

GUIDE

# Grow your accounting firm with **cloud payroll**



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## The perception of payroll

Payroll is an essential part of every business. Payroll experts spend a significant amount of time managing complex award interpretation and keeping up with changing legislation. It is vital that employees are paid correctly, and payroll professionals are under pressure to ensure data has been collected on time, and accurately calculated each pay run.

Whilst payroll is essential for businesses, it has notoriously been seen in the accounting industry as a “loss-leader”; a service that takes up a lot of time and energy, and that doesn’t drive profit.

Growing a payroll client base can mean increasing costs, taking on more staff, or working unsustainable hours to meet the non-negotiable deadline of pay day. The value of payroll for accountants has often been overshadowed by its complexities.

In recent years however, particularly amidst a global pandemic, advancements in technology, and an increased demand for holistic services, this perception of payroll is changing.

Accounting firms that have begun offering payroll services are reaping the benefits of improved customer relationships and additional revenue.

“The profile of payroll needs to improve, particularly in accountancy: payroll is still a bit of an after-service.”

Nick Day, Managing Director, JGA Recruitment



### Did you know?

98% of the 2.4 million businesses in Australia are small businesses. The lifeblood of the Australian economy, SMBs are the earliest adopters of cloud technology. Are you providing the expertise in technology that your clients expect?

The average screen time for mobile phone users in Australia is 5.5 hours a day. Why not encourage clients to embrace the smartphone so that employees can access their payroll data via mobiles?

According to our recent accounting survey, 15% of accountants across Australia and New Zealand spend more than half a business day processing a single pay run. Automating payroll tasks could free up time to focus on business growth and eliminate payroll errors.

According to the APA 2021 Payroll Benchmarking Report, more than 19% of organisations have never reviewed their payroll processes. There is a great opportunity for accountants to step into advisory roles with Australian businesses to optimise payroll processing and compliance.

Only 55% of organisations surveyed in the APA 2021 Payroll Benchmarking Report use a technology platform for time and attendance or award interpretation. Australian payroll is complex, and manually calculating awards can lead to disastrous payroll errors.

# The Accountant's changing role

The role of the accountant is constantly evolving due to advancing technology and rising client demands. Solely focusing on compliance and only meeting with clients once or twice a year is no longer sufficient. Today, accountants are increasingly expected to inform business decision making, understand how their clients' businesses are performing, and identify what is needed to help clients achieve their goals.

This changing landscape creates a significant opportunity for accountants to grow their practice by providing a strong advisory offering that truly adds value for their clients, beyond the numbers. By shifting the focus away from transactional compliance work, and into advisory, accountants and bookkeepers can set themselves apart from the crowd.

## BUILDING A HOLISTIC RELATIONSHIP

Traditional accountant-client relationships are transactional within the processing and submission of data. But great relationships go beyond compliance. The strength of a client advisory offering is dependent on truly understanding clients' current needs. This enables accountants to offer holistically tailored services and establish trusting relationships.

A crucial barrier standing in the way of cultivating relationships with clients is the lack of time, and fear of compromising the quality of existing services. Accountants find themselves stuck behind manual, repetitive tasks such as processing payroll, sending reports, generating payslips and interpreting awards - unable to free themselves to pursue strategic work.

This guide will explore further how the use of cloud technology is helping to break down these barriers for accountants.

## THE OPPORTUNITY TO MAKE PAYROLL A PROFIT CENTRE

Accounting firms that embrace new technology are more inclined to retain their existing customer base, as well as create the time savings to grow. As cloud technology is constantly being updated, accountants are presented with a great opportunity to review their clients' existing platforms, and identify where there is potential to reduce costs, improve efficiencies and streamline their operations.

With clients leveraging all-encompassing payroll solutions that streamline processing, and even labelling this service with their own branding, accounting firms have an even greater opportunity to grow their business, increase revenue and possibly shift towards a value-based pricing model.

More technology-focused firms are seeing the payroll function as an opportunity to make payroll a profit centre. These practices advocate for software that can automate all aspects of payroll compliance, so they can get back to what they really enjoy: the advisory work.

In the meantime, the payrolls can run each month in the background, with little manual intervention, and all compliance aspects are automated. This allows firms to charge clients a monthly fee, and take on more clients without compromising on quality, or needing to hire more staff.

