



# MAXIS GBN GLOBAL PERSPECTIVES

DATA & DIGITAL INNOVATION AND THE  
FUTURE OF GLOBAL EMPLOYEE BENEFITS

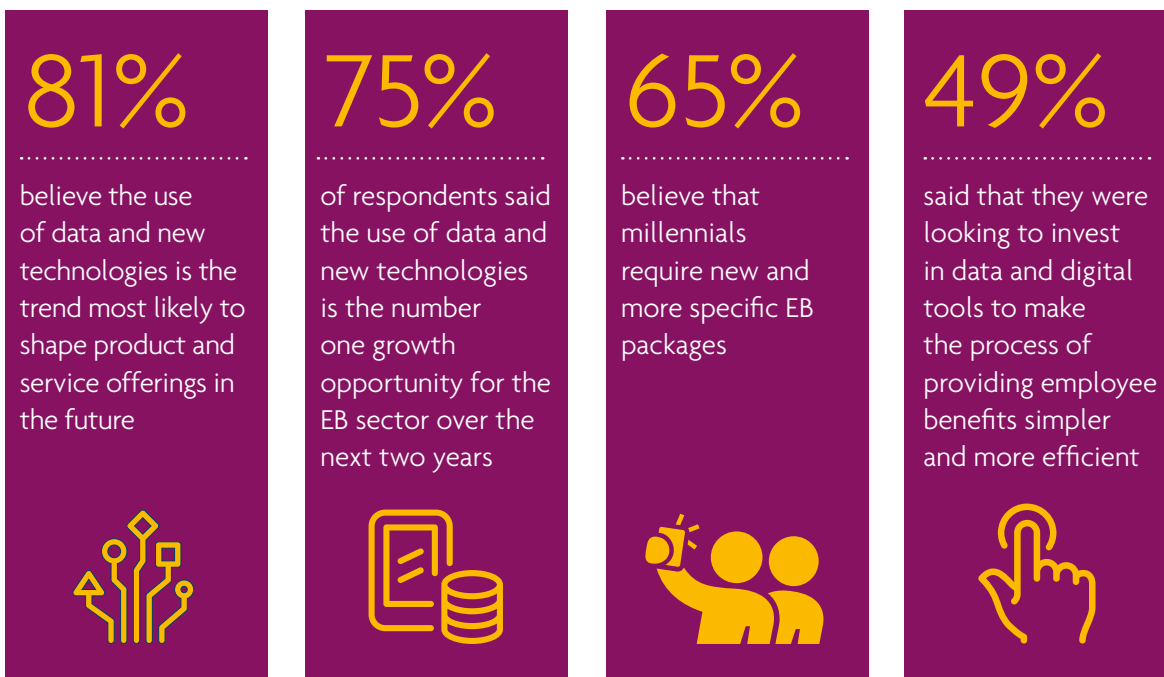


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# Data & digital innovation and the future of global employee benefits

Data and new technologies provide arguably the biggest growth opportunity for the global employee benefits (EB) sector. With sophisticated digital platforms and data analytics playing an ever greater role in our day to day lives, it's hardly a surprise that 75% of EB professionals considered this the biggest growth area when surveyed in the MAXIS GBN 2018 Global Perspectives report<sup>1</sup>.



Multinationals are facing plenty of challenges in the EB market. The cost of local medical policies are becoming more expensive, with medical trend over 10% in some countries and rising faster than inflation, plus the requirements of the millennial workforce and younger generations are very different to those of older employees. These challenges mean multinationals are looking to make the management of EB both more efficient and more effective to help lower costs and increase engagement. Maximising the use of data and digital technologies is paramount in helping multinationals hoping to achieve these goals.

That's why we've recently launched the **MAXIS Data & Digital Innovation Lab** (The Lab), an innovation programme committed to researching, investing in and using data and new technologies to improve the services we provide multinational clients.

**Data & digital innovation and the future of global employee benefits** is the first key theme to be taken from our Global Perspectives report and further explored. We have combined our findings from the initial report with further research and evidence and hope our insights will provide you with an overview of innovation across the global EB space, allowing you to make better informed decisions on how to take advantage of data analytics and digital tools.

