FORRESTER®

The Total Economic Impact™ Of Paycom Beti
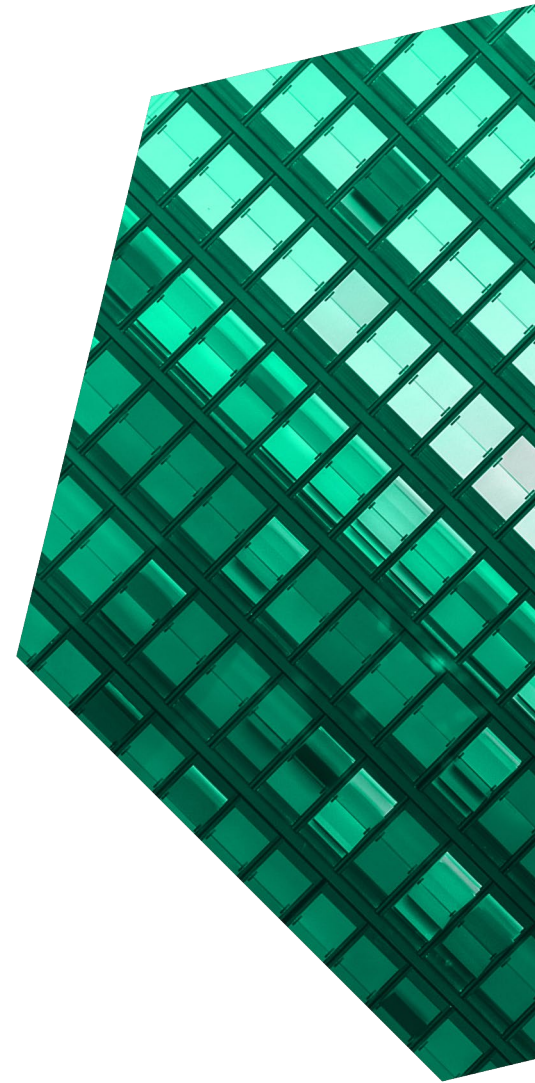
Cost Savings And Business Benefits
Enabled By Paycom Beti

June 2023

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Executive Summary

How much do your employees trust you? Employees in high-trust organizations are more productive, have more energy at work, and stay with their employers longer than people working at low-trust companies.[1] Payroll and HR systems are critical pieces in the trust equation yet are often overlooked or under resourced. Investing in a modern, connected payroll and HR system can drive efficiencies for those teams and, more importantly, improve other key business metrics like employee retention, engagement, trust, and culture.

Paycom is a cloud-based HR and payroll platform designed to enable employees to review their paycheck before it is paid to notify payroll of any potential errors, questions, or inconsistencies. Payroll and HR professionals can leverage a single platform for all HR and payroll related tasks and build automation to reduce manual workloads throughout the employee life cycle. Employees have a single application that covers all of the potential touch points and interactions with their employer, removing barriers to asking questions and seeking information while promoting behaviors that save the business time and money like approving paychecks and managing benefits on Paycom. Beti® is Paycom's latest product that automates payroll processing, flags any potential errors or questions before payroll is run, and can guide employees through tasks like managing, troubleshooting, verifying, and approving their own paycheck.

Paycom commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential benefits that enterprises may realize by deploying Paycom and Beti.[2] The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Paycom and Beti on their organizations.

KEY STATISTICS

Three-year benefit (NPV)
$3,775,365

Reduced labor to process payroll
90%

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed five representatives with experience using Paycom and Beti. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single composite organization that is a consumer services organization with 70 U.S.-based locations, 2,500 employees, and multiple pay structures.

Prior to using Paycom and Beti, these interviewees noted how their organizations used a combination of other HR and payroll tools, spreadsheets and paper. These systems left them with a high number of manual tasks, including inputting the same data into multiple, disconnected systems, overburdened payroll and HR teams performing all the manual tasks, and a poor employee experience, especially for any workers who experienced issues with their check. After the investment in Paycom and Beti, the interviewees consolidated their legacy HR and payroll

Reduced time spent correcting payroll errors by **85%**

systems into Paycom and use Beti to automate many of the formerly manual tasks. Key results from the investment include efficiency gains for HR and payroll teams, allowing them to focus on adding value to the business and building out better benefits for workers and the ability to consolidate multiple legacy systems onto a single platform, reducing the number of vendors in the environment and simplifying IT.

KEY FINDINGS

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

- **Payroll process efficiency improvements reduce time spent compiling data by 90% and time spent reviewing and correcting errors by 85%.** Payroll teams can automate payroll processing, removing the task of compiling data from multiple systems and running reports. Additionally, paycheck errors are flagged by Beti and by employees before checks are cut, allowing payroll professionals to correct the errors ahead of time and all in the same platform, a much simpler and more reliable process than using disparate legacy systems. Automating manual payroll tasks and reducing the number of off-cycle checks results in $722,000 in savings.

- **Efficiency gains for HR and accounting teams save over 2,600 hours per year.** With a single platform for HR and payroll, accounting teams have a much easier time reviewing payroll and making any necessary adjustments for any check misprints or payroll errors. Additionally, consolidating multiple systems into Paycom significantly reduces manual work for HR teams specifically related to benefits and open enrollment, hiring and termination, garnishments and taxes, and fielding employee questions. HR and accounting team efficiencies represent $482,000 in savings.

