FORRESTER®

The Total Economic Impact™ Of Checkr

Cost Savings And Business Benefits Enabled By Checkr

A Forrester Total Economic Impact™ Study
Commissioned By Checkr, January 2025

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ABOUT FORRESTER CONSULTING

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Executive Summary

As enterprise organizations grow and scale, they embark on organization wide digital transformation projects to help meet those growth targets without excess cost and within expected timeframes. These digital transformation initiatives can be particularly impactful to the business bottom line in the complex relationships between organizations and their workforces. Background checks are especially critical to meeting standards across the hiring cycle, but background checks are a step in the hiring process that is often addressed with highly manual solutions that add cost and extend processing timelines.

Checkr's software platform helps customers optimize background check processes to accelerate turnaround times (TATs) and improve data quality. As a result, organizations can gain the confidence and agility to meet business objectives more quickly.

Checkr commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Checkr.[1] The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Checkr on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed six representatives of four organizations with experience using Checkr. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single composite organization that generates $250 million in annual revenue and regularly requires background checks for its onboarding process, especially for roles to be hired in high volumes.

Interviewees said that prior to using Checkr, their organizations utilized prior background check vendors that lacked modern functionality and required manual intervention and additional administrative time. These limitations extended turnaround times for background checks and obscured underlying data, making it more difficult for the organizations to make timely onboarding decisions for workers.

After switching to Checkr, the interviewees' organizations accelerated turnaround times for background checks and gained more transparency across the process. This enabled better and more timely hiring decisions that unlocked business opportunities. Key results from the investment include topline impacts from filling positions more quickly, as well as efficiencies in

key hiring processes such as background check package creation and adjudication. Better quality data and decision-making enabled the organizations to both accelerate business objectives and meet compliance requirements with more confidence.

KEY FINDINGS

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

- **Acceleration of background check turnaround time by three days, which generates incremental profit sooner.** Using a technology-led approach powered by automation, Checkr improves the composite organization's candidate communication to reduce manual workarounds and extended communication timelines, and it accelerates background check turnaround times. Accelerated background check turnaround times enable the composite to fill open positions more quickly, and the open positions are for revenue-generating roles that contribute incremental profit for the additional days they are filled. Incremental profit from faster background check turnaround times is worth $2.7 million for the composite over the three-year investment period.
- **Redirection of up to 75% of adjudication resources due to a more efficient process.** Checkr's automated adjudication technology standardizes and accelerates the composite's adjudication process to accelerate the adjudication process by two days on average. As such, the composite requires less manual review and redirects up to 75% of its total adjudication team to other value-added work. The resource savings total $373,000 over the three-year investment period.
- **Facilitation of 75% faster background check package-creation timelines, saving 10 days.** Once the composite's legal teams conduct their research into requirements for the new package, they can easily determine if those requirements are translated accurately by the hiring team within the Checkr system. If not, they can adjust by communicating with their counterparts in HR and with Checkr as needed. This is most impactful when the organization aims to meet growth targets by expanding its presence in an existing location, moving into new geographics locations, adding new roles, or growing through other strategic investments. The resulting time savings are worth $121,000 for the composite organization over the three-year investment period.

- **Redirection of up to 50% of vendor management resources and elimination of point solutions, which saves on technology costs.** Checkr unlocks new features and functionality for the composite organization to set, manage, and monitor more background check requirements (e.g., specific drug tests or international checks) at the organizational level. As such, the composite eliminates point solutions for capabilities covered with Checkr. Additionally, consolidating vendors to Checkr redirects more vendor management resources to other tasks to save technology resource time as well. In total, technology cost savings are worth $212,000 for the composite over the three-year investment period.

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

- **Facilitation of compliance effort.** With Checkr, the composite organization digitally produces, distributes, documents, manages, and reports more of the background check process and benefits from the speed at which it meets compliance requirements as well as more transparency into the process that proves regulations are upheld. As a result, the organization avoids labor time and costs associated with in-person audits and it increases confidence in its recordkeeping.
- **A reduction in candidate drop-offs and improvement in overall candidate quality due to a better hiring experience.** Checkr expedites the composite's background check turnaround times to arm it with accurate information about candidates earlier in the hiring process. As such, the composite makes more informed hiring decisions that result in fewer pushed start dates and false hires. The improved candidate experience passes more high-quality candidates through to the remaining hiring steps, reduces candidate drop-off rates, accelerates candidate start dates, and ultimately reduces employee turnover.
- **Topline impact of candidates hired meeting role requirements, which contributes to organizational revenue goals.** To meet growth targets, the composite organization must prove workers meet the background check requirements for the organization or role. With Checkr, the composite's background check requirements are centralized in a digital platform where data collection, documentation, and processes are automated, which enables the organization to easily hire and onboard employees. The additional confidence enables the organization to acquire new customers, open new locations, and scale existing relationships more quickly to impact revenue goals.

