

ULTIMATE SOFTWARE WEDBUSH SECURITIES

ANALYST

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THE BOTTOM LINE

Wedbush Securities Inc. deployed Ultimate Software's UltiPro solution to replace a manual payroll system that was inefficient and could not produce consolidated reports for the company.

Nucleus found that the cloud-based technology enabled the employer to increase efficiencies. Deployment of UltiPro helped Wedbush eliminate manual processing, avoid increasing administrative personnel, standardize processes and reporting, and increase overall productivity.

ROI: **445%**

Payback: **2 months**

Average annual benefit: **\$835,940**

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THE COMPANY

Wedbush is a privately held financial services company and investment firm that delivers private and institutional brokerage, investment banking, equity research, fixed income, public finance, correspondent clearing, and asset management to individuals and institutional clients. Wedbush was founded in 1955 and is headquartered in Los Angeles, California. The firm has nearly 100 offices, over 125 correspondent offices, and approximately 1,000 employees nationwide.

THE CHALLENGE

Wedbush was using a legacy system from Ceridian that delivered a payroll application only. The system provided no self-service portal for managers or employees, and no data analytics, onboarding assistance, benefit management, or

compliance features. The employer recognized that to support its future growth and drive greater efficiencies, it required a full-service, cloud-based HCM application that would eliminate manual processes and associated clerical costs, as well as provide self-service capabilities.

Cost : Benefit Ratio | 1 : 5.4

THE STRATEGY

In early 2010 the company began exploring potential new solutions. After a six-month evaluation process Wedbush selected a new vendor that was deployed in mid-2010. However, the vendor was shortly after sold to ADP, which led Wedbush to seek an alternative solution. On an accelerated timeline, the firm ultimately elected to implement and deploy UltiPro for the following reasons:

- **Timing.** UltiPro was a close second option for Wedbush during the original selection process, and Ultimate was prepared to initiate a rapid deployment to go-live by January of 2011.
- **Modern technology.** UltiPro replaced an aging legacy solution, and Ultimate was committed to reducing issues resulting from manual payroll processes. Improved functionality and a streamlined workflow would improve the productivity of managers, sales staff, and HR.
- **Operational efficiencies.** UltiPro would effectively eliminate a variety of expenses for printing, filing, and storage. The new solution also promised to streamline onboarding by automating required forms for new hires, thus reducing significant amounts of processing time.
- **Affordable, predictable implementation.** To remain with the initial vendor, Wedbush faced the probability of an expensive conversion, with implementation costs and subscription fees difficult to justify. UltiPro was, by contrast, cost-effective, and its predictable implementation process, reasonable costs, and lack of disruption for the organization factored into the decision.

TYPES OF BENEFITS

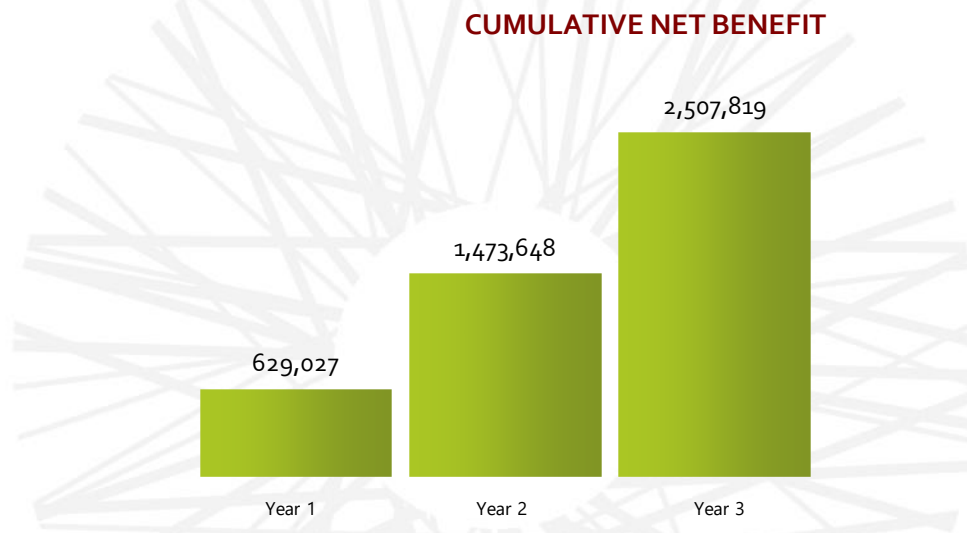
Direct 30%



70% Indirect

An internal team consisting of the HR manager, IT, payroll, and HR administration began implementation in December of 2010. Due to time constraints, the system ran parallel for only a month. Deployment was completed in January of 2011, when core HR, including payroll, benefits administration, onboarding, open enrollment, and life events went live.

UltiPro training pre-deployment was completed on-site and focused on managers of HR, payroll, finance, and recruiting. An additional group of payroll and office administrators also received training in how to use the new system. Ongoing, the HR manager, working with the payroll manager, maintains UltiPro and works with the system daily.



