

The Total Economic Impact™ Of ADP API Central

Cost Savings And Business Benefits Enabled By API Central

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

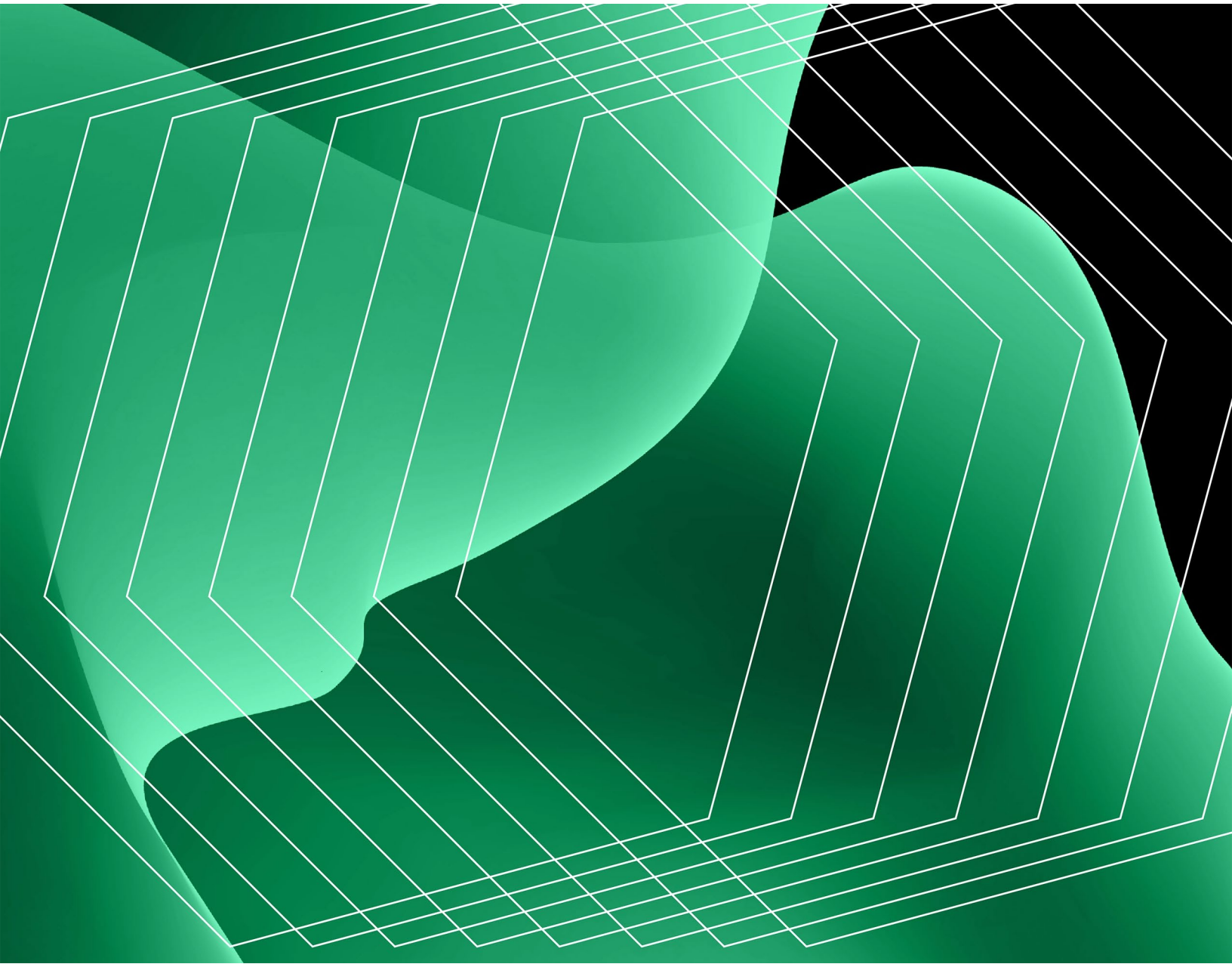


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Consulting Team:

Matt Dunham

ABOUT FORRESTER CONSULTING

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Executive Summary

As businesses continue to digitize, many organizations have accrued separate digital solutions to manage every step of their HR operations, such as payroll, time and attendance, onboarding, and development, as well as related business processes and analytics. While each solution may perform well individually, organizations often struggle to manage multiple tools, and data is often siloed in each platform. This is where application programming interfaces (APIs) come into play, enabling organizations to integrate different software systems so that data can flow between them. With products like ADP API Central, organizations can access a wide array of APIs to seamlessly integrate their HR, payroll, time and attendance, and other workforce management systems.

