FORRESTER

New Technology: The Projected Total Economic Impact™ Of Paycom's Time-Off Requests Featuring GONE®

Cost Savings And Business Benefits Enabled By Automation Of Time-Off Decisioning With Paycom

A Forrester New Technology Projected Total Economic Impact™ Study
Commissioned By Paycom, October 2024

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ABOUT FORRESTER CONSULTING

Forrester provides independent and objective research-based consulting to help leaders deliver key outcomes. Fueled by our customer-obsessed research, Forrester's seasoned consultants partner with leaders to execute their specific priorities using a unique engagement model that ensures lasting impact. For more information, visit forrester.com/consulting.

Executive Summary

Paycom's Time-Off Requests featuring GONE allows organizations to automate the time-off approval process entirely, eliminating the need for disruptive manual work on the part of the organization's managers, HR staff, finance staff, and/or other administrative staff. Employees benefit from transparent, consistent, and instantaneous time-off decisioning that also keeps the current staffing requirements of the business in careful consideration, ensuring smooth operations and satisfied customers.

Paycom's Time-Off Requests featuring GONE is Paycom's time-tracking tool. The GONE feature, which comes included within the Time-Off Requests tool for all users, allows organizations' managers to configure time-off decisioning rules to automate employee requests completely, adding consistency and transparency to the time-off decision process while maintaining appropriate levels of staffing.

Paycom commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study to examine the potential return on investment (ROI) organizations may realize by deploying Time-Off Requests featuring GONE.[1] The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of GONE on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four representatives with experience using Paycom's Time-Off Requests featuring GONE. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single, industry-agnostic composite organization with 400 employees, 30 managers, and revenues of about $300 million annually.

Projected return on investment (PROI)

102% to 821%

Projected net present value (PNPV)

$13.2K to $105.9K

Projected present value benefits

$26.1K to $118.8K

Time saved per manager (annual)

Up to 30 hours

Time saved per HR administrator (annual)

Up to 40 hours

Avoided overtime (annual)

Up to 240 hours

Interviewees said that prior to using GONE, their organizations' managers were consistently behind on employee time-off request approvals due to the disruptive, manual nature of these tasks. Managers would often get to these approvals late or not at all, inconveniencing the HR and/or finance staff responsible for payroll and creating additional manual work for managers to reconcile employee time-off information. At the center of it, employees often waited for days only to find out their requests were denied, negatively impacting the employee experience. In addition, largely manual legacy time-off decision processes were prone to error, inadvertently resulting in short staffing areas of the business.

After the investment in GONE, the interviewees described the cascading benefits of time-off decisioning automation to Forrester. The interviewees' organizations' managers and staff in charge of payroll (HR and/or finance) saved considerable hours on previously tedious, manual tasks. From consistent, automated time-off request decisioning, the interviewees' businesses were appropriately staffed, while employees were aware of the status of their requests and available time-off balances.

KEY FINDINGS

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

- **Individual manager savings of nearly 30 unproductive hours annually.** Paycom's GONE eliminates the need for manual work related to the request and approval process on the part of the manager. This saves each manager in the composite organization nearly 30 hours annually, which was previously spent on disruptive tasks related to approving employee time-off requests, including navigating disconnected systems and processes, tallying and recording accruals, managing staffing levels, and making the final decisions related to their employees' time off. By eliminating these tasks for managers through GONE, the composite organization recognizes upward of $75,000 present value labor savings on these tasks alone over three years that can be repurposed toward other business value-adding tasks.
- **HR, finance, and administrative staff time savings of up to 192 hours annually.** The composite organization's HR, finance, and administrative personnel downstream in the time-off requests' workflow benefit from instant decisioning through GONE. Paycom's GONE eliminates the need to continually follow up with managers to decide on the requests, manually reconcile and communicate employee time-off balances across several systems and processes, and — ultimately — delay payroll-related tasks due to these inefficiencies. For the composite organization, this results in savings of nearly $20,000 present value over three years.
- **Up to 240 avoided overtime hours annually from more consistent staffing.** By automating the time-off request and approval process with GONE, errors related to manual work and legacy processes are eliminated at the composite organization, ensuring consistent staffing levels at the organization's locations and reducing the need to pay overtime wages in a case of understaffing. This results in upward of $23,000 present value in avoided overtime wages over three years for the composite organization.

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

- **Improved employee experience.** GONE greatly improves the composite organization's employee experience by establishing consistent and transparent parameters for time-off requests and instantly making a decision when each request is submitted. Employees no longer wait several days for decisions, while disputes between managers and employees related to favoritism in approvals are avoided.

- **Iteration on time-off decisioning rules to suit current business requirements.** The composite organization can continually iterate on existing decisioning rules and add new ones to GONE to align with the current and future staffing needs.

- **Removing the onus on managers to scrutinize and uphold corporate time-off policies.** GONE automates most time-off decisions, reducing the need for managers to spend additional time staying current on organizational time-off policies for the employees.

- **Interconnectivity with other Paycom tools.** Paycom tools all work in concert with one another as a complete HR and payroll platform in a single software, greatly facilitating the composite organization's staff's day-to-day work.

Costs. Cost considerations for the composite organization include:

- **Annual fee to Paycom for Time-Off Requests featuring GONE of $4,020.** The composite organization pays an annual fee for Paycom's Time-Off Requests featuring GONE based on the number of Paycom users (costs have been estimated for the composite organization).

- **Implementation, time-off decision rules authoring, and training costs worth $2,900 over three years.** The composite organization dedicates personnel to overseeing the implementation of Time-Off Requests and GONE and for authoring time-off decisioning rules for the feature. Each of the composite's managers and Paycom users dedicate 1 hour to self-paced training.

Forrester modeled a range of projected low-, medium-, and high-impact outcomes based on evaluated risk. This financial analysis projects that the composite organization accrues the following three-year net present value (NPV) for each scenario by using Paycom Time-Off Requests featuring GONE:

- Projected high impact of a $105,900 NPV and projected ROI of 821%.
- Projected medium impact of a $52,100 NPV and projected ROI of 404%.
- Projected low impact of a $13,200 NPV and projected ROI of 102%.

