The definitive guide to global payroll outsourcing

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As the world embraces Cloud HR which promises to genuinely transform HR service delivery and finally deliver on the promise of HR for decades, the pinnacle for many HR, Finance and Payroll professionals has now become a global payroll solution. The solution will use the best-fit payroll engine in each country, it will be fully integrated into a global personnel administration and organization management engine, featuring a single Self-Service tool with accurate reporting and analytics — and ideally all managed by a single vendor, yielding a single source of data truth, statutory compliance and process standardisation.

Today, achieving the Holy Grail has become possible with the evolution of Cloud technology, the maturing of (some) vendor global payroll solutions, enhancements and maturing of the service delivery models and staffing ratios, plus the sensible and significant investment in global payroll integration technologies.

Of course, global payroll projects are still seen by some as high-risk ventures. Get it right and the organization will reap substantial economic, process and cultural benefits; get it wrong and you may end up paying your people incorrectly or perhaps not at all, with the risk of causing substantial damage not just to business finances but also to your external reputation and employee engagement. Add to this a natural reticence among business leaders to take on payroll projects — after all, there is little glamor in global payroll, often taking several years to be deployed successfully and loaded with risks and stress. It really is the only technology project where 100% perfection is simply demanded, not rewarded!

That said, there has been a renaissance and renewed interest in exploring global payroll solutions in recent years as a result of Cloud HR technology and a maturing market. Many organizations are now recognizing the possibility that mature global payroll (outsourcing) solutions can deliver significant financial savings, with a substantial reduction in risk, a potential for process standardization and greater adherence to compliance standards. The caveat to this is that projects must be planned and executed well; plus there is much to gain from working in partnership with a proven vendor that has trodden the path before. Fundamental to this is the development of a robust business case that will highlight opportunities for global payroll.

In the experience of NGA Human Resources, the development of a Business Case for a Global Payroll Outsourcing solution needs agreement on a clear set of resolute and immutable "rules of engagement." These nonnegotiable ideals are the bedrock of a successful global payroll project, including:

— A single global Employee & Manager Self-Service portal

— Inclusion of Payroll, Personnel Administration, Organization Management and Reporting

— Acceptance that a number of small countries will seem uneconomic if reviewed individually

— Senior global executive mandate in support of the project with the willingness to enforce change

— Willingness to challenge, align and standardize business processes where required

— Acceptance that global payroll is a complex and challenging project where 100% accuracy is mandatory

— Investment in a significant Change Management program within the overall project

— Willingness to sacrifice functionality for ease of use and integration

— Delivery of a genuine, global "Single Source of Truth" for all reporting

— Defined step-increase in Employee Engagement and Satisfaction

— Defined improvement in payroll accuracy and statutory compliance

— Pre-requisites for successful global payroll require strong project management where risk mitigation and adopting the right implementation sequence is key

This guide defines the key factors driving global payroll and sets out an approach to the development of an indicative business case that will act as a starting point for any organization with an ambition to implement global payroll.

Why global payroll?

Arguably, payroll departments around the world have more in common with one another than they have differences. For example, all of them manage the capture and processing of time and pay data, deal with sickness and other forms of absence, produce statutory reports and organize payments to employees and third parties. They are generally staffed by people who are highly devoted to accuracy, achieving compliance and providing good service. However, it's often the subtle local differences that can make a straightforward payroll seem complex — for example, local trade union agreements and policies, customs and practices in place, cultural issues attached to the role of line managers and the relationship between HR and Payroll. In many cases, only a small number of individuals in the payroll function truly understand business processes, leaving customers bewildered and confused. Adding to this complexity are the multiple vendors supporting payroll at a global level, in some cases numbering hundreds, including time recording software and reporting software vendors.
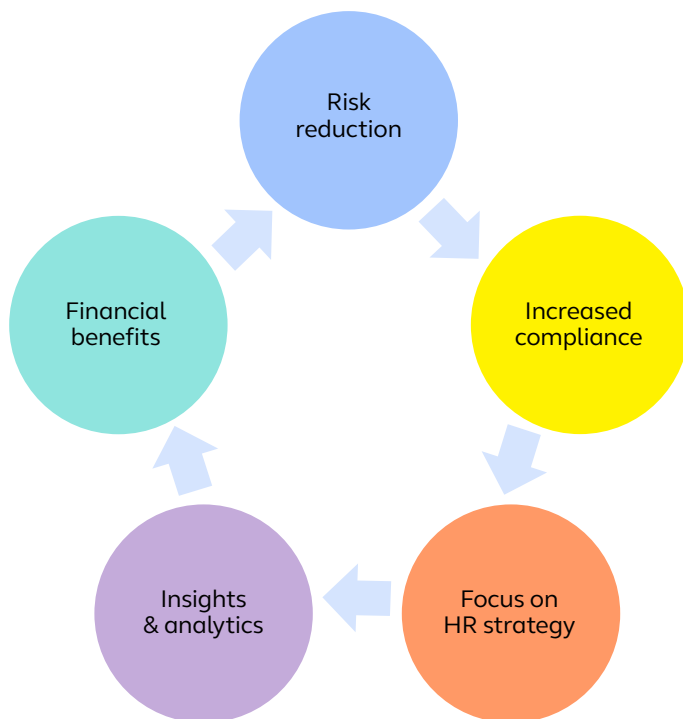
As a result, multinational corporations face the challenge of developing complex vendor management skills in order to control payroll functions at a global level. The ideal situation for successful global payroll is to cut through this complexity and reduce the number down to a point where there is only one vendor and solution to manage. This allows for the centralised development, measurement and management of detailed Service Level Agreements with appropriate (and significant) financial penalties attached. By focusing on commonalities and standard processes and managing local differences, the concept of a global payroll becomes a possibility.

