The Total Economic Impact™ Of HR Acuity Employee Relations Case Management

Cost Savings And Business Benefits Enabled By Employee Relations Case Management

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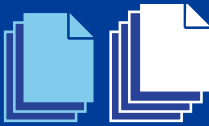**FORRESTER**®

Benefits And Costs
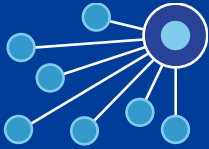
Improved employee relations team productivity:
20%

Mitigated employee relations case litigation risk:
$2.4 million PV

Total costs:
$0.7 million PV

Executive Summary

Employees are a company's most valued asset. The most successful companies maximize their employees' effectiveness by creating a fair and safe work environment. The way in which issues are managed — when they do arise — can not only impact individual employees but also affect the company's brand and reputation. It's critical that: employers listen to employees' concerns; investigate unacceptable behavior; and ensure all employees are treated in a fair and consistent manner.

The human resources and employee relations role is quickly pivoting from an administrative function to a strategic role, i.e., defining and supporting the overall employee experience (EX) in partnership with senior management. Human resources professionals are increasingly expected to create and evangelize a vision of employee experience, while identifying the levers of employee motivation and productivity. With executives recognizing the strategic importance of employee experience, it's increasingly critical for human resource professionals to have the tools to manage employee issues fairly.

HR Acuity provides an employee relations case management solution that helps its customers implement best practices for employee relations. The HR Acuity team translates years of employee relations experience into a technology platform that helps HR, employee relations, and related professionals (such as legal departments) document employee performance and behavioral issues, as well as, conduct investigations into higher risk issues such as harassment or discrimination. HR Acuity provides a platform that documents employee issues and offers prepopulated document templates, interview guides, and automatically generated case reports. HR Acuity helps employee relations professionals work in partnership with the executive team to enhance employee experience and proactively address potentially risky situations. With HR Acuity, employee relations professionals now have key data at their fingertips to answer executive questions, often before they are asked, and to drive strategic decisions.

HR Acuity commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential ROI enterprises may realize by deploying HR Acuity's Employee Relations Case Management system. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of the Employee Relations Case Management system on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed several customers with years of experience using HR Acuity's Employee Relations Case Management system. These customers looked to HR Acuity to provide a system that was easy to use and specifically designed for human resources and employee relations. They required a secure repository for employee case data that could be searched quickly with reporting, dashboards, and analytics. In cases of possible harassment or discrimination, they needed to effectively investigate and document the cases and findings with proper governance and adherence to regulatory requirements. They wanted to ensure that all employees were treated fairly and consistently and, in doing so, mitigate the risk of potential discrimination claims.

Prior to using HR Acuity, the customers typically managed employee relations case data manually in spreadsheets or jury-rigged other HR systems to handle the data. Employee relations case data was not always

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ROI
520%

Benefits PV
$4.2 million

NPV
$3.5 million

secure and could potentially be lost or misplaced. It was time-consuming for the employee relations team to pull together employee cases for reporting or analysis. Most importantly, they required a process and solution to ensure that the organization collected all critical employee data, especially that which was involved in an investigation, in a consistent manner.

Key Findings

Quantified benefits. The following risk-adjusted present value (PV) quantified benefits are representative of those experienced by the companies interviewed:

› **Improved employee relations team efficacy by 20%.** With HR Acuity, the employee relations team spends less time entering data and creating reports, as well as, searching for data during an investigation process. Team members can now spend time proactively understanding the data, identifying the root causes of issues, and responding with solutions and training to address potential problems. By simplifying everyday tasks, the employee relations team can now focus on the more critical, nuanced aspects of its role.

› **Improved business partner team efficacy by 4.6%.** HR Acuity's secure, centralized database provides the broader human resources and business partner organization with information on individuals' performance and employment histories. The business partner team can quickly evaluate employees' suitability for transfers, promotions, and former employees' attractiveness for rehire, helping their organization recruit and retain top talent. Business partner and human resources professionals can draw on cumulative employee data and knowledge bases to proactively respond to executives' questions and identify areas of concern in order to enhance EX at their organizations.

› **Reduced expected employee relations case litigation cost, $2.4 million PV.** HR Acuity helps companies implement employee relations and investigation best practices, consistently documenting employee cases and proactively responding to potential problems. HR Acuity helps companies avoid potential litigation by helping the employee relations team identify potential hot spots and problem areas early on and take proactive measures to correct the issues. HR Acuity puts checks and balances in place to ensure that employees in similar situations are treated the same as well as providing a mechanism to protect privileged conversations with counsel. Ensuring a comprehensive investigation is conducted, remediating similar situations consistently, and creating documentation that could withstand legal scrutiny helps reduce the risk of discrimination claims. Case information is readily available indefinitely, and it can be shared with counsel should issues arise later, regardless of turnover or attrition in the organization.

› **Strategic insight gains, $1.1 million PV.** HR Acuity helps ensure that employees are treated consistently and fairly, improving organizations' EX. The strategic benefits of improved EX are significant. Forrester has quantified the benefit of improved EX as reduced employee turnover. While more consistent, fair treatment of employees cannot guarantee a reduction in employee turnover, it's an important factor in creating an attractive employee experience. Employees who feel they are treated unfairly are more likely to seek alternative employment and take their grievances to public review sites.

