

Eliminating Time Theft, Establishing Accountability and Increasing Productivity with Biometric Technology



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Employee Accountability Directly Links to Company Efficiency and Profitability

In this whitepaper we will illustrate productivity factors that play a role in eliminating time theft, strengthening compliance, creating efficiency, and increasing profits.

All of these factors have one thing in common – accountability. Making sure that every employee is held responsible – from managers and payroll staff, to CEO’s and everyone in between.



ACCOUNTABILITY

Employee Accountability Directly Links to Company Efficiency and Profitability

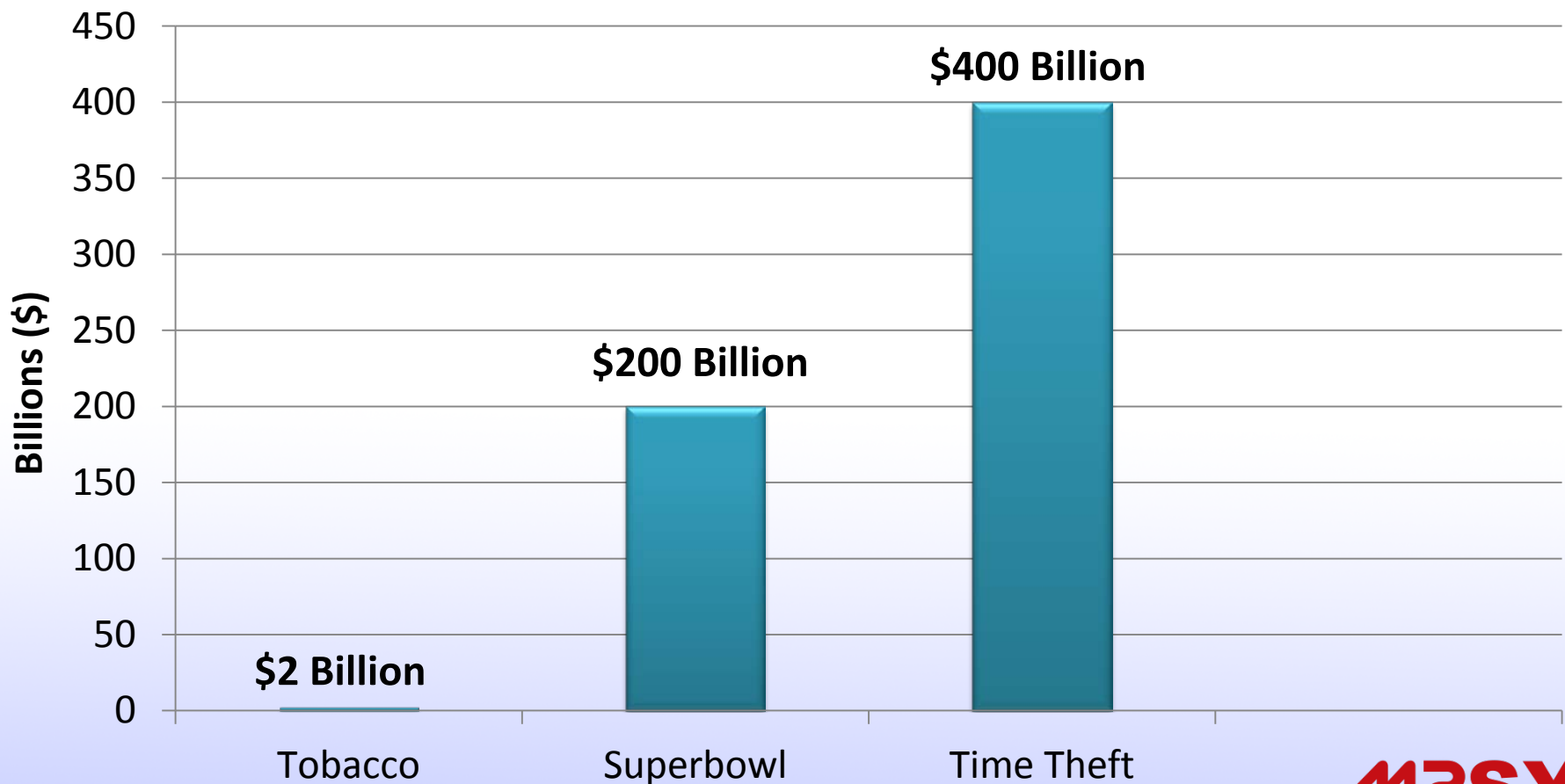
Holding employees accountable for their actions directly results in improved efficiency and profitability. The [literal definition](#) of “accountability” is: *an obligation or willingness to accept responsibility or to account for one’s actions.*

Every action made by an employee somehow affects your bottom line. Each individual employee is responsible for some aspect of your business, be it big or small. Together, employees must work efficiently like the parts of an engine to propel your business to the top.



