



**AUGUST
2020**

**THE
PAYROLL
SERVICE
BUREAU
POST-PANDEMIC**

RULES NO LONGER APPLY

An APEX HCM Research Series



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MARCH 2020 ...BOOM!

The world changes over night. We may never sell, operate or think the same way again. The COVID-19 pandemic just may prove history's quickest business transformation ever. Yes, payroll service bureaus still operate between the white lines of government compliance, but the old way of doing things has been tossed out the window. For better or worse? No one really knows yet. But we suspect great things are coming!

WHAT MUST CHANGE?

"Everything."

Kevin Lenahan, Apex HCM Chief Information Officer

"Nothing."

Brian Perkins, Apex HCM Senior Director of Operations

Here's why they're both right...

TIME FOR CHANGE



BUT WHAT CHANGES?

If there's one thing everyone can agree on during this unprecedented time, it's this: There is no playbook! We're all in this together, figuring it out as we go. But for payroll service bureaus, there are a few **MUSTS** ...

If your payroll service bureau hasn't already gone cloud-based, mobile and remote-ready, "you're late in the game," says Lenahan. The ways that companies onboard and train new employees; interact with existing workforces and assure that they're adhering to the ever-changing state and federal compliance requirements have evolved significantly over the years. The savviest of employers and providers of the essential payroll and HR services every employer needs have kept up with that evolution, while holdouts still clinging to the old ways undoubtedly find themselves in a tough battle to remain afloat throughout the pandemic. In short, it's do-or-die time for payroll service bureaus to fully modernize and adapt to a cloud-based operation.

For those forward-thinking payroll service bureau offices [SBO] already offering cloud-based solutions, proof of their efficacy lies in their payroll clients and those clients' end-user employees noticing absolutely nothing when it comes to day-to-day payroll and HR operations. "Success looks like the client who can tell no difference that we're in the middle of the pandemic," Perkins says. To that end, Apex HCM is committed to proactively delivering on payroll and HR software coding changes required by COVID-related legislation affecting employee rights. "As soon as the laws pass, as quickly as we can evaluate and interpret it, we code for it and get it out there so that it's a seamless adjustment for our customers and their clients."



BY THE NUMBERS

A RECENT SMARTVAULT.COM SURVEY OF MORE THAN 1,100 ACCOUNTANTS FROM NEARLY 20 DIFFERENT COUNTRIES HELPED GAUGE THE IMPACT COVID-19 IS HAVING ON THE FINANCIAL INDUSTRY. HERE'S WHAT RESEARCHERS FOUND...

63%

63% OF FIRMS THAT HAD A CLOUD-BASED DOCUMENT MANAGEMENT SYSTEM IN PLACE FELT THEY HANDLED THE IMPACT OF COVID-19 WELL AND FELT THEY HAD A SEAMLESS TRANSITION TO REMOTE WORK. ONLY 31% OF FIRMS WHO HAD NO CLOUD-BASED SYSTEMS IN PLACE FELT THEY HAD A SEAMLESS TRANSITION TO REMOTE WORK.

80%

THE MOST SUCCESSFUL FIRMS WERE THOSE THAT OFFERED MORE VIRTUAL SERVICES TO CLIENTS, WITH 80% OFFERING ONLINE CLIENT PORTAL ACCESS. THE LEAST SUCCESSFUL FIRMS OFFERED FAR LESS IN TERMS OF VIRTUAL SERVICES, WITH 31% OFFERING NO VIRTUAL SERVICES TO THEIR CLIENTS AT ALL, COMPARED TO ONLY 8% OF THE MOST SUCCESSFUL FIRMS.

73%

72.81% OF FIRMS WHO ACCESS DOCUMENTS THROUGH AN ONLINE DOCUMENT MANAGEMENT SYSTEM FELT THEY HANDLED THE IMPACT OF COVID-19 WELL, WHILE ONLY 45.71% OF FIRMS WHO ACCESS DOCUMENTS ON THEIR LOCAL COMPUTER FELT THE SAME.

