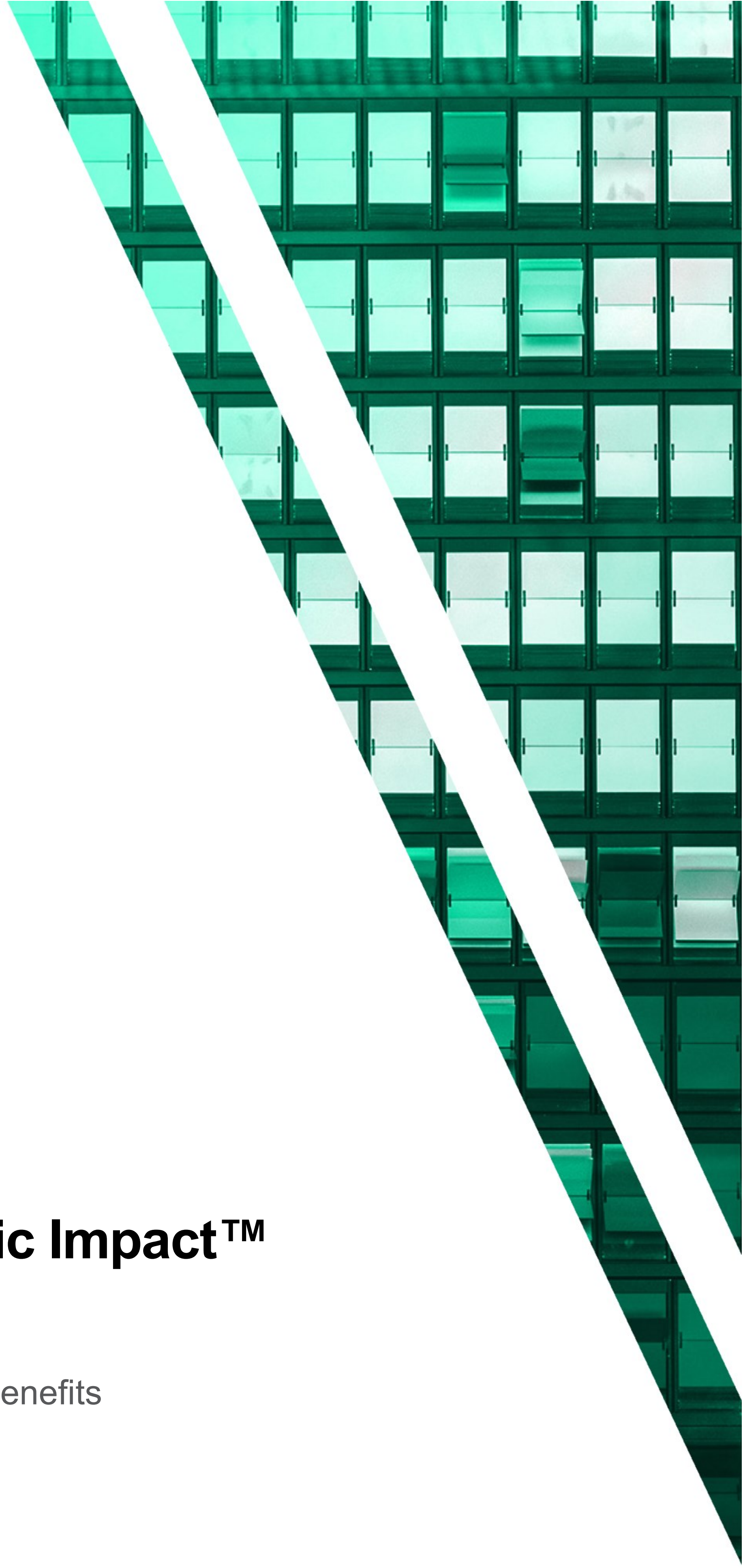

The Total Economic Impact™ Of Workforce.com

Cost Savings And Business Benefits Enabled By Workforce.com

AUGUST 2022

A FORRESTER TOTAL ECONOMIC IMPACT™ STUDY COMMISSIONED BY WORKFORCE.COM

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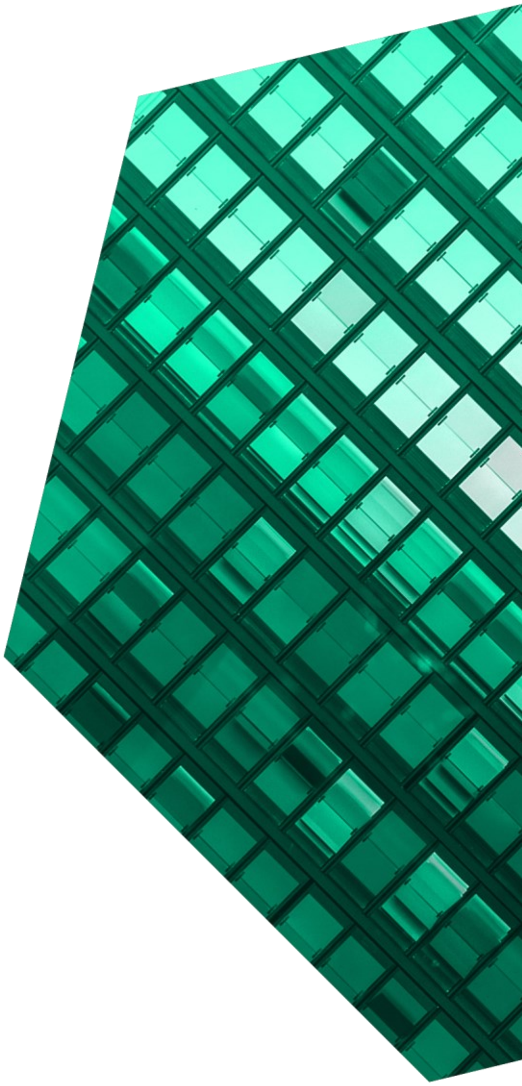


Executive Summary

Human capital management is increasingly critical to firms' ability to manage talent and optimize productivity to meet customer demands.[1] As organizations face evolving customer preferences and labor regulations, scheduling and labor optimization fall short without a data-based, automated approach. Enterprises can leverage workforce management solutions with AI-enabled capabilities to improve employee usage, provide better customer experiences, and reduce administration and costs.

Workforce.com is known as Tanda in Australia. Collectively, Workforce.com and Tanda have customers in over 29 countries, all leveraging the same technology platform. All data presented can be applied to Workforce.com and Tanda. For ease of reading, "Workforce.com" will be used throughout this study.

