advanced

Legacy Systems

Don't let your legacy systems hold you back from achieving payroll excellence.

A business case for investing in modern payroll technology

GUIDE

Introduction

Digital transformation of systems and processes is one of the best ways for businesses to achieve accuracy, compliance and excellence in their daily operations. The disruption of the past few years has taught organisations a great deal about the need to be agile and adaptive in their processes, with technology playing a key role. Unfortunately, it is also far too common for transformation projects to be parked, meaning that businesses are left to languish with unsuitable and outdated solutions.

Payroll in particular is ripe for digital transformation: Recent research by the Chartered Institute of Payroll Professionals found that a staggering **74%** of payroll professionals surveyed said that they were unhappy with inefficiencies in their current solution. Despite this and in spite of the continued complexities demanded of today's payroll functions, businesses still continue to de-prioritise updating their solutions.

In this guide we'll take a look at the demands placed upon organisations by modern payroll requirements and also explore some of the ways in which leveraging the power of technology can help transform the way in which you pay your people, achieve accuracy and total compliance, not to mention the speed and agility required to remain competitive in today's working world. Ultimately, we'll also examine why it's so common for businesses to let digital transformation projects fall by the wayside, particularly for the payroll function, despite the very real benefits offered.

What are Legacy Systems?

Simply put, a legacy system is an outdated application, software or hardware. Legacy systems are often still utilised and in most cases, still cling on to the same core functionality which they were designed for but most crucially, they don't offer the potential for growth or development of processes.

This can occur as a result of a solution being left to languish in terms of development by a provider or simply superseded by newer versions. In many instances, changes to other processes or technology can mean that these legacy systems no longer interact or communicate with other elements of the business as required. Societal and legislative changes can also render payroll systems obsolete, unable to fulfill new demands or calculations.

As organisations continue to seek to grow and develop, they can find that these legacy systems become a millstone around their neck, holding them back and preventing them from achieving the excellence they are looking for. Rather than focusing on building out growth and profitability, businesses can find their efforts redirected towards wasting time putting out fires caused by legacy systems.

Why do businesses continue to use legacy systems?

Digital transformation seems like a no-brainer- after all, as a gateway to achieving heightened productivity and profitability, you would assume it would be a top priority for all organisations.

Despite this, many businesses regularly find themselves parking projects of digital transformation and instead, falling back on struggling with their outdated legacy systems. Why is this?

There are a couple of dominant fear factors:

Cost

Sourcing a new solution can bring with it anupfront investment which is often a common reason that businesses often balk when it comes to digital transformation of legacy systems. Beyond the monetary cost, it also represents a significant amount of time and energy which must be expended to ensure any project is a success. For this reason, it's all too easy for businesses to let projects fall by the wayside and drop down the list in terms of priorities.

Fear of change

It's a very human quality to be wary of change. This is no more prominent than when we're talking about making changes to core business systems. Projects of transformation can see whole departments or even the entire workforce moving onto a new solution. The fear of getting it wrong is a powerful thing and the myriad ways in which a project can be mishandled can lead to organisations erring on the side of caution, sticking with outdated solutions.

Complexity

Legacy systems can sometimes carry with them hidden complexities or idiosyncrasies in how they store or process data. This can often lead to unexpected pitfalls when it comes to the migration of business critical data onto a new solution. This unfortunately means that more often and not, digital transformation projects end up being parked, even if the business in question is more than aware of the need to make a change.

What issues are caused by legacy systems?

Legacy systems across all areas of a business can throw up a myriad of roadblocks and hurdles to efficient day to day operations. These issues have a tendency to pile up to the point where it no longer becomes viable both financially and in terms of the time invested into keeping a solution going.

Some of the key challenges include:

Compliance concerns

Regardless of sector, all businesses are beholden to strict regulations and compliance requirements. Sweeping changes such as those demanded by GDPR regulations have also demonstrated to businesses the need to be agile in meeting requirements. Legacy systems simply don't offer the complexity and ability to suit these needs. Older systems can often mean that data is siloed away in unintuitive ways, making certification or proof of compliance with certain regulations far more difficult than it needs to be. Older solutions also offer less visibility, meaning that businesses can unfortunately find themselves walking blindly into non compliance.

