

A Forrester Total Economic  
Impact™ Study  
Commissioned By  
ADP

Project Director:  
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# The Total Economic Impact™ Of ADP Workforce Now Comprehensive Services

Transforming HR By Providing  
Tactical Support And Unlocking  
Strategic Potential

FORRESTER®

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### ABOUT FORRESTER CONSULTING

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## Executive Summary

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 ADP Workforce Now Comprehensive Services. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of a Comprehensive Services investment on their organizations.

To better understand the benefits, costs, and risks associated with this implementation, Forrester interviewed three customers with experience using Comprehensive Services. With ADP Workforce Now Comprehensive Services, clients gain access to the Workforce Now platform, a single technology solution with unified HR, payroll, and benefits functionality, combined with hands-on service and expertise from an assigned team of ADP specialists who provide guidance, transaction processing, and best practice recommendations from recruitment to retirement.

Prior to using Comprehensive Services, the interviewees used a collection of basic, stand-alone tools and manual processes which, combined with the lack of integration between tools, increased compliance risk. HR struggled to keep up with the complexity of regulation and the increasing time spent on administrative tasks as the company grew. With Comprehensive Services, the organizations benefit from unified functionality provided through the ADP Workforce Now platform in addition to the added services, guidance, and support provided through the services components. The investment reduces HR time spent on administrative tasks, and specialists help the HR staff pursue strategic initiatives such as recruitment, professional development, and employee engagement. As the HR, payroll, and accounts payable coordinator noted: “We were growing and we couldn’t support that growth with the people we had in place, so we were trying to find a way to reduce paper and avoid hiring additional staff. Comprehensive Services saves us time, which we didn’t have, and it saves us staff, which we didn’t have. And there are a lot of great features that have really helped us. That’s what we were looking for.”

“I think the biggest focus now that we didn’t have before is on HR. Before, we operated on a small scale. Now, because of ADP, it’s at a corporate level, and we have the support and resources to run the business better. We can take the time to look for people that fit the positions better, and we can encourage employees and give them the resources to improve themselves, boosting retention.”

~ HR, payroll, and accounts payable coordinator

### ADP WORKFORCE NOW COMPREHENSIVE SERVICES STREAMLINES HR AND IMPROVES ENGAGEMENT

Our financial analysis found that a composite organization with 175 employees, based on interviews with three current customers, experienced the risk-adjusted financial results shown in Figure 1.<sup>1</sup> See Appendix A for a description of the composite organization.

The analysis points to three-year benefits of \$1,021,728<sup>2</sup> and three-year costs of \$402,817, adding up to a net present value (NPV) of \$618,912 (all values in Canadian Dollars). In addition to process and compliance improvements, the composite is able to focus on strategic initiatives. The combination of providing online learning opportunities and improved professional development processes led to a 20% reduction in turnover rate by Year 3.

**FIGURE 1**  
Financial Summary Showing Three-Year Risk-Adjusted Results

**ROI:**  
**154%**

**NPV:**  
**\$618,912**

**Payback:**  
**3.6 months**

**Turnover rate:**  
**▼ 20%**

Source: Forrester Research, Inc.

- › **Benefits.** The composite organization experienced the following risk-adjusted benefits that represent those experienced by the interviewed companies:
  - **Time savings for the HR team on administrative processes.** The organization is able to streamline and offload administrative processes to ADP and use ADP specialists for best practices guidance, resulting in 390 hours saved in Year 3.
  - **Time savings for the HR team on payroll processes.** The organization is able to automate or offload many payroll processes, use self-service tools to minimize employee payroll questions, and use ADP specialists for regulation help, resulting in 670 hours saved in Year 3.
  - **Time savings for the HR team on benefits administration.** The organization can make benefits enrollment self-service, automate enrollment with benefits carriers, and quickly generate reports, saving 420 hours in Year 3.
  - **Time savings for end users on HR processes.** End users have access to self-service functionality and ADP Service Centers, streamlining many HR processes and allowing end users to complete them without HR help. Each end user saves, on average, 6 hours per year.
  - **Talent management improvement, helping improve employee engagement.** The organization can provide a variety of online development courses as well as an improved professional development program, improving the turnover rate by 20% by Year 3.
  - **Over \$219,000 in cost savings and avoidance per year.** The organization can end the use of prior HR systems, improve compliance to eliminate penalties, and avoid hiring additional HR staff.
- › **Costs.** The composite organization experienced the following risk-adjusted costs:
  - **ADP Workforce Now Comprehensive Services service fees.** These are service fees paid to ADP for the use of Comprehensive Services beginning one month after the start of implementation.
  - **Time spent by the HR team and employees on implementation and management.** The HR team spent 500 hours upfront on the Comprehensive Services implementation, and the team spends 36 hours per year on activities related to the investment. The HR team and employees received training on the functionality of the platform as well.

## Disclosures

The reader should be aware of the following:

- › The 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. Forrester strongly advises that readers use their own estimates within the framework provided in the report to determine the appropriateness of an investment in ADP Workforce Now Comprehensive Services.
- › 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.

## TEI Framework And Methodology

### INTRODUCTION

From the information provided in the interviews, Forrester has constructed a Total Economic Impact (TEI) framework for those organizations considering implementing ADP Workforce Now Comprehensive Services. The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision.

