

# DRIVING CHANGE

PAYROLL & HR  
TRENDS AND SOLUTIONS  
FOR 2021



*Human Capital Management*

2021 | 1ST QUARTER

A close-up, black and white photograph of a black, circular button. The button has a textured surface and a raised rim. In the center of the button, the words "START 2021" are printed in a white, bold, sans-serif font. The text is arranged with "START" on the top line and "2021" on the bottom line, both slightly curved to follow the shape of the button.

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# REVVING UP FOR A WHOLE NEW TRIP

2020 was a rough road for most any business. Community-wide lockdowns, industry shutdowns and complete pivots in the conventional American workday all made for a bumpy ride into a still largely uncertain future. The COVID-19 pandemic grabbed the proverbial steering wheel and punched the gas pedal hard, driving employers into accelerated change in the way they operated. Many businesses unprepared or unwilling to make the necessary adjustments hit a wall, suffering cataclysmic damage to their revenues or even ceasing to operate altogether.

Among the essential providers helping to steady the wheel for businesses are payroll service bureaus and human resources providers. Legislation and how we operate borne of the pandemic is affecting a multitude of day-to-day business elements including income tax withholding, payroll protection, remote office data security and required employee training. Workers can work remotely for workplace safety as employees in reopening states head back to the office.

As industries develop their unique new normals, certain expectations are proving paramount. The client / employee experience is king. User friendly interfaces and simple-to-use products once considered "nice options" now are "must haves" to ensure effective employee engagement. Payroll and HR departments traditionally have operated without the latest tools and technology, but those days are gone. Buyers increasingly are demanding a great experience and payroll service bureaus offering these savvy employee-centric solutions are the ones who will win in 2021.



2021

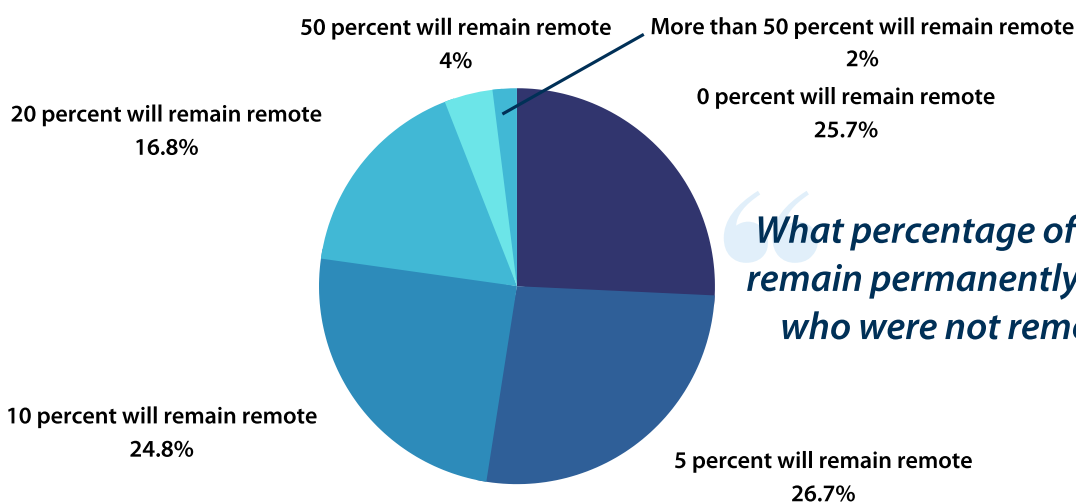


# TOPPING THE TRENDS

## 8 SHIFTS TO EXPECT IN 2021

### 1. CONTINUATION OF REMOTE WORKFORCE PRACTICES

Are your payroll and HR clients still not quite accustomed to remote work? You'll want to help them get that way quick! A recent Workplace Global Analytics forecast estimates that by the end of 2021, upward of 30 percent of all U.S. employees will work from home multiple days each week. "CFOs, already under pressure to tightly manage costs, clearly sense an opportunity to realize the cost benefits of a remote workforce," said Gartner Vice President Alexander Bant. "Most CFOs recognize that technology and society has evolved to make remote work more viable for a wider variety of positions than ever before. Within the finance function itself, 90 percent of CFOs previously reported to us that they expect minimal disruptions to their accounting close process, with almost all activities able to be executed off-site." With more employees working remotely, businesses can save on space, equipment and facilities-related utility costs. Further, a two-year Stanford University survey found that employees who work from home are 13 percent more productive than their in-office counterparts, taking shorter breaks, fewer sick days and less time off. The same study revealed a 50-percent decrease in employee attrition among telecommuters.