Cost of maintenance

Much like an old car, there comes a point where the cost of keeping a legacy system up and running far outstrips that of investment into a new solution. Legacy systems offer nothing beyond core functionality- certainly no room for growth, which means that an insistence in keeping a legacy system going is little more than an exercise into sinking costs into something that will yield no long term investment.

Security lapses

Data breaches, particularly those of a sensitive nature such as involving customer or personnel information, represent a grave threat to all organisations and can fatally impact their standing amongst customers and colleagues. Data integrity within your systems is an absolute paramount but it has to be remembered that the older a solution, the more that inbuilt protection is eroded away. As suppliers bring out newer versions of a solution, software updates and security development of older systems falls by the wayside, ultimately leading to ongoing support being discontinued altogether and organisations open to the threat of security breaches.

Lack of integration

Just because one solution has been deprioritised in terms of digital transformation, doesn't mean that other areas of a business have been left stagnant. As more and more areas of the business grow in terms of the sophistication and complexity of the solutions they use, the more that legacy systems can often struggle to integrate and communicate effectively with new technology. This can throw up unexpected hurdles and directly impact other areas of the business who suddenly find that their newly invested technology can't perform as is required, due to being held back by legacy elements.

How do legacy systems impact payroll?

✓ Compliance

Payroll as a function is business critical, with numerous legal and compliance concerns which have to be navigated carefully in order to avoid serious repercussions. Many organisations rely heavily on the knowledge and expertise of their payroll teams in order to stay on top of the many changes which may impact their pay cycle in such a way.

🎯 Payroll accuracy

Your payroll teams perform a vital role month after month ensuring the accuracy of your payroll and that your people are paid on time. Accuracy with wages is crucial as any discrepancies or delays can seriously impact the financial wellbeing of your employees as well as affecting their levels of engagement at work. Inaccuracies can also lead to potential legal challenges which any organisation will be keen to avoid.

Overpayment of wages also presents its own unique challenges and ultimately leads to your payroll teams wasting valuable time in their working chasing down the source of errors and correcting them.

Your ability to pay your people accurately and on time is also a reflection of your organisation as a whole. Businesses who fall behind in this sense run the risk of being painted in a negative light, particularly from the perspective of recruitment. As businesses are looking to attract new talent in order to drive their future success, a reputation as being unreliable with pay will not make your organisation an attractive prospect for job candidates.

📈 Financial wellbeing

Payroll also plays a significant role in safeguarding the well-being of your employees. The cost of living crisis has highlighted just how many people's finances are on a knife edge and it will fall to their employers to play their part in ensuring that their people aren't impacted needlessly. Legacy systems rarely offer the agility and scope for organisations to drive discussions around financial wellbeing nor help create policy and procedure which puts this first. When businesses don't have an unlimited pot of money through which to make salary increases, it is important to be able to be strategic about pay increments and to be able to make smart decisions.

As important as the knowledge and the skillsets of payroll professionals are, equally vital is ensuring they have access to systems and technology which is able to support them in dedicating less of their time to manual heavy admin tasks and focus instead on leveraging their talents in adding value to the business.

🔔 Data integrity

One of the key challenges legacy systems represent for payroll is the potential for inefficiencies to plague the working week and distract from business operations. A lack of automation, inefficient data siloes and the inability to deal with compliance requirements in an agile and timely fashion. Fundamentally, digital transformation allows you a greater degree of integrity in your data and more intuitive means of leveraging it. What if your payroll teams could gain the time needed to better analyse your payroll data and provide valuable insights to the finance team? That's what digital transformation offers.

Unfortunately, the importance of payroll to a business and the consequences of getting it wrong has created a paradox wherein payroll has lagged behind in terms of digital investment. Organisations fixate on the idea of bungling an integration of a new system or solution to the point where it can blind them to the ROI potential offered by digital transformation.

In payroll, as with all areas of the business, legacy systems represent stagnation not just within a specific function but across the entire scope of an organisation. Businesses who give in too readily to fears around digital transformation projects will only find themselves endlessly sinking time and money into the maintenance of outdated solutions, as well as putting out the fires which arise as a result of their incompatibility with the core business function.