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Unquantified benefits. The interviewed organizations experienced the following benefits, which are not quantified for this study:
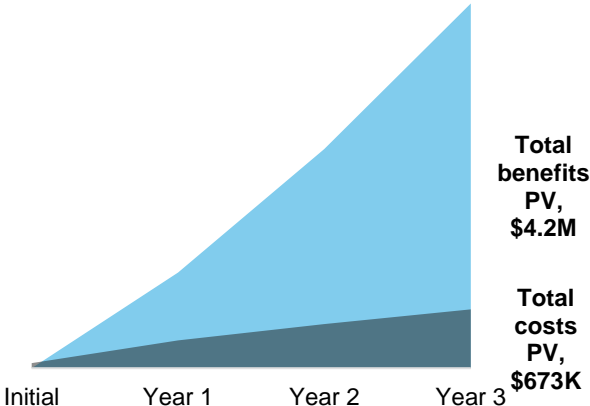
› **Protect brand reputation.** Poor handling of employee cases can negatively impact brand reputation. Potential damage to a brand's reputation from allegations of discrimination and harassment can easily outweigh the tangible legal and settlement costs. Recent examples include Wynn, Netflix, Uber and Guess. In 2018, after reports of Steve Wynn's sexual misconduct came to light, Wynn Resorts stock pulled back 15% in a single day, shaving off over $3 billion of market cap.[1] In 2019, over a year later, Wynn Resorts continues to face multiple shareholder and class action lawsuits, in addition to $55 million in fines levied by the Massachusetts and Nevada Gaming Commissions.

› **Improve overall employee productivity.** Engaged employees are not only less likely to leave a company but they are also more productive. A positive employee experience contributes to increased motivation among employees, i.e., they're more likely to apply extra effort at work and go above and beyond typical job responsibilities. HR Acuity enhances overall EX by treating employees fairly and providing greater transparency as to what to expect when something goes wrong. While difficult to quantify, the introduction of a standardized process will demonstrate to employees that the employer is committed to appropriately remediating the situation.

› **Enhance employee brand advocacy.** Engaged employees are brand ambassadors, encouraging friends and family to patronize their company's products and services. Employees help recruit new talent to their organizations both via referrals and by sharing positive experiences on public review sites.

Costs. The interviewed organizations experienced the following risk-adjusted PV costs over a three-year period:

› **HR Acuity software-as-a-service (SaaS) cost, $0.6 million PV.** The companies interviewed for this study paid an annual HR Acuity Employee Relations Case Management SaaS fee.

› **Internal labor cost, implementation and maintenance, $38K PV.** Interviewed organizations devoted a modest amount of time to the implementation and maintenance of the HR Acuity solution (including project management and IT integration).

› **Internal labor cost, training, $28K PV.** HR Acuity provides training as part of the subscription, but employee relations and other users spend further time training to efficiently use the product.

Forrester's interviews with five existing customers and subsequent financial analysis found that a composite organization based on these interviewed companies experienced benefits of $4,169,715 over three years versus costs of $672,910, adding up to a net present value (NPV) of $3,496,805 and an ROI of 520%.

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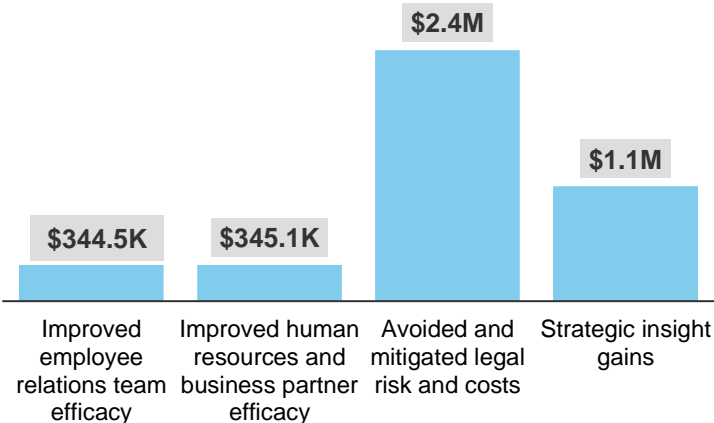
Financial Summary

Total benefits PV, $4.2M

Total costs PV, $673K

Initial   Year 1   Year 2   Year 3

Benefits (Three-Year)

$344.5K	$345.1K	$2.4M	$1.1M
Improved employee relations team efficacy	Improved human resources and business partner efficacy	Avoided and mitigated legal risk and costs	Strategic insight gains

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TEI Framework And Methodology

From the information provided in the interviews, Forrester has constructed a Total Economic Impact™ (TEI) framework for those organizations considering implementing HR Acuity Employee Relations Case Management.

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 HR Acuity Employee Relations Case Management can have on an organization:

The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

DUE DILIGENCE
Interviewed HR Acuity stakeholders and Forrester analysts to gather data relative to Employee Relations Case Management.

CUSTOMER INTERVIEWS
Interviewed five organizations using HR Acuity Employee Relations Case Management to obtain data with respect to costs, benefits, and risks.

COMPOSITE ORGANIZATION
Designed a composite organization based on characteristics of the interviewed 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 interviewed organizations.

CASE STUDY
Employed four fundamental elements of TEI in modeling HR Acuity Employee Relations Case Management's impact: benefits, costs, flexibility, and risks. Given the increasing sophistication that enterprises have regarding ROI analyses related to IT investments, Forrester's TEI methodology serves to provide a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by HR Acuity 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 report to determine the appropriateness of an investment in HR Acuity Employee Relations Case Management.

HR Acuity 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.

