Market Guide for Multicountry Payroll Solutions

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Initiatives: HR Technology Strategy, Transformation and Management

Given complex regulatory requirements and employee volumes varying across countries, no true global payroll solution exists. To improve efficiency and performance, HR technology leaders must balance integration, emerging technology trends and risk management in their selection process.

Overview

Key Findings

- Organizations make increasing efforts to streamline their multicountry payroll operation, but this is still a work in progress for most due to piecemeal efforts and a fragmented vendor landscape.

- Payroll business process outsourcing (BPO) vendors are replatforming to build their native payroll technology to improve integration, reporting and analytics as well as reduce dependency on legacy payroll engines. In contrast, payroll administration software vendors are expanding their managed services capacity to offer additional options.

- Hybrid work has empowered employees to continue operating from payroll jurisdictions that are different from the organization's registered offices. HR is also seeking to hire talent who may be based in different geographies but possess niche skills. This has increased demand for multicountry payroll solutions.

- Robotic process automation (RPA) has matured as a mainstream capability, with early signs of machine learning (ML) gaining maturity in payroll technology. On average, more than 50% of tasks in payroll calculation and anomaly detection are automated.

- The shift to predominantly cloud-based architectures has introduced new challenges in cybersecurity and risk management, as the number of vulnerabilities that may impact human capital management (HCM) technology applications are increasing.

Recommendations

HR technology leaders supporting multicountry payroll projects must:

- Make the multicountry payroll strategy a key pillar of their HR transformation and technology strategy by building an alliance with HR operations and finance.
- Prioritize the technical robustness and availability of proprietary technology platforms to process data, when evaluating managed service providers and payroll outsourcing vendors by incorporating these requirements into the vendor selection process.
- Select a provider that is vigilant on regulatory changes mandated by the authorities, and mitigate these changes proactively to be compliant with more frequent and more complex government directives.
- Evaluate vendors on their roadmap commitments to continue investment in hyperautomation to improve payroll data accuracy, reduce process latency and automate payroll rule configuration.
- Prioritize due diligence to assess the prospective vendor on its risk management approach during selection. During implementation, address the human element of vulnerability by training the processing teams on how to uncover and mitigate possible threats.

Strategic Planning Assumptions

- By 2025, 65% of global midmarket and large enterprises will have invested in a strategy to unify multicountry payroll using no more than three separate vendors.
- By 2025, 65% of all payroll processing, audits and managed services will be automated and processed with no manual interventions.
- From 2023, multiple HR technology vendors will be subject to ransomware attacks, affecting over 5,000 enterprise clients and tens of millions of employees.

Market Definition

Gartner defines multicountry payroll as an approach to payroll that unifies the provision of payroll software and/or services across a minimum of two countries.

Organizations can use five main types of solutions to establish a multicountry payroll strategy (see Table 1).

Payroll Software

An application that calculates gross-to-net pay for employees. An internal payroll department then uses this calculation to process payments and record deductions for tax filing purposes and record keeping. We refer to this approach as "in-house payroll." Additional features may include reporting and analytics for the purposes of auditing and workforce planning.

Examples of payroll software vendors include: SAP, Oracle and Workday. Readers should note, however, that *it is extremely uncommon for payroll software to be sold stand-alone* but instead is sold as part of a human capital management (HCM) suite.

Optimum use case: for countries with employee volumes of more than 2,000 employees

Payroll Managed Services

A payroll managed service provider delivers services — such as payroll calculation, disbursement and security — via ongoing and regular support and active administration on customers' premises, in their data center (hosting) or in a third-party data center. Managed service providers focus on one vendor or technology, using either their offering or that of a close partner.

Examples of payroll managed services vendors include: OneSource Virtual, Alight and Zalaris.

Optimum use case: for countries with employee volumes of more than 2,000 employees

Payroll BPO

Payroll BPO services are provided by vendors that take on some — or all — of the tasks associated with calculating, processing and reporting payments, and paying workers. Payroll BPO services range from ancillary services, such as printing and distributing paychecks, to fully outsourced payroll, which includes both gross-to-net and net-to-pay steps.

Examples of payroll BPO vendors include: ADP, Ceridian, SD Worx and UKG.

Optimum use case: for countries with employee volumes from 250 to 500 employees up to 2,000 employees.

Payroll Aggregation

Payroll aggregation is an alternative form of payroll BPO where the vendor (a payroll aggregator) uses multiple local payroll partners in conjunction with a platform to unify the data and provide one central customer interface. Payroll aggregation typically extends the geographic coverage of payroll BPO services. It is most often used when clients have a large number of countries to cover, many with relatively low volumes of workers. Most aggregators will serve between one and 1,000 workers per country.

