



RS 1樓  
球拍服務  
2396 2021  
ER  
UET  
NICIAN

金至尊  
3D-GOLD



**EY**

Building a better  
working world

# How are companies preparing for the payroll of the future?

EY 2017 Global Payroll Survey



The better the question. The better the answer.  
The better the world works.

# Contents

Executive summary: the face of payroll service and delivery is changing ..... 4

1. Global expansion means prioritizing payroll earlier ..... 6

2. Companies are incrementally moving payroll back in-house ..... 8

- ▶ Shared service centers streamline the payroll process
- ▶ Standardization of payroll delivery slips considerably

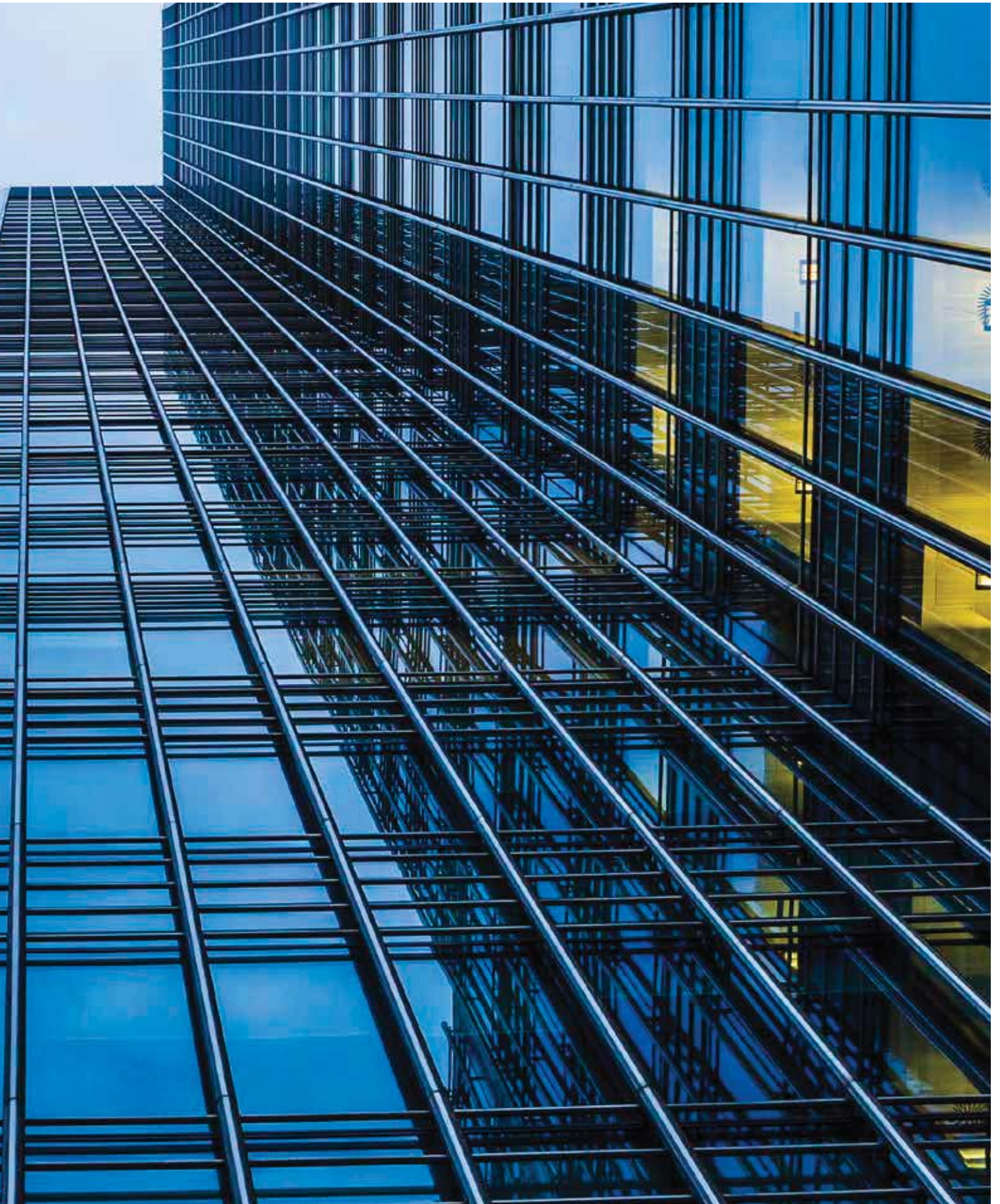
3. Digital technologies will drive the next wave of payroll operations - whether HR is ready or not ..... 13

4. Providers leverage digital technologies to deliver more global solutions, but companies aren't any happier with the service ..... 15