### APPROACH AND METHODOLOGY

Forrester took a multistep approach to evaluate the impact that ADP Workforce Now Comprehensive Services can have on an organization (see Figure 2). Specifically, we:

- › Interviewed ADP marketing and sales personnel, along with Forrester analysts, to gather data relative to ADP Workforce Now Comprehensive Services and the marketplace for ADP Workforce Now Comprehensive Services.
- › Interviewed three organizations currently using ADP Workforce Now Comprehensive Services to obtain data with respect to costs, benefits, and risks.
- › Designed a composite organization based on characteristics of the interviewed organizations (see Appendix A).
- › Constructed a financial model representative of the interviews using the TEI methodology. The financial model is populated with the cost and benefit data obtained from the interviews as applied to the composite organization.
- › Risk-adjusted the financial model based on issues and concerns the interviewed organizations highlighted in interviews. Risk adjustment is a key part of the TEI methodology. While interviewed organizations provided cost and benefit estimates, some categories included a broad range of responses or had a number of outside forces that might have affected the results. For that reason, some cost and benefit totals have been risk-adjusted and are detailed in each relevant section.

Forrester employed four fundamental elements of TEI in modeling ADP Workforce Now Comprehensive Services' impact: benefits, costs, flexibility, and risks.

Given the increasing sophistication that enterprises have regarding ROI analyses related to IT investments, Forrester's TEI methodology serves to provide a complete picture of the total economic impact of purchase decisions. Please see Appendix B for additional information on the TEI methodology.

**FIGURE 2**  
TEI Approach



Source: Forrester Research, Inc.

## Analysis

### COMPOSITE ORGANIZATION

For this study, Forrester conducted a total of three interviews with representatives from the following companies, which are ADP customers:

- › A behavioral health company serving mentally ill children and adults. The organization has 250 employees and has been using ADP's Comprehensive HR and Comprehensive Payroll for nine months. The organization also uses the benefits technology included in the ADP Workforce Now platform.
- › A manufacturing organization with 120 employees. The organization has been using ADP's Comprehensive HR and Comprehensive Payroll, as well as the benefits technology, for about two years.
- › A medical facility specializing in orthopedic surgery and physical therapy. The organization has 135 employees and has been using ADP's Comprehensive HR and Comprehensive Payroll, as well as the benefits technology, for slightly over one year.

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an associated ROI analysis that illustrates the areas financially affected. The composite organization that Forrester synthesized from these results represents an organization with the following characteristics:

- › It is a midsized organization with 175 employees, including a two-person HR team, in Year 1.
- › Prior to the Comprehensive Services investment, the organization was using a basic payroll tool, a basic HR service, and a vendor to provide benefits options.
- › It uses ADP's Comprehensive HR, Comprehensive Payroll, and the benefits technology of the Workforce Now platform, and it continues to use the previous benefits vendor.

### INTERVIEW HIGHLIGHTS

#### *Situation*

The three interviewed organizations ranged in size from 125 to 250 employees but shared similar frustrations prior to using ADP Workforce Now Comprehensive Services. The organizations were each using a collection of solutions, including a basic payroll tool, a basic HR service, and a benefits vendor, to assist with HR administration and compliance with regulation. Despite automation from the basic payroll and HR tool, the organizations still struggled with manual, time-consuming administrative processes that burdened HR staff. The use of disparate, single-point tools created additional inefficiencies due to lack of integration. These challenges prevented the organizations from pursuing strategic HR initiatives to support the business and increased the organizations' exposure to compliance risk. The interviewees identified specific challenges that needed to be resolved with a new approach, including:

- › Many HR processes were still paper-based and required meetings to collect data, as well as redundant data entry from paper forms into the various HR solutions. These processes were time-consuming for HR and employees and were also prone to errors. The organizations sought time and cost savings by automating processes, eliminating paper, providing self-service functionality, and reducing data entry.
- › The complexity of regulations and legislation introduced compliance risk. The HR staff struggled to keep up with frequent changes and spent an increasing amount of time on compliance research. The organizations needed experts they could trust to keep the team informed and to avoid penalties and lawsuits related to noncompliance.

- › The organizations wanted to invest more in talent management, including improved access to training and skills development, professional development programs, and recruiting processes, but they lacked the time and in-house expertise to devote to these initiatives. After reducing time spent on administrative tasks, the organizations needed guidance and best practice assistance for these more strategic objectives.
- › As the employee base continued to grow, manual processes and time-consuming research overwhelmed the HR team. The HR team wanted to support business growth, including the pursuit of strategic HR, but didn't want to hire additional staff. The organizations looked for a partner that could most effectively reduce this administrative burden and avoid the cost of additional capacity.

### Solution

Based on these objectives, the organizations decided to use ADP's Comprehensive Payroll, Comprehensive HR, and the Workforce Now benefits functionality, still using the prior benefits vendor to choose benefits providers. The organizations chose ADP's Comprehensive Services due to features such as:

- › One unified cloud solution that provides enhanced functionality compared with the basic solutions used previously. The solution automatically reflects changes across payroll, HR, and benefits and doesn't require an upfront capital investment.
- › Access to reporting tools and analytics that simplify report generation and allow the organization to make strategic decisions based on data.
- › Self-service tools and the Employee and Manager Service Center, which provide end users with access to personal information and allow them to complete HR processes quickly.
- › A dedicated relationship manager who helps with the implementation and adoption of Comprehensive Services and is actively involved in strategic work. The relationship manager helps HR staff map business goals to HR goals and pursue strategic HR initiatives.
- › Access to ADP specialists who provide dedicated payroll help and a team that is an extension of the HR department. These experts help streamline and offload processes, identify best practices, and stay informed of compliance changes.

