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HUMAN RESOURCES & PAYROLL

Intuit Online Payroll: A SaaS Payroll Offering

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If you've been thinking about adding client payroll services to your firm, or if your clients could benefit from anytime/anywhere payroll processing, I recommend taking a close look at Intuit Online Payroll (formerly PayCycle).

This impressive online payroll solution includes everything you need to manage client payroll from anywhere at any time. From paychecks to vacation/sick accruals, to workers' comp premium calculations, e-filing and e-paying quarterly payroll taxes to W-2s, this service offers practically everything a small business needs for payroll. The cost of the service is quite low (between \$20 and \$39/month depending on the number of employees, states, etc.), and of course it integrates with QuickBooks and QuickBooks Online Edition, so you don't have to enter data twice.

Intuit Online Payroll was developed by Rene Lacerte and Martin Gates, who built the QuickBooks Payroll modules before leaving Intuit to start PayCycle in 1999. Then in 2009, Intuit purchased PayCycle for \$170 million. This clearly indicates that Intuit is placing a big bet on the future of payroll in the cloud.

Intuit Online Payroll

You can sign up and use Intuit Online Payroll from any computer (PC or Mac) with Internet access. There are no manuals or training needed. Step-by-step instructions

walk you through the entire setup process so you always know what to do and when to do it. Intuit Online Payroll even provides all the setup forms you need, including W-4s, I-9s, employer registration forms and state new hire reports. You can add clients and run payroll the same day.

Intuit Online Payroll for Accounting Professionals is designed with the accountants' needs in mind. When you log into your account, a Client Overview screen lets you access all of your clients from one screen. You can decide, on a per-client basis, whether you want to maintain complete control over your clients' payroll or delegate some payroll tasks such as printing paychecks. Your login-enabled clients will see your firm name across the top of the website.

When it's time to do payroll, Intuit Online Payroll sends email reminders and puts a To Do item on your client's customized To Do list. To run payroll, you just click the email link, login and enter hours. Paychecks are instantly calculated and can be viewed immediately. All federal, state, and local tax calculations are automatically updated and are guaranteed 100 percent accurate.

Paycheck edits can be made in real-time, if necessary. Once checks are approved, employees can be paid by free direct deposit. Employees can be given access to view and print their pay stubs online or you can print and distribute pay stubs.

All federal tax deposits and filings, including W-2s, can be submitted electronically. State deposit coupons and filing forms are available in all 50 states and D.C., and can be sent electronically in most states. Intuit Online Payroll also reminds you of tax deadlines for each client so you don't have to keep notes on your calendar or on paper.

Intuit Online Payroll's wholesale rate of \$19.99 per client per month includes quarterly and annual payments and filings. If your client has more than five employees, you pay \$0.50 extra per employee per month.

Another important aspect of Intuit Online Payroll's service is its free customer support. The Intuit Online Payroll team has taken great measures to ensure that when you call or email for help, you get to someone right away.

QuickBooks Integration

Unlike other payroll solutions, Intuit Online Payroll integrates seamlessly with QuickBooks, QuickBooks Online, QuickBooks for the Mac, Quicken, Peachtree and other accounting software for no extra charge. With QuickBooks Online Edition, the

Intuit Online Payroll servers communicate directly with those at Intuit, so the data exchange is instantaneous. There is no need to export and then import files.

To update QuickBooks (Windows or Mac desktop editions) with your payroll data, you can export from Intuit Online Payroll to either an IIF file (not recommended, but the only option for Mac) or by using the “One-Click” export feature (Windows only). Using the One-Click export, an ActiveX browser add-in connects your online payroll session to your QuickBooks file. You can specify the QuickBooks accounts for employer expenses, as well as employee wages, taxes and voluntary deductions such as medical insurance premiums. To setup the export, you enter your QuickBooks account names in Intuit Online Payroll. After running payroll or paying taxes, Intuit Online Payroll prompts you to export your payroll to QuickBooks. The imported data is recorded using checks for each employee with splits for each earnings, deduction and tax item. Many payroll import programs use lump sum journal entries for payroll, and there is a trade-off for which method works better. On the one hand, if you use individual checks for each employee, you get more reporting detail in QuickBooks, and bank reconciliation is easier. However, when journal entry summaries are used, it’s more secure. For example, the details of each employee check are hidden so that other employees who see the bank account cannot find out how much the other people earn.

What we hope to see in future versions is integration *from* QuickBooks timesheets *to* Online Payroll so that creating paychecks doesn’t involve entering the hours for each employee. For now, there is an option to add Intuit Online Time Tracking (\$2.00/employee/month), but it would be nice to have the timesheets in QuickBooks upload to the online product.

Marketing Resources for Client Acquisition

Intuit’s commitment to help you grow your client payroll business is evident from its Accounting Professionals program and from the free, rich marketing materials that are provided inside the product. They include firm-branded brochures and sales letters that you can print and give to clients.

Moving payroll to the cloud means it can be profitable for many firms to add client payroll to their list of services. Depending on local market conditions, some Intuit Online Payroll accounting professionals charge clients \$50 to \$120 per month, while others bundle the fees with other services or provide the services a la carte.

As the SaaS world of web-based applications grows and matures, products like Intuit Online Payroll will continue to thrive. Forward-thinking accounting firms will be wise to look for market opportunities like online payroll to grow and thrive in the new online world.

For more information about Intuit Online Payroll, visit www.payroll.com. Or, if you'd like to test drive the product with sample data, go to www.managepayroll.com/sample/createSBASample.jsp.

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