5. Organizations chart a course for a payroll of the future ..... 19

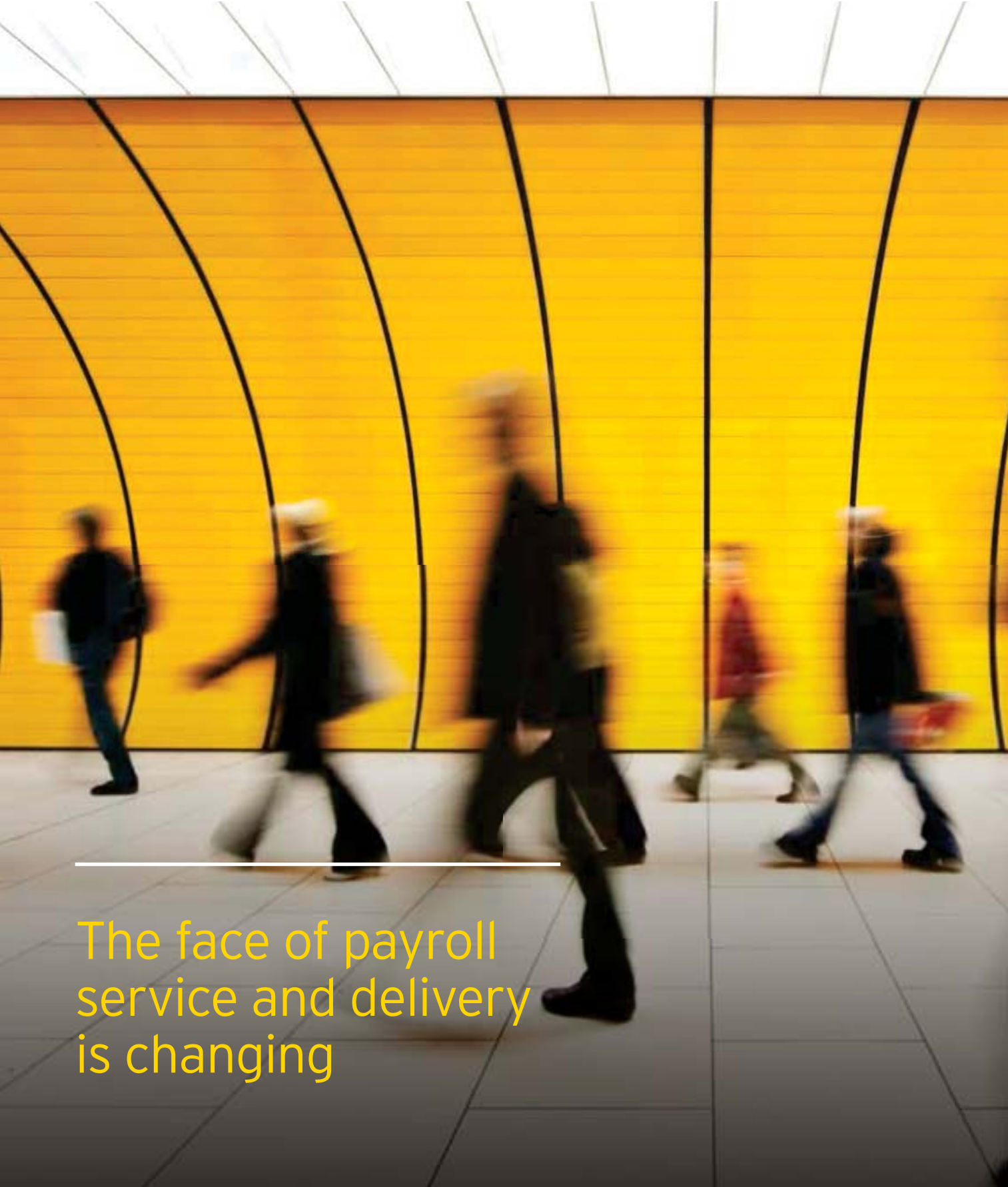
6. Survey methodology ..... 21







# Executive summary



The face of payroll service and delivery is changing

---

Digital and social disruption are fundamentally transforming all aspects of a company's business. Traditional payroll service and delivery is no exception: globalization, increased legislation and the accelerated advancements of digital technology are among the most strident forces propelling multinational and global organizations to reimagine their payroll operations.

Many companies are seeking to expand their global footprint to chase new revenue streams. This has payroll implications that companies need to consider as part of any exploratory process. As companies become more global, however, the need for greater compliance and standardization across jurisdictions becomes more acute.

Meanwhile, legislation around the globe grows increasingly fragmented and complex. Governments contending with a perfect storm of declining revenues and rising costs of aging populations are pursuing more aggressive means of payroll tax collection, thanks to the advances of digital technologies. Digital technologies also lie behind the stance by governments for greater regulatory transparency of personal data collection and greater scrutiny of data privacy protection.

In addition to these external forces, digital technologies are creating both opportunities and challenges within the organization. Advances in third party payroll applications are making organizations rethink their payroll environment as they are being forced to move away from legacy on-premise systems and towards a cloud-based model. At the same time, advances in robotics process automation (RPA), internet of things (IoT), artificial intelligence (AI), chatbots and blockchain, among others, are enabling payroll functions to automate repetitive processes that have historically consumed considerable time and resources.

In this, our third biennial edition of the EY Global Payroll Survey, we explore how these issues and others are impacting organizations, as well as the solutions they are using to address them. We also delve into the choices payroll providers are making to respond to the challenges their customers face.

To further the objective of enabling organizations to understand their position within the marketplace, we have expanded our *EY 2017 Global Payroll Survey* report to include key trends for the human resources department and workforce management. We have also aggregated results in this [interactive portal](#), so you can visualize findings and whether they reflect your organization's situation.

Overall, we expect that the strategy and delivery of payroll will continue to evolve and shift to accommodate the global advancement and growth that many organizations are experiencing today.

As more companies take action, EY will continue to monitor the trending solutions companies are using to deliver accurate payroll across the globe.



**Jeffrey J. Brown**  
Principal, Human Capital  
Ernst & Young LLP  
Houston, Texas

# 1. Global expansion means prioritizing payroll earlier



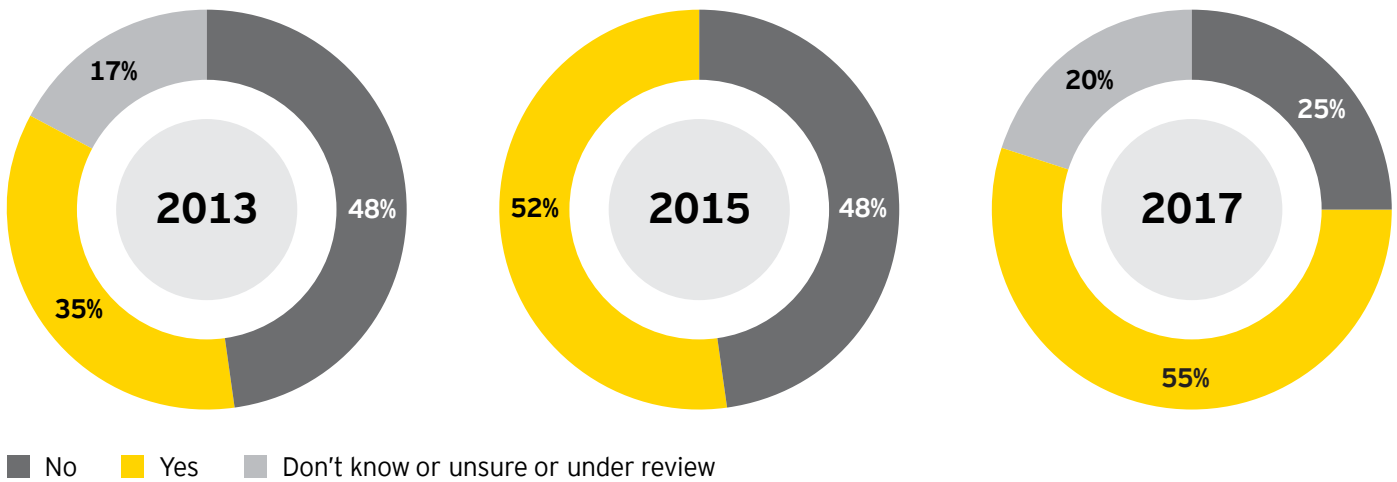
In a mixed economic environment, organizations continue to push the limits of their business operations by chasing organic and inorganic growth opportunities to enter new markets. Although many organizations are already embracing their global models, 55% say they will continue to expand business operations in 2017. This number has grown from 2013, when only 35% of organizations responded positively to this question. We expect to see this grow even further in the future.