Time Theft – A Billion Dollar Crime

“U.S. companies lose nearly \$400 Billion per year in lost productivity due to ‘time theft’ or loafing.” To bring that number home, that’s twice the revenue that Fox made from Superbowl ads in 2011, and about 200x the local and state tobacco tax revenue of the USA’s west coast.



Time Theft - How a Few Minutes Equates to Large Monetary Losses

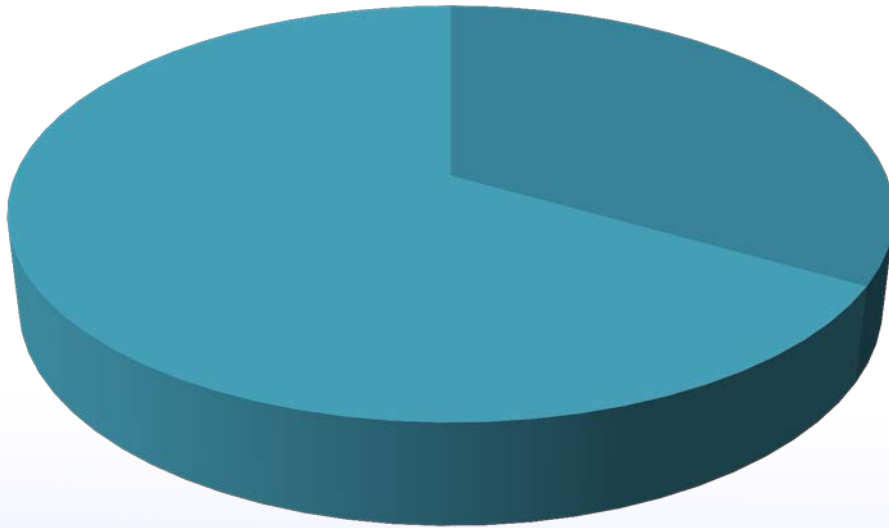
Employees “steal” time, and they do it often. A few minutes at the water cooler, having their friend clock in or out for them, or even just lollygagging can drain your company of money and productivity (this simultaneous depletion of two of the most important aspects of your business can have a substantial financial impact on an organization).

Employees “stealing” time from their employers during working hours negatively affects employee productivity. Time theft costs employers hundreds of billions of dollars every year.

*** The American Payroll Association has named time theft top as one of the top issues that need to be addressed by employers to boost profits and productivity.**

Time Theft - How a Few Minutes Equates to Large Monetary Losses

Did you know that employee theft is the direct cause of 1/3 of all corporate bankruptcies in the U.S.? One of the most popular ways that workers “steal” from their employers is through time theft.



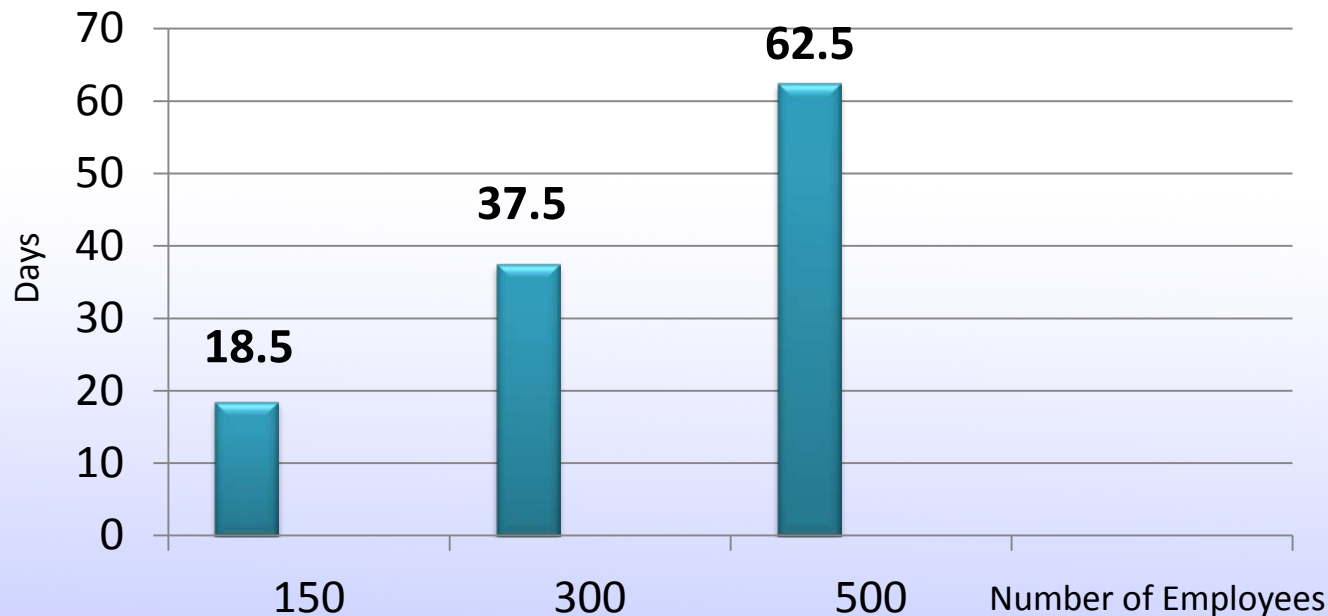
*** 33.33% of Corporate Bankruptcies are a Result of Employee Theft**

