



WORKFORCE SOFTWARE ATS AUTOMATION TOOLING

ANALYST

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THE BOTTOM LINE

ATS Automation Tooling Systems deployed WorkForce Software to integrate and unify its time and attendance processes.

The company was operating on an outdated solution that required patchwork approaches and resulted in different locations engaging different ad hoc solutions for time and attendance. The company needed a solution that could assign multiple projects and times to multiple candidates. Nucleus found that WorkForce Software enabled ATS to increase accuracy in its time and attendance tracking, integrate its workforce management solutions, increase HR employee productivity, and enhance the overall employee experience.

ROI: **41%**

Payback: **2.6 years**

Average annual benefit: **\$911,671**

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THE COMPANY

ATS Automation Tooling Systems is based in Cambridge, ON, Canada and designs and builds factory automation solutions. Founded in 1978, ATS is a publicly traded company with 3,500 employees worldwide with 1,600 in North America. ATS has facilities or subsidiaries in Canada, America, Germany, China, Malaysia, Singapore, and Thailand.

THE CHALLENGE

ATS not only had a variety of HR systems and, as a result, no single source of truth; it also had various time and attendance systems in its scattered divisions, including an antiquated project tracking system called PC Clock. Various other systems were used (mostly Excel sheets) to track vacation and time off. Additionally, managing time and attendance suffered inaccuracy and required substantial time to reconcile across the company.

Cost : Benefit
Ratio | **1 : 1.3**

The complexity of ATS's patchwork system resulted in excess HR administration and excess management time spent reviewing and approving time entered. This contributed to a lack of a clear and timely picture on overall labor costs. Additionally, there was a great risk to the company as a whole should the 20-year-old system fail. The makeshift nature of the old HR system also meant that information was not being tracked accurately, resulting in payroll and benefits inaccuracies. ATS needed something that would allow them to track individuals across multiple projects and locations, while also integrating with the rest of ATS's HR components.

THE STRATEGY

The company started looking for a new time and attendance solution in 2014 and examined several options. The WorkForce Software solution stood out and was quickly shortlisted as the best solution for the project-based nature of the company's operations and because it could be integrated into an overall revamped HR solution.

After the selection process was complete, ATS spent 5 months mapping out a strategy for implementation. The company engaged with GroupeX, a WorkForce Software certified integration partner specializing in SAP applications. During the course of ATS's engagement with WorkForce, WorkForce Software and SAP announced a global reseller agreement, which allows SAP to resell three components of the WorkForce Software suite under the name SAP Time and Attendance Management by WorkForce Software. The consultation covered the deployment of mobile solutions, as well as the overall deployment of the company's new and integrated HR solutions, including SuccessFactors Employee Central and ADP Workforce Now.

TYPES OF BENEFITS



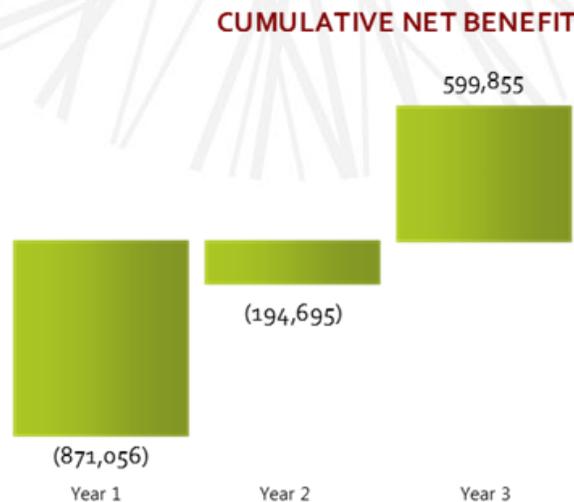
ATS also purchased 22 new kiosks where employees can record their time and attendance, while also adding mobile options for this feature. To maximize the benefits of rolling out the new solution, the company also sent two IT personnel for training with WorkForce Software, with one employee spending three days for training on the reporting capabilities of the solution, while another IT employee was sent for configuration training for 10 days.

ATS's time and attendance is now integrated with its overall HR operations. Additionally, the time and attendance system is now uniform across the company in North America and plans are underway to extend to Europe and Asia.

