BUILDING A BUSINESS CASE FOR YOUR NEW GLOBAL PAYROLL SOLUTION

ADP

Always Designing for People®

Secure budgetary buy-in for payroll transformation

It's always a milestone moment in your career when you've wrapped up your research and are ready to advocate for a strategy that you know has tremendous transformative potential for your organisation globally. Payroll is a company's biggest outgoing expense and arguably its most sensitive business-critical function. So, there's a lot on the line as you put your name to the business case for your selected payroll solution and vendor.

Even though you may be convinced that now is the ideal moment to transform payroll, you still face the challenge of winning hearts, minds and a long-term commitment to monetary backing. Enter the business case.

The business case you create for justifying investment in your new global payroll strategy sets the tone for the project's future success. It's a group-wide and in-country initiative that involves the C-suite, HR, finance, IT, legal, procurement — and ultimately affects every single employee.

Whether you intend to use an in-house proforma or take inspiration from the plethora of templates out there, in this document we provide guidance on the rationale and methodology for developing a business case for global payroll management, based on our over 70 years' experience.

Before you put pen to paper ...

Have you (or your predecessors) been here before? To maximise your chances of success, try to find out if a similar business case has crossed the desk of your C-suite previously — and why it presumably didn't meet with success.

What reservations did business leaders raise in the past, and what makes the situation uniquely different now? (Aim to address these points head-on in the 'executive summary' section).

Identifying the stakeholders with a say in payroll transformation

It's rare nowadays for there to be an overall 'owner' of payroll within a global organisation. So, it's wise to dedicate time to consider all the different stake — and budget — holders who will have a say in the decision to implement the new solution. (This is especially important if your organisation's budgets have been decentralised so that regional payroll leaders' views hold equal sway in the outcome).

Beyond the board of directors, think laterally

Gathering insight from your key stakeholders before approaching C-level leaders will add ballast to your arguments for new payroll technology and a new approach.

Canvass the opinions of representatives from your existing HR and payroll teams

Speak to HR and payroll leaders across your organisation to understand specific areas of risk and opportunity that your strategic approach will address. Peppering your business case with such real-life perspectives will personalise and fortify your claims.

Consider your approach if your company has a Technology & Security Buying Committee

Traditionally, IT specialists have taken the lead in tech buying decisions, but with today's security and privacy environment, a trend has emerged for other individuals to join these decision-making committees. Consider carefully how to appeal to this potentially eclectic group (and don't forget, when it comes to payroll, all employees have a vested interest as 'end users').

Know your customer

The more you customise your document for your readers, the more likely it will result in a decision to purchase the new payroll solution. This goes for presentation as well as content. Try to anticipate the format that's most likely to appeal to individual stakeholders and tailor your document to their preferences. An executive summary should be short and easy to read, with key points upfront. A more detailed business case document with supporting details is needed for presentation to a larger audience.

Here are some examples to consider:

Internal stakeholder	Key points of the strategy
Regional HR Director	- Technology and automation foundation that supports the business today and into the future - Reporting and metrics to drive business decisions - Modern practitioner, manager and employee experience
Chief Transformation Officer	- Specific workforce insights that could inform or inspire cross-functional transformational projects elsewhere in the business - Simplified business continuity and disaster recovery with fewer vendors
IT Director	- Mitigating the increased cybersecurity risk arising from today's more remote workforce - Compatibility with your organisation's existing single sign-on authentication
Chief Finance Officer	- The benefits of more value-driven integrations with financial/accounting software - In-depth financial analysis of the short-term and long-term cost savings (for example, a company-specific total cost of ownership report)
Board of Directors/ C-suite	- Factors aligning with company-wide goals or leaders' aspirations towards digitalisation - Cost efficiencies helping to boost the bottom line (and appeal to investors) - Efficiency-boosting initiatives that will increase company agility and speed of entering target markets - The impact on employees and how this translates to a long-term competitive advantage

Countering in-country opposition to global payroll management

You'll inevitably encounter some resistance from change-averse individuals when you present your business case. If you're an HR or finance manager at the corporate group level, you may find that regional leaders are reluctant to support the introduction of a global payroll strategy. This could be down to various factors. They may simply think the current set-up is adequate. They may feel that they can't spare the resources needed for implementation or be unwilling to commit to a budget to support a global payroll solution.

If payroll budgets are owned locally, you should take care to research and highlight the benefits both at a group level — for example, how a vendor such as ADP has the experience and resilience to help companies deal with increasing compliance complexity — as well as at an in-country or regional level. Your local HR counterparts will be critical to the success of your business case, so look for ways to engage them from the start of your project's research phase, as vitally important partners.

Structure your business case

1

Start with an executive summary, where you define your business goals and articulate the problem(s) you're trying to solve with a global payroll solution. These could include the inability to access reliable workforce and payroll data due to disparate technology scattered across multiple providers and in-house solutions, or the fact that payroll operations and service delivery are operating locally without regional or global governance. Clearly state the benefits of a global payroll management strategy and how it will achieve your business goals.

