



EVOLVE AND THRIVE

Rethinking Global Payroll



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The inflection point of payroll.

Many organizations have been limping along with old but familiar payroll processes and tools for years. Employees are getting paid, they might argue—so if it isn't broken, why fix it? One answer is that a function that fulfills its core mission can also be wholly inadequate if it results in steep opportunity costs, rampant inefficiencies, and unchecked risks. By those broader measures, the payroll status quo is, indeed, broken.

Payroll is now at an inflection point. Though this business-critical function has long been overlooked when it comes to digital transformation, that's swiftly changing. As organizations confront increasing regulatory complexity and shifting employee expectations, there's a growing imperative for payroll to evolve beyond pure transactional processor to strategic enabler.

Paying workers on time, accurately, and compliantly will always be central to payroll, of course. But workforce expenditures have a far bigger impact on the business than merely being a cost center. Payroll insights can help shape company growth, from selecting a location of operations, to optimizing current labor costs, to determining areas to fund additional staffing. At the same time, modernizing payroll obliterates the transactional inefficiencies and inaccuracies that commonly threaten margins.

While the potential ROI has perhaps never been greater, the flip side is also true. Clinging to old ways of working—namely, manual data aggregation and reconciliation, a patchwork of paper-based processes, and fragmented datasets—poses a real and growing risk.

Alight's 2023 global survey shows that shifting regulatory requirements are increasing payroll management complexity in many places.¹ France, Germany, and Switzerland rank as the top three most-complex countries for managing payroll,

while the U.S. continues to present businesses with complicated multistate employment scenarios. Such heightened complexity comes at a time when more organizations are deploying multicountry workforces, and employee demand for greater pay flexibility and pay transparency continues to climb.

Standing still simply isn't an option. To nimbly navigate the shifting compliance landscape while also satisfying employee expectations, payroll must take strides toward the future. That means shaking free of the status quo and leveraging the technologies and adaptable processes that enable payroll to fulfill its full strategic potential.

Read on to understand the benefits of modernizing payroll and take a deep-dive into the strategic moves that can power payroll's progress toward a more future-ready state.

64% of payroll practitioners feel their payroll operations lack the agility, flexibility, and innovation required to support the business²

50% of organizations plan to consider changing payroll systems by 2025³

Three benefits of rethinking global payroll.

Elevating payroll from a transactional practice to a strategic function can yield innumerable wins, from the small to the truly transformative. The biggest benefits tend to fall into three key areas: complexity, insights, and experience.

Keeping these priority areas top of mind when crafting your transformation initiatives can help ensure your organization moves from:

Ever-changing complexity to confident control.

Occurring at the intersection of people, processes, and regulations, payroll is tricky enough for companies operating in just one country. Multinational businesses must manage even higher risks of noncompliance and other errors, alongside multiple payrolls, vendors, and data systems.

But organizations are getting ahead of the complexity curve by rolling out a global payroll strategy that ensures connected, real-time data access, adaptable processes, and embedded machine learning (ML) and advanced analytics.

Hindsight to insights.

An integrated global payroll ecosystem that is always on and fully integrated with finance and HR unlocks data-driven insights that can proactively power strategy. Automation provides opportunities to do more with less, freeing up time for overworked payroll professionals to focus on higher-value work.

A modern payroll system with ML under the hood requires less manual intervention—but can also act as an assistant by flagging anomalies based on historical data. A unified, globalized data environment offers HR leaders real-time predictive insights that can support faster, more confident decision-making.

Friction and frustration, to an engaging experience.

Outmoded, manual payroll systems and processes hurt the employee experience on two fronts: payroll practitioners, and the fellow employees their functions serve. The narrative of the overworked and disengaged payroll administrator is familiar for a reason. Repetitive process burdens take a toll, and no one likes being perceived simply as a back-office functionary. Similarly, no one looks forward to using archaic enterprise software that's been around for a quarter-century or more. That's especially true of younger workers, who expect an intuitive, mobile-first experience everywhere.

