

Creative Solutions to Cost and Planning in the Employee Benefits Consulting Field

**Business services
Risk Management**

**eXude, Inc.
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-and-

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**Marcos Lopez
CEO**

BIO:

Marcos has spent the last 25+ years providing clients with the highest level of research available to the small-to-mid size market. His leadership has grown the company to the point where we have been able to expand our research department, & ultimately our ability to present best-practice programs to our clients. Marcos has a track record of lowering health care, life, disability, dental & other ancillary benefit costs for our clients. He has successfully designed & negotiated programs that allow organizations to continue to maintain a high level of benefit, on a fixed budget.

Marcos is a graduate of the State University of NY at Stony Brook. He ob-

tained his degree in Spanish Literature with a minor in Business. Advanced designations include Life Underwriters Training Council Fellow (LUTCF) as well as Chartered Financial Consultant (ChFC) from the American College.

About eXude, Inc.

eXude is a Philadelphia-based, full-service provider of products for mid-sized organizations, with a full portfolio addressing areas such as health and wellness, retirement plans, human resources, risk management & commercial insurance. eXude puts all its energy into finding ways to save customers money while providing the most comprehensive services available. Simply put: We care more. Deliver more. eXude more. For more information, visit www.eXudebenefits.com, or call 215.875.8730 or 877.875.4265.

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine**

CEOCFO: Mr. Lopez, what is the focus for eXude, Inc. today?

Mr. Lopez: The focus our business is in the employee benefits consulting field. We have been doing this work since I founded the company in 1996. We have several divisions within the company that gives us an edge in terms of how we work with our customers. The divisions include the employee benefits area, as well as retirement planning, where we are registered investment advisors. We also have a human resource consulting division, and finally, we have a risk management and commercial insurance division. Our business is to help find creative solutions to cost and planning in the area of insurance, retirement plans and risk management for employers with 20 to 1,000 em-

ployees. We recently expanded that market to up to 5,000 employees.

CEOCFO: What are some of the issues that companies miss when they look at the various programs in your arena?

Mr. Lopez: The most pressing and the most obvious at this moment are all of the compliance issues associated with the affordable care act. The act has forced a lot of small, medium and large employers to look at and dig deep into what needs to be done to comply with the law. It is an onerous, very tedious and labor-intensive process that these companies have to go through. That necessary support is one thing that we are able to bring to the table. There are problems employers have that they are not even aware of. Besides HealthCare Reform, the most glaring issue is that on the employee benefits side, employers think that insurance companies properly manage their employee's insurance program. As an example, if somebody has an issue with their insurance plan, employers encourage the employee to contact the insurance company so the insurance company can fix the problem. The missed point here is that the reason the problem occurred is because of some confusion between the insured, the provider and/or the insurance company. So the claim is denied – for whatever reason – and the employee calls the insurance company to try to have them simply fix it, but frankly that doesn't always work. One of the problems is that employers believe their employees can find resolution by contacting the insurance company without an advocate, and that is not usually the case. We act as the advocate on behalf of the employee. That is what we are able to bring to our customers – a solution around servicing the account. It is our value proposition

and it is where we shine. The final piece is cost control. With most employers, this is where they try to focus much of their energy. They need a way to control the long term cost of health care. One of the things that many employers do not recognize is that you do not have to be that big of a company to get involved in alternative funding mechanisms that allow you to take much more control and receive much more information about your healthcare plan. You can then take that information and deploy solutions around keeping your people healthier so that you are able to bend the cost curve in the future. If you can understand what your population is experiencing in terms of medical conditions, its something that you can keep front of mind when planning. We do not want know individual people's issues, but we want to know trends within the organization. If we learn that we have significant issues around diabetes, high cholesterol or heart disease, we can offer programs that educate employees around those particular conditions so that we can reduce cost long term. The side benefit is that you have a healthier population, which results in more productivity and less absenteeism.

CEOCFO: Do you find that most of the companies you work with follow through on your recommendations?

Mr. Lopez: Yes, though in some cases they don't hire us because they think our ideas are a little bit off base – or too progressive. But when they do engage us, they deploy (over time) the recommendations that we make. If we find solutions that can make a difference in areas that are important to the client, we will identify and prioritize the pieces that are going to yield the best results and execute on those. Their interest might be in areas that affect cost, wellness, employee engagement, mitigating risk or any number of items. We provide the answers that will give them the biggest bang for their buck in hiring us.