Lost time costs businesses money and affects their competitive edge in a world where success is largely dependent on the efficiency and productivity of the labor force.

Common Activities Your Employees Do Now that Waste or Steal Time

Manual Login Procedures

Entering a personal identification number (PIN) can take a few minutes each day. Between clocking in for work, taking a break, having lunch and leaving, the average employee can spend an hour every month just punching in or out. Multiply that by the number of hourly employees in your workforce and you can see how eliminating this one factor can greatly increase your company's productivity!



* Number of Working Days You Can Lose Each Month Due to Manual Login Procedures

*based on 8 hour work day

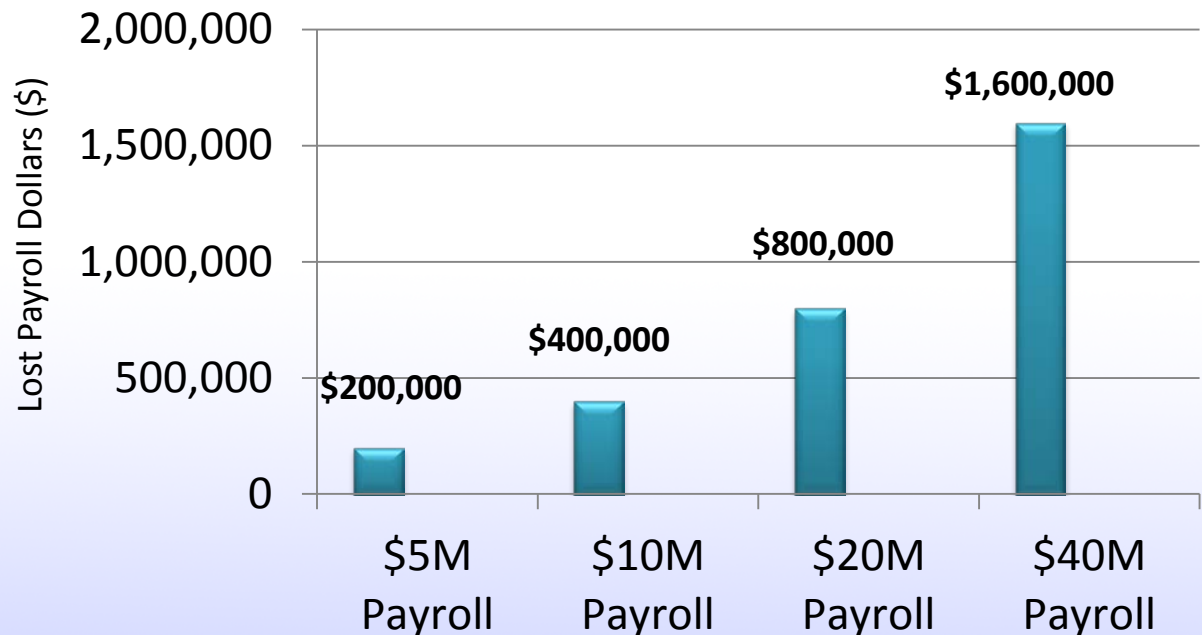
Common Activities Your Employees Do Now that Waste or Steal Time

Paper Timesheets

If your company is still using paper timesheets, there is a good chance you have lost, at a minimum, 4% of your payroll every year to date. The average business wastes 4% of its payroll to clerical errors and to improperly recorded time.

