

Ten Reasons Why Application Hosting Makes Sense for Your Organization

**IN-HOUSE CONTROL, OUTSOURCED CONVENIENCE:
THE MOST EFFICIENT WAY TO MANAGE HUMAN RESOURCES AND
PAYROLL**

PRESENTED BY:



Ultimate Software

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INTRODUCTION

Today's market demands a focused and strategic approach to business. Many businesses are using this challenging time as an opportunity to streamline their processes and focus on strategic initiatives. An HRMS/payroll solution, like UltiPro Workforce Management, is a proven way to help accomplish these goals. UltiPro can reduce costs, improve efficiency, and impact revenue through employee satisfaction. UltiPro manages every phase of the employee life cycle, from recruitment through retirement, and provides business intelligence tools to help you see the strategic significance of your data.

UltiPro is right for your business, but the effort of maintaining an HRMS/payroll solution may not be. For many organizations, the price tag for these items can be staggering, leaving cost-conscious companies who have limited IT resources and need to focus on their core competencies searching for alternative solutions. For businesses to take advantage of the new technology and advanced software solutions, there is typically a requirement for an intricate IT infrastructure and advanced internal skills to maximize the return on investment for systems purchased.

The obvious choice is Intersourcing, Ultimate Software's application hosting solution. An application hosting solution, like Intersourcing, enables companies to receive exceptionally functional applications and focused business services via the Web while someone else – an Application Service Provider (ASP) – worries about managing and supporting the system. In fact, application hosting is such an appealing choice that Gartner Dataquest, a division of Gartner's Research & Advisory Services, predicts the ASP market will hit \$2.7 billion this year and \$22.7 billion by 2003. That's a five-year compounded annual growth rate of 91 percent. The reason: it's the logical way for organizations to acquire solutions that will drive their business forward without an outlay of up-front cash.

According to Karen Moser, senior research analyst for International Data Corporation (IDC), "*The Financial Impact of ASPs* study, recently conducted by IDC, shows that application hosting customers have measured significant bottom line benefits from ASP services with more than half the organizations interviewed experiencing an ROI greater than 100%. This is consistent with IDC case studies conducted with three Ultimate Software hosting customers, who reported ROI percentages ranging as high as 188%”

Now you can experience this sort of return on investment without a large, up-front cash expenditure. With the latest version of UltiPro, Ultimate Software introduced value pricing of \$5.00 per employee/per month for customers that take advantage of Intersourcing. Ultimate Software has joined forces with one of the preeminent data centers in the country to deliver comprehensive HRMS/payroll functionality, cutting edge technology and the Internet without a requirement for in-house IT support, freeing customers to devote more time to their core business.

The Intersourcing Model

Intersourcing is an innovative solution for those businesses that wish to simplify their computing operations and have access to an award-winning workforce management solution with state-of-the-art technology – at an affordable monthly price. Offered by Ultimate Software in one of the nation’s premier data centers, Intersourcing provides in-house control with outsourced convenience. In short, it’s the most efficient way to manage your company’s human resource and payroll-related functions, plus get executives, managers, supervisors, administrators and employees connected through a Web portal.

In-House Control. With Intersourcing, your company receives all of the benefits associated with an in-house workforce management solution. Ultimate Software’s award-winning UltiPro Workforce Management provides comprehensive human resource and payroll functionality, decision support capabilities and the business value of the Internet – 24 hours a day, seven days a week. This means you can run your company’s payroll according to your own schedule, not one dictated by a service bureau. Managers and human resource and payroll professionals are able to use business intelligence tools – within the system and over the Web – to analyze key business statistics and data on employee ratios and trends real-time. Plus, they can run and customize their own reports whenever they need them. These features result in reduced administrative time, decreased costs, increased empowerment, streamlined workflow and convenient anywhere/anytime access to information.

Outsourced Convenience. Intersourcing enables your company to achieve in-house control without having to overcome the operational challenges and complexities of implementing new technologies. This is because Ultimate hosts your solution for you in an application hosting model known as Intersourcing. Unlike traditional service bureau-outsourcing models, Ultimate installs the software and manages your entire system in a remote facility. With Ultimate Software as your IT experts, you don’t have to be a system expert, and you have full access to and control over your HR and payroll functions. The convenience of relying on our expertise eliminates the hassles involved with planning and implementing a new business system, plus, enables you to get the leading workforce management solution up and running – quickly and economically. Put simply, application hosting is Web-centric workforce management handed to you on a silver platter.

