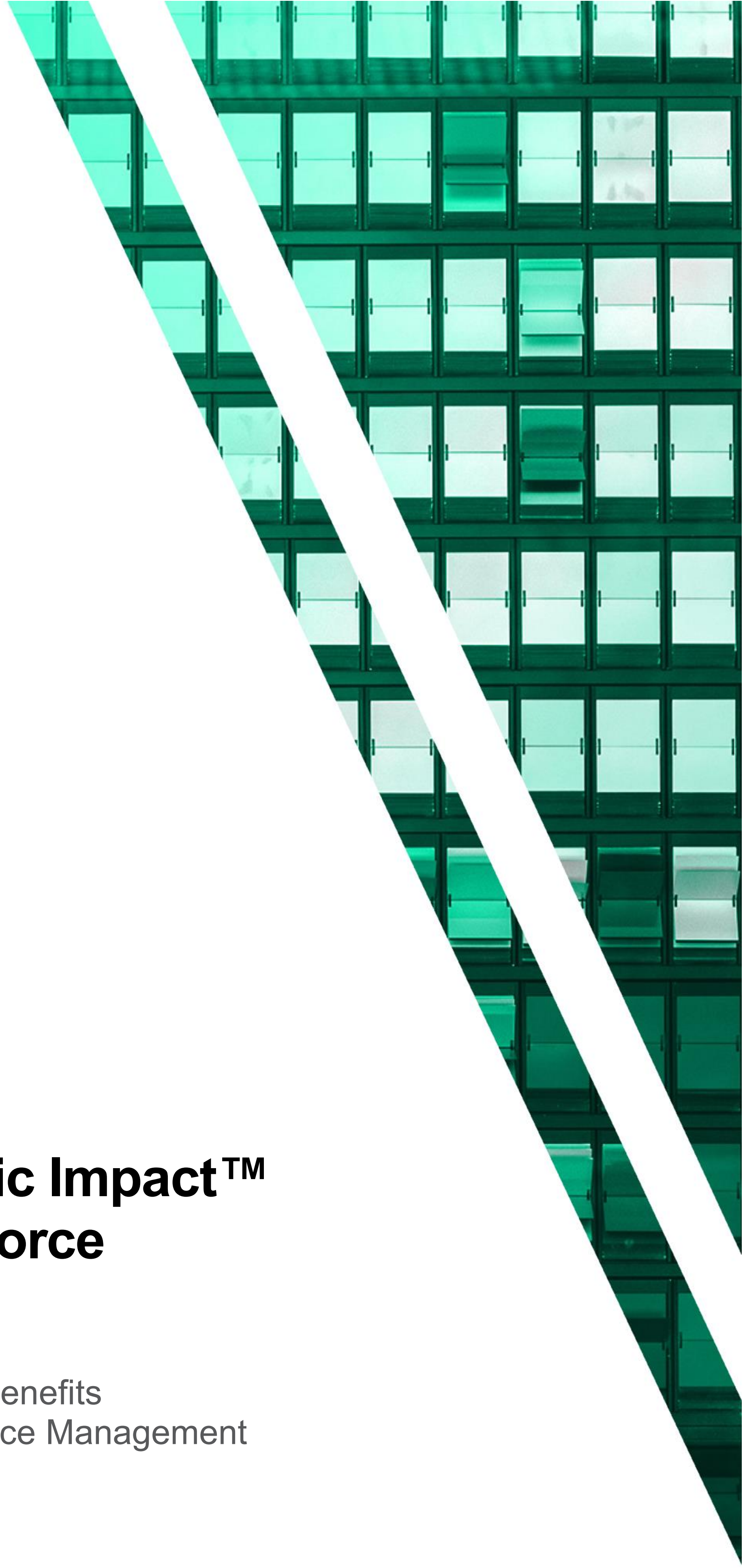

The Total Economic Impact™ Of UKG Pro Workforce Management

Cost Savings And Business Benefits Enabled By UKG Pro Workforce Management

OCTOBER 2022

A FORRESTER TOTAL ECONOMIC IMPACT™ STUDY COMMISSIONED BY UKG

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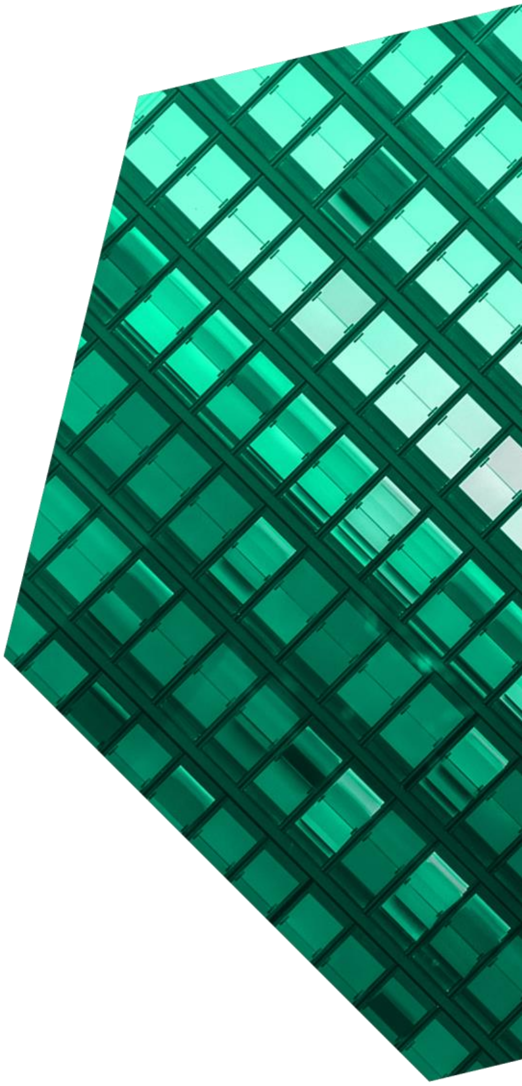


Executive Summary

Organizations aspiring to balance internal and external workforce requirements need a modern workforce management solution that can improve capabilities for timekeeping and scheduling, enable intelligent labor forecasting, and promote employee engagement. UKG Pro Workforce Management is a cloud workforce management solution that creates efficiencies in key operational processes, such as timekeeping and scheduling, and enhances visibility into workforce optimization and organizational compliance.