The ability to deliver substantial cost savings as well as create accurate, comprehensive and up-to-date data from a single global platform has been the Holy Grail for organizations for several decades. Achieving this means having access to accurate data on headcount, turnover, cost and other metrics, allowing for genuinely informed decision-making.

Finally, a global payroll partner will have the ability to provide guidance and solutions for market entry into new geographies, headcount expansion or contraction within an existing geography or exit from current geography altogether. It is critical to partner with a vendor that can manage all of these elements with a particular focus on headcount growth. The cost of processing payroll in a country can change dramatically with a headcount change, so the vendor must have the flexibility to adapt to change.

- Risk reduction
- Increased compliance
- Focus on HR strategy
- Insights & analytics
- Financial benefits

The key ingredients of global managed payroll

Payroll is naturally enough delivered to some degree in all countries in which an organization operates, using a variety of solutions from global or regional vendors, country-specific payroll solutions and third-party organizations such as accounting firms, or even using a spreadsheet! To embark on a global payroll project, several factors or "ingredients" are key in designing and developing a robust platform that will deliver benefits for a decade or more.

In the experience of NGA Human Resources, the following ingredients are vital for a successful Global Payroll Outsourcing:

1. A centrally integrated payroll platform

At the core of a global payroll solution is a Cloud HR technology platform that manages key Personnel Administration and Organization Management data, with payroll then delivered using the most economical, integrated payroll engine.

Payroll engine options include:

- A payroll engine that is natively part of the core HR platform (such as with euHReka, SAP, SuccessFactors or Workday)

- A separate best-of-breed payroll platform fully owned by the vendor and integrated into the global payroll solution using a tool like Payroll Exchange

- A separate best-of-breed payroll platform licensed by the vendor and integrated into the global payroll solution using a tool like Payroll Exchange

- Payroll services provided by a third party organization (usually for small- headcount countries) and fully integrated into the global payroll solution using a tool like Payroll Exchange

Gone are the days of trying to deliver global payroll using the same payroll engine (such as SAP or Oracle) in all countries regardless of employee headcount. A global payroll solution today must consider the overall cost per payslip for each country while ensuring seamless bidirectional integration between the payroll engine and the global payroll platform.

There are numerous critical benefits of having a global platform with all payroll data, personnel management data and organizational structure data within one platform. These include:

- A single source of truth for reporting and analytics

- An accurate source of global organization management data

- A foundation layer to then simply integrate a global HCM solution such as Workday or SuccessFactors

2. A portal for employees, managers & HR admin

With an integrated "engine," it becomes possible to deploy a single Self-Service platform for employees and managers to use, regardless of language spoken or the country in which they operate. This eliminates the frustration from having multiple Self-Service platforms across the globe, ensures compliance with required business processes, provides an efficient employee communication platform and results in increased employee satisfaction.

Ultimately the Self-Service solution should be an absolute, nonnegotiable factor with the following characteristics:

- The same look & feel regardless of where an employee is on the planet

- Multi-language support so all employees are able to engage and use it

- Support for inter-country or matrix reporting and approval lines

- Genuine usefulness — enabling HR, managers and employees to view and update HR & payroll data, apply for leave or enter a timesheet but also to manage talent related processes such as recruitment and evaluations

- Direct links via seamless Single Sign-on to other applications such as Workday or SuccessFactors

- Integrated payroll data — salary data, YTD and taxation data

- The same look & feel regardless of where an employee is on the planet

3. One service level agreement

Partnering with a single global vendor means accountability is focused on one supplier organization, with only one contract to manage, one invoice and one set of KPIs. Due to the size of the contract, it also empowers the client to demand stringent financial incentives for poor performance.

