



# BUILDING A BUSINESS CASE FOR A GLOBAL PAYROLL SOLUTION

Better performance demands a better solution



# CONTENTS

<b>Introduction</b>	<b>03</b>
<b>Part 1: How much does your current system really cost?</b>	<b>04</b>
<b>Part 2: What are your needs and goals in global payroll?</b>	<b>08</b>
<b>Part 3: Where can a new solution inject value &amp; drive ROI?</b>	<b>11</b>
<b>Summary</b>	<b>13</b>
<b>About CloudPay</b>	<b>14</b>

Among multinational companies of all sizes, payroll and HR team members increasingly recognize the value and benefits that can be realized from utilizing a unified global payroll solution.

As many payroll managers, HR directors, and their IT heads already know, switching from a legacy technology system to a single cloud-based solution can help organizations standardize their payroll processes, reduce errors, and achieve vastly higher productivity and efficiency levels over time. The most utilized legacy solutions in the global payroll space plague payroll teams with persistent issues, on a consistent basis, ranging from poor user experience to buggy functionality to frequent errors or worse.

When considering any enterprise technology switch, C-suite executives often find it difficult to see beyond the upfront costs of change management and implementation to the long-term benefits of change – and nowhere is that truer than in payroll.

# INTRODUCTION

**This guide helps Payroll and HR leaders make a sound business case for the change, based on cost-efficiency and productivity.**

The underlying problem in payroll is the inadequate and inaccurate data produced by legacy technology solutions.

Because traditional global payroll systems operate as “aggregators” (whereby a vendor interfaces with a variety of in-country agents, all utilizing different technology solutions, and simply links them via a thin technology layer), multinational payroll teams typically lack access to standardized data sets or reliable analytics.

Without those bases covered, it’s difficult for stakeholders to assess overall payroll performance or target areas for improvement.

For all of those reasons, it’s crucial for payroll teams to be advocates for the kind of organization-wide improvement that a change in payroll can create.

The only way to advocate effectively (and persuasively) for a permanent change in global payroll is to craft a compelling business case for the long-term benefits of a switch.

## THIS GUIDE EXPLORES HOW PAYROLL, HR, AND IT TEAMS CAN SECURE BUY-IN FOR A NEW PAYROLL SOLUTION

**The result of this effort is a unified data model, standardizing workflows and formats so that all in-process data could be collected automatically, and new efficiency metrics could be established.**

While the data is anonymized, it allows payroll professionals to benchmark performance at a global and regional level, helping to highlight areas for improvement with the payroll process.

Outlining the true costs of their existing system, detailing their requirements of a more modern solution; and exposing the benefits and value of a move to the cloud.

# PART 1: HOW MUCH DOES YOUR CURRENT SYSTEM REALLY COST?

## **The biggest obstacle to any enterprise software switch is combating the decision-maker's perception of the up-front expense.**

The calculation of a given payroll vendor's costs is (or should be) much more nuanced than most C-suite leaders realize – and it's up to Payroll and HR team leads to show their superiors how much the inefficiencies and errors of the current solution cost.

Often, executives want to make an apples-to-apples, sticker-price comparison of their current monthly charges (with the provider they already utilize) against those of a prospective provider.

Viewed from that vantage point, the add-on costs of onboarding and implementation seem like throw-away payments. The truth, however, is just the opposite.

The expenses related to implementation, training, and onboarding with a cloud-based global payroll solution are an investment in a more efficient, compliant, and productive future for an organization. The monthly charges for an outdated, poorly functioning system that underserves your staff are the real throw-away payments.

To show that to executives in a business case, payroll teams must take a holistic look at:

- **The known costs of their current solution.**
- **The hidden costs of their current solution; and**
- **Their current solution's inherent risks and issues, and its ability to handle the organization's needs – now, and in the future.**

Discussion of each area addressed on the following pages should be shared up-front in your business case to help stakeholders understand payroll costs in a comprehensive way.

## HOW MUCH DOES YOUR CURRENT SYSTEM REALLY COST?

# KNOWN COSTS OF EXISTING SOLUTION

### **Monthly payment:**

Note how much it is and what's included. Are you paying solely for the use of software, or for managed services as well? If so, in how many countries?

### **Service costs:**

Some providers upcharge for issue resolution, tech support, or employee training. How much do you pay for any ancillary services? How often do you need or utilize them (or avoid accessing them, due to the costs involved)?

### **Upgrades/infrastructure:**

Were hardware purchases involved in your existing vendor's implementation process? If so, how much were they? And what upgrade or replacement expenses are involved in maintaining the system?