The report covers four key areas that look set to transform the sector.

<sup>1</sup>MAXIS GBN Global Perspectives report – May 2018



### 1. Global benefits platforms

Cloud-based digital platforms are changing the world of employee benefits. Not only do they allow multinationals to control costs and centralise the enrolment and management of employee benefits across the globe, but they are giving employees greater access to voluntary benefits and are enabling them to tailor programmes to suit their individual needs.



### 2. Data analytics

In a data-rich industry like employee benefits, analytics and using data-driven insights is of the utmost importance to help control costs and analyse trends. New tools and dashboards are helping EB decision-makers to make more informed decisions when designing global employee benefits strategies.



### 3. Health and wellness technology

Can multinationals ultimately turn insights into healthier employees? Health and wellness mobile apps and web portals are being implemented in organisations around the world as employers look outside of traditional local healthcare offerings to take care of their employees' wellness and control medical insurance costs.



### 4. Insurtech innovations

Artificial intelligence (AI), blockchain, robotic process automation (RPA), machine learning and other recent innovations have the potential to greatly impact the EB sector. Whether it is in pricing, underwriting or customer service, these technologies are beginning to change the sector.

While each of these innovations may be at varying stages of maturity in different countries around the world, the potential they have is evident. And when we look at these technologies in the context of the changing needs of the millennial and younger generations, the future of global employee benefits begins to become clearer.

“Through our work with The Lab, we’ve had the opportunity to investigate trends, work with technologies impacting the sector, and speak at length with numerous local insurance partners and global EB professionals about technology, trends and the future of the sector.”

**Helga Viegas, Director of Digital Marketing & Innovation, MAXIS GBN**

#### The MAXIS Data & Digital Innovation Lab

The MAXIS Data & Digital Innovation Lab (The Lab) is an innovation programme aiming to set us apart as the most innovative, forward-looking global benefits network in digital and data solutions in our market. As part of The Lab, we’re:

- working on improvements to our existing digital tools and reports
- developing new products and services using data analytics and digital technology
- hosting innovation roundtables with multinational clients and local insurers around the world to discuss the current usage of digital tools and uncover the latest digital trends in the industry
- working with industry experts, global platforms, insurtech companies and entrepreneurs to come up with innovative solutions for our clients, for example through our MAXIS Innovation Hackathon.

# 1. Global benefits platforms

One of the major catalysts for change in the EB sector is the growing usage of cloud-based benefits platforms. Traditional human capital management (HCM) platforms have been allowing human resources (HR) teams to manage recruitment, performance and payroll for years. Global benefits platforms, sometimes built into these systems, provide a user interface for the employee, where they can enrol and manage their own benefits directly.

As well as this, benefits platforms generally include a portal where HR and benefits administrators can manage and report on their programmes globally. This generates analytics, such as enrolment and usage patterns, to drive decision-making.

The current state of the market is far from consolidated. Many large EB consultancies have platforms targeted at a global level, however, these are not the only platforms on the market. There are also independent technology companies as well as plenty of local and regional providers. There have been several mergers and acquisitions over the past few years as many of the biggest players in EB look to secure critical market share at a time of growing interest in the platform space.

## Advantages for employees

Depending on the provider and set-up requirements, the functionality of these platforms can include choosing from a list of benefits, changing personal details and adding dependents online. It can also interface with other benefits and rewards and offer interactive data-modelling tools for the employee. Points systems can add an element of competition and incentivise employees to complete activities, increasing the overall engagement.

Global benefits platforms can also give employees access to voluntary benefits, allowing them to 'top up' from their own pocket and tailor programmes to suit their individual needs. By giving power directly to individuals, these platforms can greatly improve the visibility and the perceived value of benefits on offer.

<sup>1</sup>MAXIS GBN Global Perspectives report – May 2018



EB professionals agreed with the move towards flexibility when asked what type of benefits high quality recruits want and need, highlighting flexible schemes designed around individual needs (cited by 46%) and employee 'build your own' schemes (42%)<sup>1</sup>.

This view was very much reflected in our innovation roundtables, as multiple clients and local insurers spoke of the increasing demand for voluntary benefits and the opportunities platforms provide.