Organizations need human capital management (HCM) solutions, including workforce management (WFM) solutions, that can meet the dynamic demands of internal employees and external market forces, including the lingering effects of the COVID-19 pandemic. The market for HCM solutions mirrors this dynamism; according to Forrester research from 2019, only 45% of global software decision-makers said they are satisfied with their existing HCM solution and plan to keep it, while 53% are evaluating other products from either current or new vendors.[1] One of the ways that HCM and WFM solutions can meet these stringent needs is by leveraging enhanced capabilities via the cloud. Cloud-based workforce management solutions offer management greater insights into internal labor data, while enabling employee efficiencies for scheduling and timekeeping. Moreover, cloud workforce management solutions can support organizational innovation and flexibility by providing superior analytics, AI capabilities, and modules that are upgraded over time.[2] Additionally, organizations moving from on-premise to cloud-based solutions can realize savings from technology consolidation and the resulting reduction of IT resources previously associated with maintenance and troubleshooting for legacy solutions.[3]

KEY STATISTICS

Return on investment (ROI)
169%

Net present value (NPV)
$21.53M

UKG Pro Workforce Management (UKG Pro WFM) is a cloud-based global workforce management solution that offers organizations a unified and configurable platform, with modules to enable important functions such as timekeeping, scheduling, forecasting, compliance, and AI-driven analytics.

UKG commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying UKG Pro WFM.[4] The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of UKG Pro WFM on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four representatives with experience using UKG Pro WFM. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single composite organization that is a global organization with 60,000 employees and revenue of $5 billion per year.

Prior to using UKG Pro WFM, these interviewees noted how their organizations managed timekeeping, scheduling, and analytics with on-premise solutions. Functions were managed manually, with paper timesheets or spreadsheets approved by managers. In order to change their shifts, employees had to follow a long, tedious process; payroll teams were responsible for manual data entry. As a result, visibility into workforce data was limited, which made it difficult to conduct analyses to inform scheduling and forecasting. Additionally, these legacy on-premise systems were antiquated and took up space in data centers.

After the investment in UKG Pro WFM, the interviewees' organizations improved productivity with scheduling and timekeeping tasks, empowered management with expanded analytical capabilities, and observed better workforce management data-reporting capabilities for payroll and compliance teams. Moreover, their organizations were able to decommission servers and services tied to legacy systems.

KEY FINDINGS

Quantified benefits. Three-year, risk-adjusted present value (PV) quantified benefits for the composite organization include:

- **Annual savings of 208 hours on scheduling and timekeeping tasks for managers.** With UKG Pro WFM, managers at the composite organization are able to simplify processes for creating rosters and managing employee schedules. Productivity gains result in a three-year, risk-adjusted PV of $28.3 million.
- **Three-percent improvement in workforce optimization.** Prior to implementing UKG Pro WFM, employees at the composite organization followed a manual and time-consuming process to collect data from disparate on-premise systems and create forecasts. Unfortunately, those forecasts provided only limited insights to inform scheduling. With UKG Pro WFM, the composite organization gains greater data visibility and therefore more powerful workforce optimization, which has a three-year, risk-adjusted PV of $5.0 million.
- **Back-office productivity gains for payroll and compliance teams.** With UKG Pro WFM, payroll and compliance teams at the composite organization improve their processes for scheduling, timekeeping, and attestation. These improvements reduce timecard errors and make it easier to enter and withdraw compliance information from a single reporting system. These productivity gains have a three-year, risk-adjusted PV of $467,000.
- **Technology consolidation cost savings.** With UKG Pro WFM, the composite organization is able to retire legacy workforce management systems that were previously used for scheduling, payroll, and timekeeping. The reduction in physical hardware, licensing, and ongoing professional services produce significant cost savings. For the composite organization, the associated savings have a three-year, risk-adjusted PV of $545,300.

Unquantified benefits. Benefits that provide value for the composite organization but are not quantified in this study include:

- **Greater employee satisfaction.** With UKG Pro WFM, employees are pleased with more efficient processes, which are in part enabled by mobile capabilities, and they feel greater overall satisfaction.
- **Improved ability to meet compliance requirements.** With UKG Pro WFM, interviewees' organizations are more easily able to collect employee attestations and comply with local rules and regulations across worldwide locations.

Costs. Three-year, risk-adjusted PV costs for the composite organization include:

- **Annual subscription costs totaling $11.0 million.** Customers incur a yearly subscription fee based on the number of users, locations, and modules.
- **Implementation costs totaling $451,000.** Internal resources from the composite organization spend time and effort on the initial implementation of UKG Pro WFM.
- **Maintenance and ongoing work valued at $1.3 million.** These costs are associated with the ongoing work of onboarding new users, adding new modules, and managing UKG Pro WFM over time.

The representative interviews and financial analysis found that a composite organization experiences benefits of $34.28 million over three years versus costs of $12.75 million, summing to a net present value (NPV) of $21.53 million and an ROI of 169%.