[ADP API Central](#) is a centralized platform for ADP clients to access and use a comprehensive set of APIs. These APIs enable integration between different business tools, allowing data to flow across different workforce management systems and eliminating data silos. By leveraging these APIs through API Central, businesses can streamline their IT and HR processes, gain real-time insights into HR metrics, and make informed decisions to drive organizational success.

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



Return on investment (ROI)

135%



Net present value (NPV)

\$141.4K

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed five decision-makers with experience using API Central. Using the experiences of the customer interviewees, Forrester created a single [composite organization](#) as a focus of the financial analysis. The composite organization has 1,500 employees and revenue of \$400 million per year.

EXECUTIVE SUMMARY

Some interviewees reported that prior to using API Central, their organizations built custom integrations and data connectors to link different workforce tools and platforms. Other interviewees reported that it was not economically viable for them to manually build these connections between their data endpoint systems, so data did not flow between different systems, and they were unable to automate processes that touched multiple tools.

Based on the customer interviews, Forrester assumes that before adopting API Central, the composite organization built manual integrations between certain systems, but did not integrate as many systems as they would have if they had easy access to APIs and associated developer resources.

After the investment in API Central, interviewees' organizations gained immediate access to APIs and comprehensive developer resources, enabling them to more easily integrate a greater number of systems. Organizations that were previously building custom integrations saw substantial time savings on connecting different systems. Organizations that were not previously integrating systems were now able to automate processes that involved multiple workforce management applications, which saved time on HR tasks such as managing employee payroll, benefits administration, onboarding, and offboarding. API Central also enabled interviewees' organizations to automate data transfer and synchronization, saving time on reporting and eliminating data errors.

KEY FINDINGS

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

- **IT time savings of 50% on integrating workforce management systems.** With API Central, the composite organization is able to complete integration projects — such as integrating a timekeeping tool with a payroll tool — with 50% less IT time compared to building custom integrations. Over three years and a cumulative total of 12 integration projects, the IT time savings are worth a risk-adjusted \$70,000 to the composite organization.
 - **HR productivity lift from using API Central to streamline onboarding and offboarding.** Once the composite organization's workforce management tools are connected with ADP's APIs, data on each system automatically updates and synchronizes, preventing HR staff from having to manually update different systems when employees join or leave the company. The composite organization's HR team
-

saves between 1.5 hours and 2.5 hours for each employee onboard or offboard, which amounts to \$97,000 in HR time savings over three years.

- **Improved reporting efficiency by 40% from data synchronization and elimination of data errors.** The composite organization's HR team devotes several hours each week to collecting and analyzing data related to employee engagement, workforce trends, recruitment, performance management, and other HR metrics. With API Central, the HR team is able to automatically pull and synchronize data across different workforce management systems, such as warehouse management tools, payroll tools, and employee demographic data tools. By automating the aggregation of this data — and eliminating data errors associated with manual data entry — API Central provides the composite organization with reporting time savings worth \$80,000 over the three-year analysis.

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

- **Improved information security and privacy.** Interviewees reported that API Central helped them reduce the amount of sensitive employee information contained in emails, lowering the risk of data being exposed. The interviewees also shared that ADP allowed them to restrict access to certain reports, further improving their security posture.
- **Cost savings from retiring legacy systems.** One interviewee reported that API Central was critical to enabling their migration from a more expensive HR suite of tools to ADP Workforce Now, leading to significant cost savings for the organization.
- **Ease of use.** Interviewees stated that with API Central, they were able to deploy APIs without relying on ADP's support teams. By enabling independent integration development, IT teams and developers were able to reduce the "start-and-stop" caused by system access limitations, allowing them to work at their own pace.
- **Accelerated system integration deployments and activations.** In addition to reducing the amount of employee labor required to connect systems, interviewees reported that they reduced the time to value of integrations. The faster deployment cycles allowed the interviewees' organizations to more quickly pursue initiatives that relied on data flowing between systems.

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

- **API Central licensing costs.** The composite organization incurs licensing costs based on the number of employees. Over the three-year analysis, the composite organization incurs risk-adjusted licensing costs of \$94,000.
- **Labor costs for implementing API Central.** Some internal effort is required to onboard the composite organization's developers and learn about API Central's development tools. One of the composite organization's employees spends three weeks implementing API Central. Labor costs for the composite organization's implementation process are \$11,000.

The representative interviews and financial analysis found that a composite organization experiences benefits of \$246,000 over three years versus costs of \$105,000, adding up to a net present value (NPV) of \$141,000 and an ROI of 135%.

Time savings on integrating different workforce tools

50%

“[With API Central], you’ve got time savings both from an HR and an IT perspective. You’ve got standardization of reporting, speed of reporting, and a reduction of errors.”