More than ever, we are seeing payroll considerations being introduced in the planning phases of business expansion, resulting in the reduction of noncompliance and allowing payroll operations to scale with the business. This year, 84% of organizations report that payroll is included in initial conversations from the planning process to the implementation phase. This is a considerable increase from 2014, when only 38% of organizations reported this same involvement.<sup>1</sup>

This signals shift in the way organizations are viewing payroll. Payroll is no longer seen as a risk, but rather as a risk mitigation tool. Payroll professionals can identify complexity, and provided that they are given advance notice, they can develop solutions to avoid legislative noncompliance and the associated penalties. Furthermore, payroll professionals have insights into data security and protection laws that impact not only payroll systems, but also systems that service HR, finance, tax and other key functions. This helps to improve adherence to data privacy laws and can even help lead to a proactive approach to cybersecurity threats

At the same time, payroll professionals can use real-time payroll analytics to help make more fact-based decisions around talent management strategy, identify fraud and inconsistencies, monitor key performance indicators, and drive process improvements.

### Are you planning to expand your business into new global markets?



<sup>1</sup> EY Global Payroll Survey 2014: One year on and closer to reality?



## 2. Companies are incrementally moving payroll back in-house



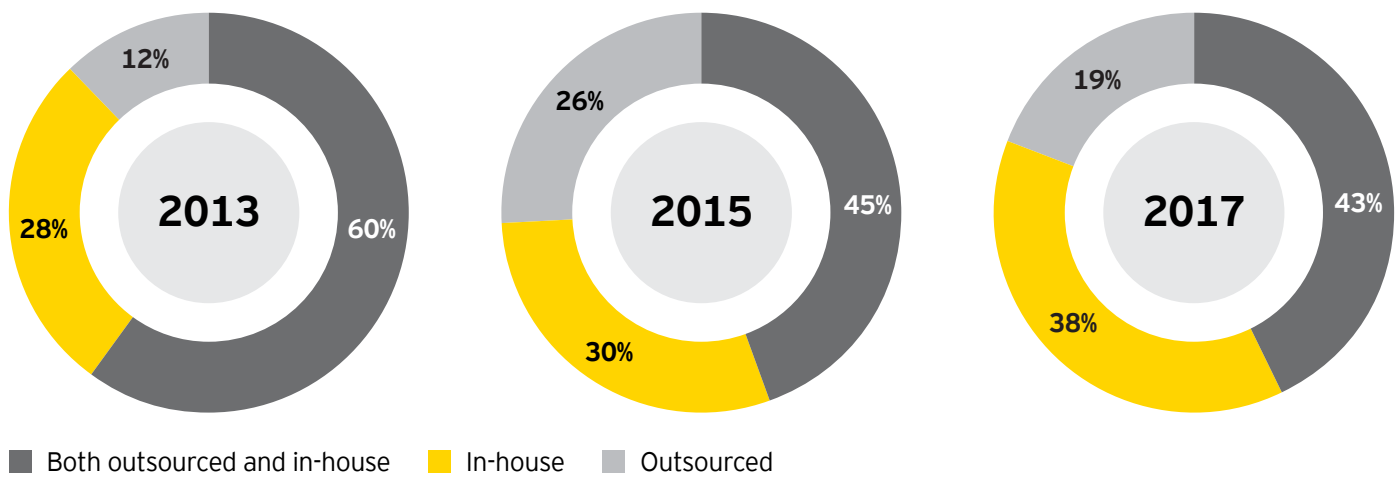


While the respondent population is diverse, one of the consistent and overarching trends our survey shows in 2017 is the transition from outsourced payroll services back to in-house operations. Since our last survey in 2015, the percentage of surveyed companies indicating that their payroll organization is currently serviced in-house has risen eight percentage points, from 30% in 2015 to 38% in 2017. At the same time, the number of companies with

fully outsourced payroll service models has decreased by seven percentage points, from 26% in 2015 to 19% in 2017.

Although we didn't ask survey respondents their rationale for the shift, conversations with our clients suggest that the shift of payroll to a shared service model may be one of the key drivers of the trend.

### Which of the following best describes how your payroll organization is currently serviced?



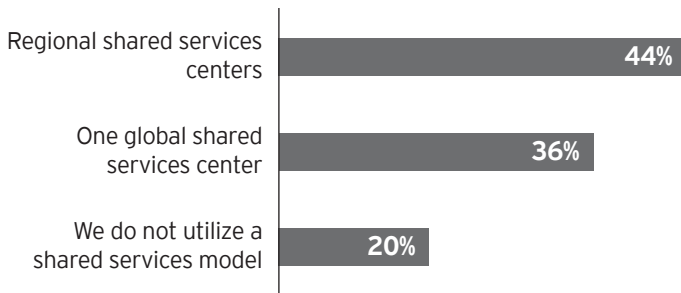
The number of companies with fully outsourced payroll service models has decreased by seven percentage points, from 26% in 2015 to 19% today.

