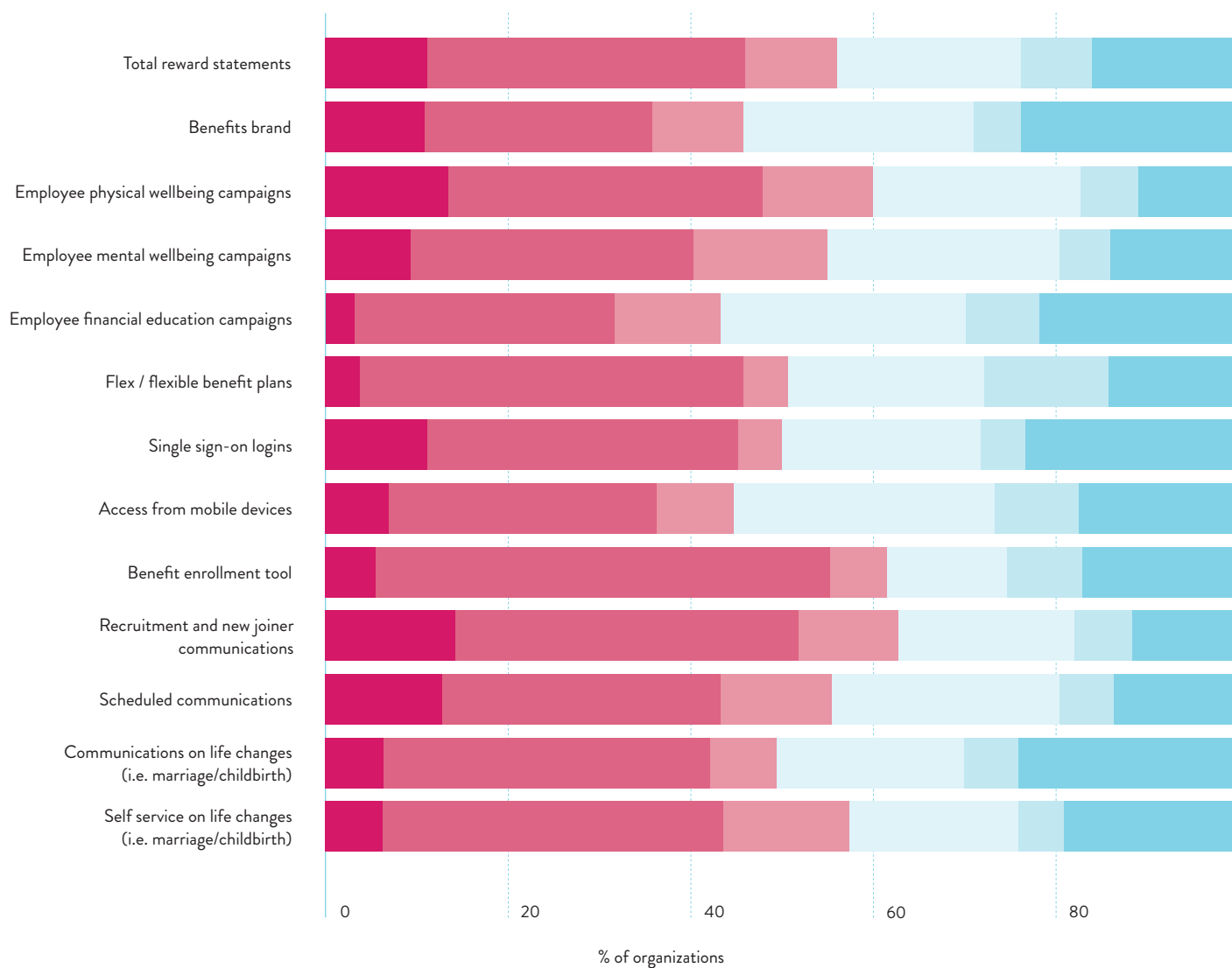


Figure 7 / Benefits communication trends



■ Implemented in all countries
 ■ Implemented in some countries
 ■ In the process of implementing
 ■ Considering implementation
 ■ Considered but decided not to implement
 ■ Not considering implementation

The moments that matter

In addition to providing employees with the flexibility to choose benefits that are relevant to them, benefits communications play a key role in making employees feel understood and supported by their organization.

Employers need to use communications strategically to let their people know that they are supported at the moments that matter to them – whether that is reactively (birth of a child) or proactively (anticipating retirement). As shown in Figure 7, 58% of employers are already communicating (or are in the process of implementing communication) around important life events.

In addition to touching individuals at different life points, such as a child being born, tech platforms can provide benefits teams with data to proactively anticipate what that individual will need – whether that's medical cover, parental leave, flexible working or help with childcare.

Anticipating these life events is something that is possible not only with the right benefits platform, but also with the right communications strategy. Combined and used effectively, this presents benefits teams with powerful tools to drive talent attraction, retention and engagement.

An example of this can be seen with parental leave. In the UK new employment laws have

allowed both parents to share leave after the birth of a child – but very few fathers, as few as 2%⁵ in fact have taken up this offer, with research showing they fear an impact on their careers. Proactively communicating with a new parent can show that the organization supports parents – something fathers would welcome with 93%⁶ saying they would have taken longer off work if their employer had allowed it.

So this is not an issue of organizations deciding to offer a benefit (in this instance it's a legal right), it is purely one of communicating that it is available, and that the organization is supportive.

This example shows just how vital communication of benefits (not just the benefit itself) can be in the drive to attract, retain and engage talent.

In addition to the 44% of organizations that have implemented communication around life events (either in all countries or some) a further 32% are either considering or are in the process of starting to communicate a self-service approach on life changes. This implies that three quarters (76%) now have this capability, or are at least talking about it.

In light of the findings, in the future we would expect that self-service will increasingly be the norm with employees empowered to access benefits related to marriage, childbirth, parental leave, homebuying, sickness or other key life events.

5. <https://www.gov.uk/government/news/new-share-the-joy-campaign-promotes-shared-parental-leave-rights-for-parents>

6. <https://www.aviva.com/newsroom/news-releases/2018/06/businesses-urged-to-promote-parental-leave-to-working-dads/>

The overlooked opportunity

One area of support that organizations appear to be overlooking in their benefits programs is financial wellbeing and it is something that this year's research really highlights.

As we can see from Figure 7 over half (57%) of benefits teams do not or have no plans to communicate with employees around this key issue – even though many benefits (pensions for example) are related to financial wellbeing.

Mercer's latest research of 7,000 individuals and 600 senior decision-makers in 11 developed and developing countries found that more accessible savings plans along with improved benefits would make 86% of employees more satisfied and more committed to their jobs.

At the same time, financial worries can have a huge impact on employee productivity – half of all Americans feel anxious or insecure about money often or all of the time.⁷

Once again, technology is the enabling solution. Our research shows that more tech-enabled employers have implemented financial wellness schemes than non-tech enabled ones.

Where is mobile in all of this?

The number of global smartphone unique subscribers will surpass three billion in 2018, with a penetration rate of 55% of the world population.⁸

Smartphones are ubiquitous which is why employees increasingly expect to manage their lives online.

It is not just our social lives we run from our phones, but also our finances with app banking the third most popular use of apps⁹ in the United States, for example.

Yet only 38% of respondents to the research this year say they currently provide benefit access from mobile devices everywhere or somewhere – and 18% are not even considering implementation.

However, it is an easy win.

Over a third of those organizations who have implemented mobile access in all countries receive employee engagement scores above 80%, as opposed to just over a fifth of organizations that have implemented mobile access in just some countries.

Employers' reticence to provide mobile access may be due to their priority being on developing single sign-on capability – which almost 60% of employers are adopting, up from 55% in 2017. This is associated with an increase in engagement (33% of respondents who use single sign



In addition to the 44% of organizations that have implemented communication around life events (either in all countries or some) a further 32% are either considering or are in the process of starting to communicate a self-service approach on life changes.

7. <https://news.northwesternmutual.com/planning-and-progress-2018>

8. <https://go.forrester.com/blogs/the-data-digest-forrester-forecasts-single-digit-growth-for-global-smartphone-unique-subscribers-for-the-first-time-in-2018/>

9. <https://www.citigroup.com/citi/news/2018/180426a.htm>

on technology in all countries report an increase in engagement scores), an increase in operational efficiency (28%) and a reduction in administration errors (28%).

However, adopting a single sign-on approach and providing mobile access should not be mutually exclusive. Employees do expect mobile access, but don't expect that mobile experience to exactly replicate the one they enjoy on their desktop as they use different devices for different purposes.