KEY BENEFIT AREAS

Direct benefits include cost savings and avoiding increasing administrative personnel to match UltiPro’s efficiency. Indirect benefits are notable in increased productivity companywide. HR has become a strategic partner of the business as members of staff now have the time and capability to analyze data in core HR functions. Key benefits of the project include:

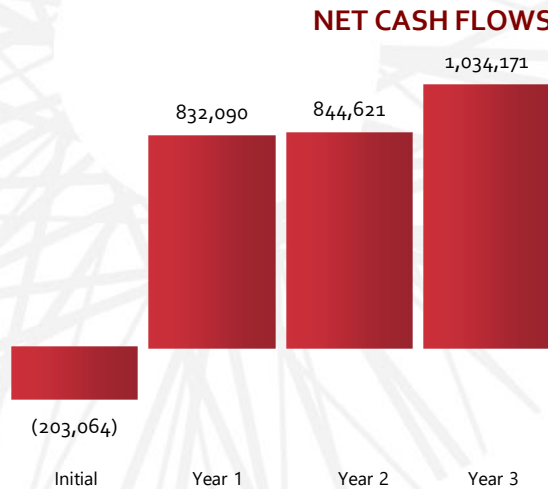
- **Reduced costs.** Wedbush eliminated legacy payroll costs and avoided a costly second deployment with ADP. Manual I-9 employee verifications have also been eliminated as they are a part of the UltiPro application.
- **Improved efficiencies and productivity.** With the automation delivered by UltiPro, Wedbush has been able to reduce time expended on manual processes. HR staff is now able to provide benefit administration and automated

onboarding. Spending less time on employee issues that can be addressed by the self-service portal, managers can focus on core activities, including revenue enhancement projects.

- Improved compliance and regulatory adherence. All employee data is now captured through an automated electronic process with data easily accessible and retrievable, relieving the HR staff of a burdensome manual process. UltiPro maintains the data files necessary to meet federal and state compliance, an absolute necessity in the securities industry.
- Accessible and accurate workforce reporting and tracking. Through UltiPro, recurring reports can be automated and scheduled, and data analytics now deliver usable information for decision makers at Wedbush.

KEY COST AREAS

Costs of the project included Ultipro implementation fees, software onboarding and subscription fees, consulting, personnel to deploy and support the application, and employee time spent in training.



BEST PRACTICES

When Wedbush turned to UltiPro it faced serious time constraints due to the purchase of the originally selected vendor. Nucleus found that Ultimate’s pre-deployment assistance, in the form of Ulti-Expert, provided the depth of support necessary under these circumstances to ensure a successful outcome for Wedbush. Nucleus advises any company looking for a new HCM vendor to conduct a holistic

review of recent news items, not just the technology offered, to determine a considered vendor's likelihood of remaining viable over the long term.

CALCULATING THE ROI

To calculate Wedbush's total investment in Ultimate UltiPro, Nucleus quantified the initial and ongoing costs of software subscription fees, consulting, personnel time to implement and support the application, and employee training time.

Direct benefits quantified included the elimination of software subscription fees and clerical costs phased out by UltiPro, as well as a reduction of IT staff-related labor to support the retired application. Indirect benefits quantified included increased productivity, which was calculated based on the average annual fully loaded cost of employees using a productivity correction factor to account for the inefficient transfer of time between time saved and additional time worked.

Not quantified were the future efficiencies and savings that Wedbush expects to experience in elements of UltiPro functionality planned for later deployment. Also, not quantified was the avoided cost associated with a likely significant reduction in the employer's payroll overage rate, which Nucleus elected not to determine.

FINANCIAL ANALYSIS

WEDBUSH SECURITIES

Annual ROI: 445%

Payback period: 0.2 years

BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	300,440	307,255	315,901
Indirect	0	718,270	718,270	718,270
Total per period	0	1,018,710	1,025,525	1,034,171

COSTS - CAPITALIZED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
Total per period	0	0	0	0

COSTS - DEPRECIATION SCHEDULE	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
Total per period	0	0	0	0

COSTS - EXPENSED	Pre-start	Year 1	Year 2	Year 3
Software	128,910	113,160	113,160	0
Hardware	0	0	0	0
Consulting	0	17,918	12,202	0
Personnel	48,512	29,900	29,900	0
Training	25,642	25,642	25,642	0
Other	0	0	0	0
Total per period	203,064	186,620	180,904	0

FINANCIAL ANALYSIS	Results	Year 1	Year 2	Year 3
All government taxes	45%			
Cost of capital	7.0%			
Net cash flow before taxes	(203,064)	832,090	844,621	1,034,171
Net cash flow after taxes	(111,685)	457,650	464,542	568,794
Annual ROI - direct and indirect benefits				445%
Annual ROI - direct benefits only				91%
Net Present Value (NPV)				1,186,079
Payback period				0.2 years
Average Annual Cost of Ownership				190,196
3-Year IRR				411%

All calculations are based on Nucleus Research's independent analysis of the expected costs and benefits associated with the solution.