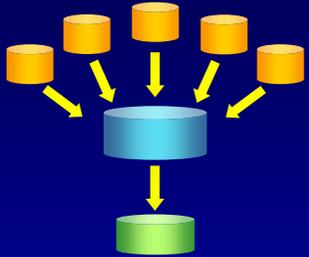


The Seven Market Segments of the EAP Industry

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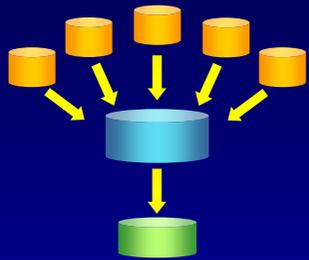
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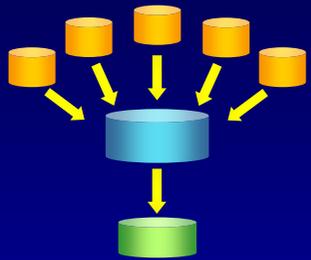
What is a Market Segment?

A market segment is defined as a subset of a larger market made up of organizations sharing one or more characteristics that drive them to demand products or services based on certain qualities, such as price or function. A true market segment is distinct from other segments, relatively homogenous and responds similarly to a market stimulus.



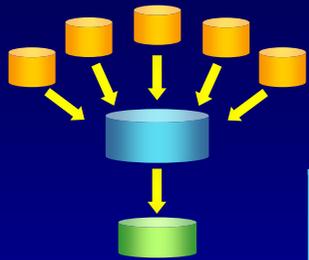
The Seven EAP Market Segments

- **Internal EAPs in “Fortune 1000” Companies – Fortune 1000 corporations and similar private companies that have an internally-managed EAP.**
- **EAPs in Public Sector Organizations – Governmental agencies with an internal EAP.**
- **Faculty and Staff Assistance Programs – Universities and colleges that have an internal EAP.**
- **National EAP Vendors – Large EAP vendors that provide services nationally, with more than 100,000 employees covered under their contracts.**



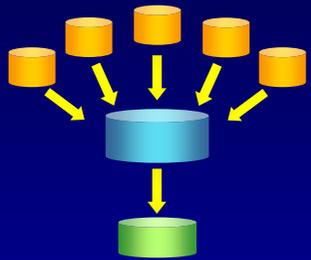
Seven EAP Market Segments (Cont.)

- **Local and Regional External EAPs** – EAP firms that provide services mostly within their local metropolitan area or geographic region, with fewer than 100,000 covered employees.
- **Hospital and Health Care EAPs** – EAPs that are based within hospitals and health care organizations, which typically offer “blended” programs serving both the parent health care system and other organizations within their local communities.
- **Labor Assistance Programs** – Member and labor assistance programs run by union organizations.



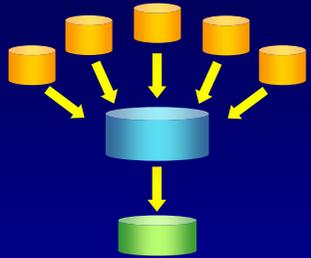
No. of EAPs in Each Market Segment

Market Segment	Number in Segment	Provide Internal Services	Provide External Services
Fortune 1000 EAPs	150-250	150-250	-
Government EAPs	250-350	250-350	10-20
FSAPs	175-250	175-250	10-20
National EAP Vendors	30-40	-	30-40
Local/Regional EAPs	400-600	-	400-600
Health Care EAPs	500-750	450-700	375-600
Union Programs	100-250	100-250	100-250
Total	1605-2490	1125-1800	925-1530



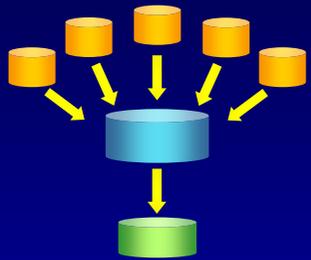
EAPs in “Fortune 1000” Companies

- These programs often follow an A&R (assessment and referral) model.
- Typically understaffed, with staffing ratios often exceeding 7000 covered employees per full-time EAP counselor.
- Some of the larger organizations in this group have “hybrid” programs, where they maintain internal management of the EAP while outsourcing much of the direct clinical services.
- These programs typically provide considerable case consultation, organizational and non-case services.



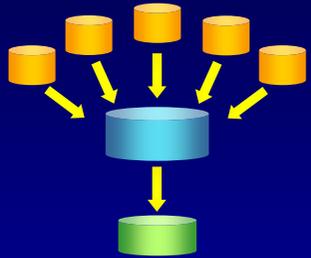
EAPs in “Fortune 1000” Companies

- They often form partnerships with other health-related programs and workplace initiatives within their companies.
- These programs are nearly always under the threat of outsourcing.
- However, this market segment is not experiencing outsourcing to any great extent at the present time.
- Demonstrating their added value and alignment with the core values of the organization are critical issues for these programs.