*“The flexibility provided by global digital platforms offers a great opportunity to change the design of programmes and attract talent with voluntary benefits.”*

**Jane Davila, Head, Global Benefits & Mobility COE, Bristol-Myers Squibb**

## Advantages for employers

The help these systems offer in enabling employers to centralise their EB administration, strategy and communications is huge. Greater cost control, reduced overheads, better data analytics and improved risk mitigation are just some of the advantages. Having an integrated system with a structured workflow, a document history and an audit trail gives employers far greater peace of mind while ensuring that all requirements are satisfied through robust and visual processes.

*“With many organisations looking to reduce headcounts and save costs, it is safe to say that platforms will have an even greater role in the future of employee benefits”*

**Susan Hermann, Regional Vice President, Desjardins**

## The journey to a global benefits platform

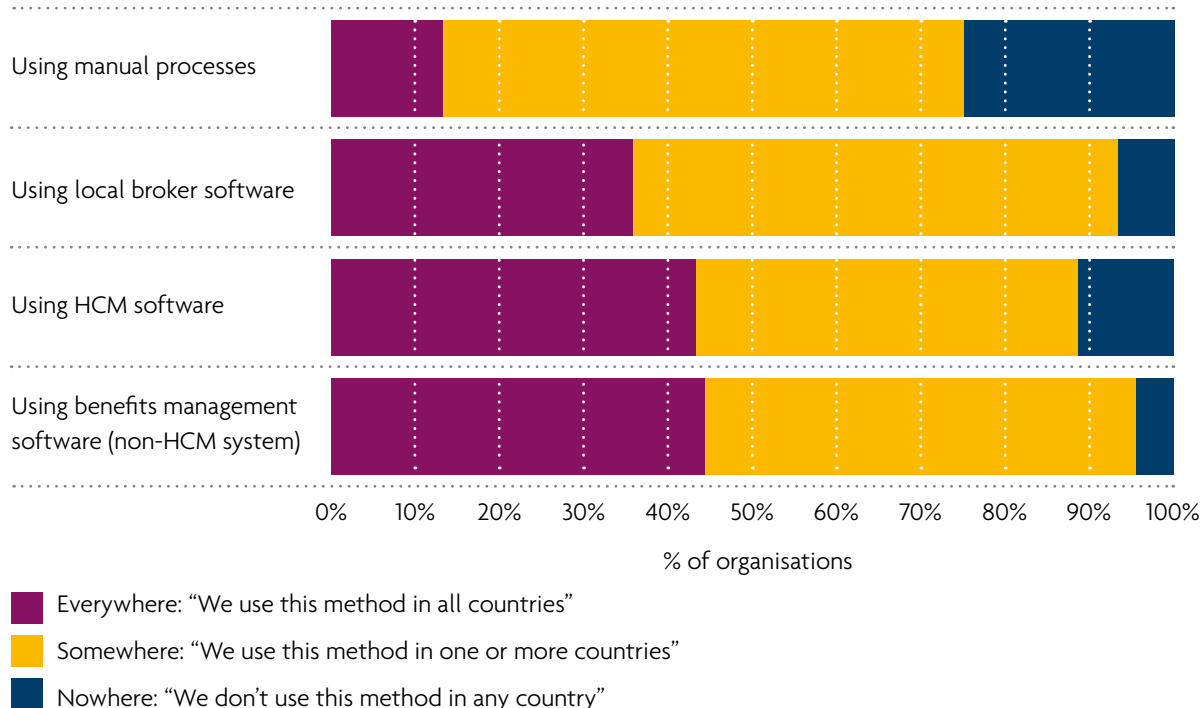
The global and multinational companies that have joined us at our roundtables have spoken of their various journeys towards using these platforms. While some employers are very familiar with such systems, having used them for as long as 10-15 years, others are only just starting to formalise their requirements and are issuing requests for proposals.

According to Thomsons Online's "Global Employee Benefits Watch 2018/19", adoption of these platforms by employers at global level is at a tipping point. Over 40% of employers now say they use a benefits management platform in every country they have a presence, a huge increase over the last couple of years. This trend is expected to continue and the number of platform users is likely to grow, given the desire for tailored and flexible benefits, increasingly tighter regulations around data governance and the trend for fewer state benefits around the world.