- **Consolidating and removing legacy systems saves $2.3 million over three years.** By

consolidating multiple legacy payroll and HR systems onto a single platform, the composite organization was able to reduce the complexity and management burden for IT and significantly reduce the number of licenses needed to successfully run payroll and HR. Additionally, legacy systems were not interconnected so consolidating systems improved overall performance.

- **Paycom customer services provide $276,000 in value.** As part of their contract, the composite organization receives dedicated support from Paycom to help with all kinds of initiatives from building out additional authorization or custom reporting capabilities to troubleshooting an issue. Paycom support representatives have access to a number of additional resources within Paycom and do not require a ticket or case to provide support.

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

- **Improved employee engagement and retention.** Paycom and Beti provide employees with a single source of truth for all employment related items. Employees can quickly and easily make corrections to their paycheck (provided the changes fall within parameters), flag any issues or errors, and are no longer required to visit an office in order to discuss or resolve issues. Managers realize efficiency gains by having Paycom as the single source of truth for all payroll-related data so they can communicate with employees, review change requests, and submit approvals all from the same application.

- **Improved employee trust.** With the ability to review and update paychecks ahead of time, employees have much more visibility into their total compensation and their specific paychecks, and can personally review any benefits,

deductions, taxes or other items that impact payroll.

- **Efficiency gains for payroll and HR allow those teams to positively impact the business.** Introducing automation frees up time for both payroll and HR teams, allowing them to break out of the weekly payroll cycle to work on mission-critical tasks and executive strategies such as performing investigations, building out additional benefits for employees, or entering new markets.

- **Improved culture and organizational knowledge about benefits, pay, and following best practices.** With employees reviewing their paychecks, they are more likely to follow best practices like clocking in and clocking out, reducing the burden on the payroll team to investigate and correct paychecks. Additionally, when employees review the specific benefits they receive as part of their paycheck, they become more aware of the value of those benefits and improve their financial literacy by engaging with the factors that impact their pay. Employees initially use Paycom to review checks, but because everything is housed in the same application, employees end up engaging with more modules overall because they are easily accessible through the Paycom app.

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

- **Deployment costs.** The composite organization spends about 3 months consolidating legacy systems into Paycom and deploying the platform for all workers. After three months, the entire Paycom system is deployed and Paycom works with the composite organization to ensure that the first payroll runs smoothly.

The representative interviews and financial analysis found that a composite organization experiences benefits of $3.8M over three years.

> **"The apprenticeship program has been started, the internship program has been started, the whole director of career outreach position has been created within the last two and a half years. For years, before Paycom and Beti, we were a very small HR team and so we didn't have the bandwidth to develop these programs."**
>
> *VP of HR, healthcare*

EFFICIENCY GAINS PROCESSING PAYROLL ERRORS AND INVESTIGATIONS
85%

EFFICIENCY GAINS FOR HR AND ACCOUNTING PROCESSING PAYROLL
80%

HOURS SAVED BY HR ANNUALLY
2,600+
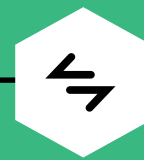
VALUE OF DEDICATED PAYCOM SUPPORT
80% FTE

Benefits (Three-Year)

Efficiency gains for payroll team	$722K
Efficiency gains for HR and accounting teams	$482K
Cost savings from consolidating legacy systems	$2.3M
Paycom services	$276K

"If a company comes online today with Paycom [and Beti] and they go through the full integration, and they have a leadership team that understands the value that Paycom can deliver, they're going to come out with a great product."

— Director of payroll, manufacturing

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 Beti.

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 Beti can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Paycom 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 Beti.

Paycom 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.

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

DUE DILIGENCE
Interviewed Paycom stakeholders and Forrester analysts to gather data relative to Beti.

INTERVIEWS
Interviewed five representatives at organizations using Beti to obtain data with respect to costs, benefits, and risks.

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

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

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

The Paycom Beti Customer Journey

Interviews			
Role	**Industry**	**Region**	**Number Of Employees**
Payroll director	Manufacturing	USA	583
VP of total rewards and systems	Consumer Services	North America	3,300
Payroll manager	Consumer Services	North America	2,000
VP of payroll	Healthcare	North America	2,100
VP of HR	Healthcare	North America	2,100

KEY CHALLENGES

The interviewees' organizations previously relied on multiple vendors for their payroll, HR, scheduling, and other systems. Since these systems did not communicate, many payroll and HR tasks would involve time-consuming manual processes such as copying data from one system and inputting it into another. The interviewees also mentioned that they did not receive adequate support from their previous vendor to create new benefits, modify existing fields, and adapt to business needs. All these challenges led to payroll and HR teams being overburdened and stuck performing the same manual processes over and over each pay period.

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

- **Poor employee experience.** Employee experience is a key driver of employee engagement, success, and retention.[3] A payroll manager in the consumer services industry said, "I think what's worse than even the numbers and labor hours we were spending on payroll was the credibility loss of our employees. If there was a payroll error, an employee had to wait until Friday, figure out what they were missing because there was no comparison tool like Beti gives you, and then work with us to get all the

> **"Both of us were kind of working seven days a week. But [now with Beti], we can get everything done in a normal work week."**
>
> *VP of payroll, healthcare*

correct approvals. So, the employee is now spending their off-time ensuring they were properly paid for the work they did."