Workforce.com is a cloud-based workforce management platform that leverages a mobile application and online portal giving frontline workers, managers, and corporate supervisors real-time access to in-store data. With demand-driven scheduling and intelligent insights on labor costs and compliance, Workforce.com helps organizations reduce labor spend and increase business profitability.

Workforce.com commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Workforce.com.[2] The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Workforce.com on their organizations.

One customer reduced labor costs by:

11%

KEY STATISTICS

Return on investment (ROI)
456%

Net present value (NPV)
$7.22M

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed decision-makers at seven organizations that have deployed Workforce.com. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single composite organization: a food and retail company with 250 store locations worldwide. The composite organization generates $312 million in annual revenue per year and has 5,300 total employees, including one manager per store.

Prior to using Workforce.com, the interviewees had a mix of legacy workforce management solutions in place but noted how store managers still sometimes leveraged manual processes to create schedules, manage shift swaps, and onboard new hires. This prior approach yielded limited success, leaving their organizations with an inability to accurately forecast necessary staffing levels; optimize labor costs; or efficiently manage scheduling, compliance, and payroll activities. These limitations led to lack of control over labor costs, difficulty adhering to changing labor laws, variable store performance, and inconsistent customer experiences. Additionally, interviewees expressed a growing concern over compliance-related risk exposure after seeing multiple multimillion-dollar settlements in recent years.

After the investment in Workforce.com, the interviewees streamlined and matured their approach to workforce management with a solution that simplified and optimized employee scheduling; improved visibility, accuracy, and decision-making; provided greater control over compliance; automated workflows and enabled instant communication and updates across the workforce. Key results from the investment include labor savings; efficiency gains for managers, compliance, and payroll staff; and reduced compliance risk.

KEY FINDINGS

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

- **Improved labor efficiency by 5% and increased revenue per labor hour by 5.26%.** One interviewed customer reported an 11% improvement in labor efficiency by focusing on optimizing total labor hours worked per store. With Workforce.com, managers can accurately forecast upcoming labor demand and create schedules based on historical revenue and shift data, hourly rates, staff qualifications, and availability. By improving forecasting abilities, the organization ensures that there are enough resources staffed to meet demand and effectively serve customers, while also optimizing staffing levels to reduce over- or understaffing and gain better control over overtime. Over three years, the composite organization saves nearly $5.3 million in labor costs.

- **For managers, time spent on scheduling activities was reduced by 80%, and they saved an additional 1 hour per week on non-scheduling activities, saving a total of 4.2 hours per week.** Workforce.com automates schedule creation activities for managers including labor and demand forecasting and schedule building. Additionally, store oversight activities such as communicating with workers, managing shift swaps, onboarding staff, and tracking store data and compliance information become much easier, and store data can be viewed remotely from the Workforce.com mobile app. Over three years, the composite organization saves more than 4 hours per week for each store manager, driving $1.6 million in manager labor savings.

Scheduling efficiency gain for managers:

80%

- **Reduced compliance risk exposure related to hourly employees representing $920K in risk reduction..** Workforce.com automates compliance to adhere to labor regulations and ensures that workers are accurately staffed and compensated based on employment and wage laws, reducing the risk of violations, penalties, and settlements. By improving visibility and control over labor and pay compliance, the composite organization reduces its risk of violations and downstream settlements by 20%.

- **Increased efficiency for compliance and payroll review activities of 75%.** With more accurate timesheet reports, automated workflows, and improved visibility of key compliance information, payroll and accounting staff avoided investigative work and other manual activities, increasing task efficiency and reducing associated resource expenses. Over three years, the composite organization, saves $991,000 in avoided payroll and accounting labor.

Unquantified benefits. Benefits that are not quantified in this study include:

- Reduced employee turnover.
- Reduced reliance on outsourcing of finance and bookkeeping activities.
- Productivity savings for HR staff.
- The ability to ensure that all workers are properly compensated and protect against potential bad actors.
- Reduced or eliminated costs related to legacy workforce management solutions.
- Improved customer experience, CSAT, and Net Promoter Scores[SM].[3]

Costs. Three-year, risk-adjusted PV costs for the composite organization include:

- **Deployment and ongoing management costs.** The composite organization leverages internal resources and some professional services to implement and deploy Workforce.com to all 250 stores within five months. Once implemented, the solution requires minimal ongoing maintenance accounting for a few hours per week. Deployment and ongoing maintenance costs total $400,000 over three years.
- **Licensing and training costs.** Licensing costs are based on a per-user subscription model. Managers and business leaders receive 2 to 4 hours of training on Workforce.com. Training costs also include efforts to develop training materials. Licensing and training costs total $1.2 million over three years.

The representative interviews and financial analysis found that the composite organization experiences benefits of $7.6 million over three years versus costs of $1.6 million adding up to a net present value (NPV) of $7.2 million and an ROI of 456%.

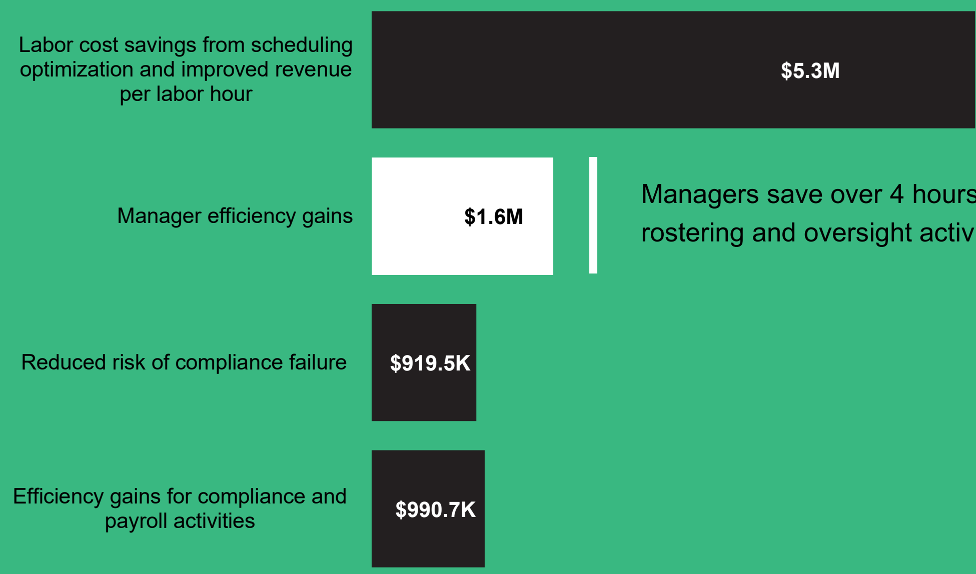
ROI
456%

BENEFITS PV
$8.80M

NPV
$7.22M

PAYBACK
<6 months

Benefits (Three-Year)



Managers save over 4 hours per week on rostering and oversight activities.