- **Cost reduction from fewer background check reruns.** Compared to the composite's prior vendor, Checkr successfully processes more background checks the first time around. As a result, the organization avoids the costs associated with rerunning background checks as well as from any manual intervention required.

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

- **Cost of the Checkr solution.** The composite organization pays $400,000 annually as part of a three-year contract with Checkr. The total costs to Checkr are based on the product capabilities utilized, background check varieties (e.g., criminal search and drug testing), and volume of checks processed. The cost of the Checkr solution totals $1 million for the composite organization during the three-year investment period.
- **Resource time spent on implementation and ongoing management.** The composite dedicates three resources from IT to the initial three-month implementation of the Checkr system. Additionally, those same resources dedicate 25% of their time to ongoing management of the solution. Resource time spent across both the initial period and three-year investment period totals $213,000 for the composite.

The representative interviews and financial analysis found that a composite organization experiences benefits of $3,388,619 over three years versus costs of $1,257,850, adding up to a net present value (NPV) of $2,130,769 and an ROI of 169%.

Reduction in background check turnaround time
3 days

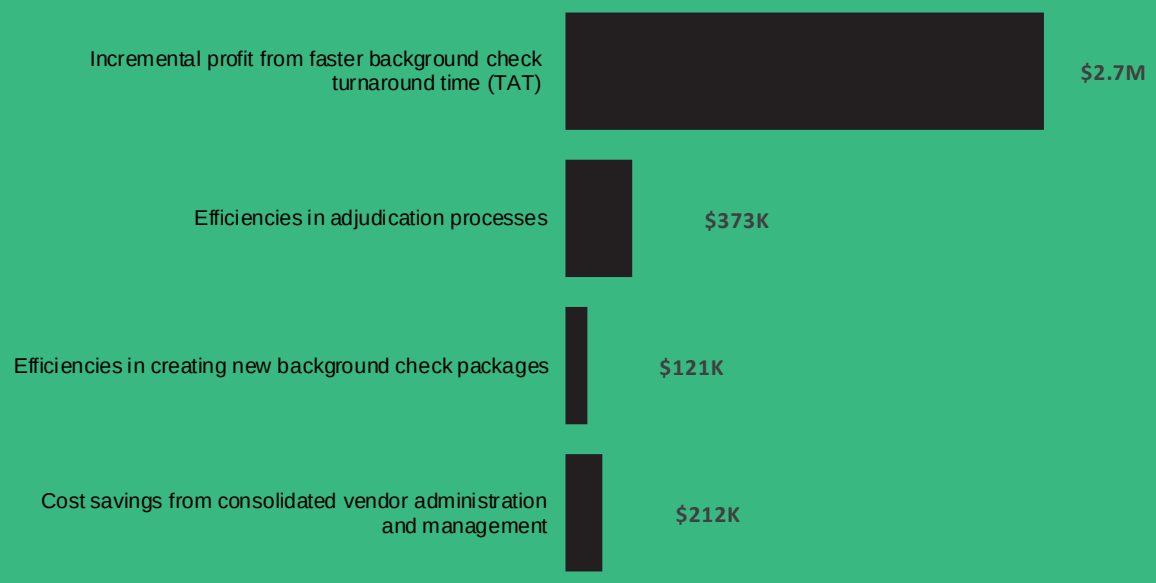
Reduction in background check adjudication process
2 days

Reduction in package creation process

10 days

Return on investment (ROI)	Benefits PV	Net present value (NPV)	Payback
169%	**$3.4M**	**$2.1M**	**<6 months**

Benefits (Three-Year)



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 Checkr.

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 Checkr can have on an organization.

DISCLOSURES
Readers should be aware of the following:

This study is commissioned by Checkr 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 Checkr.

Checkr 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.

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

Due Diligence
Interviewed Checkr stakeholders and Forrester analysts to gather data relative to Checkr.

Interviews
Interviewed six representatives at four organizations using Checkr to obtain data about 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.

The Checkr Customer Journey

Drivers leading to the Checkr investment

Interviews			
Role	**Industry**	**Region**	**Background check volumes processed in past 12 months**
VP of people strategy	Transportation	NA (HQ: US)	3,000
People services and delivery leader	Technology	Global (HQ: US)	1,000
Director of payroll and HR CoE Director of TA Manager of HR CoE	Supply chain and logistics	NA (HQ: US)	8,000
Compliance manager	Consumer services	Global (HQ: US)	80,000

KEY CHALLENGES

Prior to using Checkr, the interviewees' organizations utilized alternative background check services and tools, and often more than one. The interviewees noted how their organizations struggled with common challenges, including:

- **Extended background check turnaround times impacted hiring decisions and company performance.** Delayed background check turnaround times left hiring teams without access to the critical information they needed to make hiring decisions. The organizations faced the proposition of either pushing candidates through without necessary background check requirements at the risk of incurring fines and wasting the costs of pulling candidates back from the prescribed work or delaying candidate start dates as the organizations waited for background checks to process. In this scenario, candidates lost out on expected compensation and had poor experiences with the companies, and hiring managers lost out on the benefit of having the position filled for

the additional days and needed to spend additional time filling the role. Meanwhile, the organizations missed out on any accrued business value and established poor reputations in the market.