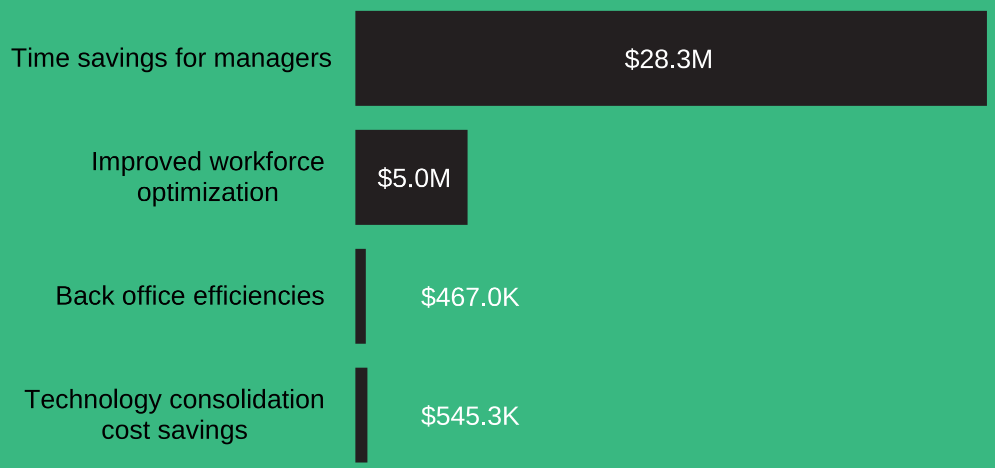
ROI
169%

BENEFITS PV
$34.28M

NPV
$21.53M

PAYBACK
<6 months

Benefits (Three-Year)



> **“UKG Pro WFM is a much easier system to use for the end user, and that was very important to us […] creating a simpler process and interface for end users compared to the previous environment.”**

— HR workforce technology director, Bon Secours Mercy Health

TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those organizations considering an investment in UKG Pro WFM.

The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact that UKG Pro WFM can have on an organization.

DUE DILIGENCE

Interviewed UKG stakeholders and Forrester analyst to gather data relative to UKG Pro WFM.

INTERVIEWS

Interviewed four representatives at organizations using UKG Pro WFM to obtain data with respect to costs, benefits, and risks.

COMPOSITE ORGANIZATION

Designed a composite organization based on characteristics of the interviewees' organizations.

FINANCIAL MODEL FRAMEWORK

Constructed a financial model representative of the interviews using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewees.

CASE STUDY

Employed four fundamental elements of TEI in modeling the investment impact: benefits, costs, flexibility, and risks. Given the increasing sophistication of ROI analyses related to IT investments, Forrester's TEI methodology provides a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by UKG and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the study to determine the appropriateness of an investment in UKG Pro WFM.

UKG reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning of the study.

UKG provided the customer names for the interviews but did not participate in the interviews.

The UKG Pro WFM Customer Journey

Drivers leading to the UKG Pro WFM investment

Interviews

Role	Company	Industry	Region	Revenue	Employees
HR workforce technology director	Bon Secours Mercy Health	Healthcare	North America	$10 billion	66,000
General manager, HR operations	Super Retail Group	Retail	Australia	$2.4 billion	15,000
Global support applications manager	Grupo Bimbo	Food manufacturing	North America (Mexico)	$785 million	138,000
Director of payroll	N/A	Airline	North America	$6.1 billion	22,000

KEY CHALLENGES

For this study, Forrester interviewed representatives of four organizations. All of the interviewees' organizations are migrating from on-premise UKG Central Workforce implementations and legacy systems to UKG Pro WFM.

The interviewees noted how their organizations struggled with common challenges, including:

- **Manual and inefficient timekeeping processes.** The interviewees' organizations struggled with manual processes for timekeeping tasks, such as changes in employee shifts and PTO. Timekeeping and time-off requests were previously handled via paper or spreadsheets, and adjusting timecards could take multiple steps. Managers would need to utilize a phone bank or send multiple messages if a shift change was required. Payroll teams would spend hours auditing and fixing timecards.

- **Lack of data centralization and visibility.** Interviewees described a lack of data availability and visibility with their legacy systems. Since different systems were utilized for different tasks, from submitting PTO to scheduling, it was often time-consuming and difficult to find and then aggregate data across systems. Additionally, managers and employees alike lacked real-time views of schedules, making it difficult to accurately forecast and adjust shifts.

- **Compliance.** Organizations need to follow a variety of local rules and regulations for pay and workforce management. All interviewees' organizations had an international footprint and struggled with a variety of compliance tasks, from implementing new rules across their systems, to collecting compliance data, to creating reports derived from multiple, disjointed sources.

- **Old and disparate systems, which made it hard to innovate.** Outdated internal and on-premise systems struggled to successfully deliver workforce management functionalities. With these systems, there were fewer updates to make new features available, and resources to manage the systems were limited. These limitations led to discrepancies in timekeeping and gaps in scheduling. Furthermore, employees and managers needed to access systems using on-premise software and systems, in some cases using a small number of physical clocks in order to mark the beginning and end of each employee shift.

INVESTMENT OBJECTIVES

The interviewees' organizations searched for a solution that could:

- Migrate to the cloud in support of modernization.
- Consolidate legacy systems and solutions.
- Connect to other applications/platforms within their enterprise resource planning (ERP).
- Improve data visibility to produce people-related insights.
- Streamline the previous disparate processes for timekeeping, scheduling, and analytics, leveraging automation when possible.
- Make it easier to meet local rules, regulations, and compliance requirements.
- Offer mobile capabilities to improve employee experiences and engagement, with a consistent user interface.

COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an ROI analysis that illustrates the areas financially affected. The composite organization is representative of the four interviewees' organizations, and it is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite. The composite organization is a global organization that works across B2B and B2C commerce, with $5 billion in revenue and 60,000 employees. Prior to adopting UKG Pro WFM, it used UKG Workforce Central in combination with a set of legacy on-premise internal systems for timekeeping, scheduling, and payroll. The composite organization invests in four UKG Pro WFM modules: timekeeping, scheduling, accruals, and analytics.

Deployment characteristics. The composite organization operates worldwide and plans a phased approach to onboard users onto UKG Pro WFM. Half of the organization's employees will be onboarded in Year 1, 75% of all employees will be onboarded by the end of Year 2, and 100% of all employees will be onboarded by the end of Year 3.

