IRIS | Payroll

Payroll Software Buyer's Guide

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Labor costs represent a significant portion of a business's budget, consuming 30% to 70% of its revenues. Ensuring payroll is processed accurately and punctually is crucial; a single mistake can make employees doubt their job stability and potentially seek employment elsewhere. Indeed, after two payroll errors, almost half of employees contemplate leaving the organization. These businesses also risk fines and penalties for errors, with **roughly 40%** of small businesses paying an average of $845 a year in IRS penalties because of mismanaged **payroll** processes.

When you take responsibility for payroll, you're responsible for the most expensive and sensitive part of a company, and there are high expectations for you to do it perfectly. That's why you need payroll software that you can rely on to provide you with the tools you need to succeed.

If you are considering offering payroll services to your clients or contemplating a switch from your current payroll software, this guide will help assist you in discerning whether it's time for a change and help identify the must-have features in your forthcoming payroll solution.

The Importance of Choosing the Right Payroll Software

Payroll software is more than a mere operational tool; it is a crucial partner in achieving strategic objectives. Effective payroll software elevates your business by ensuring accuracy, compliance, and operational efficiency. This, in turn, provides a competitive advantage, supports client retention, improves return on investment (ROI), and facilitates business growth. The right solution will also help reduce the ever-growing workload pressures on your staff and help your CPA Firm, or Payroll Service Bureau (PSB), achieve more.

9 Signs You Need a Better Payroll Software Platform

Many firms and PSBs cling to outdated, underperforming software because it's familiar or they are fearful of converting. Noticing one or two of these issues? Plan to update your software before the next payroll year-end. Encountering three to five? Aim for an upgrade by this quarter's end. Experiencing more than five? This is seriously hindering your business, and an immediate software upgrade is imperative.

Here are nine clear signals that it's time for a software upgrade to propel your firm forward.

1. Inadequate Support

As a professional accountant or payroll service provider, you bring a wealth of expertise and experience to your role. Your daily work is intricate, navigating tax laws and payroll systems with precision. Understandably, managing software issues shouldn't be an added task on your plate.

When your software malfunctions, how quickly can you get the support you need? Calling an overseas call center that only identifies you by your client ID number is not the right solution. This approach results in wasted time as you explain your history and needs just to get the person on the other end to understand your issue.

Every minute you waste waiting on hold or repeating yourself to a new person who doesn't

know your business is costing you. Whether the entire system crashes or you have a question about how to use a new function better, you deserve personalized, immediate support from an expert not only on the software platform but also on payroll processing.

2. Lack of Integration

Payroll is more than calculating paychecks. It requires comprehensive employee data management, tax filings, benefits administration, and so much more. Your software solution should be integrated, allowing you to work on all aspects of your client's payroll needs through a single platform.

When you use one platform for operations such as benefits, another of time and attendance, and another for accounting functions, you risk data inconsistency, errors, and time wasted doing redundant tasks. Disparate systems also usually increase operational costs.

3. Breaches in Data Security

Payroll involves sensitive personal financial information and is a prime target for hackers and thieves. Even a small security breach can seriously cost your firm and your clients.

If you have had a security breach because of your payroll software in the past year, you should immediately upgrade your software to a solution you can trust. You cannot afford to put your firm or clients at risk.

4. Difficult or Unusable Interface

Even the most powerful software is useless if your staff and clients can't use it. Software should make your job easier and help you achieve more, not slow you down. If your current platform requires extensive training for basic operations, it leads to inefficiency in payroll management.

For example, good software platforms provide a portal that your clients and their employees can use to access their information, anywhere at any time. Client portals are amazing tools to help you provide a great client experience. However, if clients encounter a portal that is more frustrating than functional, its intended benefits evaporate.

5. Lack of Technical Updates

No payroll software will always be perfect. It is essential that the payroll software you rely on isn't static but evolves through regular updates, encompassing not just annual tax adjustments but also paramount improvements in security and user experience.

Neglecting software updates or limiting their implementation can gravely jeopardize your operations. Failing to apply crucial security patches significantly escalates the vulnerability of your client's sensitive data to potential breaches. Similarly, overlooking updates related to compliance could expose your business to severe legal repercussions, ranging from penal fines to more drastic consequences such as incarceration or the revocation of your operating license.

6. Compliance Risks

Regulatory compliance is non-negotiable. You must adhere to federal, state, and local regulations, and your payroll software should make compliance easy.

Trying to understand and monitor compliance regulations can be a full-time job. Every year, tax codes and legislation complicate or simplify your compliance needs, and you are expected to stay on top of it all. You could do the work manually or trust your payroll software to provide the support you need to ensure you are always compliant.

