

New Payroll System Selection & Implementation

Presented by

Karen N. Settembrino, CPP
Senior Manager HCM Delivery

Alithya



Agenda

- ▶ Do you really need a new system or provider
- ▶ What type of system works best for your organization
- ▶ Do you need a Request for Proposal, Request for Information
- ▶ OK, you have made your decision, now what
- ▶ What to expect from system integrators
- ▶ Documenting As Is
- ▶ You need to be live by when
- ▶ Let's start with go-live
- ▶ Communication, Communication, Communication
- ▶ Do you need to work 2 full time jobs

Presenter

- ▶ Karen N. Settembrino, CPP
 - ▶ Senior Manager HCM Delivery, Alithya
- ▶ Joined APA National in 1996. Achieved CPP designation same year. Renewed 2001, 2006, 2011, 2016 and 2021
- ▶ Has been working in payroll since 1979
- ▶ Currently participates in multiple national sub-committees including GRTF and SPLTF
- ▶ Chair of the Education Grant Committee 2019-2020 year
- ▶ Awarded APA Meritorious Service Award in 2017
- ▶ Region 9 Board of Advisor 2020-2022 term
- ▶ Co-Chair of the Early Wage Access Workgroup
- ▶ Former independent implementation consultant for over 14 years

New System or Provider?

- ▶ Possible factors driving why a new system or provider is warranted
 - ▶ Outgrown - company has increased in size and/or complexity
 - ▶ Sunsetting of legacy system - current system is no longer supported
 - ▶ New functionality - ability to support new functionality needed to meet business needs
 - ▶ Not satisfied with existing service provider:
 - ▶ Customer service not up to par
 - ▶ System not compliant
 - ▶ Not able to meet business requirements
 - ▶ Reduce operational costs

What Method of Processing?

▶ In House or Outsourced

- ▶ In house - meaning payroll department is responsible for all tasks associated with paying employees including but not limited to:
 - ▶ Pay calculations
 - ▶ Payslip / check generation
 - ▶ Direct Deposit files
 - ▶ Tax reporting and remittance
 - ▶ Year End reporting and W-2 generation
- ▶ Outsourced - meaning a third party provider is responsible for all tasks associated with paying employees including those listed above and many more. The employer is responsible for providing detailed information necessary to pay the employees correctly to the third party including demographic information; work related information such as jobs, work locations, salaries along with pay information such as hours, earnings, absences, deductions, etc.

What Method of Processing?

- ▶ Hybrid Model (In House and Outsourced)
 - ▶ Process payroll calculations in house and outsource services such as:
 - ▶ Payslip / check generation
 - ▶ Employee Self Service
 - ▶ Direct Deposit files
 - ▶ Tax reporting and remittance
 - ▶ Year End reporting and W-2 generation
 - ▶ Unemployment processing
 - ▶ Workers Compensation / Benefits processing

What Type of System?

- ▶ On Premise, Hosted or Cloud (SaaS) - does not apply to fully outsourced processing
 - ▶ On premise (considered in house but could be a hybrid of in house and outsourced)
 - ▶ Database and application reside in house
 - ▶ Extensive technical and functional support
 - ▶ High maintenance costs
 - ▶ Hosted (considered in house but could be a hybrid of in house and outsourced)
 - ▶ Database and applications owned by employer but resides on third party hardware
 - ▶ Costs associated with storage and maintenance of database reduced due to fees paid to third party for technical resources
 - ▶ Technical resources to maintain application required

What Type of System?

- ▶ On Premise, Hosted or Cloud (SaaS) - does not apply to fully outsourced processing
 - ▶ Cloud (considered in house, but could be a hybrid of in house and outsourced)
 - ▶ SaaS - Software as a Service
 - ▶ Database and applications reside in the cloud
 - ▶ Connections through internet
 - ▶ No hardware or technical resources needed for database and applications
 - ▶ Third party manages and supports applications
 - ▶ Employer owns the data
 - ▶ Fees paid to third party include maintenance and application updates

RFP? RFQ? RFI? Oh My!