- **Cumbersome internal processes required large volumes of headcount.** In the organizations' prior environments, many processes related to background checks required manual intervention and resource-heavy workarounds due to poor system capability and vendor communication. As a result, hiring process timelines were delayed, and additional resources were required to manually review background checks and adjudication documents.

SOLUTION REQUIREMENTS

The interviewees' organizations searched for a solution that could:

- Provide accurate candidate data and readable background checks.
- Provide reliable and fast customer service.
- Integrate with back-end operational systems within the hiring ecosystem, such as human resource information systems (HRIS) and applicant tracking systems (ATS).
- Enable automated functionality and workflows such as pre-adverse and post-adverse disclosures and templatized candidate communications that meet local compliance requirements.
- Provide consistent and accurate delivery to establish confidence in meeting background check requirements in new regions and industries or those set by new customers.

> "We estimate that streamlined candidate communications and better reporting functionality expedite the overall adjudication timeline by two days."
>
> PEOPLE SERVICES AND DELIVERY LEADER, TECHNOLOGY

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 six interviewees, 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 organization is in the supply chain and logistics industry, and it generates $250 million in annual revenue. It runs 8,000 background checks annually to support hiring requirements across its North American operations. Hiring complexities include variable worker types that span both full-time employees and part-time employees as well as those required for temporary positions or project-based work.

Deployment characteristics. After a three-month implementation period, the composite organization begins using the solution in Year 1. The vendor costs assume an average volume of background checks processed per month, and the composite pays them in accordance with a three-year contract.

Key Assumptions

- Supply chain and logistics industry
- $250M in annual revenue
- 8,000 background checks processed annually
- 75% of background checks fill roles directly impacting revenue

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	Incremental profit from faster background check turnaround time	$1,029,600	$1,081,080	$1,135,134	$3,245,814	$2,682,298
Btr	Efficiencies in adjudication processes	$114,000	$171,000	$171,000	$456,000	$373,434
Ctr	Efficiencies in creating new background check packages	$21,666	$43,331	$86,663	$151,660	$120,618
Dtr	Cost savings from consolidated vendor administration and management	$38,000	$85,500	$142,500	$266,000	$212,269
	Total benefits (risk-adjusted)	$1,203,266	$1,380,911	$1,535,297	$4,119,474	$3,388,619

INCREMENTAL PROFIT FROM FASTER BACKGROUND CHECK TURNAROUND TIME

Evidence and data. Interviewees said Checkr accelerated background check turnaround times by automating the process to pass more candidates onto the platform and eliminating the need for manual reviews. Additionally, Checkr facilitated communications both between the interviewers and their candidates as well as with Checkr as the vendor to further expedite the process.

- The compliance manager at a consumer services organization indicated that their company's throughput rate for background checks to successfully land in its system went from 35% with a prior vendor to 95% with Checkr. The improvement means that an additional 60% of background checks are successfully processed by the system with automation and do not require manual reviews that typically delay turnaround times.
- The people services and delivery leader at a technology organization estimated that background check turnaround times accelerated by three to four days, and they attributed the efficiencies to better candidate communications making it easier to collect the necessary documents throughout the process without intervention.

- The director of payroll and HR Center of Excellence (CoE) at a supply chain and logistics organization estimated that Checkr allows their company to process and return background checks within three days due to more transparency in the process that facilitates communication between the candidate and the associate in charge of the process internally.
- The director of TA at a supply chain and logistics organization saw their company's hiring process timeline decrease from two weeks to two or three days with Checkr. The interviewee attributed the efficiencies to improved candidate communication throughout the process as well as a better customer service experience when Checkr assistance is required.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- The composite organization runs background checks for many different types of workers on an annual basis.
- Because the composite is in the supply chain and logistics space, it runs background checks for workers who impact revenue for the organization as soon as their positions are filled. Most workers are frontline workers responsible for accomplishing critical tasks along the supply chain.
- Previously, the composite organization utilized an alternative background check vendor that was not intuitive for candidates and required employees to review documents manually and often interface with the vendor. With Checkr, the composite organization accelerates the background check process by three days. Therefore, workers are placed in their revenue-generating roles three days sooner than they would have been with prior solutions.
- The average revenue generated per impacted role per day is based on the composite organization's annual revenue of $250 million and the assumed full-time equivalent (FTE) employee count.
- The composite has an 11% operating margin that turns the revenue generated each day into incremental profit.

