

Total Economic Impact

# The Total Economic Impact™ Of Paycom

**Cost Savings And Business Benefits Enabled By Paycom**

A FORRESTER TOTAL ECONOMIC IMPACT STUDY COMMISSIONED BY PAYCOM, JUNE 2025

FORRESTER®

The bottom half of the page features a large, abstract graphic. It consists of several overlapping, wavy shapes in various shades of green, ranging from a light, almost white green to a deep, dark forest green. These shapes are set against a solid black background, creating a sense of depth and movement. The overall effect is modern and dynamic.

## Executive Summary

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**According to Forrester, human capital management (HCM) software sees high levels of adoption across industries.<sup>1</sup> Organizations seek comprehensive HCM software that unifies HR and payroll functions and data, streamlines processes, and enhances employee efficiency.<sup>2</sup>**

Paycom is a full-service HCM solution that unifies HR and payroll functions into a single, unified platform. Automation and time-saving tools within Paycom can help organizations improve efficiency for their HR departments as well as managers and employees across their workforce. Furthermore, Paycom can provide cleaner data and robust analytics, which can enable added business benefits, such as company growth and cost savings.

Paycom commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Paycom.<sup>3</sup> The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Paycom on their organizations.

**362%**

**Return on investment (ROI)** ⓘ

**\$1.4M**

**Net present value (NPV)** ⓘ

*“Paycom is a one-stop platform. We have a single solution for all our [HR-related] needs, and it’s easy for our employees to use.”*

**Director of HR, entertainment**

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed five decision-makers across four organizations with experience using Paycom. For the purposes of this study, Forrester aggregated the experiences of the interviewees and combined the results into a single composite organization that has 500 employees and uses Paycom’s single software, including tools across its payroll, time and labor management, talent acquisition, talent management, and HR management suites.

Interviewees said that prior to using Paycom, their organizations used legacy systems often from multiple providers and, thus, faced fragmented data along with a lack of automation and modern tools. This prior environment led to inefficient manual processes and poor user experiences for employees. Moreover, limited data analysis and reporting capabilities hindered insights that could help drive their businesses forward.

With the investment in Paycom, interviewees’ organizations implemented a single solution that met all their HR and payroll needs with seamless data transfer and automation across tools. Key results from the Paycom investment included time savings of more than 45% for HR due to streamlined workflows, improved compliance, and efficiencies brought by position seat management. Interviewees noted managers and employees across their workforces also saw time savings given Paycom’s accessibility and ease of use. On top of these efficiency gains, better visibility and data analytics with Paycom contributed to business growth and cost savings.

## Key Findings

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

- **Improved efficiency for HR with time-saving tools in a single solution, saving 35% of total HR time and 4,368 hours annually.** As a single solution with interconnected data and automation, Paycom streamlines workflows and reduces manual effort across several HR functions at the composite organization. This saves significant time for its HR team in relation to managing payroll, benefits, onboarding, training, time off, and other HR responsibilities. These efficiency gains with the unified Paycom solution are worth \$454,000 for the composite organization over three years.
- **Automation and standardization with position seat management, saving 10% of total HR time and 1,248 hours annually.** The HR team at the composite organization sees additional time savings specifically due to Paycom's position seat management feature. In tying job attributes to positions rather than individuals, the software anticipates what needs to be done by prepopulating fields, enabling workflows, and ensuring uniformity. Leveraging position seats is worth \$123,000 for the composite organization over three years.
- **Productivity gains for managers, saving 2,080 hours annually.** Paycom allows managers across the composite organization to more efficiently perform tasks, such as approving timecards, documenting information with personnel action forms (PAFs), and completing employee reviews due to accessibility and ease of use. In addition to time savings, the added visibility and insight from Paycom allows managers to execute more robust, transparent, and accurate employee reviews. Managers save an average of an hour per week, which translates to \$223,000 for the composite organization over three years.

*“The time savings [with Paycom] has been absolutely huge ... [and] Paycom has become not just a time-saver, but an employee enhancement tool.”*

**Chief HR officer, consumer goods**

- **Time savings for employees across the workforce, saving 6,000 hours annually.** Paycom also results in time savings for all employees at the composite organization by enabling them to efficiently manage their HR-related tasks on a single, intuitive platform. With Paycom and its automated payroll tool, Beti®, employees take greater ownership of their data through a self-service app as they handle tasks such as enrolling in benefits, entering and updating personal information, requesting time off, and approving time sheets. Moreover, as a unified solution, Paycom eliminates the need to learn multiple systems and streamlines key moments in the employee lifecycle, including onboarding and open enrollment. Across all tasks performed, employees save an hour a month on average, which amounts to \$322,000 for the composite organization over three years.
- **Business benefits due to better visibility and data analytics, resulting in \$300,000 annually from multiple use cases.** In addition to greater efficiency, Paycom's value extends to broader business benefits at the composite organization. In particular, with the single Paycom solution being built on one database, it provides improved visibility and comprehensive data analytics. These in turn enable company growth for the composite as well as cost savings, such as reduced spending on overtime and temporary work. The added business benefits are worth \$671,000 for the composite organization over three years.

- **Improved compliance, saving 80% of the time HR spends on audit work and 332 hours annually.** Easy data access and more automated reports with Paycom reduce the time required for audit-related work at the composite organization. Moreover, Paycom helps ensure compliance by streamlining and standardizing processes related to maintaining documentation, ensuring confidentiality, and completing mandatory training. This translates into savings of \$41,000 for the composite organization over three years.

## More than 45%

Total time saved for HR team

## More than 14,000

Total employee hours saved annually

**Unquantified benefits.** Benefits that provide value for the composite organization but are not quantified for this study include:

- **Improved employee experience.** By driving efficiency, Paycom enhances the experience for HR at the composite organization as well as employees at large. Employees also enjoy the added transparency that Paycom provides around their benefits and pay.
- **A single comprehensive solution.** As a single software with automation across tools for payroll, time and labor management, talent acquisition, talent management, and HR management, Paycom serves as a complete HR solution for the composite organization and eliminates the need for supplemental HR tools from other providers.
- **Improved data accuracy.** Paycom's single-database approach, where data is entered once and flows throughout the system, eliminates redundant data entry and ensures accuracy for the composite organization. Improved data accuracy contributes to operational efficiency, quality reporting and analytics, and better business decision-making.

*"The data and analytics we have with Paycom are very, very beneficial. Those insights help us run the business better and absolutely enable growth."*

**Chief HR officer, consumer goods**

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

- **Annual fees.** The composite organization pays an annual fee to Paycom for the use of the solution. These costs vary by organization and are determined by factors such as the number of employees and the select Paycom tools used. They total \$334,000 over three years for the composite organization.
- **Internal implementation, change management, and training costs.** Employees in the HR department at the composite organization spend some of their time assisting with the implementation of Paycom and training on the software. Additionally, employees across the organization spend some time training on and learning Paycom. The employee labor costs related to these efforts total \$63,000 over three years for the composite organization.

