

# **Ceridian Human Resource Solutions**

**Annual Investor Meeting**

**May 9, 2003  
New York**

**CERIDIAN**

*Statements made in this presentation that are not historical in nature, particularly those regarding expected performance in 2003 and future years, are forward-looking statements.*

*These forward-looking statements are based on current expectations and assumptions, and entail various risks and uncertainties that could cause actual results to differ materially from those expressed in such forward-looking statements. Important factors known by the company that could cause such material differences are discussed in Ceridian's 2002 annual report.*

- Vision / Mission
- HR Market Trends
- Ceridian U.S. HR Solutions Strategy
- Market Opportunities
- Growth Model
- Order Growth
- Operational Improvements
- Backlog & Implementation
- International trends and strategy
- Summary

- Executing Managed HR Solutions for growth
- Global vision
- Q2 YTD and year end orders on target for double-digit growth
- International capability expanding
- Strategies aligned with market segments

## *Vision*

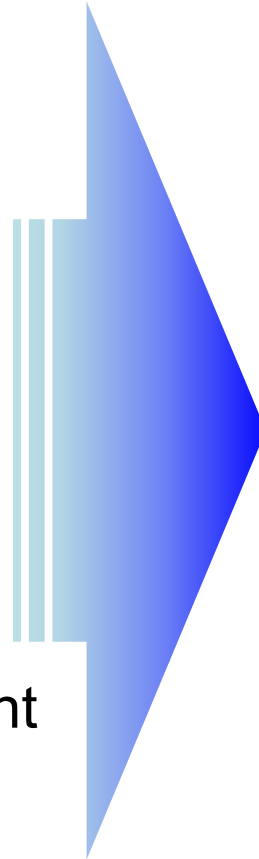
*Change the World of Work*

## *Mission*

*Provide Managed Human Resource Solutions  
that Maximize the Value of People*

## Change the World of Work:

- Managed Payroll
- HR Administration
- Benefits
- Management
- Employee Assistance
- Recruiting
- Compensation
- Time & Labor Management
- Self Service
- Integrated reporting
- Service Center



## Freedom for the Customer:

- Better ROI
- Higher productivity
- Focus on business
- Focus on customers
- Compliance
- Time for family
- Time for strategy
- Lower risk
- Less administrative tasks
- Less paperwork
- Work/Life Balance

Sustain profitable revenue growth



Act with honesty and integrity



Deliver world class quality and productivity



Delight customers for long term profitable relationships



Attract and develop enthusiastic achievers

# Ceridian HR Solutions

Pat Goepel  
Chief Revenue Officer

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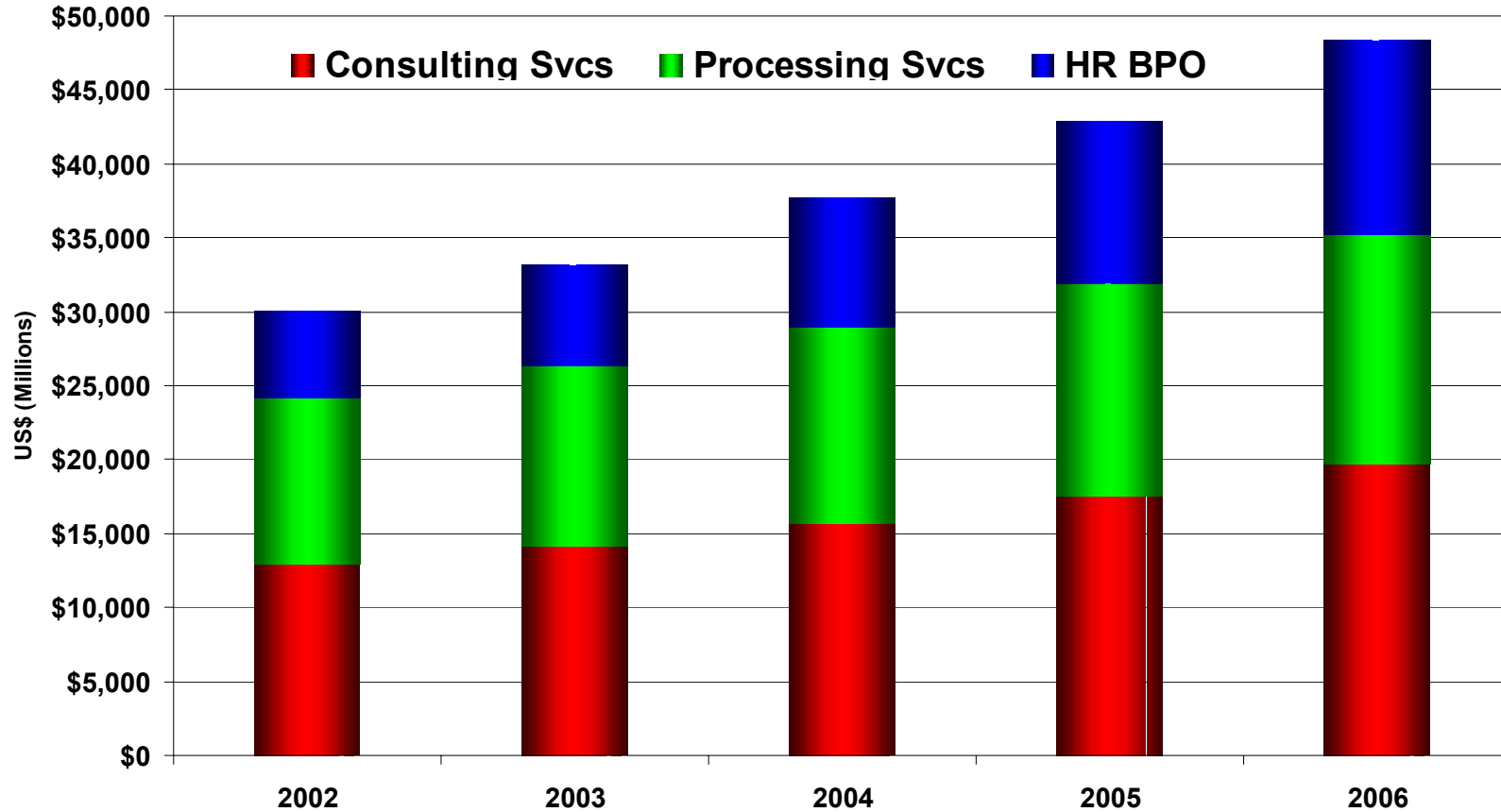
## Outsourcing Spending by Region

\$Millions			<u>CAGR</u>
	<u>2002</u>	<u>2006</u>	<u>2002-2006</u>
<b>US</b>	\$ 30,094	\$ 48,345	12.6%
<b>Canada</b>	\$ 1,093	\$ 1,601	10.0%
<b>Western Europe</b>	\$ 20,889	\$ 27,386	7.0%
<b>Total</b>	<b>\$ 52,076</b>	<b>\$ 77,332</b>	<b>10.4%</b>

IDC 2003: does not include Training & Development or Recruiting

N. America and W. Europe represent  
85% of HR services spend worldwide (2002)

## Size and Growth



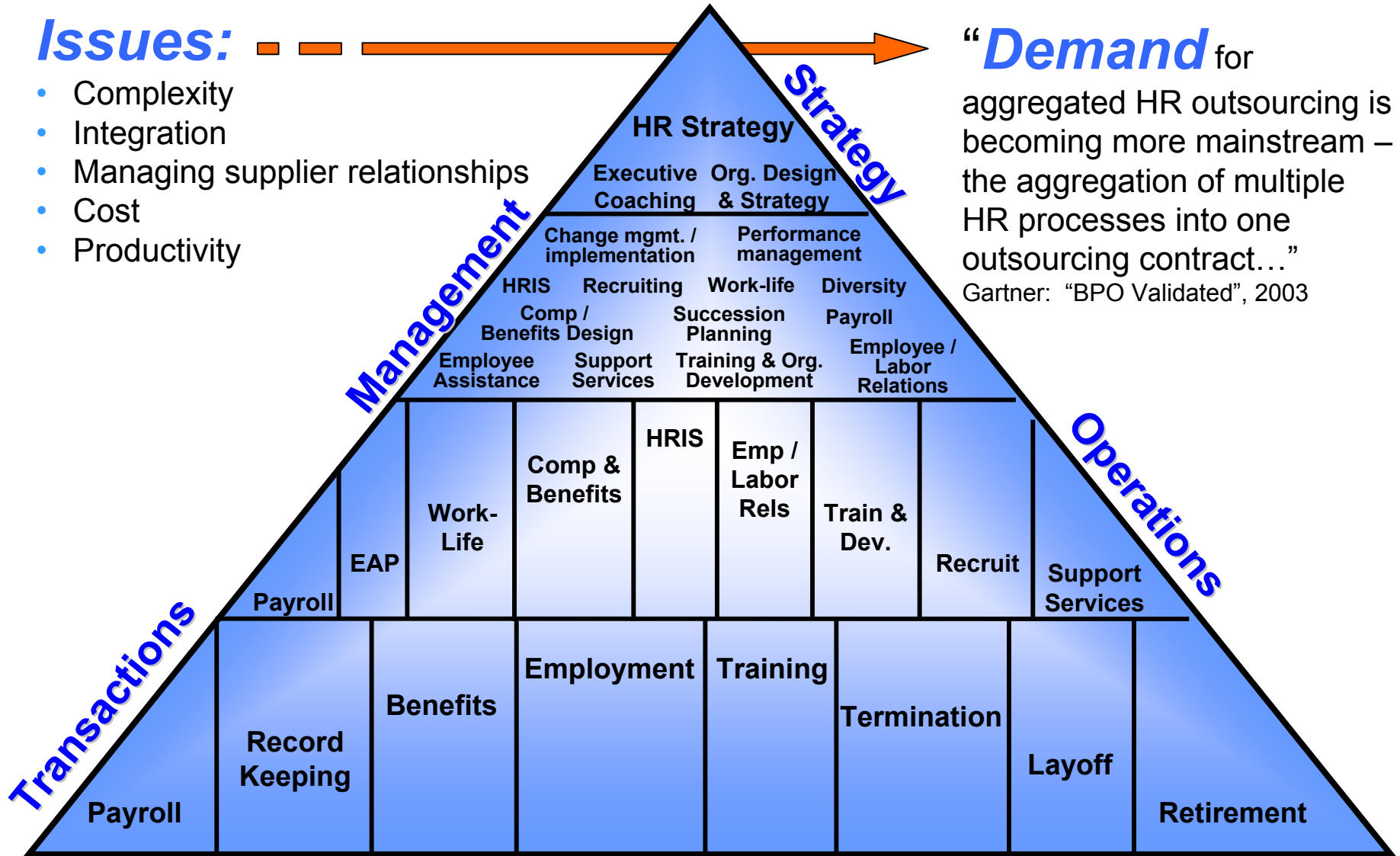
<u>U.S. HR Svcs</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>CAGR%</u>
Consulting Svcs	\$12,949	\$14,150	\$15,700	\$17,584	\$19,782	11.2%
Processing Svcs	\$11,173	\$12,158	\$13,222	\$14,346	\$15,493	8.5%
HR BPO	\$5,972	\$6,890	\$8,802	\$10,892	\$13,070	21.6%
<b>Total</b>	<b>\$30,094</b>	<b>\$33,198</b>	<b>\$37,724</b>	<b>\$42,822</b>	<b>\$48,345</b>	<b>12.6%</b>