From a market standpoint, if their contemporaries are readily engaging in projects of digital transformation, businesses also need to be aware of the potential for lagging behind in terms of capability and effectiveness. Clinging to older systems means that business effectiveness is hampered and efforts are spent more on correcting errors than adding value to the business.

What should you actually look for in a new Payroll System?

Projects of digital transformation are very rarely parked lightly. It's not often the case that businesses are unaware of the need for a change, it's simply that the consequences of getting it wrong have a way of dominating the conversation and blinding people to the benefits offered. This is most acutely felt when looking at the initial outlay for a solution- it's all too easy to fixate on an initial cost and ignore the long term savings.

It's one thing to be mindful of the pitfalls presented by clinging to legacy systems but understanding the core elements and functionality you should be looking for in a new solution is quite another. Although a new solution today may help you achieve administrative efficiency and compliance excellency, try looking beyond these base elements and consider what a new system can truly offer not only in terms of saving you money but freeing your people across the scope of your organisation. How much more could you achieve if your people were no longer being held back by your legacy systems?

We appreciate how important it is that when sourcing a new solution that you find a system that works for you and your organisation from day one. The consequences of a delayed or inaccurate payroll are too great to accept anything other than a solution that gets it right immediately.

We also believe that the process of going to market doesn't have to be as scary as it seems and that when looking for a solution, commonly people tend to get distracted by various bells and whistles and level of complexity which whilst may seem impressive, ultimately won't help you achieve your goals of future proofing your payroll.

With that in mind, we thought it would be a good idea to pull together a short list of some of the key requirements you should look for in any potential system:

Automation

Perhaps the most crucial element of all. Any solution which is unable to significantly reduce the amount of manual input being handled by your payroll team, isn't worth much at all. The most effective payroll solutions should be able to easily bear the strain of even the most complex pay calculations, providing gross to net figures in the blink of an eye. Automation gives you the peace of mind to know that the information being fed through is accurate, right up to the moment that you run your payroll.