If you have ever had compliance issues with your existing software or are struggling to stay compliant, that is a red flag you must address immediately.

7. Insufficient Reporting

Reports are essential tools for making well-informed decisions. Effective high-level conversations rely on having accurate, up-to-date data, and your payroll software should automatically produce these reports for you.

Generating reports shouldn't take hours of your time. Instead, it should be a straightforward process that provides the information you need in an easy-to-understand format, as quickly as possible. To stay informed, you need payroll software that offers a comprehensive view of your accounting firm.

8. Manual Processes

Manual processes are breeding grounds for expensive errors that require a major investment of time and money. Manual data input has an average failure rate of 1% but can be as high as 4%.

Manual data entry is unreliable and not scalable. Employees with data entry jobs barely tolerate it, and their time could be better spent working on more profitable tasks. The best solution is to automate as many repetitive processes as possible to help you do more with your day, significantly reduce errors, and improve employee satisfaction.

9. Unreliable and Inconsistent Partnership

Your current software may have started great, but over time, it has changed. Its corporate structure has changed, and different people are responsible for the product. They may even have moved their attention to a different product, making you feel like a forgotten business partner.

You and the products you use deserve stable, reliable support and service. The operations and corporate structure of the software you currently use isn't directly tied to your clients, but it does impact your operations and professional services.

If you are faced with a vendor that doesn't seem to care about their product or you, it's time to find a better partnership.

What To Look for When Buying a Payroll Software Platform

Deciding to upgrade your payroll system is the first step toward streamlining your business's financial operations. Yet, venturing into the market to select a new payroll software platform can quickly become daunting. Distinguishing essential functionalities from mere decorative add-ons can make it very difficult to make a well-informed decision, ensuring your payroll software meets your current needs and positions your business for future growth.

The 13 Must-Have Features in Your Next Payroll Software

To cut through the noise, this guide describes the 13 crucial features that your next payroll software should possess and why they are important to the success of your payroll business.

1. Cloud Technology

A payroll solution based on cloud technology enables faster processing, improved access and usability, and greater security. One of the most significant benefits is that it requires no maintenance. Security, compliance, and operational updates are applied automatically, so you never have to worry about installing updates or waiting for your computer to reset when working with a client.

A cloud-based solution allows you and your clients to access information anytime, from anywhere—a necessity in today's always-on culture.

2. Mobile and Remote Work Features

Most workers work in a hybrid or remote work environment, and many people looking for a new job specifically seek remote work options. With the rise of remote and hybrid work environments, having a payroll system that supports mobile access is non-negotiable. Your team and clients demand flexibility, not just in when and where they work but also in how they can access and process payroll information. A solution that meets these needs ensures that payroll processes run smoothly regardless of location, enhancing both productivity and work-life balance.

3. Scalability

Of course, your payroll software platform should provide you with the support and tools you need right now to succeed, but it should also be able to scale with you to provide the functionality and support your growing firm will need five or even ten years from now.

When you are looking for a new payroll solution, make sure that it covers your existing needs. However, take time to speculate on what your firm may look like in five and ten years and see if the platform can still provide you with the coverage and tools you will need.

4. Wide Range of Features & Functions

Navigating payroll's complexities requires a robust solution, underlined by a wide range of features and functionalities. This isn't just about processing payments; it's about managing every aspect of payroll with precision and ease. A well-equipped payroll system should include essential tools such as:

• Automated Tax Calculations and Filings: Ensuring accuracy and compliance without the manual hassle.

• Direct Deposit and Payment Options: Offering convenient and flexible payment solutions to meet diverse needs.

• Self-Service Portals for Employers and Employees: Empowering management and staff with direct access to payroll information.

• Time and Attendance Tracking: Streamlining the integration of worked hours directly into the payroll system.

• Workforce Management: Including applicant tracking and onboarding to facilitate growth and maintain operational standards.

• Comprehensive Reporting: Delivering insights into payroll activities to support informed decision-making.

• Mobile App Support: Providing on-the-go access to payroll features, ensuring management and employee engagement anywhere, anytime.

5. Modern, User-Friendly Interface

New software will always take some time to learn and master. Still, an intuitive, easy-to-navigate user interface can significantly reduce the learning curve for your team and clients. If you are weighed down by unnecessary menus, pop-ups, and needlessly complex processes, it does not matter how robust the software is if people can't use it.

If software hides its user interface or makes it difficult to use the solution before you purchase it, that should be an automatic red flag. Just like you would never buy a car without test-driving it first, you should never buy new payroll software without seeing how it handles first.

