Deloitte Global Payroll Benchmarking Survey
Sponsored by APA and GPMI
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Executive summary

Overview

The Deloitte Global Payroll Benchmarking Survey was open to Deloitte clients, American Payroll Association (APA) members, Global Payroll Management Institute (GPMI) subscribers, APA Congress attendees, and other Deloitte alliance partners. The survey was taken through the lens of three geographic levels with three distinct sections offered. Respondents could choose any combination of global, region, and country. For each grouping selected, respondents were given the opportunity to answer all questions for each individual grouping where they had employees, unless specified otherwise. Respondents could also choose to just take the demographic section or could include one or both of the other two sections. This year’s survey focused on questions associated with payroll across seven categories.

Survey could have been taken through the lens of 3 levels

Within the 3 distinct sections, data points were captured across 7 categories

Three sections could have been taken Individually

Demographics (Organization, Geography, Industry, Employee Population Size and Technology),

Benchmarking (Operations, Outsourcing, Accuracy, efficiency, and metrics),

Innovation (Service Delivery, Next-gen Technology and Employee experience).

Note: All percentages in graphs are shown relative to the respondents per the given question. Percentages may not always sum to 100 due to rounding.
Executive summary
(continued)

Overview
This year’s survey captured responses from more than 750 distinct organizations across 55 countries spanning several different industries, ranging in employee size from a few hundred to several hundred thousand, and included over 100 questions. Explore the results of the Deloitte Global Payroll Benchmarking Survey. Where logical, we’ve broken down the responses by industry, geography, employee population size and organizational structure to make the data relevant for different companies, providing insights into the similarities and differences among them. One key theme from the survey from a global payroll perspective is the growing importance of developing a global payroll strategy (e.g. 88 percent of respondents either have a payroll strategy or have plans to develop a strategy).

Crucial takeaways from the Global Payroll Survey
Seventy three percent of organizations outsource some aspect of payroll and while organizations are generally satisfied with their current third-party payroll providers, they believe there are many areas for improvements from compliance to technology capabilities:

The top five areas for improvement:

- Compliance
- Accuracy
- Self-Service Capabilities
- Reporting Capabilities
- Next-gen Technology Adoption

And although many organizations outsource, the need to retain payroll expertise in-house remains high. Thirty percent of respondents who outsource report manual entry / loading payroll inputs and entering manual adjustments as two of the most time-consuming aspects of payroll processing. The good news is manual loading inputs and improving accuracy limiting the need for adjustments are two of the areas ripe for next-generation technology. Leveraging next-generation technology can free up payroll resources to focus on more strategic activities and process improvement.

The bottom line
Organizations understand the importance of having a global payroll strategy that includes sourcing (e.g. consolidated 3rd party payroll providers), an internal service delivery model regardless of their sourcing strategy, and robust technologies, including next-generation technologies such as robotic process automation (RPA). Although many organizations still don’t yet have complete visibility into their global payroll operations, they are starting to see a path and are getting closer.
Section 1
Demographics

Overview
This section provides an overview of the organizations that participated and allows us to analyze the responses across four dimensions (industry, employee population size, geography, and organizational structure). This section sets the foundation for the types of organizations that participated and how they are structured and staffed.

- Consumer and industrial products: 35%
- Technology, media, and telecommunications: 12%
- Financial services: 11%
- Life sciences and health care: 11%
- Professional services: 10%
- Public sector: 12%
- Energy and resources: 8%
Deloitte is seeing a growth in the contingent workforce across geographies. When managed well, a contingent workforce allows for agile responses to changing market conditions, lower overall labor costs, and more organizational flexibility.

The employee population of respondents ranged between a couple hundred employees to a couple hundred thousand employees, with an average of about 6,700 employees.
Typically, the larger the employee population size, the greater the number of employees payroll resources can support through economies of scale. The respondents with an employee population size between 1K and 4.9K are operating at a low efficiency rate.

### By employee population

<table>
<thead>
<tr>
<th>Employee Population</th>
<th>Resources Supporting Payroll-Related Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>25K+</td>
<td>25</td>
</tr>
<tr>
<td>10K-24.9K</td>
<td>18</td>
</tr>
<tr>
<td>5K-9.9K</td>
<td>9</td>
</tr>
<tr>
<td>1K-4.9K</td>
<td>17</td>
</tr>
<tr>
<td>500-999</td>
<td>5</td>
</tr>
<tr>
<td>Less than 500</td>
<td>8</td>
</tr>
</tbody>
</table>

### By region

<table>
<thead>
<tr>
<th>Region</th>
<th>Resources Supporting Payroll-Related Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA</td>
<td>29</td>
</tr>
<tr>
<td>North America</td>
<td>15</td>
</tr>
<tr>
<td>APAC</td>
<td>9</td>
</tr>
<tr>
<td>LATAM</td>
<td>4</td>
</tr>
</tbody>
</table>
For those respondents who have employees in one country and manage payroll from multiple locations, there is an opportunity to centralize.

