

NEAT EVALUATION FOR ISOLVED:

Benefits Administration: Health & Welfare

Market Segment: Digital Focus

Introduction

This is a custom report for isolved presenting the findings of the 2025 NelsonHall NEAT vendor evaluation for *Benefits Administration: Health & Welfare* in the *Digital Focus* market segment. It contains the NEAT graph of vendor performance, a summary vendor analysis of isolved for benefits administration services, and the latest market analysis summary.

This NelsonHall Vendor Evaluation & Assessment Tool (NEAT) analyzes the performance of vendors offering health & welfare (H&W) benefits administration services. The NEAT tool allows strategic sourcing managers to assess the capability of vendors across a range of criteria and business situations and identify the best performing vendors overall, and with specific focus on health & welfare benefits, total benefits outsourcing (TBO), enabling digital transformation, marketplace capability, and geographic reach.

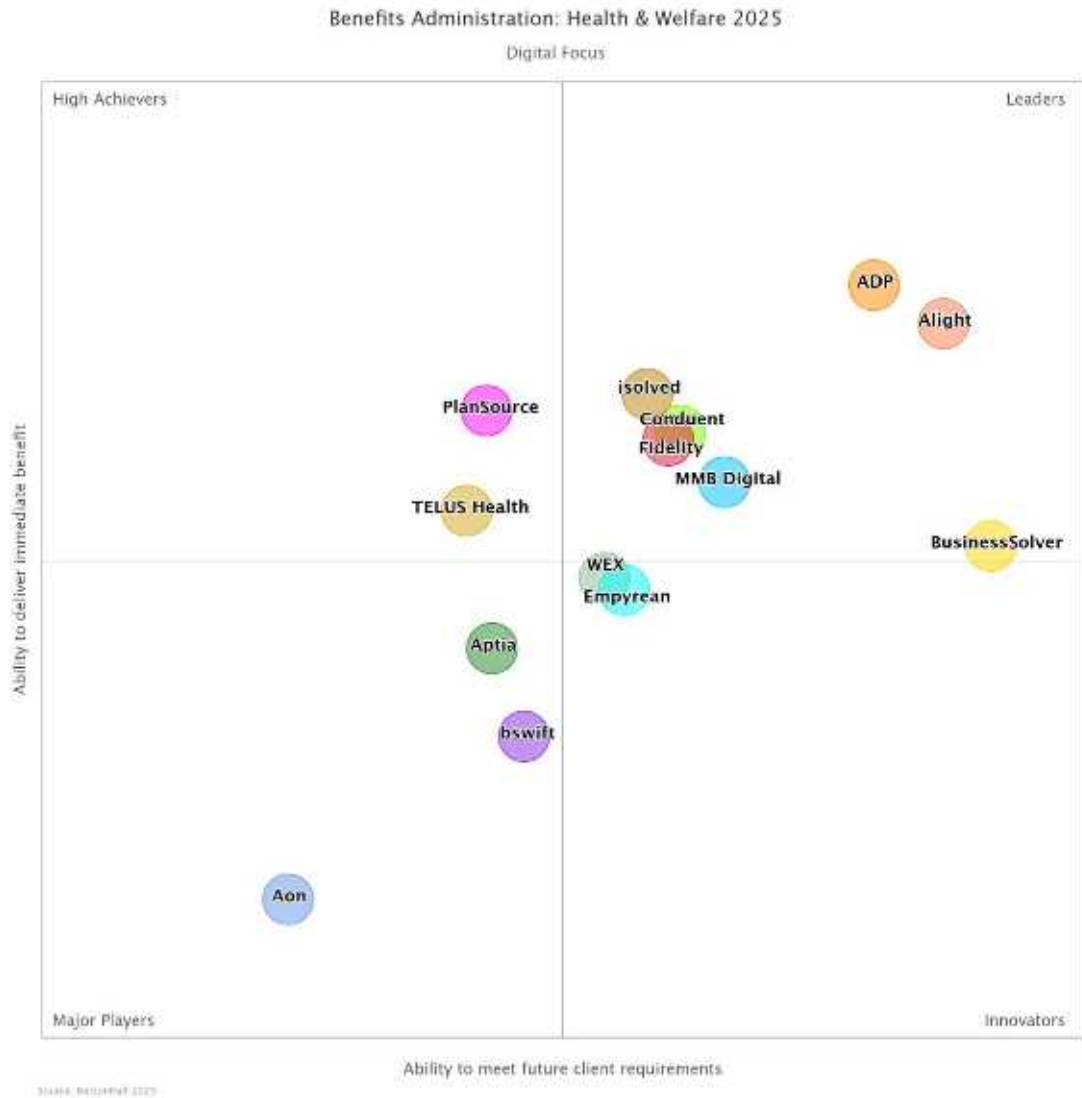
Evaluating vendors on both their 'ability to deliver immediate benefit' and their 'ability to meet client future requirements', vendors are identified in one of four categories: Leaders, High Achievers, Innovators, and Major Players.

