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Timerack – providing Automated Timekeeping that Reduces the Time Spent Preparing Payroll and Payroll Errors



Adam Day
President & CEO

Timerack
<https://timerack.com/>

Contact:
Adam Day
951-284-1500
aday@timerack.com

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Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine

"We follow three tenets internally Listen, Adapt and Serve." Adam Day

CEOCFO: *Mr. Day, the first thing I see on the Timerack site is "We deliver work life harmony for businesses." How so?*

Mr. Day: Great question Lynn, first we must look at what is work life harmony. Work life harmony is the balance of an individual's efforts focused between work and personal interests. The number of job changes between the most active generations (Baby Boomers, Gen X and Gen Y 'Millennials') are trending higher due to many factors. One of those factors, I believe, is loyalty previously focused at employment is shifting to loyalty of personal experience, this leads to individuals looking to support their quality of life over who they work for and how long. This is changing how employers court and retain the generational workforce. The reality is we all want work life harmony but the priority of the life component is what has slowly risen to prominence.

Our contribution to fostering work life harmony is by providing software that adds efficiency to the employer's process which benefits those employees that are chartered with payment of employees and adding consistency to the worker's experience by applying company policies in a consistent and reliable manner.

From the employer perspective, payroll is one of the most important areas in keeping employees happy. Previously being in the payroll processing business I can tell you, by no obvious surprise, if an employee's check is wrong there can be irreparable trust broken. This often occurs when the processing of employee's time each pay period is calculated manually by the payroll/HR department. It is fraught with

human error and very labor intensive. We must remember these individuals in this department are employees too and desire work life harmony. Payroll/HR departments are often staffed minimally because they are not revenue generating departments, but they are critical to the success of the workforce.

From the employee perspective, employees want to know their time spent working is calculated properly per the employer's policies and procedures. They understand there are pros and cons (in their perception) to automation. The pros include consistent and unbiased calculation of their pay, while the cons, in their view, is stronger accountability.

Timerack provides automated timekeeping to add efficiency and consistency to the employer's payroll process by reducing the time spent preparing payroll from hours to minutes per pay period and reducing errors in payroll. The American Payroll Association estimates that human errors from manual timecard preparation equate to 2%-8% of the payroll cost. Automation removes the human calculation errors often paying for our system and giving the employees in payroll stress relief.

CEOCFO: *What are some of the challenges in getting the rules that may seem very clearcut on paper, to being understood and followed?*

Mr. Day: The difficulty is that the rules on paper are very flexible. You can write whatever you want. As long as it makes sense, you can logically follow it. When you try to implement that rule/policy into a system, that applies that rule/policy consistently without prejudice, this is where complexity can be interjected. Our job is to take those rules/policies and translate them into our system, there have been times we have had to consult with the customer to evaluate modifying their policy because the policy was too subjective or we did not have the data in the system to properly implement. Often times they typically grin and say I understand, this was the way it was always done. Sometimes they even thank us because of the effort required to calculate the way it was written.

CEOCFO: *Would you give us an example?*

Mr. Day: Sure, let's take a look at PTO/Vacation/Sick policies. This is an area that we see the most creativity often times because of the stage of the company, in early stage it may be fluid to attract employees while at larger enterprises very structured because of the cost exposure. Traditionally, it is very common that employees earn X number of hours for every pay period they work. Let's say an employee earns 5 hours per payroll, and they reach a maximum accrued hours Y based upon their years of service and they can carry over only 120 hours into the next year. That is very consistent and repeatable. What we are seeing in today's new organizations, to accommodate the new modern workforce, are very creative. One example, might be that employees can use 2 weeks on a rolling 90-day period. Therefore, every 90 days to look back, I can take up to 2 weeks in that period. This type of policy often will be difficult to implement because most policy engines only support developed options via the user interface, so custom development would be required or the company may place a couple of modifications such as defining the 90-day periods versus being rolling.

Based upon our history in the space, our next generation platform coming in 2023 is incorporating a complete rules engine that will allow us to accommodate nearly any request without requiring custom development. This has work life harmony not only on our customers and employees but our company too, we strive for work life harmony as well.

CEO/CFO: *Are organizations recognizing they have problems? Do they realize there is a solution? Do people know that Timerack exists, or even the concept of being able to fill in the gaps?*

Mr. Day: There are systems out there, and people are aware of them in most cases. However, there was one instance last year that our prospect had no idea such options existed. There are hundreds of time and attendance systems in the market. Finding the one that fits your organization is sometimes the challenge, and there is often a blend between the automation and implementation of the system, some processes may remain manual, just because company X does something completely different than anyone in their industry. The automation of the payroll process alone drastically can reduce the time spent preparing and processing payroll from hours down minutes. The savings achieved from reducing payroll labor, human error and employer compliance risk return many times over any investment.

One area addressed directly is also the issue of buddy punching, employees punching in for others. The work efficiency and dollars lost from someone punching in for another employee is often recovered in these automated systems. We offer biometric solutions via fingerprints, facial recognition, and palm recognition. We also offer picture capture on mobile and kiosk. Solving for this issue alone typically provides an exponential ROI for implementing a system.

CEO/CFO: *As there are more nuances, are big companies looking for better ways? Are they looking at so many other things today that this does not quite get the prominence it should, or the attention it should?*

Mr. Day: It gets a lot of attention. It typically gets attention when the company recognizes that they, let us say, potentially have an issue with buddy punching. If the issue is big enough that it catches your eye, it is probably 10 times larger than you believe it is.

When these pick-up steam and someone recognizes it, these systems will often pay for themselves, or essentially be free because of the payroll savings they recapture through automation. However, it takes that person who is willing to modernize. If the companies are modernizing, this typically gets attention.