Aggregation is offered by not only BPO vendors but also vendors that specialize solely in aggregation.

Examples of payroll aggregation vendors (including vendors that offer both aggregation and BPO) include: ADP, CloudPay, Safeguard Global, EY, Neeyamo and Papaya Global.

Optimum use case: for countries with employee volumes from one employee up to 250 to 500 employees.

Employer of Record (EOR)

EOR solutions provide local talent acquisition and payroll services for organizations that do not have a registered legal entity in a particular region or country. EOR manages all payroll-related tasks and compliance but leaves the supervision and work assignment of the contracted workforce to the sponsor organization.

Examples of EOR vendors include: Safeguard Global, Atlas, Papaya Global, Globalization Partners (G-P) and Deel.

Optimum use case: for countries with employee volumes from one to 10 employees.

The product attributes of these solutions are summarized in Table 1.

Table 1: Multicountry Payroll Solution Scope

(Enlarged table in Appendix)

Solution Type	Multicountry Payroll Steps					
	Gross to net	Tax filing	Disbursement of funds	Incident management and audits	Printing of paychecks	Treasury services	Payroll management in a country without a registered entity
Payroll Administration software	✔						
Payroll Managed Service	✔	✔	✔	Optional	Optional	Optional	
Payroll BPO	✔	✔	✔	✔	✔	Optional	
Payroll Aggregation	✔	✔	✔	✔	✔	✔	
EOR							✔

Source: Gartner (September 2023)