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*“The relationship manager is that go-to person for anything. I will just contact her and say, ‘This is the issue we’re having. Where do I go?’ She gets things done or she gets the right people to contact me right away. They offer to come out and talk to us. It’s been wonderful.”*

~ HR, payroll, and accounts payable coordinator

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### Results

The interviews revealed that:

- › **Initially, the organizations used ADP's Comprehensive Services to address tactical challenges.** Even though the organizations were using basic HR solutions prior to ADP's Comprehensive Services, they still faced a number of tactical challenges including manual processes, compliance costs, and an HR team at overcapacity. After investing in ADP's Comprehensive Services, the organizations quickly realized benefits related to process automation and time savings. They can also offload processes to ADP, experience compliance cost savings and risk avoidance, and avoid staff expansion. One ADP customer, not interviewed for this study, noted that first-year savings alone were approximately \$400,000 US Dollars.<sup>3</sup>

- › **The services elements of the offering provide valuable tactical and strategic support.** The organizations rely on support provided by the services team. The ADP team answers an 800-number for employees and managers who need help using the self-service aspects of the platform. The organizations offload some time-consuming administrative activities, get help with complicated payroll questions and best practices research, and get guidance on confusing regulations. The organizations also depend on their relationship manager to help coordinate the use of these services elements. The use of the relationship manager and specialists saves HR time spent on some of the tactical challenges discussed above, and the specialists also help the organization pursue talent management initiatives with best practices expertise.
- › **With ADP’s Comprehensive Services, the organizations can more effectively pursue strategic initiatives.** With the support provided by the relationship manager and specialists, the organizations can pursue new working arrangements, such as remote working, with the specialists’ input. The organizations can leverage reporting features to quickly access and communicate data that can support strategic changes. The organizations can also provide and encourage professional and skills development to improve employee engagement, increase internal transfers and promotions, and ultimately improve retention. As the HR, payroll, and accounts payable coordinator explains: “We do performance evaluations and reviews through ADP now. Everything is on the system — the employees’ responsibilities and how they’re being rated. It’s great for them because they can look up their review at any time and see what they have to improve on. And we can go through the reviews to see who might be a good fit for open positions. It’s been a huge asset for us.”

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*“We speak to our relationship manager every other week, and anytime something is coming up on the horizon, I ask her opinion. She also helps us with our annual strategic plan. Using her as a resource has been a huge benefit.”*

~ Leader of cultural development

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*“If you provide development resources for people to use, it makes them happier in their jobs and it makes them feel like they can improve themselves. And the happier they are, the longer they stay. It also opens up to management the opportunity to promote from within because you can track how people take advantage of these resources.”*

~ HR, payroll, and accounts payable coordinator

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## BENEFITS

The composite organization experienced a number of quantified benefits in this case study:



### HR Administration Time Savings

Before the ADP Workforce Now Comprehensive Services investment, the HR team spent a lot of time on administrative tasks. This included auditing paper time sheets, entering new employee data and employee changes in multiple systems, creating reports, using paper-based communications with employees, and spending time on best practices and compliance research. With a growing employee base, these processes were increasingly burdensome.

With ADP's Comprehensive Services, the composite organization can eliminate paper-based processes, automate or offload some of these processes to ADP, provide self-service tools and the 800-number so that employees can make changes and access information themselves, and quickly generate standard and custom reports. The organization also uses ADP for corporate communications. As the leader of cultural development noted: "A huge added benefit of using ADP is we use the portal page as our communication source for companywide communication. Before ADP, we would spend a lot of time creating flyers to put on bulletin boards, and we would spend a lot of time trying to track people down." The composite also relies on the relationship manager and ADP specialists to assist with best practices and compliance research, providing additional time savings for HR.

The organization is able to save 280 HR hours in the first year, as the HR team learns the platform functionality and how to leverage the services team. By Year 3, the organization saves 390 hours compared with the solutions it was using before. The average hourly compensation (including the value of benefits) for the HR team is \$81. Forrester assumes an 85% productivity capture, signifying that a majority of this time savings will be reapplied to further productive activity. The value of this time savings is just over \$26,000 in Year 3.

Interviewed organizations provided a range of administrative improvements since they will be dependent on the organization's prior processes and solutions and how the organization uses the Comprehensive Services offering. To compensate, this benefit was risk-adjusted and reduced by 3%. The risk-adjusted total benefit resulting from HR time savings over the three years was \$69,456. See the section on Risks for more detail.

**TABLE 1**  
**HR Administration Time Savings**

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
A1	Total full-time equivalent (FTE) hours saved on HR administrative tasks		280	370	390
A2	Average hourly fully loaded compensation		\$81	\$81	\$81
A3	Productivity capture		85%	85%	85%
At	HR administration time savings	$A1 \times A2 \times A3$	\$19,278	\$25,475	\$26,852
	Risk adjustment	↓3%			
<b>Atr</b>	<b>HR administration time savings (risk-adjusted)</b>		<b>\$18,700</b>	<b>\$24,710</b>	<b>\$26,046</b>

Source: Forrester Research, Inc.



### Payroll Time Savings

The composite organization was using a basic payroll tool but still managed payroll processes, updates, time and attendance audits, and employee support themselves. With ADP's integrated Comprehensive Services platform, many payroll processes can be further automated or offloaded to ADP, and ADP specialists can provide guidance on compliance and tax regulation as well as employee support. The organization can also easily generate payroll reports for analysis, and employees can use the self-service tools and 800-number to access their information and ask payroll questions, saving the HR team additional time.

The result is 520 hours saved in Year 1, which increases to 670 hours saved in Year 3. With an average hourly compensation of \$81 and an 85% productivity capture, the organization achieves over \$44,000 in payroll time savings in Year 3.

Interviewed organizations provided a range of payroll improvements, since they will be dependent on the organization's prior processes and solutions and how the organization uses the Comprehensive Services offering. To compensate, this benefit was risk-adjusted and reduced by 3%. The risk-adjusted total benefit resulting from payroll time savings over the three years was \$122,883. See the section on Risks for more detail.