For those respondents who manage payroll locally by country, there is an opportunity to consolidate vendors, technologies, and/or processing locations.

While each country has country-specific regulations, as long as they are on the same vendor and/or technology, the differences are not substantial enough to warrant in-country processing any longer.
Ninety-one percent of respondents utilize only one type of payroll system, while 9 percent utilize two or more systems. This trend is consistent globally; however, in LATAM, about 17 percent of respondents use two or more systems.

Eighty percent of respondents utilize only one type of Time and Attendance system, while 20 percent utilize two or more systems. The financial services industry has the fewest number of time and attendance systems, with only 9 percent of respondents using two or more systems.
How many insourced payroll technologies do you have?

Eighty percent of respondents have only one insourced payroll technology, while about 20 percent utilize 2 or more insourced payroll technologies.

Is your organization currently using or considering the use of cloud-based technology to support payroll functions?

Seventy-four percent of respondents are already using or are implementing a cloud-based technology.

By region

- North America: 81% (1), 19% (2 or more)
- APAC: 80% (1), 20% (2 or more)
- EMEA: 78% (1), 22% (2 or more)
- LATAM: 67% (1), 33% (2 or more)

- Already using
- Implementation in progress
- Yes, within the next three years
- No migration plans

- APAC: 14% (1), 3% (2 or more)
- EMEA: 20% (1), 4% (2 or more)
- LATAM: 10% (1), 10% (2 or more)
- North America: 16% (1), 15% (2 or more)

- APAC: 49% (1), 27% (2 or more)
- EMEA: 50% (1), 30% (2 or more)
- LATAM: 61% (1), 8% (2 or more)
- North America: 61% (1), 8% (2 or more)
Timekeeping is largely owned by payroll, the second most popular owner is the business. This trend is fairly consistent and distributed across the regions.
Section 2
Operations

Overview

• There has been a shift in the market on where Payroll reports. Organizations are moving Payroll from reporting to Finance to either reporting to HR or reporting to a shared service where a shared service could report to either HR or Finance.

• Accuracy and efficiency metrics continue to be largely tracked by Payroll.

• While late or inaccurate employee, manager, and HR transactions are typically the number one reason for payroll errors, payroll organizations continue to struggle with measuring and monitoring.

• A typical payroll organization employee has 12 years of experience, seven and a half years at their current organization, more than three years of advanced payroll system experience, and about five years of post-secondary education, and typically works 25 hours of overtime per month.

• Resources supporting payroll spends the most amount of time running payroll and the least amount of time on process improvement.
While Payroll has traditionally been evenly split between reporting to Finance and reporting to HR, we are seeing a trend in the market where organizations are moving Payroll from reporting to Finance to either reporting to HR or reporting to a shared service, where a shared service could report to either HR or Finance. Organizations today are focusing more on end-to-end employee digital experience over operational efficiency, and Payroll is an area closely linked to HR, and the employee experience.

Regardless of where Payroll reports, there is a continued shift in the market to a shared-service model.

Reporting to shared services has increased 64 percent since 2018.
Where does the payroll function report in your organization?

By region:
- North America: 52% HR, 45% Finance, 3% Other
- LATAM: 22% HR, 78% Finance
- EMEA: 31% HR, 67% Finance
- APAC: 33% HR, 67% Finance
**North America** still has Payroll reporting to Finance in greater than **50 percent** of organizations overall.

### By industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>HR</th>
<th>Finance</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial services</td>
<td>85%</td>
<td>11%</td>
<td>3%</td>
</tr>
<tr>
<td>Technology, media, and Telecommunications</td>
<td>54%</td>
<td>41%</td>
<td>5%</td>
</tr>
<tr>
<td>Energy and resources</td>
<td>50%</td>
<td>50%</td>
<td>0%</td>
</tr>
<tr>
<td>Consumer and Industrial products</td>
<td>50%</td>
<td>49%</td>
<td>2%</td>
</tr>
<tr>
<td>Professional services</td>
<td>40%</td>
<td>54%</td>
<td>6%</td>
</tr>
<tr>
<td>Life sciences and healthcare</td>
<td>40%</td>
<td>56%</td>
<td>4%</td>
</tr>
<tr>
<td>Public sector</td>
<td>29%</td>
<td>67%</td>
<td>4%</td>
</tr>
</tbody>
</table>

