

FORRESTER®

The Total Economic Impact™ Of Sage People

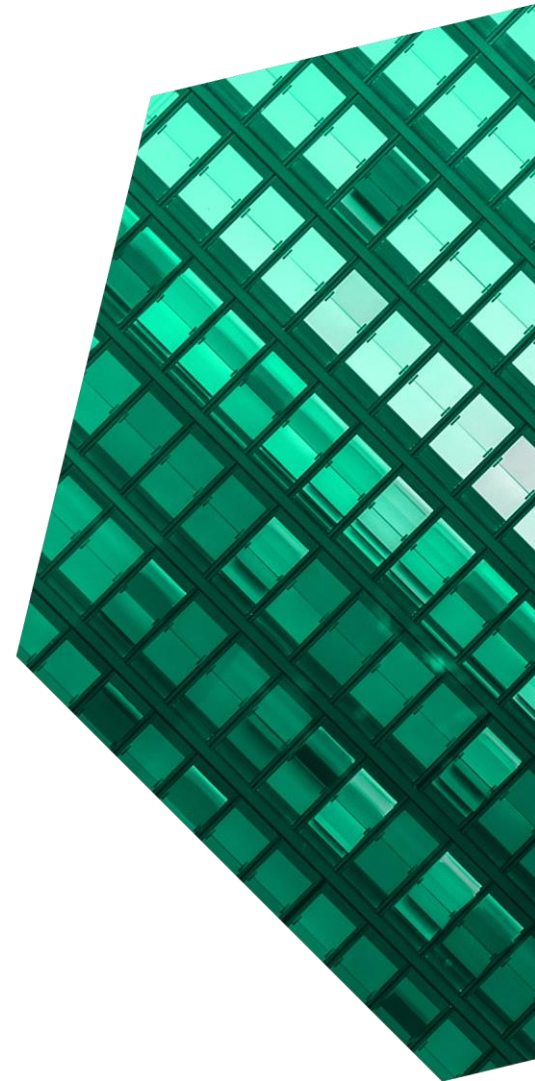
Cost Savings And Business Benefits
Enabled By Sage People

FEBRUARY 2022

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Executive Summary

Sage People provides a way to manage the employment journey from joining to leaving for global midsize enterprises. In this study, Forrester interviewed decision-makers at six organisations that utilise Sage People. Before adopting Sage People, decision-makers said teams worked mainly with manual processes. After implementing Sage People, the solution saved time with streamlined processes and automation, provided better insights to support business decisions, and improved the employee experience and retention.

Sage People is a global cloud-based HR and people management system that provides a way to manage the employment journey from joining to leaving for global midsize enterprises with the flexibility offered through easy configuration and extensibility. Its components include Workforce Experience Management, People Management, Talent Acquisition, Performance and Talent Management, Payroll Integration, Compensation and Benefits, HR and People Analytics, and Attendance and Leave Management capabilities.

Sage commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realise by deploying Sage People.¹ The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Sage People on their organisations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed six decision-makers with experience using Sage People. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single composite organisation.

Prior to using Sage People, these interviewees noted how their organisations did not have a single point of truth for employee data. Instead, they had lengthy manual processes to collect information and create reports. They also lacked consistency across

countries and regions, and it was challenging to comply with the multicountry regulation requirements.

After the investment in Sage People, the interviewees were able to streamline HR processes, improve employee experiences, have a single source of truth for their employee data, and provide real-time visibility and insights across the global workforce. They were also able to support a broader business strategy by providing analytics and actionable people-related insights to management, exercise control over their employee data, unify all countries under one single platform, and accommodate future growth and expansion across multiple sites and geographies.

KEY FINDINGS

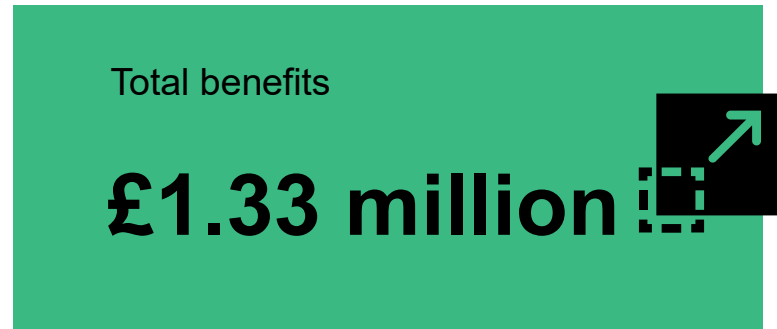
Quantified benefits. Risk-adjusted present value (PV) quantified benefits for the composite organisation include:²

- **Reduced employee attrition from the use of Sage People Workforce Experience.** The capabilities of Workforce Experience improve the employee experience, reducing the employee attrition rate by 2% and saving 0.3 FTE of HR time by automating tasks that were manual before the Sage People implementation. Over three years, the present value of these savings to the organisation is worth over £551,000. Interviewed decision-makers said that this was the most significant benefit, especially during the COVID-19 pandemic. This is because it crucially

made employees feel connected to the company, in a good state of wellbeing, informed, and engaged in a remote and uncertain working environment.

- Used People Management capabilities to make common tasks more efficient.** The People Management tool results in labour savings that are the equivalent of 1.3 FTE with its broad set of functionalities in this capability (e.g.; automatic workflows for approvals to shorten the time to complete workforce-related changes and set up new employees; dynamic organisation charts to quickly find colleagues, see reporting lines, and access contact information; and tools to create global policies that allow local teams to meet local legal requirements). These Sage People capabilities allow the organisation to replace satellite systems and services (e.g., benefits management, timesheets, and absence management) saving £50,248 a year. Over three years, the present value of these savings (labour and systems or services replacement) is worth over £296,000 to the organisation.
- Streamlined recruitment process with the Talent Acquisition and Onboarding capability.** These efficiencies save the equivalent of 1.5 (FTE) from HR time. Over three years, the present value of these savings to the organisation is almost £252,000.
- Increased reporting efficiencies with HR and People Analytics capabilities.** The composite organisation saves the equivalent of one FTE from the HR team from being able to streamline reporting, compile FTE dashboards easily, and produce ad hoc reports to support decisions. Over three years, the present value of these savings to the organisation is worth over £177,000.
- Streamlined performance reviews with Performance Management.** The Sage People

Performance Management capabilities allow the composite organisation to save the equivalent of 0.3 FTE of HR team and employee time. This is from the streamlined and faster performance review process. Over three years, the present value of these savings to the organisation is worth over £53,000.



