Greyhound Lines, Inc.

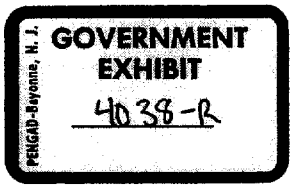
Greyhound Canada Transportation Corp.

Detailed Business Case for Implementing a Human Resource Management System Strategy

Compiled and Presented by

EIMS Project Core Team

April, 2002



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Executive Summary

Goals

The goal of this project is to review Greyhound's (GLI and GCTC) system needs, assess viable alternatives, and provide a recommendation to management for a solution to improve Greyhound's ability to manage human resources effectively. This solution or project shall be referred to as the Employee Information Management System (EIMS).

The solution will accomplish the following goals:

- provide benefits to all Greyhound employees
- provide a management tool to executives
- provide the technology tool to improve manual and cumbersome processes
- simplify IT system infrastructure by eliminating many multiple data sources and outdated systems within Greyhound
- provide a means to identify safety solutions and effectively manage the driver workforce

Once senior management has approved the recommendation, the main purpose of the Project Team will be to facilitate implementation.

Background

Greyhound Lines Inc. is no longer just GLI. It is a blending of GLI, Greyhound Canada Transportation Corp., and its subsidiaries. The future undoubtedly holds acquisitions, mergers, and consolidation of subsidiaries within Greyhound.

There are 58 different sources of data currently identified within the Greyhound systems encompassed by this project. These are comprised of 10 major systems, 24 secondary systems, databases or data sources, and 24 interfaces and reporting tools between the major and minor systems and/or other mission critical systems of Greyhound.

As the company grew, individual department's developed or purchased their own software solutions. While this works fine for the individual departmental needs, it has some major faults. With information residing in so many places, updating becomes a difficult task. Which database is correct? Many of these systems are no longer supported, and Greyhound loses any synergies they may gain from a single source database. Reporting across multiple databases is constrained, and the ability to provide managers with real time data and reports to manage their business is restricted.

Alternatives

In order to select the best possible solution for Greyhound's business needs, three different business alternatives were evaluated. The specific alternatives were as follows:

1. Status Quo –Existing systems will be kept in place and supported as they are today is what Alternative 1 encompasses.
2. Modularize and Band Aid – This option takes the current Greyhound applications and makes only necessary changes to essential applications to fix potential mission critical problems and improve driver/employee management. Outdated business practices and work arounds are eliminated. To accomplish this, the core HR systems will be replaced, payroll systems updated, a driver management system developed, and an Enterprise reporting tool will be purchased.
3. Implement an Integrated HRMS System – By purchasing an "off the shelf" HRMS System, Greyhound combines numerous systems and data sources into a single repository, allowing improved data access and integrity, and many synergies associated with a single database.

To assess the value of the individual alternatives, each was rated and scored based on the 12 primary customer requirements for the project goals. In addition, a cost was determined, a list of pros and cons developed, and key points were identified. Based on the data and information gathered, a recommendation was prepared and presented.

Recommendation

The recommendation is Alternative 3, Implement an Integrated HRMS System. Such a solution will provide for Greyhound and its subsidiaries the ability to fulfill the customer's current, future needs and meet the current, future requirements related to those needs.

The Project Team recommends Alternative #3 as the best long-term strategic solution for the company. The primary reasons for the recommendation are:

An integrated technology solution will best meet the current and future business needs of Greyhound

This alternative provides the greatest opportunity for streamlining processes and reducing costs

The projected cost difference between this alternative and the next most viable alternative is less than $ 100K

From a technology perspective this is "hand's down" the best alternative and consistent with all IT best practices for corporate system architecture. From a business perspective, this strategy provides the greatest possible upside to optimizing operations and streamlining processes.

Background

Introduction

In June 2001, Greyhound (GLI and GCTC) initiated the EIMS project to recommend a strategy for addressing Greyhound's Human Resource, Payroll, and Driver Management information needs. A Project Team was constructed with representatives from the functional areas within Greyhound that were seen as being under the EIMS umbrella. The listing of the actual Project Team members can be found in Appendix 1 – Project Team.

This document is the detailed business case created by the Project Team. It contains all the specifics on how the business case was built and the processes used to evaluate and select the final alternative for the recommendation.

System Issues – Major risks, problems, and constraints

The major risk today is the age of our current systems. Historically, the company has not made a significant investment in these systems, which resulted in a "piece meal" or "band aid" approach. This approach resulted in a system environment that is unstable, inflexible to change and constrains Greyhound's ability to streamline business processes.

For instance:

HR-1 (used by GLI HR) is a DOS based application originally installed in 1993. The system is no longer supported by the vendor and was developed in a "dead" programming language (A-REV).

Support Costs

GLI paid $250K for a consultant from 1/99 thru 3/00 to stabilize HR1 and resolve programming issues.

A total of 12 risks, problems, and constraints were identified with these systems.

HR2000 (used by GCTC HR) is a DOS based applicationinstalled in 1990. Like HR-1 above, the vendor no longer supports the current version of the system and the programming language (REV-G) is even more out of date.

A total of 14 risks, problems, and constraints were identified in this system.

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Driver Taxation Issue

GLI drivers often live (and should be taxed) in a different state from their work location.

For the normal paycheck ADP can accommodate this, however, for any supplemental check, ADP taxes strictly based on work location.

This can/has resulted in incorrect taxation, W2-Cs, and extremely unhappy drivers.

GLI outsources the payroll processing to ADP in Atlanta, Georgia. ADP PCPW (used by GLI Payroll) is the canned application provided by ADP to allow GLI to process the payrolls.

A total of 11 risks, problems, and constraints were directly linked to the ADP solution.

Micro Pay (used by GCTC payroll) is a DOS based application installed in 1991 and heavily customized by Ceridian to meet the unique pay requirements of our bus operations. The system is no longer supported by the vendor and customization to meet changing business requirements is not possible.

A total of 18 risks, problems and constraints were identified with this system.

Pension Data Load

Because of the floppy diskette interface from Micro Pay, the following 5-9 hour process is required to merely load summary information from one system to another:

- Ceridian Overnights the floppy diskette
- Benefits loads the data to HR2000 (1.5 hours)
- Research errors (1-4 hours)
- Benefits backs out the uploaded information (1.5 hours)
- Benefits makes corrections (0.5 hours)
- Benefits reloads diskette to HR2000 (1.5 hours)

Driver information is currently stored in a variety of data repositories (at least 12) scattered throughout the organization. Examples of the driver data include:

1. Safety data
2. Accident data
3. Pay data
4. Contact information
5. Mystery ride data
6. Certification data
7. Disciplinary data
8. Grievance data
9. Workers comp data
10. Drug and alcohol testing data
11. Safe bus data
12. Safety awards data

It is important to note these are individual data sources stored in an assorted variety of spreadsheets, standalone databases as well as major systems such as Driver Pay and BOSS. This creates a magnitude of data integrity, process inefficiencies (duplicate keying) and reporting constraints for the organization.

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Current Systems Environment

The following sections:

present a high-level view of the current system that shows the unnecessary complexity in our environment

present the costs associated with business processes and support

present the risks, problems and constraints from both a business and technical perspective

supplement these facts and opinions with actual war stories from the field

The diagrams in this section show examples of:

the complexity of the current technical environment

the complexity of the current business processes

the opportunity for improvement

Technical Environment

Diagram 1: GLI/GCTC High Level Systems Structure shows the current systems environment. Diagram 2: GLI/GCTC Integrated Systems Structure depicts the expected environment with the implementation of an integrated HRMS system.

As the diagrams illustrate, consolidating the current databases has a direct impact on the environment supporting them. This is especially evident in the interface sections. The major interfaces between the major databases (HR, Payroll, Driver Pay, Oracle) are reduced significantly. This is a microcosm of the improved efficiencies that will be inherent with an integrated system.

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Diagram 1: GLI/GCTC High Level Systems Structure

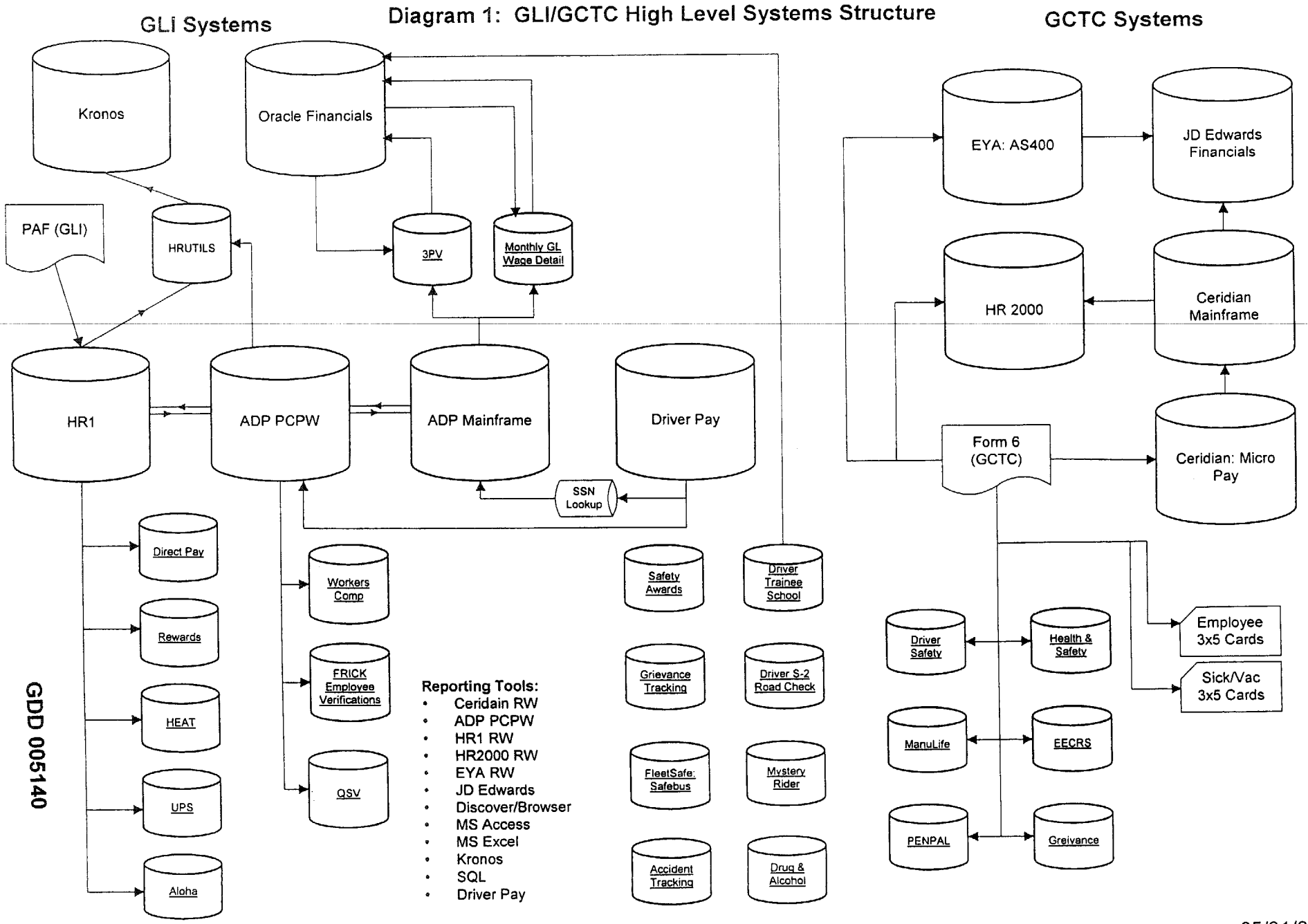

Diagram 2: GLI/GCTC Integrated Systems Structure (Recommended Solution)

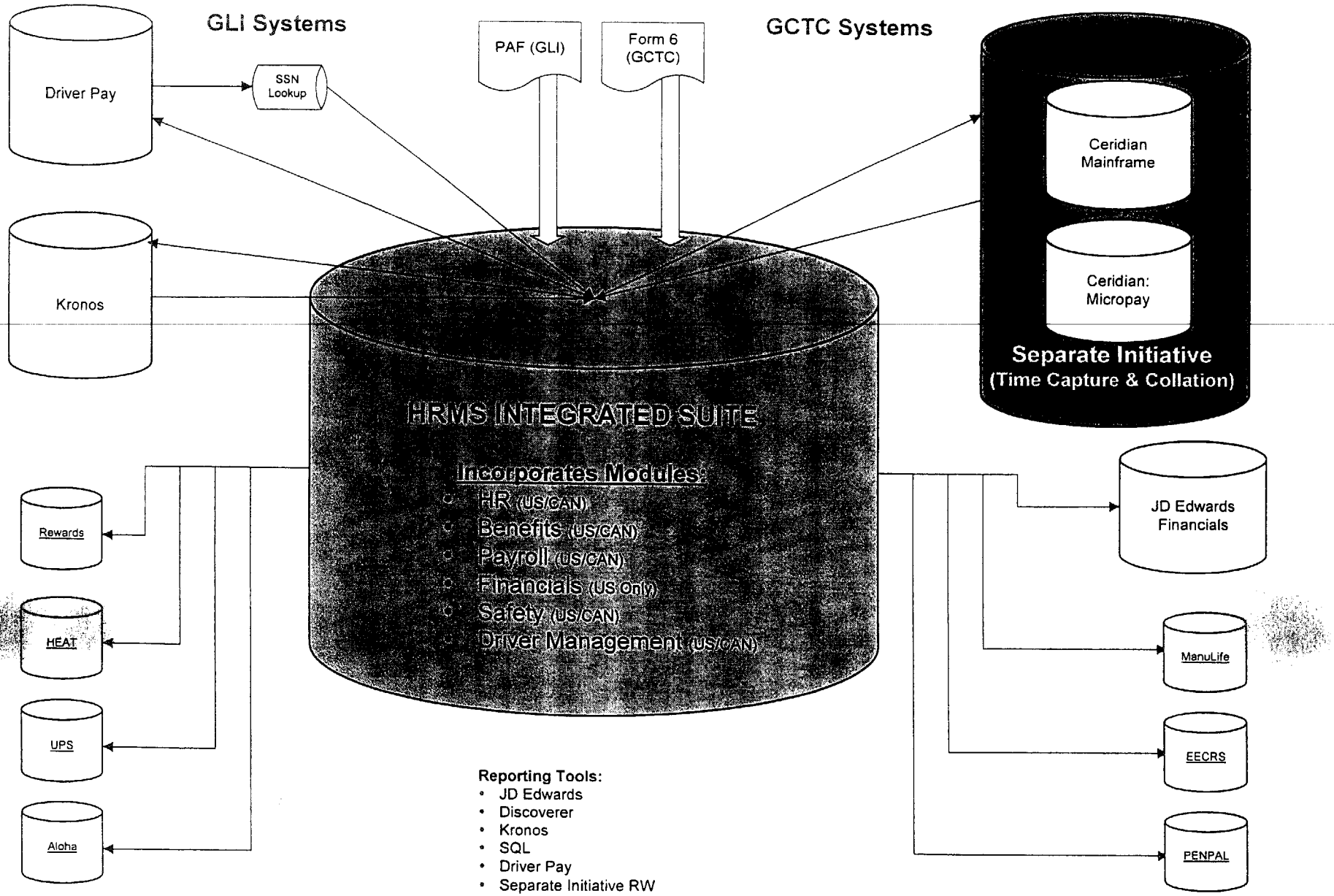

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Table 1: Technology Components statistically summarizes the major technology components and shows the opportunity for improvement.

Table 1: Technology Components

Component Category	Current Environment	Future Environment	% Change
Major Applications/Databases HR1 (GLI) HR2000 (GCTC) ADP (GLI) ADP Mainframe (GLI) Ceridian (GCTC) Ceridian Mainframe (GCTC) EYA (GCTC) Oracle (GLI) JDEdwards (GCTC) Driver Pay (GLI) Kronos (GLI)	11	5	- 55%
Minor internally built/custom Apps *(MS Access, FoxPro, Excel)*	16	0	- 100%
Minor 3rd Party Applications *(UPS, Manulife, EECRS)*	9	9	0%
Major Critical Interfaces	36	7	- 81%
Supporting Interfaces	33	7	- 78%
Report Tools	12	6	- 50%
Total Major Components	**117**	**34**	**- 71%**

Note: A detailed listing of all the individual pieces is included in Appendix 3 – Current Environment.

Business Processes

GLI has approximately 200 processes related to HR and Payroll. To demonstrate complexity of the current business environment we flowcharted the processes to highlight the risks (or "failure points"), the cost, as well as the opportunity for improvement by automating process steps and decisions (or best practices).

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Each process presented includes a flow chart of the current process or "current state" (current), a flow chart of the streamlined process or "end state" (future) as well as a quantitative summary of the potential improvements. The processes presented include:

1. Salary Change - Non-Driver
2. ADP Company Transfer
3. Daily Changes

The following diagrams reference the term "failure point". A failure point is any point in the process where data can be dropped, added incorrectly, or corrupted causing data integrity issues.

Note: The future processes as defined for purposes of this section are relative to the implementation of an integrated HRMS system.

Salary Change Process – Non-Drivers

GLI processes approximately 11,000 non-driver salary changes each year. The Best Practices re-engineering assumes that the data entry is done by the Managers in a decentralized fashion using Manager Self Service and workflow is used for approval and for notification purposes.

Diagram 3: GLI Salary Change – Non-Driver (Current) depicts the current process and Diagram 4: GLI Salary Change – Non-Driver (Future) encompasses the future view of the process.

Diagram 3: GLI Salary Change Non-Driver (Current)

Based on current policies

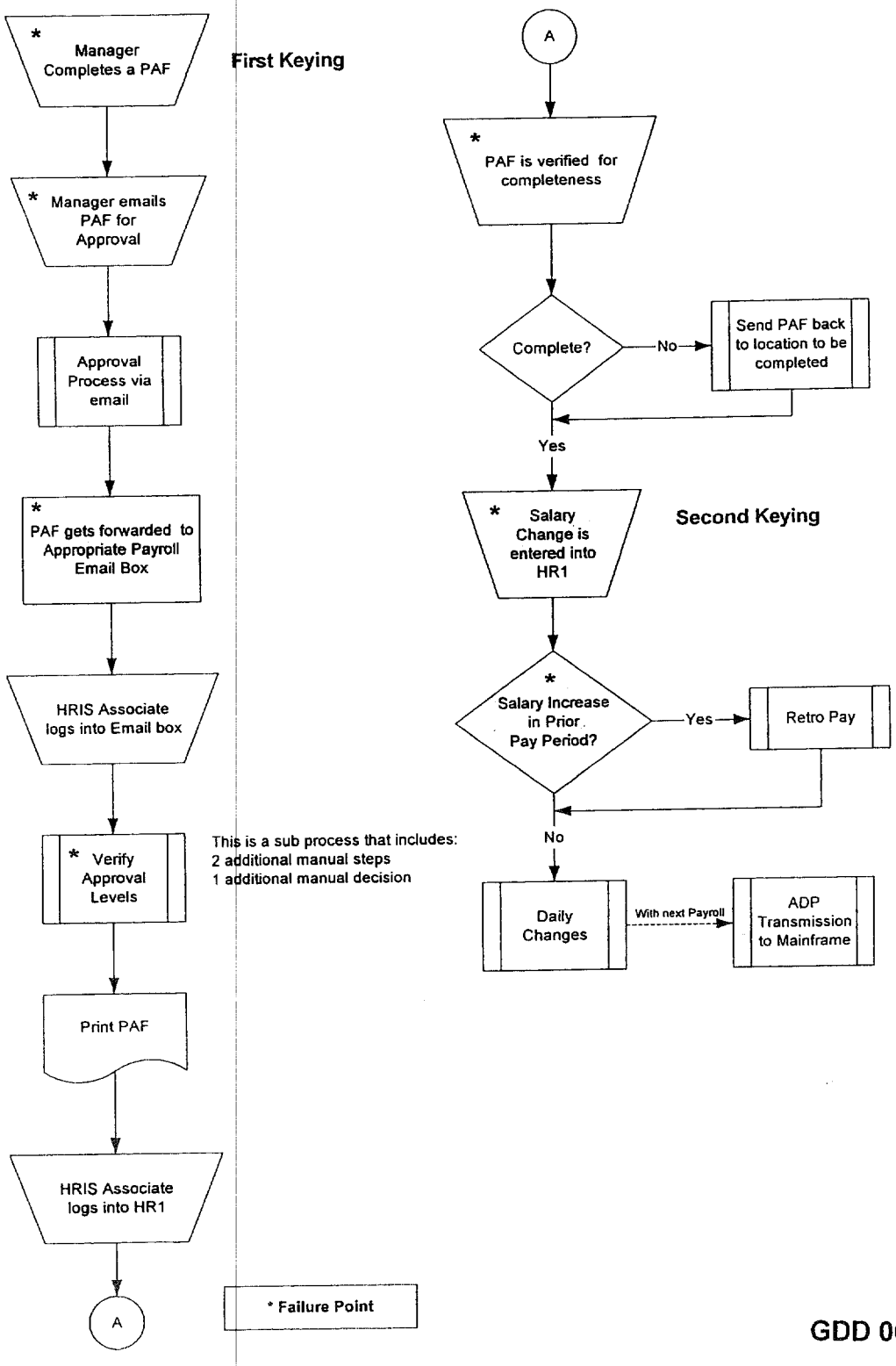

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Diagram 4 : GLI Salary Change - Non-Driver (Future)

Based on current policies

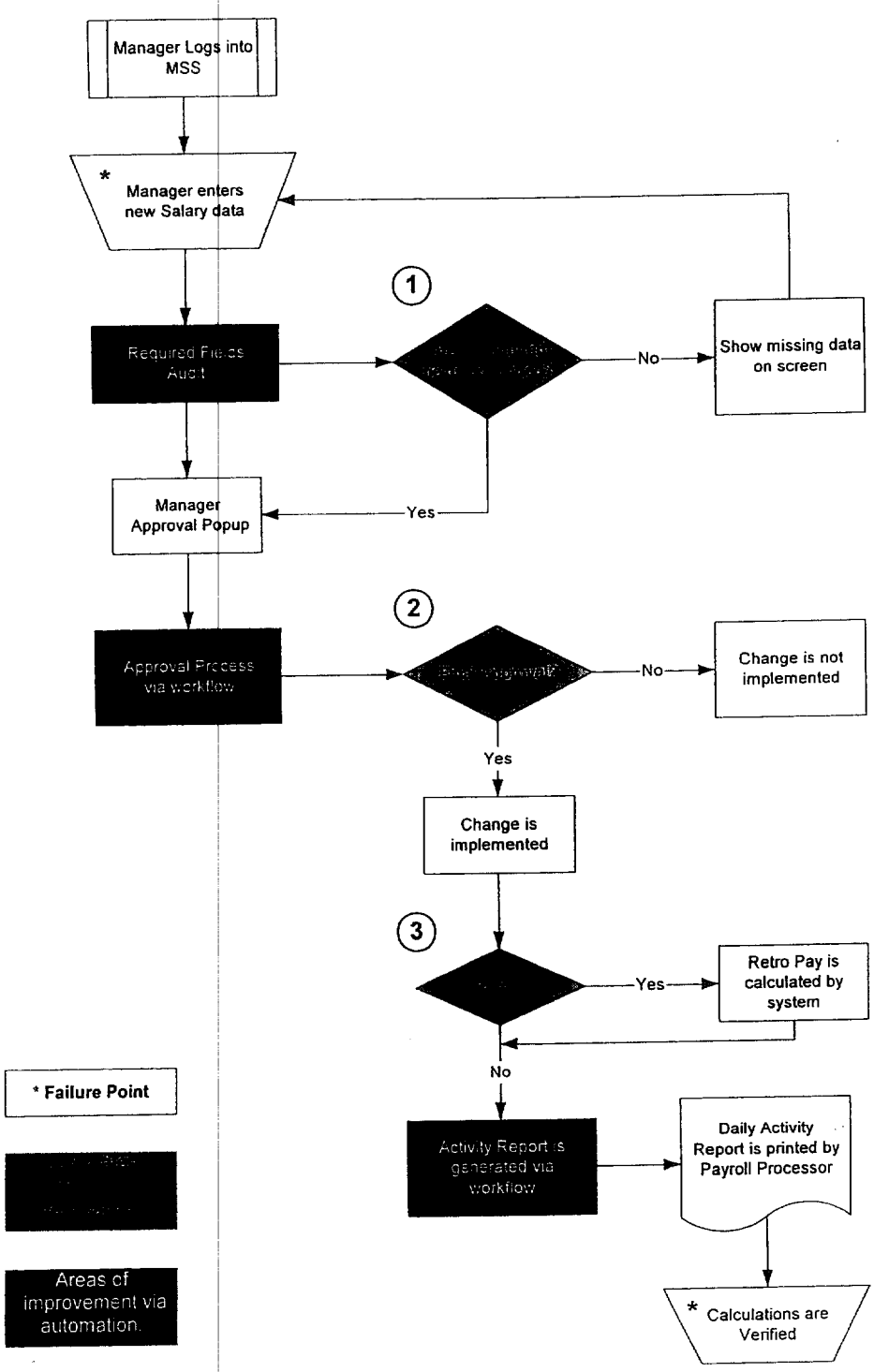

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Table 2: GLI Salary Change – Non-Driver Process Analysis shows the number of failure points, process steps, decisions, and process costs associated with the current and future process designs along with the calculated percentage of change from current to future.