***What percentage of your workforce will remain permanently remote post-COVID who were not remote before COVID?***

Source: Gartner, Inc.



## 2. CONSUMERIZED EXPERIENCE

"Today's employees absolutely expect that consumerized experience in all facets of their lives, including their relationship with their employer, which often is through digital means especially given the increasingly remote nature of work nowadays," says Wes Muschara, APEX HCM's Vice President of Product Management, noting the continuing influx of digital natives - generations who have known online experiences since childhood - into the workforce and up the corporate and entrepreneurial ladders. "In the pandemic and post-pandemic era, it will only become more important to offer employees a cohesive experience whether they're in the office or logging into work from their living rooms."

## 3. ON-DEMAND PAY

"There's definitely a trend toward more on-demand pay, particularly from lower-wage earners who need access to their paychecks earlier than a traditional pay cycle allows," Muschara says, noting that staffing agencies are now required to offer on-demand pay. . This particularly rings true for new employees who whose first day is at the beginning of a two-week pay cycle, which means they must work two weeks, then wait another week or longer before their first paycheck is delivered. That potential 21-day wait for compensation can prove tough on some. It's also an increasingly troublesome issue for waitstaff, bartenders and other service workers paid largely in tips. In the cash days, tips were doled out immediately after a worker's shift ended. But tips today are paid primarily via credit or debit card, forcing workers to wait to claim those tips as part of their payroll. "With on-demand pay, those workers can get their tips at the end of their shift so that they're able to make that rent or car payment that's due before their next payday," Muschara says. "It's akin to a payroll advance or loan but without the high interest rates."





# COMPLIANCE

## 4. COMPLIANCE COMPLEXITY

"In 2020, we saw more legislation than any other year in the past two decades," Muschara says. "Given the ongoing pandemic and the first year of a new presidential administration, we can expect significant legislation coming down the pike. There will be further change - There's absolutely no doubt about that." New or intensified compliance requirements involve a range of issues including:

- Affordable Care Act cost sharing
- State minimum wage increases
- Paid leave expansion
- Payroll taxes
- PPP loans
- CARES Act
- Predictive Scheduling Laws
- Equal Employment Opportunity Reporting
- Employee training from sexual harassment to COVID-19 safety protocols



## 5. GREATER PAY TRANSPARENCY

Among the initiatives of the incoming presidential administration is data collection and analysis aimed at boosting pay transparency for all US workers. "The need and growing expectation for improved diversity in the workforce and more equitable pay among the genders and races is something that is being discussed more," Muschara says. Case in point: In 2018, women would have needed to work an additional 39 days to earn as much as their similarly situated male colleagues, and the gap widened for black and Hispanic women. Multiple studies back the benefits of the practice of allowing employee compensation figures to be visible to coworkers or even the public, including engendering trust and boosting morale among staff. When Buffer, a San Francisco-based social media scheduling and analytics provider, began releasing its employee compensation details to the public job applications more than doubled and the company today boasts a 94-percent retention rate.

## 6. IMPROVED TALENT TRAINING & MANAGEMENT

Managing employee talent, from onboarding to retirement and everything in between, is more critical than ever today. According to the Association for Talent Development, companies that invest \$1,500 or more per employee per year in training average 24 percent higher profit margins; enjoy 218 percent higher income per employee; and generate a 6-percent higher shareholder return than competitors who are less training-oriented. And that was before the COVID-19 pandemic sent workers to their home offices in droves. Continuing education and performance management is tough enough onsite and in-person. But in today's largely remote work environment, it can be particularly difficult. "How are your remote employees learning," Muschara asks. "What kind of learning tools are you providing them? What kind of time are you allotting to your employees to develop and improve skills?"

## 7. CONSISTENT EMPLOYEE ENGAGEMENT

Talent training and management helps assure employees are progressing and performing well for their companies. But it's also critical that workers feel their employers are reciprocating that quality-driven effort, and that can be tough as remote work continues. "Employees want to feel engaged in a positive, cohesive manner, assured that their jobs are meaningful, their work is recognized and appreciated and that their companies are providing real value," Muschara says. "Whether onsite or remote, that engagement begins with the technology experience. A highly effective, user-friendly, comprehensive and interactive employee self service portal will set the tone for a great employer / employee relationship.



