



Next Generation Benefits Administration

ADP

Report Abstract

February 2022

By Elizabeth Rennie

HR Technology & Services Research
Director

22-pages

Contents of Full Report

1. Background
2. Revenue Summary
3. Key Offerings
4. Delivery Capability and Partnerships
5. Target Markets
6. Strategy
7. Strengths & Challenges
 - 7.1. Strengths
 - 7.2. Challenges
8. Outlook

Who is This Vendor Assessment For?

NelsonHall's Benefits Administration profile on ADP is a comprehensive assessment of ADP offerings and capabilities, designed for:

- Sourcing managers monitoring the capabilities of existing suppliers of Benefits Administration Services and identifying vendor suitability for security services RFPs
- Vendor marketing, sales, and business managers looking to benchmark themselves against their peers
- Financial analysts and investors specializing in the Benefits Administration Services sector.

Key Findings & Highlights

This NelsonHall vendor assessment analyzes ADP's offerings and capabilities in Benefits Administration Services. ADP, founded in 1949 and headquartered in Roseland, New Jersey, provides HR management software and services. ADP's business is organized into the following two business segments:

- Employer Services (~70% of revenues): provides HR management/workforce management services, payroll services, time and attendance management, benefits administration, recruiting, and talent management, including RPO, insurance services, retirement services, and payment and compliance solutions to ~920k clients worldwide. Within Employer Services, ADP business supports comprehensive HR outsourcing with two different models:
 - ADP Comprehensive Services (CS), targeted at 25 to 5k employees sized organizations, offers payroll, HR, and benefits outsourcing to the US and Canadian markets and is based on the ADP Workforce Now technology platform.
 - ADP Comprehensive Outsourcing Services (COS), targeted at U.S. organizations with over 3k employees, offers managed payroll services, HR, talent, time, and benefits administration services. Its services are based on the ADP Next-Gen, Vantage HCM, and ADP Enterprise HR technology platforms.
- PEO Services (~30% of revenues): ADP TotalSource, provides employment administration outsourcing services for small and mid-sized businesses, including payroll, benefits admin, and compliance services through a co-employment relationship; servicing ~660k worksite employees in the U.S.

Benefits administration services are managed across the ADP's Employer Services business and PEO Services. ADP's Benefits Administration services are offered through two operating models (with share of revenue):

- Co-sourced (64%): technology with administration
 - ADP's mid-market-sized organizations with 50-999 employees leverage ADP Workforce Now with Service Connect, which allows a client to log a case and see the status
 - ADP's Enterprise sized organizations with over 1k employees, technology only clients (not CS/ COS) where additional benefits service support is provided (client retains administration services).

- Fully-managed services (36%):
 - PEO services: Benefits tools and administration supporting H&W Benefits, Section 125 FSA and Commuter Benefits, EAP, Employee Discount Programs, and Retirement Savings Plan 401(k). ADP handles all benefits administration tasks for the client, including carrier rate negotiation and employee open enrollment.
 - ADP Comprehensive Services (CS) and ADP Comprehensive Outsourcing services (COS): Benefits technology module and administration/processing support, with employee call center services; CS targets organizations with 50+ employees; COS targets organizations with +1k
- Technology solution: ADP Next-Gen, Vantage HCM, and ADP Enterprise HR technology platforms with case management technology, Client Engagement Hub (CEH). Clients use this tool to access configuration control to manage text changes, rate changes, and documents. Within CEH, a self-service tool, Service Connect, gives visibility and progress of open cases with ADP.

ADP has been offering benefits administration services for more than 20 years, adding its first H&W administration clients with voluntary benefits integrated with Corestream, including a hospital with ~35k employees and a finance company with ~3k employees.

Scope of the Report

The report provides a comprehensive and objective analysis of ADP's Benefits Administration Service offerings and capabilities, and market and financial strengths, including:

- Identification of the company's strategy, emphasis, and new developments
- Analysis of the company's strengths, weaknesses, and outlook
- Revenue estimates
- Analysis of the profile of the company's customer base including the company's targeting strategy and examples of current contracts
- Analysis of the company's offerings and key service components
- Analysis of the company's delivery organization including the location of delivery locations.

Next Generation Benefits Administration Assessments

also Available for:

Alight Solutions

bswift

Conduent

Empyrean Benefits

LifeWorks

Mercer

PlanSource

About The Author

Liz Rennie is the HR Technology and Services Research Director with global responsibility for key HR research projects, including Cloud HR Transformation, Benefits Services, and Payroll, as part of NelsonHall's wider HR Technology & Services practice.

In this key role, Liz assists both buy-side and vendor organizations in evaluating opportunities and capability to support HR and benefits transformation through deploying cloud-based services and redesigning HR service delivery to leverage the latest technologies offered by mobile, AI, blockchain and robotics.

Liz can be contacted at:

- Email: elizabeth.rennie@nelson-hall.com
- Twitter: [@erennie_](https://twitter.com/erennie_)



About NelsonHall

NelsonHall is the leading global analyst firm dedicated to helping organizations understand the 'art of the possible' in digital operations transformation. With analysts in the U.S., U.K., and Continental Europe, NelsonHall provides buy-side organizations with detailed, critical information on markets and vendors (including NEAT assessments) that helps them make fast and highly informed sourcing decisions. And for vendors, NelsonHall provides deep knowledge of market dynamics and user requirements to help them hone their go-to-market strategies. NelsonHall's research is based on rigorous, primary research, and is widely respected for the quality, depth and insight of its analysis.

We would be pleased to discuss how we can bring benefit to your organization. You can contact us via the following relationship manager: Guy Saunders at guy.saunders@nelson-hall.com

Boston

Riverside Center, 275 Grove Street,
Suite 2-400, Newton
Massachusetts 02466
Phone: +1 857 207 3887

London

Unit 6, Millars Brook,
Molly Millars Lane,
Wokingham, RG41 2AD
Phone: + 44(0) 203 514 7522

Paris

4 place Louis Armand,
Tour de l'Horloge,
75012 Paris
Phone: + 33 1 86266

Copyright © 2022 by NelsonHall. All rights reserved. No part of the publication may be reproduced or distributed in any form, or by any means, or stored in a database or retrieval system, without the prior written permission of the publisher. The information provided in this report shall be used only by the employees of and within the current corporate structure of NelsonHall's clients, and will not be disclosed to any other organization or person including parent, subsidiary, or affiliated organization without prior written consent of NelsonHall. NelsonHall exercises its best efforts in preparation of the information provided in this report and believes the information contained herein to be accurate. However, NelsonHall shall have no liability for any loss or expense that may result from incompleteness or inaccuracy of the information provided.