The financial analysis that is based on the interviews found that a composite organization that uses select tools across Paycom's solution experiences benefits of \$1.8 million over three years versus costs of \$397,000, adding up to a net

present value (NPV) of \$1.4 million and an ROI of 362%.

*“Paycom runs very smoothly. Everything interconnects. ... It provides greater efficiency and data accuracy.”*

Director of HR, services

## Key Statistics

**362%**

Return on investment (ROI) ⓘ

**\$1.8M**

Benefits PV ⓘ

**\$1.4M**

Net present value (NPV) ⓘ

**<6 months**

Payback ⓘ

## Benefits (Three-Year)

Improved efficiency for HR with time-saving tools in a single solution

**\$454.1K**

Automation and standardization with position seat management

**\$122.9K**

Productivity gains for managers

**\$223.5K**

Time savings for employees across the workforce

**\$322.3K**

Business benefits due to better visibility and data analytics

**\$671.5K**

Improved compliance

**\$41K**

## Market Overview

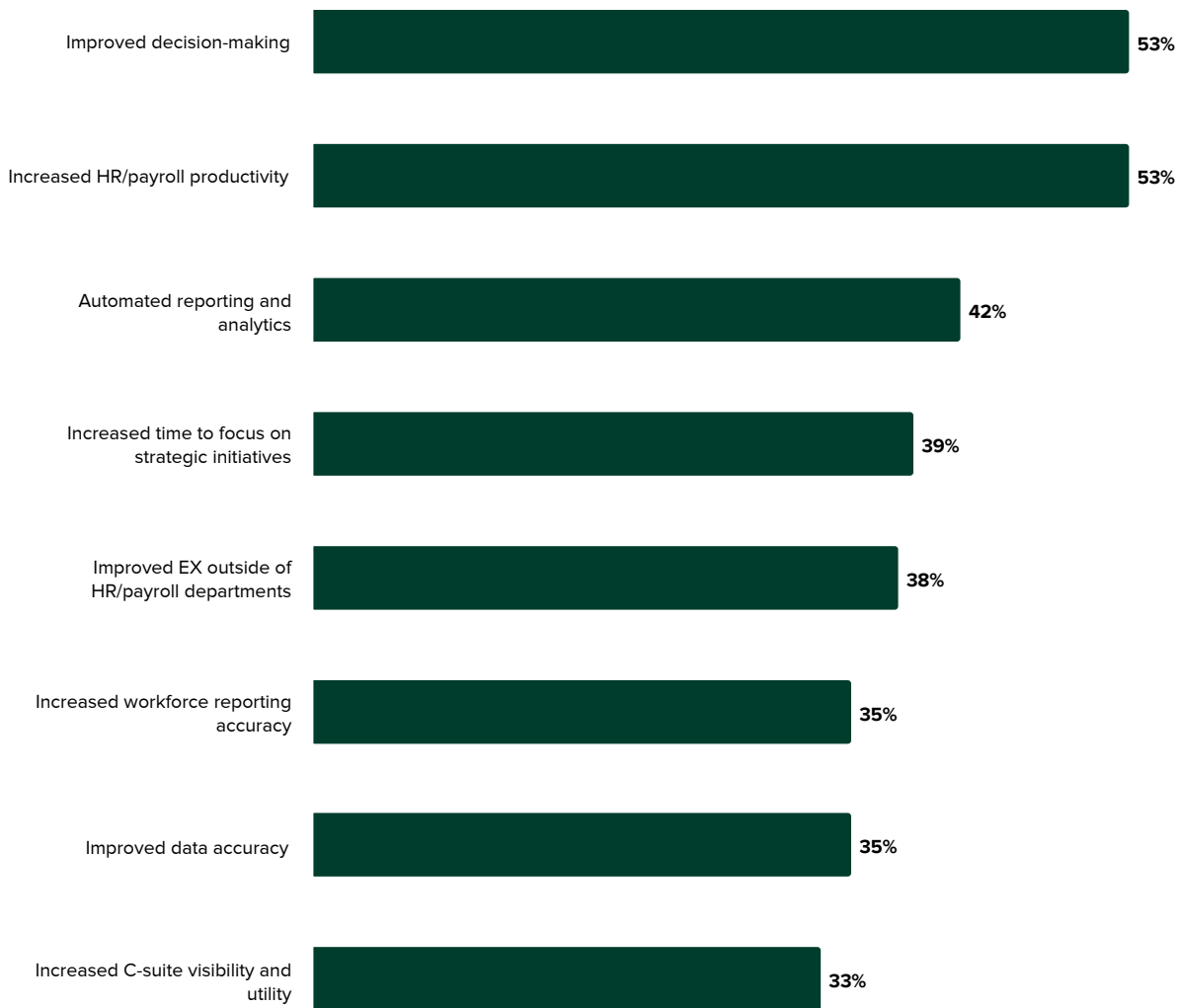
### Understanding The State Of The HCM Market

Forrester surveyed 217 US-based HR and payroll leaders responsible for HCM technology investment at their organization to understand the goals, challenges, and benefits associated with HCM solutions. A detailed analysis can be found in “Single-Database HCM Solutions Drive Cross-Business Success,” May 2025.<sup>4</sup> The key findings from this study include the following:

- **Top goals are efficiency, analytics, and automation.** Respondents identified their top HR and payroll goals, with the two highest ranked being increasing departmental and employee efficiency. Just behind efficiency goals were improving analytics and workforce planning abilities, followed by increasing automation.
- **Existing HCM software could improve in specific areas.** According to respondents, HCM software could improve with:
  - Intuitive, user-friendly, and easily accessible interfaces, especially on mobile devices.
  - Automated workflows, seamless data flow, and enhanced integration capabilities.
  - Better data analysis and reporting capabilities to enable deeper insights.
  - Self-service functions for employees to handle tasks on their own.
- **Using multiple HCM providers presents challenges.** Seventy-five percent of respondents used different providers for different phases of the employee life cycle. Multiple tools and disconnected data hindered automation, efficiency, and analytics.
- **Respondents were broadly interested in adopting a single, automated HCM solution.** Ninety-one percent of respondents were interested in adopting such a solution, believing the effects would be far-reaching across their organization.
- **A unified HCM solution offers strategic benefits.** Respondents noted unifying HR and payroll functions in a single, automated HCM solution had the potential to yield significant benefits. For example, most respondents believe that making this transition would increase HR/payroll productivity and improve decision-making (see Figure 1).