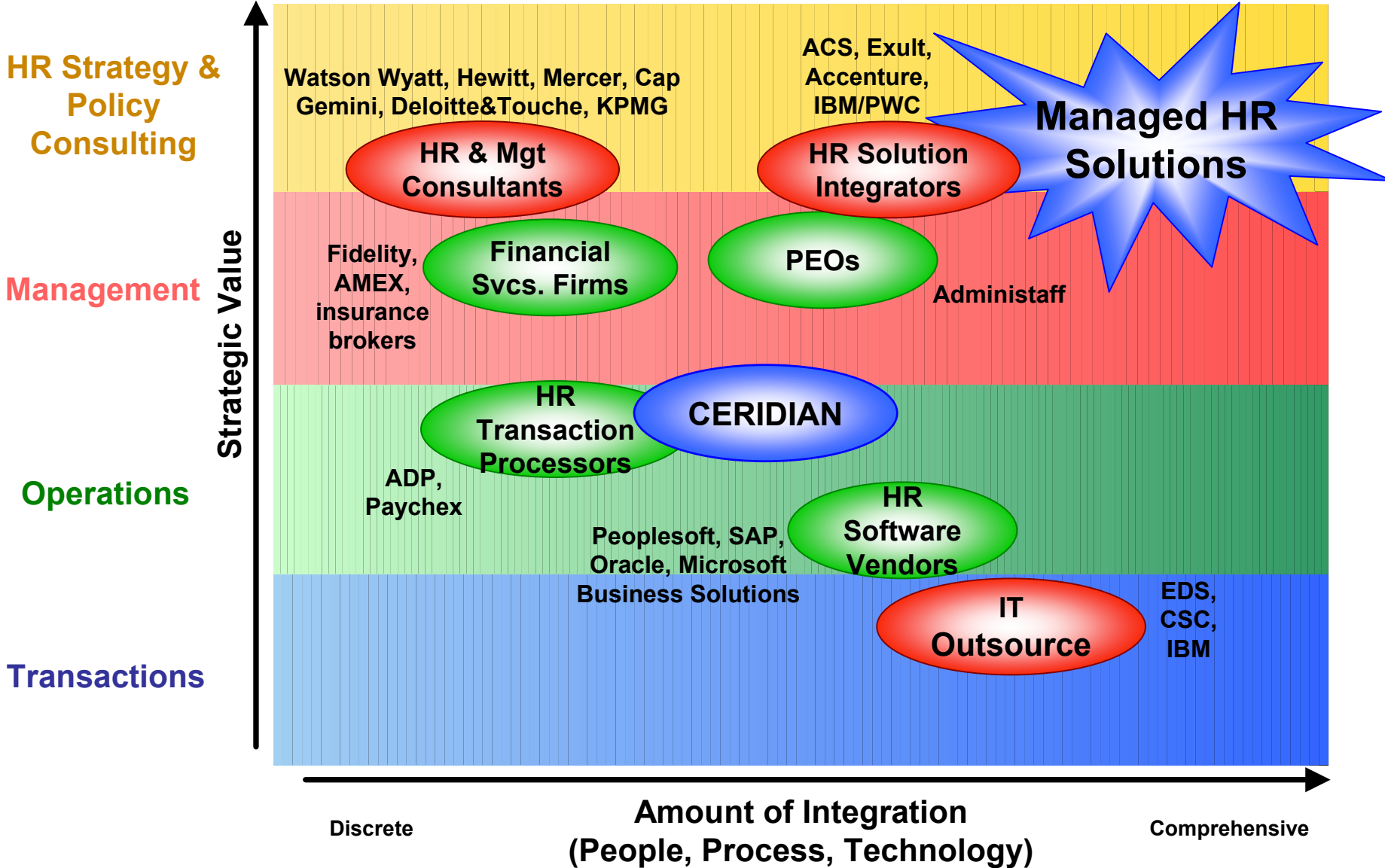
# The HR Solutions “Pyramid”

## Issues:

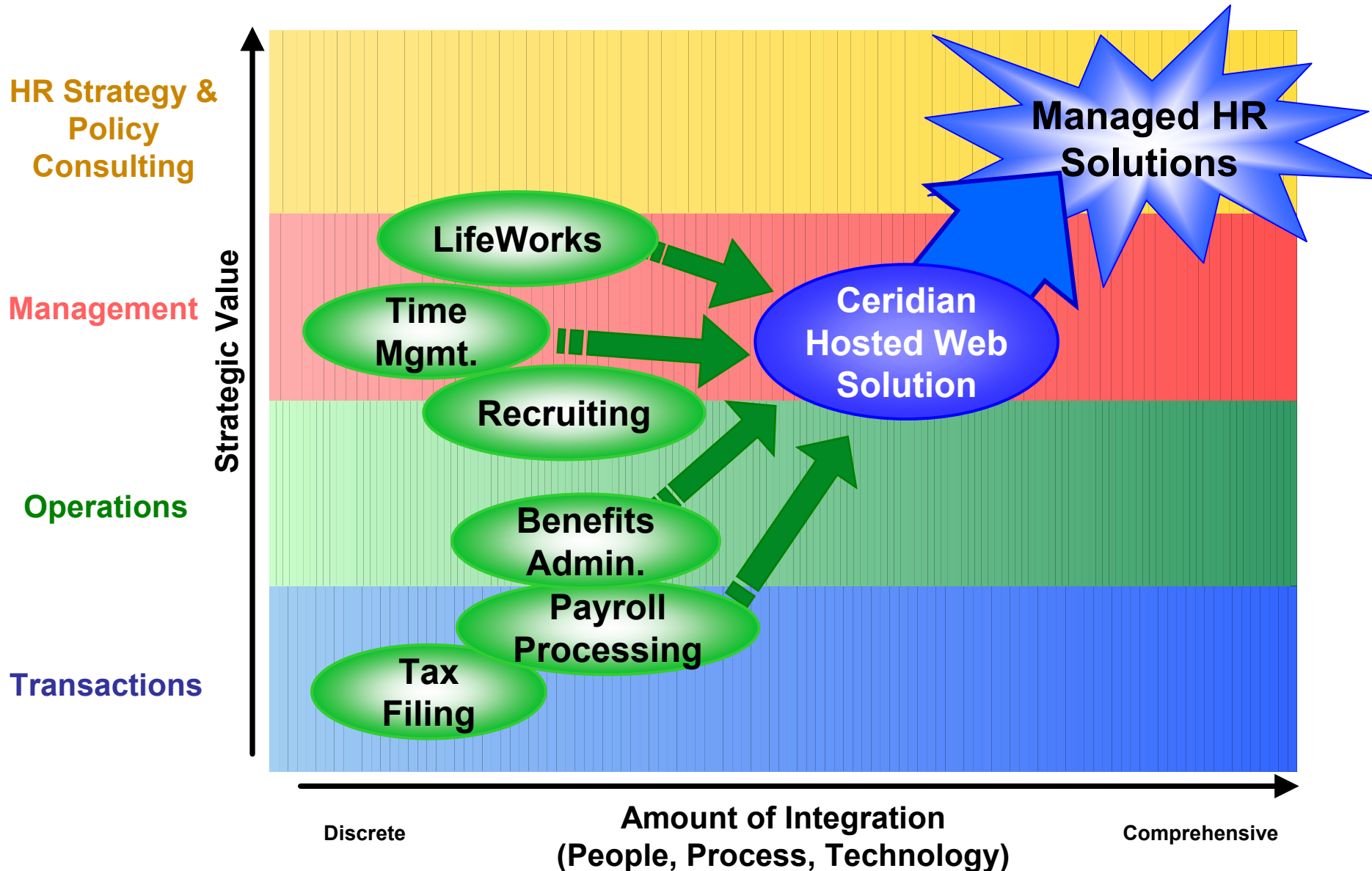
- Complexity
- Integration
- Managing supplier relationships
- Cost
- Productivity

“**Demand** for aggregated HR outsourcing is becoming more mainstream – the aggregation of multiple HR processes into one outsourcing contract...”  
 Gartner: “BPO Validated”, 2003

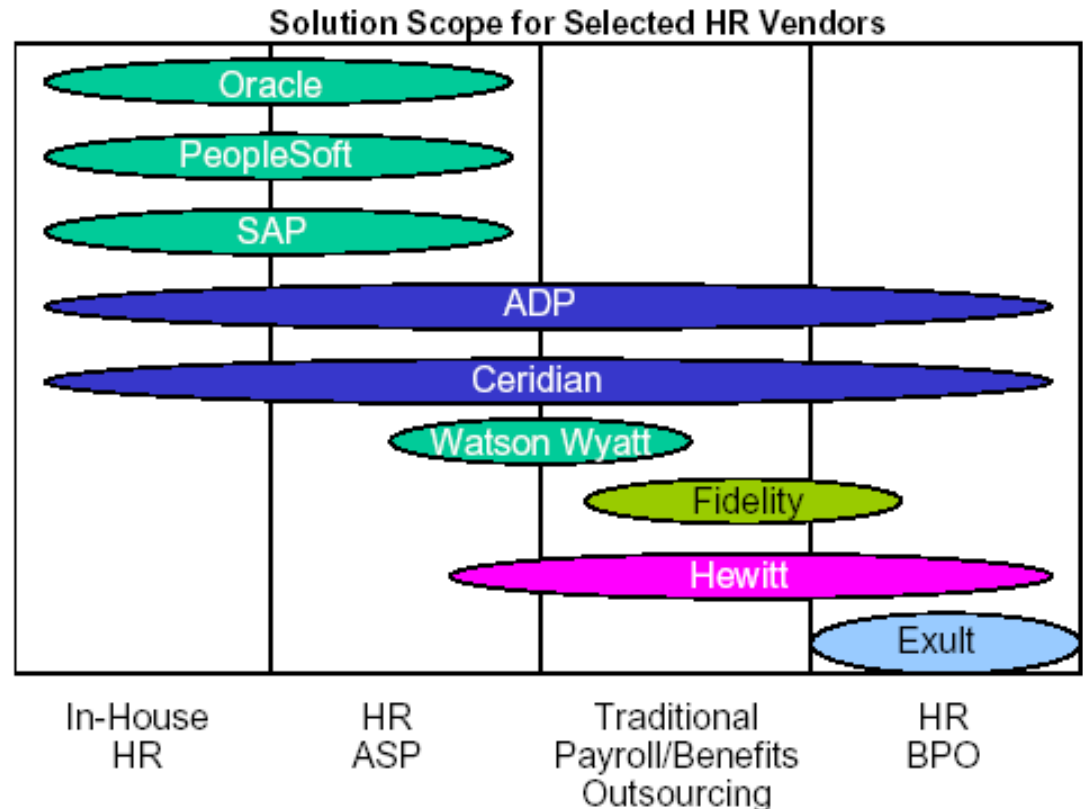




- Outsourcing entire HR functions to a provider that manages the technology, business process, and people needed to manage the function
- Integrated managed HR solutions adds the integration of multiple functions across the process layers, and within vertical functions
- Integration dramatically improves productivity and decision support via automated data and workflow integration, accelerated cycle times, and elimination of errors and re-work



- Ceridian is recognized and positioned in the market to provide solutions to organizations regardless of in-house or outsourcing preference
- Capitalize on the entire market and not just outsourcing



