

# The Top Payroll Deals of 2004

*HRO Today's* annual list of the top enterprise-level and mid-market payroll deals as well as highlights from the APA's current research on the market. By Denise Doig

It's payday, and whether you confirm your direct deposit account over the phone or online, wait on a long bank line to cash your check, use an ATM to retrieve your wages, or run into your local check-cashing site, you have been compensated in some fashion by your employer. With paperless payroll, pay cards, and even traditional printed checks, employees have numerous payroll options—important not only to the employee, but also to the employer. Employers want to find new ways to enhance the payroll experience for everyone involved. And outsourcing enables employers to provide employees improved administrative support and the latest in payroll technology.

*HRO Today* conducted a month-long survey

of companies providing payroll outsourcing services, approximately 65 in all, to find out the major payroll deals of the past year. We focused on mid-market and larger deals, and narrowed the results down to 26 contracts.

Listed are the usual suspects, such as ADP. But we also found some interesting activity amongst less well-known providers and across the waters in Europe.

With all this activity, we also wanted to know how payroll has changed in the past year and where it is headed, so we contacted the American Payroll Association (APA) (see our interview with Andrew McDevitt, Manager of Government Relations, of the APA on page 19). Each September, the APA celebrates National

Payroll Week with the publication of a survey of wage earners. This year's results showed many employees have confidence in their employer's payroll systems, paperless payroll is a desired function, and 401(k) plans are still extremely popular. The most interesting result was that 63.4 percent of the 22,500 respondents said they would prefer to invest part of their payroll taxes in private investment accounts, as opposed to the current social security plan. We at *HRO Today*, like all things HR related, are interested in how this will play out under the current administration. We're also interested in what trends and companies will be making a splash in the payroll market in the upcoming year, so stay tuned for more coverage in future issues.

## THE TOP 14 ENTERPRISE-LEVEL PAYROLL DEALS

BUYER	PROVIDER COMPANY	CONTRACT DATE	SIZE	LENGTH
<b>Best Buy</b> Offers Best Buy's 90,000+ employees paperless payroll and payroll "debit" cards.	<b>Accenture HR Services</b>	Jan 2004	>90,000	7 yrs
<b>Camargo Correa</b> Payroll administration and processing offered.	<b>Accenture HR Services</b>	Nov 2004	35,000	7 yrs
<b>Credit Union Business Services (CUBS) of Alabama</b> Provides paperless payroll support and automatic enrollment deductions, Web time entry, and employee and manager self-service in this \$5 million-plus HRO contract.	<b>PlatformOne</b>	Feb 2004	10,000	5 yrs (initial); 5 yr extension
<b>Humana</b> Automated time and attendance solution from TALX meets Humana's data collection needs for FMLA, short-term disability, and paid-time off for both exempt and non-exempt workers.	<b>TALX</b>	Feb 2004	>13,000	NA
<b>Money Network</b> Provides electronic paystubs to payroll card clients through TALX ePayroll services.	<b>TALX</b>	Apr 2004	NA	NA
<b>Rohm and Haas</b> Provides support for payroll services from an employee service center hub located in Schaumburg, Ill.	<b>ACS</b>	Jun 2004	17,000	7 yrs
<b>Royal &amp; Sun Alliance</b> Provides comprehensive outsourcing services including Cobra, FSA, direct Bill, and e-Time.	<b>ADP, Inc.</b>	Oct 2004	32,000	3 yrs