Vendors evaluated for this NEAT are: ADP, Alight Solutions, Aon, Aptia, bswift, BusinessSolver, Conduent, Empyrean, Fidelity, isolved, MMB Digital, PlanSource, TELUS Health, and WEX.

Further explanation of the NEAT methodology is included at the end of the report.



NEAT Evaluation: Benefits Administration: Health & Welfare (Digital Focus)



NelsonHall has identified isolved as a Leader in the *Digital Focus* market segment, as shown in the NEAT graph. This market segment reflects isolved’s ability to meet future client requirements as well as delivering immediate benefits to its benefits administration clients with specific focus on digital service capability.

Leaders are vendors that exhibit both a high capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements.

Buy-side organizations can access the *Benefits Administration* NEAT tool (*Digital Focus*) [here](#).



Vendor Analysis Summary for isolved

Overview

Founded in 2012 and headquartered in Charlotte, NC, isolved is a provider of human capital management and workforce management technology and associated managed services, targeting small-to-medium-sized businesses (SMBs) and mid-market organizations. The company was originally formed under the Infinisource brand in 1986, offering benefits services.

The first version of isolved's HCM platform was initially focused on payroll and time clock solutions. The platform has continuously grown in technological capability and scope, and in 2020, isolved rebranded its HCM technology as the isolved People Cloud platform. Through this platform and its HR Services options, isolved provides third-party benefit services to automate and maximize administration functions for the complete employee lifecycle. isolved Total Rewards follows a self-service model that enables employees to research, select, and enroll in benefits.

Since its launch, isolved has leveraged a mix of organic development and select acquisitions to boost its capability and accelerate its platform adoption.

In 2023, isolved launched significant new AI capabilities to further extend the capabilities of its People Cloud platform. Then in September 2024, it launched Portable Alternative Coverage (PAC), powered by When, an isolved strategic partner and approved partner of Healthcare.gov. isolved PAC uses AI capabilities to support COBRA-eligible employees with tailored health insurance alternatives that improve the offboarding process and reduces overall medical insurance costs.

The platform currently supports ~7m worksite employees and ~177k U.S.-based small and medium-sized employers, with the ability to scale for larger, enterprise-level customers (10k employees).

As of H1 2024, isolved manages benefits administration for ~162 clients (of which ~145k are H&W clients) and ~6m participants.

isolved has ~2.4k U.S.-based employees, of which 75% are focused on servicing customers and developing solutions.

Financials

isolved is a privately-held organization and does not publicly disclose its financial results. NelsonHall estimates isolved's H1 2024 revenues were ~\$25m.