The Intersourcing Market

Intersourcing is ideal for companies that want to focus on their core competencies to increase sales and profits, create and maintain a competitive advantage in their market, provide high levels of customer satisfaction, and offer quality products and services. Intersourcing enables your company to meet its key business requirements because it gives you freedom from system maintenance responsibility. In-house control and outsourced convenience means you don’t incur the expense of running an ever expanding IT department or have the headaches associated with playing the role of a technical systems integrator.

In today's market, it is more important than ever for companies to focus on increasing sales and profits, creating and maintaining a competitive advantage in their market, providing high levels of customer satisfaction and offering quality products and services. Intersourcing enables your company to meet its key business requirements because it gives you freedom from system maintenance responsibility. In-house control and outsourced convenience means you don't incur the expense of running an ever expanding IT department or have the headaches associated with playing the role of a technical systems integrator.

Without the need for you to allocate or hire internal IT resources, our experts set up, configure and manage the hardware and supply third-party system software necessary to leverage the Internet. Ultimate Software provides Web-based applications including eManagement, eEmployee Self-Service and a Web portal for human resource and payroll professionals, managers and the employees they support. Ultimate Software's Web portal offers easy access to value-added human resource services and products, such as online recruiting services, background checking and training programs, that enhance and complement UltiPro's Web functionality including the eManagement and eEmployee Self-Service features.

The Benefits of Intersourcing

There are many benefits for companies that take advantage of Intersourcing. In addition to having in-house control without the challenges associated with implementing new technology, Intersourcing allows you to spend time doing what you do best – focus on your business initiatives. Of the many reasons to use Intersourcing, the top ten are:

1. To improve company focus
2. To gain access to world-class capabilities
3. To reduce financial risks
4. To free non-capital resources
5. To make capital funds available
6. To reduce operating costs
7. To increase cash infusion
8. To compensate for lack of internal resources
9. To remove difficulty of managing IT function
10. To expand business management options

Reduced Capital Expenditures. No up-front cash required is the motto of Intersourcing. Ultimate Software has created several financing options, including a leasing model for the software, hardware and network services that does not require a substantial cash outlay. You can now also take advantage of a value pricing of \$5.00 per employee/per month. Like outsourcing, Application Hosting allows you to avoid large startup expenses and better manage your cash flow by making monthly payments. Unlike outsourcing, however, this unique "pay as you go" pricing structure gives you access to comprehensive human resource and payroll functionality and reporting ability 24 hours a day, 7 days a week.

Intersourcing saves you money in other ways too. The reduced up-front technology investment enables you to redirect funds toward other aspects of your business. And because the contract is a lease that locks in a monthly price, you eliminate having to purchase up-to-date hardware, software and networking equipment and the need to contract or hire any personnel to handle technical complexities. Instead, you can create an IT plan based on consistent resources and costs.

Lower Total Cost of Ownership. When selecting a business system as important as a workforce management solution, it's important to weigh all of the costs associated with purchasing and maintaining software and hardware in-house versus the in-house control, outsourced convenience of Intersourcing.

Intersourcing, which bundles the application software, the server hardware, the operating system, the personnel to manage the server and network, maintenance and support costs, drastically reduces the price per user/per month over the life of the contract. In addition to a lower total cost of ownership and the ability to redirect reduced IT investments to other aspects of your business, Intersourcing provides soft dollar savings, such as less space required for hardware and employee support, training for your support people and hiring costs.

Focus on Your Core Competencies. Your first priority is growing your business. And, Intersourcing allows you to do just that. When you host your HRMS/payroll, Ultimate Software handles all of the technical issues associated with implementing, maintaining, upgrading and supporting a comprehensive, feature-rich workforce management solution that takes advantage of the latest technologies and the Internet. You receive the business value without having to worry about the ongoing expenses and personnel resources needed to support the software and its underlying infrastructure. In other words, you spend your time concentrating on strategic initiatives to grow your business.

