

THE NEW

PAYROLL EFFICIENCY REPORT

KPIs, PERFORMANCE & GLOBAL BENCHMARKING





David Barak

Chief Marketing Officer



John Pearce

SVP, Payroll Operations



Marlene Felisberto

Global Director,
Consulting Solutions

AGENDA

- Why standard SLAs aren't enough
- Where is the most difficult place to do payroll?
- Resilient payroll in challenging times
- Global KPI analysis – 2018 vs. 2020
- KPI analysis by region
- Standardize, integrate, automate

WHAT IS THE GLOBAL PEI REPORT?

Industry benchmarking report of payroll processing KPIs across 130+ countries



- ▶ Identify and measure efficiency metrics that make a difference to payroll performance
- ▶ Monitor across every country and use for continuous process improvement
- ▶ Data sampled from 1m+ payslips generated between Jan 1-Dec 31, 2020, from multinational entities

OUR PAYROLL EFFICIENCY MODEL COMPRISES 5 KPIS:



First-time approvals



Data input issues



Issues per 1000 payslips



Calendar length



Supplemental impact

These KPIs can provide insight into how a vendor is performing, how well the two parties are working together, and potentially highlight a number of issues which require remediation:

- Payroll data being compromised
- Reporting can only be conducted locally, and not globally
- Full visibility of global payroll costs is impossible
- Continuous improvement is impossible because of fragmented processes

Data allows us to understand the actual workings of a business and is central to supporting wider business planning and decision-making. Integrating global payroll data into broader managerial processes across Finance and HR, beyond the payroll function, is an opportunity that cannot be missed.

PEI REPORT SAMPLE DATA

For this second edition of the Global Payroll Efficiency Index, we sampled data from multinational entities across the Americas, APAC, and EMEA regions, and from more than one million payslips generated between January 1 and December 31, 2020.

The report has been compiled so that payroll practitioners all over the world can get a true picture of just how efficiently payroll is running both globally and regionally.

Rather than relying on basic SLAs which don't provide the depth of insight into how payroll works for organizations and employees alike, we assess data using our Payroll Efficiency Model that explores on-the-ground performance, instead.

“WHY ARE MY SLAs
GREEN IF MY PAYROLL
TEAM FEELS RED?”



WHY STANDARD SLAs AREN'T ENOUGH IN PAYROLL

We recommend tracking five KPIs to understand payroll performance



FIRST-TIME APPROVALS

% of gross-to-net calculations approved upon initial review



DATA INPUT ISSUES

% of data errors caused by incorrect or incomplete customer data entry



ISSUES PER 1000 PAYSLEIPS

of data issues identified for every 1000 payslips processed



CALENDAR LENGTH

of days required to complete payroll processing



SUPPLEMENTAL IMPACT

% of payroll runs completed as supplemental runs

POLL

Which of these countries do you think is the most difficult place to do payroll?



WHAT IS PAYROLL DIFFICULTY?