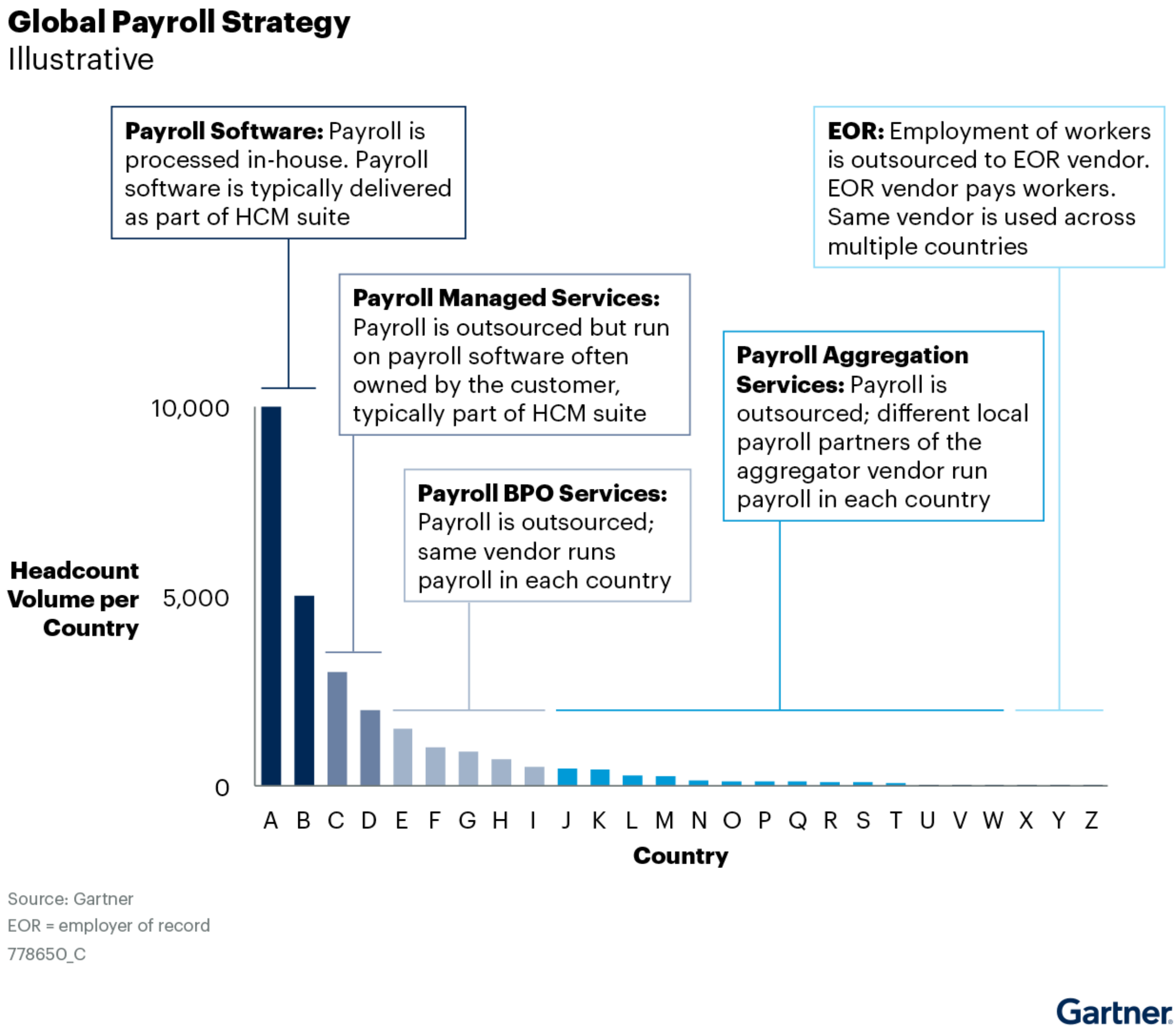
Market Description

No single solution for delivering “global” payroll exists, as the number of countries an organization operates in and the number of workers per country will vary. Additionally, no vendor has localized for every country and territory. In almost all cases, an organization will use a combination of multiple products and vendors to deliver multicountry payroll.

What determines the most suitable methods and combinations comes down to several factors, including geographic footprint, number of workers per country and existing investment in HR software. The best-fit solution really depends on an organization’s shape and size.

Figure 1 presents a possible multicountry payroll strategy incorporating the five types of payroll solution. Note, it would be practical, feasible, and potentially advantageous to reduce the number of solutions used (typically the minimum is a mix of payroll software, payroll BPO and payroll aggregation). All five payroll solution types are presented in Figure 1 for illustrative purposes only.

Figure 1: Global Payroll Strategy



Market Direction

The trend of hybrid work and digital nomad workers has driven demand for consolidation of multicountry payroll solutions to simplify and streamline payroll operations. Additionally, with the end of support announced for SAP ERP Payroll Processing in 2027 (see Quick Answer: How to Decide the Best Path Forward From SAP HCM On-Premises), many organizations have been prompted to transform payroll for their largest headcount countries and rethink the broader global payroll strategy. Consolidation of payroll providers to provide multiple capabilities along with better coverage in multiple localizations is also seen as an emerging trend.

Several key market trends bear scrutiny at this time.

Importance of Certified Integrations

In the past, integration costs and data duplication efforts often counteracted the efficiency gains achieved in payroll transformation projects. In many cases, functional elements— such as organization structure and positions — had to be replicated every week from the HR master record to payroll if the two did not have real-time synchronization. HR technology leaders are increasingly prioritizing the availability of out-of-the-box APIs or are ready to connect certified integrations with the existing workforce management (WFM) or HCM suites when evaluating multicountry payroll solutions. Certified integrations ease the process of configuration and reduce dependency on IT teams.

Multicountry payroll solutions are similarly investing in building partnerships with all mainstream HCM or WFM vendors. Integrations also improve the overall data quality of workflows and business process management, increasing the maturity of application data management as part of an enterprise master data management program. Most payroll vendors are also expanding their ecosystem of partners to countries they are not yet localized for. This is especially true of payroll software vendors, which offer payroll as part of their integrated HCM suite. Payroll software vendors are likely to have at least one certified integration partner in any country that is not yet part of their localization map.

Next-Gen EOR Augmenting Payroll to Support Near-Term Talent Agility

EOR is an established model that aids organizations seeking to hire full-time employees in a new geography, without having to set up a legal entity in the country. An EOR solution saves a lot of effort spent in financial reporting and legal requirements and offers an easier way to access local talent by acting as equivalent to an employer.

However, EOR services are traditionally leveraged for interim compliance, and the model is considered to optimize business cost by allowing the organization to explore the potential in a new geography without setting up an establishment. The postpandemic shift to hybrid work has opened up time-sensitive opportunities that require niche skills that overseas candidates and/or talent available from other geographies can fulfill. The nature of these jobs could be highly complex or strategic to business.

Such employment may create complications regarding state tax laws and benefit entitlements. Organizations also question whether remote employees should be taxed according to the state they are currently living in or the state where their organization is registered.

This situation has given rise to next-gen EOR, a resurgent version of the former EOR model, which is integrated with a broader BPO solution acting as a core superior employee experience and data reporting. Next-gen EOR is more a strategic tool to an organization's broader talent agility approach than an instrument for cost optimization. Several market movements in 2022 have affirmed this direction. For example, Safeguard Global (payroll software administration and BPO) acquired established EOR provider Global Upside in January 2022 to further extend its presence in the payroll market. [1] In June 2022, EOR provider Deel entered into a public offer to acquire APAC-based payroll BPO provider PayGroup. [2]

Currently, the popularity of next-gen EOR is driven by salient, but short-term, needs and is often concentrated around certain specific verticals (e.g., technology, programming, graphic design). It remains to be seen whether organizations continue the "borderless" hiring trend in the long term.