Given the scale and overall value of a global payroll project, the vendor is able to invest in an appropriate governance and support team that usually includes a dedicated Account Director, an Account Management team and a technical Service Delivery team. Affordable only within a global project, this critical management layer not only ensures the delivery of the contracted services but also focuses on process improvement, gain sharing and evolving the service type.

4. Central case, knowledge & document management platform

An often overlooked business requirement of a global payroll solution is an integrated service management and reporting toolset for case and knowledge management. Case management provides an issues tracking and escalation mechanism that ensures not only quick resolution of problems but also the achievement of defined Service Level Agreements with a view to continuous improvement.

The ability to record and manage helpdesk issues directly from the Self-Service tool drives efficiency, allows for simple KPI measurement and ultimately increases employee satisfaction.

The document management tool enables an employee to complete another often-forgotten business requirement of being able to attach documents, such as leave certificates, doctors' letters, etc. directly to their electronic record. It should have a functionality that allows for automated capture of scanner or faxed documents and provides for archiving and document retention options

The maturity of global payroll — hybrids

Gone are the days of trying to use the same single payroll engine in every single country in which a business operates. While technically possible, it would be cheaper to build a mars rocket ship and ongoing management is extraordinary. This does not mean the single Personnel Administration, Organization Management and Self-Service platform needs to be abandoned.

A global vendor today will offer a hybrid mix of payroll platforms that have a common and proven integration to the core HR platform and a management and reporting layer across all payroll solutions. This type of "Payroll Exchange" allows the vendor to offer the best-fit outsourced payroll solution on a country-by-country basis while delivering upon the goal of Global Payroll.

The Payroll Exchange becomes the hub for the global management of payroll and should include a "real-time" monitoring system or dashboard to manage payroll in every country. This dashboard will allow the client and vendor to easily monitor the payroll processing and support issues in every country.

The payroll engine options in a global payroll solution offered today will include:

Vendor's own technology — Platforms include the actual payroll software engines (intellectual property) used for offering payroll services that are owned, developed and maintained by the vendor. These have the inherent benefits of being under the vendor's direct control.

2nd Payroll Platform (2PP) — A second payroll platform refers to a payroll engine developed by a third party vendor but licensed by the global payroll provider that then operates the tool and delivers payroll outsourcing services from it.

3rd Party outsourcing partners — All global payroll providers will have a network of partners that provide payroll outsourcing services to countries where they do not have a direct solution. These partners include large regional vendors, country-specific specialist vendors and vendors that specialize in small-headcount and often relatively obscure countries. They are critical components for a global payroll solution yet they must have:

- Proven back-to-back Service Level Agreements;

- Bidirectional integration to and from the global platform;

- An established mechanism for dealing with headcount growth or reduction; and

- Ability to meet and exceed the vendor's published compliance standards, with a formal due diligence completed (Ask for a copy!).

Ultimately there should be nothing ad hoc about the vendor's global payroll solution; it must include proven platforms, existing relationships, proven service delivery and proven integration with KPI management.

Creating the case for global payroll

Perhaps one of the most complex and challenging aspects of a global payroll project is obtaining organizational support and funding. The development of a business case for global payroll must consider many aspects, the most important of which is a clear articulation of how the project will support the organization's strategic growth plans and business vision, reduce risk and increase compliance, all the while delivering significant financial savings.

Since competition for people and financial resources is fierce within any global organization, the business case for global payroll must be able to effectively show why this project should be prioritized. While most properly constructed and well-considered global payroll business cases would demonstrate a significant financial return on investment, it is also critical that these show how the project is directly linked to the organization mission, values and strategic goals.

It is vital to understand the expected "financial return on investment" period for such a project within your company and then aim to meet or exceed it. Without any formal guidance, a sensible approach is to demonstrate a financial return on investment within an 18–36 month time frame from end of the implementation phase.

The business case for outsourcing global payroll is supported by the benefits of headcount reduction and labor arbitrage. Headcount reduction is often the result of streamlined business processes, while labor arbitrage results from moving certain jobs to lower-cost countries. A potential consideration for many organizations is how to use some of the savings provided by these two elements to redirect certain existing personnel from transactional payroll to strategic HR initiatives, thereby boosting strategic capability while still reducing overall costs.

Business plan submission should include a well-written formal business plan document, a detailed financial analysis spreadsheet and an executive presentation. These templates may be internally created or acquired from an external consultant; an organization may also use the online tools and business case templates developed by NGA Human Resources.