To go back to banking, apps do not always provide the full service of online banking. Few users would want to fill in lengthy forms on a smart phone, for example. Or if consumers purchase insurance, they would expect the detailed policy documents and terms and conditions to be emailed to

them to be read on a laptop, desktop or tablet.

The same applies to benefits. So mobile access is something that should be complimentary rather than duplicating the online experience.

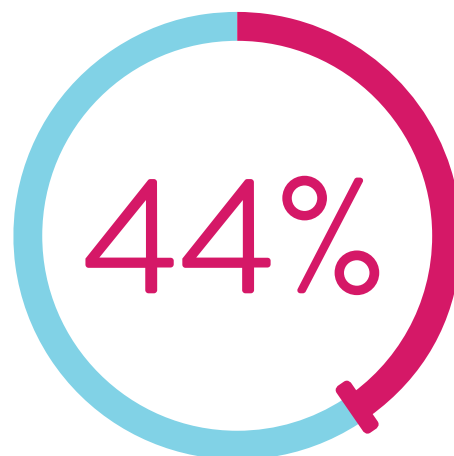
So from the research this year we can see what the future of employee benefits looks like. Now benefits teams have reached this tipping point in terms of adopting technology, we see a digital-first delivery of benefits that can be self-selected and personalized, meeting those competing business goals of cost control and greater employee attraction, retention and engagement.

Another aspect to consider for employers is whether mobile access to benefits needs to be via an app. Trust issues with native

apps using location services has seen some consumers move away from low priority apps - this could be particularly contentious if they think their employer could be "seeing" or "tracking" what they are doing outside of work.

In addition to this, Comscore's research shows adoption of new apps is dwindling, with more than 80% of employees not downloading any new apps in a month.¹⁰ This suggests employers are likely to experience significant difficulty in convincing employees to download an app for benefits software, creating unacceptable barriers to engagement.

As such, mobile optimized responsive websites are increasingly the choice for employee-facing HCM software.



of organizations are communicating on life changes somewhere or everywhere.

10. <https://www.comscore.com/layout/set/popup/Request/Presentations/2017/The-Global-Mobile-Report?logo=0&c=1?>

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Now benefits teams have reached this tipping point in terms of adopting technology, we see a digital-first delivery of benefits that can be self-selected and personalized.



Case Study: Gilead Sciences



Client: Angela Sim, Director of Worldwide Benefits, Gilead Sciences

Industry: Healthcare, Pharmaceutical and Biotechnology

Company size: 10,000 employees in 38 countries

Gilead sciences set out on a mission to revolutionize their employee benefits experience and improve their compliance and governance.

They wanted to increase employee engagement and awareness of the benefits offered. They also found that on-boarding new employees involved time-consuming and cumbersome paperwork and resulted in delays in getting any issues resolved. When it came to compliance and governance, Gilead needed a consistent system of record and an agreed and secure way to transfer data, internally and externally. So they partnered with Thomsons to implement an employee benefits portal, enabling them easy online access to their benefits and the ability to select them at any time.

After implementing across nine countries for over 3,000 employees, Gilead is now hoping to launch in a further five countries in 2020.

Success stats:

- **42% decrease** in employee queries thanks to the elimination of over 20 forms
- 57 processes now **streamlined**
- **Smoother reporting** system
- 35% of employees have made an impressive **1200 benefit decisions** on their portal, showing an improved employee experience





A benefits function in flux

Flux

“a continuous movement or continual change”

Source: Merriam-Webster dictionary

Benefits professionals are currently feeling the pressure from all angles.

They are increasingly required to achieve more for less, balancing competing demands from the C-suite.

On the one hand they are required to keep a tight rein on costs (the number one initiative of global benefits strategies) whilst also tackling the business-critical challenges of attracting and retaining talent (the number one goal cited by 82%) and improving employee engagement (65%). (See Figure 1)

At the same time, they are under pressure

to implement change, for example by automating the benefits administration process, while achieving consistent global governance and demonstrating strategic value to the organization.

They are doing this at a time when the risks of getting it wrong have never been higher. And as a result they are in a constant state of flux.

It is important to put these pressures into context. Employee benefits have evolved from “protection and security” to a vitally important talent management tool which is there to attract, retain and engage employees.

Yet the benefits function is often seen as secondary to the overall HR function. Despite organizational investment in benefits being substantial (often secondary only to pay), few employers are making the small investment needed to really maximize their spend – and to differentiate their offering so they stand out as employer.

This pressure comes as the risk of getting benefits wrong easily outweighs the

additional cost of getting the strategy right.

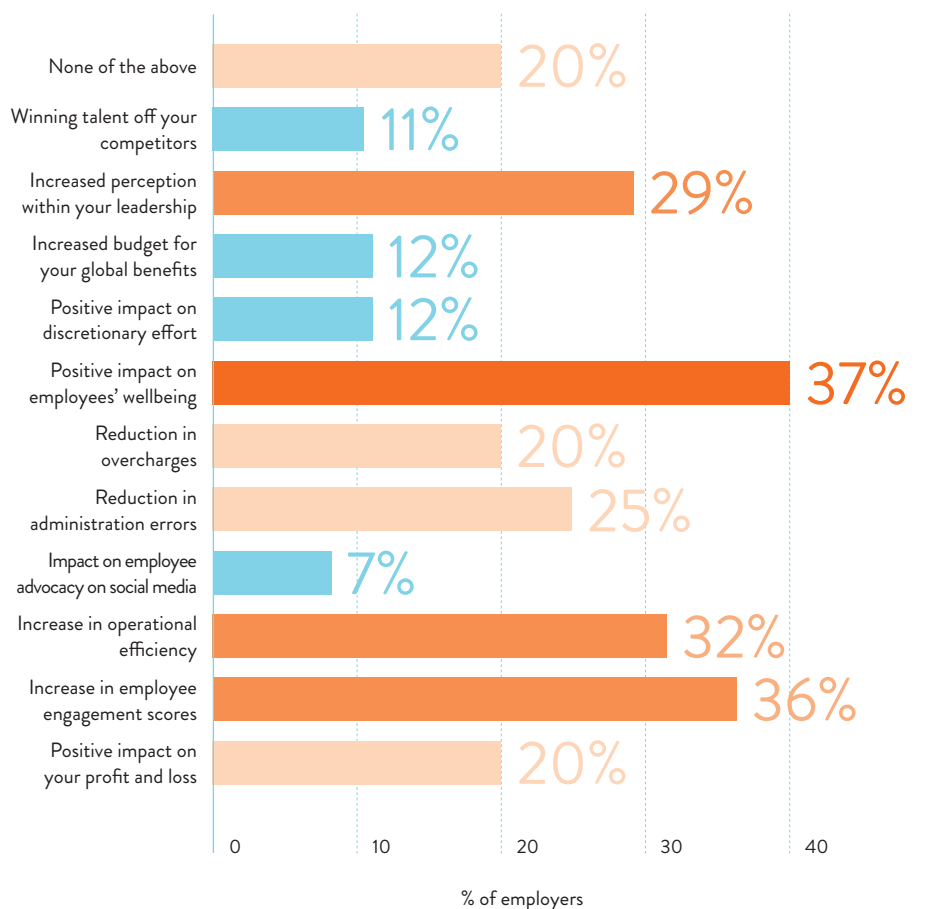
The financial and reputational risk is astronomical and is reflected in the reluctance of organizations to fully commit to some of the transformational changes that could really set them above other employers when it comes to the benefits they offer.

So, it's time for benefits professionals to step up to the mark and create the

business case for technology to meet the multiple requirements on their time. This will enable them to provide much-needed clarity on spend and free up their time to focus on high-value strategic work for the HR function, while providing certainty that every base is covered when it comes to supporting employees and complying with local legislation.

Benefits professionals building organizational influence

Figure 8 / Positive impacts of global benefits management



One of the most positive findings from this year's research is that there is an increased perception among leadership teams of benefits as a strategic driver – particularly when technology is in place as we will explore later in this chapter.

Figure 8 reveals the positive business impacts of following global benefits best practice. All of which contribute to how reward and benefits are perceived as a strategic driver in an organization.

So new initiatives are doing more than meeting business goals, they are helping to raise the profile of employee benefits, and therefore benefits professionals too.

Covering all bases: meeting legislative requirements

In addition to the positive impacts a business experiences from best practice global benefits management there can be negative impact too. For example, – 21% of organizations reported the instances of not complying with a local legislation change.

Recent changes in Hungary for example mean that many employee benefits will no longer be tax exempt.¹¹ Employers are therefore transitioning away from these and offering a greater percentage of remuneration as pay.

