



Human Capital Management Business Case

December 11, 2023

CERIDIAN



EXECUTIVE SUMMARY

Situation

The City of Independence is currently operating in a very manual capacity. Currently, disparate & manual systems across the employee life cycle are resulting in inefficiencies, excess spend, poor employee experiences & obstructing organizational agility. The City would like to assure responsible operations, enable better decision-making, reduce risks, & improve the employee experience by modernizing the Human Capital Management (HCM) systems.

Solution

With Ceridian/Dayforce, we will have a partner that can enable a transformation to position us for more effective & efficient operations through simplifying & standardizing HR, enabling decision support for wage optimization, mitigating risk & improving compliance, & modernizing the employee experience to drive better outcomes.

Quantifiable Value

The financial case for change is strong with a **3-year Internal Rate of Return (IRR) of 878%** considering just the savings from technology simplification & the savings in HR & payroll processing efficiencies on an **annual investment of \$0.3M and an implementation cost of \$0.47M.**



INDEPENDENCE
★ MISSOURI ★

GAPS & COMPLEXITY CREATE RISKS & PROCESS BURDENS

HR Functional Areas	Technology Current State	Technology Future State
Core HR Documentation	Manual, Munis, Department Owned	Dayforce
Payroll	Munis	
Benefits	Munis	
Time & Attendance	Manual	
On-Demand Pay	Not Offered Currently	
Document Management	Manual	
Tax Filing	Manual	
Reporting	Manual, Munis	
Engagement	Not Offered Currently	
Compensation	3 rd Party	
Recruitment	Manual	
Learning and Development	3 rd Party	



PRICING PROPOSAL FOR ADDITIONAL MODULES

INCLUDED IN SUBSCRIPTION

**In Addition To Current Payroll/Timekeeping Module*

- Dayforce Benefits Essential
- Dayforce People Intelligence
- Dayforce People Analytics
- Dayforce Document Management
- Dayforce Talent Intelligence
- Dayforce Recruiting
- Dayforce Onboarding
- Dayforce Compensation Management
- Dayforce Engagement
- Dayforce Performance Management
- Dayforce Succession Planning
- Dayforce Learning
- Dayforce Career Explorer

FEE SUMMARY	TOTAL
Estimated Annual Recurring Fees	\$162,228.00
Estimated One-Time Implementation Fees	\$184,300.00





FINANCIAL SUMMARY DASHBOARD

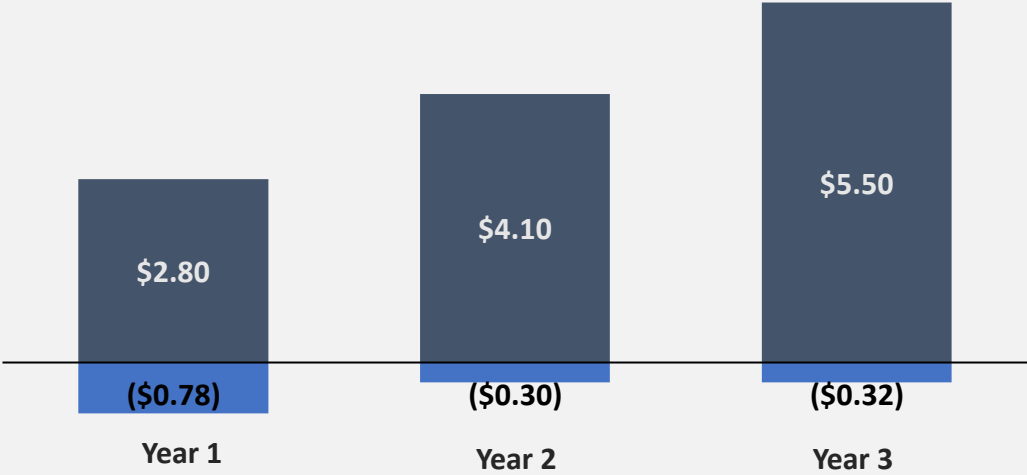
Financial Benefits

Administrative Efficiency	\$270K
Business Compliance	\$12.2M
3-year Direct Benefits	\$12.4M
Annual Direct Benefits	\$5.5M
Annual Indirect Benefits	8,794 hours

Financial Metrics

Net Present Value ²	\$10.5M
Payback Period ³	13 months
3-year Return on Investment (ROI)	878%

3-year Cash Flow Projection (Millions)



Financial Assessment

Subscription ¹	\$305.9K
Implementation	\$469.9K
3-year Fee Assessment	\$1.4M

¹ Subscription is based on the inclusion of year one services as stated. Pure subscription in Year 1 is \$288,684. Year 2 and 3 see ECI increases budgeted at 5%
² Assumes cost of capital of 7%
³ Payback period begins at project kick-off and includes a 10-month implementation



ADMINISTRATIVE EFFICIENCY

Dayforce's flexible single system implements full-scope automation, improving productivity & scalability

Automated Processes & Design Enables Re-allocation of Administrative Effort

- Improve HR & payroll team capacity to support growth & drive efficiency
 - Provide self-service for better manager operational decisions
 - Consolidate data to streamline audit process
- Reduce manual effort to audit prior to processing with unified reporting engine

\$12.2 million

Expected 3 –year benefits through consistent, clean data, & superior control around organizational compliance complexity

\$270,000 + 39,200 Hours

Expected annual benefits through improved capacity achieved by automation & eliminating manual tasks to manage multi-hires, employee data, punch-validation, etc.