Labor savings for managers, HR, finance, and administrative personnel on time-off-related tasks

Up to $95,495

"[Paycom's] GONE is a time-saver for the supervisors and is extremely convenient for their employees."

OFFICE MANAGER, MANUFACTURING

Projected return on investment (PROI):

102% to 821%

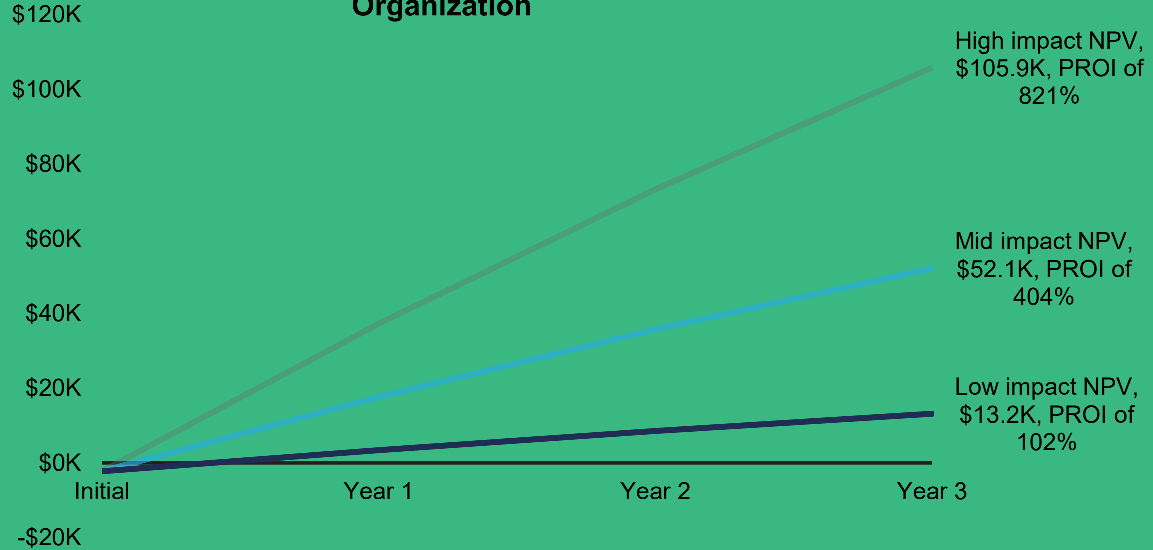
Projected benefits PV:

$26.1K to $118.8K

Projected net present value (PNPV):

$13.2K to $105.9K

Three-Year Projected Financial Analysis For The Composite Organization



NEW TECH TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews, Forrester constructed a New Technology: Projected Total Economic Impact™ (New Tech TEI) framework for those organizations considering an investment in Paycom's Time-Off Requests featuring GONE.

The objective of the framework is to identify the potential cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the projected impact that Time-Off Requests featuring GONE 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 Time-Off Requests featuring GONE.

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 Paycom's Time-Off Requests.

Early-Implementation Interviews

Interviewed four representatives at organizations using GONE in a pilot or beta stage to obtain data about projected costs, benefits, and risks.

Composite Organization

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

Projected Financial Model Framework

Constructed a projected financial model representative of the interviews using the New Tech TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewees.

Case Study

Employed four fundamental elements of New Tech TEI in modeling the investment's potential 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 Time-Off Requests Featuring GONE Customer Journey

Drivers leading to the Paycom Time-Off Requests featuring GONE investment

Interviews			
Role	**Industry**	**Employees**	**Revenue**
Payroll manager	Food and beverage	~350	~$300M
Office manager	Manufacturing	~80	~$20M
Controller	Nonprofit	~200	~$35M
Director of human resources	Retail	~400	~$630M

KEY CHALLENGES

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

- **Outdated processes around employee time-off requests.** Each interviewee described their organization's processes for employee time-off requesting and manager approval. Several interviewees noted that while payroll was handled by software, time-off requests were still a very manual process; in some cases, these requests involved multiple applications, email, physical memos, and/or calendars, along with manual tracking of remaining time off.
- **Unnecessary busy work for managers, HR administrators, and finance staff.** HR, finance, or administrative staff often lacked up-to-date time-off information required to do their jobs accurately due to manual time-off request and approval processes. Several interviewees recounted frequent instances of having to "chase down" managers to approve requested time off or provide updated balances for their employees. The director of human resources at a

retail organization summarized, “I was doing a lot of busy work, chasing people down to do their jobs so I could do my job.”

- **Costs related to errors.** Several interviewees noted that inaccuracies in their time-off request and approval processes sometimes resulted in staffing shortages in key areas of their business at the wrong time. Shortages in staffing at retail locations, warehouses, and delivery points resulted in overtime wages or disruption of operations. Requests were oftentimes approved late, after the fact, or not at all— yielding additional cost liabilities for the companies.

- **Poor employee experience.** Besides the cost inefficiencies resulting from legacy time-off request and approval processes, interviewees also cited a poor employee experience as a pre-Paycom challenge. Employees often had no choice but to wait several days before learning if their request was approved as their managers were required to manually check time-off balances, staffing levels, and company blackout dates before approving the request. In some cases, interviewees explained that the request was never formally “approved” before employees took the time off, resulting in discomfort on the part of the employee. The director of human resources at a retail organization recounted an employee response on an anonymous company survey (related to HR). They noted the employee stated: “My manager rarely approves my time off. It is just not high on their priority list. I can’t tell you how many times I’ve taken my time off, I come back, and they still haven’t approved my time off. But they know I take it. It’s just not up there on the things that they care about getting done.”