Notable EOR providers mentioned in Gartner end-user conversations are: Velocity Global, Lano, Remote, Atlas, Deel, Globalization Partners and Topia.

Cybersecurity and Risk Management in Payroll

The shift toward cloud has heightened the importance of conducting a regular audit of cybersecurity and risk assessment measures. The ransomware attack on UKG in December 2021 (see Quick Answer: What Are the Lessons to Be Learned From the UKG Ransomware Attack?), the similar attack on Frontier Software concerning Australian Government workers' data, [3] and most recently the cyberattacks on SD Worx and Zellis in 2023 have emphasized the need to upgrade to the latest product versions and audit the cloud infrastructure.

Although the majority of the multicountry payroll vendors have ISO 27001 cybersecurity and country-specific data privacy certifications, organizations are conducting their own penetration and zero-day vulnerability assessment of a provider's platform before payroll implementation. In 2020, the U.S. government declared that cloud services and software products need to have Federal Risk and Authorization Management Program (FedRAMP) certification to host and process U.S. federal authorities' employee data. Multicountry payroll operations that are headquartered in the U.S. and often anchored on the payroll module of their HCM suite are likely to treat certifications such as FedRAMP as litmus tests for cybersecurity and risk management. Overall, risk management is increasing in priority as an important parameter in evaluating payroll solutions.

Certifications and third-party-approved credentials (e.g., FedRAMP) are indispensable, but the majority of payroll data breaches are from access control violations by the processing or administration team. Organizations should evaluate the prospective vendors on their ability to maintain a secondary processing unit in the same or neighboring country, availability of in-country data centers and robust disaster recovery management measures.

Payroll providers are adopting best practices for risk management, such as separating the tasks of the payroll processing into different teams, documenting the steps and sharing with the in-house subject matter experts team. Additional measures may include keeping a golden (master) copy of the data and updating the same at regular intervals or auditing the number of users who have access to sensitive data. These actions will ensure business continuity if one of the primary teams becomes unavailable or one of the data centers has a temporary outage.

Growing Overlap of Payroll Software and Payroll Services

With the increasing importance of visibility into payroll data and compliance with data residency and control norms, some HR technology leaders are skeptical about outsourcing their payroll. On the other hand, the localization footprints of many global payroll software solutions are limited, which suggests that outsourcing is the only option in some situations. Also, in many cases, the internal team is resource-constrained and, thus, reluctant to handle the postprocessing tasks and adjustments.

In such situations, organizations are increasingly preferring payroll managed services or outsourcing providers that use their natively built platforms for processing. Payroll software providers with additional managed services offer ancillary services that can be delegated to the provider as, and when, needed. Payroll BPOs with natively built platforms generally offer more modern platforms, improved user experiences and reporting than their counterparts, which use aging on-premises-based or nonproprietary payroll engines.

A majority of the participating vendors in the software category additionally provide managed services, while almost half of the participants in the BPO segment have natively built payroll platforms. This indicates an overlap between product and services in this market.

Considerations for High-Risk Countries

Geopolitical events, such as the Russian Invasion of Ukraine, and government directives on embargo have resulted in many U.S.- and EU-headquartered vendors discontinuing their support in specific geographies in 2022. Although this coincided with many organizations stopping their operations in said regions, some organizations found it difficult to find a quick replacement and ensure continuity of payroll operations.

HR technology leaders should audit the business continuity risk indexes of their geographic footprint and highlight the countries with high risk. We recommend primarily contracting payroll processing in high-risk countries through a local solution provider, rather than a leading global solution, to ensure continuity of payroll operations.

Market Analysis

Several approaches can be taken to provide a multicountry payroll solution. HR Technology leaders transforming HCM will face a number of choices when considering which strategy and type of vendor are best suited to them. This section discusses some of those decision points.

Payroll Strategy Considerations

As the market consists of two broad categories — BPO and software —many organizations must decide between keeping payroll in-house and outsourcing. Table 2 details the characteristics of each approach.