The golden rules for creating a business case for global payroll include:

- Alignment to and support of company vision, mission and strategic objectives

- Clear articulation of risk reduction and compliance

- Financial return on investment within a 18–36 month period

- Reinvestment of some headcount from transactional processing to strategic HR delivery

Ultimately, the business case must pay for itself as it delivers strategic benefits.

Building the business case

One consequence of transformation efforts in the 1990s and 2000s is that much of the "low hanging" (that is, easy to get to) cost-saving initiatives has already been completed. What often remain are the complex and unglamorous projects such as global payroll. Fortunately, technology and vendor maturity have now evolved to ensure that a global payroll project can be delivered quickly and cost effectively.

Of course, no project will be approved without a well-researched and documented financial model showing a genuine and rapid return on investment. The first step is to develop a well-researched business case that clearly communicates objectives, strategies, benefits and risks; and includes a commercially sensible plan. Key to securing corporate support and the required investment to undertake a global payroll project is identifying critical strategic and operational benefits delivered by the project and aligning these with the organization mission and corporate objectives while ultimately paying for these benefits with a rapid return on investment.
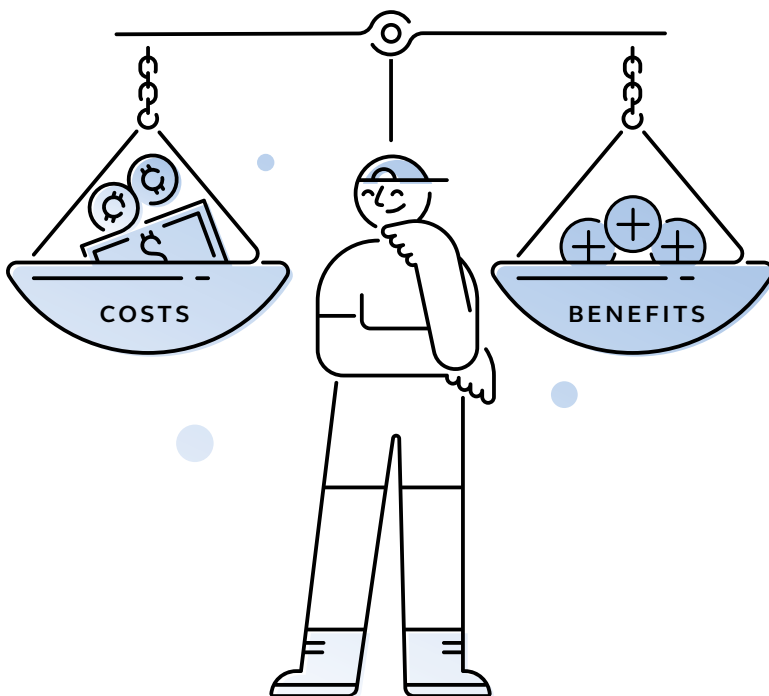
A true business case is more than simply a financial plan — it should include an evaluation of options (including the option to do nothing) as well as the identification of risks and opportunities, change implications, scope and a roadmap for delivering the solution.

There are several approaches to developing the financial model for the business case, including the "going it alone" approach of creating your own plans, working with a Sourcing Advisor (ideal approach) or using NGA Human Resources (free) Business Case toolkit. This toolkit includes a purposely built Business Case for Global Payroll — MS Word template, MS Excel financial model and MS PowerPoint summary presentation. NGA provides this toolkit to help guide your initial thinking and to demonstrate internally that a business case can be created.

The following components must be factored into a business case:

1. Understanding current Total Cost of Ownership (TCO)

Organizations often have very little understanding of their current operational costs, even down to the level of local payroll. The financial modelling aspect of the business case must consider all current costs, including not only the expected or visible costs but also the often-forgotten hidden costs.

Several factors contribute to current costs:

- **Technology**
  Most HR IT landscapes today resemble a rather expensive bowl of spaghetti pasta, with anywhere between 50 and 500 different applications including spreadsheets, documents and databases as well as formal technology platforms. These include reporting and integration layers, each with various values remaining on the balance sheet, contractual obligations relating to termination, other system dependencies and often a (un) healthy layer of parochial resistance to change.

Each technology carries with it a cost, usually in the form of support and licensing, but also in the form of managing knowledge to run the systems, integration and reconciliation and error. It's therefore critical to document the applications relating to the payroll process, any contractual issues, early termination costs (and savings); map third party system dependencies and integration requirements; and record any remaining balance sheet or depreciation impact.

- **People**
  Assessing the immediate, direct people costs of running payroll functions is usually a simple task — just add up the total employment costs of everyone on the team and add the sum to the cost of staff training and recruitment, as well as of maintaining physical space and providing adequate cover for sickness and holidays.