To get themselves started on this journey, multinationals need to put together a business case and specific requirements. By working with global broker platforms and technology vendors they can then find the most suitable platform, one that suits the needs of the organisation taking into account distinctions such as geography and language.

Implementation projects can take several months (even years), depending on the number of countries, the resources available, data standards, system integration capabilities and the number of benefits providers being setup on the platform. We've heard from several multinationals that it's best to have a staggered rollout across the globe, appointing regional and local HR champions to help oversee the project.

## Employer adoption of HCM and benefits platforms<sup>2</sup>



<sup>2</sup>Thomsons Online, Global Employee Benefits Watch 2018/19, 2018

## 2. Data analytics

The actionable insights that employee benefits usage and claims data collected by insurers, networks and EB platforms can deliver is important in making the sector more efficient and better able to cater for the diverse and changing needs of a global employee base – as well as managing or even cutting costs.

For many firms, however, the ability to exploit this data to its full extent is limited, be it because of the collation process across the many and varied suppliers or from a lack of expertise in-house to understand the opportunities it provides.

According to Willis Towers Watson's 2017 UK Benefits Trends Survey<sup>3</sup>, the main data used by employers when designing benefits programmes is benchmark data enabling them to compare themselves to competitors (74%). Aon Benefits & Trends Survey 2018<sup>4</sup> also highlights the use of employee engagement surveys, used by 55% of employers surveyed, for the same thing.

However, medical claims data being used to drive health and wellbeing strategies fell from 38% in 2016 to 27%. And Willis Towers Watson found that only 12% say they currently used organisational analytics to measure the effectiveness of their wellbeing programmes<sup>3</sup>.

“Data is the ultimate route to engagement, as it identifies the flaws and successes of a wellbeing programme, and allows the employer to form objectives based on the unique needs of the workforce.”

**Mike Blake, Wellbeing Lead, Willis Towers Watson<sup>3</sup>**

These numbers, agreed anecdotally through our work with multinationals, tell us that much more needs to be done with the data currently being gathered by vendors. Global benefits platforms can provide enrolment and usage data, which is key in understanding the appetite for and take-up of benefits, while multinational pooling and captive solutions can provide an analysis of insurance claims data that helps employers understand usage patterns and cost drivers.

### What kind of employee data can employers access?

It's worth noting that the data we're talking about in this chapter is not personal identifiable information (PII). Only anonymised data reported in the aggregate is available to the employer. This means, for medical claims reports, all PII is removed. In another example, specific health conditions are only reported when there are a certain number of employees with the same health condition. This is to ensure that individuals can't be identified indirectly.



<sup>3</sup>Willis Towers Watson, 2017 UK Benefits Trends Survey, December 2017 - <https://www.willistowerswatson.com/en-GB/insights/2017/12/uk-benefits-trends-survey-2017> (accessed 3 November 2018)

<sup>4</sup>Aon, Benefits and Trends Survey 2018, January 2018



## Health and wellness data

A huge opportunity to make an impact is in analysing medical claims data. At MAXIS GBN, we keep improving our data dashboards to enable multinational clients to have an overview of the medical spending trends affecting their staff. The results make for a compelling read.

**In 2014, one of our multinational clients was faced with a very high loss ratio (130% LR). After analysing their health claims data to identify cost drivers and making wellness recommendations, they have had a breakeven loss ratio, despite the medical trend significantly increasing in that country (from 9% to 15%).**

In addition, they have successfully managed to decrease claims paid by over 36%, severity of conditions by 31%, claimants by 8% and frequency by 31%. They have also increased employee engagement from 74% to 88% and reduced sickness rates.

These metrics are helping to drive the adoption of new tools and systems as we're looking into new ways to breakdown, display and use the data we collect on behalf of our clients.

## How to harness the power of data

When asked if they're planning to use organisational analytics to test the effectiveness of health and wellbeing programmes in the next three years, 76% of employers said yes<sup>3</sup>. However, at present usage is just 12%<sup>3</sup> so there is clearly much work to be done.