KEY BENEFIT AREAS

The updated and integrated time and attendance and workforce management solution enabled ATS to have greater control, visibility, and accuracy in its payroll and overall HR operations. Key benefits of the project include:

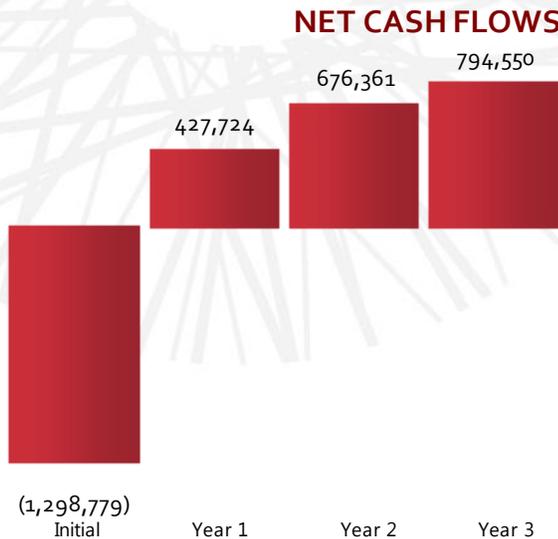
- Integrated workforce management. By switching to a time and attendance system that allows them to fully integrate with their HR system, ATS has been able to realize a number of savings.



- Increased HR staff productivity. The unified and updated software has allowed HR staff to save time processing. HR staff no longer have to spend time reconciling different payroll systems across multiple locations. Instead, they are able to manage projects across varying locations and with multiple personnel, all on one solution. Nucleus calculated at least a five percent increase in productivity for HR staff.
- Increased accuracy in time and attendance. The new complete time and attendance system has increased payroll accuracy, cutting overpayments. These included payroll overages, as well as inaccuracies in vacation days recorded.
- Improved billing and bankable hours. The system has also improved visibility around the hours employees have worked and on which projects they have worked. Greater accuracy means better management of each individual project. ATS was also able to offer their employees bankable overtime hours, allowing the company to exchange the overtime hours for vacation days instead of having to pay out the overtime.

KEY COST AREAS

Costs of the project included license and maintenance fees, hardware, personnel time to implement and support the application, training, and consulting costs.



BEST PRACTICES

ATS noted that when preparing, it was important to get employees ready for the change because the company is changing policy and practices. Bi-weekly communications were sent out to all employees affected. In addition, online training courses were designed in-house allowing employees to be trained on the new system at their convenience. The system change provided an opportunity to standardize and harmonize a number of other related HR practices including, as an example, switching some of its Canadian employees from weekly to bi-weekly paychecks. To prepare its employees for this, the company not only sent regular reminders and notifications, but also provided financial counseling and planning so that workers would have a smooth transition. While this may not specifically relate to the technology change, it kept the employees aware and engaged with the system overhaul, helping make the entire roll out more employee-friendly.

CALCULATING THE ROI

Nucleus quantified the initial and ongoing costs of software subscription fees, hardware, personnel time to implement and support the application, employee training time, and consulting over a 3-year period to calculate ATS's total investment in the WorkForce Software solution.

Direct benefits quantified included the redeployment of an HR employee, reduced payroll leakage, increased accuracy in measuring vacation time, money saved by reducing unproductive overtime and rounding, money saved on bankable overtime hours, and the elimination of a license for legacy software. The indirect benefit quantified the increase in manager and HR productivity driven by the deployment, calculated based on the average annual fully loaded cost of the employees. These productivity savings were quantified based on the average annual fully loaded cost of an employee using a correction factor to account for the inefficient transfer between time saved and additional time worked.

FINANCIAL ANALYSIS

ATS Automated Tooling

Annual ROI: 41%

Payback period: 2.6 years

BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	569,850	759,800	759,800
Indirect	0	176,063	234,750	234,750
Total per period	0	745,913	994,550	994,550

COSTS - CAPITALIZED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	97,086	0	0	0
Project consulting and personnel	1,073,335	0	0	0
Total per period	1,170,421	0	0	0

COSTS - DEPRECIATION SCHEDULE	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	13,869	13,869	13,869
Project consulting and personnel	0	153,334	153,334	153,334
Total per period	0	167,203	167,203	167,203

COSTS - EXPENSED	Pre-start	Year 1	Year 2	Year 3
Software	118,189	118,189	118,189	0
Hardware	0	0	0	0
Consulting	0	0	0	0
Personnel	5,769	200,000	200,000	200,000
Training	4,400	0	0	0
Other	0	0	0	0
Total per period	128,358	318,189	318,189	200,000

FINANCIAL ANALYSIS	Results	Year 1	Year 2	Year 3
All government taxes	26%			
Cost of capital	9.0%			
Net cash flow before taxes	(1,298,779)	427,724	676,361	794,550
Net cash flow after taxes	(1,266,048)	361,291	546,526	634,577
Annual ROI - direct and indirect benefits				41%
Annual ROI - direct benefits only				28%
Net Present Value (NPV)				15,421
Payback period				2.6 years
Average Annual Cost of Ownership				711,719
3-Year IRR				10%

All calculations are based on Nucleus Research's independent analysis of the expected costs and benefits associated with the solution.