- **Manual processes for payroll and HR.** Before Paycom, the payroll process was filled with time-consuming manual tasks, ranging from manual data entry to pulling reports and consolidating information between systems. A payroll director in the manufacturing industry explained that before implementing Paycom, "Once a month, you would get a bill from the insurance company and a person would literally sit in the office with a ruler and cross out on paper who was terminated, put the termination date, and then fax it over to our healthcare provider and then they would go to the system and manually delete them out of the system. Paycom's termination feature

automatically generates their last check so all that manual work is gone." These types of laborious tasks led to payroll and HR teams being overburdened and in many cases requiring them to work overtime to complete payroll on time each cycle.

- **Complex and disconnected legacy systems.** Before Paycom, interviewees said that they had multiple systems to handle scheduling, payroll, benefits, and more. These different systems siloed data, which led to inefficiencies such as manually needing to pull reports from one system to enter that same data into a different system. A VP of HR in the health care industry said, "We were doing a lot more pulling of manual reports to submit to places. If somebody got terminated and we needed to take out the second half of the month, then we were manually adjusting deductions. That is a much smoother process in Paycom."

- **Understaffed and overburdened teams.** Before switching to Paycom, payroll and HR professionals were constantly under a time crunch to get payroll out every cycle without errors. This process involved many manual tasks and working with disparate systems forcing employees to spend time on tasks that could be automated, such as gathering and compiling data. Additionally, due to the manual processes and disparate systems, employees and managers were also forced to spend valuable time submitting, investigating, and approving change requests and errors across different systems.

- **Bad customer experience with prior vendors.** Before switching to Paycom, interviewees struggled with the lack of support provided by their previous vendor. A VP of HR in the health care industry explained that they did not receive the quality of customer service from their previous vendor that was needed to be

successful. They said "We were unhappy with our previous provider's customer service. They had a 1-800 number that you called into, and you sat on hold for a pretty exceptional amount of time. You didn't have a dedicated sales rep or dedicated account rep to help you."

> **"If it wasn't for a lot of the things that we're able to do in Paycom, we would definitely not be able to have just two people processing payroll. We would need four or five people in payroll."**
>
> *Head of payroll, healthcare*

WHY PAYCOM?

Interviewees noted the reasons why they ultimately selected Paycom for their payroll and HR solution.

- **Improve employee experience and engagement.** Interviewees chose Paycom because of Paycom's focus on creating a positive employee experience when it comes to getting paid and driving employee technology adoption. Paycom gives employees a single platform for all interactions with their employer, and gives managers, payroll, and HR teams a single, connected platform to work from. A key feature of Paycom is the ability for employees to review their paycheck before it is finalized and notify the payroll team of any potential errors. Workers can then track progress to ensure their check is corrected before payday, and in some cases, employees or managers can make corrections themselves, given the correction falls within specific guidelines.

Giving employees a chance to review and approve checks engages employees in the payroll process in a new way, and interviewees reported overwhelmingly positive feedback from their workers. Additionally, by leveraging Paycom to review paychecks, employees organically discover the other capabilities and modules and interviewees reported higher employee engagement in other areas like open enrollment, benefit usage, and internal surveys.

A VP of total rewards and systems in the consumer services industry said, "I think the more transparency you have, the better, because the employees realize that they are also partly responsible for their pay. So, if [an employee] is not punching in, if they are not putting in punch change requests, putting the onus on them is not actually a burden. It's empowering them to say, 'Oh, wow. I did forget this, and I can change it before I even get paid.'"

- **Automating processes that previously had to be done manually.** Prior to Paycom, payroll, HR, and other systems were not interconnected, so payroll and HR teams were unable to automate even simple tasks like updating multiple systems simultaneously when an employee was terminated. With Paycom, data is linked and updates across all modules in real time, reports can be automated, and anyone can access the data they need directly from the app or desktop, eliminating the manual steps and driving efficiency.

- **Improved support and experience for payroll professionals.** Payroll and HR teams were looking for a vendor that would be responsive and assist them when help was needed creating new benefits or making other changes to their system. A VP of total rewards and systems in the consumer services industry said, "We needed to respond to a lot of things very quickly and now, with Paycom, there are no tickets, there is no

waiting, there is no voting on a feedback item. Those are all things that we were experiencing with our previous vendor. Now we have someone that's actually listening, and we have a partner that's brainstorming with us."

- **Having an interconnected platform.** Prior to Paycom, interviewees had multiple systems to handle their scheduling, payroll, and benefits. Interviewees looked to consolidate these systems into one so that data was not siloed in different systems but was sharable and accessible where needed. A VP of total rewards and systems in the consumer services industry said, "We wanted one platform, and that was one of the biggest parts of our RFP, 'How are you going to engage our employees differently?' Not just on the HR data, but we wanted a system where anyone can change their address, for example. Of course, we want the address change to be easy, but we also wanted a way to push out information that could span company policies, trainings, benefits, or anything new."

> **"One of the biggest retention tools is to have really engaging technology, and that is what we now have with Paycom and Beti."**
>
> *VP of total rewards and systems, consumer services*

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 five 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 U.S.-based consumer services organization with 70 locations and 2,500 total employees distributed throughout the USA. Each location has a combination of pay structures including salaried and hourly employees and accommodates shift differentials, commissions, and other complex payroll structures. The organization operates in multiple states and payroll is processed and distributed from a centralized location.