CEOCFO: Why should your clients choose eXude over the other companies in your space?

Mr. Lopez: eXude has a culture that is very different from most other organizations that are out there. All you have to do is walk into our office, and see we have a model that is very different in terms of the people that we hire and what those people actually do. Both of those points are really what differentiates us at the end of the day. We have an organization of people who care, and caring provides a competitive advantage. We bring people into our organization, and we expose them to the wonderful culture that we have – and they are able to shine. Our core values are respect, integrity, service and enjoyment. We are all about helping each other, and that makes for a very cohesive team and a cooperative effort to try to provide the highest level of service and outcomes for our customer. The culture is an important element of who we are. The way I explain it to the customers is that if they are outsourcing their employee benefits, administration or service to an

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outside third party - would they not want their employees to contact a company where the person who is answering the phone is smiling? Would they prefer to call Zappos over Verizon? Yes, all day long! You can look at us as the Zappos of the employee benefits business. Our people truly care. The second piece that differentiates us is our model. The traditional model in employee benefits is to hire as many sales people as you can, throw them out on the street, and bring in as much business as you can possibly bring in. There is the tendency in our business to over-promise and under-deliver. It is the complete opposite of what it should be, but I have worked for and seen many firms that operate and function under that model. The ratio of sales to service might be 2:1 or 3:1, or even 4:1. When I launched my company, I decided I was going to be different. I wanted to create a real brand that would focus on service. If I can service our customers and become remarkable to them, they are

going to tell everybody that. They will be my salespeople – the best kind - because it comes from the heart, it is meaningful, and there is no sales pitch better than a customer who gives a referral to another prospective customer. I have about 35 people in my office on the employee benefits side, and the large majority of them are service people. Now that we have created this amazing brand and we have built the infrastructure after 17 years, I am beginning to expand by hiring some business development folks – people that could share the story the way I share the story. It is a pretty unique model, and that is where we differentiate ourselves.

CEOCFO: You mentioned that you are going to be starting to work with larger forms. Why is now the time?

Mr. Lopez: There are a couple of reasons. We have all of the pieces in place to be able to service larger customers with over 1,000 employees and up to 5,000. Our model is scalable. I am not going after the 10, 20, or 30,000 employee firms. The reason why I am going after the mid-market includes a couple of things. Healthcare reform is driving me there

because that customer will experience a very different impact from healthcare reform than the groups that have say, under 50 employees. My feeling is that the 500 to 5,000 space is currently underserved. Small consulting firms are not necessarily moving into that space because it requires a special skill set to deal with a group of say, 3,700 employees. You need to have certain consulting knowledge and experience to be able to advise those customers, which is different from what we do in the under 500 space. The larger National and International consulting firms are working down to that space, but they like customers such as UPS, FedEx, Microsoft, GM and Google, which have tens of thousands of employees. They are not necessarily committing significant consulting resources to the under 5,000 employee groups. They are also not typically able to provide the level of individual employee attention that we do – on a 24/7 basis – to that mid-

market segment. We have hired the talent, the “A” team of consulting, and wrapped that around our “A” team of service, we bring to market a model that provides exceptional caring and exceptional consulting. That model is a Home-Run. That’s why I am looking at that space.

CEOCFO: Why should people in the business and investment community pay attention to eXude?

Mr. Lopez: It is hard to put it together in a few concise sentences, but I think we are just a special group. We really do have talented people. If I could put this in writing, I would say that we give a shit. We give a shit about what we do and whom we do it for. You cannot put that in a magazine, but that is the answer. If you could put that into better words, that is fantastic, but it will not be as impactful. Everybody may be saying the same thing, the difference is that we actually do it and we deliver.

It is only palpable once you experience what we do. We run into people who say they are happy where they are, and my initial gut tells me they have no idea what happy is. If you are happy there, you will be ecstatic when you come to work with us. That may sound cocky, but the reality is that prospects just cant know – until they actually experience it. We are different in a really special way and we constantly give, give, give.

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