REMOTE WORKS!



SBOS NATIONWIDE ARE DOING IT DIFFERENTLY BUT EFFICIENTLY...

A survey of Apex HCM client bureaus shows they're each handling the COVID-19 pandemic differently, according to the situations in their communities and their individual businesses. Florida's Miami Payroll Center, a seven-employee firm, has continued to work from the office every day throughout the pandemic, exercising all government mandates and recommendations of the US Centers for Disease Control and Prevention (CDC) and honoring client and prospect requests to hold meetings remotely. Meanwhile New York's CompassOneHCM sent employees home in March but are calling them back from their home offices into the Rochester firm and recently resumed in-person meetings with clients and prospects.

"Our county's COVID case numbers are so low now that we don't have any restrictions at all," Partner Ali Visca says, noting that officials from throughout the state took the pandemic potential seriously and locked things down early. "Now, things are starting to fully move forward again. New clients are coming on and everyone's ready to move forward and make moves."

And then there's California, where case numbers continue to rise.

"California has been hit pretty hard, so we suspended all in-person meetings," says Robert Meraz, Founder, Chairman and CEO of Palm Desert's iPay Solutions, noting that about half of the firm's 60 employees are working from home. "We're doing all our client meetings and demos virtually. And I don't think that we're going to back to all in-person meetings even if there is a vaccine. The way we used to do things is gone and we all need to adapt to the new reality of things."

NEW REALITY

"THE CORE OF WHAT APEX DOES IS TO GIVE THE PAYROLL SERVICE BUREAU THE FLEXIBILITY TO DO THEIR JOBS FROM ANYWHERE."

MIKE SHAH, APEX HCM CHIEF FINANCIAL OFFICER

While many are looking forward to returning to water cooler talks with their coworkers and face-to-face sales pitches, the proverbial writing on the wall reads that remote working largely is here to stay - and with good reason:

Increased productivity

A two-year Stanford University survey found that employees who work from home are 13 percent more productive than their in-office counterparts. Turns out work-from-home employees work a true full shift (or more) versus commuters who often show up late work or leave early. Plus, remote workers report being less distracted and better able to concentrate at their home offices.

Improved employee retention

That same study also revealed a 50-percent decrease in employee attrition among telecommuters. They took shorter breaks, had fewer sick days and took less time off.

Access to a wider pool of applicants

In just over a decade, Millennials will represent 75 percent of the workplace. That's key because younger generations have grown up in a highly independent, tech-driven daily environment. They're already accustomed to working autonomously, expect flexibility and, offered remote opportunities, afford companies a chance at a highly skilled workforce that may not be interested in an office-bound role.

Lower costs

Remote working can reduce the amount of space and equipment a business needs, as well as related utility costs. And it saves employees money and time otherwise spent on commuting including gasoline, lunches out and workplace wardrobes.



NEW TOOLS



"THIS ISN'T A YEAR WHERE YOU CAN BE AN OLD DOG THAT DOESN'T LEARN NEW TRICKS. IT'S NOT POSSIBLE BECAUSE NEW TRICKS ARE COMING AT BUSINESSES AT A FAST PACE."

BRIAN PERKINS, APEX HCM SENIOR DIRECTOR OF OPERATIONS

As of March 27, some 16 million US knowledge workers began working remotely in an effort to flatten the curve of the COVID-19 spread. That figure undoubtedly has climbed much higher since. Among the top remote management tools that companies, including payroll service bureaus, are utilizing during the pandemic are:

Zoom

The undisputed video conferencing heavyweight has seen its stock soar some 400 percent since March.

Slack

Slack is a channel-based messaging platform that allows users to connect software tools and communicate more effectively.

Microsoft Teams

A comprehensive communication and collaboration platform that combines workplace chat, video meetings, file storage, and application integration.

