# Business Guide

# Online Payroll Systems

Online payroll software and services use broadband and high speed internet connections to provide employers with anywhere/anytime access to the functionality they need to meet their payroll processing and reporting needs.

www.business.wales.gov.uk/superfastbusinesswales | 03000 6 03000

# Online Payroll System

Online payroll software and services use broadband and high speed internet connections to provide employers with anywhere / anytime access to the functionality they need to meet their payroll processing and reporting needs.

As many of these needs are determined by statute, most online offerings comply with the PAYE basics of HM Revenue & Customs (HMRC). But cost, set-up, ease of use, and the ability to meet some employers more specialised needs, and more, can vary significantly.

Online payroll tools include: HMRC online forms, specialist payroll software, the payroll functionality included in some bookkeeping and accounting systems, plus various types of managed service and outsourcing.

> Online payroll software and services vary greatly in terms of cost and capabilities so it's worth spending some time making sure you get the right one for your business.

## Understand

## What Does The Technology Do?

You need a fixed or mobile telephone line and broadband internet access to exploit online payroll software and/or services. But the ways in which the associated technology is structured, owned and managed varies between suppliers and their service ranges and different types of 'cloud' are used.

### Understanding the cloud

Some vendors host their payroll as a 'Software as a Service' offering from 'public' clouds, where software and hardware resources (such as data storage space) are shared. Employers pay a monthly subscription to access this online payroll software 'on-demand' and then use it to do their own payroll processing and reporting.

Cloud computing is also used to make online payroll resources available from 'private' clouds where access is more restricted.

In many scenarios the service provider owns the hardware and/or the software; but they could be owned by you and managed on your behalf (along with other business software). These resources could be used by a single organisation or many (multiple tenants). Typically these approaches offer more and multiple levels of service.

Because payroll was one of the first areas of business to become the focus of software and specialist services from external providers, the marketplace is relatively mature. So many different types of organisation offer online access to some form of managed payroll service or payroll software and these rely on technology to varying degrees.

## Connectivity

It is becoming progressively easier to connect different types of software applications and services in the cloud, often using 'point and click' tools that need no programming skills or specialist knowledge. So online payroll software and services (and the associated data) can easily be connected to the growing range of other business software and services available online and installed on your computers.

## Adopt

## How Do I Get Started?

### Begin with the basics

Before you can exploit online payroll software or services you will need to get some basics in place. A dedicated and reliable broadband connection is a minimum: the faster the speed of the connection, the better the performance. If your company is already using Superfast Broadband the speeds will certainly meet your needs.

You also need: a device with internet access (such as a desktop/laptop computer, tablet or smartphone); an Internet Service Provider to act as gateway between your device and the internet; and a web-browser or a mobile app to link you to the online payroll software or service.

Online payroll software and services can range from simply using your data to provide payslips, through to handling all of your payroll data and calculations, to ultimately providing you with a totally outsourced payroll function that offers employees 'self-service' access to various payroll and human resources features.

Unless you outsource the entire payroll service, then some payroll processing and reporting is usually done inside the organisation and some of it is done outside. How much or how little depends on how involved you want to be and how extensive the functionality of the online software and services is.

### Define your payroll needs

Before you consider any of the very many online payroll services available it is important to be clear about the needs of your organisation–based on information such as its size and structure, need for integration with existing systems, and essential payroll functionality. Even a small business with a handful of employees can have needs that service providers consider 'specialist' (see our Top Tips).

Whether your existing payroll function is non-existent or well-resourced you need to gather together as much as possible of the necessary background information before looking at available software ad services. It will inform your choice, impact on the direct and indirect costs associated with the decision-

making process, and influence your chances of finding a payroll solution that best meets your needs. Any online payroll software or service e you choose should simplify payroll processes and reporting (in particular electronic reporting), save time, minimise errors, and reduce the need to grapple with complexities such as tax tables. But it can also do a great deal more, depending on the size of the organisation it has been created for – and your particular needs.

Available expertise and cost are both significant factors. The more you want another organisation to do on your behalf, the more the service is likely to cost you. Once you have identified your functional needs, do look at some of the online payroll software available; it can mask the complexities of payroll processing and reporting and help you to get it right quickly and efficiently.

### Prepare for the transition

If your payroll processes already involve using a spreadsheet, accounting software or a payroll service provider, you may need to consider data migration. If you want to import data from an existing system you will find varying degrees of support, depending on the provider of your existing software or services.