Table 2: GLI Salary Change – Non-Driver Process Analysis

	Current	Future	% Change
Failure Points	7	2	- 71%
Total Process Steps	18	15	- 17%
Automated Steps	0	11	+ 100%
Manual Steps	18	4	- 77%
Total Decisions	3	3	0%
Automated	0	3	+ 100%
Manual	3	0	- 100%
Process Costs	$ 27,500	$ 13,750	- 50%
Initial Keying	$ 13,750	$ 13,750	0%
Second Keying	$ 13,750	0	- 100%

ADP Company Transfers

This process is necessary because of the structure of the ADP Payroll System. It maintains 6 different "databases" called companies. We have approximately 100 of these "transfers" each year. An employee moving from a driver to a driver supervisor or an employee moving from customer service / food service to the TIC would constitute an ADP Company Transfer.

In a single, integrated database environment, these "transfers" would no longer be required. Only a move to a company with a separate EIN would require a transfer. An example of this would be an employee of GLI moving to GSS.

Diagram 5: GLI ADP Company Transfer (Current) shows the current process as having to be done by GLI. The future process is non-existent as shown in Diagram 6: GLI ADP Company Transfer (Future).

Diagram 5: GLI ADP Company Transfer (Current)

Moving from Hourly to Salaried,Customer Service to TIC, etc.

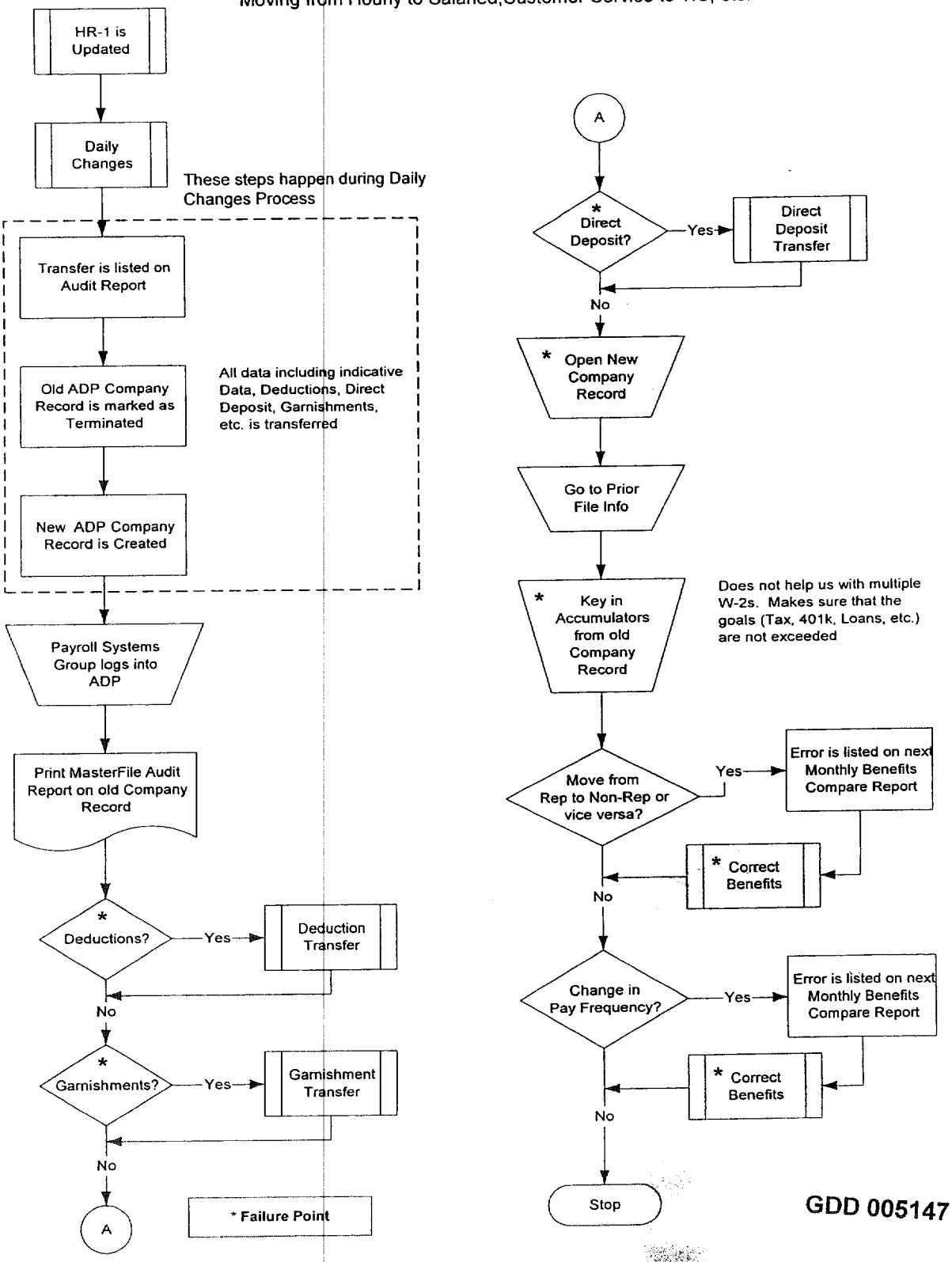

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Diagram 5: GLI ADP Company Transfer (cont.) (Current)

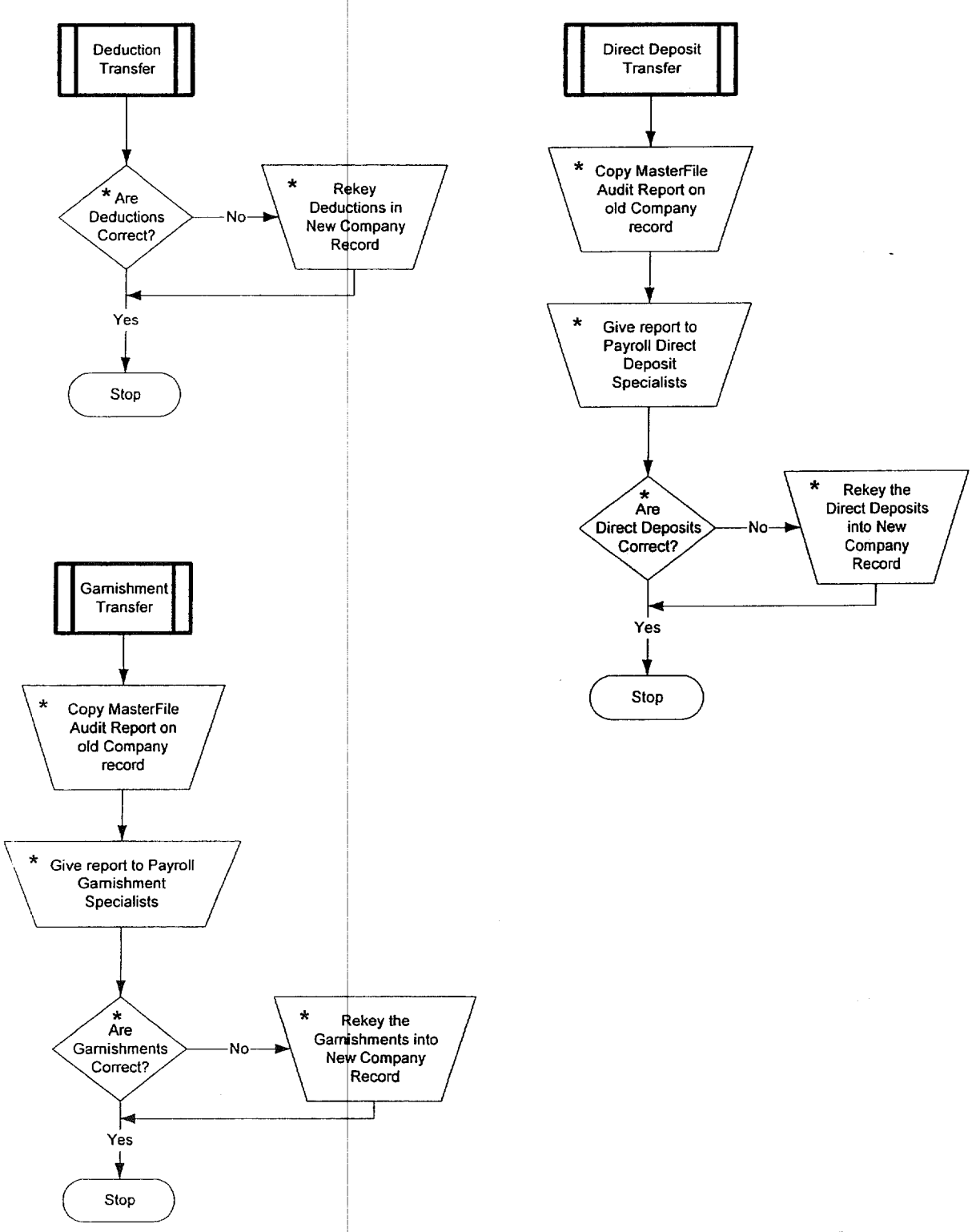

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Diagram 6: GLI ADP Company Transfer (Future)

This process is completely eliminated with the implementation of an integrated HRMS System.

Table 3: GLI ADP Company Transfer Process Analysis shows the number of failure points, process steps, decisions, and process costs associated with the current and future process designs along with the calculated percentage of change from current to future.

Table 3: GLI ADP Company Transfer Process Analysis

	Current	Future	% Change
Failure Points	17	0	- 100%
Total Process Steps	22	0	- 100%
Automated Steps	5	0	- 100%
Manual Steps	17	0	- 100%
Total Decisions	5	0	- 100%
Automated	2	0	- 100%
Manual	3	0	- 100%
Total Process Costs	$ 495	0	- 100%
Rework	$ 495	0	- 100%

Daily Changes

The Daily Changes process moves changes entered into HR-1 to ADP. The process runs daily on business days.

In an integrated HRMS system, this type of data transfer would not be required because the HR and Payroll systems will simply be modules of the same application and will share the data. The remaining step in the process will be the transfer of data to Kronos.

Diagram 7: GLI Daily Changes Current shows the current processes and Diagram 8: GLI Daily Changes Future the anticipated processes.

Diagram 7: GLI Daily Changes (Current)

This process moves the changes from HR-1 to ADP and then to Kronos

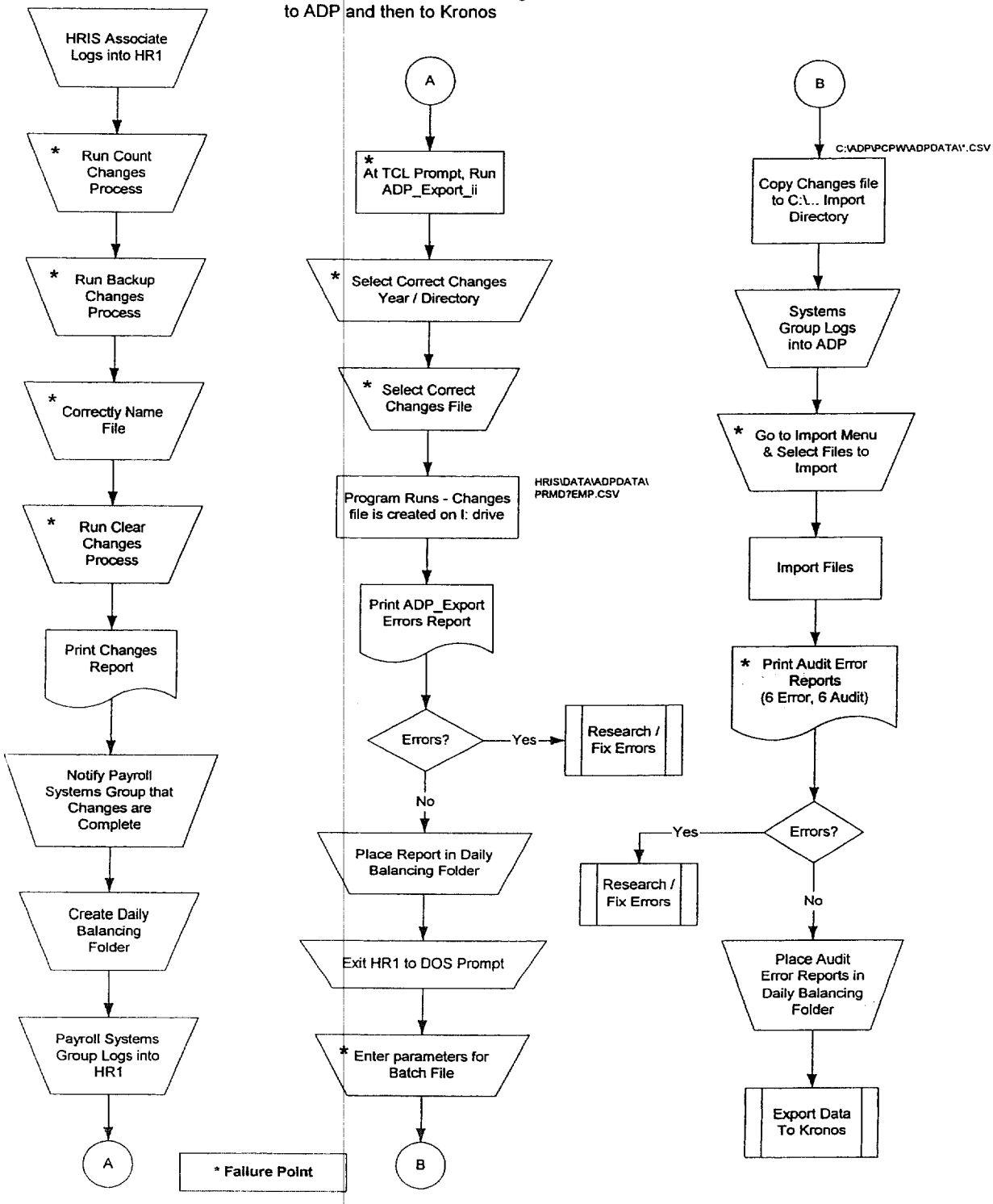

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Diagram 8: GLI Daily Changes (Future)

With an integrated HRMS system, the only data movement necessary will be to Kronos.

Table 4: GLI Daily Changes Process Analysis shows the number of failure points, process steps, decisions, and process costs associated with the current and future process designs along with the calculated percentage of change from current to future.

Table 4: GLI Daily Changes Process Analysis

	Current	Future	% Change
Failure Points	10	0	- 100%
Total Process Steps	28	1	- 96%
Automated Steps	2	0	- 100%
Manual Steps	26	1	- 96%
Total Decisions	2	0	- 100%
Automated	2	0	- 100%
Manual	0	0	0%
Total Process Costs	$ 2,813	$ 315	- 89%
Manual Processing	$ 2,813	$ 315	- 89%

Current System Costs

Activities based costing and benchmarking has historically been used to assist organizations in measuring internal processes and as a tool to identify opportunities for improvement. In conjunction with this initiative, both the Payroll and HR departments were analyzed for comparison with other companies and the transportation industry. The comparison benchmarks were supplied by CDG and Associates, an independent consulting organization. Greyhound's expenses were adjusted to provide the best possible "apples to apples" comparison. The details regarding the benchmark comparison can be found in the Appendices.

Note: All cost calculations include both direct departmental costs and IT support costs in the calculation.

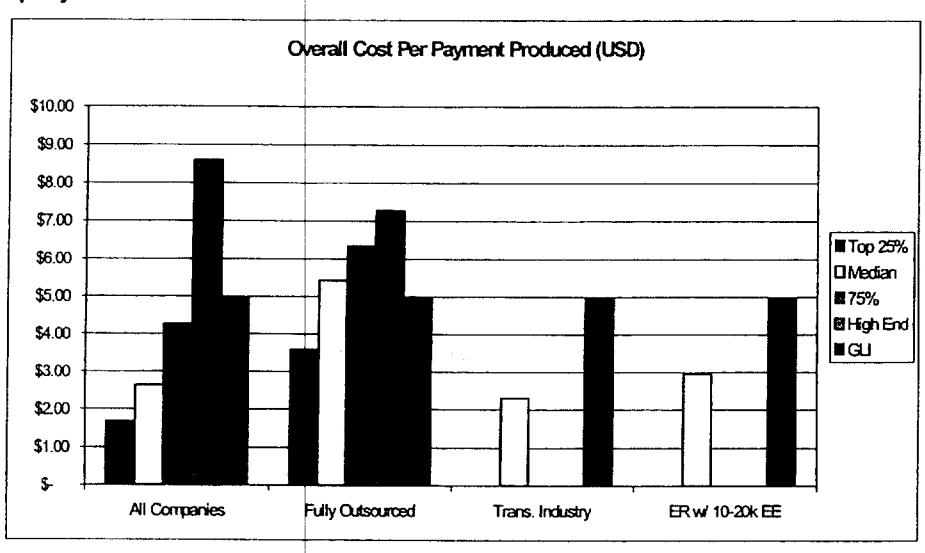
GLI US Payroll Costs

This graph shows that Greyhound's cost per payment is:

in the upper 75th percentile among all companies

nearly 100% higher than the median in the transportation industry

$2.00 per check (66%) higher than companies with greater than 10,000 employees



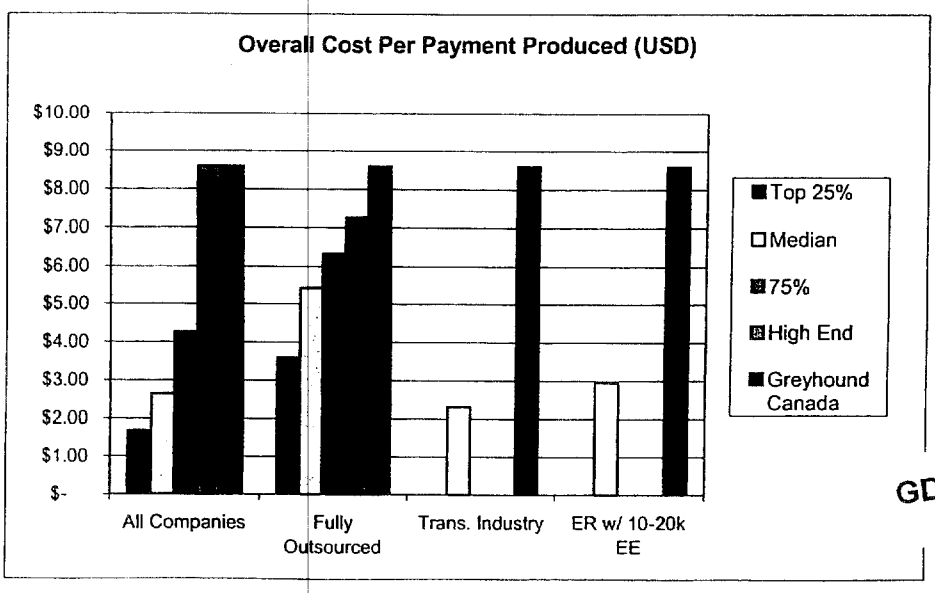
GCTC Payroll Costs

The graph below shows that GCTC's cost per payment is:

in the upper 75th percentile among all companies (way off the chart)

nearly 500% higher than the median in the transportation industry

$9.00 per check (340%) higher than companies with greater than 10,000 employees



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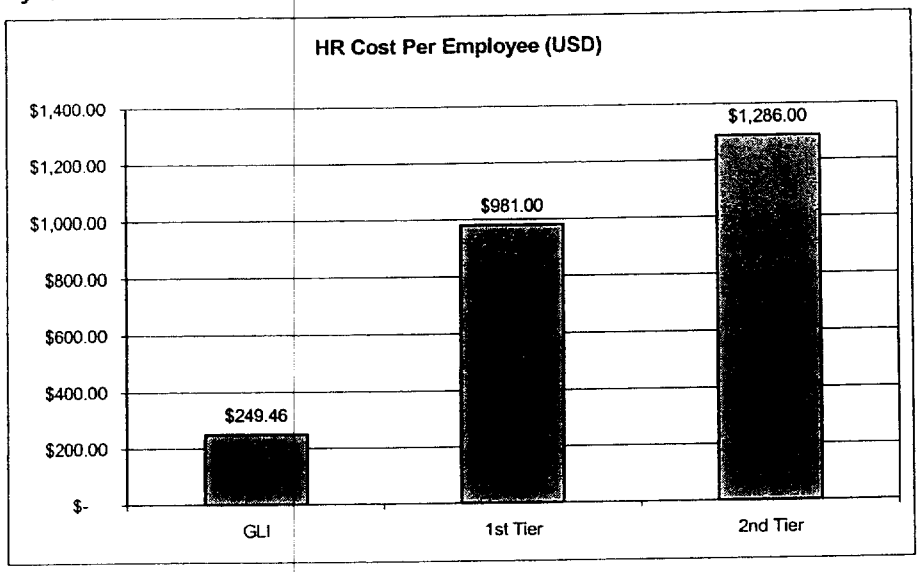
GLI Human Resources

This graph shows GLI's HR cost per employee is:

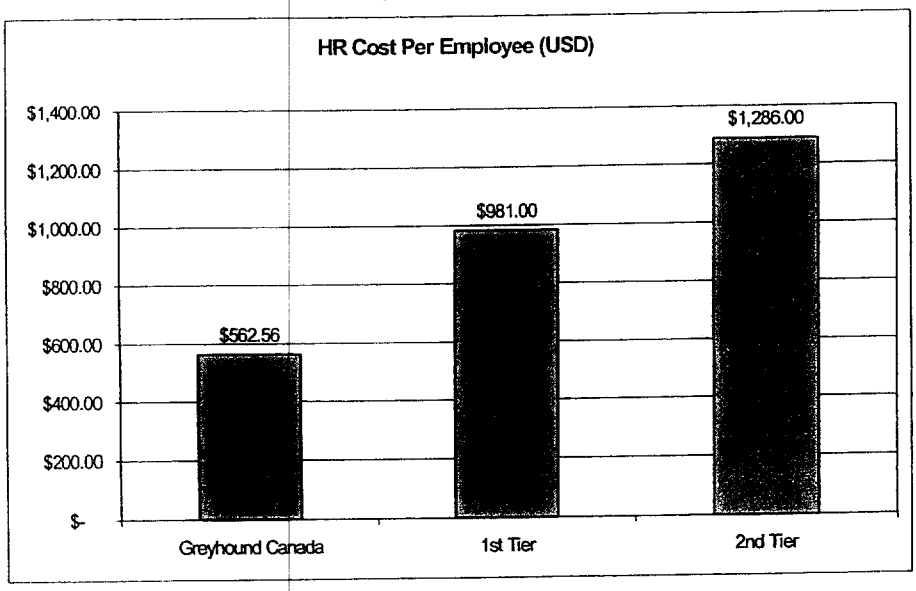
Roughly $ 250 or 78% lower than the average of all companies in the survey



GCTC Human Resources

This graph shows GCTC's HR cost per employee is:

$ 562 or 50% lower than the companies in the survey



Note: All cost calculations include both direct departmental costs and IT support costs in the calculation.