CIO, HEALTHCARE

EXECUTIVE SUMMARY



Return on investment
(ROI)

135%



Benefits PV

\$246.5K



Net present value
(NPV)

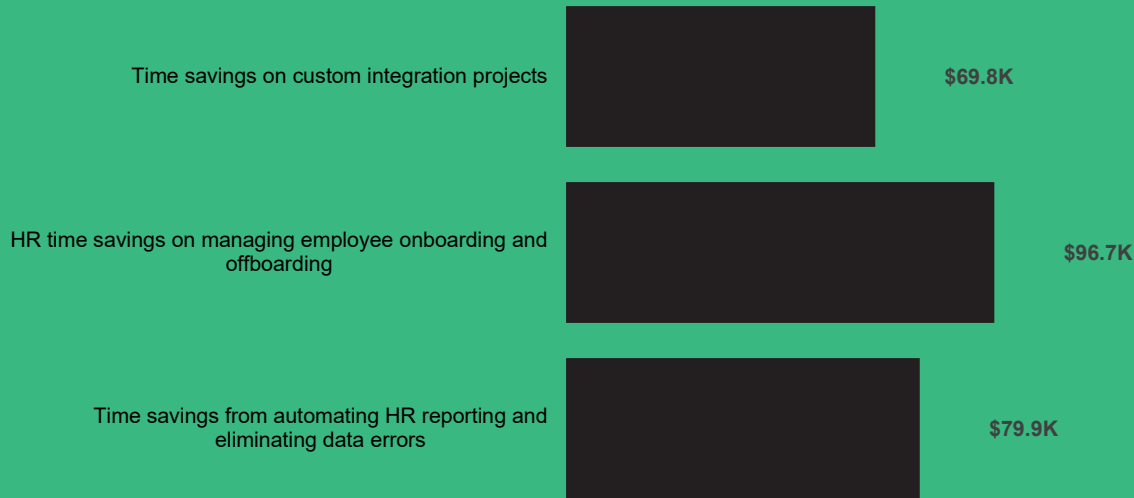
\$141.4K



Payback

<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 API Central.

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 API Central can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by ADP 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, as results will vary for different organizations. Forrester strongly advises that readers use their own estimates within the framework provided in the study to determine the appropriateness of an investment in API Central. For the interactive functionality using Configure Data/Custom Data, the intent is for the questions to solicit inputs specific to a prospect's business. Forrester believes that this analysis is representative of what companies may achieve with API Central based on the inputs provided and any assumptions made. Forrester does not endorse ADP or its offerings. Although great care has been taken to ensure the accuracy and completeness of this model, ADP and Forrester Research are unable to accept any legal responsibility for any actions taken on the basis of the information contained herein. The interactive tool is provided 'AS IS,' and Forrester and ADP make no warranties of any kind.

ADP 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.

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

Due Diligence

Interviewed ADP stakeholders and Forrester analysts to gather data relative to API Central.

Interviews

Interviewed five representatives at organizations using API Central to obtain data about costs, benefits, and risks.

Composite Organization

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

Financial Model Framework

Constructed a financial model based on 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 helps to provide a complete picture of the total economic impact of purchase decisions. Please see [Appendix A](#) for additional information on the TEI methodology.

The ADP API Central Customer Journey

Drivers leading to the API Central investment

Interviews			
Role	Industry	Annual Revenue	Employees
CIO	Healthcare	\$100 million to \$500 million	1,500
IT manager	Education	\$10 million to \$100 million	1,000
Software engineer	Construction	\$100 million to \$500 million	400
VP of digital technology	Agricultural technology	\$10 million to \$100 million	350
President	Manufacturing	\$10 million to \$100 million	200

KEY CHALLENGES

Some interviewees reported that prior to adopting API Central, they built custom data connectors and integrations to connect certain workforce management tools, but it was a labor-intensive process and often not economically viable to integrate tools. Other interviewees reported that they lacked the organizational bandwidth to build connections between any of these tools manually, so tools operated in silos and data did not flow between them. The interviewees noted how their companies struggled with common challenges, including:

- **Cumbersome process to connect data from different systems.** The interviewees' organizations that had previously built custom integrations between systems reported that their legacy integration process was time- and labor-intensive. Organizations wanted to connect data from disparate tools, such as their warehousing tool and their payroll tool, but building integrations required so much internal labor that they sometimes abandoned the projects. The IT manager at an educational institution described the challenge: "At one point we had manual integrations between these systems. If we were still doing that now, we'd need at least five more people: two people in HR to manage all

the information, a third person to check integrations hourly, and two more people for creating the integrations.”