Risks. Incremental profit from faster background check turnaround times may vary depending on the following:

- The volume of background checks run annually and the percentage of background checks run to fill revenue-generating roles.
- The size of the organization, including its annual revenue and total employee count.
- The organization's industry and the associated operating margin standard.

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 $2.7 million.

Incremental Profit From Faster Background Check Turnaround Time					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
A1	Average background checks run	Composite	8,000	8,400	8,820
A2	Percent of background checks run to fill revenue-generating roles	Composite	75%	75%	75%
A3	Average faster turnaround time with Checkr (days)	Interviews	3	3	3
A4	Average daily revenue generated per revenue-generating role	Composite	$650	$650	$650
A5	Operating margin	Composite	11%	11%	11%
At	Incremental profit from faster background check turnaround time	A1*A2*A3*A4*A5	$1,287,000	$1,351,350	$1,418,918
	Risk adjustment	↓20%			
Atr	Incremental profit from faster background check turnaround time (risk-adjusted)		$1,029,600	$1,081,080	$1,135,134
	Three-year total: $3,245,814		**Three-year present value: $2,682,298**		

EFFICIENCIES IN ADJUDICATION PROCESSES

Evidence and data. Prior to using Checkr, the interviewees' organizations implemented adjudication rules via manual spreadsheet methods that required large teams of resources to manually review, process, and maintain over time as background review decisions shifted and changed. Interviewees said Checkr has an adjudication suite that automates the rules and decision-making criteria associated with the adjudication process to improve the overall adjudication timeline. As a result, their organizations gained the ability to redirect more resources away from time spent on manual adjudications, and they benefit from a more standardized approach to decision-making.

- The people services and delivery leader at a technology organization attributed efficiencies in the adjudication process to key functionality within Checkr, such as labeled sections to easily view flagged candidates and attached notes and documents for flagged content to reduce candidate outreach. They said, “Within the adjudication process, I do feel like it is very clear how they have reports labeled and laid out so that it is easy to quickly identify what requires a review and adjudication decision.” Overall, the interviewee estimated that streamlined candidate communications and better reporting functionality expedite the overall adjudication timeline by two days.
- The director of TA at a supply chain and logistics organization described a heavily manual adjudication process prior to using Checkr: “With our previous vendor, we were having to basically monitor each report that came in or adjudicate each and every report that came in based on the matrix that we had in front of us, which — to be fully transparent — was a spreadsheet.”
- As such, the organization required a team of four resources fully dedicated to the adjudication process. However, with Checkr, it was able to redirect 75% of those resources to other value-add work. The interviewee said: “Checkr allows us to plug our matrix — which is very customer-specific — into our system. When reports are completed, they are completed based on the matrix that’s in the system. So, when the packages or when reports are complete, they’re either complete as eligible or cleared or are flagged for review or escalation. It takes that manual work out."
- Additionally, the director of TA at the same supply chain and logistics organization attributed further efficiencies to fewer errors along the process because it is standardized within the Checkr system. They said: “Everything is housed altogether [in Checkr], and then as far as the matrix is concerned, the system essentially processes the information for you. We have access to the matrix so that we can make any adjustments at any time, and we’re still privy to all the information in the report. Overall, there are fewer errors.”

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- Prior to using Checkr and given the manual state of the adjudication process, the composite organization previously dedicated four FTEs to adjudication.

- With Checkr, custom adjudication rule sets are entered into the Checkr system to automate more of the process and expedite the adjudication timeline by two days on average. The resulting time savings enable the organization to redirect more resources to other value-added work over years 1 and 2 as it automates more of the adjudication process and captures more background check decisions within the system.
- In subsequent years, a single resource remains on the adjudication team to act on reports and adjust the rule sets over time as needed.

Risks. Efficiencies in the adjudication process may vary depending on the following:

- The process in place for adjudication prior to Checkr and the volume of resources required to manage it.
- The complexity of the adjudication matrix, which may vary depending on the rules and regulations that must be followed and how often they change or are updated.
- Employee salaries, which will vary depending on the type and level of resource responsible for the adjudication process as well as regional and industrial standards.

Results. To account for these risks, Forrester adjusted this benefit downward by 5% yielding a three-year, risk-adjusted total PV (discounted at 10%) of $373,000.