KEY ASSUMPTIONS

- **$5 billion revenue**
- **60,000 employees**
- **Utilized UKG Workforce Central and legacy systems prior to implementing UKG Pro WFM**

Analysis Of Benefits

Quantified benefit data as applied to the composite

Total Benefits						
Ref.	**Benefit**	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Atr	Time savings for managers	$7,737,600	$11,606,400	$15,475,200	$34,819,200	$28,252,995
Btr	Improved workforce optimization	$2,016,000	$2,016,000	$2,016,000	$6,048,000	$5,013,494
Ctr	Back-office efficiencies	$187,785	$187,785	$187,785	$563,355	$466,994
Dtr	Technology consolidation cost savings	$135,000	$225,000	$315,000	$675,000	$545,342
	Total benefits (risk-adjusted)	$10,076,385	$14,035,185	$17,993,985	$42,105,555	$34,278,825

TIME SAVINGS FOR MANAGERS

Evidence and data. Before implementing UKG Pro WFM, interviewees utilized on-premise solutions to create weekly schedules, approve timecards, and manage shift changes and paid time off. The process was inefficient and highly manual. In some cases, weekly schedules would be posted on paper or spreadsheets, and when shifts changed, managers would need to utilize phone lists and spend additional time to find replacements. The scheduling data would then be entered into on-premise systems. Implementing UKG Pro WFM improved manager self-service (MSS) capabilities and saved time with tasks such as creating weekly schedules and approving PTO and timecards. The improved visibility into employee workflows also dramatically simplified the verification of shift changes from multiple steps down to a single one. By using functionalities within UKG Pro WFM such as absence management and SMS ShiftFill, managers were able to find the right staff members to pick up open shifts, reducing the time and effort involved in filling shifts and auditing timecards.

- The HR workforce technology director at Bon Secours Mercy Health said managers each saved four to six hours per pay period utilizing UKG Pro WFM for scheduling and pulling data from the system to create reports. The advanced scheduling module for nursing staff allowed them to automate some of the assignments. The interviewee also noted: “Data views in UKG Pro WFM are phenomenal [and] in my opinion, [are] one of the best parts about the system. We put a lot of the data that managers might need or want [to have] at their fingertips. [For example] with [a] standard PTO request, [they] click on a single link and approve it. Managers don’t talk about it often, but it’s because they don’t have to think about it, and that’s a good thing.”

- A general manager of HR operations at Super Retail Group noted that rostering and day-to-day time management for roster changes could take nearly seven hours per week, but with UKG Pro WFM, managers are able to save nearly four hours a week (depending on the associated store size). They elaborated: “UKG Pro WFM, with its capability around shift, admins, drag and drop, you can do a roster really quickly […] [but] actually, the benefit is far more significant. We have mobile, so the managers don’t have to go back to a PC anymore [or] log into the system to do the roster changes. UKG Pro WFM just gives us this more current interface to do things on the fly and make changes more effectively and efficiently. For example, we used to have a phone list [and] now we don't."

- The global support applications manager at Grupo Bimbo estimated time savings of nearly 20% for managers on scheduling and time management tasks. The interviewee added: "The control of schedules has been very relevant. We have clarity on what schedules each employee is working on, [and] we can [quickly] visualize it in our indicators."
- The director of payroll for an airline noted a 50% efficiency improvement for managers working on scheduling and time-management tasks. As an example, they said that employees were able to easily make changes in the timekeeping system without having to follow up with their managers, saving time for managers as well as their employees.

Modeling and assumptions. Forrester assumes the following about the composite organization:

- There are 6,000 managers in total working on scheduling and timekeeping tasks. The organization onboards 50% of managers in Year 1, 75% in Year 2, and 100% in Year 3.
- Each manager saves 208 hours annually on scheduling and timekeeping tasks.
- The average fully burdened hourly rate for managers is $31.
- As a standard, Forrester assumes that not all of the time saved is used for additional work; some of that saved time is likely repurposed for breaks, socializing with colleagues, and such. Forrester applied a 50% productivity realization factor.

Risks. The size of this benefit may vary based on:

- Number of managers and the implementation rate across an organization.
- Number of hours saved on scheduling and time-management-related tasks.
- Manager salaries, which may vary by geographic region.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk adjusted total PV (discounted at 10%) of $28.3 million.

Industry Spotlight: Manufacturing

For manufacturing organizations, employees are often spread across many different areas of the business, including production, distribution, and delivery. This underpins the need for a unifying workforce management solution. With UKG Pro WFM, the features that are available through UKG TouchFree ID, facial recognition technology, and embedded data enables employees to be "touchless" when clocking in and out of production environments; this capability may be particularly useful for manufacturing organizations that need to meet certain standards, such as food and beverage producers. Management can now have a clearer picture of incident reporting, as well as data on fulfillment routes of delivery workers that might span multiple days (this latter capability is made possible with the UKG Pro WFM mobile application). On the administrative side, easier timekeeping and improved data visibility across the entire environment can reduce the likelihood of errors and lower costs in the long term.

Time Savings For Managers					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
A1	Number of managers working on scheduling and timekeeping tasks	Composite	3,000	4,500	6,000
A2	Hours saved for scheduling and timekeeping tasks	Interviews	208	208	208
A3	Hourly fully loaded salary per manager	Forrester standard	$31	$31	$31
A4	Productivity recapture rate	Forrester standard	50%	50%	50%
At	Time savings for managers	A1*A2*A3*A4	$9,672,000	$14,508,000	$19,344,000
	Risk adjustment	↓20%			
Atr	Time savings for managers (risk-adjusted)		$7,737,600	$11,606,400	$15,475,200
	Three-year total: $34,819,200		**Three-year present value: $28,252,995**		

IMPROVED WORKFORCE OPTIMIZATION

Evidence and data. Prior to UKG Pro WFM, interviewees' organizations only had limited data sets to inform their scheduling and forecasting decisions. In practice, these forecasts would also differ from actual staffing due to changes in workforce allocation. With an inefficient and manual process to account for changes in employee working hours, forecasts were not being accurately designed.

After implementing UKG Pro WFM, interviewees had greater visibility into scheduling data. Managers now had access to customized visualization tiles that showed them trends and real-time data for teams. With alert and notification systems, managers could quickly verify changes, resulting in working hours being more efficiently allocated and having less overtime and fewer unfilled shifts. Employees also gained an efficient, mobile-accessible process that allowed them to change and pick up shifts more easily. Interviewees found that these changes helped them improve workforce optimization.

