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HR BPO Lends a Helping Hand

AmerUs Group's transition from multiple HR service providers to comprehensive HRO allowed us to focus on value for our internal customers and cost savings. *By Doug Owens*

For more than 100 years, the companies of AmerUs Group have been providing outstanding service to help our customers achieve their financial and personal goals. But outstanding service doesn't just happen. In order to ensure it, AmerUs Group must continue to take care of one of its most valuable assets—the people. In an industry that is consolidating, this has not always been easy. Nevertheless, we have developed a reputation for staying one step ahead of the curve.

Our HR department is no exception, although they have faced multiple challenges, including major fluctuations in headcounts due to explosive internal growth, numerous acquisitions, and strategic realignment. These fluctuations have led to some key HR issues that we had to resolve, among them appropriately staffing internal HR to support the changing employee headcount and the demand for low-cost but high-quality services.

For years, we had been outsourcing pieces of our HR function to different providers and attempting to streamline our services to lower our expenses. Because of this focus on expense and our decision not to invest in frequent technology upgrades, both employee and retiree services suffered. We knew we had outgrown old relationships and needed to integrate and improve our HR business processes across the board. We needed a partner who could provide all of our services and take the HR technology to the next level.

Until recently, we had few options. But by last year, we knew that full-service HR business process outsourcing (HR-BPO) providers were beginning to serve companies like ours. We knew that enhanced Web-enabled technology was now available and that a few full-service providers were delivering it. Knowing that today's HR-BPO providers have transformed themselves from a wide range of backgrounds and experience, we documented the detailed requirements that our new provider must meet. In the end, we determined that we had five critical selection criteria:

1. Experience—Seasoned HR professionals, with fully capable HR information systems, and proven HR business processes in place.

2. Flexibility—HR services customized to our needs, with flexible business processes, people, and systems, and the ability to handle our headcount fluctuations.

3. Quality—Compatible HR services that met our requirements and had specific, measurable

performance metrics.

4. Service—The focus to care for us as if we were the provider's most important customer. We wanted dedicated transition and service-center teams, branded employee service centers for personalized support, branded and Web-enabled employee self-service capabilities, and more.

5. Value—The depth and breadth of the employee care services for the price. Predictability of cost is a key factor for us to avoid add-on charges that have not been budgeted. We needed a detailed scope of services for an all-inclusive cost per employee.

With our five criteria documented, we issued a request for proposal to the top dozen providers in the market. After an extensive due diligence process, AmerUs Group selected PlatformOne, contracting for a comprehensive HR-BPO solution.

PlatformOne differentiated itself as superior under every selection criteria. With their heritage as a professional employer organization for almost 20 years, they have a long history as an HRO provider. PlatformOne delivers proven HR business processes and expertise with a dedication to managing individual clients. Included in the single monthly service charge, our new program includes immediate access to a quality, top-tier HR information system. AmerUs Group and PlatformOne personnel alike have real-time access to integrated payroll, benefits, and employee HR data records.

Entering this project, our goal was to increase employee service levels and employee satisfaction, while decreasing overall cost of HR transaction delivery. By transitioning to a comprehensive HR-BPO solution from a single provider, we have accomplished this goal. We have eliminated transaction-level services from multiple vendors and formed one strategic partnership. The resulting consolidation of outsourcing fees into a single predictable fee, along with select staff reductions, has allowed us to reduce our monthly operating budget by \$15,000. We have an immediate ROI, as of the first month we go live in April 2004. Equally important, our new relationship with PlatformOne provides us access to HR information systems, Web-enabled employee self-services, and branded, personalized HR service centers, with a more efficient use of our corporate capital. For us, PlatformOne is our best value in the marketplace for comprehensive HR BPO. HRO



Doug Owens is Vice President of Compensation & Benefits for AmerUs Group Co.

WH Smith Divests Its US-based Hotel Gift Shop Business

Newly formed Travel Traders Ops for Lean HR Infrastructure, HR-BPO solution

WH Smith PLC is one of the UK's leading retail groups. With 1,464 stores worldwide, 30,747 employees in 12 countries and sales of some £2.9bn, the Group incorporates market-leading companies in retail, publishing and news distribution.

For years the WH Smith brand name has been well known to the US traveler. WH Smith's US-based businesses were launched in 1985 when it purchased Elson's, an airport concessions business operating in Atlanta. Until recently, its Travel Retail business managed the operations of 485 news, gifts and specialty retail stores, located in airports, hotels and resorts across North America, reaching over 400 million travelers annually.

In September 2003, WH Smith PLC announced the sale of its two US businesses - its US airport retailing business and its US hotel retailing business. The hotel business is being sold to its former senior leadership team for £8m (\$12.5m). Travel Traders, the new company formed to acquire the hotel business assets, will consist of 280 stores in hotels across 35 states in the continental USA, Canada, the Caribbean and Hawaii. Travel Traders will become the operator of hotel gift stores for the nation's leading full service hotel companies, such as Hyatt, Hilton, Starwood, Wyndham and Marriott hotels and resorts.

"WH Smith operated profitably in the US market for sixteen years, when a combination of an economic downturn and the terrorist attacks of September 11th moved the businesses from profit to substantial losses," said Richard Handover, Group Chief Executive, WH Smith PLC, when commenting on the proposed sale. In the year ending August 31, 2002, the US Hotels Business generated £83m of sales and the stores incurred losses before central costs of £4m.

Following completion of these transactions, WH Smith will provide transitional services for the US Hotels Business until March 15, 2004, after which its US offices will close. This being the case, Travel Trader's new owners have several near-term imperatives to ensure their success – quickly establishing the new company infrastructure, while cutting operating costs, and continuing to ensure its people perform well and succeed in the organization.