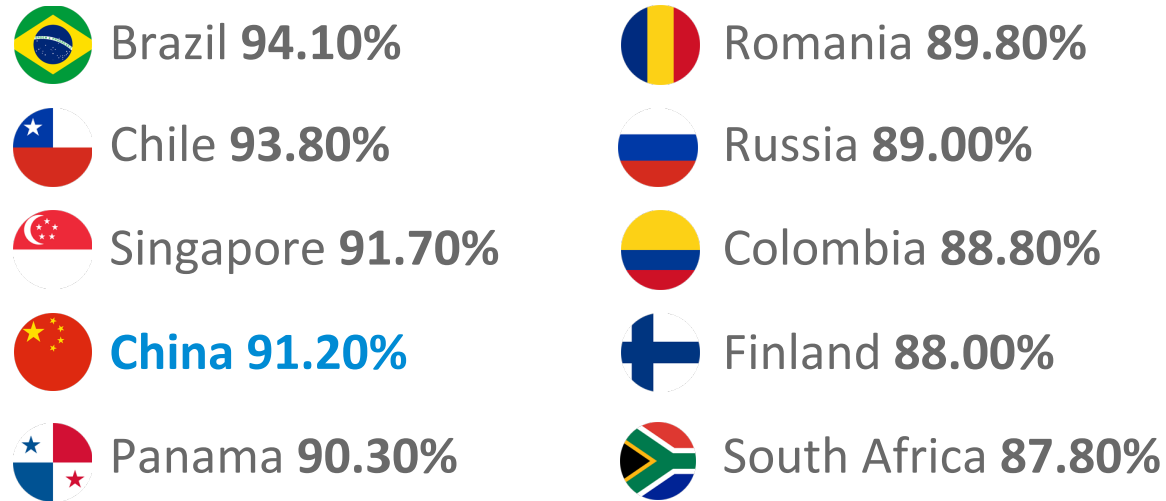
It's more than just complexity



WHERE IS THE MOST DIFFICULT PLACE TO DO PAYROLL?



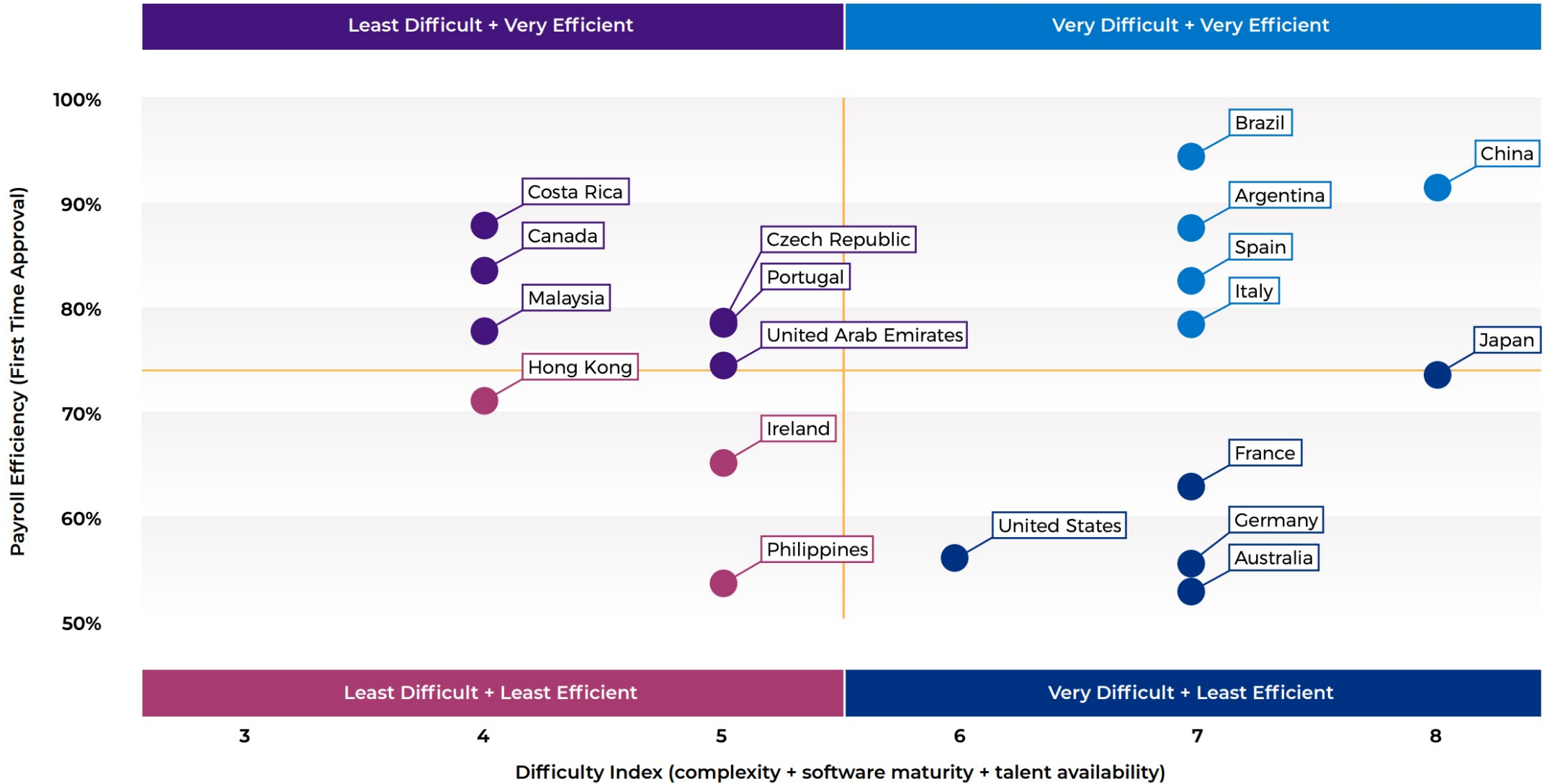
WHICH COUNTRIES ARE MOST EFFICIENT AT DOING PAYROLL?