Source: Gartner Research

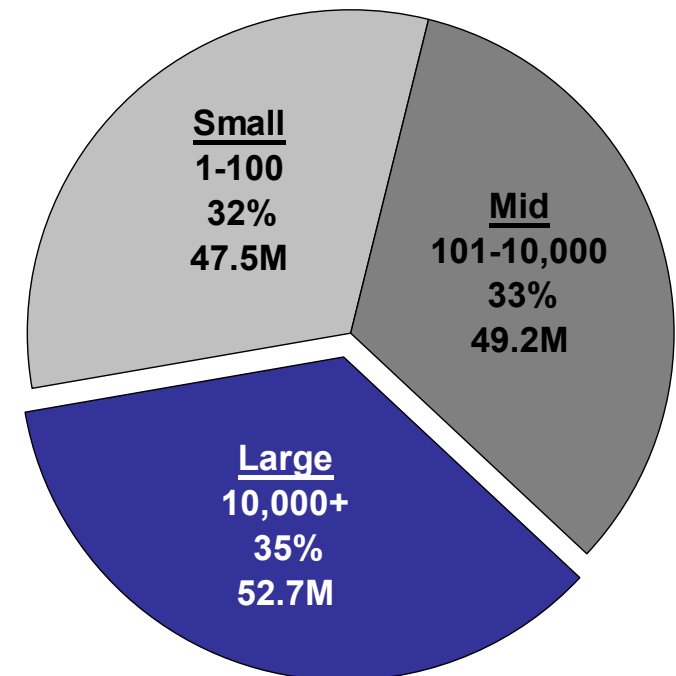
- Provide HR process solutions (e.g. payroll, benefits administration, time management, tax filing)
- Continue to build on Managed HR success
- Partner with large consultants
- Integrate with ERP applications that occupy large share of this market

## % of U.S. EEs

\*includes Government

\*does not include multiple employment

Total US Employees  
149M





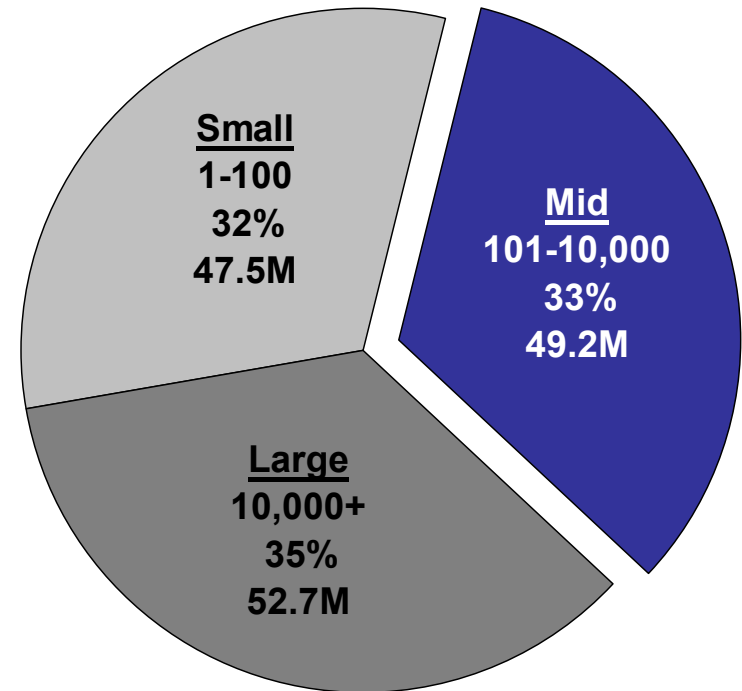
- Lead mid-market with integrated Managed HR Solutions
- HR BPO prime-contractor
- Partner for services outside our scope (e.g., Learning & Development, Recruiting & Staffing)

## % of U.S. EEs

\*includes Government

\*does not include multiple employment

Total US Employees  
149M

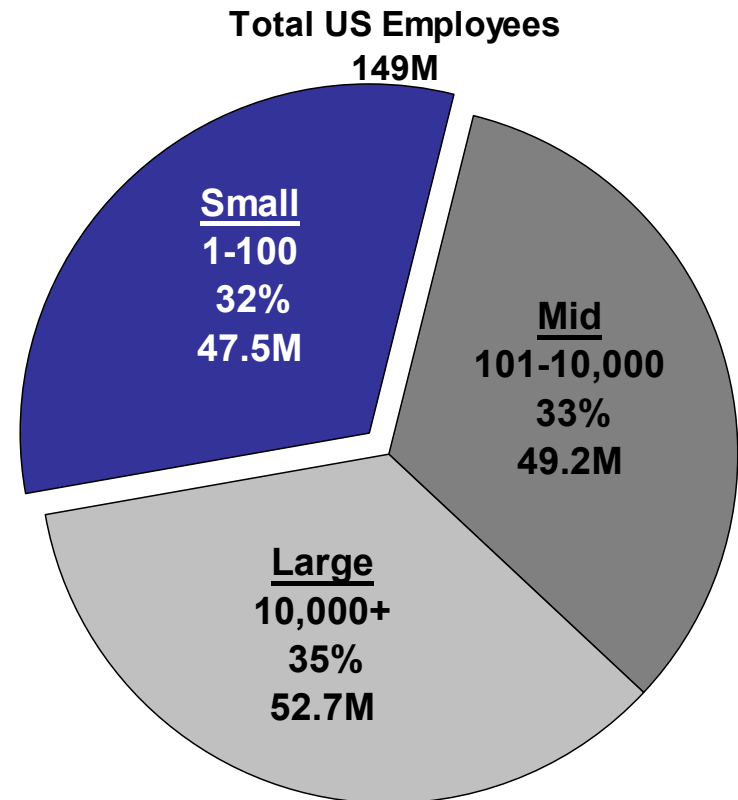


- Deliver packaged payroll and select HR solutions
- Expand broker, bank, and CPA channels
- Standardize Managed HR Solutions

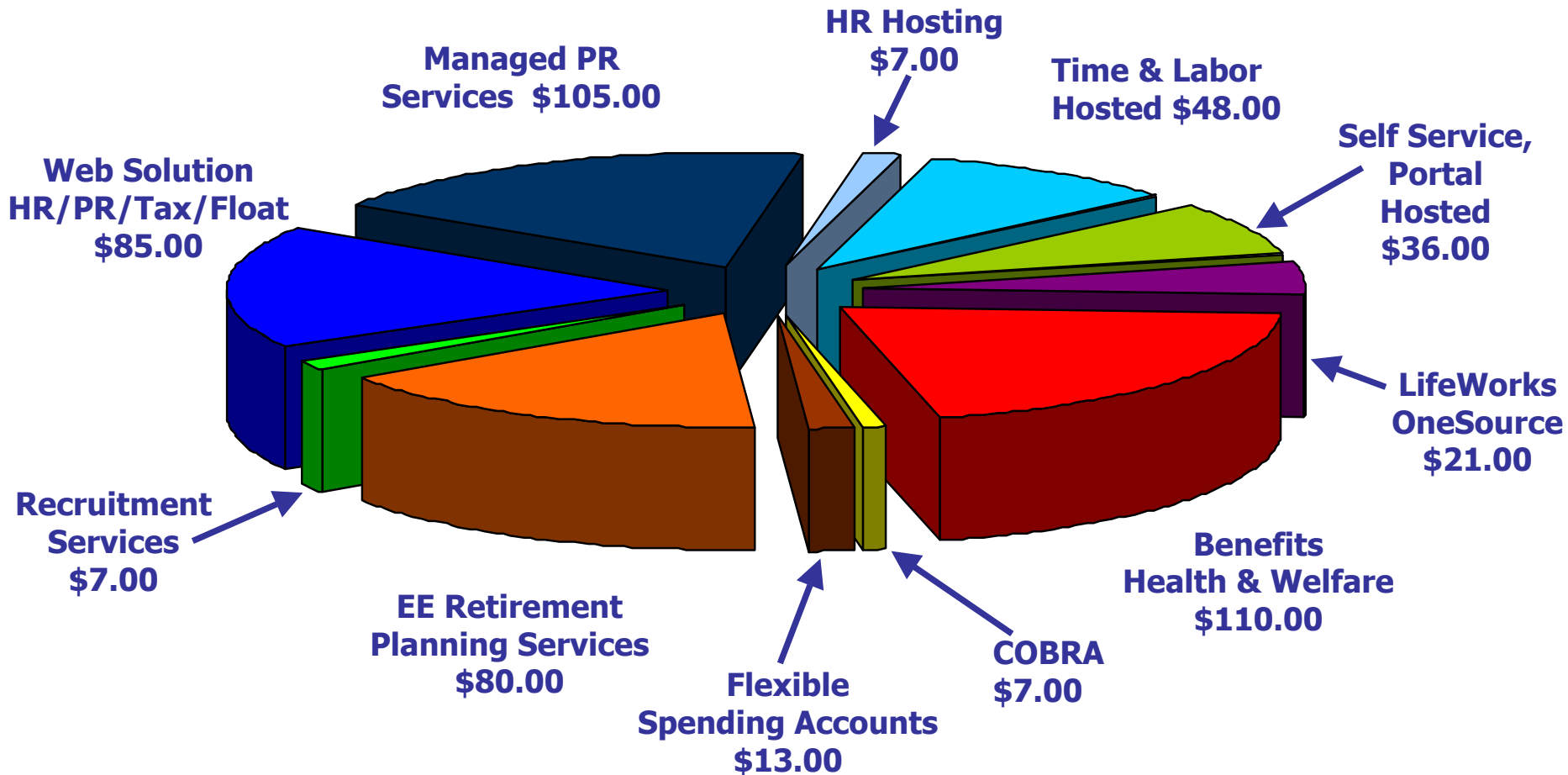
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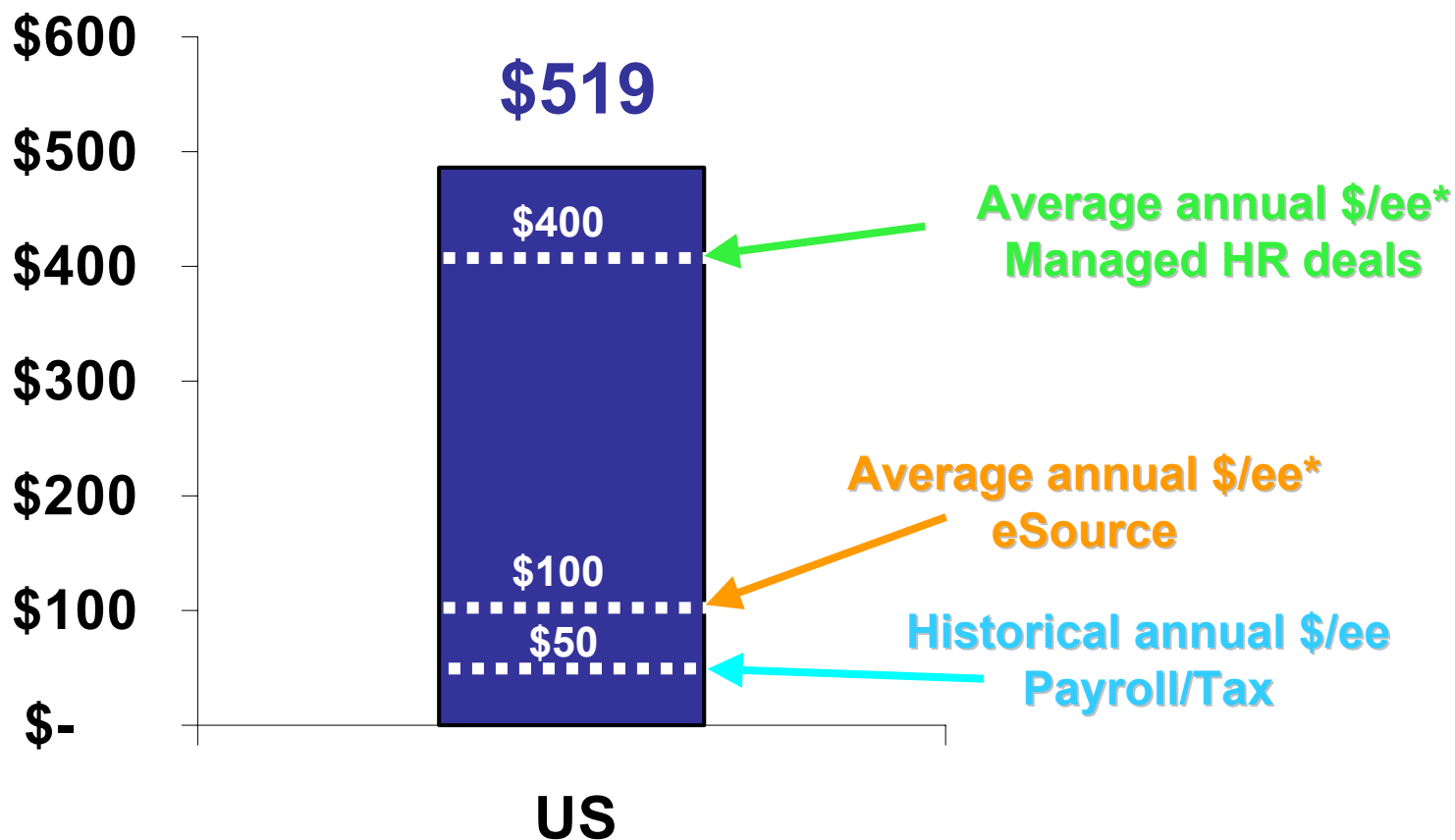
\*does not include multiple employment