### By employee population

As organizations increase in size, Payroll reports to HR.
Twenty six percent of respondents charge the cost of payroll back to the business including added cost for exception processing. North America had the highest percentage of respondents who charge payroll back to the business at 28 percent.
More than 25 percent of respondents indicated that their payroll staff spends the most time on running payroll (with reconciliation, audits, controls, and data entry not far behind) and are largely manual. Payroll is an area ripe for RPA given the amount of time spent largely on manual work freeing up payroll resources to spend more time on more strategic activities, including process improvement activities.
In our 2018 Payroll Operations Survey, 56 percent of respondents indicated they either did not define any KPIs or they defined them, but did not monitor or track. With this survey, the percentage is **basically the same**, but we’ve seen a significant increase in tracking KPIs related to accuracy and timeliness. Respondents from both our 2018 Payroll Operations Survey and our Deloitte Global Payroll Benchmarking Survey listed payment errors as a percentage of total payroll payments and days to resolve payroll errors in their top three KPIs tracked and monitored.

<table>
<thead>
<tr>
<th>KPI</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment errors as a percent of total payroll payments</td>
<td>89%</td>
</tr>
<tr>
<td>Days to resolve payroll errors</td>
<td>54%</td>
</tr>
<tr>
<td>Average overall cost of producing a payslip</td>
<td>41%</td>
</tr>
<tr>
<td>Not applicable—no defined KPIs</td>
<td>39%</td>
</tr>
<tr>
<td>Untimely payroll payments as a percent of total payroll payments</td>
<td>38%</td>
</tr>
<tr>
<td>Timeliness in submission of statutory returns</td>
<td>36%</td>
</tr>
<tr>
<td>Cycle to process payroll</td>
<td>33%</td>
</tr>
<tr>
<td>Percentage of accurate statutory returns</td>
<td>27%</td>
</tr>
<tr>
<td>Manual/voided/stop payments as a percent of total payroll payments</td>
<td>27%</td>
</tr>
<tr>
<td>KPIs are not monitored or tracked</td>
<td>18%</td>
</tr>
<tr>
<td>Cost of payroll processes as a percent of total payroll cost</td>
<td>18%</td>
</tr>
<tr>
<td>Percent of payroll payments that include pay adjustments</td>
<td>16%</td>
</tr>
<tr>
<td>Cost of payroll systems as a percent of total payroll cost</td>
<td>11%</td>
</tr>
</tbody>
</table>

What are the key performance indicators (KPIs) that payroll operations regularly tracks and monitors?
Section 3

Outsourcing

Overview

- Seventy three percent of organizations outsource some aspect of payroll.

- Organizations leveraging a payroll provider for managed services are using an average of six payroll providers, with the highest concentration in regions outside of North America.

- Organizations are generally satisfied with their current third-party payroll providers, with 21 percent of respondents indicating they are very satisfied.

- The most-cited improvement areas for vendors are related to compliance, accuracy, and self-service capabilities.

- Larger organizations (more than 5K employees) are largely using SLAs to track and monitor third-party payroll provider performance (81 percent)—but smaller organizations (fewer than 1K employees) are largely not (59 percent do not).

- Fifty eight percent of respondents have been with their payroll provider for more than five years.
Seventy three percent of organizations outsource some aspect of payroll, with **financial services, energy and resources, and technology, media, and telecommunications** organizations being the most likely to outsource.

### By industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>Outsourcing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial services</td>
<td>89%</td>
</tr>
<tr>
<td>Energy and resources</td>
<td>84%</td>
</tr>
<tr>
<td>Technology, media, and telecommunications</td>
<td>83%</td>
</tr>
<tr>
<td>Consumer and industrial products</td>
<td>79%</td>
</tr>
<tr>
<td>Professional services</td>
<td>65%</td>
</tr>
<tr>
<td>Life sciences and health care</td>
<td>64%</td>
</tr>
<tr>
<td>Public sector</td>
<td>32%</td>
</tr>
</tbody>
</table>

Although 73 percent of organizations outsource some aspect of payroll, the need to retain payroll expertise in-house remains high. Outsourcing can reduce the administrative and transactional components of payroll administration, but payroll specialists are still needed to drive policy and decision-making.

The life sciences and health care industry and the public sector are the least likely to outsource due to the specialized nature of payroll for each industry—complex timekeeping for life sciences and health care, and a high level of contingent labor and complex retirement plans for the public sector.