How 4% of Your Payroll Affects Your Company Annually

**based on estimated payroll costs*



Common Activities Your Employees Do Now that Waste or Steal Time

Extended Lunch Breaks

You know when Steven in purchasing decides to get that extra plate at the lunch buffet and he returns 15 minutes later than usual? Yes, those minutes add up. Imagine if Steven had used those 15 minutes to speak with a few customers, make some decisions, or perform other tasks.

* Employees taking lunch breaks just 15 minutes past their allotted time can equate to about an extra day of vacation per month, every month.

1,200

Free Vacation Days Per Year

If every employee in a 100 employee organization took a 15 minute extended lunch.

Common Activities Your Employees Do Now that Waste or Steal Time

Swapping PINs or ID Cards

How do you ensure that your company can truly hold employees accountable for their actions when you use easy-to-share identification methods such as PIN numbers or ID cards? If a lawsuit was ever filed, or you needed to research an audit trail, an employee could easily say their ID card or PIN number was stolen.

Security also plays an important role in your business. If identification methods can be exchanged, shared, or swapped then an employee with access to sensitive materials, data or inventory could easily share those access privileges with someone else. This poses serious risks to the business.

Common Activities Your Employees Do Now that Waste or Steal Time

Buddy Punching

According to a Nucleus Research study, the cost of buddy punching alone averages 2.2% of gross payroll and is experienced by 74% of organizations.

Learn exactly how much your company can save by eliminating buddy punching with an interactive ROI calculator:

<http://www.RightPunch.net>

Enter Your Details & Click the Calculate Button

Number of Operating Hours per Week per Employee	<input type="text" value="0"/>
Average Number of Employees per Site	<input type="text" value="0"/>
Average Hourly Wage \$	<input type="text" value="0"/>
"Buddy Punching" Effect (Loss) % <small>(The American Payroll Association (APA) estimates losses from buddy punching can equate to 2-5% of total payroll expenditures)</small>	<input type="text" value="2"/>
Total Number of Sites	<input type="text" value="0"/>
<input type="button" value="Calculate"/>	
Total Annual Payroll per Site \$	<input type="text" value="0"/>
Annual Impact (Loss) on Payroll per Site \$	<input type="text" value="0"/>
Annual Impact (Loss) on Total Payroll \$	<input type="text" value="0"/>
Cost Savings per Site (Year 1) w/M2SYS Solution \$*	<input type="text" value="0"/>
Total Cost Savings (Year 1) w/M2SYS Solution \$*	<input type="text" value="0"/>

Limitations of Traditional Employee Time and Attendance Methods



ID Cards or Badges

- Easily Lost
- Easily Shared
- Easily Damaged
- Costly to Replace
- Prone to Fraud
- Badges Can Malfunction
- Provide Disputable Audit Trail
- Can Contain Unsecured Sensitive Data