Deployment characteristics. The composite organization adopts Paycom and Beti across all locations simultaneously, instructing all employees to download the mobile app and register. Employees are paid biweekly, but payroll is processed weekly due to different pay schedules at the various locations.

Key Assumptions

- **U.S.-based with 70 locations**
- **2,500 employees**
- **Multiple pay structures**
- **Process payroll weekly**

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	Efficiency gains for payroll team	$290,274	$290,274	$290,274	$870,823	$721,869
Btr	Efficiency gains for HR and accounting teams	$193,648	$193,648	$193,648	$580,944	$481,574
Ctr	Cost savings from consolidating legacy systems	$923,400	$923,400	$923,400	$2,770,200	$2,296,359
Dtr	Paycom services	$110,808	$110,808	$110,808	$332,424	$275,563
	Total benefits (risk-adjusted)	$1,518,130	$1,518,130	$1,518,130	$4,554,391	$3,775,365

EFFICIENCY GAINS FOR PAYROLL TEAM

Evidence and data. With Paycom and Beti, previously manual processes are now automated, removing payroll professionals from the repetitive payroll cycle, and giving them time to work on projects that add value to the organization and employees.

- Prior to Paycom and Beti, interviewees reported feeling understaffed and would consistently work long hours in order to process the payroll on time and as accurately as possible.

   The director of payroll in the manufacturing industry explained, "Before we launched Beti, I would come in on Monday mornings and start the payroll at 7 a.m. and work until 10 p.m. And then on Tuesday mornings, I would come in at 7 a.m. and work right up until the deadline trying to make sure everything was correct. Since we've launched Beti, I'm down to 90 minutes and that's for both salary and hourly. So huge, huge time savings."

   The head of payroll in the healthcare industry explained how they save time with Beti: "Beti is set up on a schedule that I create, so every other Monday, it pulls all of that data automatically at

10 a.m. It saves me time from having to go and create all of these different time and attendance datasets. At 10 a.m., all the payroll information is automatically in there. It's already pulled."

- Once payroll was processed, interviewees described the tedious process of auditing for any errors and ensuring that taxes, garnishments, and any other requirements were being properly met and accounted for.

   The VP of total rewards and systems in the consumer services agency explained how Beti helped; "When you're processing payroll, you actually get to see a comparison of this week's payroll compared to last week, and it shows you flags of what you should be looking at. It also gives you alerts at the top that say, 'You might want to check these people out. They have a net zero check or were terminated and probably shouldn't be pulled into the payroll.'" With Paycom and Beti, payroll professionals now have a single platform and a single source of truth for all payroll and HR related data and a platform that can automatically compile reports and process payroll.

- A key challenge for interviewees was dealing with errors or changes that needed to happen after checks are printed. Some common types of errors that interviewees cited include punch change requests (when an employee's number of hours worked is incorrect) and miscalculated time off or vacation requests—both scenarios require multiple sign-offs from the employee and their manager. The ability to flag errors and handle all communications and sign-offs within Paycom was a boon to interviewees and a key way that Paycom helps improve the experience for employees.

  The payroll manager in the consumer services industry explained, "It was a lengthy process if we had to go investigate a payroll error, whereas now with Beti, it gives us time to fix any errors before the payroll is actually broken."

  The VP of total rewards and systems in the consumer services agency shared, "We've caught a lot of errors and we are fixing their pay using the Approve My Check feature before they're getting paid, so we don't have to do any additional work. No retro payments or anything like that. Removing the off-cycle checks is a pretty big deal for us."

"So, it's almost doing the high-level associate work for you and our associates then get to do a lot more of the investigation because all of these things are flagged already, cutting down their processing time."

Payroll director, consumer services

Modeling and assumptions. For the financial model, Forrester assumes:

- Prior to Paycom and Beti, payroll professionals spent 15 hours per week gathering the data and reports needed to process payroll. They would also spend 100 hours weekly reviewing employee paychecks, investigating, and processing any errors, and an additional 5 hours per week printing off-cycle checks.

- With Paycom and Beti, processing payroll is now automated, reducing the time payroll professionals spend on collecting data and processing payroll by 90%.

- With Paycom acting as a common platform across HR and payroll, the number of payroll errors is reduced, along with the time and manual effort required to investigate an error.

  Additionally, employees can flag any issues prior to paychecks being cut, allowing the payroll team to make corrections and avoid off-cycle checks. Automation and process efficiencies reduce the time spent on payroll errors by 85%.

- The total cost to print off-cycle checks and mail them to employees is $100 per week.

- The hourly, fully burdened salary for a payroll specialist is $70 per hour.

- Employees will recapture 80% of the time saved for productive work.

Risks. The results of this benefit may vary due to:

- The legacy payroll and HR systems in place.

- The complexity of your current payroll including taxes, garnishments, overtime, union dues, etc.

- Employee adoption.

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 $722,000.

