

Ascentis
Payroll Solution White Paper

(brand head) An Ascentis White Paper

(title) Reaping the Benefits of Real-Time Processing:
Why Payroll Departments Should Consider Software as a Service
(SaaS) as Expectations Rise and Resources Diminish

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(text) Much has happened since Dorothy Parker famously quipped that the two most beautiful words in the English language are “Check Enclosed.” People still want their money, but increasingly they prefer it be deposited directly into their bank account. The fact is that paper-based checks are fast becoming a kind of physical relic (Remember handwritten letters?), and the digital revolution that has replaced snail mail with e-mail and texting is also transforming payroll and human resources organizations worldwide. The change is all about meeting rising expectations and doing so with budgets and staffing pared to a minimum.

The increasingly ubiquitous use of the Internet is changing individual expectations regardless of background or venue. A recent study notes that as consumers use the Internet, their perception of increased control is likely to result in changing expectations of their interactions with organizations in general. The accretion of positive experiences in obtaining information during active, self-initiated, and self-controlled online experiences is leading individuals to higher expectations: of responsiveness

from the individuals or organizations with whom they interact, and of greater control over those interactions.¹

If you thought the payday crowd was a difficult one, think again: advances in technology are making them ever more demanding.

Not surprisingly, this trend is even more pronounced among newer, younger workers.

According to Pew Internet Usage research, 87% of Internet users 18-29 years of age are using “cloud computing services” such as web-based e-mail, online photo storage, online applications, personal video sharing, online file storage, or other online activities.² This age group represents the fastest growing segment of new entries into the workforce.

For payroll departments, customers are administration, co-workers, and business partners— anyone providing goods or performing services that require payment. The services Payroll provides this group have always been essential, but in tough economic times with a constantly changing tax and regulatory compliance environment, they are even more critical to the individuals and organizations receiving service. Customers are aware of this, so when they make service requests of payroll departments, they expect feedback and accurate information— *and they expect it immediately.*

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The Issue at Hand

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The demand for responsive service is complicated on two levels: one; there is a growing mismatch between expectations and delivery capabilities, and two; the percentage of organizational budgets allocated to staffing and maintenance of IT departments has steadily declined while IT assets have grown dramatically in payroll departments.

The majority of leadership in the administrative sector that includes Payroll falls into the 50-64 age demographic. This group uses cloud computing services at a 33% lower rate than the largest and fastest growing segment of new workers, creating a generation gap that has the potential to result in low customer satisfaction.³

Add to this the fact that payroll service providers are increasingly constrained financially in their ability to meet accelerating customer expectations. While their budgets have declined, the assets under their management have proliferated due to the explosion of IT infrastructure over the past two decades. Put simply, there is too much stuff to manage and not enough staff to manage it. *More must be done with less.*

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The Issue Resolved:

The Beauty of SaaS and Cloud Computing

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Business providers have become highly dependent on a wide range of computer-based solutions, from human resources information systems (HRIS) to enterprise resource planning (ERP) to back office systems for a host of business administration processes. The crux of the problem with these solutions is that the preponderance of them were built and implemented before the Internet, while today customer expectations are driven by the experience of Internet communications and collaboration. So the toolset that enables the service operation does not enable the service provider to meet customers' growing expectations.

Therefore, one of the immediate tasks for payroll departments is to align their toolsets with customer expectations.

New technology built for the Internet and which employs next generation collaborative methods such as workflow, e-mail notifications, web self service, and online reporting is rapidly

emerging and being adopted by organizations of all types. Prominent among these technologies is Software as a Service (SaaS).