- **A disconnected set of payroll, HR, and time and attendance tools.** While this report is focused on the projected impact of Paycom’s Time-Off Requests and its GONE functionality, several interviewees explained that the Time-Off Requests tool was brought online alongside a larger Paycom implementation, including payroll, HR, and other time and attendance solutions. Interviewees told Forrester that prior to the Paycom deployment, payroll, HR, and time and attendance functionality was disconnected and handled via different solutions and/or processes. This obscured the visibility of information (such as time-off balances) for staff who needed it across these functions and solutions. The interviewees’ organizations were looking for a solution that could bring this functionality onto a single platform and scale with any potential growth.

INVESTMENT OBJECTIVES

The interviewees' organizations searched for a solution that could:

- Modernize payroll, HR, and time and attendance functionality in a single software.
- Automate manual processes for time-off requests.
- Provide real-time visibility into employee time-off information.

> "With [Paycom's] GONE, I know that all PTO requests are going to be handled instantly and fairly without considering which individual is requesting it."
>
> DIRECTOR OF HUMAN RESOURCES, RETAIL

> "To use a line from my generation, I think [Paycom's GONE] is the best thing since sliced bread."
>
> DIRECTOR OF HUMAN RESOURCES, RETAIL

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 four 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 composite organization is an industry-agnostic, regional organization worth $300 million annually with 400 total employees, 30 of whom are managers. The organization operates across eight physical locations (retail locations and warehouses).

Deployment characteristics. The composite organization deploys Paycom's Time-Off Requests featuring GONE as part of a greater Paycom implementation, including payroll, HR management, and other time and attendance modules. Previously, the composite leveraged several separate solutions (and vendors) for payroll and HR management functionality. Time and attendance tasks were largely manual, relying on digital, manual time entry and manager tracking of time-off balances and staffing calendars to approve or deny requests accordingly.

Key Assumptions

$300 million in revenue

400 employees

30 managers

Implementation of Paycom platform, including Payroll, HR Management, and Time and Attendance

Analysis Of Benefits

Quantified benefit data as applied to the composite

Total Projected Benefits					
Projected Benefits	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Total projected benefits (low)	$10,488	$10,488	$10,488	$31,464	$26,081
Total projected benefits (mid)	$26,150	$26,150	$26,150	$78,451	$65,031
Total projected benefits (high)	$47,760	$47,760	$47,760	$143,280	$118,772

AVOIDED UNPRODUCTIVE MANAGER HOURS

Evidence and data. Prior to implementing Paycom's Time-Off Requests featuring GONE, the interviewees' organizations' managers were charged with manual tasks throughout the employee time-off request and approval process. Tasks, such as tallying and recording employee time off, managing staffing levels at popular vacation times during the year, scrutinizing organizational time-off policies, and ultimately making decisions around time off, fell on managers — many of whom did not prioritize these activities as part of their day-to-day responsibilities. Given the tediousness of these tasks, some managers would often put them off as long as possible despite the implications for the requesting employees and the finance and HR staff who needed accurate time-off bookkeeping to do their jobs effectively. These delays — combined with manual data entry — fostered a higher than ideal error rate. Interviewees noted GONE eliminated the need for manual work related to the request and approval process on the part of the manager.

- The payroll manager at a food and beverage organization described their process for employee time-off requests prior to implementing Paycom, which tasked managers to keep track of their employees' time off using a physical calendar and paper slips their employees would hand in for their requests. The interviewee noted that the bookkeeping around time-off balances resulted in just as much manual work as requests and approvals, stating: “[The managers] would work with HR and send a letter home with each employee that would summarize how many days they had for the upcoming year. So, they’re spending a week just going through days for their employees. It was so much manual work.” After implementing GONE, the same interviewee estimated that managers, depending on how many reports they had, saved anywhere from 16 to 32 hours annually attributable to GONE alone. They summarized, “There are simply much fewer interruptions for the managers [with Paycom].”

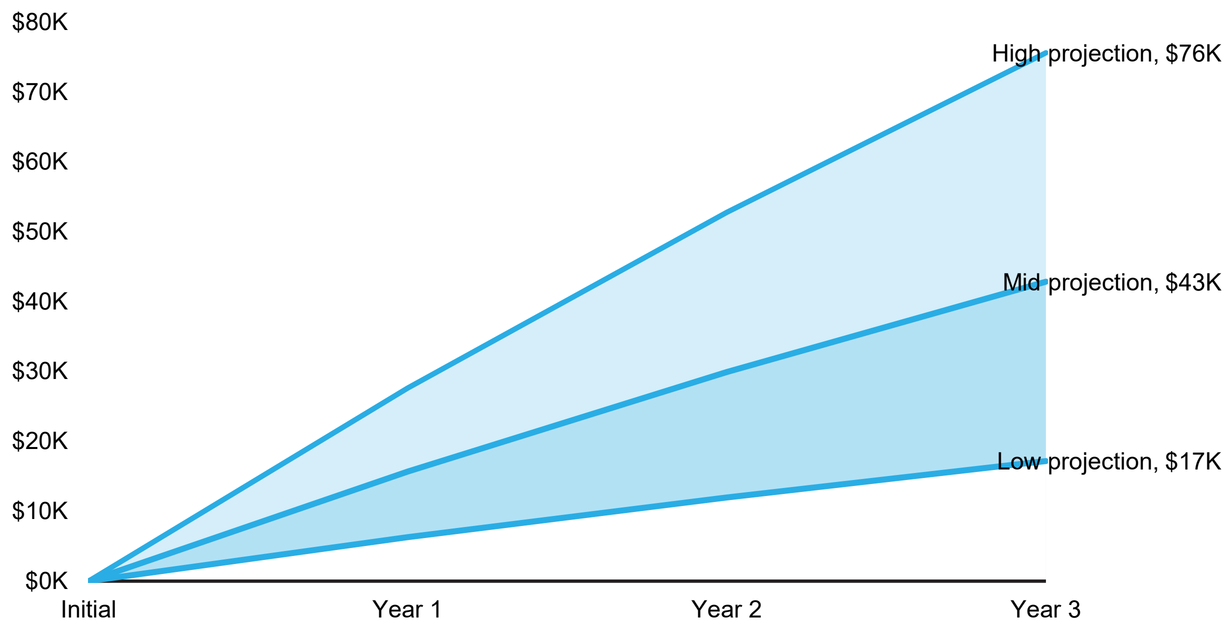
- The director of human resources at a retail organization that employs 120 managers noted that legacy request and approval processes for time off resulted in significant distraction and manual considerations for their managers tasked with maintaining appropriate staffing levels at their stores and for shipping/delivery teams. The interviewee estimated that each request took a manager up to 15 minutes given the level of consideration needed to make the decision. The interviewee added, “So if you take as long as 15 minutes, multiply that by however many employees by however many requests, then yikes!” For this interviewee’s organization, GONE eliminated the need for managers to make these decisions, though the interviewee noted that the flexibility to override GONE’s automated decision-making was appreciated by managers still looking to run their stores the way they liked.
- Using GONE, the office manager at a manufacturing company noted that their managers no longer had to perform manual time-off-related work. They also established time-off decisioning rules that adhered to their company culture and encouraged employees to take the time off when they needed it with no blackout dates or exceptions.
- The controller at a nonprofit organization characterized Paycom’s Time-Off Requests (along with the rest of the Paycom software) as intuitive for staff at all levels. The interviewee’s organization’s time-off decisioning rules were easily configured in GONE, while managers (who saved time over the previously manual approval process) and employees who needed access to time-off and attendance information could easily access it.