Then there has been the Global Data Protection Regulation (GDPR)¹² across Europe and significant changes to “fringe benefits” taxation including the elimination of employer-provided commuting and parking benefits.¹³

On a global scale, these tax and legislative changes have a significant impact on the benefits on offer, how much they cost, as well as coming with their own set of risks.

So it is vital for global benefits teams to have access to the most up-to-date

information and advice to avoid such shifts leaving them with mounting costs, disengaged employees or hefty fines for falling foul of new requirements.

In fact, none of the organizations who reported using technology to administer benefits around the world reported a failure to comply with local legislation.

Who are the decision makers?

When it comes to changes to benefits plans or the introduction of new plans, Figure 9 shows that in the majority of cases these have to be approved by a global benefits committee (53%).

This reflects changes we are seeing in the market where most multinationals are creating centres of excellence around global benefits. As shown in Figure 9, this central committee makes the strategic decisions, but enables local markets to broker their own benefits under these guidelines.

This relatively new approach creates a long term view for global benefits and enables them to become a global strategic driver. Employers then have local teams to execute a global strategy. We see this trend dramatically increasing across the engineering, financial and software industries in particular.

An example in practice is medical plans. The overall strategy would be set by the

global benefits committee. However, as indicated in Figure 10, local teams will then deal with specific requirements and vendors as well as local talent management considerations. For example, in the UK medical plans are an optional benefit, however in the US, they are essential (and therefore essential as well as a significant cost that needs to be carefully managed on a local level).

Reaching this potential not only depends on the technology in place to manage global benefits programs, but also on empowering and building teams with the right skillsets (particularly as administration is increasingly automated).

Benefits teams need to have analytics capabilities to generate real strategic insight from the reams of data they now have at their fingertips. They also need marketing skills to interpret data (for example click through rates on emails offering particular benefits etc.) and use this to hone the performance of their campaigns.

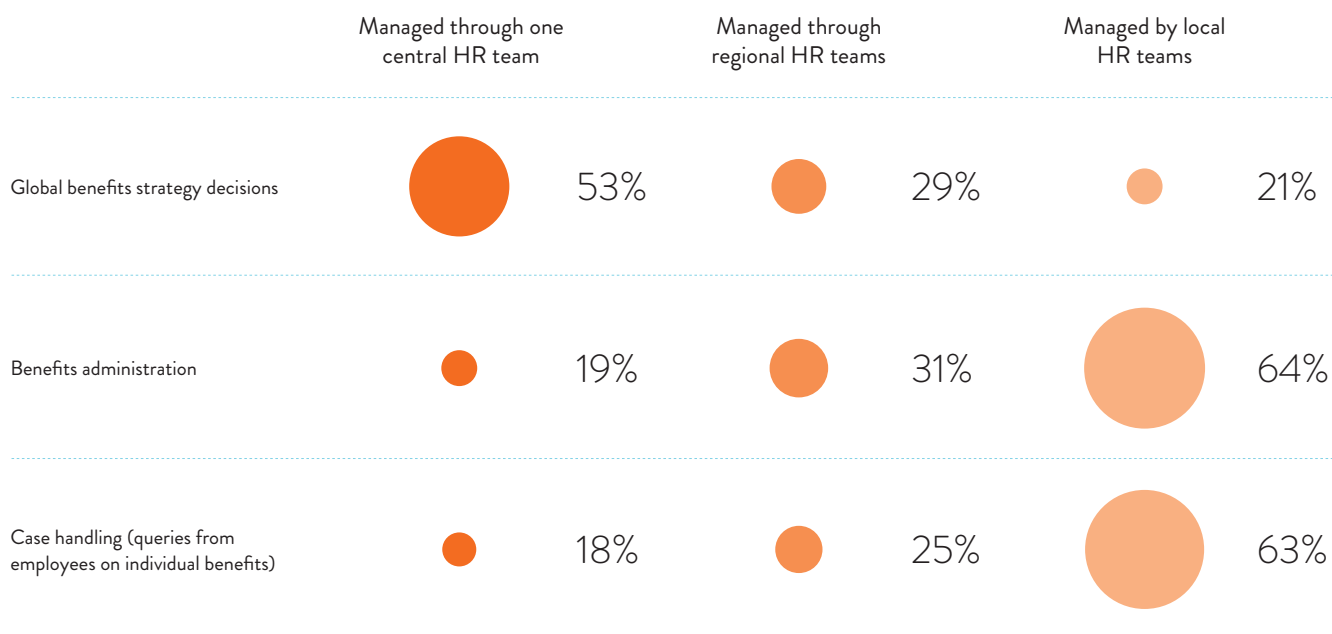


11. <http://www.kormany.hu/en/ministry-for-national-economy/news/taxes-set-to-be-lowered-again-in-2019>

12. <https://ec.europa.eu/easme/en/news/general-data-protection-regulation-gdpr-now-applicable-are-you-ready-it>

13. <https://www.wtplaw.com/documents/2018/05/significant-changes-regarding-fringe-benefits-under-the-new-tax-law>

Figure 9 / Global benefits management: structure of teams that manage areas of global benefits management programs



How benefits teams are managing the workload

For those HR and reward professionals who are reaching the tipping point – i.e. those without fully implemented tech to reduce the administration load – doing more with less puts an increased burden on their team. As we have already highlighted, benefits management functions are under increased

pressure to reduce costs while ensuring that employee benefits programmes do more for the organization as a whole.

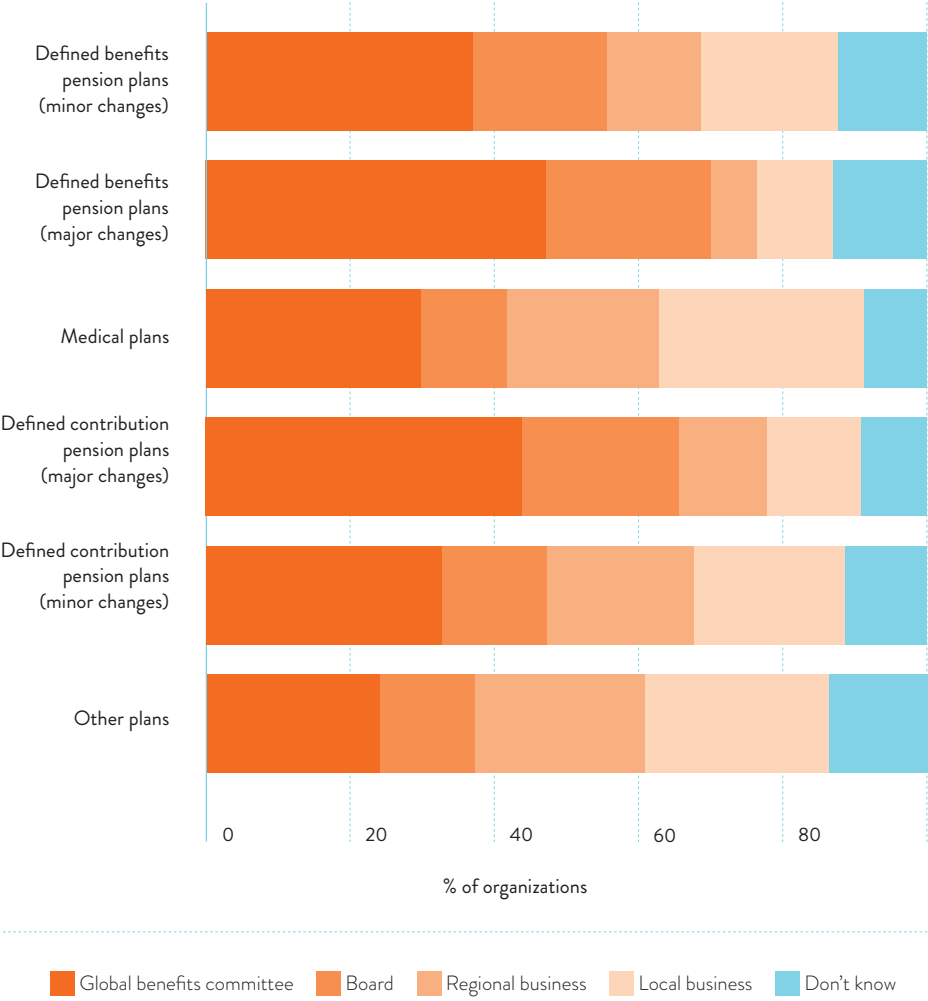
Most will need to meet these requirements with no extra staff and Figure 12 shows one in six (16%) will have to achieve everything required of benefit management teams – from delivery of communication programmes to implementing new systems and meeting new legislative requirements while ensuring good governance and

administrative efficiency and accuracy – with fewer staff.

