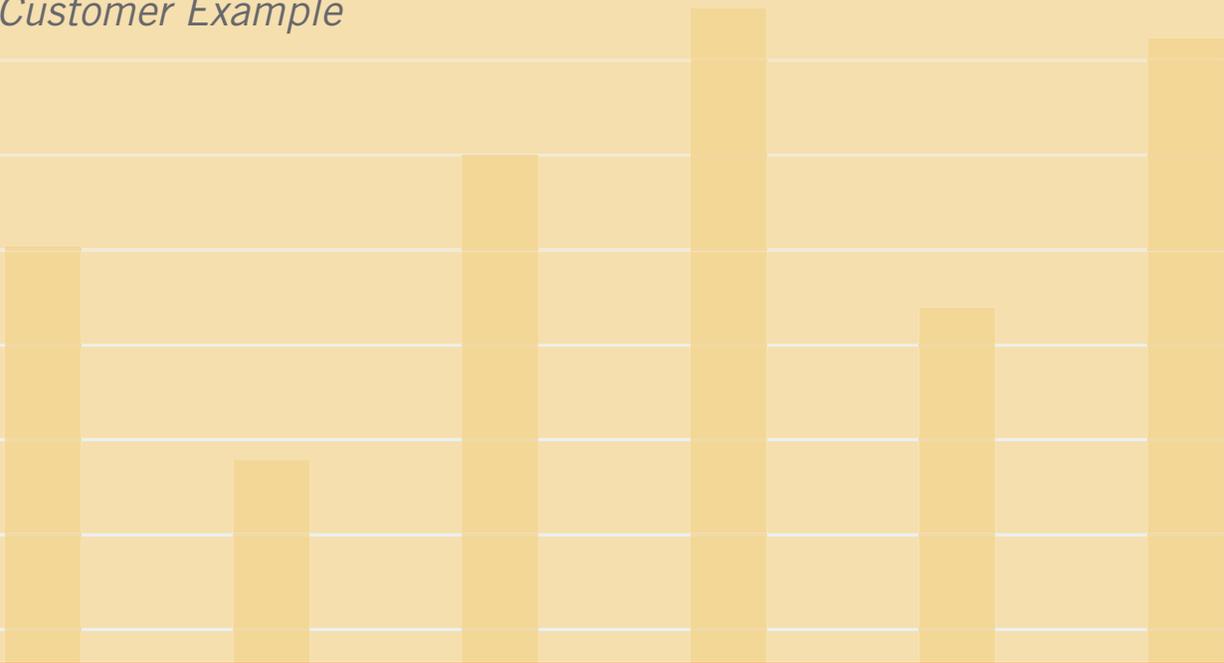


Optimization Analysis

Findings and Recommendations

Customer Example



This sample report includes an abbreviated analysis representing actual results from a Kronos customer Optimization Services engagement.

Your customized report would be an extended report based on data specific to your organization.

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This sample report provides details on the categories listed here in bold copy.

Your customized report would include details for all categories listed in this table of contents.

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1 EXECUTIVE SUMMARY

1.1 OVERVIEW

Beginning in July 2010 “Customer” and Kronos began the process of completing an Optimization Analysis. As identified in section 1.2 Project Brief, various areas were reviewed through multiple data collection and analysis methods in order to provide a holistic view of “Customer’s” labor management practices.

1.2 RECOMMENDATIONS OVERVIEW

Below is a brief summary of the recommendations provided as a result of the optimization project. For the comprehensive list of recommendations, please refer to Recommendations Summary on page 31.

1. Follow specific recommendations regarding reconfiguration of pay rules.

“Customer” is aware that there is a duplication of pay rules and that many pay rules may not be optimized. Specific recommendations are provided in the appendix on how to optimize these pay rules.

2. Eliminate manual payroll entry for remaining employees. (ABC, etc.)

Approximately 10% of workforce is not in Kronos. Begin using Kronos to track time for these employees.

3. Change the way reports are created and distributed.

All reports are currently run manually, often on payroll Monday, slowing the system. Schedule reports to run off hours and to be distributed automatically to recipients.

4. Update training plan and materials.

Training material is out of date and no training plan is currently in place.

5. Eliminate the ABCD form and enable employee self service at clocks.

More than 20,000 exception forms per year are generated by employees. Give employees the ability to request exceptions by using the clock or the PC.

6. Resolve system speed issues.

System is currently experiencing slow response time. Work with hardware vendor to bring system up to Kronos minimum specifications.