## Common pain points of payroll

Despite the increase of opportunities to turn payroll into a profit centre, there are still a number of pain points that accountants feel hesitant about approaching or perceive as insurmountable.



### CHASING PAYROLL DATA

A common pain point for accountants, and payroll professionals in general, is chasing payroll data from clients. From employee onboarding, timesheets, leave requests, and expenses, there are a number of data points to check for each pay run and delays on receiving this data can be frustrating.



### EVER-CHANGING LEGISLATION

Payroll legislation is always changing, and accountants for the most part, are not payroll experts. Keeping up to date and ensuring clients are adhering to payroll legislation can put immense pressure on an accounting firm.



### MANUAL DATA HANDLING

Unoptimised payroll processes could include large amounts of manual entry, double-handling, excessive spreadsheets and back and forth emails needed for even the smallest changes to a pay run. This can quickly lead to a loss of data integrity or payroll mistakes.



### COMPLEX CALCULATIONS

Manually calculating complex scenarios including modern awards, enterprise agreements, leave calculations and terminations can be stressful. It can add a considerable amount of processing time to each payroll and jeopardise payroll profitability.



### MULTIPLE SYSTEMS

On average, accountants use up to 5 different types of systems when servicing clients. Considering each payroll client might require the use of a different payroll solution, the number of systems that a firm might be expected to manage can quickly become overwhelming.



### RESTRICTED CONNECTIONS

Desktop payroll software, or cloud software without an open API creates extra steps in the payroll process. Without integration capability, payroll data must be manually imported into payment systems and accounting solutions which can lead to human error.

# Getting comfortable with change: start small

If we break down the complexities of different types of clients, the easiest payroll client an accounting firm could have would be those who are sole traders. Clients who pay their employees static, simple salaries that remain the same each pay run would come next. As more complex business functionality and scenarios come into play, such as staff on timesheets, or employees working variable hours each week with multiple awards, payroll becomes more and more complex.

## SMALL STEPS TOWARD BIG CHANGE

Desktop payroll systems set the status quo for 'getting the job done', but they weren't simplifying the work for accounting and payroll professionals. Modern, cloud payroll technology,

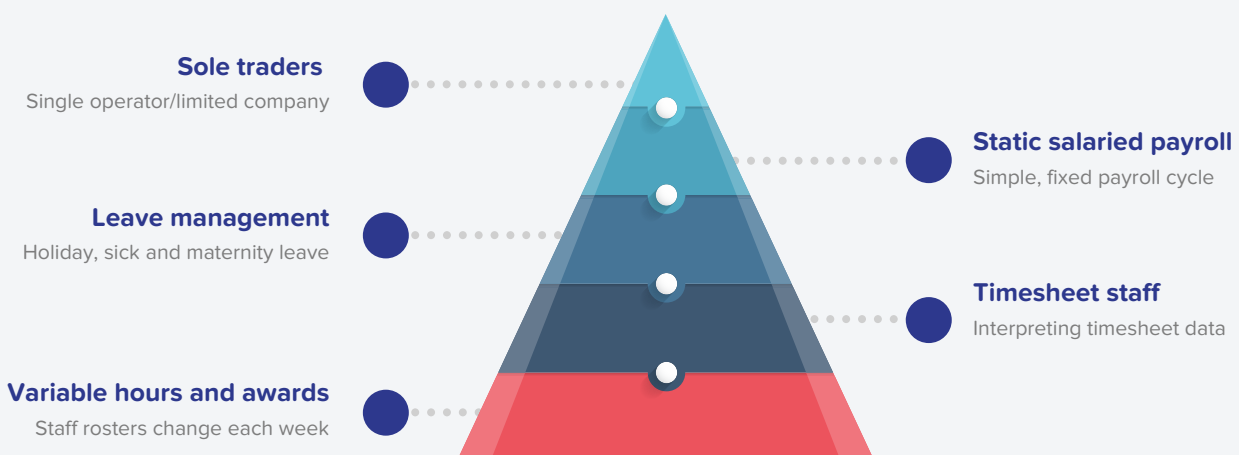
however, gives accountants the ability to automate the entire process with no manual intervention, and focus on the advisory side of their services. By starting with small changes, such as automating static salaried clients, accountants can instantly reap the time-saving benefits of modern software without completely overhauling their processes or increasing software costs.