The first step to achieving this is for employers to work with the vendors to determine what data they can provide. Global benefits platforms and insurers may be sitting on a stack of untapped data which could be used to improve the relevancy and effectiveness of the benefits being offered by a multinational, as well as any health and wellbeing programmes. Employee surveys and benchmark data are great, but real usage data can bring much more accurate insights and therefore much more appropriate programmes.

Some multinationals are even creating internal "data centres" to generate strategic insights about their employees, using staff data gathered through HR platforms and internal systems, including demographics, benefits selection and usage data, travel data and more.

### Case study – the impact of health claims data analysis and implementation of wellness recommendations for a MAXIS multinational client



### 3. Health and wellness technology

The above-inflation rises in healthcare and medical insurance costs have become the number one cost-related concern for our multinational clients. Global companies are realising the potential significance of new health and wellness technologies in helping to try and beat this trend. Digital tools have the advantage of being easier to rollout on a global level than some traditional healthcare solutions and yet still offer the possibility of keeping their workforce productive while minimising claims costs.

Of these technologies, wearable tech and activity trackers are probably the most recognised and most widely used. Keeping staff engaged in more active lifestyles and breaking up the sedentary nature of office life is an effective goal made easier by employing these devices. Wellness platforms, coaching and consultation tools and more targeted apps focused on the prevention, support or management of long-term diseases, are also being further developed, providing more sophisticated new tools to help tackle the rising medical costs.

These tools are often offered by insurers, advisors or consultants and wellbeing companies.

“By using our claims data, we can target less healthy staff with apps, wearable technologies and education campaigns to try and prevent future illnesses. There is return on investment from keeping staff health and sickness low, so this ultimately saves money.”

**Pablo Sandoval, Multinational Account Manager, MetLife Mexico**

Having said all of this, there is still a lot of exciting research and development into healthcare technology being done including innovative artificial intelligence (AI), genetics and data modelling. While some of these new innovative solutions are aimed at physicians, hospitals and insurers, there are also plenty of technologies targeted at patients that could help employers reach their health and wellness ambitions. Identifying some of these solutions is what we're trying to do at MAXIS GBN through our marketplace approach, partnering with third party suppliers of technology and solutions to help our clients solve problems.

#### MAXIS GLOBAL WELLNESS POWERED BY HEALTH DATA

As part of MAXIS Global Wellness, we are researching and carefully selecting third party suppliers of health and wellness technologies. By offering a suite of global wellness solutions, we're able to help fill the gaps in local provision and offer truly global programmes to multinationals, while simplifying the complex market research and decision-making process.

For example, offering telemedicine services through a network of doctors, operating with both international and local licences, can help multinational employers avoid expensive specialist consultations and minimise absenteeism by ensuring employees have quick and convenient access to a doctor who can assess their complaint and either treat it accordingly or refer them.

## Using health and wellness technology

There are, quite literally, thousands of new health and wellness technologies available in the market. Employers face the almost impossible challenge of trying to work out which will be the best technology or technologies for their workforce – no matter how diverse that population is they have to try and pick the right ‘fits-all’ solution.

This can be a daunting prospect, especially for the surprising number of multinationals that are yet to implement a global health and wellness strategy at all. According to the Willis Towers Watson survey, some 64% of employers surveyed said they have no health and wellbeing strategy<sup>3</sup>. And, during our roundtables, only a few multinationals said they had a full health and wellness strategy in place, others were beginning to implement a plan, and many were keeping wellness managed at a local level.

Implementing a global health and wellness strategy, while a long and often complex process, does mean multinationals can start to use the power of the data they collect to reduce claims, maximise employee wellbeing and implement relevant local and global digital tools.

“At Colgate-Palmolive we have a global health and wellness strategy that we launched in the last few years. It includes an employee wellness brand, known as ‘Live Better’, and an annual global healthy activity challenge, where employees can track their activity minutes via an online tracking tool and those countries that met their participation goals are recognised after each global challenge.”