7. Implement absence management including attendance tracking, leave management, and time off requests.

All absence management is tracked manually. Standardize the process and provide visibility across the organization by automating and combining with time tracking.

8. Implement an integrated scheduling solution.

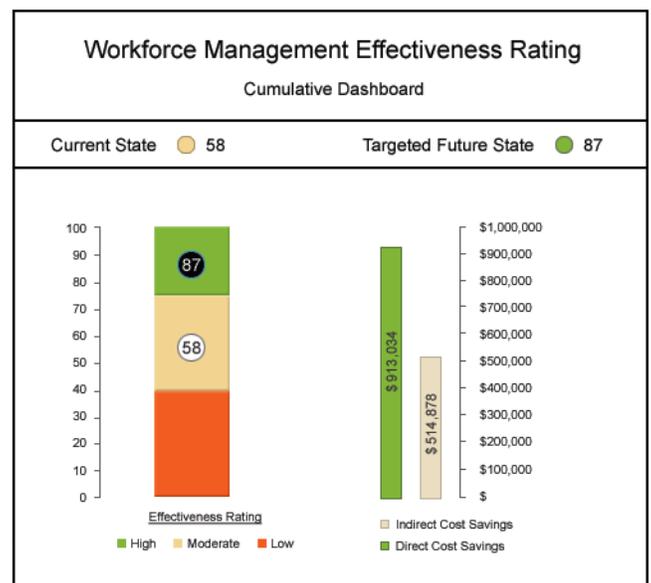
All scheduling is done manually now. Scheduling process is very cumbersome and all levels understand that an automated solution is needed.

Your customized report would include a Workforce Management Effectiveness Rating along with projected savings that could be gained by optimizing your Kronos solution.

1.3 WORKFORCE MANAGEMENT EFFECTIVENESS RATING

As the leader in workforce management strategy, Kronos has identified four key disciplines that can be analyzed in order to determine an organization’s progress on the path to optimal workforce management. The Workforce Management Effectiveness Rating (WMER) is a score obtained by evaluating an organization’s current state in four disciplines 1) labor cost management, 2) business intelligence, 3) user adoption, and 4) system management. Scores from these four disciplines are averaged together to give an overall WMER score for the organization. This WMER score is used to gauge how effectively the workforce is managed within that organization. The rating is scaled from 0 to 100 with 100 representing optimal workforce management.

As you follow and implement the recommendations contained in this document, “Customer” can expect to unlock almost \$1.5 million in estimated direct and indirect cost savings.



Your customized report would provide details outlining where cost savings opportunities could be achieved and associated estimates of dollars saved.

Labor costs account for a significant percentage of every organization's budget. Workforce management challenges such as payroll errors, accidental overpayments, system abuse and buddy punching by hourly personnel all drive up your labor costs. Factor in loss of productivity due to unnecessary manual processes, human error, and scheduling conflicts and it becomes increasingly difficult to control your labor costs. Uncontrolled labor costs hit you where it counts — The Bottom Line.

Kronos workforce management solutions are designed to help you gain full control over your labor costs. Due to the numerous factors that influence an organization's ability to fully adopt such solutions at the onset of an implementation, it is necessary to regularly review one's Labor Cost Management solutions. If your workforce management solution doesn't help you gain complete control over the challenges that impact labor costs, you are wasting valuable time and money and allowing unnecessary expenses to impair your business.

Kronos workforce management solutions provide streamlined, automated tools that help you track time and attendance, analyze and diagnose payroll issues, reduce manual administrative tasks, and uncover costs associated with overpayments and system abuse. This Optimization Analysis project has uncovered numerous opportunities to improve your Kronos solution to reduce costly errors, increase productivity, and control labor costs — so you can focus on doing business without unnecessarily expanding your budget. Each category within this section plays a critical role in enabling you to effectively manage your labor costs.

Direct Cost Savings: “Customer” can realize an estimated savings of **\$913,034.**

Indirect Cost Savings: “Customer” can realize an estimated savings of **\$514,878.**

2.1 TIMECARD MANAGEMENT

The first level of defense to effectively minimize labor costs is to empower management with best practice policies, procedures and behaviors around timecard management. A majority of your labor costs are recorded in timecards on a real-time basis. Hourly employees interact with data collection devices to record their in and out times. With sound timecard management behaviors in place, managers can proactively manage system abuse, buddy punching, incidental errors, and other factors that inflate your labor costs. As a result of the Optimization Analysis performed we have uncovered areas of opportunity to improve your solution's effectiveness.

Indirect Cost Savings: “Customer” can realize an estimated savings of **\$245,775.**