75%

Adjudication resources redirected

Efficiencies In Adjudication Processes

Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	FTEs engaged in adjudication process prior to Checkr	Interviews	4	4	4
B2	Percent of FTE redirection from the adjudication process with Checkr	Interviews	50%	75%	75%
B3	FTEs redirected from the adjudication process with Checkr	B1*B2	2	3	3
B4	Average salary for an impacted resource	Composite	$60,000	$60,000	$60,000

Bt	Efficiencies in adjudication processes	B3*B4	$120,000	$180,000	$180,000
	Risk adjustment	↓5%			
Btr	Efficiencies in adjudication processes (risk-adjusted)		$114,000	$171,000	$171,000
Three-year total: $456,000			**Three-year present value: $373,434**		

EFFICIENCIES IN CREATING NEW BACKGROUND CHECK PACKAGES

Evidence and data. Interviewees said that prior to using Checkr, the timeline for creating new background check packages was often extended due to poor communication and limited transparency into system requirements. But they said with Checkr, the cross-functional teams responsible for creating background check packages gained the ability to better communicate regarding requirements and regulations and that those same requirements are easily translated within the system. As a result, internal resources are more confident that package requirements are met within the system and that the overall process is more efficient.

A people services and delivery leader at a technology organization said, "[Before using Checkr, it could take days just for legal to do their local compliance research." But they explained that Checkr helped streamline the entire package creation process down to three to four days: "I feel like creating packages and setting us up for all the different countries [we operate in] is quite simple [with Checkr]. There is a lot of information accessible to me on what each different package would include [within Checkr]. So, when our legal team has questions, I don't have to reach out to Checkr and ask."

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- With Checkr, the composite's background check package creation process goes from 14 days down to 3.5 days due to more transparency into the system for hiring teams and better customer service experiences with Checkr when issues or questions arise.
- The average daily cost of creating a package includes the blended rate of one HR operations role and two legal roles, including one paralegal.

- The organization scales to take on more new customers and expands into new territories each year, so the volume of packages created annually increases from four in Year 1 to 16 in Year 3.

Risks. Efficiencies in the hiring package creation process may vary depending on the following:

- The process in place prior to Checkr in terms of resources involved and average days to complete the process.
- The organization's growth strategy in terms of the new packages required annually.

Results. To account for these risks, Forrester adjusted this benefit downward by 5% yielding a three-year, risk-adjusted total PV (discounted at 10%) of $121,000.

75%

Background check package creation process efficiency improvement

Efficiencies In Creating New Background Check Packages

Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Total time to create a new background check package before Checkr (days)	Interviews	14	14	14
C2	Percent efficiencies in creating packages attributed to Checkr	Interviews	75%	75%	75%
C3	Average daily cost of creating a new package	Composite	$543	$543	$543
C4	New packages created each year	Composite	4	8	16
Ct	Efficiencies in creating new background check packages	C1*C2*C3*C4	$22,806	$45,612	$91,224
	Risk adjustment	↓5%			
Ctr	Efficiencies in creating new background check packages (risk-adjusted)		$21,666	$43,331	$86,663
	Three-year total: $151,660		**Three-year present value: $120,618**		

COST SAVINGS FROM CONSOLIDATED VENDOR ADMINISTRATION AND MANAGEMENT

Evidence and data. Interviewees said that prior to using Checkr, their organizations met background check requirements dictated by various customers and territories with functionality from multiple vendors. They explained that because Checkr offers a wider breadth of product capabilities, it enabled their organizations to consolidate vendors and reap the associated cost and time savings.

- A people services and delivery leader at a technology organization said their company experienced vendor management time savings for resources within HR operations and talent acquisition who were previously responsible for vendor management. They said: "[Checkr] is simple to use and provides time savings for the talent acquisition team as well as my team [within HR operations]. Candidates do not seem to have a ton of questions when they engage with Checkr, and then when I do, Checkr can answer those without my involvement. It saves us a lot of time and energy and gives us a level of comfort."
- The manager of HR CoE from a supply chain and logistics organization said they were able to redirect three FTEs from HR operations teams away from vendor management by consolidating vendors to Checkr. They said: "We have been able to consolidate a lot of our outside vendors and make our primary focus Checkr. And we have communicated that we want Checkr to be our primary vendor to our account managers. The quantitative cash savings [come from a] reduction in manual time in terms of how many people we have managing multiple vendors ."

> "We estimated that we have been able to cut technology costs by 5% to 10% [with Checkr] compared to working with other comparable tools."
>
> PEOPLE SERVICES AND DELIVERY LEADER, TECHNOLOGY

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- Prior to using Checkr, there were three FTEs from HR operations dedicated to vendor management.
- Checkr enables the composite to decommission one alternative solution in Year 1, saving it $10,000 on fees associated with its prior background check vendor. It decommissions two more alternative solutions by Year 2, saving the organization $30,000 on vendor fees for the remaining years of the investment.
- Internally, the organization redirects 0.5 FTEs from HR operations in Year 1 from vendor management tasks. This doubles each year, so it redirects two FTEs by Year 3.