**FIGURE 1**

## Top Benefits Of Single, Automated HCM Solutions



Base: 217 US-based, cross-business HCM technology investment strategy leaders

Note: Showing top eight responses

Source: Forrester's Q1 2025 HCM Technology And Workflow Automation Survey [E-62840]

# The Paycom Customer Journey

## Drivers leading to the Paycom investment

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| Interviews       |                |                 |              |
|------------------|----------------|-----------------|--------------|
| Role             | Industry       | Total Employees | HR Employees |
| Chief HR officer | Consumer goods | 200             | 3            |
| HR manager       | Manufacturing  | 200             | 4            |
| HR generalist    | Manufacturing  | 200             | 4            |
| Director of HR   | Services       | 300             | 3            |
| Director of HR   | Entertainment  | 5,000           | 20           |

## Key Challenges

Before adopting Paycom, the interviewees' organizations used legacy HR solutions and faced the following challenges:

- **Lack of a single unified system.** Interviewees' organizations lacked a single solution that met all their HR needs. The HR generalist in manufacturing explained that this resulted in disconnected systems (e.g., payroll being separate from other HR functionality) and added: "It made sense to go all-in-one with Paycom. Before that, we had different systems and nothing talked to each other."
- **Manual work.** Disparate systems, along with the absence of time-saving features and smooth workflows, led to manual work for HR as well as employees at-large. According to interviewees, tasks related to payroll, benefits, onboarding, and time off, for example, lacked automation and were significant time sinks.
- **Lack of ease of use.** Given suboptimal user experiences in their legacy environments, interviewees sought a solution with user-friendly interfaces and features that were intuitive even for employees who were not tech-savvy. Several interviewees emphasized the importance of having a solution that was easy to fully access from anywhere. The director of HR in services said: "We needed to support employees being remote, so the app was the most important thing I was looking at. Aside from Paycom, there wasn't anything close that supported all the features I wanted on the app."
- **Need for data and analytics to drive business decisions.** Interviewees explained that in addition to driving more efficient processes, a key aim was an HR system that unlocked broader business benefits. In particular, they sought a solution that provided accurate, insightful, and easy-to-access analytics to support growth and minimize business costs, such as overtime spending.



*“I have used many different systems, and I truly believe that Paycom is the most user-friendly.”*

**Chief HR officer, consumer goods**

## 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 interviewees' organizations, and it is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

- **Description of composite.** There are six employees in the HR department at the composite with an average fully burdened hourly salary of \$55. Across the entire organization, there are 500 employees including 40 managers; their average fully burdened hourly salaries are \$30 and \$60, respectively.
- **Deployment characteristics.** Prior to Paycom, the composite organization used legacy HR software and lacked a unified solution. The composite organization adopts Paycom as its single HR solution and uses select tools across the solution's payroll, time and labor management, talent acquisition, talent management and HR management suites. All employees use Paycom.

### KEY ASSUMPTIONS

Six employees in the HR department

500 total employees

40 total managers

Uses select tools from Paycom across payroll, time and labor management, talent acquisition, talent management, and HR management suites

## 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            | Improved efficiency for HR with time-saving tools in a single solution | \$182,582 | \$182,582 | \$182,582 | \$547,747   | \$454,055     |
| Btr            | Automation and standardization with position seat management           | \$49,421  | \$49,421  | \$49,421  | \$148,262   | \$122,902     |
| Ctr            | Productivity gains for managers  | \$89,856  | \$89,856  | \$89,856  | \$269,568   | \$223,459     |
| Dtr            | Time savings for employees across the workforce                        | \$129,600 | \$129,600 | \$129,600 | \$388,800   | \$322,296     |
| Etr            | Business benefits due to better visibility and data analytics          | \$270,000 | \$270,000 | \$270,000 | \$810,000   | \$671,450     |
| Ftr            | Improved compliance  | \$16,474  | \$16,474  | \$16,474  | \$49,421    | \$40,967      |
|                | Total benefits (risk-adjusted)   | \$737,933 | \$737,933 | \$737,933 | \$2,213,798 | \$1,835,129   |

### Improved Efficiency For HR With Time-Saving Tools In A Single Solution

**Evidence and data.** Interviewees reported that Paycom delivered time savings to their HR teams. As a single solution with interconnected data and automation, Paycom streamlined workflows at the interviewees' organizations and reduced manual effort across several functions. In particular, interviewees noted that their HR teams saw time savings as they managed responsibilities such as payroll, benefits, onboarding, training, and time off. On average, interviewees' organizations reported time savings of approximately 35% for their HR teams due to the efficiency-enhancing features of the unified Paycom solution.

- Interviewees said a key differentiator of Paycom was that it served as a single, interconnected solution with seamless data flow across its various tools, which resulted in greater data accuracy. In contrast, their legacy HR tech was disjointed and often required working with disparate data.
- The chief HR officer in consumer goods described the effectiveness of various tools across Paycom's single solution: "Paycom has really helped us. Onboarding — never been better, people love it. Applicant tracking — amazing. Beti [payroll] — great. Background checks — awesome. Benefits administration — simple, easy. Time and attendance — amazing."
- Paycom's interconnectivity saved time and reduced mistakes associated with entering, compiling, and reviewing data for core HR responsibilities like benefits, payroll, and time off. The director of HR in entertainment added, "The automation that Paycom puts in place with Beti [payroll], GONE® [its automated time-off request decisioning feature], and their other tools reduces our manual interventions."
- Paycom also automated workflows, such as tracking approvals of items related to time-off requests and PAFs. The director of HR in entertainment said: "We use Paycom's automatic workflows. They're good time-savers, and helpful from a compliance perspective."

*“Having one single solution with Paycom is a strong selling point. It reduces manual steps and data quality issues.”*

**Director of HR, entertainment**

- The HR manager in manufacturing highlighted that their team benefited from all recordkeeping being easily accessible in one place with Paycom: “We can immediately pull any information or records because it’s all in Paycom. That has been a big benefit for us.”
- Interviewees said their organizations achieved greater efficiency with Paycom because employees themselves took greater ownership of their own data. The director of HR in entertainment elaborated: “Employees put their own information into Paycom and manage that data. That is measured through the [Direct Data Exchange®] score, and ours is currently about 99.97[%]. We see a strong ROI in having the employees be the leader of their own information. It saves time for their managers and us in HR.”
- Interviewees explained that data only needed to be entered once — much of it by the employees themselves in the hiring and onboarding phases — before flowing throughout the entire Paycom system. This alleviated duplicate work and errors and contributed to the overall time savings of the HR team.
- Interviewees said that other time-consuming HR functions like benefits administration were more efficient with Paycom’s single, connected system. The chief HR officer said: “The benefits [process] feeding into the Paycom system is amazing. Open enrollment can be the biggest pain for HR. With Paycom, there are no issues. We’re not sitting with employees — the vast majority can do it on their own.”
- Several interviewees’ organizations used Paycom to manage training. Employees were assigned training documents, videos, and notifications through the Paycom software, accessible via the mobile app from anywhere and at any time. The HR generalist in manufacturing said: “Paycom has made our training coordinator’s life so much easier. She created the training in Paycom, and everyone can complete the training there. Before, it was gathering everyone in a room and very manual.”
- Interviewees said that Paycom being built on one database resulted in greater data accuracy and eliminated the need for data reentry and reconfiguration. This resulted in more automated reports for HR and other departments, such as finance. Comparing it to their previous HR system, the chief HR officer said, “[Reporting with Paycom, such as for OSHA, unemployment, and disability,] is above and beyond better.”