Only 21% of benefits management teams are increasing.



Figure 10 / Approval of changes to benefit plans and introduction of new plans – decision makers

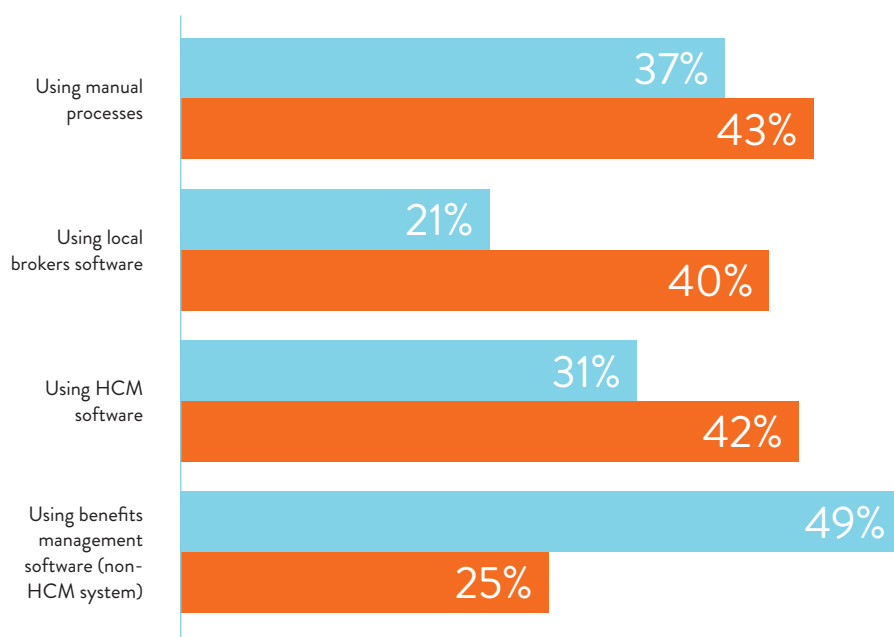


The power is shifting

However, some teams are being impacted by staff reductions while others are seeing their teams swell. Much depends on their function, but there is a general trend towards increasing the size of the central global benefits team:

- Respondents with centralized global benefits strategy decisions are much more likely to be **increasing** the size of these strategic teams (27%).
- Similarly, respondents with centralized benefits administration are much more likely to be **increasing** the size of their benefits team (30%).
- Almost a third of respondents who are planning to move their benefits administration to a central team are planning to **increase** the size of their benefits team (31%).

Figure 11 / Benefits management and team growth: Thinking of past two years and foreseeable future growth of benefits administration team



■ Decreasing ■ Increasing

”

99% of those using benefits management software everywhere or somewhere also report an increase in operational efficiency.

In contrast, respondents where global benefits strategy decisions are made through regional HR teams are more likely to be shrinking their central benefits team (27%).

These trends support earlier findings – where organizations are using tech to reduce the size of their local administration teams, focussing on their central teams which are carrying out more strategic, value-add work.

Technology and its impact on teams

As with other sectors and professions that have been automated, teams are shrinking when administration is managed by specialized benefits management software as can be seen in Figure 11.

What does this mean in practice? Is it really a good thing? Global benefits teams tend to be small and highly skilled. As a result they are usually leant on heavily. We are seeing that having a capable benefits team is becoming more important in the market. Particularly in bigger organizations that recognize the importance and have a strong HR leadership.

The trends in Figure 13 show that rather than losing HR professionals – tech is enabling teams to become focussed on strategic benefits initiatives.

Freeing up time to think strategically

The findings so far are compelling and optimistic. We can see that technology is positively impacting the shape and remit of reward teams on a global scale. Moving them from administration to strategy. So what are these teams actually achieving?

When taking the findings from Chapter 1 and cross-analyzing with the positive impact of an investment in technology on administrative burdens, the results of this year's research are encouraging.

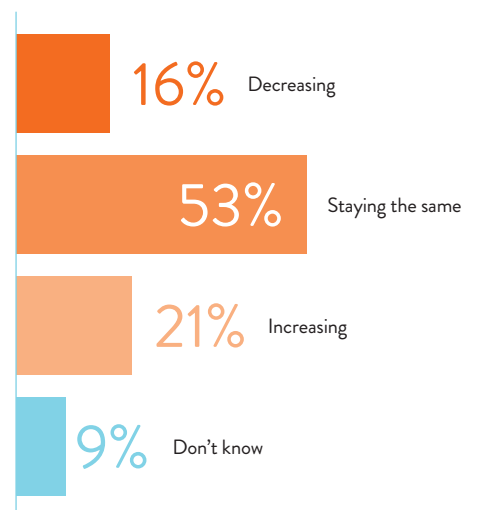
- 71% of organizations using HCM software everywhere or somewhere report an increase in operational efficiency.
- 99% of those using benefits management software everywhere or somewhere also report an increase in operational efficiency.
- 88% spend less time on benefits admin (one working day or less each month on administering benefits) by using total reward statements in all or some countries.

Relinquishing this administrative burden will provide benefits teams with more time to focus on and develop their strategic vision. Having a global benefits strategy in place is associated with more efficient delivery of global benefits objectives.

- 66% of organizations reporting high levels of alignment between their global benefits strategy and their people management strategy, believe their scheme is effective or very effective.
- This compares to just 14% of organizations reporting no alignment.

It is only then that reward and benefit teams can really add strategic value by enhancing the employee experience that we explored in Chapter 1.

Figure 12 / Benefits management and team growth: thinking of past two years and foreseeable future growth of global benefits team



Organizations also report cost savings and improved profits as a result of adopting new technology with the results for those adopting these elements either globally in all countries, or in just some regions or countries including:

- 39% report a positive impact on profit and loss and 39% report low levels of overcharging by vendors from using an HR shared service model.
- An even higher 60% report a positive impact on profit and loss from using benefits management software.
- 51% of organizations communicating around major life events also report low levels of leavers remaining on benefits incorrectly.

Not only do these results point to tech impacting the bottom line of organizations – they also allude to the opportunity it presents to reward professionals working in these teams who are no longer overwhelmed with administrative tasks.

Reducing the risks including to reputation

One of the biggest impacts seen on the use of technology is how it vastly reduces risk.

The importance of this cannot be underestimated. An admin error may seem inconsequential outside the world of benefits – but imagine if someone falls seriously ill, only to find that this error means they're not covered by their medical insurance. In most cases the employer will pick up the bill – but this is a costly mistake.

To put the costs into perspective:

In any given global organisation, 75 people are likely to receive a cancer diagnosis in any one year.

Can your organization say, hand on heart, that all eligible employees have their private healthcare selected, and with the appropriate level of cover in place?

The results in this years' research show that technology is having a tangible impact on reducing this risk – which is not just to the individual employee, but also to the reputation of the organization as a whole, which can be unquantifiable.

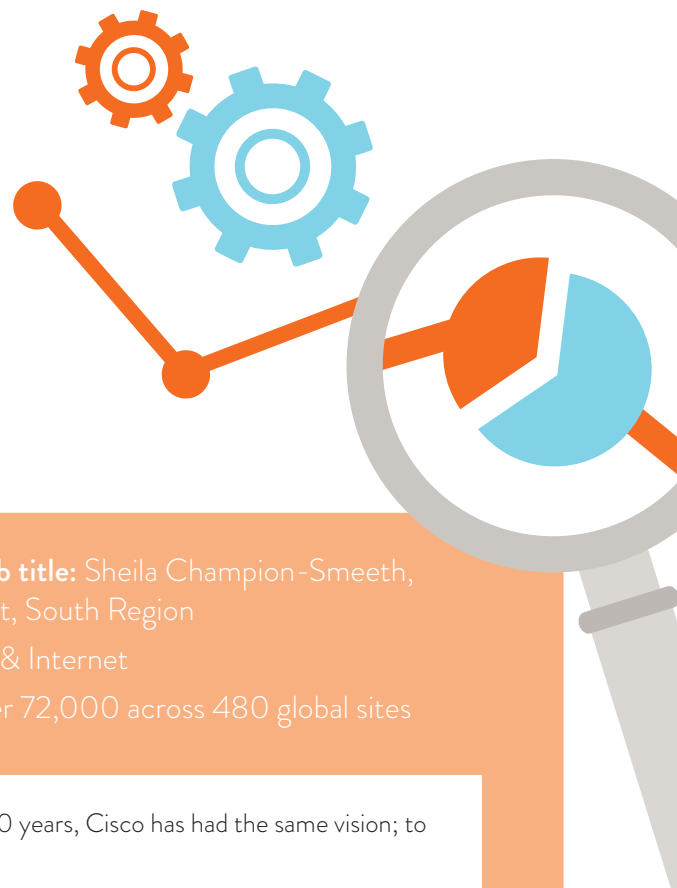
Organizations using global benefits software either everywhere or somewhere report a 70% reduction in administration errors. To use the previous example, consider the impact of this averted error on one of the 75 people diagnosed with cancer.