- Unreliability of legacy systems.** One interviewee reported that before adopting API Central, their organization relied on a system from a different vendor to call APIs to update its business units. That system suffered frequent outages, resulting in disruptions to the business units that rely on those APIs. The president of a manufacturing firm stated: “One legacy API was down about 10% of the time. ... So we would run into problems where if you had a new employee, for instance, they couldn’t sign into our manufacturing system, and then as far as the hours and the time, that created problems with our costing system. ... All our systems start to fail when you don’t have the real-time data. If the API was down, it’d be a 10% less productive day.”
- Time-consuming employee onboarding and offboarding process.** Interviewees shared that because they were not able to integrate all of their workforce management systems, they had to manually update their systems every time an employee was onboarded or offboarded. Beyond the manual effort to manage onboarding and offboarding, interviewees reported that they were not able to effectively monitor metrics around onboarding and offboarding. The CIO at a healthcare firm noted: “Our turnover is high, and we were really struggling with metrics around retention, hiring, the type of people we were hiring, and what they were doing. What we were getting from our reporting just wasn’t working. We really wanted to see real-time data, especially with the rate that we were hiring people.”
- Lack of integration capabilities led to data being siloed across different platforms.** Because organizations did not have an efficient way to connect data from different systems, employee data was siloed across various tools such as benefits, payroll, time and attendance, and supply chain systems. These data silos hampered the organizations’ reporting processes, as they had to manually aggregate data from different systems to create reports. For example, a labor cost analysis would require data from both the time and attendance system and payroll portal, but there was no easy way to integrate these two systems before adopting API Central. Beyond the inefficiencies with reporting, the lack of integration and data synchronization capabilities led to HR and IT teams spending time manually updating systems. A software engineer at a construction firm described the impetus for adopting API Central: “[Our legacy] file transfer functionality was very unreliable and lacking, so we just did it when we

absolutely had to. ... The big initiative for adopting API Central was to get all of the data in sync across all of our different applications because we've got an ERP, we've got our sales tools, we've got our IT systems. [Previously], data would be out of date for months and no one would know about it."

"I wish we would have [adopted API Central] sooner. If you're leveraging ADP data through flat files and doing manual reporting or even doing your reporting in ADP itself, you're much better off using the APIs."

CIO, HEALTHCARE

INVESTMENT OBJECTIVES

The interviewees' organizations searched for a solution that could:

- Reduce the amount of IT time spent integrating disparate workforce management systems.
- Improve data accuracy and enable real-time synchronization between systems.
- Streamline HR tasks to reduce the time spent on managing moves, adds, or changes.
- Quickly generate reports to monitor key HR metrics, such as headcount, turnover, compensation, performance, benefits cost, and employee demographics.

COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework and an ROI analysis that illustrates the areas financially affected. Forrester used the five customer interviews to create the composite organization that 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 has 1,500 employees and annual revenue of \$400 million. Previously, the composite organization built custom integrations between some of its workforce management systems. Potential projects to build integrations between other systems required too much internal labor, so the composite organization did not bother integrating those systems, and data did not flow between them.

In its first year of using API Central, the composite organization completes six integration projects. As many of its integration needs are addressed in Year 1, the number of projects declines in subsequent years. The composite conducts four integration projects in Year 2 and two in Year 3.

Key Assumptions

1,500 employees

\$400 million annual revenue

Six API Central integration projects in Year 1

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 on custom integration projects	\$40,824	\$27,216	\$13,608	\$81,648	\$69,829
Btr	HR time savings on managing employee onboarding and offboarding	\$29,644	\$39,525	\$49,406	\$118,575	\$96,734
Ctr	Time savings from automating HR reporting and eliminating data errors	\$32,141	\$32,141	\$32,141	\$96,422	\$79,929
Total benefits (risk-adjusted)		\$102,609	\$98,882	\$95,155	\$296,645	\$246,492

TIME SAVINGS ON CUSTOM INTEGRATION PROJECTS

Evidence and data. Certain interviewees reported that prior to adopting API Central, they were building custom integrations or data connectors between workforce management systems. For organizations that were building integrations or data connectors, API Central sped up the integration process, allowing them to quickly pull and connect data from different systems.

- The president of a manufacturing organization described the need for data integration capabilities: “What we have is a manufacturing system that runs our operation, and that system requires data that includes employee information as far as time and attendance, hours worked, and data specific to their job role. That data is included in the ADP API, and it’s extracted throughout the day. We use that data to run our manufacturing system.”
- The CIO at a healthcare firm broke down some of the firm’s API Central use cases: “We pull timecards out of our tracking system, we pull data out of our recruitment and onboarding system, and we tie that into all of our ADP data. We pull all the stuff for our workers’ comp and tie that to our ADP data.”
- The CIO went on to say that pulling this data and building these connections is significantly quicker with API Central compared to the firm’s legacy approach: “It’s a 50% time savings. ... Sometimes, I’m saving over a week and a half or two weeks.”