Risks. Cost savings from consolidated vendor management may vary depending on the following:

- The number of alternative vendors or point solutions and services in place prior to Checkr that are consolidated to the Checkr platform.
- The volume and types of resources responsible for vendor management prior to using Checkr.
- The cadence at which the organization unhooks prior solutions and replaces them with Checkr functionality.

Results. To account for these risks, Forrester adjusted this benefit downward by 5% yielding a three-year, risk-adjusted total PV (discounted at 10%) of $212,000.

2 FTEs

Redirected from vendor management

Cost Savings From Consolidated Vendor Administration And Management					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
D1	FTEs dedicated to vendor management before Checkr	Interviews	3	3	3

D2	Percent of FTE time redirected from vendor management with Checkr	Interviews	15%	25%	50%
D3	Total FTEs redirected from vendor management with Checkr (rounded)	D1*D2	0.5	1.0	2.0
D4	Average salary for a vendor management resource	Composite	$60,000	$60,000	$60,000
D5	Cost savings from consolidated vendor management with Checkr	D3*D4	$30,000	$60,000	$120,000
D6	Cost savings from consolidating technology point solutions	Interviews	$10,000	$30,000	$30,000
Dt	Cost savings from consolidated vendor administration and management	D5+D6	$40,000	$90,000	$150,000
	Risk adjustment	↓5%			
Dtr	Cost savings from consolidated vendor administration and management (risk-adjusted)		$38,000	$85,500	$142,500
Three-year total: $266,000			**Three-year present value: $212,269**		

UNQUANTIFIED BENEFITS

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

- **Facilitation of compliance effort.** Interviewees said that prior to Checkr, their organizations managed paper-based and manual processes associated with background checks. They also often managed many requirements at individual branch locations outside of corporate headquarters. As such, there was limited transparency into the process steps taken and very little digital record of the same, which made it difficult to meet compliance or external audit requirements. Some of the organizations circumvented manual processes with more manual steps, such as implementing internal audit procedures that required resources to travel to company locations and manually review paper files to ensure that background check requirements were met. With Checkr, these companies were able to digitally transform the background check process to provide more transparency into requirements, make record-keeping more accessible, and integrate with their back-end HR systems including HRIS and ATS systems. Interviewees indicated that their organizations experienced additional value from facilitated compliance efforts, such as:
    - **Avoided headcount and reduced spend on compliance-related travel.** The VP of people strategy at a transportation organization indicated that, prior to

using Checkr, their company's corporate hiring team was responsible for auditing background checks at each station location. They estimated that without Checkr, the organization would have had to hire an additional 18 resources to complete these audits as it scaled to include new station locations. They said, "[Without Checkr,] we would have had to double our audit people in the field to include another 18 people at a $40,000 to $60,000 per year salary." In addition to avoided headcount, the same interviewee indicated that their organization also reduced travel spend with Checkr as it no longer had to send existing resources to station locations for manual audits every quarter, which cost the organization about $3,000 for every visit.

- **Increased confidence in meeting external audit requirements.** The people services and delivery leader at a technology organization stated: "Obviously, we get audited quite a bit based on all of these different customers that we have and the security certifications that we have to uphold. Checkr helps us feel confident that we'll have a record of everything, that those records will be clear, and that we'll be able to share those records with auditors when the time comes. It has been huge."

- **A reduction in candidate drop-offs and improvement in overall candidate quality due to a better hiring experience.** Interviewees indicated that with prior vendors, background check turnaround times lagged. Extended turnaround times left their organizations in the difficult position of facing hiring decisions without required background check information. In such situations, some of the organizations pushed candidates through without the required information and faced potential fines or the associated cost of having to pull that candidate back out of the position.

  The director of talent acquisition at a supply chain and logistics organization indicated that their organization experienced the latter, especially during peak hiring times. They stated: "We might have an urgent project where we've got to send people immediately to a new customer who signs with us. However, [background checks] need to be completed prior to someone being deployed on site. You don't want that person showing up onsite when we've paid for travel and their expense to get there and had them spend time away from their families, [just to] turn around and say: 'Hey, guess what? Unfortunately, you're not eligible [for this job/position]. You have to come back home. Here's your new flight.' It doesn't make a good experience."

