



ULTIMATE ULTI PRO ANONYMOUS MANUFACTURER

ANALYST

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THE BOTTOM LINE

Facing a costly upgrade of Infor technology for human capital management (HCM), a United States–headquartered global manufacturer replaced the system with UltiPro. Nucleus found that the technology from Ultimate Software enabled this employer to reduce printing costs and improve productivity in payroll and core HR. Additional productivity gains came from better technology for employee and manager self-service (ESS and MSS).

ROI: **367%**

Payback: **2.4 months**

Average annual benefit: **\$3,305,668**

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THE COMPANY

With facilities in the United States and globally, the company profiled is a privately held manufacturer and seller of industrial-grade equipment.

THE CHALLENGE

In early 2014, the employer faced a costly, necessary upgrade to keep using a thirteen-year-old Lawson-based system, which Infor had acquired in 2011. Even with the upgrade, portions of the solution would have remained on premise with resulting integrations threatening to complicate a later, planned expansion of HCM into facilities based in another region.

Cost : Benefit Ratio | **1 : 6.1**

THE STRATEGY

The company needed a fully cloud-based, flexible application. Upon considering the Infor upgrade, the employer also looked at Ultimate, ADP, and Oracle, but quickly decided against the latter two. At the time, Oracle’s solution also combined cloud and on-premise elements, which the employer wanted to avoid. In the case of ADP, the solution seemed, to the employer, to be essentially a payroll technology with other aspects of HCM bolted onto it. The company wanted a fully integrated solution in the cloud and ultimately chose UltiPro for the following reasons:

- Affordable, streamlined implementation. The manufacturer believed UltiPro implementation would be streamlined and less expensive than the required Infor upgrade. This was partially because of high costs stemming from outside consultants needed for the required Infor upgrade, as well as the fact that on-premise solutions are typically more expensive to maintain than those in the cloud.
- Simplicity and future flexibility. The company wanted a system fully in the cloud. UltiPro fit this criterion. UltiPro functionality would also simplify workflow for HR, payroll, and other staff. In addition, the solution’s simplicity and flexibility would help the employer with a later, planned expansion of HCM to cover employees in another region.

TYPES OF BENEFITS

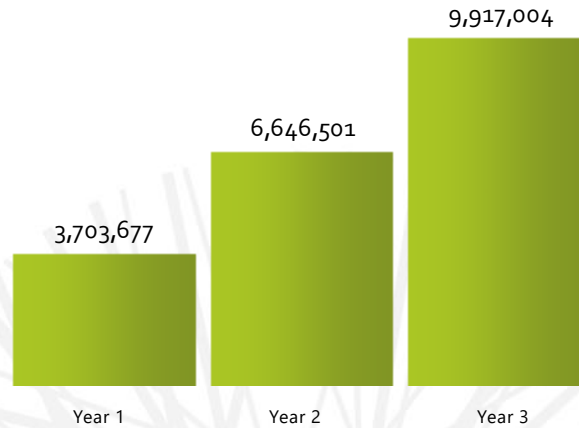


An internal team including the corporate HCM and benefits manager, payroll director, payroll manager, and several other staff began implementation in October 2014. A slowdown related to a parallel implementation of finance software extended the UltiPro implementation to July 2015. This is when payment services, core HR, payroll, time and attendance, and business intelligence were deployed.

In advance of deployment, the payroll manager and corporate HCM and benefits manager traveled to several company locations to train more than 200 managers in how to use the new system. Another nearly 1,500 employees viewed a webinar to provide them with necessary training to utilize UltiPro. Recruiting was deployed later, in December 2015. Ongoing, the payroll manager works with the corporate HCM and

benefits manager to maintain UltiPro. HR and payroll staff work in the system daily, and nearly 1,900 North American–based employees use the system for ESS and MSS.