## Shared service centers streamline the payroll process

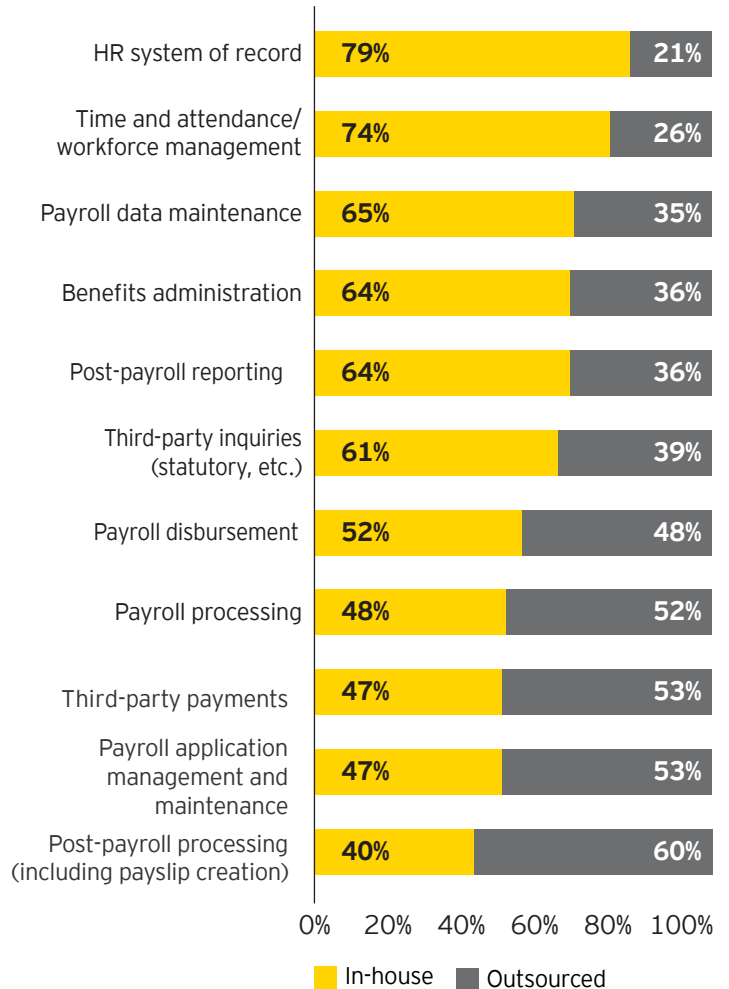
For several years now, organizations have undertaken organization-wide transformations to address the disruptive forces that have fundamentally altered the business landscape. As part of these transformations, organizations have built global and regional shared service centers. This consolidation of data administration and processing tasks across countries has enabled organizations to simplify and create consistency to historically segmented, burdensome processes, such as payroll administration. On the basis of 2017 results, we now see 80% of organizations using a shared services approach, with just over half of those organizations using a regional model.

In fact, if we look at the division of in-house versus outsourced services, we can see that organizations are moving toward a model of commoditization of payroll services, with core data and administrative services staying inside, while post-payroll processing and payroll system maintenance are left for third parties to manage.

### What is your organization's HR shared services approach?



### Which processes are managed in-house or outsourced by your payroll provider?



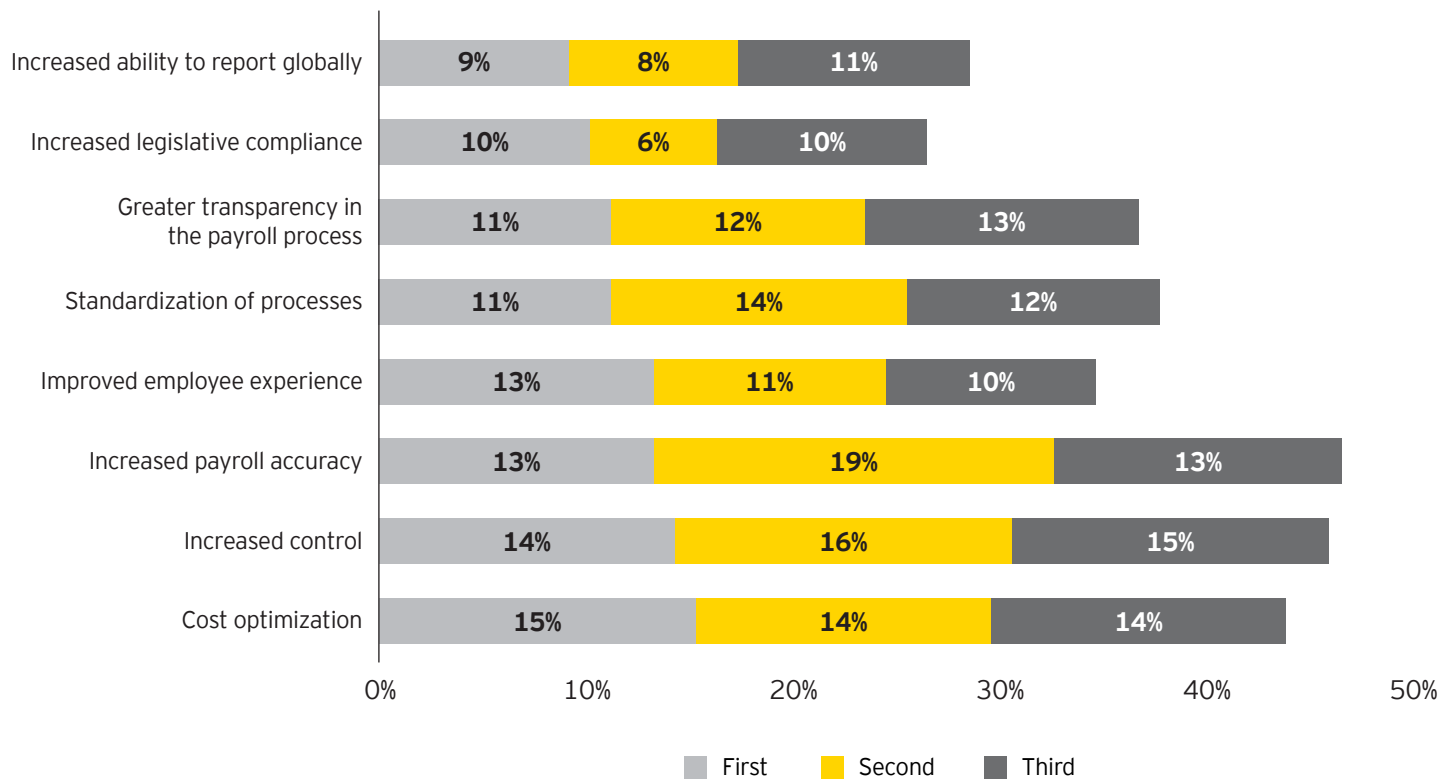


As companies shift their operations and service delivery models, they are seeing new benefits emerge. For 2017, the top benefits realized by organizations stemming from their current service delivery model include increased payroll accuracy (45% of organizations listed this as the top three benefit), increased control over payroll operations (45% of organizations listed this as the top three benefit) and cost optimization (43% of organizations listed this as the top three benefit). Interestingly enough, both cost optimization and payroll accuracy are in the top three vendor

challenges, with 24% of organizations citing these as major challenges impacting their operations.