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

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The Employee Relations Case Management Customer Journey

BEFORE AND AFTER THE EMPLOYEE RELATIONS CASE MANAGEMENT INVESTMENT

Interviewed Organizations

For this study, Forrester conducted five interviews with HR Acuity Employee Relations Case Management customers. Interviewed customers include the following:

› A leading global provider of professional services software headquartered in the US with over $13 billion in annual revenue. Globally, 700 human resources professionals support almost 60,000 employees. In North America, a team of 15 employee relations professionals handle 800 to 900 employee relations cases annually.

› A global financial services company based in the US with 20,000 employees and $10 billion of annual revenue. Approximately, 100 human resources professionals use the HR Acuity system including 12 employee relations professionals.

› A US financial services company with 12,000 US-based employees and $14 billion in annual revenue. Two hundred human resources and eight employee relations professionals handle approximately 1,500 employee relations cases annually.

› A large US optical retailer with 1,000 stores and 12,000 employees. A dozen employee relations professionals handle 5,500 cases annually, including performance management cases.

› A social media service with 14,000 employees worldwide with revenue estimated at $5 billion. Fifty human resources professionals, including four employee relation specialists, use the HR Acuity system to manage 1,500 cases annually.

Key Challenges

Prior to their investment in HR Acuity Employee Relations Case Management solution, the interviewed companies faced the following challenges:

› **Sensitive employee relations case data could be lost or was difficult to retrieve if employee relations professionals left the company.** The employee relations team stored data in multiple locations including physical files and spreadsheets. If an employee relations professional left the company, there was no easy way to transfer that knowledge base.

› **There was no consistency or guidelines around how to document employee cases.** Employee relations professionals did not know how to adequately document an employee case. The documentation process was inconsistent. The company provided little or no training/instruction to employee relations professionals about how to document an employee case appropriately.

> "With the prior system, there wasn't a lot of consistency. There was no way to do reporting accurately. There were no guidelines in terms of how to document."
>
> *Head of employee relations, financial services*

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> **It was not possible to report employee case data accurately.** Without a centralized data repository, it was challenging for employee relations professionals to compile the employee case data for timely reporting. Reporting to upper management could take weeks.

> **It was difficult and time-consuming to analyze trends in employee cases.** Without a trusted central repository of employee case data, it was difficult to run analytics comparing trends between groups or regions. The employee relations professionals could not compare with benchmark groups and regions to identify problem areas with a higher than average number of cases.

> **Legal risks were increased since documentation supporting employee relations decisions was inadequate and inconsistent.** Without consistent documentation, it was difficult to demonstrate whether or not employees had been treated fairly. If an employee filed an Equal Employment Opportunity Commission (EEOC) claim it was difficult to provide adequate documentation to refute or substantiate the charges. This increased the risk that cases without merit would end up with a settlement or jury award.

Key Results

The interviews revealed that key results from the Employee Relations Case Management investment include:

> **Other case management solutions were made for just general HR or even other functions, such as IT, while HR Acuity is designed specifically for employee relations.** HR Acuity quickly became a tool for the employee relations team to use daily. It helps provide a double check that all cases are managed in a fair, consistent manner. Among its many features, HR Acuity offers prepopulated employee case document templates, interview guides, and automatically generated case reports.

> **HR Acuity stores employee relations case data in a secure, centralized repository with easy reporting and trend analysis.** Employee relations professionals now spend less time inputting data and creating reports. If an employee relations team member leaves the company, the data and knowledge is easily transferred to another team member. Access to the database is limited to only the people who need access, ensuring the employee data is kept secure and confidential.

> **The employee relations team gathers and inputs key employee case data in a consistent manner.** HR Acuity prompts the users to enter all the needed data for each employee case. This enables a 100% data capture rate.

"Other case management solutions were made for just general HR, but HR Acuity is made for an employee relations function and the reporting is far more robust."

Head of employee relations, financial services

"There are key metrics we create to tap into the wealth of information in the HR Acuity database to understand our population, understand their activity, and try to prevent certain things from happening in the future."

VP human resources, professional services software

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> › **When aggregate data identifies a trend within a functional area, or suggests a potential issue with a particular leader or group of employees, the employee relations team can take steps to quickly address the problem.** The HR Acuity reports and dashboards give employee relations professionals quick and accurate insights into employee cases by department, region, manager, and type of case. If, for example, a region has an increase in travel and expense policy violations, the company can provide additional training on the policy. If a department has an increase in bullying allegations, the team can conduct focus groups to help uncover any underlying concerns. By proactively monitoring and responding to potential areas of risk, companies can stem problems as they arise and not only ward off potential litigation or external charges but also ensure a safe and productive work environment for its employees.

> › **Improved, more consistent documentation potentially mitigates legal risks.** HR Acuity ensures that employees are treated consistently. Litigation risk and potential state, local, and EEOC charges typically happened when two employees in a similar situation are treated differently, for example, if one employee is terminated while another gets a warning. The employee relations team can search the HR Acuity database to reference past cases and ensure consistency. If an employee case results in legal action, the HR Acuity database allows the company to quickly produce evidence and documentation not only on how the case was investigated but also on how other similarly situated employees were treated across the organization. Legal teams can also use the analytics within HR Acuity to proactively monitor for any situations of potential disparate impact that might otherwise lead to a class-action suit.

Composite Organization

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an associated ROI analysis that illustrates the areas financially affected. The composite organization is representative of the five companies that Forrester interviewed and is used to present the aggregate financial analysis in the next section. The composite organization that Forrester synthesized from the customer interviews has the following characteristics:

Description of composite. The organization is a large US-based enterprise with 20,000 employees and $8 billion in annual revenue. The organization employs 200 full-time HR professionals, including 50 business partners and 12 employee relations specialists. The employee relations team manages 2,000 employee cases each year; 20% of these cases require investigation and 10.72% of employee cases have potential legal risk.

