



# Top three global payroll vendor concerns in Europe

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## About the metric

This metric is important because it shows the top three areas of concern most companies have regarding payroll vendors in the European market.

## Why it is important

As companies continue to analyse vendor capabilities in order to find the best vendor for their specific payroll needs, our data shows most vendors do a good job of ensuring the payroll is compliant. However, there is concern when it comes to the stability of the vendor, cost to process the payroll and the quality of the payroll.

## Strategic implications

While the choice of vendor is a personal decision for each company, it is important that during the vendor evaluation process, there are questions that allow companies to gain insight on stability, quality and cost.

## Costs

Most companies do a fairly good job of identifying the major costs (ie cost/payslip, implementation costs and other reoccurring costs) but more probing can be done to identify other costs that may be incurred due to complex business processes and/or other exception processing that may cause additional customisations, increasing overall costs. In essence, exercise due diligence up front, so there are no hidden or unexpected costs that pop up later in the relationship.

## Quality

Vendors are not normally challenged to calculate gross to net, but there may be other activities or causes that impact the overall quality of the payroll. Careful review of internal processes and a clear understanding of the audit and control procedures the vendor has in place are necessary to ensure a high quality payroll.

## Stability

Finally, checking a company's financial statements, understanding their vision and goals as well as having adequate knowledge about their leadership team (tenure, prior employment, time in industry, track record at other companies etc) are all important to better understanding the overall stability of the vendor. Companies must also be aware that stability alone does not mean the vendor is the best fit for your company.

In summary, there are a lot of payroll vendors in the market and each of them provides a unique service that fulfills an important need in the market. While every company will not choose the same vendor, it is important that a rigorous process is in place to evaluate the vendor. The decision should be fact based and tailored to meet the needs of the individual company. Although these are the top three concerns, other areas of concern include: flexibility, security, agility and compliance.

Top 3 Areas of Concern Related to Payroll Vendors