We have explored how benefits professionals are using technology to meet the multiple requirements on their time. But what kind of strategic decisions are they making, and how is this positively impacting their business and the employee experience? We discuss just how their role is changing in the next chapter.



”

Now that benefits teams have reached this tipping point in terms of adopting technology, we see a digital-first delivery of benefits, that can be self-selected and personalized.



Company name: Cisco



Client name and job title: Sheila Champion-Smeeth, Rewards Consultant, South Region

Industry: Software & Internet

Company size: Over 72,000 across 480 global sites

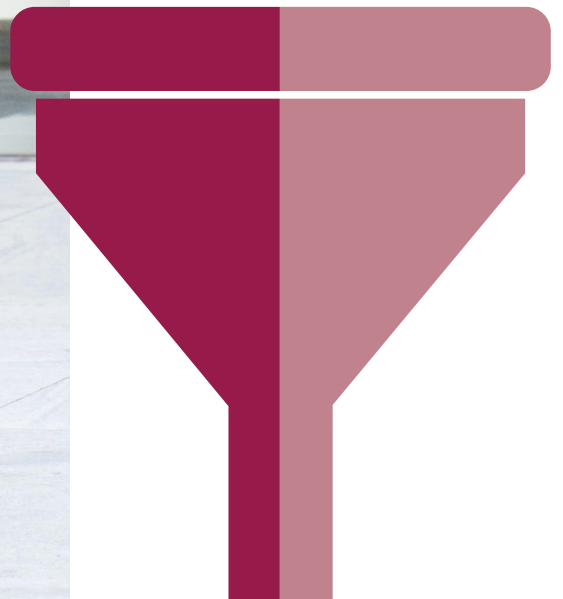
Cisco is the largest networking company in the world. Over the past 30 years, Cisco has had the same vision; to help change the way their people work, live, play and learn.

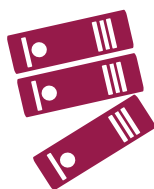
Cisco set out on a journey towards a truly global rewards offering. For phase one, they wanted to enhance their employees' benefits experience. By working with Thomsons, they created a one-stop-shop online portal, i-Benefit, which enables employees to access and select their benefits on any device, anywhere, at any time. They also wanted to create a holistic wellbeing offering, and they have done just that! They have delivered a multinational solution with personalised and localised wellbeing benefits for each market. By focusing on four elements; Eat, Sweat, Think and Connect, they run events and competitions and they have an online resource with monthly webinars, inspiring stories and videos.

For phase two, Cisco are launching a flexible spending accounts project to empower employees to make their own benefit choices to meet their life journey needs.

Success stats:

- **11,302 employees** now on i-Benefit
- **6 ASEAN countries** launched in phase 1





Data: The benefits game-changer

Data analytics gives organizations the ability to leverage data to predict the future. It enables better decision-making – and therefore the opportunity to gain a competitive edge.

So, it is no surprise that organizations are investing heavily, with the market for predictive analytics expected to double by 2022.¹⁴

Predictive analytics is the use of data, statistical algorithms and machine learning techniques to identify the likelihood of future outcomes based on historical data. The goal is to go beyond knowing what has happened to provide a best assessment of what will happen in the future.¹⁵

However, while functions such as Marketing have been transformed from cost centres to revenue generators, when it comes to HR (and benefits professionals in particular), there is still a long way to go.

Six in ten benefits professionals believe that the use of data mining, statistics,

machine learning and artificial intelligence to make data predictions about the future, is a game-changer¹⁶ – one that could drastically increase engagement with workplace rewards and benefits.

Yet despite the desire to exploit these technologies, very few are currently using predictive analytics according to the Reward & Employee Benefits Association in the USA.

In fact, nine in ten are using standard spreadsheet software to manipulate data rather than more sophisticated software programs.

However, benefits professionals are going to have to change... and they are not alone. According to the Preparing for the Future of Work report from the World Economic Forum:¹⁷

14. <https://www.statista.com/statistics/819415/worldwide-predictive-analytics-market-size/>

15. https://www.sas.com/en_gb/insights/analytics/predictive-analytics.html

16. <http://www.hrreview.co.uk/hr-news/ai-big-data-analytics-transform-rewards-benefits-industry/109269>

“Developments in areas such as artificial intelligence, robotics and big data analytics have displaced whole occupations, shifted the tasks and needed skills within some occupations, and created wholly new tasks and occupations.”¹⁷

Change is undoubtedly on the way.

We have the data, but are we using it?

Benefits professionals have the ability to access more data than ever before.

Although this year’s research found there is a divide between those who have access to their global benefits data (including global costs, take up and employee engagement with benefits) and those who don’t. Those who harness the power of this data to provide them with the information they need are better equipped to meet the main business goals of cost control well as talent attraction, retention and engagement.

They are also better placed to tackle some more fundamental issues: 70% of organizations using HCM software everywhere or somewhere reported a reduction in administration errors – there is no doubt that technology is highly effective.

The growing, and important, role of benefits teams in talent attraction and retention is putting pressure on benefits professionals not only administer benefits, but also to identify the most successful (and cost-effective) ways of achieving these business goals. Once again, to do this effectively they need access accurate real-time data. What’s more, to extract true value from data, benefits professionals need to be able to transform it using evolving analytics techniques.

We already know that organizations have some way to go before they have access to all the information and data they need on their global benefits program, mainly due to a lack of centralized systems (see Figure 6).



17. http://www3.weforum.org/docs/WEF_FOW_Eight_Futures.pdf

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Developments in areas such as artificial intelligence, robotics and big data analytics have displaced whole occupations, shifted the tasks and needed skills within some occupations, and created wholly new tasks and occupations.

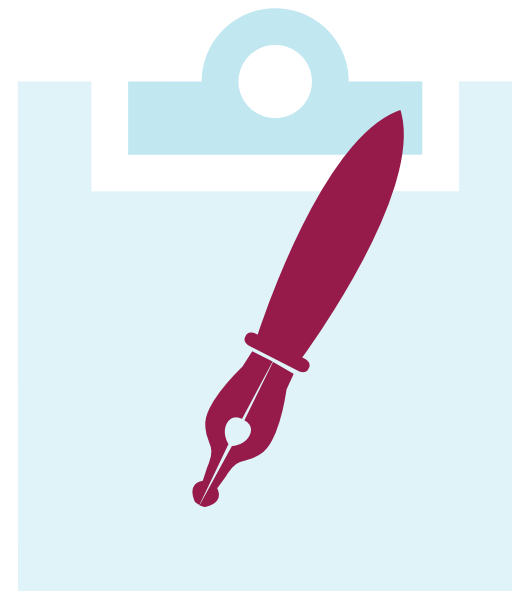
And do we have the skills to match?

According to the Chartered Institute of Personnel and Development in the UK: “Analytics can no longer be called a fringe topic of special interest. Proficiency and competence in using people data and deriving insights from, it is an essential part of your practice as an HR professional.¹⁸”

As such data analytics is now one of the key skills of benefits professionals require – particularly if they are to play a more strategic role.

In simple terms, knowing how many employees use a particular benefit and how much it costs is not enough. Being able to identify which benefits are likely to provide the best return on engagement (ROE) because they achieve the goals of attraction, retention and engagement is the way forward for benefits professionals.

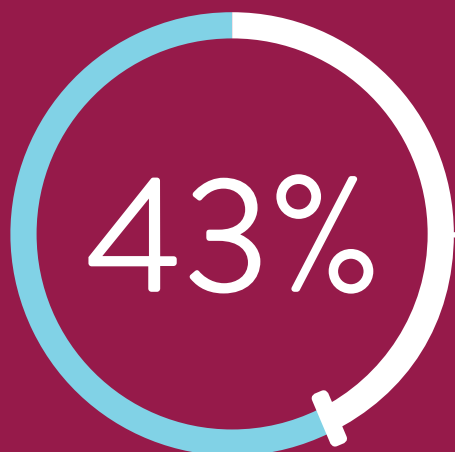
As we have already seen, benefits teams harnessing the power of data and data analytics are already receiving more recognition at leadership level and are also more likely to be growing in size (hiring more people) than not (see Figure 13).



