Whitepaper

Creating "Paperless" Payroll and Human Resources Environments

Prepared by RELYCO SALES, INC.

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Interesting Fact:

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Reduce mountains of paper and hours of time in your company's payroll and HR departments

Filling a four-drawer filing cabinet costs about $25,000, when you include the cost of our time in generating, processing, and dealing with the stuff. The cost doesn't disappear once you file it away-- it's another $2,100 per year to maintain it, given that it takes some ten minutes to retrieve and re-file each piece of paper when needed. Not to mention the additional costs related to the 3% of documents which are misfiled, and which can only be retrieved at a further cost of about $120 per document!"

*-Jim Carroll "Paper Power: So Low Tech-and So Entrenched"*

If the above isn't enough to give you pause, the Society of Human Resources Management estimates that 60% to 80% of the time spent by human resources (HR) staff is devoted to repetitive administrative tasks, including answering common employee and management questions and retrieving information. Consider the money that could be saved and the speed at which employees could get information if many of these documents could be retrieved electronically. Fortunately, a host of technologies has emerged in recent years to automate and make paperless many common HR and payroll tasks.

Technologies that Make Paperless Payroll and HR Possible

The paradigm shift to electronic document creation and distribution accelerated when technologies became available that convert paper documents and electronic data into the proven industry-standard PDF (which can be viewed with the ubiquitous Adobe Acrobat Reader). Small document file size is key in electronic document distribution systems, and the relatively small size of PDF files--even when fully formatted with graphics and rich text--make them ideal for archiving, emailing, or downloading through a secured Internet portal.

INTRODUCTION

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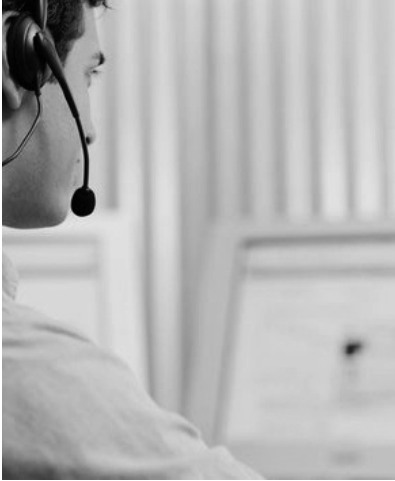
Using PDF technology, employees can quickly receive or retrieve vast numbers of fully formatted HR documents, and PDF files can be fully password-protected at the moment of creation, making them secure from all except the intended recipient.

The capabilities of PDF and the existing communication infrastructures of corporate intranets and the Internet have been integrated into a variety of innovative technologies that make many payroll and HR tasks automated and paperless. These include technologies that do the following:

- Capture spooled file and other data streams from back-office applications (e.g., accounting and financial software) and then parse or collate this information into a meaningful document

- Overlay graphics and rich text to maintain the look and "feel" of familiar printed documents

- Transform the collected and formatted data into a compact PDF document

- "Look up" employee information from HR databases to determine how a document is to be created and routed to the end user

- Route the PDF document to an email server or Web server based on rules defined within databases

- Define secure Web portals designed to receive, index, and present the PDFs that are routed to them

- Automatically scan inbound, unstructured paper documents and then index them within predefined electronic filing systems

Let's take a closer look at some of the ways these technologies are automating and making paperless various payroll and HR processes.

PAPERLESS DIRECT DEPOSIT

On average, it costs $1.90 per employee per pay period to print and disseminate printed direct deposit payroll vouchers. For a company with 500 direct deposit employees and two pay cycles per month, it costs $22,800 per year just to provide paper direct deposit vouchers!
--National Automated Check Clearing House Association (NACHA)

Interesting Fact:

A direct deposit voucher (or advice) is handled seven to nine times before being delivered to the intended employee. This averages out to an administrative cost of $1.90 per advice.