“The time spent scheduling has been massively reduced with the ability to auto-schedule. If you talk to anyone that’s using the system, it’s an 80% reduction in time scheduling.”

— CMO and CXO, hospitality services

TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those organizations considering an investment in Workforce.com.

The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact that Workforce.com can have on an organization.

DUE DILIGENCE

Interviewed Workforce.com stakeholders and Forrester analysts to gather data relative to Workforce.com.

INTERVIEWS

Interviewed seven representatives at organizations using Workforce.com to obtain data with respect to costs, benefits, and risks.

COMPOSITE ORGANIZATION

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

FINANCIAL MODEL FRAMEWORK

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

CASE STUDY

Employed four fundamental elements of TEI in modeling the investment 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.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Workforce.com 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 Workforce.com.

Workforce.com 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.

Workforce.com provided the customer names for the interviews but did not participate in the interviews.

The Workforce.com Customer Journey

Drivers leading to the Workforce.com investment

Interviews

Role	Industry	Region	Locations
Chief strategy officer	QSR	Australia, Bali, Indonesia	155
Head of trade operations	QSR	Australia, Bali, Indonesia	155
Vice president of customers	QSR	Israel	68
Managing director	Food/retail	Australia and New Zealand	224
Senior industrial relations advisor	QSR	Australia	900
Country manager	QSR	Denmark	24
CXO, and CMO	Lifestyle and hospitality services	USA	2,000+ locations managed

KEY CHALLENGES

Before Workforce.com, five of the interviewees' organizations used homegrown tools for their scheduling and rostering, including paper and spreadsheets through manual processes. One organization used data reports from a point-of-sale system to generate estimates, ideal rostering, and labor costs. Another interviewee described how their organization used a tool from a local vendor that was so highly customized that updates were difficult.

"We were on a sharp runway towards a significant change to our employment agreements. From an industrial relations and employee relations perspective, we knew that the incumbent system wasn't going to be able to deal with those changes."

Chief strategy officer, QSR

The interviewees noted the following common challenges:

- **Labor laws and changing union labor agreements urged companies to examine compliance.** Interviewees described employment risk exposures that introduced media, brand, reputational, and legal risks. A shifting employment landscape with complex wage and hour laws necessitated franchise owners to gain visibility into franchisees' payroll practices.
  - A managing director of a food/retail franchise anticipated the Australian Fair Work Amendment (Protecting Vulnerable Workers) Act, passed in 2017, which increased accountability for franchisers for underpayment of wages by franchisees: "We started this journey to get better financial performance visibility of the franchisees. I could see the writing on the wall. There was going to be increased regulation to address corporations that allowed franchisees to underpay staff." The managing director

explained that corporations and franchisors in violation of wage and hour laws saw heavy fines in the hundreds of thousands and up to millions. The company needed a smart solution to avoid these penalties and ensure their workers were protected.

  - A senior industrial relations advisor at a QSR organization noted the need to bridge the gap between control and accountability when it came to wages paid: "We don't have a level of direct control over paying employees, but as the master franchise, we're still very much exposed to the risks when things go wrong." Against a complex legal backdrop, the company needed an organized approach to comply with wage and hour laws.

- **Lack of oversight into stores and managers drove a need to centralize and reduce liability.** The organizations represented by the decision-makers interviewed by Forrester for this study all manage multiple locations. Without a central system, there was little visibility into individual store practices. Lack of oversight from a centralized point impacted not only wage and hour compliance issues but also business performance and employee learning and training opportunities.

  - A managing director of a food/retail organization described inaccessible employee records: "Before Workforce.com, we didn't know who the employees of our franchisees were. We had no reliable records. We had paper records kept in a filing cabinet somewhere, so we had no visibility into those employees. Workforce.com created a database of every employee in the franchise network." The managing director went on to explain that Workforce.com paved the way for franchise employees to easily learn, for example, about new promotions to offer customers. The managing director said, "Workforce.com was fundamental in enabling the learning and communications systems we have in place." Previously, in-person site visits were necessary to gain insight into business practices.

  - A chief strategy officer in QSR described lack of visibility into key business statistics: "From a channel point of view, we faced a significant shift in how our businesses operated. We needed to ensure we were clear on where volume was coming from, delivery, and how we would tackle that. The legacy income system couldn't deal with multiple income streams or main item volume."

- **Rising labor costs compelled companies to control costs and remain profitable**. Wages and labor laws were changing, and wages were also rising. Interviewees' companies sought to optimize labor costs.

  - A country manager at a QSR organization emphasized the importance of maximizing productivity: "We use Workforce.com because the most critical part of creating a schedule is projecting in detail what you think is going to happen every day, then using that information to tell us when need people to start. Labor in this country is very expensive, so 15 wasted minutes adds up to a lot of money."

  - A vice president of customers in QSR illustrated the impacts of changes in minimum wage: "Between 2016 to 2018, we had five increases in minimum wage. Eventually, minimum wage increased by

25%. You have the same volume, but the labor cost jumps 25%. Suddenly, you're uncomfortable with the store budgets you've provided. It generates a lot of tension between the supervisors and the store manager." Workforce.com provided a tool to inform the franchise of the exact number of labor hours needed to operate each store effectively, removing any ambiguity around labor costs or percentages and giving each store a specific metric to work toward.

> **"We piloted the system, and I have to tell you—I'm not exaggerating—I saw immediate results after one week."**
>
> *Vice president of customers, QSR*

- **Changing consumer demands from in-store to delivery required adaptability.** The COVID-19 pandemic introduced shifts in business operations and fluctuations in demand. Interviewees' franchises needed dynamic rostering to deal with different channel volumes and still remain profitable.
  - A vice president of customers in QSR explained how the pandemic impacted deliveries. "In March 2020, when COVID-19 spread and we went into the first lockdown, sales volume decreased. … One or two months after, when the demand for food delivery and volume was high, we almost doubled our sales." The interviewee noted that Workforce.com allowed the business to efficiently adapt.
  - A chief strategy officer at a QSR organization explained that variability in delivery volume posed a challenge: "Our old system couldn't deal with the delivery volume because delivery volumes are inconsistent across stores."

INVESTMENT OBJECTIVES

The interviewees' organizations searched for a cloud-based solution that promoted transparency and accuracy for wages paid. The solution needed to empower organizations to proactively audit, automate payroll practices, and comply with wage and hour laws. It needed to equip companies with improved forecasting and detailed roster projections to meet peak demand.