Limitations of Traditional Employee Time and Attendance Methods



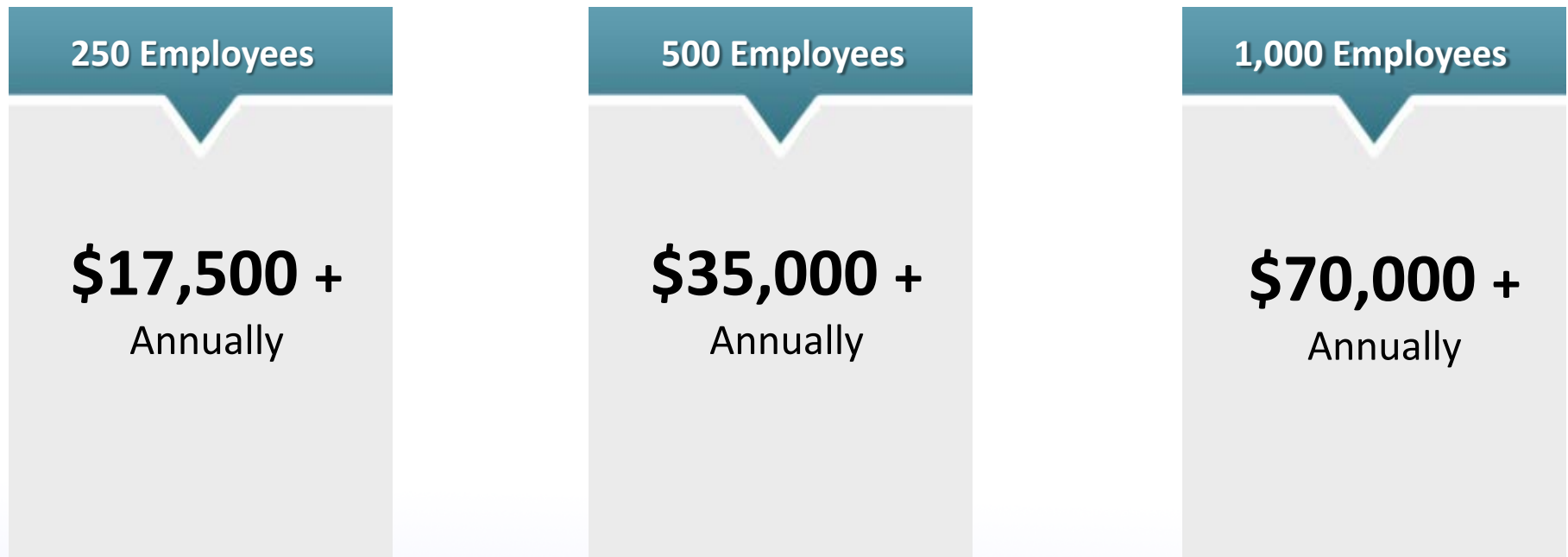
Passwords

- Easily Forgotten
- Easily Shared
- Prone to Fraud
- Replacing Passwords is Costly and Time Consuming
- Can Be Phished or Stolen
- Provide Disputable Audit Trail

* Gartner estimates that 20 %-50% of all help desk calls are for password resets.

Limitations of Traditional Employee Time and Attendance Methods

How much a single password reset per employee can cost your company:



* Forrester Research estimates that the average cost of a single password reset done by a help desk is about \$70 per employee.

Limitations of Traditional Employee Time and Attendance Methods



PIN Numbers

- Easily Forgotten
- Costly to Reset
- Easy to Share
- Prone to Fraud
- Replacing Passwords is Costly and Time Consuming
- Can Be Phished or Stolen
- Provide Disputable Audit Trail

General Workforce Management Related Activities That Affect Your Business



The Monetary Costs of Inefficient Payroll Techniques



\$3,300,000 + in unnecessary losses annually

- Eliminating buddy punching can save 2% - 4% of your gross payroll.
- Human error accounts for approximately 4% or more of your payroll costs.
- Standard time cards cost 0.25% - 0.5% of your total payroll costs.
- Companies that use traditional time cards have an error rate of 1-8%.

** Based on a company with an annual payroll of \$20,000,000 (about 500 employees)*

The Productivity Cost of Inefficient Payroll Techniques



15,647 days or 125,176 hours in loss productivity

- The average employee wastes about 4.5 hours per week on socializing and lollygagging, the equivalent of a six week vacation every year.
- Nucleus Research found that automating work-related processes such as viewing accrual balances, schedules, timecards, and even time off request directly from the terminal can save employees an average of 15 minutes per month; managers an average of three hours per employee each year; and HR an average of five hours per employee per week.

** Based on a company with 500 employees and an 8 hour workday.*

The Top Five Ways That Biometrics Impacts Time & Attendance

1. Biometrics eliminates identity fraud in time and attendance procedures. No one can steal or borrow a person's biometric data, which means that employees can't clock in or out for one another.
2. Using biometrics in workforce management ensures that employees are held accountable and their actions will be held to a higher standard.
3. Payroll staff experiences lower error rates and payroll inflation, resulting in more efficient payroll processing, less dispute resolution, and increased savings.
4. Employees have a renewed sense of responsibility that can carry over into other performance areas.
5. Biometrics ensures a concrete audit trail for all transactions, resulting in higher strengthened compliance practices, decreased risk, and increased savings by eliminating litigation and penalty fees.

Ways PC-Based Biometric Technology Can Save Your Company Money

- Reduce payroll error rates and payroll inflation.
- Increase profit margins by eliminating buddy punching.
- Increase efficiencies and customer satisfaction.
- Abolish many causes of time theft, a multi-billion dollar cost for businesses across the country.
- Concrete, irrefutable audit trails audit trails can save an organization millions by avoiding litigation fees and fines.
- Increase productivity by eliminating manual data collection procedures.

