



# Market Analysis

## Reinventing Payroll Services

### Report Abstract

October 2024

By Elizabeth Rennie

NelsonHall

81 pages

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## Who is this Market Analysis for?

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

- Sourcing managers investigating sourcing developments within the payroll services and payroll technology market
- Vendor marketing, sales, and business managers developing strategies to target opportunities in the payroll services marketplace
- Financial analysts and investors specializing in the HR technology and services sector, including managed payroll services.

## Key Findings & Highlights

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Today's payroll services have the capability for real-time processing, faster cycle times, and error-free and integrated experiences with flexible payments, where users are aided by GenAI- embedded conversational tools.

The payroll services market is broadly driven by buyer needs to achieve improved accuracy and compliance, primarily removing risk of manual errors as well as helping to navigate changing legislation through improved anomaly detection.

Organizations looking to transform payroll are driven by the need to digitalize, consolidate and scale services across their enterprise, often beyond a single country, to bring efficiency gains and improved experiences, as well as supporting agility, resiliency and business change.

The multi-country payroll market continues to outgrow domestic payroll markets by ~2.5x. Growth is driven by net new multi-country buyers and underpinned by the expanding needs of existing buyers. The majority of vendors offering multi-country services continue to invest in in-house direct delivery once they have scale, rather than relying on local partners.

Over the last 12 months, notable vendor acquisition/divestiture activity includes:

- SD Worx has continued its European expansion strategy, adding Polish and Romanian payroll software and service providers to its portfolio
- In July 2023, the merger between Vistra and Tricor Group (Tricor) was completed
- The Payroll & Professional Services business of Alight was divested and now has a refreshed focus on multi-country payroll as a core business, rebranded as Strada
- Deel acquired Payspace.

Vendors are investing in major technology upgrades and replatforming projects to better support advanced insights, analytics, integrations and faster processing. Vendors' global payroll delivery is expected to radically change as GenAI use cases continue to be applied to the process and as the market matures and consolidates to better support multi-country needs.

Looking ahead, NelsonHall expects the payroll function will become a more dynamic and more “front-of-house” function, with customer and employee feedback sentiment and surveys being increasingly used as key metrics to evaluate the service. Payroll service integrations into HR platforms will become deeper and the service will be evaluated on more sophisticated criteria (e.g. first-time resolution) than just metrics that relate to payroll accuracy and timeliness, although these will remain core.

## Scope of the Report

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The report analyzes the worldwide market for reinventing payroll services and addresses the following questions:

- What is the market size and projected growth for the payroll services market by geography?
- What are the top drivers for adoption of payroll services?
- What are the benefits currently achieved by users of payroll services?
- What factors are inhibiting user adoption of payroll services?
- What pricing mechanisms are typically used within payroll service contracts and how is this changing?
- Which are the leading payroll services vendors globally and by geography?
- What combination of services is typically provided within managed payroll services contracts and what new services are being added?
- What is the current pattern of delivery location used for payroll services and how is this changing?
- What are the challenges and success factors within payroll services?

## Payroll Services Vendor Assessments available for:

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activpayroll

ADP

AscentHR

CloudPay

Deel

isolved

Neeyamo

Papaya Global

PayBix

Paylocity

PWC

Ramco

Safeguard Global

SD Worx

Strada

TMF Group

UKG

Vistra

Zellis.

## About The Author

Liz Rennie is the HR Technology and Services Research Director with global responsibility for key HR research projects, including Payroll Services and Cloud HR Transformation, as part of NelsonHall’s wider HR Technology & Services practice.

In this key role, Liz assists both buy-side and vendor organizations in evaluating opportunities and capability to support HR and benefits transformation through deploying cloud-based services and redesigning HR service delivery to leverage the latest technologies offered by mobile, AI, blockchain, and robotics.

Liz can be contacted at:

- Email: [elizabeth.rennie@nelson-hall.com](mailto:elizabeth.rennie@nelson-hall.com)
- Twitter: [@erennie\\_](https://twitter.com/erennie_)



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NelsonHall is the leading global analyst firm dedicated to helping organizations understand the “art of the possible” in digital operations transformation. With analysts in the U.S., U.K., Continental Europe, and Asia, NelsonHall provides buy-side organizations with detailed, critical information on markets and vendors (including NEAT assessments) that helps them make fast and highly informed sourcing decisions. For vendors, NelsonHall provides deep knowledge of market dynamics and user requirements to help them hone their go-to-market strategies. NelsonHall conducts rigorous, primary research and is widely respected for the quality, depth, and insight of its analysis.

We would be pleased to discuss how we can bring benefit to your organization. You can contact us via the following relationship manager: Guy Saunders at [guy.saunders@nelson-hall.com](mailto:guy.saunders@nelson-hall.com)

### Boston

Riverside Center, 275 Grove Street, Suite 2-400, Newton Massachusetts 02466  
Phone: +1 857 207 3887

### London

29 Rose Hill  
Binfield  
Bracknell, RG42 5LH  
Phone: +44(0) 208 638 7282

### Paris

115 rue de Reuilly,  
75020 Paris  
Phone: + 33 (0)6 23 81 17 54

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