Table 2: Payroll Strategy Considerations

(Enlarged table in Appendix)

In-House	Outsourced
▪ Better integration with core HR if the payroll module is from the same vendor. ▪ Better control of reporting and accessibility (e.g., accommodate midyear pay plan change), as the data is primarily managed by the client. ▪ Generally, the setup, maintenance or implementation cost (i.e., the capital expenditure) is higher than outsourcing. ▪ Operational expenditure is driven by subscription fees, which are set per employee per month and agnostic to pay frequency. As a rule of thumb, in-house is more economical than outsourcing in terms of annual ongoing operational expenditure. However, HR technology leaders should also include the cost of keeping a subject matter expert team while calculating the total operational cost. ▪ Responsibility for compliance with all dynamic regulations and statutes is shared between the vendor and the customer organization. Risk of overpaying or underpaying employees is also shared between the above stakeholders.	▪ Better scalability for capacity expansion or rapid descaling and a better partner to quickly provide solutions for geographic expansion. ▪ The perception of quality of reporting and control over data is generally negative. Customers often complain about requesting an ad hoc report and the additional cost and delay this can cause. ▪ Generally, the capital expenditure or the implementation cost is lower than in-house. ▪ Operational expenditure is based on cost per payslip (dependent on pay frequency), which, as a rule of thumb, is higher than an in-house subscription fee. In situations where the number of employees is in the single or double digits, the cost per payslip would appear to be very high, as it also includes the costs of payroll operations and services. However, no additional cost is associated with operations besides the cost per payslip. ▪ Responsibility for compliance with all dynamic regulations and statutes falls solely on the provider. Risk of overpaying or underpaying a relatively small employee population in any particular geography is generally absorbed by the provider.
Sample scenarios of organizations choosing the optimum payroll solution	
Payroll in-house is the optimal option: ▪ An organization is present across two countries with fewer than 2,000 employees in each. The core HR module vendor is localized for both countries. ▪ A global organization is present in more than 10 countries with a varying employee headcount in each. It should ideally split its payroll operations to manage the countries with over 2,000 employees under an in-house payroll operation.	Outsourcing payroll is the optimal option: ▪ An organization is present across five to 10 countries with an employee headcount of 500 (or less) to 1,000 in each. The core HR module vendor is not localized to all geographies. ▪ A global organization is present in more than 10 countries with a varying employee headcount in each. It should ideally split its payroll operations to outsource payroll in countries with over 2,000 employees.

Source: Gartner (September 2023)

The characteristics described in Table 2 have exceptions. Depending on the organization's size and shape, and the priorities of its leadership, HR technology leaders may desire to take on more or less responsibility for payroll. This would result in more software deployment in conjunction with in-house payroll or increased outsourcing via BPO and/or aggregation, depending on the aforementioned factors.

Multicountry Payroll Investment Drivers

- **Improved efficiency —** Maintaining a legacy on-premises application can be problematic and costly. Advances in technology and new functionalities can improve the efficiency of running both in-house and outsourced payroll. For example, self-service — now a fundamental component of modern payroll solutions — can reduce the time that payroll staff spend on data administration and the volume of help desk calls. Both application and BPO service vendors are developing ways to use RPA in payroll processing, which reduces the human hours necessary to process data that feeds into payroll.

- **Process standardization —** Identical processes for global payroll operations and support make it easier to ensure business continuity. If a central team is inoperative, a secondary team in a different geography can ensure continuing operations if an emergency (such as the COVID-19 pandemic) affects a local team. While this is not possible for all payroll processes, some, such as handling payroll-related inquiry from employees, can be standardized. This also results in improved compliance due to the use of certified partner providers with more robust compliance support.

- **Reporting and analytics —** Having unified payroll, data reporting and analytics is becoming useful. It can provide insights into labor costs and may also, for example, be used when planning to increase or decrease headcount based on the average cost of employment by country.

- **Vendor consolidation —** Easier vendor relationship management should result in more opportunity for cost savings and improved service/product quality.

- **Unified experience for payroll administrators —** Easier administration and generally easier use of the system can also support the use of shared service centers for payroll.

- **Improved compliance —** A network of verified and certified partners that are closely linked to the central provider provides robust compliance support.

Current Payroll Trends and Market Differentiators

Some emerging trends are coming up the maturity curve and entering the mainstream in payroll technology. For most of these trends, the catalysts were small vendors that are not direct players in this market but are related to the overarching employee payment function. However, many established providers have added these functionalities into their offerings.

Generative AI

At present, no clear novel use case of generative AI (GenAI) in payroll or the multicountry payroll solutions market exists. However, the general impacts of GenAI on technology will also be applicable to this market. For example, payroll case management tools will likely incorporate GenAI as part of service delivery, specifically in the creation of documents and via chat response. Additionally, in the future GenAI may likely be used to code payroll applications, potentially enabling lower cost and faster paced development.