Modeling and assumptions. For the composite organization, Forrester makes the following assumptions:

- Each of the composite organization's 30 managers manages an average of 12 employees.
- Before Paycom, each manager spends between 5 minutes (low) and 12 minutes (high) per employee per month approving time-off requests. This time includes pulling up the employees' requests, checking and updating time-off balances, checking staffing levels for requested dates, and making an approval or denial decision.
- The average fully burdened hourly wage for a manager ranges from $32 to $44.
- A 60% to 80% productivity recapture rate as it cannot be assumed that all hours reclaimed will be repurposed toward value-added work.

Results. This yields a three-year projected PV ranging from $17,000 (low) to $76,000 (high).

Avoided Unproductive Manager Hours: Range Of Three-Year Cumulative Impact



Over 20 hours

Time savings on employee time-off tasks per manager annually

> “[Employees] can look at their calendars and just submit PTO right on their phones.”
>
> OFFICE MANAGER, MANUFACTURING

Avoided Unproductive Manager Hours					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
A1	Total managers using Paycom's Time-Off Requests	Interviews	30	30	30
A2	Employees per manager	Assumption	12	12	12
$A3_{Low}$			5	5	5
$A3_{Mid}$	Time spent per month reviewing time-off requests (minutes per employee)	Interviews	9	9	9
$A3_{High}$			12	12	12
$A4_{Low}$			12.0	12.0	12.0
$A4_{Mid}$	Avoided annual nonproductive hours per manager	(A2*A3/60 minutes) *12 months	21.6	21.6	21.6
$A4_{High}$			28.8	28.8	28.8
$A5_{Low}$			360	360	360
$A5_{Mid}$	Total avoided annual nonproductive manager hours	A1*A4	648	648	648
$A5_{High}$			864	864	864
$A6_{Low}$			$32	$32	$32
$A6_{Mid}$	Fully burdened hourly rate for a manager	Assumption	$38	$38	$38
$A6_{High}$			$44	$44	$44
$A7_{Low}$			60%	60%	60%
$A7_{Mid}$	Productivity recapture	TEI standard	70%	70%	70%
$A7_{High}$			80%	80%	80%
At_{Low}			$6,912	$6,912	$6,912
At_{Mid}	Avoided unproductive manager hours	A5*A6*A7	$17,237	$17,237	$17,237
At_{High}			$30,413	$30,413	$30,413
Three-year projected total: $20,736 to $91,238			**Three-year projected present value: $17,189 to $75,632**		

PRODUCTIVITY IMPROVEMENTS FOR FINANCE, HR, AND ADMINISTRATIVE STAFF

Evidence and data. While the managers at interviewees' organizations saw the benefits of Paycom first due to time savings from reducing manual time-off request and approval tasks, additional personnel who were further down these workflows also gained efficiencies. Interviewees told Forrester that prior to Paycom, HR staff, finance staff, and/or general administrative staff were often left with distracting, manual work because of legacy time-off approval processes. Delays in approvals or errors from manual data entry on the part of the managers forced people in these roles to spend considerable time on tasks like reconciling employee time-off balances, consistently following up with managers to approve their employees' time-off requests, or, in some cases, simply approving time off on behalf of the manager (despite few details) so they could continue their payroll or HR responsibilities. Interviewees also added that a lack of visibility into information, such as time-off balances, and interconnectivity across payroll, HR, and time and attendance solutions before Paycom also contributed to significant manual reconciliation or "fact-finding" work. After implementing GONE, several interviewees noted that personnel in these roles also saved significant time and distraction.

- Even as a director of human resources, the interviewee at the retail organization often found themselves in the position of continually asking managers to approve their employees' time off so they could do their own job prior to the GONE implementation. The interviewee explained: "You don't want to be a nag to people, but when my name came on the caller ID, I'm sure they'd say, 'What do they want now?'" While the interviewee estimated a savings of 10 hours per month for just themselves, they also noted that the benefit was not just from direct time savings, but also from the reduction in distractions throughout their workday.
- By eliminating the need to manually reconcile and communicate time-off balances to employees with Paycom, the payroll manager at a food and beverage organization estimated that each HR staff member saved nearly 4 hours per month in time previously spent working directly with managers. The interviewee concluded, "We don't have [administrative staff] for this type of work, so we — me included — have saved two days a month on these kinds of things."

