Client Story: Aetna — Integrated Talent Management and Compensation on One Platform Leads to Success
Agenda

- Opening
  - Welcome and Introductions
  - Towers Watson’s Talent|REWARD Technology
  - Towers Watson’s Approach
- The Aetna Story
  - The Business Imperative for Change
  - The New HR Technology Model — Integrated on a Common Platform
  - Advantages of Consolidation to a Common, Integrated Technology Platform
  - Lessons Learned and Successes
  - Measurement — How Did We Do?
  - The Path Forward
- Closing
  - Questions and Closing Remarks
Talent|REWARD

HR Technology

Integrated Talent and Compensation Management

Performance Management
Succession Planning
Career Management
Recruiting
Learning Management

Compensation Planning
Market Analysis
Compensation Design
Job Evaluation
Job Architecture

www.talentreward.com
The Towers Watson approach

Our Integrated Solution Set Delivers Business Results — Not Just Technology

Intuitive user interface
Leading edge SaaS technology
System fully configured, tested and deployed

Effective processes enabling an integrated talent management strategy

Integrated Technology
Process Redesign
Change Management
Program Content

Communication
Training
Role redesign
Rewards
Leader alignment

Best practices
Frameworks
Models
Tools
Data
The truth about integrated talent management

1. Integration matters. With a tightly integrated talent management strategy that aligns with the business, organizations are able to thrive.

2. A foundational understanding of the jobs, responsibilities and competencies your organization needs is necessary to integrate core talent management functions and processes.

3. The specific path to talent management maturity may vary depending on the organization’s immediate and long-term needs, but the general approach will remain the same.

4. Attempting to automate disparate processes with a new technology system does not yield new results. Organizations must take the time to select the right technology solutions, as well as determine the right combination of process steps, that will allow the technology to enhance the overall talent management strategy.
## Starting from scratch? A phased approach

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<th>Development Integration</th>
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<td>1. Learning and Development</td>
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**Aetna overview**

- With 35,000 employees in the United States, Aetna is one of the nation's leaders in health care, dental, pharmacy, group life, and disability insurance and employee benefits. Aetna was founded in 1850 and is headquartered in Hartford, Connecticut.

- **Fast Facts**
  - Aetna has 18.2M medical members, 13.6M dental members and 8.79M pharmacy members.
  - Aetna has 1M health care professionals in-network, as well as 597,000 primary care doctors and specialists and 5,400 hospitals.
  - Aetna was the first national, full service health insurer to offer a consumer-directed health plan.
  - Aetna was ranked 4th in The Civic 50 survey of America’s most community-minded companies for 2012. Conducted by the National Conference on Citizenship and Points of Life in partnership with Bloomberg L.P, the survey recognizes organizations that best use their time, talent and resources to help improve the quality of life in the communities where they do business.
The business imperative to change

- Like many organizations, Aetna has been preparing to compete in the post-healthcare reform market with a key focus on:
  - Reducing SG&A costs
  - Driving performance and change culture for more innovation
  - Supporting quicker decision-making
- Prior to 2012, Aetna did not have a job architecture or employee career paths in place, and relied solely on market data
- Aetna implemented Towers Watson’s Career Framework — putting the job architecture in place positioned Aetna to use Talent|REWARD as the enabler
- Career Framework also helped HR to enable the business strategy related to acquisitions — putting acquired employees into a common structure with the potential to do talent assessments during integration activities
- Aetna had been supporting a number of different HR technology platforms and vendors, creating challenges that included:
  - Less-than-optimal user experience
  - Executives and managers without direct access to key people-related information to support decision-making
  - Significant effort expended to provide reporting and analytics
Integrating talent management at Aetna…

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<th>Multi-Tier Governance</th>
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...to make better business decisions
Benefits of an integrated technology platform at Aetna

- Enhanced user experience
- Reduce manual, non-value-added processes
- Better understanding and ability to manage the costs of work
- More opportunity to leverage existing technology for new business needs
- Puts business intelligence in the hands of decision-makers faster
- More efficient use of resources through consolidation of vendor contracts, upgrade schedules, invoicing and project teams
Lessons learned and successes

- Know the requirements of your HR strategy, employees and technology roadmap before evaluating and deploying a solution
- Focus on “configuration,” not “customization”
- Utilize a formal multi-tier governance process
- Use collaborative project management during implementation to ensure problem-solving and issue resolution
- Be willing to listen to alternative ideas, focus on the “end in mind” business need, and prioritize tasks
- Understand the value of user acceptance and performance testing
- Put a careful watch on resource management during implementation and ongoing support
- Exert customer influence on product design and release management
So how did we do?

- Aetna and Towers Watson teams partnered to execute a mutually agreed upon contract with favorable terms and conditions.
- Aetna’s Compensation Team estimates that they shaved two weeks off of their annual compensation cycle.
- Compensation functionality feedback from managers and HR users was favorable.
- “Compliments to the HR team on the comp tool — in the past, it was painfully slow to do the processes, this version flies!” — Aetna’s Chief Technology Officer.
- Aetna’s Organization & Talent Review process exposed some gaps in the reporting capabilities of Talent|REWARD relative to business needs.
- More assessment to come with Learning Management System rollout and many pressing talent management needs for Aetna in 2013.
The path forward for Aetna — Business-driven HR

- Leverage **Talent|REWARD** by aligning functional competencies with jobs based on the Towers Watson Career Framework job architecture to create illustrative career paths and gap analyses in support of:
  - Leadership development
  - Talent acquisition and retention
- Launch **Talent|REWARD** Learning Management System (LMS) in September 2013
- Begin utilizing enhanced **Talent|REWARD** reporting capabilities before end of 2013
- Implement off-cycle compensation in **Talent|REWARD** in 2014
- Explore social and collaborative tools to help HR improve its processes and make them easier to use for employees
- Focus on data integration, reporting and analytics that combine multiple data sources to gain insight and drive better business decisions
Questions
Today’s Presenters

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