

# CHOOSING THE RIGHT BENEFITS AND HR ADMINISTRATION VENDOR AND TECHNOLOGY – PART II

As discussed in Part One of this article, HR professionals have a complex task of automating and integrating multiple benefits and HR activities under a single technology. HR professionals who have a game plan, including a series of questions or discussion points, prior to any evaluation or discussion of an administration technology vendor and its application will find their due diligence reaps rewards. Part One focused on the following five questions that HR professionals can pose to determine whether a potential technology vendor and its application is the right fit for their company:

- » Is it user-friendly?
- » Can it handle the complex stuff?
- » Does it play by the rules?
- » Is it truly automated?
- » Does it have the reports and alerts you need?

Part Two will focus on five additional questions that benefits and HR professionals can leverage to conduct a more thorough evaluation of the merits of an administration vendor and its technology.

## CAN THE TECHNOLOGY BE EASILY CONFIGURED?

Many administration technologies in the marketplace today have solutions that are ready for immediate use or “out of the box”. However, these standardized solutions are often inflexible. When considering a technology’s ability to make modifications, a key differentiation to consider is the matter of *configurability* versus *customization*. Configurability is a change of key system functions performed through an administrative tool such as a user interface. Customization is a change of key system functions performed by modifying the underlying system code or script. Technology applications that require customization-based changes can often be costly, time-consuming, and confusing to implement, especially if the changes are performed by

a licensee. Some key questions that benefits and HR professional should pose are:

- » How easy or difficult is it to create new benefit plans?
- » How easy or difficult is it to implement benefit plan changes?
- » How does the technology handle benefit rate changes?
- » Is the technology configurable or customizable?

## IS THE TECHNOLOGY SECURE?

Of utmost concern these days to employers and employees alike is the issue of data security. In recent years, there have been reports of several high-profile cases where employer and/or employee data had been breached. As a result, benefits and HR professionals should rigorously examine not only the security features of the technology but also the policies instituted by the vendor. Some key questions to ask include:

- » Does the technology’s vendor provide for regular, independent-party penetration testing of its technology?
- » Does the vendor have SAS 70 Type certification (especially Type II)? \*
- » Does the technology provide for role/permission security?
- » If the client’s data is hosted by the vendor, how often does the vendor back up the client’s data?

## DOES THE TECHNOLOGY PLAY WELL WITH OTHERS?

A vital measure of any benefits and HR administration technology is its ability to connect or interact with other third-party technologies. In essence, how well does

the HR technology transmit and receive data from other technologies? When evaluating this, consider:

- » Does the vendor and its technology offer a true, automated Electronic Data Interface (EDI) solution?
- » Can the vendor's technology transmit and receive data seamlessly from benefit carriers? HRIS/HRMS systems? Payroll systems?
- » Does the vendor provide a single point of accountability with respect to transmitting and receiving data from multiple, third-party vendors/technologies?

## WILL THE TECHNOLOGY PROVIDE SOFTWARE AND SERVICE?

When considering a vendor's technology, it goes without saying that the technology's features and capabilities will be evaluated. At the same time, a vendor's service level should be examined just as closely as the features of its technology. A technology vendor with limited or no customer service support will not provide for a maximum return on investment. As you evaluate the service capabilities, ask the following:

- » What types of solutions are offered by the vendor and its technology to track and manage issues when they arise?
- » Will you be assigned an account team?
- » Will the makeup of the account team maintain consistency from the implementation through the effective launch date?
- » How experienced is the account team?

## IS THE LIST PRICE THE ACTUAL COST?

The old saying, "What you see is what you get" is often true, except when it applies to the bottom-line cost. When evaluating a vendor and its technology, close attention needs to be paid to what features are or are not

included in the list price. Many times vendor license contracts have been signed where the licensee does not realize until after the fact that a particular feature is not included and will require an additional fee. Before choosing a technology vendor, be sure you understand the actual cost by asking:

- » Will customized programming be required for feature enhancements? If so, what is the associated cost?
- » Are the costs of Electronic Data Interfaces (EDIs) included or do they require a separate charge?
- » Is a fee instituted for additional user or seat licenses?
- » Do customized reports require a separate charge?
- » Does the vendor assess additional fees during annual or open enrollment?

The decision to integrate your company's benefits, HR, and payroll functions is a critical undertaking. Increasingly, there are many traditional and non-traditional players offering so-called "integrated" benefits and HR administration capabilities. As a result, the evaluation process to determine the right vendor with the right technology to meet your company's and employees' needs is of the utmost importance. Asking the right questions during the evaluation process will not only give your company a greater bang for the buck, but also eliminate frustration you and your company's employees may feel throughout the process. The old carpenter's adage of "measure twice and cut once" is more than applicable in the selection process of the right technology vendor for your company and employees.

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\*SAS 70 certification is a widely recognized certification that denotes a service organization has been through an in-depth audit with respect to its information technology and related processes. For additional information, refer to [www.sas70.com/about.htm](http://www.sas70.com/about.htm).

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