CUMULATIVE NET BENEFIT



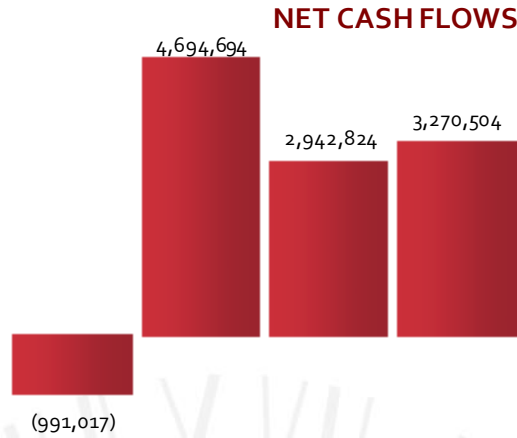
KEY BENEFIT AREAS

UltiPro deployment has helped the employer considerably, with newfound efficiencies improving workflow when compared to the old scenario. Key benefits included:

- **Avoided costs.** With UltiPro, the employer reduced its payroll error rate. Additionally, the company no longer needed to print and mail employees’ checks. Furthermore, implementation and first-year costs for the otherwise required Infor upgrade would have exceeded that of UltiPro by \$1.75 million.
- **Improved productivity.** Payroll staff has improved its productivity by nearly 25 percent in processing pay each period, and the team has saved nearly 50 percent of its time in verifying and otherwise checking related tax information every quarter. Through better MSS and ESS, managers and employees now save an average of 1.5 percent of their time annually.

KEY COST AREAS

Primary costs of this project were the implementation and software-as-a-service (SaaS) subscription fees for UltiPro, as well as the fees to purchase and maintain UltiPro-compatible time clocks. Additional expenses included internal personnel costs to implement, support, and maintain the new system. Ultimate does not charge for training, but the employer incurred labor costs to show staff how to use UltiPro.



BEST PRACTICES

In parallel to UltiPro implementation the company was also implementing Microsoft Dynamics AX, a financial ERP software. As work unfolded, issues originating in Microsoft Dynamics AX surfaced as the team attempted to integrate it with UltiPro. To ensure minimal problems with this integration over the long term, the employer delayed UltiPro implementation in order to resolve bugs. In addition, the employer tested UltiPro payroll alongside the previous system’s final two payroll runs. This helped identify any major issues ahead of going live.

CALCULATING THE ROI

To calculate the manufacturer’s total investment in UltiPro, Nucleus quantified the initial and ongoing costs of software license subscription fees, implementation fees, and personnel time to implement, learn, support, and maintain the application.

Direct benefits quantified included avoided costs of implementing and maintaining the Infor upgrade and avoidance of costlier time clocks. Other direct benefits were reductions in payroll errors and in paper and printing costs. Indirect benefits included productivity gains in ESS and MSS, core HR, and payroll. Productivity gains quantified were measured as time saved per employee and based on the fully loaded cost of a service representative, applying a 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 this employer expects to experience in time and attendance and recruiting and in elements planned for later deployment, including onboarding and compensation management and additional benefits the company will likely see as it rolls out UltiPro in other locations.

FINANCIAL ANALYSIS

Anonymous Manufacturer

Annual ROI: 367%

Payback period: 0.2 years

BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	3,675,495	1,923,625	1,923,625
Indirect	0	1,440,629	1,440,629	1,440,629
Total per period	0	5,116,124	3,364,254	3,364,254

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	632,379	327,680	327,680	0
Hardware	0	0	0	0
Consulting	0	0	0	0
Personnel	328,308	93,750	93,750	93,750
Training	30,330	0	0	0
Other	0	0	0	0
Total per period	991,017	421,430	421,430	93,750

FINANCIAL ANALYSIS	Results	Year 1	Year 2	Year 3
All government taxes	4.5%			
Cost of capital	7.0%			
Net cash flow before taxes	(991,017)	4,694,694	2,942,824	3,270,504
Net cash flow after taxes	(545,059)	2,582,082	1,618,553	1,798,777
Annual ROI - direct and indirect benefits				367%
Annual ROI - direct benefits only				222%
Net Present Value (NPV)				4,750,146
Payback period				0.2 years
Average Annual Cost of Ownership				642,542
3-Year IRR				440%

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