### **IT bandwidth:**

Does your existing system require you to maintain servers internally? How much strain does that place on your IT staff (and/or your IT budget)?

## HOW MUCH DOES YOUR CURRENT SYSTEM REALLY COST? HIDDEN COSTS OF EXISTING SOLUTION

Payroll teams must take a holistic look at both the known and hidden costs of their current solution, as well as its inherent risks and ability to handle the organization's needs – both now, and in the future.



### **Shadow labor:**

How many individuals work on payroll activities but do not allocate their time to the payroll function? How much does their time add up to, in terms of hours and associated costs?

### **Errors & consequences:**

How many errors is your payroll team incurring, and how regularly? How frequently do errors delay your processing schedules? Have past errors incurred any fines, penalties, legal actions, or other repercussions?

### **Manual tasks:**

With an outdated technology solution, efforts such as data collection, report creation, and routine information updates can absorb a wealth of the payroll team's time and effort. How many hours per week does your team spend on heavily manual tasks?

### **Fraud & noncompliance:**

Have you incurred any documented incidents of fraud or non-compliance? If not, what is your confidence level that it isn't happening and going unnoticed? Have you had to engage counsel or consultants to help you address any legal, legislative, or regulatory concerns? What costs have been involved?

### **Payroll arrangement:**

In some instances, one business unit will pay another business unit's employees in certain geographies – often due to the limitations of a given payroll provider within those geographies. From there, one unit invoices the other. Do you operate with a similar situation in any of your business arms? If so, are the costs and charges transparent? How much additional processing time or manual effort does the arrangement incur?

## HOW MUCH DOES YOUR CURRENT SYSTEM REALLY COST?

# RISKS/ISSUES OF CURRENT SOLUTION

### **Security:**

Over the course of several years, many legacy payroll solutions require multiple 'patchwork' security updates to adapt to new or emerging threats. But these 'band-aid' fixes can also create new security vulnerabilities within the system. How confident are you in the long-term security viability of your solution?

### **Adaptability:**

To meet the needs of today's innovative and rapidly evolving organizations, an effective payroll solution must have flexibility in its DNA. How easily and/or frequently are product enhancements deployed in your current system? As a customer, how often are your product development concerns solicited or met? How old or relevant is the programming language your software is built on?

### **Expansion plans or staffing changes:**

As you grow or scale your business, your global payroll needs will grow and scale as well.

How well is your existing system equipped to address the future of your enterprise, especially if new geographies are involved? Will your payroll provider need to leverage additional in-country partners (and their fragmented systems) to meet your needs?

### **Access, visibility & control:**

Planning for expansion or other strategic changes requires a wealth of operational intelligence, much of which is housed in your payroll database. How much access and visibility do you have when it comes to your data? How much time and money do you regularly spend to control or monitor concerns related to compliance, performance tracking, and efficiency?

### **Talent & culture compatibility:**

Poorly managed payroll practices and inefficient technology can lower staff morale, leading to turnover among your payroll employees (or even your larger global workforce). Misalignment among systems and processes can also create disjointed cultures across an organization's footprint.

## PART 2: WHAT ARE YOUR NEEDS AND GOALS IN GLOBAL PAYROLL?

**Once you understand what your current vendor is really costing you, it's also important to consider what you need from a new solution.**

Avoid the impulse to jump straight to creating a checklist based on the features, form, and functions of a new solution. In the business-case phase, it's more important to think holistically about your desired objectives before delving into the details.

As you assessed the costs of your current solution, you also unearthed the problems it posed related to errors, service levels, functionality, and more. Moving forward in your transformation initiative, it's important to set clear and specific goals for improvements in those underperforming areas.

For example, how many fewer support calls, timing errors, or overpayments do you expect per month (or year) with a new system? What industry benchmarks or KPIs are you falling most short on, and how much improvement do you want to make in each area? Delineate your expectations up front so that when you enter the vendor selection process, you can have a firm understanding of what you feel is reasonable.

Beyond benchmarking and other basics, however, lies the importance of thinking more strategically about payroll's role in the enterprise. A software switch shouldn't just be a shift from one provider to another; it should be leveraged as an opportunity to rethink how the software can support your business in a comprehensive way.

Ask yourself each of the following questions as you think through your payroll operations and delineate your global payroll goals. From there, assess your needs with an eye for the most important elements required of a new system.

A software switch should be leveraged as an opportunity to rethink how the software can support your business in a comprehensive way.

# WHAT ARE YOUR NEEDS AND GOALS IN GLOBAL PAYROLL? OVER THE NEXT 1-5 YEARS

Seek out a global solution that can support end-to-end payroll in every potential country involved in your expansion plans – ideally through a single, unified application.

