SaaS and Payroll Go Mainstream

BY RICH WATSON

Many IT trends start with the world's largest organizations and work their way down to the broader business world. However, the Software-as-a-Service (SaaS) movement has more of a grassroots feel, as smaller-sized businesses started adopting these solutions and driving innovation in the marketplace.

The payroll function has been one of the most prevalent areas for SaaS adoption. According to a report by Saugatuck Technology, payroll ranks third in on-demand software use. Of the companies polled, 20% already were using a SaaS payroll solution, another 16% planned to subscribe this year, and 27% intended to add the capability in the future. This means more than half of the payroll industry is reaching for the benefits of SaaS.

The appeal of SaaS solutions is obvious. SaaS is a great option for businesses that lack the financial or technical resources to implement, customize, and maintain traditional software. Since the solutions are hosted and delivered as a service over the Web, the model makes centrally-managed software and data readily accessible to authorized company personnel.

SaaS is typically available on either a monthly or yearly subscription basis. It provides all of the advantages of a service provider's highly secure and robust delivery infrastructure: best-of-breed software, rapid innovation, business processing services, and industry expertise. In other words, service clients have 24/7 use of an enterprise-level solution with all the bells and whistles, but none of the IT headaches or upkeep.

Rich Watson is Divisional Vice President of Marketing for ADP Major Account Services.

FULL FEATURES, PREMIER SERVICE

Clients are looking for the best of both worlds with their service providers—technology *and* service. The value that a service provider brings goes beyond providing access to a website so the payroll professional can manage everything online. Clients want the full-service support that helps ensure that payroll is done accurately, on time, and in compliance with various state, federal, and local laws.

SaaS applications are also strategic in their ability to support a mobile workforce. In today's increasingly wireless world, business is conducted 24/7 in coffee shops, airports, and hotel rooms. The business challenge for payroll professionals is accessing and transmitting company data while protecting employee and customer privacy. Again, this is where service comes into the equation.

A premier service provider will have state-of-the-art SaaS security, backup, and disaster recovery systems to manage the risks of breaches in confidentiality and service interruptions. The service is always on, and always available. This gives mobile employees 24/7 access to the information and services they need so that they can make changes to personal data files necessary to get the job done.

STRATEGIC PRIORITIES

It's more important than ever for employers to focus on what matters—their employees and core business. For many companies, managing complex software applications simply isn't a strategic priority.

The SaaS payroll movement may have started as a grassroots endeavor, but it has rapidly moved into the mainstream. It is now possible for clients to partner with world-class providers that have the reputations, resources, and expertise necessary for success. ■

How Software-as-a-Service Benefits Payroll

BY CURT FINCH

It's not easy being a payroll professional today. You are responsible for ensuring that your company's financial processes run smoothly. This includes gathering all of your organization's time data, ensuring everyone is paid correctly and on time, and preventing errors from finding their way into your records. Many payroll professionals struggle with these areas because they do not realize that Software-as-a-Service (SaaS) solutions can be leveraged to create seamless, efficient payroll processes.

THE BENEFITS OF SAAS TECHNOLOGY

Less work: Automated systems for processes—such as time, expense, and project tracking—save payroll professionals an enormous amount of time and effort. They often replace inefficient, obsolete manual or paper systems, and can also prevent double data entry by integrating with other solutions. Additionally, if the system is offered as SaaS, your IT department does not have to lift a finger to install it. This takes the burden off of the department and puts it on the vendor, ensuring that they must constantly work to maintain your data. In this way, SaaS systems simultaneously reduce the workload for both HR and IT.

Fewer mistakes: APA estimates that automation reduces payroll processing costs by as much as 80%. This savings comes from a dramatic reduction in the number of errors in paychecks, which is music to any payroll professional's ears. After all, increased accuracy within these processes is essential to keep both employees and management happy. In addition, using a proven SaaS vendor allows you to keep your system up and running at all times. You don't have to worry about what you will do if your servers fail. Quality SaaS vendors will have your data backed up and protected more effectively than you possibly could. After all, their livelihood depends on it.

SOX compliance: Compliance with Sarbanes-Oxley regulations is critical to the future of payroll, but it can make operating difficult for companies. If a payroll professional allows paychecks to be calculated incorrectly—affecting the company's financial statements and confusing stockholders—it will create severe problems for the company. Automated processes, however, are more likely to be consistently performed. When the auditors come calling, you will be in a much better position if you are able to point to a SaaS solution that provides audit trails, separation of authority, and a capable reporting system. Again, choosing the right SaaS vendor is key. Be sure that your vendor is SAS 70 certified, meaning that they have met data security standards and will keep your sensitive data completely secure.

THE FUTURE IS SAAS

The last decade has seen the industry shifting to SaaS technology. It's moving this way because customers want it to, as do vendors.

Most software companies get their revenue from "shelfware" (software that is rarely used and ends up on the proverbial shelf). Many popular software programs are sold as shelfware and require customers to pay the total cost up front. The programs are often complicated, making them difficult to use and derive maximum benefit. However, once a customer has paid for these programs, there is no incentive for a company to follow up and ensure that it is working properly for the customer.

But as SaaS technology becomes more popular, many companies are offering their software in a SaaS version, providing customers much more flexibility. In addition to making customers happy, the software vendors are finding great success in renting their software over the Web.

If customers sign up for a monthly SaaS and the solution doesn't work, customers will likely stop using the software after a month. This gives software providers an incentive to pay attention to customer usage, determine whether or not the technology is providing business value, and strive to increase its value. With this model, everybody wins.

Overall, SAAS is a viable solution for any HR department struggling to manage its payroll processes. Its low cost of entry allows customers to test it out within the department and verify its value before rolling it out to the entire company. The risk factor is very low, and IT doesn't need to get involved. SaaS vendors take care of all of the technical details, allowing everyone in the organization to focus on the profitable work which, in times like these, is more important than ever. ■

Curt Finch is the CEO of Journyx, (http://pr.journyx.com) a provider of web-based software that tracks time and project accounting solutions.