Hyperautomation

RPA has been used in payroll for a long time and automated many repetitive tasks, such as data preparation, audit review and tax calculation. Now, more complex tasks, such as detecting pay anomalies and answering self-service user inquiries, are being piloted in many organizations as part of the intelligent automation of payroll services. With the prebuilt digital transformation push, this trend is likely to continue with more and more payroll-related tasks being automated, thus reducing headcounts in payroll processing teams.

Some emerging applications of hyperautomation in payroll services include:

- Continuous payroll processing — Optimize payroll load during the pay period by running at a very high frequency. The payroll engine accepts inputs that update net pay throughout the pay period. This can eliminate costly off-cycle pay adjustments.
- Incremental payroll calculation — Automate payroll calculations by only processing employees impacted by changes.
- Employee turnover pattern analysis — Pattern analysis of attrition, with potential to include risk prediction of future attrition (employee flight risk analytics).
- Trend analysis of sick leave and overtime — Pattern analysis of sick leave and overtime to identify potential problematic behavior patterns as a means of optimizing labor costs and safeguarding against employee burnout.
- Payroll fraud detection and automated notification of threshold breach — Pattern analysis to identify potential fraudulent behavior of both employees and managers.

Flexible Earned Wage Access (FEWA) and Digital Wallets

Pay cycles are usually weekly, biweekly or monthly and do not provide employees with an option to withdraw part of their salary before the scheduled payday. FEWA has matured over the last few years and grown in adoption, particularly after the economic distress caused by the pandemic. Few major payroll vendors present in the U.S. offer this as a native functionality. Currently, few vendors team up with third-party providers (such as DailyPay, Even and FlexWage) to enable this function. However, native FEWA capabilities authorize faster payment processing and skip multiple “know your customer” checks.

Early signs of alternative modes of payment besides bank transfers are becoming prominent. Precedents include the increasing popularity of payment cards and online wallets to receive payments. Particularly in emerging Asia/Pacific countries, digital wallets represent an attractive proposition and tie in with e-commerce and aggregation platforms, such as Grab and Gojek. As a result, the adoption of digital wallets as an alternative to bank transfer is gaining traction.

Some vendors have started combining FEWA with digital wallets enabled through their own technology platforms or partnering with leading fintech providers. Funds released through FEWA and credited in digital wallets often come with cashback or spend rewards that enhance the advantage and usefulness of FEWA.

Payroll Case Management Tools

At the peak of the pandemic, payroll support teams at organizations and vendors were flooded with inquiries from anxious employees. Topics of inquiries included updates on policy changes, availability of paid leave and employees’ eligibility for various relief plans. Under such circumstances, payroll solutions need to either offer a strong case management and self-service help desk or integrate seamlessly with a customer’s existing HR service management platform. A chatbot or virtual assistant would be ideal to ensure enhanced employee engagement.

In addition, pay equity recommendations and external labor pay data intelligence capabilities are also becoming common in many payroll solutions.

Representative Vendors

The vendors listed in this Market Guide do not imply an exhaustive list. This section is intended to provide more understanding of the market and its offerings.

Vendor Selection

Prominent HCM suite providers — such as ADP, Ceridian, Cegid, Oracle, SAP, UKG and Workday — have comprehensive capabilities in payroll, and their payroll modules are widely adopted as part of their broader HCM suites. However, their payroll modules may not often be deployed on a stand-alone basis (with some exceptions). Table 3 summarizes the HCM suites that are most often deployed as core HR and payroll on a consolidated basis.

Table 3: HCM Suite Vendors With Multicountry Payroll Capabilities

Vendor Name	Product Name
ADP	ADP Workforce Now
Ceridian	Dayforce
Cegid	Cegid HCM
Oracle	Oracle Fusion Cloud HCM
SAP	SAP SuccessFactors Employee Central Payroll
UKG	UKG Pro Pay, UKG Ready Payroll
Workday	Workday

Source: Gartner (September 2023)

Tables 4 through 6 summarize the payroll solutions most often deployed on a stand-alone basis.

The inclusion criteria used for this research are as follows (see Note 1):

- The solutions in Tables 4 through 7 include payroll administration software, payroll managed services, payroll BPO and aggregation, and payroll integration and compliance platforms, as defined in the Market Definition section.

- A solution is only included if it has live customers in a minimum of two countries. Furthermore, no single-country payroll customers are included.

Note, vendors often offer multiple types of payroll solutions, for example, including global payroll BPO, aggregation and EOR. In such cases, we have used our discretion to categorize the solution type that best characterizes the vendor's primary offering.

