

## Letting go of that paper trail

*Automating, outsourcing payroll part of trend toward mobile pay*

BY SHELLEY NG

There was a time when businesses of every size employed bookkeepers to pay employees accurately and on time and to calculate withholdings and deductions correctly. It was a labour-intensive process where human error was a constant concern.

As the digital revolution took hold and increasingly sophisticated software became available, companies began electronically managing payroll — either completely in-house or by outsourcing part or all of the process.

Ten years ago, web-enabled payroll solutions again transformed the way businesses operated, streamlining all aspects of payroll and saving time and money while reducing paperwork and mistakes.

Only about five per cent of Canadian businesses — mostly in the small business category — still manually process payroll. That percentage is shrinking daily because electronically running payroll is not just about saving time and money, it's about complying with government legislation and ensuring valuable employees are paid on time and accurately.

Legislation involving government remittances, Canada Pension Plan (CPP), employment insurance, pension plan calculations, taxation and other regulatory issues has become increasingly complex over the past couple of decades and companies are more subject to compliance breaches and fines. For example, if the federal government receives company tax remittances one day late, a company is fined 10 per cent of the remittance value. If there is a second late filing, the fine is increased to 20 per cent of the remittance value — that can be extremely costly for an organization.

As a result, many companies that still run payroll manually have decided it's easier and safer to outsource the entire process, since most payroll providers do everything from arranging direct deposits, issuing pay stubs, forwarding government remittances,

processing garnishments and providing records of employment (ROEs) to delivering year-end and tax form services.

It's simply a matter of choosing a payroll service provider and deciding between an on-premise process or one that is fully or partially managed by the provider via the Internet.

### The conversion process

When outsourcing to a payroll services provider, implementation services are usually offered to support customers through the conversion process. An implementation consultant can meet with an employer to configure the payroll solution to meet its business needs. This includes fleshing out any group life insurance plans, pension plans, union fees and other company earnings or deductions.

Payroll staff are then walked through the solution so they're completely familiar with all aspects of their automated, comprehensive payroll system. As an organization's size increases, payroll needs typically increase and a service provider can provide advice and support as required.

But one thing is clear: The days of manual payroll and ledger sheets are long gone. Today's payroll professionals spend less time processing transactions and more time identifying savings opportunities as well as focussing on business concerns such as cost control, valuation and other aspects of human capital management. And technology is providing the tools.

However, to be a true strategic business partner, payroll specialists need to stay on top of emerging trends and technologies that promise to further effect business. If the last decade seemed like a roller-coaster ride, there are more exciting things in store in the coming decade.

### The future of payroll

There are many emerging trends driving change for every aspect of the business world but perhaps the two biggest trends for payroll professionals are shifting demo-

graphics and technological innovation.

### Shifting demographics

The second-largest generation in history is now entering the workforce in record numbers. Members of generation Y, the children of the baby boomers, are already known for their technological savviness. They have grown up in the digital age — downloading music, movies and information in a matter of seconds and connecting with friends via text messages, Twitter, Facebook and other forms of social media. They're used to accessing information from anywhere at anytime and want real-time access to almost anything, including their work and finances. Gen Ys have more faith in technology than previous generations and like to manage their own data and processes.

They also want to make a difference in the world and take green initiatives seriously. A new gen-Y employee will be the first to point out where a company is wasting paper and how going green can save money. As such, mobile electronic pay stubs and virtual time and attendance tracking will be embraced and demanded by younger employees.

This demographic has already acquired a reputation for being demanding and outspoken, like the baby boomers before them. And, like the baby boomers, this generation will drive organizations to innovate.

### Emerging technology matures

The one technological innovation having the greatest impact on business — and payroll — is the smartphone. It's hard to believe smartphones have been around for less than one decade because they're now a necessity for most gen Ys, filling their need for immediate access to information 24-7 from virtually any location. In the last couple of years, tablets have entered the mainstream market and are having a similar impact.

Smartphones, tablets and apps are also solutions to meeting the needs of an increasingly mobile and global workforce. With more and more companies setting up branches in various countries, payroll must deal with multiple languages, customs, legalities and cultural expectations. Businesses can run payroll through a mobile device, anytime from anywhere, and send electronic pay stubs to employees.

Through a mobile payroll app, employers can now submit payroll figures directly

from a smartphone. Eventually, they will be able to add and edit employee profiles and enter time information quickly. It won't be long before the entire payroll function can be done from a mobile device. Imagine having workers from around the globe submitting their hours via their mobile devices and then paying them through a mobile wallet or mobile-enabled payroll card.

There are many more emerging technologies, such as cloud computing, that will help the role of payroll professionals evolve into

that of an essential strategic business partner providing trend data and analytics and ensuring compliance in an increasingly litigious environment. One thing is certain: The next few years are going to be an exciting time for payroll specialists.

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