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

- Financial benefits from better employee engagement.** According to the interviewees, Sage People Workforce Experience allows a better employee experience and that leads to engaged employees. According to Forrester’s data, a disengaged employee costs an organisation 40% or more of their salary.
- Impact of better onboarding on employee experience and ramp-up time.** Almost all the interviewees identified benefits from the Sage People onboarding capabilities. This included how Sage People allowed them to create the right first impression with new hires, especially in a predominantly remote working environment, and how that led to better employee experience from the first day in the organisation. This was possible by providing access to the self-service information, using automated forms, and personalised communications.
- Better business decisions enabled by People Analytics.** Not only HR teams benefitted from

the People Analytics capability quantified in the financial model. Interviewees shared that managers also benefitted from the self-service information and generated reports and insights (both automatic and ad hoc). No interviewee was able to quantify how that translates into a financial benefit.

- **Improved Compliance.** Sage People helped the interviewees mitigate compliance risk and remain compliant with current and future standards, such as the General Data Protection Regulation (GDPR).
- **Benefits related to data security.** A decision-maker shared: “Before, people could access all sorts of information, like people’s salaries. I locked it down because it was just ridiculous that it had never been updated, it had never been changed. So, it’s secured and it’s locked entirely to [everyone but] the HR team. Nobody else can access that data on the back end.”
- **Performance Review’s impact in the business results.** One interviewed decision-maker said: “We are now able to track objectives for everyone in the organisation and see who had objectives, who didn’t, and do some great reporting. So, for our business partners [it’s about] saving time, but more so enabling them to work [as] managers, to see how people are progressing.” Performance reviews and defined objectives were benefits from the point of view of the managers and employees and impacted business results. Interviewees recognised these benefits but were not able to quantify them.

Costs. Risk-adjusted PV costs include:

- **Internal labour associated with planning and deploying Sage People.** This process totalled 652 hours — 1 FTE 1 hour per day for six months and 1 FTE 2 hours per week for 6 months for each country, with a cost of £24,776.

- **Sage People partner implementation professional fees.** Including software installation in a cloud environment, post-installation support, configuration setup, and testing, the fees were £70,000.
- **Sage People subscription fee.** An average Sage People subscription fee is £95 per user per year.
- **Ongoing administration and management.** The ongoing management of Sage People totalled 1.5 FTE at a cost of £112,500.

The decision-maker interviews and financial analysis found that a composite organisation experiences benefits of about £1.33M over three years versus costs of about £640K, adding up to a net present value (NPV) of over £690K and an ROI of 108%.

“Sage People has saved us a lot of money and, honestly, probably saved a lot of people’s jobs within the organisation by allowing them to do their jobs more efficiently. Taking on tasks before used to be very difficult, [but it’s] now possible in just a few minutes”

HRIS manager, industrial products



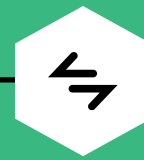
ROI
108%



BENEFITS PV
£1.33M

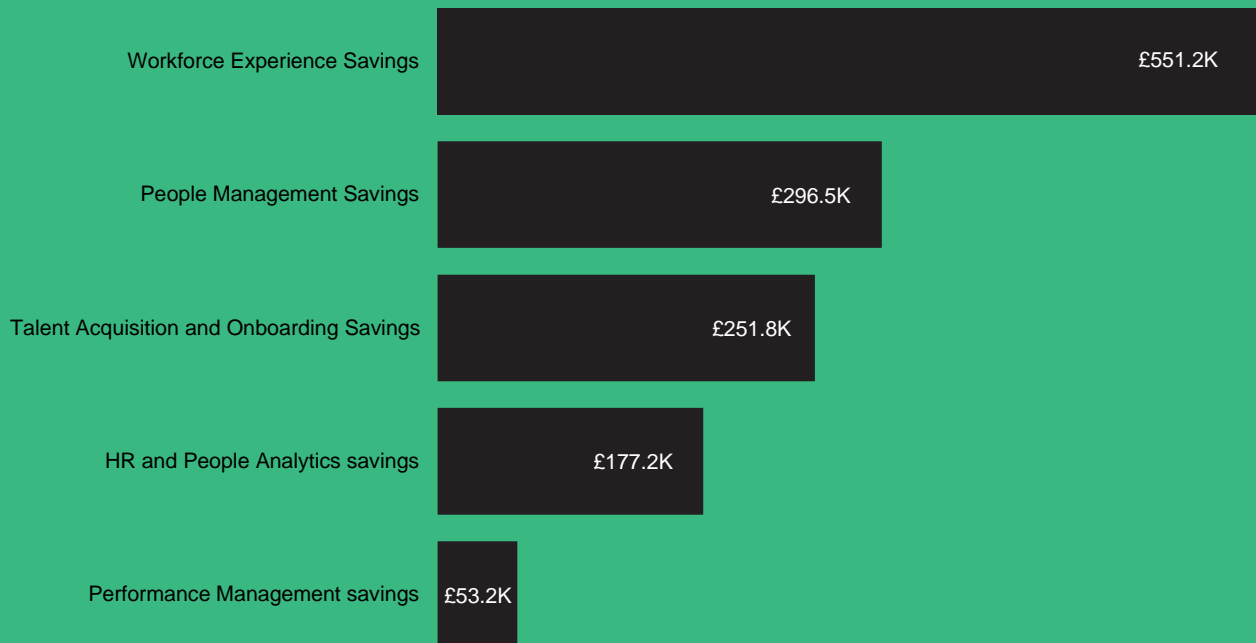


NPV
£690K



PAYBACK
<6 months

Benefits (Three-Year)



TEI FRAMEWORK AND METHODOLOGY

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

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 Sage People can have on an organisation.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Sage 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 organisations 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 Sage People.

