



Customer Satisfaction Annual Report 2001



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KRONOS[®]

Improving the Performance of People and Business[™]

Customer Satisfaction Annual Report 2001

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Joe DeMartino
Vice President
Customer Service
Kronos Incorporated

We
affirm our
continuing commitment
to hear YOUR voice,
and to be
YOUR business partner!

Dear Customer,

Once again, I thank you for your participation in our customer satisfaction surveys. Your feedback provides the vital information we need to focus our efforts on delivering the services you need. This document is our opportunity to share that feedback with you.

We were honored to receive the Omega Northface Scoreboard Award for service excellence for the second consecutive year. We see this honor as testimony to the commitment of our people and evidence of the open honesty of our customers. This relationship holds great potential for mutual benefit.

To honor this trust, we have expanded our measures with the addition of a new transaction survey focused on the services delivered from our Global Support Organization. I have asked that the results of this survey be included.

With your support, and the efforts of The Omega Management Group, we were able to gain insight from over 10,000 contacts with you, our customer. As we enter the eighth year of this program, we affirm our continuing commitment to hear your voice and to be your business partner.

We are growing and changing. As we change, we will make changes to this program to insure no customer group gets overlooked and the right questions get asked. I am proud of our achievement as a second year NorthFace Award winner, but we both know this is not about trophies, it is about earning your trust.

Again, thank you for your participation. Please continue to share your thoughts and insights whenever Omega calls. And feel free to call any of us at Kronos.

Sincerely,

Joe DeMartino
Vice President
Customer Service
Kronos Incorporated

Executive Summary

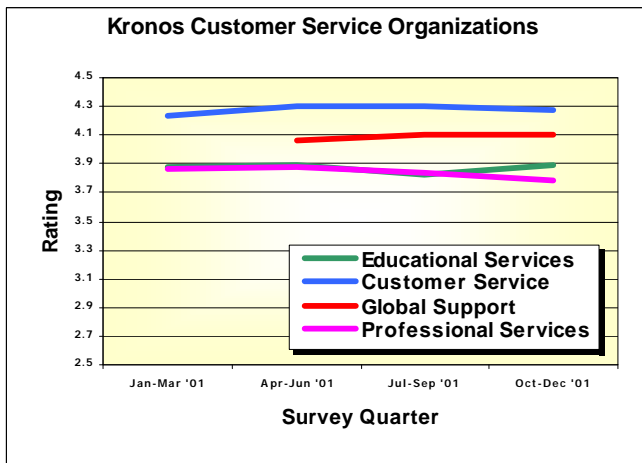
Kronos Incorporated continues to evidence an ongoing commitment to customer satisfaction. Customer satisfaction surveys are a cornerstone of its efforts to get and use customer feedback to drive Kronos' continuous improvement strategy.

Kronos commissions *Omega Management Group*, an independent quality auditing firm, to objectively and continuously measure customer perception of Kronos' products and services. Kronos' goal is to understand its strengths and its opportunities for improvement, and thereby strive to increase the value it delivers to its customers.

During the year 2001, Omega Management Group surveyed over 10,000 Kronos customers.

The results show a 93 percent overall loyalty and satisfaction rate for Kronos customers for all the surveys combined.

A four-quarter view indicates sustained high levels of satisfaction across all areas of the Customer Service Organization. This includes the newly initiated transaction survey of Kronos' Global Support Center.



Kronos is one of 16 companies to be recognized by Omega Management for their superior customer satisfaction, and one of four companies to receive this honor two years in a row.

The criteria for this honor are:

- 1 Senior management commitment to customer satisfaction.
- 2 A program to identify and correct customer problems.
- 3 Continuously measure satisfaction with products and/or services.
- 4 Achieve a satisfaction rating greater than 4.0 on a scale of 1 to 5.

Kronos Customer Service

Commitment

Kronos' commitment to customer satisfaction drives continuous change to meet the evolving needs of its customers.

Measurement

Kronos continues to expand its measurement process through additional targeted and ongoing surveys.

Improvement

Continuous improvement is driven by survey responses. Overall survey responses measure satisfaction levels and identify areas for initial examination. Responses to individual questions provide additional focus. Customer comments provide insight.

Results

Kronos' survey-based actions address identified issues to increase customer satisfaction throughout the year.

