

TECHNOLOGY

Timing is Everything BY JOHN J. NAIL

Predicting the future in any specific way is clearly impossible. My own track record has been spotty in the prediction area, or perhaps we should say my timing has been off: In the fall of 1995 I wrote the business plan for Employease but never imagined that it would take eight years, even for the slow-moving benefits industry, to finally be on the verge of an explosion in using the Web to help solve business problems.

So my prediction for 2004 is very simple – this will be the breakout year for using the Web for benefits administration, enrollment, communication and customer service for the mid-market (100-5000 employees).

Why do I feel confident saying this now? Because of the following trends:

“It’s the Economy, Stupid”

The impact of the current economic improvement will be felt in two ways as the market for benefits automation solutions heads into a hyper-growth phase – more larger employers (more than 1,000 workers) will invest in solutions next year and smaller companies (less than 1,000 employees), which were especially hard-hit by the downturn, will look to do more with fewer internal resources as they gear up for the future.

Follow the Money

Over the last three years we have seen the fallout from the dot-com bust as companies failed left and right. However, in 2003 signs of life began to appear. There have been significant merger and acquisition transactions involving some of the same smart-money folks

who made huge profits from managed-care related investments over the last decade.

The Customer is Always Right

As online services providers have gained customers, a funny thing has happened: Benefits administration solutions have evolved, just like online shopping, into a series of “channel of choice” options. The techie mentality of a pure Web play where a broker and his customers can simply log on and set

enrollment, communication and payroll deduction solution as its backbone, further fueling market needs and growth.

Help from HIPAA

In a backhanded way, the federal government has helped pushed online benefits solutions ahead. The data standards promulgated by this complicated privacy law have forced carriers to pay attention to better ways to exchange data with customers and with their service pro-



viders. As demands from employees to send files electronically have grown, carriers are finally beginning to understand that it’s cheaper and more efficient to do business this way. So what does all of this mean for you in 2004? The evolution of online benefits solutions over the last eight years has occurred much more slowly than I predicted in 1995. The good news is that good things come to those that wait, and in this case the winner will be our industry’s true customers – you and your employees. ❏

The Changing Nature of Benefits

In 2004, consumer-driven health care in all of its incarnations will begin to take root across the mid-market and large employer spectrum. This type of fixed-cost, true menu-of-options approach can only work with a strong data management, benefits administration,

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