**TABLE 2**  
**Payroll Time Savings**

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
B1	Total FTE hours saved on payroll activities		520	650	670
B2	Average hourly fully loaded compensation		\$81	\$81	\$81
B3	Productivity capture		85%	85%	85%
Bt	Payroll time savings	$B1*B2*B3$	\$35,802	\$44,753	\$46,130
	Risk adjustment	↓3%			
<b>Btr</b>	<b>Payroll time savings (risk-adjusted)</b>		<b>\$34,728</b>	<b>\$43,410</b>	<b>\$44,746</b>

Source: Forrester Research, Inc.



### Benefits Administration Time Savings

While the composite organization continues to use the same benefits vendor it was using prior to ADP's Comprehensive Services, many of the benefits processes that were previously manual and paper-based are streamlined with the ADP Workforce Now platform. The composite uses the enrollment tools to help with initial enrollment and changes to enrollment status. Prior to ADP's Comprehensive Services, the HR team would meet with employees to fill out paperwork to sign them up for benefits, and then go online or call the carriers to enroll them. Now, employees can go to the platform, click what they want, and ADP automatically sends the information to the carriers. Due to the integration with ADP payroll and reporting functionality, the organization can track benefit plans and ensure compliance.

Compared with prior processes, the HR team saves 320 hours related to benefits administration in Year 1, and this increases to 420 hours saved in Year 3. With an average hourly compensation of \$81 per hour and an 85% productivity capture, the organization achieves over \$28,000 in benefits time savings in Year 3.

Interviewed organizations provided a range of benefits improvements, since they will be dependent on the organization's prior processes and solutions and how the organization uses the Comprehensive Services offering. To compensate, this benefit was risk-adjusted and reduced by 3%. The risk-adjusted total benefit resulting from benefits time savings over the three years was \$76,134. See the section on Risks for more detail.

**TABLE 3**  
**Benefits Administration Time Savings**

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
C1	Total FTE hours saved on benefits administration		320	400	420
C2	Average hourly fully loaded compensation		\$81	\$81	\$81
C3	Productivity capture		85%	85%	85%
Ct	Benefits administration time savings	$C1 \times C2 \times C3$	\$22,032	\$27,540	\$28,917
	Risk adjustment	↓3%			
<b>Ctr</b>	<b>Benefits administration time savings (risk-adjusted)</b>		<b>\$21,371</b>	<b>\$26,714</b>	<b>\$28,049</b>

Source: Forrester Research, Inc.



### End User Time Savings

The introduction of integrated tools, additional process automation, and process improvements has also benefited employees and managers. ADP's Comprehensive Services allows employees to complete many processes themselves, including changing personal information, enrolling in benefits, and viewing pay statements and tax documents, without waiting for HR assistance. Managers can also more quickly complete performance reviews and vacation requests, among other processes. If employees or managers need help, they can call their respective Service Center to get fast assistance.

The composite estimates that each end user saves an average of 6 hours per year on HR processes compared with the previous solution. The average hourly end user compensation (including benefits) is \$52 per hour, and Forrester assumes a slightly lower productivity capture due to the higher number of end users and the lower total time savings per individual compared with HR. The organization saves between \$38,000 and just under \$43,000 per year from end user time savings.

Interviewed organizations provided a range of end user savings, since they will be dependent on the organization's prior processes and solutions and how the organization uses the Comprehensive Services offering. To compensate, this benefit was risk-adjusted and reduced by 5%. The risk-adjusted total benefit resulting from end user time savings over the three years was \$122,710. See the section on Risks for more detail.

**TABLE 4**  
**End User Time Savings**

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
D1	Number of employees		175	184	193
D2	Average time savings per year per employee (hours)	30 minutes/month	6	6	6
D3	Average hourly fully loaded compensation		\$52	\$52	\$52
D4	Productivity capture		75%	75%	75%
Dt	End user time savings	$D1 \times D2 \times D3 \times D4$	\$40,950	\$43,056	\$45,162
	Risk adjustment	↓5%			
<b>Dtr</b>	<b>End user time savings (risk-adjusted)</b>		<b>\$38,903</b>	<b>\$40,903</b>	<b>\$42,904</b>

Source: Forrester Research, Inc.



### Talent Management Improvements

One of the first talent management improvements the composite made was to skills training. Prior to ADP's Comprehensive Services, the organization would pay to have skills or safety classes onsite or would send employees offsite to seminars. The classes would often be required for the employee to remain compliant with regulation. However, it was costly to use external services, and employees didn't have the flexibility they needed. With comprehensive learning, the organization is able to offer a variety of online courses, including required courses as well as additional skill development. This offers employees more control over what courses they take and when, and it saves the organization an average of \$12,800 per year from reducing use of the external services. The courses also provide employees the right resources to pursue new opportunities in the organization, and management can see which courses were taken when looking for internal candidates for positions.

In addition to providing skills development, the organization is also able to improve its performance management processes. Prior to ADP's Comprehensive Services, performance reviews were paper-based and would be filed after they were completed, making access

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*“I just met with a new hire today, and I was showing her the comprehensive learning courses. . . . And I think the wheels in her head started turning. For new hires, they see these opportunities that ADP offers for no cost to them. So it is a draw to people.”*

~ HR, payroll, and accounts payable coordinator

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to that information time-consuming for both employees and HR. With ADP, performance reviews and professional development plans are on the platform and easily accessible. The overall impact of both the online courses and the improved professional development program is that employees now have more incentive to stay and either move up in their role or move to other roles. The organization saw its 15% turnover rate improve by 20% by Year 3, and it expects further improvements to turnover as recruiting capabilities are rolled out.

Talent impacts are highly variable from organization to organization, since this will be dependent on the organization's prior environment and how the organization uses ADP's Comprehensive Services, as well as the organization's ability to isolate the impact of ADP on certain metrics and encourage adoption. To compensate, this benefit was risk-adjusted and reduced by 15%. The risk-adjusted total benefit resulting from talent management improvements over the three years was \$191,654. See the section on Risks for more detail.

