

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

providing Client Advisory Services (CAS) have discovered that payroll can be a ...

Randy Johnston • Oct. 14, 2019



October 2019 Issue

In the gig economy, how important is payroll? Just as much as ever! While many firms make the majority of their profits from compliance work in tax and audit, the firms providing Client Advisory Services (CAS) have discovered that payroll can be a profitable component of an attractive service offering. Traditionally, CPA firms have outsourced payroll to providers like [ADP](#), [Paychex](#) and [Ceridian](#), as a strategy to reduce liability, ensure that payroll taxes, 941's and W2's were handled in a timely fashion and that employees were paid on time. Further, requirements of various

jurisdictions required software, tax tables and deductions to be updated frequently,

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

payroll runs occur weekly, bi-weekly, semi-monthly, and monthly. The number of people involved per payroll vary widely from one to tens of thousands. Most CPA firms handle payrolls of one to thousands of employees for their clients. Further, contractors are frequently paid for their work and receive 1099's annually, but my recent research tells me that contractors are frequently treated like employees and workers are **misclassified** for a variety of reasons. One thing is for sure, millions of people in the U.S. receive a paycheck that is generated by a variety of systems.

So, How Do We Recommend and Pick the Right Payroll Strategy?

Philosophically, most CPA firms have recommended outsourcing payroll. That is part of how **ADP**, **Paychex** and **Ceridian** built the size and scale of their current businesses. Other CPA firms decided to run **payroll service bureaus**, use or run professional employer organizations (**PEOs**) and used a variety of products:

Payroll Service Bureau Software

- Apex – **Payroll Service Bureau Management**
- Arcoro – **Infinity HR**
- CyberPay – **AdaptaSoft**
- CYMA – **Payroll Service Bureau Software**
- Execupay Payroll Suite – **Execupay**
- **HK Payroll Services**
- **Polaris Payroll**
- Sage People – **HR and Payroll Services**
- Thomson Reuters – **myPay**
- UBCC – **Payroll Service Bureau**

While it is never our intent to tell you which products to use or consider, we do like to recommend products that are working well. Realistically, with payroll software

for smaller businesses, there are dozens of choices and as a buyer it is hard to discern

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

- Intuit – [Intuit Online Payroll](#)
- myPay Solutions – [Thomson Reuters](#)
- OnPay Payroll – [OnPay, Inc.](#)
- Optimum Suite – [Optimum Solutions](#)
- Patriot Software – [Online Payroll](#)
- PayChex – [Paychex, Inc.](#)
- Paycom Payroll Services – [Paycom](#)
- Paycor Payroll Services – [Paycor](#)
- Payroll Services – [Intuit](#)
- Paylocity WebPay – [Paylocity](#)
- Sage HRMS – [Sage](#)
- Sage Payroll Center – [Sage](#)
- SurePayroll (acquired by Paychex) – [SurePayroll](#)

In-House

- 1099 Etc. A-T-F Payroll – [AMS Payroll](#)
- Accounting CS Payroll – [Thomson Reuters](#)
- CenterPoint Payroll – [Red Wing Software](#)
- CYMA Payroll & Human Resources – [CYMA](#)
- Payroll for Windows & Mac – [CheckMark Payroll Software](#)
- QuickBooks Desktop Payroll – [Intuit](#)
- Sage 50cloud (formerly Peachtree Accounting) – [Sage](#)
- Payroll modules from accounting products such as Dynamics (GP=Great Plains, NAV=Navision), Open Systems TRAVERSE, etc.

More Commonly Used in CPA Firms

- AccountantsWorld.com – [Payroll Relief](#)
- ADP – [run](#)

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

businesses benefit from having integrated HR functions, too. Therefore, if you are looking at payroll as a client service offering, remember to consider if you ever expect to add HR and consider products that have additional HR functionality for future adoption.

Are there downsides and upsides to offering a payroll service?

Absolutely! Clearly there are compliance risks and deadlines that must be met. You can't do payroll for a few clients and be successful. We suggest that your vision should be to have at least ten clients, but realistically, having one hundred or more clients on payroll would be ideal. Remember to use lower cost people to provide the service, not more expensive CPAs. While the work of many people producing payrolls can be monitored by a few professionals, it is hard to make appropriate levels of profitability if a CPA professional is doing the payroll work.

Providing payroll services have some upsides, too. Clients tend to be very sticky when you are running payroll for them. Payroll produces year-round recurring revenue. Payroll services allow you to expand into other offerings including HR, expense reporting and management, bill pay, accounting and employee benefits. Further, a professional practice that includes payroll services can be sold at a 3.5-4.5 multiple, which is far higher than a typical firm produces today. While we'd prefer that you stay in business, if you are planning an exit strategy, including payroll services can increase the price paid for your firm.

Advisory • Payroll

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us