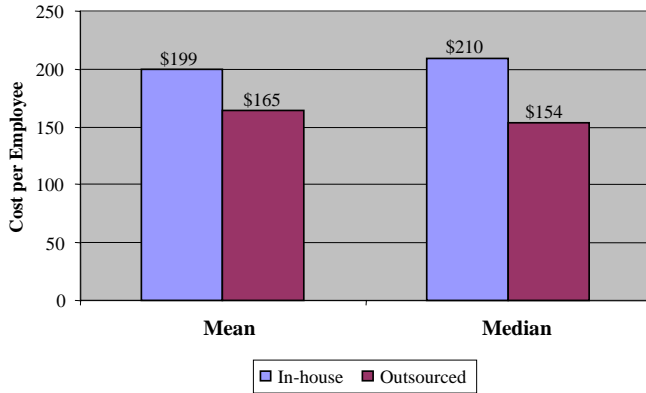


Total Cost of Ownership

SOURCING ANALYTICS performed a study of the total cost of ownership of health and welfare benefits administration, and compared the costs of in-house administration to the costs of outsourcing to ADP.

The Results

Benefits TCO per Employee

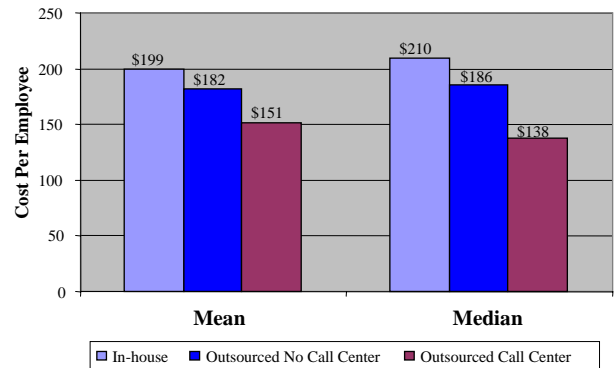


- The average annual TCO for in-house benefits administration is \$199 per employee.
- The average annual TCO for outsourcing to ADP is 17% less at \$165.
- The median TCO is 27% less for companies that outsource to ADP.

The Cost Effect of Call Center Solutions

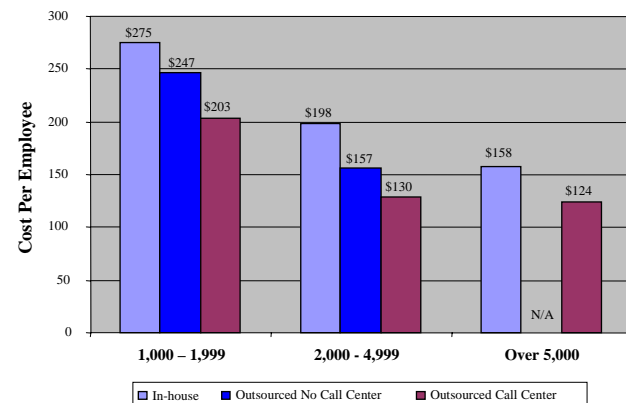
- Companies including employee call center services in the outsourcing arrangement experience lower average TCOs than companies outsourcing without call centers.
- TCOs for outsourcing with call center services is 24% less, on average, than in-house benefits administration TCOs.

Benefits TCO per Employee



The Cost Effect of Company Size

Average TCO by Company Size

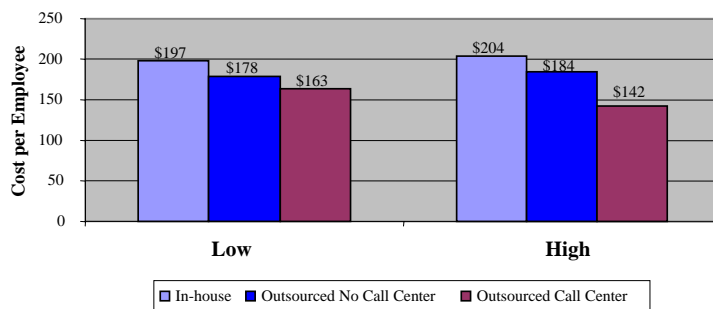


- Outsourcing to ADP is, on average, less costly than in-house administration for all size groups.
- All outsourcing companies with more than 5,000 lives chose to include call center services.
- The study shows that outsourcing with call center services provides significant savings at all company size groupings.

The Cost Effect of Complexity

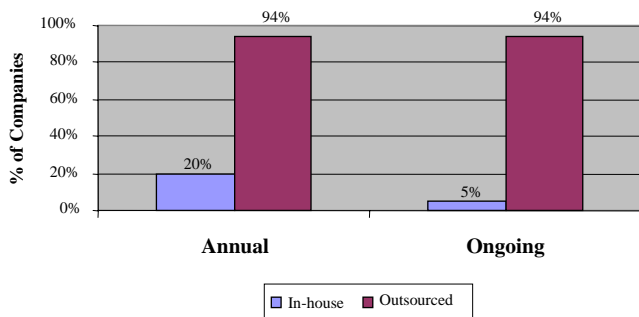
- Complexity is a function of the number of plans in a benefits program combined with the number of data exchanges.
- On average, the program administration outsourced to ADP is over 38% more complex than the administration performed in-house.
- The average TCO is less for companies that outsource to ADP.
- Higher complexity programs benefit significantly from the outsourcing of call centers.

Average TCO by Complexity



The Services Factor

% of Companies Offering Web Based Services



- Companies outsourcing to ADP are over 4 times more likely to offer web based annual enrollment.
- Companies outsourcing to ADP are over 18 times more likely to offer web based ongoing enrollment.

About The Study

- This study is unlike any other benefits cost study available. It specifically captured the costs of health and welfare benefits administration.
- 36 companies with an average 4,155 benefit eligible employees each are included in the study findings.
- 20 companies administered benefits in-house, 16 outsourced to ADP.
- Study companies have over 1,000 employees, with an average of 5,700 U.S. employees.

SOURCING ANALYTICS is available for detailed cost analysis to determine your own company's TCO and determine strategies for best containing cost in a risk reduced environment.

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