*“The automated workflows [with Paycom] help so we don’t have to add additional [HR] head count. It’s hard to imagine what things would look like without Paycom.”*

**Director of HR, entertainment**

**Modeling and assumptions.** Based on the interviews, Forrester assumes the following about the composite organization:

- There are six employees in the HR department.
- Due to time-saving tools in the single Paycom solution, these employees save 35% of their total time. This results in 4,368 total hours saved each year. This does not include additional time savings from Paycom’s position seat

management, which is addressed and calculated in the next section, “Automation And Standardization With Position Seat Management.”

- The fully burdened hourly rate for employees is \$55.
- The productivity recapture rate for employees is 80%. This means employees convert 80% of their saved time into productive time.

**Risks.** The benefit of improved efficiency for HR with time-saving tools in a single solution will vary based on:

- The number of HR employees and their average salaries.
- The processes in place prior to Paycom.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$454,000.

*“Paycom is a game changer. It makes payroll, benefits, and PTO requests easier.”*

**HR manager, manufacturing**

| Improved Efficiency For HR With Time-Saving Tools In A Single Solution |  |              |  |           |           |
|--|--|--------------|--|-----------|-----------|
| Ref.   | Metric   | Source       | Year 1                                     | Year 2    | Year 3    |
| A1   | Employees in HR department   | Composite    | 6  | 6         | 6         |
| A2   | Annual HR hours worked   | A1*2,080     | 12,480                                     | 12,480    | 12,480    |
| A3   | Percentage of time saved due to Paycom’s time-saving tools in a single solution        | Interviews   | 35%  | 35%       | 35%       |
| A4   | Total hours saved due to Paycom  | A2*A3        | 4,368                                      | 4,368     | 4,368     |
| A5   | Fully burdened hourly rate for an HR employee  | Composite    | \$55                                       | \$55      | \$55      |
| A6   | Productivity recapture   | TEI standard | 80%  | 80%       | 80%       |
| At   | Improved efficiency for HR with time-saving tools in a single solution                 | A4*A5*A6     | \$192,192                                  | \$192,192 | \$192,192 |
|  | Risk adjustment  | ↓5%          |  |           |           |
| Atr  | Improved efficiency for HR with time-saving tools in a single solution (risk-adjusted) |              | \$182,582                                  | \$182,582 | \$182,582 |
| <b>Three-year total: \$547,747</b>                                     |  |              | <b>Three-year present value: \$454,055</b> |           |           |

## Automation And Standardization With Position Seat Management

**Evidence and data.** Several interviewees explained that their HR teams saw additional time savings specifically due to Paycom’s position seat management functionality, a feature of its overall position management tool. By tying job attributes to positions rather than individuals, the software drove efficiency and compliance by prepopulating fields, enabling workflows, and ensuring uniformity. Among interviewees who could quantify the benefit of position decisioning, HR teams saw 10% to 15% total time savings.

- The director of HR in entertainment explained that seat positioning was an important feature of Paycom’s single solution, stating, “The interconnectivity and data flow [with Paycom’s seat positioning] saves time, which has been a big benefit for us.”
- Interviewees explained that when they set up new position seats in Paycom, the software anticipated what needed to be done by prepopulating fields and enabling automatic workflows.
- The HR manager in manufacturing highlighted that the functionality simplified work for their department by helping orchestrate workflows: “With position management [in Paycom], HR doesn’t have to keep a spreadsheet or memorize anything because the needed information is going to the right manager. It’s part of the workflow.”
- Interviewees further explained that position seat management helped maintain uniformity and kept everyone on the same page. The director of HR in entertainment added, “Position seat management has been really helpful for us from a budgetary perspective and an audit perspective, making sure all our data is clean.”

*“Position management keeps everything organized. You know who is responsible for performance discussions, timekeeping, PTO, and all of that. HR is not having to deal with it because it’s automated.”*

**HR manager, manufacturing**

**Modeling and assumptions.** Based on the interviews, Forrester assumes the following about the composite organization:

- There are six employees in the HR department.
- Due to Paycom’s seat positioning, these employees save 10% of their total time. This results in 1,248 total hours saved each year.
- The fully burdened hourly rate for HR employees is \$55.
- The productivity recapture rate for HR employees is 80%. This means HR employees convert 80% of their saved time into productive time.

**Risks.** The benefit of automation and standardization with position seat management will vary based on:

- The number of HR employees and their average salaries.
- The size and complexity of the organization.
- The extent to which Paycom’s position seat management is leveraged.

**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 \$123,000.

*“We are big fans of position management [in Paycom]. It helps save time. It maintains a workflow instead of having to put it in the system and bolt things together.”*

**Director of HR, entertainment**

## Automation And Standardization With Position Seat Management

| Ref.                               | Metric   | Source       | Year 1                                     | Year 2   | Year 3   |
|------------------------------------|--|--------------|--|----------|----------|
| B1                                 | Employees in HR department   | A1           | 6  | 6        | 6        |
| B2                                 | Annual HR hours worked   | B1*2,080     | 12,480                                     | 12,480   | 12,480   |
| B3                                 | Percentage of total HR time saved due to Paycom's seat positioning           | Interviews   | 10%  | 10%      | 10%      |
| B4                                 | Total hours saved due to Paycom  | B2*B3        | 1,248                                      | 1,248    | 1,248    |
| B5                                 | Fully burdened hourly rate for an HR employee                                | A5           | \$55                                       | \$55     | \$55     |
| B6                                 | Productivity recapture   | TEI standard | 80%  | 80%      | 80%      |
| Bt                                 | Automation and standardization with position seat management                 | B4*B5*B6     | \$54,912                                   | \$54,912 | \$54,912 |
|                                    | Risk adjustment  | ↓10%         |  |          |          |
| Btr                                | Automation and standardization with position seat management (risk-adjusted) |              | \$49,421                                   | \$49,421 | \$49,421 |
| <b>Three-year total: \$148,262</b> |  |              | <b>Three-year present value: \$122,902</b> |          |          |

## Productivity Gains For Managers

**Evidence and data.** Interviewees said that a top benefit of Paycom was its effectiveness in easing the pain points managers across their organizations experienced. Paycom allowed managers to more easily and efficiently execute tasks, such as approving timecards, generating PAFs as needed, and completing employee reviews. On average, managers at interviewees' organizations saved approximately an hour per week due to Paycom.