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Summary

While benchmarking is more of an art than a science and should not be the only factor in a major decision, you can draw the following conclusion from the above analysis.

- A large opportunity exists to improve Greyhound's payroll processing costs
- Greyhound's HR expenses are lower than the companies surveyed

Detailed Analysis of Risks, Problems and Constraints

The following section provides detailed information regarding the risks, problems and constraints, as well as highlights a few corresponding opportunities where appropriate. Both the Technical Risks and Business Issues are addressed.

Technical Risks of System Failure

Maintaining the current environment and set of systems to perform the current mission critical business needs has a number of risks to the company. The risks are primarily due to the retention of old products discontinued by the vendor from both a development and support perspective. Below are examples of technical risks as a result of Greyhound's current environment:

1. Internal Resource & Vendor Product Support
2. HR1 Program & Memory Limitations
3. HR1 Network Client, Protocol & Latency Limitations
4. No ADP Test Environment

1. Internal Resource & Vendor Product Support

HR1/HR2000 are Greyhound's HR software packages written in the late 1980's by Ceridian. Greyhound has internally supported these products since 1997 when the vendor discontinued support.

HR1 and HR2000 are written in discontinued development languages; A-REV and REV-G respectively. This directly equates to increased risk and cost to Greyhound. GLI paid $ 250K for a consultant to stabilize HR1 and resolve programming issues. Since the technology is "dead", the resource pool available to support these applications is diminishing.

Due to the discontinuation of support, Greyhound no longer has access to:

- **Emergency Technical Support**

  If the system encounters a serious error causing corruption or degradation, the vendor will not supply any assistance.

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- **Technical Expertise**

The vendor will not provide testing and settings for migrations to new operating systems, platforms, networks, or hardware. New platform environments are unknowns and Greyhound will essentially be beta testing the product with each Network, Database, or PC upgrade. The upgrade to Windows 2000 or Windows XP will affect Greyhound.

Email from GCTC Payroll Supervisor to the Manager

"I have been advised by my department that for some reason they are unable to run reports...Ceridian... advised her they no longer support report writer...and we should look at updating to a new process. [Ceridian] stated that they could no longer help us with reports...he said that basically he was told [our] system is dead in the water."

- **Enhancements**

No future enhancements or patches will be developed or released. In 1998-2000 modifications to government compliance/business issues such as COBRA and HIPAA were coded within Greyhound at substantial internal cost. This also includes modifications to any government reports.

2. HR-1 Program Size and Memory Limitations

There is a hard limit of 34,000 characters for a program written in HR-1. There are currently at least 3 critical programs near this code size limit:

- ADP Payroll Export (ADP_EXPORT_II) – The most critical HR/Payroll interface program, extracts data from HR-1 and converts it to ADP format.
- Employee Changes (EMP1_PRESAVE) – One of the main programs in the system, responsible for a majority of the automated processing that occurs when an employee's data changes.
- 401(k) AMEX Export (AMEX_MAINT_EXPORT) – This program generates the data files sent to American Express each week for our 401(k) program

HR-1 is limited in the amount of RAM, or memory it can utilize. Furthermore, because it is an older DOS-based product, it can only access Expanded memory. Expanded memory is an out-dated memory access method no longer automatically available on computers. In order to provide expanded memory, a special memory manager must be configured on each computer. This memory manager does not always work correctly with newer hardware. This can cause significant issues with the availability, response, and usability of HR-1 on a computer.

3. HR-1 Network Protocol, Client & Latency Limitations **GDD 005155**

- **Protocol**

HR-1 is limited to running on an IPX network. The IPX protocol is specific to Novell NetWare networks, thus database files must reside on a Novell file server. Revelation Technologies does have a utility that will allow HR-1 to run on TCP/IP

networks. However, performance is generally slower and there are more technical issues involved with keeping the application stable.

- **Client Limitations**

A "network client" is required for each PC on a network. Greyhound uses the Novell NetWare client provided by Novell. There are serious compatibility issues with the recent versions of the Novell NetWare client and HR-1. Users of HR-1 must have an older version of the NetWare client installed on their PCs. This client cannot be patched or upgraded as this causes HR-1 to not work correctly on that machine. This limitation restricts our abilities to upgrade the computers of HR-1 users if there is a "bug fix" or maintenance patch available for the Novell NetWare client.

- **Latency Limitations**

HR-1 is very sensitive to "network latency". Latency is a measure of the responsiveness of a network. If the network is very busy, and requests process slowly, it is said to have high latency. The higher the latency of the network, the more unstable HR-1 becomes. In some instances, this means that no other network applications, such as email, can be run at the same time as HR-1. This causes significant frustrations for the users who just want the program "to work". Furthermore, network latency is a very difficult issue to diagnose and correct.

4. ADP: No Test Environment

GLI does not have a test environment for the ADP Payroll application. The primary reason for this is that the application is hard-coded to connect to a particular data source. ADP does not provide an easy method of choosing which database to connect to. A compromise has been reached where we have created a test company code within the production environment. This allows us to test some basic import functionality. However, it does limit our abilities to fully test changes to the interface between HR-1 and ADP.

In Atlanta on the ADP mainframe, the test process consists of "flipping a switch" that allows us to process a test payroll run. If for any reason they forget to "flip the switch" it can cause several days worth of clean up. It has happened in the past.

Discussion of Business Problems, Constraints, & Risks

Maintaining the current environment and set of systems to perform the current mission critical business needs has a number of risks to the company. The risks are primarily due to the retention of old products that have been discontinued by the vendor from both a development and support perspective. The following list contains the Top 10 Business Issues as result of Greyhound's current environment:

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Top 10 Business Issues (GLI/GCTC)

1. Payroll Outsourcing Costs
2. 3 X 5 Index Cards
3. Mission Critical Systems & Floppy Diskette Interfaces
4. Vacation, Sick and Personal Days
5. Interest Savings on Tax Payments
6. Inefficient Processes and Points of Failure
7. Effective Dating
8. Managing Personnel Files
9. Garnishment Processing
10. Limited Deduction and Earnings Codes

Payroll Outsourcing Costs (GLI/GCTC)

The annual costs to outsource Payroll processes which includes W2, T4, and tax filings are:

GLI	$
GCTC	$
Subsidiaries, Average per	$

Note: These costs increase 5% per year.

REDACTED

3 x 5 Index Cards (GCTC)

GCTC still relies on 3 x 5 paper index cards to track the following information:

- Seniority information
- Statutory holiday accruals
- Vacation/Sick hours taken
- Vacation accruals
- STD/LTD
- Workers Compensation
- Leaves of absence
- Part Time hours worked
- Time missed by Full Time employees

3 x 5 Cards

Researching, updating, and maintaining 4,300 3 x 5 index cards makes up a core element of the daily business.

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Examples of significant issues presented by Index Card filing are:

- Driver days off are extracted from manual timesheets and recorded on to 3 x 5 index cards. GCTC reviews each 3 x 5 card each pay period to determine those entitled for pay increases.
- Obtaining a summary of data for hours requires collating information manually from the index cards

Mission Critical Systems & Floppy Diskette Interfaces (GCTC)

GCTC's link between the Payroll and HR systems is a floppy diskette. Ceridian produces the diskette and it is uploaded to the HR2000 system. This process is archaic and labor intensive (if adjustments are required).

Vacation, Sick, and Personal Days (GLI/GCTC)

The ability to provide the field or corporate management how many vacation, sick, personal days an employee has available is not possible today. The unique rules provided by each contract prohibit the current systems from tracking such data accurately. This function, therefore, is the responsibility of each manager.

6 Location Audit

A 6 location audit for Vacation, Sick, and Personal days taken in excess of time allowed revealed an average of $35 per employee paid in ineligible dollars paid.

With a base number of related employees at 5,000, the total annual cost is $175K.

Examples of the related issues:

- Employees are provided more personal time than they are eligible
- Manual, labor intensive process placed on the local manager
- Termination payoffs are difficult to assess; Greyhound will usually pay more in the case of disputed personal time off available

Interest Savings on Tax Payments (GLI)

ADP requires funding for tax liabilities to be sent to them 1 day prior to the check date. The liability is not due to the government entity until the day after the pay date.

Examples of the related issues:

- GLI must borrow money from the Foothill account @ a lending rate of 4% per day to cover the liability
- In addition to the expense GLI pays to ADP for processing, ADP also earns interest on the tax liability funding for approx. two days
- Per a detailed analysis of actual payments and due dates for Fiscal 01 and an assumed borrowing rate of 4% per day, GLI spends $ 70K per year by forwarding the dollars early

Inefficient Processes and Points of Failure (GLI/GCTC)

The presence of additional databases, interfaces, and points of data entry present process inefficiencies and data integrity issues. Simple employee record maintenance changes such as address, W4, beneficiary, emergency contact, name, and phone number changes require a number of processes for the employee, manager, and HRIS associates.

A prime example is an address change.

Table 5: Address Change Process Analysis

Current Processes	HRMS Employee Self Service	% Improvement
• 8 steps	• 3 steps	• 62%
• 3 Greyhound resources	• 1 Greyhound resource	• 67%
• 3 interfaces	• 0 interfaces	• 100%
• Key into 5 systems	• Key into 1 system	• 80%
• Add to 1 index card	• No index card needed	• 100%

A Point of Failure is any point in the process where data can be dropped, added incorrectly, or corrupted causing data integrity issues. Consequently, a great deal of research is required to monitor the data integrity between systems. Table 6: Points of Failure illustrates reduction in points of failure an integrated HRMS system could provide.

Table 6: Points of Failure

Component Category	Current System	Expected HRMS
Databases	36	14
Interfaces	69	14
Report Tools	12	6
Total Major Components	117	34

NOTE: Details can be found in Appendix 3 – Current Environment, Current Environment Systems, Programs, & Major Interfaces table.

Effective Dating (GLI/GCTC)

No Greyhound HR/Benefits/Payroll related system provides effective (future or past) dating. The primary consequence is the need for manual paper processes to be applied at the exact correct time. If the changes are early or late, the ramifications have led to the following incorrect items:

- Benefits
- Garnishments
- Taxes
- Earnings
- Term Date
- Hire Date
- Term Date
- Union Dues

Procedures to accommodate for this lack of functionality cause a great deal of inefficiencies. Two examples of these work-around processes are Annual Enrollment/Benefits and Merit Increases.

Annual Enrollment/ Benefits

Since the new benefits can not be applied to the live system with an effective date for the new elections, ITS is forced to create a temporary parallel environment. The future elections are entered into a replica HR system instead of entering the data directly into the system.

ITS allocates $ 13,000 annually in costs to the annual enrollment process. This figure is an average amount based on the experience of the past three years.

Merit Increases

There are two significant issues in the merit increases:

1. need for manual tracking
2. need for changes to be applied exactly at the correct time

Because pay increases can not be entered in the system with a future effective date, the increase dates must be manually tracked. This is done using a variety of methods: 3 x 5 cards, spreadsheets, MS databases, and notes pinned to computers.

The changes must be entered in at the correct time in the pay cycle to accurately pay the employee with the old/new rates. The timing issues make Greyhound susceptible to missed increases and/or multiple costly retro checks to make up for the differences.

GDD 005160

Managing personnel files

A significant portion of the Driver Supervisor's time is spent managing the employees paper files:

- Filing copies of physicals, CDLs, drug tests, training certificates
- File may be off-site for arbitration so the Driver Supervisor cannot file the paperwork until the file is returned. Document may get lost in the mean time or purged.

Paper Files

An outside consulting firm identified 8.0% of the Driver Supervisor's time is spent managing Paper Personnel Files.

- Fraudulent activities can occur relative to documents being lost or destroyed while being transported or simply contained in a paper file.
- Driver Supervisors must manually update the HR-02 Summary Sheet every time there is an accident, incident, or discipline.
- Manually pulling the data required for a customer complaint, minor accident, etc. is time consuming because the files get so large.

Having this data on-line instead of in paper copies will reduce the time spent shuffling paper and the possibilities of fraudulent activities.

Garnishment Processing (GCTC/GLI)

The limited garnishment, tax levy, and child support functionality creates a need for processes which are extremely manual and cumbersome.

- Since GCTC uses 2 older payroll systems (DOS EYA and Ceridian), the garnishment **functionality is very limited and unable to accommodate new compliance items.** To compensate, several different calculation and tracking methods are employed: paper, MS Excel, and MS Access systems.
- No **historical data** for each individual garnishment set up or time/date/User ID to show who and when changes are made to garnishment data.

Default Judgement vs. GLI

A Nebraska court sent an interrogatory letter stating their intention to enforce a $29K garnishment on a GLI employee. GLI has 7-10 days to answer this letter; otherwise a default judgement can be automatically levied against the employer.

The letter was lost in the paperwork handled in the garnishment process. Nebraska ruled GLI was liable for the $29K.

With the help of GLI Legal department, this was abated; however, this is a very real risk with the complexity and manual nature of the garnishment process.

- **Research time:** No historical data increases the time spent researching court/legal issues and sometimes even prevents an answer if the information is not available.
- **Multiple garnishments:** With a multiple levies, liens, garnishments or support orders in a year the YTD accumulators will not distinguish between the payees. This also impedes GLI's ability to research. GLI currently must rely on the data in the employee's paper file for research.
- **Vendor history reports** must be requested from the payables system because the current payroll system **cannot produce these reports.** Currently, it can take 3 days to 2 weeks to get this information. This causes delays to our customers and vendors, which could result in a penalty and interest situation.

GDD 005161

- The current system will **only allow six garnishments** to be set up on an individual. Additional garnishments are calculated manually. This is an extremely laborious task and requires a very skilled garnishment resource to complete. GLI has employees who have more than 6 garnishments.
- The number of **deduction codes for garnishments are limited**. The current system has only one garnishment deduction code and only one state tax levy code. If an employee has more than one garnishment, and both percentage amounts together are not over the Federal Limits, we can only set one. This is a non-compliance issue.

Too Many Garnishments

The ADP system accommodates 6 total child supports, garnishments, levies, and/or liens. A GLI employee has 8 child separate child support orders alone! Luckily 4 of the orders are being handled by a pair of courts allowing GLI to combine 4 orders into 2 payments.

If the orders were from 8 separate courts, the entire check would have to be calculated manually every pay period. This would be an extremely manual, error prone and laborious process. It would take an equally sharp garnishment resource to ensure it was calculated correctly to protect GLI from liability.

- **Status Changes** – Due to the payee data not being stored in the payroll system, **GLI is prevented from producing automated letters to inform vendors of status changes** that occur on garnished employees such as terminations and leaves of absence. Most court orders require notification and if GLI does not comply, GLI may be penalized or held liable for the debt if the changes are not reported in a timely manner. Currently, the notification process is manual.
- **Deduction fees** collected for processing a garnishment are **not linked to the garnishment**. When a garnishment reaches a limit or is completed, the deduction code for the fee must be manually deleted. This is a vulnerable process where the associate must remember to delete the fee or the fee will continue to come out of the employee's check.
- The **case number field in ADP is limited** and some case numbers are too large for the field. This causes the payees/courts to return the check and demand a reissue. The timing then becomes a possible liability to Greyhound in addition to the cost of void/reissue.
- The current system does not have a comment area or **flag to indicate that an employee has filed for bankruptcy or that we need to file an answer**. There is no way to identify employees who have garnishments that have been inactivated due to bankruptcies. This is a compliance issue.

Not enough Information

5% of the Case ID #'s are longer than the field provided by ADP. This creates a hybrid automated/manual process of allowing the checks to be printed automatically and pulling individuals to attach a separate document with the entire Case ID#. This task is done approximately 40 times per week or 2000 times per year.

Limited deduction and earnings codes

Both GLI and GCTC are running out of earnings and deduction codes. For instance, the ADP system provides 84 earnings and 101 deduction codes. At this time only 18 earnings and 4 deduction codes remain. The negative impacts of this limitation are:

- **Inability to accommodate subsidiaries:** GLI only has 18 earnings and 4 deduction codes available. The addition of unique earnings codes would require most (if not all) of the available codes, thus, jeopardizing programs required by GLI.
- **Inability to accommodate all driver earnings codes:** Drivers have 73 earnings codes alone. Neither ADP nor Ceridian can accommodate this many codes; thus, they must be consolidated into a smaller number of like earnings types and provided a separate statement with the paycheck.
- **Driver Pay/GL Balancing:** Not having direct mapping from earnings type to a specific account causes additional balancing time and more research that is laborious.

Earning Statement Woes

Producing and matching the earnings statement to the check, causes the following items:

- 4 departments involved
- 4 resources
- 1,250 Work hrs/year
- Paper, printing, envelope, stuffing, and collating costs

Additional Business Issues

In addition to the Top 10 Business Issues covered above, the following lists other important business issues Greyhound faces today. Appendix 4 – Additional Business Issues and Initiatives contains detailed descriptions of these.

- Payroll Architecture: Multiple Virtual Databases
- Support Skill Sets
- ADP Upgrade Costs
- 3rd Party Vendor Accounts Payable Feed
- Holiday Processing Schedule
- Vacation Liability
- Canadian Payroll Taxation
- ADP ReportSmith 31,999 Maximum Export Limitation
- Viewing Historical Data
- Disciplinary Action Tracking
- Social Security Administration Verification

GDD 005163

Project Objectives

The overall objective of the EIMS project is to develop and implement the best strategy for Greyhound. This strategy focuses on fulfilling customer needs as determined by the Executive Steering Committee.

Customer Needs

1. Reduce risk of system failure
2. Improve processes (save money)
3. Improve data access and integrity
4. Support the integration of affiliates
5. Improve reporting (3 major areas)
   - Internal reports
   - External reports
   - Accident response reports

Customer Requirements

Fulfilling the customer's needs will be accomplished with the EIMS project by meeting the customer's requirements.

1. Consolidate the GLI and GCTC employee data into one database and eliminate as many other databases as possible
2. Replace any remaining DOS based applications
3. Allow the "effective dating" of transactions
4. Provide a "one stop shop" for all driver, safety, and DOT indicative data
5. Select an application package that will grow with us and be flexible to fit business needs
6. Provide the field and corporate management desktop access to employee data and reports
7. Automate and streamline internal processes/departmental structure to more effectively process HR, Payroll, Benefits, and driver specific and employee related transactions
8. Provide a proactive means to notify management of critical items such as certification, license, and grievance deadlines to avoid penalties and liability
9. Eliminate the need for GLI and GCTC to develop and support custom databases to accommodate the business needs in the areas of Safety, DOT, or Driver Management.
10. Provide a software solution supported and guaranteed by the vendor

11. Reduce the cost and risk associated with shipping and eliminating the potential of fraud of Driver employee paper files
12. Provide the employees basic self service via the desktop, kiosk, or intra/internet access

After reviewing Greyhound's objectives, the Steering Committee enlisted a team to research and identify the solution to best address the current issues.

Business Alternatives

Introduction

In order to select the best possible solution for Greyhound's business needs, three different business alternatives were evaluated. The specific alternatives were as follows:

1. Status Quo –Alternative 1 leaves Greyhound systems as they are with no changes implemented.
2. Modularize and Band Aid – This option takes the current Greyhound applications and makes only necessary changes to essential applications to fix potential mission critical problems and improve driver/employee management. Outdated business practices and work arounds are eliminated. To accomplish this, the core HR system will be replaced, payrolls systems updated, a driver management system developed, and an Enterprise reporting tool will be purchased.
3. Implement an Integrated HRMS System – By purchasing an "off the shelf" HRMS System, we combine numerous systems and data sources into a single system, allowing improved data and many synergies associated with a single database.

To assess the value of the individual alternatives, each was rated and scored based on the 12 primary customer requirements for the project goals. For each alternative, a cost was determined, a list of pros and cons developed, and key points were identified. Based on the data and information gathered, a recommendation was prepared and is stated in the *Recommendation* section of this document.

Alternative # 1: Status Quo

Approach

Alternative 1 represents keeping systems and processes as they stand today. This will mean there will be no changes of any kind made to the following environments:

GLI HR/Payroll/Benefits

GLI Driver Management/Safety/DOT

GCTC

Scope and Timeline

None applicable as nothing will be changing.

Cost of Alternative

The current costs of business are assumed to remain constant. They are as follows:

Table 7: Alternative 1– Five Year Cost of Ownership

	Costs	Notes
Capital Expenditures:		
Human Resources	12.0	Server Upgrade
Payroll	-	
Driver Management	-	
Sub-Total Capital Expenditures	12.0	
Operating Expenses:		
Personnel (IT Support US only)	1,662.7	3.7 FTEs
Software Maintenance	-	
Hardware Maintenance	7.5	
Training	-	
Payroll Outsourcing	3,387.2	ADP and Ceridian
Internal Check Printing	-	
Other	-	
Sub-total Operating Expenses	5,057.4	
Total	5,069.4	
Avg. Number of Employees	15,609	
Annual Cost per Employee	$ 64.96	

GDD 005167

Scoring versus Project Goals

The alternative was evaluated and scored based upon its abilities to fulfill the Customer Needs and meet the 12 primary Customer Requirements.

This alternative scored an averaged raw score of 5 on its ability to fulfill the needs of the customer. This translates to a 20% meeting of needs. Alternative 1 received an averaged raw score of 12 in meeting the primary customer requirements translating to a 20%.

The detailed score sheets for this alternative can be found in Appendix 5 – Scoring of Alternatives along with the Scoring Criteria used.

Pros and Cons

Pros	Cons
• Minimal capital expenditures • Minimal implementation risk • Minimal training costs involved • Minimal IT resources required • Minimal changes will be made to existing processes	• Does not address more than 20% customer needs • Does not address but 20% of the customer requirements • Does not stabilize GLI or GCTC HR/P infrastructures • Does not address the technical risks of system failures • Does not address the Top 10 Business issues • Does not provide the opportunity to reduce operating costs

Summary of Key Points

Greyhound is "taking care of business" and will continue to do so under this alternative.

Additional costs or capital outlays will be minimized or nonexistent.

Greyhound will remain in the 20th century and continue to have the pain points and points of failure with the DOS applications, manual processes, multiple databases and interfaces, and outsourcing costs they currently have.

Current subsidiaries and future acquisitions cannot be incorporated into the current systems and "workarounds" will need to be developed to support them with HR and payroll functionality. This could result in an increase in headcount to provide the required functions for these groups.

GDD 005168

Alternative # 2: Modularize and Band Aid

Approach

This alternative focuses on taking the current Greyhound applications and making only necessary changes to mission critical applications in order to allow Greyhound to move beyond the 20th Century. In order to do this, Greyhound will need to:

1. replace its core HR/Benefits systems
2. upgrade the payroll systems
3. develop a driver management system internally
4. purchase and implement an Enterprise reporting tool

Assumptions

For purposes of evaluating this alternative the following assumptions were used.