## TOP PAYROLL DEALS

BUYER	PROVIDER COMPANY	CONTRACT DATE	SIZE	LENGTH
<b>Sandvik</b> This three-county deal offering payroll administration will expand to include an additional six countries.	<b>Accenture HR Services</b>	<b>Nov 2004</b>	<b>23,000</b>	<b>10 yrs</b>
<b>Schindler</b> Managed payroll services.	<b>ARINSO International</b>	<b>May 2004</b>	<b>16,600</b>	<b>5 yrs</b>
<b>Sempra Energy</b> Provides managed payroll services to this global utilities company.	<b>ADP, Inc.</b>	<b>Feb 2004</b>	<b>13,200</b>	<b>7 yrs</b>
<b>State of Texas-HHSC</b> Offers managed payroll as part of the mega-deal for the Health and Human Services Commission.	<b>Convergys</b>	<b>Oct 2004</b>	<b>46,000</b>	<b>5 yrs</b>
<b>Union Pacific</b> Offers ePayroll services, providing employees Web and telephone access to their pay information, and ability to make W-4 and direct deposit changes.	<b>TALX</b>	<b>Sep 2004</b>	<b>58,000</b>	<b>NA</b>
<b>Uvipa (represents 9 Dutch universities)</b> This 1.2 million euro deal includes integration of the payroll administration into the existing HR Systems (Oracle, PeopleSoft & SAP) to establish the link between the standard PinkRoccade interfaces and the backbone HR Systems.	<b>ARINSO International</b>	<b>Mar 2004</b>	<b>36,000</b>	<b>5 yrs</b>
<b>Visteon Corporation</b> Supplies payroll services to Visteon employees in the United Kingdom, France, Germany, Portugal, and Spain.	<b>Ceridian Centrefile</b>	<b>Sep 2004</b>	<b>10,000</b>	<b>multi-year</b>

## THE TOP 12 MID-MARKET PAYROLL DEALS

BUYER	PROVIDER COMPANY	CONTRACT DATE	SIZE	LENGTH
<b>84 Lumber</b> Incorporates UltiPro Workforce Management to automate human resource processes and build HR reports, empower employees, improve efficiencies, and generate real-time workforce reports.	<b>Ultimate Software</b>	<b>Dec 2004</b>	<b>8,000</b>	<b>NA</b>
<b>anonymous (national, multi-line insurance corp.)</b> Payroll processing and tax filing, HR and benefits administration, self-service, recruitment and applicant tracking, and time and attendance	<b>Genesys</b>	<b>Jul 2004</b>	<b>2,700</b>	<b>5 yrs</b>
<b>Alpha Airports Group Plc</b> Allows for direct input of payroll data at source; weekly and monthly payrolls will continue to be controlled by the central payroll department.	<b>Ceridian Centrefile</b>	<b>Nov 2004</b>	<b>4,500</b>	<b>NA</b>
<b>Comair</b> Management of payroll processes with UltiPro technology to ensure cohesive and efficient management of the airline's payroll processes.	<b>Ultimate Software</b>	<b>Oct 2004</b>	<b>6,200</b>	<b>NA</b>
<b>KONE</b> Managed payroll services for 12 countries across Europe and Asia Pacific.	<b>ARINSO International</b>	<b>May 2004</b>	<b>&gt;8,500</b>	<b>6 yrs</b>
<b>Lanxess (formerly Bayer Chemicals)</b> Provides managed payroll services to pharmaceutical giant.	<b>ADP, Inc.</b>	<b>Oct 2004</b>	<b>2,100</b>	<b>NA</b>
<b>Moneyline Telerate</b> Managed payroll service to cover 13 European countries.	<b>Ceridian Centrefile</b>	<b>May 2004</b>	<b>NA</b>	<b>NA</b>
<b>Northwest Airlines</b> Offers payroll solutions to assist with the efficient operation of the payroll for its U.K. employees.	<b>Ceridian Centrefile</b>	<b>Feb 2004</b>	<b>NA</b>	<b>NA</b>
<b>Swagelok Company</b> UltiPro's technology and comprehensive HR/payroll functionality provides complete and fast process automation.	<b>Ultimate Software</b>	<b>Jul 2004</b>	<b>3,000</b>	<b>NA</b>
<b>Sybra</b> Uses Intersourcing as a central element to sustain employee administrative operations in the event that the main office in Fort Lauderdale, Florida, where payroll is centrally processed for 236 franchise locations, should become inoperable during a hurricane or other emergency.	<b>Ultimate Software</b>	<b>Oct 2005</b>	<b>6,000</b>	<b>NA</b>
<b>Trans Canada Credit</b> Runs payroll centrally out of Toronto head office for employees across Canada.	<b>Hewitt</b>	<b>Jun 2004</b>	<b>2,220</b>	<b>NA</b>
<b>U.S. Investigations Services</b> Enterprise HR (payroll and HR services) offered with Autolink.	<b>ADP, Inc.</b>	<b>Jul 2004</b>	<b>7,600</b>	<b>3 yrs</b>

# They Work Hard for the Money

Q&A with Andrew McDevitt, Manager of Government Relations for the American Payroll Association.

**HRO Today:** What payroll issues are priorities for both employers and employees? Also what trends should employers be aware of when improving or updating their payroll services?