FINANCIAL BENEFITS DETAIL SUMMARY



BENEFIT CATEGORY	AREA OF IMPROVEMENT	TOTAL FINANCIAL BENEFIT
Administrative Efficiency	Reduction in annual spend on third party recruitment outsourcing with Dayforce: Benefit from reducing dependency on third-party recruitment agencies due to automation capabilities	\$270K
Business Compliance	Reduction in payroll error rate with Dayforce: Benefit from eliminating errors that lead to overpayment, caused by manual intervention and/or inconsistent oversight/validation	\$3M
	Reduction in punch inaccuracy rate with Dayforce: Benefit from integrating clocks and schedules, preventing early/late sign-in activity and payment for non-scheduled time	\$9.1M

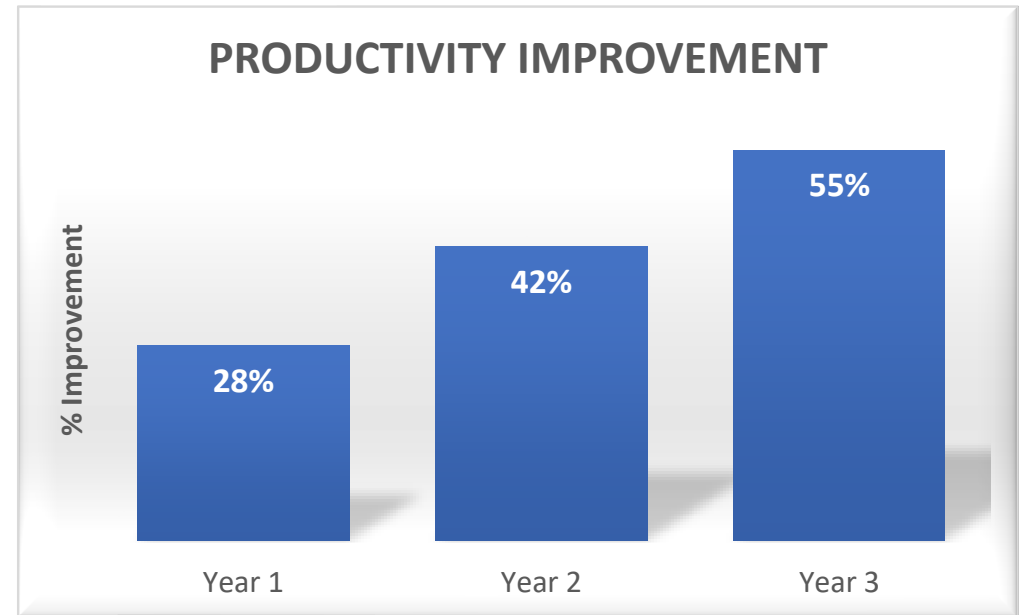
Total Cost Savings¹

\$12.37M

1 All benefits calculations represented here are the aggregate over the contract term. Benefits are ramped representing a 50% reduction in benefits for year 1 and year 2 a 25% reduction to account for change management. Year 3 is 100% benefits realization

MANUAL PROCESSES & PRODUCTIVITY BURDEN

Through discovery we have determined there are over 31,360 hours of manual processes per year that present a tremendous opportunity for administrative efficiencies through automations & workflows.



VALUE DRIVERS (HOURS)

CURRENT BURDEN ANNUALLY

BURDEN REDUCED¹

IMPROVEMENT

Onboarding

1,920

(768)

40%

Workforce Management

25,220

(15,100)

60%

Recruiting

2,100

(416)

20%

Benefits Administration

1,040

(416)

40%

Payroll

360

(270)

75%

Reporting

720

(432)

60%

¹ Steady state benefits for productivity begin in year 3. Year 1 is representing a 50% reduction in benefits and year 2 a 25% reduction to account for change management

NON-FINANCIAL DETAIL SUMMARY



LABOR/PRODUCTIVITY BENEFITS DETAILED SUMMARY

Total Labor (in hours)

Administrative Efficiency

Improve productivity of payroll team (time): Benefit from providing payroll staff tools to accurately calculate pay, and by eliminating manual tasks from the process	607
Improve productivity of timesheet administrators / managers (time): Benefit from a single, unified application for scheduling and time, reducing manual reconciliation	20,412
Improve productivity of scheduling managers (time): Benefit from automating schedule creation, validation, and communication	13,608
Improve productivity of recruiting team (time): Benefit from streamlining new-hire job postings to first day by leveraging automation functionality	936
Improve productivity of onboarding team (time): Benefit from automating the onboarding process to help reduce administrative burden while utilizing employee self-service	1,728
Improve HR reporting administration productivity (time): Benefit from a single platform that automates reports and facilitates data-driven insights	972
Improve productivity of benefits administrator (time): Benefit from automating enrollment to reduce administrative burden by eliminating paper and manual data entry	936

Total Productivity Savings¹

39,199 hours

¹ All benefits calculations represented here are the aggregate over the contract term. Benefits are ramped representing a 50% reduction in benefits for year 1 and year 2 a 25% reduction to account for change management. Year 3 is 100% benefits realization

REALLOCATION & COST SAVINGS

WORKFORCE OVERHAUL

- Eliminate Transactional Roles
- Create Strategic Positions
 - Decrease liabilities & excess spend in areas of
 - ✓ Worker's compensation
 - ✓ Employee relation legal matters
 - ✓ Employee turnover/attrition
- Consolidate Resources
 - Eliminate the current model of 42 timekeepers throughout the organization
 - ✓ Average of 1 hr/week = \$303k/annual
 - Create 3 SMEs under the payroll team as FTEs
 - ✓ Estimated \$150k/annual

ELIMINATE CONTRACT LABOR

- Staffing Agencies
 - \$270,000 annual cost savings
- Leave of Absence Administration
 - \$37,000 annual cost savings
- Wellness Administration/Coordination
 - \$83,500 annual cost savings
- Worker's Compensation Administration
 - \$175,000 annual cost savings

PEOPLE CULTURE MODEL

