



Well-being Industry Prospectus

2017

SEARCH WITH CONFIDENCE



About Shortlister

Shortlister takes the guesswork out of finding the right vendor in the human capital space. From wellness vendors to benefits administration solutions, Shortlister combines a proprietary algorithm and bid management technology with industry thought leadership to provide you with the support you need to find the perfect vendor for your budget, goals and demographics. Our learning algorithm considers thousands of previous vendor selections, industry trends and vendor reviews to make the optimal vendor recommendations for each client's needs.

After completing a short “matching survey” (think eHarmony for human capital vendor selection) we provide you with an ordered list of qualified vendors, that have been customized your unique needs. You then select the vendors you'd like to receive proposals from and set up finalist meetings via the platform. This process can be completed in a fraction of the time of a traditional procurement processes, because the hundreds of vendors represented in Shortlister keep their answers to over 1,200 common RFP questions up to date in real-time. With the click of a button, you can access hundreds of comparison questions, documents, video, reviews and more.

We've helped thousands of employers, representing over 4 million employee lives, find the best vendors for their budget, goals and demographics. If you plan to go to market for a vendor in the human capital space, be sure to leverage the efficiency and experience of Shortlister.



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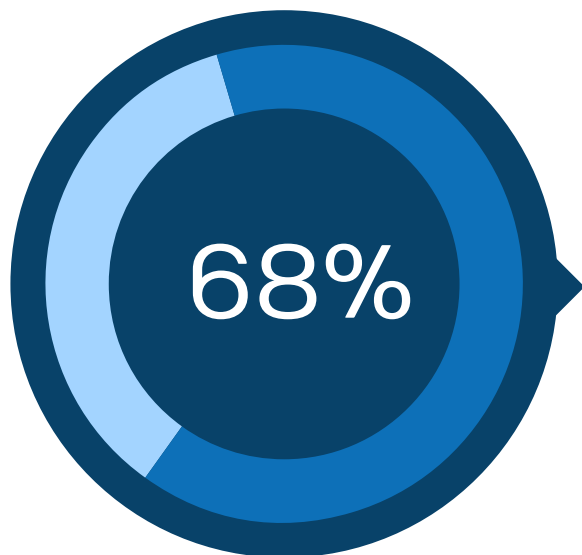
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Participation Profile



Shortlister would like to recognize and thank our partners that responded to this survey. Our intent is to provide the aggregated results to all respondents and educate our wellness vendor partners on how they can improve the products and services they offer, in an effort to better serve today's market.

With over 350 vendors enrolled and 11 of the 16 largest employee benefits consultants in the US using Shortlister, we're in a unique position to bring this insight to the market. Ultimately, we want to ensure the best possible solutions are available to employers and their consultant partners.

We'd specifically like to thank the following partners for contributing their insight to this report:

Arthur J. Gallagher, AON, Alliant, BB&T, CBIZ, Hays, HUB International, Lockton, Marsh & McLennan Agency (MMA), NFP, USI, Wells Fargo and Willis Towers Watson

● Top 10 Firms ● All Other

114

Respondents

68%

From Top 10
US Benefits
Consultants

33

Firms
Represented

9

Top 10 Consulting
Firms are
Represented

After analyzing the volume of business placed by our responding broker/consultant partners in 2016, we estimated that more than 1,600 bid processes were conducted representing over 3,500,000 employee lives.

To segment out respondents, we decided to categorize them by the size of the clients they serve. The respondents were split into two groups of about the same size and used employers of 5,000 lives or more as the demarcation line:



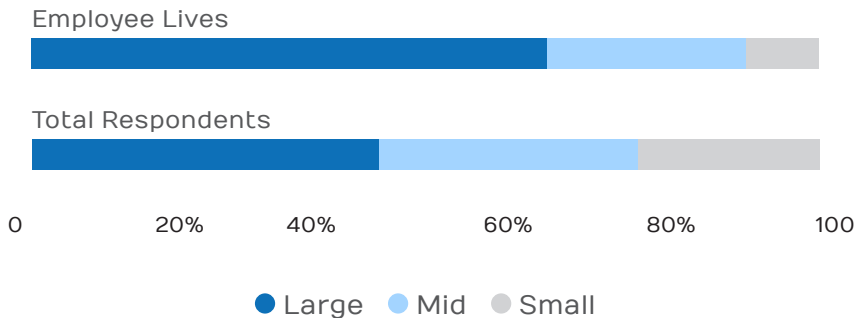
49%

work with the large employer market, where they represent clients with over 5,000 employees.