Efficiency Gains For Payroll Team

Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Hours spent on compiling and processing payroll prior to Paycom/Beti (weekly)	Composite	15	15	15
A2	Time savings — up-front data collection and payroll processing (weekly)	Interviews	90%	90%	90%
A3	Hourly fully burdened salary for Payroll specialist	Composite	$70	$70	$70
A4	Subtotal: Efficiency gains for initial payroll process	A1*A2*A3*52	$49,140	$49,140	$49,140
A5	Hours spent reviewing and correcting payroll errors prior (punch change requests, time off changes, etc.)	Composite	100	100	100
A6	Time savings reviewing and correcting Payroll errors	Interviews	85%	85%	85%
A7	Subtotal: Reduced number of errors and effort to correct payroll errors	A5*A6*A3*52	$309,400	$309,400	$309,400
A8	Hours saved processing off-cycle checks	Composite	5	5	5
A9	Cost to re-run checks (printing and shipping)	Composite	$100	$100	$100
A10	Subtotal: Avoided off-cycle checks	((A8*A3)+A9)*52	$23,400	$23,400	$23,400
A11	Productivity recapture	Composite	80%	80%	80%
At	Efficiency gains for payroll team	(A4+A7+A10)*A11	$305,552	$305,552	$305,552
	Risk adjustment	↓5%			
Atr	Efficiency gains for payroll team (risk-adjusted)		$290,274	$290,274	$290,274
	Three-year total: $870,823		Three-year present value: $721,869		

EFFICIENCY GAINS FOR HR AND ACCOUNTING

Evidence and data. HR professionals also reap the benefits of a consolidated, single platform for HR and payroll. With Paycom, HR professionals have a single platform to manage all aspects of the employee life cycle from onboarding and termination to benefits tracking and enrollment and employee self-service, and can build automation to reduce manual tasks and reduce risk.

- Prior to Paycom and Beti, processing payroll was an "all hands on deck" activity that included resources from HR, accounting and payroll. HR teams often aided in investigations and helped audit benefits while accountants were required to sign off on any changes to paychecks, including updating hours through punch change requests, adjusting vacation hours or properly applying garnishments.

The head of payroll in the hospitality industry explained the efficiencies gained through employees auditing and approving their own checks; "Employees are able to see right away if they feel like they are missing hours, and usually those are corrected before we submit payroll which means we then don't have to get payroll accounting and our receptionist involved in creating a manual check and mailing it to the location."

- Beyond payroll processing, HR professionals realize significant efficiency gains from leveraging Paycom as their single platform. By integrating many different systems including payroll, benefits, garnishments, taxes, onboarding and terminations, and employee self-service among others, HR professionals reduce or eliminate many of the annually repetitive tasks and can focus their time and energy adding value to their business and advocating for additional benefits for employees.

  The VP of total rewards and systems in the consumer services industry explained how their team is no longer required to prepare the annual total compensation statement; "It was three people working on it for a month and a half before open enrollment. Now [with Paycom], it is off their plate. All we do is communicate it through a Paycom push to remind people once a year to go and look at their open enrollment options, but they can really look at it anytime they want. It's so cool."

- Hiring and terminations were a particularly time-consuming process for interviewees, especially in industries with high turnover and a large percentage of hourly workers. With Paycom, managing all of that turnover became easier for HR employees because hiring activities were all contained in the Paycom platform, and organizations built automation into the termination process, reducing manual steps and improving speed and therefore security.

  The VP of HR in the hospitality industry explained, "Anytime someone is terminated, that is automatically being pushed out to our carriers so that they can turn off benefits at the end of the month and initiate COBRA for us. This used to be all manual, so all of those things that have taken my people out of the equation have definitely saved us time."

- A key factor with Paycom versus the legacy systems was the reduced number of reports that needed to be run. The VP of total rewards and systems explained, "We are running 300 fewer reports on Paycom versus our legacy system. And with Paycom, you don't need to be a technician to create a simple report. You don't have to have SQL coding experience. Our HR business partners can run reports with no problem."

- While Paycom did not completely eliminate the labor associated with benefits, garnishments, taxes, etc., the time savings enabled by Paycom allowed interviewed organizations to develop new programs that add value and help employees.

> **"I love Beti. It's very convenient and it helps me. It makes me feel like there is another payroll person with me."**
>
> *Payroll manager, consumer services*

Modeling and assumptions. For the financial model, Forrester assumes:

- Accounting and HR teams spend 25 hours a week on weekly payroll activities prior to adopting Paycom and Beti.

- With Paycom and Beti, accounting and HR teams reduce the time spent on weekly payroll by 80% through automation and by using a single platform for payroll and HR.

- Prior to Paycom and Beti, the composite organization spent a significant amount of resources dedicated to various HR-related tasks.

- Employees save 650 hours related to benefits and open enrollment

- Employees save 1,000 hours per year related to onboarding and terminations. This assumes a 30-minute saving per employee at 80% turnover rate.

- Employees save 200 hours per year related to garnishment calculations and taxes.

- Employees save 750 hours by collecting all employee questions in

the Ask Here feature of Paycom and building out self-service articles to reduce the burden on HR to respond to each question.

Risks. The results of this benefit may vary due to:

- The capabilities and setup of legacy payroll and HR systems.

- The number and nature of the products and services that are consolidated into Paycom.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $482,000.

