



ADP Next Generation Payroll Services

Vendor Assessment
Report Abstract

January 2019

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15 pages

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Who Is This Vendor Assessment For?

NelsonHall's Payroll Services Vendor Assessment for ADP is a comprehensive assessment of ADP's payroll services offerings and capabilities designed for:

- Sourcing managers monitoring the capabilities of existing suppliers of payroll outsourcing and identifying vendor suitability for payroll services RFPs
- Vendor marketing, sales, and business managers looking to benchmark themselves against their peers
- Financial analysts and investors specializing in the support services sector
- HR and payroll decision makers.

Key Findings & Highlights

ADP, founded in 1949 and headquartered in Roseland, New Jersey, is a provider of HR management software and services.

ADP's business is organized into the following two business segments:

- **Employer Services (~71% of revenues):** provides HR BPO and technology-enabled HCM solutions; offerings include payroll services, benefits administration, talent management, HR management, time and attendance management, insurance services, retirement services, and tax and compliance services to over 740k clients worldwide
- **PEO Services (~29% of revenues):** under ADP TotalSource, provides employment administration outsourcing services for organizations with 10 - 200 employees including payroll, benefits admin, and compliance services through a co-employment relationship; servicing over 12k clients and over 530k worksite employees in the U.S.

Within Employer Services, ADP's offerings include software and services for:

- HR administration
- Payroll services
- Tax and compliance
- Time and labor management (TLM)
- Benefits administration
- Recruitment process outsourcing (RPO)
- Talent management
- Insurance services
- Retirement services
- Payment and compliance solutions
- Pre-employment

Central to ADP's Employer Services offering is its cloud-based HR platforms, which are available on a standalone basis or can be combined with outsourcing services. Across its business, ADP has ~630k cloud HCM clients.

In 1998, ADP launched its first SaaS-based payroll solution, EasyPayNet, and currently has several cloud-based HCM platforms available including:

- ADP TotalSource: for existing PEO clients
- RUN Powered by ADP: for organizations with <20 employees; average client size is ~10 employees; supporting more than 570k clients
- ADP Workforce Now: for small and mid-market organizations with up to 5k employees in the U.S. and Canada; average client size is ~200 employees; supporting ~68k clients
- ADP Vantage HCM: for U.S. headquartered organizations with >1k employees, and outside the U.S. via integration with ADP Streamline payroll; average client size is ~4k employees
- ADP GlobalView (based on SAP HCM): for large multinational organizations; available in ~140 countries
- ADP Streamline: local, country-specific platforms for smaller multinational employee populations.

ADP's has offered payroll services since its inception in 1949 and pays ~40m employees (~26m in the U.S. and ~14m internationally) across 740k payroll clients (~\$1.85 trillion annually moved on behalf of its clients and client employees) paying one in six U.S. workers. ADP provides payroll services to clients with a single employee up to >150k employees.

Since 2003, ADP has been focused on acquiring assets to expand its geographic footprint, fill capability gaps, and transform its offering to provide strategic value. To date, ADP's acquisitions are focused on strengthening specific HR BPS service lines, specifically payroll and benefits administration. These acquisitions have consequently strengthened its overall cloud and multi-process HR BPS services offering.

Examples of recent acquisitions by ADP to boost its payroll services offering include:

- Celergo in 2018, to strengthen its global payroll services, adding a cloud-based platform and new solutions including cross-currency and expat payment services
- WorkMarket in 2018, to deliver broad functionality for HR professionals to manage and have insights into both full-time employees and contingent workers

Global Cash Card in 2017, to enable ADP to offer digital accounts and flexible payment offerings across their existing base of clients.

- Perkura GmbH in 2014, to expand its payroll and HR services footprint in Germany
- Payroll S.A. in 2013, to expand Latin America payroll capabilities to Chile, Argentina, and Peru
- Ma Foi Randstad in 2012, to expand its payroll and social benefits administration capability in India and APAC

- CGI Netherlands (formerly Logica), to expand its payroll presence and capability in the Netherlands.

This profile focuses specifically on ADP's payroll services offering; for a more comprehensive profile of ADP's broader HR services capability, refer to the following vendor profiles available to NelsonHall subscribers, including:

- ADP - Cloud & Multi-Process HR Services (August 2018)
- ADP - RPA & AI in HR Outsourcing (August 2018)
- ADP - Next-Generation HCM Technology (April 2018)
- ADP - Next Generation Recruitment Process Outsourcing (February 2018)
- ADP - Benefits Administration (November 2017)

ADP's payroll services are delivered through three primary service levels and can support single and multi-country/region services, including:

- Processing Services (~80% revenue share): ADP provides platform technology, with clients taking one or more additional service offering, this commonly includes: treasury services, check and pay advice print services, garnishment services, and payroll tax services
- Managed Services (~10% revenue share): ADP becomes the client's payroll department; while the client owns the data input, ADP manages the end to end processing including managing incoming and outgoing files, balance checking, and year-end support, with a tier 2 helpdesk
- Comprehensive Services: (~10% revenue share): Fully managed payroll services (described above) plus a tier 1 employee payroll contact center for employee inquiry support.

