

alight

Payroll in 2024 and beyond

Marianne Langlois | Jan Pieter Janssen

27th Feb 2024

gpa
Global Payroll
Association



Welcome



Melanie Pizzey

Global Payroll Association



Marianne Langlois

Strategy and Offering Lead Alight



Jan Pieter Janssen

VP Business Development Alight

What we'll cover

1. 2024 Company Payroll Complexity Report
2. What is impacting effective payroll execution?
3. Payroll outsourcing trends
4. Payroll metrics
5. Level of AI Adoption in payroll
6. New developments in payroll processing

2024 Company Payroll Complexity Report

A bit about the **Global Payroll Complexity Index**

Biennial survey,
started in 2013

Ranks payroll
complexity
across
40 countries

Payroll SME
along with
Client
perspective and
experience

2024 Company Payroll Complexity Report

- This report builds on the long established Alight Global Payroll Complexity Index
- Survey of nearly 300 payroll professionals globally
- Questions on experience of processing payroll from the technology used to the number of penalties received for non-compliance
- It also looks at future developments and impacts of AI



KEY FINDINGS

Did the way we execute payroll change?



Companies are still using spreadsheets and manual processes



1 in 2 have been penalised for non-compliant payroll



Some companies are still reluctant to outsource



Just over a third (36%) don't use metrics to measure payroll performance

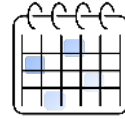


AI is yet to be widely adopted in payroll processing

What is impacting effective payroll execution?



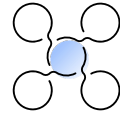
What are the biggest pain points processing payroll?