Efficiency Gains For HR and Accounting

Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Time spent on weekly payroll	Composite	25	25	25
B2	Time savings with Paycom and Beti	Interviews	80%	80%	80%
B3	Hourly fully burdened salary for HR & accounting	Composite	$70	$70	$70
B4	Subtotal: Time savings - payroll processing - accounting team	B1*B2*B3*52	$72,800	$72,800	$72,800
B5	Benefits and open enrollment	Interviews	650	650	650
B6	Hiring and termination	Interviews	1,000	1,000	1,000
B7	Garnishments and taxes	Interviews	200	200	200
B8	Employee questions and self-service (HR Service Delivery)	Interviews	750	750	750
B9	Total hours savings for HR	B5+B6+B7+B8	2,600	2,600	2,600
B10	Hourly fully burdened salary for HR/Accountant	Composite	$70	$70	$70
B11	Subtotal: Time savings - HR team	B9*B10	$182,000	$182,000	$182,000
B12	Productivity recapture	Composite	80%	80%	80%
Bt	Efficiency gains for HR and accounting	(B4+B11)*B12	$203,840	$203,840	$203,840
	Risk adjustment	↓5%			
Btr	Efficiency gains for HR and accounting (risk-adjusted)		$193,648	$193,648	$193,648
	Three-year total: $580,944		**Three-year present value: $481,574**		

COST SAVINGS FROM CONSOLIDATING LEGACY SYSTEMS

Evidence and data. Paycom provides a single source of truth for all payroll and HR data, and gives HR and payroll professionals, along with all other employees, a single application for all payroll and HR needs. Consolidating with Paycom reduces complexity, reduces the number of vendors and licenses in the environment, and eases the maintenance burden on IT.

- Prior to adopting Paycom and Beti for payroll and HR, interviewed organizations leveraged a wide mix of products and solutions ranging from alternative payroll solutions to niche HR-specific tools, and even using paper and spreadsheets to track certain aspects or details for employees. These disparate systems required their own set of skills to operate and required manual labor to pull reports and produce a comprehensive view of payroll or HR data.

- The VP of total rewards and systems in the consumer services industry explained, "We had a multitude of different systems. E-Verify and I-9 were separate platforms. Onboarding was a separate platform. Employee self-service, manager self-services, documents and data, time and attendance scheduling, time off, benefits, ACA tracking, learning and management were all separate systems. We had over nine separate systems that we consolidated into Paycom."

- With Paycom and Beti, interviewees were able to improve employee experience by offering a single platform for all HR and payroll data, and generate efficiencies for the teams tasked with producing payroll and managing benefits.

  The VP of human resources in the healthcare industry explained their goals for Paycom; "We wanted to make their experience as easy as we could and as efficient as we could, and I think that by having so many options and features

within one platform makes their experience easier and more seamless. The employees should be getting paid on time and accurately and I always say we have our moment of truth every other week when we process payroll."

They added that their front-line workers appreciate the consolidated platform; "Now that everything is in one place it's a lot easier to direct our front-line associates to just go to Paycom if they have any questions or issues, and we have received overwhelmingly positive feedback since making the switch."

- The VP of total rewards and systems in the consumer services industry explained how they reduced risk with Paycom; "Just think about all the risk that we reduced by eliminating manual entry. That, in addition to outsourcing garnishments to Paycom and the visibility that employees have during the garnishment process, has greatly increased. And we've worked to automate a lot of our payroll processes with Paycom."

- Customers described using Paycom for other use cases; they were able to sunset internal communication systems and employee engagement platforms, and were able to use custom fields in Paycom to collect relevant employee data and track industry-specific items like credentials and qualifications.

> **"We actively use Ask Here. Right now, in Employee Self-Service, we have a 99.85% employee usage rate. It has been incredible, life changing."**
>
> *VP of total rewards and systems, consumer services*

Modeling and assumptions. For the financial model, Forrester assumes:

- The legacy payroll system cost $12/employee per month and was completely removed.

- Multiple legacy HR systems combined to cost $10 per employee per month and were all replaced by Paycom.

- The composite organization was able to retire other systems that cost $5 per employee per month and leverage Paycom to fill the same role.

- The organization spends 20% of the licensing costs on management and maintenance,

including IT labor and any other hardware or software associated.

Risks. The results of this benefit may vary due to:

- The cost and nature of legacy payroll and HR systems.

- The use cases needed for Paycom and Beti.

Results. To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of $2,296,000.

Cost Savings From Consolidating Legacy Systems					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Number of employees	Composite	2,500	2,500	2,500
C2	Cost of legacy payroll system	Composite	$144	$144	$144
C3	Cost of legacy HR systems	Composite	$120	$120	$120
C4	Cost of other legacy systems (reporting, scheduling, etc.)	Composite	$60	$60	$60
C5	Management costs	20% of licensing costs	$162,000	$162,000	$162,000
Ct	Cost savings from consolidating legacy systems	C1*(C2+C3+C4)+C5	$972,000	$972,000	$972,000
	Risk adjustment	↓5%			
Ctr	Cost savings from consolidating legacy systems (risk-adjusted)		$923,400	$923,400	$923,400
	Three-year total: $2,770,200		Three-year present value: $2,296,359		

PAYCOM SERVICES

Evidence and data. Paycom provides customers with a dedicated customer representative who can provide 1-on-1 assistance and make sure the customers' needs for Paycom are being met.

- Prior to investing in Paycom, interviewees explained that with their previous vendor it would be an additional service charge to have a dedicated representative, and without one it

could take over a month to have customer support see your ticket and respond. The VP of total rewards and systems explained that prior to Paycom, "I couldn't believe the poor service quality that we were receiving from our previous vendor. So, you would ask to, let's say, create a new file feed because we had a new benefit for open enrollment. You would have to submit a ticket. You would wait six to eight weeks was their typical turnaround time that they quoted you

to even get assigned a person to look at your ticket."