2

Outline your evaluation process and state the methodology you've used to capture the data to analyse your organisational needs and assess whether a new solution is required. You could, for instance, include auditing meetings, shadowing payroll practitioners, interviewing employees, meeting with the Finance Committee to identify current total payroll costs, consulting with IT to understand mission-critical payroll system connection points, or gathering peer input on best practices, functionality needs and vendor recommendations.

3

Present your evaluation findings, drawing on the data and requirements you've collected. A current state snapshot with key points would be useful here.

For example: *"Operations across 25 countries are handled by 16 different payroll vendors using a combination of outsourced vendor solutions, in-house solutions and spreadsheets. Payroll is managed by a single payroll practitioner in # countries, resulting in a single point of failure should there be turnover in the role. In three countries, there is an automated time and attendance system and in all other locations time is tracked manually via spreadsheets."*

4

Evaluate the expected return on investment (ROI), including your own company's figures — and be ready to defend this quantitative analysis.

5

Encapsulate the business benefits by highlighting the ways that your proposed vendor, or strategy if not yet selected, will help you meet your business objectives and reduce risk.

6

Deployment strategy and implementation Here you could list the required internal resources and key milestones leading up to the go-live date, along with the cluster of countries you plan to launch together and the approach to implementing your desired service model. Will you include all locations, or a single region or group of countries based on another factor?

Sample

"The 30 percent growth in head count in existing markets (rising to 43 percent in newly entered markets) has put immense strain on our current payroll teams and processes, and sourcing the salary data needed for senior-level reporting is proving impossible."

Payroll reporting inefficiencies:

- *We need to access 5 different systems to create a report*
- *HR/payroll teams receive on average 18 report requests a week*
- *Over 40 hours a month are spent on report generation*

Evaluate the expected ROI

Focus on cost efficiencies: break down the investment and clear cost gains

There are many possible ways to set out the investment summary section of your business case, but at a minimum, you should aim to illustrate clearly the following high-level points.

Investment summary

If you plan to restructure your payroll function as part of the move to your new global payroll solution (relocating staff to a regional shared service centre, for example), include this cost breakdown in this section.

Baseline/current costs	
Annual fees	USD $XXX,XXX
Non-compliance fines and legal fees	USD $XXX,XXX
Legacy system maintenance (patches, security, hardware)	USD $XXX,XXX
Service and labour costs	USD $XXX,XXX
Proposed/future costs	
Set-up/implementation fees	USD $XXX,XXX
Annual fees	USD $XXX,XXX
Annual savings	USD $X,XXX,XXX

**Make sure your annual savings are totalled over at least a three-year period.**

Alongside your internal financial analysis, aim to populate your business case with as much company-specific information as you can. Has your chosen payroll vendor provided a total cost of ownership (TCO) or cost-benefit analysis report for you? If so, incorporate this into your findings (including both hard costs — comparing the current and future technology and labour costs — and soft costs, which demonstrate expected savings through cost avoidance and cost reduction). You could also check to see if your vendor has commissioned Forrester to conduct a Total Economic Impact™ (TEI) study that will illustrate potential cost savings when purchasing their global payroll solution.

ADP, for example, commissioned Forrester Consulting to conduct an independent Total Economic Impact™ (TEI) study to examine the potential return on investment for international organisations using ADP Global Payroll. Forrester found that after investing in ADP Global Payroll, our clients gained a single, unified global payroll solution, fully integrated with their HR management platforms.

Your justification for global payroll will be unique to your business, but many companies cite challenges in improving data security, data integrity, data visibility and measurement, and include better governance, business continuity, efficiency, scalability and unified user experience as benefits.

Business leaders will naturally home in on the upfront cost of purchasing the new solution. But the decision to outsource payroll is multi-faceted. In fact, most industry analysts advise against outsourcing any business function based on cost alone.

Forrester finds that ADP Global Payroll can boost your bottom line[1]

ROI **131%**		NPV **$6.80M**		Benefits **3 years**

	Benefits PV **$12.01M**		Payback **14 months**	
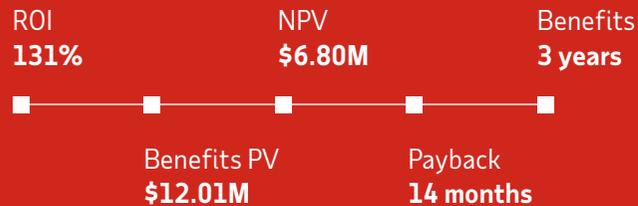
Benefits (Three-year)

$6.6M

Compliance cost avoidance

$2.3M

Payroll process efficiency gain
(small country on managed service)

$915.7K

Payroll process efficiency gain
(large country on managed service)

$2.1M

Direct cost avoidance (legacy solution)

Highlight the hidden costs and residual risks of staying put

Expose the true expense and experience of dealing with your current payroll system

Your peers and board members will likely have limited knowledge or visibility into the reality of running payroll. Your business case should spell out what the current situation is — warts and all — and the risks your company is routinely exposed to from inherent weaknesses and restrictions in your payroll function.

