

# Next Generation Payroll Services

Market Analysis  
Abstract

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## Who Is This Report For?

NelsonHall's "Payroll Services" report is a comprehensive market assessment report designed for:

- Sourcing managers investigating sourcing developments within Payroll Services
- HR and payroll decision makers exploring the benefits and inhibitors of Payroll Services as evidenced from the clients and vendor capability
- Vendor marketing, sales and business managers developing strategies to target BPS service opportunities within Payroll Services
- Financial analysts and investors specializing in the IT services and BPS sector, including Payroll Services.

## Scope of the Report

This report analyzes the global market for Payroll Services and its constituent services. The report addresses the following questions:

- What is the current and future market for Payroll services?
- What are the customer requirements and how are they changing?
- What are the benefits/results that vendors have been able to achieve for their clients?
- What services are customers buying from Payroll Service vendors?
- What technologies and platforms are being utilized and what are the latest developments and trends emerging?
- What is the size and growth of the Payroll Services market by geography?
- What is the size of the Payroll Services market by industry and which is seeing increased demand? What is the size by small, mid and large market?
- How are leading vendors positioned within the Payroll Services market?
- What are the vendor selection criteria, challenges and critical success factors for vendors targeting Payroll Services?
- Additional topics include: industry-specific developments, online pay slips, HR cloud and software integration; multi-country payroll; acquisitions, divestures and partnerships; use of offshoring, contract lengths, investments in technologies for service delivery etc.



## Key Findings & Highlights

In 2018, the global payroll services market was estimated at ~\$19.9bn, (with partial services accounting for >3/4 of the market) and predicted to grow at 4.4% CAAGR and will reach ~\$24.6bn by 2023.

Middle market buyers remain largest adopters of managed payroll services (~48%), with demand increasing in both the small and large market segments driven by the demand for modern cloud platforms and globally consolidated solutions.

Payroll services adoption is steady across all major sectors and is expected to continue as HR and payroll transformation has become a key priority in line with broader digital transformation efforts.

With many organizations commonly expanding operations to new international locations, paired with a lack of skilled payroll expertise in the workforce, and an underestimation for the skills and effort required in maintaining modern cloud platforms, has led many to seek 3<sup>rd</sup> party solutions and expertise for ensuring accurate, timely, and compliant payroll execution.

Global payroll transformation has become a critical priority as many buyers have moved to (or selected) a cloud HCM solution, and now are seeking to futureproof payroll operations by consolidating payroll to a single global platform and vendor governance model. As a result, companies are commonly prioritizing payroll transformation as a key element and enabler to broader HR transformation.

Thus, multi-country payroll services are rapidly increasing in demand and continue to grow at more than 2x the overall market, representing >18% of the total standalone payroll services market. Multi-country payroll demand is being driven by the need to: improve payroll consistency, consolidate vendors and solutions globally, improve compliance, and access to globally consolidated analytic reporting

Buyers of payroll services are keenly focused on technology capability when selecting a payroll vendor, with integration a critical factor in global payroll transformation. Further, buyers are seeking flexible payroll solutions that deliver reliable, consistent outcomes while creating value for the organization beyond a simple cost play.

The global payroll services vendor league table is currently led by ADP with ~30% market share. Other vendors in the top ten based on revenues include Paychex, BDO, SD Worx, Ceridian, NGA HR, Ascender, Safeguard Global, Alight Solutions, and OneSource Virtual.

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## Report Length

106 pages, consisting of 8 chapters

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