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# Cerner Corporation

## Reimagining Benefits and Payroll

Cerner Corporation transformed benefits and payroll from disparate solutions to a centrally managed and governed cloud services infrastructure. Vice President of Compensation and Benefits **Todd Downey** and Director for Global Benefits and Payroll **Alicia Lammert** share how they reimagined HR and made the case for change.

### The Challenge: Significant Growth

**Todd Downey:** Cerner is a growth company. We doubled in size between 2010 and 2014 and we've continued to grow ever since. From a benefits perspective, 2014 and 2015 were interesting because lots of growth came through acquisition. That doubled our footprint and left us with a complex mix of benefits programs. Our benefits programs went from 120 to 223. It was definitely a wakeup call for us. We looked at the complexity and at our processes. We realized that we needed to make a change. And no time like the present.

### The Challenge: Disparate and Manual Processes

**Downey:** Unfortunately for us, we had many manual process flows that involved many human touchpoints. That meant extra work for the team, and it was not efficient overall. It also had the potential to create challenges for the business. Manual work increased the risk of security challenges and inaccuracy. It meant that we had to work harder to ensure compliance with the many regulations. Plus, it was a bad experience for our associates. Information was fragmented and associates couldn't access their benefits information without logging a service ticket. We knew that our current approach just wouldn't scale so we needed to come up with a long-term strategy for dealing with it. One way to reduce complexity would have been to change the programs themselves, but that wasn't the right answer for us and legally we faced limitations.

## Quick Facts

**Company:** Cerner Corporation

**Headquarters:** Kansas City, Kansas

**Industry:** Health care

**Number of Employees:** 24,400+

Learn more about Cerner at  
<https://www.cerner.com/>

### On Managing Benefits

**Downey:** We are a healthcare company that is focused on improving the health status of a population. We want to ensure that our associates have generous health benefits as well as benefits that help our associates navigate their financial and well-being journeys.

At our headquarters, that means on-site health clinics, pharmacies and fitness centers. While in-house facilities aren't possible for all of our locations, we do want to ensure our benefits promote the same priorities everywhere. Associate experience is very important to us and we want to do right by our associates.

### On Building the Business Case

**Downey:** We needed a strategy to manage complexity in a way that was good for the company, for our associates and for our team. That meant we needed a solid business case. That opportunity came with a project we called HR Reimagined. It was a broad initiative across our entire HR organization to understand how we needed to evolve and innovate in order to meet the ever-changing needs of our business. It was a strategic shift in strategy that was broadly communicated in the company and discussed at all senior executive levels. This strategy helped support the business case to make the investment in benefits. We tackled it in three main work streams: How we organize our people data, what tools we use within HR to manage that data and what experience it creates for our associates. The challenges we faced with benefits fit all three.

**Alicia Lammert:** Even with our vision of HR Reimagined, gaining support for a functional investment was not an easy task. We focused on three main areas for our business case: risk and compliance, scalability and associate experience. While associate experience was a top priority for us, we also needed to articulate the quantifiable ROI. To do this, we concentrated a majority of our business case on risk and compliance. We had several examples throughout the year of different risk points due to how we were managing manually.

For example, we had some cases where associates left the company but stayed on our benefits programs for years. You may ask, “How does that happen?” When you have a small team that’s managing over 200 benefits programs without any automation, these are exactly the things that can slip through. From a data protection standpoint – we were sending Excel files to multiple locations with sensitive data. With all the new compliance and security regulations, we were opening ourselves up to considerable risk.

### On the Lack of Scalability

**Lammert:** When we doubled our footprint in 2015, we also had to double my team to handle that growth. We were not scalable at all. And as Cerner is a growth company, we’re expecting additional growth so this became another core component of our business case. We modeled out that future growth and, with our current trajectory, how the team size would also have to increase to handle that volume. These are the types of examples that we used to quantify our ROI for our business case and to get that financial buy-in.