The wide acceptance in recent years of direct deposit as a means for distributing paychecks to employees has dramatically reduced the time spent by payroll staff and employees alike, yet according to NACHA, a direct deposit voucher (often referred to as an "advice") is handled from seven to nine times before it is delivered to the intended employee. Of course, each time the voucher is handled, there is a cost involved (according to the above quote from NACHA, it costs $1.90 per voucher on average). There are also potential security and confidentiality issues, and the chance of it becoming somehow "misplaced" increases exponentially. On top of this, escalating expenses related to paper, ink, postage, administrative salaries, and finding or reprinting lost documents all contribute to the total cost of providing traditional paper direct deposit vouchers to employees.

Though it is mandated in most states that employees receive detailed payment remittances, the method of delivery has been left to the employer's discretion. In light of the electronic document creation and distribution technologies already mentioned, companies are able to reduce or eliminate printing and mailing costs associated with direct deposit vouchers. Fully formatted PDF versions of the vouchers can be automatically "pushed" to an employee via a password-protected email attachment or "pulled" from a Web server by an employee through a secure SSL connection.

In addition to cost, paperless direct deposit reduces the security and privacy concerns that are inherent with the manual handling of sensitive payroll information: *The fewer people who see these documents, the less chance of a confidentiality violation or identity theft.*

A PAPERLESS DIRECT-DEPOSIT
CASE STUDY

VIACOM

After considerable evaluation, Viacom, Inc., one of the world's largest media companies, chose a paperless direct-deposit solution to create electronic vouchers for its 20,000+ employees who opt for direct deposit. The solution Viacom chose intercepts selected spooled files generated by its payroll software, separates the data by employee, and transforms this information into individual 12 to 16 Kb PDF documents that are formatted exactly like the printed version, complete with company logo and rich text. These PDFs are then automatically routed by email to the appropriate employee using the email address specified in each employee record in the HR database.

During the first year, this solution saved Viacom tens of thousands of dollars by dramatically reducing the number of hours needed to process payroll, as well as eliminating the paper, printing, and postage normally needed for direct-deposit vouchers. Along with cost savings, Viacom realized improved security and confidentiality.

For Viacom, the initial rollout of paperless direct deposit was so successful that the company mandated this method of delivery for all newly acquired divisions, but a problem quickly arose because one division has email servers outside of Viacom's firewall structure. Because of Viacom's security and confidentiality requirements, sending electronic direct-deposit vouchers to email addresses on these servers wasn't an option; therefore, a solution was implemented to port PDFs of direct-deposit vouchers to a secured Web site where employees can log in at their convenience from any Internet browser (using a special log-on and password) and see a listing of their recent direct-deposit vouchers. When the user clicks a payroll date, he or she is shown the PDF of the fully formatted voucher issued on that date, which can be downloaded or printed. Viacom has its own Web server for this purpose, but some vendors of paperless direct-deposit solutions provide secure hosting of these documents for companies that don't want to configure and maintain their own Web server (or do not have the capacity to do so).

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MANY HR DOCUMENTS AND TASKS CAN BE CONVERTED TO PAPERLESS PROCESSES

Types of Forms that can be archived:

- Attendance Records
- Tax Forms (W-2, W-4, 1099)
- Benefit Claims forms
- Employee Handbooks
- Resumes
- Employment Applications
- Appraisals

...and many others!

HR departments can create on-demand, online "self service" portals where employees may view pertinent HR-related information and announcements. Instead of delivering documents, posting notices, or performing endless searches through miles of filing cabinets, an HR administrator may direct an employee to a secure Web portal where documents are securely accessed and where employees can get their questions answered in minutes. This capability saves time for employees and dramatically reduces the time that HR personnel spend answering common questions and locating documents. In addition, HR staff can distribute specialized password-protected internal documents and reports to users by email or through a Web portal without ever physically placing the document on the employee's desk.