- ▶ Difference between RFP, RFQ and RFI
 - ▶ Request for Proposal
 - ▶ Detailed listing of HRMS / HCM requirements providing functionality and features necessary
 - ▶ Given to the vendors being considered through the results of the Request for Information
 - ▶ Same requirements being asked of all vendors ensures level playing field
 - ▶ Request for Quote
 - ▶ Request for detailed quote outlining technical specifications, costs, deployment , service level agreements and maintenance
 - ▶ Itemized list

RFP? RFQ? RFI? Oh My!

- ▶ Difference between RFP, RFQ and RFI
 - ▶ Request for Information
 - ▶ Used to gather information from vendors to ascertain whether their product would be a good fit for the organization
 - ▶ Higher level document than the Request for Proposal (not as detailed)
 - ▶ Provides a formal setting for the initial research

Road to Utopia!

- ▶ Steps to outline your RFI, RFP and RFQ
 - ▶ Create list of requirements
 - ▶ Review current functionality - break down processes to the finest detail (lowest level)
 - ▶ Review existing reporting capabilities
 - ▶ Poll all stakeholders as to what new or better functionality is desired
 - ▶ Be realistic as to the inadequacies of the current system
 - ▶ Take the time to prioritize what is really needed versus what is a nice to have
 - ▶ Be realistic as to what the organization can handle
 - ▶ Compile the RFI / RFP
 - ▶ Write an introduction listing why the organization is looking for a new system, including a very high level scope and timing

Road to Utopia!

- ▶ Steps to outline your RFI, RFP and RFQ
 - ▶ Compile the RFI / RFP continued
 - ▶ Provide a description of the organization including the vision of the company, current legacy systems, key stakeholder departments
 - ▶ List process requirements for each of the areas touching HCM that is being included in the new system such as (but not limited to):
 - ▶ Time and Labor / Absences
 - ▶ Payroll
 - ▶ Employee Self Service
 - ▶ Manager Self Service
 - ▶ Analytics
 - ▶ Reporting

Road to Utopia!

- ▶ Steps to outline your RFI, RFP and RFQ
 - ▶ Compile the RFI / RFP continued
 - ▶ Provide technical information related to deployment and whether mobile access is required
 - ▶ Give instructions to the vendor asking for information such as:
 - ▶ Timing and scheduling
 - ▶ Resources used (employees of vendor or contractors)
 - ▶ References
 - ▶ Financial stability (ensures the vendor will be around for a while)
 - ▶ Support model
 - ▶ Create an evaluation method to rate each of the vendors' responses

Whew! Selection Made. Now What!

- ▶ Take a Deep Breath!
- ▶ Create Project Governance
 - ▶ Ensures project aligns with company objectives
 - ▶ Creates framework for project decision making by defining project policies and procedures as well as organization hierarchy
 - ▶ Defines roles and responsibilities within the project to ensure transparency in decision making
- ▶ Create Steering Committee including representatives of all stakeholders involved
 - ▶ Include HR, Payroll, Finance, Tax, IT, Accounts Payable, Cash Management (depending on the company's complexity and organizational structure)

Whew! Selection Made. Now What!

- ▶ Create a communication plan (more on communication later)
- ▶ Create a project plan with high level timelines
- ▶ Determine project resources
- ▶ Ensure project kickoff includes all stakeholders / team members
- ▶ Select tool for storing all project documents (Sharepoint for example)

Do we need help?!?!

- ▶ Determine whether the utilization of a system integrator as part of the implementation team is necessary
 - ▶ Get recommendations from vendor on SI
 - ▶ Does the SI understand your vertical market
 - ▶ Do research! Ask for references of successfully completed projects and on the resources to be provided during the project.
 - ▶ SI's should have a very close relationship with the vendor. Meet with the vendor and the SI as well as meet with the SI alone.
 - ▶ SI should have extensive knowledge of the vendor selected
 - ▶ Look for certifications and industry involvement. Resources should be passionate and analytical
 - ▶ Request information on methodology used during project delivery, including escalation plans

What does today look like?