Investment Protection. The fact that the lifecycle of technology today is often measured in months poses real concern when purchasing a business system. Intersourcing eliminates the risks associated with changes in technology and skills obsolescence. Your technology investments are protected and you escape the challenge of keeping pace with the technology curve because you are provided state-of-the-art hardware and management services as well as comprehensive system support. Your workforce management software is refreshed routinely. In addition, with Ultimate Software as your IT shop, you don't have to worry about ongoing IT training due to turnover of in-house technical skills.

Reduced Costs Associated with Hiring and Retaining IT Staff. It's in the news everyday. The shortage of IT resources is a serious problem — with no end in sight. IT turnover is another problem. The cost of replacing an IT worker is estimated at one and a half to two times the annual salary. Placement fees take up 20 to 30 percent of that figure, sign-on bonuses for hot skills eat up another 10 to 20 percent, relocation costs take another cut, and the balance goes to other perks and incentives. In addition, IT salaries play a role in staffing problems, with an average of 20 percent annual increases compared to 4 percent for non-IT salaries.

Intersourcing removes these difficulties associated with managing the IT function in-house. With Ultimate Software as your IT department, you don't have to worry about:

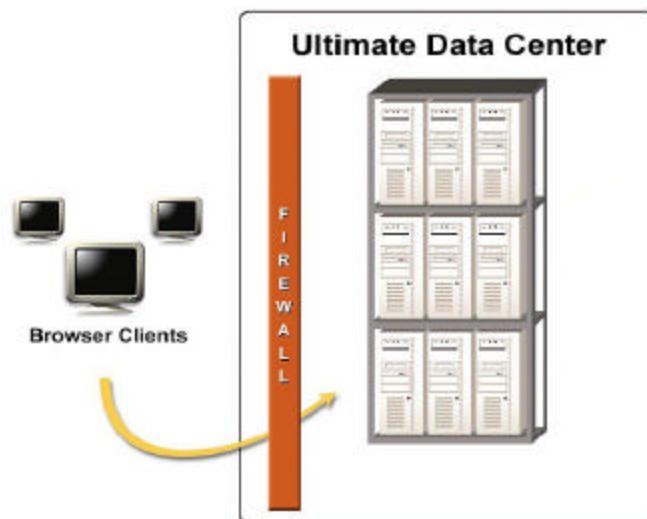
- Hiring an expensive technical support staff
- Ongoing training of a technical support staff
- Continuous recruiting of technical skills due to high turnover rates and shortage of IT skills (It is known that employees who obtain expertise during an implementation project frequently leave an organization to make twice the salary at their next employer – often a consulting firm)

And because you can lock in a monthly price with Intersourcing, you are able to create an IT plan based on predictable and consistent IT resources and costs.

How Intersourcing Works

Intersourcing enables the professionals in your company to spend their time working with data, not figuring out how to manage it. Ultimate Software houses your company information in a state of the art, secure, hardened data center on dedicated servers and loads, manages, configures and supports all applications. Ultimate Software also proactively manages the hardware and software using automated remote management technologies. You get all of the hardware, system software, technological expertise, dependable security, reliable facility, backup systems, system setup and ongoing maintenance you need to leverage the maximum potential of Ultimate Software's UltiPro solution and the Internet.

The following represents a simplified overview of the Intersourcing model:



What Does Ultimate Software Do for You?

Under the application-hosting model, Ultimate Software performs the following functions:

- Server installation and management
- UltiPro installation
- Upgrade assistance
- Login management
- Hardware maintenance
- Backup and recovery management
- Capacity planning
- Application performance tuning
- Inventory management
- Server monitoring and management – 24 x 7
- DBA support

World-Class Service and Support

Single Point of Contact. Intersourcing eliminates the hassle of dealing with multiple vendors for service and support. No matter what the issue – software, hardware, network, operating system – Ultimate Software is your Single Point of Contact for customer satisfaction. When you need product assistance, you simply make a toll-free call to Ultimate Software’s National Support Center, where experienced, Certified Payroll Professionals (CPP) and professional service experts are available to help you resolve your issues. Ultimate Software’s Support Center experts will also work to resolve any problems that are not software-related. You make only one call.

