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RESEARCH NOTE

5 REASONS SMBS SHOULD CHOOSE PAYCHEX

THE BOTTOM LINE

Business process outsourcing (BPO) can be a valuable tool for small and medium-sized businesses (SMBs) with limited resources looking to streamline their operations while maintaining business flexibility. Nucleus found that, with its software-as-a-service (SaaS) delivery model, tax and regulatory expertise, ease of use, and mobile capabilities, Paychex enables SMBs to take advantage of workforce management (WFM) solutions without an extensive or expensive on-site deployment.

WHY PAYCHEX

Paychex offers payroll, benefits, and human resource management applications that support the needs of small and mid-sized businesses (SMBs) in areas such as:

- payroll, including taxes, time and attendance, and regulation management
- human resource management, including hiring and onboarding, compliance, and administration
- benefits management for health, retirement, and flexible spending accounts.

As smaller organizations are continually asked to do more with less, outsourcing certain areas of the business can be an attractive way for companies to cut costs and improve productivity. In taking a closer look at Paychex, Nucleus analysts found five reasons why SMBs should consider outsourcing their human resources and benefits management, including the quality and range of services, regulatory expertise, and mobile accessibility.

SERVICE

Paychex HR Solutions Professional Employer Organization (PEO) and Paychex HR Solutions Administrative Services Organization (ASO) provided customers with Human Capital Management (HCM) services and support, including:

- New hire screening, hiring, and management
- Ensuring compliance with state and federal regulations across the business
- Establishing competitive and attractive benefits packages, including health, flexible spending accounts, and retirement services
- On-site HR and benefits support for clients with 10 or more employees.

By outsourcing payroll, HR, and benefits management, SMBs are able to focus on growing their core business while still providing employees with comprehensive and attractive benefits. Outsourcing of human resource processes also enables organizations to remain flexible while maintaining business continuity.

EXPERTISE

Paychex's Employee Management Services offer legal support and expertise for establishing human resource policies, including employee handbook development, onboarding and termination procedures, and federal and state regulatory compliance assistance. Resources are at a premium in most small businesses, and often times managers find themselves responsible for administrative tasks that take time away from the more strategic aspects of the business. SMBs can ensure they stay current with federal and state regulatory updates with Paychex support. With recent healthcare reform and tax code changes, it can be difficult to nearly impossible for small business owners to know if they are staying compliant with, and taking advantage of, tax breaks or hiring regulations. Because Paychex shares its expertise and expense across multiple SMB clients, it can provide a level of knowledge and currency that it would be difficult to replicate, even with a full-time HR specialist.

CLOUD

With its cloud-based delivery model, Paychex enables customers to quickly and cost-effectively scale their benefits and payroll management as business needs change. As SMBs are continually challenged to do more with less, SaaS delivery models have become more attractive to those companies looking to take advantage of workforce management applications without incurring additional hardware or personnel costs. With the cloud, travelling or remote managers can have access to the full application and make updates or changes to payroll, benefits plans, or employee onboarding and dismissal without needing to be in the office.

EASE OF USE

Paychex offers an online suite of applications that allow employers to manage employee benefits and process payroll online and enable employees to view pay stubs, update their information, and track their benefits. With Paychex Online, business managers can manage, approve, and submit payroll; view payroll reports; and manage and update employee benefits, including health, 401(k), and time and attendance.

MOBILE

As Nucleus found in its most recent Workforce Management Value Matrix, mobile access has become a veritable necessity when it comes to managing payroll processes and time and attendance (Nucleus Research *m35 - Technology Value Matrix 1H2012 - Workforce management*, April 2012). Paychex's smartphone app includes a customizable dashboard for easy access so employers can manage and monitor payroll and employees can view paystubs, monitor 401(k) activity, and check balances. Paychex also offers additional

functionalities available for tablets, including full application access and mobile payroll processing capabilities, which enable managers to process and view payroll reports and gain instant access to account and benefits information from any location with Web access.

CONCLUSION

As business needs change and small-business managers are challenged to grow their business in a tight economy, BPO can be a viable way for companies to maintain business continuity and flexibility while freeing up in-office resources. Paychex provides a full suite of employee management, HR, payroll, and benefits management services that enable its SMB customers to leverage the benefits of WFM and HCM applications without incurring additional hardware or personnel costs.