

Large Employers and Outsourcing of Payroll, HR or Payroll/HR

A D.L.G.L. Position Paper

A) "IF IT'S NOT CORE, OUTSOURCE IT!"

If proper management of the people of a corporation is not "Core" to the business, what is?

The real question then is: Is proper management by outsourcing possible for a large corporation. The real answer is yes and no. Some parts the overall task at hand are outsourcable, others should not or cannot.

B) WHAT'S "OUTSOURCABLE"? (the logic)

	<u>YES</u>	<u>NO</u>
1) Client (PC) hardware ownership	X	
2) Client (PC) hardware support	X	
3) Client (PC) hardware usage		X
4) Network hardware ownership	X	
5) Network hardware support	X	
6) Server hardware ownership	X	
7) Server hardware support	X	
8) Server hardware operations	X	
9) Database administration	X	
• Critical for performance		
• Application knowledge required		
• Corporation knowledge required		
Sophisticated HR Software		
10) Development/Customization	X	
11) Legislative support	X	
12) Legislative interpretation (EEO Exposure, etc.)		X
13) Fixes	X	
14) Evolution of functionality	X	
15) Evolution of technology	X	
16) Table Population with client intelligent data		X (one time)
17) Maintenance of tables	X	
18) Software usage		X
19) Software ownership	X	
Sophisticated Payroll Software		
20) Development/Customization	X	
21) Total integration with HR (by the developer)	X	
22) Legislative support	X	
23) Legislative interpretation		X
24) Fixes	X	
25) Evolution of functionality	X	
26) Evolution of technology	X	
27) Table Population with client intelligent data		X (one time)
28) Maintenance of tables	X	
29) Software usage		X
30) Software ownership	X	
31) Volume printing	X	
32) Ad hoc printing	<u>X</u>	
	<u>25</u>	<u>7</u>

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C) WHY THE “NO”S?

Items 3, 18 and 29 are the users doing their job at the keyboard.

Items 12 and 23 are client responsibilities which should not be left to third parties because of the level of potential exposure and liabilities. This is how the corporation elects to meet compliance.

Items 16 and 27 are one-time activities which are basically the crystallization in the system of all the rules and procedures which typically reside in employees heads or are hard-coded undocumented in legacy systems.

The resulting tables are client-specific intelligent data which cannot exist elsewhere but under the control of the corporation. Where the computer resides is not the point.

D) WHAT’S “AVAILABLE” ANYWAY? (the market)

	<u>YES</u>	<u>NO</u>
1) Simple payroll (gross-to net) for small corporations (averaging 60 employees and less)	From the Service bureaus	
2) Sophisticated payroll from service bureaus		X
3) Sophisticated HR from service bureaus		X
4) Integrated (i.e. one database) HR and Payroll from service bureaus		X
5) All the “yes” in item B	From a number of sources	

The “market” is in tune with the “logic”.