These benefits are reflective of an increase in in-house operations that utilizes the strengths of shared services to meet their payroll needs.

### What are the top three benefits of your current service delivery model?



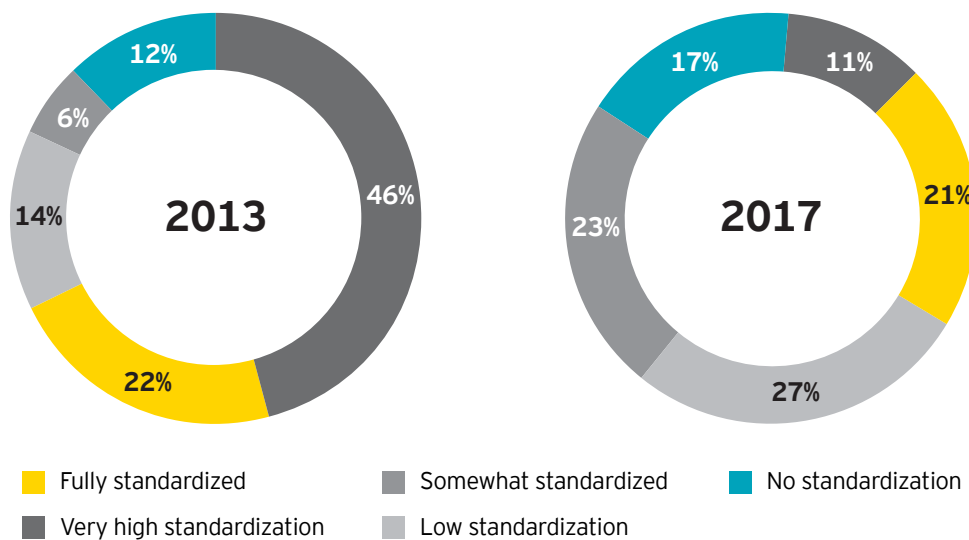
---

## Standardization of payroll delivery slips considerably

Despite the benefits, however, standardization of global payroll delivery has become a growing challenge for organizations. In 2013, 68% of the respondents believed their payroll process are very highly or fully standardized on a global level, however, today that figure is down to 32%. This may be an indication that levels of standardization have declined in the last four years. However, it is equally possible that advances in technology have increased visibility into global processes, which reveal a lower adherence to standardization. Industry consolidation and global business expansion could also be contributing factors to the lower standardization scores.

---

### Which of the following statements best describes how standardized your payroll processes are globally?



---

**32%**  
of respondents believe that their payroll processes are fully or very highly standardized globally, versus 68% in 2013.

---



### 3. Digital technologies will drive the next wave of payroll operations - whether HR is ready or not



The use of emerging digital technologies (RPA, IoT, AI, blockchain, chatbots, etc.) are reaching critical mass across many parts of the organization. Interestingly however, our survey results suggest that HR may be slow to adopt them. When asked whether they currently use or plan to use new technologies, only about a quarter (26%) of survey respondents indicate that they are using RPA. Only one in five (21% and 20%, respectively) respondents are making use of blockchain and AI. These numbers seem particularly low given the growing ubiquity of RPA and AI, with blockchain following quickly behind, to streamline processes and optimize costs across enterprise-wide.

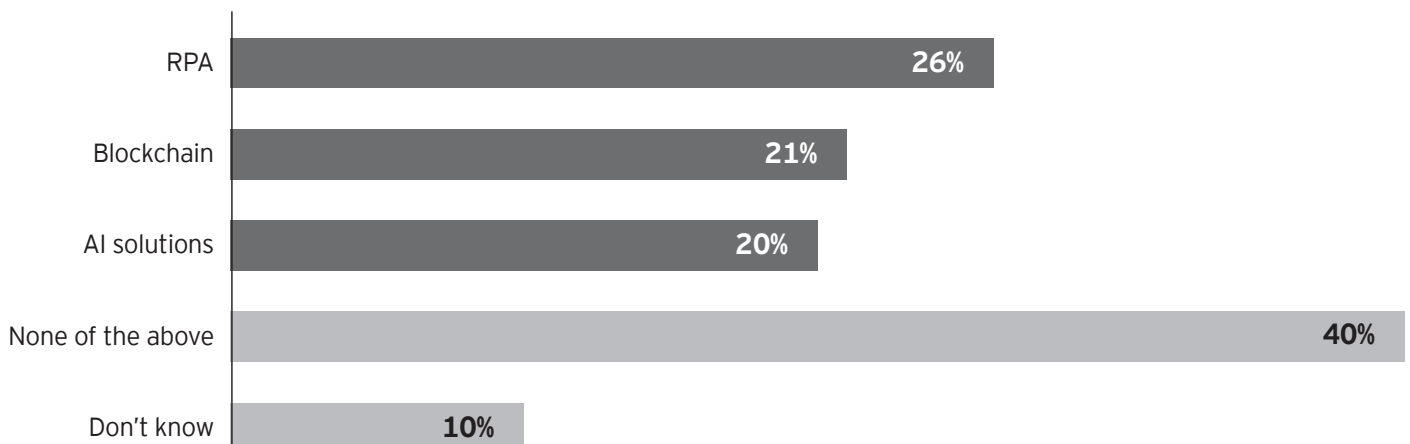
In terms of RPA in particular, organizations may be missing a prime opportunity to address the complex issue of payroll process consistency and legislative compliance. RPA can step in to replace extensive multi-step processes that depend on multiple systems (such as onboarding) or labor-intensive repeatable rules-based processes, or to address data processing errors and data compliance issues. According to a recent EY report<sup>2</sup>, 65%

of HR rule-based processes can be automated using RPA. It has the advantage of achieving as much as 65% in cost savings when compared to an offshore-based full-time employee (FTE) in a shared service center. And it can do repetitive tasks that can gobble up as much as 93% of HR employee's time allowing them to focus on controls around the process, reconciliations and data integrity. Payroll practitioners will also be freer to play a larger strategic role in various initiatives within organization, ensuring that payroll is brought to the table early and often to provide their insight into transformation of adjacent functions and business processes.

By leveraging all that these technologies have to offer, payroll can cease to be a data processing function subject to the concept of "bad data in and bad data out." Instead, it can become a valuable resource helping to produce more accurate financial reporting and more valuable insights into the largest expense for organizations and their people.