51%

work with the small and mid-sized employer market, where they represent clients with less than 5,000 employees.

The large market group represented 60% of the bid volume vs. 40% for the small & mid-sized market.



Industry Trends



Are your clients doing more or less of the following than in past years?

In an effort to understand the ebbs and flows of the well-being market, we examined a few trends that were highlighted in last year's report, but also added a few emerging trends we've seen become more prevalent over last 12 months. The combination of broadening the focus of classically defined wellness programs to entail a full approach to well-being (emotional, financial, employee engagement, etc.) and a continued focus on wellness as a business objective were almost unanimously on the rise (Fig. 1). 90% of total respondents (17% more than last year) said that this strategy is more prevalent this year than the previous year.

Fig. 1

Client Strategy	Less	Same	More
Shifting to a total "well-being" approach over physical health program	0%	10%	90%
Adding more niche solutions (e.g., diabetes management, financial wellness, etc.)	0%	19%	81%
Prioritizing wellness/well-being as a business objective	1%	26%	73%
Asking about a platform/hub to combine all of their benefit initiatives (transparency, telemedicine, etc.)	4%	32%	64%
Desiring mobile-first or native mobile app programs for their employees	4%	34%	62%
Implementing a wellness program via a third party vendor	9%	48%	43%
Changing their wellness vendor	9%	57%	34%
Implementing outcomes based wellness programs	28%	43%	29%
Opting for carrier wellness program over a third party vendor	50%	32%	18%



Another trend that's already pervasive, yet still growing quickly, is approaching your primary well-being vendor as the "data hub" and surrounding them with "specialist vendors" to provide more targeted interventions (diabetic population, financial worries, etc.). The growth of this "hub" approach is supported by an increased desire to add niche solutions to an employer's existing program (Fig. 2). The prevalence of both trends is more prominent in the large market than in the small market, but are quite strong in each (Fig. 3).

As for trends on the decline, there's still a split on recommending outcomes based programs, but the trend has declined overall in the past year (Fig. 2). There is also a strong trend of employers abandoning their carrier's program in favor of a third-party vendor. This trend is accentuated in the large market, where almost two out of every three respondents said they see this as a declining trend. We anticipate carriers will do their best to address this perceived deficiency via a partner/build/buy strategy.