The Link Between Biometrics and Compliance

Compliance regulations focus on creating safe, secure environments that protect the interests of employees. Businesses can use biometrics to establish a concrete audit trail of employee activity that can mitigate lawsuits and audits. Biometric templates cannot be forged, so employee timestamps can always be linked to a certain individual.

Biometrics provides a way to incorporate a level of security and risk mitigation that is unsurpassed in your industry.

Benefits of Biometrics to Your Compliance

- Avoid Overpaying & Underpaying
- Comply with Labor Tracking Laws
- Establish Concrete Audit Trails
- Insurance Policy That Lowers Risk

Biometrics in Workforce Management – Benefits of Each Modality

Fingerprint

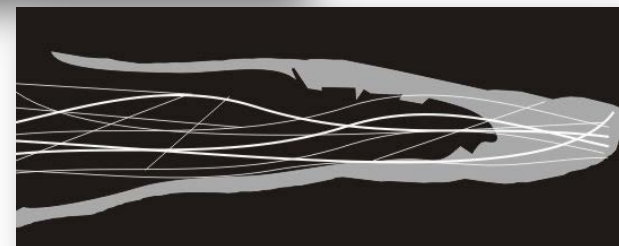
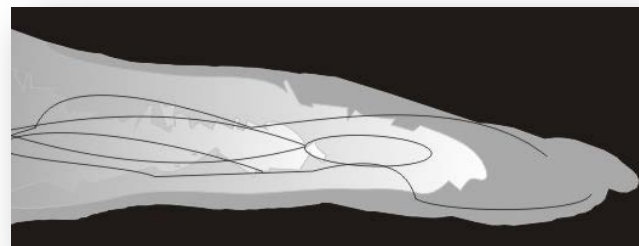
- Affordable
- Easy to Use
- Fast Matching Speeds
- Widely Recognized
- Small Form Factor



Biometrics in Workforce Management – Benefits of Each Modality

Finger Vein

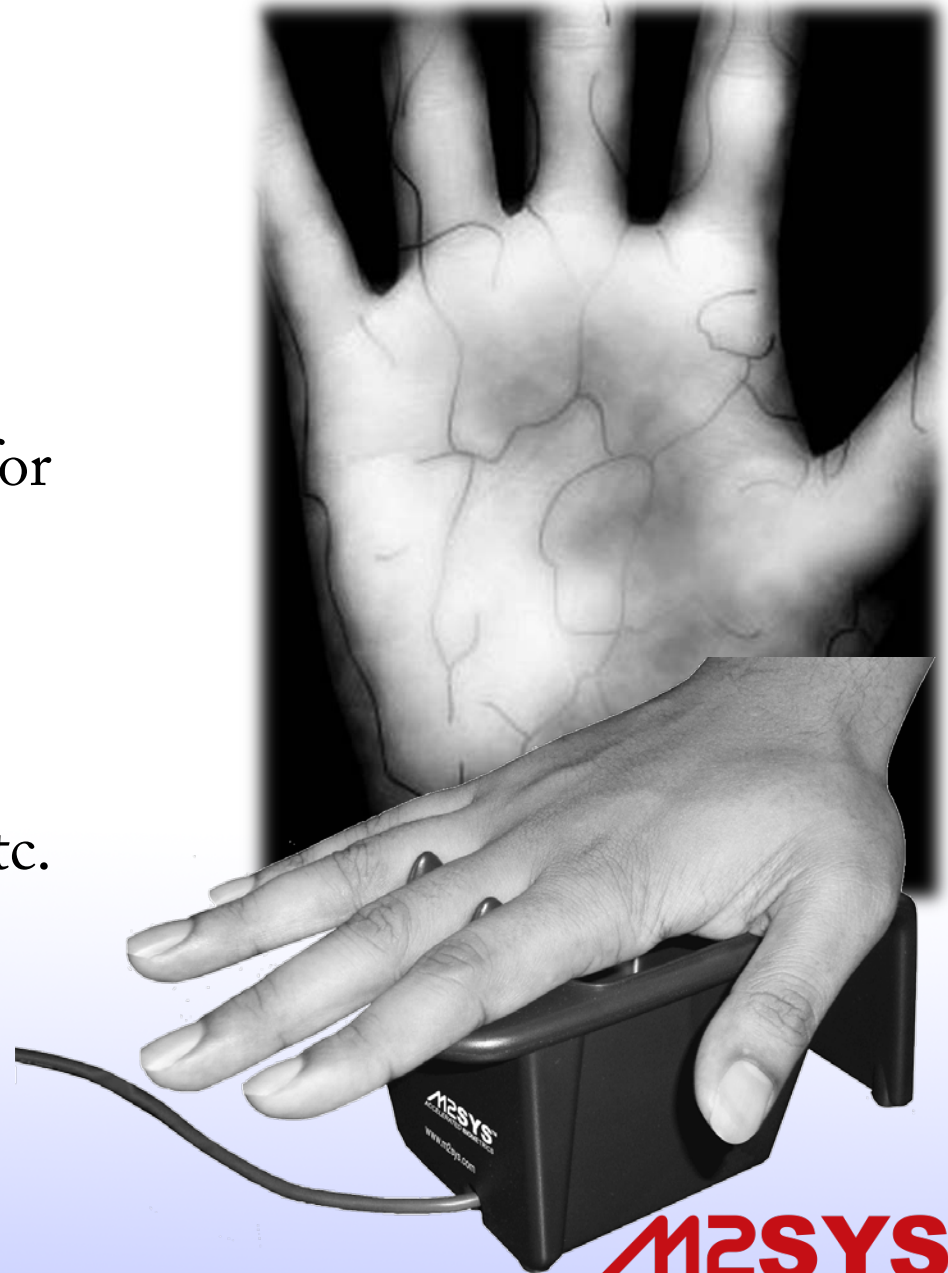
- Affordable
- Intuitive
- Contactless Sensor
- Reads Beneath Surface of Skin for Higher Read Rates
- Near 0% Failure to Enroll Rate
- Long Lifecycle
- Small Form Factor