### How will your staffing levels change?

The capacity of a payroll provider to scale alongside your company is crucial to its alignment with your business goals – and that’s true whether you expect staffing levels to increase or decrease in the years to come. If you expect your headcount to go up, define your need for a new solution to deliver self-service functionalities and standardized processes to lessen your growing pains. If you expect it to go down, seek out a vendor with a heavily automated approach to lessen the task load on your smaller payroll team.

### What core competencies do you want your payroll team to focus on?

Payroll is an area of the enterprise where simply getting things done is, often, the only end goal. But advancing your payroll operation requires a deeper recognition of what you’d like the payroll function to deliver to the enterprise, whether that’s faster processing cycles, more useful and accurate data, or more value-driven integration with HR and Finance.

### How many countries will your organization expand into? In what regions?

A vendor’s ability to scale out to new geographies is as important as its ability to scale up or down with staffing loads. U.S.- based companies often elect to stick with an existing vendor as they expand around the globe, only to find that their long- trusted vendor lacks the in-country expertise or technology to service new geographies with the same processes and standards. Define your needs around the globe, then seek out a global solution that can support end-to-end payroll in every country – ideally through a single application.

# WHAT ARE YOUR NEEDS AND GOALS IN GLOBAL PAYROLL? OVER THE NEXT 1-5 YEARS

Payroll can be a high-value resource for the kind of intelligence that is incredibly useful in business decision-making – especially with regards to capacity planning, cost cutting, resource allocation, and productivity tracking. Think about the next phase of payroll for your enterprise, then find a solution that supports it.

### How can payroll deliver better insights to the C-suite?

List out the information your executive team requests from the payroll department on a regular basis. Then, consider how much time and effort that supplying that information typically requires of your team – whether in report creation, data collection, or otherwise. Keep in mind that the longer it takes to pull a report, the more out-of-date that report is by the time it reaches the C-suite. A new system can better equip you to meet the demands of the C-suite by providing easy-to-access analytics, higher quality data, or both.

### What other departments/software would you want your payroll function to integrate with (now, and over the next wave of your organization’s technology adoption)?

For starters, every modern multinational organization should utilize a payroll solution that integrates with its human capital management (HCM) and/or enterprise resource planning (ERP) technology to enable seamless data transfer. But software buyers should also think bigger: Your organization may house payroll within the HR or Finance departments, but it’s arguably the only arm of your business that impacts every single employee in your company.

As such, payroll is a unique data set that houses information no other enterprise application holds.

## PART 3: WHERE CAN A NEW SOLUTION INJECT VALUE & DRIVE ROI?

**The ‘next phase of payroll’ at your company should be all about value: Once you know what you want, need, and expect from a new global payroll solution, think a step further to how a new system can go above and beyond the basics to deliver bona fide benefits to the C-suite.**

Why? Because to convince senior management that a technology change of this magnitude is truly worth it, you need to show them that it will do more than save time by meeting a checklist of must-have features – you need to show them that it can earn returns, create opportunities, and deliver real value.

The key to earning enhanced value from global payroll is data. As we’ve mentioned, a unified global payroll solution can help your organization (and its leadership) cultivate and utilize data in a more strategic, holistic way.

Yet regardless of whether your organization is truly ready to elevate the strategic significance of global payroll, elucidating the tangible and abstract benefits of a new solution is a key way to make your business case for a system switch more compelling.

Keep in mind that team members far outside the C-suite will also need to understand the benefits of a software switch: as with any change initiative, there will be significant resistance among certain areas of your organization – and the individuals most likely to push back against a change in payroll are your local payroll teams and regional managers.

Country-level business unit leaders and payroll managers may consider their current process to be adequate enough to serve their own needs – and thus see a proposed software change as simply an unnecessary and unwelcome distraction. As such, you should build your business case with an eye for driving buy-in across the entire enterprise, with a keen recognition of how all parties can realize advantages.

Elucidating the tangible and abstract benefits of a new payroll solution is a key way to make your business case for a system switch more compelling.

Though every company’s payroll needs are different, there are certain features, system assets, and functionalities from which every organization can realize true business value. Here’s a short list of the elements that a majority of payroll software buyers today find useful, along with the associated business impact those elements can deliver.