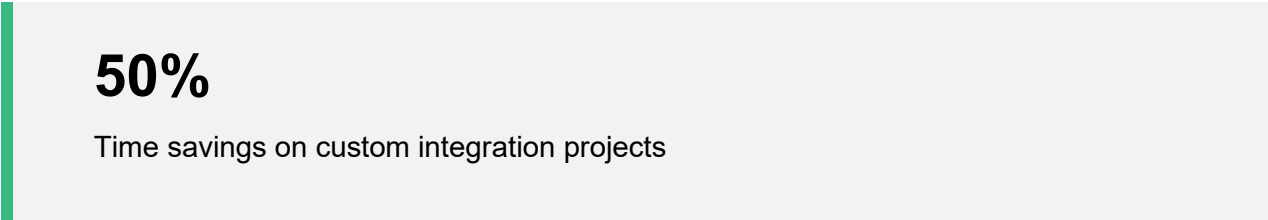
Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- The composite organization completes six integration projects in the first year of using API Central. As many of its integration use cases are delivered in Year 1, the composite conducts only four integration projects in Year 2 and two projects in Year 3.
- Prior to adopting API Central, integrating data from two systems would have taken the composite organization 10 days.
- A team of three IT employees devotes 75% of their time to each integration project.
- With API Central, the employee effort required for each integration project declines by 50%.
- Each IT employee has a fully burdened hourly rate of \$84.

Risks. Integration project time savings can vary based on:

- The organization's integration capabilities before adopting API Central.
- The number of integration projects pursued annually.
- The size of the IT team required for each integration project.
- The typical length of each integration project.
- The fully burdened hourly rate of IT staff.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of nearly \$70,000.



50%

Time savings on custom integration projects

“[API Central] provides the IT team with a lot more functionality. ... Having all of that data now available to us on the IT side has really helped us expand and make a lot of the processes more tailored to specific parts of the business, whether that’s accounting or sales.”

SOFTWARE ENGINEER, CONSTRUCTION

Time Savings On Custom Integration Projects					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Custom integration projects per year	Composite	6	4	2
A2	Days to integrate systems before ADP API Central	Interviews	10	10	10
A3	Employees working on each integration project	Composite	3	3	3
A4	Percentage of time dedicated to each integration project	Interviews	75%	75%	75%
A5	Time savings on custom integration projects with ADP API Central	Interviews	50%	50%	50%
A6	Fully burdened hourly rate of IT staff	Composite	\$84	\$84	\$84
At	Time savings on custom integration projects	$A1 \times A2 \times A3 \times A4 \times A5 \times A6 \times 8 \text{ hours}$	\$45,360	\$30,240	\$15,120
	Risk adjustment	↓10%			
Atr	Time savings on custom integration projects (risk-adjusted)		\$40,824	\$27,216	\$13,608
Three-year total: \$81,648			Three-year present value: \$69,829		

HR TIME SAVINGS ON MANAGING EMPLOYEE ONBOARDING AND OFFBOARDING

Evidence and data. Interviewees reported that before implementing API Central, they had to manually update all of their workforce systems whenever an employee was hired or left their organization. For organizations with lots of frontline workers and frequent turnover, updating their systems took much of their HR team’s time and sometimes led to new employees spending hours waiting for their accounts to be enabled. Interviewees shared that API Central

enabled their organization to automate data transfer and synchronization across different workforce systems, saving HR staff time on managing employee changes.

- The VP of digital technology at an agricultural technology firm described the streamlined onboarding and offboarding process with API Central: “On the HR side, the optimization really came from a lot of paperwork not having to be [manually] filed because we automatically process a lot of the employees through the APIs into our various systems. That saved time, not only for HR but on the tech side too. ... We automated the flow of information back and forth, including creating new users and updating their information to keep everything in sync. It probably saved us 5 to 10 hours a week of manual processing on the tech side.”
- The same interviewee continued, “We’ve seen time savings on user setups; changing user information when there’s been a change, which happens frequently; and disabling users if there is a termination.”
- A software engineer at a construction firm described how API Central prevented the firm’s HR team from having to manually update each system during an employee change: “HR would have to enter all this data into ADP and then go and enter it into all these subsequent systems. Now they’ll enter it once and we can sync it everywhere. ... We’re saving 5 hours per position change.”
- The IT manager at an educational institution reported that using API Central helped the IT team synchronize data across tools and set up a single sign-on system, which ensured that employees who left the firm quickly lost access to any systems: “You have access to the library with single sign-on. ... If you retire or quit, everything will be updated and synchronized within 15 minutes.”

