cloudpay

INTEGRATE & AUTOMATE: A GUIDE TO GREAT HCM-PAYROLL INTEGRATION

How to unify your human capital management and global payroll platforms. A handbook for payroll leaders.

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YOU'VE GOT A GREAT HCM. SO WHAT'S NEXT?

For many global payroll leaders, the answer is: getting it to integrate and unify with your payroll system. And while that sounds simple enough, the reality is often anything but.

From misaligned data to manual task management, managing your human capital management (HCM) and payroll platforms separately can feel like a never-ending challenge. And yet the thought of going through an HCM-payroll integration doesn't sound too appealing, either. With resources tight and business pressures tighter, how do you deliver a seamless HCM-payroll integration that empowers both payroll and HR?

This guide has been designed to answer these challenges – giving payroll leaders everything they need to plan a seamless integration between their payroll and HCM platforms.

We'll explore the 'whys' and 'whats' of HCM-payroll integration; from pain points to possibilities. We'll hear from expert system integrators on what makes a good integration great; provide advice on how to set your project up for success, pre-integration – taking you from day zero to done; and show you how to turn the tide on a poor HCM integration.

You'll find insights and expertise from those who've been there, done that (and survived), offering the knowledge needed to turn global payroll from an operational function into a business advantage; harmonizing payroll and delivering a superior pay experience.

In this guide, you'll find:

✓ Why and when to integrate your HCM

✓ What's possible with HCM integration

✓ What to consider when implementing

✓ How to revive a poor HCM integration

✓ Payroll systems

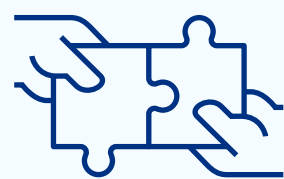# WHY INTEGRATE YOUR HCM AND PAYROLL SYSTEMS?

Every system has its function. Unlock their potential with integrations.

Systems tend to function in silos. Your payroll system has its way of working. Your HCM has its way of working. Your payment system? Yep, that has its way of working, too. Multiple, disparate systems, all requiring the resources and processes to manage each one separately – yet somehow deliver seamlessly.

For payroll leaders contending with an ever-growing operation and cross-border tax and compliance complexities, what often prevails is a disconnect between HR and payroll operations; one hindered by manual processes and complex workflows across multiple platforms.

The result? Poor processing visibility and damaging data errors that impact efficiencies and performance – and the wider employee experience.

By integrating payroll with your HCM, however, you can turn adversity into advantage – unifying HCM and payroll systems around a single source of information, and optimizing workflows across functions. Get that right, and centralized global processes can empower you with the visibility to make the right decisions. With speed and at scale.

Unify HR & payroll operations   Minimize manual processes   Automate workflows & reporting   Eliminate manual errors   Centralize visibility globally

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WHY INTEGRATE YOUR HCM AND PAYROLL SYSTEMS?

Today's leading global businesses are integrating HCM and payroll to better adapt to evolving regulations, meet productivity goals and minimize resource spending. By combining process automation with real-time analytics across multiple systems and centralized controls, HCM integration unlocks new strategic applications for payroll leaders and payroll performance, while helping future-proof the needs of tomorrow's workforce.

However, as **David Docherty**, Chief Commercial Officer at HCM integration provider, Epicenter, warns: *"Integration is often an afterthought. If a company buys an HCM system, they're very focused on the processes and how that system gets set up. Data – and the integration of that data – is not given the same level of priority.*

However, what is an HR system valued for, if not for its data? When you're kicking off an HR technology transformation, integration should really be front of mind."

The lesson here: A successful HCM integration starts by first understanding your data across systems; how it engages and interacts. Only then can you explore what's possible, and how to best integrate your HCM and payroll systems.

3.6%

Data Input Issues (DII) within payroll declined by 3.6% globally in 2022, "...likely due to to increased integration between payroll and HCM platforms, which vastly increases the likelihood of payroll data being accurate as it's imported directly from the HCM system."