Deployment characteristics. Prior to using HR Acuity Employee Relations Case Management software, the organization used homegrown solutions, such as Excel spreadsheets, to manage employee cases. The organization has 12 employee relations specialists and 50 HR business partners, for a combined total of 62 active HR Acuity users.

Key assumptions:
- 20,000 employees
- 2,000 employee relations cases per year

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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 employee relations team efficacy	$138,510	$138,510	$138,510	$415,530	$344,454
Btr	Improved HR and business partner efficacy	$126,173	$138,790	$153,931	$418,895	$345,056
Ctr	Avoided and mitigated legal risks and costs	$653,920	$980,880	$1,307,840	$2,942,640	$2,387,717
Dtr	Strategic insight gains	$286,160	$449,680	$613,200	$1,349,040	$1,092,488
	Total benefits (risk-adjusted)	$1,204,763	$1,707,860	$2,213,481	$5,126,105	$4,169,715

Benefit 1: Improved Employee Relations Team Efficacy

HR Acuity provided the employee relations team with automated reporting, prepopulated templates, and guidance on case documentation. The employee relations team spent more time proactively understanding the data, identifying the root causes of issues, and responding to potential areas of improvement.

› With HR Acuity, the employee relations team spent less time entering data and creating reports. HR Acuity dashboards and reports provided quick and easy insights.

› HR Acuity allows the employee relations team to create new, more detailed reports, and use the cumulative employee case data to benchmark and hone in on specific departments or geographies with issues. The employee relations team could now spend more time proactively responding to issues and solving the underlying root causes.

› The HR Acuity system prompts the employee relations team to enter all the required documentation related to an employee case. This helps achieve a 100% data capture rate.

› HR Acuity users are prompted to follow best practices and specific court compliant investigatory processes. This consistency ensures that: all interviews are handled properly; the involved parties are reminded about confidentiality or retaliation policies; attorney-client privilege is properly maintained; and all documentation is appropriately reviewed and attached.

› For all employee cases, HR Acuity easily allows the employee relations team to quickly search through a specific employee's history with the company, which could indicate relevant patterns of past behavior or bias.

> The table above shows the total of all benefits across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total benefits to be a PV of more than $4.2 million.

> Impact risk is the risk that the business or technology needs of the organization may not be met by the investment, resulting in lower overall total benefits. The greater the uncertainty, the wider the potential range of outcomes for benefit estimates.

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- By streamlining and driving consistency across the organization, the employee relations team can now focus on additional, critical nuanced aspects of its role. They also have the ability to play a more strategic role with their business partners.

The improvement in employee relations team efficacy is estimated as follows:

- The employee relations team consisted of 12 FTEs using HR Acuity daily.

- The average fully loaded employee relations salary was $121,500.

- While there was no reduction in employee relations team staffing, the 12 employee relations FTEs can now focus on more productive, proactivity activities. The efficacy improvement is assumed to be 20%.

- The employee relations team converts 50% of the hours saved into productive time.

The improvement in employee relations team productivity will vary with:

- Employee relations team experience and training.

- Existing tools and procedures.

- Volume and complexity of employee cases.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of $344,454.

> "We're spending less time entering cases, less time pulling reports, and we can create new reports that we were unable to provide in the past."
>
> *Sr. employee relations consultant, financial services*

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
A1	Employee relations FTEs using HR Acuity		12	12	12
A2	Employee relations team fully loaded annual salary (per FTE)		$121,500	$121,500	$121,500
A3	Productivity improvement with HR Acuity		20%	20%	20%
A4	Productivity recapture		50%	50%	50%
At	Improved employee relations team efficacy	A1*A2*A3*A4	$145,800	$145,800	$145,800
	Risk adjustment	↓5%			
Atr	Improved employee relations team efficacy (risk-adjusted)		$138,510	$138,510	$138,510

Improved Employee Relations Team Efficacy: Calculation Table

Benefit 2: Improved Human Resources And Business Partner Efficacy

HR Acuity helps HR professionals work in partnership with the executive team to enhance employee experience and staff positions with the best talent. With HR Acuity, employee relations professionals now have key data at their fingertips to answer executive questions, often before they are asked, and to drive strategic decisions.

HR Acuity's secure, centralized database provided the broader human resource and business partner organization with information on employees quickly and efficiently. This key information helped the business partner team identify organizational and leadership concerns,

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evaluate employees' suitability for transfers and promotions, and former employees' eligibility for rehire.

For the composite organization, Forrester assumes that:

› The business partner team consists of 50 FTEs using HR Acuity on an as needed basis. Each year the number of users increases approximately 10% as new groups within the company begin using the product.

› Each business partner runs 2 employee history searches each month, or 24 per year. Easy access to historic data via HR Acuity saves 1 hour per search.

› Each business partner produces 2 ad hoc reports per month, or 24 per year. The reporting functionality in HR Acuity saves 3 hours per report. The ease of reporting allows the business partners to respond quickly to executives' questions about the workforce and any potential areas of concern.

› The average fully loaded business partner salary is $121,500, or $58.41 per hour.

› While there was no reduction in business partner team staffing, the business partners can now focus on more productive, proactive activities. The 96-hour time savings per years per business partner equates to a 4.6% productivity improvement based on 2,080 hours per year.

› The business partner team converts 50% of the hours saved into productive time.

The improvement in business partner team productivity will vary with:

› Business partner team experience and training.