**Eiji Nakagawa, Director, Global Benefits, Colgate-Palmolive**

“We have lots going on in the health and wellness space, with a wellness portal, e-prescriber, telemedicine, a sleep app, pharmacogenetics, preventative medicine model and more. However, we have seen varying levels of adoption, so I would say getting employees to adopt these tools is a bigger challenge than choosing which to implement.”

**Susan Hermann, Regional Vice President, Desjardins**



<sup>3</sup>Willis Towers Watson, 2017 UK Benefits Trends Survey, December 2017 - <https://www.willistowerswatson.com/>

## 4. Insurtech innovations

Mobile technology, AI and automation are changing the way businesses operate – we’ve all been witness to the huge impact they have already had on a variety of sectors, from retail to banking.

While the insurance sector has been slower to evolve, innovations like chatbots and voice recognition are revolutionising the customer service side of the industry and predictive analytics are providing better, more flexible options for pricing and underwriting.

In the world of insurtech, the insurance branch of financial technology, many recent innovations are focused around “on demand” or “pay as you go” insurance for individual insurance consumers or peer-to-peer platforms, where a group of individuals pool premiums together. While these are very appealing concepts to millennials and younger generations who buy insurance directly, such innovations have yet to make their way into the delivery of multiple benefits offered by employers.

In this, the global employee benefits space, innovations like digital brokers and robo-advisers – where smart engines make insurance recommendations without human intervention – have arguably the most potential to make a real difference, especially as they can be combined with existing benefits platforms. However, they are, by no means, the only new concepts being taken up.



### The impact of AI

In a recent article “Insurance 2030 – The impact of AI on the future of insurance”<sup>5</sup>, the consultancy firm McKinsey & Co spoke about the potential of AI to change the insurance industry.

“Artificial intelligence (AI) has the potential to live up to its promise of mimicking the perception, reasoning, learning, and problem solving of the human mind... in this evolution, insurance will shift from its current state of ‘detect and repair’ to ‘predict and prevent’, transforming every aspect of the industry in the process.”

During our innovation-related conversations with clients and local insurers, this was mentioned many times, mostly as a concept that will become reality over the next ten years: a benefits platform able to provide recommendations to employees based on their preferences, underpinned by smart algorithms and data from millions of similar people. This concept is similar to how large e-shopping portals make recommendations to customers today and so we all know it is possible... watch this space.

### Robotic process automation

Robotic process automation (RPA) is an area where digital innovation has truly begun to revolutionise insurance back-office processes. RPA involves creating a software that can be trained by staff to use existing IT systems and undertake repetitive admin tasks, thereby introducing cost-effective processes that automate claims management and administration.

Our network partner in Thailand, Tokio Marine Life, talked to us about how they have recently begun testing a similar technology to handle claims. The new technology will support 30,000 claims a month, improving customer service and ultimately helping to make the business more competitive in the market.

## The potential of blockchain

With distributed ledger technologies (DLTs) entering the insurance mainstream, there is an expectation that they will be used across key aspects of the insurance world in a few years – including global employee benefits – to deliver smarter, instant contracts, better transparency and claims management, better security and greater flexibility for all parties. The most significant benefit of this technology is expected to be in fraud detection, claims management and reinsurance.

However, a number of key challenges remain for employers looking to implement a blockchain solution, such as:

- how to exchange information between different systems
- dealing with regulatory oversight
- standardising compliance
- building the internal business case to completely replace legacy systems.

And, when you combine these potential issues with the shortage of talented professionals with first-hand blockchain experience, implementing a blockchain solution can be costly.

In spite of all of these concerns, the momentum behind DLTs continues to grow and the business case is increasingly compelling. High-profile initiatives such as The Blockchain Insurance Industry Initiative (B3i), a collaboration of insurers and reinsurers formed to explore the potential of using distributed ledger technologies, show the increasing appetite of the industry to utilise DLTs.

## Key technology terms – defined

**Artificial intelligence (AI)** is the intelligence demonstrated by machines, as opposed to humans and other animals. The concept of “intelligent agents” apply to any computer device that “learns” from its environment to maximise the chance of successfully achieving its goals.

**Robotic process automation (RPA)** is a type of business process automation software relying on “robots” that automate tasks by watching a user perform those tasks first. This type of automation software allows staff to “train” the robots themselves, as opposed to traditional automation technology where software developers need to do all the work.