6. Continuous Innovation

Your payroll software should stand the test of time and be an asset to your firm for years to come, not just the next quarter. Look for a market-tested and trusted product that continues to receive updates and support throughout its lifetime. Ideally, innovations and advancements to their product should be automatically shared within their existing platform rather than requiring you to buy a new product or platform with every update.

7. Automated Tax & Compliance Management

You should spend your time on more profitable and meaningful tasks than researching and worrying about tax and compliance management, which can be a Herculean task. The ideal payroll software automates this process, ensuring compliance with the latest federal, state, and local tax laws and reducing the risk of penalties for you and your clients. It should be capable of adapting quickly to changes in legislation, making compliance seamless and straightforward.

8. Dedicated Client Success Manager

Rather than calling a call center and getting a random agent to read a predetermined script, you deserve a single point of contact who is with you every step of the way.

Your software partner should provide a dedicated client success manager who is an experienced payroll professional based in the U.S. They should be a resource that you can rely on who is with you from onboarding onward. They become more than just a generic customer service representative who can answer a few technical questions; they become a trusted partner who works with you to help you reach your business goals.

9. Training

A new product requires training to use correctly. To get the most from your new software, you and your team should have access to official training to help you learn how to operate it effectively.

In addition to this initial training, there should be resources for both the software manager and the users for additional training or assistance as their experience with the program continues to develop. This will help them continually get the most from the software and feel comfortable using it.

10. Automation

Automation is the keystone to efficiency, enabling you to remove the most menial and mundane tasks from your workflow. The more automation available from your payroll software platform, the more you can remove repetitive tasks, trusting that the software will do it with 100% accuracy every time, leaving you to focus more on your clients and their needs.

11. Transparent Pricing

Pricing should never be a mystery. Hidden fees, additional charges, and nickel and diming you for each service or functionality are red flags you in a potential software partner. Rather than guessing and negotiating your way through prices, being blindsided by expensive additional options hidden in your contract, look for a software provider with clear, transparent pricing.

12. Integration Capabilities

Just like members of your firm must work together as a team for the best results, your software should also work as a team. The best payroll software doesn't exist in isolation; it seamlessly integrates with other tools and systems used by your firm, such as HR management and accounting software.

Integration is a necessity because it improves transparency throughout your firm's operations. It also streamlines your workflow, helping you get more done with your resources.

13. Conversion & Onboarding Assistance

Adopting a new payroll platform requires more than selecting the software that best fits your needs; it requires a smooth transition that causes minimal disruption to your business operations. As you evaluate your options, one critical aspect to consider is the level of conversion and onboarding support each provider offers. This support is vital in effortlessly switching to a new system with minimal disruption.

Key onboarding services your software provider should provide include:

• A conversion plan with a timeline for final adoption and implementation.

• Assistance with reaching out and communicating with clients about the new platform.

• Migration of your existing client data securely and efficiently, ensuring no critical information is left behind.

• Thorough staff training and support during the migration and afterwards.

• Data file extraction including obtaining essential 3rd party integration files, like retirement reports, positive pay files, census files, and more.

Understanding that businesses have varying needs, top-tier providers offer different conversion and data migration support levels. Whether your firm is looking for in-depth training or more hands-on assistance, there should be a support level suited to your requirements:

• Full-Service Support: Ideal for businesses seeking a comprehensive approach, this level includes training your team, setting up client profiles (or "shells"), and migrating your current client data from your old system to the new one.

• On-Site Support: For those who prefer face-to-face guidance, some providers will send a senior conversion consultant to your location to assist with all aspects of the onboarding process, from initial setup to final implementation.

• Assisted Conversion: This service is essential if your existing payroll platform lacks data export capabilities. The provider's team will manually input your data, including the current year's wage history by quarter, ensuring no information is lost in the transition.

Selecting the right payroll software is a decision that merits careful consideration. By prioritizing these 13 features, you can streamline your payroll process and enhance your firm's productivity, compliance, and client satisfaction. In doing so, you position your firm for continued success in an increasingly competitive market.

Trust IRIS Payroll Solutions

The selection of your next payroll software should not be taken lightly. At IRIS, we understand the depth of responsibility that managing payroll entails and its impact on your firm's overall success. Our comprehensive payroll solutions are designed to meet and exceed your needs. From ensuring compliance to simplifying complex payroll tasks, we equip your firm with tools and resources essential for streamlined operations and sustained growth.

Discover a payroll solution that aligns with your goals. Trust in IRIS Payroll Solutions to empower your business strategy, enhance efficiency, and lead your firm toward achieving its objectives. Experience the difference with IRIS by exploring our **diverse payroll solutions** today to find the perfect match for your needs.

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