### By region

- **EMEA**: 81%
- **APAC**: 78%
- **LATAM**: 69%
- **North America**: 63%

Do you outsource any aspect of payroll?

Which geographies do you outsource payroll?
On average, respondents use almost four third-party payroll technologies.

Organizations are managing a portfolio of strategically selected vendors with regional expertise. Many have accepted that there is not a single global vendor and technology that can support their entire footprint.

**EMEA, APAC, and LATAM** continue to be regions where vendor consolidation is a challenge, partially due to variation in country-specific regulatory requirements, but largely due to payroll vendors’ inability to cover each country footprint with one technology.
While 82 percent of respondents are very satisfied or satisfied with their current third-party payroll provider, a significant portion of respondents (most notably those with fewer than 1K employees) do not currently track SLAs. Not tracking SLAs makes it more difficult to assess vendor performance (for example, satisfaction).
While organizations are largely satisfied with their current third-party payroll provider, respondents believe there are many areas for improvement, from quality measurements to compliance.

Fifty eight percent of respondents have been with their third-party payroll provider for more than five years. By reevaluating contracts on a more frequent basis, organizations are more likely to ensure their vendor is continuing to meet their business needs and offering competitive rates.
Section 4

Accuracy, efficiency, metrics

Overview
Processing payroll in-house is typically the lowest-cost solution. Organizations don’t outsource to lower cost; it’s typically to decrease risk, avoid building the capability in-house because it’s hard to manage, or because of technology limitations.

Thirty eight percent of off cycle payments are caused by upstream processes. Many payroll organizations struggle with resolving upstream issues.

Respondents indicated that manually entering or loading inputs is the most time-consuming aspect of processing each payroll. Organizations can consider implementing robotic process automation (RPA) to automate time-consuming, manual tasks to decrease overall processing time.
How standardized would you say your payroll business processes are?

**By employee population**

- **5K+**: 18% Full enterprise standardization, 56% Standardized within location or country, 11% Moving towards enterprise standardization, 9% Standardization within business unit, 27% Minimal or standardization
- **1K - 4.9K**: 33% Full enterprise standardization, 33% Standardized within location or country, 16% Moving towards enterprise standardization, 17% Standardization within business unit, 4% Minimal or standardization
- **<1K**: 9% Full enterprise standardization, 28% Standardized within location or country, 13% Moving towards enterprise standardization, 4% Standardization within business unit, 4% Minimal or standardization

**By region**

- **APAC**: 70% Full enterprise standardization, 9% Standardized within location or country, 18% Moving towards enterprise standardization, 3% Standardization within business unit, 2% Minimal or standardization
- **EMEA**: 67% Full enterprise standardization, 16% Standardized within location or country, 13% Moving towards enterprise standardization, 2% Standardization within business unit, 2% Minimal or standardization
- **North America**: 46% Full enterprise standardization, 28% Standardized within location or country, 17% Moving towards enterprise standardization, 4% Standardization within business unit, 4% Minimal or standardization
- **LATAM**: 44% Full enterprise standardization, 11% Standardized within location or country, 33% Moving towards enterprise standardization, 11% Standardization within business unit, 11% Minimal or standardization

**Enterprise standardization** increases with employee population, as 56 percent of respondents with 5K+ employees indicate their payroll processes are fully standardized across the enterprise, as opposed to only 33 percent of respondents with 1–4.9K employees.

**North America** has only 46 percent enterprise standardization as compared with APAC with 70 percent.
On average, how many manual, off-cycle payments do you produce each month?

Respondents from North America processed the most off-cycle payments annually per employee at 0.3 while respondents from EMEA processed about 1/10 of that. Global respondents averaged 0.23 off-cycle payments annually per employee.

Average number of off-cycle payments annually per employee by industrial

<table>
<thead>
<tr>
<th>Industry</th>
<th>Number of Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology, media and telecommunications</td>
<td>1.08</td>
</tr>
<tr>
<td>Life science and healthcare</td>
<td>0.33</td>
</tr>
<tr>
<td>Financial services</td>
<td>0.17</td>
</tr>
<tr>
<td>Public sector</td>
<td>0.05</td>
</tr>
<tr>
<td>Consumer and industrial products</td>
<td>0.04</td>
</tr>
<tr>
<td>Energy and resources</td>
<td>0.02</td>
</tr>
<tr>
<td>Professional services</td>
<td>0.02</td>
</tr>
</tbody>
</table>
Recognizing there may be exceptions, in the majority of cases, how do you determine whether to process payroll corrections with an off-cycle payroll run rather than waiting until the next regularly scheduled on-cycle payroll?

