

Media Statement | 21 November 2012

In response to questions about the implementation of the Novopay payroll solution, Talent2 would like to provide the following update from its Group CEO, John Rawlinson.

As of Friday 16 November, 8,000 transactions have been cleared, and we are confident the next payment period (pay period 18 which is paid in full to staff on 28 November) will be delivered on time and within the standard expectations. We acknowledge that there will still be outstanding issues, but we are committed to and seeing continuous improvement.

Talent2 apologises for the inconvenience that payment disruptions and inaccuracies have had on New Zealand teachers, principals, support staff, and their respective schools as they have transitioned from the incumbent legacy system to the new Novopay solution. Talent2, together with the Ministry, have been working around the clock to resolve the issues surrounding this complex transition, and we are both dedicated to providing extra support as required. We are genuinely sorry for the stress that this has caused the education sector and we are confident we can resolve the issues.

Talent2 is the number one provider of payroll solutions in Asia Pacific and delivers complex payroll solutions for clients in over 30 countries, with a specialism in the government sector. Talent2 is drawing on its vast experience with complex implementations, including 17 years operating in New Zealand, to ensure Novopay is a success. We are undertaking a number of actions to ensure Novopay is stable and effective. The best way to make this a success is by working closely with the Ministry and the Education sector.

From Monday 19 November, all schools are being contacted as the Ministry takes further steps to resolve issues. A specialist team from the Ministry and Talent2 is calling every school to ensure they are supported for the year end and to get a full understanding of any other issues.

Novopay is the largest single payroll in New Zealand and one of the largest in Australasia. Since Go-Live in August, Talent2 and the Ministry have successfully managed over a billion dollars in salary payments, made over 550,000 separate pay transactions and managed 50,000 calls. The solution that pays approximately 100,000 education staff is managed by over 150 dedicated Talent2 staff, supported by five local New Zealand organisations, out of two delivery centres in Christchurch and Wellington.

Given the size and complexity of this implementation, there were inevitable teething issues during the transition period. For a payroll of this complexity it is not unusual for a very small percentage of those being paid to have issues with their pay. Nevertheless, Talent2 are confident the project is on track to efficiently and securely process future transactions and ensure staff are paid correctly, on time and with their personal details protected.

The Ministry of Education went to market with a request for development and operation of an online schools' payroll service. Talent2 won the contract following an open and competitive tender process, as confirmed by the Ministry.

Ian Clarke, CEO of leading New Zealand IT services company Fronde that provides subcontracted services related to the IT infrastructure that Talent2 uses to deliver to the Ministry, says, "Fronde has worked alongside Talent2 for many years, providing resources to support Talent2's IT infrastructure. In our experience Talent2 is a professional and capable organisation that sticks to its commitments." Don Sykes, CEO of New Zealand based software Development Company Asparona, added, "We have worked with Talent2 on developing the Novopay solution, and we have full confidence in their software and its applicability to meet the requirements of both the Ministry and the sector".

The Talent2 Board, as well as local and international teams are committed to making this project successful for schools, staff, the Ministry and the New Zealand tax payer. Together with the Ministry, Talent2 is focused on improving the process to ensure the implementation is a success and provides a future proof system which moves from the legacy platform to a state-of-the-art solution which will deliver significant benefits and cost savings to both schools, and the Ministry. Ultimately, Novopay will result in significant savings for New Zealand taxpayers.

We would like to reassure the people of New Zealand that Talent2 has extensive experience and proven capability in delivering large scale payroll projects, with the business successfully paying almost one million people in the region, as well as effectively managing payroll for many New Zealand clients. Talent2 is absolutely committed to delivering a high quality service to the New Zealand government and its people, and we will do everything possible within our means to work with the Ministry of Education to ensure Novopay is a success.

Talent2 will provide further updates through the release of statements when appropriate.

For Talent2 media enquiries, please contact:

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Novopay Questions & Answers

» **Q: How many staff/teachers are covered by the Novopay payroll system?**

A: The number varies between 90,000 and 110,000 per fortnight.

» **Q: What is the volume of pay instructions received within a fortnightly pay period?**

A: We process approximately 2,500 new joiners, approximately 5,000 employment details changes and 50,000-60,000 timesheet entries per pay period. There are over 50 different types of pay instructions.

» **Q: Are all outstanding payments now up to date?**

A: For the most recent pay period, pay period 17 which was paid last week on 15 November, the Ministry of Education figures show that 92,465 school staff were successfully paid with 15 non payments identified at this point. Just 494 transactions were not processed before the pay run, however not every transaction impacts pay.

