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How Biometric Terminals Can Reduce Payroll Costs

BY BILL SPENCE

Using biometric technology, payroll administrators, CFOs, and controllers can eliminate the headaches of tracking employee time and attendance. From hospitality to hospitals, biometric terminals verify people, not cards or tokens.

Unlike badges, punch cards, or other employee tracking devices, a biometric reader ensures that no employee can punch in for another, which eliminates time fraud and reduces payroll costs. Because every person's hand, fingerprint, eye, and face are unique, a biometric time clock provides a quick, accurate, and reliable way to record "In" and "Out" punches for each employee. That is why many companies now employ biometrics.

For instance, over 20,000 Owens-Illinois employees punch in and out each day using such devices, and more than 30 individual Krispy Kreme doughnut shops track their stores' employees in this manner. Likewise, the Decatur Hotel Group in New Orleans is implementing biometrics at its 12 hotels.

A biometric reader ensures payroll accuracy by requiring each employee to be present; no cards or other credentials are needed. Losses due to "buddy punching" are eliminated. As a result, some companies report savings of up to 5% of total payroll cost. Using scheduling restrictions, unauthorized early In punches and late Out punches are eliminated. Best of all, the hardware is typically less than 10% of the overall cost of a time and attendance system,

meaning that biometric readers can be affordably placed in multiple locations.

Aramark Sports and Entertainment Information Technology installed IR Recognition Systems HandPunch® terminals at its main employee entrances, kitchens, human resource department, administrative offices, and other areas with high visibility. The employee enters a four-digit code via the keypad and then places his or her hand onto the HandPunch. An employee's identity is verified in less than one second. The benefits of biometric systems are many:

- No badges to issue or replace when they are lost or stolen, and nothing to recover when an employee leaves or is terminated—their hand is their badge.
- Eliminates buddy punching. After a biometric reader is installed, many companies are stunned to discover how much buddy punching was costing them.
- No more data entry errors when calculating payroll or recording attendance.
- A "plug and punch" feature enables some readers to be installed in less than 15 minutes.

“We chose hand geometry because it eliminates buddy punching, the hassle and expense of lost or stolen ID cards, and the cost of producing replacement cards,” said Pete Liberatori, Manager, Business Systems Services for Aramark. “Since the units eliminate buddy punching and ID card processing, we feel that the HandPunch is a good investment that pays for itself within two years.”

“Employees appreciate the fact that others can’t see their timecards and that their records won’t become lost or stolen,” Liberatori continued. “The HandPunch also makes reporting easier for them by simplifying labor or department transfers. For instance, employees often staff positions outside of their assigned home labor account at different rates of pay. The system is set up to accept the labor transfer at the time of the In punch.

“So far, we’ve installed 25 HandPunch terminals,” Liberatori adds. “They’re reliable, easy to work with, and very cost effective. They interface easily, so it’s simple to set up a local area network and they’re backed up by great support. Often, a person from one site will see another site using the HandPunch and request it for themselves.”

Howard Dubinett, Executive Vice President/COO of Bio-Reference Laboratories in Elmwood Park, NJ, concurs. His company is one of the largest independent clinical reference laboratories in the nation, performing blood testing for doctors, hospitals, and large institutions. Operations run 24 hours a day, seven days a week, 365 days a year. Biometrics helped the company streamline its time and attendance process.

System Pays for Itself Within One Year

“Our first installation of IR Recognition Systems HandReaders was part of upgrading an old time and attendance package,” Dubinett said. “With 200 employees (currently over 800), the original premise behind using Hand-Readers was to eliminate payroll errors and problems, especially those of buddy punching, in which employees punch in their friends who are late or punch out buddies who have left before their shifts ended. We also wanted to eliminate the costly and complicated tasks involved in badge administration.

“The first phase of the installation was to strategically locate HandPunch time and attendance readers throughout our facility. This allows us to accurately track the time employees begin and end work. In addition,



our salaried employees use the HandPunch once a day to easily keep track of their sick and vacation days.”

As Dubinett explains, many companies don’t want their employees punching in before their scheduled shift begins. “These extra few minutes each day can add up to costly, unnecessary overtime pay. Since we are a large company, saving a few minutes per employee per day can result in thousands of dollars a year in savings to the company. In our case, restricting when employees can use the reader to log in and out has enabled us to recover the cost of the system in less than a year. We’ve also



eliminated other payroll problems, including inaccuracies from badges not reading properly and the typical problems of lost and forgotten badges.”