- Interviewees noted that Paycom made the data that managers needed easily accessible in a single system. The director of HR in entertainment noted the efficiency gains from this: "From the standpoint of managers, the real time savings is being able to access their employees' information. They can manage a high volume of timecards, which is critical for us. ... Having Paycom is great for managers."
- The same interviewee explained that Paycom was easy for managers to use: "Paycom has a good manager [tool, Manager on-the-Go®], which allows them to focus on their managerial duties rather than trying to understand how to navigate an HR system."
- Paycom's PAF functionality was extensively used at multiple interviewees' organizations. This allowed managers to complete all necessary documentation (e.g., related to performance, training, accidents, etc.) in a single solution, either at their desk or from anywhere with the Paycom mobile app.
- The director of HR in services said of the PAF functionality in Paycom: "It's a repeatable process for our managers. They can document more accurately and efficiently, and it's filed right in the personnel file, all within one app."
- The same interviewee explained that the data from PAFs flowed throughout the entire Paycom system: "The PAFs are one of Paycom's best tools for us. When the PAF is submitted, the changes will be applied systemwide. It's fantastic to be able to customize them and create whatever form we need."
- In addition to driving efficiency, Paycom enabled managers to execute more robust, transparent, and accurate employee reviews. The chief HR officer in consumer goods explained that this became an employee enhancement tool and helped their organization achieve "best place to work" status.

*“Paycom allows our managers to access everything they need.”*

**Director of HR, services**

**Modeling and assumptions.** Based on the interviews, Forrester assumes the following about the composite organization:

- There are 40 managers across the organization.
- Due to Paycom, each manager saves 1 hour per week. This results in 2,080 total hours saved each year.
- The fully burdened hourly rate for managers is \$60.
- The productivity recapture rate for managers is 80%. This means managers convert 80% of their saved time into productive time.

**Risks.** The benefit of productivity gains for managers will vary based on:

- The number of managers and their average salaries.
- The tools available to them prior to Paycom.
- The amount of time spent on tasks that are easier and more efficient with Paycom, such as approving timecards, creating PAFs, and completing employee reviews.

**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 \$223,000.

*“We do our review process through Paycom. It helps managers look back, have insight into their whole team, and rate an employee correctly. It also makes the conversations easier. It has helped us become a ‘best place to work.’”*

**Chief HR officer, consumer goods**

| Productivity Gains For Managers    |   |              |  |          |          |
|------------------------------------|---|--------------|--|----------|----------|
| Ref.                               | Metric  | Source       | Year 1                                     | Year 2   | Year 3   |
| C1                                 | Managers  | Composite    | 40   | 40       | 40       |
| C2                                 | Hours saved weekly per manager due to Paycom    | Interviews   | 1  | 1        | 1        |
| C3                                 | Total hours saved due to Paycom                 | C1*C2*52     | 2,080                                      | 2,080    | 2,080    |
| C4                                 | Fully burdened hourly rate for a manager        | Composite    | \$60                                       | \$60     | \$60     |
| C5                                 | Productivity recapture                          | TEI standard | 80%  | 80%      | 80%      |
| Ct                                 | Productivity gains for managers                 | C3*C4*C5     | \$99,840                                   | \$99,840 | \$99,840 |
|                                    | Risk adjustment                                 | ↓10%         |  |          |          |
| Ctr                                | Productivity gains for managers (risk-adjusted) |              | \$89,856                                   | \$89,856 | \$89,856 |
| <b>Three-year total: \$269,568</b> |   |              | <b>Three-year present value: \$223,459</b> |          |          |

## Time Savings For Employees Across The Workforce

**Evidence and data.** Interviewees also noted that Paycom resulted in time savings for all employees across the workforce by enabling them to efficiently manage HR-related tasks on a single platform. With Paycom’s Employee Self-Service® and Beti [payroll], interviewees noted their employees took greater ownership of their data and could easily self-serve as they handled tasks such as benefits management, personal information updates, time-off requests, and time sheet approvals. Interviewees also highlighted that Paycom streamlined key moments in the employee lifecycle, including onboarding and open enrollment. Interviewees estimated that, on average, employees saved about an hour per month due to Paycom.

- Interviewees repeatedly noted that employees benefited from taking greater ownership of their own data in Paycom. The HR manager in manufacturing explained: “Paycom makes a big difference for employees. Employees are about 75% faster doing things themselves in Paycom as opposed to having to make an appointment [with HR].”
- The director of HR in entertainment further explained that time savings resulted from Paycom being easy for employees to access and use: “Paycom puts things in a very easy-to-read format. It’s intuitive to click and navigate. That definitely saves employee time.”
- Multiple interviewees highlighted the benefit of the automated payroll tool, Beti, noting that it gave employees greater visibility and agency in regard to their paychecks. The director of HR in services said: “With Beti, employees really appreciate being able to see their check before payroll is submitted. That has been fantastic. It also adds accuracy and transparency.”
- Paycom served as a single solution throughout the employee lifecycle, from application and onboarding to time-off requests and the employee review process. The single, unified system eliminated the need to learn multiple systems and improved the overall employee experience at interviewees’ organizations.
- Interviewees observed that the time savings with Paycom allowed employees to concentrate on their actual jobs, instead of being tied up by HR-related administrative tasks.



*“Paycom makes a big difference in saving our employees time and making it easy to get things accomplished. It’s a no-brainer. Our employees can use their mobile devices to do anything from anywhere using Paycom.”*

**HR manager, manufacturing**

**Modeling and assumptions.** Based on the interviews, Forrester assumes the following about the composite organization:

- There are 500 total employees at the organization.
- Due to Paycom, each employee saves 1 hour per month. This results in 6,000 total hours saved each year.
- The fully burdened hourly rate for employees is \$30.
- The productivity recapture rate for employees is 80%. This means employees convert 80% of their saved time into productive time.

**Risks.** The benefit of time savings for employees across the workforce will vary based on:

- The number of employees and their average salaries.
- The tools available to them prior to Paycom.
- The amount of time employees spend on HR-related tasks.

**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 \$322,000.

*“From an employee engagement perspective, Paycom has been a game changer. [The automated payroll tool] Beti engages employees in approving their checks. It also helps from a compliance perspective and decreases our time on payroll setup.”*

**Director of HR, entertainment**

## Time Savings For Employees Across The Workforce

| Ref.                               | Metric  | Source       | Year 1                                     | Year 2    | Year 3    |
|------------------------------------|---|--------------|--|-----------|-----------|
| D1                                 | Total employees   | Composite    | 500  | 500       | 500       |
| D2                                 | Hours saved monthly per employee due to Paycom                  | Interviews   | 1  | 1         | 1         |
| D3                                 | Total hours saved due to Paycom                                 | D1*D2*12     | 6,000                                      | 6,000     | 6,000     |
| D4                                 | Fully burdened hourly rate for an employee                      | Composite    | \$30                                       | \$30      | \$30      |
| D5                                 | Productivity recapture  | TEI standard | 80%  | 80%       | 80%       |
| Dt                                 | Time savings for employees across the workforce                 | D3*D4*D5     | \$144,000                                  | \$144,000 | \$144,000 |
|                                    | Risk adjustment   | ↓10%         |  |           |           |
| Dtr                                | Time savings for employees across the workforce (risk-adjusted) |              | \$129,600                                  | \$129,600 | \$129,600 |
| <b>Three-year total: \$388,800</b> |   |              | <b>Three-year present value: \$322,296</b> |           |           |

## Business Benefits Due To Better Visibility And Data Analytics

**Evidence and data.** Interviewees emphasized that beyond HR-related efficiency, Paycom’s value extended to broader business benefits. In particular, the improved visibility and data analytics with Paycom allowed their organizations to better understand their operations and see growth and cost savings. Specific use cases at interviewees’ organizations varied but commonly included reduced overtime and temporary employee spending, which in some cases resulted in hundreds of thousands of dollars in annual savings.