# EMPLOYEE WELLNESS BY THE NUMBERS

**#1** Top issue at work today: "I feel tired."

**\$46B** Corporate wellbeing is a \$46 billion market, growing at 4.8 percent each year

**32%** Nearly a third of payroll is now spent on benefits, a 19-percent increase in the past 8 years

**43%** Healthcare and wellbeing program spending increased by 43 percent in the past 5 years

**62%** 62 percent of Americans say they feel significantly more stress than a year ago, yet...

**10%** ... Only 10 percent of workers have access to workplace wellness programs

Sources: Josh Bersin Academy; Global Wellness Institute; American Psychological Association; MetLife Survey of 9,000+

## 8. EMPLOYEE WELLNESS

It's no secret that healthier employees are happier employees, and happier employees afford multiple benefits for their employers. Effective employee wellness programs are proven to help cut healthcare costs, increase productivity, reduce absenteeism, boost morale and improve employee recruitment and retention. But the past year has forced an intensified focus beyond just physical wellness, embracing mental and emotional wellness, too. "Pandemic fatigue" is a real phenomenon with three primary hallmarks, according to Dr. Carl Lambert of Rush University Medical Center in Chicago.

"Being excessively tired despite adequate rest. Even if you're getting eight hours, you just feel like you're dragging through the day and it's hard to find the pearls in the mud," he said in a recent release from the American Medical Association. Additionally, "If you have increased isolation from loved ones, co-workers and people who you used to have bonds with, burnout and fatigue can make you feel like those things aren't really worth it anymore. Then, probably the most noteworthy one ... is a sense of ineffectiveness in life. Those three things make a really dangerous combination because it can make fatigue turn to maladaptive behavior."

It's something world renowned global research analyst Josh Bersin says is pushing a merging of work technology with life technology. "Employee experience is not an HR problem. It's a company problem, one that must be addressed by HR, IT, Finance, Facilities, and often Safety and Operations," Bersin wrote in a recent article. "And the problems are local, so they have to vary by workgroup, location, and business unit." Further, "Employee experience solutions must be human in focus and far-reaching in scope. They cross all aspects of HR and daily work life."

"After all, more than ever, we're all doing work and life at the same time and in the same space," Muschara adds.

### TALENT MANAGEMENT

Integrated processes and systems, with talent seen primarily as a core to HR and business agenda.

1990s

### PEOPLE MANAGEMENT

Focus shifted to corporate culture, engagement, environment, leadership and fit.

2000s-2010s

### INTEGRATING WORK AND LIFE

Optimizing productivity, resilience and teams to make work better for all employees.

2020s



# CYBER SECURITY

## SOLUTIONS FOR A REMOTE WORLD

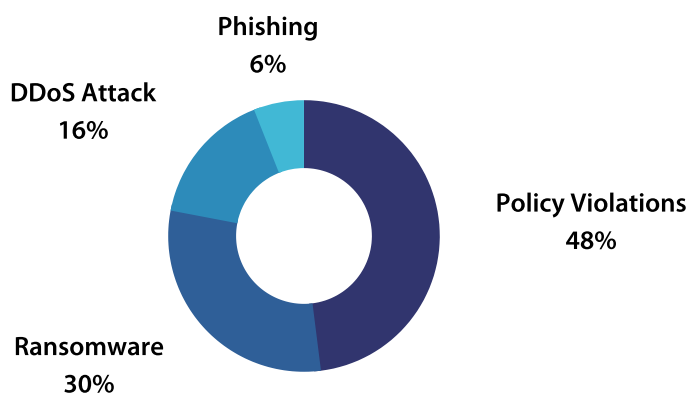


*Far more than a trend, improving data security has become a non-negotiable fact of life for businesses employing remote workers. While the benefits of remote work are many, so too are the risks and the cyber criminals with the knowledge and skill to take advantage of a softening target.*



# SOFT TARGET

When data is shared over a wider area and among a greater number of devices, it becomes exponentially more vulnerable. Each additional portal represents another potential Achilles's heel. Given the sensitive information involved, payroll and HR data systems are top targets and attacks can come from both outside and inside a client organization. In an October 2020 survey of IT professionals providing services for companies that have gone largely remote, 78 percent of respondents said that the move has exposed businesses to insider threats alone, including:



*Yet more than half - 57 percent - of businesses have not trained their IT staffs for risk mitigation. That's a critical misstep considering research showing that having effective data security platforms and policies in place can result in:*