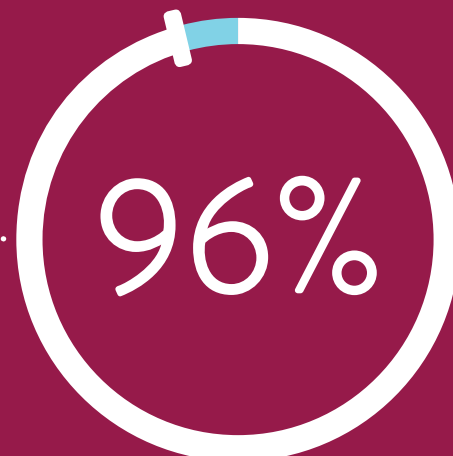
18. <https://events.cipd.co.uk/events/hra2018>



of employers measure the impact of
benefits on employee engagement.



of those that do quantitatively
measure, report an increase in
their employee engagement
score



report a greater alignment of
their global benefits strategy
with their people strategy.

Smarter data leads to smarter decisions

Analyzing global benefits data can lead to:

1. **Cost reduction** by identifying areas of waste, greater efficiencies and anomalies. We previously discussed the organization that started to analyze its benefits data and only then discovered that thousands of people were being covered (employees and family members) that should not have been.
2. **Better decision making** through being able to identify benefits that are most effective in attracting and engaging with particular talent pools (self-selection of benefits for millennials or retirement advice for baby boomers).
3. **Faster decision-making** so that the organization can be proactive as well as reactive. For example, if a method of communication with employees leads to a significant uptake in a particular benefit, organizations can ensure they have the administrative processes in place (and quickly) to maintain the quality of delivery. Predictive analytics can go one step further and anticipate. This can also lead to cost savings. For example, if the volume of business with a vendor is likely to change significantly as a result, benefits professionals can negotiate with vendors at the time, rather than waiting a year for when a contract is renewed.
4. **More innovation, more quickly:** Analyzing employee feedback, for example, can identify demand for new or different benefits or new ways of delivery (access to benefits on mobile devices is an example).

Without the analysis, none of the above can be done effectively.



Predicting the future...



As we have discussed, historical data is not enough.

What benefits professionals now need is to know what drives their programs today and in the future.

However, progressing from knowing what has happened to what is happening now through real-time data is not going to solve the real challenges organizations will face in the future.

For this, there needs to be a shift towards predictive analytics.

According to Informatica¹⁹ data analytics is:

“the pursuit of extracting meaning from raw data using specialized computer systems. These systems transform, organize, and model the data to draw conclusions and identify patterns.”

Going a step further, by using this data to predict what will happen, predictive analytics can provide organizations (and benefits professionals) with even greater capabilities:

As IBM²⁰ summarizes it:

“Predictive analytics brings together advanced analytics capabilities spanning ad-hoc statistical analysis, predictive modeling, data mining, text analytics, optimization, real-time scoring and machine learning. These tools help organizations discover patterns in data and go beyond knowing what has happened to

anticipating what is likely to happen next.”

This bridges the gap between what is known and what is not (yet). For example, knowing that an ageing workforce will lead to increased medical costs is something an organization needs to prepare for. Predicting the impact on costs will be vital to the C-suite. However, taking the analysis one stage further can help show how to reduce these costs.

For example, by modelling the impact of initiatives such as preventative health screenings and changes to working practices, benefits professionals can predict the impact on employee engagement, rates of sickness and absence and a host of other factors that will ultimately impact on costs and therefore the organization's profitability.

This concept is not new, just not yet widespread. Facebook is one of the early adopters of predictive benefits analytics to measure Return on Investment (ROI) by changing employee benefits policies.²¹

Its decision to implement a four-month parental leave policy for both male and female employees around the world was driven by data; a cost-benefit analysis helped them understand the opportunity cost of retaining certain individuals, as well as the cultural well-being and workforce engagement that such a policy would create. The result? Facebook determined that the ROI substantiated making the up-front investment in this new benefit.

19. <https://www.informatica.com/services-and-training/glossary-of-terms/data-analytics-definition.html#fbid=GHQuFOFwgW6>

20. <https://www.ibm.com/analytics/predictive-analytics>

21. [https://www.changeboard.com/article-details/16615/how-is-data-transforming-hr-at-facebook-linkedin-and-salesforce-/](https://www.changeboard.com/article-details/16615/how-is-data-transforming-hr-at-facebook-linkedin-and-salesforce/)

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the pursuit of extracting meaning from raw data using specialized computer systems. These systems transform, organize, and model the data to draw conclusions and identify patterns.

This is just one example of how data analytics can transform the benefits function from being seen as a cost centre, to being a driver of business goals. The next stage will be to use predictive analytics to determine how changes line this will effect the business in the future.

So looking to the future, if benefits professionals can help their organizations better prepare for the impact of macro trends (such as the ageing workforce on benefits requirement and spend), they will be in a much more influential and powerful position.

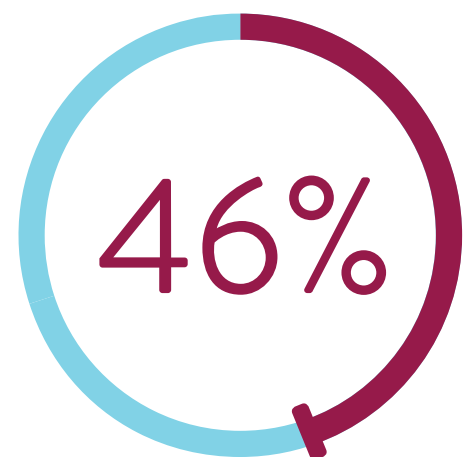
The current state of play

However, there is still a way to go before this becomes a reality for most benefits teams. As Figure 13 shows, currently around a third of organizations are still grappling with the basics with only 64% measuring the take-up levels of their benefits programs and a similar percentage (66%) measuring employee satisfaction with their benefits.

More worryingly, more than half (53%)

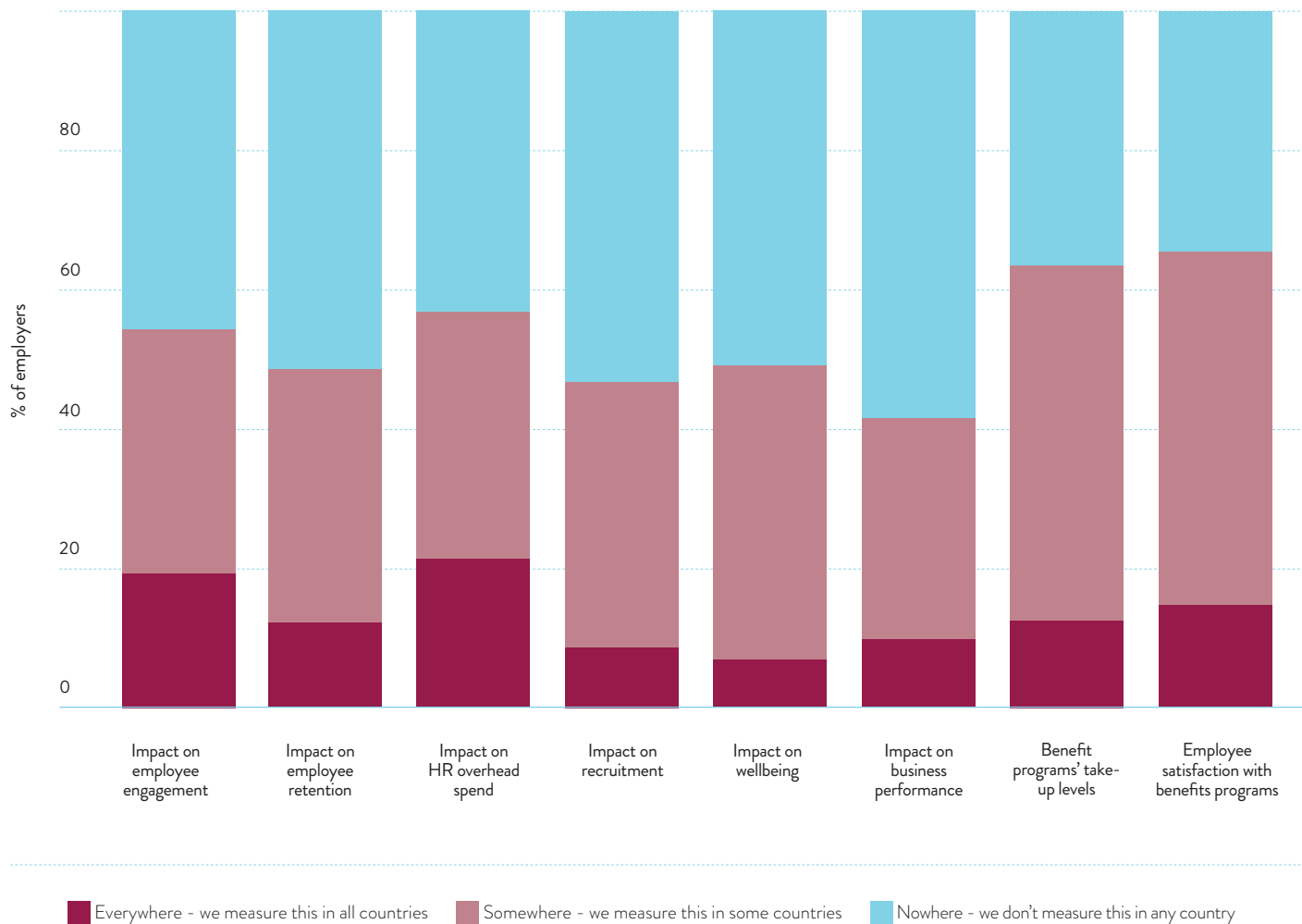
do not measure the impact of global benefits programs on employee retention, nor its impact on recruitment. Almost as many (46%) do not measure the impact of global benefits programs on employee engagement.