---

### Do you currently use or plan to use any of the following technologies in your organization?



---

The use emerging digital technologies (RPA, IoT, AI, blockchain, chatbots, etc.) are reaching critical mass across many parts of the organization.

<sup>2</sup> EY Robotic Process Automation for HR & Payroll, 2016



#### 4. Providers leverage digital technologies to deliver more global solutions, but companies aren't any happier with the service



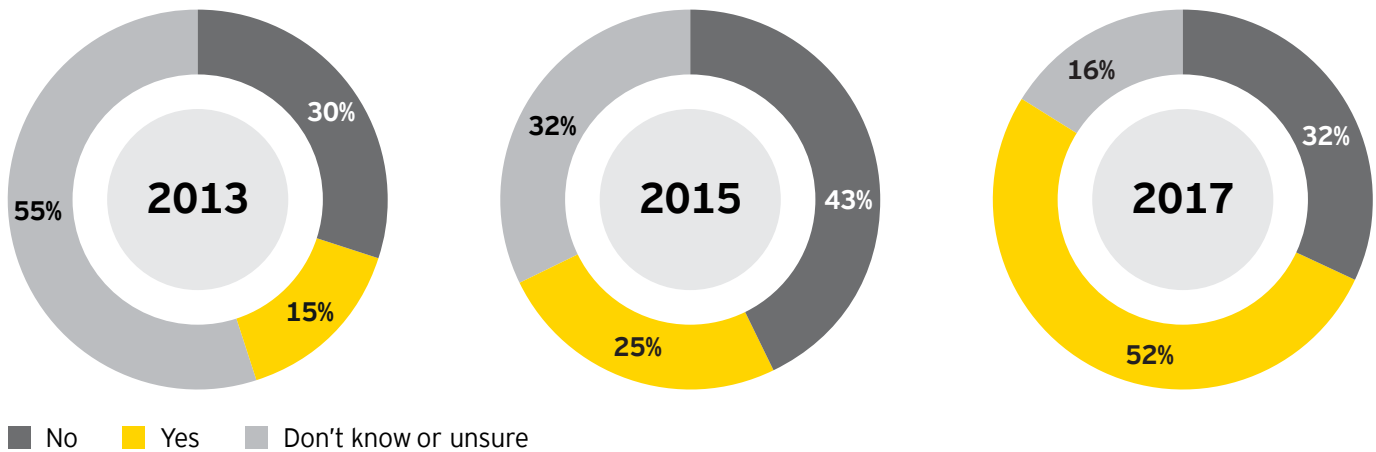
In 2013, we first polled the market place asking whether organizations believed a single provider could meet their payroll needs globally. At the time, only 15% of companies agreed with this statement. In 2017, this number grew to 52%, signaling a key shift within the marketplace. Chief among them, providers have increased their services and capabilities globally, and companies have gained better insights about their global payroll requirements. Additionally, providers have done a better job of educating their buyers about the services and capabilities they offer.

In recent years, providers have listened to their customers and begun to identify and deliver ways of meeting global payroll needs.

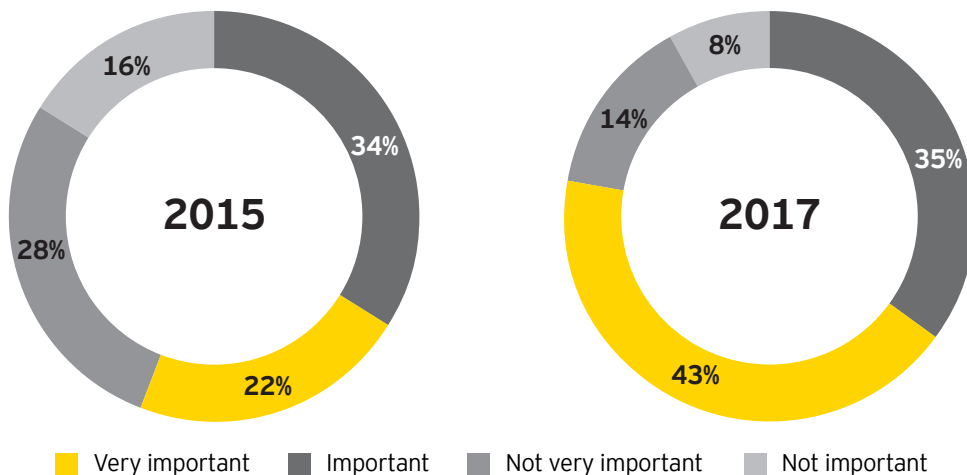
Whether expanding their solutions to encompass new countries or developing new reporting layers to tie together existing systems, providers have evolved to better meet the needs of the marketplace. The payroll landscape in turn, continues to focus on consolidated provider capability and global reporting, with 78% of organizations stating that global delivery through a single provider is important to them.

Payroll providers are just beginning to recognize the advantage and goodwill that a simplified and more intuitive process can give them. This reflects the general trend, in which the workforce is increasingly demanding their workplace experience to replicate their consumer one: easy to use and navigate, full of insight and responsive.

### Do you believe there is a single vendor who can handle all of your payroll needs globally?



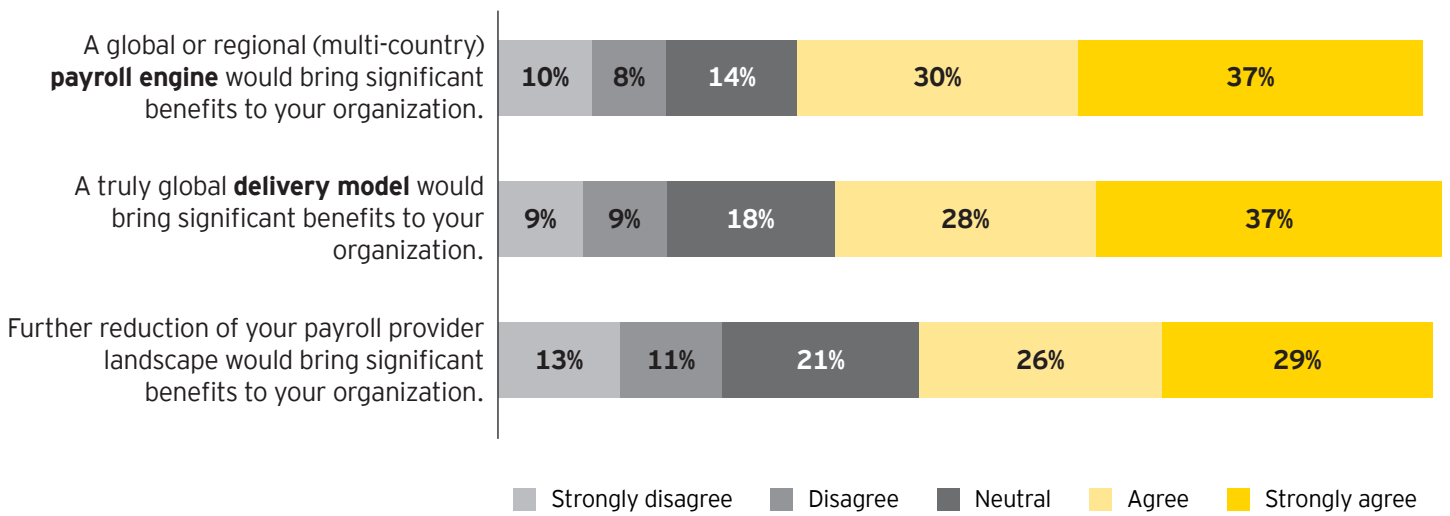
### How important is achieving global payroll delivery through a single vendor?