Workforce.com provided interviewees' organizations key capabilities:

- **Leverage internal datapoints to help produce optimal forecasts**. Interviewees sought a solution that could provide:
  - **Algorithm-based forecasting.** A chief strategy officer at a QSR organization described using main item volume (MIV) per labor hour — which denotes a substantial meal (burger, salad, etc.) sold per labor hour — as its unit of measurement. The chief strategy officer emphasized the importance of projecting the number of staff needed for MIV per hour, particularly at peak hours when the business saw the highest MIV: "One of the benefits we were chasing was forecasting accuracy — not just at a day level but also at a peak level. … Workforce.com's ability to absorb in-store data for algorithm-based forecasting has certainly been a benefit."
  - **Information accuracy.** A vice president of customers in QSR described the unifying transition from labor percentage

to hours: "We now know exactly how many hours we need every day per store, and after three years since implementation now, we all speak the same language. How many hours do you need? How many hours did you have last week? How many hours did you use on the last campaign that we did? Everyone speaks in hours. No one is arguing anymore about the budgets or the labor cost. And of course, since implementation, we had a lot of changes in labor costs. … The ability to forecast exactly how many employees I need in every store and when helped us a lot."

- **Improve compliance control and performance with real-time visibility into stores.** The interviewees noted that their prior solutions offered limited visibility, if any, into stores' performance and adherence to wage and hour laws. They wanted a solution that could provide:
    - **Pay transparency.** A managing director at a food/retail organization described the reductions in risk exposures that pay transparency promotes: "It's reduced what we need to look at right down to simply whether the franchisees are adjusting the timesheets. That's visible to us through the software and a lot easier to monitor, so we're getting compliant. We're reducing our legal risks and fines, but also reputational risks that comes with a brand being hauled through the media for underpaying."
    - **Automation of overtime agreements.** A senior industrial relations advisor in QSR described the ease with which Workforce.com tracks whether employees have consented to working more hours. "Time Clock automates that process for us by asking the question, 'Did you agree to any overtime?' or 'Did you agree to this change?' when an employee clocks out on that device in-store. That feeds through to the timesheet automatically, removes that overtime, and records that an agreement was obtained"
- **Include flexibility to focus and build toward KPIs that are relevant to the business.** Decision-makers interviewed by Forrester sought more robust and actionable data from their HCM solution, including:
    - **Custom metrics.** Interviewees measured their business operation with a variety of metrics, including labor percentages, units sold per hour, or hours worked. Workforce.com provided flexibility to support a variety of use cases.
    - **Surveys.** A vice president of customers at a QSR organization described using survey results: "On the Workforce.com roster, I can see the number of stars that every driver has. For example, if you are a driver and you received three stars over 100 surveys, I will see those results next to your name on the roster. If you're an excellent driver with five stars, I will see that as well. This allows my store managers to schedule the best employees according to the surveys."

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 seven 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 is a global food and retail franchise business with $312 million in annual revenue across 250 locations and more than 5,500 employees including 5,270 Workforce.com users. The corporate office mandates certain policies and practices in order to ensure compliance to relevant labor and privacy laws, and directs all locations to use Workforce.com for their workforce management. Franchisees receive guidance on sales, promotions, marketing, etc. and are required to leverage Workforce.com, but they otherwise operate independently, with franchise owners and store managers in charge of personnel and day-to-day operations.

Deployment characteristics. Workforce.com is rolled out to all 250 locations over the course of three months, with each location receiving some specialized training for the manager and other leaders. Prior to rollout, the composite organization works with Workforce.com to integrate data sources for cognitive rostering and build out the platform to adhere to any applicable labor laws or regulations. Examples of these laws include minimum wage requirements; hours restrictions for certain employee types; overtime rules for specific employee types; union agreements; federal, state, or local laws; and data protection rules governing collecting and storing employees' personal data.

Once deployed, store managers use Workforce.com to create weekly schedules, communicate with employees, coordinate shift swaps, and generally manage the performance of their store.

Key Assumptions

- **More than $300 million annual revenue**
- **250 locations**
- **5,270 users**
- **250 store managers**

Analysis Of Benefits

Quantified benefit data as applied to the composite

Total Benefits

Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Labor cost savings from scheduling optimization and improved revenue per labor hour	$1,105,650	$1,842,750	$3,685,500	$6,633,900	$5,297,041
Btr	Manager efficiency gains	$538,688	$646,425	$754,163	$1,939,275	$1,590,565
Ctr	Reduced risk of compliance failure	$369,750	$369,750	$369,750	$1,109,250	$919,514
Dtr	Efficiency gains for compliance and payroll activities	$398,385	$398,385	$398,385	$1,195,155	$990,725
	Total benefits (risk-adjusted)	$2,412,473	$3,257,310	$5,207,798	$10,877,580	$8,797,845

LABOR COST SAVINGS FROM SCHEDULING OPTIMIZATION AND IMPROVED REVENUE PER LABOR HOUR

Evidence and data. Regardless of the metric or methodology interviewees used to track their stores' performance, Workforce.com was able to accommodate and present real-time store data in an easy-to-understand format for store managers and other internal employees. Whether organizations used sales per labor hour, total hours worked, labor percentage of revenue, revenue per labor hour, or a proprietary metric, Workforce.com could be configured to track and deliver the specific data managers needed to optimize their workforce and hit corporate targets.

- Prior to deploying Workforce.com, organizations struggled to stitch together a clear picture of the financial performance of their franchises and would typically only receive periodic high-level financial data. At the store level, managers struggled with legacy systems that required a computer to access, did not have real-time data, and lacked a tool for effectively and reliably communicating with employees.

> **"Workforce.com gave us a system where we could track efficiency through hours rather than percentage. It completely changed the way we thought about efficiency and the way we managed our stores."**
>
> *Vice president of customers, QSR*

- With Workforce.com, interviewees were able to access real-time store data including who is working, labor costs, and upcoming shifts. This gave them much more control over their workforce and the ability to adjust on the fly to ensure that efficiency and customer satisfaction targets were hit. The vice president of customers in QSR saw immediate results, explaining, "In the first year, we had some stores that were able to save 5,000 hours of labor." The chief strategy officer in QSR said: "From the restaurant manager down to the team member, we have seen massive improvements because it's instantaneous. They've got far better access to the information they need."