After an exhaustive selection process, Travel Traders tapped PlatformOne as its HR-BPO provider of choice. Effective April 2004, PlatformOne will become Travel Traders' HR back office, handling all its HR transaction processing. In addition to outsourcing execution of its payroll, benefits and HR administration functions, Travel Traders gains access to HR expertise that handle compliance with growing HR regulations. It also enjoys access to leading-edge technologies that allow its 1350 employees to take advantage of HR "self-service."

In evaluating options when formulating plans for their new HR function, Sean Anderson, Travel Traders CEO, made his wishes clear. "The driving force behind all our decisions will be focus on our core business. Concerning HR, Travel Traders must produce better results with less resource. We will outsource every non-core HR transaction, focus on strategic HR initiatives, and gain a substantial competitive advantage in the process."

"Companies like Travel Traders that are resolute in their focus to succeed are the best candidates for comprehensive HR-BPO services" said Greg McMullen, Vice President of Sales and Marketing for PlatformOne. "And pure play providers are best suited to deliver the comprehensive services solution, because it's our sole business."

Based on the company's projections of in-house costs, HR-BPO services will save Travel Traders 30% to 40% from the operating budget. Savings will be realized by avoiding costly investments in HR technology and infrastructure, by minimizing HR staff labor costs, and by eliminating fees from multiple outsourcing vendors used in the past, such as payroll service bureau ADP. The resulting savings will produce a key bottom line contribution for the new entity.

"PlatformOne is pleased to be selected for our HR-BPO services by such a dynamic company as Travel Traders," said Ray Drummond, COO of PlatformOne. "As a business division spin-off, Travel Traders is a perfect fit for PlatformOne's HR outsourcing services. We are excited to partner with Travel Traders to help them achieve their core business objectives, by managing non-core business processes within HR on their behalf."

Knowing the success of its people defines the success of the business, Travel Traders is dedicated to developing individuals to their maximum potential; Excellent customer service, an interest in career development, great problem solving capabilities, and a persistence to the goal at hand are all essential elements for employee growth. The company's remaining in-house HR professionals will focus on two strategic objectives – partnering with the core business to develop the people and skills to meet its goals and managing the HR programs that are critical to success.

NAMPAC Refines its Focus on the Customer

Ensures all of its 1100 plus employees understand their roles in serving the customer – transitions to HR-BPO to help refocus employees on core business

Since producing its first plastic pail in 1967, North America Packaging Corporation (NAMPAC) has earned a reputation for knowing its customers and their packaging problems, and then developing innovative solutions to those problems. Delivering superior value through the skills of its people is the cornerstone of its business.

Today NAMPAC is the principal manufacturer in North America for a wide range of rigid industrial plastic packaging. With ten plants strategically located throughout the United States and Puerto Rico, it has earned its leadership position and success by embracing teamwork and exceeding customer expectations.

To ensure continued success in its marketplace following a management buy-out, NAMPAC executives directed their attention toward some improvements necessary in their business, including business processes. The HR function was included in the review, and the result was a new HR-BPO provider.

“PlatformOne’s services have enabled NAMPAC to significantly reduce the resources we expend on HR technology and administrative services, while better utilizing our human capital to focus on and grow our core business, with added emphasis on higher value strategic HR activities” said Chuck Jenkins, Vice President of Human Resources for NAMPAC. “Traditionally, NAMPAC had embraced the outsourcing of tactical functions such as payroll services with ADP. Today what makes sense for NAMPAC is to create a strategic partnership with a comprehensive partner such as PlatformOne,” Jenkins added.

Prior to management review, NAMPAC had a limited HR infrastructure in place to support its employees, and HR information systems were not integrated. Six different HR outsourcing vendors provided services such as employee hot lines, payroll processing and tax filing, COBRA administration, benefits administration, employee verification, and more. Multiple databases, some controlled by service bureaus, held key HR data. Reporting capabilities were limited, and reports requested from provider databases were expensive and not accurate. Period end postings of payroll activity to the SAP general ledger were manual.

As a result of completing its transition to customized HR-BPO services with PlatformOne, NAMPAC HR professionals are now emphasizing strategic HR initiatives such as employee skills training, staffing and labor analysis and people development. The company has displaced its six outsourcing vendors in favor of a single strategic partnership with PlatformOne. Operating budget savings realized by using PlatformOne’s payroll and technology services approach a quarter of a million dollars annually. Savings per employee approach \$240 a year. Not included in the monetary savings are significant efficiency gains through displacing an old Kronos time and attendance system with the web-based time entry system from PlatformOne.

“Our successful transition of NAMPAC’s HR processes to PlatformOne now enables their HR professionals to focus more on truly strategic HR initiatives to support their core business,” said Ray Drummond, COO of PlatformOne.

For NAMPAC, superior customer care demands a commitment to continuous improvement in its core business. The company’s new HR-BPO services provide their HR department the time to do just that.

About PlatformOne

PlatformOne is an innovator and leader in the delivery of state-of-the art human resources solutions. Evolving over 18 years, PlatformOne offers HR Business Process Outsourcing (HR-BPO) solutions that include payroll, human resources and benefits administration.

Our comprehensive HR solutions, when combined with our world-class people, processes and technology, produce efficient, consistent and cost-effective results for our clients. PlatformOne delivers low-cost, high-value solutions because we combine the best in technology and service:

Our Mission is to deliver high quality HR outsourcing services that help our clients improve employee care, reduce costs, and increase shareholder value. We achieve our mission by delivering top quality services, backed by unparalleled technologies and processes.

High Tech, High Touch, High Value – that’s PlatformOne!



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