Alternatively, some organizations opted to delay hiring timelines to wait for the stalled background check information. In this situation, the organization had to push the expected start date for the candidate. A people services and delivery leader in at a technology organization indicated that with prior vendors, their company often had to push start dates. They described the impact to internal employees (e.g., recruiting resources and hiring managers) as well as the impact to the candidate experience: "[When we had to push a start date,] the recruiting team did have to go update the offer and manage the candidate's expectations. They also had to update the hiring team, depending on the urgency of the role. It can be a huge obstacle for hiring managers and their teams not to have someone start. This is especially relevant in European countries where we only have a start date once a month. So, if someone missed their start date in Germany, that's a whole month that hiring managers didn't have that person in seat, and it's very impactful for candidates when they have already quit their job and are expecting to start."

Interviewees said that in both scenarios, there were impacts to poor candidate experiences. A people services and delivery leader at a technology organization went as far to tie poor candidate experiences to drop-off rates: "Candidates assume the background check's going to be fine, they quit their jobs, and [if we push a start date], they don't get paid for a month. That is really a poor experience, and we have had candidates go back on their offer and say: 'Never mind. I don't want to work here if that's the experience I'm going to have.'"

Checkr expedites background check turnaround times to arm organizations with accurate information sooner during the hiring process to avoid making blind decisions that impact both candidate experiences and company performance. A better candidate experience not only passes more higher-quality candidates through to the remaining hiring steps and reduces candidate drop-off rates, but it also impacts the time of HR and hiring teams and reduces employee turnover.

- **Topline impact of candidates hired meeting role requirements, which contributes to organizational revenue goals.** Interviewees said Checkr lends speed and agility to meeting hiring goals in line with business objectives. They explained their organizations felt as if they were better able to meet the demands of a growing business by processing renewals more quickly, acquiring new customers, or expanding into new territories. With

Checkr, interviewees' organizations digitized the background check process to more quickly arm hiring decision-makers with more data and to facilitate growth strategies.

For example, the VP of people strategy in the transportation industry indicated that to open up facilities in a new territory, their organization had to ensure it had the proper paperwork included in its background check packages and proper logistics set up to accommodate background check requirements (e.g., for drug testing). Checkr helped ensure the right components were in the system to trigger the appropriate paperwork requests and process steps for candidates.

Additionally, sales teams benefited from the data to prove they could meet background check requirements to facilitate sales deals. A people services and delivery leader at a technology organization described how their company's sales teams were often asked for background check policy confirmation during the sales cycle and that Checkr helped fulfil those requests. They said: "We often get requests from customers to confirm our policies or how we're doing background checks before they sign a renewal or a new deal with us. The request typically comes in when the salesperson is trying to close the deal before the end of the quarter and the timing is tight. Checkr provides clear, online documentation of what goes into a US report, for example. Legal can send documentation to the customer's legal team and have them review to get them to sign the contract very quickly."

A director of payroll and HR CoE at a supply chain and logistics organization reiterated the value of Checkr for customer acquisition, saying it gives acquired customers peace of mind that the organization can meet their hiring standards and protocols. Interviewees said customers have direct access to dashboards to review background check information and to see completed actions that help provide the necessary transparency into the process.

- **Cost reduction from fewer background check reruns.** Interviewees said that in comparison to prior vendors, Checkr successfully processes more background checks the first time around. A compliance manager at a consumer services organization indicated that their company improved its pass rate from 36% to 95% with Checkr and that it saved on the associated costs of rerunning background checks. The costs included both the technology cost as well as the manual intervention required.

60%

Increase in pass-through rate with automated adjudication

FLEXIBILITY

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

- **Flexibility to continue to meet aggressive business strategies amid shifting hiring landscapes.** Interviewees said their organizations utilized Checkr to better meet business objectives through more efficient and transparent background check processes that led to better informed hiring decisions and fueled growth. The interviewees expect Checkr to continue to help their organizations meet business objectives as they shift and change over time.

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

> "Over the last few years with the economy and [COVID-19] pandemic and everything that's happened the last several years, we've had to fluctuate hiring numbers quite quickly and unexpectedly, and we haven't had to ramp new employees or lay off employees because we can use the flexibility built into Checkr to quickly pivot according to new hiring."
>
> PEOPLE SERVICES AND DELIVERY LEADER, TECHNOLOGY

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	Costs to Checkr	$0	$420,000	$420,000	$420,000	$1,260,000	$1,044,478
Ftr	Implementation and ongoing management	$56,700	$63,000	$63,000	$63,000	$245,700	$213,372
	Total costs (risk adjusted)	$56,700	$483,000	$483,000	$483,000	$1,505,700	$1,257,850

COSTS TO CHECKR

Evidence and data. Interviewees said their organizations paid Checkr for access to the platform and processing of background checks for employees. The total costs to Checkr were dependent on the Checkr capabilities in place as well as the total volume of background checks processed.