A global payroll solution built with innovative technology at the core allows organizations to alleviate process burdens and create seamless end-to-end experiences for employees and managers.



Strategic moves to modernize global payroll.

Payroll touches all parts of the organization and every person within it. That's why realizing payroll's full potential—on both a transactional and strategic level—requires more than simply swapping one standalone solution for another or revamping a particular process.

These five distinct but connected strategies can transform payroll from an undervalued back-office function into a central element of a broader human capital management (HCM) strategy that fuels organizational agility and drives strategic enablement.

- 1 Connect data across and beyond payroll.
- 2 Provide a frictionless payroll experience.
- 3 Embrace ML and automation.
- 4 Manage payroll globally, even while processing locally.
- 5 Meet employees' evolving pay expectations.

The following pages dive into the details, from the potential benefits of each strategy to concrete recommendations that can help turn intention into action. Plus, peek at some of the many payroll teams that have already made such moves—and the wins they've achieved.

HR functions spending more than 15% of staff resources on administrative payroll tasks are twice as likely to be viewed as nonstrategic⁴

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Organizations are waking up to the fact that payroll is more—way more—than just a check or even just an employee experience. The strategic value that it can return to the business is tremendous.

Pete A. Tiliakos
3Sixty Insights

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It's not like it used to be. Payroll's not hidden in the back room. They're in the front. They're out helping solve your business problems and making sure you bring to the table those solutions.

Director HR Technology,
Panera

1. Connect data across and beyond payroll.

The status quo: Payroll data isn't integrated into the larger HR ecosystem at the vast majority of organizations, according to a 2023 survey.⁵ Nor does it tend to be fully integrated into finance. Instead, payroll toggles between disjointed applications and siloed datasets, wasting time on manual data aggregation and reconciliation.

Not only is fragmented, disconnected data woefully inefficient, it also introduces significant risk of data error. If changes to cost centers occur in the financial system, for instance, they're not reflected in the payroll system. If an employee is promoted in the HR system, tying the new cost center allocations to payroll requires manual effort.

Potential insights are also harder to surface when data—including valuable payroll data—is dispersed across a patchwork of applications. Rather than using data to make swift, sure-footed decisions, organizations instead find that the decision-making process gets bogged down by delays and second-guessing.

The strategic move: Unifying HR and payroll on one cloud-native platform removes data silos and ensures connected, consistent, real-time data you can trust. Core HR, compensation, benefits, absence, and time data feeds seamlessly into payroll for processing. And post-payroll data feeds seamlessly to finance and operations leaders for analysis. Finance can even enhance accounting accuracy by previewing payroll's impact on the general ledger before payroll completes.

With a single system, data only needs to be entered once, and all company policy, compliance, and upstream process changes are reflected everywhere, automatically. That does more than just supercharge accuracy and speed up a business-critical function. It provides real-time visibility into workforce costs, which helps the business both adapt to change and chart its course more quickly.

2 in 3 payroll practitioners say that data changes require manual auditing and reconciliation in their current payroll systems⁶



How Workday can help.

Let's take a closer look at the Workday Payroll features that enable organizations to connect data across and beyond payroll:

- Workday Payroll works seamlessly with Workday Human Capital Management (HCM), Workday Financial Management, Workday Time Tracking, and Workday Absence Management, so payroll teams sidestep the need to manually aggregate data and toggle between disparate applications. Information simply flows.
- The Workday core system of record for worker data provides a centralized and complete view of your workforce with worker changes automatically reflected across payroll and HR.
- With payroll outsourcing services, powered by Workday partners, customers can outsource payroll administration, payroll processing, and other nonstrategic or nonscalable payroll tasks without relinquishing control or visibility over their payroll data.
- Connected, real-time data means finance can view detailed journal lines before payroll completes and have them seamlessly post to the general ledger.