Sage 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.

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



DUE DILIGENCE

Interviewed Sage stakeholders and Forrester analysts to gather data relative to Sage People.



DECISION-MAKER INTERVIEWS

Interviewed six decision-makers at organisations using Sage People to obtain data with respect to costs, benefits, and risks.



COMPOSITE ORGANISATION

Designed a composite organisation based on characteristics of the interviewees' organisations.



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 decision-makers.



CASE STUDY

Employed four fundamental elements of TEI in modelling 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.

The Sage People Customer Journey

Drivers leading to the Sage People investment

Interviewed Decision-Makers			
Interviewee	Industry	Region	Total Employees
Head of compensation and benefits and human resources operations	Financial services	Headquartered in Sweden	1,100
HR business partner	Insurance software	Headquartered in UK	3,300
Human resources information systems (HRIS) manager	Industrial products	Headquartered in USA	2,000
HR director	Legal and business services software	Headquartered in Canada	1,700
Director of programs and technology	Digital identity Software	Headquartered in USA	800
Head of HR	Gaming software	Headquartered in Malta	650

KEY CHALLENGES

Prior to using Sage People, the interviewed decision-makers' organisations were using spreadsheet solutions and paper for their HR-related tasks. All organisations required lengthy manual processes that were prone to errors.

The interviewees noted how their organisations struggled with common challenges, including:

- **Not having a single point of truth for employee data.** Not having a central source for employee and HR data was the cause of multiple difficulties for the organisations. It prevented them from having direct access to critical information when needed, and they lacked control over data from a validity and quality perspective.
- **Lengthy manual process to collect information and create reports.** The interviewees said their organisations' previous environments required them to undergo lengthy manual processes to collect data and generate reports. It prevented employees from focussing on other more critical tasks and increased the risks of manual errors.

“We needed to have something that was multicountry. We needed something that was easily configurable, without having to pay each time we needed to do something.”

Director of programs and technology, digital identity software

- **No consistency across countries and regions.** With operations in multiple countries and regions, the organisations experienced challenges when it came to having consistent sources of information in all countries. Each country worked independently and there was no uniform format across countries for employee data. This added to the overall complexity of the employee data collection and reports creation processes.

“We’re automating probably 50 reports a month, and then on top of that, any ad hoc requests that come through ... around 10 a month. Before it would have taken a week to a month to bring together these reports.”

HR director, legal and business services software

- **Multicountry regulation requirements.** With each country having different requirements and regulations on employee data, not having a single source prevented the organisation from having visibility over regulation requirements and compliance.

SOLUTION REQUIREMENTS/INVESTMENT OBJECTIVES

The interviewees searched for a solution that could:

- Be a single source of truth for their organisations’ employee data.
- Provide real-time visibility and insights across the global workforce, with a single record of truth for each employee.
- Support a broader business strategy by providing analytics and actionable people-related insights to management.
- Provide control over their employee data.
- Unify all countries under one single platform.
- Have a single look and feel at a local level, while providing global visibility and compliance.
- Accommodate future growth and expansion across multiple sites and geographies.

- Streamline and automate previous disparate business processes.
- Provide a way to engage employees.

COMPOSITE ORGANISATION

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an ROI analysis that illustrates the areas financially affected. The composite organisation is representative of the six decision-makers that Forrester interviewed, and it is used to present the aggregate financial analysis in the next section. The composite organisation has the following characteristics:

Description of composite. The composite is a business services organisation with an annual revenue of £170 million. It has offices in 10 countries with global operations across three regions. It is a technology-savvy organisation that grows organically and by acquisition. It also expands to new geographies and adjacent businesses. Its global workforce is composed of 800 employees.

Deployment characteristics. Sage People was deployed for all its global employees, and it has two administrators who are partially dedicated to administrating Sage People.

Key assumptions for the composite organisation:

- **Business services**
- **£170 million annual revenue**
- **800 employees, growing 10% per year**
- **Offices in 10 countries**
- **Operations in three regions**

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	Workforce Experience savings	£203,533	£226,584	£238,110	£668,227	£551,184
Btr	People Management savings	£119,211	£119,211	£119,211	£357,633	£296,460
Ctr	Talent Acquisition and Onboarding savings	£101,250	£101,250	£101,250	£303,750	£251,794
Dtr	HR and People Analytics savings	£71,250	£71,250	£71,250	£213,750	£177,188
Etr	Performance Management savings	£21,375	£21,375	£21,375	£64,125	£53,156
	Total benefits (risk-adjusted)	£516,619	£539,670	£551,196	£1,607,485	£1,329,782

WORKFORCE EXPERIENCE SAVINGS

Evidence and data. The most significant benefit customers experienced came from the Workforce Experience capabilities. This was particularly highlighted by interviewees in relation to business operations during the COVID-19 pandemic, as it crucially kept employees connected, in a good state of wellbeing, informed them of changing guidance, and engaged them with the company in a remote and uncertain environment. Interviewees shared several ways the Workforce Experience capabilities contributed to a better employee experience and better communication. At the same time, the HR team could save time, effort, and labour from automated tasks that before were all manual or not possible to accomplish.

- Mobile Experience features enabled employees to feel connected to the company from any location and from any device through access to the self-service portal. One of the interviewees mentioned, “Mobile first is one of the main advantages, especially with our remote workforce now.”
- Interviewees said that their organisations could provide automatic integrated employee

communications and serve specific content to their employees with the ability to track and measure the employee interaction. One interviewee said: “Internal communications is much better with Sage People. Now, we are able to know what employees are reading from what we publish.”