  However, analyzing the true cost of operating payroll involves usually a much bigger number — consider all the time wasted by line managers and employees in dealing with poor systems, or by local administrators in providing input to time data capture, distributing payslips and dealing with first-line queries. Poor business processes and technology can drive up the real costs of delivering payroll — multiply this by all countries in scope and payroll becomes expensive.

  It is often the unseen payroll team members away from the "pay office" that contribute significantly to the unaccounted or hidden cost of payroll. They are often the administrators, shift supervisors or clerks who spend a considerable amount of time processing some stages of the payroll process.

  The aging demographic of the in-house payroll team is also a consideration of the ongoing cost and risk to deliver payroll in-house, as, simply put, the payroll professionals are getting closer to retirement and a career in payroll sometimes lacks the excitement to attract the best possible recruits. This can often leave an organization exposed.

- **Compliance**
  Organizations need to be confident that their payroll(s) can meet strict external audit requirements, complying not only with country legislation but also with internal company policy, including financial rules. The impact of non-compliance can be severe in some cases, involving fines for failure to meet statutory requirements; contraventions of company policy can also incur penalties in terms of reputation, employee engagement and internal Service Level Agreements.

Each of the above cost areas has visible costs associated with it as well as a number of hidden costs.

Payroll software	
Visible	**Hidden costs**

• Software licence
• Server hardware
• Commu-
  nications
	• Daily data backups
	• Disaster recovery planning &
	  testing
	• IT personal costs associated
	  with supporting the IT
	  infrastructure
	• IT hardware costs
	• Annual upgrades and
	  maintenance
	• Integration
	• Reporting software
	• Org charting software
	• Internal audit

People	
Visible	**Hidden costs**

• Salaries and
  wages
• Bonus
	• Payroll support areas
	  embedded in the business
	• Managerial time costs
	• Staff training
	• Recruitment
	• Professional memberships
	• Office environment
	  overheads
	• Aging workforce issues
	• Real estate

Compliance	
Visible	**Hidden costs**

• Auditors	• Fines for late or incorrect
	  payments to statutory
	  authorities
	• External audits

2. Benefits

Business Case theory suggests that there are only three types of business benefit derived from an investment:

1. **Operational benefits**

   Operational benefits are the most tangible type of benefit and refer to hard savings (or cost avoidance) that flow directly to the bottom line. It's unlikely that there will be investment support without this fundamental type of return on investment. Operational tasks, such as manually entering data, maintaining employee records, performing calculations, filing and dealing with inquiries, are expensive because they are heavily reliant on the people that operate them. Benefits can also be justified against the avoidance of costs, for example, an organization that is growing but wishes to provide the same level of service without increasing its headcount or other costs in line with the growth may be able to accommodate growth with lower marginal costs. Avoided costs are valid in a business case if there is an incremental improvement in service or efficiency, requiring a disproportionately lower investment.

2. **Productivity benefits**

   Productivity benefits are "enablers," meaning, they are part of a value chain that leads to different ways of working, new business processes and new behaviors. They relate to how managers spend their time and how they work, how payroll functions provide better support for managers in managing their people and the information that supports operational decisions. This category is potentially more powerful than Operational Benefits because the benefits relate to the wider business, not just the payroll function. However, they rely on certain assumptions about how this value will be created and an acknowledgment of their less tangible nature.

3. **Strategic benefits: The creation of new organizational capabilities**

   This category includes any outcomes that provide the organization with new strategic capabilities; for example, it may reinforce the external brand of the organization, improve employee engagement, provide long-term strategic information and, in some cases, enable a shift in the relationship between the organization and employees. These types of benefits are less direct than headcount savings and (like Productivity Benefits) are enablers, in that they bring about deeper changes in the organization at the behavioral or perceptual level.

A global payroll solution will deliver a number of key strategic benefits including analytics from a single source of truth, reduced risk of fraud and enhanced compliance with legislative operating environments.
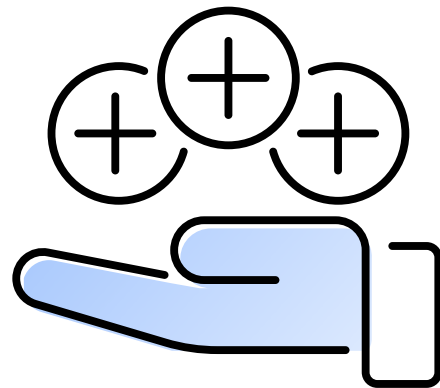
3. Risks and prerequisites