- Three interviewees noted that Workforce.com improved visibility into and control over overtime costs. The senior industrial relations advisor in QSR highlighted that Workforce.com flagged overtime instances in upcoming rosters and automated overtime shift acceptance to reduce associated labor costs. He shared: "There are lots of ways part-time employees can get overtime, and that can really blow up your labor costs. Tanda has implemented functionalities to help manage that and have automated electronic engagement with part-time employees to get their agreement and consent to do certain shifts at ordinary rates." The chief strategy officer at a QSR organization also highlighted the value of overtime offer acceptance in reducing labor spend associated with overtime hours.

"We try to be a zero-overtime business. The reality is there's always a trickle of it, but that's our aim. And Tanda has continued to support us getting ourselves awfully close to being a zero-overtime business based upon the ease of this open acceptance process."

Chief strategy officer, QSR

The CMO and CXO at the hospitality services company highlighted that in an initial implementation phase, with about 400 employees using Workforce.com, the occurrence of overtime was reduced from 11% to 6% due to improved ability to identify cheaper staffing resources to fill schedule gaps.

- In addition to the real-time improvements, Workforce.com also provided managers with a more accurate and compliant weekly schedule that automatically considered any relevant labor laws, hours restrictions, or other factors that could impact compliance or financial performance. These improved schedules helped reduce the time and effort needed for scheduling, freeing up time to focus on optimizing labor, delivering great client experiences, and helping store managers select the most efficient and effective mix of employees to meet the predicted demand.
- The vice president of customers in QSR explained: "Workforce.com said their solution would help us save at least 2% from our labor rate. I saw that room for improvement too, so we implemented the solution and started seeing immediate results. Turns out we were right, and the system paid for itself very fast."

"It was easy to justify this investment because labor is one of the biggest costs to our business, so it's not only critical, it's just smart to have a system that gives us oversight and is designed to manage labor costs."

Country manager, QSR

Modeling and assumptions. For the financial model, Forrester assumes:

- Each store generates $1,250,000 in revenue.

- There are 250 total store locations with 21 workers at each.
- After deploying Workforce.com, the composite organization improves labor efficiency by 1.5%, 2.5%, and 5.0% in Year 1, Year 2, and Year 3, respectively.
- The average fully burdened salary for each store worker is $15.00.
- The composite organization improves revenue per labor hour by 1.52%, 2.56%, and 5.26% in Year 1, Year 2, and Year 3, respectively.

Risks. The value of this benefit may vary depending on:

- Revenue generated per labor hour in the prior environment.
- Actual fully burdened salaries for employees.
- The impact that Workforce.com will have on operational efficiency.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $5.3 million.

Labor Cost Savings From Scheduling Optimization And Improved Revenue Per Labor Hour

Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Revenue Per Store	Composite	$1,250,000	$1,250,000	$1,250,000
A2	Number of stores	Composite	250	250	250
A3	Workers per store	Composite	21	21	21
A4	Labor hours per store prior to implementing Workforce.com	50%*2080*21	21,840	21,840	21,840
A5	Labor efficiency gains with Workforce.com	Composite	1.5%	2.5%	5.0%
A6	Labor hours per store with Workforce.com	A4*(1-A5)	21,512.40	21,294.00	20,748.00
A7	Revenue per labor hour prior to implementing Workforce.com	A1/A4	$57.23	$57.23	$57.23
A8	Revenue per labor hour with Workforce.com	A1/A6	$58.11	$58.70	$60.25
A9	Revenue per labor hour improvement	A8-A7	$0.87	$1.47	$3.01
A10	Revenue per labor hour improvement (percentage)	A9/A7	1.52%	2.56%	5.26%
A11	Labor efficiency gains with Workforce.com (hours per store)	A4*A5	327.60	546.00	1,092.00
A12	Total llabor efficiency gains with Workforce.com	A11*A2	81,900	136,500	273,000
A13	Average fully burdened hourly salary for store employees	Composite	$15.00	$15.00	$15.00
At	Labor cost savings from scheduling optimization and improved revenue per labor hour	A12*A13	$1,228,500	$2,047,500	$4,095,000
	Risk adjustment	↓10%			
Atr	Labor cost savings from scheduling optimization and improved revenue per labor hour (risk-adjusted)		$1,105,650	$1,842,750	$3,685,500
	Three-year total: $6,633,900		**Three-year present value: $5,297,041**		

MANAGER EFFICIENCY GAINS

Evidence and data. The interviewees shared that Workforce.com created significant productivity improvements for managers to schedule creation and other oversight activities, including schedule management, employee communications, and onboarding.

> **"Now we don't need to rely on muscle memory and gut feelings. We only need to use the system to see the forecast to make sure that the efficiency assumptions are in place. That's it. Everyone can make a schedule."**
>
> *Vice president of customers, QSR*

- Prior to the investment in Workforce.com, some managers had access to a legacy workforce management tool, but interviewees reported that most managers preferred to take a more manual, paper- or spreadsheet-based approach to creating schedules. Managers relied on predictions around upcoming demand and appropriate staffing levels to determine staffing requirements and build schedules. Additionally, managers had to manually look across disparate schedule-related information — such as approved time off, compliance considerations, and labor costs — to discern employee availability and costs. After moving to Workforce.com, store managers utilized automated schedule-creation processes and cognitive rostering, which use data like historical sales figures, labor budgets, labor laws, and employee performances to quickly build optimized schedules. Interviewees highlighted that this process automation significantly reduced the time required to create schedules.

  The chief strategy officer at a QSR organization shared: "The immediate benefit was the time it took to write a roster. We've gone from an average of roughly 4 to 5 hours to roughly 2 to 3 hours. It's really simple and easy to use."

- With Workforce.com, managers also gained greater visibility and process efficiencies for oversight activities including schedule management and employee communications, driving additional time savings.

- Previously, managers handled schedule management activities, including shift swapping and time-off acceptance, in a manual and unorganized fashion. Moving to Workforce.com enabled greater oversight, documentation, and control for managers, centralizing activities to be orchestrated more efficiently through the Workforce.com platform and mobile app. The chief strategy officer at a QSR organization explained: "They've got greater insight into their business. The leave calendar is really useful. Managers can approve leave instantaneously and have it appear in the system. That's an improvement from the old system."

- The interviewees also highlighted that Workforce.com helped managers to communicate with employees. Through the mobile app, managers could push announcements to employees and track readership, reducing both the time spent by managers on communication and the chances that employees would miss important updates.

  The managing director at a QSR organization shared: "Once we've issued a communication, we know within a week or two that the majority of people have viewed that material. Whereas in the past, we would send something in writing to the franchisee and relied upon them to communicate it. It would take weeks and weeks, and the impact would be quite poor."