Table 4: Payroll Administration Software

Vendor Name	Product Name
PaySpace	Payroll
Ramco Systems	Ramco Global Payroll
SAP	SAP S/4HANA Cloud, SAP HCM for S/4HANA On-Premises
Sopra HR	Sopra HR Access

Source: Gartner (September 2023)

Table 5: Payroll Managed Services

Vendor Name	Product Name
Alight	Managed Payroll Services
EY	EY Payroll Operate
OneSource Virtual (OSV)	OneSource Virtual (OSV) Managed Payroll Services

Source: Gartner (September 2023)

Table 6: Payroll BPO and Aggregation

(Enlarged table in Appendix)

Vendor Name	Product Name
activpayroll	Global Payroll
ADP	ADP Global Payroll
BIPO	Global Payroll Outsourcing
Blue Marble	Global Payroll
CloudPay	Global Payroll
iiPay	iiPay Global Payroll Solution
Mercans	Global Payroll Outsourcing
Neeyamo	Neeyamo Payroll
PayGroup	PayGroup HROnline
Ramco Systems	Ramco Global Payroll (BPO and Aggregation)
Safeguard Global	Safeguard Global Managed Payroll (GMP)
SD Worx	SD Worx International People Solutions
TMF Group	TMF Horizon; TMF Global Payroll and HR Services
UKG (Immedis)	Multi-Country Payroll Solutions
Zalaris	Managed HR & Payroll, Cloud Payroll, Cloud Application Maintenance Services

Source: Gartner (September 2023)

Table 7: Global Employer of Record (EOR)

Vendor Name	Product Name
Atlas	HXM
Deel	Deel
Globalization Partners (G-P)	G-P Meridian Suite

Source: Gartner (September 2023)

Market Recommendations

HR technology leaders supporting multicountry payroll projects must:

- Make the multicountry payroll strategy a key pillar of their HR transformation and technology strategy by building an alliance with HR operations and finance.

- Prioritize the technical robustness and availability of proprietary technology platforms to process data, when evaluating managed service providers and payroll outsourcing vendors by incorporating these requirements into the vendor selection process.
- Select a provider that is vigilant on regulatory changes mandated by the authorities, and mitigate these changes proactively to be compliant with more frequent and more complex government directives.
- Evaluate vendors on their roadmap commitments to continue investment in hyperautomation to improve payroll data accuracy, reduce process latency and automate payroll rule configuration.
- Prioritize due diligence to assess the prospective vendor on its risk management approach during selection. During implementation, address the human element of vulnerability by training the processing teams on how to uncover and mitigate possible threats.

Acronym Key and Glossary Terms

AI	Artificial intelligence.
Certified integrations	In payroll, certified integrations refer to the availability of an out-of-the-box API connector with any specific HR or finance technology application. The API fulfills the terms and conditions as set by both parties and facilitates easy access to data and processes.
Hyperautomation	Business-driven hyperautomation refers to an approach in which organizations rapidly identify, vet and automate as many approved business and IT processes as possible through a disciplined approach.Hyperautomation involves the orchestrated use of multiple technologies, tools and platforms (including, but not limited to, AI, ML, event-driven software architecture, RPA, iPaaS, packaged software and other types of decision, process and/or task automation tools).

Evidence

The information presented in this document comes from author inquiry with Gartner customers, from conferences and from cooperation with the representative vendors included in this document.

[1] Safeguard Global Acquires Global Upside, Safeguard Global.

[2] Deel to Acquire PayGroup, Digital Nation Australia.

[3] Ransomware Attack at Payroll Provider Frontier Software Leaks Data on Australian Government Workers, Cyware.

Note 1: Gartner's Initial Market Coverage

This Market Guide provides Gartner's initial coverage of the market and focuses on the market definition, rationale for the market and market dynamics.

Document Revision History

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Market Guide for Multicountry Payroll Solutions - 24 April 2017

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Quick Answer: How to Decide the Best Path Forward From SAP HCM On-Premises

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Table 1: Multicountry Payroll Solution Scope

Solution Type	Multicountry Payroll Steps						
	Gross to net	Tax filing	Disbursement of funds	Incident management and audits	Printing of paychecks	Treasury services	Payroll management in a country without a registered entity
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Payroll Managed Service	✔	✔	✔	Optional	Optional	Optional	
Payroll BPO	✔	✔	✔	✔	✔	Optional	
Payroll Aggregation	✔	✔	✔	✔	✔	✔	
EOR							✔

Source: Gartner (September 2023)