The descriptions of each method are included below:

**Case-by-case basis** are payment corrections that the payroll department plans to process after the issues are reviewed. No specific guidelines as to the amount or a particular company policy are followed. Instead, the issues are reviewed, and then a decision is made to process an off-cycle correction.

**Next on-cycle** are payment corrections that the payroll department plans to process with the next normally scheduled payroll. No off-cycle payrolls are processed for payment corrections.

**Policy or practice** are payment corrections that the payroll department plans to process based on the company’s standard policy or practice for processing off-cycle payrolls.

**As required by law** are payment corrections that the payroll department plans to process only if it is required by law. An example would be a termination in the state or province that requires final payment to an employee to be paid by a certain time.

<table>
<thead>
<tr>
<th>Method</th>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case-by-case basis</td>
<td>38%</td>
<td>Given the shift to focus on employee experience versus process efficiency, organizations are likely accommodating employees by running an off-cycle payment or payroll run.</td>
</tr>
<tr>
<td>Next on-cycle</td>
<td>24%</td>
<td></td>
</tr>
<tr>
<td>Policy or practice</td>
<td>23%</td>
<td></td>
</tr>
<tr>
<td>As required by law</td>
<td>13%</td>
<td></td>
</tr>
</tbody>
</table>

There has been an 18 percent decrease in waiting until next on-cycle for payroll corrections.
Terminations, as expected, are the leading cause of off-cycle payments, as they are required by law in some states (such as California).

Thirty eight percent of off-cycle payments are caused by upstream processes. Many payroll organizations struggle with resolving up stream issues.

What are the most common reasons for processing off-cycle payments?

Terminations | Missed or inaccurate HR update | Missed or inaccurate T&A | Underpayments | Bonus or award | Retroactive payments | Overpayments
30% | 20% | 17% | 12% | 10% | 8% | 2%
What is your overall cost per pay slip?

As employee population sizes increase, the cost per pay slip decreases, commonly due to economies of scale.
Many organizations believe they can reduce cost by outsourcing payroll. Processing payroll in-house is typically the lowest-cost solution. Organizations don’t outsource to lower cost; it’s typically to decrease risk, avoid building the capability in-house because it’s hard to manage, or because of technology limitations.
What is your cost per employee served when insourced?

### Insourced by geography

- **EMEA**: $198
- **APAC**: $138
- **North America**: $106
- **United States**: $100

*Regions not included did not provide a statistically significant sample*

### Insourced by employee population

- **>25K**: $65
- **10K - 24.9K**: $188
- **5K - 9.9K**: $280
- **1K - 4.9K**: $465
- **500 - 999**: $709
- **<500**: $971

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Deloitte Global Payroll Benchmarking Survey | Accuracy, efficiency, metrics
Overall, more than 30 percent report it takes more than four days to complete payroll processing. More than 30 percent report it takes more than four days to complete payroll processing. Respondents in North America have the shortest duration, with less than 8 percent responding more than six days, where EMEA and APAC have more than 34 percent going more than six days. This is likely because EMEA and APAC respondents largely outsource payroll using a managed or comprehensive service model, which typically requires an elongated processing time.

Oftentimes, the pay frequency factors into the duration, where monthly allows for a longer runway, as compared with biweekly.

Regions outside of North America largely pay their employees monthly, which commonly aligns to an employee contract. Largely due to the complexity of the Fair Labor Standards Act (FLSA), the United States largely pays their employees biweekly to align with the definition of a work week and to simplify the calculation of overtime.
EMEA, APAC, and LATAM respondents indicated they had more than 40 percent of their effort tied to manual data loads. This is not unusual because these regions typically have a higher volume of payroll vendors with a lack of consolidation and standardization.

Respondents indicated that manually entering or loading inputs is the most time-consuming aspect of processing each payroll. Organizations can consider implementing robotic process automation (RPA) to automate time-consuming, manual tasks to decrease overall processing time.
Number of employees per payroll FTE

Respondents from APAC and North America average the highest number of employees served per payroll FTE at about 1,100:1, while LATAM and EMEA lag behind significantly, averaging about 320:1. Payroll operations within organizations in the United States outpace those across the rest of the world by almost 600 employees per payroll FTE.