Modeling and assumptions. For the financial model, Forrester assumes:

- Store managers spend 4 hours on rostering activities every week with legacy solutions.
- Workforce.com drives a 50%, 65%, and 80% efficiency improvement for rostering activities in Year 1, Year 2, and Year 3, respectively.
- The hourly fully burdened salary of a store manager is $32.50.
- Each store manager saves one hour on non-rostering activities with Workforce.com
- A productivity capture of 50%

Risks. The value of this benefit may vary depending on:

- The number of hours spent on rostering in the prior environment.
- The annual burdened salaries of the managers.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of $1.6 million.

> **"Workforce.com makes communication with team members really easy. It helps especially in this day and age where everyone has a device in their hand all the time."**
>
> *Managing director, QSR*

Manager Efficiency Gains

Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Number of store managers	Composite	250	250	250
B2	Average hours spent on rostering activities before Workforce.com (weekly)	Composite	4	4	4
B3	Average fully burdened hourly salary for a store manager (rounded)	TEI standard	$32.50	$32.50	$32.50
B4	Weeks per year	Standard	52	52	52
B5	Efficiency gain for store manager rostering activities	Composite	50%	65%	80%
B6	Average time saved weekly on rostering activities with Workforce.com (hours)	B5*B2	2.00	2.60	3.20
B7	Subtotal: manager efficiency related to weekly rostering	B1*B3*B4*B6	$845,000	$1,098,500	$1,352,000
B8	Weekly efficiency gains for managers —non-rostering activities	Composite	1	1	1
B9	Subtotal: manager efficiency gains — non-rostering	B8*B1*B3*B4	$422,500	$422,500	$422,500
B10	Productivity capture	Composite	50%	50%	50%
Bt	Manager efficiency gains	(B7+B9)*B10	$633,750	$760,500	$887,250
	Risk adjustment	↓15%			
Btr	Manager efficiency gains (risk-adjusted)		$538,688	$646,425	$754,163
	Three-year total: $1,939,275		Three-year present value: $1,590,565		

REDUCED RISK OF COMPLIANCE FAILURE

Evidence and data. Compliance with local and national wage and hour laws served as a key motivator across interviewees. After deployment of Workforce.com, they reported improved ability to meet new wage and hour requirements and automated rostering that enhanced knowledge about employee work hours.

- Prior to Workforce.com, interviewees described having little visibility into the payroll practices of store managers. A managing director at a food/retail organization explained that site visits, costing up to $500 per visit, were necessary in the prior state in order to gain insight into how store managers conducted business. Through Workforce.com, interviewees captured compliance information and corrected risky or illegal behavior that would have typically passed under the radar.
- The managing director recounted a notable use case: "One franchisee was amending the timesheet, shifting the clock-in and clock-out times based on the 25% loading after 6 p.m. We could see this was systematically done on Mondays through Fridays when the loading applied. But on Saturdays, there's already a 25% loading, so that timesheet went unchanged. We saw the franchisee was purposely amending the timesheets to avoid the loading. You'd never notice the pattern if you looked at it anecdotally. We wouldn't have been able to pick that up before."
- Compliance benefits of Workforce.com extended to improved compliance with traineeship hours, as a chief strategy officer in QSR described varying local requirements in traineeship hours to illustrate. The interviewee concluded: "Tanda helps us by flagging whether a trainee has reached required hours each week. We're a lot better than before in making sure we're compliant with traineeship hours."
- A vice president of customers at a QSR organization described the ease with which stores now complied with regulations. They said, "If by law you cannot work on Friday evening, for example, because you're a minor, I will get a red flag on Tanda if I try to schedule you."
- With Workforce.com, interviewees could guarantee proper employment agreements, particularly during onboarding, and identify when those agreements had gone unmet. A senior industrial relations advisor in QSR noted: "We're definitely better off since we started using Tanda in terms of what we potentially would have legally owed if people didn't get paid for their work. When someone gets stiffed, our priority is to find and rectify that."

Modeling and assumptions. For the financial model, Forrester assumes:

- A median wage and hour settlement value of $2.9 million per year.
- A 20% reduction in risk exposure due to Workforce.com.
- Workforce.com is responsible for 75% of the risk reduction.

> **"Tanda has helped inordinately with compliance. It has been a significant benefit."**
>
> *Chief strategy officer, QSR*

Risks. The value of this benefit may vary depending on:

- Organizational employment risk exposures.
- Fluctuations in wage and hour settlement values based on local and national regulations.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of $920,000.

Reduced Risk Of Compliance Failure					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
C1	Median wage and hour settlement value	Assumption	$2,900,000	$2,900,000	$2,900,000
C2	Reduction in risk exposure due to Workforce.com	Composite	20%	20%	20%
C3	Risk reduction value	C1*C2	$580,000	$580,000	$580,000
C4	Attribution	Composite	75%	75%	75%
Ct	Reduced risk of compliance failure	C3*C4	$435,000	$435,000	$435,000
	Risk adjustment	↓15%			
Ctr	Reduced risk of compliance failure (risk-adjusted)		$369,750	$369,750	$369,750
	Three-year total: $1,109,250			**Three-year present value: $919,514**	

EFFICIENCY GAINS FOR COMPLIANCE AND PAYROLL ACTIVITIES

Evidence and data. With Workforce.com, interviewees reported accurately processed wages across all store sizes, automated timecard communications, and easier classification of workers. One interviewee shared that Workforce.com reduced payroll processing costs by 50% across the board. These cost and time savings garnered productivity and efficiency gains for the interviewed organizations.

- A chief strategy officer at a QSR organization noted that the legacy system necessitated triaging 300 timesheet requests per week. With Workforce.com, triaging reduced to 50 to 60 times per week with accurate timecard punches.
- Prior to deploying Workforce.com, interviewees' companies hired bookkeepers to calculate wages based on applicable wage and hour regulations. A managing director noted that Workforce.com's features had enabled the franchisees to simply approve timesheets that were automatically compliant. Franchisees reduced bookkeeping fees by 20% to 35%.
- The managing director at a food/retail organization added that Workforce.com alleviated the auditing process in particular: "We could have spent hours on audits before. Now we do a bit of a spot check. Workforce.com developed a downloadable report that compares clocked time versus approved time. It provides a calculation of minutes amended on the timesheet, then downloads into a CSV file. With standardized formulas, we can analyze the proportion of clocking missed, proportion of hours amended, [and] how many of those changes greater than 5 minutes had comments on them. It's only about 10 minutes to do that now."

Modeling and assumptions. For the financial model, Forrester assumes:

- A weekly average of 4 hours per store spent on compliance reviews and payroll activities each year.
- A 75% efficiency gain for compliance and payroll activities per year.
- An average $22.70/hour salary for compliance and payroll activities.
- A productivity capture of 50%.