Time spent on manual repetitive activities



Inconsistent data quality

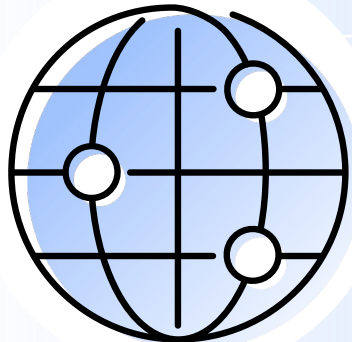


Lack of integration



Lack of standard processes

Key changes witnessed since the 2021 index



Employee-led culture
on the rise

Digital workplaces

Remote workforce
including cross-jurisdiction
currencies and tax
implications

Heightened shift to
Cloud payroll

Remote access

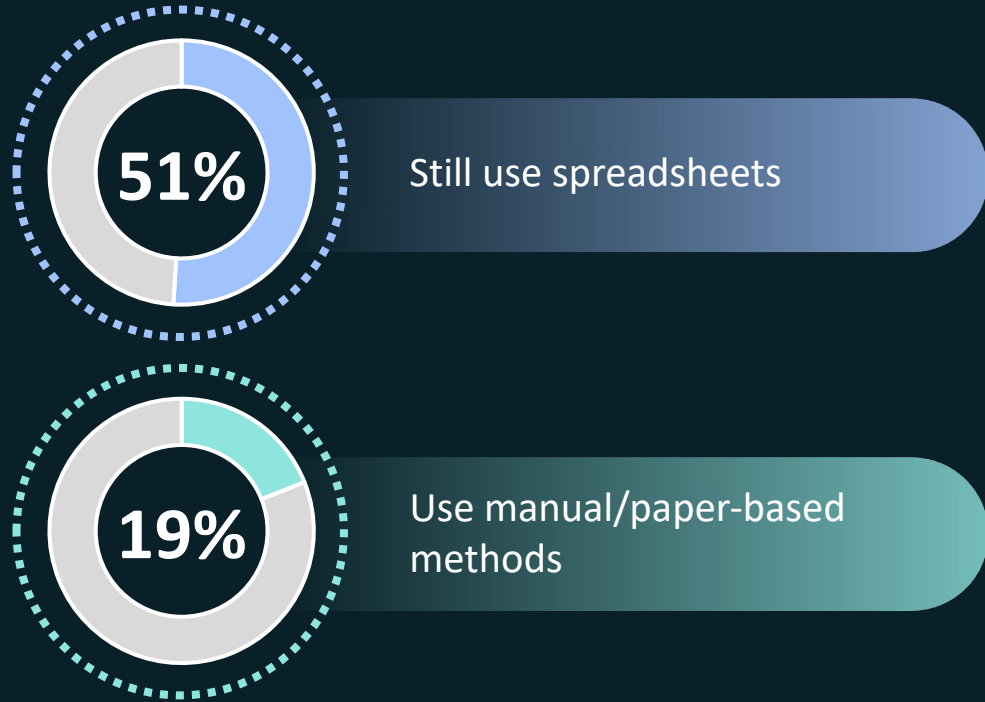
Real-time payroll data
management

Payroll integration with
HR and finance systems

Pay innovations including
on-demand pay and on-
the-go payroll
management

Pay equity and heightened
financial wellbeing focus

It's hardly surprising



As payroll is complex already, manual processes just add to the complexity.

Paying people in another country/ies like France (most complex country in our 2023 survey) can compound the complexity.

Poll: Do you still use
spreadsheets in payroll
processing?

-Yes

-No

So, what if you use manual processes?

Difficult to
measure
performance

Greater
potential for
errors

Time spent
processing
payroll

Need for more
resources

Setting
priorities is
more
challenging

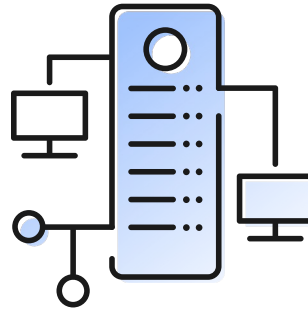
More effort
needed to on-
board payroll
professionals

What type of integration?

Different levels of integration

Real time versus event based

Local versus global data



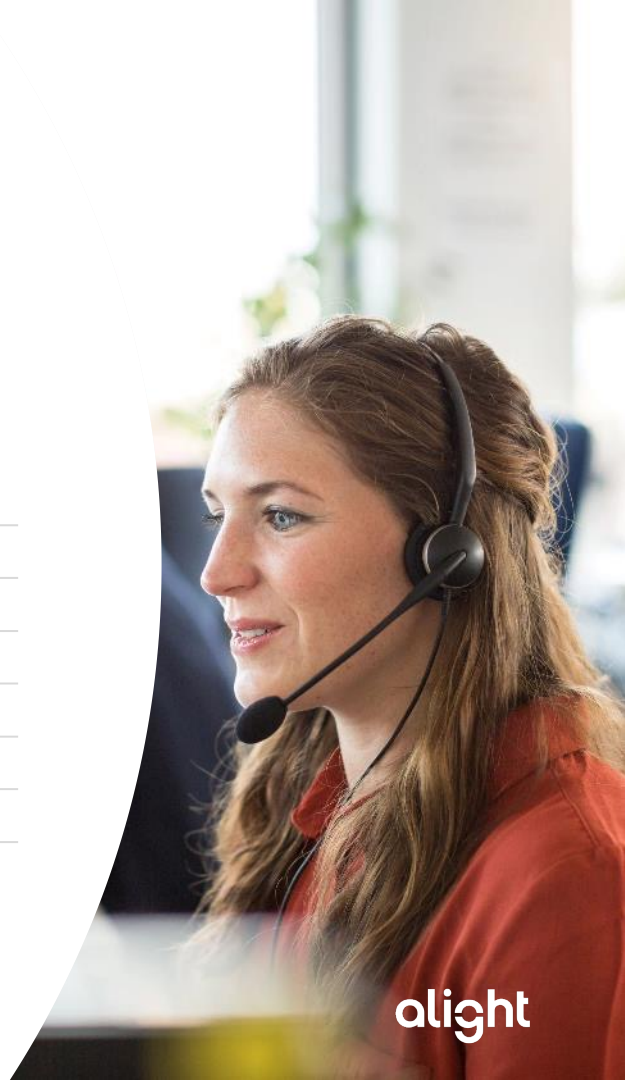
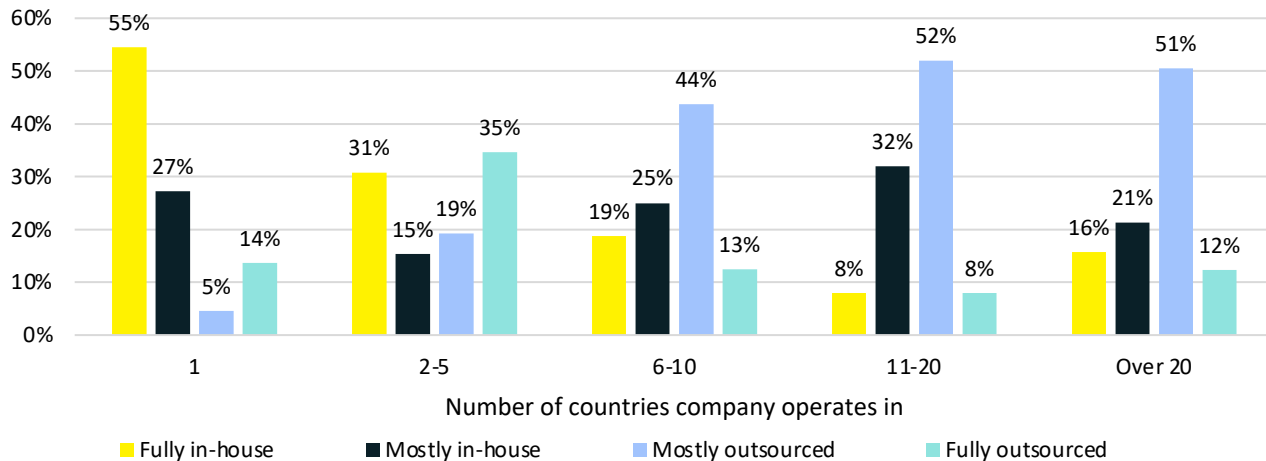
With different systems like:

- Cloud HCM
- T & A
- Benefits
- F & A / GL
- Bank(s)
- Other downstream systems

Payroll outsourcing trends

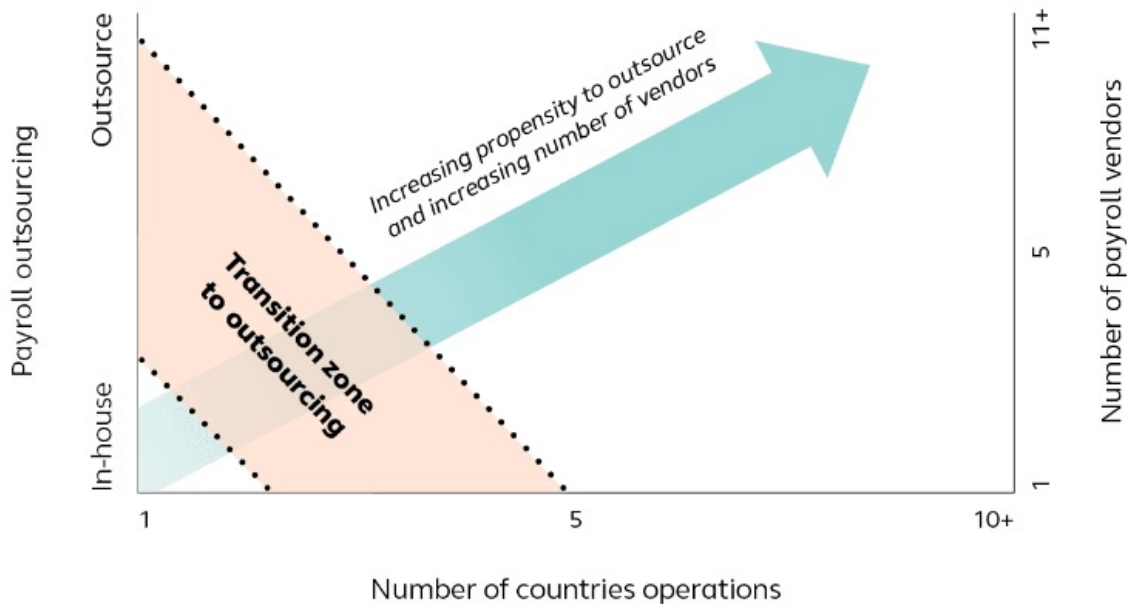
Payroll outsourcing

- More countries you operate in the likelier you are to outsource
- Still a significant number of companies operating in 20+ countries that manage their payroll fully or mostly in-house
- Companies are still trying to do this themselves
- Hard to find talent



Transition zone to outsourcing

Propensity to outsource payroll based on the number of countries a company operates in



Why are companies reluctant to outsource?

