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# *Using Technology to <sup>real</sup> Advantage*

*Employee Benefits Live Conference*

*September 30<sup>th</sup> 2009*

*James Markham*

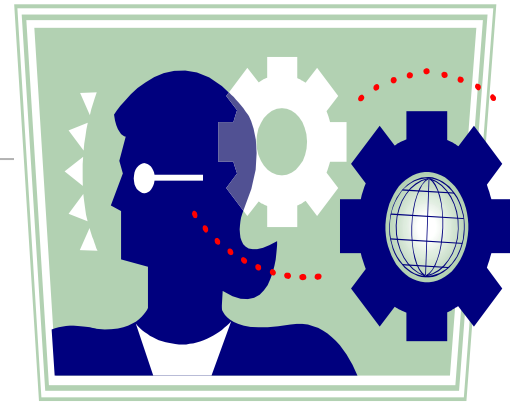
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# *When you think “benefits” do you think...*

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- *A significant “business”: 20% to 33% of workforce costs*
- *Management is the customer, not the employee*
- *Benefits are a strategic tool, not just a fixed cost*
- *Leveraging technology is key to managing benefits strategically*



## *Purpose of seminar*

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- *Consider how we might use technology to more advantage in Benefit Management*
- *Understand the four key capabilities to consider when selecting benefits technology*
- *Hear a case study on leading edge technology application*
- *Initiate a debate!*



# Agenda

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- *Introductions*
- *Presentation (SBC Systems)*
- *Case Study (RSA)*
- *Q&A*



