



HCM Technology

# Paychex

## Report Abstract

July 2021

Pete A. Tiliakos

HR Technology & Services Research

Director

NelsonHall

14 pages

## Contents of Full Report

1. Background
2. Revenue Summary
3. Key Offerings
4. Delivery Capability and Partnerships
5. Target Markets
6. Strategy
7. Strengths & Challenges
  - 7.1. Strengths
  - 7.2. Challenges
8. Outlook

## Who is This Vendor Assessment For?

---

NelsonHall's HCM technology profile on Paychex is a comprehensive assessment of its offerings and capabilities, designed for:

- Sourcing managers monitoring the capabilities of existing suppliers of HCM technology platforms and identifying vendor suitability for RFPs
- Vendor marketing, sales, and business managers looking to benchmark themselves against their peers
- Financial analysts and investors specializing in the HR technology and services sector.

## Key Findings & Highlights

---

Paychex (NASDAQ: PAYX), founded in 1971 and headquartered in Rochester, NY, is a provider of human capital management solutions, offering HR, payroll, benefits, and insurance services for small- and mid-sized businesses primarily throughout the U.S. and in select countries of Northern Europe. It is currently both the largest 401(k) recordkeeper (by total plans administered, currently >98k plans & >1m plan participants) and the 28th largest insurance agency in the U.S., managing ~\$2.6b in premiums annually.

Paychex offers a comprehensive suite of HR technology and managed services; each is enabled through its proprietary HCM technology, including:

- HR outsourcing services (HR, payroll, benefits)
- PEO services (co-employment model)
- Retirement planning services
- Insurance services.

As of May 31, 2021, Paychex employed ~15k workers across its businesses and supported >710k clients and ~1.7m client worksite employees, providing payroll to an estimated 1 in 12 U.S. private-sector workers.

Paychex Flex is a mobile-enabled, HCM platform technology offering built on a unified framework and delivered as a cloud-native, multitenant solution. The current configuration supports the U.S. and includes both English and Spanish languages. Paychex Flex consists of the following suite of modules, including:

- HR Records (HRIS)
- Payroll
- Recruiting and Applicant Tracking
- Onboarding
- Performance Management
- Learning Management
- Time and attendance
- Expense Management
- Benefits
- Retirement

Paychex targets small and middle-market clients (generally <5k) for its technology and service offerings. However, its solutions and platforms can scale to support larger middle market clients (>5k). As of May 31, 2021, Paychex supported ~710k U.S.-based small and midsized businesses, with ~80% actively leveraging its Paychex Flex HCM technology.

## Scope of the Report

---

The report provides a comprehensive and objective analysis of Paychex HCM Technology offering, capabilities, and market and financial strengths, including:

- Identification of the company's strategy, emphasis, and new developments
- Analysis of the company's strengths, weaknesses, and outlook
- Revenue estimates
- Analysis of the profile of the company's customer base including the company's targeting strategy and examples of current contracts
- Analysis of the company's offerings and key service components
- Analysis of the company's delivery organization including the location for key centers.

## **HCM Technology Vendor Assessments also Available for:**

---

ADP

AscentHR

Ceridian

Cornerstone OnDemand

HiBob

Infor

isolved

Namely

Neeiamo

Paycor

PeopleStrategy

Sage Group

SAP/SuccessFactors

UKG

Workday

## About The Author

Pete is HR Technology & Services Research Director at NelsonHall, with shared responsibility for HR Services research globally with Nikki Edwards and Liz Rennie. Pete covers HR Services research in payroll services, global employer of record services, and HCM technology.

Pete has been part of NelsonHall's HR Services analyst team since 2016, providing comprehensive and insightful coverage of HR services markets in the world. In particular, he is known for his extensive knowledge and coverage of the global payroll outsourcing market. Pete assists both buy-side and vendor organizations in assessing opportunities and supplier capability across HR service lines.

Pete can be contacted at:

- Email: [pete.tiliakos@nelson-hall.com](mailto:pete.tiliakos@nelson-hall.com)
- Twitter: [@petet\\_NH](https://twitter.com/petet_NH)



## 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., and Continental Europe, 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. And 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](mailto:guy.saunders@nelson-hall.com)

### Boston

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

### London

Unit 6, Millars Brook, Molly Millars Lane, Wokingham, RG41 2AD  
Phone: + 44(0) 203 514 7522

### Paris

4 place Louis Armand, Tour de l'Horloge, 75012 Paris  
Phone: + 33 1 86266 766

Copyright © 2021 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.