2/3

who hadn't outsourced
were happy with their
payroll

12%

said it would be too
much work

1 in 10

said they couldn't build
a business case

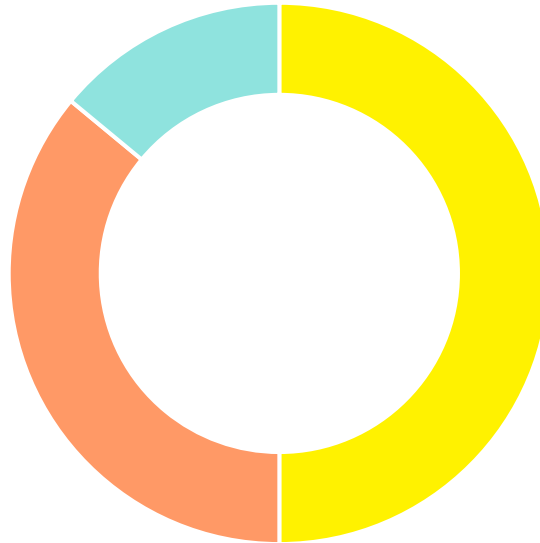
Risk perception
If it ain't broke, why fix it?

Poll: If you haven't outsourced your payroll, why not?

- Too much work
- Can't build a business case
- Happy with existing solution
- Too expensive
- Other (Please state)
- N/A

Payroll metrics

Use of metrics to measure performance of payroll



50%

Yes

36%

No

14%

Don't know

Payroll metrics

Only half are measuring payroll performance

Payroll metrics are changing

Looking beyond simple metrics like error rates, timeliness of payroll

Payroll performance metrics now consider people experience, business outcomes and overall productivity

Changing payroll metrics



QUALITY

Error rate ↓

Overpayments ↓

Off-cycle payments ↓

Data quality ↑



PRODUCTIVITY

Total cost of payroll ↓

FTE ratio ↑

Processing cycle time ↓

Manual reporting effort ↓



EXPERIENCE

Self-service usage % ↑

Time to resolve errors ↓

Employee satisfaction ↑

Pay issues raised by employees ↓



RISK

Penalties incurred ↓

Audit issues identified ↓

Visibility and control ↑

Resource continuity ↑

Integration
and employee
experience layer

Audit-ready
payroll controls
in 180+ countries

AI anomaly
detection
software

End-to-end
approach from
hire to retire

Cloud HRIS
process
knowledge

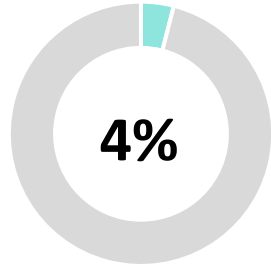
Global
compliance
team

Single point
of contact across
the globe

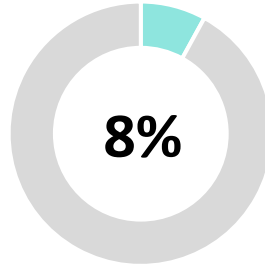
Standardized
global reporting
and processes

Level of AI adoption in payroll

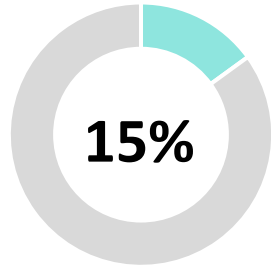
Artificial Intelligence (AI) in processing payroll