Risks. The value of this benefit may vary depending on:

- The specific capabilities of the legacy environment.
- The baseline average labor rate.
- Reallocation of labor to higher-value tasks.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $991,000.

> **“[Tanda] is a source of truth for who is employed in the business.”**
>
> *Managing director, QSR*

Efficiency Gains For Compliance And Payroll Activities

Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Time spent per store each week on compliance reviews/payroll activities (hours)	Composite	4.0	4.0	4.0
D2	Time spent each week on compliance and payroll (hours)	D1*B1	1,000	1,000	1,000
D3	Efficiency gain for compliance and payroll reviews	Composite	75%	75%	75%
D4	Average salary — compliance and payroll activities	TEI standard	$22.70	$22.70	$22.70
D5	Productivity capture	Composite	50%	50%	50%
Dt	Efficiency gains for compliance and payroll activities	D2*52*D3*D4*D5	$442,650	$442,650	$442,650
	Risk adjustment	↓10%			
Dtr	Efficiency gains for compliance and payroll activities (risk-adjusted)		$398,385	$398,385	$398,385
	Three-year total: $1,195,155		**Three-year present value: $990,725**		

UNQUANTIFIED BENEFITS

Additional benefits that customers experienced but were not able to quantify include:

- **Reduced employee turnover.** Due to external pandemic-related labor constraints that were cited by interviewees, retention is unquantified in this study. However, Forrester's research shows that employee experience (EX) has an impact on employee turnover. In fact, Forrester's EX Index shows that 94% of the most engaged employees plan to stay with their employers for the next year, versus 41% for the least engaged.[4] Further, technology plays a significant role in EX by fostering engagement. Enabling employees to use the devices they want, access the information they need, and provide quick and efficient support when technology breaks down allows workers to be more engaged and in turn more productive and effective. By better positioning employees for success and improving the overall engagement of their employees, employers experience improved retention, which in turn can have positive effects on overall business outcomes.[5]

  The CMO and CXO at the hospitality services organization highlighted how moving away from homegrown, desktop-based tools improved employee experiences. They said: "Another benefit that we are getting is employees having access on their phone. It's meeting them where they are. [Our employees] have only grown up with mobile devices, right? To ask them to go to a desktop to access their schedule, paychecks, and whatnot was a chore. It just wasn't meeting them where they are. So that's a huge benefit to our actual users of the Workforce.com app. Checking in and checking out is easier to use, and there's less systems to interact with."

- **Reduced reliance on outsourcing for finance and bookkeeping activities.** Workforce.com empowered interviewees to bring finance and bookkeeping activities in-house with its automation capabilities. A managing director described a fair amount of time-consuming work by the outsourced bookkeepers who calculated wages based on complicated laws. That changed with the introduction of a centralized bookkeeping system, which improved visibility into business practices and profitability.

- **Increased productivity savings for HR.** Compliance, accurately processed wages, and clear communications resulted in productivity savings for HR. An additional factor for HR productivity savings was the ease with which employees were trained after the deployment of Workforce.com. A managing director at a food/retail organization noted: "Material created in the online learning platform gets pushed out to the relevant members of the team, whether it's all staff, bakers only, decorators only, or shop front staff or franchisees. They're all classified within Tanda under various levels and descriptions. We can manage online learning requests that go out to them. And then the online learning system separately enables us to monitor who has and who hasn't completed the various modules."

- **Improved ability to ensure that all workers are properly compensated and protected against potential bad actors.** The managing director at a QSR organization noted that Workforce.com helped to ensure that workers were paid in accordance with labor regulations and acted as a system of record that enabled the organization to identify instances where timesheets were being amended, lowering risk for the organization.

- **Reduced or eliminated costs related to legacy workforce management solutions.** The CMO and CXO at the hospitality services organization said: "Reducing our tech stack is a future benefit I expect to see. It's one of the big things that I'm interested in because of the total cost of maintenance for all of these fragmented systems."

- **Improved customer experience, CSAT, and NPS scores.** The vice president of customers at a QSR organization noted how Workforce.com helped his organization improve customer experiences, resulting in a 12% improvement in CSAT scores and higher NPS scores as well. He explained: "It impacted [customer] service because now we have a very accurate tool forecasting how many employees are needed, for how long, and when do I need to bring them into the shift. Suddenly, the stores enter peak time very smoothly and very efficiently, and the customers are enjoying it. I can for sure show that the graph of the satisfaction went up."

FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Workforce.com and later realize additional uses and business opportunities, including:

- **Easy integration and compliance with new labor laws and regulations.** Across all interviews, organizations easily complied with wage and hour laws and regulations after deploying Workforce.com. Workforce.com lent visibility into timesheets and automatically flagged noncompliant scheduling. Through Worforce.com, organizations were able to adapt effectively and efficiently to rapid changes in labor laws.

- **Cognitive rostering.** Workforce.com enabled interviewees to add additional inputs and variables when creating rosters, such as weather and holiday information, as well as POS system data, CRM data, and other internal data. A senior industrial relations advisor in QSR recounted, "[In the prior state], they would put something up on the wall in the store that no one would read, and they'd have to spend most of their time calling people saying, 'Are you coming to work today?' Workforce.com is not only saving them time in creating the roster — it's also saving them time in using it through the week."

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

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**
Etr	Deployment and ongoing management costs	$303,160	$38,953	$38,953	$38,953	$420,020	$400,031
Ftr	Workforce.com annual licensing and training costs	$63,923	$449,845	$449,845	$449,845	$1,413,458	$1,182,621
	Total costs (risk-adjusted)	$367,083	$488,798	$488,798	$488,798	$1,833,478	$1,582,652

DEPLOYMENT AND ONGOING MANAGEMENT COSTS

Evidence and data. Interviewees cited implementation timelines as short as three weeks. Ongoing management was minimal, involving a small number of hours per year dedicated to system maintenance.

Interviewees also highlighted the importance of monitoring and guiding proper usage of Workforce.com to drive intended business outcomes. The vice president of customers at a QSR organization noted: “We are monitoring all of their assumptions in the system and the scheduling that they are doing. I have a person in the office on top of the supervisors [who is] supervising the system, giving training, and answering questions.”

Modeling and assumptions. For the composite, Forrester assumes the following:

- The composite organization spends $200,000 to implement Workforce.com in the initial period.
- Two internal resources are dedicated to managing the implementation at 40% of their time. The annual fully burdened salary of the implementation resources is $94,500.
- A manager resource spends five hours per week on ongoing management and 10 hours per week on supervision activities.
- The hourly fully burdened cost of a manager resource is $45.40.