› Number of employees applying for transfer, promotion, and rehire.

› Existing tools and procedures.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $345,056.

"The business partners are able to track down information in a way they never could before. If we are looking to transfer an employee from one team to another, we can look them up in HR Acuity, while in the past that would take a lot of time."

Senor employee relations business partner, social media

"Being able to quickly know an employee's history with the company is important for a lot of reasons. It helps us make the decision to rehire or not rehire, so we have the best people on the team. Being able to quickly look at employee relations notes is much more telling than looking at a personnel file."

Employee relations director, retailer

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	Improved Human Resources And Business Partner Efficacy: Calculation Table				
REF.	**METRIC**	**CALC.**	**YEAR 1**	**YEAR 2**	**YEAR 3**
B1	Human resources and business partners FTEs using HR Acuity		50	55	61
B2	Employee history searches per year, per business partner		24	24	24
B3	Time savings per search (hours)		1.0	1.0	1.0
B4	Employee history search annual time savings (hours)	B1*B2*B3	1,200	1,320	1,464
B5	Proactive ad hoc reports per year, per business partner		24	24	24
B6	Time savings per ad hoc report (hours)		3.0	3.0	3.0
B7	Time savings for ad hoc reporting (hours)	B1*B5*B6	3,600	3,960	4,392
B8	Total time savings per year (hours)	B4+B7	4,800	5,280	5,856
B9	Human resources team fully loaded annual salary (per hour)	($121,500/ 2,080 hours)	$58.41	$58.41	$58.41
B10	Productivity improvement with HR Acuity	B8*B9	$280,385	$308,423	$342,069
B11	Productivity recapture		50%	50%	50%
Bt	Improved human resources and business partner efficacy	B10*B11	$140,192	$154,212	$171,035
	Risk adjustment	↓10%			
Btr	Improved human resources and business partner efficacy (risk-adjusted)		$126,173	$138,790	$153,931

Benefit 3: Avoided And Mitigated Legal Risk And Costs

In 2018, the EEOC resolved over 90,000 charges of discrimination and secured over $500 million in settlements.[2] Millions more dollars are spent every year on state and local charges as well as jury awards, should cases proceed to court.

HR Acuity helps companies avoid potential litigation by helping the employee relations team identify hot spots and problem areas early and take proactive measures to correct the underlying causes. HR Acuity helps companies mitigate legal risk by treating employees consistently and documenting critical data.

› HR Acuity's reporting and dashboards allow employee relations professionals to identify areas of concern and take proactive steps to correct issues.

> "With HR Acuity we can now accurately determine that a specific business or part of a business creates a lot of risk for the company, so we can throw resources at the business. For example, one of the businesses needs additional training in accommodation, or needs additional training in sexual harassment. And we're able to do that, to prevent future risk."
>
> *Sr. employee relations consultant, financial services*

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> Consistency is key. HR Acuity puts checks and balances in place to ensure that employees in similar situations are treated the same. Employee relations professionals can quickly search the HR Acuity database to gather historical data and find precedent cases.

> Employees who feel like that have been heard and treated fairly with a process by their employer are less likely to file an external claim.

> By housing the employee relations case data in one place, even years later, the critical data is easily accessible and can be shared with internal and external counsel for proactive review to identify potential disparate action or review of data to prepare a successful defense.

To estimate the benefit of mitigating legal risk at the composite organization, Forrester assumes that the composite organization handles:

> 20,000 employees.

> 9.16 non-EEOC allegations (discrimination, harassment, retaliation) per 1,000 employees.[3]

> 1.56 EEOC/administrative charges per 1,000 employees.[4]

> 25% of cases with legal risk are expected to result in significant legal costs based on interviewed sources.

> Cases with legal risk are handled by external counsel at an average cost of $450,000 per case.

> The average settlement or jury award is $160,000 per case.

> The risk mitigation benefit will ramp up as HR Acuity helps the company implement best practices for employee relations and proactively respond to potential problems. We estimate a 2.5% reduction in expected employee relations legal costs in Year 1, ramping up to 5.0% by Year 3.

The legal risk mitigation cost savings will vary with:

> Number of employee relations cases that involve settlement or litigation and the types of cases.

> Cost of legal counsel, which may vary significantly based on geography.

> Time to settle a case or bring it to trial.

> Terms of settlement agreements or jury awards.

To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of $2,387,717.

"You never know what some of those types of lawsuits may cost you in the end. But we have been able to settle and not have to go into litigation often because with HR Acuity we are able to prove consistency in practice, as well as documentation with a full set of notes, dates, and times."

Sr. employee relations business partner, social media

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Mitigated Employee Relations Case Legal Risk And Cost: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
C1	Employees		20,000	20,000	20,000
C2	Average non-EEOC allegations (discrimination, harassment, retaliation) per 1,000 employees		9.16	9.16	9.16
C3	Average EEOC/administrative charges per 1,000 employees		1.56	1.56	1.56
C4	Potential employee cases with legal risk	C1/1,000* (C2+C3)	214.4	214.4	214.4
C5	% of employee cases resulting in substantial legal costs		25%	25%	25%
C6	Average settlement or jury award (per case)		$160,000	$160,000	$160,000
C7	Average external legal counsel fee (per case)		$450,000	$450,000	$450,000
C8	Average total legal cost (per case)	C6+C7	$610,000	$610,000	$610,000
C9	Expected legal costs related to employee cases	C4*C5*C8	$32,696,000	$32,696,000	$32,696,000
C10	HR Acuity contribution to reduction in employee case legal risk		2.50%	3.75%	5.00%
Ct	Avoided and mitigated legal risk and costs	C9*C10	$817,400	$1,226,100	$1,634,800
	Risk adjustment	↓20%			
Ctr	Avoided and mitigated legal risk and costs (risk-adjusted)		$653,920	$980,880	$1,307,840

Benefit 4: Strategic Insight Gains

HR Acuity helps ensure that employees are treated consistently and fairly, improving employee experience. The strategic benefits of improved employee experience are significant. A better working environment will enhance morale, improve employee turnover, and prevent future risk and litigation.