SaaS is a model of software deployment whereby a provider licenses an application to customers for use as a service on demand. SaaS software vendors may host the application on their own web servers or download the application to the consumer device, disabling it after use or after the on-demand contract expires. The characteristics of SaaS implementations typically include:

- Network-based access to and management of commercially available software
- Activities managed from central locations rather than at each customer's site, enabling customers to access applications remotely via the Internet
- Application delivery typically closer to a one-to-many model (single instance, multi-tenant architecture) than to a one-to-one model, including architecture, pricing, partnering, and management characteristics
- Centralized feature updating, which eliminates the need for end-users to download patches and upgrades

SaaS really began the push toward cloud computing by proving that IT services could be easily and reliably made available over the Web. (Analysts now consider SaaS to be one of several subsets of the cloud computing market.)⁴

“For consumers, cloud computing is here,” says Nicholas Carr, author of *The Big Switch*. “Applications offered by Google and other software-as-a-service companies are already taking over

traditional software. When young people want to do something, they don't go out and buy software. They look to the Web.”⁵

Today's organizations are looking to SaaS and its web-based delivery for a number of compelling reasons:

1) *To Save Money*

SaaS lowers costs in a number of ways. SaaS applications are delivered via the Internet and don't require IT resources to configure or install -- nor manage, maintain, or monitor. The overhead typically incurred in conventional software implementations is avoided.

SaaS also provides economies of scale. The multi-tenant architecture allows organizations to share solutions across the enterprise, providing access anywhere and scalability for few or many users.

SaaS provides a “pay-as-you-go” business model. Compared to traditional software licenses, this payment structure works to many companies' advantage, eliminating large one-time outlays that can strain or break budgets. As an annual subscription, SaaS applications can be renewed if performing as promised and delivering value; or cancelled with proprietary data over the licensed period delivered to the client company.

2) *To Save Time*

With SaaS, a payroll department can be up and running in days or weeks, not the 18-24 months that is typical with traditional client-server solutions.

3) *To Keep Current*

With SaaS, organizations benefit from innovation on an ongoing basis. When software comes boxed, it takes years to get an upgrade or bug fix -- and the new version always comes with a new price tag. SaaS providers continually and automatically update their software, at no additional cost to their clients.

4) *To Stay on Point*

Software companies typically train users to know every feature and function of their application, even if it doesn't pertain to their daily work. SaaS solutions are role-based, so users receive training on what they will need to use to do their job. The result? Better productivity.

5) *To Get What You Need, Where and When You Need It*

Mac or PC, Desktop or Laptop, Droid or iPhone -- as long as you can launch a web browser, you can use SaaS solutions. 24x7.

Miss Parker just might have to add software-as-a-service to her list of beautiful words.

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From Context to Core

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SaaS and cloud computing solutions empower organizations to move, in the phrase of Adrian Sannier, Technology Officer at Arizona State University, from context to core activity.

“We need to convert *context* spending to *core* spending,” says Sannier. “You have to change from taking 80 percent of your

resources and spending them on context, and switch it so that 80 percent is spent on core.”

The strategy revolves around what Sannier calls the concept of zero. The concept of one is do it once, do it well, and do it everywhere. The concept of zero is don’t do it— have someone else do it. Sannier acknowledges this breaks the heart of many managers, but insists it makes sense.

“I’m used to shelling out a lot of e-mail addresses—65,000,” he says. “How many do you suppose Google has? Well, they have a googol. By going with Google for e-mail, I saved \$400,000 a year. And that’s irrelevant; it’s not the savings, it’s the curve... In general, you get on that curve, and suddenly you’re not doing anything— they do it all. We’ve got to start riding these curves and we’ve got to quit arguing about it.”⁶

Cisco CEO John Chambers echoes these thoughts in a commentary for *Forbes*: “I believe that many don’t fully understand the impact or the extent of the role technology will play in the future. I also believe that the real question is whether we will be prepared for it when it becomes clear. We call this catching a market transition. A market transition is something you need to anticipate three to five to seven years from now... If we don’t anticipate the future now and the key role new technologies will play, we will be left behind.”⁷

According to Westport, CT-based industry analyst Saugatuck Technology, that market transition has already occurred in the evolution of SaaS applications. They cite the “tipping point” from early adoption to mainstream adoption of SaaS at about the start of 2007, with ubiquitous adoption projected as early as 2010.⁸

Organizations and businesses are clearly benefiting from the technology— particularly small and mid-sized ones.