Opting for carrier wellness program over a third party vendor Fig. 2



Changing their wellness vendor



Asking about a platform/hub to combine all of their benefit initiatives



Adding more niche solutions – diabetes management, financial wellness



0 ← Mid-Market Less Same More Large-Market Less Same More → 100

Some strategies show a bending trend from 2015 to 2016

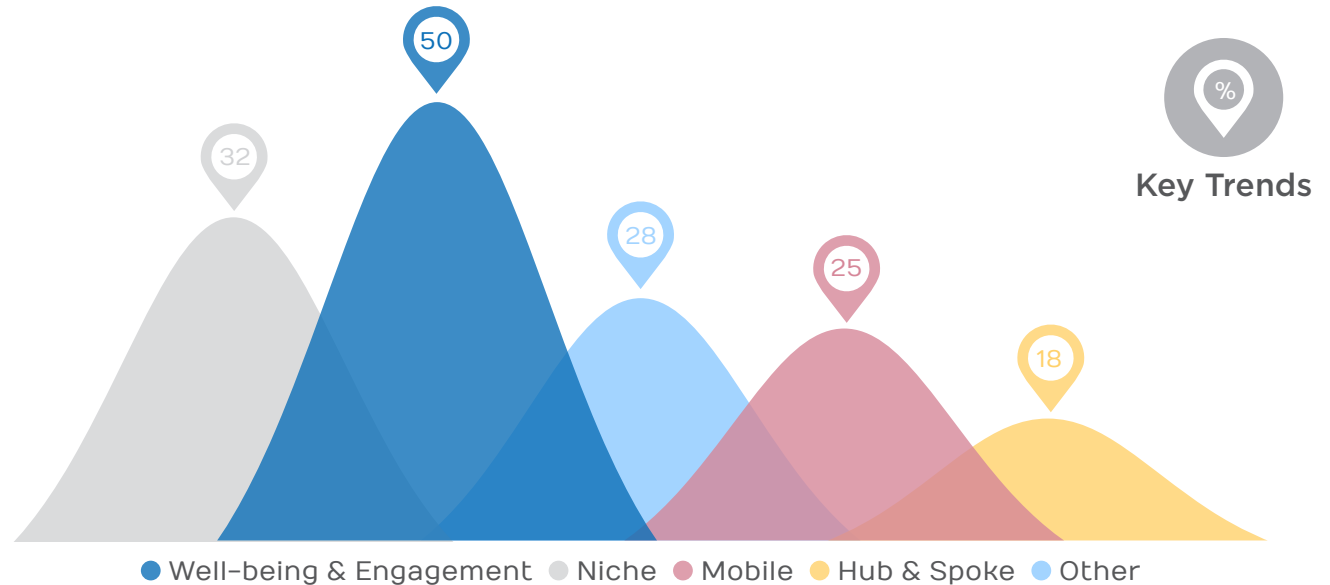
Fig. 3

Question	2015			2016			Trend
	Less	Same	More	Less	Same	More	
Shifting to a total "well-being" approach	3%	24%	73%	0%	10%	90%	⬆️
Asking about a platform/hub to combine all of their benefit initiatives	11%	40%	49%	4%	32%	64%	⬆️
Implementing a wellness program via a third party vendor	12%	48%	41%	9%	48%	43%	⬆️
Changing their wellness vendor	14%	57%	29%	9%	57%	34%	⬆️
Implementing outcomes based wellness programs	25%	33%	42%	42%	43%	29%	⬆️

Impacting Future Success



What trends or innovations in the market have you seen and believe will help improve the effectiveness of corporate well-being programs in the future?



*Some responses touched on multiple trends

50%

Total Well-being & Engagement

“Greater focus on the culture and environment and less on portals and incentives - healthy food options, opportunities to move more, leadership effectiveness to help employees reduce stress.”

“Strong emphasis on community, social and career health.”

“Incentives evolving to compliment broader well-being programs. Switching from the premium differential to a rewards and recognition strategy”

32%

Niche Programs

Health Coaching

“Increased interested in health coaching to complement biometric screening results.”

Clinical

“Onsite clinics seem to be growing in popularity, as does telemedicine, transparency, etc”

Other

“Ergonomic Workstations, Concierge Services, Sleep



Total Well-being & Engagement

The days of employers viewing a wellness program as just an annual biometric screening or pedometer-based walking program are gone. Employers have moved beyond physical wellness and are viewing their well-being initiatives as a way to attract, retain and truly engage employees. These efforts are taking many forms, from supporting employees to establish a sense of purpose in their personal and professional lives, provide a means of engaging in their community, addressing the financial stresses that may impact employee productivity and so on. All of this is taking place at a time when employers are finally starting to embrace the fact that a fundamental requirement for any successful well-being initiative is a supportive and positive culture. There's no vendor, flashy platform, slick app or wearable device that will be able to truly engage employees without the foundational underpinnings of a healthy culture where employees view these resources as the embodiment of that support.

Hub & Spoke

The desire for agnostic, "hub" technologies has grown substantially over the past few years. In the same way that the emergence of "API integrators" made it easy for providers to integrate a wide array of wearable devices and fitness apps via a single partnership, employers are interested in "hub" solutions that create a central platform for members to access their benefits. Employers value the ability of these "hub" solutions to personalize the communication of member benefits to employees and dependents (displaying relevant information based on the health plan they've elected, their health status, interests, etc.), as a way to minimize the number of vendors they must concurrently manage, understand what resources members are utilizing and allow these disparate providers to be able to thoughtfully exchange data in a way that improves the quality of care for the member.

25% Go Mobile

"Mobile apps are the winning trend lately. No matter where in the world employees are, everyone has mobile phone access and are more likely to participate if they can do it from their phone."