Speed

Older solutions can make running payroll a chore, with slow processing speeds often meaning that businesses need to run their payroll weeks in advance to ensure their people are paid on time. This leads to an extremely rigid pay function where it is impossible to account for last minute corrections. Newer payroll solutions should place an emphasis on processing speed, meaning that your payroll data is reconciled near instantaneously with a touch of a button.
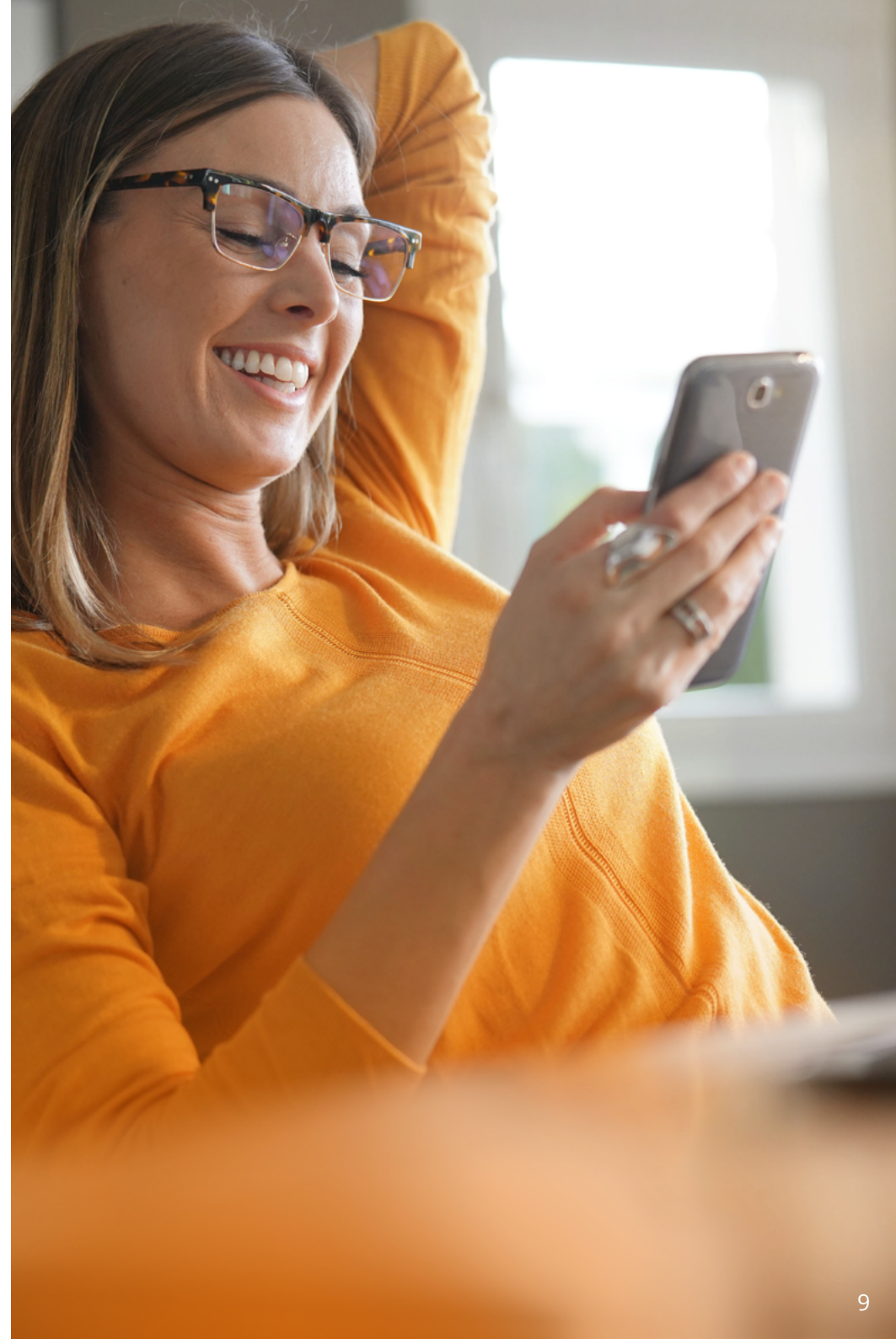
Report Building

Businesses across all industries run on metrics. The ability to collate data into an easy to reconcile report is vitally important for any organisation which is looking to keep a keen eye on their finances. Any potential payroll solutions should allow you the ability to pull reports effortlessly, meaning you're never kept in the dark about the state of your outgoing costs. The ability to define reports by metrics such as gender and race also allows your organisation the visibility it needs to guarantee fairness across all areas of your business.

Pay on Demand

Allow your employees the ability to draw down a portion of their wages early, giving them the flexibility they need to meet any unwelcome and unexpected costs. Incentivise over time or shift cover with same-day payments to employees who help cover absences.

Employee Self Service

This is a little less obvious on paper but the growing trend for technology across all aspects of our lives, is for people to have the information we need at our fingertips. From banking to booking holidays, plenty of aspects of our lives have become digitised and streamlined and the expectation is for this same kind of transformation to extend into the working world. Employees should have ready access to information pertaining to their pay, be it payslips, holiday allowances or records of commission or other financial rewards schemes. Pay teams across all industries lose hours every working week fielding requests from employees for visibility over things as simple as payslips. When sourcing a new solution, why not find something that can put the power in your employee's hands?

Compliance

Matters of compliance, particularly in relation to tax, is a primary concern for all payroll departments. Any payroll solution worth its salt should do the homework for you, keeping on top relevant legislative changes so you don't have to. Instant calculations can help ensure the information you are feeding through to HMRC is accurate and that any PAYE or National Insurance contributions are present and correct.

Can easily integrate with your other systems

When sourcing a payroll solution it's sometimes all too easy to consider the problem in a vacuum. As complex and comprehensive as a potential system may be, if it can't easily integrate with your existing systems and processes then you run the risk of creating more problems than you actually solve. Payroll is a delicate process and one which often requires working closely with HR and time and attendance functions. When looking at potential systems, make sure that from day one, they work seamlessly with your existing processes and technology.