“Through automation, you can process more data and push profit lines up, and it actually means you're not working from 6am to 9pm. Technology should make processing admin tasks easier, meaning you can spend more time helping clients.”

Sam Gooding, Director and Owner, Gooding Accounts

## THE GROWING COMPLEXITIES OF PAYROLL CLIENTS

Payroll complexity increases as more and more functions are added to workforce processes.



## The importance of challenging convention

Accountants and payroll professionals will typically advocate for payroll solutions that they are already familiar with as long as it is compliant. Whilst they are interested in learning new systems, their lack of free time is reason enough to stick with what they know.

### FEAR OF THE UNKNOWN

Resistance to trying new technology such as automation can also stem from fear of the unknown.

Payroll is an incredibly vital function for every business, so to get client payroll wrong is a huge risk. What is often overlooked however is that by choosing the right technology, and by investing in implementation, automation is far more trustworthy than any human.

“ A lot of accounting leaders are stagnant and static in embracing change. Those that do embrace it are the ones that soar and fly. ”

**Alastair Barlow, Founder and Partner, flinder**

### MYTH BUSTER

Some payroll professionals fear that automation will jeopardise compliance and doubt that technology can truly apply the nuances of Australian payroll correctly. Automation delivers repetitive tasks more accurately than humans, however leading technology allows users to have

the best of both worlds! Automation with transparency and audit trails.

“ You can have systems automate everything, but you still need an expert behind them. Automation is driving change in the payroll and accounting industry. The less task orientated things needing done, the more time can be spent on strategy, creating a bigger impact at higher level. ”

**Nick Day, Managing Director, JGA Recruitment**

By trusting in automation and streamlining all transactional aspects of payroll such as pay runs and pay schedules, award interpretation, STP reporting, report distribution and journal entries, accountants can confidently run multiple pay runs at any one time with very little manual effort.

Payroll technology doesn't have to be complex. By supporting clients and investing up front in implementation and change management, valuable time can be freed up to invest back into client advisory.

“ People are aware that improvements to payroll systems could and should be implemented in their organisation. Payroll is just often last on the list of priorities. ”

**Nick Day, Managing Director, JGA Recruitment**



## FOOD FOR THOUGHT

### How valuable is your time?

How much would an hour of your time usually cost? How would you better use your time if you could save hours each month on repetitive tasks? It's important to realise that being thrifty with your time, and wise with how you spend it, can increase your revenue and growth as a practice.

Automating payroll compliance and data processing tasks can benefit you threefold:

- Scale compliance and increase profit in the background with no extra effort
- Take on more clients with the extra time on your hands
- Put in more hours to bring value to higher revenue clients

All possibilities result in an overall increase in revenue and business growth.

#### CONSIDER THIS SCENARIO:

#### HOW MUCH REVENUE COULD YOU MAKE BY HARNESSING AUTOMATION

The below calculation highlights the potential time saved and revenue made by an example accounting firm if they automate their payroll processing tasks.

**Payroll clients:** 100

**Time spent on payroll per month:** 28 minutes

**Average cost of payroll services:** \$30/hour

By automating 90% of payroll processing tasks, this firm could experience:

**100** payroll clients x **25.2** minutes each = **42** hours saved to take on more clients

**42** hours x **\$30/hour** = potentially **\$1,260** ↑ increase in monthly revenue through time saved

+ **Unlimited revenue potential** for scaling payroll clients through automation!

**Remember:** it's about working smarter; not harder! Time = money.



# Automate the day-to-day

It's easy to get bogged down with manual calculations and processes, but not so easy to encourage change in a clients' processes. You now know what leveraging automation could do for your firm, but how, more specifically, can automation assist your clients and their key stakeholders?

Payroll automation can improve efficiencies and accuracies in these key areas:

## **EMPLOYEE MANAGEMENT:**

With automated employee self-service onboarding, clients can reduce up to 95% of time spent per employee, compared to manual onboarding. In some cases, removing paper processes entirely.

Improving the employee onboarding and management with portals and automation, enhances the experience for all involved, and removes the need for physical record keeping or administration.