- Interviewed decision-makers said that Sage People was used as a channel to engage with new employees. As one decision-maker said, “Centralising our learning resources in Sage with links to the different learning areas [means that new] employees have access from Sage to these learning capabilities.” They continued, noting that Sage People especially “improved the experience of new joiners, the way we are using the system right now improved their perception in the first two to three weeks quite a bit.”
- Using Sage People and its easy-to-configure surveys, interviewees shared how their organisations were able to easily survey employees and collect important information. This helped them to plan and implement their return-to-work strategy and add new ways of working like hybrid work. One of the interviewees

told Forrester: “We’ve recently started doing COVID-19 tracking within the system. So, within the system [administration portal], all I had to do was add fields for COVID-19 vaccination type and date.”

- All the previously mentioned features of Sage People allowed the interviewees’ organisations to provide a better employee experience. This is because Sage People helped the organisations better understand their employees’ sentiments and kept them connected and engaged. This better employee experience was recognised and led, according to one interviewed decision-maker, to a reduction in their attrition.

Modelling and assumptions. To capture the interviewees’ experiences, Forrester assumes for the composite organisation:

- During the three-year period, the composite organisation’s workforce grows by 10%.
- The organisation sees a 2% reduction of attrition, which helps it avoid hiring and training new replacements. This brings an associated saving in the cost per hired employee of £67,797.
- Twenty percent of the attrition reduction is directly related to Sage People.
- HR labour savings of 10 hours per week (considered as 0.3 FTE) from automated notifications by email (e.g., to complete performance reviews, onboarding, recruitment, etc.) to employees. Before, the HR team manually prepared these emails.
- With a growing organisation, HR staff is able to allocate their time saved to more valuable strategic activities and accommodate growth needs.

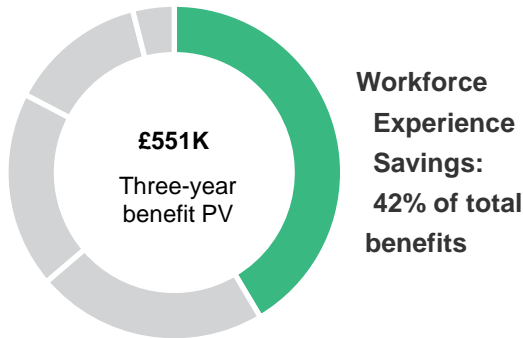
Risks. Forrester recognises that these results may not be representative of all experiences and the benefit will vary depending on:

- Direct impact of Sage People in attrition rate. It is not possible to accurately quantify how much the attrition is directly impacted by Sage People.
- Uncertainty on the cost of replacing an employee. This cost is typically from 50% to 300% of a yearly salary. The modelling assumption was conservative.
- Improved employee experience leads to more engaged employees, better retention, and increased company results. These benefits were not captured with decision-maker interviews.

“We know by now that employee experience is one of the key drivers of staying on or leaving the organisation. ... We can see the results in the attrition [rate] that dropped 2% from last year. Although Sage People is not the only factor, it contributed to this.”

Head of compensation and benefits and human resources operations, financial services

Results. To account for these risks, especially the uncertainty about the direct impact of Sage People in the attrition and for this benefit being quantified by only one interviewee, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of over £551,000.



“People management is one of the key functionalities of Sage People. It gives a very high level of security, something very important for the banking industry.”

Head of compensation and benefits and human resources operations, financial services

Workforce Experience Savings					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Number of employees	Composite	800	880	968
A2	Reduction in attrition	Interviews	2%	2%	2%
A3	Avoided new hires from attrition	A1*A2	16	18	19
A4	Cost per hired employee	Interviews	£67,797	£67,797	£67,797
A5	Attrition reduction due to Sage People	Interviews	20%	20%	20%
A6	Avoided attrition related cost due to Sage People	A3*A4*A5	£216,950	£244,069	£257,629
A7	Labour saving sending notifications	Interviews	0.3	0.3	0.3
A8	Average fully loaded costs of internal labour	TEI standard	£75,000	£75,000	£75,000
A9	Communications to staff savings	A7*A8	£22,500	£22,500	£22,500
At	Workforce Experience savings	A6+A9	£239,450	£266,569	£280,129
	Risk adjustment	↓15%			
Atr	Workforce Experience savings (risk-adjusted)		£203,533	£226,584	£238,110
Three-year risk-adjusted total: £668,227			Three-year present value: £551,184		

PEOPLE MANAGEMENT SAVINGS

Evidence and data. According to the interviewed decision-makers, the implementation of Sage People's People Management capabilities resulted in time, effort, and labour savings by using its broad set of functionalities (e.g., automatic workflows for approvals to shorten the time to complete workforce related changes; dynamic org charts to quickly find colleagues, see reporting lines and access contact information; global policy tools that allow local teams to meet local legal requirements). Some of the interviewees were also able to replace existing software systems and external services.

- The decision-makers' organisations' HR and payroll teams saved time reviewing and validating employee data with Sage People. One decision-maker said it was important "having now an auditable and streamlined process between the information entered by the employee and HR and payroll."
- One of the interviewed decision-makers replaced two systems, one to track statutory overtime and the other to manage absences, each one with a cost of £10,000 a year. They said, "As a result of moving to Absence Management [in Sage People], we're able to reduce [licences] down to a core group of people, and so we've saved around £10,000 a year on licence fees for that tool." Another interviewed decision-maker's organisation was doing all of its absence and leave management manually before saving time by using Sage People.

“Before, when new hires would come in, we had to do all their paperwork (setting up email addresses, setting up the hire within the company, doing manual admin and completing legal forms for them). It would take us about 4 hours per new employee whereas now it takes us about 15 minutes to have their full account set up.”

HRIS manager, industrial products

“The dynamic org chart is great. Before, we spent ages typing organisational charts into a [presentation or word processing] file for the business areas. Now we can click a button and print them.”

HR business partner, insurance

- Interviewees said that their organisations were now able to use Sage People's People Management to save time with what was before a very manual employee file system that was based on paper and email. With Sage People, organisations could quickly setup new employees, store data, and analyse personal and work details, including qualifications and skills.