This is despite the headline findings of our research showing that these were by far the most important priorities for benefits teams.



do not measure the impact of global benefits programs on employee engagement.

Figure 13 / How employers are quantitatively measuring the impacts of global benefits programs



Where wellbeing is heading

So where can benefits analytics make the most impact? There is no need for debate.

Healthcare: the benefits spend is vast, costing organizations trillions of dollars. In America alone employers spend nearly \$1.2 trillion annually²² and the costs are rising sharply. From 2006 to 2018, the total cost of healthcare per employee has risen 75%, while the median annual salary has only gone up by 25%.

Once again, there is a conflict of priorities. On the one hand employers want happy, productive people to drive shareholder value. On the other hand, rising costs mean that organizations also want to look for ways to limit their spend (while still providing employees with the benefits that are essential when it comes to attracting, retaining and engaging talent).

Once again, this year's research has discovered a disconnect between these goals:

Promoting employee wellbeing is an underlying objective for 52% of global employers – although only 47% are measuring the impact of their global benefits program on this.

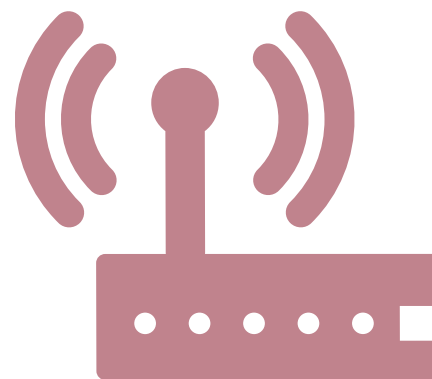
Prevention better than cure

One of the most exciting developments – and one that varies from organization to geographical location – are initiatives to reduce the need to claim on healthcare cover (and therefore reduce its cost to the organization).

In APAC for example, some employers are looking to deal with preventable illnesses (e.g. providing water filters in India), while in Singapore or Japan health issues are predominantly chronic – relating to over consumption or ageing – and therefore initiatives might be more focused on diet and exercise as well as preventative screenings.

While these are not new concepts, evolutions in technology and data analytics are now enabling employers to devise tech-enabled health pathways for their people. These can provide flexibility, for a wide range of health needs. They can also be individualized so they are better targeted.

At the same time this technology data back into the business to demonstrate scheme impact (on employee health) and program value (cost savings). Analyzing this data can enable benefits professionals to be more innovative. For example:



22. <https://blog.collectivehealth.com/employer-driven-healthcare-270bfb7ee8c7>

- Employers can analyze claimant data to determine common health problems and devise benefits programs to address these needs.
- They can maximize scheme engagement through targeted communications (analyzing responses to hone their strategy).
- Benefits professionals can also correlate scheme engagement with education in healthcare needs.
- Taking this a step further – reductions in healthcare claims can be correlated with engagement scores and business productivity, enabling benefits professionals to provide the organization with a monetary figure on the impact of their scheme.

This year's research shows just how much organizations can benefit.

67% of respondents who quantitatively measure the impact of global benefits programmes on employee wellbeing in all countries report an increase in engagement scores.

Technology's potential to generate valuable data means we will see an increased focus and growth in tech-enabled healthcare pathways; for example, insurers harvesting data from smart devices to develop more tailored schemes.

We will also see progressive organizations building this into a gamified approach, enabling employees to compete against health metrics through their smart devices. This will further drive engagement and lead to better results.

However, the use of personal data (and the implications for data security as well as privacy) will need to be taken into consideration.

The new wellbeing contract

Within today's data-sensitive context, employers will have to be incredibly clear on how exactly they plan to use and store data to gain and maintain employee trust – and this is all part of the new wellbeing contract.

Employees are able to receive a richer supply of benefits that make a real difference to their everyday lives, but employers will need to first receive the right data and insight to devise these.

Communication will be key in ensuring that employees understand why their data is being used and also how it will benefit them as individuals.

The risks are high which is why reducing data and operational risk is a priority initiative for over 90% of global employees.

”

We will also see progressive organizations building this into a gamified approach, enabling employees to compete against health metrics through their smart devices. This will further drive engagement and lead to better results.





This is unsurprising considering recent GDPR legislation and comparable legislation in other markets including Australia and China.

For global organizations there are added challenges. With global benefits strategy decisions largely made at head office through one central HR team, data will need to move from country to country—providing a challenge not just in terms of data security but also in terms of legislative requirements (which vary from country to country).

For example, the inability to move data outside of country borders can present a challenge for cloud providers. In turn, this can have implications for organizations using an HR shared service model.

This may further strengthen the position of local benefits professionals particularly if organizations choose to overcome these issues by asking for data to be analyzed at a local level. Global organizations will need to comply locally as well as in their home markets.

On a more practical level, benefits professionals will need to have a clear method to identify and communicate with employees about specific questions that may arise from a particular plan.

For this, the right technology will be vital.

Reducing data and operational risk is a priority initiative for over



of organizations using Human Capital Management and global benefits software reported that it successfully led to greater security when storing and transferring data either in all countries or some.

There will need to be new contracts with vendors too, not just to govern the storage and transfer of data about employees who use a particular benefit, but also to ensure that greater flexibility (for example, self-select benefits) is carefully managed.

For this, data on take-up will be vital in order to manage costs and monitor engagement... and that once again raises issues around the use of data.

The game has not changed... Yet

Technology has already transformed the role of benefits professionals and the impact of the work they do.

Greater data security, fewer administrative errors, a reduction in overcharging and increased operational efficiency; these are just some of the positive impacts from the use of benefits software that this year's report has identified.

The report has also shown positive impacts on profit and loss, employee engagement and, in particular, employee wellbeing. Automation also means benefits professionals are spending less time on administration, freeing them up to focus more on meeting organizational goals.

