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ROI CASE STUDY WORKFORCE SOFTWARE OHIO UNIVERSITY

THE BOTTOM LINE

Deploying WorkForce Software's EmpCenter helped Ohio University to maintain the cost competitiveness of its academic offering by improving employee productivity and reducing the size of its payroll staff.

ROI: 430%

Payback: 3 months

THE COMPANY

Established in 1804, Ohio University is the oldest public institution of higher learning in the state of Ohio and the first in the Northwest Territory. The university has 17,671 undergraduate students and 869 full-time professors. The university has been cited for academic quality and value by such publications as U.S. News and World Report, America's 100 Best College Buys, Princeton Review's Best Colleges, and Peterson's Guide to Competitive Colleges. The John Templeton Foundation has also recognized Ohio University as one of the top character-building institutions in the country. Currently, Ohio University ranks first in the state of Ohio for nationally competitive awards won by its students.

THE CHALLENGE

In Ohio University's ongoing effort to ensure its cost competitiveness, the university is continually looking to lower costs, improve the productivity of its employees, and minimize tuition costs for students. In early 2002, the university examined its time and attendance workflows, which used a paper-based system to track the hours of 6,200 students who worked on a part-time basis, 750 non-student employees who were paid on an hourly basis, and 750 employees under collective bargaining agreements. Every two weeks, the following workflow would take place for more than 7,000 time sheets:

- Employees would complete a time sheet for every department in which he or she worked during the previous two weeks.
- Supervisors checked the math and approved the attendance data for every employee in their department.
- Payroll administrators manually keyed the data from all the time sheets into the university's payroll system, so that it could then be translated to Oracle HRMS and Project Accounting Modules.

Many members of the University's student workforce regularly worked in more than one department in a given pay period, which compounded the complexity of the

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university's time and attendance workflows. With a growing population of students and employees, the university decided that it needed a way to make its time and attendance workflows more accurate and less labor intensive.

THE STRATEGY

In early 2002, Ohio University began looking for a solution for automating its time and attendance workflows and formed a vendor selection committee comprised of the vice president of finance, the enterprise project director, and several other department heads and union leaders. The team evaluated solutions from PeopleSoft, Kronos, and WorkForce Software by completing an RFP process, researching the various solutions, viewing product demonstrations, and talking to other universities. WorkForce Software's EmpCenter Software was selected for a number of reasons:

- Complexity. The university was confident that EmpCenter would be able to track the multiple job assignments of the many employees who worked in multiple departments in a single pay period.
- Configurability. WorkForce Software was confident EmpCenter was flexible and customizable enough to accommodate the growing size and complexity of the university's workforce.
- Cost. Both the initial and ongoing maintenance costs were in line with the budget of the project and matched the level of functionality the university required.

In mid-2002, the university began a rolling deployment that concluded in 2008 and now covers all of its non-union employees. The deployment required more time than is typical for such a project because the payroll department did not always have access to the staff and resources necessary to install EmpCenter in all of the 400 work sites where its 6,200 student employees work. Throughout the deployment, one consultant from WorkForce Software and an independent consultant who specialized in workforce-related deployments worked with members of both the payroll and IT departments. The deployment required approximately one day a week from a payroll staff member and three days a week from a member of the IT department. The team first deployed EmpCenter in the finance department, since it was heavily invested in the deployment. The team then completed deployments in several small departments in order to fine tune their deployment knowledge and practices. Once the team became accustomed to its deployment, EmpCenter was deployed on a department-by-department basis, with the largest departments receiving the solution first, in order to accelerate time-to-benefit and ROI.

Time and attendance data is collected using both employee self service and bar-code readers. Salaried employees and student employees, who tend to have access to the Web during their shifts, typically submit data over the Web. Other employees use bar-code readers, which transmit data into EmpCenter over the Web.

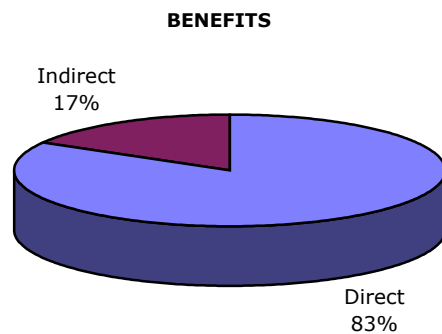
Initially, 4-hour training sessions were provided for every deployment. But the team soon realized that this was more than necessary for its computer-literate workforce and developed an online training manual that employees use for self training on an as-needed basis.

When Ohio University's rolling deployment concluded in early 2008, all of the University's employees, with the exception of those subject to collective bargaining agreements, used WorkForce Software's EmpCenter to track their attendance.

KEY BENEFIT AREAS

Adopting EmpCenter has streamlined the payroll process for both employees and managers who submit timesheets, as well as the employees in the payroll department who process them. Key benefits include:

- Reduced payroll error. By using EmpCenter to automate its labor-intensive and error-prone time and attendance workflows, the university was able to improve accuracy and substantially reduce payroll overpayments.