Kronos Customer Service

Kronos customer service provides a full range of post-sale services to insure the speedy implementation, rapid adoption, and ongoing reliability of these systems. Kronos delivers services from its Headquarters in Chelmsford, Massachusetts, and from offices around the world. Kronos' offerings include web services, implementation services, consulting services, training services and support services. Each is designed to support the business needs of its customers.

The Bottom Line

Kronos' survey results show continued high customer satisfaction in every area of the service business. Below are quarter four results for key service areas. The percent shown reflects customers who rated Kronos services as meeting or exceeding their expectations.

Professional Services 87%

Customer Service 95%

Global Customer Support 94%

Educational Services 91%

Customer Loyalty

Customers find it easy to do business with Kronos. 94%

Customers are willing to recommend Kronos products and services to others. 95%

Customers are willing to purchase additional Kronos products and services. 94%

**Ray Riley**

Vice President

Field Service

Kronos Incorporated

Kronos' Field Service delivers the services to integrate Kronos products into your business environment. Our ongoing professional services and educational services help you realize the full value of your investment.

Our national network of consultants provides the direct onsite services to insure the success of each project.

Your direct feedback and the survey results we get through Omega are extremely valuable. We rely on your input to:

1. Validate the work we have done
2. Focus the organization on

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A handwritten signature in black ink that reads "Ray Riley".

A handwritten signature in black ink that reads "Jim Harbo".

Survey Background

Kronos Customer Service provides survey prospects to Omega.

Omega surveys over six hundred different Kronos customers each month.

Omega tabulates the surveys, analyzes the results, and provides ScoreBoardsm reports to Kronos every month.

This annual report combines the individual responses from the monthly reports.

The Surveys

Demographics

The survey population includes randomly selected contacts from all North American customer segments.

Methodology

Omega obtains survey data using both multiple choice questions and open-ended questions. The CARE survey program asks questions about products and services from multiple service areas. It measures Kronos' ongoing relationship with its customers. It is the first survey Kronos commissioned. The Install, Global and Service surveys measure customer satisfaction with specific services after they are delivered.

Omega conducts the surveys by telephone. The call script asks respondents to rate specific process elements about Kronos products, installation, training, and service. To assess customer loyalty, Omega asks if they are willing to purchase future products from Kronos, if needed, and are they willing to recommend a Kronos solution to others.

The Scale

Respondents rate their satisfaction with Kronos' products and services using a five-point scale. A one equals "did not meet expectations," or "unacceptable", and a five equals "exceeds expectations," or "excellent."

Rating System

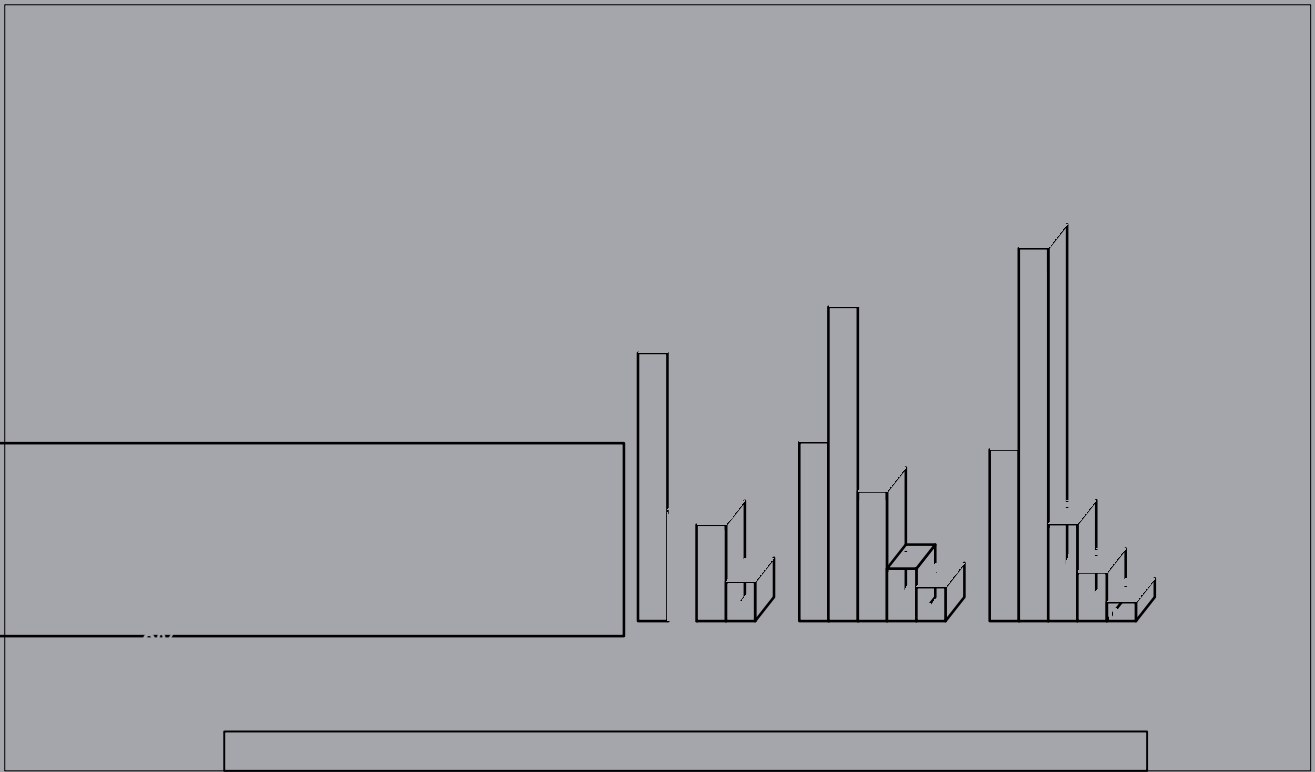
Omega presents results in two standard measuring methodologies. First is "percent satisfied" and the second is "response average." The purpose of the "percent satisfied" is to provide Kronos with a measure useful for external benchmarking. The "response average" is used internally to manage the continuous improvement effort.