Biometrics in Workforce Management – Benefits of Each Modality

Palm Vein

- Affordable
- Intuitive
- Completely Contactless Options for Highly Sensitive Environments
- Near 0% Failure to Enroll Rate
- High Accuracy Rates
- Great for All Demographics
- Immune to Cuts, Scars, Scrapes, etc.
- Difficult to Forge



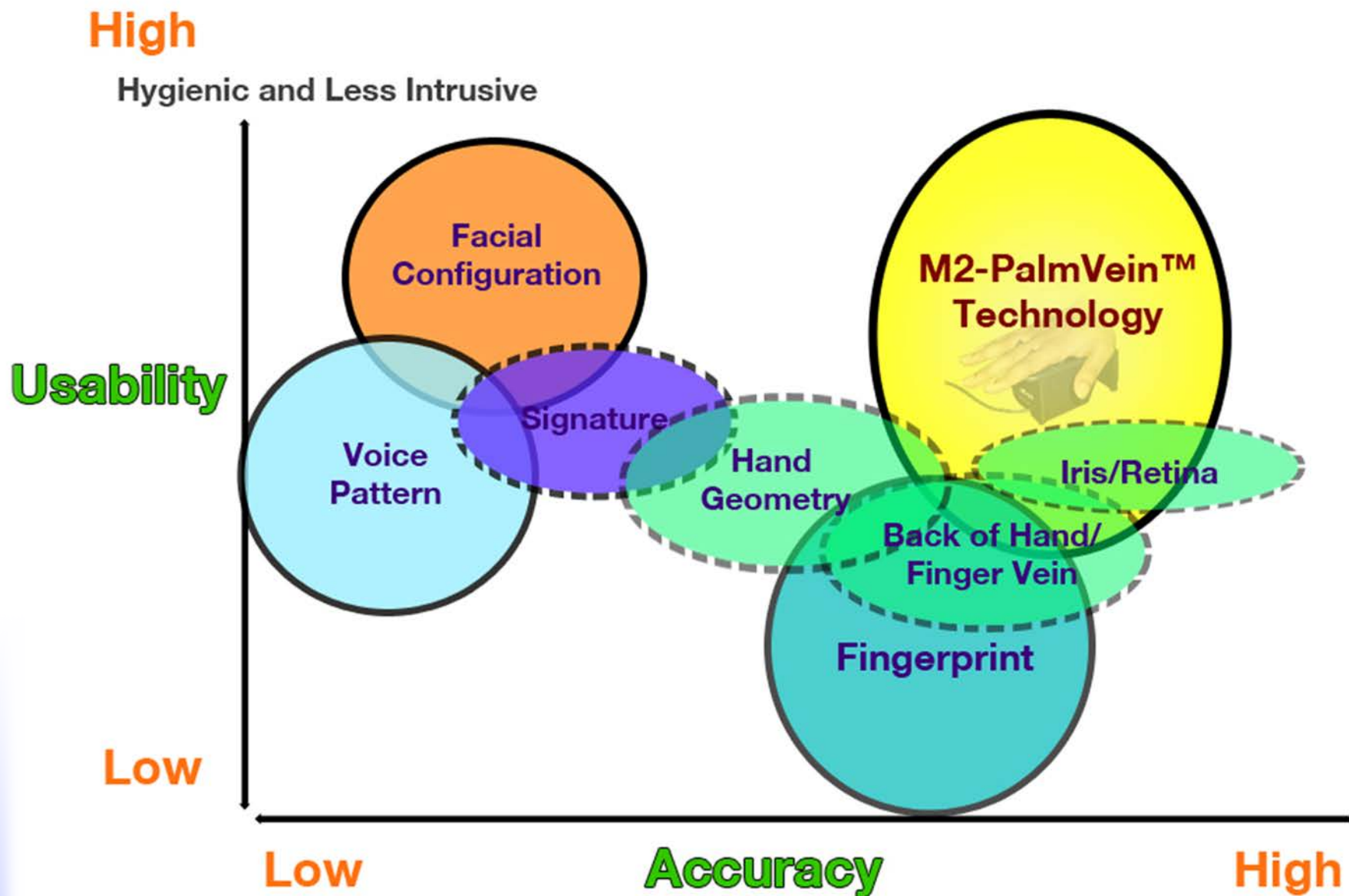
Biometrics in Workforce Management – Benefits of Each Modality