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I don't have to chase personnel information around in the five different payroll systems that resulted from our siloed acquisitions process. Now, it's all in one central location we can quickly access.

CIO,
Atlantic Automotive Corp.

Webedia's payroll processes, once manual and tedious, are now easy and convenient, powered by connected, accurate, and accessible data. That's helped the online entertainment media group achieve a:

3-day gain in payroll processing

75% increase in payroll efficiency

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Our finance, HR, and payroll departments can now collaborate more effectively and eliminate data discrepancies. Essentially, our departments have gone from a purely operational to a more strategic focus.

Workday Project Manager,
Webedia

2. Provide a frictionless payroll experience.

The status quo: Long hours, high stakes, time-consuming data entry, and nonstandardized processes across countries—no wonder payroll administrators feel overburdened and overworked.

In Australia, for example, 2 in 5 payroll professionals say they're experiencing burnout, and nearly one-third expect to change jobs in the year ahead.⁷ Notably, the top factor job seekers plan to search for in their next role is efficient payroll technology and processes—beating out managers, flexibility, and even remuneration as a motivator.

The strategic move: Streamlining and elevating the payroll practitioner experience can be a powerful way to boost productivity and engagement, as well as to hold onto the valuable payroll talent you have. But payroll teams aren't the only end users to consider. In fact, the best payroll solutions are designed to deliver a frictionless, intuitive experience for all employees as well as for payroll practitioners. Payroll doesn't happen in a vacuum; it impacts and involves every worker, and payroll processes and digital tools likewise need to work for every worker.



Specific tactics that can move the needle on the payroll experience include:

- Consolidating disparate applications into a unified, intuitive interface to minimize the friction and frustration that come from navigating a byzantine digital landscape
- Ensuring digital payroll systems can be accessed anytime, anywhere, whether a payroll administrator is working at an office desktop computer, from a tablet in a meeting, or on a mobile device
- Leveraging ML and automation to reduce the amount of time payroll professionals spend on tedious tasks, freeing up more time for meaningful work, such as conducting preemptive payroll audits or getting ahead of global payroll regulations
- Empowering all employees with self-service capabilities so they can handle simple tasks—such as reviewing pay policies, accessing payslips, or updating tax elections—without placing demands on the payroll team

79% of payroll practitioners feel stressed, frustrated, and underserved by technology⁸

How Workday can help.

Let's take a closer look at the Workday Payroll features that enable organizations to provide a frictionless payroll experience:

- Connect and automate tasks across people, data, and applications with the flexible Workday business process framework—no IT needed. Accumulations, balance periods, and balances can be configured according to your current calculation and reporting needs.
- Users can schedule recurring smart audits to run automatically and view audit exceptions in real time. Define audit criteria and create audit reports at the summary, pay group, or employee level. Set up worker-based audit rules and mass update audit exceptions to cut down on audit time.
- The payroll compliance updates dashboard makes it easy for you to see exactly which compliance-related changes are coming and drill into the details, and visualize which upcoming changes may have the biggest impact on your organization.
- Role- and segment-based security improves collaboration, giving business partners outside of the payroll department the ability to provide input and view results before payroll completion.
- Worktags allow for easy allocation to projects, cost centers, funds, grants, custom organizations, and more.
- A configurable menu allows you to access the most commonly used compliance-related reports, providing insight into how Workday Payroll runs the calculations.
- The Workday team of dedicated legal and compliance experts actively monitors regulatory changes that may impact our customers. Weekly incremental updates are pushed into the product regularly and delivered seamlessly in the cloud.

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The platform definitely gives me greater peace of mind that our payroll team can balance their lives a little bit better since we're saving hundreds of hours of processing time. They can go home at night and sleep well, knowing that payroll is right.

Payroll Lead,
Equifax

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With Workday, we have control over our payroll. Before, a lot of our reports were PDF-driven, and we weren't able to easily drill down on things. Now, everything's effective data. So all we're doing is quickly validating—not having to override data—and we're good to go.