- The HR workforce technology director at Bon Secours Mercy Health noted that the improved analytics from UKG Pro WFM helped them increased retention rates by ensuring that employees were more appropriately staffed. They said: "UKG Pro WFM offers us visibility to better manage overtime and agency spend. [Previously with] scheduling – we really push to pre-schedule everything – we were much more reactionary in Workforce Central. Prior to the shift [to UKG Pro WFM] you had no clue [and] there was no central view of who is working where. [Now] we can see across the board where people are [and] where they're supposed to be."
- The general manager of HR operations at Super Retail Group estimated that UKG Pro WFM analytics would bring labor forecast accuracy (the difference between planned and actual working hours) to within 2% and reduce overtime by 70%. They said: "It is the transparency that UKG Pro WFM brings us – to be able to see the detail across our rosters and our brand. What UKG Pro

WFM has allowed us to do is actually reshape our workforce [and know] how much labor we need in our store. We can see these peaks and troughs where stores are over-rostered and under-rostered. The over-roster for us is wasted labor. The flip side [is that] we can also see days that are under-resourced. And the under-roster means that we're not serving customers as well as we should. […] We've never had that degree of accuracy [before]."

Modeling and assumptions. For the composite organization, Forrester assumes:

- There are 21,000 annual hires.
- The average cost to hire a new employee is $4,000.
- The implementation of UKG Pro WFM attributes 3% workforce optimization.

Risks. The size of this benefit may vary based on:

- Number of employees hired per year, which can vary based on factors such as macroeconomic conditions, location, and hiring rate.
- Average cost to hire a new employee based on location and type of role.
- An organization's forecasting models used for workforce optimization.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of $5.0 million.

Industry Spotlight: Retail

For retail organizations, it can be challenging to optimize labor across numerous brick-and-mortar locations. This is even more so the case when retail stores are spread across countries and continents, and consumer behaviors remain hard to predict. UKG Pro WFM can make staffing easier and more efficient by connecting retail-specific KPIs, such as sales and product volumes, to workforce productivity data, including historical views of performance across stores and the number of full- versus part-time employees. UKG Pro WFM makes it easier to collect data from employees and automate rules to meet local labor regulations and compliance requirements. Additional modules for retail organizations include: 1) UKG Wallet, which gives retail employees real-time access to their earned wages and 2) UKG Talk, which is a mobile-based communication platform that gives retail employees the ability to engage with management as well as their team.

Improved Workforce Optimization					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
B1	Annual hiring plan for number of new hires	Composite	21,000	21,000	21,000
B2	Average cost to hire	Forrester standard	$4,000	$4,000	$4,000
B3	Workforce optimization attributable to UKG Pro WFM	Interviews	3%	3%	3%
Bt	Improved workforce optimization	B1*B2*B3	$2,520,000	$2,520,000	$2,520,000
	Risk adjustment	↓20%			
Btr	Improved workforce optimization (risk-adjusted)		$2,016,000	$2,016,000	$2,016,000
	Three-year total: $6,048,000		**Three-year present value: $5,013,494**		

BACK-OFFICE EFFICIENCIES

Evidence and data. Prior to implementing UKG Pro WFM, interviewees noted that teams working on payroll and compliance had to manually enter data and manage changes to timekeeping and rules and regulations. Organizations relied on manual systems for payroll and scheduling, which consisted of paper schedules and change requests. With the legacy system, payroll teams had to manage errors and disputes about pay, including both employee and supervisor errors when entering time and approving timesheets. Moreover, teams working on compliance had to make sure rules and regulations were correctly configured into the system. They would also have to spend lots of time pulling data out of disparate systems to either fulfill requests from their legal teams or build quarterly reports.

After implementing UKG Pro WFM, interviewees found that payroll staff saved time and effort that previously would have been spent addressing common payroll errors or manually entering data. Moreover, employees were paid accurately and on time. Additionally, improved data visibility allowed the compliance team to save time on report creation. These changes led to more productive payroll and compliance teams.

- The director of payroll for an airline said the payroll team was more productive because of the significant reduction in corrections. She said: "We're seeing less errors related to just missing or bad data. It has elevated our ability to audit those timecards more broadly. [The] work has changed, where instead of making these manual edits, [the payroll team is] just doing more audits and checks to make sure that everything is accurate because anything that comes from [the] schedule system is essentially approved."

  She also added that compliance requests, which typically number between five and 10 per month from the legal team, were complicated and could each take 3 hours to complete, as data had to be pulled from three different systems and converted into the same format. UKG Pro WFM allowed their airline to complete compliance requests 50% faster.

  The HR workforce technology director at Bon Secours Mercy Health said pay corrections in one market had decreased by 50% since UKG Pro WFM was adopted. They said: "The payroll correction process in UKG Pro WFM, I think, is just a little bit easier. We paid [employees] right the first time more often than we did prior to going live in UKG Pro WFM."

Previously, it was possible for quarterly compliance reports to take up to 8 hours of work, but they can now be completed in minutes thanks to the quick provision of consolidated data via UKG Pro WFM. The interviewee further stated: "[For] compliance, our visibility with advanced scheduling, our visibility into staffing matrices, and to provide the data of who worked when […] [all of] that data is all readily accessible and really improved with our move to UKG Pro WFM."

- The global support applications manager at Grupo Bimbo estimated a nearly 30% decrease in the difference between real and recorded times, indicating that the payroll team had to deal with fewer pay corrections.

Modeling and assumptions. For the composite organization, Forrester assumes:

- Twenty team members work on the payroll team, and two compliance analysts work on building reports.
- The payroll team experiences a 30% productivity improvement and an 87.5% increase in reporting productivity for compliance analysts.
- There are 100 compliance reports each year.
- The average fully burdened annual rate for payroll team members is $65,000.
- The average fully burdened hourly rate for compliance analysts is $39.
- As a standard, Forrester assumes that not all end users' time saved is used for additional work. Breaks or socializing with colleagues are likely part of that time saved; hence, Forrester applied a 50% productivity realization factor.