- With the dedicated representative from Paycom, interviewees felt like they had additional personnel working alongside them. They supported making changes to the system, adding new benefits or other features, and even helping brainstorm new ideas. The VP of total rewards and systems explained some of the benefits they experienced from working with their Paycom representative; "I have a dedicated client advisor and these people feel like they're part of your team because you're talking to them every day. There's no ticket that you have to open up. You can just call and say, 'Hey, I want to pick your brain over this.'" They also explained that the same level of service required a separate contract and payment with their previous vendor.

   The VP of total rewards and systems said, "If you were going to another vendor, you have to pay extra for that level of service. That's an additional cost, but with Paycom, it's just built in with their subscription fees. That for us has been the game-changer, truly."

Modeling and assumptions. For the financial model, Forrester assumes:

- The composite organization had the assistance of one dedicated specialist from Paycom.

- The composite organization experienced the benefit of 80% of an extra FTE from having the support of a dedicated Paycom specialist.

Risks. The results of this benefit may vary due to:

- The amount of support received from dedicated Paycom specialists.

- The value of a dedicated specialist to assist with payroll and HR systems.

Results. To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of $276,000.

> **"Paycom offers us a lot of advantages, and I am really sold on the overall Paycom suite. I love my reps. I love the support I get."**
>
> *Director of payroll, manufacturing*

Paycom Services

Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Dedicated Paycom specialist	Composite	1	1	1
D2	Value delivered to customers	Interviews	80%	80%	80%
D3	Fully burdened salary for HR/payroll specialist	Composite	$145,800	$145,800	$145,800
Dt	Paycom services	D1*D2*D3	$116,640	$116,640	$116,640
	Risk adjustment	↓5%			
Dtr	Paycom services (risk-adjusted)		$110,808	$110,808	$110,808
	Three-year total: $332,424			**Three-year present value: $275,563**	

UNQUANTIFIED BENEFITS

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

- **Improved employee engagement and retention.** Interviewees reported that employees engage with Paycom at a significantly higher rate than they used to engage with legacy systems and were investigating the link between Paycom and employee retention.

  The VP of total rewards and systems in the consumer services industry shared that participation in a specific employee benefit program increased by 35% after moving the submission form to Paycom, adding, "We have seen countless times that Paycom pushes render more engagement than text, emails, or intranet articles." In addition to the increased participation in that benefit, this same customer also saw 99% employee usage of Paycom, nearly 3 times more adoption of mobile app usage (84% amongst employees), 76% participation in the Approve My Check feature (even though it is not a requirement), and a more than 2x increase in participation during a passive open enrollment period (which was also not required).

> **"With Paycom and Beti, we are using payroll to engage employees in their pay and benefits. I have never seen payroll used as an employee engagement tool so to me, it is incredible."**
>
> *VP of total rewards and systems, consumer services*

The payroll manager in the manufacturing industry has started to link employee retention to the usage of Paycom and Beti, explaining, "The sites where we have fully implemented the Paycom experience, where everything is handled through the Paycom app, those employees are staying longer."

> **"The longevity of my employees at the sites that have the full Paycom experience has increased from 9 months to 16 months on average. Those employees are staying 75% longer."**
>
> *Payroll manager, manufacturing*

- **Improved employee trust.** Employee trust is an important factor and can often predict how engaged and productive employees are, and can play a key role in employee retention.[4] Having consistent, accurate payroll is a baseline expectation for all employees, so when things go wrong, it can have a significant negative impact on employee trust. With Paycom and Beti, interviewees reported fewer payroll issues, greater employee engagement, and the ability to correct issues before final checks were cut, all factors that help improve employee trust and help drive better business outcomes.

  The VP of HR in the manufacturing industry explained the employee experience; "Nobody wants their pay to be screwed up. It just doesn't feel good. So now with Paycom and Beti, employees have a means to see their paycheck and inquire about it ahead of time, giving them a much better experience. And if there is an issue, they can see that the payroll team worked to

address it and fixed their check by payday, building trust and providing a much better overall experience."

Issues or questions about pay can often be contentious, too. The payroll manger in the consumer service industry said, "Beti alleviates all the finger-pointing by providing that transparency for employees because in payroll, it's always your fault."

- **Efficiency gains for payroll and HR allow those teams to positively impact the business.** With significant efficiency gains for both payroll and HR teams, it is important to understand that these teams were not lacking for work once Paycom and Beti were adopted. In fact, interviewees reported that freed up resources could finally dedicate the required amount of time to outstanding projects or other to-do list items that had been on pause because of the significant amount of manual effort to successfully process payroll. Interviewees shared some specific examples of initiatives like adopting an apprenticeship program, building better tracking and reporting capabilities, researching and adopting new benefit programs for employees, among other examples.

  The payroll manager in the consumer services industry summed up their efficiency gains this way; "You don't feel so rushed and everything isn't always about the timecard. We are able to look into other areas of payroll and it allows time to investigate and update that process that you have been meaning to look into for a while. We are able to focus on other things on the to-do list, whatever those things may be."