Source: CloudPay's 'Global Payroll Efficiency Index 2023' report

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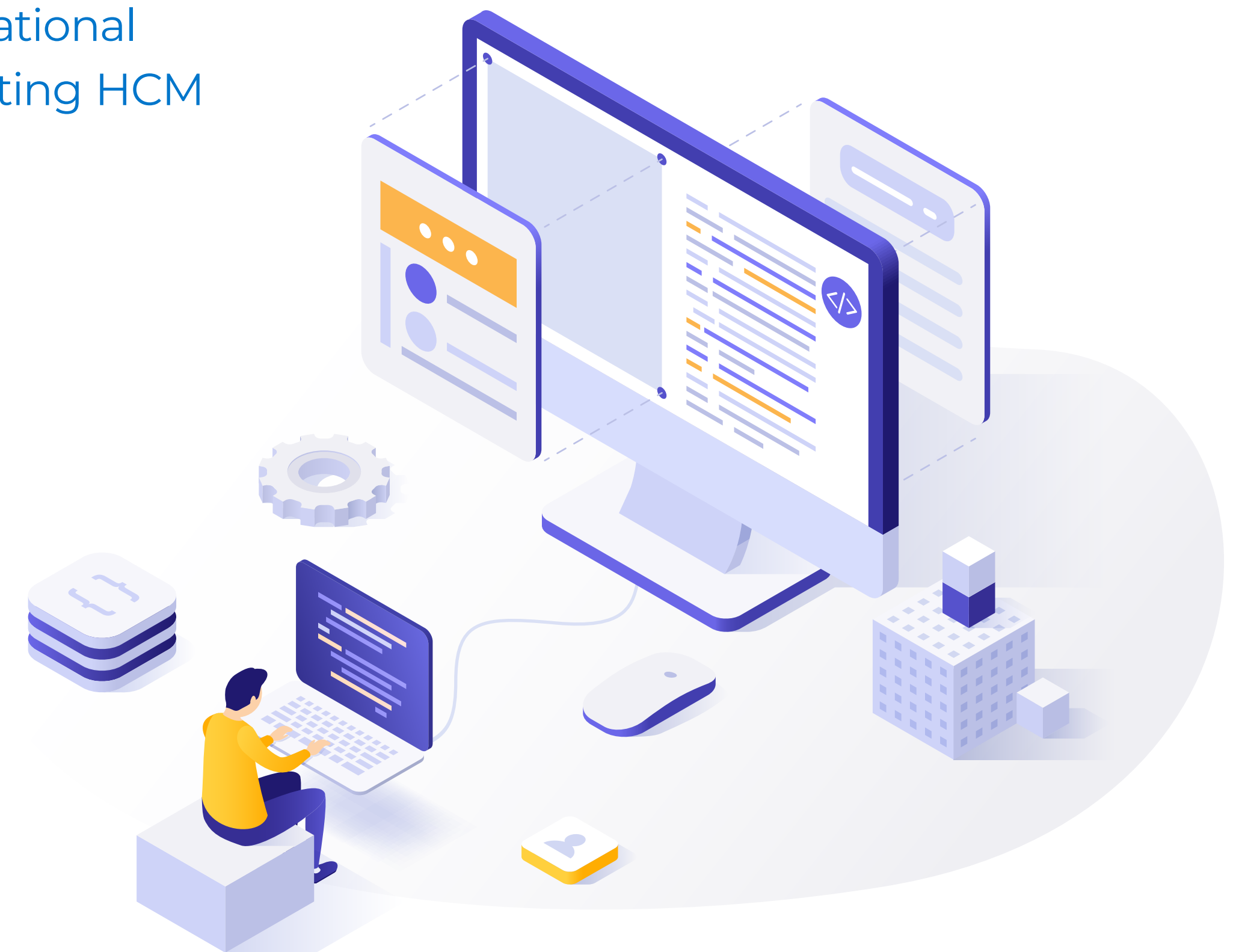
HCM INTEGRATION: WHAT'S POSSIBLE WITH PAYROLL?

There are many reputable HCM systems – Workday, Oracle, SAP, UKG, HiBob, Bamboo HR and others. Each is as unique as the businesses they run in. A business' specific processes, data, technology stack and wider operational make-up all play their part in defining what's possible when integrating HCM and payroll systems.

Understanding the possible then becomes about first auditing the current systems and data landscape to map a clear starting point. As **Bill Chiari**, Product Architect at CloudPay, highlights: *"All HCMs are different, so it's important that we understand the differences in how they work, and the ramifications of how things are tracked.*

"It's important that we have a process where we're undertaking a level of data validation before we even start an integration, so we can point out issues and things that may be missing. If we can smooth out that process and reduce the time to implementation – and any frustration with data – that's a giant win in hand by validating your data, fully exploring your systems and agreeing on a solid implementation map. With that foundation in place, your vision of a fully integrated system can begin to emerge."

