



# ULTIMATE SOFTWARE SWAP.COM

ANALYST

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## THE BOTTOM LINE

**Swap.com deployed UltiPro to improve recruitment and retention and automate its processes.** Having outgrown its old Paychex system, Swap.com was looking for a solution that would better meet its growing needs. With Ultimate Software, the company was able to increase productivity in hiring, onboarding, and benefits administration, while also using reporting and analytics to significantly reducing turnover.

ROI: **355%**

Payback: **3.6 months**

Average annual benefit: **\$631,849**

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## THE COMPANY

Swap.com is an online consignment store offering pre-owned baby, kid's, maternity, men's and women's apparel and accessories. Swap.com is headquartered in Bolingbrook, Illinois, and has offices in Chicago and Helsinki, Finland. Sellers send their items to the Swap.com fulfillment center, where Swap.com checks the items for quality, individually packages the items and holds the items in its warehouse for sale on the online platform.

## THE CHALLENGE

Prior to Ultimate, Swap.com was using Paychex for human capital management (HCM). Due to the growth of the company and the corresponding increase of employees, Swap.com had outgrown the capabilities of the current Paychex suite.

To upgrade to a more complete Paychex solution was going to be expensive, so the company decided to seek another solution to meet its expanding needs. Swap.com was having problems, particularly, with its recruiting and onboarding process, which at the time required a lot of redundant manual input from the HR team as well as extensive outreach before a prospective employee could even apply.

**Cost : Benefit  
Ratio | 1 : 5.7**

The result was a convoluted hiring process, which not only cost HR time and resources, but contributed to a yearly turnover rate in excess of 150 percent. In addition, while Swap.com's old system had analytics and reporting, the organization did not find it useful, particularly when the organization was trying to analyze its data in an attempt to improve turnover. The manual benefits administration also led to mistakes costing several thousands of dollars.

## THE STRATEGY

Swap.com began to look for a new solution in late 2016. The organization originally looked at about 10 systems before narrow the field to three final vendors: Paycom, Paylocity, and Ultimate Software. Swap.com did a request for proposal (RFP) for these three vendors. From these RFP's Ultimate became the clear winner. UltiPro offered Swap.com the consolidation, automation, and reporting and analytics that the employer needed, all at a price point that was lower than what the company was currently paying for the old solution. Swap.com went live with Ultimate in July 2017.

## TYPES OF BENEFITS



The process was covered internally by the HR team, with the vice-president of HR leading the original search and working with the chief executive to make the final decision. Swap.com originally started out implementing the core HR, payroll, and benefits system, and then the new recruiting and onboarding solution. The organization worked with Ultimate to develop a capitalized benefits interface to improve their benefits processes.

## KEY BENEFIT AREAS

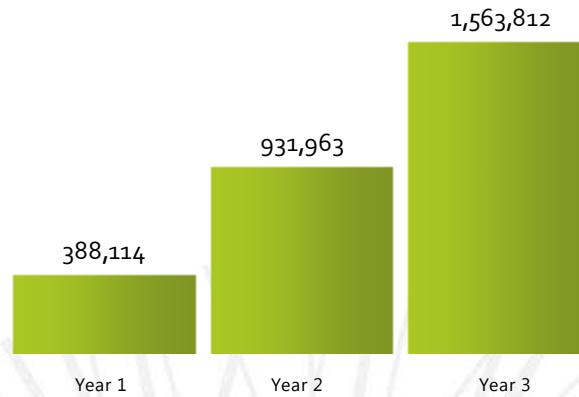
Swap.com was able to both automate and improve its internal and external HR processes. Key benefits included:

- Reduced legacy software cost. By switching to Ultimate, Swap.com was able to pay less for its HR solution while at the same time receiving more functionality.
- Increased user productivity. The automation and overall improvements in efficiency to both hiring and onboarding, as well as benefits administration, increased the productivity of the HR team. These productivity savings represented anywhere from 15-25 hours a week and resulted in 15 percent of the project's benefits.

Productivity increases in hiring and onboarding can be attributed to the fact that the HR team was able to pull information from an applicant's job board application. Applicants' information previously had to be reentered on the Swap.com website. Additionally, the employer was able to use UltiPro's analytics to track where it was getting its best applicants, reducing the number of job boards used from eight to three. The productivity in benefits administration was a result of automating the benefits process, meaning HR staff no longer had to manually enter this information.

