



Paychex Next Generation HCM Technology

Vendor Assessment
Report Abstract

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11 pages

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Who Is This Vendor Assessment For?

NelsonHall's HCM Technology Vendor Assessment for Paychex is a comprehensive assessment of Paychex' HCM platform offering and capabilities designed for:

- Sourcing managers monitoring the capabilities of existing suppliers of HCM technology and identifying vendor suitability for HCM technology RFPs
- Vendor marketing, sales, and business managers looking to benchmark themselves against their peers
- Financial analysts and investors specializing in the HR Technology sector
- HR and payroll decision makers.

Key Findings & Highlights

Paychex, founded in 1971, and headquartered in Rochester, NY, is a provider of payroll, HR, and benefits managed services, and HR technology for small to medium-sized business primarily in the U.S. In 1983 Paychex began trading on the NASDAQ stock exchange under the ticker PAYX.

While Paychex has extensive managed HR services offerings, the focus of this profile is on its HCM platform offering, Paychex Flex® which it launched in ~2012. The core platform and functionality of Flex was developed as a cloud-based HCM solution by Paychex. Since its launch, Paychex has made specific acquisitions and integration partnerships to extend its platform modules and capability.

Today, Paychex actively supports ~650k clients, and 1.4m worksite employees through its HR service and technology offerings which generated ~3.4bn in revenues in FY 2018.

This profile focuses specifically on Paychex Flex HCM platform technology capability. For a more comprehensive overview of Paychex' payroll services offering, please refer to, [Paychex - Next Generation Payroll Services](#) vendor profile, available to NelsonHall subscribers.

Paychex Flex HCM is a cloud-based platform offering, built on a unified framework, and delivered as a SaaS-based, multitenant solution. The current configuration supports the U.S. only and includes both English and Spanish languages. For the near term, Paychex does not plan to expand its platform to support global HCM (however, it can support custom localizations through API's).

Paychex Flex is comprised of the following modules, including:

- HR Records (HRIS)
- Payroll
- Recruiting and applicant tracking
- Onboarding
- Performance Management
- Learning Management
- Time and attendance

- Expense Management
- Benefits
- Retirement
- Reporting and Analytics
- Mobile features:
 - Paychex Flex leverages a mobile-first design supported by apps for iOS and Google, designed to mirror the full feature set of the platform on desktop and mobile. The UX/UI on the Flex mobile app launches and therefore mirrors the desktop platform, and data is made available in real time, on demand for users, including GL files and reports post payroll processing.
 - In 2018, Paychex launched Paychex Flex Assistant, and an NLP enabled chatbot capability to support employee inquiries with answers to common questions and issues. The bot supports >100 call/question types (which Paychex continues to expand) and currently closes about 45% of calls as first point of contact. Paychex plans for the chatbot include adding prescriptive guidance to walk employees through transactions in Flex, and longer-term (end 2019) data edits and updates. The bot is currently available on mobile and 24/7/365.

In addition to its Flex HCM platform offering, Paychex also offers a comprehensive portfolio of extended managed HR services. Today Paychex pays >10m client employees, which equates to one in every 12 private sector workers in the U.S., and Paychex Insurance Agency is the 20th largest in the U.S. (based on revenue.)

Although Paychex leverages Flex to deliver all of its managed HR and payroll services (>75% of its client base leverages the HCM platform), Paychex offers Flex as a standalone only offering where managed services are not required. Each of Flex' modules are available as a standalone offering, meaning each can be purchased without having additional modules. Additionally, it can offer bundling options to accommodate client needs. Payroll is Flex' most popular (most adopted) module, followed by core HR, reporting and analytics, and time and attendance.

As of May 2019, Paychex was supporting ~650k clients, most of which leverage the Flex HCM platform. >99% are U.S. based with less than <~1% in Europe.

Paychex targets small market and smaller middle market clients (clients below 3-5k employees) for its Flex and managed services solutions. However, its platform is capable of scaling to support larger middle market clients (5k+). >80% of its clients have less than 20 employees, while it also has >300 clients with >1k employees.



Scope of the Report

The report provides a comprehensive and objective analysis of Paychex' Next Generation HCM Technology offering, capabilities, and market and financial strength, including:

- Identification of the company's strategy, emphasis, and new developments
- Analysis of the company's strengths, weaknesses, and outlook
- Revenue estimates
- Analysis of the profile of the company's customer base including the company's targeting strategy and examples of current contracts
- Analysis of the company's offerings and key service components
- Analysis of the company's delivery organization including the location of delivery locations.

Contents

1.	Background
2.	Revenue Summary
3.	Key Offerings
4.	Delivery Capability and Partnerships
5.	Target Markets
6.	Strategy
7.	Strengths & Challenges
	7.1 Strengths
	7.2 Challenges
8.	Outlook

Report Length

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Next Generation HCM Technology Vendor Assessments also Available for:

ADP
Ceridian
Cornerstone OnDemand
Infor
Kronos
Paycor
PeopleStrategy
Ramco
Sage Group
SuccessFactors (SAP)
Synchr
Ultimate Software
Workday