Table 2: Payroll Strategy Considerations

In-House	Outsourced
▪ Better integration with core HR if the payroll module is from the same vendor. ▪ Better control of reporting and accessibility (e.g., accommodate midyear pay plan change), as the data is primarily managed by the client. ▪ Generally, the setup, maintenance or implementation cost (i.e., the capital expenditure) is higher than outsourcing. ▪ Operational expenditure is driven by subscription fees, which are set per employee per month and agnostic to pay frequency. As a rule of thumb, in-house is more economical than outsourcing in terms of annual ongoing operational expenditure. However, HR technology leaders should also include the cost of keeping a subject matter expert team while calculating the total operational cost. ▪ Responsibility for compliance with all dynamic regulations and statutes is shared between the vendor and the customer organization. Risk of overpaying or underpaying employees is also shared between the above stakeholders.	▪ Better scalability for capacity expansion or rapid descaling and a better partner to quickly provide solutions for geographic expansion. ▪ The perception of quality of reporting and control over data is generally negative. Customers often complain about requesting an ad hoc report and the additional cost and delay this can cause. ▪ Generally, the capital expenditure or the implementation cost is lower than in-house. ▪ Operational expenditure is based on cost per payslip (dependent on pay frequency), which, as a rule of thumb, is higher than an in-house subscription fee. In situations where the number of employees is in the single or double digits, the cost per payslip would appear to be very high, as it also includes the costs of payroll operations and services. However, no additional cost is associated with operations besides the cost per payslip. ▪ Responsibility for compliance with all dynamic regulations and statutes falls solely on the provider. Risk of overpaying or underpaying a relatively small employee population in any particular geography is generally absorbed by the provider.
Sample scenarios of organizations choosing the optimum payroll solution	

Payroll in-house is the optimal option:	Outsourcing payroll is the optimal option:
▪ An organization is present across two countries with fewer than 2,000 employees in each. The core HR module vendor is localized for both countries. ▪ A global organization is present in more than 10 countries with a varying employee headcount in each. It should ideally split its payroll operations to manage the countries with over 2,000 employees under an in-house payroll operation.	▪ An organization is present across five to 10 countries with an employee headcount of 500 (or less) to 1,000 in each. The core HR module vendor is not localized to all geographies. ▪ A global organization is present in more than 10 countries with a varying employee headcount in each. It should ideally split its payroll operations to outsource payroll in countries with over 2,000 employees.

Source: Gartner (September 2023)

Table 3: HCM Suite Vendors With Multicountry Payroll Capabilities

Vendor Name	Product Name
ADP	ADP Workforce Now
Ceridian	Dayforce
Cegid	Cegid HCM
Oracle	Oracle Fusion Cloud HCM
SAP	SAP SuccessFactors Employee Central Payroll
UKG	UKG Pro Pay, UKG Ready Payroll
Workday	Workday

Source: Gartner (September 2023)

Table 4: Payroll Administration Software

Vendor Name	Product Name
PaySpace	Payroll
Ramco Systems	Ramco Global Payroll
SAP	SAP S/4HANA Cloud, SAP HCM for S/4HANA On-Premises
Sopra HR	Sopra HR Access

Source: Gartner (September 2023)

Table 5: Payroll Managed Services

Vendor Name	Product Name
Alight	Managed Payroll Services
EY	EY Payroll Operate
OneSource Virtual (OSV)	OneSource Virtual (OSV) Managed Payroll Services

Source: Gartner (September 2023)

Table 6: Payroll BPO and Aggregation

Vendor Name	Product Name
activpayroll	Global Payroll
ADP	ADP Global Payroll
BIPO	Global Payroll Outsourcing
Blue Marble	Global Payroll
CloudPay	Global Payroll
iiPay	iiPay Global Payroll Solution
Mercans	Global Payroll Outsourcing
Neeyamo	Neeyamo Payroll
PayGroup	PayGroup HROnline
Ramco Systems	Ramco Global Payroll (BPO and Aggregation)
Safeguard Global	Safeguard Global Managed Payroll (GMP)
SD Worx	SD Worx International People Solutions
TMF Group	TMF Horizon; TMF Global Payroll and HR Services
UKG (Immedis)	Multi-Country Payroll Solutions
Zalaris	Managed HR & Payroll, Cloud Payroll, Cloud Application Maintenance Services

Source: Gartner (September 2023)

Table 7: Global Employer of Record (EOR)

Vendor Name	Product Name
Atlas	HXM
Deel	Deel
Globalization Partners (G-P)	G-P Meridian Suite

Source: Gartner (September 2023)