Risks. The size of this benefit may vary based on:

- Number of team members on the payroll and compliance teams.
- Productivity improvement for the payroll team and for report creation.

Industry Spotlight: Healthcare

For healthcare organizations, features of particular importance in a workforce management solution include advanced scheduling, simplified processes for flexible timekeeping, and comprehensive data analytics, integration, and visibility — all while meeting compliance standards. Nursing staff can complete timekeeping tasks on their mobile devices using UKG Pro WFM, easily changing shifts (including partial shifts), utilizing advanced scheduling in a few simple steps, and ensuring staffing needs are met considering provider specializations. Healthcare employees can take advantage of the UKG Pro WFM mobile application's geofencing capabilities to easily clock in and out of shifts. By upgrading to the cloud with UKG Pro WFM, healthcare organizations can also gain access to industry-specific modules like EZCall, which aims to streamline communication and scheduling for a variety of healthcare employees such as physicians and clinical staff for call or procedural assignments, with the result of better health outcomes for patients. Additionally, management can utilize configurable, tile-based data visualization combined with AI capabilities to forecast staffing needs and quickly run industry mandated compliance reports such as payroll-based journal (PBJ) reports.

Back-Office Efficiencies					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
C1	Number of payroll team members	Composite	20	20	20
C2	Productivity improvement with UKG Pro WFM	Interviews	30%	30%	30%
C3	Annual fully loaded salary per payroll team member	Forrester standard	$65,000	$65,000	$65,000
C4	Subtotal: Payroll team productivity improvement	C1*C2*C3	$390,000	$390,000	$390,000
C5	Number of compliance analysts	Composite	2	2	2
C6	Number of compliance reports	Composite	100	100	100
C7	Time to create each report prior to UKG Pro WFM (hours)	Interviews	4	4	4
C8	Time to create each report after implementation of UKG Pro WFM (hours)	Interviews	0.5	0.5	0.5
C9	Hourly fully loaded salary per compliance analyst	Forrester standard	$39	$39	$39
C10	Subtotal: Compliance reporting improvement	C5*C6*(C7-C8)*C9	$27,300	$27,300	$27,300
C11	Productivity recapture rate	Forrester standard	50%	50%	50%
Ct	Back-office efficiencies	(C4+C10)*C11	$208,650	$208,650	$208,650
	Risk adjustment	↓10%			
Ctr	Back-office efficiencies (risk-adjusted)		$187,785	$187,785	$187,785
	Three-year total: $563,355		**Three-year present value: $466,994**		

- Productivity improvement for the payroll team and building compliance reports.
- Number of reports requested in a year.
- Team member salaries, which may vary by geographic region.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $467,000.

TECHNOLOGY CONSOLIDATION COST SAVINGS

Evidence and data. With UKG Pro WFM, organizations can manage capacity as needed. Legacy applications and licenses, on-premise servers, and data center operations or services costs can be reduced or even retired. Interviewees highlighted several examples:

- The HR workforce technology director at Bon Secours Mercy Health noted their organization was able to decommission servers and systems by migrating to UKG Pro WFM. They said, "We're able to retire our servers and all that type of thing on both sides of the house, and we're in the process of archiving those systems as a whole, [which] was a big deal. We've also sunset multiple scheduling systems that were used in the past and those have gone away, so we've seen cost savings through that as well."
- The general manager of HR operations at Super Retail Group estimated that cost savings of decommissioning servers and licenses would total $700,000.
- The director of payroll for an airline estimates their organization saved $150,000 from migrating from the legacy Kronos system to UKG Pro WFM. They said, "[We] retired and decommissioned all three of the applications [we had and] as [employee] groups moved off [older systems], we terminated their licenses and got that cost savings."

Modeling and assumptions. For the composite organization, Forrester assumes:

- In Year 1, software and hardware cost savings total $150,000. In Years 2 and 3, those same cost savings total $350,000 and $450,000, respectively. This reflects the necessary ramp-up time to fully migrate functionality, retire on-premise data centers, and end licensing contracts.

Risks. The size of this benefit may vary based on:

- The number of legacy systems, licenses, and servers, as well as the cost of each system, license, and server.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $545,000.

Industry Spotlight: Airlines

Airlines employ a combination of unionized and non-unionized employees, and this interplay can make timekeeping as well as workforce data consolidation quite difficult. Furthermore, employees who have to navigate sprawling workplaces such as airports with punctuality may find it difficult to efficiently track their time or accurately submit change requests, creating potential for inaccurate data and payroll errors. UKG Pro WFM aims to streamline timekeeping and scheduling by providing mobile-device compatibility to employees without requiring them to access on-premise systems, thereby improving payroll accuracy. Additionally, with the open APIs of UKG Pro WFM, airlines can easily connect to other internal systems, thereby enabling more comprehensive and connected data and providing the ability to scale systems across their organizations.

Technology Consolidation Cost Savings					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
D1	Decommissioned licenses and assets	Interviews	$150,000	$250,000	$350,000
Dt	Technology consolidation cost savings	D1	$150,000	$250,000	$350,000
	Risk adjustment	↓10%			
Dtr	Technology consolidation cost savings (risk-adjusted)		$135,000	$225,000	$315,000
	Three-year total: $675,000			**Three-year present value: $545,342**	

UNQUANTIFIED BENEFITS

Interviewees mentioned the following additional benefits that their organizations experienced but were not able to quantify:

- **Improved employee satisfaction.** Interviewees stated that a simpler and more efficient working process improved employee satisfaction. Each action — from picking up a shift to requesting time off — took fewer steps than it would have with the on-premise or paper solutions upon which organizations previously relied. Interviewees noted:

  - The HR workforce technology director at Bon Secours Mercy Health stated: "[Legacy] systems were manual, hanging [paper sheets] up in the unit [and] having people sign up for things, [or] people using [a cloud spreadsheet tool] to sign up [for shifts]. With the utilization of self-scheduling of SMS and picking up open shifts, we've seen immense improvement on that end from an employee perspective. Tasks are now completed in fewer steps. Employee engagement within their own system, the self-scheduling component, the ability to attach to their own time, the ease of use […] that's been one of the biggest wins of this implementation."