The developments that providers are making are a welcome change for many organizations as 67% believe a multi-country payroll engine would bring significant benefits to their business. Layered on top of this, 65% agree that a truly global delivery model would bring significant benefits to their organization. With nearly two thirds of respondents looking to reap the benefits a global payroll provider can offer, the international payroll providers have answered the call and begun to deliver.

However, despite the strides global providers have made, there continues to be a need to simplify payroll changes as 55% of organizations believe that further reduction of the number of providers servicing their organization would bring significant benefits to them.

**To what extent do you agree with the following statements?**



**65%**  
of organizations agree that a truly global delivery model would bring significant benefits to their organization.



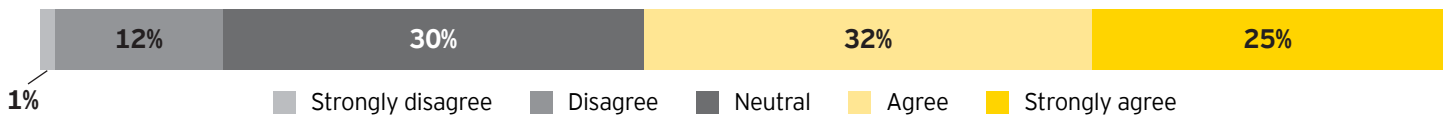
Additionally, even as payroll providers offer more global solutions the data reflects that they seem to still be lagging in several of the key benefits that global delivery is designed to provide, including global reporting and cost optimization.

Although management reporting is listed as the second greatest operational challenge facing payroll, second only to legislative

compliance, providers cannot seem to satisfy client requirements in this regard. Almost 36% of organizations cite their provider's ability to deliver accurate global reporting as fair or poor.

While value for money always consists of an element of subjectivity, only 57% of organizations believe that their payroll provider provides value for its cost.

### To what extent do you agree that your payroll provider offers you value for money?



Further, there is the contentious issue of payroll providers looking to force companies to move from the on-premise HR solutions they've been using for years to a cloud-based solution over the next five years. While this may offer benefits to companies, there are also overwhelming challenges to address, not the least of which are the levels of customization that organizations have made to their on-premise systems that a cloud solution may not address.

That said, companies are beginning to realize that they will have to think about their HR and payroll operations differently than they did in the past. In the 1990s, enterprise resource planning (ERP) systems required huge levels of customization which were and are continuing to be, both costly to maintain and upgrade. The cloud may offer less customization, but it also will cost substantially less to maintain and upgrade. Unfortunately, although HR system providers have given a good deal of thought to their HR solutions, their payroll solutions appear to be something of an afterthought.

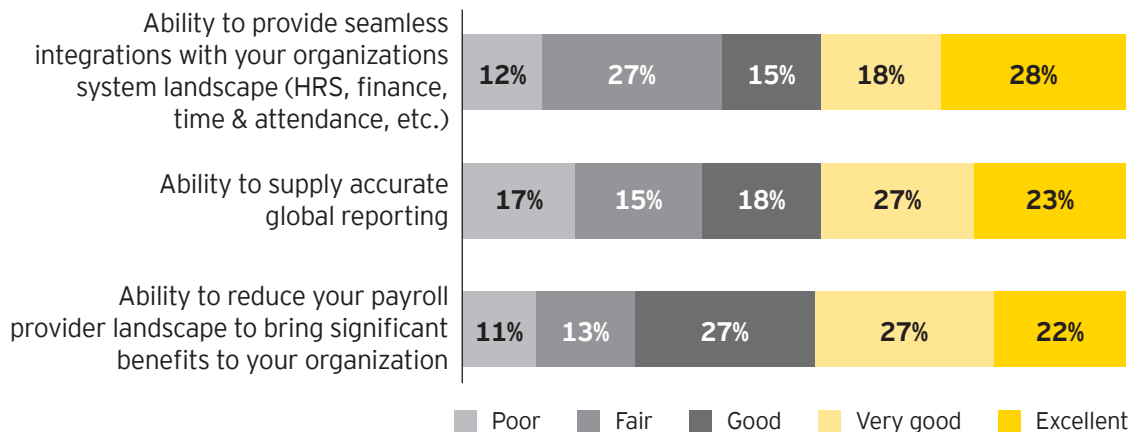
This leaves organizations scrambling to source or develop other solutions that can be integrated into their provider's cloud-based offering.

The result of these shortcomings is that 44% of organizations would not be likely to recommend their payroll vendor. This, coupled with the overall vendor performance rating of 3.39 out of 5, indicates that overall, organizations continue to utilize third parties, but the performance and relationship is not optimal, and the relationship is more of a tolerance than an enjoyment. Only 54% of organizations state that it is easy to conduct business with their vendor. We would suggest that this points to the importance of a strong change management program accompanying the implementation of new systems. By embedding strong training and communications with new process roll out, customer satisfaction with the move from on-premise to cloud solutions could be significantly improved.

### How would you rate the performance of your current payroll provider on the following?

**2015**  
Overall performance  
★★★★★  
3.69 out of 5

**2017**  
Overall performance  
★★★★☆  
3.39 out of 5



# 5. Organizations chart a course for a payroll of the future

The driving forces of globalization, increasing legislative complexity and the accelerating pace of digital technology are prompting organizations to find new ways to operate their payroll function accurately and consistently across all areas of their business.