China stands out as the one country that is both very difficult and very efficient

We define efficiency based upon the first-time approval rate

PEI MATRIX



POLL

Has the pandemic had a positive or negative effect on your payroll process?



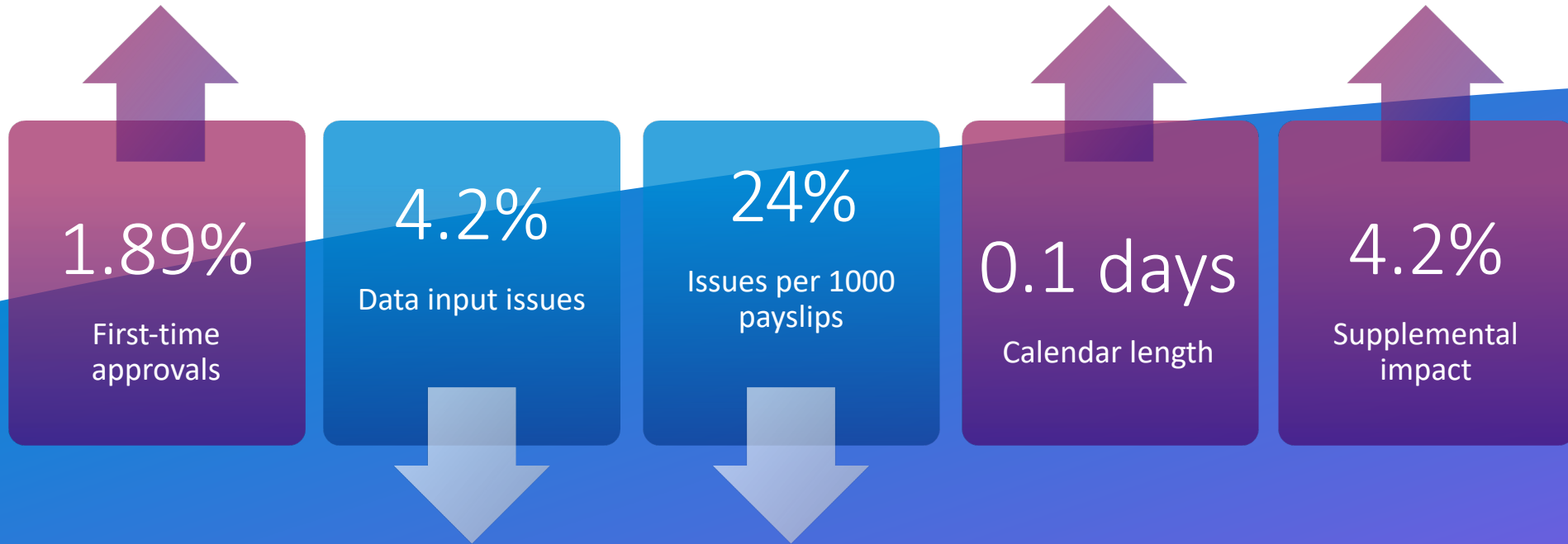
THE PANDEMIC'S IMPACT ON THE PAYROLL FUNCTION

The COVID-19 pandemic has been extremely challenging for payroll teams



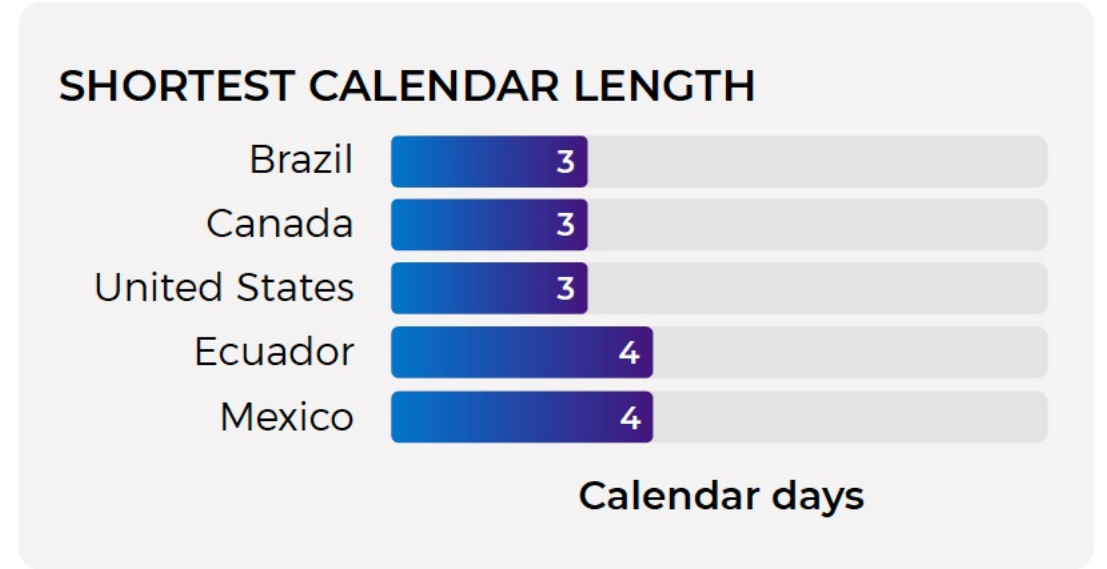
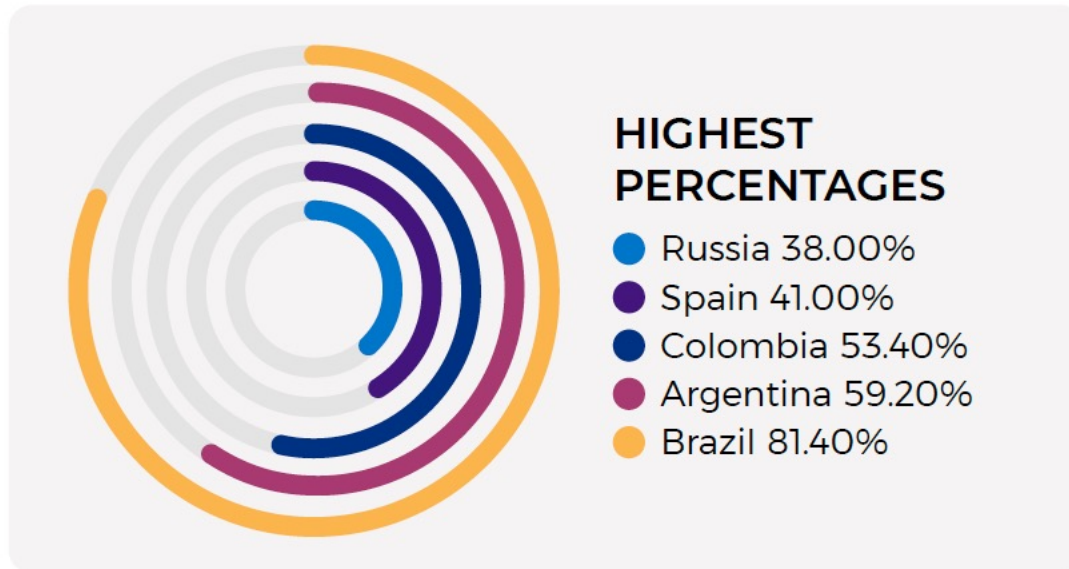
2018 VS. 2020 GLOBAL ANALYSIS

