



Voice of the Customer Report



SAPIENT
INSIGHTS GROUP

Payroll Administration and Services Applications

HR Systems Survey

October 2020

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Payroll Applications

Vendor Relationships

The management of an organization's relationship with their HR Technology solution provider is another area of Continuous Change Management that is often overlooked and underappreciated. A good solution provider relationship, built on respect, leads to better outcomes, less stress, and improvement opportunities for both parties. A solid solution provider relationship includes more than just appreciation and communication between the primary contacts; it also considers how well the solution meets the organization's business needs and is perceived by the end users.

Our research looks at four major areas of customer feedback and analysis:

- **User Experience:** We ask our respondents to rank the quality of their User Experience on a scale of 1-5 (poor to excellent) for the most commonly deployed applications.
- **Vendor Satisfaction:** We ask our respondents to rank the quality of their Vendor Relationship on a scale of 1-5 (very dissatisfied to very satisfied) for the most commonly deployed applications.
- **Meeting Business Needs:** We ask our respondents to rate how effective their HR solutions are at meeting their organization's basic business needs from always to sometimes.
- **Vendor Relationship Feedback.** We ask respondents to provide insight into the primary benefits and challenges driving their Vendor Satisfaction ratings. We provide an aggregate view of the top three reasons for their Vendor Satisfaction and Vendor Dissatisfaction ratings.

The goal in capturing and providing Vendor Satisfaction and User Experience data is to provide a voice for the HR community to collectively communicate areas for which they would like to see improvements from the market. We find that most buyers and users are generally satisfied with their current solutions and relationships but always have a few areas where they seek change. These insights are valuable for anyone currently evaluating their own applications or looking to acquire new applications in these categories.

This research report is a sub-section of the Sapien Insights 2020–2021 HR Systems Survey White Paper, 23rd Annual Edition. Details on the research methodology and further insights from this annual report can be found in the [Sapien Insights Research Center](#).



Payroll Applications & Services

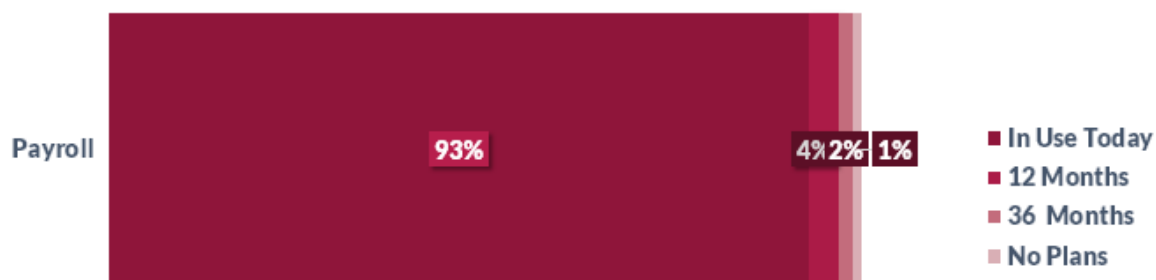
Payroll, the first and most universally implemented Administrative application, achieved 93% adoption this year. The small percentage of organizations not using a complete Payroll solution note that they are using financial tools or accounting firms to handle Payroll.

The payroll application manages, organizes, and automates your workforce payments – streamlining the entire process from scheduling, record-keeping, calculating taxes and deductions, to processing the actual payment. Like all HR Systems, the available solutions in the market can range from simple offerings designed for a single industry to highly configurable solutions that can handle multiple business models and regional requirements. In the case of Payroll applications, it is imperative that an organization thoroughly understand their needs and selects a solution that can meet those needs; making a wrong decision can at best cost you disgruntled employees and at worst place your organization at risk for running afoul of local tax regulations and employment laws.

Adoption and Deployment Models

With such high adoption levels, it is rare to find an organization that does not have an actual payroll application in use. That said, smaller organizations have many options, including co-employment models like PEO (Professional Employer Organization), that reduce the need for technology investments.

Payroll Application Adoption Data, 2020



Beyond the actual Payroll software application, a key issue is where Payroll services are performed. Payroll services include activities such as payroll data entry and validation, payroll processing, and tax filing and reporting. Organizations have choices on how these Payroll activities are managed. The services can be performed completely inhouse, partially outsourced to a third party (i.e., co-sourced), or fully outsourced to a third party.