By region

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of employees per payroll FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>760</td>
</tr>
<tr>
<td>North America</td>
<td>1,390</td>
</tr>
<tr>
<td>APAC</td>
<td>1,112</td>
</tr>
<tr>
<td>LATAM</td>
<td>341</td>
</tr>
<tr>
<td>EMEA</td>
<td>311</td>
</tr>
</tbody>
</table>

By industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>Number of employees per payroll FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology, media, and telecommunications</td>
<td>1,436</td>
</tr>
<tr>
<td>Public sector</td>
<td>1,433</td>
</tr>
<tr>
<td>Life sciences and health care</td>
<td>1,412</td>
</tr>
<tr>
<td>Consumer and industrial products</td>
<td>1,363</td>
</tr>
<tr>
<td>Financial services</td>
<td>918</td>
</tr>
<tr>
<td>Energy and resources</td>
<td>870</td>
</tr>
<tr>
<td>Professional services</td>
<td>669</td>
</tr>
</tbody>
</table>

By employee population

<table>
<thead>
<tr>
<th>Employee population</th>
<th>Number of employees per payroll FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>25K+</td>
<td>2,091</td>
</tr>
<tr>
<td>10K - 24.9K</td>
<td>932</td>
</tr>
<tr>
<td>5K - 9.9K</td>
<td>903</td>
</tr>
<tr>
<td>1K - 4.9K</td>
<td>271</td>
</tr>
<tr>
<td>500 - 999</td>
<td>321</td>
</tr>
<tr>
<td>Less than 500</td>
<td>32</td>
</tr>
</tbody>
</table>
Section 5
Service delivery

Overview
Survey respondents confirmed the growing importance of developing a global payroll strategy—88 percent of respondents either have a payroll strategy or have plans to develop a strategy. This is almost a 40 percent increase from 2018 respondents.

Technology limitations are the most pressing service delivery issues which respondents face today. Organizations are working to alleviate these technology limitations through transforming their HR and payroll organizations.

Sixty eight percent of respondents indicated that their organization is currently going through either an HR or payroll transformation.
Since 2018, there has been almost a 40 percent increase in organizations who have or have plans to develop a payroll strategy. Organizations are understanding the importance of putting such a strategy in place to not only reduce payroll costs, but also migrate towards a global HR and payroll strategy.

Of respondents with more than 25K employees, all either have or have plans to develop a payroll strategy.

As organizations expand into several countries, it is necessary to have an overarching strategy for payroll governance and service delivery.
Organizations understand the value of transforming HR and payroll services. These transformations manifest through vendor consolidation, implementing new payroll workforce management solutions, or reevaluating outsourcing models.

**Sixty eight percent** of respondents are currently going through an HR transformation or a payroll transformation.

Organizations that are currently going through either an HR or Payroll transformation by industry

- **Consumer and industrial products**: 34%
- **Financial services**: 25%
- **Technology, media, and telecommunications**: 13%
- **Professional services**: 8%
- **Energy and resources**: 7%
- **Life sciences and health care**: 6%
- **Public sector**: 5%

HR and payroll transformations are most prevalent among respondents who operate in consumer and industrial products; financial services; and technology, media, and telecommunications.
Financial services and Technology, media, and telecommunications are most commonly delivering payroll regionally. Financial services organizations have been moving away from local support and have been consolidating services in regional centers. As Technology, media, and telecommunication organizations expand, they are building shared service center payroll capabilities rather than relying on in-country support for payroll.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Regional</th>
<th>Global</th>
<th>Local</th>
<th>Hybrid of Regional, Local</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial services</td>
<td>68%</td>
<td>10%</td>
<td>19%</td>
<td>3%</td>
</tr>
<tr>
<td>Technology, media, and telecommunications</td>
<td>42%</td>
<td>26%</td>
<td>10%</td>
<td>23%</td>
</tr>
<tr>
<td>Life sciences and health care</td>
<td>31%</td>
<td>7%</td>
<td>31%</td>
<td>31%</td>
</tr>
<tr>
<td>Consumer and industrial products</td>
<td>13%</td>
<td>42%</td>
<td>18%</td>
<td>27%</td>
</tr>
<tr>
<td>Professional services</td>
<td>12%</td>
<td>29%</td>
<td>59%</td>
<td></td>
</tr>
<tr>
<td>Public sector</td>
<td>6%</td>
<td>13%</td>
<td>81%</td>
<td></td>
</tr>
<tr>
<td>Energy and resources</td>
<td>20%</td>
<td>60%</td>
<td>20%</td>
<td></td>
</tr>
</tbody>
</table>

Financial services and Technology, media, and telecommunications are most commonly delivering payroll regionally. Financial services organizations have been moving away from local support and have been consolidating services in regional centers. As Technology, media, and telecommunication organizations expand, they are building shared service center payroll capabilities rather than relying on in-country support for payroll.
Technology limitations are the most pressing service delivery issues which respondents face.

Respondents are working to alleviate these technology limitations through transforming their HR and payroll organizations.

