

NUCLEUS
RESEARCH

ROI: 67%
Payback: 2 Years

SYNCHR

HUFFMASTER

ANALYST
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THE BOTTOM LINE

Huffmaster deployed the SyncHR platform to move its payroll and benefits off a Professional Employer Organization (PEO) to being managed in-house. The company realized productivity increases from employee self-service capabilities and integrated time and attendance features that help the organization save more than 2000 labor hours a year. Additionally, the organization was able to achieve these results without having to increase the commitment of HR staff. Lastly, by moving to a modern HCM solution, the organization can better ensure it meets all federal and local requirements without issue, particularly those around the Affordable Care Act (ACA).

THE COMPANY

Huffmaster is a strike staffing agency for healthcare, security, industrial and more. The organization has anywhere from several hundred to a thousand employees at any given time of year. All employees of Huffmaster, including temporary workers, are filed under W2 conditions and eligible for benefits such as healthcare. The organization is headquartered in Clawson, Michigan, a suburb of Detroit.

THE CHALLENGE

Huffmaster's employee count fluctuates as needed from 250 permanent staff to over a thousand employees. These personnel are employed with W2s, not classified as independent contractors, so they are eligible for benefits under the Affordable Care Act (ACA). The nature of labor disputes means Huffmaster is regularly expanding and contracting quickly and onboards and offboards a few thousand employees a year.

Prior to switching to SyncHR, Huffmaster had been on a Professional Employer Organization (PEO) where the company's Human Resources (HR) was all managed externally through a third-party vendor. This was not ideal for the organization because it required significant manual work from the organization's internal HR staff to prepare information and data that had to be provided to the PEO. At particularly busy times of the year, the organization had to hire temporary workers just to manually enter data for the PEO. Because of this, it was decided that the organization needed to overhaul its HR system and bring everything in-house.

**Cost : Benefit
Ratio** | **1 : 1.5**

THE STRATEGY

Huffmaster started looking for a new HCM system in September 2016. When looking for a new solution, the organization knew it wanted a single solution to cover time and attendance, payroll, benefits, historical data, ACA compliance and reporting. It was also important for the solution to tie into its new ERP system. The organization knew it needed a solution that allowed it to postdate salary changes and automatically calculate differences between what was paid and what was owed. Due to the dispersed field nature of its business, employees are often promoted quickly in the field and require retroactively increasing paychecks and running supplemental checks. The simplicity of the SyncHR cost structure and its ability to issue back checks help it beat the two other finalists, Oracle

Fusion and Paycom. Huffmaster made its final decision in January 2017 and went live on SyncHR in May 2017. As part of the implementation process, the organization brought on a consultant who had previous experience deploying HRIS systems.

TYPES OF BENEFITS

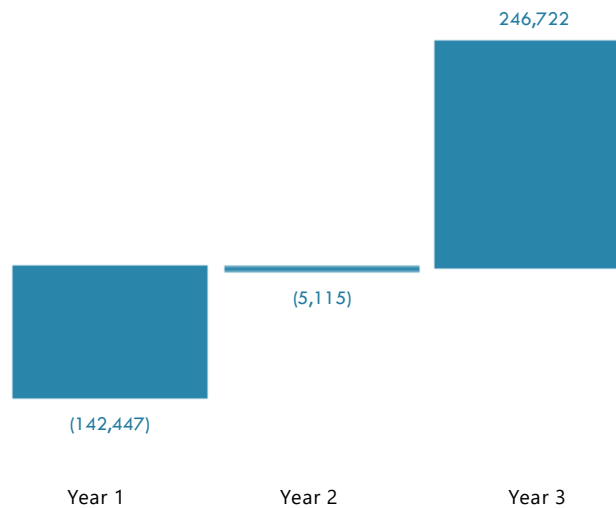


KEY BENEFIT AREAS

Key benefit areas seen as a result of the SyncHR deployment include: reduced software fees, increased productivity, employee self-service, and paper savings.

- **Reduced PEO fee.** By bringing its HR in-house, Huffmaster avoided the fee it was paying to its PEO. The SyncHR software subscription was half of what the PEO fee had been.
- **Paper saving.** Before moving to SyncHR, all of the organization's healthcare benefits were part of a 70-page paper packet. These packets were mailed to jobsites for employees to manually fill out and then return to corporate. Now, as part of the SyncHR process, the organization automatically enrolls new employees electronically when they start. Not only does this save paper, but it ensures that every employee is properly enrolled and able to take advantage of benefits as they become eligible. This also helps the organization stay ACA compliant.
- **Self-Service.** Self-service has resulted in productivity increases in two main areas: hours checking and life changes. Under the old system, when an employee had a question about the hours they worked, the employee called into the HR office. The HR department had previously seen around 40 calls a week related to hours. Employees also had to call into the office when they had a life changing event that required updates to their employment profiles. By moving to a self-service model, the HR department was able to save almost 200 labor hours a year.
- **Time and Attendance productivity.** One of the main benefits of the SyncHR deployment is the integration of time and attendance. The organization has four of its five time and attendance features integrated into SyncHR. Previously, Huffmaster had to type this information into the previous system. This required the company to hire temporary employees whose job it was to enter this info into the system. The integrated time and attendance has saved the organization some 2000 labor hours a year.