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This year 27% of organizations partially outsourced their Payroll services, while 11% Fully outsourced them. The following is a list of the outsourcing solution providers identified by our survey respondents.

Top Payroll Co-Sourcing Providers	Respondent Percentage
1. ADP	46%
2. OneSource Virtual	17%
3. Ceridian	10%
4. UKG Ultimate Software	8%
5. Paycor	7%
6. Alight	3%
7. Others	9%

Top Payroll Full Outsourcing Providers	Respondent Percentage
1. ADP	25%
2. UKG Ultimate Software	14%
3. Paycor	13%
4. Paychex	7%
5. Ceridian	7%
6. Alight	5%
7. Others	29%

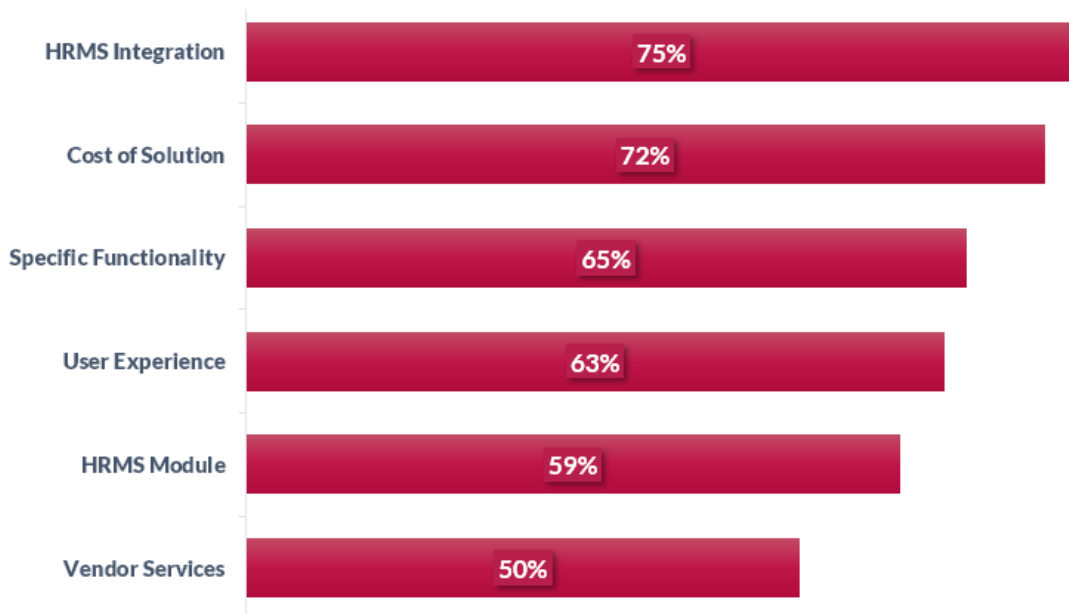


Similar to HRMS Applications, Payroll applications are purchased in multiple ways depending on the organization's enterprise systems strategy, outsourcing decisions, and critical requirements. For the organizations that are not getting their Payroll solution from an outsourcing provider, below is an estimate of their approach to purchasing Payroll Applications.

Enterprise Resource Planning (ERP) Suite	29% Payroll
Human Capital Management Suite	52% Payroll
HR Point Solution	19% Payroll

Currently, 15% of organizations are evaluating their existing Payroll solutions, and 12% plan to replace their solutions in the next 12 to 24 months. Over 70% of organizations stated that HRMS Integration and the Cost of the Solution are the most important factors in making their next Payroll Solution selection.

