

PEBA Outsourcing Survey Summer 2004

The survey data was collected through PEBA's web based survey software. 43 companies participated. An executive summary of the results can be found on the PEBA web site. The information below is a question by question analysis. Thank you to all the participating companies. Our next survey will cover incentive plans. I hope you can participate.

Questions

Q1. What is the nature of your company's business?

Responses	Count	Percent
Chemical	2	4.7%
Consulting	1	2.3%
Computer/Data Services	2	4.7%
Education	6	14.0%
Financial Services	6	14.0%
Professional/Consultancy	0	0.0%
Healthcare	6	14.0%
Manufacturing	6	14.0%
Law	0	0.0%
Pharmaceutical	2	4.7%
Other	12	27.9%

Q2. What is the total number of employees for all locations?

Responses	Count	Percent
Fewer than 100	3	7.0%
100-499	5	11.6%
500-999	9	20.9%
1000-2499	13	30.2%
2500-4999	6	14.0%
5000 or more	7	16.3%

Q3. How many employees does your company have in the Delaware Valley?

Responses	Count	Percent
Fewer than 100	5	11.6%
100-499	13	30.2%
500-999	10	23.3%
1000-2499	7	16.3%
2500-4999	3	7.0%
5000 or more	5	11.6%

Q4. What is the approximate make-up of the employee population for your entire company?

Responses	Mean
Non-exempt hourly	46.1
Exempt salary	40.3
Salary supervisory/managerial	16.9
Executives	5.0

Q5. What human resources/benefits administration function(s) does your company currently outsource?

Responses	Count	Percent
We don't outsource any functions	2	4.7%
Enrollment (open, annual, new hire, life event, etc.)	9	20.9%
Communication	6	14.0%
Benefit statements	10	23.3%
Billing	4	9.3%
Payroll	13	30.2%
Eligibility maintenance	7	16.3%
Call center	7	16.3%
Claims processing (medical, dental, and/or vision)	24	55.8%
FSA administration	28	65.1%
FMLA administration	2	4.7%
Pension/savings plans	18	41.9%
COBRA administration	26	60.5%
HIPAA administration	8	18.6%
HRIS	1	2.3%
Training	3	7.0%
Staffing	1	2.3%
Relocation	13	30.2%
Expatriate services	5	11.6%
Other	2	4.7%

Q6. What other functions do you outsource?

No answers were given.

Q7. Do you outsource to more than one vendor?

Responses	Count	Percent
Yes	34	82.9%
No	7	17.1%

Q8. Why have you chosen not to outsource?

Responses	Count	Percent
Adequate in-house expertise/resources	1	50.0%
Loss of control	2	100.0%
Cost prohibitive	2	100.0%
Lack of experience with outsourcing	0	0.0%
Organization resistance	1	50.0%
Other	0	0.0%

Q9. Approximately what percentage of your human resources and/or benefit administration functions are outsourced?

Responses	Count	Percent
About 25% (only 1 or 2 functions are outsourced)	33	80.5%
About 50% (half of our functions are outsourced)	5	12.2%
75% (almost everything is outsourced)	3	7.3%
100% (everything is outsourced)	0	0.0%

Q10. What factor(s) influenced your company's decision to outsource its human resource/benefit administration?

Responses	Count	Percent
Cost savings	16	39.0%
Need for special skill/services	28	68.3%
Free up internal resources for other purposes	24	58.5%
Lack of in-house expertise	12	29.3%
Improve company focus	7	17.1%
Difficulty hiring and retaining personnel	0	0.0%
Compliance	13	31.7%
Leverage capabilities of advanced technology while minimizing the internal investment in capital and labor	15	36.6%
Other	4	9.8%

Q11. What is the possibility that your company will be engaged in new outsourcing activities in the next twelve months?

Responses	Count	Percent
Certain	5	11.6%
High possibility	4	9.3%
Some possibility	21	48.8%
Unlikely	6	14.0%
Very unlikely	7	16.3%

Q12. What human resources/benefit administration functions has your company considered outsourcing in the next twelve months?