- Reduced turnover. Using the new reporting and analytics offered by Ultimate, Swap.com was able to lower their turnover rate from over 150 percent to approximately 100 percent. With the average cost of a new hire being \$3,500 per employee, this reduction resulted in significant indirect savings that accounted for 60 percent of the project's benefits. Swap.com was able to achieve this by using UltiPro's reporting and analytics capabilities, which enabled management to better and more simply understand the factors driving turnover. By understanding the factors behind it, managers were better able to address turnover.
- Error Reduction. Swap.com was able to eliminate errors in the manual entering of benefits. This had previously cost the company several thousands of dollars per year, but has not been the source of such lost productivity since the employer switched to UltiPro.

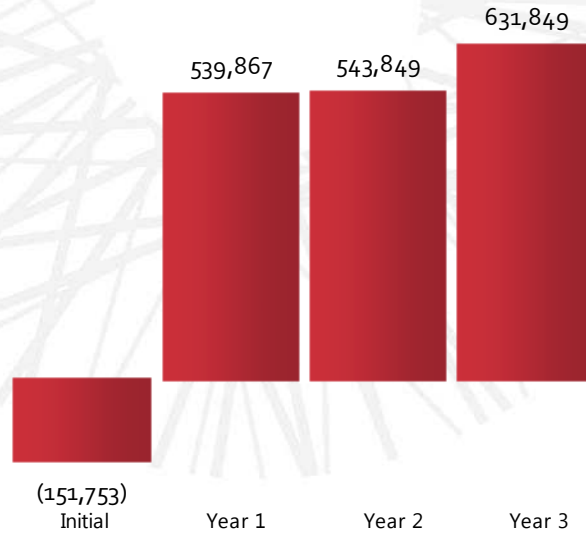
### CUMULATIVE NET BENEFIT



### KEY COST AREAS

Costs of the project included annual software subscription fees, initial search costs, development of a benefits interface, and initial employee training time.

### NET CASH FLOWS



### BEST PRACTICES

One of the most important things the Swap.com team noted was that prospective end-users need to be prepared for an implementation to become a major part of their work on a daily basis. This deployment also demonstrates the importance of

developing and sticking to strict deadlines in order to time a new solution's go live to coincide flawlessly with the removal of the old one. Setting and keeping to these deadlines helped the team at Swap.com prepare for the roll-out while also continuing with their day-to-day activities.

## CALCULATING THE ROI

Nucleus quantified the initial and ongoing costs of software subscription fees, benefits interface development, employee training, and internal staff costs.

Direct benefits quantified included the reduced software license costs and savings from a reduction in errors in benefits administration. The indirect benefits quantified included reduced employee turnover, as well as application and benefits processing productivity driven by the deployment, calculated based on the average annual fully loaded cost of the employees. These productivity savings were quantified based on the average annual fully loaded cost of an employee using a correction factor to account for the inefficient transfer between time saved and additional time worked.

# FINANCIAL ANALYSIS

Swap.com

Annual ROI: 355%

Payback period: 0.3 years

BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	159,500	159,500	159,500
Indirect	0	472,349	472,349	472,349
<b>Total per period</b>	0	631,849	631,849	631,849

COSTS - CAPITALIZED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	12,000	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
<b>Total per period</b>	12,000	0	0	0

COSTS - DEPRECIATION SCHEDULE	Pre-start	Year 1	Year 2	Year 3
Software	0	2,400	2,400	2,400
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
<b>Total per period</b>	0	2,400	2,400	2,400

COSTS - EXPENSED	Pre-start	Year 1	Year 2	Year 3
Software	128,000	88,000	88,000	0
Hardware	0	0	0	0
Consulting	0	0	0	0
Personnel	11,753	0	0	0
Training	0	3,983	0	0
Other	0	0	0	0
<b>Total per period</b>	139,753	91,983	88,000	0

FINANCIAL ANALYSIS	Results	Year 1	Year 2	Year 3
All government taxes	45%			
Cost of capital	7.0%			
Net cash flow before taxes	(151,753)	539,867	543,849	631,849
Net cash flow after taxes	(88,864)	298,007	300,197	348,597
<b>Annual ROI - direct and indirect benefits</b>				<b>355%</b>
Annual ROI - direct benefits only				63%
Net Present Value (NPV)				736,410
<b>Payback period</b>				<b>0.3 years</b>
Average Annual Cost of Ownership				110,579
3-Year IRR				334%

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