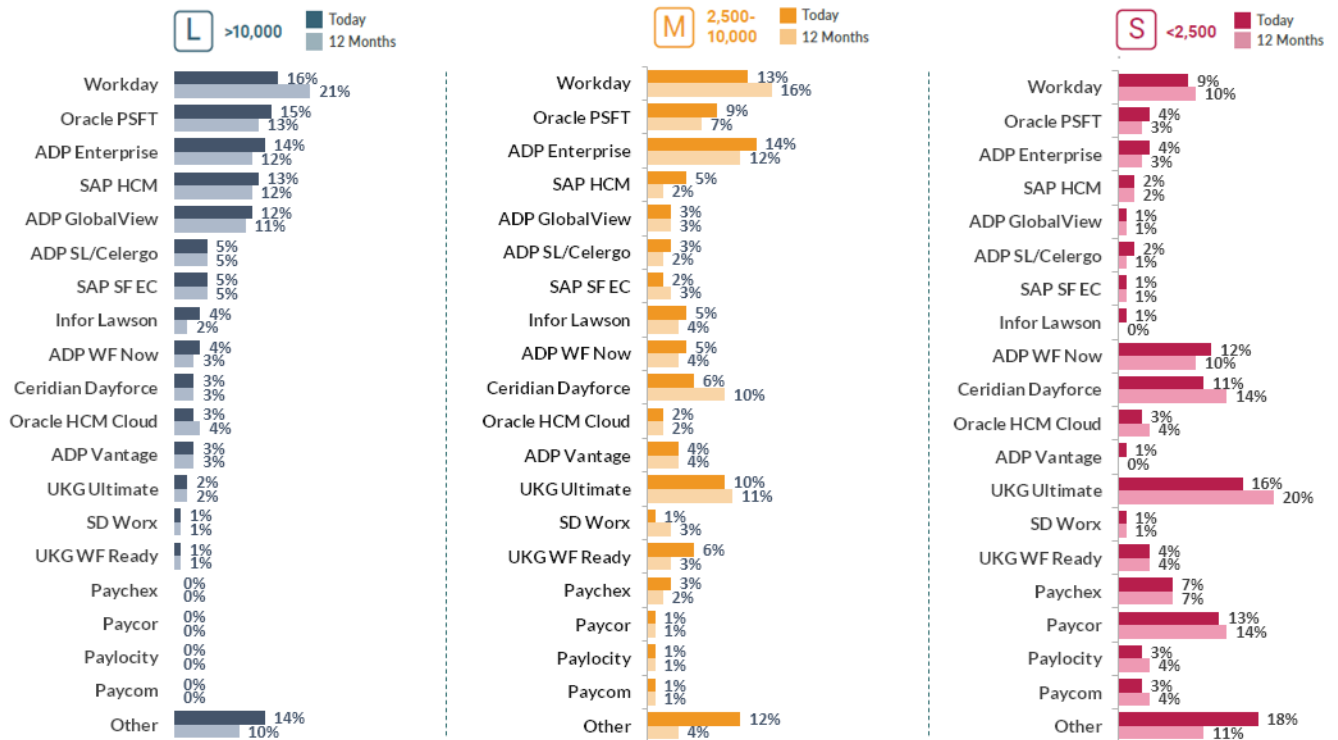
Very Important Factors in Choosing Next Payroll Solution



Survey Participation and Future Plans

We provide data, for each application area, on our respondents' current and future adoption plans, expressed as a percentage of the total responses and broken down by organization size. This chart is not Market Size data. It is best used to quickly see the predominant vendors in each size category and to identify trends in future adoption plans.

Payroll Vendor Adoption Data, 2020



The Payroll provider landscape continues to grow especially for Small organizations, and most vendors competing in this space now offer HRMS, Benefits, and Talent Management modules as part of their offerings. Big differentiators exist across this market and are now based on Outsourcing and service offerings, compliance and legal support, financial stability, scalability, global capabilities, data management models, ease of integration, and reporting capabilities.

Many SMB Payroll providers have expanded their solutions over the last few years to include full HR Suite offerings and creating an incredibly competitive market in the 2,500 employees and below category.



Large organizations have multiple Vendors to choose from who provide both services and flexibility to meet complex pay requirements and Global needs for the major markets. No Payroll provider can claim to be completely capable of handling all global payroll situations, but ADP comes the closest to a full global solution provider – a provider with a wide network of partners, regional data centers, flexible applications, and payroll aggregator solutions. The most predominant Vendors for Large organizations include ADP, with their combined ADP Enterprise, Globalview, and Workforce Now applications, along with Workday, Oracle, and SAP solutions. The newly formed UKG (Ultimate and Kronos Merger), Ceridian Dayforce, and Infor are all expanding their international payroll solutions, while large SMB solution providers like Paychex, Paycor, Paycom, and Paylocity are slowly starting to expand offerings for more complex organizations. Internationally, we also see SD Worx, Unit4, and Ramco as well as a plethora of regional providers such as PeopleStrong in India.