- HR/Benefits systems – Both GCTC and GLI will replace the existing systems with a top tier human resources/benefits application. For purposes of discussion we will assume an Oracle, PeopleSoft or Lawson solution will be implemented as all provide world class functionality and can meet most of the business requirements of Greyhound. For cost estimates, the Oracle HRMS solution was used.
- Payroll systems – Both GCTC and GLI will upgrade to the most current version of their respective payroll software applications (ADP and Ceridian). Additionally we will continue to outsource payroll processing and check printing.
- Driver Operations Management System – An internal system to track driver data such as indicative data, certifications, licenses, accidents/incidents, drug testing results, physicals, etc. will be developed in-house. Based on a preliminary "wish list" of system functionality we have estimated the project will last 24 months and cost the company $ 1M to deploy.
- New system interfaces and customization will be required to allow the system to integrate and share employee data between the many disparate databases/systems.
- Process improvements will be limited as process reengineering will be limited to the HR and payroll departments and not able to "reach out" into the other areas of the company.
- Redundancy in data and data entry will be minimal and most current, ancillary systems will remain in tact and require support from internal resources.

Scope and Timeline

A specific timeline for this alternative cannot be established at this time. The Project Team does not have the information to build one and all projects involved are subject to approval, resources available, and projects currently in process or pending.

Scoring versus Project Goals

Alternative 2 was evaluated and scored based upon its ability to fulfill the Customer Needs and meet the 12 primary Customer Requirements.

The alternative scored an averaged raw score of 13.7 on its ability to fulfill the needs of the customer. This translates to a 54.7% meeting of needs. Alternative 2 received an averaged raw score of 33.3 in meeting the primary customer requirements translating to a 55.6% level of accomplishment. The detailed score sheets for Alternative 2 can be found in Appendix 5 – Scoring of Alternatives along with the Scoring Criteria used.

Cost of Alternative

Table 8: Alternative 2 – Five Year Cost of Ownership

	Costs	Notes
Capital Expenditures:		
Human Resources	1,692.2	
Payroll	388.9	
Driver Management	866.5	
Sub-Total Capital Expenditures	2,947.6	
Operating Expenses:		
Personnel (IT Support US only)	1,822.7	
Software Maintenance	732.3	
Hardware Maintenance	185.6	
Training	100.0	
Payroll Outsourcing	3,387.2	ADP and Ceridian
Internal Check Printing	-	
Other	-	
Sub-total Operating Expenses	6,227.8	
Total	9,175.4	
Avg. Number of Employees	15,609	
Annual Cost per Employee	$ 117.57	

GDD 005170

Pros and Cons

Pros	Cons
• Capitalization of costs associated with development and implementation • Leverages expertise on staff to build Driver Management system • Critical business needs will be met by short term solutions • Improves some functionality and reporting capabilities • Minimal reduction in operating costs through process improvements • Increases stability of GLI/GCTC HR/P infrastructures • Reduction of costs associated with development/maintenance of government compliance reporting • Minimal effective dating is available through the HR and benefits modules	• Does not fulfill the customer needs at a level greater than 54.7% • Does not meet the customer requirements by more than 55.6% • Does not allow effective dating of transactions in areas of driver management and payroll • No reduction in outsourcing costs • No automation of the manual processes nor reduction of headcount associated with these manual processes • Increased cost of building and maintaining numerous interfaces • Does not completely provide for the incorporation of subsidiaries, GLI and/or GCTC, for providing services • No integration of payroll and HR/benefits data and does not provide opportunity to identify and avoid costs incurred due to system/interface failures or human error • Does not reduce overall cost of ownership/implementation of a long term solution due to the complexity of the custom solutions in the current environment and those developed for this alternative • Increased costs of maintenance of systems not currently incurred due to no vendor support • Does not dramatically reduce the amount of redundant, manual data entry into multiple systems • No guarantee of data integrity between the multiple systems • No change will occur in the quality of life for Greyhound employees due to processes remaining as they are now

Summary of Key Points

Risk of system failure will be improved by replacing the existing DOS applications.

However, the risk associated with maintaining and integrating separate applications and databases will remain.

The high degree of customization and system integration complexity will result in higher support costs, lack of flexibility and some degree of system risk.

The lack of total integration will limit the company's ability to dramatically improve processes.

IT support costs will be higher to address the risk associated with system complexity and high degree of customization.

Employee data will be divided among three (3) databases thereby limiting data access, integrity, and reporting.

Integration of affiliates will be possible, but speed of integration will be limited and the cost will be increased.

Alternative # 3: Implement an Integrated HRMS System

Approach

Alternative 3, the implementation of an integrated HRMS system, was looked at from the perspective of only implementing core systems for HR/Benefits, Payroll, and Driver Management. For purposes of evaluation, any additional services/products available above and beyond what we can accomplish in Alternative 2 were not included in this section. The recommendation of which alternative to choose was therefore based upon an "apples to apples" comparison and nothing more. In order to accomplish this goal, this alternative will require the following:

1. Replacement of current HR/Benefits system
2. Replacing current outsourced payroll module with an in house payroll solution to process and print checks
3. Use the employee indicative data stored in the HR module along with data converted from the ancillary databases to provide a one-stop shop for the Driver Management system
4. Provide reporting capabilities at all management levels through an Enterprise reporting tool

Assumptions

The following list contains the assumptions made in regards to this alternative:

1. All Customer Needs and Requirements are to be met by this alternative as defined in the Scope document for this project
2. Current vendors of financial applications of GLI and GCTC will remain status quo
3. Recommendation was based on features and functionality and cost of a solution was not to be a determining factor for the Team
4. Current existing systems/applications will be replaced and not merely upgraded
5. Implemented HRMS solution will be the point of entry and the system of record for all Greyhound employee indicative data
6. Access will be available through the intranet and/or internet
7. An Enterprise reporting tool will be required
8. Greyhound payroll will be processed internally with checks printed in-house and tax filings will be brought in house

Scope and Timeline

The Scope can not be established for this Alternative due to lack of knowledge as to which HR software would be implemented. A timeline is contained in section Project Timeline of this document. It does not address or take into account other projects currently under development and pending or waiting to be approved.

Scoring versus Project Goals

The alternative was evaluated and scored based upon its ability to fulfill the Customer Needs and meet the 12 primary Customer Requirements.

This alternative scored a raw score of 23 on its ability to fulfill the needs of the customer. This translates to a 92% meeting of needs. Alternative 3 received an averaged raw score of 57 in meeting the primary customer requirements translating to a 95.0%.

The detailed score sheets for this alternative can be found in Appendix 5 – Scoring of Alternatives along with the Scoring Criteria used.

Cost of Alternative

The one-time investment to implement this strategy is $ 6.1 million dollars over the next 6 years or 0.11% of GLI's projected revenues. The following table shows the investment by major software module and the net present value investment in today's dollars (NPV).

REDACTED

Table 9: Investment Summary of Alternative 3

(In 000's)	One-time Capital [a]	On-going Operating	Total Investment	Total Benefits	NPV @12%	IRR
Human Resources				1,597	(885)	-11%
Payroll				4,325	139	14%
Total Core				5,922	(746)	4%
Advanced Functionality				4,179	(54)	11%
Grand Total	**(6,091)**	**(2,318)**	**(8,409)**	**10,101**	**(800)**	**7%**

[a] One-time investment for occurs over the first (2) years.

GDD 005174

Key Points:

- The largest net investment ($ 885K) relates to upgrading the existing HR systems.
- The investment in payroll has the largest estimated return of 14%.
- Advanced functionality, to be utilized by the entire company, such as a driver management system, automated benefits and self-service produces a positive return of 11%.
- Benefits include hard cost savings of $ 4.2M, process improvements (soft costs) of $ 4.2M and cost avoidance savings of $ 1.7M.

The first step in justifying this investment is to explore issues and opportunities throughout the current systems in greater detail.

Table 10: Alternative 3 – Five Year Cost of Ownership

	Costs	Notes
Capital Expenditures:		
Human Resources		
Payroll		
Driver Management		
Sub-Total Capital Expenditures		
Operating Expenses:		
Personnel (IT Support US only)		
Software Maintenance		
Hardware Maintenance		
Training		
Payroll Outsourcing		[a]
Internal Check Printing		[b]
Other	-	
Sub-total Operating Expenses		
Total	9,072.0	
Avg. Number of Employees	15,609	
Annual Cost per Employee	$ 116.24	

REDACTED

GDD 005175

Notes:

[a] Payroll outsourcing costs are eliminated in Year 3.

[b] Internal check printing costs are estimated at $ 0.15 per check plus capital expenditures.

Pros and Cons

Pros	Cons
• Fulfills 95.67% of the customer needs as defined in the Scope document for this project • Meets 91.67% of the customer requirements as defined in the Scope document for this project • All areas of the system allow effective dating of transactions • Reduces operating costs by: ➢ Reducing/eliminating duplicate/redundant data entry ➢ Reducing/eliminating multiple ancillary systems/databases and their associated development/support costs ➢ Eliminating outsourcing costs ➢ Providing opportunity to automate the many manual processes ➢ Allowing for reallocation of human assets in place of increasing head counts ➢ Reducing costs associated with development/maintenance of government compliance reporting • Provides the ability to be proactive in response to events versus the more prevalent reactive mode currently in place • Provides management with up-to-date enterprise data at their fingertips to make on-going, business critical decisions	• Does not eliminate the risk of implementation • Does not provide a positive ROI until 3-4 years after implementation • Increased liability of producing payroll checks in house and tax filings • Requires large investment in capital expenditures and support

Summary of Key Points

An integrated HRMS solution will fulfill the needs and meet the requirements of Greyhound's customers with those customers being HR, Benefits, Payroll, Driver Operations (GCTC's Driver Management), and Safety (GCTC's Health & Safety).

Greyhound will move into the 21st Century with the capability and flexibility to adjust to the ever-changing business needs of the current and future Greyhound and its subsidiaries.

GDD 005176

Improvements to systems and processes will result in the benefit of reduced costs across every functional area in which the system is implemented.

With the current lack of vendor support and their associated costs, system maintenance costs will be incurred. But on the flip side, costs incurred currently for complying with government requirements will be eliminated as the vendor will be responsible for those.

Provide a means to entice, retain, and proactively manage Greyhound's most valuable asset, its employees, along with increasing overall employee morale and reducing turnover rates.

Integration of critical employee data into a single database will allow access to more accurate, up to the minute data for reporting purposes along with a higher level of confidence in employee data when making business decisions.

Recommendation

The recommended solution presented in this Evaluation and Selection Project by the Project Team is Alternative 3 – Implement an Integrated HRMS system.

To meet the current and future business needs of Greyhound, current systems/data sources need to be combined to keep Greyhound financially competitive and help to retain our most valuable asset, our employees. Bringing together the numerous Greyhound systems/data sources into an integrated system will provide Greyhound with far reaching benefits well into the 21st Century.

To meet the data, reporting, and decision-making needs and requirements of our employees and management, an integrated system is paramount in the areas of Human Resources, Payroll, Benefits, Driver Management, and Safety. Such a solution will provide for Greyhound (GLI, GCTC, and all subsidiaries) the ability to fulfill their customer's current, future needs and meet the current, future requirements related to those needs.

With an integrated system recommendation in hand, the Project Team performed further work and reached a recommendation on the preferred solution, Oracle HRMS. The details on reaching the preferred solution can be found in the next section, *Software Vendor Selection and Recommendation.*

Summary of Key Reasons for Recommendation

The key reasons for making this recommendation are:

- an integrated HRMS system provides the ability to meet 92.0% of the customer's needs and 95.0% of the customer's requirements as defined in the scope document for this project
- is the most cost-effective alternative for obtaining the most value for the bucks
- implementing an Oracle HRMS solution requires the least amount of development

Five Year TCO Comparison

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Table 11: Five Year TCO Comparison

(000's)	Alt #1 Status Quo	Alt #2 Band Aid	Alt #3 Purchase	Difference of Alt #2 vs. Alt #3
Capital Expenditures				
Human Resources	12.0	1,692.2		
Payroll	-	388.9		
Driver Management	-	866.5		
Sub-total Capital Expenditures	12.0	2,947.6		
Operating Expenses				
Personnel (IT Support US only)	1,662.7	1,822.7		
Software Maintenance	-	732.3		
Hardware Maintenance	7.5	185.6		
Training	-	100.0		
Payroll Outsourcing	3,387.2	3,387.2		
Internal Check Printing	-	-		
Other	-	-	-	-
Sub-total Operating Expenses	5,057.4	6,227.8		
	5,069.4	9,175.4	9,072.0	(103.4)
				- 1%
Avg. Number of Employees	15,609	15,609	15,609	
Annual Cost per Employee	$ 64.96	$ 117.57	$ 116.24	$ (1.32)
NPV of ***Cost Only*** @ 12%	(3,631)	(7,161)	(7,533)	(372)
NPV of Benefits @ 12%	0	2,027	3,256	1,229
Total	(3,631)	(5,134)	(4,277)	857

[a] HR package is lower in Alt #3 due to sharing of databases and tools with payroll system.
[b] Driver management is higher in Alt #3 due to the use of external consultants.
[c] Payroll outsourcing costs are eliminated in Year 3.
[d] Internal check printing costs are estimated at $0.15 per check plus capital expenditures.
These expenses will not equal the total Project GER since this comparison does not include the advanced software functions.

GDD 005179

Key Points:

- Alternative #3 provides the largest benefit opportunity ($ 3.3M on a NPV basis)
- Alternative #3 represents a $ 0.7M increase over "status quo" on a Total NPV basis.

A table comparing each alternative in terms of the project goals, financial considerations and key factors is provided below:

Probability that the alternative will best meets the need or requirement?	Ranking 1 equals the lowest or worst 3 equals the highest or best alternative		
	Remain Status Quo	**Modularize / Band Aid**	**Purchase Integrated System**
Probability Ranking of Alternative Meeting Company Needs	1	2	**3**
Probability Ranking of Alternative Meeting Customer Requirements	1	2	**3**
Financial Considerations			
Total Investment (in 000's):			
Five year total cost of ownership	5,069	9,175	9,072
Potential annual cost savings [a]	0	3,126	4,965
NPV including benefits	(3,631)	(5,134)	(4,277)
ROI over 5 years @ 12% [b]	N/A	N/A	-27%
Other Key Factors			
Risk of implementing on-time within budget	N/A	**3**	2
Risk of technology obsolescence	1	2	**3**
Effort required to train users	N/A	**3**	2
Effort required to support the system	1	2	**3**
Opportunity to produce largest cost savings	1	2	**3**

[a] Alternative #2 only allows an estimated 70% of the cost savings when compared to Alternative #3. Alternative #3 also includes an additional $ 500K in savings in existing database support costs.

[b] Neither Alternative #1 or #2 offers any positive cash flow over the five years.

GDD 005180

Pros and Cons

Pros	Cons
• All employee data is contained in one database • Increased data integrity • Reduced costs of maintaining multiple databases/systems • Increased data access for viewing and reporting purposes • Increased opportunity to reduce operating costs through process improvements and removal of many manual processes • Eliminates outsourcing costs • Functionality to meet the current and future needs of Greyhound	• Cannot be implemented in less than a 18 month timeframe • Does not eliminate the risk of implementation • Does not provide a positive ROI until 3-4 years after implementation • Increased liability of producing payroll checks in house and tax filings • Requires large investment in capital expenditures and support

Software Selection and Recommendation

Introduction

In June of 2001, the Project Team was defined (Appendix 1 – Project Team) and began an in-depth process to evaluate Human Resource Management System (HRMS) software packages. An initial field of 22 prospective vendors was identified as potential partners based upon their abilities to possibly meet Greyhound's business needs. Using a basic set of criteria and research tools, 18 vendors were eliminated to obtain a more manageable number of vendors to evaluate.

Evaluation criteria used in this process were:

- ***Company Stability:*** Will the company be stable and viable in seven years?
- ***Market Share:*** Is the vendor a proven player in the marketplace?
- ***Vision/Technology:*** Does the vendor stay with/lead the evolving technology?
- ***Price***: Is the software, implementation, or cost of ownership blatantly prohibitive?
- ***Client Target Size***: Has the application been developed to handle our environment?
- ***GLI/GCTC Product:*** Does the application handle GLI and GCTC processes?

Research tools used in this process were:

- ***Industry publications:*** American Payroll Association (APA) and International Human Resources Information Management (IHRIM) systems reviews
- ***Professional Trade publications:*** Gartner Group, Forrester Group, Cap Gemini
- ***3rd Party Consulting Research:*** CDG internal resource networks and experiences

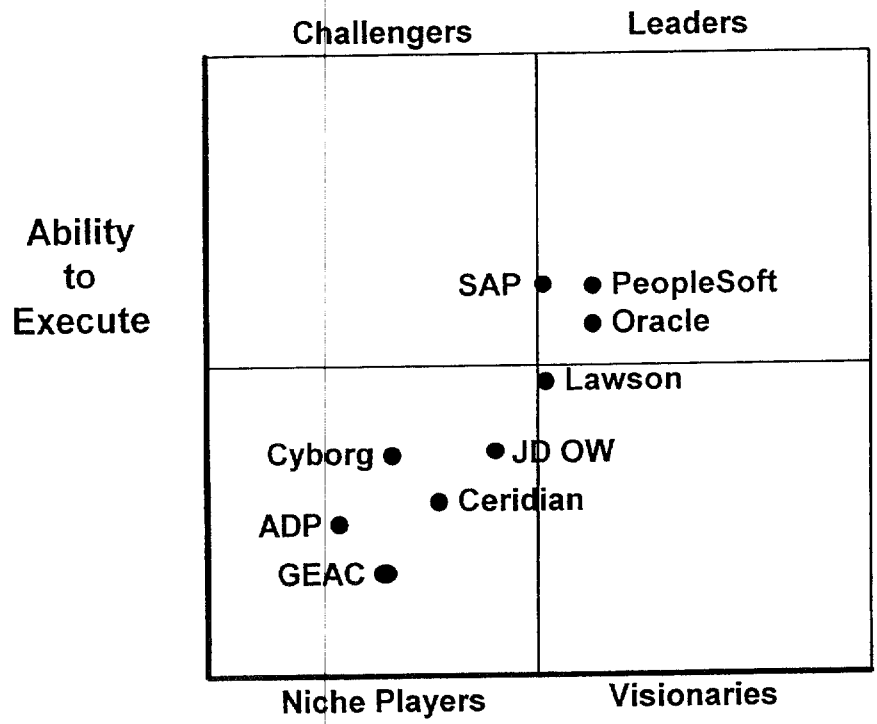
Based on the information gathered, the team narrowed the list to four vendor candidates, Lawson, Oracle, PeopleSoft, and Ultimate Software. The first three were chosen based upon their ability to meet the basic high-level technical and business requirements of Greyhound and the Gartner Group's identification of them as market leaders. Ultimate Software was chosen as a candidate based upon their low cost and highly respected payroll module.

GDD 005182

Gartner Group Magic Quadrant ™

The Gartner Group Magic Quadrant™ is one of the most respected and widely referenced industry tools when comparing HRMS systems. The Magic Quadrant™ reflects the trends affecting large enterprises as well as the issues of viability, functionality, technology, service, and support.

Table 12: Gartner Group Magic Quadrant



"Vendors in this market provide consistently high support for core HRMS functionality, but will continue to be differentiated based on their ability to support the integration, collaboration, and specialization within and beyond their enterprise". – Gartner Group Advisory, 2001.

Note: Originally published Q4 2000 (most recent version at the time of our initial evaluation).

Overview of Evaluation Methodology

To assist in the evaluation, an outside consulting firm was engaged. The consulting firm and Project Team started the process with a formal written Request for Proposal (RFP) that stated Greyhound's product requirements, then allowed each vendor candidate to demonstrate their product at Greyhound offices in Dallas and Calgary. Both the RFP and on-site demonstrations were weighted and scored by the Project Team with the finished products being the:

Fit/Gap Analysis – an evaluation tool to determine "if" the software meets Greyhound's stated requirements

Vendor Score Card – an evaluation tool to determine "how" the software meets Greyhound's stated requirements

GDD 005183

Additionally, the Project Team conducted both reference checks and site visits to firms utilizing the products as well as continued their independent research. Lastly, the vendor candidates were asked to provide responses to a supplemental set of questions focused on addressing any remaining questions or issues. The results from this second round of interviews and questions were summarized in a document entitled "Vendor Functionality Follow Up Matrix" which is included in Appendix 6 – Vendor Functionality Follow Up Matrix. Each major portion of the evaluation process is discussed in the following sections.

Request for Proposals

A Request for Proposal (RFP) was defined and developed by the Project Team and sent to the four vendor candidates. The RFP was composed of basic Greyhound project required documentation (cover letter, timeframes, document formats, communication protocol, Greyhound Agreement, etc.), narrative questions, technical questions, and the product requirements.

The Project Team developed the RFP components of narrative questions, technical questions, and product requirements. The defined requirements for each component were primarily gathered from Joint Application Development (JAD) sessions with the Project Team members or Subject Matter Experts (SMEs) for the functional areas involved.

Utilizing the product requirements, vendor candidates evaluated and scored themselves on their ability to meet Greyhound's business needs. The vendor candidates returned the completed RFPs to Greyhound.

Once the RFPs were returned, the vendor candidate's self-evaluations of the product requirement were reviewed in an attempt to eliminate vendor candidates from the process. Greyhound eliminated Ultimate Software from consideration based upon deficiencies in Canadian payroll module, garnishment module, number of large clients, and system architecture.

These product requirements, as defined and with the vendor candidate responses, became the basis for the scoring process of the vendors.

GDD 005184

On-Site Demonstrations

On-site demonstrations were then scheduled with the three remaining vendor candidates at GLI and GCTC. This was done to provide the Project Team with one point of contact with the vendor candidates while minimizing the amount of time required attending the demonstrations. The primary objectives of the on-site demonstrations were to:

- validate vendor candidate's product requirements self-evaluation
- demonstrate software to the user community and solicit their feedback

- identify possible solution issues or concerns that could throw a red-flag
- provide a consistent arena with which to compare and contrast the base products

Vendor Scripts

Each functional area, with GLI and GCTC collaborating, developed the Vendor Scripts. The scripts contained a list of items to be addressed during the demonstration and were provided to the vendor candidates prior to the demonstration to assist in their presentation preparation. The departmental Team Leads were responsible for making sure their team understood the vendor candidate's solution to each script requirement.

The objectives of the Vendor Scripts were to:

- provide the vendor candidate an idea of Greyhound's primary concerns
- provide structure and ensure the vendor candidates focused on Greyhound's concerns and not "Bells & Whistles"
- provide the Project Team a common tool to compare and contrast the products

The Project Team scored and ranked the vendor candidates based upon these on-site demonstrations through the Fit/Gap Analysis and Vendor Score Card tools.

Project Team Evaluation Results

Fit/Gap Analysis

Scoring and Weighting

The Project Team used a Greyhound defined method for scoring and weighting the results of the Fit/Gap Analysis. The specifics on the criteria and process used can be found in Appendix 8, Fit/Gap Analysis Criteria, Process, and Results.

Fit/Gap Scoring Results

The Project Team scored only their functional area with the exception of requirements in the reporting, general and security sections. GLI and GCTC individually scored their specific requirements along with those requirements relevant to their organization. The calculated weighted scores were totaled and brought together to produce a final vendor candidate Fit/Gap score. The final Fit/Gap scores were then used to compare and contrast vendor candidate products to determine which was a best fit for Greyhound.