## Revenue Opportunity Per EE Per Year **\$519**



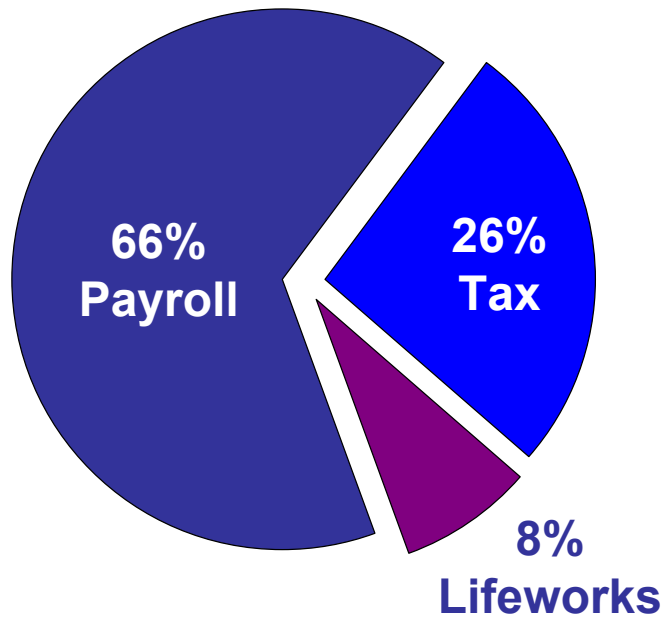
## Revenue Opportunity Per EE based on Current Solution Portfolio



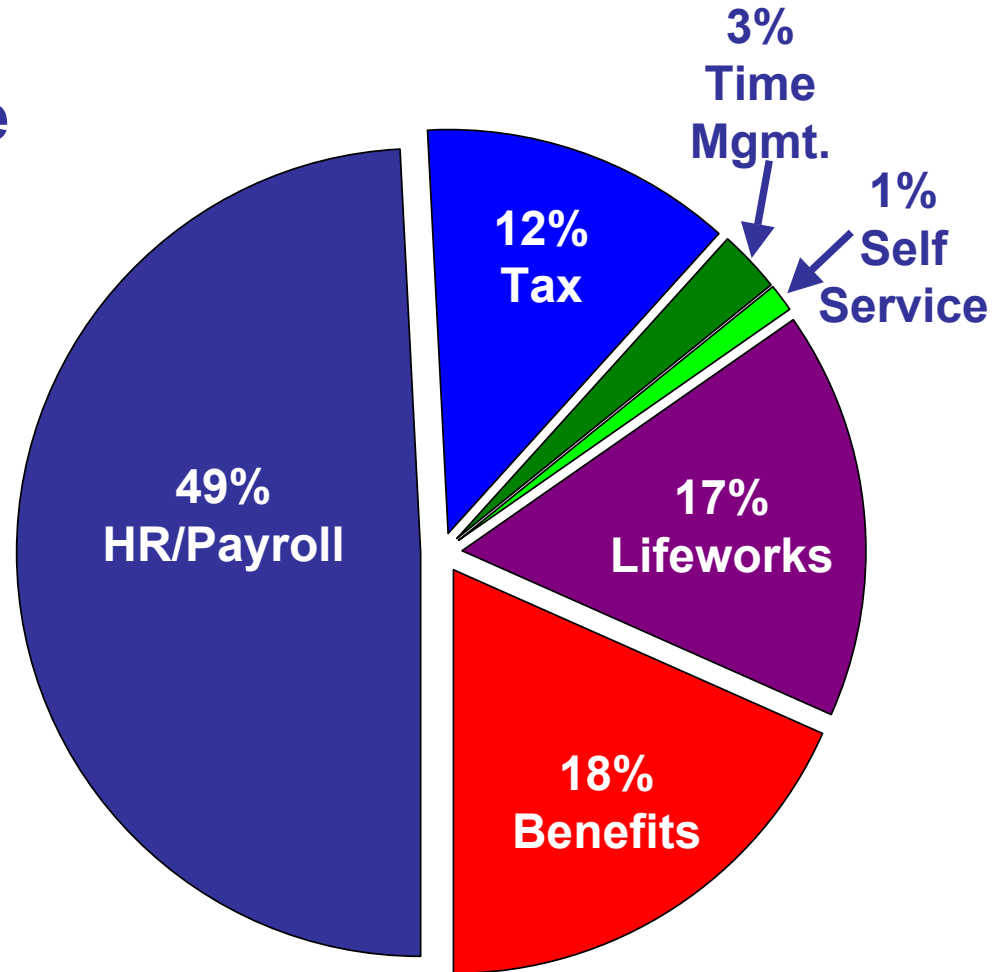
\*annualized based on current and estimated billing in Q1'03

Customer	Employees	Scope
GXS	1,300	Managed HR Solutions
FMC Technologies	8,600	Managed HR, Payment Solutions
CSX Horizon	3,000	Managed HR Solutions
Denver News Agency / Rocky Mountain High News	5,000	Integrated web hosted HR Solution, Lifeworks
Ethan Allan	8,000	Integrated web hosted HR Solution, Benefits, Background/Drug, UCTM, Payment Solutions
Lego	2,000	Integrated web hosted HR Solutions