Strengths

- Offers a comprehensive cloud-native technology platform, with functionality spanning the employee lifecycle, built on a single database and code-line, and integrated across modules
- isolved's approach to total rewards features a wide range of health & welfare offerings that provide a holistic approach to overall employee wellness underpinned by technology that increases employee engagement and provides personalized support



- Able to offer both HCM technology and managed HR services (e.g., payroll, benefits, tax), providing clients a single-vendor platform-based solution for both HCM-extended technology and benefits administration services
- Portable Alternative Coverage (PAC) uses AI capabilities to support COBRA-eligible employees with tailored alternatives that reduce COBRA expenses by up to 70% while streamlining HR processes; 90% attach rate for net new deals
- Conducts the implementation of its HCM platform and benefits administration services entirely through its own resources and methodologies, enabling complete control over its delivery model for platform deployments
- The ‘People Heroes World’ provides extensive customer engagement both online and regionally, including the ability to earn dozens of SHRM, HCI, and APA continuing education credits throughout the year, and provides local meetups with isolved and other People Heroes Community members
- Robust support and partnership capabilities for solution implementation and optimization with rapid response support services and comprehensive ‘People Heroes World’ featuring in-depth training and L&D, client communities, and road shows
- Strong AI-based historical and predictive data analysis capabilities and NLP-based conversational virtual assistant provide highly competitive predictive analysis and recommendations across platforms
- Intuitive functionality and capabilities accessible on a singular platform and enmeshed in the flow of work demonstrate a keen focus on employee engagement and development throughout the employee lifecycle
- Range of industry-specific and PEO offerings helps to bolster isolved’s market presence as an extensive knowledge and service partner.

Challenges

- Current technology and service offering is best designed to support U.S.-based SMBs and mid-market organizations, and lacks configuration and localizations to support international and multinational footprints with global benefit capabilities
- Primarily focused on small and mid-sized businesses. May face difficulties scaling for enterprise organizations. However, the organization has seen an increase in new client wins from larger organizations
- isolved supports its directly sold platform deployments entirely in-house. While this fits the current strategy and provides deep control over the client onboarding experience, it may become difficult to scale as the platform grows in adoption or expands internationally, requiring a shift to a more partner-driven deployment model, similar to its existing PEO/ASO partnerships through the isolved network.

Strategic Direction

isolved’s benefits administration strategy is founded on the belief that health and financial wellness are critical to workforce health, which requires innovative technology and tools to support HR, benefits, and payroll professionals. isolved’s H&W solutions are a part of its broader Total Rewards offerings, and it positions its technology portal to focus not just on benefits but on employees’ overall wellness while giving employers the flexibility to build customized experiences for different customer types, from indirect channel partners (e.g.,



PEOs) to direct customers. Although benefits administration can be sold alone and is often an entry point to isolved, it integrates with the full People Cloud suite and professional services offerings.

isolved's strategy focus areas and goals for benefits administration, and specifically H&W, centers on expanding the reach of its Total Rewards solutions to streamline enrollment, reduce errors, and automate tasks, allowing HR administrators to focus on strategic initiatives.

Looking ahead, isolved will be rolling out isolved Better Benefits solution, which will offer a consumer-grade enrollment experience designed with decision support for H&W plans. Features will include cost analysis, plan comparison features, and AI-driven enrollment recommendations.

Additional strategic focus areas include:

- AI-derived insights to control benefit costs, identify trends, and predict future needs
- Improving employee self-sufficiency through consumer-grade technology that boosts engagement and productivity
- Enhanced AI-based personalization that mirrors commonly used platforms where usage is tailored to the user's behavior and intent.

Outlook

isolved has strong capabilities to act not only as a provider of HR platforms and benefits administration services but also as a strategic partner for businesses looking to enhance the employee experience and leverage benefits as a key focus for investment. This is a key differentiator as many industries and organizations continue to seek solutions that improve market competitiveness and talent retention and enhance employee engagement strategies.