Dedicate a section of your document to cover all the hidden costs and risks of your current payroll system. For example:

- **Time currently spent on manual activities that could be automated.** Speak to your payroll team and source examples to evaluate the cost savings of automating such payroll processing administration.

- **Process inefficiencies and errors** leading to rework and payroll re-runs (the number of times that unnoticed mistakes cause you to have to issue off-cycle payments). If you have existing payroll KPIs, include this data on your current payroll accuracy rate in this section.

- **The costs of your legacy payroll solution.** Quantify what you're spending on training staff, technical support, logging tickets, upgrades and running in-house servers, alongside a lack of uptime predictability if your payroll systems are on-premise. Make sure to multiply this cost by the number of countries where you have employees.

- **FX charges.** Currency fluctuations and conversion costs all add up.

- Don't overlook the labour costs of **staff outside the payroll function itself,** who are routinely (or even occasionally) drawn into supporting the payroll team's work. The involvement of colleagues from finance, legal, IT and procurement departments when sourcing payroll vendors in new markets are a few examples.

- **The considerable costs of keeping up with compliance.** Ever-increasing volumes of labour-related regulations, mounting data privacy laws globally, and a huge rise in cybersecurity crime with employees working remotely all represent an added toll on your HR and payroll teams. Contextualise the cost in monetary terms.

- **The complexity of disaster recovery and business continuity in your current multi-vendor configuration.**

- **The wide spread of payroll practitioners in the current operating environment.** A decentralised payroll operation limits the ability for cross-training and backup of key payroll staff.

Showcase your strategic thinking

Consider whether this transformation represents an opportunity to change your current service delivery model. At ADP, we recommend that clients deploy the new service model alongside the technology in parallel.

Outline the service delivery model you want to develop or introduce (e.g. centralised, regionalised, shared service centre) and your long-term vision for how your global payroll function will add value to the organisation beyond the merely transactional. Include details on how your people today will be equipped to meet the needs of the future — if your company's in a decentralised model, for example, and wants to move to a single or hybrid technology approach, do you plan to retrain or upskill your current staff?

Include an assessment of the current maturity level of your payroll function and how the new global payroll solution will help you develop it further. You could highlight your need for interoperability with other business systems or third-party software as a case in point.

Attribute measurable objectives around your future payroll solution so that your readers will understand exactly how you plan to quantify success. Be as specific as you can when defining your success criteria — for example, how many fewer payroll errors, off-cycle payments and employee queries do you expect a year from now? Rather than simply listing and iterating these metrics, spell out to your readers how you plan to hold yourself, your team — and your vendor — to account for meeting these business objectives.

Evaluate and encapsulate the business impact

This is the section of your business case where you describe in detail the value that your chosen payroll solution will bring to your organisation.

It may be useful at this point to look back at your current payroll maturity assessment. What strategic improvements will the new solution introduce, to help your company accomplish its business growth ambitions? Focus on its future-proofing capabilities. How much more easily will you be able to recruit head count in new markets as operations expand? This is where ADP Global Payroll emerges as genuinely unique. Its different payroll processing technologies are designed to flex to accommodate whatever employee population size you're working with, in over 140 geographies.

"99.9% of our employees are now paid on ADP, and our payroll problems are at an all-time low. Now we have clean general ledgers, stable general ledger files, and everything seems to be on track. Our recent employee survey saw significant improvement."

— Traci Memmott
Global Head of Payroll, PayPal

ADP Global Payroll — good payroll is good business

Visibility of all your processes and data, in one unified platform

Compliance
- Decrease risk exposure, particularly within its smaller markets where localised expertise is expensive and hard to acquire. Detect compliance risks that could potentially trigger penalty fees

Single, unified platform
- Reduce integration and direct labour costs with automation
- Reduce the number of legacy systems and vendors you rely upon
- Reduce payroll efforts by 50% and 75% in small and large markets respectively
- Increase agility and speed up decision making with more accessible data
- Improve the employee experience for better employee retention, reduced absenteeism, better customer experience and higher revenue

Payroll reporting efficiencies
- Improve staff retention with fewer payroll errors
- Reduce the number of days spent on reporting
- Get insights through a single, simple portal
- Quickly integrate new territories and address payroll parity

Make this the year you modernise, simplify and unify your global payroll. Your business case is just the beginning.

If your organisation is considering ADP for global payroll management, contact your ADP sales liaison person who can put you in touch with ADP business case specialists for personalised assistance. And be sure to visit us online for more information about ADP's products and services for global payroll management.

Visit us at **au.adp.com**

1. Forrester Total Economic Impact™ of ADP Global Payroll Study 2023, commissioned by ADP.

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