>50% revenue increase

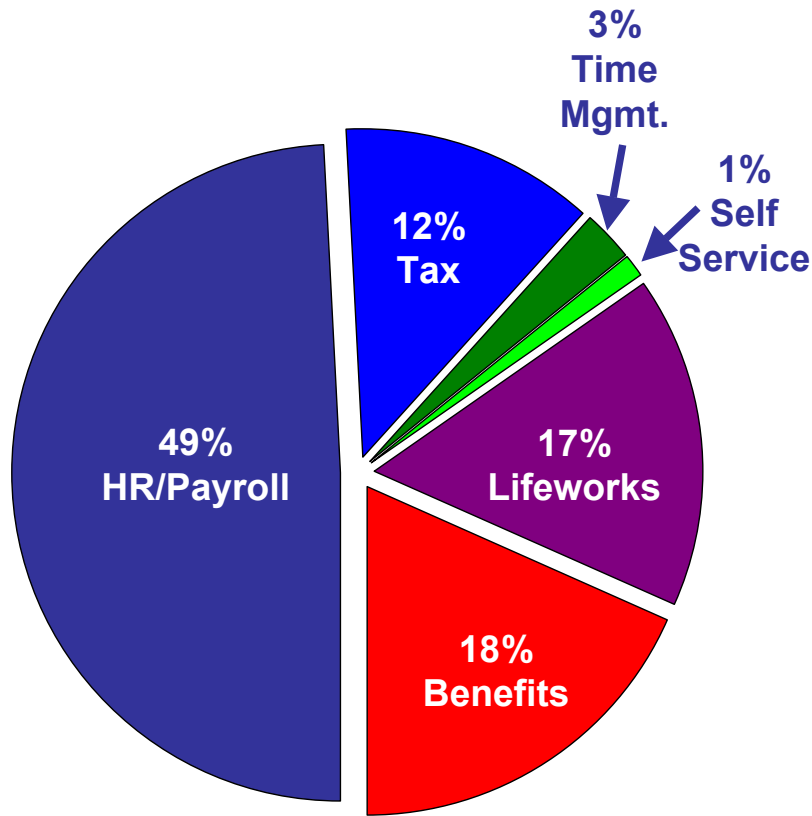


1997

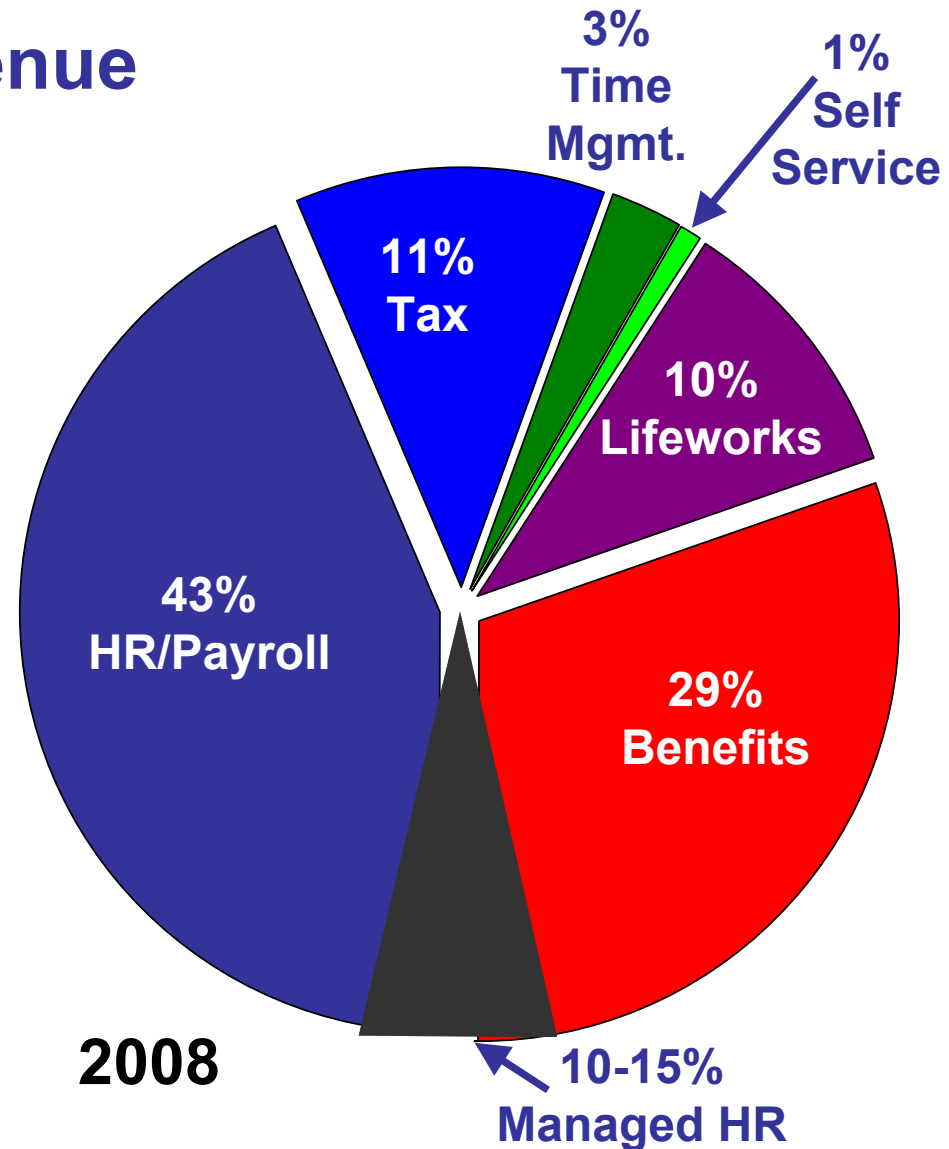


2003

## Doubling Revenue



**2003**



**2008**

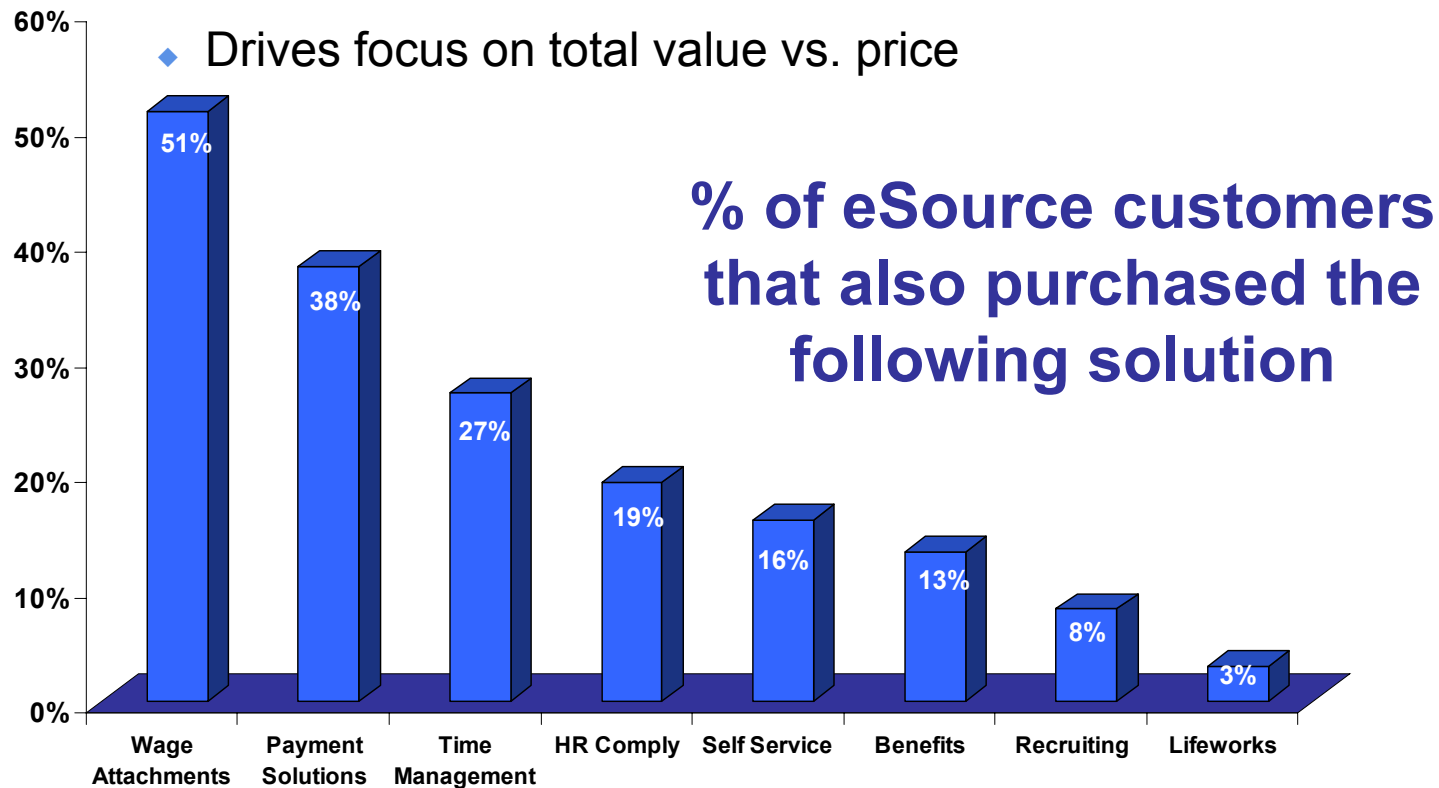
## Double-digit growth

Base Growth	Impact on Growth
<b>Net Order Growth</b>	<b>2% to 5% Annual</b>
Price Increase	1% to 1.5% Annual
Orders – 1 Time Mix %	0% to 2% Shift to Repetitive
<b>Increased Float</b>	<b>0.5% to 1.5%</b>
Managed HR Solutions	2.5% to 3.5% Annual

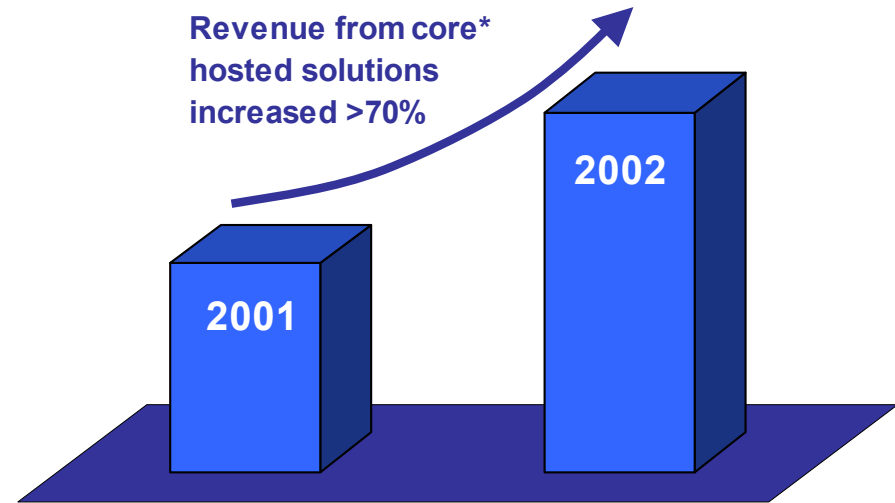


- Integrated model enables cross selling at higher rate than legacy customers
- Enables premium pricing for total solution

- ◆ De facto inclusion of integrated value added solutions
- ◆ Drives focus on total value vs. price



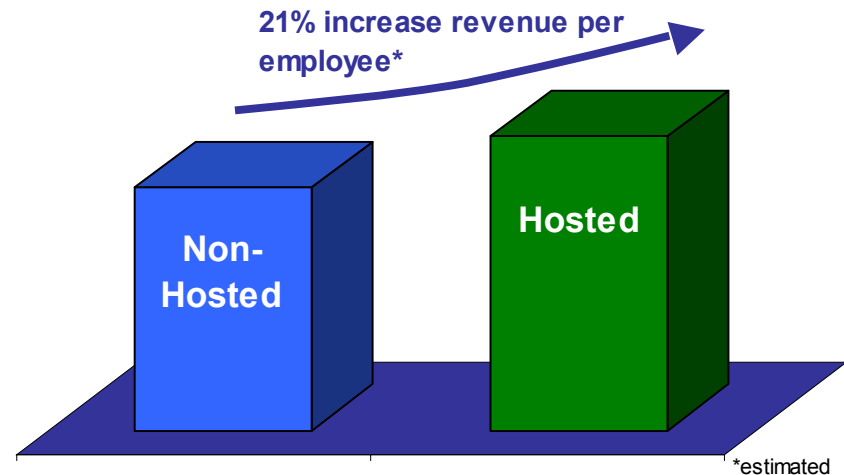
- Revenue from hosted solutions up significantly



\*core hosted solutions include Source Assist & eSource, SourceWeb

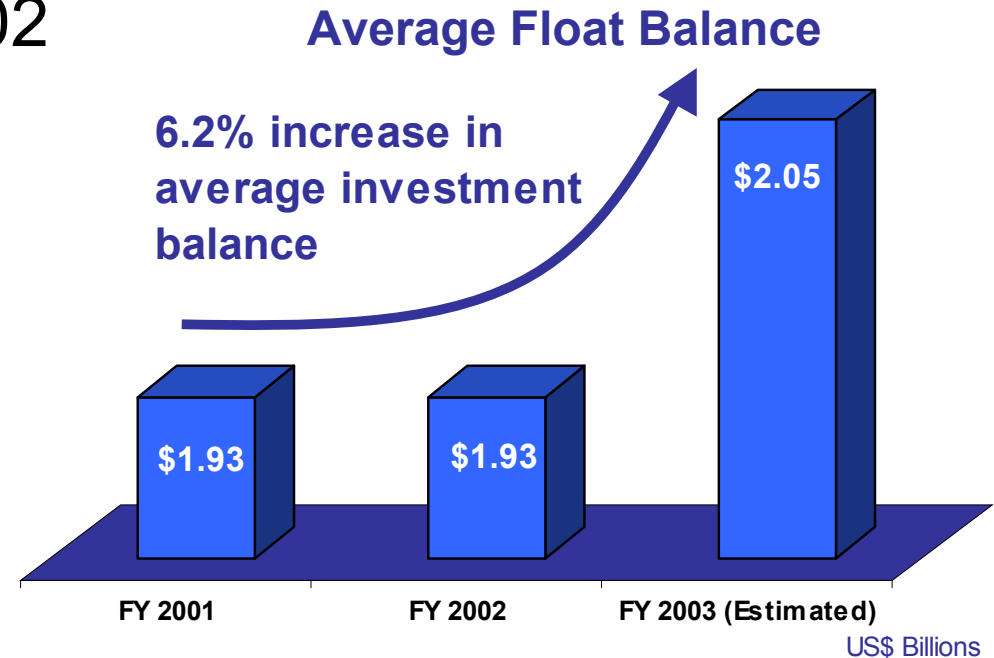
- Boosts annual repetitive revenue per employee by 21% vs. non-hosted