Recent enhancements and partnerships reflect isolved's focus on providing solutions that highlight a holistic approach to employee wellness, from physical to financial. In 2025, we expect to see an expansion of its wellness suite with increased AI functionalities for benefit recommendations and ad hoc reporting tools, which will strengthen self-service capabilities for both employees and administrators. Additional partnerships and innovative offerings such as isolved PAC will further diversify the organization's portfolio with non-traditional benefit solutions.

Client partnering and the People Heroes local meetups will continue to provide opportunities for isolved to introduce its existing client base to services they are not currently subscribed to, including those for benefits administration, resulting in an increase in buyers and revenue, as well as increased continuous ROI.

NelsonHall expects isolved HCM technology revenue growth of 10-15% for the calendar year 2025.



Benefits Administration: Health & Welfare

Market Summary

Overview

In today's market, benefit personalization and optimization strategies that focus on providing intuitive technology in addition to non-traditional wellness support, such as preventative care, mental health support, and financial wellness and planning tools, have become critical success factors in talent attraction and retention strategies.

Digitalization strategies that drive HR transformation forward and elevate the employee experience, paired with the need to create more flexible and user-focused support models, continue to fuel the need for benefits administration services that incorporate next-generation technology solutions.

Benefits administration technology is user-first and mobile-enabled to meet employees and administrators in the flow of work and life while utilizing intelligent technologies such as GenAI, AI, and ML-enabled offerings to personalize, guide, and engage employees for deeper work-life integration. Providers are increasingly allocating significant portions of annual revenues toward R&D and acquisitions to advance and expand platform capabilities, with the employee experience central to roadmap initiatives.

Buy-Side Dynamics

The top priorities for buyers of benefits administration services center on leveraging modern technology to enable greater agility and effectiveness and achieve strategic business goals, including:

- Enhanced participant experience and engagement through next-generation technology with deep integration capabilities to increase flexible and voluntary benefits offerings
- Cost management and ROI through improved processes, benefit spend optimization, and operational effectiveness
- Data-driven insights to track utilization and predict trends and access to strong analytics, reporting, and benchmarking data
- Ability to provide transparent benefits costs
- Compliance and risk mitigation
- Holistic wellbeing programs
- Variety of plan options and education support for participants
- Seamless integration with HCM and payroll systems for streamlined data flow, reducing manual work, and ensuring accuracy
- Scalable solutions for growing workforces with flexibility to leverage intelligent technologies and predictive modeling
- Vendor partnership with strong implementation support, ongoing customer service, and strategic advisory services.



Large market organizations look to support employees with decision-making as well as modernizing aging infrastructure and paper processes. These organizations often look to automate processes, improve the employee experience, and enable transformative operating models for greater agility and resiliency.

Middle market organizations remain the largest adopter of benefits administration services and continue to be steady adopters of fully outsourced services, with an increasing demand for holistic wellness offerings and decision support tools.

Small market organizations are more commonly seeking benefits services alongside core HR plus payroll as a bundle.

Market Size & Growth

NelsonHall estimates the global health & welfare administration market to be worth ~\$10.3bn in 2024 and is estimated to grow at 5.4% CAAGR to ~\$13bn in 2030. The highest growth will be in core H&W administration services at 5.7% CAAGR.

Growth will be driven by rising healthcare costs, demand for modern technology to digitalize and automate administrative offerings, hyper-personalization of the employee experience, digital health adoption and innovation, regulatory compliance and cost transparency, and prioritization of holistic wellness strategies.

Global benefits will see significant growth among multi-national organizations as the globalization of workforces continues to increase. Successful adoption will include centralized platforms that offer global oversight of benefits while allowing for local customization.