Iris

- Most Accurate Form of Biometrics
- Near 100% Read Rates
- Completely Contactless
- Non-Intrusive
- Hygienic
- Highly Reliable
- Extremely Fast Identification Speeds



Biometrics in Workforce Management – Modality Usability & Accuracy Chart



The Benefits of Biometric Identification

In addition to significant, achievable cost savings, a PC-based biometric clock provides these additional features and benefits:

Affordability – More efficient and effective than standard biometric time clocks at a fraction of the price.

User Friendly - Easy to use and implement – instantly interfaced, sustained reliability and comfortably managed.

Mobility – Biometric time data collection anywhere you have a PC – including mobile devices.

The Benefits of Biometric Identification

Maximum Return On Investment – Have the ability to recoup your investment within the first year or sooner through realized savings from the deployment.

Concrete Audit Trail – Implement a system that solidifies accurate identification and provides you with an irrefutable audit trail.

PC Based Biometrics v. Standard Biometric Clocks



PC-Based Biometrics

- Fully versatile biometric technology (i.e. the ability to interchange biometric modalities like palm vein).
- Hybrid ability ensures 100% read rates.
- Portable (can use on mobile PC's, laptops, etc).
- Unlimited template storage, can be networked to suit.
- Low investment, higher ROI.
- Easy to deploy and update.
- Fast enrollment speeds (less than 20 seconds).
- Rapid verification times.



Wall Mounted Biometric Clock

- Locked into a single biometric modality (often fingerprint), which can be unreliable.
- Highly susceptible to inefficient scanning and reads.
- Bulky, requires a lot of space, and locked to single location.
- Limited template storage capacity.
- Expensive, thousands of dollars per clock + fees.
- Extensive deployment and costly updates.
- Longer time cycle to enroll employees.
- Verification speed can lag.

Closing - Biometric Technology Benefits All

The current economic environment requires companies to swiftly and accurately identify methods to increase operational efficiencies, save money, maximize value, lower costs, and comply with mandated payroll procedures.

Reviewing your workforce management practices and refining them to adopt tactics such as biometric technology for time and attendance can prove to be profitable, secure, and efficient.

Business owners and executives that invest in a PC-based biometric system are easily able to leverage and experience the many benefits of the system and most notably, save money.

References and Copyright

This white paper was written, designed, and assembled by M2SYS Technology. Information contained in this whitepaper is the copyright of M2SYS Technology. This white paper is our opinion of pc-based biometrics for workforce management backed by the following resources. Please keep in mind that some graphs use applied statistics from these resources. If you would like to calculate your exact potential savings please email: sales@m2sys.com to learn how to use our interactive ROI calculator based on statistics from the American Payroll Association. Please feel free to contact M2SYS if you have any questions regarding biometric technology.

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