GDD 005185

Following is a summary showing how the three vendors scored for All Requirements, The scores and rankings represent the calculated GLI and GCTC weighted scores combined with no averaging involved.

Table 13: Fit/Gap Analysis – All Requirements

Vendor	Vendor Ranking	Total Team Score	Total Team Highest Possible Score	Team Rating % (Team Total / Team Possible)
Oracle	1	12,140	12,267	98.96%
Lawson	2	11,900	12,252	97.13%
PeopleSoft	3	11,719	12,237	95.77%

The detailed score sheets of the Fit/Gap Analysis are contained in Appendix 8 – Fit/Gap Analysis Criteria, Process, and Results.

The overall results are very close between the vendors in this area with slightly greater than 3 percentage points separating first from last. This is expected as the HRMS software market is mature and the overall functionality of the major vendors is similar.

Vendor Score Card

The Vendor Score Card was an evaluation tool for scoring functionality covered in the Vendor Scripts. The Project Team scored each section under a functional area with a score ranging from 1 to 5, low to high respectively. The scores were based upon the evaluator's determination of **"how"** the software met Greyhound's requirements addressed during the vendor demonstration.

In addition to assigning a score, the Vendor Score Card contained areas for recording comments, strengths, and weaknesses with each section. A final section at the end of each functional area allowed for an "overall impression" score along with a summary of Pros and Cons.

After each team member evaluated and scored the product, the respective departments of GLI and GCTC met independently, discussed the results, and agreed on a company specific departmental team score.

Below is the composite Vendor Score Card for GLI and GCTC for the three vendor demonstrations conducted. To produce these composite scores, the company specific departmental scores were combined and averaged.

The Project Team feels the Vendor Score Card is the better tool as it evaluates "**how**" the software meets our requirements.

GDD 005186

Table 14: Vendor Score Cards

Category	Oracle	Lawson	PeopleSoft
Overall Ranking	**1**	**2**	**3**
Overview [a]	27.25	26.00	24.00
Vendor Rapport [b]	5.00	4.50	3.00
Human Resources	39.75	33.00	31.00
Compensation	44.25	38.00	39.00
Driver Ops	23.00	21.25	21.75
Benefits	39.50	36.50	34.00
Reporting Tool/ WorkFlow/Security/ General	38.25	35.25	33.75
Technical	26.00	23.25	23.00
Payroll	121.75	111.00	109.00
Total Score	**364.75**	**328.75**	**318.50**
% of Total Possible	**95.9%**	**86.5%**	**83.8%**

[a] Scoring covered client list, key differentiators, financials, product strengths and weaknesses, and system overview.

[b] Scored on: vendor provided timely and pertinent answers to questions, demo was well planned, people I can work with, etc.

The Project Team scored all other categories based upon functionality and/or requirements.

Overall, the final project team grades were:

Oracle "A" (96%) Lawson "B" (87%)

GDD 005187

Key reasons for the scoring differences are:

Oracle's software is rated "materially" better in the following areas:

Business functionality

Ability to accurately assess payroll taxes for employees

- Oracle provides a special "tax address"
- Lawson does not provide a "tax address"
  Importance: Eliminates taxation errors and upset drivers

Ability to manage workman compensation board claims
(Example: Manages workman's comp for Canada)

- Oracle can do it "out of the box"
- Lawson does not provide this functionality
  Importance: Required by Canadian Law

Ability to accommodate 360 degree appraisals

- Oracle provides 360 degree feedback
- Lawson does not provide this functionality
  Importance: This is key to the current GCTC appraisal process

Ability to produce third party checks / non-payroll (Examples: paying driver trainees and garnishment checks)

- Oracle can do it "out of the box"
- Lawson does can not provide this functionality
  Importance: Streamlines processes, reduces work for both A/P and driver supervisors

Ability to administer incentive plans (Example: MIP)

- Oracle can do it "out of the box"
- Lawson does can not provide this functionality
  Importance: Reduces time and effort administering MIP program

Ability to track training and education (Example: driver training classes)

- Oracle provides more functionality
- Lawson provides limited functionality
  Importance: Reduces any manual workarounds or tracking

Automated workflow (Example: Grievances, PAF's, salary increases)

- Oracle has greater functionality, easier to set-up and administer
  Importance: Automatically eliminates process bottlenecks

GDD 005188

Ability to report on custom accumulators

- Oracle allows reporting from custom accumulators
- Lawson does not allow reporting on custom accumulators
  Importance: Improves efficiency and accuracy of payroll reporting

Ability to administer Bus Pass Travel program

- Oracle can handle spouses, retiree and buddy
- Lawson can handle employee only
  Importance: Eliminates manual tracking process

Ability to calculate company 401(k) match

- Oracle allows calculation within the system
- Lawson requires a custom module
  Importance: Reduces IT programming and support

Technical functionality

Unlimited number of user defined fields (Examples: safety, driver data)

- Oracle provides an unlimited number of custom fields
- Lawson is limited to 99 custom fields per employee master record
  Importance: Allows greater flexibility, scalability and overall functionality

Ability to easily modify users screens (Example: Makes users more productive)

- Easy to do in Oracle
- Difficult to accomplish in Lawson
  Importance: Saves IT support time and increases users productivity

Lawson's software is rated "materially" better in only one area :

Business functionality

Ability to search pay information by check number

- Oracle can not provide this functionality
- Lawson does provide this functionality
  Importance: Provides faster, better employee service

REDACTED

PeopleSoft Elimination

After the scoring was completed, PeopleSoft was eliminated from further consideration due to:

- lowest score in both Fit/Gap and Vendor Score Card
- opening ticket price $ higher than competitors
- industry known high cost of ownership (based on Cap Gemini report)

GDD 005189

Reference Checks and Site Visits

The Core Team composed a list of questions to address the objectives and facilitate the client reference interviews. The Core Team interviewed references provided by the vendor candidates in addition to those identified without the vendor candidate's knowledge. In total 5-6 references were checked for each vendor candidate.

Lawson client references checked were Canadian Auto Association, Cross Mark, Dart, McDonalds, and Petroleum Helicopters. The clients for Oracle were Agilera, ATA, Club Corp, Gevity, Liberty Mutual, Mrs. Bairds, and Stone & Weston.

Project Team members also conducted site visits for each vendor candidate to clients selected and arranged through the vendor candidates. The visits consisted of one site visit per vendor candidate. Dart was visited for Lawson and Club Corp for Oracle.

The scoring methodology used to provide the Project Team with reference relevance can be found in Appendix 9 – Reference Scoring Methodology along with the actual client reference sheet for each reference.

The reference checks provided a great deal of valuable information. Key information learned and gleaned from the reference checks is contained in the following synopsis.

Table 15: Reference Checks Information

Lawson	Oracle
➢ "Keep it vanilla" – in other words, do not change from the delivered software ➢ Lawson met the clients expectations and were happy with its functionality ➢ Make sure to purchase Crystal Licenses for report writing; delivered report writers are not useful ➢ Benefits setup and administration is very complex ➢ Taxes are handled as individual deductions (state by state, city by city, county by county, etc.) Would result in large companies with many subsidiaries having an enormous deductions table to manage	➢ Clients pleased with Customer/Technical support ➢ Discoverer is used as the universal reporting tool ➢ "Workflows" successfully utilized to automate business processes ➢ 5 of 6 references contacted were utilizing Oracle Financial Modules ➢ The negative reference was due to outsourcing to EDS ➢ "Make sure you have a 100% dedicated team for the implementation" ➢ Most clients found most of their business needs were met with the delivered functionality

Vendor Site Visits

Following the vendor candidate demonstrations, there were several questions regarding functionality that lingered with the Team. In order to answer these questions, the Team developed a matrix comprised of the strengths, weaknesses, and critical assumptions from the demonstrations as agreed to by the Core Team.

Sources for the matrix were:

- Vendor Demonstrations
- Fit/Gap Analysis
- Vendor Score Cards
- Reference Checks and Site Visits
- Financial Materials

After completing the matrix, it was sent to the respective vendor candidates for confirmation/rebuttal. Greyhound requested that the vendor candidates validate, clarify, and return the matrix within three days. The full matrix with the responses can be found in Appendix 6 – Vendor Functionality Follow up Matrix,

Following the return of the matrix, the Core Team requested visits to both Lawson and Oracle facilities. The purpose of the visits was to establish additional rapport, view the facilities, address any new issues or concerns, and address any additional inconsistencies found in the vendor candidate responses to the *Vendor Functionality Follow Up Matrix*.

After these additional vendor site visits, the Core Team felt very comfortable with its assessments and assumptions regarding the *Vendor Functionality Follow Up Matrix* for both vendor candidates and found their previous decisions confirmed.

Five Year Total Cost of Ownership

Key Assumptions:

- Software licenses and maintenance costs were provided by each vendor and based on the "best and final" offer for comparable functionality. Details can be found in the Executive Business Case, Appendix B.
- External consulting estimates are based on pricing estimates from one company that provides services under two subsidiaries (Digiteria for Lawson and Ciber for Oracle). These numbers were used to eliminate any inconsistency from scope interpretation. The Digiteria estimate was adjusted upward by 2,000 hours include the custom development of a driver management functionality that was not included in the scope of their proposal. Appendix 12 – External Consulting Estimates contains the details.

GDD 005191

- Internal consulting estimates were based on a project team that included 7.5 FTE's and adjusted upward for Lawson by 1,460 hours to allow the development of the 10 custom programs required.
- IT support was assumed to remain constant with today's FTE levels. However due to the increased system complexity and lack of "out of the box" synergies and integration with the financial system, we estimated an "opportunity cost" of roughly 0.6 FTE for IT support person per year.
- All other assumptions are equal between the two solutions with differences in contingency funds and taxes based on the above.
- Table 16: Five Year Cost Comparison details the TCO for Lawson and Oracle. Additional spreadsheets that further detail the cost assumptions and individual prices for licenses and maintenance are provided as an attachment to this document. Specifics of the Five Year Cost Comparison can be found in Appendix B of the Executive Business Case.

Table 16: Five-year Cost of Ownership Comparison [b]

	Oracle	Lawson	Difference	%
Capital Expenditures				
Software Licenses				
Applications				
Tools				
Database				
Total				
System Hardware Equipment				
User PC's & Check Printers				
Self-Serve PC's				
External Consulting				
Internal Capitalization of Labor				
Taxes & Contingency				
Total Capital Expenditures				
Operating Expenses				
Software Maintenance				
Applications				
Tools				
Database				
Sub-Total				
IT Support Personnel [a]				
Training				
Hardware Maintenance (15%)				
Total Operating Expenses				
Total Project	7, .	7, .		
Average # of Employees (US and CDN)	15,609	15,609		
Average Annual Cost per Employee	$	$		

[a] Model assumes an additional .6 FTE allocation to replicate the synergies found in the Oracle HR/FIN system and support the customization required in Lawson for Driver Management.

[b] Model does not include any Oracle savings for existing database support.

GDD 005193

Overall the TCO is very close between the vendor candidates and consistent with general industry observations. These can be summarized as follows:

- Lawson's software license and maintenance costs are lower than Oracle
- Lawson's core implementation costs are lower than Oracle
- Oracle requires less customization as it is designed to be easily configurable
- Oracle's fully integrated system environment and the synergies with our existing financial application require lower IT support costs

Contracts

Contract Terms

The last major evaluation performed was a review of the contract terms, which govern the overall business relationship. Oracle has a fairly simple, standard agreement that they typically do not customize. The simplicity of the agreement allows Oracle the freedom to use business practices (primarily pricing issues) and support policies to heavily influence the on-going relationship with their customers. Historically, this has created conflicts in their customer relationships.

Over the past six months, Oracle has been more flexible in meeting Greyhound's contract concerns and provided amendments that address our past relationship issues related to length of product support and database licensing. As part of our discussions to date, Oracle has offered to reduce our on-going database license costs by $ 100,000 per year ($ 500,000 over five years) if we purchase their HR / payroll solution. This cost saving is not included in the TCO numbers above in order to provide a fair comparison.

Lawson provides a typical licensing and support agreement that is common in the industry. They seem willing to address our contractual requirements and have also addressed our product support concerns. It should be noted that at this point in time, we have not negotiated in earnest with Lawson.

While the key contract terms are very similar between the two vendor candidates, Lawson's contract is rated better. This is primarily due to the fact they warrant the "unmodified" product will operate according to its specifications provided the software is under a support agreement.

Contract Comparison

Table 17: Key Contractual Issues and Differences directly compares the key contract terms for Lawson and Oracle.

Table 17: **Key Contractual Issues and Differences**

Key Contractual Issues and Differences	Oracle	Lawson
Is the vendor providing a perpetual use license?	Yes	Yes
Can Greyhound process data for third party entities?	No	No
Can our customers, vendors and other 3rd parties access the software?	No	No
Will the vendor guarantee product support for 5 years? (see noteworthy)	Yes [a]	Yes [b]
How long is the initial warranty period?	1 Year	1 Year
Does the vendor warrant software "will operate according to it specifications" while under a maintenance agreement?	No	Yes
Does the vendor indemnify Greyhound for copyright infringement?	Yes	Yes
What is Greyhound's final remedy if the software does not work according to the vendor's specifications?	Refund of license and support fees	Full refund if claim made *within 1 year*
Noteworthy: [a] Oracle submitted an Amendment guaranteeing to provide technical support for their 11I HRMS system for 5 years and cap the increase of support fees at 5% per year after Year 3. [b] Lawson submitted a proposal guaranteeing to provide technical support for the products implemented by Greyhound for 5 years.	GLI software usage is subject to terms contained in the program documentation Technical support policies are vague and subject to change at any time by Oracle	Lawson warrants the products will operate "materially and substantially" as described in the product documentation so long as the product is not modified and under a support agreement.
Overall Opinion on Software License Note: Overall opinion based on the *standard* contracts of all vendors.	OK	BETTER

GDD 005195

Other Considerations

Gartner Group Analysis of Strengths and Limitations

	Oracle	Lawson
Strengths	Integrated product line Global focus Content delivery Rules based engine (workflow)	Functionality for small to mid-sized enterprises Recruitment support Analytics Architecture
Limitations	Limited recruitment support No pension management functions Oracle database required	Gaps in product line Small company relative to competition
Overall Summary	"Comprehensive solution satisfying the tactical, transaction-based requirements of multi-national companies"	"Small to mid-sized companies will find the cost of Lawson HR and the functionality of the product to be worthy of their consideration when evaluating HR software systems for implementation."

Market Focus and Implementations

The following table, Table 18: Current Version Implementation Statistics shows detailed information for Lawson and Oracle. Due to the fact the company size has a major part in these numbers, it must also be noted that Lawson is a "niche" market vendor with approximately 75% of their clients being in the Health Care Industry. Oracle on the other hand is a huge corporation with the majority of their business clients being the manufacturing arena.

GDD 005196

Table 18: Current Version Implementation Statistics ***(as of 11/19/01)***

Statistical Area	Lawson 8.x	Oracle 11i.x
All Clients Live	18	920
HRMS Clients Live	9	84
HRMS Clients Paying Canadians	1	4
US References Checked	5	6
Canadian References Checked	1	1
Clients Currently Implementing	40	4000+

Financial Comparison Matrix

Each of the vendor candidates was also analyzed to assess their financial stability. The information was gathered from company financial reports, investment web sites, and Dunn and Bradstreet research. A summary of the findings follows, Table 19: Financial Comparison Matrix, with detail documents found in Appendix 11 – Vendor Financial Comparison.

Table 19: Financial Comparison Matrix

		ORACLE		LAWSON [b]		Industry Average [a]	Notes
		Current	Last Year [c]	Current	Last Year		
Company Snapshot	Annual Revenue (Million's)	10,500		380			
	Market Capitalization (Billion's)	92.9		1.5			
	Number of Employees	42,927		2,150			
	Revenue / Employee (Thousands)	244.6		176.7		280.0	Indicator of Management Efficiency
Stock Value Ratios	Price Earnings Ratio	38.6	N/A	89.6	N/A	51.5	Higher ratios are an indicator that the stock market places a premium on the company's overall value to investors
	Price/ Sales	7.9	20.0	3.5	3.6	9.1	
	Price/ Book	13.7	31.3	43.8	(31.1)	7.2	
Profit Ratios	Gross Margin (%)	78%	75%	63%	62%	82%	Higher percentages are an indicator of the company's historic profitability
	Net Profit Margin (%)	24%	20%	4%	- 1%	3%	
	Return on Equity (%)	41%	31%	7%	2%	7%	
	Return on Assets (%)	23%	15%	4%	- 2%	4%	
Debt Ratios	Debt/ Equity	0.05	0.05	0.75	(1.11)	0.07	Total Debt / Total Equity Lower numbers are better Negative numbers are bad
	Leverage Ratio	1.8	2.0	1.7	(1.3)	1.5	Total Assets / Total Debt Higher numbers are better Negative numbers are bad
	Current Ratio	2.0	1.9	2.3	1.0	2.7	Current Assets / Current Liabilities Higher numbers are better
D&B Research	Financial Stress (Likelihood company will go bankrupt)	1 or less than 0.37%		2 or less than 1.62%		N/A	1 is Lowest Risk 5 is Highest Risk
	Credit Score (Likelihood company will pay 90+ days past due)	5		5		N/A	1 is Lowest Risk 5 is Highest Risk
	OVERALL RANKING	BEST		GOOD			

Notes: Current year computed Ratios are based on the latest 12 months results (Source MSN.com)

[a] S&P 500 Industry averages were substituted for P/E Ratio and Return on Equity (%) since the Industry typically experiences negative profits.

[b] Lawson Current Year results based on pro forma adjusted balance sheets found in their IPO prospectus. The company had negative equity in the previous year.

[c] Oracle net profit does not include $ 6.9B in gains related to Marketable Securities.

GDD 005198

Oracle's financial statements were graded the best of the group primarily based on their high profit ratios and low debt ratios.

Lawson's financial ratios are considered good, however prior year results are a concern, and Lawson has a lower overall profit ratio.

Technical Environment

Diagrams 9 and 10 depict the "new" system environments with an integrated HRMS system for both Lawson and Oracle. The differences are apparent in that Lawson requires additional databases and interfaces that are depicted in gray at the bottom of Diagram 9.

Diagram 9: Lawson HRMS Systems Structure

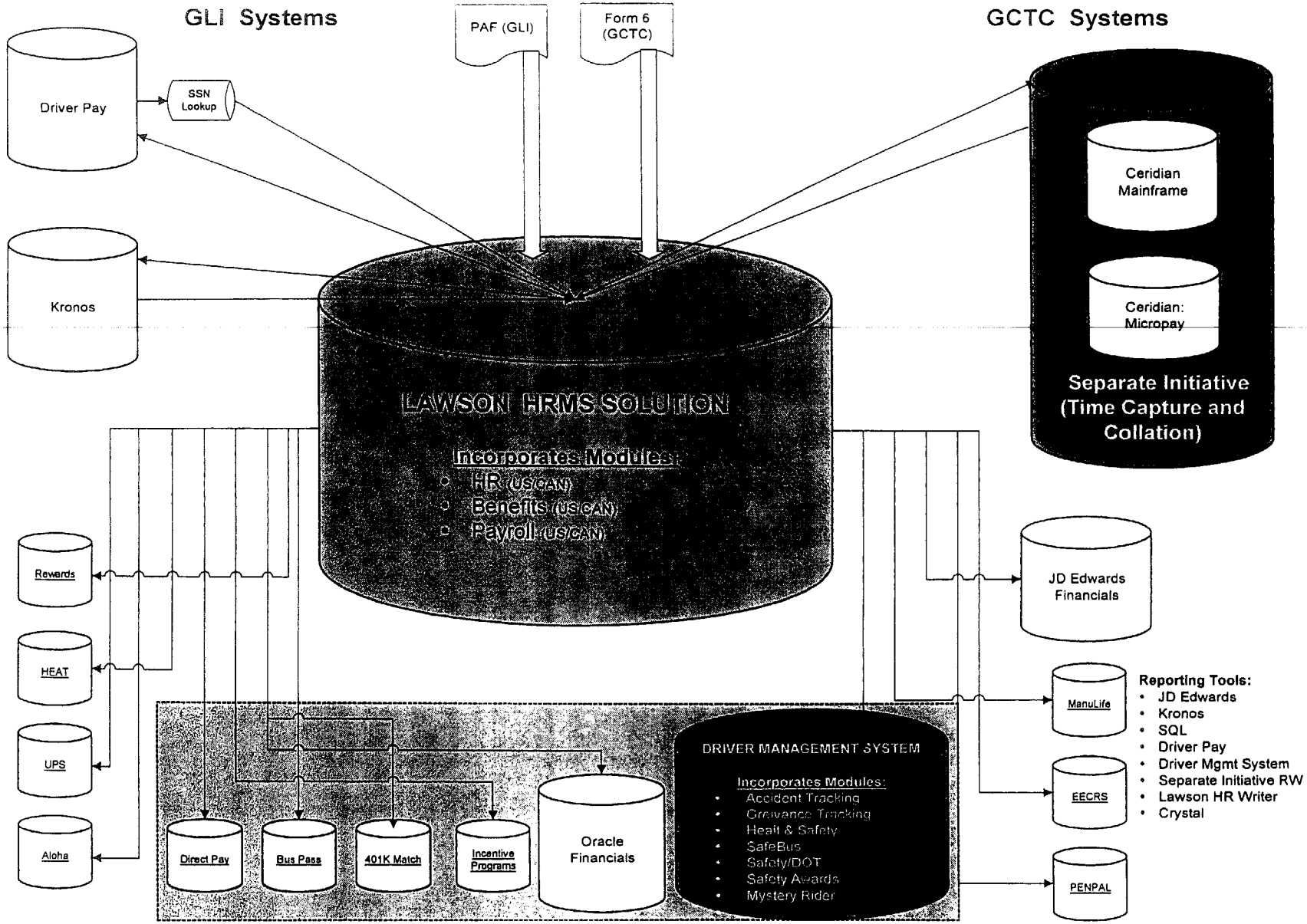


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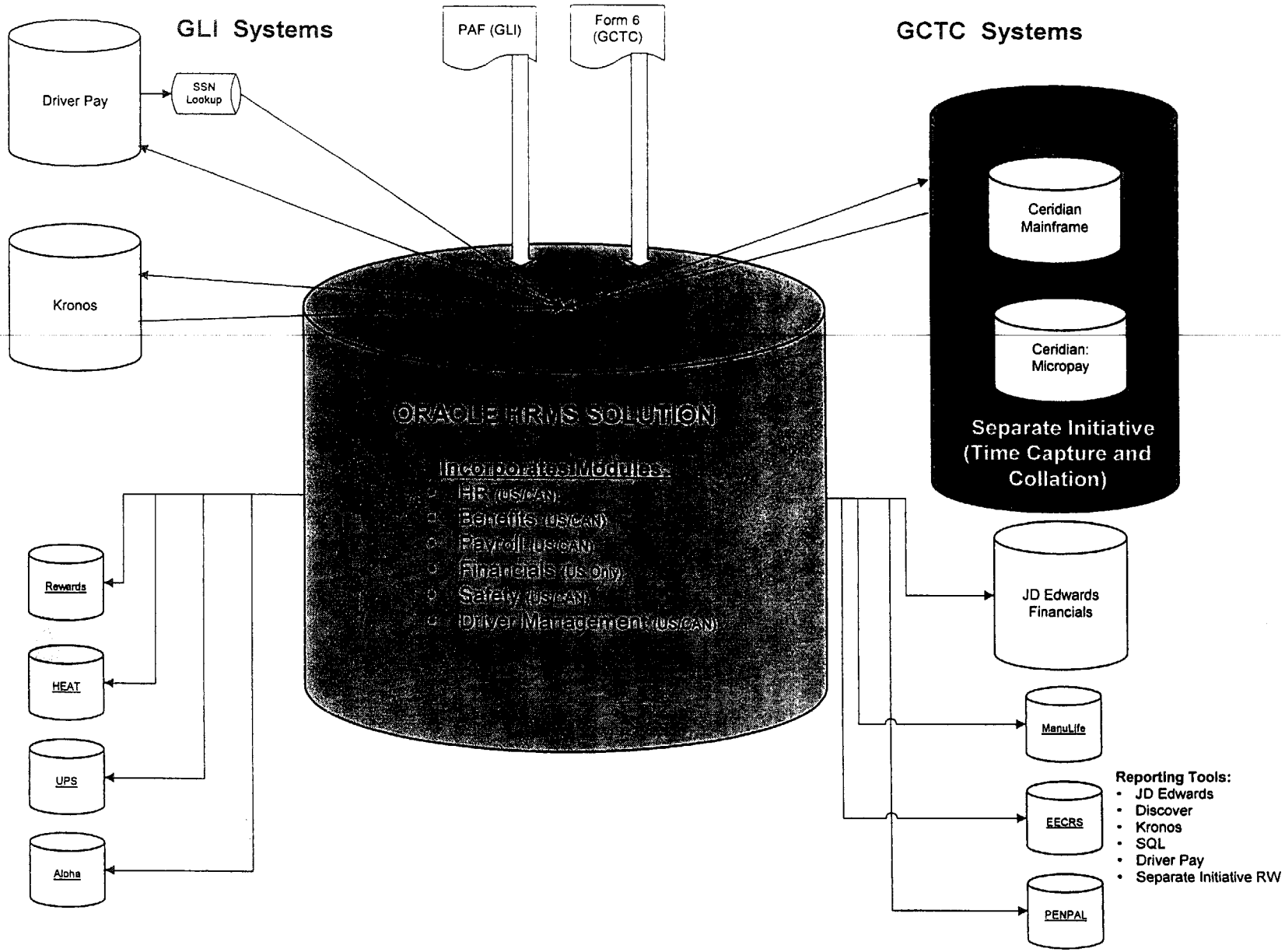
Diagram 10: Oracle HRMS Systems Structure



GDD 005201

Recommendation

It is the recommendation of this Project Team to choose Oracle's suite of HRMS products for implementation at Greyhound. Their products meet, with few exceptions, the requirements for the current and future business needs of Greyhound Lines, Greyhound Canada, and any current subsidiary and future acquisition. Following are the Key Reasons upon which this recommendation was based.

