

IDC ExpertROI SPOTLIGHT

Using Ultimate Software's UltiPro to Reduce Costs and Improve Human Resources and Payroll Efficiency: A Case Study on Culligan

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Overview

Culligan, with over 1,900 employees in the United States and Canada, is a water filtration manufacturer headquartered in Rosemont, Illinois. The company deployed Ultimate Software's UltiPro in 2006 to improve payroll processing costs and increase human resources staff efficiency. Since then, Culligan has enjoyed over \$2.3 million in benefits, as detailed in this case study.

Implementation

Prior to implementing UltiPro, Culligan used a large service bureau to manage its HR and payroll. Culligan experienced substandard service, including late payroll transactions and slow resolutions to problems, which affected all company employees. As one manager said, "I was trying to explain to our previous vendor that I have to pay 1,900 people, but they still couldn't find someone who could help us. It was out of control." This continuing pattern of poor service led Culligan to seek a new payroll and human resources management system (HRMS). After Culligan chose Ultimate Software, the deployment process for UltiPro lasted only 90 days and included importing all historical employee HR and payroll data from the former vendor's system.

Business Value Highlights

Industry: Manufacturing

Location: Rosemont, Illinois

Challenges: To reduce costs associated with HR and payroll while providing better service to employees and to create a more proactive HR environment

Benefits:

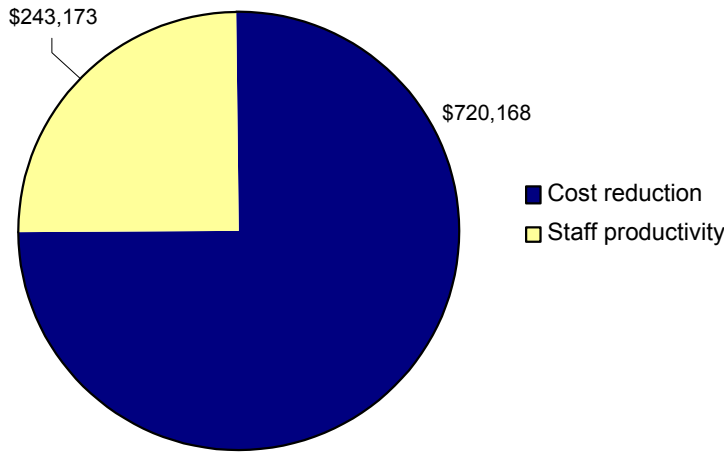
- Annual benefit of \$963K
- ROI of 363%
- Payback in 3.7 months

Benefits Since Deploying Ultimate Software UltiPro

Since deploying UltiPro, Culligan has experienced benefits in two primary areas: reduced costs and increased HR and payroll productivity. Figure 1 shows the proportion of these benefits and the average annual savings.

Figure 1.

Average Annual Benefit from Ultimate Software's UltiPro
Total = \$963,341



Source: IDC, 2009

Cost Reduction

By bringing payroll and staff management tasks completely in-house, Culligan has eliminated service bureau fees in the United States and Canada. In addition, UltiPro has enabled the company to move from a distributed payroll process, previously done at the individual plant locations, and centralize all payroll operations. Also, without UltiPro, Culligan would have had to hire additional payroll staff to accommodate the organization's employee population growth since 2006. However, due to UltiPro's streamlined payroll processing and intuitive user interface, Culligan has avoided hiring additional payroll staff. Resulting cost reductions have netted an average savings of \$341,745 per year.

The company is now able to perform detailed audits at all of its locations and better manage employee overtime payments. By increasing the accuracy of employee time calculations through timely tracking of personnel changes and time off, Culligan has reduced overtime pay and payroll errors. As one manager put it, "There is a large savings in being able to cut down on overtime and overpayments. We are talking about a lot of money. Ultimate's human capital management [HCM] solution has given us the time to focus on more value-added projects rather than spend resources finding payment errors." The company estimates that it has been able to save 2% of its total payroll since the deployment.

Another significant savings for Culligan has been the cost reductions associated with printing, processing, and mailing employee checks. Rather than use an outside vendor, Culligan now prints employee checks in-house in the payroll department and uses a U.S. shipping company for delivery. Because Culligan processes the checks faster than before, overnight shipping costs are avoided. The company estimates that it is saving an average of \$45,090 per year in processing and shipping costs.

The average annual savings from avoiding payroll staff, reduction in overpayments, and more efficient payment processing costs is \$720,168.

