

Global Payroll: Early Adopters Paved the Way to Your Success

Despite the maturation of the global payroll market, many multinational organizations are sitting on the sidelines, still processing payroll through fragmented approaches and multiple financial systems, vendors and geographic locations.

This fragmentation takes far too much administrative time. There are no common processes or data, and no economies of scale. Simply trying to access specific payroll data becomes an onerous task, and reporting across the enterprise is ineffective—perhaps even impossible.

A Look at Fragmented Payroll

The fragmented payroll scenario manifests in different ways. Let's consider a hypothetical corporation, operating in 10 different countries.

How does ABC Corporation process payroll today?

Payroll approach	How it works	The downsides
Off-the-shelf payroll software	Purchase software for each country, then build the department to process payroll internally and sustain the IT staff to support the implementation.	<ul style="list-style-type: none"> • Huge administrative and IT burden • Potentially cost-prohibitive • No data consolidation or visibility • No scalability
Payroll services bureau	Partially or completely outsource payroll to a different vendor in each country.	<ul style="list-style-type: none"> • Managing multiple vendors creates administrative burden • Likely cost-prohibitive • No data consolidation or visibility • No scalability
Enterprise Resource Planning (ERP) payroll modules	Manage payroll via ERP modules where available, while relying on local payroll bureaus in the remaining countries.	<ul style="list-style-type: none"> • Expensive and time-intensive to implement and customize ERP modules • Added complexity • Limited scalability

Like many companies, ABC Corporation uses a combination of these models, with different solutions in each country. Additionally, because ABC has grown through acquisition like so many other multinationals, the payroll processes are exponentially more complicated and expensive across the company landscape.

To compound the problem, new regulations pressure ABC Corporation to disclose financial data with an unprecedented level of granularity. Without data availability and cohesion, ABC risks regulatory non-compliance.

The New Era of Global Payroll

In recent years, forward-looking organizations have begun demanding a truly global solution as their leadership became increasingly dissatisfied with having different payroll providers in each country, or a cobbled-together hybrid approach.

That model had to change. To remain competitive, these organizations sought a single solution to manage payroll across multiple countries—with all of their unique taxes, labor laws and other requirements.

Technological advancements have made this solution possible. The advent of Software-as-a-Service (SaaS) technology eliminates the need for single-instance, on-premise payroll software or ERP modules. A single cloud-based payroll solution can encompass payroll for all employees in every country, and can be customized to handle a wide range of national and regional requirements. It can also be implemented across a distributed organization with minimal hassle and time.

Global companies no longer need to maintain large instances of ERP modules. Today, they can purchase a mature SaaS product that's far more functionally rich than anything available just five years ago. They can offload the burden of multiple currencies, languages, tax structures and time zones. Best of all, they gain the ability to report on payroll information globally, and seamlessly integrate that data with existing human resources information systems (HRIS).

Early Adopters Are Already Seeing the Benefits of Global Payroll

Global payroll's early adopters have tended to be organizations in technology fields. They are accustomed to having data available and having access to reports on a global basis. They expect integration, and they're comfortable with outsourcing. For these early adopters and many who followed in their footsteps, a unified global payroll solution in a shared services environment makes perfect sense.

Early adopters are realizing a number of competitive advantages from global managed payroll, including:

- Simplified management with one point of contact, one set of service level agreements (SLAs) and one set of payroll key performance indicators (KPIs)
- Easy access to vital payroll data, such as compliance and status
- Visibility into total workforce costs (compensation plus benefits plus other employment-related costs)
- The ability to compare costs country-to-country and region-to-region
- Deeper understanding of the entire organization
- Cost predictability and lower payroll ownership costs

With a SaaS global payroll solution, there's one monthly cost. Contrast that against the complexity of spending on payroll bureaus, sustaining internal payroll teams, covering IT costs for on-premise software as well as IT resources to manage upgrades and maintain integrations.

Why Act Now?

If payroll is working well across your organization and you have no need to report on payroll information, waiting for greater market maturity may be a viable option. But most organizations do have to report on payroll, perhaps because it's their biggest budget line item or perhaps to help them meet their compliance requirements. The sooner you adopt global managed payroll, the sooner you can turn payroll information into business value.

If your business strategy over the next five years involves moving core functions to the cloud and/or centralizing HR services, you should at least consider a global payroll option.

Transitioning to Global Payroll: First Steps

Before seeking a global payroll solution, take the time to fully understand your existing payroll footprint, its costs and challenges.

- How do you process payroll today?
- How many different systems are you using?
- How many different countries are involved?
- What's the total cost of processing payroll—including the cost of sustaining internal payroll teams, IT spending, integration costs, etc.?

Next, ask yourself where you would you like your payroll landscape to be five years from now. What strategic value do you want to achieve?

Knowing your reasons for making the change, understanding your current situation and clearly articulating your goals will set you up for meaningful discussions with potential partners.

Transitioning to Global Payroll: What to Look For

The most successful global payroll models involve managed services, with a combination of best-of-breed technology and dedicated local partnership.

An ideal partner will offer:

- **Purpose-built technology:** Target solutions developed exclusively to manage international payroll.
- **Local payroll providers in every country:** There's no substitute for local providers who are experienced with the tax codes, unions, employment law and other particulars of a specific country.
- **Proven success:** The most effective solutions should already be garnering contract renewals, analyst recognition and positive testimonials from existing clients.
- **Client focus:** The ideal partner will seek to understand how your payroll works today, as well as your goals and your future needs.
- **Accountability:** Look for a partner who will take full responsibility for the accuracy of the payroll, all payments, all regulatory requirements and all local tax and social welfare/insurance filings.
- **Simple and streamlined processes:** You need a partner who can help change your business processes to make payroll more efficient and effective.
- **Flexible and strategic change management:** Look for a partner who understands the importance of obtaining buy-in from local stakeholders and engaging on all levels to address any concerns. Insist on a robust change management process that's flexible for your unique needs.

- **Streamlined integration:** Target solutions that are designed to be integrated into existing human capital management (HCM) and financial systems and to process the specific payroll information you require.

Over the next few years, global managed payroll technology will continue to evolve. As the market matures, costs will likely stabilize even as customer expectations rise.

SafeGuard World International: Leading the Way in Global Managed Payroll Services

Transform your fragmented payroll processes into a standardized system of record—a unified payroll solution—with SafeGuard World International’s global managed payroll services.

The SafeGuard World global payroll solution is a managed service built on cloud-based SaaS technology. The technology platform was developed exclusively to manage international payroll and integrate into existing HCM and financial systems. With this technology as a backbone, SafeGuard World can manage payroll worldwide through a best-of-breed global network of in-country payroll partners. This simple model provides SafeGuard World clients with a single point of contact, alleviates administrative burdens and ensures superior results.

SafeGuard World International is a global leader of payroll outsourcing. It has the experience and expertise to help clients restructure their payroll systems with minimal disruption, providing the insight and bandwidth to allow them to make more strategic business decisions.

About SafeGuard World International

Our passion for payroll remains strong. We are constantly enhancing our technology to meet our clients’ needs. We believe that all international HR, payroll and financial professionals should have real-time, granular visibility into global their labor costs—for both full time employees and their contingent labor. This is an outcome that we will deliver for our clients.