Risks. The extent of this cost may vary due to:

- The complexity of the implementation and integrations.
- The duration of the implementation.
- Any additional resources required for implementation and ongoing management.
- Salaries of internal business resources and managers.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $400,000.

Deployment And Ongoing Management Costs						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
E1	Implementation costs —- Workforce.com	Composite	$200,000			
E2	Implementation team members (internal)	Composite	2			
E3	Time spent on implementation	Composite	40%			
E4	Average fully burdened salary for implementation team members	TEI standard	$94,500			
E5	Subtotal: implementation costs	E1+(E2*E3*E4)	$275,600	$0	$0	$0
E6	Ongoing maintenance time (hours per week)	Composite	0	5	5	5
E7	Supervisor time managing store managers, troubleshooting, etc. (hours per week)	Composite	0	10	10	10
E8	Average fully burdened hourly salary for managers	TEI standard	$45.40	$45.40	$45.40	$45.40
Et	Deployment and ongoing management costs	E4+(E6+E7)*52*E8	$275,600	$35,412	$35,412	$35,412
	Risk adjustment	↑10%				
Etr	Deployment and ongoing management costs (risk-adjusted)		$303,160	$38,953	$38,953	$38,953
	Three-year total: $420,020		**Three-year present value: $400,031**			

WORKFORCE.COM ANNUAL LICENSING AND TRAINING COSTS

Evidence and data. Workforce.com licensing costs follow a monthly, seat-based subscription model. The interviewees shared that while manager training on the system is essential, required training is minimal.

Modeling and assumptions. For the composite, Forrester assumes the following

- A monthly licensing cost of $6 per user.
- A manager resource spend 80 hours in the initial period and 50 hours in Years 1 through 3 creating training materials.
- Each year, 300 managers and leaders participate in training. In the initial period, the group receives 4 hours of training and 2 hours of training in Years 1 through 3.

Risks. The extent of this cost may vary due to:

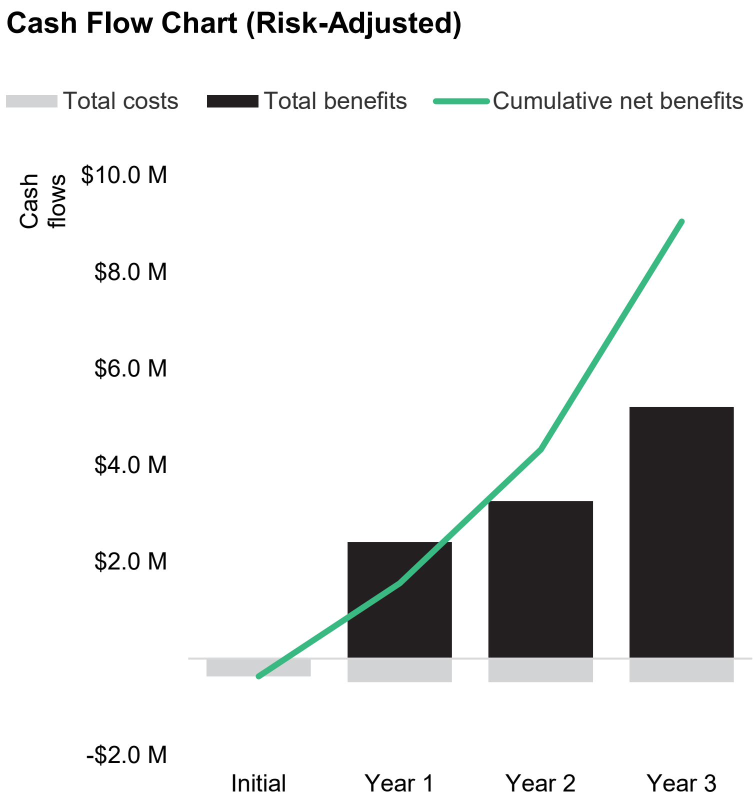
- The total number of Workforce.com users.
- The total number of managers and leaders needing training.
- The actual hours dedicated to manager and leadership training.
- The actual fully burdened cost of manager and leadership personnel.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of $1.2 million.

Workforce.com Annual Licensing And Training Costs						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
F1	Number of Workforce.com users (managers, employees, and leadership)	Composite	0	5,270	5,270	5,270
F2	Cost per user (monthly)	Composite	$6	$6	$6	$6
F3	Subtotal: Workforce.com annual licensing costs	F1*F2*12	$0	$379,440	$379,440	$379,440
F4	Time creating training materials each year (hours)	Composite	80	50	50	50
F5	Manager and leadership training each year (hours)	Composite	4	2	2	2
F6	Number of stores	Composite	250	250	250	250
F7	Managers and leaders needing training	F6+50	300	300	300	300
F8	Subtotal: Workforce.com training costs	(F4+(F5*F7))*E8	$58,112	$29,510	$29,510	$29,510
Ft	Workforce.com annual licensing and training costs	F3+F8	$58,112	$408,950	$408,950	$408,950
	Risk adjustment	↑10%				
Ftr	Workforce.com annual licensing and training costs (risk-adjusted)		$63,923	$449,845	$449,845	$449,845
	Three-year total: $1,413,458			**Three-year present value: $1,182,621**		

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS



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

These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Analysis (Risk-Adjusted Estimates)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	($367,083)	($488,798)	($488,798)	($488,798)	($1,833,478)	($1,582,652)
Total benefits	$0	$2,412,473	$3,257,310	$5,207,798	$10,877,580	$8,797,845
Net benefits	($367,083)	$1,923,674	$2,768,512	$4,718,999	$9,044,102	$7,215,193
ROI						456%
Payback period (months)						6 months

Appendix A: Total Economic Impact

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.

TOTAL ECONOMIC IMPACT APPROACH

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

Costs consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within 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."

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.

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.

NET PRESENT VALUE (NPV)

The 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.

RETURN ON INVESTMENT (ROI)

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%.

PAYBACK PERIOD

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

Appendix B: Endnotes

[1] Source: "The Forrester Tech Tide™: Cloud Human Capital Management, Q4 2019," Forrester Research, Inc., October 24, 2019.

[2] 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.

[3] Net Promoter, NPS, and the NPS-related emoticons are registered US trademarks, and Net Promoter Score and Net Promoter System are service marks, of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld.

[4] Source: Forrester Analytics Business Technographics® Workforce Survey, 2020; base: 10,749 global information workers who score either low, medium, or high on Forrester's EX Index.

[5] Source: "Forrester's EX Index: A Deeper Look At The Data," Forrester Research, Inc., March 4, 2020.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