Responses	Count	Percent
Enrollment (open, annual, new hire, life event, etc.)	11	25.6%
Communication	5	11.6%
Benefit statements	13	30.2%
Billing	3	7.0%
Payroll	4	9.3%
Eligibility maintenance	5	11.6%
Call center	5	11.6%
Claims processing (medical, dental, and/or vision)	6	14.0%
FSA administration	9	20.9%
FMLA administration	6	14.0%
COBRA administration	12	27.9%
HIPAA administration	5	11.6%
HRIS	1	2.3%
Training	4	9.3%
Staffing	1	2.3%
Relocation	3	7.0%
Expatriate services	3	7.0%
Other	7	16.3%
None	13	30.2%

Q13. When selecting an outsourcing partner, what factors do you consider?

Responses	Count	Percent
Costs	36	87.8%
Technical Expertise	31	75.6%
Commitment to customer service	27	65.9%
Responsiveness	24	58.5%
Experience level of potential outsourcing partner	17	41.5%
Long-term stability & reliability	16	39.0%
Current client base	5	12.2%
References	15	36.6%
Performance guarantee	11	26.8%
Vendor location	5	12.2%

Q14. Do you have service agreements (performance guarantees) with your vendors?

Responses	Count	Percent
Yes	26	63.4%
No	15	36.6%

Q15. If yes, for which processes?

Responses	Count	Percent
Enrollment (open, annual, new hire, life event, etc.)	4	15.4%
Communication	2	7.7%
Benefit statements	2	7.7%
Billing	2	7.7%
Payroll	4	15.4%
Eligibility maintenance	3	11.5%
Call center	5	19.2%
Claims processing (medical, dental, and/or vision)	10	38.5%
FSA administration	8	30.8%
FMLA administration	1	3.8%
COBRA administration	8	30.8%
HIPAA administration	2	7.7%
HRIS	0	0.0%
Training	1	3.8%
Staffing	1	3.8%
Relocation	2	7.7%
Expatriate services	0	0.0%
Other	4	15.4%

Q16. Has the role of human resources/benefit administration at your company changed significantly due to outsourcing benefit activities?

Responses	Count	Percent
Yes	11	26.8%
No	30	73.2%

Q17. Do you see the trend to outsourcing being reversed and more companies likely to bring benefit/HR functions back in-house (insource)?

Responses	Count	Percent
Yes	6	14.6%
No	35	85.4%

Q18. For what reasons would you consider bringing certain functions back in-house?

Responses	Count	Percent
Cost	23	56.1%
Strategic direction	5	12.2%
Improved in-house technology	12	29.3%
In-house expertise	8	19.5%
Control	19	46.3%
Service/quality	22	53.7%
Other	3	7.3%

Q19. Within the last twelve months, which benefit/HR activities has your company insourced or brought back in-house?

Responses	Count	Percent
Enrollment (open, annual, new hire, life event, etc.)	3	7.0%
Communication	3	7.0%
Benefit statements	2	4.7%
Billing	2	4.7%
Payroll	2	4.7%
Pension Plan	1	2.3%
Eligibility maintenance	2	4.7%
Call center	1	2.3%
Claims processing (medical, dental, and/or vision)	1	2.3%
FSA administration	1	2.3%
FMLA administration	1	2.3%
COBRA administration	1	2.3%
HIPAA administration	0	0.0%
HRIS	1	2.3%
Training	1	2.3%
Staffing	1	2.3%
Relocation	0	0.0%
Expatriate services	0	0.0%
Other	0	0.0%
None	35	81.4%

Q20. How satisfied are you with the quality of outsourcing services?

Responses	Count	Percent
Satisfied with all	10	24.4%
Satisfied with most	23	56.1%
Satisfied with some	6	14.6%
Neither satisfied or dissatisfied	2	4.9%
Dissatisfied with all	0	0.0%

Q21. How satisfied are you with the price of outsourcing services?

Responses	Count	Percent
Satisfied with all	8	19.5%
Satisfied with most	21	51.2%
Satisfied with some	8	19.5%
Neither satisfied or dissatisfied	4	9.8%
Dissatisfied with all	0	0.0%

Q22. Have your overall objectives for outsourcing been achieved?

Responses	Count	Percent
Yes	29	70.7%
No	12	29.3%

Q23. Overall, would you say outsourcing has:

Responses	Count	Percent
Saved our company more than 20%	4	9.8%
Saved our company 10-20%	19	46.3%
Saved our company less than 10%	5	12.2%
No savings realized at this time	7	17.1%
It cost more to outsource	6	14.6%

Q24. How were the achieved results relative to the expected results?

Responses	Count	Percent
Better than expected	7	17.1%
As expected	33	80.5%
Worse than expected	1	2.4%