Pricing may vary. Contact Checkr for additional details.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- There are 8,000 background checks run in Year 1, and the total volume of background checks run increases by 5% in each subsequent year of the investment period.
- The composite organization enters a three-year contract with Checkr that locks the annual contract value amount despite increasing background check volumes over years 2 and 3.
- Checkr components in use for the composite include: SSN trace, national criminal search, sex offender search, global watchlist search, county criminal search, federal criminal search, motor vehicle record (MVR), the Checkr Assess adjudication suite, credit report search, clinic-based drug testing, and random drug testing.

Risks. Costs paid to Checkr may vary depending on the following:

- Checkr functionality or capabilities included in the contract.
- Annual background check volumes.

Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $1 million.

Costs To Checkr						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
E1	Annual contract value	Composite	$0	$400,000	$400,000	$400,000
Et	Costs to Checkr	E1	$0	$400,000	$400,000	$400,000
	Risk adjustment	↑5%				
Etr	Costs to Checkr (risk-adjusted)		$0	$420,000	$420,000	$420,000
	Three-year total: $1,260,000		**Three-year present value: $1,044,478**			

IMPLEMENTATION AND ONGOING MANAGEMENT

Evidence and data. Interviewees indicated that internal resources were responsible for assisting in the implementation of Checkr as well as ongoing management of the platform and vendor relationship.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- Three resources are responsible for both the initial implementation as well as ongoing management of Checkr. The costs associated with these resources includes a blended rate for both technology and business resources.
- The composite organization takes three months to implement Checkr, including the time required to integrate with back-end HR systems.
- Ongoing management time spent includes time spent by the same resources from both technology and the business in meetings with Checkr, managing the system internally, and providing training and license administration as needed.

Risks. Costs associated with implementation and ongoing management may vary depending on the following:

- The resources involved in the initial implementation as well as ongoing management activities.
- The level of integration required with back-end HR systems.

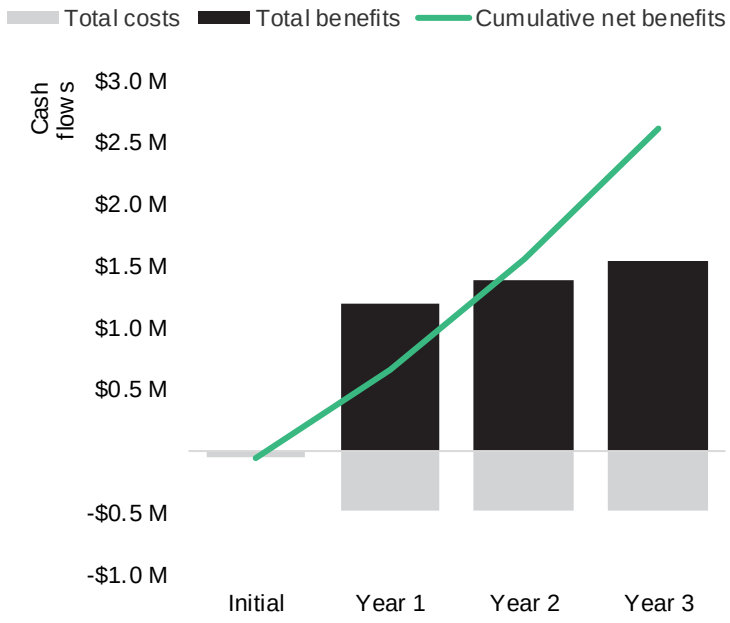
Results. To account for these risks, Forrester adjusted this cost upward by 5% yielding a three-year, risk-adjusted total PV (discounted at 10%) of $213,000.

Implementation And Ongoing Management						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
F1	FTEs involved in implementation and ongoing management	Interviews	3	3	3	3
F2	Monthly cost of FTEs dedicated to implementation	Composite	$6,000			
F3	Time dedicated to implementation (months)	Interviews	3			
F4	Implementation costs	F1*F2*F3	$54,000			
F5	Percent of resource time spent on ongoing management of Checkr	Interviews		25%	25%	25%
F6	Blended annual salary for an FTE involved in ongoing management of Checkr	Composite		$80,000	$80,000	$80,000
Ft	Implementation and ongoing management	(F1*F5*F6)+ F4	$54,000	$60,000	$60,000	$60,000
	Risk adjustment	↑5%				
Ftr	Implementation and ongoing management (risk-adjusted)		$56,700	$63,000	$63,000	$63,000
Three-year total: $245,700			**Three-year present value: $213,372**			

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)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	($56,700)	($483,000)	($483,000)	($483,000)	($1,505,700)	($1,257,850)
Total benefits	$0	$1,203,266	$1,380,911	$1,535,297	$4,119,474	$3,388,619
Net benefits	($56,700)	$720,266	$897,911	$1,052,297	$2,613,774	$2,130,769
ROI						169%
Payback						<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."

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.

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.

APPENDIX B: ENDNOTES

[1] 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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