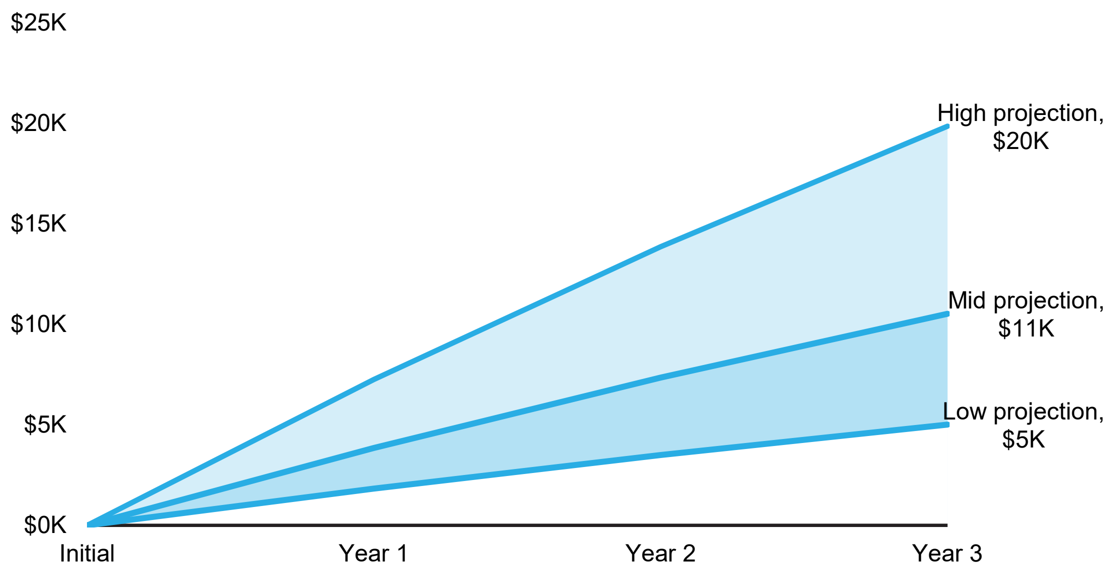
- The office manager at a manufacturer noted that savings on manual reconciliation alone resulting from GONE saved them 8 hours per month on average.

Modeling and assumptions. For the composite organization, Forrester makes the following assumptions:

- Four HR administrators or finance staff members have historically been tasked with manual reconciliation of employee time-off approvals, balances, and manager outreach.
- Each month, these HR and finance personnel spend between 2 (low) and 4 (high) hours each on these manual reconciliation tasks.
- The average fully burdened hourly wage for an HR administrator and finance staff ranges from $35 to $52.
- A 60% to 80% productivity recapture rate as it cannot be assumed that all hours reclaimed will be repurposed toward value-added work.

Results. This yields a three-year projected PV ranging from $5,000 (low) to $20,000 (high).

Productivity Improvements For HR, Finance, And/Or Administrative Staff: Range Of Three-Year Cumulative Impact



144 hours

Avoided nonproductive administrative time

"Many employees who put in their time-off requests were not getting it approved by their supervisors before they actually took it. So, the people in charge of processing payroll had to chase down managers and, in some cases, manually approve [the time off] so we could get their time sheets approved and pull them into payroll."

DIRECTOR OF HUMAN RESOURCES, RETAIL

Productivity Improvements For HR, Finance, And Administrative Staff					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
B1	HR administrators and finance staff using Paycom	Composite	4	4	4
$B2_{Low}$	Hours spent per month on tasks related to reconciling employee time off	Interviews	2	2	2
$B2_{Mid}$			3	3	3
$B2_{High}$			4	4	4
$B3_{Low}$	Avoided annual nonproductive hours per administrator	B2*12 months	24	24	24
$B3_{Mid}$			36	36	36
$B3_{High}$			48	48	48
$B4_{Low}$	Total avoided annual nonproductive administrator hours	B1*B3	96	96	96
$B4_{Mid}$			144	144	144
$B4_{High}$			192	192	192
$B5_{Low}$	Fully burdened hourly rate for a manager	Assumption	$35	$35	$35
$B5_{Mid}$			$42	$42	$42
$B5_{High}$			$52	$52	$52
$B6_{Low}$	Productivity recapture	TEI standard	60%	60%	60%
$B6_{Mid}$			70%	70%	70%
$B6_{High}$			80%	80%	80%
Bt_{Low}	Productivity improvements for HR, finance, and/or administrative staff	B4*B5*B6	$2,016	$2,016	$2,016
Bt_{Mid}			$4,234	$4,234	$4,234
Bt_{High}			$7,987	$7,987	$7,987
Three-year projected total: $6,048 to $23,962			**Three-year projected present value: $5,013 to $19,863**		

OVERTIME SAVINGS FROM FEWER INSTANCES OF UNDERSTAFFING

Evidence and data. By automating the time-off request and approval process with GONE, the interviewees' organizations eliminated errors related to manual work and legacy processes, ensuring these organizations had staff where they needed them, when they needed them as dictated by the decision rules configured in GONE. Before implementing Paycom, several interviewees detailed instances of understaffing areas of the business due to accidental approval of too many employees on the part of the manager — especially during periods of the year that are popular for time off. This resulted in rescinding employee time off that was previously approved, overtime wages for other employees, or disruption of business operations.

- The director of HR at a retail organization detailed frequent instances in which overlapping time off impacted operations, not only at the store level, but also at the delivery level, therefore affecting customer experience. The interviewee explained: "We are in the rent-to-own business, and we can't have our delivery staff off at the same time. We also can't have our account managers off the same time. This used to be an ordeal, especially at some locations. It was quite a balancing act to try to give everybody the time that they want while making sure that not to shortchange ourselves and our customer [experience]."
- The payroll manager noted instances of understaffing the warehouses at the food and beverage organization were frequent, resulting from errors in the very manual time-off approval process. If managers did not log requested time off in a timely manner, employee "no-show, no-calls" to the warehouse resulted in suboptimal operations for that day or week.