**Critical fault alerts in less than 10 seconds of occurrence**

**About 86% reduction in time taken for fault resolution**



**Over 90% reduction in loss of revenue**





**While remote work might be driving up data security risks, there are multiple ways to make sure your payroll service bureau is able to quickly contain a potential breach, says Kevin Lenahan, Apex HCM Chief Information Officer.**

## **SECURE CLOUD SOLUTIONS**

"For easy data sharing remotely, a company must go paperless," Lenahan says. Payroll and HR platforms that allow documents to be generated, processed and shared fully online means no need to print sensitive employee and company financial data - something of particular concern when printing is being done remotely with little or no office oversight on how it's used or destroyed. Further, direct deposit and debit card payroll solutions mean no paper paychecks, eliminating paper and postage costs as well as physical touch points heavily discouraged during - and likely long after, the COVID-19 pandemic.

## **CUSTOM ACCESS**

Remote work creates additional exposure control with who can access which documents from home (or the local coffee shop) and how designees are verified online. Apex HCM's proprietary Document Storage solution affords payroll service bureaus and their clients to choose who has access to a range of files including new hire documents, policy handbooks, employee photos and reviews, etc. Access granted can be role-based or customized for a single user. Additional security layers include hardware and data located in an SSAE 16 audited facility; a Secure Locket Layer (SSL) encryption; and information being stored in primary and secondary data centers in case of disaster recovery scenarios.

## **MULTI-FACTOR AUTHENTICATION**

Taking that access control a step further is the growing adoption of multi-factor authentication. "With the ever-changing security landscape, dual or multi-factor authentication is being heavily adapted for payroll and HR software across the industry," Lenahan says. Whereas access once required a username and password only, data experts recommend implementing protocols that require additional credentials such as PIN codes; certificate-based authentication using a public key and digital certificate; token-based authentication technologies that enable users to enter their credentials once and receive a unique encrypted string of random characters in exchange; or even biometric technologies using fingerprint or eye scanners, voice identification or facial recognition. "If it's not in place already, multi-factor authentication will be increasingly demanded as remote work continues and hackers keep targeting sensitive data systems."



# ON THE HUNT

Medical professionals aren't the only ones working in overdrive throughout the COVID-19 pandemic. Data hackers and the crimefighters who hunt them down are, too. Since the pandemic began, the FBI reported a 300-percent increase in reported cyber crimes (IMC Grupo), including a 630-percent rise in cloud based cyber attacks between January and April 2020 alone, as the world was initially becoming aware of the virus and long before anyone foresaw its unthinkable impact on business (Fintech News).

Studies repeatedly show that most US companies are woefully lacking in adequate data security, particularly when it comes to sensitive employee information. In its "2019 Global Data Risk Report", Varonis, a leading cyber security services provider, revealed that on average, every US employee has access to 11 million files and that 17 percent of all sensitive files are accessible by the entire staff of an organization. It's a pricey risk, particularly for smaller companies. The average total cost of a data breach to a firm with 500 or fewer employees was \$2.35 million (IBM).





*And here's the COVID-19 crux:  
Every business of any size, any industry that  
increased its remote work base also increased  
its data security risk in 2020:*

**20%**

Remote workers have caused a security breach in 20% of organizations. (Malwarebytes)

**47%**

47% of employees cited distraction as the reason for falling for a phishing scam while working from home. (Tessian)

**\$137,000**

Remote work has increased the average cost of a data breach by \$137,000. (IBM)



"It's not just about protecting your payroll and HR clients' data anymore. It's about actively seeking out threats," Lenahan says, noting a recent IBM study showing that it took companies an average 207 days to identify a data breach in 2020. Considering the potential damage done in that span of time, "Threat hunting is becoming a very common need."

To that end, Apex HCM partners with several third-party cyber security leaders to assure a constant eye on your payroll service bureau clients' data. "Our production servers are constantly recording everything that goes on in our entire software environment. That data is sent to a centralized point where, in a 72-hour period, we analyze 178 gigabytes of data. Any potential active threats, even if it's likely a false alarm, fires off preconfigured playbooks that can lock down servers and stop an attack.