Depending on your preferred approach, you may need to factor data migration, software testing, backups of existing data, plus when and how to go live with the new system into your plans–and double check how far in advance of pay dates and filings your service provider will need payroll data from you.

### Take advice

It is possible to do your research on payroll software and services online and make a commitment online without talking to a single provider (or getting advice from an expert such as your external accountant–who may also offer online payroll software and services). But this is not a good idea. A more informed choice is a better choice.

## Exploit

## What Business Benefits Can I Expect?

### Accuracy and simplicity

Specialist payroll software and services can help employers to ensure that employees get paid the right amount at the right time after the right deductions have been made.

### Compliance support

Online payroll software and services can relieve you of the worry associated with ever-changing compliance requirements – such as Real Time Information for PAYE.

### No software upgrades to manage

You will always have access to the latest version of the software or online service and it should always reflect the latest regulatory requirements of HMRC.

# Superfast Business Wales

### Flexibility
The wide range of online payroll processing and reporting software and services means you can choose how involved in payroll processing you are.

### Ease of access
Anywhere anytime access to payroll tools and related services can make the associated tasks easier to perform and to schedule.

### Minimal up-front costs
Online payroll software and services can provide access to expertise and resources without the need to buy software or recruit payroll specialists.

### Time savings
Submitting employee data in bulk online or using software to populate the reports required by HMRC can be faster and more accurate than doing this manually.

### Data security
Your data is always backed up and you could benefit from stronger information security and business continuity procedures than your own.

## Top Tips

### Define your payroll processing and reporting needs carefully
Take advice from your external accountant, payroll software or service provider if necessary.

### Start by looking inwards at your business
What sector is your business in? How many employees are there? Who will use the payroll software or service and how skilled are they?

### Look outwards: visit the service providers' websites
Check features, prices and service level agreements: what's included and for how many employees?

### Can it meet your 'specialist' needs?
Does it support multiple pay groups, departments and divisions? Two-weekly pay? Bonuses and commissions?

### Identify any sector-specific needs you may have
Sectors including recruitment, financial services, charities and construction may have needs that can't be met by every online payroll system or service available.

### Are all your requirements available as standard?
Features such as job costing may be available only in certain versions of a system, available as add-ons, or via links with specialist systems and/or service providers.

# Superfast Business Wales

### Consider the best way to meet any specialised needs

Specialised needs can sometimes be better met by industry-specific software or a service from a bureau or managed service provider.

### Think about statutory reporting requirements

Not all payroll systems support all of the pay-related statutory reporting requirements you may need to comply with – the Construction Industry Scheme, for example.

### Establish what your options are if the software or service proves unsatisfactory

Can it scale to meet your future needs? What will your exit route be?

### Think carefully about how much expert help and support you need

Is it available 24/7? Is it provided online or on the telephone? Is there are charge for it?

## Other Relevant Guides

SFBW Guide Bookkeeping and Accounting
http://business.wales.gov.uk/superfastbusinesswales/online-bookkeeping-and-accounting

# Superfast Business Wales

## NEXT STEPS

1. **Register to attend a fully-funded Business Development Workshop.**
   **www.business.wales.gov.uk/superfastbusinesswales/events**

2. **Make an appointment to see a Business Advisor who will help you create a personal action plan to grow your business.**
   **www.business.wales.gov.uk/contact-us**

## For further information on Payroll Systems take a look at:

See how other businesses in Wales have exploited Superfast Broadband
**www.business.wales.gov.uk/superfastbusinesswales/superfast-success-stories**

-------------------------------------------------------------------------------------------------------------------

Find out how much your business could save with our
**www.business.wales.gov.uk/superfastbusinesswales/savings-calculator**

-------------------------------------------------------------------------------------------------------------------

Other business guides that may interest you include:
**www.business.wales.gov.uk/superfastbusinesswales/superfast-business-guides**

-------------------------------------------------------------------------------------------------------------------

For monthly updates on business development, technology news and events
subscribe to the Business Wales Newsletter below.
**https://public.govdelivery.com/accounts/UKWALES/subscriber/new**

-------------------------------------------------------------------------------------------------------------------

For more information call 03000 6 03000 or visit:
**www.business.wales.gov.uk/superfastbusinesswales**