

Payroll software functionality



New software capabilities are enabling global roll-outs and helping 'payrollers' to work more flexibly, according to Chris Britton at NorthgateArinso

Payroll professionals are under more pressure than ever before. Despite being a function no business can do without, they are not exempt from the financial pressures of the recession, and are expected to 'do more with less', while ensuring the changing workforce is paid correctly, on time, every time.

To support the payroll team in doing their job effectively, software has to be more efficient than ever before. At the same time, the software itself is changing the way payroll operates – supporting global roll-outs and, increasingly, mobile working. This deeper functionality means managers can secure a return on their investment in software more effectively than ever before.

Feeling the pinch

The first major change in the market that's come about over recent years is consolidation of payroll software providers. A series of acquisitions has led to fewer market players overall. The big vendors have made acquisitions in order to broaden their offerings to all sizes of business in all sectors.

As businesses cut costs across the board, payroll professionals must fight harder for new implementations, and must be able to prove to senior management that any new software can deliver return on investment (ROI) in record time.

According to analyst house IDC, managers are more likely to buy multiple HR and payroll systems from the same vendor*. This is certainly the case when it comes to proving to the business you're getting value for money.



It makes life easier for 'payrollers' knowing that their systems are compatible and they don't need to enter data more than once.

Going global

Global expansion is a tactic some businesses are using as a means to beat the recession. The financial climate is impacting different parts of the world at different times. Companies with a global business model can counteract the effects of the downturn in one market, by increasing activity in another.

Payroll software has to be able to cope with this expansion. Operating a payroll in different countries throws up a number of challenges. What is compliant in one country might not be in another, and there will be cultural as well as legal practices to adhere to.

During global expansion, HR and payroll become inextricably linked. If you're setting up a payroll in South Africa for example, there are tax breaks available for employers, based on the training they give their staff. These kind of tax breaks may not exist elsewhere, and it's essential that both HR and payroll understand what this means for the employee and employer alike. To have the software available that supports this kind of detailed knowledge on an individual market level is invaluable.

So any payroll system needs to have the deep functionality and flexibility to allow it to operate simultaneously in different markets. However, any payroll manager also needs the right information at their fingertips to report back to the highest levels of the company.

Real-time results

A CEO is less likely to have time to look at the detail of headcount and salaries in different markets. They're far more likely to need top-level results and statistics.

So the data within any payroll software system needs to be able to operate on a local level, but within a global framework, giving the payroll manager the information he or she needs at their fingertips. It sounds like a contradiction in terms, but it's essential to be able to compare like with like, while taking in to account regional differences.

Global payroll outsourcing is also becoming a more popular choice. Many companies choose to outsource the more administrative aspects of the job – processing of timesheets and payroll data for example. Then the more complex aspects of the job can be kept in-house, helping businesses to retain their best payroll people by keeping the job admin-free and as strategic as possible.

Of course, it's also possible to outsource all aspects of payroll – leaving the entire function to the experts and letting HR get on with other jobs is an effective way of keeping costs down and making the process as efficient as possible.

Back to the future?

So what's next in the journey of payroll software? To look to the future, it is useful to look backwards first, and see how far payroll has progressed over recent (and not so recent) years.

Fundamentally, the payroll function is built on four core principles: collecting data, calculation, payment and dealing with legislative reporting. Regardless of the technology involved, that's what any payroll professional will always be dealing with.

These requirements used to be serviced with paper – clocking in and out machines and paper receipts in with the cash salary were the norm. Then, computers became widespread, and the most common approach in the 80s

"Key points"

- To support the payroll team in doing their job effectively, software has to be more efficient than ever before.
- Software itself is changing the way payroll operates – supporting global roll-outs and, increasingly, mobile working
- This deeper functionality means managers can secure a return on their investment in software more effectively than ever before.

and 90s was to input all information on to a spreadsheet.

Then the Internet hit businesses and changed everything again. Today, data input has been devolved. Employees can be responsible for capturing data and inputting it when it comes to timesheets, holidays and other payroll information. Via 'self-service' payroll software hosted online, this information can be verified by managers, regardless of where they are working.

This kind of hosted technology improves accuracy, reduces manual errors and reduces fraud (gone are the days of hand written timesheets which sometimes were as difficult to decipher as a doctor's prescription!).

In many ways, the current and future development of payroll software is being driven by users' home experiences. Most of us now have the Internet at home and take it for granted that we are able to log on to sites like iGoogle to aggregate the information we need from various sources, accessing it via one dashboard.

We know that we can safely shop online if we use the right sites, and we expect to be able to communicate with people wherever they are. We don't expect to then come in to work and find all the data we need is stored in a clunky spreadsheet

Mobile expectations

Mobile access is the next important step for payroll software. The development and massive popularity of the iPhone and its competitors for both business and leisure has meant that we now expect to access the information we need on the move.



working with you on every level

Remote working may conjure up images of sales managers kicking back at home on a Friday, but in reality many people work remotely every day. People who make deliveries for a living for example, or maintenance workers who are on call – even regional managers who travel from site to site.

There's no reason why these people should have to go online when they get home, or travel back to an office to log time and other payroll information. It's only a matter of time before input via an Internet enabled device like an iPhone becomes the norm, and will take the software functionality to the next level.

Getting real ROI

Fighting against the pressure to cut costs, payroll people need to retain the right skills on the team to ensure they are ready for the inevitable upturn and any sudden increases in headcount.

Driven by improvements in technology, payroll software has developed at a fast pace, despite consolidation in the industry. Software can now support global roll-outs at both the local and global ends of the scale.

The ubiquity of the iPhone and other Internet-enabled hand held devices has meant that workers are more and more mobile, and there's no reason why payroll software shouldn't support this.

However, for all the time and cost saving, purchasing the right payroll software can be one of payroll's biggest challenges.

But as organisations look for real value, knowing that they are choosing tried-and-tested solutions that are future-proof is becoming a priority. The real business case will come from proving that the new solution will enable payroll, HR and the wider business to focus on their core competencies, rather than getting bogged down in data entry and analysis that could be automated.

Payroll teams within organisations that are preparing for the upturn need to be focused on what they do best, not on data collection, while also knowing that they have a solution in place that they can trust. Payroll managers and HR directors need to demand the best for their people. The functionality within payroll software exists, and the time to re-evaluate and really examine what your organisation needs is now.

* "HR decision makers are more inclined than those in other functions to buy multiple processes from the same vendor (e.g. payroll and benefits), rather than buy individual processes from multiple 'best-in-class' providers" IDC 2009

For more information

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