Increased Culligan Staff Productivity

Since the company moved away from the large service bureau, HR and payroll staff members no longer spend three hours per person each month waiting, often in vain, for a solution to their critical problems. HR and payroll team members now have time to function more strategically, and as a result, the organization is more proactive. As a Culligan manager said, "We can do a lot that we couldn't do before. Ultimate Software has freed us up to do onsite audits at all of our locations throughout the United States, and we can take on a greater strategic role in the organization." Because UltiPro gives staff the ability to work more efficiently than was possible with the previous vendor, the company estimates a time savings of 25–30%. This savings equals an average annual benefit of \$110,174.

The HR staff also performs more efficient recruiting and hiring practices since implementing UltiPro. The solution's recruitment feature set allows the staff to search through all of the online job requisition sources in one step. Managers no longer have to manually log in and search multiple job databases. UltiPro consolidates all of the new hire information, and the corporate headquarters now views the accurate status of new positions created in the company. Culligan estimates that approximately 100 managers in the United States are saving between one and two hours per month on recruiting tasks since the deployment — equal to a \$75,012 average annual benefit.

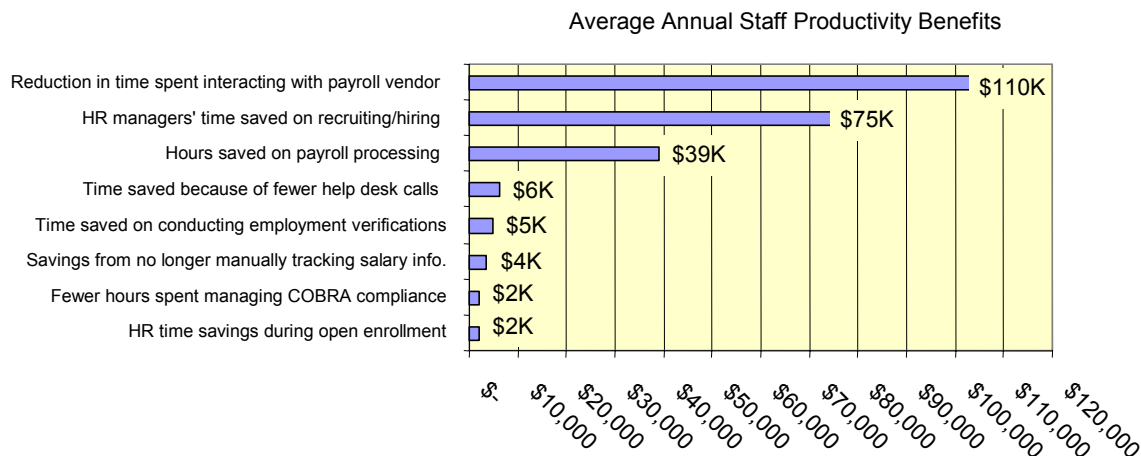
Since the deployment of UltiPro, the payroll associates have streamlined the payroll process and estimate that they are saving two hours each week on payroll tasks — a benefit of \$39,006 annually.

Direct employee self-service information has increased productivity in several areas:

- Employees now have online access to HR and payroll forms (W-2s, benefits open enrollment, etc.) through the company's intranet and have reduced requests of the HR and payroll departments. Automation of annual benefits enrollment has resulted in a faster and simplified benefits enrollment process — saving time and reducing errors.
- Employees can also access their pay statements and forms that verify their employment. With UltiPro, employees update data in their company profile, including changing their address, phone numbers, marital status, and other demographic information. Culligan staff members have seen a reduction in employee HR and payroll inquiries and spend fewer hours manually responding to employee requests.
- Offering employee self-service internally rather than through an outside vendor has saved Culligan an estimated 25% in service costs. Direct access to forms and employment accounts has led to an improvement in the Culligan staff's productivity that is equivalent to an average of \$18,980 annually.

Figure 2 shows the average annual staff benefits Culligan has experienced since deploying Ultimate Software's UltiPro.

Figure 2.



Source: IDC, 2009

The average annual savings from improved staff productivity is \$243,173.

Ultimate Software Return on Investment

Culligan has realized a three-year return of \$3.63 for every \$1.00 invested in Ultimate Software's UltiPro. Payback occurred in less than four months after the implementation was complete. Table 1 shows the ROI results.

Table 1.

Three-Year ROI Analysis	
Benefit (discounted)	\$ 2,311,523
Investment (discounted)	\$ 499,005
NPV	\$ 1,812,518
ROI	363%
Payback	3.7 months
Discount rate	12%

Source: IDC, 2009

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