In addition to saving time associated with playing systems integrator and dealing with multiple vendors, Intersourcing’s Single Point of Contact approach provides you with ready access to a pool of experienced information technology professionals without the associated expense of hiring, training and retention. Ultimate Software’s National Customer Support Center team has:

- An average of over 14 years service and support experience
- Each Support team member is a Certified Payroll Professional (CPP)
- In 2001, for the third year running, received the prestigious Support Center Practices re-certification for meeting stringent standards of high-quality customer support
- Ranked with the highest level of customer satisfaction among HR/payroll solution providers in The Institute of Management and Administration's Year 2000 Payroll Technology Satisfaction Survey

Airtight Security. Your company’s data is critical and must be protected under all circumstances. For this reason, Intersourcing provides many layers of built-in protection.

With its UltiPro Workforce Management solution, Ultimate Software delivers a number of security features designed to protect the integrity and privacy of the human resources and payroll data the system manages. This is done through application-, database- and Web-level security built into the software.

Ultimate Software’s solution provides security features designed to guard customer data in transit and help prevent unauthorized access to information assets. Standard features include layers of redundancy, duplicate network operations control centers and user terminal authentication. All data is hosted at a secure site, backed up regularly and frequently checked for viruses using secure-network connections to ensure privacy of data. Unlike a local server, Ultimate Software’s hosted servers are protected against fires, natural disasters, power outages, sabotage or theft.

Summary

Award-Winning Workforce Management Solutions. Ultimate Software pre-delivers in the software 98% of the calculations that most customers need for earnings, deductions, benefits and Paid-Time-Off plans – “out of the box” with no customization needed. UltiPro Workforce Management focuses on improving your business by giving you total control over your payroll and HR processes, enabling you to automate and streamline these functions to improve efficiencies and reduce administrative costs. UltiPro also helps you boost your bottom line by increasing employee satisfaction. It includes as a standard part of the core functionality a company *Web portal* that allows you to improve service to your employees, provide better communications, and delivers a central place for company-related activities. The Web portal benefits everyone in your organization with access to company and personal information for employees, eAdministration for managers and administrators to perform routine HR functions, and strategic reporting for executives to analyze business trends.

UltiPro Workforce Management is designed to address the most critical business needs. UltiPro has all the functionality needed to manage every aspect of the employee life cycle in one place. A comprehensive workforce management solution, UltiPro delivers strong HR functionality tightly integrated with the industry’s leading payroll engine, rich reporting and analytical decision-making tools. UltiPro streamlines HR and payroll processes to significantly reduce administration and operational costs. UltiPro offers complete control over and immediate, 24x7 access to real-time data on employees, for evaluation of employee performance reviews or benefits choices, or review of employees’ pay, reimbursements or deductions, and more.

UltiPro runs payroll and expertly handles all the intricacies of employee and job details with a powerful backoffice engine for HR/payroll staff. And, for tasks that need to be completed remotely or by staff outside the HR and payroll departments, UltiPro’s Web portal offers value to every person in the organization. A gateway for communicating with the entire workforce, UltiPro’s Web portal provides immediate access to important information as well as powerful tools for managers and administrators, and built-in workflow to streamline standard business processes. Managers, administrators and executives can access staff information, strategic reporting and processes, such as new hire information, even when they are traveling. The general employee population can access their important personal information, such as paycheck and benefits information, as well as company information like handbooks, healthcare claim forms, 401(k) enrollment forms and company news. The portal improves communications and overall satisfaction by making all of the company’s important information available in one central location.

In-house Control, Outsourced Convenience. When you list your key business requirements, growing your business, increasing profits and remaining competitive in your marketplace are at the top of your list – not running a computer installation and worrying about the day-to-day activities associated with monitoring the network and maintaining the system. With Intersourcing, Ultimate Software eliminates your IT worries and helps you meet your organizational

goals. The in-house control and outsourced convenience of this innovative solution mean simplified computing operations, access to an award-winning workforce management solution with state-of-the-art technology and a clear path to e-business at a predictable and affordable price. It's the most efficient way to manage your company's human resource and payroll-related functions, get connected to the Internet, save money and find the time to do what you do best – focus on your core business.