**TABLE 5**  
**Talent Management Improvements**

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
E1	Learning cost savings		\$12,800	\$12,800	\$12,800
E2	Number of employees		175	184	193
E3	Prior turnover rate		15%	15%	15%
E4	Improvement in turnover rate due to ADP		5%	15%	20%
E5	Average cost to hire an employee		\$16,640	\$16,640	\$16,640
E6	Hiring cost savings due to ADP	$E2 * E3 * E4 * E5$	\$21,840	\$68,890	\$96,346
Et	Talent management improvements	$E1 + E6$	\$34,640	\$81,690	\$109,146
	Risk adjustment	↓15%			
<b>Etr</b>	<b>Talent management improvements (risk-adjusted)</b>		<b>\$29,444</b>	<b>\$69,436</b>	<b>\$92,774</b>

Source: Forrester Research, Inc.



### Cost Savings And Avoidance

Prior to using ADP's Comprehensive Services, the lack of integration between the organization's stand-alone systems created compliance issues with account payroll deductions for retirement savings. Changes to benefits would not always flow to payroll and vice versa, or they would be entered incorrectly, resulting in funding errors that triggered penalties. After moving to ADP's Comprehensive Services, the organization eliminated this problem due to ADP's compliance expertise and integrated systems, and it reduced its overall compliance risk. The organization saves an average of \$9,600 in penalties compared to their prior environment. In addition, while not relevant for the composite, ADP can prevent other compliance issues, helping organizations avoid further fines, penalties, and lawsuits.

ADP's Comprehensive Services also saved other costs. ADP's Comprehensive Services replaced the basic HR service the organization was using, saving \$3,840 per year. The technology and services provided with ADP's Comprehensive Services also helped the organization avoid the hire of two additional HR staff that would have

been needed to keep up with manual processes and compliance research as the organization grew. This is approximately \$217,000 per year cost avoidance for additional staffing.

Interviewed organizations provided a range of cost savings, since the savings will be reliant on prior processes, compliance risk, staffing needs, and company growth. To compensate, this benefit was risk-adjusted and reduced by 5%. The risk-adjusted total benefit resulting from cost savings over the three years was \$658,464. See the section on Risks for more detail.

**TABLE 6**  
**Cost Savings And Avoidance**

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
F1	Compliance cost savings		\$9,600	\$9,600	\$9,600
F2	Prior HR vendor cost savings		\$3,840	\$3,840	\$3,840
F3	FTE hires avoided		2	2	2
F4	Average annual fully loaded compensation		\$108,800	\$108,800	\$108,800
Ft	Cost savings and avoidance	$F1+F2+(F3*F4)$	\$231,040	\$231,040	\$231,040
	Risk adjustment	↓5%			
<b>Ftr</b>	<b>Cost savings and avoidance (risk-adjusted)</b>		<b>\$219,488</b>	<b>\$219,488</b>	<b>\$219,488</b>

Source: Forrester Research, Inc.

### Total Benefits

Table 7 shows the total of all benefits across the six areas listed above, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total benefits to be a PV of almost \$1,022,000.

**TABLE 7**  
**Total Benefits (Risk-Adjusted)**

<b>Ref.</b>	<b>Benefit Category</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Total</b>	<b>Present Value</b>
Atr	HR administration time savings	\$18,700	\$24,710	\$26,046	\$69,456	\$56,990
Btr	Payroll time savings	\$34,728	\$43,410	\$44,746	\$122,883	\$101,065
Ctr	Benefits administration time savings	\$21,371	\$26,714	\$28,049	\$76,134	\$62,580
Dtr	End user time savings	\$38,903	\$40,903	\$42,904	\$122,710	\$101,405
Etr	Talent management improvements	\$29,444	\$69,436	\$92,774	\$191,654	\$153,855
Ftr	Cost savings and avoidance	\$219,488	\$219,488	\$219,488	\$658,464	\$545,834
	<b>Total benefits (risk-adjusted)</b>	<b>\$362,633</b>	<b>\$424,661</b>	<b>\$454,007</b>	<b>\$1,241,301</b>	<b>\$1,021,728</b>

Source: Forrester Research, Inc.



## COSTS

The composite organization experienced two major costs associated with the ADP Workforce Now Comprehensive Services solution. These represent the mix of internal and external costs experienced by the composite organization for initial planning, implementation, and ongoing maintenance associated with the solution.



### ADP Workforce Now Comprehensive Services Costs

The first expense is the Workforce Now Comprehensive Services service fees. This is priced based on usage of ADP's Comprehensive HR, Comprehensive Payroll, and the benefits technology of the ADP Workforce Now platform, including any added cost functionality. The composite organization starts paying service fees one month after the start of implementation. The three-month implementation period is captured in the "Initial" column, with two months of service fees following the initial month. The costs scale up over the three years of the analysis as the organization grows.

Solution costs vary from organization to organization, considering different licensing agreements, differing usage and company size, what other products may be licensed from the same vendor, and other discounts. To compensate, this cost was risk-adjusted up by 5%. The risk-adjusted cost of Comprehensive Services over the three years was \$410,071. See the section on Risks for more detail.

**TABLE 8**  
**ADP Workforce Now Comprehensive Services Costs**

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
Gt	ADP Workforce Now Comprehensive Services costs		\$19,600	\$117,600	\$123,648	\$129,696
	Risk adjustment	↑5%				
<b>Gtr</b>	<b>ADP Workforce Now Comprehensive Services costs (risk-adjusted)</b>		<b>\$20,580</b>	<b>\$123,480</b>	<b>\$129,830</b>	<b>\$136,181</b>

Source: Forrester Research, Inc.



