



Targeting Payroll Outsourcing

Market Analysis
Report Abstract

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Who Is This Report For?

“Targeting Payroll BPO” is a comprehensive market analysis designed for:

- Buyers of payroll services, including sourcing managers investigating sourcing developments within the payroll outsourcing market
- Vendor marketing, sales, and business managers developing strategies to target service opportunities within the payroll outsourcing market
- Financial analysts and investors specializing in the support services sector.

Scope of the Report

This report analyzes the global market for Payroll Outsourcing; including Payroll Business Process Outsourcing and its constituent services. The report addresses the following questions:

- What is the current and future market for payroll outsourcing services?
- What are the customer requirements and how are they changing?
- What are the benefits/results vendors have been able to achieve for their clients?
- What services are customers buying from payroll vendors?
- What technologies and platforms are being utilized?
- What is the size and growth of the payroll outsourcing market by geography and by market segment of mid-market/national and large/multi-national organizations?
- What is the size of the payroll outsourcing market by industry and which is seeing increased demand?
- How leading vendors are positioned within the payroll outsourcing market?
- What are the vendor selection criteria, challenges, and critical success factors for vendors targeting payroll outsourcing?
- Additional topics include: multi-country payroll; emerging services, including the usage of paycards; the most common outsourcing services provided alongside payroll by percentage; acquisitions and partnerships; who is initiating payroll outsourcing; price per payslip by region; vendor revenue per FTE by region; the use of offshoring and nearshoring; the use of direct deposit and self-service by region; contract lengths; and sales cycle, including length of implementations and pricing mechanisms.



Key Findings & Highlights

The payroll outsourcing market, though mature, was able to grow at low single digits in 2012 as the economy showed signs of recovery, with job growth returning in some markets, albeit slower than desired. Revenue growth is expected to further increase globally over the forecast period from 2013–2017, led by increased demand for multi-country payroll. Full payroll BPO has been increasing since 2009 as buyers seek further cost reduction and better service, shifting full responsibility to the vendor. The usage of self-service and online access to pay statements continues to increase, resulting in less time, money, and paper consumed. At the same time the usage of paycards has steadily been gaining traction as an alternate method to paper payroll checks. Savings are ~50% of the cost of issuing a check and there are many employee benefits as well. Payroll continues to be the point of entry when multi-process HRO (MPHRO) services are provided, and the most common service provided alongside payroll is HR; including self-service. Approximately 50% of clients globally have self-service and online payroll access today, creating further improvement opportunities ahead. Finance continues to lead the discussion to outsource payroll, followed by HR. CFO's are directly involved when cost is the primary driver. Procurement is now more involved than business leaders due to cost-reduction focus.

Cost continues to be the most common client criteria overall for payroll outsourcing, including for mid-market national organizations. However, for large MNC's, demand for multi-country payroll has replaced cost as the top driver. The top seven client drivers today include:

1. Reduction and control of costs: although cost may not always be the top driver, ~90% of all buyers have outsourced payroll to reduce costs
2. Standardization and centralization of processes and technology, leading to increased efficiency: applicable to single- and multi-country clients
3. Compliance/risk management: alleviate difficulty of keeping up-to-date and compliant with constant changes in tax laws, regulations, and labor agreements
4. Global/multi-country platform managed by a single vendor: MNC's want one vendor contract with global visibility of cost and aggregated reporting of data
5. Better and more modern technology: clients no longer want to run on legacy systems that they need to invest in to maintain and keep up-to-date
6. Better, easier, simpler service and employee experience: including mobile applications, self-service, and 24x7 access to data
7. Improved quality of payroll with a specialist: including analytics for better management and insight to make more informed decisions.

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Vendors Researched

Acrede, Aditro, ADP, Capita, Ceridian, CGI, CloudPay, Equinti-ICS, Fujitsu Services, Genpact, HP Global, HR Access, Infosys, Liberata, MidlandHR, Mouchel, Neeyamo, NorthgateArinso, Raet, Safeguard World International, SD Worx, Steria, Talent2, TCS, Tilimatic, Xafinity Paymaster, Xchanging and others.

Report Length

93 pages, including 12 chapters and 13 data charts

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