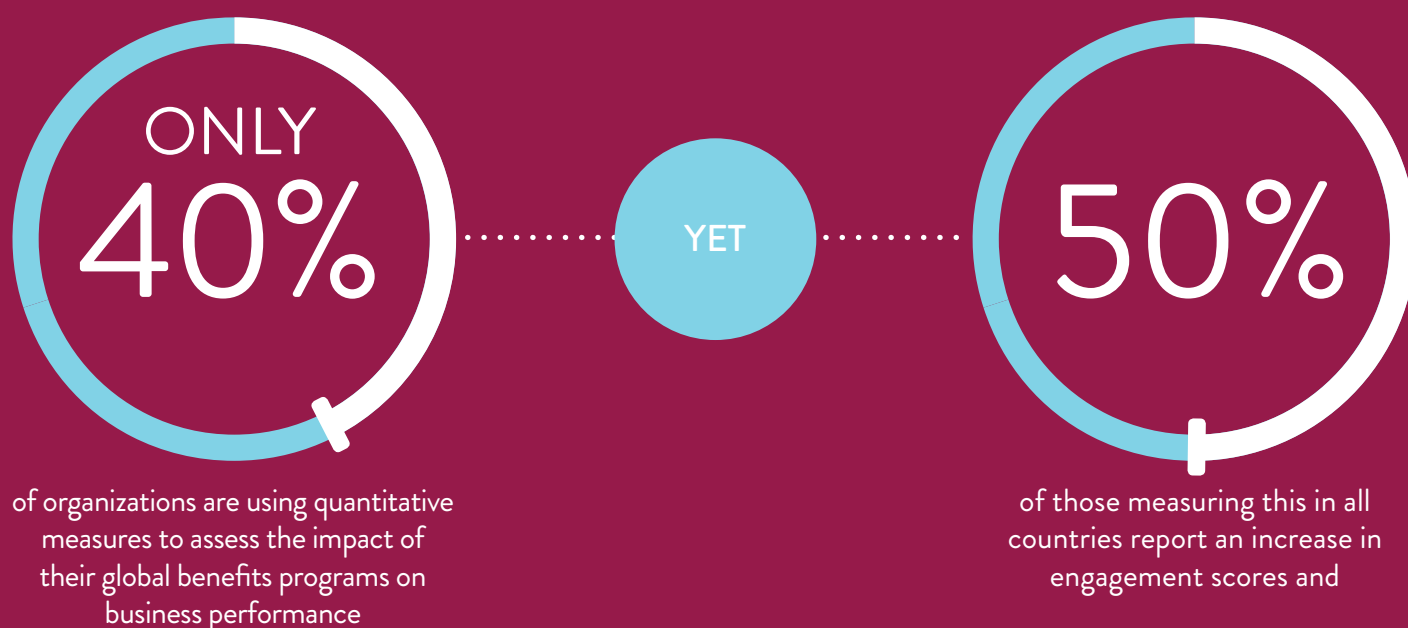
However, the real game-changer using data analytics to explore the impact of employee benefits, and also predictive analytic to forecast trends, needs, costs and engagement is still in the future.

We know from this year's report that only 40% of organizations are using quantitative measures to assess the impact of their global benefits programs on business performance, for example.

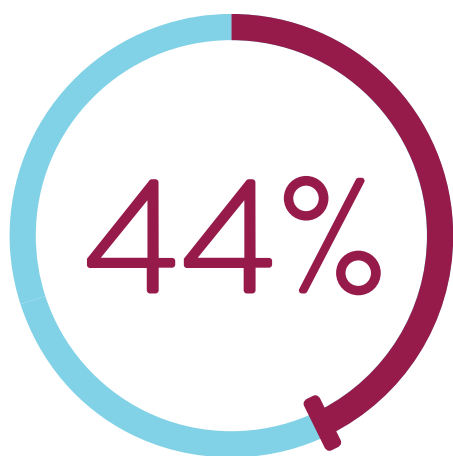
However, we also know that when they do:

50% of those measuring this in all countries report an increase in engagement scores and 44% of those who do so in some countries also say employee engagement scores have increased.

It is findings like these – with benefits professionals analyzing the data they have to prove the impact of their benefits strategy – that will be the game-changer for global benefits.



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Case Study:

Industry: Software & Internet

Company size: 11,000 employees in over 35 countries

Our client previously had a range of different benefit systems and processes in place. The manual handling of employee data was a security risk, so it was essential to our client to automate their processes and make their data secure. By working with Thomsons, they mitigated this risk by creating an online benefits portal. The portal allows employees quick access and flexibility when managing their benefits, and eliminates the need for paperwork. Alongside this, it was important to our client to improve the efficiency of their processes. So they sought out new providers who didn't require a wet signature for the services they offer.

Success stats:

By February 2018, **4200 employees in 5 countries** were selecting and managing their benefits on the portal.



Conclusion

Global benefits are at a tipping point.

Benefits teams have seen their function evolve from providing protection and security for employees, to strategic talent management – attracting, retaining and engaging the best people.

At a time of austerity and pay restraint, employee benefits are now seen as a key differentiator.

They are also becoming increasingly diverse and tailored, with greater personalization of benefits so that they can appeal to different demographics. The days of a one-size-fits-all approach are ending.

As a result, employees today are increasingly empowered to self-select the benefits they need, as and when they want.

However, it is not just the benefit offering that is changing.

Employers are also changing the way they communicate about benefits, personalizing this to target different groups of employees and maximize engagement.

Communication around benefits now needs to be proactive rather than reactive, with a growing trend to engage with employees around significant life events. Although the use of mobile devices to access benefits is still not yet widespread, usage is increasing. In addition, benefits teams are increasingly reaching out to their employees via mobile technology.

All of this innovation is enabled by technology.

As this year's research reveals, we have now reached a tipping point where more benefits teams are adopting new technologies than not, and the pace of innovation is increasing. With administration increasingly automated, this technology is freeing up benefits teams to do more strategic (and arguably more interesting) works.

However, this also means that different skills are required.

One of these is data analytics. Proactive engagement, rather than reactive is now coming to the fore as is predictive analytics, to identify future trends – such as rising costs and increasing demand. More sophisticated analytics are also being used to measure engagement with benefits and, in turn, there has been a noticeable impact on employee engagement.

As a result, benefits teams that use more sophisticated tools are more likely to see their global benefits strategic function growing in size rather than shrinking. This is elevating benefits at an organizational level where it is receiving greater recognition from leadership teams.

This is a time of great opportunity for anyone working in this sphere. And technology is certainly enabling HR teams to reach the tipping point to transform into a strategic function.

However, with greater power, comes greater responsibility.

Analyzing employee data to provide individuals with benefits they value at the time they need them is a highly sensitive issue, given the misuse of data scandals that have rocked some global organizations.

Going forward, how benefits professionals manage to deliver a more tailored benefits experience, while protecting the privacy of their employees, is going to be a key challenge. One which those who have reached the tipping point of delivering strategic value through global benefits will soon face.

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About Thomsons Online Benefits

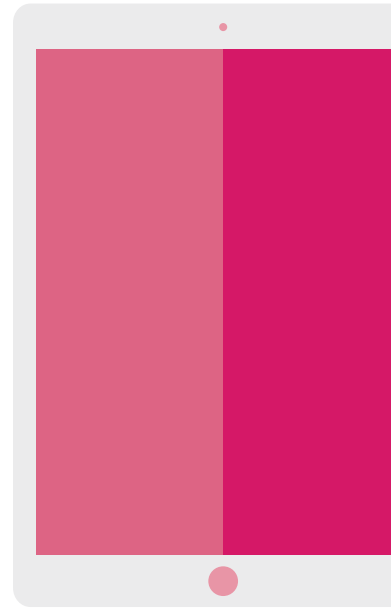
Thomsons Online Benefits is a SaaS provider of global employee benefits and employee engagement software. It is a wholly owned subsidiary of Mercer, a global consulting leader in advancing health, wealth and career. Thomsons' award-winning platform, Darwin™, is the global market leader for automated employee benefits administration. With over 1 million worldwide users, Darwin connects employees with their benefits in more than 97 countries and 31 languages.

By using the right combination of editions, Darwin provides a tailored solution to meet a variety of employee benefit and reward needs, including employee engagement, managing risk, controlling costs and streamlining benefits administration. Its ability to constantly evolve and cater for shifting workforce needs has made it the provider of choice for eight of the world's top ten technology companies. Thomsons has received 114 industry awards, including the prestigious Brandon Hall Group gold award for Best Advance in Rewards and Recognition Technology.



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Thomsons’ award-winning platform, Darwin, is the global market leader for automated employee benefits administration.



Appendix

1. <https://www.bls.gov/news.release/pdf/ecec.pdf>
2. <https://worldcomgroup.com/resources/confidence-index>
3. <https://www.mercer.com/newsroom/mercero-national-health-survey-employers-finding-new-ways-to-hold-the-line-on-health-benefit-cost-growth.html>
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20. <https://www.ibm.com/analytics/predictive-analytics>
21. <https://www.changeboard.com/article-details/16615/how-is-data-transforming-hr-at-facebook-linkedin-and-salesforce-/>
22. <https://blog.collectivehealth.com/employer-driven-healthcare-270bfb7ee8c7>

Methodology

A total of 497 HR and Reward professionals took part in the online Employee Benefits Watch survey in 2018. Respondents completed an online questionnaire on the employee benefits they offer, their reward strategy and approach.

Alongside the employer survey, Thomsons Online Benefits commissioned an employee survey, which was completed by 2,200 employees working for large organizations around the globe.

Global Employee Benefits Watch Report 2018/19

The global benefits tipping point

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