## **DATA FLOW:**

Using payroll software that encompasses workforce management functionality to automate the flow of data, can cut time spent on payroll by more than 50%.

The ability to combine rosters, timesheets / clocking in and out, expenses, leave management and employee self service in one automated system will eliminate the need for

manual handling or dissemination of payroll data and record keeping, and simply let the system manage the data flow.

## **AWARD INTERPRETATION:**

Automated rules and calculations can eliminate time spent manually interpreting awards and reduce payroll and reporting errors. Clients can dramatically reduce the risk of under or overpaying employees from misinterpreting awards and build employee / stakeholder relationships on trust and compliance.

## **LEAVE AND CALCULATIONS:**

All businesses will benefit from a payroll solution that automates leave accruals and calculations but particularly clients with more complex agreements.

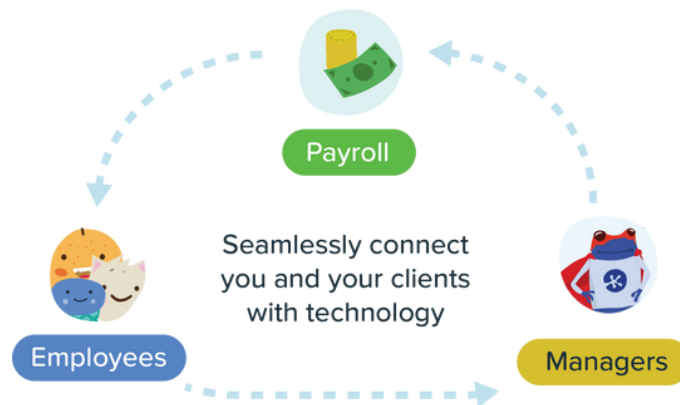
Consider part-timers, casual shift workers and full-timers all in the one pay run. Implementing a system that automates leave entitlements down to a per-hour basis will dramatically improve payroll processing for clients.

As an advisor to your clients, it's vital to advocate payroll technology that automates these areas. Doing so will add more value to the services they receive, as well as free up your time to increase the value of other services.

Remember, by automating payroll processes, you can eliminate both complex and repetitive tasks to ensure all interactions are meaningful and beneficial for clients.

# Reach untapped potential from cloud payroll

There are a number of reasons to embrace cloud payroll for your firm and your clients. It may seem daunting for you or your clients to tackle new systems, but the benefits of leveraging the cloud, will far outweigh the time and resources spent learning or implementing new cloud systems.



## Access and control

Working in the cloud allows users to gain access to payroll data and applications wherever they are in the world. Businesses should allow employees to access and maintain their data easily and in their own time, whether it's from a laptop or on a mobile app.



## Real time updates and backups

Traditional desktop payroll software requires installation meaning that any updates have to be separately installed. When leveraging cloud-based software, updates and enhancements can be made in real time, meaning no interruptions to work. What's more, everything is stored in the cloud, so there's no risk of data loss and no need for manual back ups.



## Improved transparency

Cloud payroll software offers greater visibility into employee and business data resulting in less time spent chasing clients, and more time available to analyse real time insights like operating costs.



## Security and compliance

A true cloud-based platform allows extra security for both storage and transferring of data in relation to documents such as payslips, employee record keeping and payment summaries, even when an employee leaves the business.



### Easy integration with accounting platforms

Open API's and readily available integrations remove manual input and double handling of payroll data. Imagine completely eliminating the need for manual accounting of payroll transactions!



### Do more with less

Leading cloud payroll systems reduce the number of systems required to process a pay run, as well as time spent. Simplify processes like timesheets, expense management, and STP reporting by using payroll solutions that take care of it all.



### Scale at any point

Business priorities might change unexpectedly, or there might be high growth expected in the future. Cloud technology can scale and support business growth unlike on-premise software that can impose restrictions on data storage.



### Elevate the employee experience

With 24/7 access, cloud technology improves the employee experience. At a time where remote working is crucial for business continuity, employee portals and access via personal devices could mean the difference between a business' growth or decline.



### Mobile first

Mobile platforms make it easier to access information, drive engagement and productivity for employees, and eliminate data loss risks. A rise in employee productivity can drive sales and revenue, adding value for your clients.



