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# viewpoint

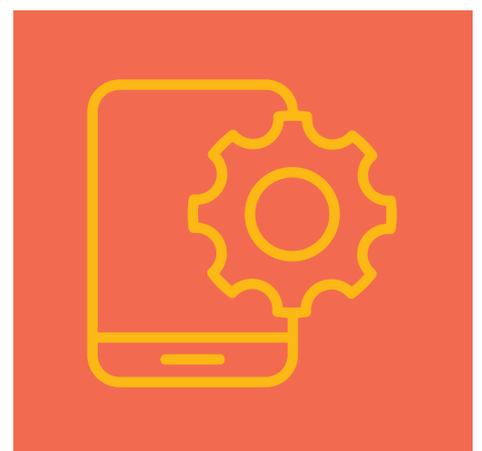
## ‘Change is the only constant in life.’ The future of work – can employee benefits keep up?

The world of work is changing. New ways of working, fuelled largely by rapid changes in technology and new digital capabilities, are impacting many sectors and businesses – creating fantastic opportunities for many firms and their employees as well as new challenges and risks.

With ever more people and firms adopting flexible working behaviours and gig economy style contract working becoming mainstream, employers are having to change to remain competitive and adapt to new market demands. Younger generations, highly accustomed to digital services, products and environments, are looking for greater choice and flexibility from their employers – and this increasingly includes the employee benefits (EB) packages they are offered.

And, even in this fast-shifting world, employee benefits remain fundamental in attracting and retaining staff. Multinationals and EB professionals are having to react and innovate to keep up with the changes that will determine the future of the way we work and are rewarded for what we do. As digital functionality and new healthcare capabilities enable ever more sophisticated, flexible, even personalised benefits – the ‘one size fits all’ delivery model that has been at the centre of the employee benefits market for years is becoming ever more redundant.

While nobody knows exactly what the future of work will look like, technological and medical advances will play a huge role in the future of employee benefits and the way in which they are devised, selected and delivered. Many multinationals are already looking to offer employees an ever growing and unprecedented range of healthcare, wellness and employee benefits options that can be adopted via platforms that are already available but can only get more sophisticated.



“Multinationals and EB professionals are having to react and innovate to keep up with the changes that will determine the future of the way we work and are rewarded for what we do.”

Mattieu Rouot, Senior VP, Head of International Employee Benefits at AXA, sees three key trends in the context of the future of work.

These are:

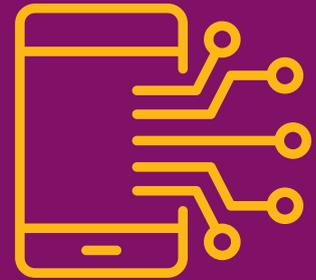
1. “a concerted and dedicated approach to health and wellness programmes that look to increase engagement, give more control to employees and reduce long-term costs”
2. “the impact that an evolving contractual relationship between employees and businesses will have, particularly as more workers become freelancers and self-employed”
3. “the profound role that technologies such as blockchain and digital processes will play in the employee benefits space.”<sup>1</sup>

But how will these three areas shape the future of work and of employee benefits?

## Some megatrends transforming the world of work<sup>2</sup>

The OECD’s extensive report, *Employment Outlook 2019: The Future of Work*, delves into many aspects of the global workforce and the dynamics reshaping it. It looks at great detail at the megatrends transforming labour markets, including:

- new technologies that are rapidly permeating the world of work
- the increasingly integrated world with more international trade and connectivity
- ageing populations
- automation – around 14% of jobs are at risk of complete automation but many more will be affected by changes.



## The importance of health and wellness

With medical cost inflation at around 8%<sup>3</sup> per year, on average, the role that health and wellness programmes will play in the future of work is forecast to be profound. Multinational employers are faced with the challenge of tackling ever rising costs, while providing medical coverage that is fit for the increasingly knowledgeable and demanding employee of the future. With healthcare advances meaning employees will both work and live longer, and are therefore more likely to suffer chronic conditions, this is going to be a very difficult feat to achieve. However, there is some good news for employers. They will be able to take advantage of a variety of new technologies and medical solutions that offer prevention, precision and personalisation.

A good example of this would be genomics. Genomics is the study of genes and their functions<sup>4</sup> and has become a billion-dollar industry, with low cost DNA sequencing propelling it into mainstream medicine and the world of employee benefits. More than 250 drugs are already enabling personalised treatments based on patient genomics and the market is expected to grow significantly.<sup>5</sup> Employees of the future may be able to take advantage of this personalised treatment, alongside complementary, app-based services and platforms to help them benefit from genomic-based health assessments.

“ 5% of large US employers are already offering fertility benefits, and fertility treatments are forecast to play a much greater role in many employee benefit programmes.”





It isn't only advances in medicine and technology that are driving change in employee benefits – it is also to do with expectations and in many cases lifestyle. Some multinationals are already adapting to what they see as future employee demands by changing what is included in the scope of their offering.