With any major transformation strategy, there are inherent risks. Operating payroll, which involves paying tens of thousands of people in many, many countries, includes risks associated with fraud, data backup, IT platforms, staffing issues, business process and integration, as well as managing the changes. Compliance risk and cost (fines) are a critical area of concern, with each country needing to maintain legislative awareness and compliance with ever-changing legislation, updated taxation codes, and ensure accurate and timely taxation reporting and payment, all the while adhering to corporate regulatory compliance standards such as ISAE 3402. There should be no surprise that many country-specific payroll solutions fail miserably and expensively on the compliance side of payroll.
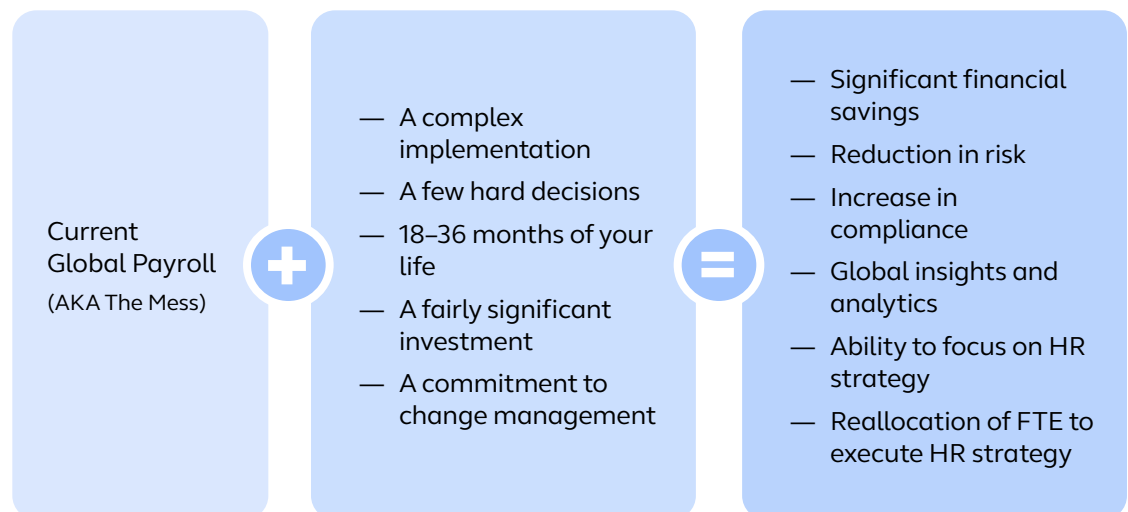
A key requirement of outsourcing payroll is the vendor's ability to operate at a greater level of efficiency and from a low-cost country, resulting in financial savings. There are two clear additional benefits that should be leveraged. The mantra of "focusing on the core business" has become rightly enough a tenet of successful businesses worldwide, and the global outsourcing of payroll enables this. It ensures the HR function could focus on the high-value HR strategy such as talent acquisition and enhancement, rather than operational payroll. In addition, a well-structured business case should deliver a significant financial saving to justify the actual project but also allow a redirect of some of the existing payroll teams into value-adding strategic HR, thereby bolstering the ability to deliver on HR strategy.

It's therefore imperative to identify the expected risks during business case development and address them appropriately:

- **Executive support for project** — Without meaningful and genuine support for the project, it is inevitably doomed. To garner support, the business case needs to be bulletproof with all elements addressed.

- **The right vendor** — There are not many vendors that can actually deliver a global payroll project; in fact, I could count them on one hand or even a couple of fingers…. And like in any good marriage, when both sides make mistakes, don't apologize soon enough and take things for granted. Open communication and a shared goal allow us to overcome these issues. Add "Can I spend 3 years stuck in a deserted island test" into your selection criteria.

- **Governance** — It is critical to adopt and invest in a robust governance model for such a project, from senior executive participation on both sides, through to a regular meeting framework and formal escalation processes; all need to be in place.

- **Project leadership** — The project leadership can make or break the project, and the reality is that many project managers are actually pretty ordinary and the really very good ones are hard to find and expensive. Do not save money here…

- **Change management** — Without a dedicated and significant business change team focused on the project, the project will suffer a greater chance of failure. By its very nature, a global payroll project will impact every single employee; therefore, the management of change is critical.

- **Resistance to change by country/region** — Some countries or regions will be resistant to change, but a well-constructed and sensible business case should persuade most reasonable people. It therefore becomes important in the early stages of the process to invest time into educating the business at the country and region levels about the project and its benefits. In case you encounter those who intentionally put up barriers, tackle them head-on through their local management.