  - The general manager of HR operations at Super Retail Group said that employees rated the solution as a 9.5 on a scale out of 10. They added: "[With UKG Pro WFM] we moved from [the] early 1990s to the 2020s. That was a significant shift for us. [Employees are now] able to see the shifts, accept or decline [shifts, and] see the roster when it's published. UKG Pro

"Employees are much more engaged in their own time and in their own schedules. It's easy to request time off when I'm sitting at home. All of that just creates a much more engaged workforce. [We've achieved] huge wins across the board from an employee standpoint that drives both efficiency [and] improves our ability to staff our units and provide that satisfaction."

HR workforce technology director, Bon Secours Mercy Health

WFM capability through mobile [allows employees to] see what's going on, see who they are working with, [and] be more connected to their [colleagues] through UKG Pro WFM."

  - The global support applications manager at Grupo Bimbo noted how employees using UKG Pro WFM were more engaged, since they felt they were a part of the innovation and modernization of the company.
  - The director of payroll for an airline noted that employees' ability to utilize employee self-service (ESS) capabilities and multiple channels to engage with UKG Pro WFM such as the mobile app greatly improved their working experience. They said: "The feedback from the employees [with accessing] mobile was great. I think they really, really appreciated that."

- **Improved ability to meet compliance requirements.** As global organizations, interviewees were subject to a wide range of local compliance regulations. Legacy systems would often struggle to keep up with compliance requirements. Organizations now had an easy process to implement rules into UKG Pro WFM. And with this workflow automation, they also had greater visibility into how regulations were being managed.
  - The HR workforce technology director at Bon Secours Mercy Health said: "[Previously we] had no automated attendance tracking. We instituted a new attendance policy with a fully automated component and that has been a huge benefit to the equitable application of an attendance policy."
  - The director of payroll at an airline said their organization utilizes UKG Pro WFM for compliance to make sure time-off requests are correctly accrued for attestations. She said, "From a compliance perspective, [UKG Pro WFM] has really helped because we have accurate timekeeping records without having to go refer back to the off-cycle request."

"Think about how [an] airport is set up. The break room [is] 500 feet away from that desk that they're working on and that's where the time clock is, but the employees [are] not necessarily going to go take their lunch in the break room. They may go to the food court and have their lunch. So, having the ability to do mobile for their lunch [timecard] punching was huge."

Director of payroll, airline

FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement UKG Pro WFM and later realize additional uses and business opportunities, including:

- **Improved forecasting.** Interviewees spoke about using the data available through UKG Pro WFM for better decision-making and staffing projections.
  - The HR workforce technology director at Bon Secours Mercy Health said: "In today's world when we're moving towards flexibility for work staff, [a model within

UKG Pro WFM for partial shifts] was a game changer for us. [For example, if] there's a 12-hour shift sitting out there, [an employee] can pick up four of those [hours] but not all 12. [The] forecasting module that's embedded within extensions to me is the biggest next step that we need to take as an organization."

- The general manager of HR operations at Super Retail Group noted that an important focus for the future was to utilize UKG Pro WFM for clearer forecasting to improve their workforce. They said, "In the future, we would move to a higher level of granularity around forecasting. And my vision is that we can construct a more efficient workforce and reduce our recruitment requirements because we're giving team members a more stable roster."
- The global support applications manager at Grupo Bimbo said that with UKG Pro WFM, they could create new opportunities with the additional data. They said: "The truth is that we didn't have a level of information analysis. [And] with the flexibility and features that we have now, [it] has really allowed us to open our minds to opportunities that we can have on decision-making."
- The director of payroll at an airline said that forecasting supported by UKG Pro WFM was already being demoed at their organization, and it was a feature they were looking at implementing in the future.

- **Additional modules within UKG Pro WFM.** Interviewees felt that the solution would support each of their organization's scale and growth, since they as customers had the option to expand their organization's functionalities with add-on modules.
  - The HR workforce technology director at Bon Secours Mercy Health said: "We are also looking at UKG Talk. And then, we also were considering EZCall for emergency departments [and] perhaps even some of our physicians' practices."
  - The director of payroll at an airline said: "I do understand that that there's [a] new functionality [such as] conditions within the attestation tool, [where] there's been an improvement and enhancements. And so, we are looking at that."

Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in Appendix A).

Analysis Of Costs

Quantified cost data as applied to the composite

Total Costs							
Ref.	**Cost**	**Initial**	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Etr	Subscription fees	$0	$3,009,600	$4,514,400	$6,019,200	$13,543,200	$10,989,223
Ftr	Implementation costs	$451,440	$0	$0	$0	$451,440	$451,440
Gtr	Maintenance and ongoing work	$0	$528,000	$528,000	$528,000	$1,584,000	$1,313,058
	Total costs (risk-adjusted)	$451,440	$3,537,600	$5,042,400	$6,547,200	$15,578,640	$12,753,721

SUBSCRIPTION FEES

Evidence and data. The interviewees utilized UKG Pro WFM with modules across timekeeping, scheduling, accruals, and analytics. Each module was priced separately, based on global location as well as the number of users covered by that module.

Modeling and assumptions. For the composite organization, Forrester assumes:

- A phased implementation, with 50% of employees being UKG Pro WFM users in Year 1, 75% of all employees being users by the end of Year 2, and 100% of employees (or all 60,000) being users by the end of Year 3.
- The average subscription cost is $7.60 per user per month.

Risks. The size of this cost may vary based on:

- Number of users and rate of implementation.
- Price per user per month, which may vary based on location, the number and types of modules, etc.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $11.0 million.

Subscription Fees						
Ref.	**Metric**	**Source**		**Year 1**	**Year 2**	**Year 3**
E1	Number of users	Composite		30,000	45,000	60,000
E2	Price per user per month	Composite		$7.60	$7.60	$7.60
Et	Subscription fees	E1*E2*12	$0	$2,736,000	$4,104,000	$5,472,000
	Risk adjustment	↑10%				
Etr	Subscription fees (risk-adjusted)		$0	$3,009,600	$4,514,400	$6,019,200
	Three-year total: $13,543,200			**Three-year present value: $10,989,223**		

IMPLEMENTATION COSTS

Evidence and data. Interviewees each described an initial implementation effort in which a global team worked for several months to move from on-premise legacy systems to UKG Pro WFM.