Key Reasons for Recommendation

Functionality Reasons

- **Configuration vs. Customization:** Based on the team's due diligence, Lawson's product will require additional customization/development to meet the same functionality provided by Oracle. This additional customization/development will be difficult and costly to do and support. It could also limit system flexibility in the future.
- **Work Flows/Alerts/Notifications**: Over 50 workflows come with the suite of products from Oracle and will enable Greyhound to automate many current manual and redundant processes. Along with this Oracle functionality is the capability to send alerts/notifications when certain thresholds are achieved. This functionality is not only available with HRMS, but can be shared and/or triggered from the Financials products as well.

  Lawson's Process Flow module cannot send alerts/notifications based on thresholds and only comes with limited, predefined workflows. There would be considerable development of workflows within the Lawson product and they cannot be shared with nor triggered by events in Oracle Financials.
- **Automated Work Flows**: Oracle provided more functionality in the WorkFlow module than did Lawson. The main differences were in two areas: "Log Jam" tracking and Approval Proxy.

  "Log Jam" tracking is a feature in Oracle, which provides the ability to see where an item is hung up in the process. An example would be GLI's PAFs. Many times PAFs for pay increases do not get entered in time because they require approvals from several levels. If these approvals are not completed in time or get stuck on a particular desk, the increase will not get recorded thus causing upset employees, the need for the manager to track down the issue, and Payroll to create a costly supplemental paycheck. With Oracle, you are able to view when the task was sent to the approver (date and time), the status of the task (opened or not), and how long it has been in their arena.

  It also provides the capability to say "if two out of three required approvers have approved the task, send it to the next step in the process".

Approval Proxy provides two key advantages/benefits:

1. The manager in an approval process chain can assign a temporary "approver" in their absence to avoid "log jams"
2. The system can automatically escalate a workflow, which has not been addressed within a specified period.

This can be done by defining how long the task sits before 1) a reminder notice is sent to the approver, 2) a notice is sent to all other parties involved, and/or 3) the task is escalated to the next approver or person in line.

These two items alone would reduce quick checks, upset employees, and allow District Managers to identify the weak links in their chain.

- **Unlimited Fields**: Oracle offers an unlimited number of user defined fields (FlexFields), while Lawson allows only 99 custom user defined fields. Given our requirements for Driver Management, Bus/Buddy Pass, and Benefit Direct Pay programs, the team felt it was unacceptable to limit themselves to a finite number of fields.
- **Accumulators**: Oracle and Lawson both provide custom accumulators. The difference between them is you CAN report on Oracle custom accumulators, but you CANNOT report on Lawson custom accumulators.

  Greyhound uses approximately 250 accumulators. Approximately 75 are custom accumulators such as:

  - 401K eligible earnings for Non Represented Employees
  - 401K eligible earnings for Represented Employees
  - 415 Discrimination Test Wages
  - MIP Eligible Wages
  - FIP Eligible Wages

  GDD 005203

  The ability to set these up is critical which both systems can accommodate, but Oracle can export these totals to MS Excel or file formats which can be provided to Compensation to conduct further analysis. Within Oracle the report would be as simple as exporting Special Accumulator X (which includes a sum of earnings codes 1, 2, and 3). In Lawson, the report would require Earnings Codes 1, 2, and 3 to be extracted and summed. This is a negative because:

  1. **Point of Failure:** Provides the opportunity for an element to be included/excluded accidentally
  2. **Rework:** A common combination of specified elements must be recreated each time the same data is requested.
- **Effective Dating**: The ability to effective date transactions is prevalent throughout the Oracle suite of products. Lawson requires the customer to select and then designate what data is effective dated and therefore stored as historical. With Lawson this is a critical piece of implementation that can be

configured incorrectly quite easily. Historical reporting will be easily accomplished with an effective dated system.

- **Payroll Taxes (Lived In/Worked In)**: Oracle provides a specific address (set of fields) for the purpose of correct taxation. Lawson utilizes the work address, physical address, and custom code to determine how to correctly tax an employee. This is the same method employed by HR1 and ADP...and it has many flaws simply due to the complexity of the programming necessary.

  By providing an address for taxation, Oracle has completely eliminated the need for Greyhound to worry about where the driver lives, works, has moved, or is moving to. Incorrect taxation because of the run bids is the #1 reason drivers complain to Payroll. Incorrect taxation causes additional dollars to be deducted from their checks (or not enough), a W2-C which delays their refund, could flag an IRS audit, and generally irritates the drivers. Oracle by far provides the simplest and best solution to address this issue.

  Oracle also provides the functionality of validating zip codes against the address/city/state combination. This will eliminate the problems of entering an address/zip code combination in error and not having the correct taxes withheld as well.

- **Regulatory Reporting:** EECRS reporting is an almost entire manual process for GCTC and takes approximately 4 months to complete. Oracle provides the Employment Equity reports as part of the package. These reports are also maintained and updated by Oracle. Lawson requires the exporting of data to a flat file and then uploaded into the current HRDC software for processing and report generation. This results in still having a separate database to do governmental reporting.

- **Ease of Use:** Using the latest browser technology allows Oracle to deliver a product that is user friendly and allows complete maneuverability between multiple screens at a time. An added feature is the ability to print a copy of any screen being viewed directly from the application. The Lawson solution will require users to have multiple sessions open in order to view/manipulate multiple instances of data within the system.

- **TD1s:** Lawson's HRMS product does not handle changes being made to the TD1 unless it is a single status change. Family changes were not allowed and this is an issue. Oracle's product supported all necessary requirements of TD1s and their reporting.

- **Ability to Produce 3rd Party/Non Payroll Checks:** Oracle can process payments to vendors resulting from payroll deductions, while Lawson can not. These types of payments include: Courts, Child Support Agencies, Unions, Credit Unions, and Government agencies. Additionally this functionality allows contractors and driver trainees to be processed within the payroll department.

  Primary Benefits:

  - **Eliminate Manual Processing:** The 3rd party payments no longer require a manual check request to be filled out, approved, and hand delivered to

Accounts Payable. AP must key, produce, balance, and deliver the check back to the Payroll department. Oracle would allow the check to be automatically processed without the need for the manual check request process.

- **Driver Trainee Processing:** These folks would now be a part of the HRMS system and their per diems would be set up to be paid automatically with starting and ending effective dates. Driver Trainers would no longer need to report who was here but only those that were not. Accounts Payable would no longer be responsible for these functions and the manual duplicate data entry would be eliminated. Once a driver trainee moves from school to a district, their checks would be routed automatically to the terminal involved. The automatic paying of per diems and ability to route driver trainee checks to the appropriate terminal will eliminate lost checks, multiple telephone calls when not sent to right place, faxing of attendance/time sheets to corporate, etc. It will result in a more efficient system and empowered, happier employees.
- **Eliminate Points of Failure:** The Payroll Department would be able to process the checks, thus eliminating the need for another department (Accounts Payable) to become involved. This would eliminate a minimum of 5 steps per check produced.

GDD 005205

Technical Reasons

- **Database/Application cohesiveness:** The advantages of having an Oracle database and application are significant. With any update/patch to the database or application, testing and approval of Oracle products will occur first and their clients will receive the highest priority. This will eliminate many (not all) hours of testing to ensure the update/patch functions properly and the reports are returning the proper data. Utilizing Lawson will require hours of testing for a database or application upgrade/patch. It will also require extensive testing and possible rebuilding of any reports created by Greyhound to ensure data is correct and the proper fields are being queried.
- **Design and Architecture:** Oracle provides more of a fully integrated and complete solution than Lawson, who relies on partnering with other software companies to complement their solution. For example, Lawson has nearly twice as many (13) components as Oracle's solution (7). The multiple external components and calculations will create an additional layer of ITS support required for the environment. Each component will require version control, ITS support and expertise, and solution integration.
- **Report Modifications:** Delivered reports from Lawson are written in the Informix 4GL language (a resource skill set not readily available) and can only be modified through this language. Even aesthetic or minor calculation changes to a delivered report will require a complete rebuild of the report in a separate reporting tool such as Crystal Reports. Currently, there is no way to obtain information on how calculations, summaries, or groupings are done without using

4GL. Oracle reports can be modified through their reporting tool, Discoverer, with few problems. Discoverer skills will already be in house due to the Financials upgrade.

Synergistic Reasons

- **Seamless Integration between Financials and HRMS:.** The Financial and HRMS modules will gain the efficiencies of using the same internal tables. This will reduce data integrity issues, the need for custom interfaces, reduce duplicate data entry, and table-to-table translation issues.
- **Internal Support "Economies of Scale":** An Oracle solution leverages existing ITS resources to support both Financial and HRMS modules. Also with the addition of Lawson to Greyhound's mission critical applications, the theory of "multiple technologies = multiple required skill sets = increased costs" would be applicable. With an Oracle solution, current ITS resources would support GLI, GCTC.
- **Reporting Solution:** Both the HRMS and Financial systems utilize the Oracle Discoverer tool for reporting. Benefits to a shared tool are reduced training, increased internal expertise, and report standardization.
- **Security Administration:** Oracle HRMS and Financial systems share user ID tables, thereby eliminating the need to setup and maintain separate security profiles. Again this will reduce IT support costs and will improve the ability of Information Security to audit/monitor access to these systems.
- **Reduction in Existing Support Costs:** Additional support savings on existing Oracle database licenses.

Other Reasons

- **Product Support:** Oracle provides 24 x 7 x 365 product support. Lawson provides 7AM-7PM Central Time with a variable Holiday Schedule.

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Implementation Consultant Selection

Note: This section is still being constructed waiting approval of the software vendor by the Executive Steering Committee.

Once the number of software vendor candidates had been narrowed to two (Lawson and Oracle), the project team then developed a formal Request for Proposal (RFP) for Implementation Consultant services. This RFP was submitted to eight different vendor candidates. Four bids for Oracle implementation services and three bids for Lawson implementation services were received. Table 20: Implementation Quotes lists the vendor candidates that received the RFP and what their response was.

Table 20: Implementation Quotes

Implementation Vendor Candidate	Lawson Quote	Oracle Quote
CDG[1]	No Bid	No Bid
CSC[2]	N/A	No Bid
Sierra[3]	No Bid	$
TSC[4]	No Bid	$
DigiTerra/Ciber[5]	$	$
Experio[6]	$	$
Oracle[6]	N/A	
Lawson	$	N/A
TOTALS	**3**	**4**

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1. CDG did not bid on either Lawson or Oracle because they felt the RFP was too complex
2. CSC did not bid on Oracle because they felt they did not have the resources
3. Sierra did not bid on Lawson because they wanted to focus on the best-fit solution
4. TSC did not bid on Lawson because they wanted to focus on the software option they felt most confident with
5. DigiTerra and Ciber are divisions of the same company. DigiTerra provided the bid on Lawson and Ciber provided the bid on Oracle
6. Oracle's recommended solution is a partnership with another implementation vendor. Oracle Consulting provides the technical and software expertise while subcontracting the functional subject matter experts from another vendor. We want to implement using the best methodology and the cost associated therewith. We, therefore, decided not to ask Oracle to provide a "stand alone" bid if that is not their best practice.

NOTE: The "No Bid" response letters are contained in Appendix 13 – Supplemental Materials of the Detailed Business Case

NOTE: The quote price does not include travel, expenses, contingencies, or taxes

The four Oracle implementation services bids were received from TSC, Sierra, Ciber, and Oracle/Experio. The bids ranged in cost from $ to $ The three Lawson implementation services bids were received from Lawson, DigiTerra, and Experio. The bids ranged in cost from $ to $ Based on the range of costs for the Oracle bids, an average of $ for implementation services was used for the business case.

After the initial bids were received, it was decided that additional information concerning the scope of project was needed. Details on the additional information can be found in Appendix 12 – External Consulting Estimates. To gather this information, a "Scope Map" was developed. This Scope Map was based on a similar document provided in the bid from Sierra. The Scope Map was then submitted to each of the vendor candidates, who were asked to complete the document and then return it to the project team.

The Project Team is currently working on evaluating the Scope Map responses and grading the RFP responses. The RFP responses are being evaluated on the following criteria:

1. RFP Response Components/Elements
2. Number of Employees
3. Number of Hours in Bid
4. Number of Greyhound FTEs
5. Total Cost
6. Blended Billable Rate
7. Turnover Ratio
8. Average Consultant Experience
9. Number of Oracle 11i HRMS Implementations

Once the RFP Responses and the Scope Map have been evaluated and scored, the Project Team will reduce the number of vendor candidates to two. Once this has been done, the remaining two vendor candidates will be asked to do oral presentations, and then a finalist will be determined. The completion of these tasks is also dependent on the final software selection being approved by the Steering Committee.

Architecture and Development Considerations

Introduction

To help differentiate between the solutions offered by both Oracle and Lawson, the application architectures and development tools available were compared and evaluated. This process was done to determine which solution would fit within Greyhound's existing network architecture the best and had the best available tools, from Greyhound's perspective. The pros and cons of each solution as they relate to this section were considered during this process.

In addition, a review of the systems environment is briefly discussed.

Application Architecture

Application Architecture refers to what network protocols the solution uses and how the users access the application. There are two basic architectures in use for applications. The first architecture is a traditional client/server application which has an application installed on the client PC with additional components installed on a server. The second architecture is a web-based, or thin, client. In this architecture, all of the application components are installed on a server and the application is accessed through a web browser.

Both Oracle and Lawson utilize a web-based architecture for their applications. In addition, Greyhound currently has several internal development projects under way that also utilize a web-based architecture. These include Load Count Entry, Travel & Charters, Kiosk Ticketing, and Terminal Staffing. This web-based architecture provides several benefits over the traditional client/server architecture.

- Compatible web browser is the only software required on the client PC thereby eliminating potential problems with operating system changes or upgrades
- Reduces the maintenance requirements necessary to maintain the client PCs, especially when deploying new computers
- No installation or configuring of special software on the client PC to access the application thus freeing up hard drive space on PCs
- Easier to deploy the application and/or application upgrades to the client PCs as the upgrades are installed on the server and the updated functionality is available the next time the user accesses the application
- Reports are stored on the web-server for all users thereby allowing changes to be made in one location and then propagated to all users when they access the application

One of the main concerns in the Application Architecture is what network protocols and standards the system uses to communicate between the different parts of the system, including the client PC. Since both Oracle and Lawson utilize a web-based application architecture, with a web browser as the client software, there are several main protocols and standards for network communication and data transmission that are relevant. The following chart lists these elements and whether or not each vendor candidate supports them. For a definition of these items, please see the *Terminology* section of this document.

Table 21: Architecture Elements Relevancy Comparison

Feature	Lawson	Oracle
Web-based interface	Yes	Yes
TCP/IP	Yes	Yes
HTTP	Yes	Yes
HTML/Scripting	Yes	Yes
XML	Yes	Yes
Java	Yes	Yes

Both systems support the use of Java components. However, Oracle uses a Java applet to provide the main user interface for power users. Power users are those employees that use the application on a day-to-day basis as part of their job function. The Java applet provides a more familiar "look and feel" to the application for the users, similar to traditional client/server applications. Lawson uses a web page interface for their power users. This style of user interface functions quite differently from typical client/server applications, and could result in a longer learning curve for the users.

Development Tools

An important aspect of any solution, Development Tools refers to the complete set of tools available to modify and/or maintain the solution. This includes the user interface designers, report writers, source code management tools, database management tools, and modeling tools.

Oracle and Lawson have taken vastly different approaches to the Development Tools available for use with their solutions. Oracle uses an integrated set of development tools written by Oracle, specifically for use with their applications. Lawson has adopted an open, standards based approach that allows a developer to use any tool they want, so long as it complies with either the Microsoft COM+ or Java standards.

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Oracle Tools

Some of the tools in Oracle's integrated development tool set are the:

1. Oracle Designer - This is a high level modeling, or CASE (Computer Aided Software Engineering), tool that provides support for business process modeling, systems analysis, software design and system generation. This allows a developer to start with a high-level, conceptual design of a business process, and then use the other available tools to transform this design into functional code.
2. Software Configuration Manager - This tool set is composed of the Oracle Repository and the Oracle Repository Navigator. It provides several features that include:
   - Object/code version control through check-in and check-out procedures
   - Parallel development through branching
   - Comparing and merging object/code versions
   - Configurations of selected object/code versions to be built

   This functionality provides several benefits. First, multiple developers can be working in the system at one time and not have to worry about overwriting each others' work. Second, because of the version history tracking, development can be started on a new enhancement while allowing maintenance to be performed on the current production version.
3. Forms Developer – User interfaces (forms or screens) are created/modified for the application using this Oracle tool.
4. JDeveloper –Oracle's Java development environment is a full featured editor and compiler for creating Java applets, servlets, Java Server Pages, etc.

There are pros and cons associated with using a proprietary set of development tools. Table 22: Development Tools Analysis shows the pros and cons.

Lawson Tools

Lawson has adopted an open development tools approach. They support any development tool that is compliant with the Microsoft COM+ standard in addition to Java development tools. Lawson also provides several tools of their own such as the HTML Toolkit.

The openness in this development tool approach means that new user interfaces (forms or screens) can be created using a Java development tool, Microsoft Visual Basic, Microsoft Visual C++, or Delphi along with Lawson's proprietary tool, HTML Toolkit.

GDD 005211

Table 22: Development Tools Analysis

Oracle	Lawson
Pros	**Pros**
➢ Support is included with vendor's service level agreement ➢ Tools are only available through the solution and cannot be overwritten mistakenly by other developer installations ➢ All patches/upgrades to solution are compatible with toolkits ➢ Training is available through the vendor with some training credits included with initial purchase of the solution ➢ Reduces cost as licenses are a part of the solution license	➢ Allows company to leverage existing internal skills ➢ Resources are more readily available and usually at a lower cost than proprietary tool resources ➢ Can reduce costs of training where mentoring can be done due to the leveraging of skills
Cons	**Cons**
➢ No other development tools can be used ➢ Unless previously trained on toolkit, developers must receive training before using	➢ Increases complexity in maintaining the solution ➢ Modifications to existing modules must be done using the tool they were developed in originally ➢ Difficult to determine which tool should be used to make a modification ➢ Can increase costs if ITS resources available for allocation to development tasks lack skills and require additional training from outside vendors ➢ Harder to enforce development standards within the solution ➢ Additional costs as development software and licenses are not included with solution purchased

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System Environments

The HRMS solution will require at least three distinct instances, or environments, Production, Development, and Test. While it is possible, technically, to host all three environments on one server, this is not advisable. It would be better to leave the

Production environment on a stand-alone server. The Development/Test environments can be placed on the same server. Having separate servers for the Production and Development/Test environments provides these advantages.

1. Should there be a problem with the Production server, the system could failover to the Development/Test server to keep the application available. This is a standard failover method used by Greyhound.
2. A change in Development causing the Development/Test server to crash would not affect the Production environment.

The actual hardware configurations necessary and the associated costs are covered in Impact on the Operational Environment.

Conclusion

The web-based architecture utilized provides for easier maintenance on the client PCs and simplifies deploying system upgrades and enhancements. Both solutions are equal on this point.

Perhaps the biggest differentiator between the two solutions is in their approach to development tools and the associated drawbacks.

> Oracle's proprietary, integrated set of development tools requires the developer to use the tools provided by Oracle to make modifications.
>
> Lawson's open, standards based approach could be difficult to determine what tool should be used to make modifications and it becomes harder to enforce development standards due to the differences between development tools.

Impact on the Operational Environment

Introduction

This section discusses the impact implementing an HRMS solution will have on Greyhound. It covers in detail the impact on hardware (desktop and server), network, database, disaster recovery, and other considerations.

Hardware

User Environment

Minimum PC Requirements

Minimum PC requirements have been determined as follows:

- 200 MHz processor
- 64MB RAM
- Super VGA Monitor
- Any operating system except MS NT 3.51 or MS Windows 3.1

Based on the Minimum PC Requirements, Greyhound may need to replace some of the following PCs.

Department/Area	GLI	GCTC
Payroll	2	9
Human Resources	13	3
Driver Operations/Safety		10
Managers	32	
Admins	10	
Supervisors	96	
Human Resources	3	
Other	3	
Safety		5
Managers	7	
Management	2	
ITS	0	0
Support Services	1	0
Total PCs	169	27

GDD 005214

Server Hardware

Greyhound will need to buy hard drives and processors for the HRMS database and application servers. The actual application and database servers to be utilized with the HRMS solution will be purchased as part of the Oracle Financials 10.7 to 11i upgrade project.

There is no anticipated purchase of additional web server hardware for the implementation. The HRMS solution will be able to utilize the Apache web servers in Greyhound's existing web farm.

There is enough room in the ODC and North Dallas data centers to house the new solution and failover servers. Diagram 11: Data Center Configuration shows the configuration to be used.