### White-labelling: Enhancing the Brand

Advancements in cloud technology brought more opportunity to white-label services, also known as branded payroll solutions. Simply adding a logo can instantly enhance trust and recognition with a product.



### Built in trust

Allows clients to access or manage the platform, improving their visibility of employee data and business processes, and eliminating any back and forth approvals.

# What to look for in payroll software

When advising clients with payroll technology, it's important to consider flexible solutions that suit their needs now and in the future.



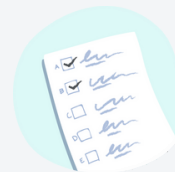
## EFFECTIVE TESTING

You should be able to walk through a demo or trial the payroll solution. Do a test pay run to ensure it's the right fit for your and your clients' needs.



## USER SETUP EXPERIENCE

Payroll software should have an easy set up process. Find a system that allows you to easily configure the correct settings for each client through an onboarding wizard.



## MAINTAINING QUALITY CONTROL

A system should reliably automate calculations and transactions. It should have variables in place to let you know if anything requires attention or if errors need to be rectified before pay runs are processed.



## INTEGRATIONS AND AN OPEN API

Make sure the solution offers integration with other platforms so that you can tailor your offering to support the clients' needs. The ability to integrate with accounting platforms for easy transmission of data will be key to eliminating manual data handling between payroll and accounting services.



## VISIBILITY AND TRANSPARENCY

The payroll system should be fully cloud-based in order to provide easy access for you and your client. A system with a cloud portal or client mobile app will enable complete transparency for clients on pay run progress, while providing an easily accessible and secure platform to view reports, payslips and other documents.



## SCALABILITY

Implementing new technology can be difficult for any business. Advising your clients to consider their long-term business goals will help in selecting a payroll solution that is suitable for their growth or business requirements. A scalable solution will ensure that they pay only for what they need in the short term, but have the ability to scale in future.

## CONCLUSION

# Shifting payroll from a ‘necessity’ to a ‘profit driver’

## PERCEPTION VS. REALITY

Payroll is traditionally perceived as a loss-leader for accounting firms. Traditional payroll software is so time-consuming that accountants can't typically scale payroll as a service. Accounting firms are becoming more aware of the benefits of offering payroll services through cloud technology, but innovation can't be achieved without challenging conventional thoughts.

If we pick apart these perceptions of payroll and start to manage the key pain points of payroll, the opportunities that payroll services provides are evident. Payroll doesn't have to be time consuming; compliance can be scaled when using the right technology, and client relationships can reap the benefits.

## ADVISORY VS. COMPLIANCE

Growing accounting firms realise that clients value communication, connectivity and transparency. Advances in technology are making it easier for accountants to meet the changing client demand however, firms must continuously innovate and re-evaluate their services in an ever-changing accounting landscape. Traditional practices that stick to conventional processes and therefore focus their efforts on compliance rather than client advisory, will find it difficult to attract and retain clients in the future.

## ADVOCATING CLOUD PAYROLL

Investing time in becoming an advocate for cloud payroll solutions is key. By up-skilling in leading payroll solutions, accountants can confidently advise clients on a solution that will be suitable for their needs, and better support them post-implementation. The time spent on researching cloud payroll solutions will be returned with long-lasting, client relationships and a greater addressable market.

Some payroll solutions even offer partner packages that will support partners in becoming a payroll expert and a trusted advisor for their clients.



# Bring more value to your practice with KeyPay

KeyPay is a cloud-based workforce management and payroll solution designed specifically for accountants, bookkeepers and payroll service providers. Operating across Australia, New Zealand, UK, Singapore and Malaysia, KeyPay supports over 750 partners to service 200k+ businesses with payroll.

In a single, integrated platform, KeyPay automates the flow of data from employees across rosters, timesheets, leave management, and reporting, providing full client visibility over the pay run at all times.

As an automated payroll solution, KeyPay offers unparalleled time-saving benefits for partners and their clients. By reducing costs, manual processes and pressure on resources, KeyPay partners can streamline operations and offer greater service for their clients. With a feature-rich cloud solution, seamless integrations, and the option to brand your own payroll solution, KeyPay supports partners in turning payroll into a profit.

[GET IN TOUCH](#)