Of those respondents who identified technology limitations as their biggest service delivery issue, 56 percent of them are located in North America.
In the United States, in-country payroll resources handle payroll inquiries.

Outside of the United States, payroll inquiries are the responsibility of a regional or global shared service center.

The outsourcing of payroll to third-party providers is minimal. Organizations still view answering payroll inquiries as a value-added service.
Section 6
Next-gen

Overview
This section provides an overview of the organizations that are leveraging or considering leveraging next-gen technology for the 5 key areas below:

**Robotics and automation**
is an enterprise-scalable tool used for rule-based and end-to-end process automation.

**Engagement platform** uses metadata, tags, and catalogs to transform information into knowledge aligned to employee groupings.

**Cognitive engagement** utilizes predictive decision-making and natural-like engagement with humans to execute activities.

**Artificial intelligence** is a platform that completely replicates human interactions and decision-making, leveraging human-like capabilities such as listening, reading, writing, and analyzing based on data.

**Cognitive automation and insights** executes processes with semistructured inputs and utilizes machine learning to enhance business rules over time.
Respondents indicated that both their payroll and HR functions are using next-gen technologies the same amount, with 15 percent indicating their payroll function is currently using them, compared with 14 percent for their HR function. Responses also indicate that 48 percent of respondents aren’t sure or currently do not have plans to use next-gen technology in their HR function, as opposed to 41 percent when responding for their payroll function.
Fifty nine percent are considering leveraging robotics and automation. Robotics and automation allow for organizations to increase the effectiveness of their back office through consistently executing processes.

Of respondents that indicate their HR organization is considering using next-gen technology, 66 percent leverage an engagement platform. Engagement platforms allow for organizations to increase quality, efficiency, and employee experience.

Fourteen percent of the organizations are considering using next-gen technology are utilizing artificial intelligence, many of which are leveraging artificial intelligence in tandem with engagement platforms, which allows organizations to transact and interact directly with information.

While less than 20 percent of organizations are currently using next-gen technology, over 40 percent are planning to use it within the next three years.

By employee population

<table>
<thead>
<tr>
<th></th>
<th>Within 3 years</th>
<th>Currently using</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;1K</td>
<td>17%</td>
<td>19%</td>
</tr>
<tr>
<td>1K-4.9K</td>
<td>13%</td>
<td>26%</td>
</tr>
<tr>
<td>5K+</td>
<td>43%</td>
<td></td>
</tr>
</tbody>
</table>

Organizations use next-gen technology to improve employee experience, compliance, and efficiency.

Larger organizations with higher transactional volumes can more easily quantify the cost benefits of next-gen technology, which is likely why they have double the percent using or planning to use.
Cognitive automation and insights allows for employees to be self-sufficient in resolving payroll-related inquiries.

Next-gen technology allows for payroll organizations to become more efficient and effective from the front office to the back office. A common misconception is that organizations need “good data” to leverage next-gen technology. However, next-gen technology such as robotics and automation allow for the creation and maintenance of good data to leverage other next-gen technologies.

Forty nine percent of respondents with more than 5K employees indicate they are planning to use next-gen technology in their payroll organization within the next three years.

More organizations are currently using or planning to use next-gen technology to support payroll than before. However, payroll organizations are late adopters of next-gen technology.

Seventy two percent of respondents indicated they are considering an engagement platform, while 63 percent are considering robotics and automation but have not defined a path for getting there.

Which next-gen technology is your payroll organization considering?

Is your payroll organization using or considering using next-gen technology?

0% 10% 20% 30% 40% 50% 60% 70% 80%

<table>
<thead>
<tr>
<th>Within 3 years</th>
<th>Currently using</th>
</tr>
</thead>
<tbody>
<tr>
<td>5K+</td>
<td>49%</td>
</tr>
<tr>
<td>1K–4.9K</td>
<td>22%</td>
</tr>
<tr>
<td>&lt;1K</td>
<td>10%</td>
</tr>
</tbody>
</table>

Engagement platform: 72%
Robotics and automation: 63%
Cognitive automation and insights: 11%
Artificial intelligence: 10%
Cognitive engagement: 10%

By employee population

Deloitte Global Payroll Benchmarking Survey

Within 3 years
Currently using

Engagement platform
Robotics and automation
Cognitive automation and insights
Artificial intelligence
Cognitive engagement

0% 10% 20% 30% 40% 50% 60% 70% 80%

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Which next-gen technology is your payroll organization considering?
Forty eight percent of respondents that use next-gen technologies indicate they use it for automating manual processes. This allows for a significant increase in payroll compliance and efficiency.