### Choosing ADP

**Lammert:** As we evaluated the market, ADP was the only provider able to offer a completely integrated solution. Our dynamics had completely changed over the years. Now we have very complex benefits programs and employment dynamics that we didn’t have before. The biggest reason why we chose ADP was because of the integrated approach for payroll and benefits. Benefits data makes up a bulk of our payroll processing. Having a solution that interfaced the data between the two systems was invaluable for us.

### On Implementation

**Lammert:** One of the biggest challenges that I faced early on was simply figuring out an implementation schedule. When you have tax years, benefits enrollment periods and resourcing challenges, it becomes very difficult to balance

## Results of Automation and Integration

- Cut payroll processing by two days
- Increased the benefits cut-off for associates by three days, allowing them more time to submit benefits changes for that month’s payroll
- Greatly improved associate experience and increased visibility into benefits offering
- Improved standardization and efficiency
- Eighty-five percent reduction in the amount of data generated by manual processes
- Ability to focus on more strategic projects and be proactive

the different priorities to determine the right timing for each of these locations. We worked with ADP and determined the best practice was to have payroll go live first and then follow it with connectivity and benefits. With so many dependencies between the three though, it was critical that we stayed on track with the project timelines.

### Then vs. Now

**Lammert:** Previously, for a tuition reimbursement benefit, our associates would fill out an application, log a ticket and submit it to HR. Our shared services would review the application, respond to the ticket with any follow-ups and then approve. Once the associates have claims, then they would need to open another ticket to submit those claims. Depending upon the school and how they invoice, there could be three to four different claims throughout the year that they’re submitting for reimbursement. Shared services would then review the claim and enter the data into an access database. At the end of the month, we would pull an Excel report from the system. Shared services would send that to payroll, payroll would receive the Excel report, change it over into whatever format we needed for the payroll provider and then submit for processing.

Today, associates access ADP solutions with a single sign-on and fill out the information. ADP Managed Services reviews the information, approves the application and once they do that – associates can submit claims into the system. They see exactly where their application or claim is during the whole process and they know whether it’s been approved. My favorite part about this, selfishly, is that at the end of the month this data feeds directly into our payroll system. Not once did I mention Excel, fax or logging a ticket. This has completely changed not only my team’s world but our associates’ world. It’s still early on, but we’ve seen great results.

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### On the Return on Investment

**Lammert:** We've been able to cut payroll processing by two days which is a huge win. We've been able to increase the benefits cut-off for associates by three days which allows them more time to submit any benefits changes for that month's payroll. The associate experience has greatly improved and not just from an administrative perspective. I had an associate come up to me who said that he didn't even realize Cerner offered some of the benefits that we do because there had been no transparency in the past. Now with this system, we're giving visibility into the investment that Cerner has made for our associates through these programs.

We've also seen an increase in standardization and efficiency. It's been a very interesting exercise to move from a manual to an automated process. We had to re-evaluate everything. We had so many bad processes in place simply because we didn't have a choice due to lack of automation. With both connectivity and benefits integration, we're expecting to see an 85 percent reduction in the amount of data that we have now. This is huge. It completely changes the way that my team works. We get out of data entering, copy and pasting to focus on more strategic projects and being proactive, something completely unheard of before. We were completely reactive in the past. So there's been a lot of great benefits through this transition.

**Downey:** We're excited about what we're able to do with ADP in our partnership. It has benefits for the company, for our team and for our associates. And while it is very early in the process, we're already seeing results. When we can provide our associates with better support and a better experience, they can focus on their important work of transforming health care.

Implementing the ADP benefits platform is helping us to reach our goal of a smarter, more strategic HR function. We now have access to data to make informed decisions. When we undertook HR Reimagined, we knew that we need to be ready to support our associates no matter where they are. Thank you ADP for your partnership.

**"Implementing the ADP benefits platform is helping us to reach our goal of a smarter, more strategic HR function."**

– Todd Downey

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