- Having a single solution built on one database allowed for the comprehensive analytics that interviewees wanted. The director of HR in entertainment explained: “Having a single solution makes the data analytics much easier. It’s not different formats of data. All analytics coming from one solution has been critical for the speed of our evaluations and for analyzing strategy.”
- For example, reporting and scheduling tools with Paycom better tracked and ultimately reduced overtime at interviewees’ organizations. The chief HR officer in consumer goods added, “Paycom helps managers in holding people accountable and watching the overtime.”
- Interviewees also said Paycom allowed them to streamline hiring and better plan for when employees take time off. This allowed for a reduction in spending on temporary work. The chief HR officer in consumer goods explained, “My temp spending has gone down over \$300,000 using Paycom and having a single source to capture resumes and cover new hires.”
- The same interviewee noted that their organization grew by over 50% in just a few years and attributed some of that success to the insights that came only after their Paycom implementation. More broadly, interviewees said the analytics from Paycom helped leadership make better business decisions and identify growth opportunities. The interviewee elaborated: “[KPIs and analytics with Paycom allow you to] understand your labor costs, your benefit costs, your time to hire, your leave, and make sure you’re in compliance, especially as you grow throughout the country and globally. Making sure you have a partner in your [HCM] can help you with that growth.”
- Use cases at interviewees’ organizations that stemmed from the better visibility and analytics with Paycom varied and continued to evolve to meet business needs. Additional examples include creating bonus programs, identifying

applicable grants, and better managing high-turnover positions.

- The HR manager in manufacturing said: “We make a lot of our business decisions based on information we get in Paycom. The reports allow us to make those business decisions based on real information.”

*“[With Paycom], we have KPIs and analytics to understand our labor costs, time to hire, and leave liability. I can get numbers on Paycom in a heartbeat.”*

**Chief HR officer, consumer goods**

**Modeling and assumptions.** Based on the interviews, Forrester assumes the following about the composite organization:

- The organization leverages improved visibility and analytics with Paycom for three cost-saving use cases annually.
- The cost savings per use case are \$100,000 annually.

**Risks.** The benefit of business benefits due to better visibility and data analytics will vary based on:

- The number of opportunities and use cases where data, analytics, and reporting from Paycom can be leveraged for business benefits like cost savings.
- The sophistication of analytics and reporting prior to Paycom.

**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 \$671,000.

*“The analytics provided with Paycom have really helped at the business strategy level and let us understand where our turnover is, where cost savings can be seen, and where we should be investing more.”*

**Chief HR officer, consumer goods**

### Business Benefits Due To Better Visibility And Data Analytics

| Ref. | Metric  | Source     | Year 1    | Year 2    | Year 3    |
|------|---|------------|-----------|-----------|-----------|
| E1   | Cost-savings use cases leveraging Paycom’s improved visibility and analytics  | Composite  | 3         | 3         | 3         |
| E2   | Average cost savings per use case due to Paycom                               | Interviews | \$100,000 | \$100,000 | \$100,000 |
| Et   | Business benefits due to better visibility and data analytics                 | E1*E2      | \$300,000 | \$300,000 | \$300,000 |
|      | Risk adjustment   | ↓10%       |           |           |           |
| Etr  | Business benefits due to better visibility and data analytics (risk-adjusted) |            | \$270,000 | \$270,000 | \$270,000 |

**Three-year total: \$810,000**

**Three-year present value: \$671,450**

## Improved Compliance

**Evidence and data.** Some interviewees estimated that their HR teams saved several hours a week on audit-related work due to Paycom’s easy data access and more automated reporting. Furthermore, Paycom helped ensure compliance at interviewees’ organizations by streamlining and standardizing processes related to maintaining documentation, ensuring confidentiality, and completing training.

- Interviewees explained that Paycom’s single solution consolidated data in one platform, eliminating the inefficiency and risk that came with pulling information from the disparate sources in their legacy environments. They said that with Paycom, data flowed where it needed to, making it simple to pull information or create reports.
- Interviewees said that Paycom provided all the reporting they needed, including those related to taxes, unemployment, disability, the Employee Retirement Income Security Act (ERISA), and the Affordable Care Act (ACA).
- The director of HR in entertainment said: “We’re able to do our ACA reporting, our W-2s, our I-9s, everything we need to think about from a compliance perspective is all on the same platform [with Paycom].” The chief HR officer in consumer goods added: “We love the OSHA reporting. Paycom makes it so easy... [and] helps us stay in compliance.”
- This same interviewee said that the data access and automated reporting with Paycom led to substantial time savings, estimating that their HR team went from spending 8 hours a week on compliance-related work to 1 hour.
- Paycom also streamlined several specific processes that ensured interviewees’ organizations stayed compliant. The director of HR in services said, “Paycom has been very helpful in meeting compliance requirements in terms of training, documentation, getting proper signatures, and keeping things confidential.”
- Multiple interviewees highlighted that proper training was necessary to stay compliant and that they successfully used Paycom’s learning management tool to help do so. The HR manager in manufacturing explained: “Paycom keeps, in one location, who is up to date on their training and, therefore, who can do particular work. I would say [Paycom] is very essential.”
- Interviewees described other ways that Paycom ensured compliance, such as tracking compensation for job descriptions and titles. Additional use cases at interviewees’ organizations included using Paycom to better track accidents and workers’ compensation claims, as well as automatically calculating shift differentials across varying jurisdictions.

*“Whenever I’m audited, Paycom is right there. I have a direct feed. Paycom tells my story for me.”*

**Chief HR officer, consumer goods**

**Modeling and assumptions.** Based on the interviews, Forrester assumes the following about the composite organization:

- Prior to Paycom, HR spends 8 hours per week on compliance-related work.
- With Paycom, there is an 80% reduction in the time spent on this work. This results in 332.8 total hours saved each year.
- The fully burdened hourly rate for HR employees is \$55.

# 80%

## Time saved on compliance work

**Risks.** The benefit of improved compliance will vary based on:

- The amount of HR time spent on work related to auditing and other compliance-related tasks.
- The average salaries of HR employees.
- Auditing and compliance-related processes in place prior to Paycom.