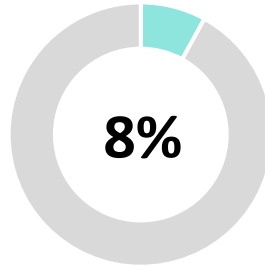
Currently use AI



Plan to implement AI



Say time spent on manual repetitive activities is the biggest pain point

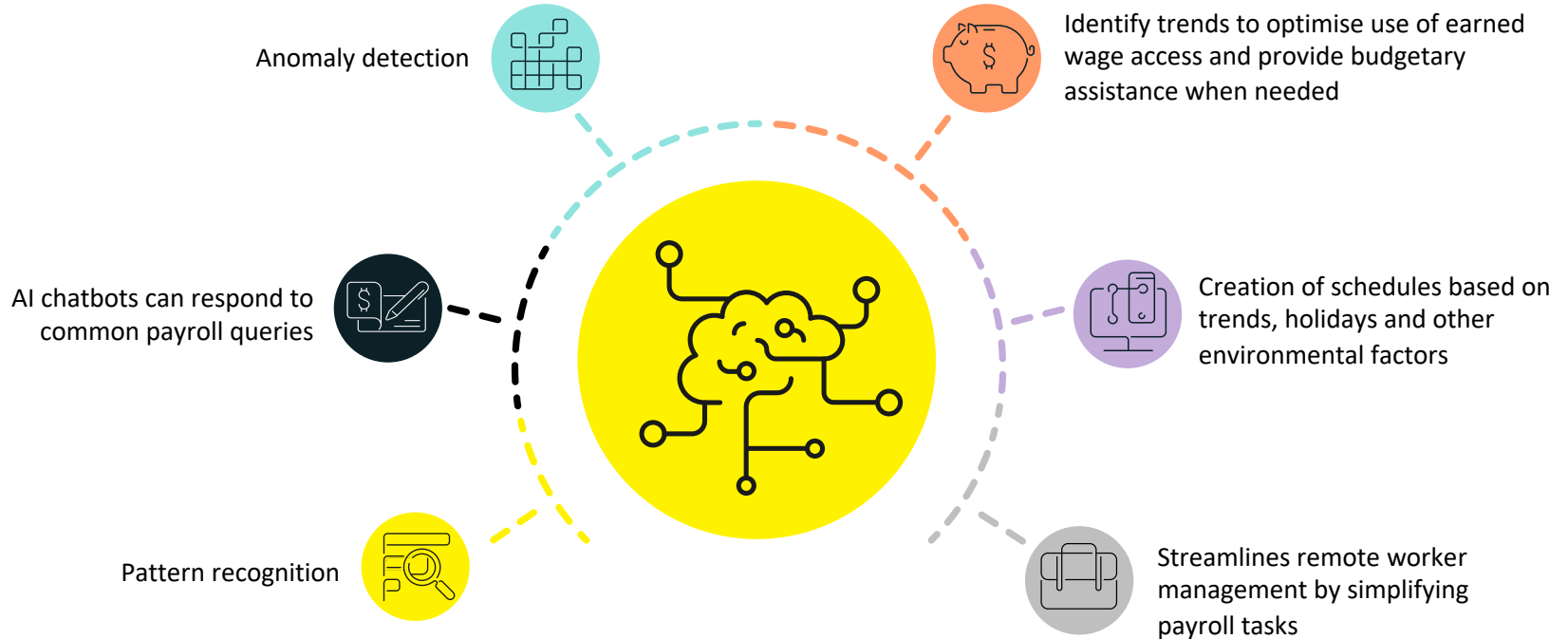


Plan to implement Robotic Process Automation (RPA)



The biggest pain point in payroll processing is repetitive activities, but **less than 10% plan to introduce AI which could help**

What does AI in payroll look like?



Poll: Do you use AI in
your payroll process?

-Yes

-No



Reasons why AI uptake is low

- Scepticism that AI can help
- Data security and the 'Super user status' of AI
- Perception of potential job losses
- Concerns of payroll going wrong
- Risk aversion: why take risks of getting payroll wrong with AI
- Lack of:
 - Time
 - Budget
 - Knowledge
 - Willingness to embrace AI
- Unable to see the value that AI can yield

New developments in payroll processing

Top 5 plans for payroll in the next 2 years

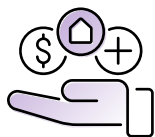
Integration of payroll and benefits

Employee data analytics

Automatic reporting

Robotic Process Automation

Artificial Intelligence



Are companies complacent with their payroll?

In the next 12 months, **only 1 in 3** are planning to make changes

Poll: Are you planning to make any changes/investments in payroll in the next 12 months?

-Yes

-No



[Check out the report](#)

Thank you

Any questions?