

DEFINITIVE GUIDE TO GLOBAL TIME AND GROSS PAY AUTOMATION

DELIVER COMPLIANT GLOBAL TIME & GROSS PAY
IN EVERY COUNTRY WHERE YOU OPERATE

TABLE OF CONTENTS

Overview

Introduction.....3

Sections

Global Compliance: The No. 1 Issue Facing
Payroll.....4

Data Silos, Inefficiencies and Wasted
Overhead.....5

Solving the Global Time and Gross Pay
Conundrum.....7

Conclusion

Conclusion.....8

About Replicon.....8

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GROSS PAY AUTOMATION



INTRODUCTION


Large, multi-location businesses expanding globally face an ever-greater challenge processing payroll. Throwing more vendors and resources at the variations of gross pay across your locations is a simplistic approach that overlooks the complexities of addressing local labor laws and specific local needs – and it hampers balancing the ROI or investment across these locations.

Sure, payroll leaders get up to 80% coverage of workforce using the traditional vendors and ecosystem. However, a majority of time and effort is spent managing that other 20% payroll use case. The infamous 80-20 rule works against you!

The fact is that traditional means of addressing centralized payroll cause more problems than they solve. And a

company's global time and labor – which directly contributes to 60% of cost and effort in payroll – necessarily becomes a higher priority. The payroll challenges of multi-location growth are daunting – and costly.

In a survey by EY, the top four issues around global payroll delivery included legislative compliance (27%), consistency in payroll processes (16%), managing the talent pool and resources for global payroll (11%), and administrative costs (10%). Let us look at each of these in a little more detail.



“ Payroll leaders get up to 80% coverage of workforce using the traditional vendors and ecosystem. However, a majority of time and effort is spent managing that other 20% payroll use case. ”

GLOBAL COMPLIANCE: THE NO. 1 ISSUE FACING PAYROLL

SECTION ONE

Legislative compliance is the No. 1 issue facing payroll

Wage and hour compliance is an ongoing conundrum for businesses. Each region has a variation or flavor of labor law that makes it unique and difficult to comply with. Beyond these variations are changes to these laws that makes it even more difficult to adhere to them. If businesses have a unionized environment at any of these locations or collective bargaining agreements (CBA) or enterprise agreements, complying with these becomes that much more complex. To put it in perspective, consider a few highlights of labor litigations around the world.

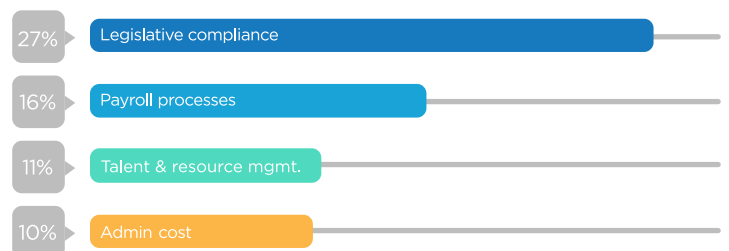
In the US, the Department of Labor estimates that 70% of employers are not compliant with wage and hour laws. There has been a ~400% increase in the number of wage and hour litigations over the last decade and about \$4.2 billion has been paid out in penalties with overtime contributing to about 90% of payouts.*

Elsewhere in the world, Japan is trying to clamp down on overtime issues prevalent in its workforce. We are seeing more labor disputes in China, India and other APAC regions. Australia's labor department (Fair Work Ombudsman) has been on a major drive to enforce wage-and-hour laws to prevent employee exploitation. And discussions around work time and a clear distinction from personal time are increasing in the European Union.

* Nera Consulting Report

Global gross pay is heavily dependent on an understanding and modeling of the region-specific legislation. Most businesses rely on traditional vendors who help them cover the most populous regions. Then those businesses outsource (low ROI) the rest of the locations or stack up internal resources (employees and manual processes) to try accomplish a semblance of control over their time and gross pay needs. Even so, their wage-and-hour compliance can still be an unmitigated risk with these makeshift arrangements.

Top 4 issues around global payroll delivery



Source: EY

Successfully managing global time and gross pay requires companies to find and deploy systems that are extremely configurable and can handle the eccentricities associated with each of the locations they do business in.

DATA SILOS, INEFFICIENCIES AND WASTED OVERHEAD

SECTION TWO

As growing businesses expand beyond their initial locations, pursue employee diversity, and seek to comply with varying labor laws, centralized payroll becomes increasingly challenging. Multi-location businesses can find it particularly daunting to employ consistent business processes across the globe, particularly those that operate without true centralized visibility and control.

Inconsistencies in global payroll processes

Applying consistent business processes across a variety of locations is difficult and time-consuming—but failing to do so definitely harms a business's bottom line.

Businesses must be able to follow universal global rules and processes to achieve centralized visibility and control over their time and gross pay data. But unique local requirements may complicate modifying existing systems. With most multi-location companies each location sets up its own systems and processes, which are typically manual and spreadsheet-based. This produces islands of data that are good for either global administration or local reporting, but not both. Without a single source of truth for gross pay data, companies encounter data silos and extremely poor-quality information, riddled with inconsistencies and errors.

The different processes and systems across these regions also hamper businesses with different levels of services or generate other inconsistencies in services across these regions — a top concern of 42% of companies surveyed by SD Worx.

Recent statistics reveal:

- ▶ 56% of businesses** admit to having issues with payroll accuracy
- ▶ Less than 29%** of global organizations have all-encompassing payroll services on a global scale
- ▶ Manual processes in managing time and gross pay create errors of up to 7% and inaccurate paychecks, according to the American Payroll Association

Can you imagine what a modest 1% error and payroll leakage over a \$100 million payroll cost would look like? That is the million-dollar question!