Organizations are seeing that a single provider is more capable than in previous years of handling their payroll needs globally even if they remain ambivalent about the provider's service or value delivered. However, the data shows the market shifting more of its payroll capabilities in house as organizations continue to consolidate operations into global and regional operating models, and more fully leverage shared service centers.

We also see that the digital technologies that are having pervasive effects enterprise-wide will continue to provide opportunities for organizations to maximize the benefits of RPA and AI. This will improve process standardization and efficiencies globally, as well as address the increasing legislative complexity that remains a top challenge.

The trends identified in this edition of the *EY 2017 Global Payroll Survey* suggest a path of ongoing transformation that will forever alter the face of payroll as we know it – a hugely exciting time for those working both in-house and with third parties.



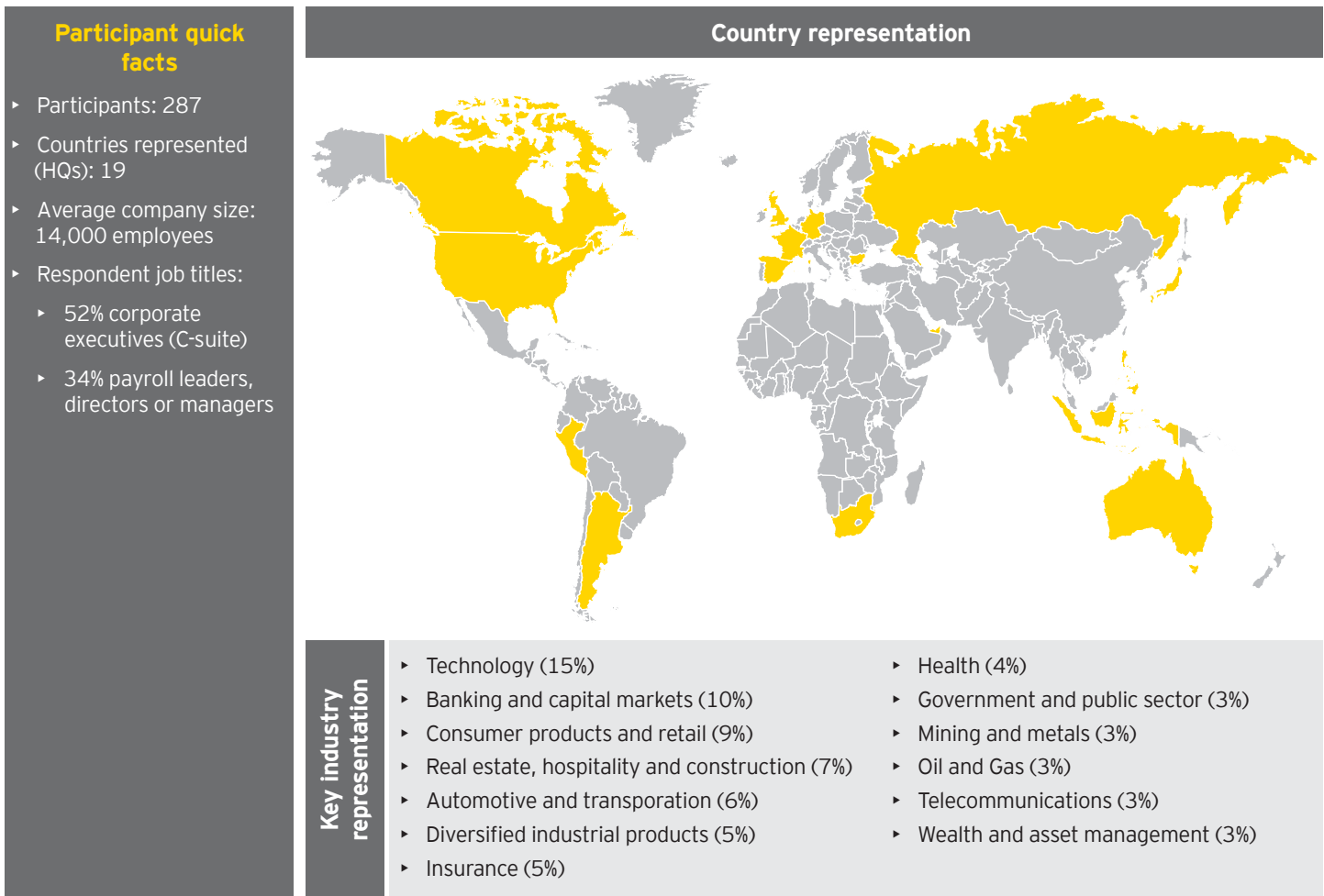
# 6. Survey methodology

This year's survey offers the highest representation of executive responses in its six year lifetime (with 52% of responses stemming from C-suite executives or HR leaders). It also has the highest response rate and broadest reach of respondents when compared to our historical surveys. In 2017, we had 287 respondents from 19 different countries globally, with the majority headquartered in the United States, United Kingdom and India.

In addition to a strong global turnout, we also saw a high variety in the industries represented in our responses. Participants'

organizations display a strong mix of sectors coupled with a diverse representation of company size. While the average respondent population was just under 14,000 employees, responses were widely varied including larger organizations with nearly 500,000 employees.

Overall, the *EY 2017 Global Payroll Survey* witness the largest and most diverse range of respondents we have had to date, providing strong insight into the trends and realities facing the global payroll marketplace.







## EY | Assurance | Tax | Transactions | Advisory

### **About EY**

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit [ey.com](http://ey.com).

### **About EY's People Advisory Services**

As the world continues to be impacted by globalization, demographics, technology, innovation and regulation, organizations are under pressure to adapt quickly and build agile people cultures that respond to these disruptive forces. EY People Advisory Services believes a better working world is helping our clients harness their people agenda – the right people, with the right capabilities, in the right place, for the right cost, doing the right things.

We work globally and collaborate to bring you professional teams to address complex issues relating to organization transformation, end-to-end employee life cycles, effective talent deployment and mobility, gaining value from evolving and virtual workforces, and the changing role of HR in support of business strategy. Our EY professionals ask better questions and work with clients to create holistic, innovative answers that deliver quality results.

© 2018 EYGM Limited.

All Rights Reserved.

EYG no. 00411-183GBL

BMC Agency

GA 1006731

ED None.

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax or other professional advice. Please refer to your advisors for specific advice.

[ey.com/PAS](http://ey.com/PAS)