- ▶ Critical step to successful implementation is documenting what today looks like (As Is)
 - ▶ Look at each process individually
 - ▶ Make sure to include any manual steps including ones outside of the current system such as:
 - ▶ Pieces of paper (direct deposit forms or W-4's) and how they are handled
 - ▶ Interaction with other departments
 - ▶ Create a listing of the inputs to each process (meaning what items or processes are needed as prerequisites)
 - ▶ Create a detailed listing of the process, including who is responsible
 - ▶ Create a listing of the outputs of the process (for example, an output may be the accounting department receives the payroll ledger entries)
 - ▶ Analyze all reports to determine which ones are critical to the success of the business
 - ▶ Use the work created during these steps to create your test plan and test scripts used during all of the testing phases of the project

To Be or Not To Be?

- ▶ Another critical step to successful implementation is documenting what tomorrow should look like (To Be)
 - ▶ Document the future state of your system
 - ▶ Take each process defined in the As Is document and map it to the processes that exist in the new system
 - ▶ Any discrepancies or items not available in the new system are defined as gaps
 - ▶ Gaps are analyzed to determine if the business process needs to change to adapt to the new system or if the new system needs to be modified to ensure compliance with the business process
 - ▶ Including reporting requirements in your To Be analysis
 - ▶ The better solution is to adapt the business process to the new system, resulting in less 'customization'
 - ▶ Use the work created during these steps to modify your existing test plan and test scripts created during the As Is phase

Go Live is When?

- ▶ Another critical part of the project is the timeline
 - ▶ Determine what is driving the project timeline. For example:
 - ▶ Contract with existing provider ends
 - ▶ Compliance support end on legacy system
 - ▶ Hardware constraints
 - ▶ Make realistic decisions around the end goal of go-live and what can be accomplished in the time frame given
 - ▶ Scope may have to be realigned to timeline (maybe utopia is in phase 2)
 - ▶ Using project planning tools will assist with building the timeline

Speaking of Go-Live

- ▶ When building the timeline, start with Go-Live
 - ▶ Use go-live as the end date and work backwards
 - ▶ Factor in how many parallel payrolls
 - ▶ Determine how parallel payrolls will be run (concurrent or lag)
 - ▶ Include unit testing, system integration testing and user acceptance testing
 - ▶ Unit testing is taking each process on its own and verifying the process works as expected in the new system (for example, entering a direct deposit)
 - ▶ System integration testing is combining multiple individual processes into 1 flow and testing the flow in the new system (for example running a gross to net calculation with all the earnings and deductions defined)
 - ▶ User acceptance testing is the entire process tested in the new system using test data from end to end

Have you Heard?

- ▶ Communication, Communication, Communication
 - ▶ Create a communication plan early in the project timeline
 - ▶ Involve stakeholders in the communication plan
 - ▶ Determine who the communication will go to (don't forget employees!)
 - ▶ Determine at what intervals the communication will go out (the more the better, especially if significant changes to payroll periods and/or pay dates)
 - ▶ Communicate timelines to all participants in the project
 - ▶ Create a training and rollout plan
 - ▶ Is training needed? At what level? Centralized or decentralized? Train the Trainer?
 - ▶ Rollout (deployment) plan goes hand in hand with communication plan

I Have to do What?!?!? By When?!?!?

- ▶ Resource constraints
 - ▶ Determine resource availability
 - ▶ 100% dedicated resources
 - ▶ Part time resources
 - ▶ Back fill original jobs
 - ▶ Important to have at least one subject matter expert full time on the project
 - ▶ Resource capable of making decisions
 - ▶ Understands current environment and processes (policies, procedures and legacy system)
 - ▶ Able to manage bridge between old and new

Questions?

Hopefully this outline gives you a good basis for understanding some of the critical parts to a successful system selection and implementation.

Thank you
for
attending!