For a deeper look at what you should look for in a payroll system, download our Choosing a payroll system that's fit for the future guide.

How can Advanced Payroll help?

We created Advanced Payroll specifically to help tackle challenges facing payroll professionals day in and day out. We've taken on board the experiences of people working in the field in order to craft a solution which can free payroll teams from the burden of admin heavy tasks and allow them to leverage their skills in more meaningful ways.
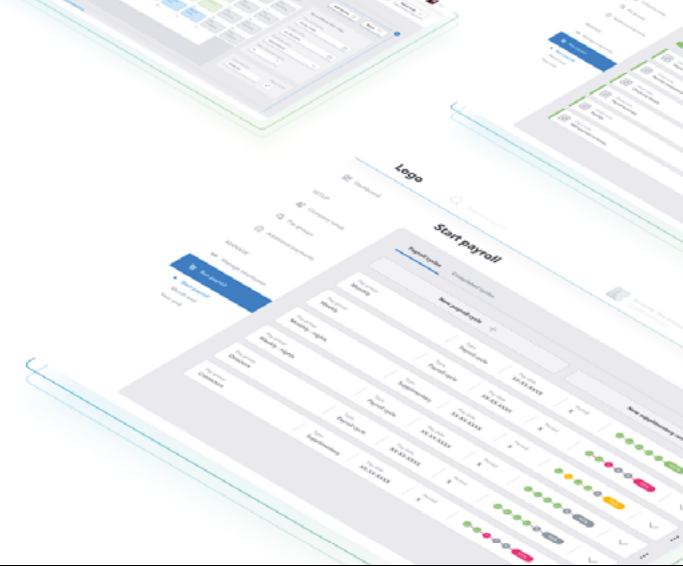
With Advanced Payroll, you get:

A choice, cloud or on-premise

Advanced Payroll can be deployed in the cloud or on-premise, whichever suits your business more.

Real time calculations

Instantaneous gross to net calculations for up to 10,000 employees in just 20 seconds.

Super speed processing

Calculate BACs in under 20 minutes.

Pay on-demand

Employees can draw down earned pay as they need it.

Reporting

Building your own reports has never been easier.

Employee on-line access

Data, documents and payslips at your people's fingertips. Roughly 439,000 payslips are currently processed by Advanced Payroll each month.

Advanced Payroll offers you the scalability and flexibility you need to completely transform the way in which you run payroll, capable of working effortlessly across multiple sites and pay grades. Whether operating as a standalone system or integrated with our Time and Attendance, HR and Access Control solutions to form a comprehensive People Management suite, Advanced Payroll helps you process payrolls efficiently.

Our solution gives you the comprehensive reporting, GDPR auto-processing and audit trail capability you need to have peace of mind that your payroll is being run accurately and in a compliant fashion month in and month out.