Modeling and assumptions. For the composite organization, Forrester makes the following assumptions:

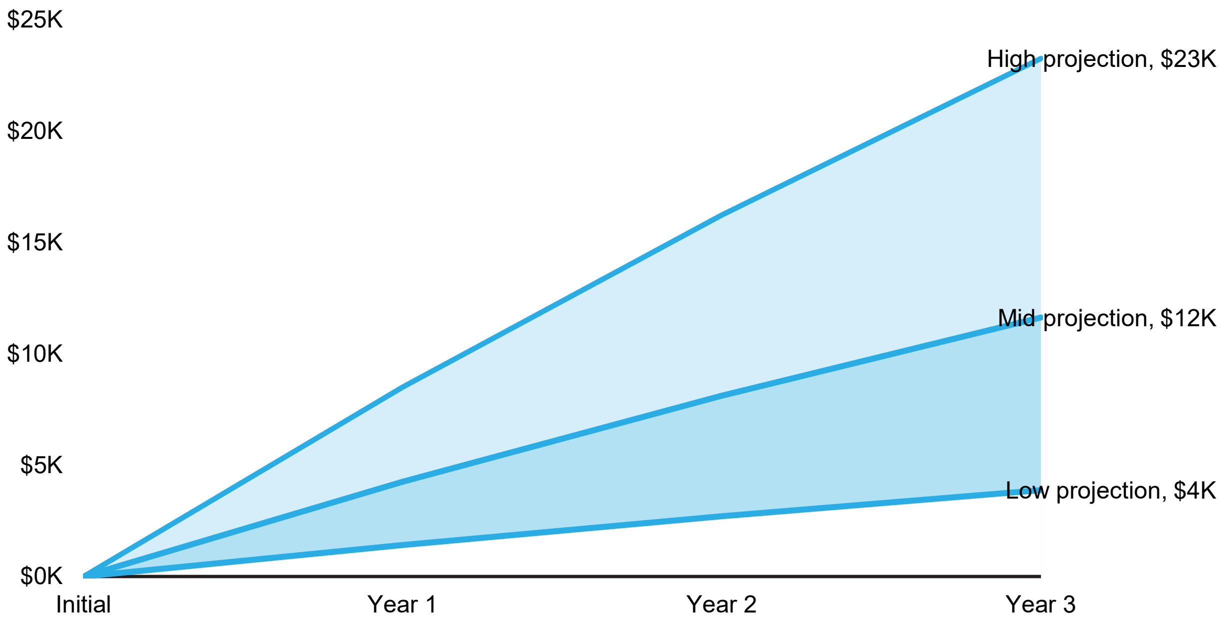
- Before Paycom, an error-related staffing shortage affects 25% of the composite organization's physical locations (e.g., retail stores, warehouses).
- Of the locations affected by staffing shortages, the frequency of these shortages ranges between one incident (low) to three instances (high) annually.
- For each incident, an additional 10% (low) to 20% (high) staffing is required (through overtime) to maintain operations.

- The fully burdened hourly rate for employee overtime is $39.

Results. This yields a three-year projected PV ranging from $4,000 (low) to $23,000 (high).

> "There were glitches in our process because it used to be so manual. The warehouse would put a [spreadsheet] together when somebody requested time off, but if the manager didn't log it, we'd have situations where you thought people were coming in who weren't. This could happen before and, now with Paycom, it can't. We even have tablets in the warehouses [to use for time-off requests in Paycom] for people who only have flip phones."
>
> PAYROLL MANAGER, FOOD AND BEVERAGE

Overtime Savings From Fewer Instances Of Understaffing: Range Of Three-Year Cumulative Impact



Up to 240 hours

Overtime avoided annually

Overtime Savings From Fewer Instances Of Understaffing					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
C1	Number of locations (stores, warehouses)	Composite	8	8	8
C2	Percentage of locations experiencing error-related staffing shortages annually	Composite	25%	25%	25%
C3	Average number of employees based per location	Composite	25	25	25
$C4_{Low}$	Instances of staffing shortages (annual)	Interviews	1	1	1
$C4_{Mid}$			2	2	2
$C4_{High}$			3	3	3
$C5_{Low}$	Impact of staffing shortage (percentage of staff required to maintain operations)	Interviews	10%	10%	10%
$C5_{Mid}$			15%	15%	15%
$C5_{High}$			20%	20%	20%
$C6_{Low}$	Required overtime hours	C1*C2*C3*C4* C5* 8 hours	40	40	40
$C6_{Mid}$			120	120	120
$C6_{High}$			240	240	240
C7	Overtime hourly burdened rate	$26/hr*1.5	$39	$39	$39
Ct_{Low}	Overtime savings from fewer instances of understaffing	C6*C7	$1,560	$1,560	$1,560
Ct_{Mid}			$4,680	$4,680	$4,680
Ct_{High}			$9,360	$9,360	$9,360
Three-year projected total: $4,680 to $28,080			**Three-year projected present value: $3,879 to $75,632**		

UNQUANTIFIED BENEFITS

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

- **Improved employee experience.** Per the interviewees, GONE greatly improved the employee experience by establishing consistent and transparent parameters for time-off requests and instantly making a decision when requests were submitted. Before GONE, interviewees noted that employees would frequently wait for several days only to find out their request was denied, disrupting plans outside of work. In some cases, the request was never approved or denied at all before the employee took the time off, despite the ambiguity of their request status. Interviewees also alluded to disputes between managers and employees related to favoritism in approvals before a transparent, automated set of rules was established with GONE. With Paycom, friction was also removed from the time-off request process, as employees could submit time off from their phones.

