

Biometrics Boosts ROI for Time and Attendance Systems

By now, most people have heard of biometrics. For those who haven't, biometrics is the technology that uses a person's unique physical features (such as a fingerprint, iris characteristics, or hand geometry) to verify a person's identity.

Reports of new uses of this technology are circulated throughout the media daily: iris scanning at the upscale Nine Zero Hotel in Boston during the Democratic National Convention; fingerprint scanning to operate lockers at the Statue of Liberty; 'Pay by Touch' service at the Piggly Wiggly, enabling shoppers to simply touch a finger to a scanner to pay for their groceries...the list goes on.

This futuristic technology is now carving its niche in the Time and Attendance industry. Not long ago, companies interested in improving efficiencies in the labor supply chain would ask a simple question regarding the management of employee time and activities: to automate, or not to automate?

But based upon the latest ROI statistics on the use of biometrics in Time and Attendance applications, perhaps the question that should be asked is not *whether* to automate, but whether to automate *with biometrics*.

According to the American Payroll Association¹, automating Time and Attendance processes saves an estimated \$1000 per employee, per year. These savings are the result of a reduction in the cost of processing payroll, reduction in human errors in recording time, elimination of unauthorized overtime, and reduction in the time spent on employees' information requests.

In 2003, the average payback time on the cost of implementing an automated Time and Attendance system was 5 months. The median ROI of the system was reported as 469% overall, with 75% of those who automated achieving an ROI of more than 250%.

But the report says even these substantial savings can be increased significantly – almost 10%, by conservative estimates – by choosing a system that uses biometric data collection terminals. The main reason is that biometric authentication of employees eliminates deliberate time fraud through "buddy punching" and other falsified time recording, which alone is estimated to cost employers .025% to as much as 5% of total payroll costs.

Notably, these savings take into account the higher cost of the biometric terminals over standard non-biometric terminals. Despite a slightly higher initial cost of installing biometric units over standard, non-biometric terminals, the ROI is still greater. The report also factors in the savings realized through eliminating the costs associated with time cards required for non-biometric terminals (which include the cost of the card itself and the labor associated with replacing them, versus the labor cost of enrolling employees in a biometric system that requires no card).

With statistics like these, it's easy to see why biometric Time and Attendance systems are becoming the choice of employers focused on efficiency.

¹From "Trends in Time and Attendance", presented at the 22nd Annual Congress of the American Payroll Association, Apr. 27, 2004