“I see cloud computing and software-as-a-service as key to putting us on an equal or greater playing field with colleges and universities that have resources fifty times the amount that we do,” says Greg Banwarth, Director of Technology and CIO at Wheelock College, a small private college in Boston, Massachusetts. “Yet let me be clear: CC and SaaS are not what we are so excited about; it’s this idea of technology as a utility that allows us to excel in ways that were previously unattainable.”⁹

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Leading the Way in SaaS-Based Payroll Services

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Originally known as Instapay, Ascentis Payroll was created in 1980 by EBS Online— a genuine pioneer in SaaS-based payroll solutions. The organization flourished and continues to thrive through its focus on exceptional customer service and real-time payroll processing. The company merged with Ascentis Corporation, developer of Ascentis HR, in 2007, creating a fully integrated payroll and HR offering.

Ascentis Payroll is an on-demand SaaS payroll software system that allows users to process payroll in real-time, ensuring 100% accuracy, flexibility and control. Real-time synchronization with Ascentis HR, interfacing capabilities with general ledger and time-and-attendance systems, and custom reporting bring an array of powerful solutions to solve the toughest payroll processing challenges.

Ascentis Payroll stands out from traditional payroll systems by providing real-time, online payroll processing services. With live payroll processing and instantaneous auditing, Ascentis Payroll can reduce processing time by as much as 30%.

Real-time online payroll services mean:

- No need to transmit data to a processing center
- The ability to schedule pay periods ahead of time and run off-cycle payments any time
- No batch uploads and no need to wait for batch processing to be completed
- No transmission windows
- The ability to audit payroll *before* creating checks, rather than having to correct mistakes afterwards, allowing 100% accuracy
- Instantaneous, detailed, pre- and post-processing audit reports

Ascentis Payroll services include:

- Custom reporting and custom programming
- Interfaces to time and attendance systems
- Interfaces to 401(k) and GL files
- Full integration with Ascentis HR
- Interfaces to other human resources management software solutions
- Tax service (all current state and local taxes are built into Ascentis Payroll)
- Garnishments and other 3rd party checks
- Direct Deposit
- Check printing
- Pay stub viewing, W-2 generation, tax simulation tools, and more with Ascentis Employee Self Service (ESS)

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Emphasizing the *Service* in Software-as-a-Service

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“What we do better than other payroll service providers— and we know this based on detailed client feedback— is provide top-notch customer support,” says Mike Cross, Vice President of IT and Operations at Ascentis.

Sue Brooks, payroll manager at nationally-known winery Sutter Home Family Vineyards, endorses this assertion.

“With Ascentis, we have a dedicated service representative who is familiar with our setup and needs, who is well trained and knowledgeable about all aspects of the payroll system, and who responds to our calls or e-mails in a timely manner. Ascentis listens to their clients and is continuously updating the system with new standard reports, new fields, updating fields as the laws change, and reformatting screens for better appearance,” she says.

“There is no doubt in my mind that Ascentis is the best payroll service around,” she concludes. “Any request I have asked of them, from as simple as setting up a new pay code to programming a complicated general ledger interface; they have been able to accomplish, and in a timely and cost-efficient manner. With Ascentis you get a service that is state-of-the-art, sophisticated yet user friendly, and far above any other system that I have used.”

For more information on Software as a Service (SaaS) or for more detailed information on Ascentis Payroll and how it can benefit your organization, please phone us at 650-342-7258 x111, e-mail info@ascentis.com, or visit us on the web at www.ascentis.com

NOTES

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3. *Ibid*
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5. Andy Greenberg, "A Cloud Filled Debate," Forbes.com, September 11, 2008
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