

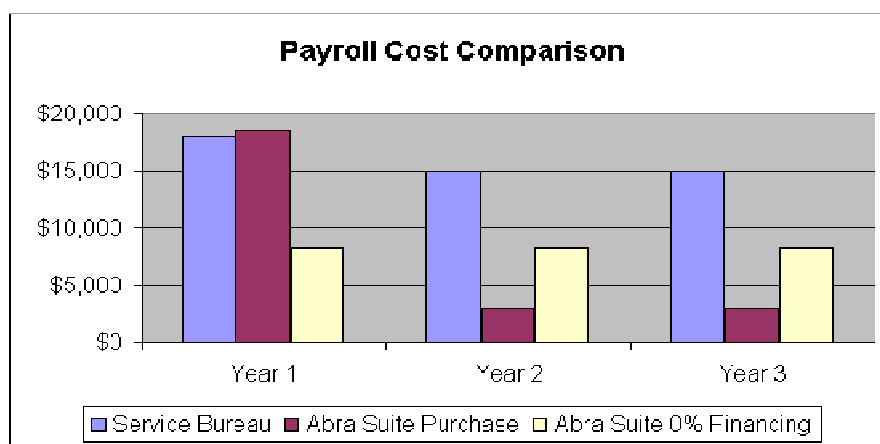
## OUTSOURCING YOUR PAYROLL? THINK AGAIN...

By Lissa Eilers Johnsen, CMC, CPA.CITP  
 President/CEO of Business Technology Solutions, Inc.  
[ljohnsen@btsolutions.net](mailto:ljohnsen@btsolutions.net)

Outsourcing your payroll is saving your company thousands of dollars, isn't it? Think again! Read our response to the myths below to **see what you could save in both money and time if you bring your payroll in-house**. The figures used to dispel these myths are based on using Abra Payroll for 250 employees; however, there are other Payroll solutions offered by Business Technology Solutions (i.e. BusinessWorks, MAS90) that can also provide savings over using a service bureau. Unless you have a small number of employees that are paid consistent monthly salaries with very little turnover, you **do not save time or money by outsourcing your payroll**.

### Myth #1: Outsourcing saves money....

If you are outsourcing your payroll, **you do not save money in the long run**. The chart below shows that based on a semi-monthly (24 periods) payroll for 250 employees, purchasing an **in-house software package pays for itself in 13 months versus outsourcing**. Plus in three years, you would **spend approximately 49% more on outsourcing per month than the average cost of purchasing an in-house solution**. You could also lease the in-house solution including hardware, software and implementation fees allowing you to **spread the up-front payments over 24 to 60 months**. Leasing will provide you with a more comparable cash flow to outsourcing, but notably the **payments will stop** at the end of the lease term. Further **payments will not be exposed to potential annual increases** as often outsourced payroll service fees increase within a 3 to 5 year timeframe and continue to be paid monthly as long as you use the service.



## OUTSOURCING VS. IN-HOUSE PAYROLL COST COMPARISON

	Service Bureau	Abra Suite
<b>Annual Costs</b>		
Payroll Processing	\$15,000	Not Appl.
Software Support	Not Appl.	\$1,420
Tax Filing Services	<u>Included</u>	<u>\$1,570</u>
<b>Total Annual</b>	<b>\$15,000</b>	<b>\$2,990</b>
<b>One-Time Costs</b>		
Software License	Not Appl.	\$6,215
Tax Filing Set-up	Included	\$200
Implementation	<u>\$3,000</u>	<u>\$9,162</u>
<b>Total One-Time</b>	<b>\$3,000</b>	<b>\$15,577</b>
<b>3-Year Total Costs</b>		
Year 1	\$18,000	\$18,567
Year 2	\$15,000	\$2,990
Year 3	<u>\$15,000</u>	<u>\$2,990</u>
<b>3-Year Total</b>	<b>\$48,000</b>	<b>\$24,547</b>
<b>Total 3-Year Savings</b>		<b>\$23,453</b>
<b>Payback Period (in Months)</b>		<b>13</b>
<b>Average Monthly Price</b>	<b>\$1,333.33</b>	<b>\$681.86</b>

	Service Bureau	Abra Suite
<b>Leasing Model</b>		
<b>3-Year Total Costs</b>		
Year 1	\$18,000	\$8,182
Year 2	\$15,000	\$8,182
Year 3	<u>\$15,000</u>	<u>\$8,182</u>
<b>3-Year Total</b>	<b>\$48,000</b>	<b>\$24,547</b>
<b>Total Amount Financed</b>		<b>\$24,547</b>
<b>Monthly Lease Payment</b>		<b>\$823.31</b>
<b>Up-Front Costs Spread Over Lease Term</b>		<b>\$15,577</b>

### Assumptions:

- ◆ Service bureau fees estimated at \$2.50 per employee per payroll.
- ◆ Service bureau includes tax filing, direct deposit and check printing services.
- ◆ Service bureau implementation is usually 20% of annual processing costs; minimum \$1,000.
- ◆ Abra software license includes Abra Suite Payroll module plus tax filing service, direct deposit and check printing.
- ◆ Abra Payroll implementation is estimated to be between 100% and 150% of the software license plus annual support cost.
- ◆ Abra lease financing based on standard Amex Leasing rates for a 36-month lease.
- ◆ All Abra one-time costs are included in the lease.
- ◆ Return On Investment (ROI) may vary depending on your company's unique circumstances.