- **Having to accept additional cost for some countries for the greater good** — There is no doubt that some countries will pay more for their payroll service than they do today. This is either the result of payroll being run in-house in a low-cost country or payroll being run poorly. Either way, the greater good must be served, including the increase in compliance, reduction in risk, overall financial savings and business insight and analytics.

- **Language, cultural and time zone factors** — As with any global project, the business case needs to consider the language, cultural and time zone factors into the project. While standard considerations for a global project, the phasing of the project into geographical zones, the physical location of the project team and the local involvement of change management agents, all assist in tackling this risk element.

- **Heads & tails** — Many vendors talk of "Head and Tail" countries, with Head countries being those with financially attractive larger headcounts and "Tail" countries being those with lower and less attractive headcounts. As soon as a vendor only wants head countries, walk away.

- **Actually delivering a "real solution"** — While it seems comically simple and obvious, the delivery of an actual "real solution" needs to be constantly maintained, as it is easy to overcomplicate or take on too much. The daily repeated mantra should include:

  — A single easy-to-use global Self-Service platform

  — Local language support via Self-Service or email, or over the telephone

  — Data integrated into all other HR platforms

  — An accurate system

This simple equation summarize the risks and prerequisites of global payroll:

Current Global Payroll
(AKA The Mess)

+

— A complex implementation
— A few hard decisions
— 18–36 months of your life
— A fairly significant investment
— A commitment to change management

=

— Significant financial savings
— Reduction in risk
— Increase in compliance
— Global insights and analytics
— Ability to focus on HR strategy
— Reallocation of FTE to execute HR strategy

How is a global payroll project costed?

Global Payroll projects are broadly divided into two cost areas: the ongoing transactional costs to pay your employees, which are commonly referred to as PEPM (price per employee per month); and the implementation costs, which are often referred to as the "one-time" costs.

The PEPM (transactional costs) is typically a set monthly fee (plus taxes) per employee to run the payroll process. It will be different for each country and will include the fixed overheads for that country and variable costs associated with running the payroll. All of these are influenced by both complexity and volume of employees in each country. Finally, no two vendors include the same thing for each country…

It is therefore critical to ensure the following elements are considered when reviewing PEPM cost per country:

- Confirm if PEPM includes off-cycle payments

- Confirm if PEPM includes bonus or 13th month payments

- Confirm if all integration or interfaces are included or whether there are additional costs

- Confirm what "other" additional monthly charges are likely to be incurred and ask the vendor to model them

Given that not all PEPMs are created equally and some vendors may be a little sneaky in the presentation of a PEPM, it is critical not to just compare Vendor A and Vendor B on a PEPM. You will often find the cheaper PEPM has a number of hidden costs that only become apparent in specific questioning.

The implementation charge or one-time costs include project management, consulting, development, quality assurance, testing and go-live support associated with the project. The implementation of a global payroll solution is a complex, lengthy and challenging project, often taking 18–36 months to complete.

There are many experienced professionals who are able to offer advice and many dissertations to be studied; however, a couple of golden rules are as follows:

- Insist on a fixed-price implementation fee

- Demand a Change Request model for implementation that penalizes the vendor for intentional under-quoting or for over-optimistic project planning on the implementation but supports the vendor for genuine changes in scope

- Ensure a sensible allocation of resources and costs for change management, as this can be often missing from a vendor's quotation

NGA business case tools

To recognize the complexity and challenges of developing a business case for Global Payroll, NGA Human Resources has developed a specialist website that contains several tools available to our clients, including:

- **Online calculators** — These two simple calculators allow for the entry of high-level data, enabling an organization to develop a quick 10-minute FTE-based Business Case, or with a little more data and time, create a high-level financial Business Case.

- **Global payroll maturity model** — This questionnaire allows a respondent to review their current operations across technology, business processes, compliance, and business value, as well as their organizational capability to execute global projects; and provides an overall rating of your maturity level and a detailed analysis of each section.

- **Business case templates** — We have developed a comprehensive Business Case toolkit for our prospective clients to use free of charge. This includes a detailed (MS Word) Business Case template, a detailed (MS Excel) Financial model for a business case and a (MS PPT) Business Case summary presentation.

  The detailed financial model is designed to allow collection of detailed data from each country of operation and attempts to produce a detailed summary of AS IS costs. Working with NGA Human Resources, you can quickly determine TO BE costs, allowing for the development of a thorough business case. These tools can be provided by your local NGA Human Resources executive following an in-person meeting.

- **Business consulting engagement** — As a global vendor, we have a specialist team of highly experienced HR Business Consultants with expertise in developing business cases. It is this team that can, in a 10- to 20-day assignment, develop a comprehensive and accurate business case for Global Outsourced Payroll for your organization.