ADP provides multi-country payroll services in support of ~140 countries through its Streamline and Celergo (acquired in 2018) solutions:

- Streamline: offers multi-country managed payroll services in ~112 countries, leveraging a mix of ADP direct services (in ~30 countries) and supplemented by partner platforms and resources in locations where ADP lacks a presence or platform
- Celergo: offers multi-country managed payroll services, cross-currency payment services, and Expatriate payroll services, in ~140 countries, leveraging its CelergoGlobalConect proprietary cloud platform technology.

ADP also offers a comprehensive set of compliance related services on a standalone basis, through its SmartCompliance offering. The solution is platform enabled and includes prebuilt, certified integrations to leading HR and payroll platforms; its scope of services includes:

- Employment tax services
- Wage garnishments services
- Tax credits
- Wage payment solutions, including:

- Checks, direct deposit, and ADP's Wisely Pay offering which includes options for payroll cards, direct consumer credit cards, and advanced financial wellness management tools
- Employment verification
- Health Compliance (e.g., ACA reporting)
- Unemployment claims
- W2 management.

ADP's payroll services are priced on a per employee per month (PEPM) basis plus transaction-based pricing for various add on services outputs (e.g., tax, garnishments, etc.). Its payroll contracts range from three to up to nine years (mostly larger legacy deals) and generally average five years in length.

ADP exclusively leverages proprietary platforms in the delivery of its payroll services.

ADP offers four cloud-based HCM platforms which it leverages to delivery payroll and HR services, including:

- RUN: targeted to small businesses (<50 employees) in the U.S. only, providing platform capability for clients to manage payroll, core HR, and tax compliance administration. It enables clients to enter data online or through a mobile app, with ADP managing back end processing
- Workforce Now: targeted to U.S. and Canadian small market clients with ~50-3k employees. It includes a full HCM capability and functionality to support: core HR, payroll, benefits, compensation, time and attendance, and talent management
- Vantage HCM: targeted to U.S. based middle and large enterprise clients (>1k employees) as a comprehensive HCM solution offering, including modules to support: core HR, payroll, benefits, compensation, time and attendance, talent management, performance management, succession management, and learning management. Vantage is integrated with Streamline to enable multi-country payroll services
- GlobalView: is ADP's HCM offering for large multinational organizations, which includes extended global payroll capability (~140 countries with Celergo) through a combination of ADP GlobalView Payroll and its ADP Streamline platform and offering. In 2016, it adopted SAP SuccessFactors to update GlobalView's core HR capability with SuccessFactors Employee Central. Its modules include core HR, payroll (42 countries native, extended to 140 through integration with Streamline and Celergo), time and attendance, benefits, compensation, workforce management, recruiting and onboarding, talent management, performance management, and learning management.

ADP offers a single app across its systems; currently, it is available for Workforce Now, Vantage, GlobalView, and a number of in-country payroll technologies. The app runs on iPhone, iPad, iPod touch, and Android operating platforms; it has ~19m users and is available in 43 languages and ~175 countries.

ADP maintains prebuilt and certified integrations, connecting its platforms with all major HCM platforms, e.g., Workday, SuccessFactors,

Infor, Oracle Cloud HCM, etc. For Workday specifically, ADP offers certified PECl (latest event driven connectors) integration for 42 countries.

For global payroll specifically, ADP's acquisition of Celergo (August 2018) enables global clients to integrate payroll with their wider HR technology ecosystem, and core HR system of record. ADP Global Payroll is currently available in over 140 countries worldwide and offers pre-built integrations to most leading platforms.

ADP offers a cross-platform analytic solution called ADP DataCloud, with ~12k analytic clients and (~6k clients subscribing to its more advanced capabilities, e.g. benchmarking, turnover probability, pay equity), serving ~200k users.

ADP has ~57k personnel worldwide within its Employer Services business. NelsonHall estimates that ~70% of ADP's staff is focused on supporting its payroll services business.

To deliver its global payroll services, ADP has a local payroll presence in ~20 countries, and directly services 30 countries. The remaining countries are serviced through local partners, via the Streamline and Celergo offerings which collectively cover the ~140 countries. The service delivery mechanism, via ADP directly or through a partner, is driven by the client volumes within each country.

ADP targets organizations of all market sizes, offering services and solutions to meet the needs of each market segment. As of June 30, 2018, ADP supported ~740k organizations and ~29m employees across multiple geographies.



Scope of the Report

The report provides a comprehensive and objective analysis of ADP's Next Generation Payroll services offering, capabilities, and market and financial strength, including:

- Identification of the company's strategy, emphasis, and new developments
- Analysis of the company's strengths, weaknesses, and outlook
- Revenue estimates
- Analysis of the profile of the company's customer base including the company's targeting strategy and examples of current contracts
- Analysis of the company's offerings and key service components
- Analysis of the company's delivery organization including the location of delivery locations.

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Report Length

15 pages

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Next Generation Payroll Services Vendor Assessments also Available for:

Accountor
activpayroll
Adam HCM
Alight
Ascender
AscentHR
BDO
Ceridian
CloudPay
Excelity Global
Immedis
Infosys
Kronos
Neeyamo
NGA HR
OSV
OneView HR
Paychex
Ramco
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SD Worx
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