Time & Attendance Systems –
more than "keeping up with the times"

Bundy clocks vs. swipe cards vs. biometric systems

Executive summary

Tracking and reporting on employee attendance, absence, and staff whereabouts during the day is essential for health and safety compliance. However, many systems that companies are using are open to manipulation or plain fraud. In fact, 2-5% of wages on average are paid for time not rendered, due to "buddy punching" and other abuses of the system.

Here we analyse how businesses can manage time theft, compliance risk, information visibility and reporting, and discuss the relative upsides and downsides of different systems.

Introduction

Time and attendance systems have come a long way since Willard Bundy's time clock in 1888.

The old Bundy clock that businesses used to clock employees in and out using "punch cards" progressed to computer-based, swipe card systems, in the 1990s.

Although some companies may still actually use the old mechanical devices (we only have one for "our museum"), most companies have moved to some form or another of sophisticated time and attendance system.

The next frontier of time and attendance systems is biometrics-based and it's already here. However, few business executives have a firm grasp of how biometrics can benefit their business, even though biometrics have very much become a business mainstream.

So below we look at the major features of these systems and the value that they are already delivering to many businesses around the world.

How do the different systems compare?

Biometrics is a technology whereby a person's identity is accurately confirmed by an electronic device which recognises a <u>unique physical trait</u>. Biometric identifiers are distinctive, measurable characteristics such as finger prints, face, voice or iris.

By tying a unique biometric identifier to your time and attendance process you accurately confirm the identity of the individual that is registering. Biometric systems also provide many benefits that mechanical clocks and swipe cards simply do not. Consider the following:

1. Buddy punching, ghost employees and time theft

A biometric system eliminates time theft, unlike swipe cards and Bundy clocks. This means no more "buddy punching", where employees clock in and out for their colleagues. It also means employee breaks are <u>accurately</u> tracked – so for instance, you will know for certain when your employees are back from lunch and this contributes to managing your WHS compliance issues.

We have worked with over 440 companies who now experience a 2-5% reduction in their payroll costs from using a biometric system. One Australian company even found several "ghost" employees on their payroll.

2. Integration with roster and payroll software

A biometric time and attendance system can integrate directly with your existing payroll and roster systems, saving time and eliminating the errors that occur in processing timesheets and manually entering start and finish times. With biometric time and attendance, all relevant information is available in real time, such as start and finish times, hourly wage, award rates, overtime etc. The other advantage is that because you can track staff movements and activities during the day, you have the ability to split wages, such as if one resource is working on a number of different projects or cost centres.

Swipe card systems also have this ability to integrate with payroll software however don't give you the ability to know who is swiping, leaving the system vulnerable to abuse, as discussed above.

3. Managing risks and compliance with the work health and safety act

It is imperative to remain compliant and in control when it comes to work health and safety.

Biometric solutions give you accurate, real time information such as staff on site. Knowing for certain who is and isn't on site can prove extremely valuable in the case of a 'Work Related Safety' Incident.

HR can also benefit here because they can spend less time compiling reports on attendance, lateness, sickness and absence. This frees up more time for analysing the information and working with managers to address issues that are highlighted.

4. Information visibility

Information visibility is a business' greatest asset in this day and age. Investing in a time and attendance system should allow you to spend less time gathering and sorting information, and more time analysing and acting upon it.

Biometric time and attendance management can help you not only accurately track employee schedules, but it can help managers identify trends such as employees who regularly arrive late or leave early, and act on that information.

5. Running and set up costs

An additional bonus is that the cost of new cards is avoided with biometric systems, making the running costs very low.

However, the downside is that most biometric systems require a substantial capital outlay to set the system up. With the advent of cloud, there is now a very cost effective way to adopt biometric time and attendance at a fraction of the cost of other solutions. Argus is currently the only provider offering a SaaS model to the Australasian and UK market.

Are there any downsides of biometric time and attendance systems?

Many companies are still unsure of biometrics, and question the cost, complexity and speed of these systems. We suggest you check out our paper on 'Biometric Myths', for a detailed discussion on these issues.

Systems based on honour, manual records keeping, swipe or prox cards are by and large fine in many cases and do have very good performance and features. However, the fact remains they are open to abuse and manipulation and do have a higher overhead, especially when times must be reported and processed manually.

The true cost of this differs from company to company however most when asked don't focus heavily on the cost - it's near impossible to quantify as it can't be measured accurately, only estimated.

That is until a biometric system is installed and cost comparisons made. It is only then, with a forensic clocking process, that we are able to truly rely on clocking times reported. Fully digitising and automating this small element of time and attendance systems has shown immediate return on investment in an overwhelming number of cases. If it saves you money, it's a good idea to take a closer look.

Biometric time and attendance systems from Argus

Argus offers the most efficient and secure solution on the market, bringing together best-of-breed hardware and software to eliminate the common problems associated with time and attendance tracking.

A biometric fingerprint reader clocks staff and contractors IN and OUT, providing optimum security through biometric authentication.

Key benefits of Argus time & attendance solutions:

- Quick and low-cost setup – easy installation and no local infrastructure required (as it is delivered as a Software as a Service).

- Low ongoing maintenance costs, with remote technical assistance available – provides a rapid return on investment

- All data is stored in the cloud – no need for local storage

- Great protection in the cloud – world-standard Disaster Recovery Policy and Procedures, guaranteed by the host

- No expensive software licensing fees – everything accessed via the web

- Always available – the system can be accessed securely from any computer, anywhere, anytime

- Unparalleled uptime – no interruption to operations

- Highly scalable – more users can be added easily, without restrictions or additional cost

- Customised security – access restrictions can be configured according to user permission levels

If your organisation requires improved control, security, auditability and efficiency in managing time and attendance, find out more about the Argus time and attendance solution here.