Attendance records, tax forms (W-2, W-4, 1099), benefit claims forms, employee handbooks, resumes, employment applications, appraisals, and most forms that require written input can be scanned and then automatically indexed, distributed, and archived according to user or business needs and then made available for rapid retrieval by HR staff or end users. Archived reports may be indexed and searched electronically by keyword, improving access and reducing search time. Beyond the benefits of saving time and paper, companies often realize improved internal customer service, enhanced inter-departmental communication, and significantly increased security and privacy.

ACHIEVING EMPLOYEE ADOPTION OF PAPERLESS HR

Companies and organizations have expressed many reasons for resisting the evolution toward a paperless HR department. The most common reason is employee access. While 61% of U.S. employers who responded to a recent NACHA survey believe the time is right to begin using paperless HR processes, 45% stated that most employees had no access to the Internet or email, which prevented company wide implementation of a paperless HR solution.

One way that companies are addressing this issue is the installation of secure, private, durable "kiosk" computers that are placed in common areas within a company. These kiosks only allow viewing and interacting with the secure document portal as defined by the organization's HR department, and they typically have vision barriers to prevent others from viewing confidential information. In addition, most are equipped with a security mat or a proximity switch that recognizes when an employee leaves the kiosk area, causing the browser to automatically reset to the login screen in order to prevent anyone other than the intended audience from viewing the information.

![RELYCO — THE SPECIALTY PAPER EXPERTS]

ANCILLARY BENEFITS OF PAPERLESS PAYROLL AND HR PROCESSES

Along with all the aforementioned benefits of going paperless, there are even more viable reasons for implementing a paperless HR solution.

- *Improved employee retention* -- Automated document access makes a company more attractive to good employees because it helps people do their jobs more efficiently. Since documents can be accessed and processed from anywhere, a company can offer telecommuting options that make an employer more attractive.

- *Increased employee productivity* -- Because the time needed for physically storing, searching, retrieving, copying, sending, and replacing/refilling is eliminated, employee productivity is greatly improved.

- *Increased accountability* -- Electronic documents build employee accountability by establishing document access rights, document access tracking, and electronic document routing in a monitored work-flow environment. They also increase a company's corporate accountability through secure document retention and the knowledge that records can be fully recovered in the event of a system failure or disaster (when appropriate disaster recovery technologies and strategies are in place).

- *Compliance protection* -- It is a requirement for many companies to quickly produce HR and payroll documentation in order to comply with auditors and a growing number of government agencies and policies (OSHA, HIPAA, EPA, etc.). Depending on the business, there can be legal ramifications for failing to retain (or even destroy) particular documents. Ensuring access to electronic versions of these documents can make it significantly easier to comply with these regulations as they are more quickly accessed and managed and more easily secured and protected.

- *Environmental friendliness* -- Electronic documents can dramatically reduce a company's paper consumption as well as reduce paper waste.

NOW IS THE TIME - HOW CAN
RELYCO HELP?

For more than 20 years, *Relyco* has been a leading provider of Payroll solutions—including laser MICR printers, laser MICR toner, check stock paper, electronic payroll, tax solution forms, and check-writing software—to resellers, corporations, government agencies and institutions around the world. Importantly, *Relyco* offers a complete range of solutions; you choose the solution to meet your specific security, performance and capacity needs to fit your budget.

Relyco has been a pioneering force in the industry, with continuous research into fraud prevention strategies and new form technologies, as well as membership in the ANSI ASC X9B check processing committee.

Relyco solutions have undergone extensive testing to meet our stringent quality requirements, and we are proud to guarantee the performance of our *Relyco* solutions when they are used in conjunction with Paperless HR and payroll services. Paperless HR and payroll processes are proven, are quickly implemented, return a fast ROI, and free up a company's employees to do higher value tasks.

 To learn how *Relyco* can help you implement a secure, high-performance, cost-effective Payroll solutions to meet the unique requirements of your organization, call **1-800-777-7359**, email info@relyco.com, or visit us on the web at **www.relyco.com.**

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