RingCentral Office

Cloud-based phone systems like RingCentral run through software and use VoIP for calls and communications, offering added features including analytics and software integrations; flexibility to scale up or down; and reduced costs.

Remote learning management solutions

Originally planned for a May launch, Apex HCM's new learning management solution debuted in March with a bit more fanfare than expected. Timing is everything and now is a crucial time for employers to have the ability to train workers remotely. "It's been very popular," says Wes Muschara, Vice President of Product Management, noting the system can be used for a full range of learning and management functions from project management to sexual harassment training to job-specific instruction.

LESS IS MORE ...

These and other popular remote management tools, along with a range of cloud-based payroll and HR solutions offered by Apex HCM, allow for higher adoption of critically important health recommendations including:

Going touchless

Cloud-based systems allow for working sans printers and paper - No physical checks, reports or mail-outs. And the benefits go beyond the immediate COVID-related health assurances. Paperless operations mean significant savings in supplies including paper, ink, envelopes and shipping costs for service bureaus as well as their payroll clients.

Brick & mortar reduction

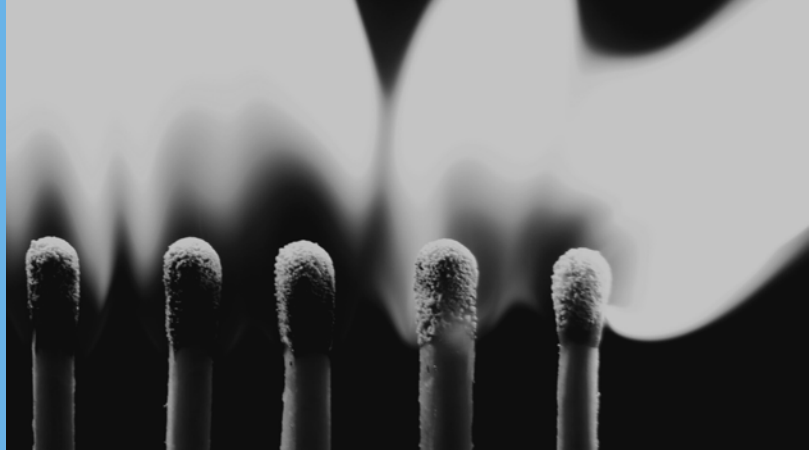
The continued trend toward working remotely means less reliance on brick and mortar operations, which means less money spent on real estate. Experts expect a boom for shared office space providers like WeWork, Regus, Impact Hub and similar, more local firms. These allow for a professional presence at a far lower cost than conventional office lease and purchase options.

Remote training and service

Mask wearing and hand sanitizing can only do so much. Remote solutions for training employees, pitching prospects, servicing clients, etc. provide the most reliable protection.



REIGNITING SALES



HOW SOME PAYROLL SERVICE BUREAUS ARE THRIVING

As in any economic struggle, the strongest contenders are those that find new, perhaps unexpected avenues of business. Such is the case with payroll and HR service bureaus that quickly recognized several COVID-related issues as potential new revenue drivers and acted quickly. Topping the list is HR solutions that proactively keep employers compliant with new and evolving legislative mandates and CDC guidelines.

"Our HR side has grown exponentially," Meraz said. "I'd say about 75 percent. We've had a big boom in HR sales just because everybody needs guidance."

Willy Muniz, Miami Payroll Center's Client Service Supervisor, says his company has landed similar success - but it certainly wasn't by happenstance. "We decided early on that we were going to take an aggressive approach throughout the pandemic and ramp up by delivering information regarding COVID legislation and the US Small Business Administration's Paycheck Protection Program (PPP) loans on a weekly basis to not only our current book of business but surrounding businesses as well. We also hired two new sales team members so that, when things do get back to some type of normalcy, we'll have been knocking on doors and have our foot in the door already when those opportunities arrive."