> "Prior to having [Paycom's] GONE, I heard stories from employees where they believed their supervisor was not treating all the staff in the store equally as far as approving time-off requests, whether it was giving the employee with the most seniority first choice or something like that. They didn't feel like they were getting an even shake when it came to their time-off requests. With GONE set up, that is not an issue. Now there is virtually no way to show preference for one employee over another. It doesn't matter if you've been here a year or if you've been here 20 years. Our coverage threshold still must be met."
>
> DIRECTOR OF HUMAN RESOURCES, RETAIL

- **Iteration on time-off decisioning rules to suit current business requirements.** Several interviewees explained that their organizations tweaked existing and added net-new decisioning rules to GONE since implementation to align with the current and future staffing needs. Some interviewees highlighted the manual time-off rules override function as particularly helpful to their managers as, at their companies, it was ultimately up to managers to decide how best to run their business.

- **Removed the onus on managers to scrutinize and uphold corporate time-off policies.** GONE automated most time-off decisions formerly required for managers, reducing the need for managers to spend additional time staying current on organizational time-off policies for the employees. Removing this burden on managers inherently reduced the likelihood that poorly received decisions on the part of the employee were made directly by their manager.
- **Interconnectivity with other Paycom solutions.** Prior to Paycom, interviewees attributed manual reconciliation work and poor visibility into required information to their organizations' disconnected set of time and attendance, payroll, and HR solutions. Each interviewee noted that their Paycom tools all worked in concert with one another as a complete, single software, greatly facilitating their day-to-day work. The interviewee from the food and beverage organization estimated that they spent only half the time logged in to their Paycom tools than they did with another provider, given the intuitiveness and connectivity across the software.

> "It's important for our employees to know if they're getting their days off without waiting days for approval."
>
> PAYROLL MANAGER, FOOD AND BEVERAGE

> "If PTO is approved right away, employees don't need to worry about it. Before [Paycom's GONE], employees would leave for vacation and time off may still not be formally approved. Even if their managers told them it was OK, there's probably still the little voice in the back of their head thinking something could happen and the PTO could be pulled out from underneath them."
>
> DIRECTOR OF HUMAN RESOURCES, RETAIL

FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Paycom's Time-Off Requests featuring GONE and later realize additional uses and business opportunities, including:

- **Additional value by onboarding additional locations, business units, and acquisitions.** While some interviewees noted that additional business units and recent acquisitions for their organizations were seamlessly added to Paycom, there was potential for even more value from both Paycom's Time-Off Requests and the greater Paycom application in the future as their organizations become larger and inherently more disconnected through this type of growth. The payroll manager at a food and beverage organization noted they saved significantly on now redundant contracts with other payroll vendors by quickly onboarding recent acquisitions to Paycom.

Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in Appendix A).

> "We're always looking to grow the business [through acquisition], even internationally. As we acquire other companies, I can bring them additional savings with Paycom."
>
> PAYROLL MANAGER, FOOD AND BEVERAGE

Analysis Of Costs

Quantified cost data as applied to the composite

Total Costs							
Ref.	**Cost**	**Initial**	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Dtr	Annual fee to Paycom for Time-Off Requests featuring GONE	$0	$4,020	$4,020	$4,020	$12,060	$9,997
Etr	Personnel costs for Paycom Time-Off Requests/GONE implementation, time-off rules creation, and manager training	$2,226	$270	$270	$270	$3,036	$2,897
	Total costs (risk adjusted)	$2,226	$4,290	$4,290	$4,290	$15,096	$12,894

ANNUAL FEE TO PAYCOM FOR TIME-OFF REQUESTS FEATURING GONE

Evidence and data. Interviewees detailed the breakdown of their organizations' Paycom expenditure to Forrester during the interviews. Each interviewee's organization had at least core Paycom Payroll in addition to Time-Off Requests featuring GONE. For the purposes of this study, Forrester is *only* considering the cost for the composite organization for Time-Off Requests featuring GONE (which can be enabled as part of Time-Off Requests for no additional fee). The benefits detailed in the previous section are therefore attributable to Time-Off Requests. The pricing for the composite organization is based on the number of employees and Paycom users it has and the fact that the composite is also a Paycom payroll customer. Pricing will vary. Contact Paycom for additional details.

Modeling and assumptions. For the composite organization, Forrester assumes the composite organization has an annual fee of $4,020 for Paycom's Time-Off Requests featuring GONE for a 400-employee organization.

Risks. This cost will vary among organizations based on:

- The specifics of an organization's complete Paycom deployment.
- The number of Paycom users at the organization.

Results. Forrester did not risk-adjust this cost since it has been provided directly from Paycom for the specifics of the composite organization. The composite pays a three-year, total PV (discounted at 10%) of under $10,000.

$4,020

Annual fee for Paycom Time-Off Requests

> "Paycom GONE has just been really great for us. I wish they'd come out with it sooner. And the fact that we don't pay extra for it makes it even better."
>
> DIRECTOR OF HUMAN RESOURCES, RETAIL

Annual Fee To Paycom For Time-Off Requests Featuring GONE

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
D1	Fee for Paycom Time-Off Requests	Paycom		$4,020	$4,020	$4,020
Dt	Annual fee to Paycom for Time-Off Requests featuring GONE	D1	$0	$4,020	$4,020	$4,020
	Risk adjustment	0%				
Dtr	Annual fee to Paycom for Time-Off Requests featuring GONE (risk-adjusted)		$0	$4,020	$4,020	$4,020
	Three-year total: $12,060			**Three-year present value $9,997**		

PERSONNEL COSTS FOR PAYCOM TIME-OFF REQUESTS/GONE IMPLEMENTATION, TIME-OFF RULES CREATION, AND MANAGER TRAINING

Evidence and data. The interviewees each described their organizations' experiences onboarding their managers and employees to Paycom Time-Off Requests and enabling GONE. In aggregate, interviewees described a very quick onboarding process that required little training and labor on their end to reach full effectiveness. The following personnel cost considerations were discussed by interviewees for this report and estimated for the composite organization:

- Labor costs for implementing personnel.
- Labor costs for creating and iterating on time-off decision rules within GONE.
- Training costs for managers.

