

White Paper

Choosing a payroll solution provider

Today's software market is a maze of conflicting dynamics. With budgets being cut, users becoming more demanding and technology savvy and increasing demand for demonstrable ROI from any new IT investment, the team or person tasked with researching and selecting a new software system is under immense pressure.

With so much competition and seemingly fewer differentiating factors between software systems and payroll solution providers, how are UK businesses expected to choose one payroll supplier over another? It's hardly surprising when businesses are left confused and overwhelmed by the choices available to them. This paper is intended to help you as UK businesses choose between one payroll supplier and another. It highlights the key factors that you should consider during the tendering process so that you select the best supplier for your needs.



Key factors to be considered during the tendering process

Choosing the right solution to meet your business size and budget

When selecting a payroll supplier, you need to consider the options available to you according to the size of your business, the in-house resources available, your budget and the current and future needs of your organisation.

If you are a small or medium-sized enterprise with limited in-house payroll and/or IT resources and a small budget, there are a few options available to you according to which elements of the payroll function you feel comfortable outsourcing. These include a bureau service, a hosted solution and a managed service. A bureau service tends to focus on fulfilling your payroll processes including data preparation, payroll processing, management reporting and payslip printing. You could also use a managed service which acts as a fully outsourced payroll department by managing your day-to-day payroll processes.

If you do not have the in-house IT resources to manage and maintain your payroll application, you may wish to consider hosting or a fully managed service. A hosted application is installed at the supplier's data centre and the supplier retains control of its management and maintenance. Alternatively, you can have the payroll application installed at your own premises and as well as your payroll supplier managing your day-to-day payroll processes, they will also fully manage your payroll application including maintenance, database administration, application upgrades and health-checks.

Whether you decide to outsource just your processes or both your processes and your payroll application, the benefits include having fixed, monthly fees which is especially important during an economic downturn as you are provided with visibility of costs. Managed services, hosting and a bureau service also enable you to concentrate on your core business in the safe knowledge that your payroll processes and/or application are being managed and maintained by a third party expert. This is especially important when in-house resources are limited.

Medium and large-sized organisations with an adequate budget and sufficient in-house resources to manage and maintain their own payroll software systems, are likely to want to purchase and manage their own payroll application. Therefore, they need to carefully consider which payroll application to choose. There are a number of payroll software providers in the marketplace but can they all provide the scalability and level of functionality a larger, growing business requires? For example, the following features are 'must haves' for medium and large sized enterprises:

- Payroll processing
- The ability to maintain numerous companies/payrolls on the same system
- Back pay calculation
- BACS communication
- Employee costing
- Full audit trails
- Report writer
- Occupational sick pay functionality
- Online payslips

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Also, can the payroll system be customised to meet your specific needs and varying levels of access and security? Can it integrate with the organisation's other business systems, especially the HR and time and attendance systems to ensure efficient and streamlined processes, including single data entry? Perhaps you require your payroll provider to provide you with a HR system in addition to a payroll solution. Thinking about the business' software requirements beyond payroll as well as the company's future plans and growth strategy can prevent the unenviable situation of having to deal with multiple software providers and/or having to revisit the tendering process in just a few years' time.

Financial stability of the supplier

It's important to feel confident that the payroll supplier you choose can support you and your payroll solution for years to come. Some suppliers will carry an element of financial risk, especially during a time of economic uncertainty and so it's important to do your homework by asking to see evidence of the supplier's financial stability. With an insolvent/bankrupt software provider, your organisation's system will not be supported and you will experience difficulties modifying the software and correcting errors.

Accredited and award-winning software

You need to feel confident that your supplier's products are fit for purpose and meet relevant industry standards and statutory requirements. For instance, does the payroll software meet the HM Revenue & Customs Payroll Standard and the relevant sections of HM Revenue & Customs Quality Standard? It's also worth asking whether the supplier and its software products have won any relevant industry awards and whether the supplier is a member of any UK industry bodies, such as the Business Application Software Developers Association (BASDA).