“With Sage People, we can easily configure different types of vacation policies for different countries or different seniority levels.”

Head of HR, legal and business services software

The decision-maker remarked, “Before, we used a giant [shared online] spreadsheet to track absences.”

- One interviewee’s organisation utilised the Benefits Management feature of Sage People to avoid the cost of £30,248 per year from hiring a third party to manage benefits. The decision-maker said: “India has very unique benefits and we needed somewhere that could help manage not just Europe and the U.S. but special countries that have exceptions like India. That [option] has some extreme costs when we look at other systems. Companies wanted as much as \$40,000 to help administer [our] benefits, where with Sage People we’re empowered to just be able to do it ourselves.”

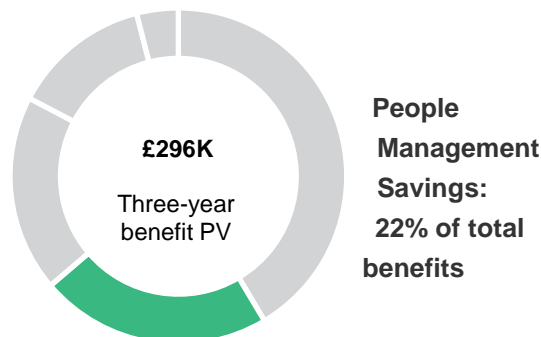
Modelling and assumptions. To capture the interviewees’ experiences, Forrester assumes for the composite organisation:

- Employee data change (role, title, line managers) savings of 5 minutes per change with an average of 170 changes per month or 170 hours per year.
- Setting up benefits savings of 400 hours for 800 employees in different countries and regions every year. This comes from the easy process to set up multicountry benefits in Sage People.
- Saves time reviewing and validating employee data information entered by the employee to HR and payroll. This adds up to 0.125 FTE for the HR team and 0.125 FTE for the payroll team for each region where the composite organisation is present.
- Setting up new employees in Sage People saves 225 hours per year for the HR team.
- The previous savings represent labour savings of 1.2 FTE.
- Sage People replaces legacy systems and a benefits management third-party provider.

Risks. Forrester recognises that these results may not be representative of all experiences and the benefit will vary depending on:

- Level of automation implemented and being used in the tool.
- Region and country regulation differences.
- Existence of legacy systems to be replaced.
- Ability for the organisations to use the insights provided by this capability to lead to better decisions from employees and managers. This was not quantified in the model.

Results. To account for these risks, considered of medium impact, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of over £296,000.



People Management Savings					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Labour savings	Interviews	1.2	1.2	1.2
B2	Average fully loaded costs of internal labour	TEI standard	£75,000	£75,000	£75,000
B3	People Management labour savings	B1*B2	£90,000	£90,000	£90,000
B4	Avoiding third party for benefits management	Interviews	£30,248	£30,248	£30,248
B5	Replace legacy timesheet software as a service (SaaS)	Interviews	£10,000	£10,000	£10,000
B6	Replace legacy absence management system	Interviews	£10,000	£10,000	£10,000
Bt	People Management savings	B3+B4+B5+B6	£140,248	£140,248	£140,248
	Risk adjustment	↓15%			
Btr	People Management savings (risk-adjusted)		£119,211	£119,211	£119,211
Three-year risk-adjusted total: £357,633			Three-year present value: £296,460		

TALENT ACQUISITION AND ONBOARDING SAVINGS

Evidence and data. According to the interviewed decision-makers, their organisations’ implementation of the Sage People Talent Management capabilities resulted in a more streamlined and faster hiring process. This saved quantifiable time, effort, and labour from the HR team by being able to automate emails, bulk jobs, and avoid recurrent manual data entry. Also, interviewees shared with Forrester that Sage People allowed for a much better hiring manager experience compared with their previous situations, where communication was based in emails and the exchange of worksheets. One decision-maker said: “Sage People allows us to have a track record of valuable candidates that we couldn’t get onboard at one time, but we wanted to keep in mind for other positions. It’s basically that one single point of truth: you go into one place and search for what you need, and you’ll find it.”

“With regards to onboarding, the biggest added benefit is that it gives future employees some visibility into the company before their first day, which we didn’t have before.”

Head of HR, gaming software

Interviewees also shared with Forrester how their organisations improved the onboarding experience — both before and on the first day — for new hires as part of improving the overall employee experience and retention. One decision-maker said: “Sage People has improved the experience of new joiners. The way we are using the system right now improved

their perception in the first weeks.” Interviewees were not able to factor in quantifiable benefits.

These savings in the selection, acquisition, and recruitment of new hires results from Sage People’s recruitment process tools. Before it was manual, with one decision-maker saying: “[We had a] massive [spreadsheet] file that used to be sent to all business units where everybody would fill new positions, new hires, and assets. It would be broken into separate [spreadsheet] files and sent to each head of business unit.” Interviewees shared they have with Sage People a seamless recruitment, advancement, and selection process, while keeping hiring managers up to date with notifications. One decision-maker said, “Now we have visibility to exactly how many positions we have open, where those positions are, how many candidates we’ve met, and how many are in different stages of the recruitment process.”

Modelling and assumptions. To capture the interviewees’ experiences, Forrester assumes for the composite organisation savings of 0.5 FTE from each HR coordinator from being able to automate emails, bulk jobs, and not needing to do recurrent manual data entry for each of the three regions of the composite organisation.

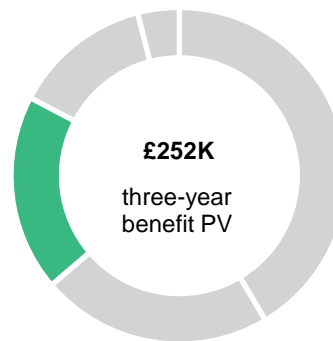
Risks. Forrester recognises that these results may not be representative of all experiences and the benefit will vary depending on:

- Use of the Talent Acquisition capability.
- Number of new hires per year.
- Recurring profiles to be hired. More recurring profiles increase this benefit.