Percent Satisfied (Sat.)

For each question, the percent satisfied is calculated by counting the number of responses of 3 or higher and dividing the result by the total number of responses.

Response Average (Rate)

Determine response average by dividing the total of the response values by the total number of responses.



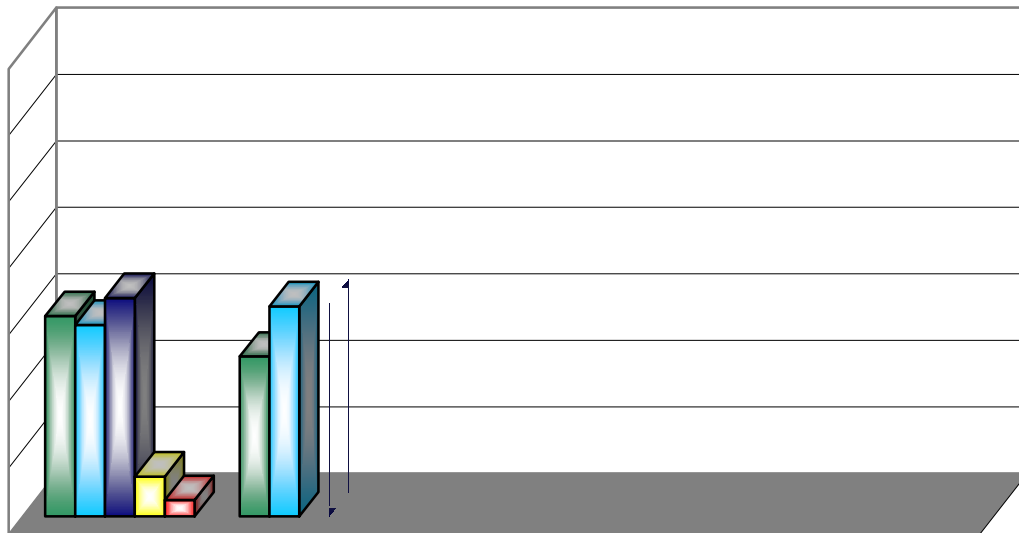
**OMEGA GROUP
Scoreboard**

**Call Center Survey
Kronos Global Support**

Oct - Dec 2001

Category: 800 Phone Support Base: No. America

Questions	Responses	Ratings											
		Score		5		4		3		2		1	
		Sat.	Rate	#	%	#	%	#	%	#	%	#	%
1. The Timeliness of The Solution Provided	587	92%	4.1	246	42%	199	34%	95	16%	27	5%	20	3%
2. The Effectiveness of The Solution Provided	573	89%	4.1	280	49%	168	29%	64	11%	31	5%	30	5%
3. Ability to Provide Clear & Understandable Answers	595	95%	4.2	286	48%	200	34%	77	13%	24	4%	8	1%
4. Support Rep's Professional Attitude & Courtesy	606	98%	4.6	422	70%	135	22%	38	6%	6	1%	5	1%
5. Overall Satisfaction with this Specific Support Case	596	94%	4.2	270	45%	199	33%	89	15%	26	4%	12	2%
TOTALS	2957			1504		901		363		114		75	
		Overall	94%	4.2									