56%

Of businesses admit to **having issues with payroll accuracy**



** SD Worx

Resulting administrative inefficiencies

Global organizations clearly need global time and labour information to keep payroll running efficiently; those lacking a single source of truth must dedicate a significant amount of time and effort to collating this information. Resorting to spreadsheets and manual processes across diverse locations can add substantial (and unnecessary) administrative overhead to payroll teams. Manually calculating hours, applying policies, managing compliance, validating data — and checking for exceptions — can set back any payroll team by weeks. That complicates preparing data before each payroll run or making them readily available whenever an executive requests specific payroll information.

In theory, the payroll team should be able to review and manage “gross pay” before it is used for any payroll calculation, thus greatly increasing the accuracy of “net pay.” In reality, payroll teams relying on disparate, manual processes have to pull data from each local system, identify the gaps in local needs, and perform those calculations across different regions. Then they must collate all this separate data. These additional manual tasks add administrative overhead and unnecessary double-work that results in frustration, errors, delays, and loss of productivity.

In Replicon’s experience with global customers, the inefficiencies cost [payroll teams 16 to 20 hours each week](#).

Businesses often believe they can outsource these processes to eliminate administrative overhead, but this, too, can prove costly. Successful outsourcing requires the payroll team to carefully manage these vendors to engage in a time-consuming practice of [manually sending information](#) back and forth -- typically not a core skill of payroll employees.

Associated costs of working with numerous outside vendors can quickly become prohibitive. Often the fixed costs of these vendors prohibit businesses from using them until they reach a certain employee threshold. Meanwhile, businesses must overstaff their payroll teams to compensate — ultimately building additional inefficiencies in the process.

This global, modernized world requires globally focused, modern solutions. Business that elect to automate global time and gross pay everywhere they operate can achieve a single source of truth for payroll while alleviating data collation administrative overheads.

Finding the right talent to manage your global and local needs

Whatever strategy you select to streamline your payroll department, select people with a clear understanding of global business policies, knowledge of the local nuances around payroll, and in some cases good partner management skills. Be aware the pressure this may place on the subject matter experts on your teams who become irreplaceable.

Imagine a scenario in a country where because of the costs and complexities involved, time and gross pay are managed manually. Bob on the payroll teams knows all about the time off policies specific to this location and he needs to get involved in every pay run to make sure that those policies are applied correctly. He is also responsible for maintaining and updating the policies as needed. Should Bob suddenly leave your organization, you could find an illegible spreadsheet and a broken process. It is rare to find a replacement from your own team with the unique skills and expertise to support your locations.



“ Business that elect to automate global time and gross pay everywhere they operate can achieve a single source of truth for payroll while alleviating data collation administrative overheads. ”

SOLVING THE GLOBAL TIME AND GROSS PAY CONUNDRUM

SECTION THREE

To be able to effectively tackle these global payroll problems, businesses need to find modern global time, labor, and compliance solutions that offer the following features and qualities:

► Advanced configurability

Global organizations run into specific localization needs. They need a global platform approach to time and labor — meaning they can take care of any customization challenges within their own system without additionally investing in expensive, time-consuming custom projects that have them rethinking ROI.

► Global compliance

Managing wage and hour compliance can eat away up to 20% of your payroll team's time. Payroll teams need a solution that offers them a global pay rule library equipped with built-in change management capabilities to minimize issues with ongoing labor law updates. Compliance is too important to get wrong or adapt to reactively — businesses need to be made aware of upcoming changes and given assistance with any transition to new rules.

► Mobile-ready

As businesses work to adapt to the changing nature of the workforce, they need to ensure that their systems and processes adapt as well. This means deploying

solutions that their workforce can access from anywhere, at anytime. In addition to including modern mobile apps, solutions need to offer intuitive interfaces that are easy-to-use and feature-rich.

► Plug & Play

A good gross pay platform needs to be built from ground up for scalability and be able to handle global deployments. Additionally it should be able to integrate with major payroll providers and ERP apps to share data seamlessly across a business's ecosystem.

► Agile and Scalable

One of the main reasons businesses lose out when working with outsourced vendors is the high startup costs and the lack of ROI associated with automating every location. To combat this, the solution they use needs to be elastic and incur very little incremental costs to setup new locations while offering complete scalability to meet the demands of any region. It also needs to offer agility and quick implementation and deployment capabilities to ensure maximum returns.

CONCLUSION

Streamline your global gross pay operations with a unified platform to manage time, pay rules, compliance, and more with Replicon's Time Intelligence™ Platform.

Replicon believes that time is an enterprise asset and needs to be treated like one by businesses. That ensures centralized visibility and control over employee time – producing maximum ROI from employee time. To this end, Replicon has created a Time Intelligence Platform that helps businesses with every use case there is around time. Global payroll leaders use our Global Time and Gross Pay Automation solution to manage their global time and labor need to achieve gross pay accuracy.

“Replicon is a big part of our future as Adtalem grows, We're looking forward to further optimizing the way we use it so we can keep realizing additional efficiencies to every extent possible.”

—Bill Lumani, Senior Director of HR Shared Services, Adtalem

About Replicon

Replicon, the Time Intelligence™ company, has over 20 years of industry leadership and is pioneering a new approach to time management. Time Intelligence elevates time as a strategic asset within an organization, to improve operational productivity, performance, and profitability.

Replicon's Time Intelligence Platform offers solutions for global time and gross pay compliance, enterprise time management for ERP, business operations software for professional services, and an SDK for continued development - expanding the company's award-winning portfolio of cloud-based products, including complete solution sets for client billing, project costing, and time and attendance.

Replicon supports thousands of customers across 70 countries, with over 400 employees around the globe including the United States, Canada, India, Australia, and the United Kingdom.

