



Teamworks: A Case Study

“Our company was poised to expand into the ASO marketplace. We knew this move would add processing requirements and service complexities, and we knew our in-house manual processes were time-consuming, error-prone, and inadequate to use in a multiple EIN environment. We had to find a way to take our payroll tax processing system to the next level.”

“Tax processing is the single most important element of service next to the payroll itself; accurate and timely reporting and payment are essential to retaining client confidence. If a client feels that we are failing in this area, their confidence in any aspect of our service deteriorates.”

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About Teamworks:

Teamworks is a human resource service bureau based in Provo, Utah. Founded in 1996 as a Professional Employer Organization (PEO), the company became known in its market as a standout in customer service. This is a key competitive advantage, and Teamworks enjoys an extremely high rate of client retention and referrals as a result of its prompt, accurate, and thorough customer service.

As a PEO, Teamworks provides outsourced employment services ranging from payroll administration, insurance and benefit programs, risk management and safety, compensation, and human resource compliance to employee group and voluntary benefit programs.

In 2002, the company's principals made a decision to expand the scope of its services to include Administrative Services Organization (ASO) services, so that it could grow its client base and diversify its geographical reach. In order to offer ASO services, the company needed to revamp and fully automate its payroll and payroll tax processing. This led to the adoption of MasterTax payroll tax processing software.

Teamworks: Needs Assessment

Until 2002, Teamworks was exclusively a PEO. The company processed its clients' payrolls using its Human Resource Information System (HRIS), which offered standard Human Resources (HR) administrative capabilities as well as basic payroll processing. This adequately met the company's payroll tax processing needs as a PEO.

However, operating under an in-house rubric required time-consuming manual processing and left open the possibility of human error. The HRIS that Teamworks used offered some payroll tax reporting and data exporting functionality; however, it lacked such important features as automated payroll tax filing capability, the ability to create tax returns, and the tracking and scheduling of tax deposits. Conse-

quently, staff typically spent up to an hour a day manually scheduling payroll taxes.

Teamworks estimated the total time needed to process payroll taxes was between two and three hours per day, mainly because its payroll tax systems and processes were not integrated or automated. In addition, Teamworks management felt that compliance accuracy was an issue due to frequent, unpredictable changes in state and federal tax codes.

Unlike PEOs, which consolidate clients' HR services under a single Federal Employer Identification Number (FEIN), ASOs process employment services separately for each individual client. This often entails complex processing of payrolls of various sizes, across multiple industries, various geographical locations, numerous payroll tax jurisdictions, and an ever-changing compliance scenario.

Even as a single-entity PEO, scheduling tax deposits and balancing taxes for quarter end were very time consuming tasks. In addition, Teamworks' staff manually completed coupons and quarterly returns, stayed current with state and federal changes to tax codes, tracked due dates and tax deposits, etc.

As Teamworks prepared to expand its service offerings and branch out into the ASO/service bureau market, it realized that its needs would soon far outstrip its existing capability.

Faced with the prospect of processing hundreds of FEINs per month, Teamworks' payroll tax team knew that their non-integrated systems and manual processes were inadequate and presented a significant risk to the organization. The team concluded that the company could not pursue its strategic goal without updating, integrating, automating, and significantly enhancing its payroll tax systems and processes.

Concurrent with expansion of its service offerings, Teamworks was also committed to enhancing its level of quality and customer service by improving accuracy and overall efficiency. The company looked to automate its processes, reduce the time spent on payroll, and still ensure its customers received fully compliant payroll services. Its goals in this regard were to increase

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“MasterTax was our first and only choice once we saw the ease of integration with HRP.”

“I was able to master most of the basic functions of MasterTax within a few weeks, but I continue to learn new things all of the time.”

“MasterTax has always provided fast and thorough support when needed (which is rare.) It seems the system has been built to anticipate all of the messes we can make on our own.”

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productivity and to maintain quality controls.

To address the need for an integrated software platform to handle its ASO servicing requirements, Teamworks adopted HRPyramid (HRP) software by F.W. Davison & Company, a high-performance software solution that integrates payroll, human resources, benefits administration, billing, and accounts receivable. This solution provides useful reporting and data export utilities for payroll taxes; however, other utilities are needed to track some payroll tax processing tasks, such as the scheduling of tax deposits. Moreover, HRP has no support for producing actual tax returns.

Adoption and Implementation of MasterTax Payroll Tax Processing System

Teamworks recognized that it needed a system with more comprehensive payroll tax filing capabilities that would work in conjunction with the HRP system. The HRP system had a few gaps. Without a new system, its processes would create too much operational risk to manage the company's new ASO offering.