Ironically, time and attendance and data capture has been around since we have started paying employees, but it is still a less than 50% penetration in the SMB marketplace that automate these processes.

CEO/CFO: *If someone decides to use Timerack, how is it individualized for them? What are you providing and what does your client need to do? Would you tell us how Timerack works?*

Mr. Day: We are a white glove service. Companies have a lot going on internally, as it is already. We view ourselves as a partner and extension

of their organization, so once a company says, "We would like to move forward with Timerack," we take their rules and implement them into our system on their behalf. They do not need to become experts in our system. We are the experts. We take the rules, build it, and deliver them an operational system, tailored to their rules.

We provide training, and then they in turn train their employees how to utilize the system through the methods they have chosen to implement, be it biometrics, mobile, web or badge. Their goal is to spend less time calculating payroll.

CEOCFO: *Are the payroll people typically on board? Might they be a bit threatened?*

Mr. Day: It is an interesting question. It is probably not 50/50. Payroll people are always overwhelmed, because it is a non-revenue generating function, so it is usually a very thin department. However, they also feel like that fills up a lot of their time, and their concern is that if that time is freed up, are they potentially replaced. We never advocate for reduction in staff

We often recommend reallocating them to revenue producing activities in the organization. They might be able to reallocate someone from payroll over to accounts receivable. Others find it extremely illuminating, because they have recaptured a lot of their time and work back. Where they are overworked, we serve as a full-time employee equivalent for them.

CEOCFO: *Are companies surprised at what Timerack can actually accomplish?*

Mr. Day: It depends on what their prior system was providing for them. Customers often become evangelists for Timerack because of the time savings we typically provide back to administrative personnel. In our staffing clients, many times their client is requiring data on a daily or weekly basis in a particular format or report. Our ability to automate that function provides huge value and many times it comes as a surprise to our customer the agency that it could be provided so easily and quickly.

CEOCFO: *Are there industries where you are able to garner more attention or make more inroads than others?*

Mr. Day: We have a very strategic focus on the staffing industry, the contingent workforce. We have formalized integrations with several platforms that serve the staffing industry, some of those include Avionte, COATS, Greenfield TempServ, and Carvin Software. There are less than a handful of time and attendance systems that accommodate placement management in their systems. Placements are employee specific so if an employee is charged against an incorrect assignment, it exposes the agency to incorrect payroll and billing.

Think of placements as a support ticket. I am in a system and I have support ticket 1234, if I pull that up, I know everything about that incident, the company, the contact, the details. Placements for staffing agencies are very similar. A placement identifies the customer, the employee, the pay rate, the bill rate, order and often other bits of data. Agencies invoice customers based upon the hours worked so not only do incorrect hours impact my employees, it now impacts my customers.

They need to make sure billing is correct for customer satisfaction, and payroll is correct for employee satisfaction.

CEOCFO: *How do you reach out to potential customers? You were at Staffing World. How do you gain attention at conferences, when there are many people with many products that they want everyone to see?*

Mr. Day: We do the traditional marketing channels but as just discussed we have taken industry specific problems and provided solutions to those problems. We have also built strong relationships with several staffing platform providers in this space, who do not provide time and attendance, or their clients need more of an advanced solution. Therefore, we currently have integrations with several different ATS staffing agency platforms. Those relationships are very good referrals for us, we are a very channel driven organization.

CEOCFO: *How is business?*

Mr. Day: It has been great! We are finding ourselves in a very unique spot. The niche that we play in with the staffing industry is a real white space. We acquired the company in May of 2020, right at the beginning of Covid, a perfect time for a business acquisition, and fared fairly well. That is because many employees, especially staffing and temporary agencies, were still working. The numbers went down some, but we partnered with our clients, and now we are really seeing an uptick this year.

In 2023, we are launching a new generation of the platform, and are very excited about that, because we are digging in even deeper, to the staffing industry. We have listened to our customers over the last 24 months and are positioning ourselves to solve more of their problems which will provide great efficiency. Sadly, I cannot say just yet what some of those problems are but follow us in early 2023 as we kickoff teasers.

CEOCFO: *What surprised you as Timerack has grown and evolved to where you are today?*

Mr. Day: I think the speed of play. You see an industry that appears rather mature and discover that the players in that space do not seem to be keeping pace with today's technology. It has forced us to rethink how we develop software. To remain relevant is critical today, because of the speed of technology. We feel very good about our future heading into 2023.

CEOCFO: *What do you focus on as CEO?*

Mr. Day: Being a small technology company, I am very active in many areas, because I like to stay close to the customers. I actually sit on the support desk occasionally, and reply to tickets for fun, to see what our clients are experiencing. In the first two years I spent a lot of time in the business and very little time on the business. As of summer 2022, I am spending more time on the business versus in the business which is allowing me to take a more strategic vision to the next 1, 3 and 5 years.

I am very engaged in the entire experience. The only way to do that is not to sit in a tower, but to be engaged and active, and just like we have employees internally, I want to see what their experiences are.

Therefore, I sit in nearly every seat of the business, at some point, each month.

CEOCFO: *Why pay attention to Timerack? Why do we need Timerack?*

Mr. Day: There are several reasons. We follow three tenets internally Listen, Adapt and Serve. They are as simple as they read. We *Listen* to our customers; it does not matter if we can build a rocket if they do not need a rocket. We *Adapt* to our customers, markets, technologies, whatever...the only guarantee in life is change and you must adapt or die. We *Serve* our customers and the serve leads us into our next differentiator. We view ourselves as a partner not a vendor. What does that mean? Partners are when both organizations benefit from working collaboratively to deliver a superior experience, a vendor is often an interchangeable product that is commoditized and is not collaborative.