- Hosted fees
- Cross selling



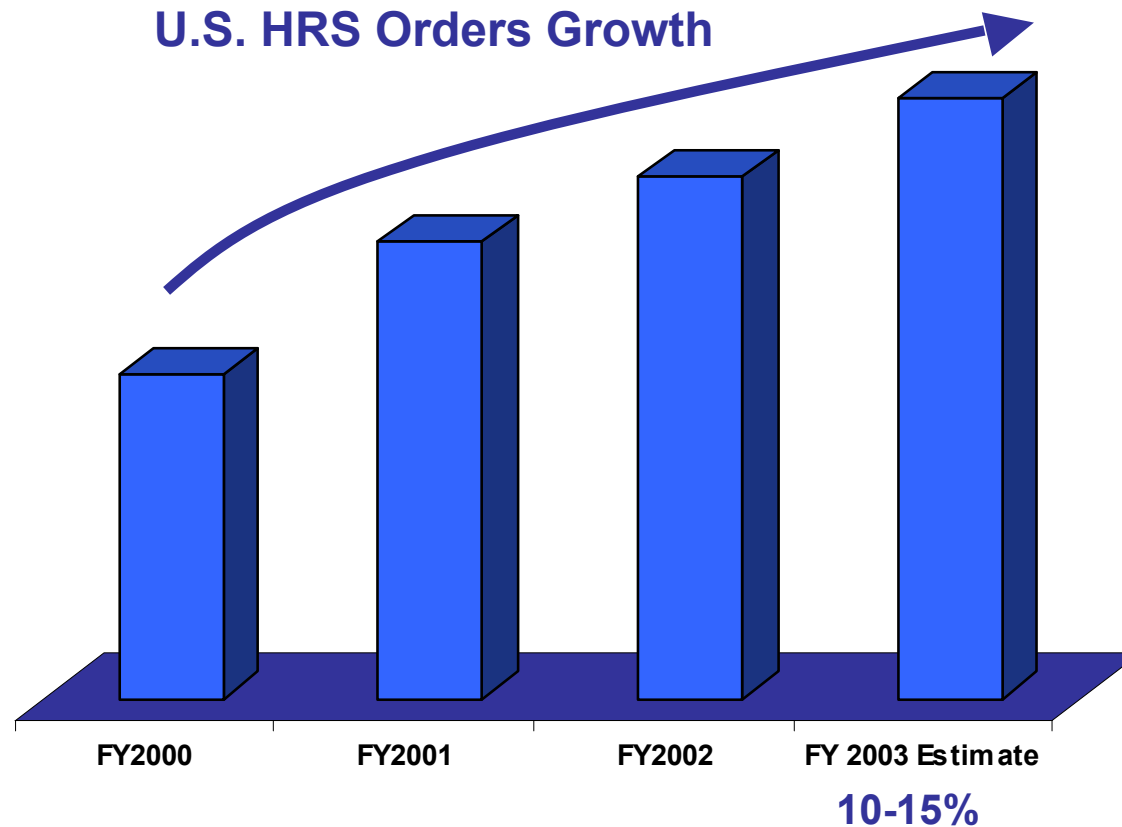
\*estimated

- 40% of all new payroll orders
- Q1'03 revenue is more than full year revenue in 2002
- \$0 to almost \$2M in one year
- Added \$60M to float balances

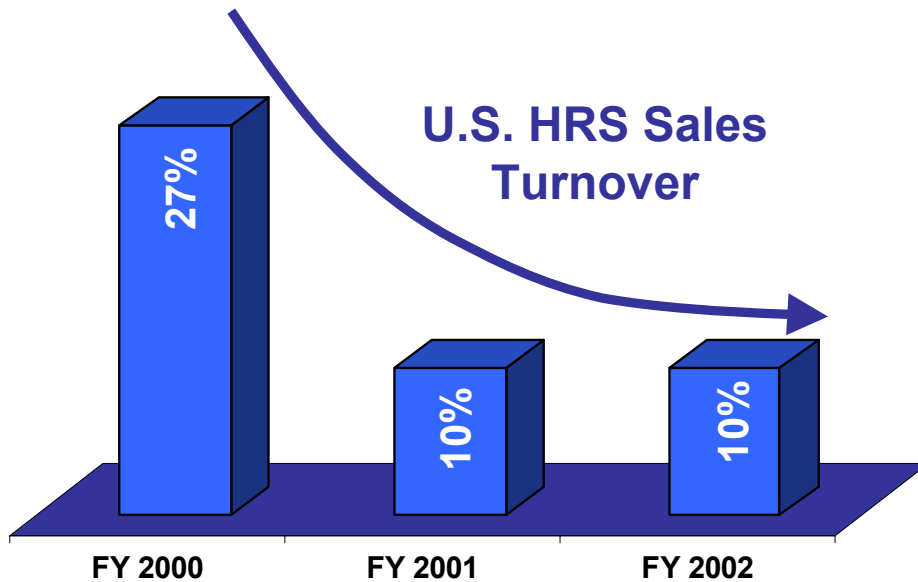


\*Payments Solutions include: Official Ceridian Check, Ceridian Direct Deposit

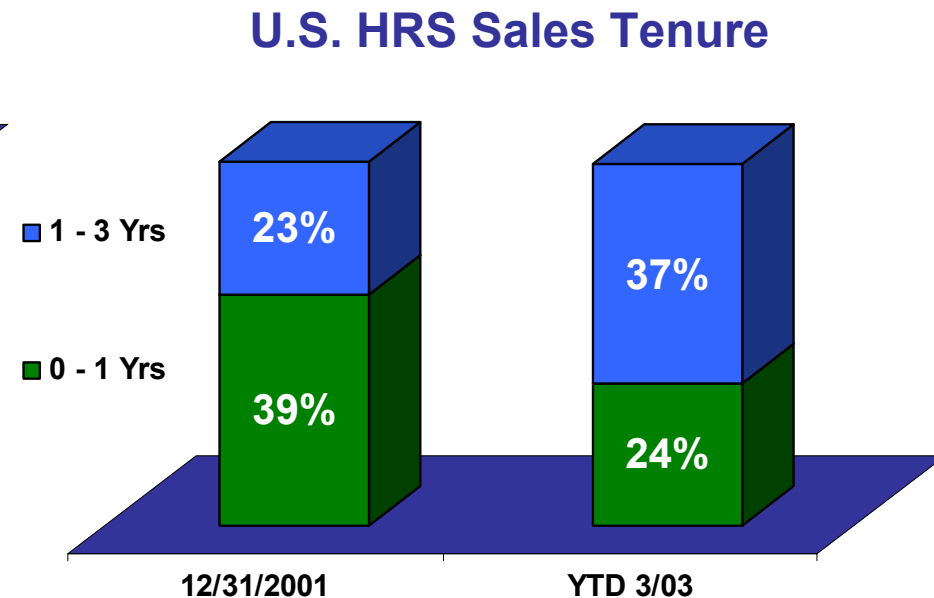
- U.S. HRS orders increasing 80%+ from '00-'03



- Sales force retention remains stable ...



... and experience and productivity continue to increase



- Double-digit order growth
- First mover with Managed HR Solutions in the mid-market
- Capitalize on significant market opportunities
- Increased cross-selling from hosted solutions
- Payment solutions increasing float revenue

# Ceridian HR Solutions

Todd Reimringer  
Chief Operations Officer

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- Operations made great progress in integration efforts and goal of delivering “one face to the customer”
- Integrated payroll, tax, customer service, and implementation resources under single management
- Improved implementation & service processes and delivery methods across all business units



- Operating margin improved while absorbing new investments
  - SourceWeb
  - Hosted Services (new data center and security)
  - New managed HR solutions call center
  - Acquisitions (Syling, Great Lakes, HR Comply)
- Continued consolidation of business locations
- Overall headcount remained flat while absorbing new business growth

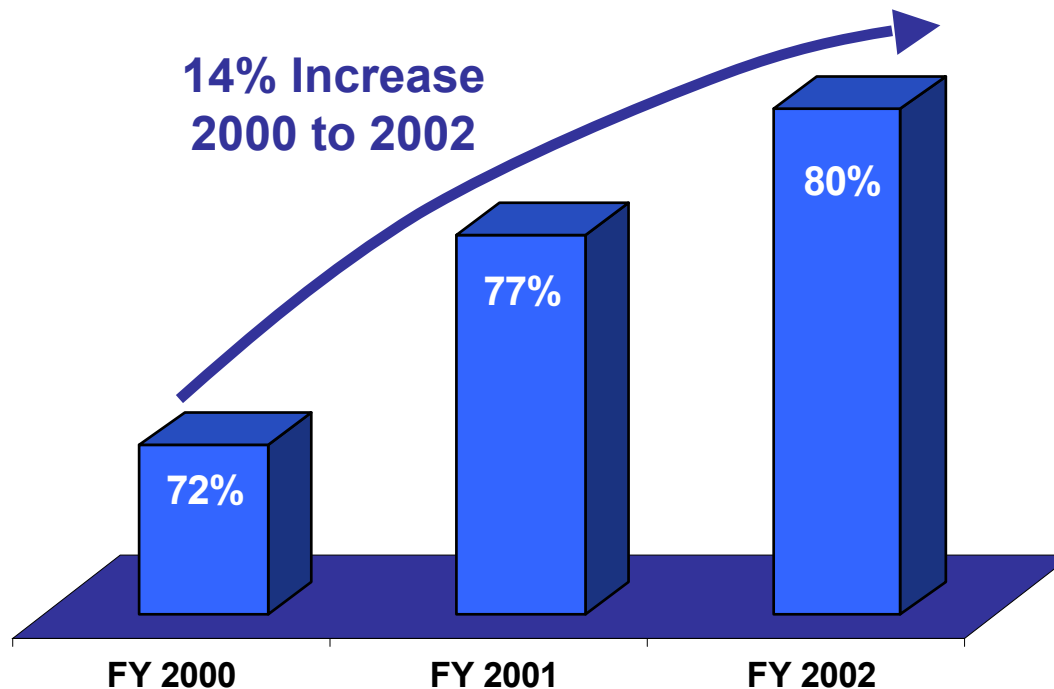
- Data center consolidation
- Six Sigma – productivity gains / process improvements
- Benefit Services business unit consolidations
- Call center consolidation / improvements
- iPM production efficiency gains
- Desktop outsourcing
- Tax Filing service center reengineering

- Print center opportunities
- Six Sigma – productivity gains / process improvements
- Additional business unit consolidations
- National fulfillment & print services
- New eSource service model
- Hosted services – cycle time reductions

