How businesses can find the streamlined path to delivering software updates

David Woodward

Across the globe, the popularity of cloud-based payroll is on a rising trajectory. In fact, market analyst Technavio has predicted a very impressive compound annual growth rate of nearly 7 per cent by 2020 for the cloud-based payroll market. In its report, Technavio noted that the benefit of cloud over on-premises solutions is a “key factor leading to the moderate growth of this market over the next four years”.

Typical arguments against bringing a new form of technology into the workplace, namely adoption and operational costs, are completely null in this case. The introductory cost for investing in a cloud-based payroll system, as well introducing and maintaining one, is almost universally lower than investing in a similar local system.

Aside from the obvious and undoubtedly valuable cost benefits, there are a range of additional benefits that can be achieved by operating payroll in the cloud. Among these benefits are the principal gains that can be achieved in the ability for elasticity and scalability. For example, if your business acquired a new company, along with all of its staff members, and it suddenly found a need to expand its total data capacity to store this newly acquired information, utilising a cloud-based

system would provide your company with the necessary flexibility to increase capacity on a server nearly instantaneously and without any additional resources required from your internal IT team.

Greater accessibility is another key benefit. As long as users have internet access, they can work from anywhere to access a cloud-based solution. With the increasing use of mobile devices and applications to perform HR-related tasks such as viewing payslips or requesting holidays, a cloud-based solution is invaluable. It can be mission-critical during bad weather. With employees struggling to reach the office during winter snow and ice, for example, the ability for the payroll team to access the network from home – securely using the right password and authentication, for example, is invaluable.

Slashing bureaucracy and driving innovation

Many of the above arguments have already been made, of course. However, one of the less-heralded consequences of migrating to cloud payroll is bringing vendors and end customers benefits that one could argue as being just as significant and far-reaching.

The move to the cloud has freed vendors from the complexity of having to deliver multiple upgrades of their on-premise payroll software

David Woodward is Chief Product and Marketing Officer at the SD Worx, Farnham, UK.

solutions and having to support multiple different versions of the software all at the same time. That has been a huge benefit – both for customers who get upgrades seamlessly and easily and for vendors who are released from the burden of having to run large numbers of customer roll-outs concurrently.

Vendors who are tied to a predominantly on-premise approach invariably have multiple instances of their software in place and often even within a single customer implementation. It is not unknown for vendors to have more than ten different versions of the same software solution out there in the field at any one time. This can be a major headache – especially when changes in government legislation, like the recent introduction of real time information (RTI) for PAYE, force upgrades to be made to the software quickly.

In such instances, vendors can be confronted with the need to suddenly go out to visit multiple different clients and start updating multiple different versions of their software installed on site with new functionality required by the legislative change. They also need to consider how all of this is going

to be commissioned and tested. The latter, in particular, is a protracted process, incorporating everything from design, execution and closure to user acceptance. If the vendor concerned has hundreds or even thousands of different clients, it is easy to see how the bureaucracy and complexity of managing these systems can quickly consume all of an IT department's time.

For cloud-based providers, on the other hand, it is far more simple. They will have one version of their payroll sitting in the cloud, so when any legislative change is announced, they only need to make that change and apply it once to comply with regulation, and as a result, all of their customers will reap the rewards. Still more critical, it frees up vendors to innovate with payroll systems development. Suddenly, they no longer have to worry about all the bureaucracy and administrative effort that running a complex estate brings, and they can develop new functionality that drives major benefits for their customer base.

Freeing up this kind of headroom can be a huge differentiator for vendors operating in this space. Often restricted by tight R&D budgets and limited resources,

acquiring this additional space to think can be a major benefit for these kinds of organisations.

The simplicity of cloud in this context can also extend to ease of integration. Vendors are now beginning to develop application programmable interfaces (APIs) that effectively “wire together” HR and payroll, doing so in a standardised manner. It is an approach that is particularly suited to the streamlined world of cloud integration, where vendors are able to concentrate more closely on driving through user benefits rather than being distracted by all the administrative demands of payroll systems implementation in the on-premise world.

Cloud-based payroll has many benefits of course, as this article has demonstrated. Its ability to facilitate rapid speed of update and integration is perhaps one of the least heralded, but as we look to the future and cloud becomes ever more pervasive, it is likely to become one of the most important for vendors and end customers alike.

Corresponding author

David Woodward can be contacted at: jenniferr@whiteoaks.co.uk