# NEW ERA SOLUTIONS DIGITAL ONBOARDING

**FRANK PLUM, PRESIDENT - WORKPLACE HCM**

While the COVID-19 pandemic brought many industries to a standstill, a few, particularly service and delivery-based fields, continued to flourish. Now, with multiple regions nationwide in various stages of reopening, hiring is beginning to rev back up. Research from "The Manifest", a business news and advice website, shows that 60 percent of US businesses have hired at least one new employee since the beginning of the pandemic and nearly half - 46 percent - have hired 10 or more. And in a November survey by The Adecco Group, a Zurich-based global staffing company, nearly 70 percent of organizations that have furloughed or laid off employees during the pandemic will backfill roles that were eliminated. Of them, nearly nine in 10 said they would backfill roles within a year and 62 percent planned to do so within six months. Because scores of these positions will continue to be filled remotely, digital employee onboarding is a must for employers - And a major selling point for payroll and HR services providers.

"I walk my clients through digital onboarding 100 percent of the time," says Frank Plum, founder of Marlton, NJ's Workplace HCM. "The first question I ask every single client is, 'How do you hire people?' My next question is, 'Once you've made that offer, how do you get those employees into your payroll system today?' If they're not doing it through digital onboarding, I'm walking them through it, showing them how easy it is."

Plum started his firm in 2011 after many years in the payroll industry and uses Apex HCM's MyGo platform. He credits having a comprehensive payroll and HR solutions suite that includes a highly efficient onboarding feature with helping to minimize the pandemic's impact on his firm's 2020 sales projections, noting that Workplace HCM signed on more than 100 new clients in 2020.

"The HR side of our business is up at least 200 percent," Plum says. "PPP loans, the CARES Act, ACA - Everyone needs help with those right now. In fact, payroll companies that aren't pivoting to include HR services as well are going to be left behind."

Plum points to the growing glut of DIY softwares that offer baseline payroll functions often for less than \$100 a month. "You can't compete with that price. If you want to make money in this business, you'd better be getting into HR and selling all that comes with it, particularly digital onboarding. God's honest truth - My average revenue per client when I was doing payroll only was under \$1,500 a month. As of January, my average client brings more than \$5,000 a month. Now, tell me you wouldn't rather have that!"



# NEW ERA SOLUTIONS

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## LEARNING MANAGEMENT SYSTEM

### JESSICA McCOSKER, HUMAN RESOURCES MANAGER - WORKPLACE HCM

Workplace HCM Human Resources Manager Jessica McCosker recalls spending countless hours creating, administering and reporting government-mandated training for the firm's payroll and HR clients. Realizing that those hours would be better spent on growth-oriented functions, the firm sought out a more efficient solution and was among the earliest adopters of Apex HCM's Learn, a comprehensive learning management system that provides turn-key compliance training via more than 300 online courses. McCosker noted that the system quickly became an easy sell in large part because of ever increasing compliance requirements.

"A lot of companies don't realize that certain trainings, including diversity and harassment trainings, are mandatory, whether on federal, state, local or multiple levels" she says. "While states may mandate particular trainings annually, many cities will require those same trainings twice a year."

The US Supreme Court ruled that employers may be held liable for sexual harassment if they fail to exercise reasonable care to prevent and promptly correct harassing behavior in the workplace, even if they were unaware of specific incidents. And OSHA (Occupational Safety and Health Administration) requires employers to limit certain job assignments to workers based on trainings that deem them "certified," "competent" or "qualified". While not legally mandated, customer service training is proving a top option for employers whose workers have shifted from in-person to phone or online service, which can require a whole different set of communications skills.

"Learn allows us to set up each client employee on required course tracks with due date reminders, easy completion reporting and automatic resends when it's time to repeat the course," McCosker says. "Plus, the catalog of trainings included is so vast, it allows me to have incredible flexibility for all of my clients as to what they need or want for their company. I'll hand them the book to choose the course tracks they'd like and they'll say, 'Oh, wow! This is everything that we need.'"

Being able to simplify and automate training compliance for employers is a significant boon for payroll and HR service bureaus, particularly those whose clients are smaller businesses that lack sizable legal departments or high-power attorneys at the ready to advise and, if necessary, defend them. "It's definitely our smaller company clients who are more concerned about compliance. If they were to get a fine or have a lawsuit filed against them for failing to complete a training, the costs could hit them far harder than it would a larger company with deeper pockets. The Learn system is an easy, affordable option for them."





# NEW ERA SOLUTIONS

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## USING API TO AUTOMATE BUSINESS FLOW

### **KYLE LOHRSTORFER, GENERAL MANAGER - PROEMP & ASSOCIATES**

HR and payroll have entered a whole new high-tech age with \$16 billion invested in development of advanced HR technology alone in the past decade. Much of that has been directed at automating HR, payroll and related functions and connecting them via Application Programming Interfaces (APIs), software intermediaries that allow two applications to communicate. The aim is to make these fields more "agile" - fluid, flexible and able to rapidly direct resources to wherever an opportunity lies or a threat lurks.