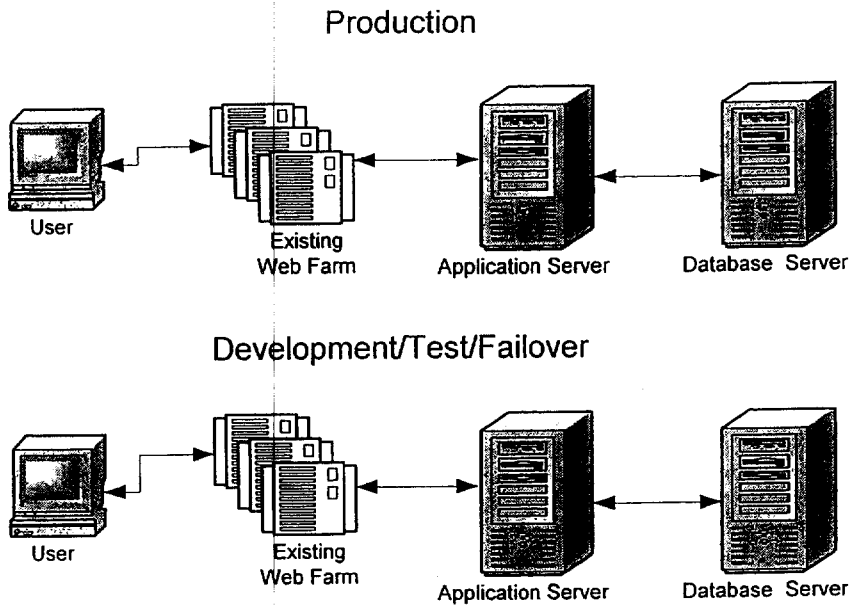

Diagram 11: Data Center Configuration

GDD 005215

Network Environment

It is expected that the solution being implemented will use the TCP/IP network protocol.

At this time, the impact the deployment of Manager Self Service or Employee Self Service will have on Greyhound's current network configuration is unknown. Sites that connect at 56k may need to be upgraded with the deployment of Self Service. Currently, there is no anticipated need to increase the bandwidth between ODC and North Dallas for Disaster Recovery options.

Database

The installation of an Oracle 8.x database is planned with the HRMS solution implementation. The selection of an Oracle database meets Greyhound's current standards for databases.

Disaster Recovery

Disaster Recovery is a great concern for any organization when it comes to mission critical applications and data. There are basically two options available to Greyhound for Disaster Recovery with both utilizing the Development, Test, and Failover environments. The two options and their associated diagrams are given below:

1. Locate the Development/Test/Failover application and database servers in the ODC Data Center – Diagram 12 – ODC Failover Environment

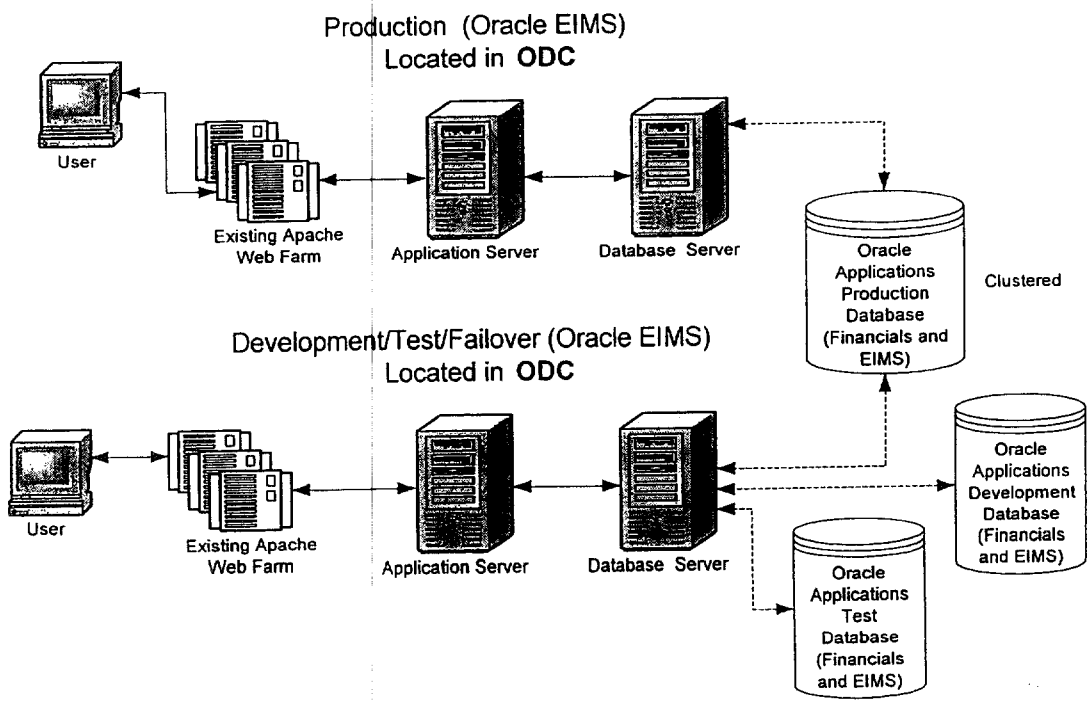

Diagram 12 – ODC Failover Environment

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2. Locate the Development/Test/Failover application and database servers in the North Dallas Data Center – Diagram 13 – North Dallas Failover Environment

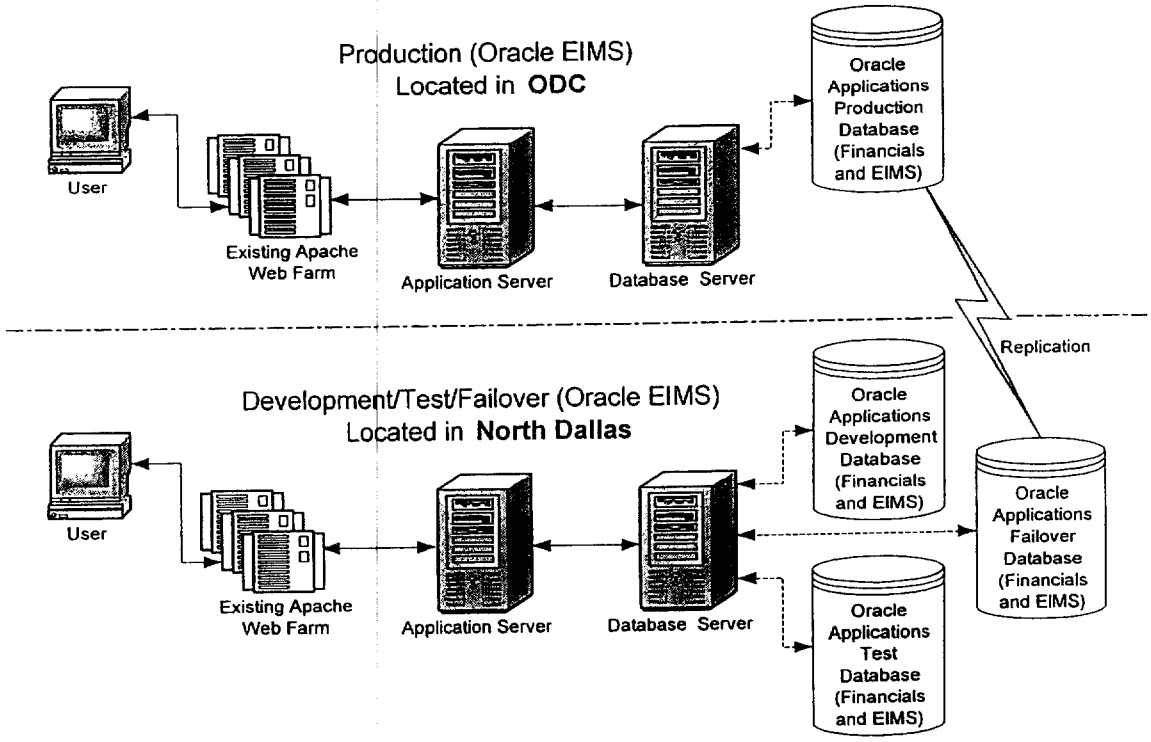

Diagram 13 – North Dallas Failover Environment

Regardless of the option chosen, the Production server will be located at ODC Data Center. Should the Production server fail, the Development/Test/Failover servers would become the Production servers. All development and testing would cease until such time the Production servers were available again.

GDD 005217

Table 23 – Disaster Recovery Options Pros and Cons

Option	Pros	Cons
ODC Data Center	➢ Reduced or negligible challenges with data replication across the WAN ➢ Reduced cost since no additional database instance is required for the failover database	➢ Higher risk, reduced level of disaster recovery, with all servers located in same location
North Dallas Data Center	➢ Lower risk, higher level of disaster recovery, with all servers located in separate locations	➢ Challenges may occur with data replication ➢ Increased costs of $ 30K for additional failover database instance ➢ Additional usage of bandwidth for data replication and developer connections

Other Considerations

Data Replication

The complexity of data replication ties directly to the decision regarding Disaster Recovery. The location of the servers has a great impact on data replication.

Downtime

Failover to the Disaster Recovery servers will require no manual intervention and will take less than 1 hour to enable for both software solutions.

Greyhound Service Level

The expected service level for the HRMS system from Greyhound resources will need to be 24 x 7 x 365. Any outage greater than 24 hours is unacceptable.

Customer Support

The Greyhound Help Desk will be responsible for password changes. They will need to be trained on this function.

GDD 005218

Lawson HRMS Implementation and Disaster Recovery

The prior details of this section are based strictly upon an Oracle HRMS implementation. The research done encompassed both solution options (Oracle and Lawson) and there were differences found regarding a Lawson implementation that the Project Team felt need to be included in this section.

The most significant of the differences was that a Lawson implementation will require an additional .25 FTE to support the additional database instances.

Diagram 14 – Lawson EIMS ODC Failover Environment and Diagram 15 – Lawson EIMS North Dallas Failover Environment graphically show this statement. Table 24: Oracle/Lawson Disaster Recovery Option Costs shows the number of actual differences in database instances and the costs associated with them.

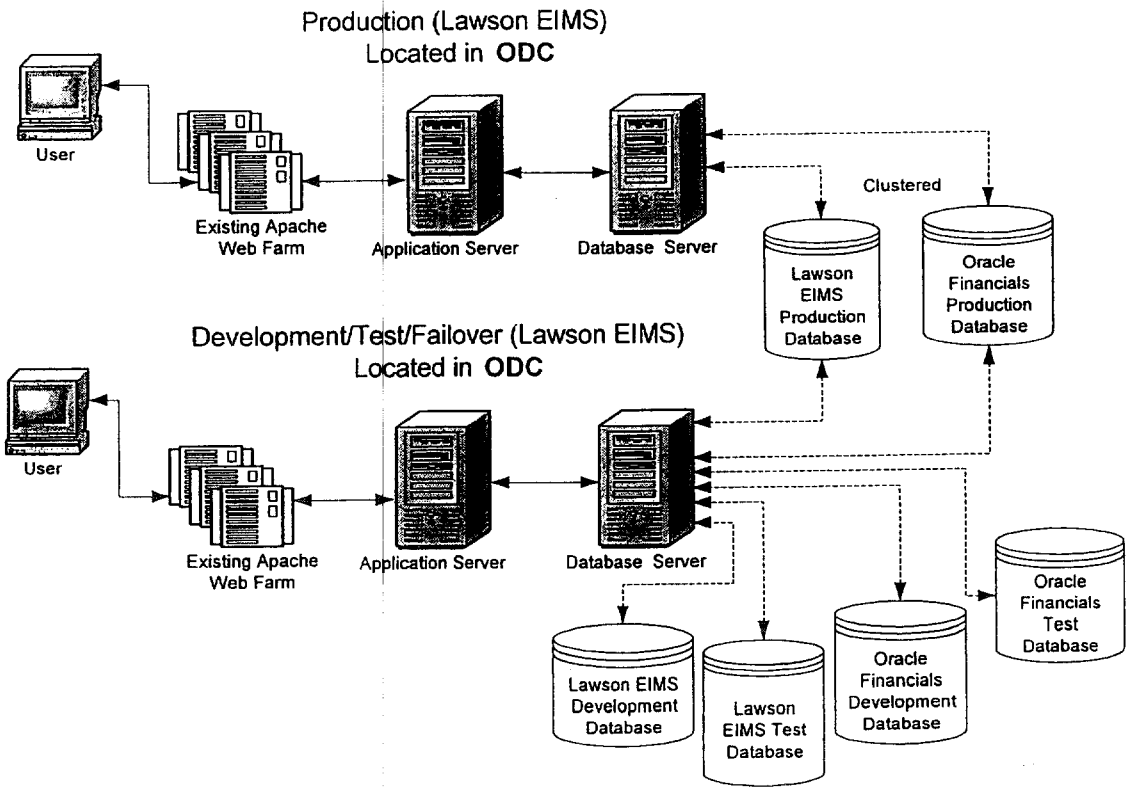

Diagram 14 – Lawson EIMS ODC Failover Environment

GDD 005219

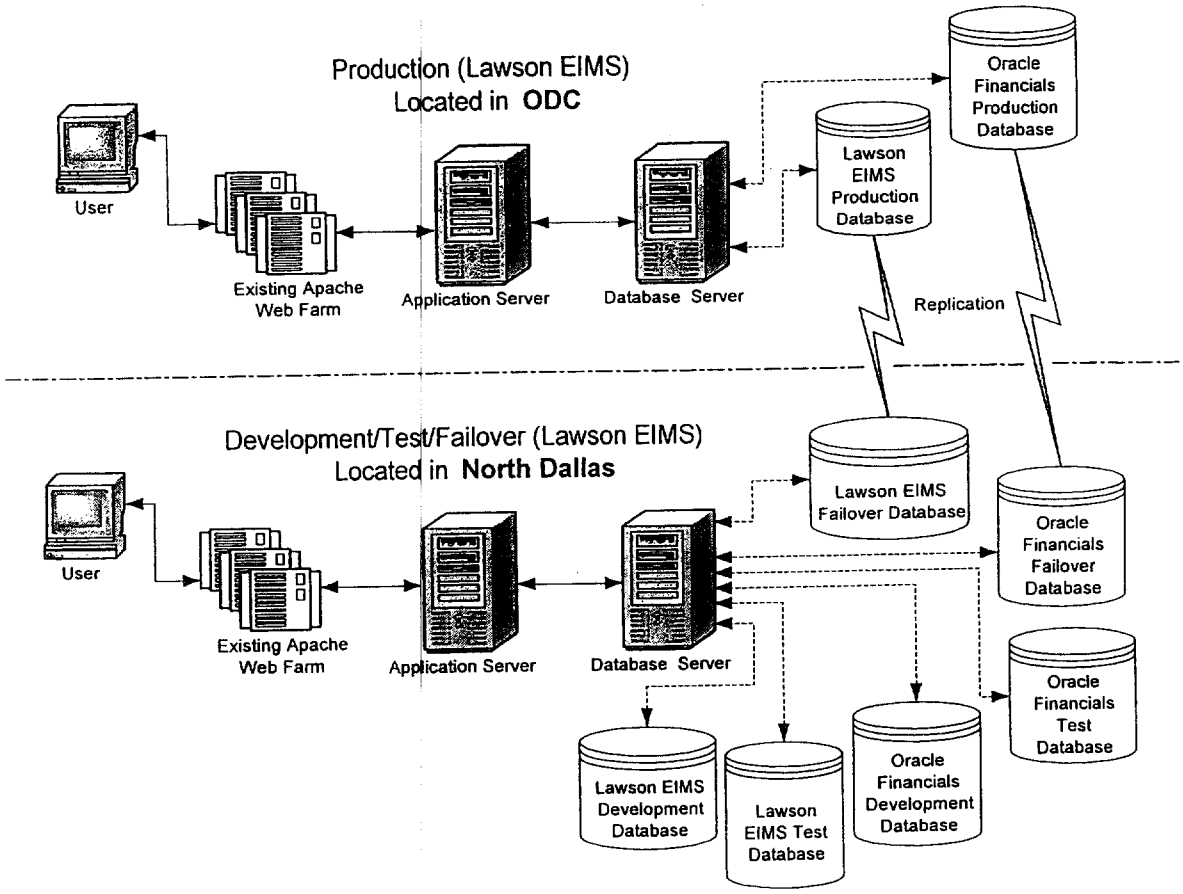

Diagram 15 – Lawson EIMS North Dallas Failover Environment

GDD 005220

Table 24: Oracle/Lawson Disaster Recovery Option Costs

	Oracle		Lawson	
	Option 1 ODC	Option 2 ND	Option 1 ODC	Option 2 ND
Databases:				
Production	1	1	2	2
Development	1	1	2	2
Text	1	1	2	2
Failover	0	1	0	2
Total Databases	**3**	**4**	**6**	**8**
Hardware Costs: [a]				
Database Server:				
Base Cost	$	$	$	$
# Processors	4	4	4	4
Processors Cost	$	$	$	$
# Hard Drives	18	26	18	26
Hard Drives Cost	$	$	$	$
Total Database Server Cost: [b]	$	$	$	$
Application Server:				
Base Cost	$	$	$	$
Total Application Server Cost: [c]	$	$	$	$
Total Hardware Costs	**$**	**$**	**$**	**$**
Support Costs (Annually):				
# DBA FTE				
DBA FTE Costs	$	$	$	$
Total Support Costs	**$**	**$**	**$**	**$**
TOTAL COSTS	$	$	$	$

[a] The hardware costs above are "best guess" based on the limited amount of information currently available to the Project Team.

[b] Database server base cost – A total server costs was provided from ITS Technical Services group and contained the server and six processors cost. The formula for this calculation was then: Total Server Costs ($ 170,000) – Processor Costs (6 x $ 18,000 = $ 108,000) = $ 62,000.

[c] Application server base cost – Total application server costs ($) split between the HRMS implementation and Oracle Financials 11i upgrade.

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Cost / Financial Analysis

Overview

The company will be required to make a substantial investment of capital and resources to implement the recommended strategy. The investment is estimated at $ 90 per employee per year or $ 7.50 per month over the next six years. This investment will provide the company an opportunity to reduce operating expenses by over $10M during the same period. Producing a potential return on investment of 7% before taxes and interest.

Five-Year Total Cost of Ownership

The five-year total cost of ownership (TCO) is calculated based on the total costs associated with the project and projected at $ 7.8M. These expenses include capital expenditures, operating expenses and capitalized internal labor costs. The detail is presented above. The detail of cost assumptions used to prepare this comparison are located Appendix C of the Executive Business Case.

Table 11: Five-year TCO Comparison follows on the next page and shows the specifics.

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Table 11: Five Year TCO Comparison

(000's)	Alt #1 Status Quo	Alt #2 Band Aid	Alt #3 Purchase	Difference of Alt #2 vs. Alt #3
Capital Expenditures				
Human Resources [a]	12.0	1,692.2		
Payroll	-	388.9		
Driver Management [b]	-	866.5		
Sub-total Capital Expenditures	12.0	2,947.6		
Operating Expenses				
Personnel (IT Support US only)	1,662.7	1,822.7		
Software Maintenance	-	732.3		
Hardware Maintenance	7.5	185.6		
Training	-	100.0		
Payroll Outsourcing [c]	3,387.2	3,387.2		
Internal Check Printing [d]	-	-		
Other	-	-	-	-
Sub-total Operating Expenses	5,057.4	6,227.8		
	5,069.4	9,175.4	9,072.0	(103.4)
				- 1%
Avg. Number of Employees	15,609	15,609	15,609	
Annual Cost per Employee	$ 64.96	$ 117.57	$ 116.24	$ (1.32)
NPV of ***Cost Only*** @ 12%	(3,631)	(7,161)	(7,533)	(372)
NPV of Benefits @ 12%	0	2,027	3,256	1,229
Total	(3,631)	(5,134)	(4,277)	857

[a] HR package is lower in Alt #3 due to sharing of databases and tools with payroll system.
[b] Driver management is higher in Alt #3 due to the use of external consultants.
[c] Payroll outsourcing costs are eliminated in Year 3.
[d] Internal check printing costs are estimated at $ 0.15 per check plus capital expenditures.
These expenses will not equal the total Project GER since this comparison does not include the advanced software functions.

Key Point: The overall cost difference between the most viable alternatives (#2 & #3) is less than 1% when you compare identical core functionality.

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Investment Benefits

In preparing the business case, the team listed over 50 benefits that took over 40 pages of text to discuss (see Supplemental Materials: Benefits Assessment). There were numerous immaterial hard cost savings such as reduced shipping costs, lower overtime and contract labor uncovered during the benefit analysis, however they were not included in the ROI calculation as many are assumed covered in the "soft cost" assumptions below. For the ROI calculation, we focused exclusively on material benefits that could be quantified and classified in one of three ways.

1. Hard cost savings – Project benefits for which an executive has agreed to reduce headcount or eliminate costs based on the implementation of the recommended strategy. Total hard cost savings are projected at $ 1.0M annually.
2. Soft cost savings – Project benefits that can be realized through process improvements and future management decisions regarding the utilization and re-deployment of current resources. Total soft savings are projected at $ 1.0M annually.
3. Cost avoidance – Elimination of company expenses with a strong likelihood of occurring in the future. Total cost avoidance is projected at $ 0.4M annually with a one-time saving of $ 86K.

Hard Cost Savings

Five areas of hard cost savings are presented in the ROI model.

1. Elimination of ADP and Ceridian payroll outsourcing costs totaling $ 614K annually.
2. Elimination of $ 70K annually in interest expense associated with 1 days worth of float for tax payments. (Per our agreement with ADP, Greyhound is required to pre-fund our tax payments before the actual payment is forwarded by ADP.)
3. Elimination of three (3) employees ($ 105K annually) as the integrated system provides an opportunity to combine and restructure the GCTC HR and payroll departments for greater efficiency.
4. Elimination of two and one-half (2.5) employees ($ 88K annually) as the payroll department will operate with greater efficiency.
5. Reduction in database support costs as Oracle will reduce our existing payments by over $ 100K per year.

Soft Cost Savings

Process improvement estimates made by the departmental managers are classified as "soft costs" as they are not realized without future management decisions regarding utilization of resources.

For example, we estimated the 120 driver managers could save 25% of their time in managing personnel files, completing new hire paperwork and processing of safety compliance documents. This equates to only a 6% improvement in their overall job function or $ 381K annually in company benefits. The team is not making any recommendations regarding personnel decisions, however in order to convert these soft savings to hard savings, management could consider:

- "Digitizing" and minimizing personnel files in the field
- Training driver managers to utilize self-service functionality and utilizing automated workflow to streamline the hiring process
- Deciding to and gradually reduce expenses either through attrition or re-organization.

The final decisions regarding these benefits are outside the scope and responsibility of the project team.

