



Market Analysis

Payroll Services: Transformation and Digitalization

Report Abstract

October 2023

By Elizabeth Rennie

Principal Analyst

NelsonHall

65 pages

Contents of Full Report

1. Changing Market Dynamics
 2. Customer Requirements
 3. Market Size & Growth
 4. Vendor Market Shares
 5. Vendor Offerings & Targeting
 6. Vendor Delivery
 7. Vendor Capability Summaries
 8. Vendor Challenges & Success Factors
- Appendix I – Glossary & Definitions

Who is this Market Analysis for?

NelsonHall's report is a comprehensive market assessment report designed for:

- Sourcing managers investigating sourcing developments within the payroll services and payroll technology market
- Vendor marketing, sales, and business managers developing strategies to target opportunities in the payroll services marketplace
- Financial analysts and investors specializing in the HR technology and services sector, including managed payroll services.

Key Findings & Highlights

NelsonHall's market analysis of the Payroll Services: Transformation and Digitalization market consists of 66 pages. The report focuses on multi-year payroll services contracts.

Digitalization of the payroll function is continuing apace in pursuit of greater efficiencies and continued growth. With ongoing cost pressures for businesses as well as employees, effective and robust payroll management is expected to be a key focus area for decision makers, and is critical for ensuring positive employee experiences. Business leaders will continue to be laser focused on the visibility of payroll costs.

NelsonHall estimates the global standalone payroll services growth driven by the need to support business change, consolidate and upgrade technology and/or vendors, and digitalize processes while providing a rich employee experience.

The multi-country payroll market is maturing, but continues to outpace single-country adoption ~2.5x and is being driven by the demand to support a common operating model, simplified landscape, and greater control of payroll processes globally. The global growth has also driven existing buyers with expanding needs in new geographies. Those vendors offering multi-country services continue to invest in inhouse direct delivery once they have scale, rather than relying on local partners.

Treasury services adoption has grown.

Over the last 12 months, vendors made further investments in pay card and earned wage access offerings and expanding financial wellness offerings. Payroll cycles are getting shorter and payroll processes are requiring fewer clicks. Auto-payrolls, predictive cost projections, and payment options that include treasury and complete the full payment are also key trends.

Vendors' global payroll delivery is expected to radically change as generative AI use cases are applied to the process. Payroll processes are ripe for change given the rules-based nature of payroll engines. Vendors are increasingly investing in centralized reporting and processing platforms to drive data insights as well as building native global payroll engines.

Looking ahead, additional developments for launching mobile applications to support global payroll solutions are expected over the next year.

Generative AI solutions will increasingly be used to support payroll processes and predictive payroll, with some already being piloted.

Payroll vendors are increasingly investing in global payroll to support growing client needs. The multi-country payroll market has traditionally been heavily dominated by vendors that offer managed services, and SaaS-type global payroll offerings have emerged where buyers are not required to change local payroll vendors to support a global service delivery model. It is expected that global managed payroll services will have higher demand than SaaS-based global payroll as buyers look for ownership of a global service to take total control of the payroll accuracy and reduce compliance risk, which is paramount as a critical business activity. However, multi-country managed service providers expected to increasingly offering a more flexible services offerings tailored to country needs. Multi-country payroll vendors will increasingly invest in global time solutions that integrate with global payroll to help drive efficiencies and improved experiences.

Scope of the Report

The report analyzes the worldwide market for payroll services and addresses the following questions:

- What is the market size and projected growth for the payroll services market by geography?
- What are the top drivers for adoption of payroll services?
- What are the benefits currently achieved by users of payroll services?
- What factors are inhibiting user adoption of payroll services?
- What pricing mechanisms are typically used within payroll service contracts and how is this changing?
- Which are the leading payroll services vendors globally and by geography?
- What combination of services is typically provided within managed payroll services contracts and what new services are being added?
- What is the current pattern of delivery location used for payroll services and how is this changing?
- What are the challenges and success factors within payroll services?

Payroll Services Vendor Assessments available for:

ADP

Alight Solutions

CloudPay

Infosys

isolved

Neeiamo

OneSource Virtual

Paybix

Paychex

Popay

Ramco

Safeguard Global

SD Worx

TMF Group

UKG.

About The Author

Liz Rennie is the HR Technology and Services Research Director with global responsibility for key HR research projects, including Payroll Services and Cloud HR Transformation, as part of NelsonHall's wider HR Technology & Services practice.

In this key role, Liz assists both buy-side and vendor organizations in evaluating opportunities and capability to support HR and benefits transformation through deploying cloud-based services and redesigning HR service delivery to leverage the latest technologies offered by mobile, AI, blockchain, and robotics.

Liz can be contacted at:

- Email: elizabeth.rennie@nelson-hall.com
- Twitter: [@erennie_](https://twitter.com/erennie_)



About NelsonHall

NelsonHall is the leading global analyst firm dedicated to helping organizations understand the 'art of the possible' in digital operations transformation. With analysts in the U.S., U.K., Continental Europe, and Asia, NelsonHall provides buy-side organizations with detailed, critical information on markets and vendors (including NEAT assessments) that helps them make fast and highly informed sourcing decisions. For vendors, NelsonHall provides deep knowledge of market dynamics and user requirements to help them hone their go-to-market strategies. NelsonHall's research is based on rigorous, primary research and is widely respected for the quality, depth, and insight of its analysis.

We would be pleased to discuss how we can bring benefit to your organization. You can contact us via the following relationship manager: Guy Saunders at guy.saunders@nelson-hall.com

Boston

Riverside Center, 275 Grove Street, Suite 2-400, Newton Massachusetts 02466
Phone: +1 857 207 3887

London

29 Rose Hill
Binfield
Bracknell, RG42 5LH
Phone: +44(0) 208 638 7282

Paris

115 rue de Reuilly,
75020 Paris
Phone: + 33 (0)6 23 81 17 54

Copyright © 2023 by NelsonHall. All rights reserved. No part of the publication may be reproduced or distributed in any form, or by any means, or stored in a database or retrieval system, without the prior written permission of the publisher. The information provided in this report shall be used only by the employees of and within the current corporate structure of NelsonHall's clients, and will not be disclosed to any other organization or person including parent, subsidiary, or affiliated organization without prior written consent of NelsonHall. NelsonHall exercises its best efforts in preparation of the information provided in this report and believes the information contained herein to be accurate. However, NelsonHall shall have no liability for any loss or expense that may result from incompleteness or inaccuracy of the information provided.