# *Business needs benefits*

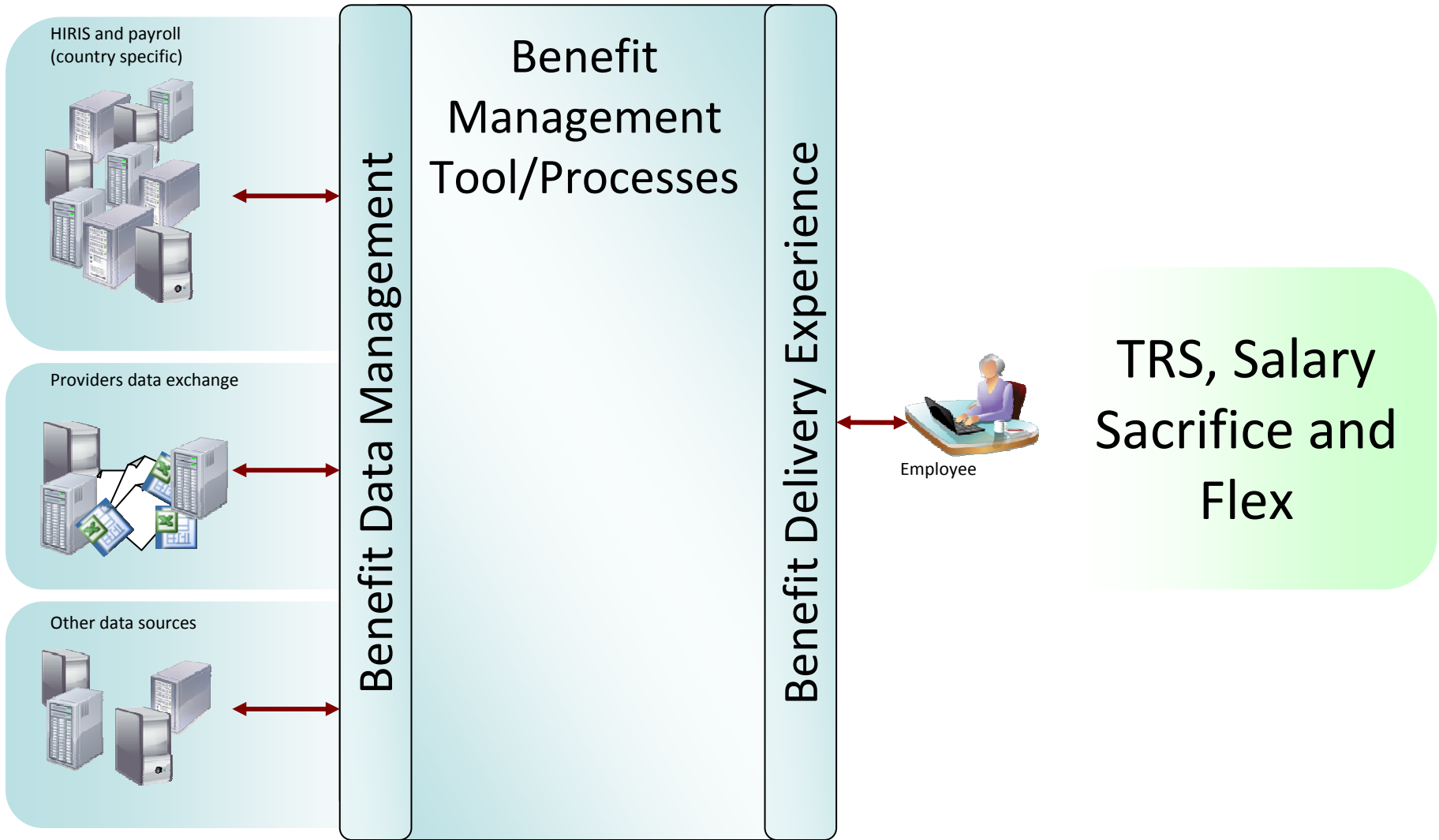
## *... Benefits need management*

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- *In or out of recession, benefits & non-cash are vital*
  - *Benefits have more “value to cost” through “gift-effect”, tax benefit, group discount etc*
  - *Benefits help employees plan for the future*
  - *Recent financial collapse has led to a push for more deferred compensation*
- *Effective benefit delivery is important*
  - *In or out of recession, it is important that employees appreciate the value of their total reward*
  - *Shift to DC pensions is creating a “duty of care” risk for organisations - employees must understand their total wealth*



# Historically we have oversimplified the challenge....





## *Benefits have never really been managed*

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- *Often invisible to the employee*
- *Regarded more as an employee extra, than as a critical strategic tool*
- *Fixed according to long-standing company policy*
- *Manual or only semi-automated with no real workflow*
- *Limited Management Information (cf, payroll)*



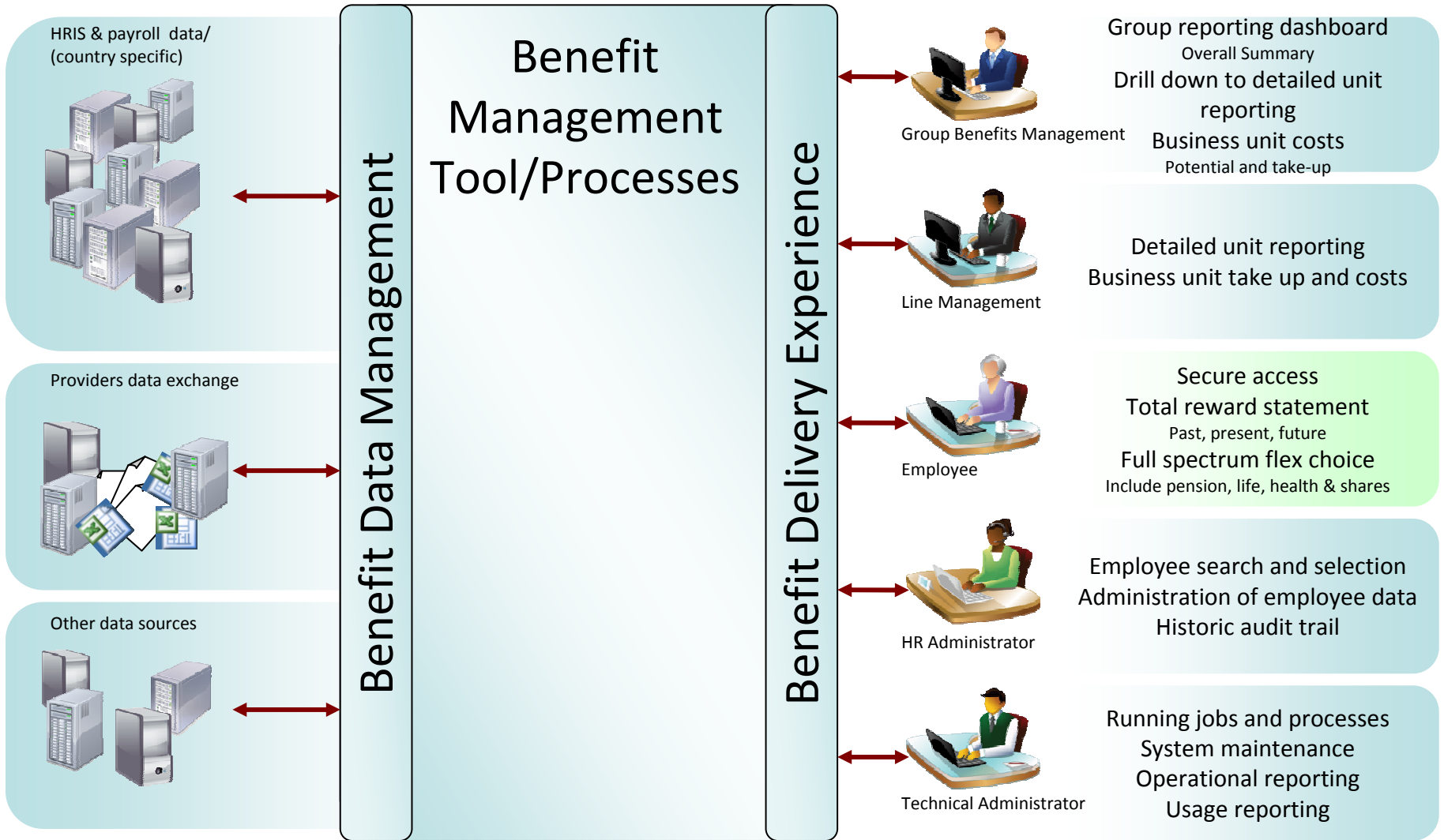
## Surveys confirm lack of benefit management