A Few Customer Comments From This Survey

- "You have greatly improved over the last few years."
- "The best support I have ever had, keep up the good work."
- "Very helpful and prompt, and they followed up on everything."
- "Kronos has the best support, and is always there when I need them."
- "I have never dealt with a software support group that has been so helpful!"
- "I thought the support team went the extra mile just to resolve our problem."
- "Kronos has really improved in the customer service department. Response time has gotten a lot better."
- "I have used Kronos Global Support several times over the past few years, and everytime I call they seem to improve."
- "The call I placed was very good. It was very quick and painless just the way it should be. They didn't waste our time."

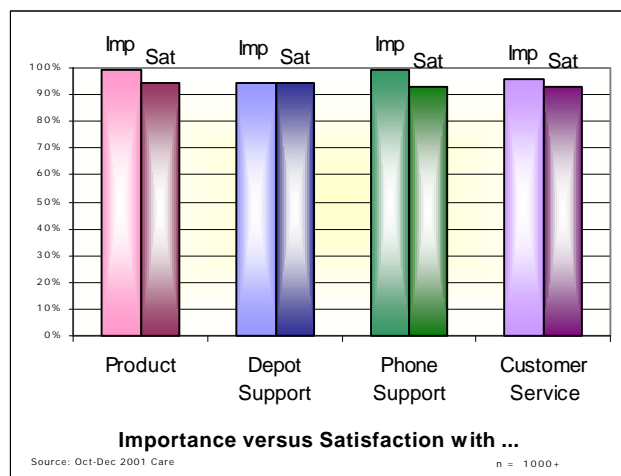
Continuous Improvement

Kronos customers often express the “mission critical” nature of their Kronos applications and systems. Some reasons heard when they are contacted by Omega include;

1. Kronos systems and process touch the daily lives of many of their employees as they swipe their badges to enter or leave work each day.
2. Kronos systems provide a vital feed into payroll systems.
3. Kronos systems provide critical labor information to company decision makers.

Therefore, Kronos customers attach a high level of importance to support of their Kronos Systems.

During the last 3 months of each calendar year, the Kronos CARE relationship survey is used to determine not only the level of satisfaction a customer has with a particular facet of Kronos service, but also to determine the level of importance that customer attaches to that service.



The difference between the measures of importance and satisfaction is termed a Delta Difference. The Omega Delta Analysis is used to guide Kronos in the appropriate use of continuous improvement resources.

This analysis shows Kronos customer ratings of importance and satisfaction in four key areas. While there are no major gaps, Kronos customers attach the greatest importance to Kronos products and to Kronos phone support. The largest service “Delta Difference” is in the area of Phone support.

In April, Kronos initiated a new transaction survey with Omega. This survey focused on Kronos Global Support, which provides direct telephone support to Kronos customers. This survey was the first step in building a stronger customer focus in its support center. In October, support center goals were changed to use the new survey as a critical measure for the success of the organization.

The Ω MEGA GROUP

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March 15, 2002

Report of Independent Survey Auditors

We have audited the customer base of Kronos Incorporated, through December 31, 2001. These customer survey statements are the result of our independent survey of customers. Our responsibility is to express an opinion on these customer satisfaction statements based on our survey audits.

We conducted our customer survey audits in accordance with generally accepted survey auditing standards. Those standards require that we plan and perform the customer survey audit to obtain reasonable assurance about whether the customer satisfaction statements are free of material misstatement. An audit includes examining evidence supporting the statements and disclosures regarding the quality of service provided and the overall service satisfaction. We believe that our survey audit provides a reasonable basis for our opinion.

In our opinion, the customer satisfaction statements in this report, present fairly, in all material respects, the customer satisfaction position of Kronos Incorporated, as of December 31, 2001, with our generally accepted customer satisfaction survey principles.



Richard J. Castellano
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Chelmsford, Massachusetts



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Since 1984, Omega has been a leader in providing customer satisfaction and retention programs by successfully partnering with their clients to achieve the goal of World Class Customer Organization. The Chelmsford, Mass.- based company, is grounded in the service side of a wide cross section of industries. Omega's mission is to provide organizations with a competitive advantage by delivering customer intelligence data that increases customer satisfaction and loyalty.

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