Note: These assumptions are industry-standard estimates and may not reflect your actual costs

## **Myth #2: Outsourcing saves time.....**

In an outsourced arrangement, you are still **doing the majority of work internally** through the collection and preparation of information to provide to the service bureau. For instance, you **still have to keep the employee data updated -- like addresses, department/location information, and withholdings**. You also provide the service bureau with any pay rate, benefit or other deduction changes. You also have to send them the hours for hourly payroll employees and possibly vacation, holiday or sick pay information for all employees. You likely would be advised to double-check the payroll data for accuracy even if you are outsourcing. Further, you still have to communicate any corrections. Therefore, it usually does not save much, if any, time by outsourcing because someone in your company is still performing all these activities.

In addition, there are other ways you can save using Abra Payroll and other Best Software Payroll solutions that are generally thought to be only available in an outsourced scenario such as:

- ◆ Print to Mail printers which allow you to use a special printer to print your checks on special **self-mailer check forms that do not require you to fold the check and do NOT require you to stuff it into an envelope** either.
- ◆ Direct deposit in ACH or NACHA standard format that can be **sent directly to your bank**.
- ◆ **Tax filing services** are also offered by Best Software to allow companies that don't want the burden of staying abreast of payroll tax changes, calculating and filing them. And some of the Best Software solutions include electronic filing as part of the solution for efficient in-house processing.

## **Time & Attendance provides additional**

Another big way to save money, whether you choose to process payroll in-house or outsource, is to implement a **time & attendance solution**. Anyone who has spent **hours keying data into payroll and double-checking numbers knows that linking time and attendance to payroll saves time and money**. All of the Best Software solutions seamlessly integrate to many time & attendance solutions. Our company supports the Unitime Time & Attendance solution that can transfer employee files, hours worked, pay types, pay rates, and labor distribution to all of the Best Software solutions. Unitime supports badge clocks, hand-punch clocks, web time entry, PDA entry, and IVR phone time entry. Time & attendance can **minimize the amount of time required to process payroll while eliminating errors and headaches**.

### **A Complete HRMS Solution can also save you time...**

If you have an in-house payroll solution, then you likely also have more extensive set of features to support the needs of human resources. Some service bureaus also offer integrated HR solutions, but most are very limited in their offerings. Best Software is the market leader in HR, payroll, benefits and compliance solutions. The Abra Suite provides a comprehensive and robust set of tools to streamline your HR and payroll processes. Abra's complementary line of products allows you to easily add functionality for **employee self service, web-based benefits enrollment**, attendance, training, recruiting, e-learning, organization design and charting, plus automated internal employee communications.

With Abra Suite, you get:

- Single point of data entry to streamline workflow.
- Hassle-free benefits administration and government compliance.
- Ability to track and calculate an unlimited number of benefits plans, making it easier to manage, maintain and report on all of your company's benefits plans.
- **Automatic communications between benefits administration and payroll. Upon changes to a benefit, Abra Suite prompts the user to take action on the payroll deduction, ensuring payroll and HR are always in sync.**
- Ability to create new plans and enroll employees well ahead of the new coverage period. The Benefit Rollover process spares you from hours of tedious data entry.

### **Myth #3: Outsourcing protects companies from payroll liability.....**

Wildly untrue!

**Companies are responsible for their own payroll taxes and liabilities, no matter who prepares them.** Even if your outsourced payroll provider makes the mistake, your company is ultimately liable. Plus the payroll service bureau gets to hold your tax money and make interest on the "float" days. Best Software tax filing service does not draft the money for these taxes until they are actually due.

A common misconception is that your payroll must be outsourced to take advantage of payroll tax services. This is not true as Best Software has a tax filing & W-2 service available for their payroll solutions (i.e. Abra, MAS90, Peachtree).



Phone: 919-781-2900

Fax: 919-781-8580

[www.BTSolutions.net](http://www.BTSolutions.net)

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1616 East Millbrook Road, Suite 380 Raleigh, NC 27609

#### **Myth #4: Outsourcing gives me unlimited reporting capabilities.....**

Oftentimes with outsourcing and service bureaus, you have to pay each time you request a new report or new configuration. Most in-house payroll solutions give you the ability to manipulate your company's data anytime in anyway without incurring additional cost. The payroll solutions from Best Software all have a built-in report writer, usually Crystal Reports, plus a simple query tool, to use to create your own reports. These reports can also be easily exported to a file that could be sent to benefit providers also saving money and time in reconciliations (i.e. 401K, Health insurance).

#### **Is it time for change....**

Contact our team at Business Technology Solutions to learn if it makes sense for you to reconsider outsourcing your payroll or if you want to learn more about any of these myths. It could mean **significant savings for your company!**