Senior Manager,
Global Payroll Operations,
Netflix

Finish Line employees use Workday to log 6,300 self-service transactions per month, such as updating their tax elections or entering time worked, saving 1,300 hours in administrative work each year.

3. Embrace machine learning and automation.

The status quo: CFOs and CHROs alike are grappling with a talent shortage, and payroll is no exception. Even as cost-saving becomes a widespread priority, job vacancies for payroll professionals are now above pre-pandemic levels.⁹ At the same time, lean payroll teams are shouldering workloads that seem to only be increasing—and their traditional tools of the trade do little to ease that burden.

The strategic move: ML and automation won't replace payroll professionals—but these advanced technologies can augment your human talent to create a payroll function that's far more efficient and better able to serve the business.

Think: letting ML and automation handle more of the essential but tedious tasks, such as inspecting and validating data, that consume so much of payroll's time. Scheduling automated audits to surface exceptions in real time, so payroll professionals can take action. Tapping real-time dashboards and data visualizations to effortlessly access strategic trends and metrics across the year-end process—no manual slog or data specialist required.

Finance and HR teams are bullish on AI because they recognize that this breakthrough technology can free them up to spend more time on meaningful work and value-adding activities. But it's worth noting that AI shouldn't be approached as a novel capability that can be bolted onto existing systems. Doing so only exacerbates the challenges of a disjointed payroll environment and sharply curtails the technology's potential and value.

Instead, consider a more holistic, adaptable approach to advanced and emerging technologies. AI, ML, and advanced analytics should be embedded at the very core of modern payroll solutions, and those solutions should be designed to adapt and flex at the speed of innovation. Because payroll must be able to meet today's dynamic needs—as well as tomorrow's.

43% of payroll practitioners feel leveraging automation to surface data is the most important way that payroll teams can respond to rising strategic expectations¹⁰

51% of payroll practitioners report that automation to detect errors and variation would add the most value to their payroll operation¹¹



How Workday can help.

Let's take a closer look at the Workday Payroll features that enable organizations to embrace ML and automation:

- Touchless, always-on ML auto-detects pay and time anomalies and powers automated processes, so payroll can avoid costly payroll leakage and tiresome overpayment recovery, and drive business-wide efficiency.
- As payroll-impacting events occur, continuous calculation functionality automatically recalculates payroll—which can save you time, reduce errors, and give finance real-time worker costs at any given moment.
- Real-time analytics embedded in the transactions allow you to retrieve, understand, and act on payroll data immediately.
- Easily run reports and audits on all payroll data, with worker-based audit rules and mass update audit exceptions helping to cut down on audit time.
- Schedule smart calculation and retro processing to run automatically on the events you select so you can focus on the changes needed to support your business.



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Automation has eliminated manual data entries and brought more serenity to the payroll team.

HRIS Manager,
Stokomani

Moving to Workday enabled Land O'Lakes to automate much of the payroll process, eliminating manual calculations and freeing the team's time. Payroll accuracy increased to more than 99.9% while off-cycle payments were cut by 50%.

“

Year-end was once a nightmare. With Workday, we've turned it into a complete nonevent.

Payroll and Compliance Manager,
Land O'Lakes

4. Manage payroll globally while processing locally.

The status quo: As more organizations pursue expanded global growth and “work from anywhere” becomes routine for many, payroll will likely become even more globalized. To get employees around the world paid on time and in compliance, companies often rely on—and manage—different payroll systems and vendors for each country.

A fragmented payroll ecosystem inevitably leads to inconsistent data and decentralized processes, making it all but impossible to optimize payroll processes. At the corporate level, visibility is sharply limited and decision-making and analysis seriously delayed. A recent survey found the majority of global payroll teams (70%) require 4 to 5 days per country to produce a general ledger report for their organization.¹² That’s a far cry from the real-time data and decision-ready insights that modern business demands.