Most importantly, we're committed to providing you with the ongoing support you need to know that Advanced Payroll is the only solution you'll ever need to source again. Our helpful Professional Service consultants are always on hand to help make sure you are getting the most out of your system.
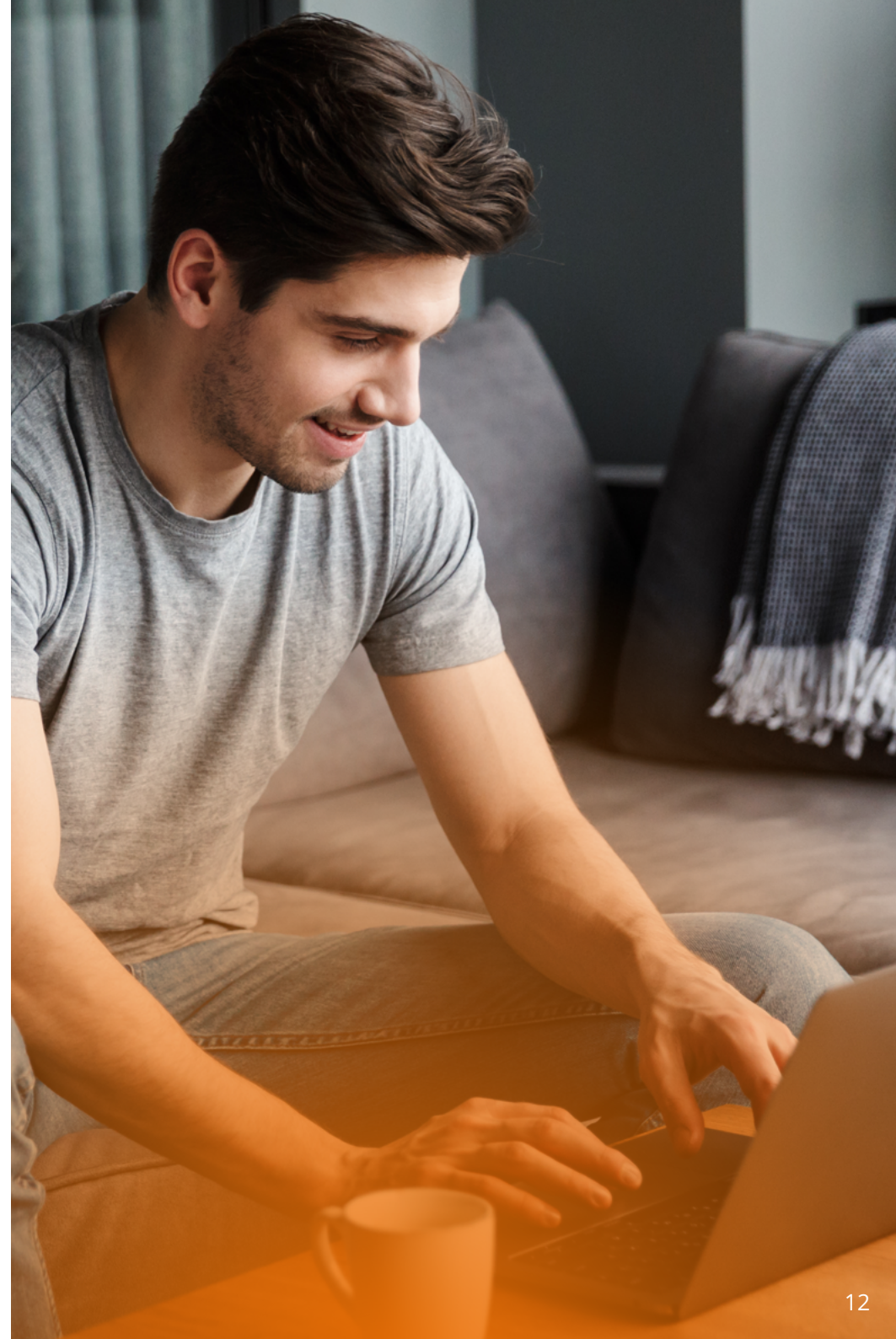
What's next?

We understand that it's sometimes all too easy to give into the fear of getting things wrong. The fear of incurring needless costs and even the potential of legal challenges as a result of security concerns and non compliance are all very real reasons that so many businesses find it easier to park projects of digital transformation and struggle with outdated and inefficient systems.

At Advanced, we believe there's a better way and that with the proper support and guidance, all businesses can free themselves from the burden of their legacy systems and achieve greater accuracy, compliance and efficiency across the scope of their organisation.

Your payroll teams deserve greater degrees of automation in order to free them from the doldrums of manual input and admin heavy tasks. Transformation of your legacy systems offers you a unique opportunity to free the most talented and influential individuals within your organisation in order to harness their skillsets in more meaningful ways.

Legacy systems ultimately mean leaving your business in a holding pattern at a time when you deserve to see ongoing drives in growth and development. If you'd like to discover more about how Advanced Payroll can help you transform the way you run your pay cycle and free you from the burden of legacy systems, book a free demo today.

▲advanced

We would love to hear from you

Hopefully this was a helpful insight into what digital transformation of payroll can do for your business, and how we can help you enrich your people experience and boost productivity. If you'd like to find out more about how Advanced's solutions can help your business and ensure you are ready to meet the challenges of the future, get in touch with us now.

Contact us

📞 +44(0) 330 343 4000   ➤ www.oneadvanced.com   ✉ hello@oneadvanced.com