While an integrated system would eliminate the need to leverage next-gen technology for automatically comparing two systems, there is still no single HR and payroll technology that can cover global organizations with a large country footprint, especially where the employee population size is small within some or all of the countries.
Respondents within financial services have a clear edge over other industries in using next-gen technologies to automate manual processes, with a 15 percent lead over the industry with the next highest usage.

Respondents across the industries are fairly comparable in using next-gen technology in answering employee questions, with consumer and industrial products having a slight edge.
Section 7
Employee experience

Employee experience summary

- Respondents in APAC indicate they provide 99 percent of their workforce electronic online pay slips, while respondents in North America indicate they provide only 92 percent of their workforce electronic online pay slips.

- Respondents in North America offer the highest percent of mobile self-service at 62 percent, while LATAM lags behind at 27 percent.

- Sixty seven percent of respondents indicate they are utilizing contingent workers, while less than 6 percent indicate they are paying contingent workers through payroll.

- Only 7 percent of respondents indicate utilizing a daily pay group, 61 percent of this group pays their daily pay group through payroll.
Online pay slips are widely adopted globally across all regions, with respondents indicating that more than 95 percent of their workforce currently receive electronic online pay slips.

Within North America, the consumer and industrial products industry lags behind other industries, with only 88 percent of respondents employees receiving electronic pay slips. This is likely due to a large retail population where employees may not have access to a computer or mobile device.
The majority of employees are continuing to leverage desktops and laptops to manage or access payroll activities (such as time entry, time-off requests, and viewing pay slips, etc.). However, in EMEA and North America, more than 60 percent of employees are leveraging mobile platforms.

The industries utilizing mobile self-service for payroll activities are technology, media, and telecommunications, with at least 77 percent employee adoption.
Sixty seven percent of respondents indicate they utilize contingent workers. There is not a current trend in leveraging a payroll system to pay contingent workers. Forty percent of respondents are using an accounting group and 34 percent are using a third-party provider to pay contingent workers.

Although a majority of respondents are utilizing contingent workers, only 15 percent are anticipating engaging more contract workers or are currently analyzing their workforce needs, indicating the 15 percent are looking to expand their contingent workforce.

Respondents indicate only 16 percent of their workforce currently utilizes daily pay cards. There is an opportunity to use alternative pay models to better address the pay needs of gig and contingent workers.

If you have a contingent worker group, how do you pay these workers?

<table>
<thead>
<tr>
<th>Accounting group</th>
<th>Third-party provider</th>
<th>Not sure</th>
<th>Current payroll system</th>
<th>Labor management system</th>
</tr>
</thead>
<tbody>
<tr>
<td>40%</td>
<td>34%</td>
<td>19%</td>
<td>6%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Will the gig economy, a labor market characterized by the prevalence of short-term contracts or freelance work, as opposed to permanent jobs, affect the way you engage workers in the future?

If you have a daily pay worker group, how do you pay these workers? What percentage use pay cards?

<table>
<thead>
<tr>
<th>Current payroll systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>93%</td>
</tr>
</tbody>
</table>

Only 7 percent of respondents indicate they utilize a daily pay group. Of these respondents, 61 percent handle these payrolls through their current payroll systems.

Respondents indicate only 16 percent of their workforce currently utilizes daily pay cards. There is an opportunity to use alternative pay models to better address the pay needs of gig and contingent workers.
APAC, EMEA, and North America highly leverage employee self-service. LATAM has the greatest opportunity to improve their overall self-service capabilities. While North America offers the greatest amount of payment modeling, each region has the opportunity to increase this service to their employees.
For further information

Deloitte Consulting LLP and Deloitte Tax LLP provide a broad range of human resources transformation and employment tax services. These services are designed to accommodate both large and small employers across an array of industries and geographical markets. Our services are tailored to our client’s specific needs. Using established methodologies and strategies.

In addition, Deloitte provides services using a multidisciplinary coordinated approach with Human Capital including HR transformation and employee benefits; payroll tax and accounting; and risk management. This multifunctional approach allows us to provide a dynamic perspective to our clients’ payroll issues through technical experience, thought leadership, and innovation around core business issues: financial management, risk management and compliance, operational excellence, and transaction effectiveness.

For more information on the survey or Deloitte’s Global Payroll and Workforce Management Solutions Practice and Services, please contact:

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For a copy of this report, please visit our website at:  

For survey specific questions, please email our US Deloitte Global Payroll Benchmarking Survey mailbox at:  
payrollbenchmarksurvey@deloitte.com

You can also visit our website at www.deloitte.com

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