### Resource Costs For Implementation And Ongoing Management

The composite organization spent three months on the implementation of Comprehensive Services. The ADP implementation manager coordinated the steps taken by ADP and by internal resources over these three months. The organization estimates that the two HR administrators spent 500 hours upfront on the implementation and another 40 hours on training to learn the new functionality within the solution. On an ongoing basis, the HR team spends an average of 3 hours per month, or 36 hours per year, on discussions and troubleshooting with the relationship manager and ADP specialists via the 800-number. The HR team also spends time on exploring new functionality to add to its ADP Comprehensive Services deployment.

The relationship manager provided upfront training for the organization's employees to introduce them to the Workforce Now platform and the various self-service features. Each employee spent 30 minutes on this upfront training. On an ongoing basis, the organization provides this 30-minute training to new hires.

Resource costs are variable from organization to organization depending on the size of the organization, the size of the deployment, and differences in skill and compensation. To compensate, this cost was risk-adjusted up by 5%. The risk-adjusted cost of implementation and management over the three years was \$62,374. See the section on Risks for more detail.

**TABLE 9**  
**Resource Costs For Implementation And Ongoing Management**

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
H1	Internal hours spent on implementation and ongoing management of solution		500	36	36	36
H2	Hours spent on training for implementation team		40			
H3	Hours spent on training for end users	30 minutes each	88	13	16	16
H4	Average hourly fully loaded compensation for implementation team		\$81	\$81	\$81	\$81
H5	Average hourly fully loaded compensation for end-users		\$52	\$52	\$52	\$52
Ht	Resource costs	$((H1+H2)*H4)+(H3*H5)$	\$48,316	\$3,592	\$3,748	\$3,748
	Risk adjustment	↑5%				
<b>Htr</b>	<b>Resource costs (risk-adjusted)</b>		<b>\$50,732</b>	<b>\$3,772</b>	<b>\$3,935</b>	<b>\$3,935</b>

Source: Forrester Research, Inc.

### Total Costs

Table 10 shows the total of all costs as well as associated present values, discounted at 10%. Over three years, the composite organization expects risk-adjusted total costs to be a PV of almost \$403,000.

**TABLE 10**  
**Total Costs (Risk-Adjusted)**

Ref.	Cost Category	Initial	Year 1	Year 2	Year 3	Total	Present Value
Gtr	ADP Workforce Now Comprehensive Services Costs	\$20,580	\$123,480	\$129,830	\$136,181	\$410,071	\$342,447
Htr	Resource costs for implementation and ongoing management	\$50,732	\$3,772	\$3,935	\$3,935	\$62,374	\$60,370
	<b>Total costs (risk-adjusted)</b>	<b>\$71,312</b>	<b>\$127,252</b>	<b>\$133,766</b>	<b>\$140,116</b>	<b>\$472,445</b>	<b>\$402,817</b>

Source: Forrester Research, Inc.

## FLEXIBILITY

Flexibility, as defined by TEI, represents an investment in additional capacity or capability that could be turned into business benefit for some future additional investment. This provides an organization with the “right” or the ability to engage in future initiatives but not the obligation to do so. There are multiple scenarios in which a customer might choose to implement ADP Workforce Now Comprehensive Services and later realize additional uses and business opportunities. Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in Appendix B).

The interviewees all took a phased approach to their Comprehensive Services deployment, focusing first on the tactical “wins” with process efficiencies and risk reduction and later pivoting to the more strategic initiatives around talent management. There were several items identified as future objectives that involved the addition of new ADP Workforce Now Comprehensive Services functionality and guidance from ADP specialists, including:

- › Exploring new processes and work patterns, such as remote working, to help the organization better recruit and retain talent.
- › Introducing recruitment tools and services, including helping with the development of job descriptions, benchmarking pay scales, tracking applicants, screening resumes, and pursuing full recruitment services. This will improve the efficiency of the recruitment process and better align applicants with job responsibilities, leading to improved retention and decreased hiring costs.
- › Leveraging the reporting functionality within ADP Workforce Now to make strategic decisions based on data. As the leader of cultural development said: “We’ve looked at our overtime coding and what we are spending on overtime, in addition to turnover, and we can put that data in front of leaders. We haven’t made any changes yet, but the data is at their fingertips for them to make the decisions they need to make, quicker and more accurate than before.”

## RISKS

Forrester defines two types of risk associated with this analysis: “implementation risk” and “impact risk.” Implementation risk is the risk that a proposed investment in ADP Workforce Now Comprehensive Services may deviate from the original or expected requirements, resulting in higher costs than anticipated. Impact risk refers to the risk that the business or technology needs of the organization may not be met by the investment in ADP Workforce Now Comprehensive Services, resulting in lower overall total benefits. The greater the uncertainty, the wider the potential range of outcomes for cost and benefit estimates.

**TABLE 11**  
**Benefit And Cost Risk Adjustments**

<b>Benefits</b>	<b>Adjustment</b>
HR, payroll, and benefits time savings	↓ 3%
End user time savings	↓ 5%
Talent management improvements	↓ 15%
Cost savings and avoidance	↓ 5%
<b>Costs</b>	<b>Adjustment</b>
ADP Workforce Now Comprehensive Services costs	↑ 5%
Resource costs for implementation and management	↑ 5%

Source: Forrester Research, Inc.

Quantitatively capturing implementation risk and impact risk by directly adjusting the financial estimates results provides more meaningful and accurate estimates and a more accurate projection of the ROI. In general, risks affect costs by raising the original estimates, and they affect benefits by reducing the original estimates. The risk-adjusted numbers should be taken as “realistic” expectations since they represent the expected values considering risk.