- *CIPD reward survey report quotes:*
  - “if organisations do not have a complete handle on where their staff spending goes, it is far more difficult to prioritise investment”*
  - “only one-third of organisations (32%) assess the impact that their reward practices have on their employees”*
  - “only 56% of large companies calculate their overall remuneration expenditure”*

January 2009



# We need to address the full challenge





# *To achieve this, we need the right technology*

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## *All-in-One Integrated platform*

*Including pensions and shares, woven directly into your intranet, for complete brand control and easy employee self-service management*

## *Cost Effective Complexity Manager*

*Also handling global programmes, workflow and constant change*

## *Fully Integrate-able with Client systems*

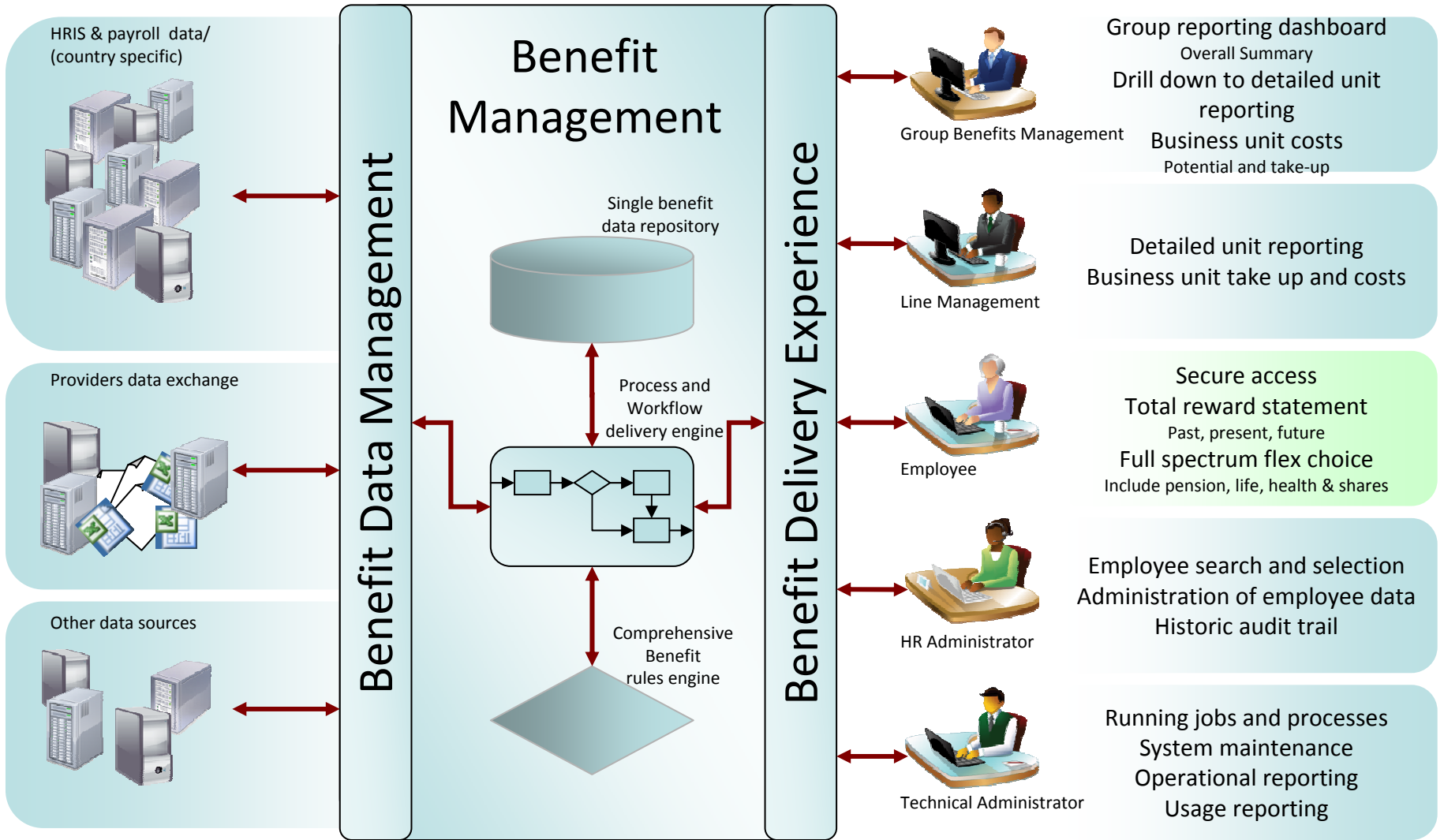
*Enabled for real-time or near real-time straight-through processing with all the other databases and systems*