Challenges

Key challenges faced by H&W administration providers include:

- Maintaining strong compliance capabilities, keeping up with legislation changes (ERISA, ACA, etc.), and managing highly sensitive personal health and financial data
- Rising healthcare costs require cost comparison tools and technology to promote transparency and to educate and assist participants in finding the best plan options available for their individual needs
- As employers often use multiple HCM, payroll, and benefits platforms, seamless integration across these systems is essential but challenging, especially when outdated or proprietary technology exists
- Employers need to deliver competitive total compensation packages in order to drive strategies around talent attraction and retention
- Leveraging significant investments in AI and GenAI for predictive analytics, personalization, and automation, while ensuring transparency, data security, and privacy
- Offering holistic benefits plans that focus on the overall wellness of participants, including health, financial and retirement planning, and voluntary benefits
- Ability to upscale from SMB to large-scale/enterprise organizations
- Building data lakes requires a strong taxonomy, significant data alignment efforts, and flexible data models that can incorporate external data sources, such as data from carriers
- Balancing robust functionality with intuitive design



- Clear ROI that easily shows how H&W solutions save time, reduce errors, and improve employee satisfaction with competitive pricing models
- Global benefits challenges such as barriers to digitalization, the ability to provide global standardizations with localized offerings, and managing region-specific compliance
- Building strong client relationships while prioritizing innovation to stay competitive and maintain market differentiation
- Maintaining and supporting multiple legacy products as a result of acquisition or otherwise inherited technology that has not yet been sunset.

Success Factors

Key success factors for H&W benefits administration providers include:

- Enabling a “best in class” experience with significant focus on providing superior, high-touch customer service to both clients and participants
- Enhancing navigation and decision-making support with effective account management underpinned by a proactive client engagement model focused on client value creation, transparent ROI, and partnership
- Open APIs and partnerships with ecosystem players to ensure seamless platform integration
- Discovering new benefit services (virtual health, voluntary benefits, financial wellness tools, etc.) that increase value for participants and promote holistic overall wellness
- Utilize AI and predictive analytics to help employers identify trends in claims and benefits utilization and enable data-driven decisions
- Giving equal emphasis on client retention as to new client acquisition
- Continuous investment in intelligent technologies to drive analytics, provide industry benchmarks, and enhance automation and personalization
- Shifting to partnership-driven client engagement models that value client feedback, specifically on new technology pilots
- Enabling one-stop shop benefits administration solutions through strong partnerships across the market with deep integrations and joint offerings
- Developing a deep pool of benefit counselors and experts to drive solutions, thought leadership, and innovation
- Ensuring that services and offerings mind the “generation gaps” by offering full-service analysts/call center support and physical & paperless document options
- Strengthening data security measures
- Ongoing investments in technology roadmap and integrations to remain competitive and diversify offerings
- User-friendly apps that offer personalized benefits recommendations and tools for education including chatbots, virtual assistants, and interactive portals.



Outlook

In 2025 and beyond:

- While middle market buyers will remain the largest adopters of H&W technology and services, large enterprises and SMBs will increasingly seek to outsource benefits administration capabilities to decrease organizational spend and leverage knowledge and expertise of service providers
- Buyers will look to focus on plan design optimization, provider network performance enhancement, and implementing targeted health interventions to manage expenses effectively as healthcare costs continue to rise
- Industry-wide benchmarks will grow as organizations seek peer data to plan talent strategies
- Innovative employee engagement solutions and services will be a key differentiator as organizations continue to navigate high turnover and retention difficulties
- Diversification of voluntary benefits will continue as a strategy to attract and retain employees. Perks and shopping discounts will be increasingly offered to bring better value to employees
- Deeper integrations with carriers and resellers will be developed to support two-way data interchange and leverage greater automation
- U.S. retiree numbers will continue to grow, leading to an increased need for specialized people resources and technology to manage services and offerings
- The ability to customize benefit UI design (home and landing pages, etc.) will have growing importance in representing company branding and providing custom communications
- Digital processes will increasingly eliminate manual tasks as platforms move to cloud environments, simplifying maintenance
- There will be increased development of price transparency solutions for greater price visibility (e.g., estimated out-of-pocket expenses)
- Investments in employee well-being programs will increase, aiming to improve overall health, reduce absenteeism, enhance productivity, and mitigate costs through more preventative care and virtual care options
- Intelligent technologies will continue to be leveraged to lessen the burden of HR administrators and enable more streamlined experiences
- Compliance and security support for financial services will deepen, as employers continue to offer financial wellness tools.



