

In-House vs. Outsourcing Payroll

Once upon a time, only huge companies with sizable budgets and equally large payroll departments could afford to process payroll in-house. But with changes in technology and significantly more affordable HR & payroll software systems like <<HRMS Product>>, outsourcing payroll may no longer be the most cost-effective solution for small and mid-sized businesses.



Here's a look at a few of the key benefits, and potential cost-savings, of processing payroll in-house.

The REAL Cost of Outsourcing

At first glance, outsourcing payroll may seem practical because you avoid the up-front costs of purchasing and implementing payroll software. But numerous studies have shown that the cost of ownership of in-house payroll software drops dramatically beginning in year two.

By contrast, the expense of outsourcing payroll almost always continues to climb year after year and you have little control over it other than shopping around and switching providers - which can be a real hassle.

With outsourcing, you typically start with a base account fee plus another fee for each paycheck. Additional services such as W-2 printing, 1099 mailing, or even last minute change fees can substantially increase the cost of each outsourced payroll. And if you need a report that you can't produce with their standard reporting tool, tack on another fee.

Better Control With In-House Payroll

Most companies don't realize the significant loss of control over the payroll process until after they've committed to outsourcing. Not only do you lose control over sensitive wage and benefits information, you're also giving up some level of control and flexibility over reporting. With a system like <<HRMS Product>>, you get built-in reports and analytics that allow you to slice and dice the numbers to make timely and effective business decisions.

Another overlooked aspect of control is that most payroll service providers mandate that you meet their deadlines and work on their schedule. If there's a problem with the payroll information you submit, you wait on their schedule for corrections to be made and potentially delay the release of paychecks (there's no faster way to impact employee morale than to delay payday!). Plus, outsourced providers will tack on fees and penalties to make the corrections.

With in-house payroll software, you get maximum flexibility and control over the process from paychecks to reporting.

What About Tax Compliance?

If you think you have to spend hours researching tax laws and keeping up to date on ever-changing rates and rules, think again. <<HRMS Product>>, offers continuous tax table updates and automatically calculates all federal and state taxes. And with the electronic filing service offered by <<ERP Product>>, you don't have to do anything other than run payroll and let <<HRMS Product>>, take care of the rest.

Does In-House Payroll Make "Cents"?

Contact us and we're happy to take a closer look at whether in-house payroll processing makes dollars and sense for you.