These tools are designed to work in conjunction with and often prior to the engagement of external resources such as a Sourcing Advisor, with clients using the tools to prove to themselves the merits and financial viability of the concept, before formalizing a project and retaining external support. The high-level concept phase is often where a small investment of time and effort is expended to validate assumptions prior to the creation of a more formal project.

A Global Payroll project should be seen as an opportunity to get the foundations right for the organisation in an efficient and cost effective way. The goal here goes beyond cost-saving. Embarking on a Global Payroll project should not be a fear-evoking consideration. When a project is poorly planned, using the cheapest solution, with no meaningful investment in quality project management and change management, the project becomes an inevitable disaster.

When a project is properly planned, using proven technology, engaging an implementation and service delivery partner that (really, really) knows what they are doing and having the absolute support of your business, the project will deliver significant financial benefits, ensure a significant reduction in risk and an increase in compliance and allow for the refocusing of existing resources away from low-value transactional work toward high-value strategic HR initiatives.

The golden rules include:

- Agree on a clear set of resolute and immovable "rules of engagement" for the scope of the project.

- Develop a detailed business case that measures all AS IS costs, including all hidden costs, without which the business case may not make sense.

- Create a business case that clearly communicates the compliance, risk and process standardization benefits while paying for these with the financial cost savings.

- To be genuinely transformational, a Global Payroll Outsourcing project must meet and exceed the financial hurdles necessary for approval but the "savings" should also be used to redirect the existing transactional staff to focus on strategic HR initiatives.

- The Return on Investment has to be measured in an 18- to 36-month window to gain approval.

- Do not settle for a second best Project Management team — on either side of the project. The Project Management team will make or break the project.

- Find, gain and keep genuine executive support — you will need them throughout the project.

- Be prepared to sacrifice glossy and shiny functionality to adhere to the "rules of engagement."

There are innumerable payroll vendors in the world, from the single country vendors, regional players, trying hard global players and then the real, committed vendors. The simplest answer to this question is that if the vendor is not listed at the top-right corner of the Gartner Magic Quadrant for Global Payroll, then don't waste your energy and risk your project. Analysts spend a great deal of time and money understanding the market and often spend years getting to know vendors' strategic plans and talking to their customers.

The "ecosystem" surrounding global payroll includes any number of vendors, Sourcing Advisors, analyst consultants, charlatans and crooks; however, the inclusion of vendors at the top-right corner of the Gartner Magic Quadrant for Global Payroll is the perfect starting point, along with a good Sourcing Advisor.

- **Sourcing Advisor** — These buy-side operators are often highly experienced practitioners who typically come from either a global management consultancy firm or a specialist provider. They work to help buyers identify and evaluate capable suppliers, provide support through the early stages of the outsourcing transaction and help negotiate the contract. There are a number of specialist operators who focus on global payroll solutions plus the expected gaggle of global management consultants.

- **Analyst** — The Analysts are the IT research and advisory companies that provide technology-related insight. They complete primary and secondary market research and assess sector trends, create segment taxonomies, size markets, prepare forecasts and develop industry models.

It wouldn't be an IT-related field if there weren't many abbreviations and acronyms, often meaning the same thing:

Business Process Outsourcing (BPO) – Refers to the contracting of operations and responsibilities to a third party. In most instances today, BPO is generally accepted to mean the centralization of these services into an appropriate lower-cost country.

Managed payroll – A type of BPO where the vendor provides outsourced payroll services and limited telephone support to the client. Payroll outsourcing includes full payroll processing but the telephone support is often limited to the clients' payroll team calling the vendor, requiring the client to maintain a helpdesk service.

Comprehensive payroll – A type of BPO where the vendor provides the client and their employees with outsourced payroll services and contact center support — via phone, email, chat and other channels. This model is a true "replacement" of the entire pay office and an essential requirement for delivering a unified and uniform employee payroll experience.

HR Outsourcing (HRO) – In addition to Payroll outsourcing, it is possible to outsource any or all components of the Workforce Administration or Talent Management suite, including Learning Management, Remuneration, Recruitment, Compensation and Performance Management, Organization Management, and Personnel Administration HR Outsourcing typically refers to a BPO undertaking involving multiple HR processes.

About Alight Solutions

Alight unlocks enterprise growth for the world's most influential companies with future ready human capital and business solutions. We combine industry leading data and insights with unmatched depth and operational expertise to improve the employee experience and optimize cloud-enabled business processes. Our 15,000 colleagues proudly serve thousands of clients and their more than 30 million employees and family members throughout 180 countries. Learn how Alight helps organizations of all sizes, including over 70% of the Fortune 100, achieve next level transformation at **alight.com**.

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