**McDevitt:** A top priority is the outsourcing of functions that benefit both parties, such as employee self-service. Employees want more visibility to see how they are being paid, with access to statements online. If the employer can provide payroll related e-services and information online, they can minimize the costs associated with the manual distribution of paychecks as well as some queries from employees regarding paychecks and W-2s. Let us say you are trying to buy a house and you can't find your pay stubs or statements. With online access, you can find this information with ease—this is important to employees. If the employer offers payroll online, it minimizes the time they have to spend looking for requested information. The employer doesn't have to use HR benefits or payroll departments to retrieve and send documents to employees—saving time and energy and creating convenience. Other developments are the use of payroll debit cards.

**HRO Today:** In this age of heightened security, how are employers protecting employee data especially as more functions become Web-based?

**McDevitt:** Employers encourage their employees to use the latest version of Web browsers with data encryption technologies to access employee self-service portals. Employers frequently have employees use their Social Security number as a user ID and a self-selected PIN to access payroll information. As long as the employee does not share their SSN with others and selects a PIN that is not easy to figure out, they should be protected from unauthorized access of specific employee data. Today, many employers are beginning to offshore both customer and employee related data management functions. With this trend in mind, it behooves employers and the offshore companies that manage their data to ensure it is protected. Governments around the world, such as the European Union,

have stricter data privacy and protection guidelines as they are more sensitive to these issues today. It will be interesting to see how U.S. organizations react and respond in the long term to what is going on in Europe. Right now, there is a safe harbor program in place allowing global companies to move their data from Europe to the United States, so long as they comply with E.U. laws.

**HRO Today:** President Bush recently proposed a complete overhaul of the existing Social Security plan, could this affect payroll services?

**McDevitt:** Payroll could be affected depending on how private accounts are structured within the Social Security program. Presently, the payroll funds deducted for Social Security are sent directly to the federal government where they are eventually accounted for by the Social Security Administration to determine future retirement benefits. Depending on how this current process changes, employers could see some additional administrative burdens associated with accounting for and moving funds to personal social security accounts. Would employees have a choice in where the funds are sent, would that be within the private sector, and what are the potential administrative burdens associated with this process? Would the employer be required to send the funds exactly where the employee wants them invested? Who would be responsible for the quarterly reporting of these retirement funds? Would employers be obligated to create periodic statements to account for the withholding of these funds or are the investment/securities companies responsible? Would these funds be invested per pay period or would they sit in escrow before being invested on a monthly or quarterly basis? And finally, how much would this cost an employer?

**HRO Today:** Can you explain how payroll cards work, and what benefits do they offer?

**McDevitt:** If a company has a large number of employees who have bank accounts and participate in direct deposit, it doesn't make sense

to use payroll cards. Payroll cards bridge the gap for those companies manually distributing paychecks to a large percentage of their workforce who do not participate in direct deposit. Payroll cards are advantageous for certain industries, such as hospitality, retail, and transportation, because they employ more workers that tend to not have bank accounts and therefore can not participate in direct deposit.

For employees who don't bank, payroll cards can be very convenient. When issued a payroll card, employees don't have to come into work during days off and vacation to pick up their paychecks. They don't have to wait in bank lines to cash their paychecks. They can avoid fees associated with check cashing. Although there are some fees associated with using payroll cards, most employers pay the first access fee per pay period for each employee. Employees access their funds using ATMs or using the cash back feature at point of sale (POS) networks in retail stores. Some payroll cards can be branded, meaning a card has a Visa or MasterCard logo, allowing employees to make signature-based purchases. Although it can be problematic to access full pay with a payroll card, employees frequently can go into the bank where the funds are deposited to fully withdraw their wages. In some cases, employers issue convenience checks as an alternative way to fully access funds.

**HRO Today:** As companies tighten their belts, have you noticed changes in payroll spending?

**McDevitt:** I think it's all dependent on the current economy. The economy drives and influences the behavior of employers. It also depends on an organization's hiring budget and competition between employers to attract the same workers. If employers are competing more and more for the same type of workers, they will have to sweeten benefits. Other trends influencing employer spending include government policies, the availability and deployment of new technologies, and the ability to outsource and/or offshore work. The one constant is that everything is always in flux. As employers and workers, we all have to be cognizant of this fact. **HRO**