The strategic move: Global organizations need a payroll system that’s equally global. That doesn’t mean processing every payroll and juggling multiple currencies at company headquarters—an impossible undertaking. Rather, it means managing payroll at the corporate level, with one core system of record for worker data to manage changes, and seamless integration with payroll partners worldwide.

Bidirectional integration with blended native payroll and partner payroll solutions and APIs enables HR data and payroll actuals to flow easily and securely between third-party payroll providers and the company’s payroll team. With this approach, payroll administrators can validate, audit, and reconcile global payroll within a single experience. They can perform reporting and analysis across global payroll actuals in a single currency. And they get a comprehensive view into global labor spend. In short, they’re positioned to truly manage and proactively optimize payroll at the global level, rather than reacting as local payrolls are processed.

6 in 10 payroll practitioners say a lack of standardization across countries is a top frustration¹³

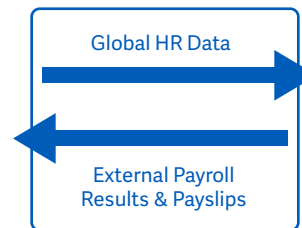
31% of payroll practitioners say the most significant challenge to paying a global workforce is having one system for visibility into payroll for all countries¹⁴

Organizations using 6 or more payroll providers are more than 2x as likely to cite difficulties in management and global reporting¹⁵

How Workday can help.

Let's take a closer look at the Workday Payroll features that enable organizations to manage payroll globally, even while processing locally:

- Global companies that require payroll solutions beyond Workday native payroll offerings can take advantage of the Workday Global Payroll Cloud Partner Program. The program helps reduce the costs associated with deploying, integrating, and managing third-party payroll solutions.
- To simplify integrations, Workday offers prebuilt integrations to partners through Workday Cloud Connect for Third-Party Payroll. Workday-certified partners build, offer, and maintain bidirectional integration, enabling payroll results to be displayed in Workday.
- Get expert support when and where you need it. Tap into a pool of payroll experts in countries where you need additional support to complement your team's skills and fill potential knowledge gaps.
- Leverage payment services to easily pay your global workforce in their preferred currency, removing costly bank account and currency exchange fees and automating the reconciliation process.
- Companies can track global spend on workers and compare payroll results across periods in a single currency using imported external payroll results.



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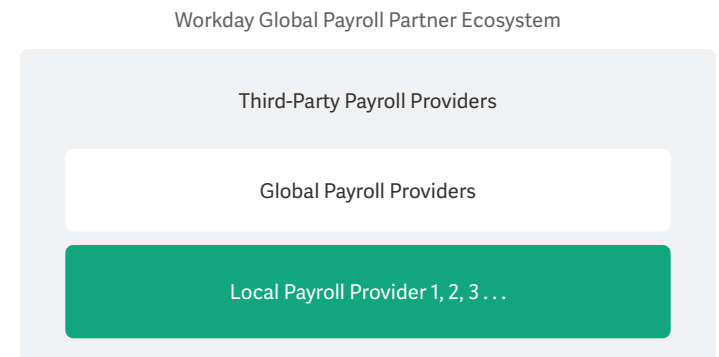
If we didn't have Workday, it would have taken us two to three times longer to make sure we are GDPR compliant. It would have also cost more for legal counsel.

Director People Services Operations,
Collaborative Solutions

“

With Workday, we get total transparency and accessibility—anywhere and at any time.

Workday Project Manager,
Webedia Group



5. Meet employees' evolving pay expectations.

The status quo: Pay has always played a major role in attracting and retaining in-demand talent. But in recent years, employee focus has expanded beyond their paycheck to issues of pay transparency and greater flexibility in how and when they're paid. Indeed, 55% of payroll professionals predict that in the near future they'll have more involvement in employee well-being.¹⁶

Yet for organizations eager to keep pace with employee expectations, the data silos and brittle processes that define traditional payroll systems create significant barriers. And with policies and legislation still taking shape in some arenas, organizations are loath to develop manual workarounds or invest in system customizations that may require further changes in the near future.

