# Company vitals

# ADP Case Study — AO/AO World

## Introduction

Founded in 2000, AO specialises in household appliances and electricals, and is the largest online-only electricals retailer in the UK. AO operates across both the UK and Germany with over 3,000 employees and multiple offices, warehouses, and outbases across both countries. AO also operate a recycling arm in the UK and are the only online electrical goods company to do so.

AO strives to be the best electronics supplier in the UK and Europe, and after experiencing rapid growth and expansion off the back of the COVID-19 outbreak, the payroll team was inundated with processing over sixty new staff per month, and vast amounts of data in digital formats. This, in addition to a new partnership with Tesco, meant that it was absolutely critical that their payroll software 'came into the 21st century', and was no longer simply an operational function.

Due to AO's rapid growth, the AO Payroll Team required a software solution to cover a wide range of objectives, both technical and strategic. As such, AO's primary objective was to successfully transition from ADP's legacy system, ADP Freedom, to iHCM2. This system would allow AO to create a single master data source, reducing complexity and removing duplication of effort. From a strategic perspective, AO aimed to create a business environment in which technology supports the growth of the company through its people and its culture of excellence.

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| **Name** | AO/AO World |
| **Industry:** | Online retail |
| **Established:** | 2000 |
| **Headquarters:** | Greater Manchester, UK |

# Take a new look at pay

At AO, the payroll team stands alone from the HR department, and was placed firmly into focus this year. Rather than an operation that happens in the background, pay is in fact a key part of company strategy. Ensuring employees are paid accurately and on time is crucial — and with a variety of new legislative changes and updates, businesses cannot afford to get it wrong, especially when they are expanding so rapidly.

This was clear to Graham straight away when the pandemic struck.

*The first team that was taken into account was the payroll team, who were equipped to work remotely immediately to ensure that business as usual carried on. Previously, many people thought payroll was just pressing a magic button once a month, but given the current crisis, there has been a wider recognition from senior business leaders on the importance of people being paid properly.*

As new legislation came in thick and fast, attention was focused on how difficult payroll actually is, and the wider business implications of a supported and empowered payroll team with a dynamic payroll strategy.

# The challenges

The AO team was faced with particular challenges prior to the transition to a new software solution:

- Onboarding new staff quickly and accurately
- Increased levels of data to process digitally
- Streamlining of processes and disparate systems.

With the payroll team split between offices in Bolton and Crewe — which also looks after time and attendance — communication between the teams and other locations is essential, and AO needed a provider to make that easy. Although business expansion and growth is welcomed, logistically AO's systems could not keep up, and a streamlined, intuitive, and flexible solution was needed to support a rapidly expanding business and its new employees.

## The solution

Having worked with AO for seven years previously, ADP was well placed to understand the evolving needs of the business in order to provide advice, guidance, and expertise across all stages of the transition to the iHCM2 solution.

To support the business in a strategic function, iHCM2's customisable data reporting was of particular value, in addition to streamlining and simplifying the entire onboarding process. Although the switch to iHCM2 had already been made, the benefits of having a streamlined and modern payroll system were felt even more as COVID struck, reinforcing the importance of making the switch.

*We looked at many other solutions, but at the end of the day, ADP's iHCM2 was the only solution that met our requirements and delivered the best solution for our needs.*

Graham Pugh, Group Payroll Manager, AO World.

## The results

The iHCM2 solution has allowed AO to create a single, real-time, fully integrated system that fits with its growth strategy and streamlines process variations. The payroll component of the solution delivers a secure, reliable, and efficient payroll that accurately reflects AO's requirements, ensuring employees are paid the correct amount at the correct time.

Not only is it critical that payroll is efficient and accurate, but ADP ensures that payroll is also secure and meets all legislative requirements, in addition to processing feeds from the time and attendance system — reducing manual input and intervention. The improved interface has enhanced the collaboration with third party providers, such as pensions administrators and HMRC, resulting in more timely transactions and less need to make retrospective corrections

The solution is flexible enough to deal with fast-changing legislation and also allows for customisation to meet specific requirements. In the face of a global pandemic, iHCM2 and the ADP support team meant that all employees were paid on time for the duration of the crisis and beyond. New earnings and deduction codes were created in no time at all to support reporting requirements and help finance teams identify furlough payments.

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The help and assistance we've received from ADP has helped us immensely throughout this crisis. Gabby and her team in the UK, and Petra in Germany have been fantastic: very patient and understanding when we've run into delays, and going the extra mile to help us given the added challenges Covid-19 has presented us with.

We've received numerous updates regarding legislation changes both in the UK and Germany, which have been clear and concise. Without the ongoing assistance of ADP and managed service teams, the day-to-day processing for all our payroll services would have been very challenging indeed. Thanks to ADP, all colleagues have been paid on time during the whole pandemic."

**Graham Pugh**
Group Payroll Manager