**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 \$41,000.

*“Paycom is the source of truth for us, and having a single solution helps us save time and better manage risk.”*

**Director of HR, entertainment**

| Improved Compliance        |   |            |                                    |          |          |
|----------------------------|---|------------|------------------------------------|----------|----------|
| Ref.                       | Metric  | Source     | Year 1                             | Year 2   | Year 3   |
| F1                         | HR hours per week spent on compliance         | Composite  | 8                                  | 8        | 8        |
| F2                         | Percentage of time saved due to Paycom        | Interviews | 80%                                | 80%      | 80%      |
| F3                         | Hours saved weekly due to Paycom              | F1*F2      | 6.4                                | 6.4      | 6.4      |
| F4                         | Total hours saved due to Paycom               | F3*52      | 332.8                              | 332.8    | 332.8    |
| F5                         | Fully burdened hourly rate for an HR employee | A5         | \$55                               | \$55     | \$55     |
| Ft                         | Improved compliance                           | F4*F5      | \$18,304                           | \$18,304 | \$18,304 |
|                            | Risk adjustment                               | ↓10%       |                                    |          |          |
| Ftr                        | Improved compliance (risk-adjusted)           |            | \$16,474                           | \$16,474 | \$16,474 |
| Three-year total: \$49,421 |   |            | Three-year present value: \$40,967 |          |          |

## Unquantified Benefits

Interviewees mentioned the following additional benefits that their organizations experienced but were not able to quantify:

- **Improved employee experience.** Interviewees consistently described Paycom as intuitive, easy-to-use, and a time-saver, all of which enhanced the experience for HR professionals and the other employees at their organizations. Reflecting on frontline employees, the chief HR officer in consumer goods said: “They love seeing their PTO and understanding it. They love Beti [payroll] and approving their checks.”

- **A single comprehensive solution.** Interviewees explained that Paycom was a single software with automation across tools for payroll, time and labor management, talent acquisition, talent management, and HR management. As such, it served as a complete HR solution at their organizations and eliminated any need for supplemental tools from other providers.
- **Improved data accuracy.** Interviewees noted that with the single Paycom solution, data is entered once and flows throughout the system. This eliminated redundant data entry, helped ensure accuracy, and ultimately contributed to operational efficiency, quality reporting and analytics, and better business decision-making at interviewees' organizations. The director of HR in entertainment added: "Pulling information from multiple systems always has a risk of user error and data quality issues. So having it pulled from Paycom, which is the source of truth for us, has been super beneficial in managing risk appropriately."

*"The ROI for Paycom is definitely there given the amount of time that we save by having one solution to manage versus having different integrations. This helps us from an HR-staffing perspective."*

**Director of HR, entertainment**

## **Flexibility**

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

- **Continual product development.** Interviewees said Paycom continued to advance the technology and tools of the platform. The director of HR in entertainment elaborated: "Paycom pushes their platform to be its best. They have been a good choice for us as a vendor partner. The team is top-notch. The platform is evolving and growing with us, which is really important."

Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in [Total Economic Impact Approach](#)).

## 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 |
| Gtr         | Annual fee   | \$0      | \$134,400 | \$134,400 | \$134,400 | \$403,200 | \$334,233     |
| Htr         | Internal implementation, change management, and training costs | \$62,964 | \$0       | \$0       | \$0       | \$62,964  | \$62,964      |
|             | Total costs (risk-adjusted)                                    | \$62,964 | \$134,400 | \$134,400 | \$134,400 | \$466,164 | \$397,197     |

### Annual Fee

**Evidence and data.** Interviewees' organizations paid Paycom for the use of select tools of the software. These costs varied by organization and were primarily driven by the total number of employees and the Paycom tools adopted.

- Interviewees' organizations used multiple tools across Paycom's payroll, time and labor management, talent acquisition, talent management, and HR management suites.
- Interviewees noted that with their single Paycom investment, HR costs were more predictable than when they used multiple solutions in their legacy environment.

**Modeling and assumptions.** Based on the interviews, Forrester assumes the following about the composite organization:

- The composite pays a \$128,000 annual fee to Paycom.
- The composite uses select tools across Paycom's payroll, time and labor management, talent acquisition, talent management, and HR management suites.
- Pricing may vary. Contact Paycom for additional details.

**Risks.** The annual fee will vary based on:

- Customer-specific pricing.
- The number of employees.
- The select Paycom tools adopted.

**Results.** To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$334,000.

| Annual Fee                         |                            |            |  |           |           |           |
|------------------------------------|----------------------------|------------|--|-----------|-----------|-----------|
| Ref.                               | Metric                     | Source     | Initial                                    | Year 1    | Year 2    | Year 3    |
| G1                                 | Annual fee                 | Interviews |  | \$128,000 | \$128,000 | \$128,000 |
| Gt                                 | Annual fee                 | G1         | \$0  | \$128,000 | \$128,000 | \$128,000 |
|                                    | Risk adjustment            | ↑5%        |  |           |           |           |
| Gtr                                | Annual fee (risk-adjusted) |            | \$0  | \$134,400 | \$134,400 | \$134,400 |
| <b>Three-year total: \$403,200</b> |                            |            | <b>Three-year present value: \$334,233</b> |           |           |           |

## Internal Implementation, Change Management, And Training Costs

**Evidence and data.** At interviewees' organizations, employees in the HR department dedicated some time to implementing Paycom. Additionally, all employees at interviewees' organizations spent time learning Paycom.

- At interviewees' organizations, the time to implement Paycom varied but was typically around 16 weeks. Implementation length depended on factors such as the size of the organization, the tools adopted, and the speed with which the team wished to switch to Paycom.
- The HR teams at interviewees' organizations dedicated some time to implementation efforts as well as training and change management.
- Interviewees noted that Paycom was easy to use and understand, and the remaining employees at interviewees' organizations learned the software primarily by using it over time. However, they spent some time on training and change management.

**Modeling and assumptions.** Based on the interviews, Forrester assumes the following about the composite organization:

- The implementation of Paycom takes 16 weeks.
- There are six HR employees. During the implementation period, these employees spend an average of 20% of their time on implementation, change management, and training.
- The fully burdened hourly rate for HR employees is \$55.
- All employees spend an hour on training and change management.
- The fully burdened hourly rate for these employees is \$30.

**Risks.** The cost of internal implementation, change management, and training will vary based on:

- The scope of the implementation, including the number of users and the Paycom tools adopted.
- The size and skill set of the HR department.
- The number of total employees and their skill set.
- The fully burdened salary of employees.