The strategic move: In an era of near-constant change, payroll should be able to adapt to the changing needs of the organization and its workforce—and then adapt, again and again, as those needs evolve.

Take on-demand pay, for example. With a configurable payroll system, payroll teams can easily establish parameters, such as how often an employee can make such a request or a minimum number of hours they have to work first, and then automate the verification process for those parameters. Payroll teams can also configure tax reconciliation and compliance specifically for on-demand pay.

If and when the organization decides to modify its on-demand pay program—whether updating tax withdrawals, tweaking eligibility parameters, or sunseting the program entirely—flexible and intuitive configuration enables payroll to easily make those changes.

What do employees want from payroll?

More money in their paychecks will always make the list. But there are many other ways payroll can support organizational talent strategies.

- Absolute accuracy may sound like a high bar, but in payroll, it's table stakes. But the average company has only an 80% payroll accuracy rate and makes 15 corrections per pay period.¹⁷ Unifying HR and payroll on one platform can eradicate the data errors that threaten payroll accuracy.
- Self-service capabilities and intuitive digital tools empower employees to access their pay slips, update their tax withholdings, and review pay policies swiftly and easily.
- Flexible pay options, such as early earned wage access, pay advances, and loans, are increasingly appealing at a time when 57% of employees globally report finances are the top cause of stress in their lives,¹⁸ and more than half of Gen Z and millennial workers live paycheck to paycheck.¹⁹
- Open conversations around pay help build trust with employees. And a recent large-scale study found such transparency can even mitigate the potential negative effects associated with lackluster pay. For those conversations to happen, managers need access to rich, real-time payroll data and intuitive data analytics.

How Workday can help.

Let's take a closer look at the Workday Payroll features that enable organizations to meet employees' evolving payroll expectations:

- Self-service capabilities and an intuitive interface allow employees to quickly get the information they need, anytime and anywhere, on any device.
- The employee pay self-service dashboard empowers users to compare pay slips and pay components over time.
- Pay on-demand supports the financial well-being of workers by giving them the flexibility to request access to accumulated wages earlier.
- Help workers during difficult times with flexible payments and deduction options, such as pay advances and loans. Payroll can set up repayment plans and track payments and deductions with a centralized process.
- Personalized insights and transparency into total rewards offerings and programs elevate the employee experience for productive engagement.

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The ability to see the full payroll data in advance is just huge for us. It means we get to be proactive in identifying and resolving any issues. Overall, we're just so much more efficient on Workday than we were on our old system.

Payroll Officer,
Coventry Building Society



Ready when you are.

The business world is changing—fast. And to keep pace, global organizations are doubling down on digital transformation and adaptability, even as they reimagine everything from business models to talent strategies to geographic footprints.

There's no question that payroll needs to deliver transactional excellence, even in an era of relentless disruption and growing complexity. But payroll now faces a broader remit, to drive strategic enablement and to provide the workforce-expenditure insights that can help shape company growth and drive business outcomes.

That may seem like a seismic shift—but you don't have to go it alone. As you rethink global payroll, know that Workday has helped customers worldwide across nearly every industry move past outdated systems to the adaptable, cloud-native technology and configurable processes that can carry the organization forward.

A unified global payroll management solution powered by an agile, automated calculation engine means Workday Payroll can handle even the most complex payroll requirements. At the same time, payroll teams remain in full control, with total data visibility and the ability to easily adapt processes to their organization's evolving needs.

With Workday, customers get more than a cloud-native platform. They also get a community—from our extended network of global payroll providers and partners to our in-house team of dedicated compliance experts to a robust customer network of payroll peers ready to collaborate and ideate together.

No one knows with certainty what the future will bring. But with the right flexible, powerful tools and rich expertise, you'll be able to navigate what comes next with confidence.

For more information on how Workday can transform your global payroll experience, visit: workday.com/payroll



Endnotes

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