## *Comprehensive Reporting Capability*

*Every benefits data element is individually stored for comprehensive reporting and analysis*



# A complete management tool





## *New technologies will increase some costs but decrease others*

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- *Administration volume and costs are decreasing*
- *Overall operating costs are decreasing*
- *Reporting costs are decreasing*
- *Level of administration skills required is increasing*
- *Selection costs are increasing*
- *Implementation costs are increasing as “behind the scenes” IT complexity is increasing, but delivery choices are changing payment schedule*



# *...but it will be easier to develop the business case for change*

| <b><i>Management wants:</i></b>  | <b><i>New technology could deliver:</i></b>  |
|--|--|
| <i>More productivity</i>   | <ul style="list-style-type: none"><li>• <i>e.g., Reduction in time wasted through self service</i></li><li>• <i>More reported satisfaction with package, etc</i></li></ul>   |
| <i>Successful delivery of the strategic objectives (harmonisation, growth etc)</i> | <ul style="list-style-type: none"><li>• <i>Handle existing complexity</i></li><li>• <i>Enact desired business strategy</i></li><li>• <i>Change “on a dime” as strategy or business environment changes, etc.</i></li></ul> |
| <i>Lower costs</i>   | <ul style="list-style-type: none"><li>• <i>Straight-through processing, workflow etc</i></li></ul>   |
| <i>Better management information</i>   | <ul style="list-style-type: none"><li>• <i>Comprehensive reporting capabilities</i></li></ul>  |



## *Embrace the Technology!*



- *It is your benefits data servicing and transport system:  
Bike, train, car?*
- *Understand what you have and what you need*
- *Don't pass the selection decision off to IT  
they aren't making the journey;  
you and your customers are.*



# *New developments are coming to an organisation near you!*

- *Major investments into wealth platform creation*
- *Greater HR & Benefit department understanding of nature and power of technology*
- *Recognition that **data** is where it is “at” - effective data management and distribution requires technology*
- *Global delivery*
- *Move away from selecting products for flex to delivering “benefits management”*
- *Lots of major new entrants examining the field*
- *Increasing integration across the full pay and benefits field*





## *RSA Recognised...*

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- *the need to improve its benefits management programme*
- *that to achieve its objectives would require some advanced technology*
- *that with the right kind of technology and service agreements, the administrative burden would not be onerous and could be handled in-house*

*Next: Case study*



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