**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 \$63,000.



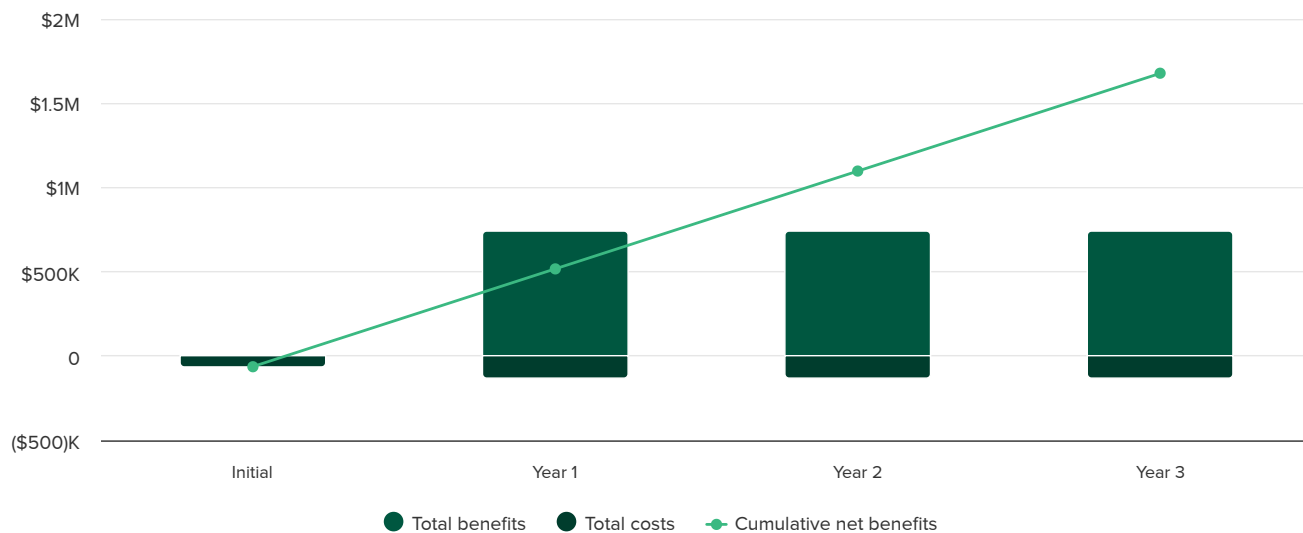
## Internal Implementation, Change Management, And Training Costs

| Ref.                              | Metric  | Source                                     | Initial                                   | Year 1 | Year 2 | Year 3 |
|-----------------------------------|---|--|---|--------|--------|--------|
| H1                                | Length of implementation (weeks)  | Interviews                                 | 16  |        |        |        |
| H2                                | HR employees  | Composite                                  | 6   |        |        |        |
| H3                                | Percentage of HR employee time spent on implementation, training, and change management | Interviews                                 | 20%                                       |        |        |        |
| H4                                | HR hours spent on implementation, training, and change management                       | $H1 \times H2 \times H3 \times 40$         | 768                                       |        |        |        |
| H5                                | Fully burdened hourly rate for an HR employee   | Composite                                  | \$55                                      |        |        |        |
| <b>H6</b>                         | <b>Subtotal: Total cost for HR implementation, training, and change management</b>      | <b><math>H4 \times H5</math></b>           | <b>\$42,240</b>                           |        |        |        |
| H7                                | Total employees   | Composite                                  | 500                                       |        |        |        |
| H8                                | Hours spent per employee on training and change management                              | Interviews                                 | 1   |        |        |        |
| H9                                | Fully burdened hourly rate for an employee  | Composite                                  | \$30                                      |        |        |        |
| <b>H10</b>                        | <b>Subtotal: Total cost for employee training and change management</b>                 | <b><math>H7 \times H8 \times H9</math></b> | <b>\$15,000</b>                           |        |        |        |
| Ht                                | Internal implementation, change management, and training costs                          | $H6 + H10$                                 | \$57,240                                  | \$0    | \$0    | \$0    |
|                                   | Risk adjustment   | ↑10%                                       |   |        |        |        |
| Htr                               | Internal implementation, change management, and training costs (risk-adjusted)          |  | \$62,964                                  | \$0    | \$0    | \$0    |
| <b>Three-year total: \$62,964</b> |   |  | <b>Three-year present value: \$62,964</b> |        |        |        |

# Financial Summary

Consolidated Three-Year, Risk-Adjusted Metrics

## Cash Flow Chart (Risk-Adjusted)



## Cash Flow Analysis (Risk-Adjusted)

|                | Initial    | Year 1      | Year 2      | Year 3      | Total       | Present Value |
|----------------|------------|-------------|-------------|-------------|-------------|---------------|
| Total costs    | (\$62,964) | (\$134,400) | (\$134,400) | (\$134,400) | (\$466,164) | (\$397,197)   |
| Total benefits | \$0        | \$737,933   | \$737,933   | \$737,933   | \$2,213,798 | \$1,835,129   |
| Net benefits   | (\$62,964) | \$603,533   | \$603,533   | \$603,533   | \$1,747,634 | \$1,437,932   |
| ROI            |            |             |             |             |             | 362%          |
| Payback        |            |             |             |             |             | <6 months     |

### **Please Note**

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.

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.

## TEI Framework And Methodology

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

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 Paycom can have on an organization.

### **Due Diligence**

Interviewed Paycom stakeholders and Forrester analysts to gather data relative to Paycom.

### **Interviews**

Interviewed five decision-makers at four organizations using Paycom to obtain data about 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.

## Glossary

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### Total Economic Impact Approach

#### Benefits

Benefits represent the value the solution delivers to the business. The TEI methodology places equal weight on the measure of benefits and costs, allowing for a full examination of the solution's effect on the entire organization.

#### Costs

Costs comprise all expenses necessary to deliver the proposed value, or benefits, of the solution. The methodology captures implementation and ongoing costs associated with the solution.

#### Flexibility

Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. The ability to capture that benefit has a PV that can be estimated.

#### Risks

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."

### Financial Terminology

#### 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.

# Appendixes

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## 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 solution providers in communicating their value proposition to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of business and technology initiatives to both senior management and other key stakeholders.

## APPENDIX B

### Supplemental Material

Related Forrester Research

[Human Capital Management Market Insights, 2024](#), Forrester Research, Inc., January 28, 2025.

## APPENDIX C

### Endnotes

<sup>1</sup> Source: [Human Capital Management Market Insights, 2024](#), Forrester Research, Inc., January 28, 2025.

<sup>2</sup> Source: "Single-Database HCM Solutions Drive Cross-Business Success," a commissioned study conducted by Forrester Consulting on behalf of Paycom, May 2025; [Human Capital Management Market Insights, 2024](#), Forrester Research, Inc., January 28, 2025.

<sup>3</sup> Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists solution providers in communicating their value proposition to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of business and technology initiatives to both senior management and other key stakeholders.

<sup>4</sup> Source: "Single-Database HCM Solutions Drive Cross-Business Success," a commissioned study conducted by Forrester Consulting on behalf of Paycom, May 2025.

## Disclosures

Readers should be aware of the following:

This study is commissioned by Paycom 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 Paycom.

Paycom 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.

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

## Consulting Team

Matthew Carr

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