At a global level, 2020 results are encouraging



SUPPLEMENTAL IMPACT & CALENDAR LENGTH

Correlation between the countries with the highest supplemental impact and those with the shortest calendar length



KPI ANALYSIS: AMERICAS

OVERALL

Increase in overall performance efficiency

Best performer when all metrics taken into account

FTA: Up 1.77% to **84.41%**



DATA INPUT ISSUES: Down 6.4% to **70.8%**



ISSUES PER 1,000 PAYSLIPS: 35% reduction



CALENDAR LENGTH: 0.2 day increase



SUPPLEMENTAL IMPACT: Up to **39.7%**



CAUSES

Short calendar length and frequent supplemental runs in South America

KPI ANALYSIS: EMEA

OVERALL

Showing signs of improvement

But lowest performing overall

FTA: Up 1.29% to **71.89%**



DATA INPUT ISSUES: Down 3.3% to **67.8%**



ISSUES PER 1,000 PAYSLIPS: 22% reduction



CALENDAR LENGTH: 0.2 day increase



SUPPLEMENTAL IMPACT: Up to 15.3%



CAUSES

COVID-specific measures taken in some countries

Short-notice changes

KPI ANALYSIS: APAC

OVERALL

In line with other regions

Ranks second out of three

FTA: Up 4.32% to **72.1%**



DATA INPUT ISSUES: Down 3.7% to **71.3%**



ISSUES PER 1,000 PAYSLIPS: 22% reduction



CALENDAR LENGTH: 0.2 day reduction



SUPPLEMENTAL IMPACT: Up to **11.4%**

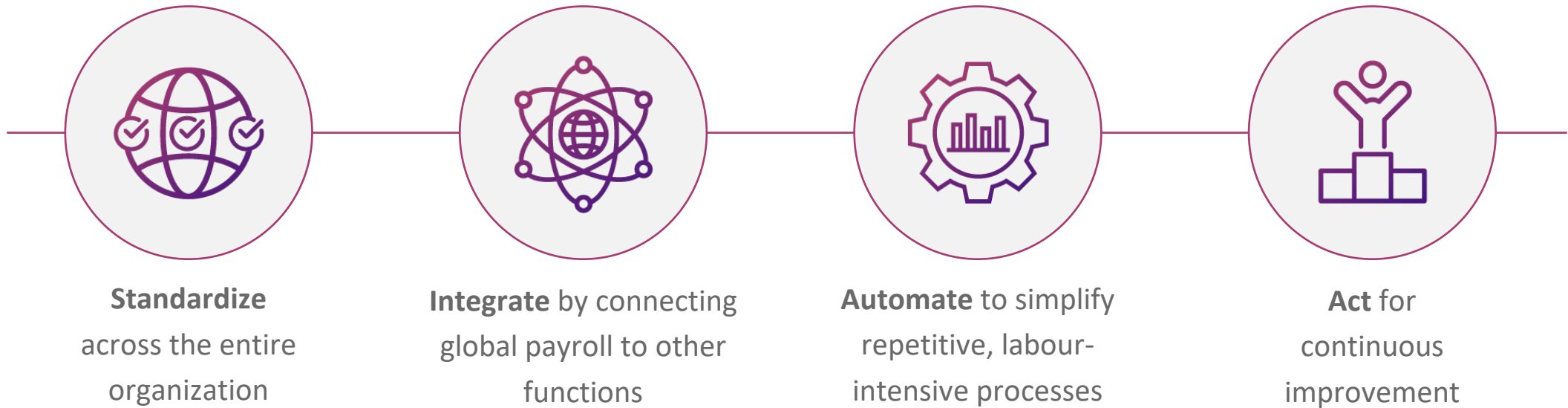


CAUSES

Higher number of terminations due to the pandemic, increasing off-cycle runs

STANDARDIZE, INTEGRATE, AUTOMATE, ACT

Making global payroll work requires a number of challenges to be solved





GLOBAL PAYROLL EFFICIENCY INDEX

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THANK YOU