The Other category (vendors that did not reach 3% or more in our data set) is highly splintered. On average, 15% of organizations use a vendor in the Other category; the most often mentioned solutions are:

- ADP Lifion - Next Gen HCM
- Ascentis
- CloudPay
- DLGL ViP
- Ellucian (Banner)
- Meta4
- Namely
- NeoGov
- Oracle EBS
- Oracle JD Edwards
- PeopleStrategy
- PeopleStrong
- Raet
- Ramco
- Sage
- Tricor Orisoft
- Tyler Technologies
- Unit4

Solution User Experience (UX) & Vendor Satisfaction (VS)

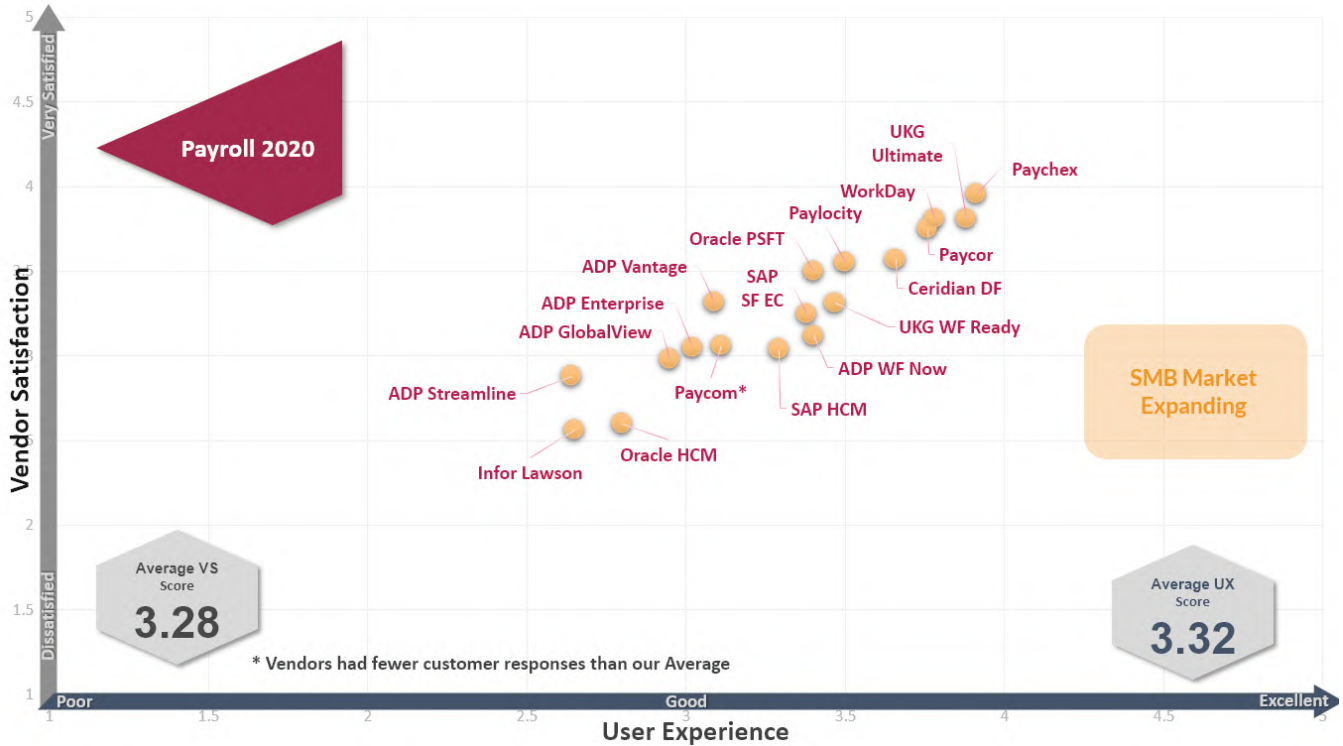
Our annual *Voice of the Customer Payroll User Experience and Vendor Satisfaction chart* highlights how close these two evaluation factors are in this market. Overall average evaluation scores sit slightly higher than “good” at 3.28 (VS) and 3.32 (UX). The five vendors with the top UX and VS scores include Paychex, UKG Ultimate, Workday, Paycor, and Ceridian Dayforce. All vendors who invested heavily in their integration capabilities to meet the needs of their customers’ more difficult Global Payroll efforts, notably Workday and UKG Ultimate (both long time partners with ADP), received high marks.