- The HR technology workforce director for Bon Secours Mercy Health said implementation efforts took 10 to 15 FTEs working over a period of eight months to get the first set of employees "live" on the system.
- The global support applications manager at Grupo Bimbo said a project team of 15 FTEs worked on their organization's implementation.
- The director of payroll for an airline said the initial implementation process included six employees: herself, a program manager, an analyst, a deployment manager, and two IT resources. For their airline, it took six months to complete implementation.

Modeling and assumptions. For the composite organization, Forrester assumes:

- Ten FTEs across global offices work on implementation. This group of employees could include program managers, analysts, deployment managers, IT resources, integration specialists, and software and database specialists.
- The average fully burdened hourly rate for a FTE involved in implementation is $38.
- It requires six months to implement UKG Pro WFM and get the first set of employees onboarded.

Risks. The size of this cost may vary based on:

- Number of FTEs across the globe working on the implementation.
- Time required to complete initial implementation.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of $451,000.

Implementation Costs

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	Number of FTEs	Composite	10			
F2	Hourly rate per FTE	Forrester standard	$38			
F3	Time required for implementation	Interviews	1,080			
Ft	Implementation costs	F1*F2*F3	$410,400	$0	$0	$0
	Risk adjustment	↑10%				
Ftr	Implementation costs (risk-adjusted)		$451,440	$0	$0	$0
	Three-year total: $451,440			**Three-year present value: $451,440**		

MAINTENANCE AND ONGOING WORK

Evidence and data. After implementing UKG Pro WFM, interviewees continued to add new modules, onboard new employees on a yearly basis, and do maintenance work to keep the system running efficiently.

- The HR workforce technology director at Bon Secours Mercy Health described eight team members — six HR administrators and two IT resources — who remained fully dedicated to ongoing maintenance work with UKG Pro WFM following the initial implementation.

Modeling and assumptions. For the composite organization, Forrester assumes:

- Six FTEs are required to maintain UKG Pro WFM.
- The average fully burdened annual rate for an FTE is $80,000.

Risks. The size of this cost may vary based on:

- Number of FTEs working with the solution for ongoing maintenance.
- Team member salaries, which may vary by geographic region.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of $1.3 million.

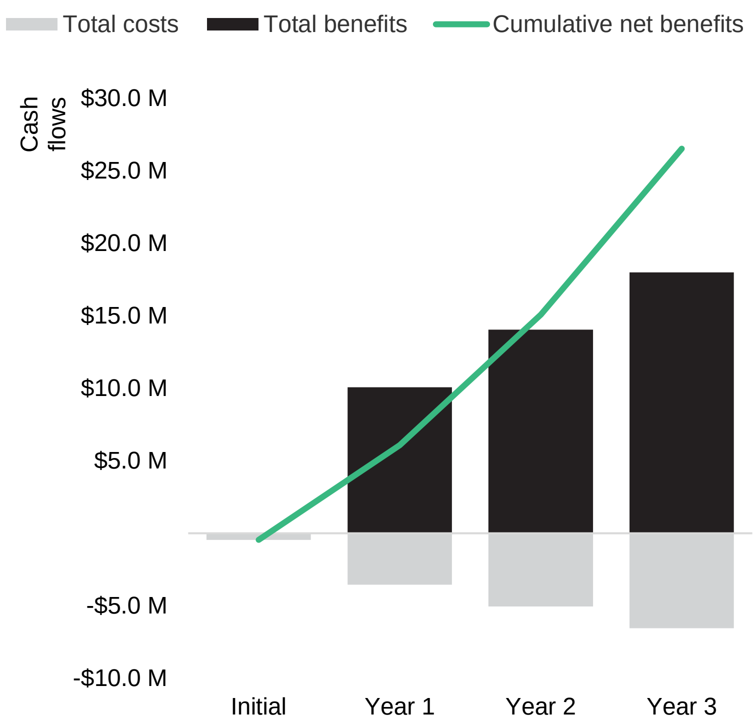
Maintenance And Ongoing Work

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
G1	Number of FTEs	Composite		6	6	6
G2	Annual fully loaded salary per FTE	Forrester standard		$80,000	$80,000	$80,000
Gt	Maintenance and ongoing work	G1*G2	$0	$480,000	$480,000	$480,000
	Risk adjustment	↑10%				
Gtr	Maintenance and ongoing work (risk-adjusted)		$0	$528,000	$528,000	$528,000
	Three-year total: $1,584,000			Three-year present value: $1,313,058		

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Analysis (Risk-Adjusted Estimates)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	($451,440)	($3,537,600)	($5,042,400)	($6,547,200)	($15,578,640)	($12,753,721)
Total benefits	$0	$10,076,385	$14,035,185	$17,993,985	$42,105,555	$34,278,825
Net benefits	($451,440)	$6,538,785	$8,992,785	$11,446,785	$26,526,915	$21,525,104
ROI						169%
Payback period						<6 months

Appendix A: Total Economic Impact

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

TOTAL ECONOMIC IMPACT APPROACH

Benefits represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organization.

Costs consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.

Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. Having the ability to capture that benefit has a PV that can be estimated.

Risks measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.

PRESENT VALUE (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.

NET PRESENT VALUE (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made unless other projects have higher NPVs.

RETURN ON INVESTMENT (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.

DISCOUNT RATE

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.

PAYBACK PERIOD

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

Appendix B: Endnotes

[1] Source: Forrester Analytics Global Business Technographics® Software Survey, 2019.

[2] Source: "The Forrester Wave™: Cloud Human Capital Management Suites, Q2 2020," Forrester Research Inc., May 14, 2020.

[3] Source: "Estimate Your Cloud Migration Costs," Forrester Research Inc., July 28, 2021.

[4] Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.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