SYSTEM FEATURES & CAPABILITIES	BUSINESS VALUE & BENEFITS	SYSTEM FEATURES & CAPABILITIES	BUSINESS VALUE & BENEFITS
<p><b>Process Optimization:</b> Spot &amp; eliminate gaps, inefficiencies, or weaknesses in your workflow and compliance measures</p>	<ul style="list-style-type: none"> <li>• Reduced manual effort &amp; intervention</li> <li>• Faster processing times</li> <li>• Minimized risk of noncompliance</li> </ul>	<p><b>Data Integrity:</b> Catch errors automatically through pre- and post-process checks on all information in your payroll system</p>	<ul style="list-style-type: none"> <li>• Lowered error rates</li> <li>• Shorter processing cycles</li> <li>• Higher quality reports &amp; payroll insights</li> </ul>
<p><b>Workflow Automation:</b> Establish pre-set processes to automate as much of end-to-end payroll as possible</p>	<ul style="list-style-type: none"> <li>• Lessened opportunity for manual error</li> <li>• Enhanced visibility &amp; workflow monitoring</li> <li>• Lessened bandwidth on staff</li> </ul>	<p><b>Local Data Requirements:</b> Adhere to all local payroll requirements for every country, even as requirements change</p>	<ul style="list-style-type: none"> <li>• Minimized compliance risk (adapts to changes)</li> <li>• Reduced research requirements for staff</li> <li>• Greater accountability in compliance</li> </ul>
<p><b>Global Standardization:</b> Use standard processes across all locations you serve with custom steps for countries</p>	<ul style="list-style-type: none"> <li>• Simplified training &amp; cross-training</li> <li>• More accurate, higher quality data</li> <li>• Smarter allocation of staff time</li> </ul>	<p><b>Digital Calendars:</b> Monitor progress across all payrolls using a cloud-based calendar linked to your global workflow</p>	<ul style="list-style-type: none"> <li>• Lessened error risks regarding version control</li> <li>• Improved visibility into global workflow</li> <li>• Streamlined task management (role-based)</li> </ul>
<p><b>Modern Interface:</b> Utilize an attractive, easy-to-navigate system across your entire payroll function</p>	<ul style="list-style-type: none"> <li>• Improved user/employee satisfaction</li> <li>• Enhanced in-system collaboration</li> <li>• Lessened support calls and expenses</li> </ul>	<p><b>Compliance Tracking:</b> Maintain global compliance and track issues, resolutions in real-time</p>	<ul style="list-style-type: none"> <li>• Simplified compliance reporting</li> <li>• Stronger visibility into requirements, deadlines</li> <li>• Vastly minimized risk of noncompliance</li> </ul>
<p><b>System Integration:</b> Seamlessly import and/or transfer data from HR &amp; Finance systems into your payroll technology</p>	<ul style="list-style-type: none"> <li>• Less reliance on manual spreadsheet updates</li> <li>• Shorter implementation &amp; onboarding cycles</li> <li>• More timely &amp; accurate data</li> </ul>	<p><b>Analytics:</b> Access a dashboard view of payroll performance at the global, regional, country, or payroll level</p>	<ul style="list-style-type: none"> <li>• Less effort &amp; time for report &amp; data collection</li> <li>• Simplified KPI monitoring &amp; benchmarking</li> <li>• Easier auditing of post-process issues</li> </ul>

## SUMMARY

# GET BUY-IN FOR BETTER PAYROLL, NOT (JUST) BETTER SOFTWARE

**The most compelling business case for a switch isn't focused on the solution itself – it's about the results an organization can earn from making the change.**

An investment in a truly global, scalable end-to-end payroll solution can help organizations increase efficiency and productivity; reduce operating costs; and earn higher quality data. To build a benefits-driven business case, keep the following takeaways in mind.

### **Your costs involve more than what is on the invoice.**

Complete a cost assessment with the known and hidden costs of your current solution in mind. Remind decision makers that any funds spent on a poorly functioning, inadequate system amount to money spent unwisely – no matter how low the charges for your current solution.

### **Your payroll solution should support your business goals.**

Rather than put functionality first, look at how well a solution aligns with your business' objectives over the next 1-5 years. Encourage senior stakeholders to think critically about the benchmarks and improvement initiatives that a more modern payroll solution can support.

### **Your software and services should deliver real value.**

State-of-the-art features only matter if they create tangible business benefits. Use your business case to explain how a new system's tools and capabilities can help your company earn returns, seize opportunities, and create real value.



## ABOUT CLOUDPAY

Employee pay processes have broad business consequences, requiring modern solutions and trusted experts. CloudPay connects all employee pay processes – including payroll, payments, and on-demand pay – through a unified platform, available across 130+ countries. CloudPay's experts help global companies implement best practices, navigate change, optimize operations, and improve employee experiences, guiding them with vision and care toward the comprehensive pay experience employees deserve.

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