Vendor Satisfaction and User Experience in Payroll is another HR Systems category that is heavily influenced by the complex needs of the buyer. Although many of the solutions like SAP, ADP GV & Enterprise, and Oracle serve the largest and most global customers in the market, they also often receive lower Vendor Satisfaction scores. Their global customers require more complex solutions that support multiple languages, currencies, tax regulations, and data standards. Vendors who are capable of meeting



the business needs of a wide mix of customer sizes, industries, and regions, require increased investments in service and support, and relationship management practices to achieve higher vendor satisfaction ratings.

Payroll Vendor Satisfaction & User Experience



Top Five Payroll Application Solutions Vendor Satisfaction Scores





This year, a Payroll solution focused on small business organizations, Paychex, received the highest Vendor Satisfaction and User Experience rating. Paychex customer comments focused on ease of use and the positive relationship buyers had with their assigned payroll specialists. In our survey, Paychex customers were all smaller than 2,500 employees and less likely to have employees in multiple countries or business units. We are seeing major investments in expanding functionality and services offered by traditional Small Business Payroll solutions, including Paychex, ADP WFN, Paycor, Paycom, and Paylocity among others, increasing overall vendor satisfaction.

We also expect to see more change in this category over the next few years, as the merger of Ultimate and Kronos, now UKG, creates opportunities for cross selling UKG Ultimate Payroll to traditional UKG Kronos Time Management customers. To help provide context to our data, and further insight on the customers providing feedback, we included a complexity chart below for each solution in our UX and VS chart.

Payroll Systems Customer Complexity Chart, 2020



Payroll Customer Complexity Chart 2020	L	M	S	Global	Shared Service Center	Avg Time Owned
	% of Large Orgs	% of Med Orgs	% of Small Org	% Global	% Shared Service Center	Avg Time Owned
ADP GlobalView	77%	16%	7%	90%	93%	7.94
SAP HCM	62%	19%	19%	73%	81%	10.9
SAP SuccessFactors EC	46%	31%	23%	69%	92%	7.45
ADP Enterprise	37%	38%	25%	65%	72%	8.31
ADP Vantage	36%	43%	21%	67%	75%	6.7
Workday	33%	27%	40%	55%	72%	3.35
Oracle PeopleSoft	32%	35%	33%	21%	57%	12.78
Infor Lawson	20%	40%	40%	19%	81%	4.69
Oracle HCM Cloud	18%	27%	54%	45%	70%	3.14
ADP WF Now	17%	12%	70%	46%	57%	8.21
Ceridian Dayforce	14%	15%	71%	35%	61%	4.52
UKG WF Ready	10%	50%	40%	38%	56%	5.64
UKG Ultimate	4%	19%	77%	21%	44%	6.66
Paychex	0%	0%	100%	20%	40%	6.88
Paylocity	0%	0%	100%	18%	22%	5.44
Paycor	0%	0%	100%	16%	40%	4.84
Paycom	0%	0%	100%	10%	30%	6.56