- **Improved culture and organizational knowledge about benefits, pay, and following best practices.** Interviewees reported that one unexpected benefit of allowing employees to review their paychecks is that employees gain a better understanding and appreciation of their

> **"My team can now use their time to build dashboards and be more strategic. Those things are hard to quantify but that is where Paycom has moved the needle for us."**
>
> *VP of total rewards and systems, consumer services*

total rewards and total benefits package. Prior to Paycom and Beti, employees were much more focused on their pay and often were not aware of any of the other benefits that their employers were providing, or the value of those benefits.

The VP of total rewards and systems in the consumer services industry explained, "It puts the concept of total rewards in front of employees, so they are not just thinking, 'My employer only gives me my paycheck.' It makes them go through the full suite of benefits that we have, and Paycom also has a dynamic tool that shows employees their total rewards statement showing overall compensation and the percentage that is received in salary versus the other benefits."

Interviewees reported that with Paycom and Beti, employees were generally following best practices better, especially around tasks that directly impact their pay. Getting employees to reliably clock in and out was a significant challenge for all of the interviewees and creates a significant amount of work on the back-end in the form of punch change requests when employees ignore this responsibility. The head of payroll in the consumer services industry explained their experience; "The issue of employees not clocking in and out has gone down tremendously because they are looking at their checks a lot more."

IMPLEMENTATION

Evidence and data. Implementation requires buy-in from leadership but was not reported to be overly challenging or time consuming.

- Customers reported that it is important to be deliberate and get buy-in from leadership when implementing Paycom to ensure that the system is properly implemented and integrated into workstreams and so teams can realize the most efficiency benefits from the platform.

- The VP of total rewards and systems in the consumer services industry explained, "We had a dedicated transition specialist and they were our implementation consultant. They obviously had some support from Paycom on the back-end and they had so much knowledge about Paycom and were so creative that I would definitely use them again."

PAYCOM LICENSING

Evidence and data. Paycom license costs include access to the Paycom platform and are based on the specific products and services in use. Licenses are charged on a per user per year basis and include access to deployment assistance and include a dedicated consumer services representative who is available to ensure customers can maximize their usage of the platform.

Please contact a Paycom representative for licensing cost details.
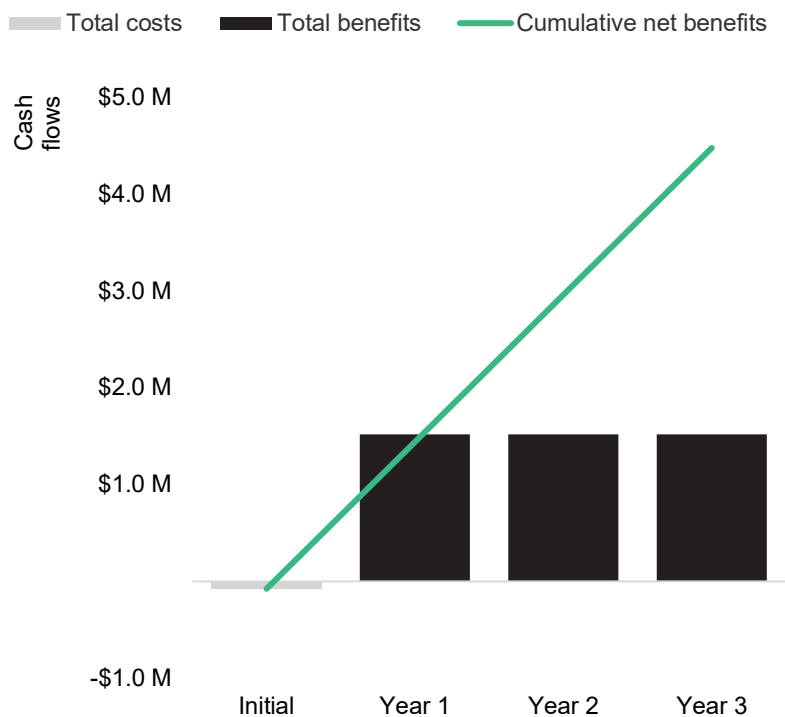
> **"Beti allows payroll people to breathe."**
>
> *Payroll manager, consumer services*

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	Year 4	Year 5	Total	Present Value
Total benefits			$0	$1,518,130	$1,518,130	$1,518,130	$4,554,391	$3,775,365

Appendix A: Total Economic Impact

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

TOTAL ECONOMIC IMPACT APPROACH

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

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

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

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

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

PRESENT VALUE (PV)

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

NET PRESENT VALUE (NPV)

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

RETURN ON INVESTMENT (ROI)

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

DISCOUNT RATE

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

PAYBACK PERIOD

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

Appendix B: Supplemental Material

Related Forrester Research

"Understand The Differences Between EX And CX," Forrester Research, Inc., Aug. 2, 2021.

"Predictions 2023: Trust," Forrester Research, Inc., Nov. 1, 2022.

"Make Digital Employee Experience The Centerpiece Of Your Digital Workplace Strategy," Forrester Research, Inc., Nov. 15, 2022.

"HCM's New Value Proposition: Practitioner Automation," Forrester Research, Inc., July 1, 2022.

"The Human Capital Management Landscape, Q1 2023," Forrester Research, Inc., Jan. 24, 2023.

Appendix C: Endnotes

[1] https://hbr.org/2017/01/the-neuroscience-of-trust

[2] 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.

[3] "Forrester's EX Index: A Deeper Look At The Data," Forrester Research, Inc., March 4 2020
[4] "Focus On Empathy To Gain Your Employees' Trust," Forrester Research, Inc., Dec. 29, 2022

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