

Top Ten **New** Technologies for Payroll Operations:

**Learn the Latest Methods for
Reducing Costs and
Increasing Efficiencies**

Read this to learn how to:

- Reduce the time it takes to process payroll by **30% or more**.
- Orchestrate a more flexible, more agile workflow in payroll and HR.
- Slice costs by **20-90%** on certain aspects of payroll operations.
- Explore the **ten most powerful automation tools** in payroll today.

This white paper references:

- Payroll Technology survey research by the **American Payroll Association**
- Payroll cost analysis based on figures from the **National Automated Clearinghouse Association** (NACHA)
- Never-before released efficiency metrics from global HR leader **iEmployee**



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Build a Better HR and Payroll System

Payroll and Time and Attendance technologies are leaping ahead in terms of capabilities. These products empower managers, payroll administrators and employees to accomplish more on a daily basis.

The goal of this paper is to outline the **top ten most powerful automation tools** in HR and payroll today and explore what they offer in process improvement, cost reduction, and employer/employee flexibility.

You'll learn how the newest technologies can help you CUT COSTS while increasing your organization's flexibility and agility.

Automation Facts & Figures

According to the American Payroll Association, **92% of their 20,000 members want to improve operational efficiency in the payroll arena.**

According to our own research, using the technologies covered in these pages can **reduce the time a business spends processing payroll by 30% or more.**

Payroll Technology Survey Results

Out of Payroll Professionals Surveyed*:

- 90% purchased payroll-processing software from a vendor.
- 14% plan to purchase payroll-related software in the next 12 months, with an average planned expense of \$1,792,000.00
- But 46% still use some sort of manual method for reporting non-exempt employee time.

The reason is simple—Web based technology saves time. In fact, migrating your processing to an online environment can save much more than time. By eliminating much of the physical infrastructure associated with processing payroll and supporting HR, an organization can also realize **significant cost savings—anywhere from 20-90%**—depending on which technologies are employed.

Even better. businesses can create a dynamic new environment where:

- more of the day-to-day payroll and HR processes are automatic,

- employees and managers can fulfill many of their own payroll-related requests, and
- administrators have more visibility into the system than ever before.

The Top Ten

The top ten technologies driving new efficiency, savings and flexibility into the payroll process are:

#1 - Web-Based Time Collection

Automated time collection has been around through most of the 20th century, in the form of the ubiquitous timeclock. But a web-based timeclock eliminates the expensive physical equipment that is normally necessary and delivers much more flexibility to mobile and remote employees to reduce timekeeping errors.

With a typical manual electronic time clock, you need multiple units dispersed around your various corporate locations, then you need cables, time cards and other support equipment. By migrating your timeclock to an ISP model, employees are tracking their time through a multi-tasking device, such as their desktop, laptop or PDA, and eliminating the need to purchase and maintain a dedicated one-function timekeeping device. Due to these economies of scope, iEmployee estimates that you can reduce your **timekeeping infrastructure costs by at least 20%** on average.

With the mobility offered by the web, employees can track their time at any offsite location through their laptop or PDA. The IP address of the device used to track the time can be recorded, offering the same validation capabilities found in a traditional timeclock. This dynamic functionality reduces time tracking errors by allowing employees to record offsite time when it happens, rather than relying on memory back at the office.

#2 - Mobile Manager Approvals

The increased efficiency of a web-based timesheet is lost, however, if the technology does not carry through to manager approvals as well.

- Online timesheets received by the payroll department unapproved will create a bottleneck if the approval process places undue burden on the supervisor who needs to approve those timesheets. One solution to this issue has been the use of Interactive Voice Response Systems (IVR), where managers can approve timesheets over the phone, but this system is increasingly becoming unpopular.
- IVR can be expensive to deploy, and managers prefer to have a timesheet that they can see, review and study, instead of a quick burst of information over the phone.

That's why the functionality of the latest payroll systems allows the same online mobility and freedom to managers to approve timesheets that employees have to submit them. These systems are proving very cost effective, and provide the user more control over how the timesheet is reviewed. By enabling managers to execute the task of timesheet approval in an online environment, they can perform this necessary function where ever and when ever is convenient, freeing them up for the more business critical functions of their job. And the payroll team receives approved timesheets that they can begin processing quicker than ever before.