NEAT Methodology for Benefits Administration: Health & Welfare

NelsonHall's (vendor) Evaluation & Assessment Tool (NEAT) is a method by which strategic sourcing managers can evaluate outsourcing vendors and is part of NelsonHall's *Speed-to-Source* initiative. The NEAT tool sits at the front-end of the vendor screening process and consists of a two-axis model: assessing vendors against their 'ability to deliver immediate benefit' to buy-side organizations and their 'ability to meet future client requirements'. The latter axis is a pragmatic assessment of the vendor's ability to take clients on an innovation journey over the lifetime of their next contract.

The 'ability to deliver immediate benefit' assessment is based on the criteria shown in Exhibit 1, typically reflecting the current maturity of the vendor's offerings, delivery capability, benefits achievement on behalf of clients, and customer presence.

The 'ability to meet future client requirements' assessment is based on the criteria shown in Exhibit 2, and provides a measure of the extent to which the supplier is well-positioned to support the customer journey over the life of a contract. This includes criteria such as the level of partnership established with clients, the mechanisms in place to drive innovation, the level of investment in the service, and the financial stability of the vendor.

The vendors covered in NelsonHall NEAT projects are typically the leaders in their fields. However, within this context, the categorization of vendors within NelsonHall NEAT projects is as follows:

- **Leaders:** vendors that exhibit both a high capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements
- **High Achievers:** vendors that exhibit a high capability relative to their peers to deliver immediate benefit but have scope to enhance their ability to meet future client requirements
- **Innovators:** vendors that exhibit a high capability relative to their peers to meet future client requirements but have scope to enhance their ability to deliver immediate benefit
- **Major Players:** other significant vendors for this service type.

The scoring of the vendors is based on a combination of analyst assessment, principally around measurements of the ability to deliver immediate benefit; and feedback from interviewing of vendor clients, principally in support of measurements of levels of partnership and ability to meet future client requirements.

Note that, to ensure maximum value to buy-side users (typically strategic sourcing managers), vendor participation in NelsonHall NEAT evaluations is free of charge and all key vendors are invited to participate at the outset of the project.



Exhibit 1

'Ability to deliver immediate benefit': Assessment criteria

Assessment Category	Assessment Criteria
Offerings	<ul style="list-style-type: none"> TBO Offerings Range of H&W Offerings Global benefits services Digital process offerings Benchmarking and analytics capability
Delivery Capability	<ul style="list-style-type: none"> Level of integration Application of digital tools (robotics/AI/ML/bots) Maturity and breadth of partnerships Overall scale of service delivery teams Delivery capability in North America Delivery capability outside North America Overall presence Small Market (<500) Mid Market (>500 to 15k) Large Market (>15k)
Benefits Achieved	<ul style="list-style-type: none"> Improved employee experience Leveraging intelligent platforms Agility and ability to scale



Exhibit 2

'Ability to meet client future requirements': Assessment criteria

Assessment Category	Assessment Criteria
Service Innovation Culture	Perceived suitability to meet future client needs Caliber and consistency of client facing team Proactivity Service culture
Commitment and Level of Investments in Benefits Admin	Plans to extend offerings in the next 18 months Investments in retirement services Investments in H&W services Level of focus/investment growing geographic footprint
Market Momentum	Benefits admin market momentum
Ability to Deliver Innovation	Client perception of innovation Client perception of analytics Innovation in benefits engagement Client perception of cost transparency impact Client perception of future suitability Client perception of flexibility Client perception of digitalization & technology leadership

For more information on other NelsonHall NEAT evaluations, please contact the NelsonHall relationship manager listed below.



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Sales Inquiries

NelsonHall will 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

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