Tips for Switching Payroll Providers

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The responsibilities of running payroll for any company are often unsung. Not only do employees expect their payment on time, there are also many compliance regulations that must be adhered to. This day and age, many companies rely on a payroll software to handle these tasks. But in the constantly–evolving world of business, sometimes the software you are currently using is not sufficient for where your company plans to go.
Certain solutions are great for small businesses or start ups but as they grow so do many of their payroll requirements, resulting in the search for new software.

Switching digital tools of any kind, payroll or otherwise, has its own innate challenges. For example, people may be comfortable with the current system and be hesitant to learning a new one. Or maybe you have years of legacy data that must be reformatted and imported into the new solution.

Specifically for payroll, an increased workforce could require direct deposit as opposed to paper checks. Or maybe your HR team is getting bogged down with administrative tasks that certain solutions can remedy with an employee portal. As you research the various solutions available, here are some tips to help you find the right one and migrate to it as smoothly as possible.

Defining Requirement

The first step is to understand what you need from the system. Chances are you built a list of requirements back when you were searching for your current solution. Revisit that list and determine which features are still necessary, as well as any additional features that have come up since its implementation. Examples include:

1. *Direct Deposit*
2. *Mechanism for tracking PTO requests*
3. *Tracking timesheets*
4. *Portal for employees to download paystubs and W-2s*
5. *Calculating state and federal taxes for employees and the company*
6. *Generating state and federal tax forms*

Be as specific as possible. Not only will this list help to focus the search, but it will also help eliminate software that doesn't include the functions that you need.

Understand Integrations

In order to cross off all the items on your requirements list, you might need to share information across multiple systems.

Let's say your company has a time tracking tool that works great and is already embedded on your website. Now you're looking for a way to get that information to payroll to process paychecks. There are three main ways to get this done. Each one has its own benefits and disadvantages.

Partnership Providers

Some companies focus their efforts specifically on payroll functions and partner with other digital tools that can be integrated with the platform. These are called partnership providers.

Partnership providers are a viable option when the tool that you want to sync with is already on their partner list. This means that the integration is sound, vetted, and shouldn't require a lot of customization to get up and running.

The disadvantage of working with partnership providers is that you can only choose from companies already on their partner list. If you prefer to use a tool that is not on the list, you'll either have to build the connection from scratch or wait for the two companies to partner and then build it themselves.

Acquisition Providers

Other companies fixate on payroll functionality but acquire new technologies to be included in its suite of products. These are considered acquisition providers.

Acquisition partners are helpful in many of the same scenarios as partnership providers: The relationships between the systems are established and passing data between the two should be easy.

However, one challenge that you may encounter with acquisition partners is that merging two technologies isn't always a seamless process. Trying to use two systems built in different languages or with different limits or parameters can prove to be difficult. This can cause a steep learning curve for users, which could ultimately be deemed not worth it.

Single-Application Providers

Some companies offer all-in-one packages that bring the functions of separate systems together in a common platform. These are called single-application providers.

This is the best option for usability and scalability. The goal of single-application providers is to replace the need for an integration by building the same functionality on its own platform, in a way that makes sense for its users.

Workful is a great example of a single-application provider. From Workful's easy-to-use dashboard, you can run payroll, create and view reports, file tax forms, and manage PTO requests while also streamlining your HR responsibilities.

Think Ahead

As you research your next payroll system, don't simply look at where your company is today. Look ahead to where you are going and include that in your search criteria.

A year from now, the last thing you'll want to be doing is searching for yet another product as a result of unpredicted business growth. Collaborate with sales executives, business development, and human resources to get an understanding of your company's potential and how that could impact your payroll needs in the future.

Compare Price, Cost and ROI

Obviously, price is a pivotal factor in a decision like this. As the old adage goes, "You get what you pay for," and typically, the more features you have on your requirements list, the more it's going to cost. Ideally, you want to find a solution that has all of the features and integrations that you need in its standard offering. Be aware, though, that some features aren't standard and will come at an additional charge.

Compare a solution's core features with your requirements list first. Then, determine if it's worth the cost for the add-ons. Some companies will assist with the add-ons or any custom development, while others may outsource it to a tech firm. First determine which makes the most sense for your company, and then find out how much everything will cost.

Having a well-defined requirements list makes pricing much easier. Rather than realizing later on that an important feature will cost an additional amount, you'll be able to identify everything you need from the start and ensure all items are included in the final price.

It's also important to understand what the return on your investment will be. Your ROI analysis should evaluate all factors, both tangible and intangible. Tangible factors include the number of certified employees, the amount of time it takes to approve PTO requests, or how long you spend on administrative tasks. Intangible factors include things like employee morale or user adoption rates.

Leverage all of these factors to determine if the price is worth it for your company.

CONCLUSION

Now that you have a better understanding of what to look for, you're ready to start your search for a new payroll platform. Remember to be diligent about determining what services the system needs to provide; evaluate whether the system will need to stand-alone or speak to other platforms via an integration, and compare all of your pros and cons with the solution's pricing structure to have measurable goals for determining the business impact of this investment.