Fairness is important to employees. In a recent study of tech employees who have left their jobs, unfairness and mistreatment within the work environment was the most frequently reason cited for leaving.[5] HR Acuity helps ensure all employees are treated in a fair and consistent manner.

› While more consistent, fair treatment of employees cannot guarantee a reduction in employee turnover, it's an important factor in creating an attractive employee experience. Employees who feel they are treated unfairly are often more likely to seek alternative employment.

› Forrester estimates that even a modest improvement in employee turnover can have a significant positive financial impact.

To estimate the benefit of reduced employee turnover at the composite

HR Acuity facilitates best practices for employee relations, helping to ensure that employees are treated fairly and consistently.

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organization, Forrester assumes that:

› The organization has 20,000 employees.

› The organization's annual employee turnover is 15%, in line with the US average.

› The composite organization sees an improvement in employee turnover over time as employees are treated in a fair and consistent manner. We project a 0.5% turnover improvement in Year 1, ramping to a 1% turnover improvement by Year 3.

› The average fully loaded employee salary is $73,000, in line with US information worker average.

› Cost to replace an employee is 35% of salary.

The reduction in employee turnover and associated cost savings will vary with:

› Turnover varies significantly across industries and specific occupations.

› Employee compensation.

› Methods to fill vacant positions.

To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of $1,092,488.

> "The brand impact can be so much greater than what the cost of a lawsuit would be."
>
> *Sr. employee relations business partner, social media*

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
Strategic Insight Gains: Calculation Table					
D1	Employees		20,000	20,000	20,000
D2	Annual turnover		15%	15%	15%
D3	Improvement in turnover		0.50%	0.75%	1.00%
D4	Improved annual turnover	D2*(1-D3)	14.93%	14.89%	14.85%
D5	Reduction in annual turnover (employees)	D1*(D2-D4)	15	22	30
D6	Business worker salary annual salary fully loaded (per FTE)		$73,000	$73,000	$73,000
D7	Cost of a new hire as % of salary		35%	35%	35%
D8	Reduced employee turnover cost	D5*D6*D7	$357,700	$562,100	$766,500
Dt	Strategic insight gains	D8	$357,700	$562,100	$766,500
	Risk adjustment	↓20%			
Dtr	Strategic insight gains (risk-adjusted)		$286,160	$449,680	$613,200

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Unquantified Benefits

HR Acuity's Employee Relations Case management system provides additional unquantified benefits.

› **Protect brand reputation.** Poor handling of employee cases can negatively impact brand reputation. Potential damage to a brand's reputation from allegations of discrimination and harassment can easily outweigh the tangible legal and settlement costs. Recent examples include Wynn, Netflix, Uber and Guess. In 2018, after reports of Steve Wynn's sexual misconduct came to light, Wynn Resorts stock pulled back 15% in a single day, shaving off over $3 billion of market cap.[6] In 2019, over a year later, Wynn Resorts continues to face multiple shareholder and class action lawsuits, in addition to $55 million in fines levied by the Massachusetts and Nevada Gaming Commissions.

› **Improve overall employee productivity.** Engaged employees are not only less likely to leave a company, but they are also more productive. A positive employee experience contributes to increased motivation among employees; they're more likely to apply extra effort at work and go above and beyond typical job responsibilities. HR Acuity enhances overall employee experience by treating employees fairly.

› **Enhance employee brand advocacy.** Engaged employees are brand ambassadors, encouraging friends and family to patronize their company's products and services. Employees help recruit new talent to their organizations both via referrals and by sharing positive experiences on public review sites.

Flexibility

The value of flexibility is clearly unique to each customer, and the measure of its value varies from organization to organization. There are multiple scenarios in which a customer might choose to implement HR Acuity's Employee Relations Case Management solution and later realize additional uses and business opportunities, including:

› **Changing standards of employee complaint disclosure.** High profile discrimination and harassment cases are driving companies to share their employee case data more openly. For example, Microsoft made a commitment beginning in 2020 to start publishing internal reports, at least annually, about what kinds of complaints employees are filing and what sort of discipline people are receiving in response.[7] With HR Acuity, companies have an accurate and historical record that details how employee issues were resolved. This enables more efficient management and clearer communication of possibly complex use cases to share with executives or a wider audience.

Flexibility would also be quantified when evaluated as part of a specific project.

> Flexibility, as defined by TEI, represents an investment in additional capacity or capability that could be turned into business benefit for a future additional investment. This provides an organization with the "right" or the ability to engage in future initiatives but not the obligation to do so.

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Analysis Of Costs

QUANTIFIED COST DATA AS APPLIED TO THE COMPOSITE

Total Costs

REF.	COST	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Etr	HR Acuity SaaS cost	$0	$286,000	$220,000	$220,000	$726,000	$607,107
Ftr	Internal labor cost for implementation and maintenance	$33,646	$1,682	$1,682	$1,682	$38,693	$37,830
Gtr	Internal labor cost, training	$22,816	$1,840	$2,208	$2,208	$29,072	$27,973
	Total costs (risk-adjusted)	$56,462	$289,522	$223,890	$223,890	$793,765	$672,910

Cost 1: HR Acuity SaaS Cost

The composite organization deployed HR Acuity as a SaaS solution.