**Distributed ledger technologies (DLTs)** are a digital register stored across multiple locations, managed in a decentralised way through a peer-to-peer network and agreed algorithms, instead of a central ledger or administrator. The blockchain system is one type of distributed ledger design.

<sup>3</sup><https://www.mckinsey.com/industries/financial-services/our-insights/insurance-2030-the-impact-of-ai-on-the-future-of-insurance> (accessed 30/10/18)

# Conclusion: the changing workforce and the future of employee benefits

With further development and distribution of AI, robo-advice, digital platforms and automation guaranteed, the next decade is set to see profound changes in the way that all businesses are run, compete and interact with their customers, staff and other stakeholders.

The general expectation is that vital aspects of the insurance and employee benefits world will continue being transformed over the next few years, and that insurers and employee benefits providers will be at the centre of change. The greatest innovations are likely to be forced by the shifting nature of the workforce and the needs and requirements of new generations.

The widely accepted view is that millennials – who are predicted to make up 75% of the workforce in the United States by 2025<sup>6</sup> – are looking for more flexibility in their work lives and are not necessarily set to follow the same career paths of the Generation X or baby-boomer generations.

According to ‘Independent work: Choice, necessity and the gig economy’<sup>7</sup> a study by McKinsey Global Institute, “30 to 45 percent of the working-age population would like to earn either primary or supplemental income through independent work and consider themselves at least somewhat likely to pursue the option. If they were able to pursue the working style they prefer, the independent workforce could potentially grow to 76 million to 129 million Americans and 89 million to 138 million across the EU-15.”

And with vast numbers of multinationals looking to explore the potential opportunities offered by contract or independent ‘gig’ workers – niche skillsets for specific projects, seasonal specialist workers etc. – it’s important to consider how employee benefits technologies can be adapted to work for this growing percentage of the workforce. Staying ahead of the game will be the key.

“The delivery of benefits is a key question. One option for bridging some of the gaps involves allowing independent workers to form pools in order to create their own marketplaces and benefits, a system that already works in the construction industry and in Hollywood. But any proposal will have to tackle multiple angles, starting with who would pay for such benefits and how they would be earned and tracked for workers with multiple clients and employers.”

**McKinsey Global Institute<sup>7</sup>**

<sup>6</sup><https://www.forbes.com/sites/workday/2016/05/05/workforce-2020-what-you-need-to-know-now/#668270f22d63> Accessed 31/10/18

<sup>7</sup>McKinsey Global Institute, Independent work: choice necessity, and the gig economy, October 2016

## What global employee benefits might look like in 10-20 years, according to multinational clients and local insurers at our roundtables



### A flexible future

With the implementation of benefits enrolment platforms, employers have better opportunity to offer some flexibility and options for voluntary benefits in their packages for employees.

Multinational employers at our innovation roundtables suggested that this level of flexibility, personalisation and tailoring could go even further. They said that, in the future, employees are likely to be given a budget to spend as they wish and technology will be there to support this, effectively creating a 'one-stop shop' for benefits, on an online platform that is driven by data analytics.

The data that benefits platforms are capable of collecting – combined with global pooling and captive reporting – are going to be critical for employers not only to understand their claims data, but to proactively address the trends seen with targeted wellness technologies and programmes. More than four fifths (81%) of HR professionals surveyed in our Global Perspectives report believe that taking advantage of this data is going to shape future product and service offerings<sup>1</sup>.

“...in the future, employees are likely to be given a budget to spend as they wish and technology will be there to support this, effectively creating a 'one-stop shop' for benefits...”

And as medical trend continues to rise at over 10% a year in some countries, maximising the use of this data and technologies is going to be critical to the future success and cost effectiveness of global EB programmes.

Insurance companies and EB providers that listen to the changing needs of multinational clients, can provide data and digital solutions to reduce benefits costs and increase flexibility for employees, are going to be the ones that prevail in the increasingly digital world of employee benefits.

<sup>1</sup>MAXIS GBN Global Perspectives report – May 2018



[maxis-gbn.com](https://maxis-gbn.com)

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