Results. To account for these risks, considered of low to medium impact in the analysis, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of almost £252,000.

“The value of the Talent Acquisition feature is the automation and the transparency. We have the candidates immediately available for the managers to view.”

HR business partner, insurance Software



Talent Acquisition and Onboarding Savings: 19% of total benefits

Talent Acquisition And Onboarding Savings					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Labour savings	Interviews	1.5	1.5	1.5
C2	Average fully loaded costs of internal labour	TEI standard	£75,000	£75,000	£75,000
Ct	Talent Acquisition and Onboarding savings	C1*C2	£112,500	£112,500	£112,500
	Risk adjustment	↓10%			
Ctr	Talent Acquisition and Onboarding savings (risk-adjusted)		£101,250	£101,250	£101,250
Three-year risk-adjusted total: £303,750			Three-year present value: £251,794		

HR AND PEOPLE ANALYTICS SAVINGS

Evidence and data. Sage People’s HR and People Analytics capabilities allowed interviewees to gain actionable insights and have a holistic view of the workforce with real-time dashboards, analytics, and people science that are easily customisable.

All the interviewees were consistently using these capabilities since it allowed them to enable managers to better understand their teams, needs, and trends. As one interviewee mentioned, “Putting key data into supporting teams’ hands has been very, very useful.”

At the same time, interviewees said that the HR teams were able to save team time, effort, and labour from being able to easily prepare customisable reports and share them automatically or support ad hoc events like strategic decision-making. This time saved was used to accommodate more strategic and value-added activities to the business.

- Most of the interviewees’ organisations were using tools in Sage People to automatically generate reports to support their managers and the business in general. One of the interviewees told Forrester, “We’re automating probably 50 reports a month.” Before having Sage People, that would take at least one week of work per month.

“When it comes to staff decision-making, we’re in a much better place now because we can run analytics and we can see our FTE counts evolving. Sage People is the starting point of a longer journey.”

Head of compensation and benefits and human resources operations, financial services

- Sage People has reporting and analytics tools to help to make informed decisions. One interviewee reported needing to prepare a monthly leadership pack including data like absences, trends, and information from multiple staff members. All of this information was then consolidated into consumable charts. Before it took them four full days of work, now it only takes two days to consolidate the information and prepare a presentation deck, because all the information is derived very easily from Sage People.

- Several of the interviewees shared they still have ad hoc report requests, but much fewer than before since the information is easily self-serviced. One of the interviewees told Forrester that the main benefit here is “speed of information because, in a fast-moving environment like ours, we can get an email from the CEO on a Sunday night saying, ‘Can you tell me this, and can you tell it globally?’ We can just go into the system and, with a couple of clicks, get the information.” This capability leads to faster business decisions.
- One of the interviewees mentioned: “A key element from a monetary aspect is generating monthly FTE dashboards. It previously took around four days and multiple people, and now it is compiled within 2 hours.”
- One of the interviewees shared with Forrester, “If we [compare Sage People] to the days of maintaining spreadsheets, cutting things for various groups, and sharing information about who works where, we’ve definitely saved operational and admin time. [Without the solution,] we definitely would need another head.”

Modelling and assumptions. It was, in general, difficult for interviewees to know how much the HR team saved in terms of time, effort, and labour, since

“Having Sage People allowed us to easily issue almost any type of report that could have been asked [for] by management to support board meetings, investor meetings, and so on.”

Head of HR, gaming software

most of them are now generating much richer information than before they worked with Sage People.

Being conservative, Forrester considered the estimation of one of the interviewees of needing at least one additional FTE to produce all those reports and insights.

Preparing FTE Dashboards reduced 4 days of work to

2 hours



“Our reports are always up-to-date. When managers log in, it’ll show them custom analytics for what we’ve predetermined as key management reporting areas. It’s really beneficial to have those there.”

HRIS manager, industrial products

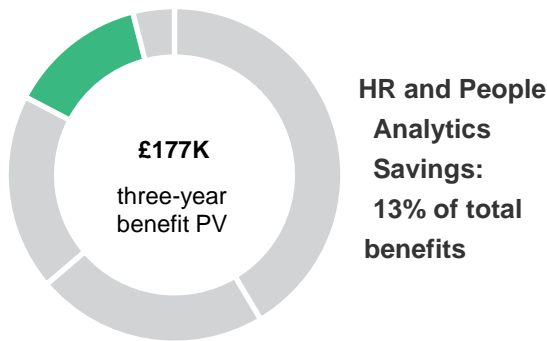
Risks. Forrester recognises that these results may not be representative of all experiences and the benefit will vary depending on:

- Information shared and reporting produced before and after Sage People.
- Workload assessments to produce the automatic generated reporting.

Results. To account for these risks and considering the evidence from a recent similar Sage People TEI study where these analytics capabilities led to much higher financial benefits, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of over £177,000.

“Managers now have access to the information. So, it means their discussions are better. We’re getting value in a different way rather than the time ... productivity probably increases.”

Director of programs and technology, digital identity software



HR And People Analytics Savings					
Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Labour savings	Interviews	1.0	1.0	1.0
D2	Average fully loaded cost of internal labour	TEI standard	£75,000	£75,000	£75,000
Dt	HR and People Analytics savings	D1*D2	£75,000	£75,000	£75,000
	Risk adjustment	↓5%			
Dtr	HR and People Analytics savings (risk-adjusted)		£71,250	£71,250	£71,250
Three-year risk-adjusted total: £213,750			Three-year present value: £177,188		

PERFORMANCE MANAGEMENT SAVINGS

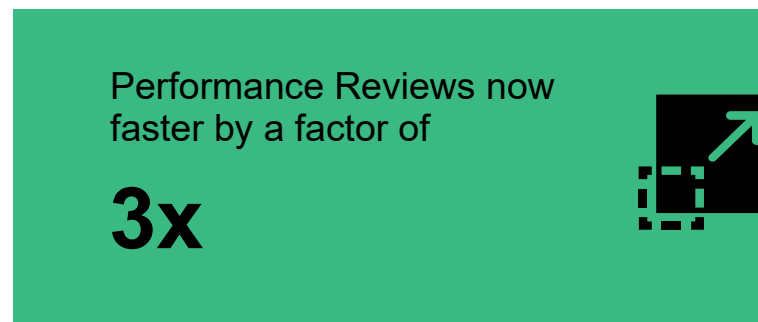
Evidence and data. Using Performance Management capabilities, the two interviewees utilising it shared that their organisations were able to save time, effort, and labour in the HR team and the employees doing the performance review.