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

- The composite organization has 1,500 employees.
- In any given year, 375 employees, or 25% of the total employee base, are either onboarded or offboarded.
- API Central enables the organization to automate data transfer and synchronization across different workforce systems, saving HR an average of 1.5 hours per onboard or

offboard in Year 1. As more systems are integrated with API Central in Years 2 and 3, the time saved per change increases to 2.0 hours in Year 2 and 2.5 hours in Year 3.

- HR team members have an average fully burdened hourly rate of \$62.

Risks. HR time savings on managing employee onboarding and offboarding will vary depending on:

- The number of employee changes per year.
- The number of workforce systems that require manual employee data entry.
- The fully burdened hourly rate of HR staff.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of nearly \$97,000.

Up to 2.5 hours

HR time savings for each employee onboarded or offboarded

“Every week, there are new employees, fired employees, and employees changing departments. Updating that is all automated now, so it has saved us a ton of setups.”

VP OF DIGITAL TECHNOLOGY, AGRICULTURAL TECHNOLOGY

HR Time Savings On Managing Employee Onboarding And Offboarding					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Employees onboarded or offboarded per year	Composite	375	375	375
B2	HR time savings on each onboard/offboard from improved data integration and data transfer with API Central (hours)	Interviews	1.5	2.0	2.5
B3	Fully burdened hourly rate of HR staff	Composite	\$62	\$62	\$62
Bt	HR time savings on managing employee onboarding and offboarding	B1*B2*B3	\$34,875	\$46,500	\$58,125
	Risk adjustment	↓ 15%			
Btr	HR time savings on managing employee onboarding and offboarding (risk-adjusted)		\$29,644	\$39,525	\$49,406
Three-year total: \$118,575			Three-year present value: \$96,734		

TIME SAVINGS FROM AUTOMATING HR REPORTING AND ELIMINATING DATA ERRORS

Evidence and data. Interviewees shared that they used API Central to automatically pull and synchronize data across different systems, which streamlined reporting. The automated process also eliminated data errors that accompany manual data entry, leading to additional time savings for HR staff.

- The CIO at a healthcare firm described how API Central overhauled the firm's reporting process, boosting the productivity of the HR team: "With the ADP APIs, it just makes it easier to be able to get real-time data. ... We're a metrics-driven company, so we had decks for our private equity team and our board that were pulled weekly, monthly, and quarterly. We've automated all of that, so there's definite time savings from the [HR] standpoint because they had to pull reports and cobble together information out of ADP to get any of those metrics. It's about 8 hours saved per week of reporting."
- The same interviewee went on to say that API Central allowed the firm not only to generate reports quicker but also to generate more insightful dashboards: "Reporting is much more dynamic now. We're doing a lot more things, tons of dashboards, and there is more granularity compared to what I could get out of the legacy reports. ... I can do things broken up by different managers and by different areas of the business. I just have more ways to slice and dice the data."

ANALYSIS OF BENEFITS

- Interviewees reported that employee time that was previously dedicated to cleaning up data errors could now be reallocated, since using API Central helped them eliminate manual data entry. A software engineer at a construction company said: “A big initiative [with API Central] was automating data entry to clean up data errors. Previously, for every three employees that got entered, the fourth one would be wrong in some way. API Central helps with keeping all that data correct and up to date in all of our various systems.”
- The VP of digital technology at an agricultural technology company verified that reporting capabilities enabled by API Central eclipsed the reporting of comparable solutions that the company had used previously: “The benefit of API Central [compared to other tools] is that you get a lot more information out that you can use for reporting. ... It also improved our data quality by almost 100%.”

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

- The composite organization has a 20-person HR team.
- Each HR team member devoted 6 hours per week to reporting in the prior environment.
- By leveraging API Central’s reporting capabilities and eliminating data errors, the composite organization is able to reduce the amount of time spent on reporting by 40%.
- Each HR team member has a fully burdened hourly rate of \$62.

Risks. The HR time savings on reporting will vary depending on:

- The size of the HR team and the number of hours required for data aggregation and cleaning prior to adopting API Central.
- The organization’s reporting cadence.
- The fully burdened hourly rate of HR staff.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$80,000.