Teamworks began searching for a payroll tax solution that met the following criteria:

- The new solution must enable it to grow its business in virtually any market geographically without constraints on the payroll and tax processing end and without adding staff.
- The new solution must ensure it would no longer be exposed to potential payroll tax filing failures or oversights which could result in penalties and erosion of customer confidence.

After converting its HRIS system to HRP, the company took a look at MasterTax. HRP offered a seamless interface with MasterTax, along with the ability to balance and schedule taxes with very little human intervention or manipulation of the core data.

According to Teamworks, the essential features of the MasterTax payroll tax processing system are:

- a comprehensive payroll tax filing solution that automates the process from end to

end, including the scheduling, paying, balancing, and filing of payroll taxes

- a seamless interface with Teamworks' legacy human resource information system
- the ability to balance and schedule taxes with very little human involvement or manipulation of the core data - virtually eliminating the risk of human error
- automation of nearly all payroll tax processing tasks, thus reducing quarterly processing time by up to 75%, a savings of time, money, and effort
- unmatched accuracy in both calculation and scheduling of tax deposits
- easy to use, straightforward, and intuitive software; the staff learned it quickly, and taught it to others
- simple implementation, leading to no problems or disruptions once MasterTax was placed into production.
- fast and thorough customer support available

In summary, MasterTax enabled Teamworks to increase productivity, expand its payroll capabilities, improve accuracy and compliance, and maintain a superior level of customer service.

Teamworks' transition to the MasterTax platform took place in December 2002. The implementation included the company master setup and previous history setup through an interface provided by Teamworks' HRIS provider. The interface between MasterTax and the HRIS payroll module proved to be simple and easy to use. As a result, all three members of the Teamworks payroll team were using both systems at 100% much earlier than anticipated. The company tested the new system for a full month before going live on January 1, 2003.

Outcomes

Return on Investment: Teamworks eliminated many manual processes, grew its business significantly, and reduced tax processing time from two to three hours daily for a one-FEIN PEO to about 30 minutes daily for 100+ EINs. The company realized at least a 75% reduction in time spent, despite processing 100 times more companies.

Added Functionality: Teamworks acquired the

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"It knows the rules!"

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"Tax processing is the most important and largest exposure we manage next to the payroll process itself. Without this solution, we would be constantly exposed to potential failures or oversights which could result in penalties and erosion of customer confidence."

"It would be hard to quantify how much we saved by automating payments. Sufficient to say that MasterTax enables us to do today what would have been impossible to do several years ago."

"Company Tax Packages seem like a pretty basic thing, but it is what our clients ultimately see from all the work we do for them, and they are efficient and easy to mass-produce."

ability to efficiently and professionally distribute reports and copies of returns, and to provide high quality results to the customer. This enhances customer service and builds clients' confidence.

Geographical Capabilities: Teamworks achieved its goal of being able to expand geographically and provide payroll services in virtually any market throughout the U.S. without constraints on the tax processing end.

Ease of Use: The MasterTax integration with HRP was seamless. Teamworks experienced tremendous time and effort savings almost immediately, particularly in the areas of quarterly processing, as well as unmatched accuracy in both the calculation and scheduling of tax deposits.

Payments: Automation of EFTPS batch provider files and printing of checks has completely changed Teamworks' approach to tax payments.

Balancing: No more fiddling with differences due to rounding or mid-term UI rate changes. MasterTax makes the quarter-end reconciliation process a breeze.

Filing: Automated production of all tax returns with electronic signatures versus manual completion of each return and physically obtaining a signature.

What Teamworks Has to Say about MasterTax:

Teamworks now operates successfully as both an ASO and a PEO, and regularly processes well over 100 FEINs.

"MasterTax has given us confidence to step up to the next level knowing that any future changes in strategic direction will not be constrained on the tax processing end."

MasterTax has transformed our Payroll Tax Department; processing is now smooth, fairly seamless, and virtually error-free. Inefficient processes that once existed have been replaced with the automated features of MasterTax, resulting in at

least a 75% reduction in time spent processing payroll taxes per client.

MasterTax enables us to do today what would have been impossible to do several years ago. One example is being able to provide clients with company packages containing all the tax returns we have filed on their behalf. It may seem like a simple thing, but it's added quality to our clients. It's an extra service and it distinguishes us in their minds. Our clients love seeing what has been done on their behalf, and with MasterTax the process of creating company packages is quick and easy.

I look back on our implementation of MasterTax not so much as a solution to huge problems we had, but instead as a springboard that has allowed our business to expand to the next level with plenty of room for future growth.

We are well positioned for future growth. We are able to do more with less, offer great customer support, and provide fast, accurate payroll tax services to our clients. We are assured that our system is up-to-date and compliant. MasterTax revolutionized the way we do business."

Italicized quotes throughout are courtesy of Mike Dunaway, Teamworks Director of Operations.

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