- Before investing in Sage People, interviewed decision-makers said the performance review process was conducted very manually and using sheets sent back and forth by email. One interviewee noted: “We had to create a [shared online spreadsheet] for every individual, and we had to share that with the employee and the manager. In HR, we had no way to pull out who had completed [the performance review], we had no way to do any kind of analysis or see any kind of data.” With Sage People, employees are able to see what their manager had done. This allowed managers, employees, and HR to save time. One decision-maker said: “It’s three times faster. We’re saving 10 minutes every time we do one. We have at least 400 employees at this campus, so that would save about 4,000 minutes, and that’s done twice a year. So, that’s 8,000 minutes at least for two employees, [or a total of] 16,000 from the two employees.”
- A couple of the interviewees mentioned they were now able to set goals and objectives for everyone in the organisation, when before they were only defined for a small group of employees. For these interviewees, this might increase overall productivity of employees. One interviewed decision-maker remarked, “We’re getting value in a different way, rather than saving time, productivity probably increases.”

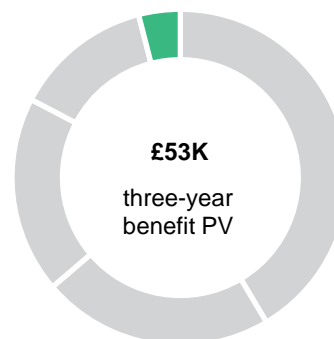
Modelling and assumptions. To capture the interviewees’ experiences, Forrester assumes for the composite organisation 0.3 FTE of labour savings due to faster performance review process, saving time for the HR team and employees.

Risks. Forrester recognises that these results may not be representative of all experiences and the benefit will vary depending on the business. Only two of the interviewees were substantially using the Performance Management capabilities.

Results. To account for these risks, and considering



the evidence from a recent similar Sage People TEI study where these Performance Management capabilities led to much higher financial benefits, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of more than £53,000.



Performance Management Savings:
4% of total benefits

Performance Management Savings

Ref.	Metric	Source	Year 1	Year 2	Year 3
E1	HR and employee staff labour savings	Interviews	0.3	0.3	0.3
E2	Average fully loaded cost of internal labour	TEI standard	£75,000	£75,000	£75,000
Et	Performance Management savings	E1*E2	£22,500	£22,500	£22,500
	Risk adjustment	↓5%			
Etr	Performance Management savings (risk-adjusted)		£21,375	£21,375	£21,375
Three-year risk-adjusted total: £64,125			Three-year present value: £53,156		

UNQUANTIFIED BENEFITS

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

- Financial benefits from better employee engagement.** The interviewed decision-makers said that the Sage People workforce experience allows a better employee experience. From Forrester research, a better employee experience leads to improved engagement and productivity, which may lead to better company results.³ According to Forrester’s data, a disengaged employee costs 40% or more of their salary. The interviewees shared they could see a better employee experience but were not able to quantify the financial benefits from having more engaged staff.
- Impact of better onboarding on employee experience and ramp-up time.** Almost all of the interviewees identified benefits from the Sage People onboarding capabilities and how it allowed them to create the right first impression with new hires. This is especially true in a predominantly remote working environment, and Sage People led to a better employee experience from the first day in the organisation. This was possible by providing access to self-service

features, using automated forms, and personalised communications. Interviewees were not able to financially quantify this benefit.

“Immediately, we were going from spreadsheets to reporting in the system, so, I’d say putting key data into supporting teams’ hands has been very useful.”

Director of programs and technology, digital identity software

- Better business decisions enabled by People Analytics.** Not only HR teams benefitted from the People Analytics capability as quantified in the financial model. Interviewees shared that managers have also benefitted from the self-service information and generated reports and insights (automatically and ad hoc). No interviewee was able to quantify how that translates into financial benefit.

- **Improved compliance.** Sage People helped the interviewees mitigate compliance risk, avoid fines, and remain compliant with current and future standards, such as GDPR.
- **Benefits related to data security.** An interviewee shared: “Before, people could access all sorts of information, like people’s salaries. I locked it down because it was just ridiculous that it had never been updated, it never been changed. So, it’s secured and it’s locked entirely to [everyone but] the HR team. Nobody else can access that data on the back end.”
- **Performance Review impact in the business results.** One decision-maker shared: “We are now able to track objectives for everyone in the organisation and see who had objectives, who didn’t, and do some great reporting. So, for our business partners [it’s about] saving time, but [even] more, enabling managers to see how people are progressing.” Performance reviews and defined objectives were benefits from the point of view of the managers and employees and impacted business results. Interviewees were not able to quantify these benefits.

FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios where Sage People is implemented and later realise additional uses and business opportunities. Since there is value in all the Sage People capabilities, current and future customers should consider including the features and functionality of the additional capabilities.

The value of flexibility would 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
Ftr	Total costs associated with Sage People	£104,254	£207,350	£215,710	£224,906	£752,220	£640,002
	Total costs (risk-adjusted)	£104,254	£207,350	£215,710	£224,906	£752,220	£640,002

TOTAL COSTS ASSOCIATED WITH SAGE PEOPLE

Evidence and data. The total costs include the following components:

- Professional services implementation fees.
- Internal labour to pre-plan the implementation, deployment, and training.
- Internal labour and, possibly, external partner support to maintain the solution.
- Sage People subscription costs.

