



CASE STUDY

CREATING A BEST PRACTICES HUMAN CAPITAL MANAGEMENT ECOSYSTEM

TRANSFORM

Cloud-Based Solution Reduces PEPM and Aligns Business & Technology

THE BUSINESS CHALLENGE

AGSI's client, the Chief Human Resources Officer, was supporting a new CEO who had seen positive results at a previous company after **replacing a legacy payroll/human resources platform with a cloud-based Human Capital Management (HCM) solution**. The CEO sensed that the same change was the right decision for this company – but was a clear business case present, and if so, **what was the optimum future-state solution?** To answer those questions the CHRO needed a thorough analysis of the company's current human capital costs and an expert team to lead the evaluation of alternatives.

AGSI'S HIGH-LEVERAGE SOLUTION

AGSI **conducted a financial analysis** not just of payroll functions but also of all other human capital functions, and combed the contracts, service fees and maintenance fees of the legacy providers. The revelations were dramatic: **for the first time, our client saw that they were spending nearly 50% more in PEPM (per employee, per month) costs than their contract stated**. Like many companies, they used siloed software solutions and cost centers for functions such as recruiting and talent management and had never viewed their ecosystem as a whole or examined its true cost. This clarity alone was game changing.

In addition, they hadn't previously questioned whether their legacy platform aligned with their evolving business and technology vision. We **defined those key vision factors** as well as required daily business functions and applied them against the legacy solution and likely alternatives, using our **proprietary Solution Evaluation and Selection Methodology**. Based on our experience with similar companies, we were confident that a cloud-based, purpose-built solution would be the best future state for them. The forced ranking component of our methodology confirmed this belief, leading to **quantifiable decision support for a solution that would satisfy 97% of the client's requirements out of the box**, with greater service and security.

With the best provider identified, we performed the same financial analysis on the provider's proposal, determining a true PEPM that was 50% less than that of the legacy provider. And, with an all-inclusive cloud-based platform, there would be no more big software purchases or upgrade headaches.

VALUE TO THE ENTERPRISE

Spending only half the PEPM they previously had, our client now will get **a scalable, fully integrated HCM solution with more features, functions, security and service**. Visibility and transparency are also improved, thanks to enhanced reporting. As a bonus benefit, our client's internal IT resources are now freed from constant support of the varied legacy systems, providing **bandwidth for other important technology initiatives**.

IN BRIEF

CLIENT:

One of the largest Building Products Distributors in the U.S.

ENGAGEMENT:

HCM Technology Solution Evaluation

CHALLENGE:

Develop and validate the business case for transitioning from a legacy payroll/human resources platform to a future-state Human Capital Management (HCM) solution; evaluate alternatives and recommend a new provider

OUTCOME:

Absolute clarity on TCO (Total Cost of Ownership) financial benefits and confident selection of a cloud-based, purpose-built solution that reduces PEPM costs by 50% while better supporting the business and technology vision