



Zalaris Next Generation Payroll Services

**Vendor Assessment
Report Abstract**

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**By Pete A. Tiliakos
Principal Analyst
NelsonHall**

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Who Is This Vendor Assessment For?

NelsonHall's Payroll Services Vendor Assessment for Zalaris is a comprehensive assessment of Zalaris' payroll services offerings and capabilities designed for:

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

Key Findings & Highlights

Zalaris, founded in 2000 and headquartered in Oslo, Norway, is an HR outsourcing and consulting service provider of cloud-based HR solutions, which targets its services to organizations across the Baltics, Nordics, Poland, the U.K., Ireland, and the DACH region.

Zalaris entered the multi-process HR services market in 2001 following its contract win with Relacom, serving 7k employees in Norway. At the same time, it established its first service center in Lodingen, Norway with transferred staff from Relacom. In 2003, Zalaris implemented its first SAP-based payroll clients in Denmark and Sweden and entered the Finnish market as part of its agreement with Exxon Mobil.

Today, Zalaris' services extend across Europe, including the Nordics, the Baltics, Poland, the U.K., and the DACH region. Its cloud and multi-process HR services focus on SAP SuccessFactors.

Zalaris is organized into the following business segments:

- AMO & Consulting services: includes project management, implementations of SAP HCM and SAP SuccessFactors, and business support
- Cloud services: includes SAP HCM and SAP SuccessFactors support and maintenance, mobile solutions, and business execution support such as goal management, talent management, e-learning, performance reviews, skills planning and development, compensation management, digital personnel archive, HR analytics-as-a service, and HR advisory services including process consulting, HR operating model optimization, business case justification, and various assessment services pre, during and post go live.
- HR outsourcing services (offered in four service levels), including:
 - Zalaris smartHR cloud-based hosted technology solution: powered by SAP HCM and SAP SuccessFactors; the client maintains processing for HR, payroll, accounting, and tier 1 support and staff
 - Payroll processing: includes running payroll and distributing output by Zalaris; the client maintains input and reporting
 - Full-service payroll and travel expenses: end-to-end payroll services including time, sick leave refunds and employee helpdesk; compliance reporting for all in scope countries, maintenance of HR and employee data can be performed by the client or Zalaris

- Comprehensive transactional HR and payroll: end-to-end transactional HR processes including employee master data, payroll, travel expenses, document management, time and attendance, benefits management, pension administration, inpat/expat, reconciliation. and employee helpdesk; typically includes the transfer of staff to Zalaris under TUPE. This profile focuses specifically on Zalaris' payroll outsourcing services capability.

As a multiprocessor HR services provider, Zalaris' payroll services offering is part of a broader HRBPaaS offering. Therefore, ~90% of its client base tends to engage Zalaris for payroll plus at least one or more services. Its core bundle is focused on providing HR transactional processes such as payroll, time and attendance, and travel expense processing - most new clients, start with a core bundle of all three of these elements. ~10% of its clients take payroll as a standalone solution, often expanding the scope upon renewal.

Zalaris' payroll offering is comprised of four core services levels, including:

- Comprehensive services:
 - Transactional HR processing: including employee master data, payroll, travel, and time and attendance
 - Full mobile support for all key process including travel and expense, time and attendance, and supporting approvals
 - End to end payroll processing
 - Gross to net payroll calculation
 - Payroll print and distribution
 - Full compliance reporting to governmental agencies and insurance and pension providers
 - Travel and expense administration
 - Employee payroll helpdesk
- Full-service payroll:
 - End to end payroll processing
 - Travel and expense administration
 - Employee payroll helpdesk
 - Reconciliation
 - Expat/inpat
 - Full compliance reporting
- Payroll processing:
 - Gross to net payroll calculation
 - Payroll print and distribution
 - Payroll treasury services

- (Launched 2018), now standard for all clients, including options for payroll funding on Zalaris accounts or drawn on client accounts based on ISO20022
- Cloud/SaaS:
 - Hosted multitenant payroll cloud on Zalaris smartHR (SAP SuccessFactors).

The company's average payroll contract length is five years, though Zalaris does have some existing seven-year multi-process HR BPaaS contracts, and continued extensions to existing contracts. Pricing models for its payroll contracts include a mix of PEPM and transaction-based (per pay slip) pricing; consulting and implementation is generally a fixed price approach based on contract scope.

Zalaris' payroll services exclusively leverage its proprietary smartHR technology, built on SAP SuccessFactors. For clients leveraging Workday or Oracle HCM Cloud for core HR, Zalaris will provide pre-built integration from SuccessFactors back to these systems of record. It also has integrations with workforce management providers (e.g., TimeGrip and Quinyx) and various travel and expense providers (e.g. ProMark and Kaba).

Today Zalaris has ~800 employees providing HR consulting, cloud, and HR BPaaS services across several delivery centers in Europe and India; ~500 FTEs are dedicated to payroll services specifically. Zalaris' payroll services are delivered ~70% onshore and ~30% nearshore/offshore.

Zalaris processes and services its client base nearly entirely within its own delivery infrastructure and systems, engaging partners on a limited basis in select countries.

Historically, Zalaris primarily targeted small and mid-market organizations based in the Nordics for its HR and payroll services. However, Zalaris now targets organizations throughout 13 European countries, with at least 1k employees in one country.

Its acquisition of ROC and Sumarum AG have provided it entrants and presence in the U.K. and Germany markets, respectively. As a result, Zalaris is actively targeting buyers headquartered in these countries and expanding its operations there in support of anticipated growth (e.g., new Dublin Ireland center).

Zalaris provides payroll services to 209 clients, derived primarily from the middle and large market segment, and produces ~1.1m pay-slips monthly.

Its payroll deals are increasing including more MNC organizations seeking multi-country payroll solutions. Zalaris' payroll deals average 3 or more countries in scope; its multi-country client base is derived as follows:

- Single country: ~86%
- Multi-country (>2 countries): ~11%
- Multi-region (>2 regions): ~1%
- Global (>3 regions): ~1%

Zalaris targeting and offering is industry agnostic, thus its client base is comprised of organizations across a wide range of industries. Exhibit 4 provides an estimated breakdown of Zalaris' clients by industry.



Scope of the Report

The report provides a comprehensive and objective analysis of Zalaris' Next Generation Payroll services offering, capabilities, and market and financial strength, 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 of delivery locations.

Contents

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

Report Length

12 pages

Report Author

Pete A. Tiliakos

Pete.Tiliakos@NelsonHall.com

Next Generation Payroll Services Vendor Assessments also Available for:

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