Top Job Personnel faced a high turnover rate, a problem that commonly plagues the temporary employee industry. Top Job is a dynamic, growing company with five locations and up to 600 people coming and going at different client sites each day. It provides employees to clients in the warehousing and trucking industries. The company has a workforce that is highly mobile, frequently changing, and anonymous to its

clients—an environment that made it easy for workers to punch in for colleagues who hadn’t shown up until Top Job replaced the mechanical time clocks at its clients’ sites with HandPunches. Now, an electronic scan of each employee’s hand ensures accuracy and guarantees that employees were actually at work as their records indicated.

“The system we have today is far superior to the old system. It’s easy, accurate, and a lot less expensive,” says the company’s president, Charles Kirsch. “There are always new faces, new people. In the old days, anyone could punch a card and disappear.”

Before it installed HandPunch terminals at its clients’ job sites, the company was losing an estimated 5% to 10% of payroll to buddy punching, and it was spending additional money to have hundreds of timecards processed manually.

“We felt we had a duty to our customers to provide the best service we could,” says Kirsch, “and we were looking to save money. I saw an ad for the HandPunch, and I knew that it was what I wanted.”

Top Job’s employees are also required to wear identification cards, which are scanned by a bar code reader attached to each HandPunch. Today, Top Job uses over 30 HandPunches. Kirsch is happy he made the switch.

Frost & Sullivan Reports on Biometric Time & Attendance

For these companies, biometrics ensure employees earn a day’s pay only when they are present to do a day’s work. However, a reader such as the HandPunch is more than a simple time clock. It transmits the employee’s In and Out transactions to a company’s time/attendance/payroll software. Multiple units can be networked into a central time and attendance record keeping system. Interface software can be tailored to meet multiple record keeping needs, including programmable data management keys that collect specific data when employees’ hands are verified.

According to *Frost & Sullivan’s World Biometric Report 2002*, hand geometry readers continue to be the dominant biometric technology for access control and time and attendance applications. Last year, more hand readers were used than all fingerprint and facial recognition systems combined.

There are many reasons for this. First, hand geometry readers positively identify users by analyzing over 90 separate measurements of the hand’s length, width, thickness, and surface area. This information is com-



pared against a previously stored "template" in the reader's memory. As a result, the reader combines the flexibility of a full function data collection terminal with the sophistication of the most accurate identification technology available.

All major U.S. vendors of time and attendance software support HandPunch terminals, including ADP, Amano, Inception Technologies, Infotronics, Jantek Electronics, Konetix, Novatime, Time America, and many more. In addition to the U.S., HandPunch terminals are used with time and attendance software in Brazil, Germany, Indonesia, Korea, Mexico, Spain, Taiwan, the United Kingdom, and many other countries.

Hand geometry causes no resentment from employees because it is considered less intrusive than biometric devices that read fingerprints or scan the eye. Since the devices require only periodic cleaning, maintenance costs are low.

In addition, it is critical that any biometric terminal be designed to meet the needs of time and attendance. The HandPunch line of hand geometry-based terminals offers four different models, each with a set of features designed to satisfy the demands of all types of applications. HandPunch systems can be as simple as a single clock, or multiple units can be connected at a variety of sites via RS-485 wiring, optional Ethernet, or dial-up modems. With HandPunch terminals, supervisors can override user restrictions and input missed punches, planned vacations, sick time, and other information. This password-protected mode lessens the need for computer edits while audit trails for

use of those functions ensures security. Bell schedules can be programmed to signal shift starts and stops as well as breaks.

Companies can elect to employ a full function time and attendance terminal that includes feature sets unavailable on other biometrics-based time and attendance terminals. With 10 data management keys, the HandPunch 4000 terminal can be programmed to meet multiple data collection and management needs, allowing administrators to send messages to employees, which can be viewed when they punch. Employees can view up to 24 information fields to learn more about their schedules, total hours worked, and more.

Hand geometry technology is so accurate and dependable that it is also used for security access at nuclear plants, critical government agencies, and at leading airports around the world. The New York City Law Department uses HandReaders for building access and to track employee time and attendance in 10 different buildings around the city. "The products are very solid," says Malachy Higgins, the Director of Administration at the Law Department. "With our old system of sign-in books, it was difficult to verify who was working and when. Now the HandReaders do the work for us."

"Initially, we got the machines to monitor time and attendance. Then we realized we could also use them to control building access. The hand readers are wonderful. They have made our facilities much more secure. Access cards can be passed around, but with this system, only an authorized person can enter a facility."

A Day's Work for a Day's Pay—Guaranteed

With biometrics, it is easy to ensure that employees earn a day's pay only when they are present to do a day's work. Whether your company has 50 employees or thousands, biometric time and attendance terminals will provide more accurate payrolls and reduce labor costs. They will also reduce operating expenses and increase employee convenience by eliminating the need for badges—all of which make the biometric trend a quick way to enhance your bottom line.

Bill Spence is Director of Marketing for IR Recognition Systems.