Business Needs and Opportunities

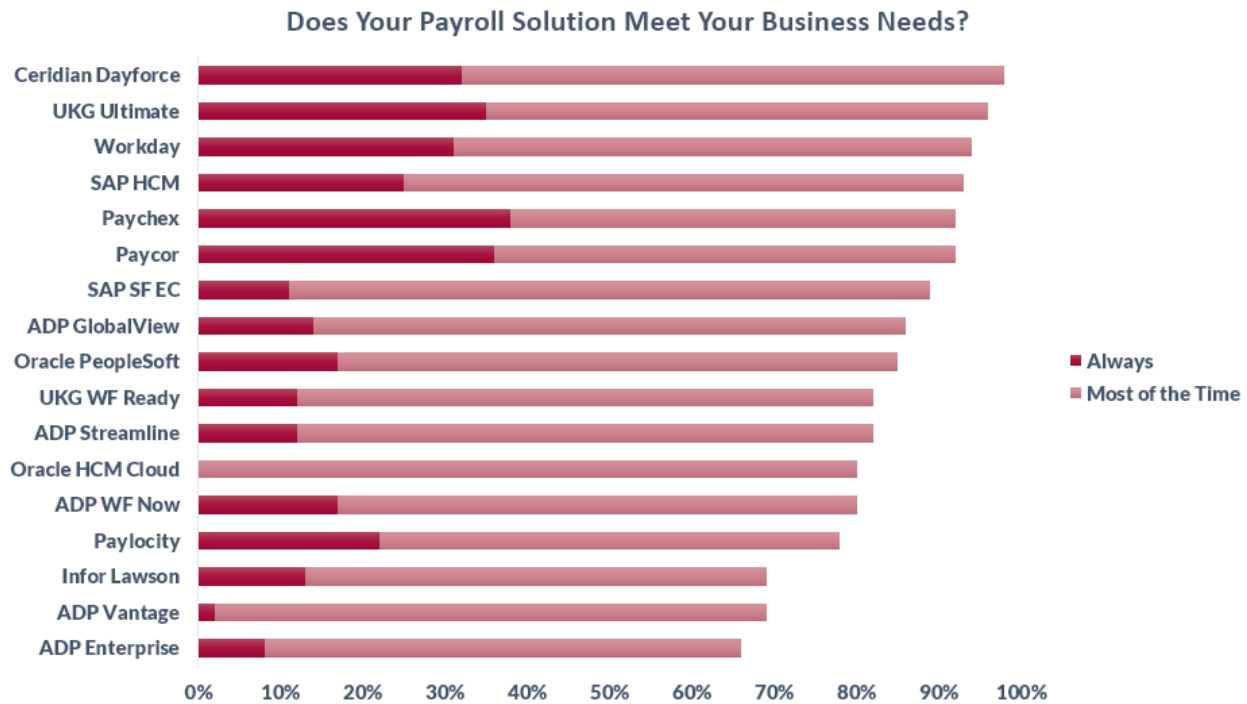
When effectively administered, the Payroll system is one of the most beloved HR applications. As organizations move to Mobile self-service and giving employees the ability to manage their deductions, view their payroll slip, and monitor hours, it becomes even more popular. Payroll systems are also one of the least likely applications to be replaced once fully rolled out - the average number of years of ownership for current Payroll application is 10 to 15 for most organizations.



Payroll Applications
 10 to 15 Years
 Average Ownership Time

It is not surprising that 26% of organizations report that their current Payroll system **Always** meets their business needs, and another 57% reported it meets their needs most of the time.

Payroll Solution, Measurement of Meeting Business Needs



When we look at this analysis by specific Payroll solution, Ceridian Dayforce and UKG Ultimate achieve the highest rankings, closely followed by SAP HCM and Workday serving Larger clients, and Paychex and Paycor serving the SMB market. We also see several SAP SuccessFactors Employee Central, ADP GlobalView, and Oracle PeopleSoft applications rank over 75% in this analysis. It should be mentioned again that ADP is a preferred Global Payroll partner to many organizations that receive high customer marks, and several vendors have built special integration connectors and dashboards to create a seamless customer experience while leveraging the ADP relationship to meet their clients' Global Payroll needs.

For those organizations that stated their Payroll did not **Always** meet their business needs (due to functionality gaps), here are the top five areas of functionality they feel would add the most value to their organization.

1. **Integration:** integration platform, API support, pre-integrated partners
2. **Reporting:** poor reporting, difficulty running reports
3. **Pay Issues:** unable to distinguish between types of pay (e.g., holiday, flex), contractor payments, shift differentials
4. **Calculations:** tax filing and reporting issues
5. **Time:** time tracking, attendance tracking, flexibility

Competition has continued to increase in this application area and new SMB payroll applications are being developed with mobile first capabilities, more employee access, and better reporting tools experiences. Additional emerging trends to watch in Payroll applications are:

- SaaS applications and cloud adoption
- Pay equity and transparency tools
- Pay-to-Quit policies
- Crowd-sourced pay
- Machine Learning
- Blockchain Payroll Solutions
- Open Marketplace Payroll Models
- On-demand paycheck options
- Contingent and gig economy payment tools
- Automated auditing and regulation updates



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Sapient Insights Group does not endorse any solution or vendor depicted in our research. This report consists of aggregate research data gathered from Sapient Insights Group 2020 HR Systems Survey, 23rd Annual Edition of 1,900 organizations and insights from Sapient Insights Group research organization, which is provided for informational purposes only.

Sapient Insights Group is an independent research and advisory organization that focuses on providing primary research data gathered directly from the practitioner community, a Voice of the Customer perspective. Our research approach is vendor agnostic and open to all organizations for distribution and participation. More details on our research approach can be found in our [research methodology](#).

Our research is an annual community effort and key aggregate findings can be found [here](#).

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