

Payroll Gets a Helping Hand From SaaS

BY TOM MALONE

Software as a Service (SaaS) is, at its core, more about solution delivery than solution technology. While the “marketecture” of SaaS gets a lot of attention—with terms like cloud computing, multi-tenancy, and on-demand—SaaS is simply a software solution delivered as a subscription service with users accessing the service via the Web.

As a subscription service, SaaS provides an affordable alternative to purchasing a traditional software license. In addition, the SaaS vendor hosts, manages, and updates the system, while the customer simply uses the service with anywhere, anytime secure Web access.

SaaS solutions can help companies save time and money, free key resources to focus on core business initiatives, and streamline business processes. There are no upfront license fees, no hardware to purchase and manage, and very little maintenance required on the part of internal IT departments.

SaaS is well suited for both front- and back-office tasks, particularly payroll and HR. Whether you’re processing a complex payroll or one that is fairly simple, SaaS is an incredibly efficient and cost-effective way to get your job done and benefit your organization’s bottom line.

MULTIPLE BENEFITS

The SaaS provider is responsible for

all hardware, software, security, and network considerations. They manage, update and upgrade the system, and ensure it is running reliably. You simply use it.

This means you and your organization—and especially your IT department—must invest only a fraction of the time and resources required with an on-site solution. And because the service is operated by the vendor in a controlled environment, you can be up and running fast. This ease of operation allows your organization to focus on strategic planning and operations which directly affect your bottom line, not on technology.

But this doesn’t mean you are plugging into a one-size-fits-all solution. While many SaaS solutions offer only “vanilla”—generic one-size-fits-all offerings—others enable customers to configure the system to meet their specific requirements.

Another benefit to the SaaS delivery model is fast access to new innovations. As we all know, technology is never static. Changes happen every day, and trying to keep up with new functionality can derail you from focusing on your core job functions: processing payroll on time and with 100% accuracy. When you turn to a SaaS expert to deliver new functionality, upgrades and updates, you’ve increased your capability without having to invest in upgrade costs and new software, hardware, or IT resources.



POTENTIAL COMPLICATIONS

Although SaaS provides many benefits, there can be a few potential complications.

The most important is security of information. Since you are sending information over the Internet, you must carefully vet a provider’s security and protection of your payroll data. Regardless of the high-security mechanisms SaaS providers employ, some organizations will refuse to allow certain information to be shared in a common database with data from other companies. Evaluate your potential vendors carefully to make sure you choose a SaaS vendor that can meet your security requirements.

While not having to manage updates and upgrades is a huge benefit,

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it may force you to give up some control. Update and upgrade timing and content are often controlled by the provider; so you must ensure their upgrade processes meet your testing requirements—you can't afford to get payroll wrong.

CRITERIA FOR AN SAAS PROVIDER

When it's time to select a SaaS provider there are several crucial criteria to look for.

First, select a provider whose solution meets your requirements. The solution should fit your business, and you should not have to adapt to service limitations.

Second, look for a provider who has iron-clad security, backup mechanisms, and a disaster-recovery

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system. The best providers will have SAS-70 certified data-hosting centers which virtually guarantee the security of your data and the retrieval of that data in the case of system failure.

The best systems also include full regulatory compliance, including taxation and regulatory reporting, as well as audit trails, separation of authority, and robust reporting features.

Finally, always ask for customer references. Other payroll professionals

are your best source for true system feedback.

Adopting a low-cost, high-return SaaS delivery model can be a sound business decision. It can increase your efficiency and accuracy while reducing the burden and cost of system management, updates, and upgrades. When you switch to SaaS, you can focus attention where it's really needed—on activities that directly affect your bottom line. ■