Modelling and assumptions. For the composite organisation, Forrester considered the following costs:

- The internal labour associated with planning and deploying of Sage People totalled 652 hours — one FTE working 1 hour per day for six months and one FTE working two hours a week for six months for each country it operates in. That equalled a cost of £24,776.
- Sage People partner professional fees of £70,000, including software installation in a cloud environment, post-installation support, configuration setup, and testing.
- Forrester did not consider integration costs with payroll.

Key assumptions for the composite organisation:

- **Business services**
- **£170 million annual revenue**
- **800 employees, growing 10% per year**
- **Offices in 10 countries**
- **Operations in three regions**

“One of the reasons we went with Sage People was what they could provide for a reasonable cost compared to the others we looked at during selection.”

HR business partner, insurance software

- An average Sage People subscription fee per user per year is £95.
- Ongoing administration and management of Sage People at a cost of 1.5 FTE, or £112,500.

Risks. Forrester recognises that these results may not be representative of all experiences and the benefit will vary depending on:

- Uncertainty associated with preinstallation variables, such as the extent to which customers had already adopted human resources information system (HRIS) processes.
- Global organisations may find their costs are higher, reflecting various countries’ languages, laws, and regulations.

“We managed to get free training from the Sage University and got everybody trained.”

HR director, legal and business services software

- Integration with other solutions like payroll.

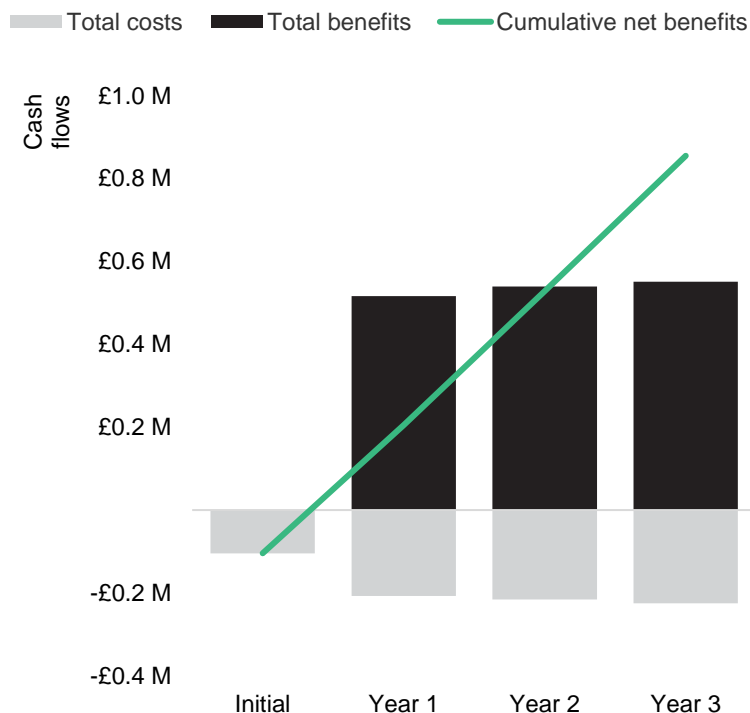
Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of over £640,000.

Total Costs Associated With Sage People						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	Planning and deployment labour hours	Interviews	652			
F2	Average cost per hour	Interviews	£38			
F3	Planning and deployment costs	F1*F2	£24,776			
F4	Sage People subscription cost per employee	Sage People quote	0	£95	£95	£95
F5	Sage People professional fees	Sage People quote	£70,000			
F6	Number of employees	Composite Organization		800	880	968
F7	Annual Sage People subscription fee	F4*F6		£76,000	£83,600	£91,960
F8	Internal labour for ongoing administration and management (FTE)	Interviews		1.5	1.5	1.5
F9	Average fully loaded cost of internal labour	Interviews		£75,000	£75,000	£75,000
F10	Labour ongoing administration and management	F8*F9		£112,500	£112,500	£112,500
Ft	Total costs associated with Sage People	F3+F7+F5+F10	£94,776	£188,500	£196,100	£204,460
	Risk adjustment	↑10%				
Ftr	Total costs associated with Sage People (risk-adjusted)		£104,254	£207,350	£215,710	£224,906
Three-year risk-adjusted total: £752,220			Three-year present value: £640,002			

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organisation'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	-£104,254	-£207,350	-£215,710	-£224,906	-£752,220	-£640,002
Total benefits	£0	£516,619	£539,670	£551,196	£1,607,485	£1,329,782
Net benefits	-£104,254	£309,269	£323,960	£326,290	£855,265	£689,780
ROI						108%
Payback period (months)						<6

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 realise 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 organisation.

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. Organisations 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: Supplemental Material

Related Forrester Research

“Understand The Differences Between EX And CX,” Forrester Research, Inc., August 2, 2021. – About how employee engagement must be the primary goal of an EX (Employee Experience) program.

Online Resources

John Baldoni, “Employee Engagement Does More than Boost Productivity,” Harvard Business Review, July 4, 2013 (<https://store.hbr.org/product/employee-engagement-does-more-than-boost-productivity/h00auv?>). - About the benefits of employee engagement.

Appendix C: Endnotes

¹ 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 realise the tangible value of IT initiatives to both senior management and other key business stakeholders.

² Present value is the sum of the risk-adjusted discounted cash flows in each year. For example, considering “HR and People Analytics”: i) the yearly benefits of £75K, applying the risk factor of 5% = £75K x (1-0.05) = £71.25K each year, ii) then discounted at 10% each year, the Present Value will be the sum of each year’s benefit:
$$£177,188 = [\text{yr1}]:71.25\text{K}/(1.1) + [\text{yr2}]:71.25/(1.1)^2 + [\text{yr3}]:71.25/(1.1)^3$$

³ Source: “Improve Employee Experience To Better Your Business Performance” Forrester Research, Inc., March 12, 2021.

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