"Even when we were all at home, payroll was never a hotter topic among friends and family," Visca added, noting that CompassOneHCM bumped up business with assistance on understanding and applying for PPP loans.

Other best bets for payroll and HR providers:

Banks, bookkeepers, accounting firms and PEOs (Professional Employer Organizations)

Scott Doody of Quartermaster Business Solutions says his company quickly began receiving calls from banks and bookkeepers whose clients were applying for PPP loans but having trouble accessing their 941 forms, used by employers to report income, social security and Medicare taxes withheld from employee's paychecks. "We helped get those clients their PPP loans by extrapolating data from state forms. It has proven a great opportunity for us."

Industries on the rebound

Restaurants and bars were among the hardest hit by the lockdowns, but are on the rebound in most markets. Meanwhile, select industries have suffered minimally or even grown during the pandemic. These include building contractors and cannabis dispensaries. "Construction contractors are a tribe unto themselves and that industry has not slowed down at all. In fact, we've seen a real estate boom in our area," Meraz says. "The cannabis field also is growing. We've been marketing to them so that we can carve out a niche before it becomes federally legal. Everyone will be in that game."

Regional prospects

Many SBOs are finding success in ramping up marketing within their geographic regions. "This whole COVID experience has revitalized that 'hire local, buy local' spirit," Meraz says. Plus, many of the big-box payroll and HR solutions providers have temporarily laid off sales representatives, leaving a wide open window of opportunity for smaller SBOs that can offer the same cloud-based solutions as well as a far more personal sales and service experience than the major players can.

A black and white photograph of a young woman with long dark hair, smiling and holding up a white face mask in her right hand. She is wearing a light-colored top. The background is blurred, showing what appears to be an outdoor setting with trees and other people.

PRODUCTS FOR THE POST-PANDEMIC WORLD

Ultimately, we'll celebrate the end of the COVID-19 pandemic and many payroll and HR professionals will embrace the return of face-to-face client and pitch meetings, networking events, conferences and all the in-person lead-generating happenings that were business-as-usual pre-pandemic. But much of what's new likely will prove the modernized status quo.

"Right now, automating steps that were manual before is critical and that's not going to go backward," Lenahan says. "Once you've gained those efficiencies, such as adopting paperless strategies, reducing shipping and labor costs, etc., you're not going to remove them."

Among the once nice-to-haves that are quickly becoming must-haves are:

- Applicant tracking systems for managing the hiring process
- Remote onboarding and training for new employees and clients
- Employee self-service portals for accessing pay stubs, tax documents, benefits information, etc.
- Mobile punching and geofencing for managing remote employees
- Cloud-based communications systems for keeping remote employees engaged in the corporate culture
- Paperless payment solutions

A top built-in benefit: Multi-layered security protocols necessary for assuring the protection of client and employee data scattered across remote office locations rather than contained in one central spot. Customizable security systems go beyond usernames and passwords and can be tailored to limit access to select IP addresses, certain windows of time, etc. It's all available via Apex HCM's robust suite of cloud-based solutions.

ABOUT APEX HCM

Apex HCM provides a state-of-the-art software platform allowing our clients to take full advantage of the benefits of cloud computing technology. We help organizations escape the bindings of traditional software, including the hidden costs of protracted implementations, disaster recovery, data security, software upgrades, and everyday IT needs.

Apex HCM is a market leader in licensing cloud-based payroll, benefits and HR technology. More than 300 payroll service firms nationally use Apex's technology as the core of their business foundation. Our highly customizable and comprehensive suite of products and services include payroll and tax, time and attendance, benefits enrollment, ACA, human resources, mobile apps, reports and analytics, employee onboarding, applicant tracking, and other business management tools normally reserved for large enterprises. Apex HCM's cutting edge cloud-based software allows its customers to effectively compete feature-for-feature with larger established firms while dramatically improving their workforce productivity. For more information, please visit apexhcm.com or call 877-750-APEX (2739).





THANK YOU!

ANY QUESTIONS?
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