For example, 5% of large US employers are already offering fertility treatments in their employee benefit programmes.<sup>6</sup> In 2019, 56% of employees surveyed said they believe that fertility treatments should be wholly or partially funded by an employer,<sup>7</sup> suggesting that actually there is already high demand that is not being met.

As a result, many tech-based start-ups and healthcare businesses are looking at new ways to help people and multinationals better manage the process. Apricity, for instance, is a service which describes itself as the world's first virtual reality clinic. Caroline Noublanche, Apricity's CEO, says there is significant demand for fertility treatments and employers can – and should – play a major role here. "Fertility treatments deeply affect a patient's professional life. Three quarters (75%) say it's more stressful than divorce, and 70% had to take days off from work."<sup>4</sup> The solution is designed to allow users to manage part of their treatment remotely therefore lessening the impact on their work and home life where possible.

With more than 97,000 health and fitness applications already available for download,<sup>8</sup> and many hundreds more being launched weekly, it is likely apps will play a significant role in the provision of healthcare going forward. EB professionals and multinationals can take advantage of apps that help them identify and target the health conditions most affecting their employees. This then enables them to raise awareness and implement programmes – hopefully resulting in healthier, more productive employees and more control over their medical costs, too.

### The growing gig economy and the demand for flexible benefits and adaptability

The sheer size and growth of the gig economy globally has brought about a real need for appropriate employee benefits packages designed to work around the individual needs of gig workers. This growing trend is seeing increasing numbers of professional and skilled workers moving to freelancing and contracting, meaning that the businesses who wish to attract this key resource are having to rethink their benefits packages and delivery to fit this pattern.

*“Ultimately, the gig economy is a great opportunity for innovators to supply flexible services for workers and the platforms behind them.”*



A study published by Gallup in 2018 found that 36% of US workers could be classed as 'gig' workers. This works out to be about 57 million Americans. Based on the findings, Gallup estimated that 29% of all workers in the US have non-traditional working arrangements in their primary job. This includes a quarter of all full-time workers (24%) and half of all part-time workers (49%). Including multiple job holders, 36% have a gig work arrangement in some capacity.<sup>9</sup>

*“The sheer size and growth of the gig economy globally has brought about a real need for appropriate employee benefits packages designed to work around the individual needs of gig workers.”*

Russell Corbould-Warren, Head of Insurance, EMEA for Uber believes that the gig economy is not only here to stay but will increasingly become a mainstream employment option for millions of people worldwide.<sup>10</sup> What is critical, he believes, is to make benefits simple to understand, cost effective, flexibility and simple to use. “Speed and efficiency is key in this market... Ultimately, the gig economy is a great opportunity for innovators to supply flexible services for workers and the platforms behind them.”

And, yet another piece of recent research found one in two organisations in the US indicated that they had increased their use of gig workers in the last five years. Two in five organisations expect to increase their use of the contingent workforce by 2020. In fact, one in three employers of 100,000 employees or more expect to use 30% or more contingent workers in the same timeframe.<sup>11</sup> All further evidence that multinationals need to rethink how they attract and retain these employees through benefits programmes.



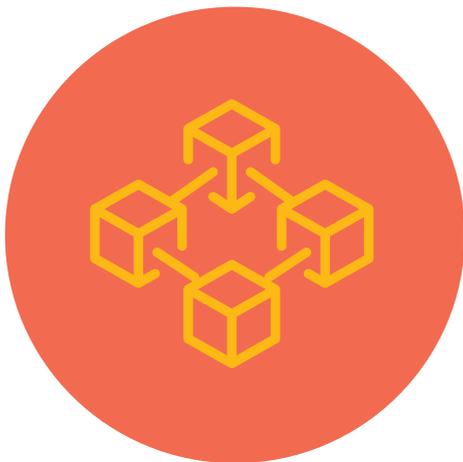
## The fundamental role of new tech in delivering benefits

A common thread across the future of work is technology. The impact of it is undeniable. From the success of health and wellness programmes to wearable technologies and the personalisation of healthcare. In fact, it has been estimated that US\$150 billion<sup>2</sup> of global healthcare costs can be reduced through the implementation of artificial intelligence (AI) and machine learning. This could enable huge strides to be made health providers in empowering patients and improving detection and diagnostics – ultimately of benefit to multinationals and their bottom lines.

While the next decade is likely to see further acceleration in healthcare innovation, there are already a number of exciting hi-tech services and products available for multinationals to

deploy. For example, Oxford VR have designed a virtual reality (VR) headset that can be used to treat a variety of mental health problems including anxiety and some phobias. So far, their results have been very promising.

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## The potential of blockchain

Another exciting area of innovation is blockchain. Distributed ledger technologies (DLTs) are already being used in some parts of the insurance sector, such as the Insurewave programme from EY and Guardtime, that uses a blockchain platform to support marine hull insurance. The platform supports more than 500,000 automated ledger transactions and helps manage risk for more than 1,000 commercial vessels.<sup>12</sup> Another example of blockchain in action is MedicalChain<sup>13</sup> – a start-up that aims to use DLTs to securely share and store patient records – as businesses look to capitalise on blockchain technologies to disrupt existing systems.