CUMULATIVE NET BENEFIT



KEY COST AREAS

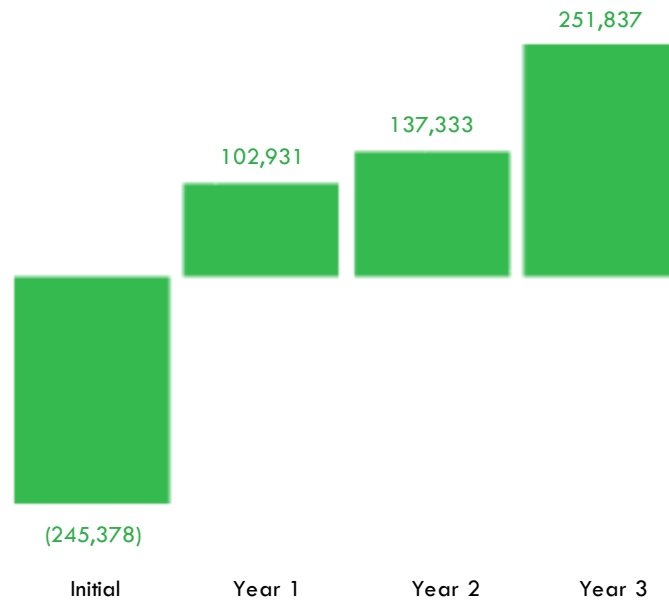
The largest cost area of the Huffmaster deployment was the purchase and configuration of the SyncHR software. Other cost areas over the three-year period include, professional services to aid in implementation and training, personnel time for employees who executed the implementation, and employee time spent being trained on the new system.

LESSONS LEARNED

The organization knew it needed a system that backdated pay. This was something that came up regularly, but which its old PEO was able to handle. Huffmaster knew bringing payroll in-house could expand the responsibility of its people and was sensitive to the idea that the selected system could not cause more work for its employees. When organizations are looking to bring solutions in-house, it is important to consider not only what the benefits are, but whether any potential costs are being created. By carefully vetting vendors, Huffmaster was able to avoid expanding its HR department while still bringing everything in-house.

Additionally, the organization was glad that it the spent time to collect and correct its historical data. This way, the historical data was uploaded into the new system, and the organization knew it would never have to go back to old solutions for reference. This data included employee profiles and data that went back more than three decades.

NET CASH FLOWS



CALCULATING THE ROI

Nucleus Research analyzed the costs of software, personnel, professional services, and user training over a three-year period to quantify Huffmaster's total investment in SyncHR technology. Direct and indirect benefits were also quantified over the three-year period.

Direct benefits quantified include the cost savings realized from offloading the PEO and the reduction in printing and mailing costs from online benefits packages.

Indirect benefits quantified include the time saved by the HR department now that the organization was able to offer employee self-service solutions. Nucleus calculated the time savings benefit using the fully loaded cost per hour of employees. Time savings were multiplied by a correction factor to account for the inefficient transfer of time between time saved and additional time worked.

FINANCIAL ANALYSIS

BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	205,200	205,200	205,200
Indirect	0	46,637	46,637	46,637
Total per period	0	251,837	251,837	251,837

COSTS - CAPITALIZED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
Total per period	0	0	0	0

COSTS - DEPRECIATION	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
Total per period	0	0	0	0

COSTS - EXPENSED	Pre-start	Year 1	Year 2	Year 3
Software	110,278	148,906	114,504	0
Hardware	0	0	0	0
Consulting	88,000	0	0	0
Personnel	39,600	0	0	0
Training	7,500	0	0	0
Other	0	0	0	0
Total per period	245,378	148,906	114,504	0

FINANCIAL ANALYSIS	Results	Year 1	Year 2	Year 3
All government taxes	45%			
Cost of capital	7.0%			
Net cash flow before taxes	(245,378)	102,931	137,333	251,837
Net cash flow after taxes	(134,958)	56,612	75,533	138,510
Annual ROI - direct and indirect benefits				67%
Annual ROI - direct benefits only				48%
Net Present Value (NPV)				96,989
Payback period				2.0 years
Average Annual Cost of Ownership				169,596
3-Year IRR				37%

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