

Finding the right human capital management solution at the right cost

If your business needs human capital management (HCM) and you're basing the decision solely on price, you may end up with a system that doesn't meet expectations. A more effective approach is to carefully consider not just your budget, but also your requirements and the functionality included in the product.

The size of your business determines price.

Before you begin comparing HCM features, it helps to know how they're priced.

Typically, providers charge by the number of employees you have.

In one such payment model, known as **per employee per processing (PEPP)**, your annual fee is a product of the number of payment transactions per payroll times the number of payrolls in a given year.

Example:



Another common payment method is **per employee per month (PEPM)**. As the name implies, you're charged by the number of employees on a monthly basis.

Example:



In some cases, you may pay for certain services on a PEPP basis and others on a PEPM basis.

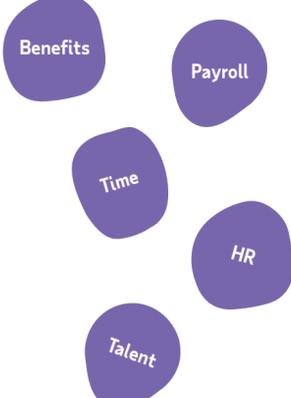
Additional payroll features may increase cost. Many low-cost HCM systems don't include all the features needed to effectively run payroll, such as:

Adding these payroll tools may incur extra fees not included in the base cost.



HCM Bundles Offer Advantages

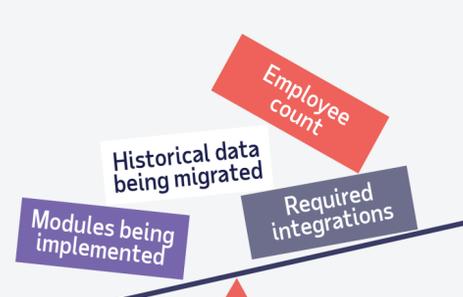
Bundling HCM solutions into one package may be cost effective if your company needs more than just payroll. Bundles can include time tracking, benefits administration, talent management and more. The total price will depend on the quality of the individual features and how many employees you have.



Before choosing a provider, verify the payment model (PEPP or PEPM) and what's included in the bundle, especially if it's a low-cost solution.

Implementation fees may vary

Implementing HCM software is usually a one-time fee, charged up front. Costs, however, may vary depending upon how much historical data you plan on migrating, whether you have other products that need to be integrated, if your end-users require training and other factors. Confirm what is included in the implementation fee before making a purchase.



Other Costs to Consider



Like any software, HCM may require technical support at times. Ask your vendor if they offer product maintenance and what they charge for those services. You'll also want to consider annual processing fees, such as year-end tax forms, which will add to your total HCM expense. It is included in the implementation fee before making a purchase.

To learn how ADP can help you meet your expectations when investing in a new HCM Solution, please visit adp.ca