Given that blockchain has started to show some practical business value, the potential for its use in the EB industry is being widely discussed. Mattieu Rouot singled out blockchain as a form of information management that “could revolutionise the whole administrative and contractual processes, with much quicker implementation and settlement times.”<sup>11</sup>

It is predicted that blockchain will have a highly significant and positive role in the delivery of far richer levels of data analytics, giving multinationals, EB professionals and insurers far more powerful insights into employee engagement and greater accuracy in calculating return on investment.

In many ways, the future of work is anyone's guess. All we and our multinational clients can do is try to anticipate, as accurately as possible, what is likely to happen, no matter how difficult it is to predict the exact nature of office life and the evolution of daily working patterns over the next 10, 20 or 30 years. We can be sure that many aspects of today's business world will remain, but there is likely to be far more choice for workers – whether it is how they work or the benefits they receive. And the likelihood is these choices will be delivered via – or due to – technology solutions.

For multinationals and businesses looking to attract and retain the best staff and deliver best-practice employment services, keeping on top of all market changes and ensuring their benefits offering is appropriate, yet flexible, for all – permanent employee and gig workers alike – will be absolutely vital.

## What will employee benefits look like in 2045?

We asked industry specialists how the employee benefits market might look in 2045.

### Dr Leena Johns, Head of Health & Wellness at MAXIS GBN

"Simply put, I think the future will be all about the 3 P's – preventative, personalised and precise healthcare."

### John Whitaker, Benefits Director at Workday.

"The one-size-fits-all model will need to change... flexibility and choice will be key for all."

### Dr Annabel Bentley, Chief Medical Officer at AXA PPP

"Patients will likely be far more involved in their own care in the future. They will have a much greater role in making decisions about their preferred treatment based on better information about treatment options. Research shows that when patients are well-informed, they tend to choose less invasive options."

"2045 onwards will become 'patients know best', not 'doctors know best'"

- 1 Mattieu Rouot, Senior VP, Head of International Employee Benefits at AXA, speaking at MAXIS GBN 'Future of Work: innovation in employee benefits' event, London, 7 November 2019
- 2 OECD, The Future of Work [https://www.oecd-ilibrary.org/sites/9ee00155-en/1/2/2/index.html?itemId=/content/publication/9ee00155-en&\\_csp\\_=b4640e1ebac05eb1ce93dde646204a88&itemGO=oecd&itemContentType=book#section-d1e1218](https://www.oecd-ilibrary.org/sites/9ee00155-en/1/2/2/index.html?itemId=/content/publication/9ee00155-en&_csp_=b4640e1ebac05eb1ce93dde646204a88&itemGO=oecd&itemContentType=book#section-d1e1218) (sourced November 19)
- 3 Willis Towers Watson, 2019 Global Medical Trends Survey Report, <https://www.willistowerswatson.com/-/media/WTW/Insights/2018/11/2019-global-medical-trends-survey-report.pdf> (sourced November 19)
- 4 Anon, World Health Organization, <https://www.who.int/genomics/genetics/genomics/en/> (sourced November 2019)
- 5 Parul Kaul-Green CFA, Head of AXA NEXT Labs, Europe, speaking at MAXIS GBN 'Future of Work: innovation in employee benefits' event, London, 7 November 2019
- 6 Caroline Noublanche, CEO, Apricity, speaking at MAXIS GBN 'Future of Work: innovation in employee benefits' event, London, 7 November 2019
- 7 MAXIS GBN research, conducted by Citigate Dewe Rogerson, May 2019
- 8 Andy Edwards, Otholive <https://www.ortholive.com/blog/mhealth-healthcare-mobile-app-trends-in-2019> (sourced November 19)
- 9 Anon, Small Business Labs, <https://www.smallbizlabs.com/2018/08/gallup-says-36-of-us-workers-are-in-the-gig-economy.html> (sourced November 2019)
- 10 Russell Corbould-Warren, Head of Insurance, EMEA for Uber, speaking at MAXIS GBN 'Future of Work: innovation in employee benefits' event, London, 7 November 2019
- 11 EY, How the gig economy is changing the workforce, [https://www.ey.com/en\\_gl/tax/how-the-gig-economy-is-changing-the-workforce](https://www.ey.com/en_gl/tax/how-the-gig-economy-is-changing-the-workforce) (sourced November 2019)
- 12 Anon, EY, [https://www.ey.com/en\\_gl/news/2018/05/world-s-first-blockchain-platform-for-marine-insurance-now-in-co](https://www.ey.com/en_gl/news/2018/05/world-s-first-blockchain-platform-for-marine-insurance-now-in-co) (sourced Nov 2019)
- 13 Cited by Parul Kaul-Green, Head of AXA Next Labs, speaking at MAXIS GBN 'Future of Work: innovation in employee benefits' event, London, 7 November 2019 See also <https://medicalchain.com/en/> and <https://www.ft.com/content/6f138722-47d4-11e8-8c77-ff51caedcde6>

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