Modeling and assumptions. For the composite organization, Forrester makes the following assumptions:

- One individual earning $55 per hour dedicates 10 hours to overseeing the Paycom Time-Off Requests and GONE implementation.
- Five time-off decision criteria are launched with GONE, while two are added or amended in each subsequent year. Each net-new or iterated decision rule takes an average of 2 hours of internal labor.
- A team of 30 managers and four administrative staff spend 1 hour on self-paced training at launch of Paycom's Time-Off Requests featuring GONE. Three additional managers are trained in each subsequent year (assuming a 10% employee turnover).

Risks. This cost will vary among organizations based on:

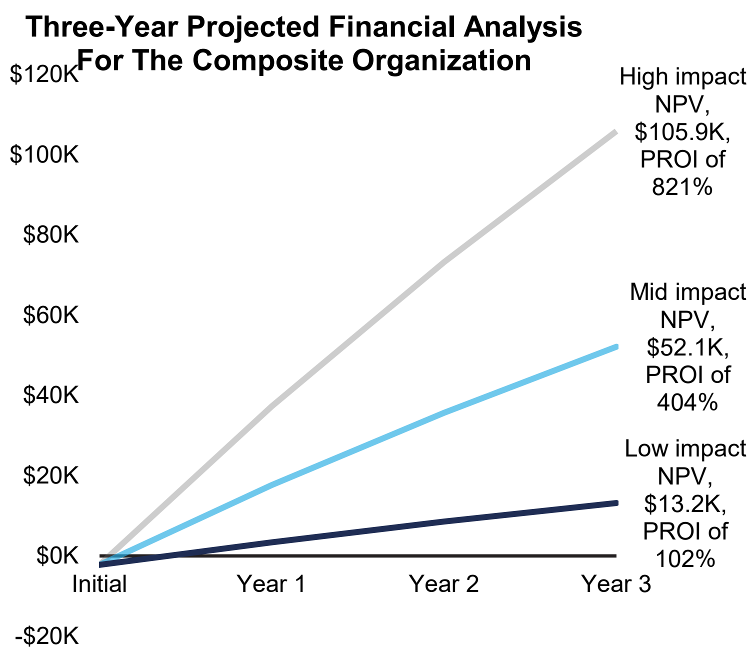
- The skill and capacity of staff tasked with overseeing the Paycom Time-Off Requests and GONE implementation and time-off decision rules authoring.
- The number of managers/Paycom users within an organization as it relates to required training hours.

Results. To account for these variances, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of under $3,000.

Personnel Costs For Paycom Time-Off Requests/GONE Implementation, Time-Off Rules Creation, And Manager Training						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
E1	Number of personnel overseeing Paycom Time-Off Requests implementation	Composite	1			
E2	Hours spent on implementation-related tasks	Composite	10			
E3	Fully burdened hourly rate for personnel overseeing implementation	Composite	$55			
E4	**Subtotal: Implementation personnel cost**	**E1*E2*E3**	**$550**			
E5	Number of unique Paycom GONE time-off decision rules created or amended annually	Composite	5	2	2	2
E6	Hours required to create or iterate on time-off decision rules (average, rounded)	Interviews	2	2	2	2
E7	Personnel time spent annually on time-off decision rules work with Paycom GONE	E5*E6	10	4	4	4
E8	Fully burdened hourly rate for managers/staff working on PTO decision rules	Composite	$38	$38	$38	$38
E9	**Subtotal: Personnel cost related to Paycom GONE time-off decision rules creation**	**E7*E8**	**$380**	**$152**	**$152**	**$152**
E10	Total managers using Paycom Time-Off Requests	Composite	34	3	3	3
E11	Training hours on Paycom Time-Off Requests per manager	Interviews	1	1	1	1
E12	Fully burdened hourly rate for a manager	Assumption	$35	$35	$35	$35
E13	**Subtotal: Total training costs**	**E10*E11*E12**	**$1,190**	**$105**	**$105**	**$105**
Et	Personnel costs for Paycom Time-Off Requests/GONE implementation, time-off rules creation, and manager training	E4+E9+E13	$2,120	$257	$257	$257
	Risk adjustment	↑5%				
Etr	Personnel costs for Paycom Time-Off Requests/GONE implementation, time-off rules creation, and manager training (risk-adjusted)		$2,226	$270	$270	$270
	Three-year total: $3,036			**Three-year present value $2,897**		

Financial Summary

Consolidated Three-Year, Risk-Adjusted Metrics



The financial results calculated in the Benefits and Costs sections can be used to determine the PROI and projected NPV for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

These risk-adjusted PROI and projected NPV values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Analysis (Risk-Adjusted)						
	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	($2,226)	($4,290)	($4,290)	($4,290)	($15,096)	($12,894)
Total benefits (low)	$0	$10,488	$10,488	$10,488	$31,464	$26,081
Total benefits (mid)	$0	$26,150	$26,150	$26,150	$78,451	$65,031
Total benefits (high)	$0	$47,760	$47,760	$47,760	$143,280	$118,772
Net benefits (low)	($2,226)	$6,198	$6,198	$6,198	$16,368	$13,187
Net benefits (mid)	($2,226)	$21,861	$21,861	$21,861	$63,356	$52,137
Net benefits (high)	($2,226)	$43,470	$43,470	$43,470	$128,184	$105,878
PROI (low)						102%
PROI (mid)						404%
PROI (high)						821%

APPENDIX A: NEW TECHNOLOGY: PROJECTED TOTAL ECONOMIC IMPACT

New Technology: Projected Total Economic Impact (New Tech TEI) 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 New Tech TEI methodology helps companies demonstrate and justify the projected tangible value of IT initiatives to both senior management and other key business stakeholders.

Total Economic Impact Approach

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

Projected Costs consider all expenses necessary to deliver the proposed value, or benefits, of the product. The projected cost category within New Tech 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.”

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.

PROJECTED NET PRESENT VALUE (PNPV)

The projected 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.

PROJECTED RETURN ON INVESTMENT (PROI)

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%.

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

APPENDIX B: ENDNOTES

[1] 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.