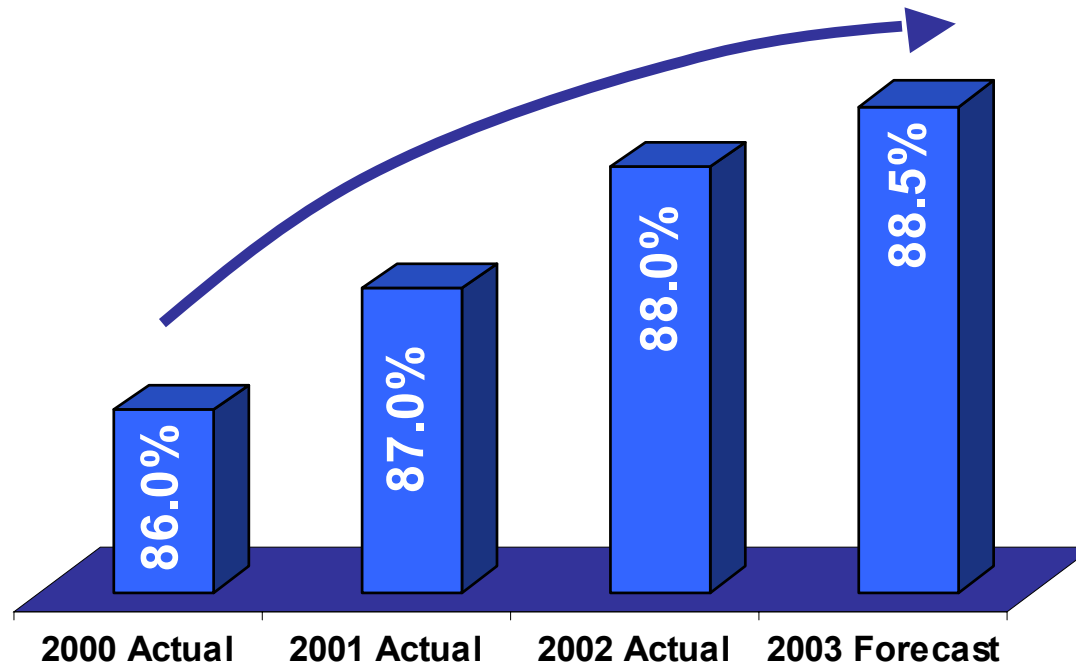
- Common technology
- Common point of customer / user contact
- Multi-access knowledge base (web self service, IVR and phone access)
- Siebel CRM technology for service layer
- Common “one face to our customer”
- Create a “Virtual” Ceridian
- Improved customer satisfaction

- Strong backlog - average 18 weeks of backlog with existing implementation resources
- Customers influence install start dates
- Implementation cycle times are improving:
  - Client/Server based implementation cycles improved over previous year
  - Web based/hosted implementations faster than forecasted
- Ongoing implementation improvements
  - Process, people, technology

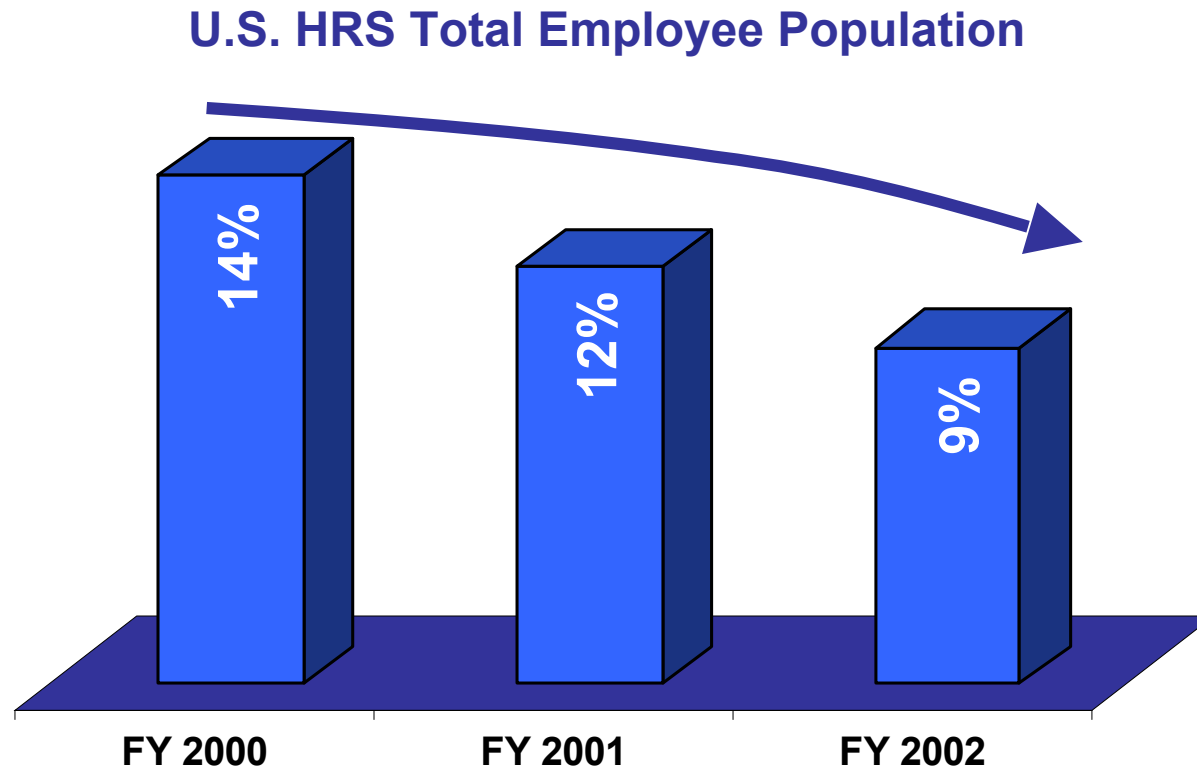
- Increased Customer Satisfaction
  - “World Class” - as nationally benchmarked by a 3<sup>rd</sup> party
  - 80% of customers would recommend Ceridian



- Continuing increase in revenue retention
- Consistently tracking ahead of budget on revenue retention



- 34% decrease in voluntary turnover from '00-'02





- “One face” to the customer
- Ongoing margin improvements
- Decreasing implementation cycle times
- High customer satisfaction continues to drive higher revenue retention

# Ceridian HR Solutions

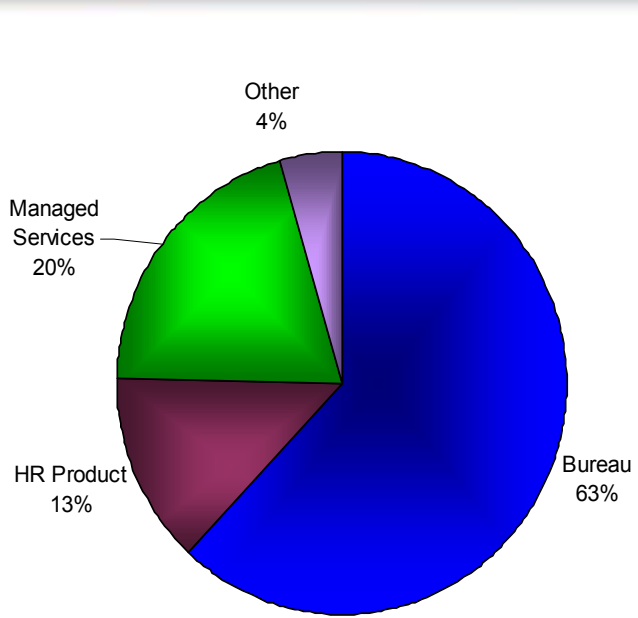
Bruce Thew

President Ceridian International

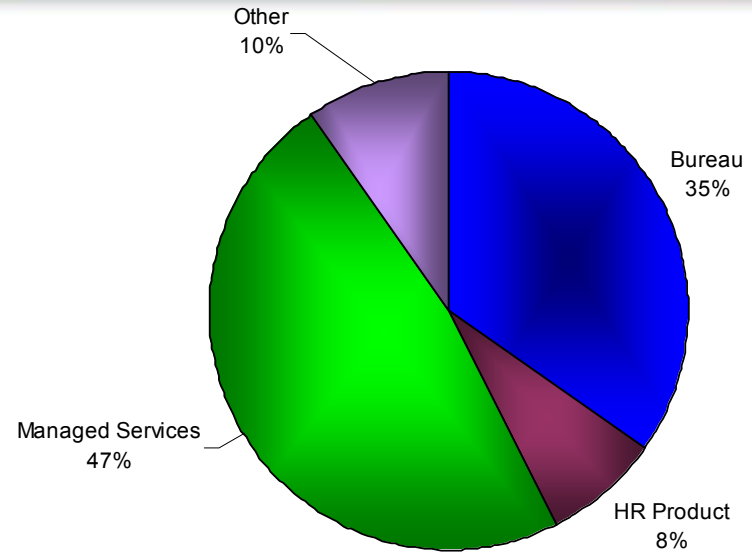
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## 2002 International Results

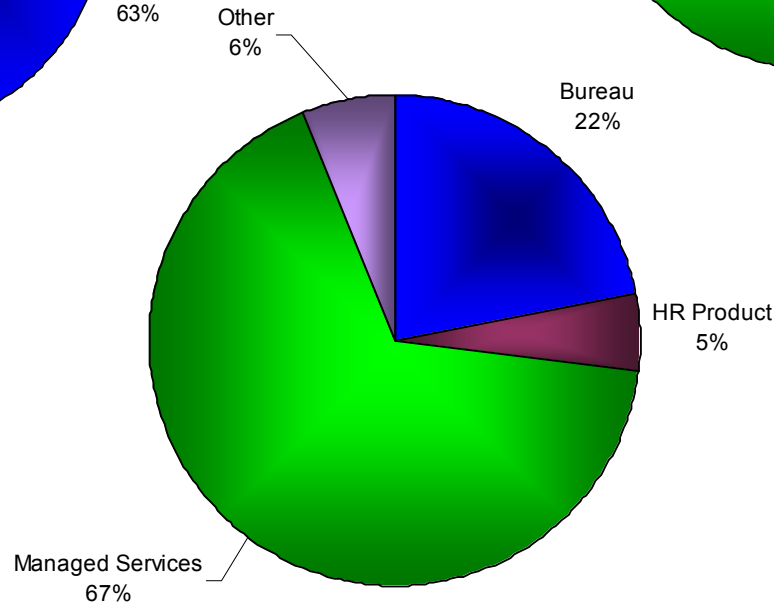
	<u>2002</u>
<b>Customers</b>	<b>54,485</b>
<b>Customer Satisfaction</b>	<b>88%</b>
<b>No. of Employees</b>	<b>2,170</b>
<b>Employee Satisfaction</b>	<b>91%</b>
<b>Staff Attrition Rate</b>	<b>12%</b>
<b>Revenue</b>	<b>\$192M</b>