The following impact risks that affect benefits are identified as part of the analysis:

- › The value of time savings will be dependent on the organization’s prior processes and solutions, the differing use of the Comprehensive Services offering, the number of people affected, the accuracy of time savings estimates, and the ability to recapture this time for additional productivity.
- › Talent improvements will be dependent on the organization’s prior environment and use of ADP’s Comprehensive Services, the ability to isolate the impact of ADP on certain metrics, and adoption of talent opportunities by employees.
- › Cost savings will be reliant on prior processes and solutions, prior compliance risk and use of ADP to reduce compliance issues, staffing needs and capacity, and company growth, among other factors.

The following implementation risks that affect costs are identified as part of this analysis:

- › Software costs are dependent on different licensing agreements, differing usage and company size, what other products may be licensed from the same vendor, and other discounts.
- › Resource costs are variable from organization to organization depending on the size of the organization, the size of the deployment, and differences in skill and compensation of staff.

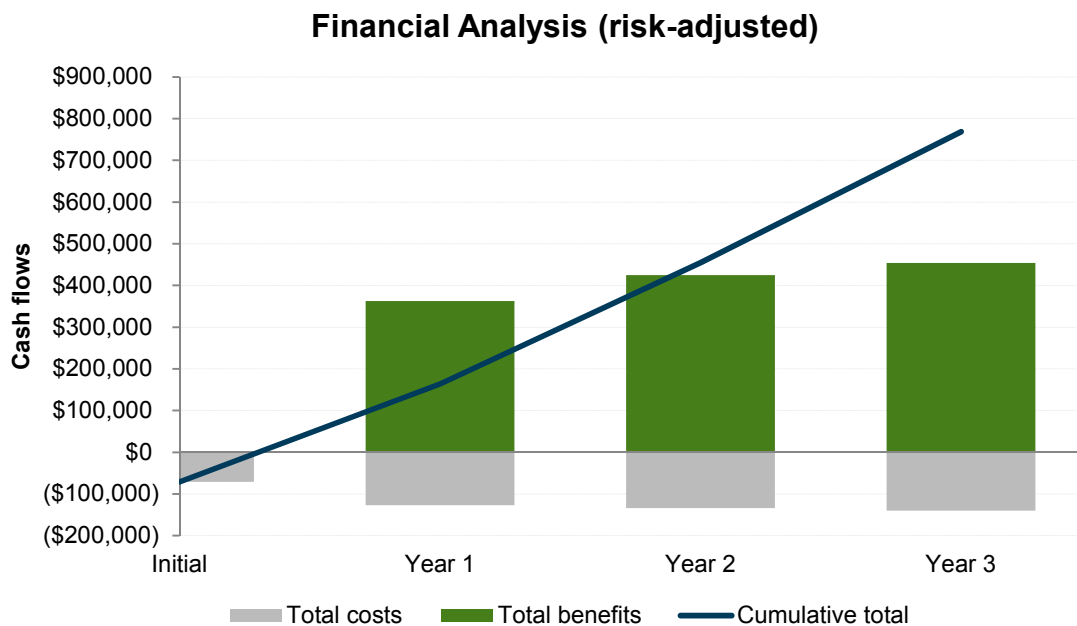
Table 11 shows the values used to adjust for risk and uncertainty in the cost and benefit estimates for the composite organization. Readers are urged to apply their own risk ranges based on their own degree of confidence in the cost and benefit estimates.

## Financial Summary

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 in ADP Workforce Now Comprehensive Services.

Table 12 below shows the risk-adjusted ROI, NPV, and payback period values. These values are determined by applying the risk-adjustment values from Table 11 in the Risks section to the unadjusted results in each relevant cost and benefit section.

**FIGURE 3**  
Cash Flow Chart (Risk-Adjusted)



Source: Forrester Research, Inc.

**TABLE 12**  
Cash Flow (Risk-Adjusted)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Costs	(\$71,312)	(\$127,252)	(\$133,766)	(\$140,116)	(\$472,445)	(\$402,817)
Benefits	\$0	\$362,633	\$424,661	\$454,007	\$1,241,301	\$1,021,728
<b>Net benefits</b>	<b>(\$71,312)</b>	<b>\$235,382</b>	<b>\$290,896</b>	<b>\$313,891</b>	<b>\$768,856</b>	<b>\$618,912</b>
<b>ROI</b>						<b>154%</b>
<b>Payback period</b>						<b>3.6 months</b>

Source: Forrester Research, Inc.

## ADP Workforce Now Comprehensive Services: Overview

The following information is provided by ADP. Forrester has not validated any claims and does not endorse ADP or its offerings.

ADP Workforce Now Comprehensive Services is a turnkey solution built on three key pillars — HR best practices, proven technology, and on-demand experts.

ADP Workforce Now Comprehensive Services is built on the ADP Workforce Now platform, which provides a flexible, integrated solution for managing HR, benefits, payroll, time and attendance, and talent management. These services are an extension of a client's HR department. The client gains one-stop access to an assigned team of specialists who provide guidance, transaction processing, and best practice recommendations in areas such as recruiting, employee relations, performance management, training, and regulatory compliance.

With ADP Workforce Now Comprehensive Services, clients gain access to a single technology solution combined with hands-on service and expertise to address the complete recruitment-to-retirement continuum. ADP Workforce Now Comprehensive Services can help mid-sized companies meet their human resources challenges so they can focus on finding, growing, and retaining their best talent.



Source: ADP

## Appendix A: Composite Organization Description

For this TEI study, Forrester has created a composite organization to illustrate the quantifiable benefits and costs of implementing ADP Workforce Now Comprehensive Services. The composite company is intended to represent a midsized organization with 175 employees and a two-person HR team and is based on characteristics of the interviewed customers.

The composite organization was using a basic payroll tool, a basic HR vendor, and a benefits vendor prior to the Comprehensive Services investment. However, many HR processes remained manual and paper-based, and the disparate systems used, combined with the increasing complexity of regulation, resulted in errors and inconsistencies that increased compliance risk.