According to the "Agile Finance Revealed" report from the American Institute of CPAs (AICPA) and Oracle, agile finance leaders, including payroll professionals, are far more likely than traditional finance leaders to have already implemented cloud-based enterprise performance management (51 percent vs 17 percent) and emerging technologies like robotic process automation (44 percent vs 12 percent). Long gone are the days of relying on spreadsheet templates, email and intranet-based processes alone. Savvy PSBs and HR providers increasingly are offering cloud-based solutions with high levels of automation to minimize costs, maximize client satisfaction and stay ahead of competitors - and with good reason. Recent research shows:

- 60 percent of occupations across the board could save 30 percent of their time with automation.
- Organizations lose 20 percent to 30 percent of revenue every year due to inefficient processes.
- 36 percent of HR professionals say their inability to automate and organize the onboarding process alone negatively impacts their ability to train new employees and managers.

"Going forward, there is going to be a lot more focus on doing things efficiently in payroll and HR," says Kyle Lohrstorfer, General Manager of Decatur, IL-based PROEMP & Associates. He points to the recent minimum wage increases in more than 20 states, plus the federal Raise the Wage Act of 2021. Employers already grappling with financial hits from pandemic-borne slowdowns undoubtedly are looking for ways to minimize costs. This means fewer employees handling more functions, plus a need to keep an eye on productivity as remote work continues.

"A lot of money could potentially be flying out the door when you don't have eyes and ears on it," Lohrstorfer says, noting that remote time and attendance API integrations with payroll and HR apps undoubtedly will be a priority for many PSBs and their employer clients. "That's where Apex HCM does a great job of API integrations with their different platforms and partners to help increase workflow, simplify business processes and make things easier and more time and cost efficient for our teams and our clients."



# FILLING THE VOID

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## HOW APEX HCM CAN HELP YOUR PAYROLL AND HR FIRM GROW IN 2021 AND BEYOND

With vaccination efforts ramping up and regions across the nation reopening, the COVID-19 roadblocks ultimately will be cleared away. Businesses nationwide will be ready to rev their sales engines back up and they'll continue to count on payroll and HR professionals to help them navigate their post-pandemic paths. Repayment or forgiveness of PPP loans, ever-changing compliance issues and continued adaptation to remote work all mean a need for ongoing guidance from payroll and HR experts.

"There's never been a better opportunity to step up, understand how your clients' needs have changed and be ready to offer them the right software solutions for the right time," says Misty Blakesley, Apex HCM's Director of Sales & Account Management. Most urgent is the need for secure cloud-based solutions that will enable further implementation and growth of a remote employee base. "Employers will be looking to switch their outdated technologies for those that support running their businesses remotely every day - from searching out and identifying prospective hires, through the hiring and onboarding process, and into employee engagement and management. That's where having the right technology proves critical. Many employers, particularly smaller ones, have never had this conversation before but know they need to in order to stay in the game because that's how they're going to win."

And while the right software must offer robust features, it must also be easy. "From a payroll service bureau's standpoint, when transitioning a client to a new platform, you need one that is easy for the client to adapt to as well as easy for your PSB to support. That's why we launched or upgraded our electronic application, applicant tracking and onboarding platforms to make sure they featured the particular functionality that's going to be critical as we continue in this remote posture."

Beyond offering industry-leading payroll and HR software solutions, Apex HCM stands out from the crowd with an account management program that provides your payroll service bureau a dedicated point of contact plus an array of white-labeled services that can serve as an extension of your sales team's in-house training and client outreach capabilities. An example: Webinars designed to train your sales reps to land more and bigger sales, plus end user-targeted videos that make it easy for sales reps to train employer clients on the systems they've just bought. There's also an online community and knowledge base filled with helpful articles, videos, industry updates and colleagues quick to share advice and answer questions.

"Businesses are changing in ways they never thought they would be required to," Blakesley says. "Do your current services and technologies help your clients understand the impacts of those changes and provide them with the capability to run their businesses according to those new expectations?"

***If you're not 100-percent sure that your payroll service bureau is able to lead the post-COVID race, contact Apex HCM at 877-750-APEX (2739) today.***



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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](http://apexhcm.com) or call 877-750-APEX (2739).