› 62 employees are using HR Acuity in Year 1. Users increased 10% each year as more teams begin to use the platform.

› Year 1 includes an approximate 30% implementation premium. This fee is for the additional services that HR Acuity provides to facilitate implementation and provide training.

The cost will vary based on:

› Number of employees and/or HR Acuity users.

› Specific HR Acuity features and functionality selected by the organization.

This yields a three-year, risk-adjusted total PV of $607,107.

> The table above shows the total of all costs across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total costs to be a PV of more than $0.7 million.

> Implementation risk is the risk that a proposed investment may deviate from the original or expected requirements, resulting in higher costs than anticipated. The greater the uncertainty, the wider the potential range of outcomes for cost estimates.

HR Acuity SaaS Cost: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
E1	HR Acuity users			62	67	73
E2	Annual HR Acuity SaaS cost			$220,000	$220,000	$220,000
E3	Implementation premium (Year 1)			30%		
Et	HR Acuity SaaS cost	E2*(1+E3)	$0	$286,000	$220,000	$220,000
	Risk adjustment	0%				
Etr	HR Acuity SaaS cost (risk-adjusted)		$0	$286,000	$220,000	$220,000

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Cost 2: Internal Labor Cost For Implementation And Maintenance

The composite organization's internal staff collaborates with HR Acuity to install and maintain the system.

› The implementation process took 12 weeks.

› During the implementation period two FTEs spent 50% of their time on implementation. The team overseeing the installation is typically cross-functional and may include HR, employee relations, and IT staff.

› As a SaaS solution there is little time required to maintain the HR Acuity solution. One administrator FTE spent 2 hours each month managing user configuration and profile administration.

› The average fully loaded IT or employee relations staff salary is $121,500.

These costs will vary based on:

› Complexity of existing sources of employee data.

› The skill set of the internal IT team.

To account for these risks, Forrester adjusted this cost upward by 20%, yielding a three-year, risk-adjusted total PV of $37,830.

12 weeks:
Total implementation and deployment time

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
F1	Staff for internal support (FTEs)		2.0	1.0	1.0	1.0
F2	Fully loaded annual salary		$121,500	$121,500	$121,500	$121,500
F3	Implementation (weeks)		12			
F4	% of time dedicated to HR Acuity during implementation		50%			
F5	Internal labor cost implementation	F1*F2*(F3/52 weeks)*F4	$28,038			
F6	Time to manage user profiles and configuration (hours per month)			2	2	2
F7	Time to manage user profiles and configuration (hours per year)	F6*12 months		24	24	24
F8	Internal labor cost ongoing	F7*F2/2,080 hours per year		$1,402	$1,402	$1,402
Ft	Internal labor cost for implementation and maintenance	F5+F8	$28,038	$1,402	$1,402	$1,402
	Risk adjustment	↑20%				
Ftr	Internal labor cost for implementation and maintenance (risk-adjusted)		$33,646	$1,682	$1,682	$1,682

Internal Labor Cost For Implementation And Maintenance: Calculation Table

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Cost 3: Internal Labor Cost For Training

HR Acuity provides training as part of the subscription, but employee relations professionals and other users must spend some time to learn the system.

› Training for new users is approximately 6 hours. HR Acuity typically provides one hour of training weekly over a six-week period.

› The average fully loaded employee relations and business partner salary is $121,500.

This cost will vary by:

› The number of new users.

› Any additional self-training, such as, time spent watching training videos developed by HR Acuity.

To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of $27,973.

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
Internal Labor Cost For Training						
G1	Initial HR Acuity users		62			
G2	New HR Acuity users			5	6	6
G3	Initial and new user training (hours)		6	6	6	6
G4	Training (hours)	(G1+G2)*G3	372	30	36	36
G5	Average ER and HR employee cost per hour	($121,500/ 2,080 hours per year)	$58.41	$58.41	$58.41	$58.41
Gt	Internal labor cost for training	G4*G5	$21,730	$1,752	$2,103	$2,103
	Risk adjustment	↑5%				
Gtr	Internal labor cost for training (risk-adjusted)		$22,816	$1,840	$2,208	$2,208

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Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)

Total costs

Total benefits

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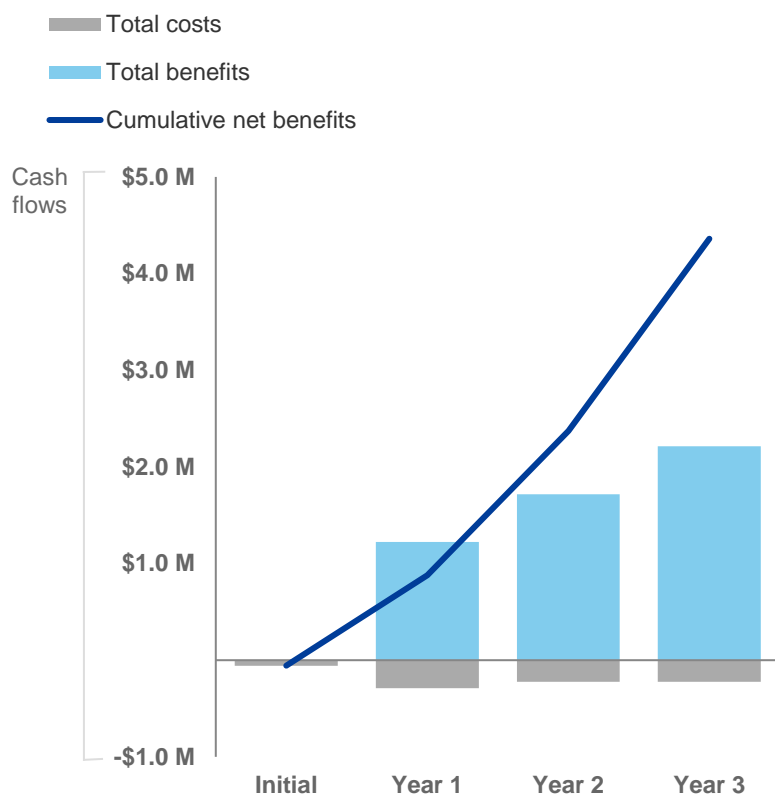
The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