In the HR and payroll departments, a detailed process cost analysis was completed. The cost analysis was an allocation of total cost center expenses to a function or process within the department. After seeing the on-site demonstrations from each software vendor, the managers were asked to estimate the potential improvement they thought the system would allow in each department process. The process improvements are due to better data, fewer sources of data, better system integration, elimination of manual processes, and the implementation of advanced automation products such as employee and manager self-service, and workflow. The detailed analysis and work papers are included in Appendix B of the detailed business case. Overall the results for both the GLI and GCTC were identified as follows:

HR process improvements of approximately 13% or $ 331K annually

Payroll process improvements of approximately 33% or $ 350K annually

Driver manager efficiency improvements of approximately 6% or $ 325K annually

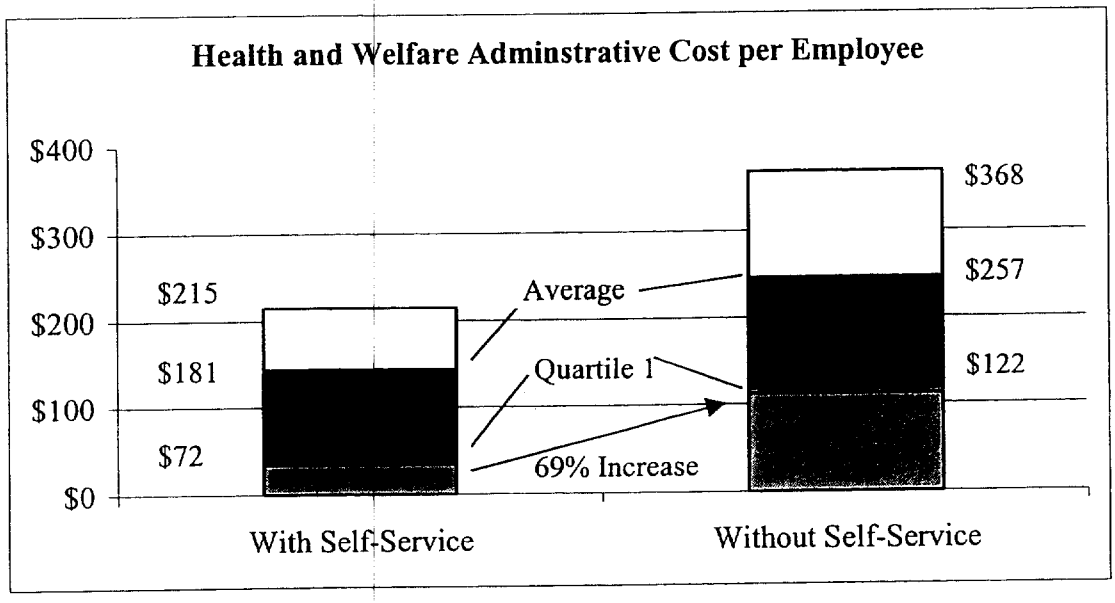
Total of $ 1,006K annually

Note: GCTC improvements were based on the detailed GLI analysis for similar functions and verified by GCTC for reasonableness. The project team highly believes this is a conservative estimate based on the numerous manual processes (i.e.: GCTC uses 3 X 5 index cards to track vacation and sick time) and age of the systems.

The HR improvements are considered conservative when compared to findings at other companies. According to the Hackett Group: "Employee Self-Service is

proven effective in reducing HR operating costs- Failure to deploy technology enabling employee self-service has been demonstrated to raise the health and welfare costs by as much as 69%"

Based on benchmark data representing 80% of the Dow Jones Industrials and 60% of the Fortune 100.



Soft cost savings (not included in ROI)

Given the time constraints and the inability of all company managers to see the vendor demonstrations, only the departments mentioned above were considered major areas for process improvement. However, there is a general consensus a modern system will allow every company manager to improve their productivity in completing HR / payroll administrative tasks and better utilize employee resources.

Cost Avoidance

There are a few opportunities classified as "cost avoidance" since the actual expense is neither recurring in nature nor guaranteed to occur. However, the project team feels there is a strong likelihood it will occur and that the new system along with the corresponding process improvement effort will reduce the company's exposure in the future. In summary three opportunities areas are included:

- Reduction of employee benefit premiums paid on behalf of terminated employees
- Reduction of vacation and sick pay through better tracking of actual time paid and earned

- Reduction of database improvements currently planned by the Safety department

Employee Benefit Premiums

A comparison of the data found in the US HR and payroll system found 105 employees were active in the benefit system yet no payroll earnings were paid through payroll. Due to current PAF process and the challenges of integrating our current systems, it is highly probable a lag occurs between when employees are classified inactivated in payroll (or "terminated") and the time the employee is terminated in the benefit system.

The new integrated system can reduce this potential company expense. For conservatism, we calculated the potential overpayments based only on union employees and reduced the result by 25%. The result is a cost avoidance opportunity of $ 313K annually. Details regarding the actual calculation are included in the Benefit section of Appendix C.

Unearned vacation and sick time

Greyhound currently does not have a system to accurately track vacation (including holidays) and sick time. In the past, 6 locations were surveyed to better understand how paid leave is actually tracked for non-driver hourly employees. The results found that on average the company granted or lost $35 per year in wages per employee. Using this average for only hourly employees it is estimated the company's additional expenses is $ 175K annually. Again this result was factored by for conservatism in two ways, 1) we only considered hourly employees and 2) we factored down the entire result by 25%.

This estimate resulted in $ 131K in reduced wages and increased employee productivity per year. The detailed assumptions and calculation are included in the detailed ROI analysis accompanying this document.

Safety database improvements

The safety department currently uses an Access database program to track driver safety information. The department currently plans to spend an estimated $ 86K in one-time improvements to their system. With the implementation of the recommended solution for driver information, the department has agreed to forego this expenditure.

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Cost avoidance (not included in ROI calculation)

Accurately estimating the risk associated with governmental fines for non-compliance in filing and reporting employee information and safety information are difficult to compute and not included in the ROI model. Additionally, we did not

include any company benefits related to lower employee turnover or training cost savings from lower driver attrition.

Projected Return on Investment (ROI)

The five year total cost of ownership and benefits identified above were combined to produce an estimated Return on Investment for the company. For simplicity and conservatism, capital expenditures were slightly accelerated to occur over 2 years. Project benefits were ramped up over 3 years for additional conservatism, with Year 5 being the first year all benefits are realized, therefore a six-year model is presented.

Table 25: Return on Investment by Software Module

REDACTED

Total Project

Capital Expenditures	Period 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
Software Licenses		-	-	-	-	-	-	
Software Licenses - DB and Tools		-	-	-	-	-	-	
External Consulting	-			-	-	-	-	
Capitalization of Internal Costs	-			-	-	-	-	
Hardware - Data Center		-	-	-	-	-	-	
Hardware - PC's and Check Printers	-			-	-	-	-	
Training	-	-	-	-	-	-	-	-
Taxes – 8.25%				-	-	-	-	
Contingency – 12%				-	-	-	-	
Sub-total Capital Expenditures				-	-	-	-	(6,090.8)
Operating Expenses								
Personnel	-	-	-	-	-	-	-	-
Software Maintenance	-							
Hardware Maintenance	-							
Training	-		-	-	-	-	-	
Check Printing Costs	-	-	-					
Sub-total Operating Expenses	-							(2,317.8)
Total Investment								(8,408.6)

Benefits by Module	IRR of the individual module								
Human Resources - US	-11%	-	-	130.0	194.9	259.9	259.9	259.9	1,104.6
Human Resources - CDN	-9%	-	-	58.0	87.0	115.9	115.9	115.9	492.7
Payroll - US	16%	-	-	191.8	575.5	767.2	767.2	767.2	3,068.9
Payroll - CDN	10%	-	-	78.5	235.5	313.9	313.9	313.9	1,255.7
Advanced Benefits	5%	-	-	77.5	157.2	234.7	234.7	234.7	938.8
Self-Service	10%	-	-	82.7	201.8	284.5	284.5	284.5	1,138.0
Driver Management System	15%	-	-	252.6	249.9	333.3	333.3	333.3	1,502.4
Business Intelligence / Other	12%	-	100.0	100.0	100.0	100.0	100.0	100.0	600.0
			-	-	-	-	-	-	-
Sub-total Benefits		-	100.0	971.1	1,801.8	2,409.4	2,409.4	2,409.4	10,101.1
Net Cash Flow									1,692.5

Over 6 Years			Over 5 Years	
Overall Net Present Value @	12%	(800)	NPV	(1,802)
Total Internal Rate of Return		7%	IRR	-2%

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Table 26: Return on Investment by Benefit Type

REDACTED

Total Project

Investment	Period 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
Capital Expenditures				-	-	-	-	
Operating Expenses		-					3)	
Total Investment								(8,408.6)
								-
Benefits								-
Hard Cost Savings								
Soft Cost Savings			-					
Cost Avoidance - Recurring			-					
Cost Avoidance - One-time			-		-	-	-	
				-	-	-	-	-
Sub-total Benefits		-						10,101.1
Net Cash Flow								1,692.5

Cumulative ROI Calculation and NPV @ 12%

	Six Years		Five Years		Three Years	
	NPV	IRR	NPV	IRR	NPV	IRR
Hard Cost Savings Only	(4,436)	-25%	(4,726)	-35%	(5,446)	-79%
Plus: Soft Cost Savings	(1,873)	0%	(2,673)	-9%	(4,603)	-57%
Plus: Cost Avoidance - Recurring	(869)	7%	(1,871)	-2%	(4,283)	-50%
Plus: Cost Avoidance - One-time	(800)	7%	(1,802)	-2%	(4,214)	-49%

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Risk / Risk Avoidance

Risks in Undertaking the Project

In undertaking a project that directly impacts two companies (GLI & GCTC) and three of their mission critical functions (HR, Payroll, Financials), there are associated risks.

Major

- Vastness of scope
- Uncontrolled scope
- Catastrophic Payroll failure

Minor

- Limited windows for Payroll live dates (January 1 and July 1)
- Vendor Claims do not meet GLI expectations of functionality
- Added complexity of implementing both GLI & GCTC
- Canadian Union payroll project is not completed in time for conversion
- Significant relationship issues with a vendor
- Requirement of management to change processes to meet ROI
- Increased liability due to processing payroll in-house.

Inherent with a Major Project

- Poor choice of 3rd Party Project Manager
- Poor choice of 3rd party implementation partner
- Loss of key team members during implementation
- Unknown significant infrastructure costs or compatibility issues
- Loss of funding during implementation
- Overrun in costs

The preceding risks will be managed by the Greyhound Project Team working with the implementation consulting firm to ensure the project is delivered on time and managed appropriately. The scope risk will be managed by the Steering Committee.

Risks Avoided by Undertaking the Project

By replacing the current HR/Payroll solution and with successful implementation, the following risks will have been mitigated.

System Failure

The current environment poses a significant risk of a system failure for the following reasons:

- No vendor product support for HR1, HR2000
- Limited internal resource support
- Network and database upgrade compatibility
- Lack of proper test environment

Points of Failure

Non-integration and multiple databases inherently creates additional processes and "Points of Failure". Table 6 – Points of Failure illustrates the improvement integration would provide.

The presence of additional databases, interfaces, and points of data entry present process inefficiencies and data integrity issues.

- Simple record maintenance can be improved as much as 400%
- GCTC relies on 3 x 5 index cards to track employee information
- Duplication of data entry, processes, and reporting
- Reduction of paper files and forms
- Multiple System Points of Failure exist

Risk of Governmental Fines and Penalties

- Limited supplemental check capability caused drivers who live and work in different states to be taxed incorrectly
- Limited garnishment functionality presents significant risk of non-compliance compliance and efficiency issues. This especially relates to the limited number of garnishments allowed, field lengths for critical data, and disseminated data pertaining to an employees garnishment.
- Incorrect ADP Header Card have caused IRS to levy $ 50K penalty on GLI
- GLI's Lack of SSN verification increases the risk of hiring illegal aliens
- Inability to comply with the Canadian Government's requirements for the inclusion of subsidiaries in a timely fashion into all reporting due to the multiple systems and manual processes.
- Correct Taxation per IRS on Buddy Pass
- Penalties for not identifying and/or addressing expired drivers licenses, physicals, and drug tests can result in significant Department Of Transportation (DOT) fines.

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Greyhound Employee Risks

- Incorrect Header cards have caused drivers to be double deducted for Benefits and Union deductions
- Limited holiday schedules and processing checks in Atlanta increases the risks of delayed check delivery due to miss-sorting, weather, or security issues
- Audits (identifying "dropped records) not available to GLI during the actual processing of the payroll creates risks to individual employees receiving late payments
- Correct Overtime calculation when taking quarterly bonuses into account

Financial Risks to Greyhound

- The ability to provide the field or corporate management how many vacation, sick, personal days an employee has available is not possible today. An audit of 6 terminals revealed an average of $35 per employee paid in ineligible dollars paid. Extrapolating this out to the entire population indicates a probable $ 175K risk.
- Lost files, interface failures, errors, no data entry of changes, etc. have resulted in driver terminations or leaves of absence not being updated in the system. This directly costs GLI dollars in benefits allocations overpaid to the ATU and overpayments of benefit premiums by the ATU. The average cost per month based on 2002 rates is $ 225 for GLI to ATU for allocations per driver and $ 515 for ATU in benefit premiums. Unaccounted for are any benefit claims actually paid on behalf of the party involved when coverage should not have been in force. This can be an amount up to $ 1M per covered person.
- One hundred six (106) such situations occurred during 2000 and early 2001. GLI paid an estimated $ 340K and the ATU paid an estimated $ 450K in premiums on drivers terminated or on leave during the period.
- Lost or never processed PAFs, interface problems, etc. cause similar risks as stated directly above for all other hourly and salaried employees for GLI. The financial risks (costs) to GLI is calculated at $ 95.20 per month, not including any self-insured costs. There were one hundred sixty-four (164) occurrences in 2000 and early 2001 costing GLI an estimated $ 137K in benefits premiums overpaid and $ 64K in covered benefit claims.

Project Timeline

Overview of Scope and Approach

There are 2 basic ways to implementing a system of this size and complexity. The first is the "big bang" approach where the goal is to implement all the software modules and functionality at once. This approach allows a company to begin capitalizing on the opportunities quicker, yet has a higher risk of implementation failure and is difficult to manage effectively.

The second is a "phased implementation" where the entire project is divided into smaller phases each with a staggered due date. Features and benefits build gradually over the project life with the company realizing the full benefits over time. This approach is used to help mitigate the risk of implementation and provides the organization with more control through the project life cycle. Based on the complexity of the project and recommendations from outside consulting firms, phased approach to implementation is recommended.

The phased approach outlined below was developed based on the following constraints and considerations:

Planned Upgrade to Oracle Financials – Due to the tight integration between the financial system, payroll and human resources, it is highly recommended that the upgrade to Oracle financials be completed before the implementation of the EIMS system. At the minimum the financial systems key general ledger classifications and tables must be converted before the HR or payroll modules are implemented. This will avoid the creation of temporary interface programs and lower the overall implementation risk of the project.

Planned Upgrade to the GCTC Union Pay System – A project is currently being planned to replace the current Ceridian payroll front end. This system is the functional equivalent of the US driver pay and Kronos time and attendance systems.

Business Needs – The reducing the risk of system failure within the HR systems and reducing payroll expenses are two major needs, therefore, plan to address these first.

System Design – The HR module is considered the core piece of the HR and payroll modules since it contains all employee data and the organization hierarchy, therefore should be the first module installed. Also, the HR module contains the data elements for driver management and the key setup fields for advanced benefits.

The detailed scope and project plan for each phase will be created in conjunction with our external consultants and will change based on needs and priorities. Therefore, only a brief synopsis is presented here for discussion. All major scope and approach decisions will be made by the Executive Steering Committee.

Project Phases

Phase 0

Overall project planning and analysis for the entire project will be detailed with the external consultants. Final project scope and implementation phases will be completed and presented to the steering committee. The planning and initial pre-configuration will encompass all five phases below to ensure the system is designed to meet the current and future needs. During the initial phase it is assumed Oracle financials will be loaded to allow proper integration to occur.

Phase 1 *HR/Benefits/Driver Management - GLI*

In this phase, we implement the core HR system for the GLI operations, a basic driver management system, as well as limited advanced functionality in workflow, self-service and advance benefits. By implementing a limited amount of advanced functionality we have the opportunity to evaluate the results, before making larger investments.

Due to the highly unstable nature of the GCTC HR environment, there is a pressing need to address GCTC in this phase and the steering committee will continually evaluate this option as more detailed planning occurs.

Phase 2 – *Payroll - GLI*

Phase 2 will consist of core payroll functionality for GLI. It is recommended that the payroll implementation coincide with either July 1 or January 1 to mitigate governmental tax reporting issues. Additionally, due to the integration between payroll and general ledger, the 11i financial upgrade should be completed before this module is fully implemented.

Phase 3 – *HR/Benefits/Driver Management – GCTC*

Phase 3 includes all HR functionality for GCTC as well as limited functionality in the areas of driver management, advanced benefits and self-service. This is the equivalent of Phase 1 above, however should result in a better implementation due to the learning curve being completed in Phase 1.

Phase 4 – *Payroll – GCTC*

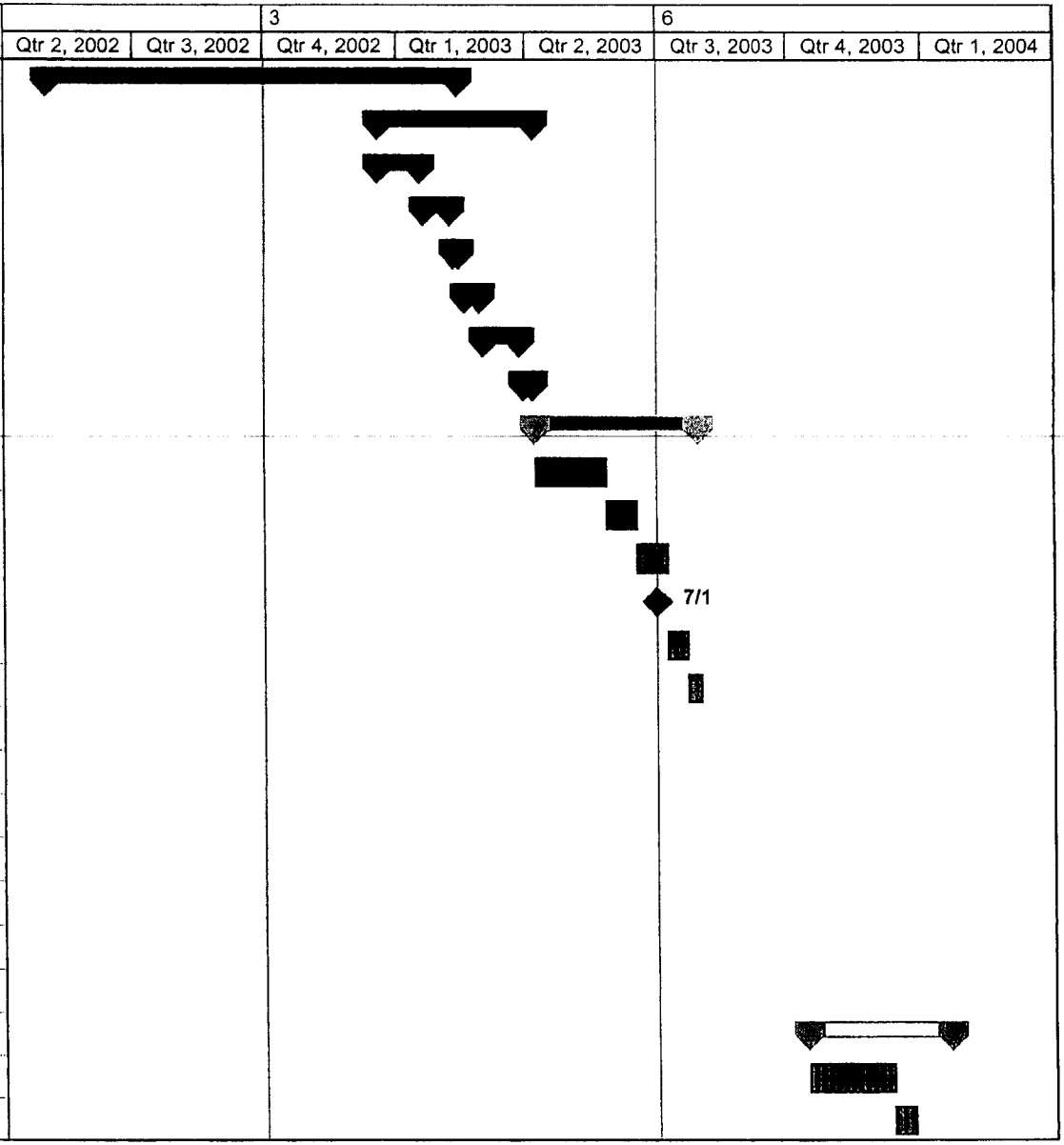
Phase 4 consists of core payroll in GCTC to be implemented on a cutover date that makes business sense. By delaying this phase, the Canadian union pay solution should be implemented thereby reducing the implementation complexity.

Phase 5 - *(On Going)*

Once the base modules have been installed, advanced functionality can be prioritized and implemented based on business needs.

Diagram 16: Project Timeline Gantt Chart

ID	Task Name
1	**Phase 0 - Pre-Implementation**
6	**Phase 1 - HR/Benefits/Driver Mgmt US**
7	**HR**
9	**Benefits**
12	**Limited Driver Management**
17	**Limited Workflow**
19	**Limited Self Service**
23	**Interfaces/Reports**
26	**Phase 2 - Payroll US**
27	Payroll Processing
28	Check Printing
29	Tax Processing
30	Payroll Goes Live
31	3rd Party Vendor Payment Processing
32	Post Implementation
33	**Phase 3 - HR/Benefits/Driver Mgmt Canada**
34	**HR**
36	**Benefits**
39	**Driver Management**
41	**Limited Workflow**
43	**Limited Self Service**
46	**Interfaces/Reports**
49	**Phase 4 - Payroll Canada**
50	Payroll Processing
51	Check Printing



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Terminology

The following are project/industry specific acronyms/terms used within the business case:

CDG – The 3rd Party consulting firm specializing in HRMS applications engaged to assist Greyhound with the RFP, Selection, and Evaluation process.

DOT – Department of Transportation

EIMS– Employee Information Management System…name given to the project in lieu of the HR/Payroll or HRMS system because it encompasses more than just the HR and Payroll systems. This project would include Driver Management/Safety/DOT, GCTC, in addition to the HR and Payroll modules.

*GCTC – Greyhound of Canada Transportation Corporation…refers to the Canadian operations only.

*GLI – Greyhound Lines, Incorporated– refers to the United States operations only.

*Greyhound – Term used to refer to the combination of GLI and GCTC as a single entity.

HRMS/HRIS – Human Resource Management System (synonymous with HRIS)…system or collaboration of systems managing the HR and Benefit related business functions. Payroll often is assumed to be incorporated in this set of processes.

HTML - This is the HyperText Markup Language. This is a markup language that is used to define how data should be displayed in a web browser. It might specify something should be displayed as a bulleted list, or in a table, or as a formatted paragraph. It does not define the data itself, but merely how to display it on the screen. HTML data (web pages) is transmitted using HTTP.

HTTP - This is the HyperText Transport Protocol. It is the primary standard for formatting messages to send across the World Wide Web. It controls what headers must be present in a valid message so that a web browser can correctly interpret the content. Messages formatted according to the HTTP standard are then transmitted across the network (either internal or external) using TCP/IP.

JAD – Joint Application Design…detailed sessions conducted with each department's subject matter experts to identify the current processes, business needs, and future possibilities for improvement with a new system.

Java - Java is actually more of a programming language, but is often used to provide additional functionality on a web page. A Java applet runs within the web browser as a stand-alone application. The applet communicates back and forth with the server using TCP/IP.

Point of Failure (Failure Point) – Any point in a process where data can be dropped, added incorrectly, or corrupted causing data integrity issues.

RFP – Request for Proposal

SME – Subject Matter Expert...employees who perform specific processes day in and day out. These employees are the experts of their business process and the key to identifying all the business requirements for a new system.

SWOT – Strengths, Weaknesses, Opportunities, and Threats/Risks of current environment. Departmental synopses of themes gleaned from the Joint Application Design (JAD) sessions.

TCP/IP - This is the Transport Control Protocol/Internet Protocol. It is the primary standard protocol for transmitting data across a network. This protocol specifies how the information is packaged for transmission, and how these packets are addressed so that they reach the correct destination.

XML - This is the eXtensible Markup Language. It is related to HTML, since it is a tag-based markup language. However, instead of specifying how data should be displayed, it describes the data itself. This allows specific message formats to be defined when transmitting data from one application to another, or from a web browser back to the server. There is also no limitation on what tags may be used. Since this is an extensible language, anyone may define the tags that they want to use, so long as both the sender and the receiver understand them.

The differentiation between GLI, GCTC, and Greyhound is paramount to clearly understand the objectives of this business case.

GDD 005238