Time Savings From Automating HR Reporting And Eliminating Data Errors					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Total HR team members	Composite	20	20	20
C2	Hours each HR team member devotes to reporting per month	Composite	6	6	6
C3	HR reporting time savings from automatic aggregation of data and elimination of data errors	Interviews	40%	40%	40%
C4	Fully burdened hourly rate of HR staff	B3	\$62	\$62	\$62
Ct	Time savings from automating HR reporting and eliminating data errors	$C1 \times C2 \times C3 \times C4 \times 12$ months	\$35,712	\$35,712	\$35,712
	Risk adjustment	↓10%			
Ctr	Time savings from automating HR reporting and eliminating data errors (risk-adjusted)		\$32,141	\$32,141	\$32,141
Three-year total: \$96,422			Three-year present value: \$79,929		

40%

Time savings on HR reporting

“The reporting is more standardized and accurate. Obviously, there [are] no mistypes or any of that stuff that happens when you’re doing manual reporting. You see consistency and a reduction of errors.”

CIO, HEALTHCARE

“The benefit of API Central [compared to other tools] is that you get a lot more information out that you can use for reporting. ... It also improved our data quality by almost 100%.”

VP OF DIGITAL TECHNOLOGY, AGRICULTURAL TECHNOLOGY

UNQUANTIFIED BENEFITS

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

- **Improved information security and privacy.** The interviewees shared that because API Central allowed data to flow across systems through APIs, it minimized the amount of sensitive employee data that was shared in emails, reducing the likelihood of sensitive data being breached. Interviewees also stated that API Central helped their firms prevent former employees from accessing any sensitive workforce systems, as organizations were able to automatically revoke their access to each system after they left the organization. The VP of digital technology at an agricultural technology firm described the benefit: “As we deactivate and modify employees in the HR system, it keeps every other system up to date since it’s our single source of truth on employee activity. We’re able to keep a tight clamp on what information is being distributed, and people get access cut off immediately when they’re terminated. There’s a lot of peace of mind that I haven’t tried to quantify, but I can say that [based on] past security-related events, they can cost you a lot of money.”
- **Ease of use.** Interviewees stated that with API Central, they were able to connect applications and deploy APIs without relying on ADP’s support teams. This newfound independence allowed IT teams and developers to eliminate the interruptions and delays that often impeded the deployment cycle, enabling them to work at their desired pace. The CIO at a healthcare organization said: “We don’t have to reach out to ADP support anymore. ... The tool is very straightforward to use. Once they got it set up and going

and we had credentials and everything else, we've never had to ask another question. We've never had to put a support ticket in. The ease of use is fantastic."

- **Accelerated system integration deployments.** Interviewees noted that API Central's value was not just about reducing the amount of employee time dedicated to connecting systems; they also were able to deploy the integrations earlier than would have otherwise been possible. As projects were completed sooner, organizations could more quickly pursue initiatives that were dependent on the integration of multiple systems. For example, if an organization had a warehouse cost optimization measure that required data to flow between warehouse and payroll systems, the faster integration process enabled them to start the initiative earlier than they would be able to otherwise.

"It's easy to use and easy to integrate with all our applications."

IT MANAGER, EDUCATION

"As we deactivate and modify employees in the HR system, it keeps every other system up to date since it's our single source of truth on employee activity. We're able to keep a tight clamp on what information is being distributed, and people get access cut off immediately when they're terminated."

VP OF DIGITAL TECHNOLOGY, AGRICULTURAL TECHNOLOGY

Interview Spotlight

How API Central Enabled A Cost-Cutting HR Migration

The president of a manufacturing organization reported that the organization had been using a legacy system to manage its HR processes, including payroll, benefits administration, and employee data management. While the legacy HR system was functional, its licensing costs were becoming increasingly expensive to maintain. When ADP released API Central, the interviewee's organization recognized that ADP now had all of the integration and reporting capabilities of its legacy HR system and decided to migrate to ADP Workforce Now.

The same interviewee shared that the migration to ADP Workforce Now proved to be a significant cost-saving move. The organization's monthly licensing costs with ADP Workforce Now are more than 25% lower than their legacy HR system costs. In addition, the interviewee reported that API Central is more reliable than the legacy system: "The API works very well, and I don't have any downtime to speak of. Compared to our previous tool, it's been more responsive, and I have much better access to data."

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
Dtr	ADP API Central licensing costs	\$0	\$37,800	\$37,800	\$37,800	\$113,400	\$94,003
Etr	Labor costs for implementing API Central	\$11,088	\$0	\$0	\$0	\$11,088	\$11,088
Total costs (risk-adjusted)		\$11,088	\$37,800	\$37,800	\$37,800	\$124,488	\$105,091

ADP API CENTRAL LICENSING COSTS

Evidence and data. Interviewees reported that they incurred API Central licensing costs from ADP based on their employee count.