UK-specific understanding and local support

Payroll providers need to fully understand who they are selling to and their UK customers' particular needs. The software provider needs to have invested time and effort understanding UK businesses across a range of sectors from charities and the NHS through to retail and financial services. Understanding the customer and their business needs should be the company's highest priorities as without understanding, the customer-supplier relationship is always going to prove a challenge.

As a UK business, you also need to feel supported by your payroll provider on a local scale with UK-based offices and customer support centres. Local support helps to ensure quick response times. Even better is a payroll provider with a UK-based management team that understands the importance of fast decision-making. This ensures the company is able to respond quickly to regulatory and customer requirements such as being able to quickly alter the VAT rate on the payroll system inline with new Government legislation. Having to wait indefinitely whilst customer requests are passed through a lengthy red tape process until finally approved or rejected by a director on the other side of the world, is a possibility when the provider is neither UK-based nor UK-focused.

Well-established customer base and reference sites

The supplier should be able to demonstrate a long track-record of providing successful payroll implementations, including in your particular industry sector and should be willing to provide you with a comprehensive list of happy customers. Satisfied customers should be only too willing to act as reference sites and share their success stories so you can purchase your payroll solution in confidence.

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Quality after-sales support

Your supplier needs to provide dedicated UK-based after-sales support so that your needs and any issues that arise can be responded to quickly. You should be provided with the facility to seek support via a number of different channels such as via the telephone, email and the web. For instance, a 24 x 7 web interface featuring a knowledgebase of frequently asked questions and known fixes providing a 'self service' facility is provided by some suppliers. A facility such as this enables users to scan incidents prior to logging calls as well as allowing them to log enhancement requests.

Customer-centric approach

The supplier's product portfolio needs to respond to customer needs and acquisitions should add value to the company's product set, ultimately benefiting the customer. The supplier also needs to value the importance of remaining close to its customers throughout the customer lifecycle from the initial consultancy period through to after-sales support. For instance, the supplier should have well-established user groups and customers should be involved in the product development process from providing input into the specification through to site testing prototype software.

Top ten questions to ask a payroll provider during the tendering process

1. Can you provide me with an appropriate payroll solution to meet my budget and my business needs including a hosting/managed services/bureau service should we require it? A supplier that can provide an outsourced payroll solution as well as payroll software is ideal for a growing business that may start out with an outsourced solution but then, in time, decide to implement and manage their own payroll system once they have the resources and budget to do so.
2. Can you provide a comprehensive portfolio of software solutions in addition to payroll to support the needs of a growing business?
3. Can the payroll system be customised to meet my specific business needs?
4. Can you prove to me that you are financially stable?
5. Does the payroll software meet the HM Revenue & Customs Payroll Standard and the relevant sections of HM Revenue & Customs Quality Standard?
6. Have you won any industry awards?
7. Are you a UK-based and UK-focused organisation with local support?
8. Do you have a well-established customer base and can you provide me with customer reference sites?
9. What is your after-sales support like?
10. Do you run any user groups?

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Conclusion

Choosing a payroll supplier can often prove a long, drawn-out and confusing process. With a plethora of suppliers to choose from, it's difficult to know what really differentiates one supplier from another. Each supplier's merits and shortcomings should be considered carefully so that the needs of your business can be best fulfilled.

When selecting a software supplier it's important to consider factors such as the size of your business, in-house resources, the needs of your business going forward, whether the software meets industry requirements and the financial stability of the supplier. Importantly, the supplier needs to demonstrate closeness to your business in terms of geographical location and business understanding and prove an ongoing close working relationship with its customers.

About Business Solutions

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Advanced Computer Software plc is the UK's leading supplier of software and IT services to the health, care and commercial sectors. It comprises 3 main divisions and has 7000 customers and 800 staff worldwide.

For more information

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