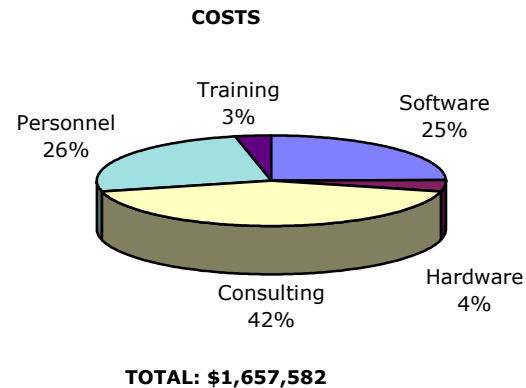
TOTAL: \$10,691,222

- Reduced payroll headcount. Because payroll administrators no longer manually type time sheet data into the payroll system, the scope of their payroll-related activities has been reduced to exception reporting only. As a result, the size of the staff has reduced from five to three. The three remaining staff members have used their improved productivity to take on more value added tasks such as further workflow improvements and tax work — enabling the department to avoid a new hire.
- Improved employee productivity. Now that employees submit their attendance data online, and managers also use the Web to approve them, both of these groups of employees are now more productive.
- Avoided paper costs. The school no longer purchases timesheets for the employees whose attendance is tracked by EmpCenter.

KEY COST AREAS

Key cost areas for the deployment included consulting, personnel, software, and hardware. Because the university's employees work at so many locations scattered across the campus, EmpCenter was deployed on a department-by-department basis from mid 2002 through early 2008, requiring 20 percent of a payroll staff member's time, and 50 percent of an IT department staff member's time. Early in the deployment, WorkForce Software consultants were on hand to assist with the deployment. There was also an independent consultant on hand who assisted on a full-time basis the first year, and on a part-time basis after that. EmpCenter was deployed on a new application server purchased specifically for the

deployment. Other hardware costs consisted of new Web-accessible time clocks that replaced old time clocks that could not connect to the Web. Early in the roll out, a 4-hour training session was given to departments so that they would both adopt and properly use the solution. Later, an online training manual was created, which employees now use for self training on an as-needed basis.



LESSONS LEARNED

The university's incremental approach was key to the success of the deployment. By starting in the finance department and then fine tuning best practices in a number of small departmental phases, the team was able to continually improve its practices, minimize adoption resistance, and complete the project without requiring additional staff.

CALCULATING THE ROI

Nucleus calculated the costs of personnel, consulting, software, hardware, and training over a 3-year period to quantify Ohio University's total investment in EmpCenter.

Direct benefits calculated included reduced staffing needs in the payroll department and eliminated paper costs. Indirect benefits consisted of improved productivity of employees and managers who spend less time filling out, approving, and transmitting time sheets. These productivity benefits were calculated based on the average fully loaded cost of employees and adjusted by a correction factor to account for inefficient transfer of time between time saved and time worked.

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DETAILED FINANCIAL ANALYSIS

OHIO UNIVERSITY

SUMMARY

Project:	WorkForce Software
Annual return on investment (ROI)	430%
Payback period (years)	0.24
Net present value (NPV)	6,687,027
Average yearly cost of ownership	552,527

ANNUAL BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	2,967,967	2,967,967	2,967,967
Indirect	0	595,774	595,774	595,774
Total Benefits Per Period	0	3,563,741	3,563,741	3,563,741

DEPRECIATED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	350,000	0	0	0
Hardware	67,000	0	0	0
Total Per Period	417,000	0	0	0

DEPRECIATION SCHEDULE	Pre-start	Year 1	Year 2	Year 3
Software	0	70,000	70,000	70,000
Hardware	0	13,400	13,400	13,400
Total Per Period	0	83,400	83,400	83,400

EXPENSED COSTS	Pre-start	Year 1	Year 2	Year 3
Software	0	20,000	20,000	20,000
Hardware	0	0	0	0
Consulting	250,000	200,000	125,000	125,000
Personnel	92,910	110,760	110,760	110,760
Training	0	17,616	5,616	32,160
Other	0	0	0	0
Total Per Period	342,910	348,376	261,376	287,920

FINANCIAL ANALYSIS	Pre-start	Year 1	Year 2	Year 3
Net cash flow before taxes	(759,910)	3,215,365	3,302,365	3,275,821
Net cash flow after taxes	(759,910)	3,215,365	3,302,365	3,275,821
Annual ROI - direct and indirect benefits				430%
Annual ROI - direct benefits only				351%
Net present value (NPV)				6,687,027
Payback (years)				0.24
Average annual cost of ownership				552,527
3-year IRR				422%

FINANCIAL ASSUMPTIONS

All government taxes	0%
Discount rate	15%