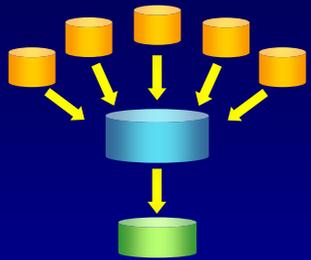
EAPs in Public Sector Organizations

- **Public sector organizations typically deliver a more traditional “core technology” model.**
- **These programs also often provide some short-term counseling.**
- **Government programs typically provide extensive consultation and organizational services.**
- **These programs often partner with other departments within their organization.**



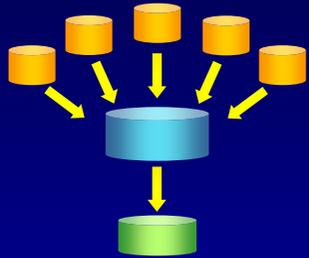
EAPs in Public Sector Organizations

- **Outsourcing is often a concern for government programs, but doesn't appear to be occurring much at present.**
- **Because of the troubled economy, however, a number of these programs are being downsized and staffing ratios are increasing.**
- **Demonstrating their unique value and providing accountability are critical issues for programs in this market segment.**



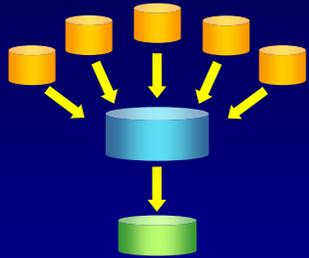
Faculty and Staff Assistance Programs

- **FSAPs are often run by Ph.D.-level managers and tend to deliver a more clinical model of services as compared to other internal EAPs.**
- **Historically, this market segment was not prone to outsourcing. However, these programs are presently under significant threat of outsourcing and downsizing.**
- **Because of the economy and its impact on government, public universities are especially vulnerable.**
- **FSAPs share many of the same concerns as other internal EAPs.**



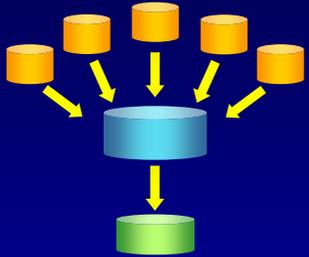
National EAP Vendors

- **These programs primarily deliver client-focused services, typically through a large affiliate network.**
- **Managing the affiliate network is a critical issue for these programs.**
- **Large EAP vendors often find it difficult to deliver case consultation and organizational services because of challenges in building internal relationships.**
- **These programs sometimes offer bundled or additional services beyond employee assistance.**



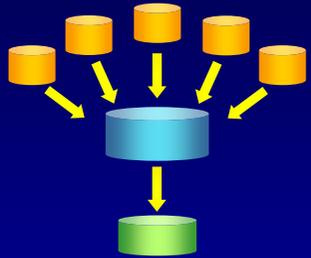
National EAP Vendors

- **Because the EAP field is largely built out, they can only grow through contracts with smaller organizations, acquisition of local EAP vendors or some type of competitive advantage.**
- **These programs have a very difficult time demonstrating their unique value in comparison to other EAP vendors (i.e., the commodity trap).**



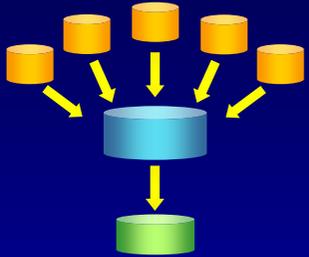
Local and Regional External EAPs

- **Local and regional EAP vendors often provide what they describe as a “high touch” program, usually delivered by internal staff supplemented by affiliates.**
- **These programs typically provide “session” models for short-term counseling.**
- **Local EAP vendors often have greater opportunities to provide consultation and organizational services.**
- **These programs often attempt to deliver core-technology, high quality services, but typically aren’t appreciated or financially-supported for doing so.**



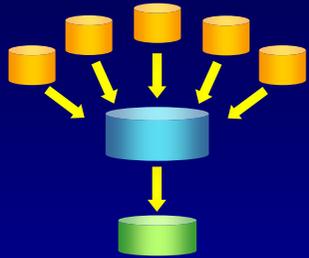
Local and Regional External EAPs

- This market segment is always experiencing change with the opening of new programs and the acquisition and closing of others.
- These programs are often challenged by free and embedded EAPs.
- They spend a lot of time attempting to demonstrate their added value, which can sometimes be difficult to quantify.



Hospital and Health Care EAPs

- **These programs typically provide the broadest range of client, consultation and organizational services, and often deliver work/life and wellness programs.**
- **They are often undervalued by their parent organizations.**
- **Changes in the broader health care field are impacting these EAPs, especially mergers, acquisitions and the troubled economy. As a consequence, many of these programs are growing while others are closing down.**
- **Blended health care EAPs share many of the same issues as all the other market segments.**



Labor Assistance Programs

- **These programs often deliver very traditional programs, with a strong emphasis on chemical dependency.**
- **The focus of these programs is always on what is in the best interests of the members.**
- **Many of these programs are associated with police and fire departments.**
- **These programs are off the radar and don't typically bring attention to themselves.**