#3 - Application Integration

Electronic Data Interchange (EDI) is a common concept that you're probably already familiar with. And it's an issue that your company probably has confronted in your supply chain or CRM system. But the issue is just as relevant with payroll technology.

- Up until a few years ago, time tracking and payroll systems from different vendors did not communicate well. But that problem is quickly fading, with new systems that can integrate with any product, from almost any vendor.

This means an organization is no longer limited to vendor-specific product selection, and the burden on internal IT resources is now greatly reduced.

#4 - Self Service

Every payroll department is familiar with the housekeeping items that bog down staff with administrative paperwork. Change of address forms, updates to dependant information, W-4 updates, change of account information for direct deposit—these are the tasks that crunch the

workload of payroll. But new technologies are alleviating this situation, by empowering employees and managers to perform these tasks on their own in an online environment. The result is that payroll departments can refocus on more strategic issues, while employee morale is improved by the ability to process their own requests faster.

With the growing popularity of direct deposit, the necessity of printed paystubs is also fading. Employees can review their stubs in a password-protected area, and eliminate the need for printing, fulfillment and distribution costs.

- According to the National Automated Clearing House Association (NACHA), the average printing, processing, postage and materials cost for one pay stub for one employee is \$1.90.

The following analysis shows the bottom line impact of these expenses, depending on the size and pay cycles of the organization.

Annual Cost of Pay Stub Fulfillment

Number of employees	Monthly pay cycle	Bi-weekly pay cycle	Weekly pay cycle
100	\$4,200	\$9,100	\$18,200
500	\$21,000	\$45,500	\$91,000
1,000	\$42,000	\$91,000	\$182,000
2,500	\$105,000	\$227,500	\$455,000
5,000	\$210,000	\$455,000	\$910,000
10,000	\$420,000	\$910,000	\$1,820,000

Note: Average printing, processing, postage and materials cost for one pay stub for one employee is \$1.90.

Figure 1

Employees who use direct deposit can access their paystubs online and never have the need for a printed paystub.

- This can reduce a company's payroll processing costs by up to 90%.** This figure can vary depending on the fees charged by the technology vendor, and the percentage of employees who are willing to use direct deposit.

#5 - Online Benefits Enrollment

Online benefits enrollment is an idea that has experienced a slower rate of adoption from companies that are already practicing other areas of self-service payroll administration. In the past, they have feared that benefits enrollment was too complex a process to trust to an automated system. But this perception is fading, with many businesses realizing that benefits material distribution, the application process, and the integration of data with the payroll system, can all be handled in an online environment with better accuracy and faster turnaround. And employees experience a higher level of satisfaction with a process that puts information at their fingertips and provides a higher level of control.

#6 - Online W-2s

It is a fact that the Internal Revenue Service still requires a paper copy of the W-2 form. At first glance, that would seem to defeat any benefit to an online, automated process. But the current trend with many companies is to include an online W-2 with the employee and manager web-based self-service functionality. The reason is that the paper forms are often lost or misplaced.

- By capturing the W-2 form online, employees can access it whenever they like, and payroll administration will always have a permanent copy on file to print and send to the IRS.

#7 - Central Data Repository or Warehouse

Let's look at a common scenario: An employee approaches a manager to dispute the amount of hours for which that person was paid. The manager normally would then request the necessary data from the payroll department to review the dispute. But with the new payroll reporting capabilities that are available, this is no longer necessary. A manager can now access a central repository where all payroll data is stored, directly through online access.

- This ability not only empowers managers to be proactive in addressing employees' payroll concerns, it also removes another layer of non-strategic tasks from the HR and payroll department.

#8 - Compliance Auditing

EEO, FLSA and now Sarbanes-Oxley all require the generation of spot reports to comply with government audits. The creation of these reports can spur internal chaos on the part of payroll departments as they struggle to pull together the required data.

But with the reporting functionality of new payroll technologies developed by iEmployee, this data is constantly tracked automatically in real-time.

- When audits happen, running the necessary reports does not require even a fraction of the previous effort. And with the consistent and accurate rules engine in the latest payroll systems, companies can rest easy that their calculations are correct and compliant.

