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Darren Root • Sep. 03, 2010



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If at one time you offered payroll services and stopped because you found it to be less than profitable, it may be time to re-evaluate. Back in the day, we didn't have the advanced technology required to process payroll and make a decent profit. But oh, how things have changed. Powerful payroll software and SaaS-based applications have changed the game, turning a once slow-moving profit creek into a major revenue stream.

Payroll software isn't what it used to be. What's the old saying?

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I see your decision falling into one of four categories:

NOT EVEN A LITTLE INTERESTED

— This is an easy one. Evaluation over. Simply refer the business elsewhere.

REFERRAL INTEREST — You

don't want to be in the payroll business, but you realize the value in having a relationship with a provider. You refer the business out and may receive a percentage of the captured revenue and have access to payroll reports on your clients.

PARTIALLY ASSISTED PAYROLL —

You want a piece of the payroll business, but require an advanced SaaS-based system to perform some of the back-end processing. Typically, this model works with your staff or clients entering time online, and the remainder of the payroll process (back-end) is performed via the system. For example, the application handles the direct deposit of payroll checks, and EFTPS is automatically paid along with state and local taxes. With this strategy, the application is typically tightly integrated with client employee portals for payroll check and client report delivery. The firm invoices clients for the services. The cost is usually higher than the traditional desktop solution based on the additional services performed on the back-end by the vendor.

FULL-SERVICE PAYROLL —

By "full-service," I don't mean to imply that other models are not full-service. This is just a way to differentiate that the firm performs all tasks related to the payroll process in-house. Applications used to support the full-service model are often desktop-only (some are SaaS-based). The technology in this space has improved significantly within the past few years. You will find better integration with client employee portals for paycheck delivery,

electronic filing functionality, EFTPS deposit, along with many state and county

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