**1998**

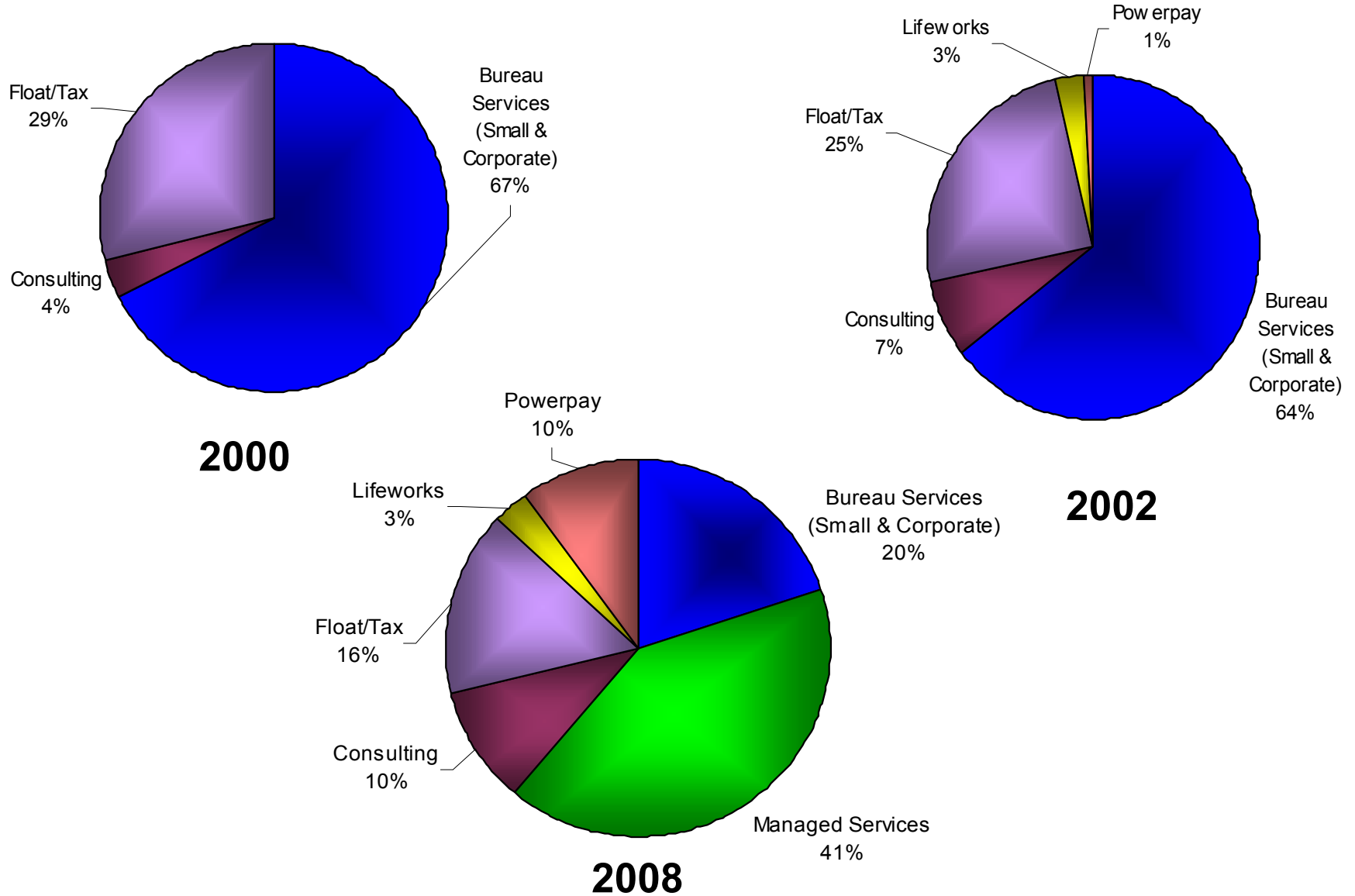


**2003**

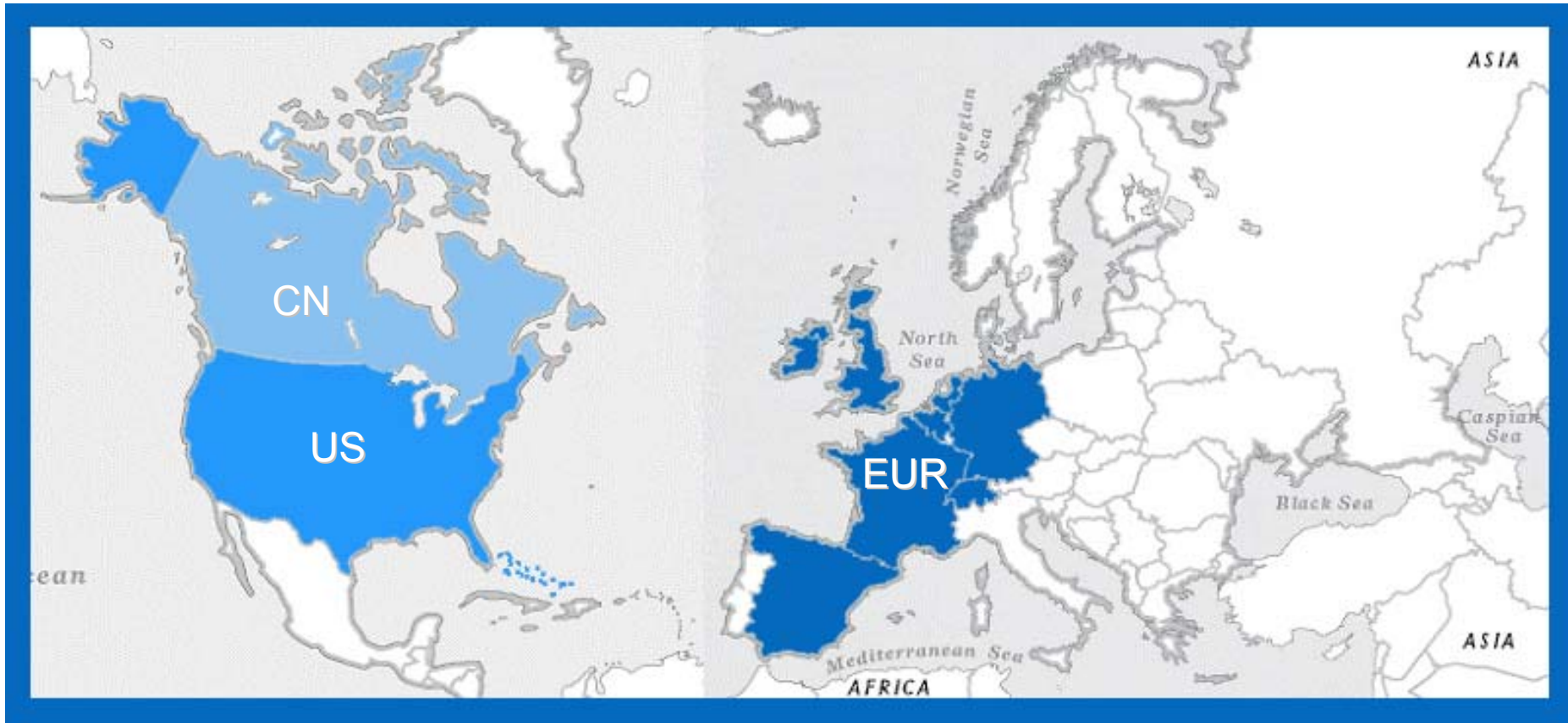


**2008**

# Revenue by Business - Canada

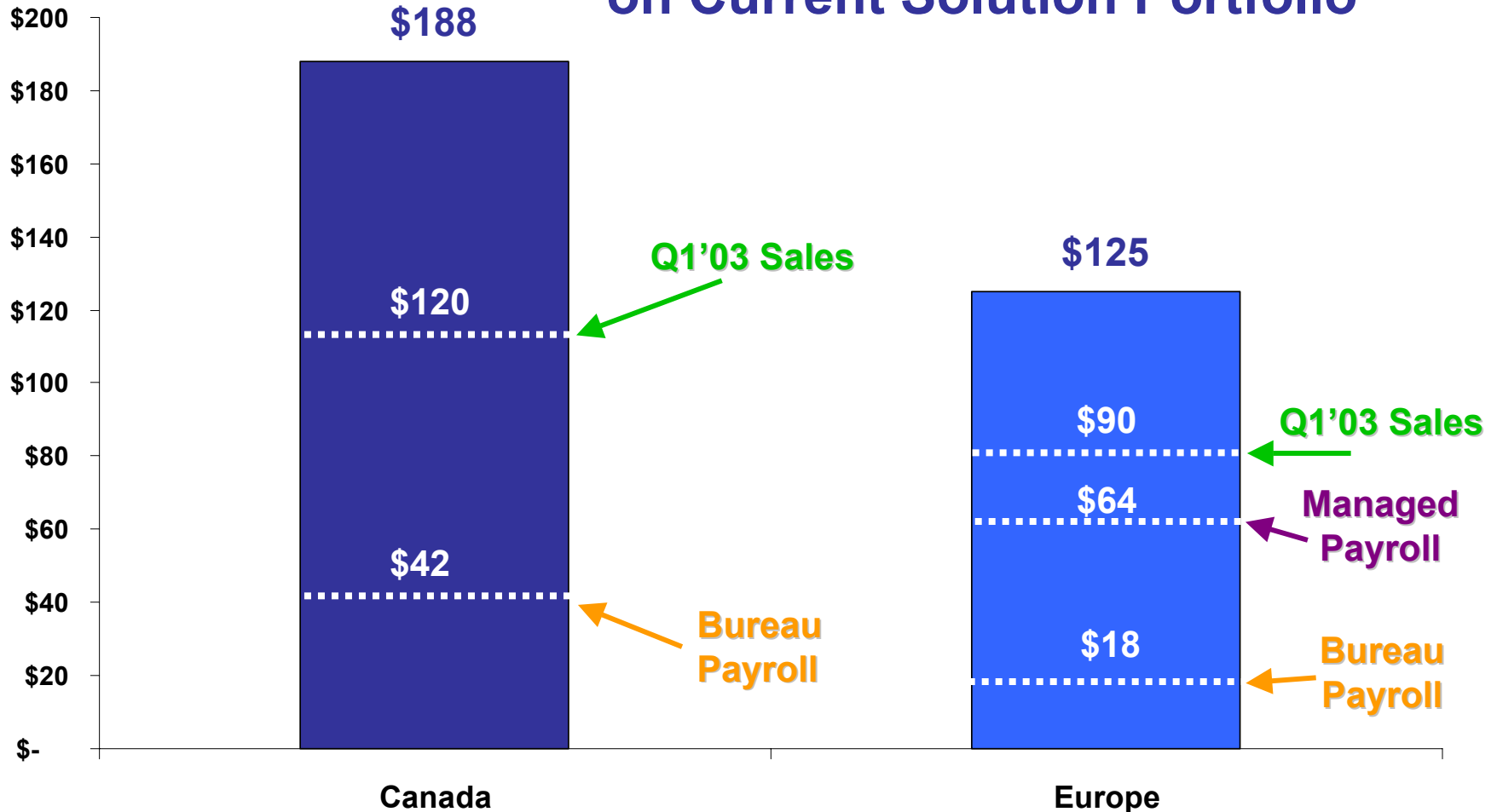


## Emerging Geographic Coverage



Payroll capability in US, Canada, Caribbean, UK, Spain, Germany, France, Ireland, Netherlands, Belgium & Switzerland  
199 Financial Times Global 500 Clients

## Revenue Opportunity Per EE based on Current Solution Portfolio



- Canada

- IBM
- Ford
- Hewlett Packard
- Celestica
- PwC
- Canada Post
- KPMG
- Costco
- Fedex
- Fujitsu
- Cap Gemini

- UK

- Lloyds TSB
- Sony
- Walmart Asda
- Pizza Hut / KFC
- Starbucks
- Nortel
- Virgin
- JP Morgan
- Axa
- Xerox
- Hilton
- GlaxoSmithKline
- Travelex
- Reuters
- GAP
- BBC
- AT&T



- Enhance Managed HR Solutions
- Structure business for Managed HR Solutions
- Expand market share and product offerings through acquisition & partnerships
- Extend offshore capabilities
- Pursue targeted global marketing and sales opportunities
- Attract and retain high performing employees
- Maintain and improve quality culture

- Executing Managed HR Solutions for growth
- Global vision
- Q2 YTD and year end orders on target for double-digit growth
- International capability expanding
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# **Ceridian Human Resource Solutions**

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