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

Cash Flow Table (Risk-Adjusted)

	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Total costs	($56,462)	($289,522)	($223,890)	($223,890)	($793,765)	($672,910)
Total benefits	$0	$1,204,763	$1,707,860	$2,213,481	$5,126,105	$4,169,715
Net benefits	($56,462)	$915,241	$1,483,970	$1,989,591	$4,332,339	$3,496,805
ROI						520%
Payback period						<3 months

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HR Acuity Employee Relations Case Management: Overview

The following information is provided by HR Acuity. Forrester has not validated any claims and does not endorse HR Acuity or its offerings.

Protect your reputation and build a better workplace, with HR Acuity.

Today's employee relations, HR, and business leaders are at the forefront of the future of work, safeguarding their organizations while looking out for employee interests.

Yet they're challenged by a lack of expertise, inconsistent processes, generic case management tools, no best-practice approach to investigations, a lack of data security, and so much more.

Addressing these issues requires a standardized and intentional approach — and the right tools, built on years of employee relations expertise. HR Acuity is the only technology platform specifically built for employee relations management.

HR Acuity's technology equips employee relations, HR, and business leaders in related areas — such as ethics, legal and compliance — with built-in intelligence, templates, and reporting.

Users can:
- Conduct best practices and fair investigations.
- Uncover trends and patterns through forward-looking data and analytics.
- Provide trusted, consistent experiences for their teams.

HR Acuity delivers:
- **Technology-driven by expertise, not engineering.** HR Acuity is the only technology platform solution purpose-built for managing employee issues. Designed by employee relations experts, it was created specifically to address the nuances of people, performance, and investigations.
- **Insight, not just reporting.** The solution is driven by data and analytics and enables clients to uncover trends, patterns and the stories inside their data — insight, not just information.
- **Consistent, flexible, and court-ready processes.** HR Acuity enables a disciplined, best-practice approach, enabling consistency in tracking, analyzing, and investigating employee issues and defensible results.
- **Top marks for client service.** HR Acuity's commitment to clients is reflected in world-class NPS scores and 100% retention of enterprise clients.[8]
- **Focus on employee experience.** Consistent and fair processes create the foundation for trust and dialogue across your organization.
- **Security is a priority.** The platform and processes are SOC-2 certified and put a premium on protecting clients' data.

More information is available at hracuity.com/demo.

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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 vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

Total Economic Impact Approach

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

Costs consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.

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

Risks measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.

Present value (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.

Net present value (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made, unless other projects have higher NPVs.

Return on investment (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.

Discount rate

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.

Payback period

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

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Appendix B: Endnotes

[1] Wynn stock opened at $201.99 per share on January 28, 2018 and subsequently traded down on the news of Wynn's misconduct opening the following day January 29, 2018 at $171.03 per share. Source: (https://npr.org/2018/03/15/592318034/after-sexual-misconduct-claims-vegas-mogul-steve-wynn-fell-fast)

[2] Source: "EEOC Releases Fiscal Year 2018 Enforcement and Litigation Data," U.S. Equal Employment Opportunity Commission press release, April 10, 2019 (https://www.eeoc.gov/eeoc/newsroom/release/4-10-19.cfm).

[3] This statistic is based on the average of the 2017 and 2019 HR Acuity benchmark studies. The 2017 study was based on a survey of senior employee relations leaders at 112 companies with more than 1,000 employees. The 2019 study was based on a survey of employee relations leaders at 158 companies with more than 1,000 employees. Source: "The 2017 HR Acuity Employee Relations Benchmark Study: Executive Summary" (https://www.hracuity.com/benchmark-studies/resources/2017-employee-relations-benchmark-study) and "Third Annual HR Acuity Employee Relations Benchmark Study" (https://www.hracuity.com/benchmark-studies/resources/third-annual-employee-relations-benchmark-study).

[4] Source: Ibid.

[5] Source: "The 2017 Tech Leavers Study," Kapor Center for Social Impact, April 2017 (https://www.kaporcenter.org/tech-leavers/).

[6] Wynn stock opened at $201.99 per share on January 28, 2018 and subsequently traded down on the news of Wynn's misconduct opening the following day January 29, 2018 at $171.03 per share. Source: (https://npr.org/2018/03/15/592318034/after-sexual-misconduct-claims-vegas-mogul-steve-wynn-fell-fast)

[7] Source: "Microsoft CEO Nadella Announces New HR Investigation Policies" (https://www.cnbc.com/2019/15/microsoft-ceo-nadella-announces-new-hr-investigation-polices)

[8] Net Promoter and NPS are registered service marks, and Net Promoter Score is a service mark, of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld.

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