#9 - Payroll Preview

To further reduce errors and improve on compliance, the latest payroll systems enable a “payroll preview” option before the actual payroll is run. When a payroll is previewed, everything occurs exactly as it would if the payroll were submitted. The system will flag any errors, corrections can be made, and another preview can be run until all data is accurate and correct. And this all happens without checks being reissued or having to amend the real payroll. If a payroll professional wants to see the impact of any changes, they can “test and tune” in a safe environment, reviewing the results on individual employees or whole departments if necessary.

#10 - Online Processing

Finally, the last new payroll technology is the one that perhaps payroll departments will appreciate the most. This is the ability to process and submit the actual payroll online. Just as employees and managers can make and review time submissions anytime, anywhere, a payroll professional can run their company’s entire payroll the same way.

- This means control of payroll is not limited to one computer or one specific office. It can be especially beneficial in a small payroll department, where a key employee could still run payroll even if they were out of the office and at home.

Online processing is another example of how new payroll technologies are improving the workflow and mindset of payroll executives everywhere.

New Way of Thinking

Adoption of these new payroll technologies is on the rise, as previous skepticism is overcome by the proven results that these ten new products are offering. With the current levels of encryption, redundancy and reliability available, payroll systems can provide the same comfort level and accountability as any other major ISP-based business system, such as an ERP or e-Commerce platform.

- Companies that do not embrace this new way of thinking will quickly begin to fall behind, shackled by the higher costs of old ways of thinking.

Payroll: Old Versus New

Payroll Process	Old way of thinking	New way of thinking
Time Collection	Fixed timeclocks that limit employee mobility and accurate offsite time tracking.	Online timesheets that enable on-demand time tracking with maximum accuracy.
Manager Approvals	Paper-based approvals whenever the manager can get around to it—while the payroll department is kept waiting.	Online approvals to streamline supervisor workflow and keep payroll moving.
EDI	Vendor-specific products that limit choices.	Applications that work together, regardless of vendor—alleviating IT and cost pressures.
Administration Tasks	Fill out paper forms and manually process requests. Print, stuff, mail and deliver paystubs.	Empower employees to handle all of these tasks online, without paper-based costs.
Benefits Enrollment	Print benefit kits. Require HR staff to help employees fill out forms.	Provide all materials online. Walk employees through enrollment process with interactive instructions and process all applications electronically.
W-2s	Keep one paper copy that can	Keep an online copy that is

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	be lost or damaged.	protected and can be printed whenever necessary.
Reporting	File multiple requests with payroll department.	Allow department heads to run their own reports.
Compliance Audits	The chaos of compiling the data manually.	The simplicity of creating on-demand reports.
Payroll Preview	N/A	Preview payroll as often as necessary before processing to ensure accuracy and eliminate rework.
Payroll Processing	Limit to one workstation or office, creating potential bottlenecks.	Provide unlimited access to key payroll professionals through desktop, laptop or PDA.

Figure 2

New, exciting developments are enabling payroll technologies to deliver on their promise of a smarter, more efficient way of translating time into payment, and freeing employees to spend more time on the mission critical functions of their job. With these new technologies, payroll and HR becomes a competitive business enabler:

- protecting companies from unnecessary liability,
- building employee morale, and
- freeing up capital assets to reinvest in other key strategic areas.

Take the next step—FREE DEMO

Evaluate web-based technologies for yourself.

Register for the free live demo of iEmployee's suite of state-of-the-art Web-based tools at:

<http://www.iemployee.com/newdemo/index.htm>

The web-based model of payroll processing has arrived, and with it yet another business function is streamlined and enhanced in a way that **builds return on investment** to levels that were unheard of just a few years before. The trick is fully realizing what you can accomplish, and then having the courage to take that first step.

Author Bio

Snehal Shah

Snehal Shah (sshah@iemployee.com) is CEO and founder of iEmployee, the hosted HR solution of choice for over 1600 leading organizations, including Daimler Chrysler, Kodak Polychrome and Reader's Digest.

Contact

For more information contact:

iEmployee

1.800.884.6504

sales@iemployee.com

<http://www.iemployee.com/>

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