"Phone apps and ability to report on level of engagement using that app (ex: download app, register on app, use app) to host engagement campaigns with incentives"

18% Hub & Spoke and Megahubs

"Resource aggregators where niche vendors/ employer resources can be "plugged in"

"Tech platforms that can incorporate more than just well-being. HR depts find it difficult to communicate the myriad benefits they offer and are looking for a one stop shop that can accommodate all, and can engage employees."

Program Component Demand



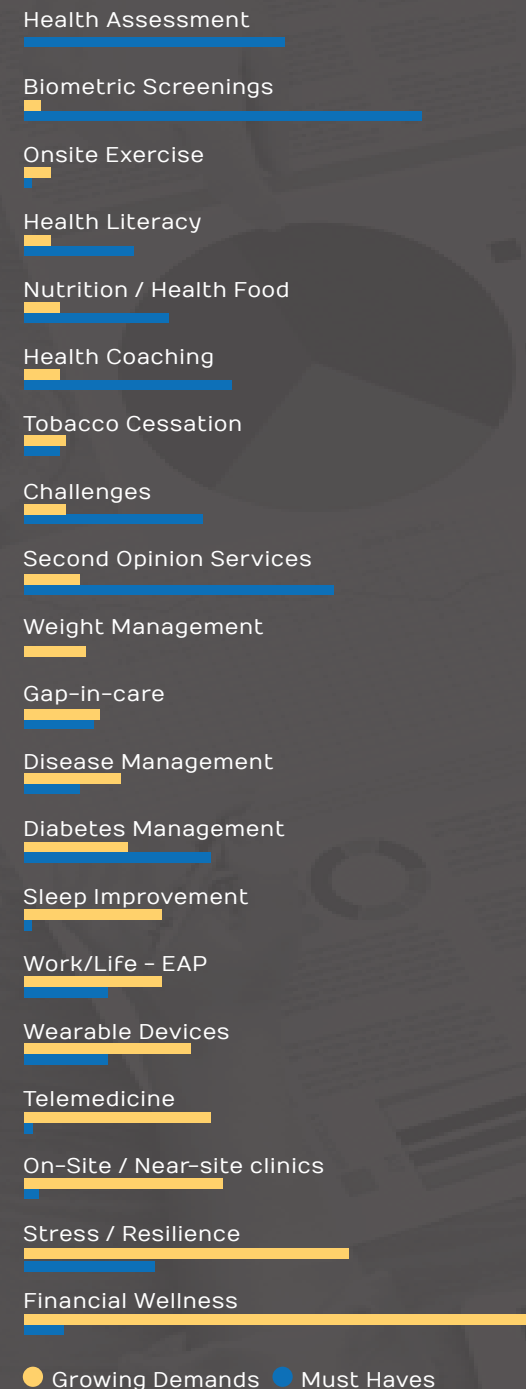
What do you consider the top 3 critical program components that an employer must have as part of their well-being strategy? What three components have the fastest growing demand?

Given Shortlister's focus on helping employers and consultants select the best vendor partners for their needs, we wanted to better understand what purchasers and their advisors perceived to be: 1) table stakes when deciding whether to include a vendor in an RFP and 2) high-interest products/services that may help a vendor stand out to a potential buyer, but aren't yet a "must have" capability. These emerging categories have the greatest potential to become "must haves" in the coming years as market familiarity with the nuances of these offerings improves.

Over the past 2-3 years, the prevalence of challenges and their perception as a "must have" component has steadily grown. 5 years ago, a buyer's reference point for challenges was a basic walking program that typically only had the capability to integrate with 1 wearable device (often times a proprietary or branded device provided by the vendor in question). Today, challenges have moved up to the 2nd most important "must have" component for today's buyers. Challenges have also evolved to integrate with a wide variety of devices and apps and allow members to complete individual, peer-to-peer and group challenges. The "topics" have also expanded and now range in focus from physical activity to paying a team member a compliment or taking a few minutes for mindfulness and to reflect on what you're thankful for.

Time will tell which of the "emerging" categories takes the next step forward and becomes a "must have" offering, but there is clearly a high level of interest in emotional well-being (ie stress, resilience, mindfulness programs, etc.) and financial wellness. Each of these sub-domains are poorly defined at the moment, as new vendors enter the space vying for market share and purchasers develop a reference point for the capabilities, limitations and cost of these solution.

We asked respondents what they thought of these emerging areas of interest and some of their commentary can be found on the following page.