Modeling and assumptions. The composite incurs licensing costs of \$36,000 per year. Pricing may vary. Contact ADP for additional details.

Risks. Licensing costs will vary depending on the number of employees at the organization.

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 \$94,000.

“[API Central] is inexpensive for the benefit that we get out of it.”

CIO, HEALTHCARE

ADP API Central Licensing Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
D1	Total employees	Composite		1,500	1,500	1,500
D2	Per-employee per-month licensing costs	ADP pricing		\$2	\$2	\$2
Dt	ADP API Central licensing costs	D1*D2* 12 months	\$0	\$36,000	\$36,000	\$36,000
	Risk adjustment	↑5%				
Dtr	ADP API Central licensing costs (risk-adjusted)		\$0	\$37,800	\$37,800	\$37,800
Three-year total: \$113,400			Three-year present value: \$94,003			

LABOR COSTS FOR IMPLEMENTING API CENTRAL

Evidence and data. While organizations have access to API Central immediately after purchasing it, interviewees reported that some employee time was required to prepare their team to use API Central, including time for meeting with ADP, configuring the APIs, setting up the security controls, and provisioning and training users. Most of the interviewees' organizations were fully operational with API Central within a few weeks.

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

- The composite organization devotes one IT employee to implementing API Central over the course of 15 days.
- The IT team member has a fully burdened hourly rate of \$84.

Risks. Total implementation costs will vary depending on:

- The organization's legacy HR environment, including whether it had a legacy ADP deployment.
- The fully burdened hourly rate for IT staff.

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 \$11,000.

“Once you get the connection going and have somebody internally who can work with APIs and understands data and pipelines, it is super simple.”

CIO, HEALTHCARE

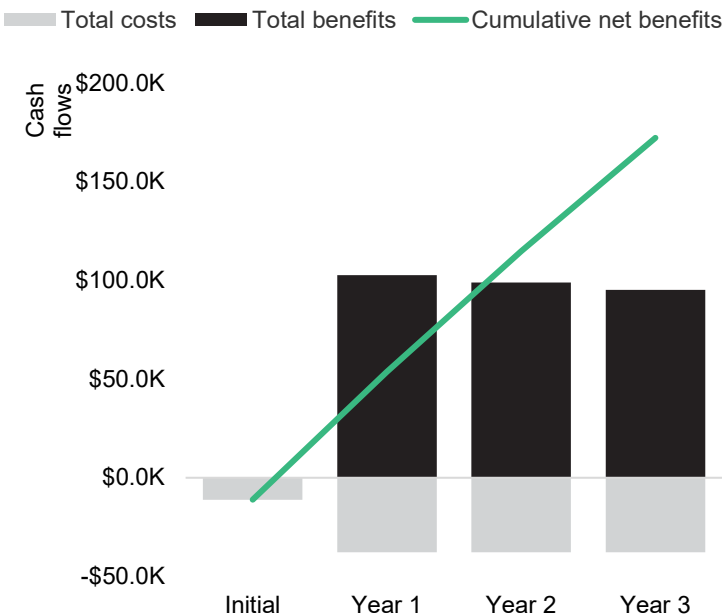
Labor Costs For Implementing API Central

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
E1	Length of implementation process (days)	Interviews	15			
E2	Employees involved in implementation process	Interviews	1			
E3	Fully burdened hourly rate of IT	A6	\$84	\$84	\$84	\$84
Et	Labor costs for implementing API Central	$E1 \times E2 \times E3 \times 8$ hours	\$10,080	\$0	\$0	\$0
	Risk adjustment	↑10%				
Etr	Labor costs for implementing API Central (risk-adjusted)		\$11,088	\$0	\$0	\$0
Three-year total: \$11,088			Three-year present value: \$11,088			

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	(\$11,088)	(\$37,800)	(\$37,800)	(\$37,800)	(\$124,488)	(\$105,091)
Total benefits	\$0	\$102,609	\$98,882	\$95,155	\$296,645	\$246,492
Net benefits	(\$11,088)	\$64,809	\$61,082	\$57,355	\$172,157	\$141,401
ROI						135%
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 solution providers in communicating their value proposition to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of business and technology initiatives to both senior management and other key business stakeholders.

Total Economic Impact Approach

Benefits represent the value the solution delivers to the business. The TEI methodology places equal weight on the measure of benefits and costs, allowing for a full examination of the solution's effect on the entire organization.

Costs comprise all expenses necessary to deliver the proposed value, or benefits, of the solution. The methodology captures implementation and 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. 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 C: ENDNOTES

¹ Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists solution providers in communicating their value proposition to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of business and technology initiatives to both senior management and other key stakeholders.



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