In purchasing ADP Workforce Now Comprehensive Services, the composite organization had the following objectives:

- › Achieve time and cost savings by using integrated solutions, automating manual HR processes, eliminating paper, providing self-service functionality, and reducing time spent on data entry.
- › Achieve time savings by relying on experts to keep the HR team informed of compliance issues and avoid penalties and lawsuits related to noncompliance.
- › Reduce time spent on administrative tasks and then get guidance and best practice assistance for more strategic objective such as improving training and skills development, professional development programs, and recruiting processes.

For the purpose of this analysis, Forrester assumes that the composite used ADP's Comprehensive HR and Payroll and only the benefits functionality of the ADP Workforce Now platform (as opposed to Comprehensive Benefits). The organization took full advantage of the services elements of the offering and leveraged the relationship manager and ADP specialists to offload some processes to ADP, refine and streamline processes, encourage adoption of self-service tools across the organization, and make strategic decisions for workforce optimization in support of business needs and objectives. The organization is still early in its use of ADP's Comprehensive Services, so many of these strategic initiatives are planned for the near future.

### FRAMEWORK ASSUMPTIONS

Table 13 provides the model assumptions that Forrester used in this analysis.

The discount rate used in the PV and NPV calculations is 10%, and the time horizon used for the financial modeling is three years. Organizations typically use discount rates between 8% and 16% based on their current environment. Readers are urged to consult with their respective company's finance department to determine the most appropriate discount rate to use within their own organizations.

**TABLE 13**  
**Model Assumptions**

Ref.	Metric	Calculation	Value
X1	Hours per week		40
X2	Weeks per year		52
X3	Hours per year (M-F, 9-5)		2,080
X4	Hours per year (24x7)		8,736
X5	Average fully loaded management salary		\$168,480
X6	Hourly management salary	(X5/X3)	\$81
X7	Average fully loaded end user salary		\$108,160
X8	Hourly end user salary	(X7/X3)	\$52

Source: Forrester Research, Inc.



## Appendix B: Total Economic Impact™ Overview

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. TEI assists technology vendors in winning, serving, and retaining customers.

The TEI methodology consists of four components to evaluate investment value: benefits, costs, flexibility, and risks.

### BENEFITS

Benefits represent the value delivered to the user organization — IT and/or business units — by the proposed product or project. Often, product or project justification exercises focus just on IT cost and cost reduction, leaving little room to analyze the effect of the technology on the entire organization. The TEI methodology and the resulting financial model place 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. Calculation of benefit estimates involves a clear dialogue with the user organization to understand the specific value that is created. In addition, Forrester also requires that there be a clear line of accountability established between the measurement and justification of benefit estimates after the project has been completed. This ensures that benefit estimates tie back directly to the bottom line.

### COSTS

Costs represent the investment necessary to capture the value, or benefits, of the proposed project. IT or the business units may incur costs in the form of fully burdened labor, subcontractors, or materials. Costs consider all the investments and expenses necessary to deliver the proposed value. In addition, the cost category within TEI captures any incremental costs over the existing environment for ongoing costs associated with the solution. All costs must be tied to the benefits that are created.

### FLEXIBILITY

Within the TEI methodology, direct benefits represent one part of the investment value. While direct benefits can typically be the primary way to justify a project, Forrester believes that organizations should be able to measure the strategic value of an investment. Flexibility represents the value that can be obtained for some future additional investment building on top of the initial investment already made. For instance, an investment in an enterprisewide upgrade of an office productivity suite can potentially increase standardization (to increase efficiency) and reduce licensing costs. However, an embedded collaboration feature may translate to greater worker productivity if activated. The collaboration can only be used with additional investment in training at some future point. However, having the ability to capture that benefit has a PV that can be estimated. The flexibility component of TEI captures that value.

### RISKS

Risks measure the uncertainty of benefit and cost estimates contained within the investment. Uncertainty is measured in two ways: 1) the likelihood that the cost and benefit estimates will meet the original projections and 2) the likelihood that the estimates will be measured and tracked over time. TEI risk factors are based on a probability density function known as "triangular distribution" to the values entered. At a minimum, three values are calculated to estimate the risk factor around each cost and benefit.

## Appendix C: Glossary

**Discount rate:** The interest rate used in cash flow analysis to take into account the time value of money. Companies set their own discount rate based on their business and investment environment. Forrester assumes a yearly discount rate of 10% for this analysis. Organizations typically use discount rates between 8% and 16% based on their current environment. Readers are urged to consult their respective organizations to determine the most appropriate discount rate to use in their own environment.

**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.

**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.

**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.

**Return on investment (ROI):** A measure of a project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits minus costs) by costs.

### A NOTE ON CASH FLOW TABLES

The following is a note on the cash flow tables used in this study (see the example table below). The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1. Those costs are not discounted. All other cash flows in years 1 through 3 are discounted using the discount rate (shown in the Framework Assumptions section) at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations are not calculated until 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.

TABLE [EXAMPLE]  
Example Table

Ref.	Metric	Calculation	Year 1	Year 2	Year 3

Source: Forrester Research, Inc.

## Appendix D: Supplemental Material

### *Related Forrester Research*

“The Forrester Wave™: Talent Acquisition Vendors, Q3 2015,” Forrester Research, Inc., September 8, 2015

## Appendix E: Endnotes

<sup>1</sup> Forrester risk-adjusts the summary financial metrics to take into account the potential uncertainty of the cost and benefit estimates. For more information, see the section on Risks.

<sup>2</sup> Note that all values are in Canadian Dollars, based on the average 2015 exchange rate of \$1.28 Canadian to \$1 US.

<sup>3</sup> Source: “CLEAResult Consulting and ADP Workforce Now Comprehensive Services,” YouTube video, Jul 14, 2015 (<https://www.youtube.com/watch?v=HWOECryki4I>).