Emerging Solutions



Financial Wellness Solutions

Strong market demand, low product maturity

“Employers have heavily weighted their efforts in retirement savings and could use help expanding into student loan debt, college planning, home buying, higher education and credit management.”

“Need more options in the marketplace - this is a HUGE need - clients are asking for it on a daily basis. Needs to be integrated into all wellness platforms as a component of Total Well-being”

“Financial Wellness is still ramping up. Groups may know what it is, but aren’t necessarily aware of how a program/vendor will fit with their already existing wellness components. Pricing is a huge factor in why a group may not opt to include it in their wellness program.”



Emotional Well-being Solutions

Varying level of demand; difficult to implement and measure impact

“More and more groups are open to talking about this topic than in years past.”

“They are in high demand, however looking at the root of the stress still needs much more focus. The root of the issues are a cultural problems, which is a much more challenging problem to solve for. Employees/employers are in desperate need of balance and how to achieve this and yet remain competitive.”

“Becoming more of something we’re getting requests for there are a few niche vendors, but most vendors seem to be “checking the box” with a subpar solution within their larger model.

Parting Thoughts



During our analysis of the thousands of questions and answers from this 2017 Well-being Prospectus, 2 key trends emerged:

Employers are increasingly prioritizing well-being & engagement initiatives.

Employers are taking a much broader view of their benefits when evaluating how to support employees. Beyond traditional wellness initiatives (health risk assessments, biometric screenings, etc.), employers are actively looking to add resources that improve productivity, lower healthcare costs and establish themselves as an employer of choice. These resources are aimed at addressing stress, financial security, personal development, work-life balance, resilience, purpose and more as “wellness” program evolve into true “well-being” initiatives.

As more targeted solutions appear in the market, employers want an aggregator who can offer them choice, without having to manage multiple vendor relationships themselves.

As more targeted solutions appear in the market, employers want an aggregator who can offer them choice, without having to manage multiple vendor relationships themselves. Driven partly by the proliferation of mobile technology and partly by the large amount of funding that’s currently being poured into the space, we’re beginning to see more, and better, targeted interventions (diabetes management, tobacco cessation, price transparency, etc.). While employers are welcoming these specialized providers, they’re also feeling the paralysis that accompanies the research, vetting and selection process of adding new vendor partners. Additionally, once a new partner is identified, the employer must still figure out how to seamlessly incorporate that new solution into their larger program or “ecosystem” of providers. In an effort to minimize these 2 points of friction, buyers are increasingly interested in “hub” solutions that: 1) provide access to an ecosystem of pre-vetted interventions that the employer can activate when desired and 2) centralize communications, streamlined contracting & billing (in some cases) and ease the vendor management process.



Beyond the data presented in this report, Shortlister is actively monitoring other influential factors in the buying process like:

Employer Purchasing Behavior

We're continually analyzing what factors are most impactful in driving the buying decisions of employers and how those factors vary based on the size of the employer. An interesting trend we observed in 2016 was a high rate of "non-selection" (e.g., employers initiated a search for a new vendor partner, but ultimately decided not to implement a program or stayed with their incumbent vendor). We received valuable information from respondents on the top factors driving this outcome. Our goal in analyzing this trend is to develop ways to better inform buyers and sellers earlier in the process, in an effort to reduce the time spent by all parties on a process that is unlikely to move forward ("just kicking the tires").

Vendor Market Trends

In addition to the qualitative survey data we've collected, there's a wealth of quantitative "transactional data" we see. This data tells a

unique story on which vendors are trending up or down in the space, how a vendor's "market perception" influence their win/loss ratio and so on.

These additional data sources are incredibly valuable in ensuring we thoughtfully "pair" the needs expressed by a consultant/employer with the vendors that can provide those services, within the employer's budget and are experienced in working with "like" employers.

Our hope in providing this Market Prospectus is to help accelerate the evolution of the products and services available in the well-being space. By aggregating the insights of the top subject matter experts in the employee benefits space and the purchasing behaviors of employers, we can provide vendors, consultants, employers, investors, and others, with a pulse of the rapidly changing well-being landscape.

Our ultimate goal is to ensure the solutions available to employees have a meaningful impact on their overall health & well-being.

Thank You

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