As of 16 November, we have processed what is known as the “backlog” of pay instructions that were received between 22 August and the end of September. For the current pay period all pay instructions received within the valid cut off periods will be processed.

» **Q: Are any personal address and financial details of payees being released?**

A: No details are being released. In a relatively small number of cases, some data of payees was able to be seen by users at other schools who were signatories or authorised users in their own schools. However details of their pay were never visible. This is not an issue with the system, but the access levels of some users. This is known to both Talent2 and the Ministry, and changes are being made to avoid this happening in the future.

» **Q: What exactly are the errors and what caused them?**

A: This is a complex implementation, certainly the largest payroll project in New Zealand, so it is natural for there to be some transition issues. The problems have come from some human errors in the pay centres, some technical problems and what would be considered normal change related difficulties for users. There was significant training and support for the transition and we are re-examining some of the content with the Ministry to improve the effectiveness.

For a payroll of this complexity it is not unusual for a very small percentage of those being paid to have issues with their pay as per standard industry benchmarks.

» **Q: Was sufficient support and training provided to school administration staff?**

A: Online training, webinars, online help, FAQs, among other methods have all been available and again we are working collaboratively with the Ministry to ensure we help schools further.

» **Q: Why has Talent2 been silent about the system's errors and complaints from schools?**

A: Talent2 was legally constrained by a contractual clause (24.3) which did not permit us to make any public comment on the project's status. This clause has now been revoked thus we are communicating with the media today and will be on a regular basis moving forward.

» **Q: Will Talent2 provide support over the Christmas period?**

A: Yes, from Monday 19 November, all schools are in the process of being contacted as the Ministry takes further steps to resolve issues. A specialist team from the Ministry and Talent2 is calling every school to ensure they are supported for the year end and to get a full understanding of any other issues.

Talent2 Core Business Questions & Answers

» **Q: Who is Talent2?**

A: Talent2 is the leading Human Resources Business Process Outsourcing (HR BPO) and Managed Services organisation in the Asia Pacific region, working with clients across diverse business types and industries to deliver end-to-end talent management solutions. These include HR Advisory, Payroll, Recruitment, RPO and Learning solutions to enable organisations to improve the power and productivity of their people.

Founded in 2003, Talent2 operates from over 40 offices providing services in 30 countries across Asia Pacific, Middle East, UK and USA.

It is the recognised market leader in HR and recruitment in Australasia and Asia. Talent2 is the number one Payroll Outsourcing provider in Asia Pacific with 14% market share (NelsonHall) and is the third largest provider of learning in Australia. It is the number one in recruitment process outsourcing (RPO) in Asia Pacific (NelsonHall) and the pioneer of RPO in Asia.

» **Q: Who owns the company?**

A: In 2012, Talent2 was privatised by its founders, Geoff Morgan and Andrew Banks, through Morgan & Banks Investments (MBI) in partnership with Allegis Group, Inc. Allegis Group, Inc., a private company founded in 1983, is a staffing and workforce management company based in Maryland, USA.

» **Q: When did you start operating in New Zealand?**

A: Talent2 launched its New Zealand operations in 2005, through the acquisition of a local recruitment firm. This also marked the start of local payroll operations, following the acquisition of HRIS and payroll software company, Concept Systems International in 2003. Through Concept, Talent2 has over 17 years HRIS and payroll expertise in the New Zealand market.

» **Q: How many people do you employ in New Zealand?**

A: We don't break down staff numbers by geography but we can say we employ more than 1,700 people in 40 offices across 19 countries and that we have been operating in New Zealand since 2005.

» **Q: What experience do you have designing and managing similar payroll solutions?**

A: We process more than 970,000 payslips processed per month, supporting 31 countries. We manage payroll for more than 2,400 clients and 740,000 employees in Asia Pacific.

» **Q: What experience do you have in the Government and Education sectors?**

A: Talent2 has extensive understanding and experience in delivering payroll services in the public sector, we partner with over 50 government agencies and over 30 education institutes in the Asia Pacific region, including 6 public sector clients in New Zealand.

» **Q: What services do you offer as part of your payroll solution?**

A: Our payroll services can be delivered as a standalone service, or can form part of a Multi-Process Human Resources Outsourcing (MPHRO) solution. Our full MPHRO services include: Employee and Manager Self Service

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| » Data entry services | » Tax filing |
| » Time and attendance | » Treasury management |
| » Leave management | » Social insurance processing and filing |
| » Payroll processing | » End of Year processing |
| » Contact Centre | » Expatriate Payroll |
| » Bank disbursement | |

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