Get that giant win in hand with data validated, systems explored and an initial implementation map agreed, and the vision of a fully-integrated system can begin to emerge. So what does that look like?

HCM INTEGRATION: WHAT'S POSSIBLE WITH PAYROLL?

Integrating with Workday HCM

The Workday HCM platform is a powerful solution that allows payroll leaders to unify their global HCM and payroll systems, championing cross-department efficiencies while simultaneously reducing IT overheads and the number of interfaces their teams have to manage. Sounds great, but how does that work in practice?

From a data perspective, transfers – with data values such as payments and deductions, time and attendance, and other key employee information – become automated and scheduled, seamlessly extracted from Workday's HCM and fed directly into the payroll system.

CloudPay's certified global payroll integration with Workday's HCM means a single interface for data input, with bi-directional data flows, error-handling, and data validation incorporated end-to-end between the two systems. Workday's HCM and CloudPay's payroll platform. With this seamless integration, CloudPay's platform can leverage data from the Workday HCM to generate payroll results and documents, ready for processing – maximizing the value of both systems.

And a key difference between CloudPay's integration to the Workday HCM and other payroll integrations is that CloudPay deploys a single integration for all countries.

> For payroll leaders, that means less time spent managing multiple systems; reduced manual errors and intervention; streamlined operational efficiencies; and the ability to work strategically and centrally at a global level – enabling payroll that's fast, flexible and certain.

The net result pays dividends for the workdforce, and as for the wider workforce? The net result of an enhanced employee experience with improved visibility of pay, benefits and core information promotes a healthier relationship with an employee's payment cycles and their wider payroll experience.

Key benefits of integrating to an HCM such as Workday :

✓ Unify HR and payroll operations globally

✓ Drive Workday adoption and realize true ROI

✓ Deliver advanced HR & Payroll services at scale

✓ Leverage Workday analytics and centrally view payroll anywhere in the world

✓ Elevate data integrity, workflows and compliance throughout the organization

✓ Champion a truly connected employee experience

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HCM INTEGRATION: WHAT'S POSSIBLE WITH PAYROLL?

What about other HCM platforms?

While Workday offers a robust HCM integration with CloudPay, there are plenty of other HCM platforms leveraging the power of integration to unify HR and payroll operations. From HiBob's global HR platform – great for high-tech, fast-growing, global companies – to the likes of Oracle and SAP for larger, multinational enterprises, the capabilities unlocked with a well-orchestrated HCM integration remain clear. Smaller organizations benefit in a similar fashion from lighter integration footprints with the likes of CloudPay's integration to Bamboo HR.

A single, streamlined data source

Integrating HCM and payroll streamlines disparate data points from previously siloed systems into a single, seamless flow of data. By using one system to input, manage and control critical data and perform everyday processes, data duplication disappears – and with it, so do the majority of manual interventions and errors, along with the time and cost associated with managing them. The result? An automated, trusted and fully scalable operation.

Centralized management

With a single data repository, payroll and HR teams can centralize global processes and manage multi-country payroll with ease, reducing data discrepancies and operational inefficiencies. Centralized management also creates standardized, scalable processes for payroll teams – as well as the colleagues they serve across the globe.

Scalability and global consistency

With centralized data and processes in place, businesses can capitalize on their HCM and payroll integration and scale payroll across the organization with consistency – expanding into new countries, onboarding new employees and handling complex payroll requirements, all while maintaining a standardized approach to operations. Moreover, future country rollouts can happen at speed by deploying tried-and-tested integration templates, with shared resources able to act on country-specific needs by deploying consistent processes with confidence.

HCM INTEGRATION: WHAT'S POSSIBLE WITH PAYROLL?

Real-time visibility and analytics

With an integrated HCM-payroll environment in place, real-time visibility into payroll data becomes not just possible, but a strategic advantage. Generating accurate reports, accessing analytics, and exploring other key metrics on demand, payroll teams become empowered to make informed decisions with absolute visibility. In turn, identifying cost-saving opportunities and providing accurate financial information back to the business to support strategic direction.

For HCM systems that can accept payroll data, a robust integration like CloudPay's will relay data back to the HCM, ready to be blended with the HCM's core payroll offering (if a customer is using those modules). In doing so your senior leadership team, CHROs and CFOs finally have a single window to view all payroll data across the globe – from wherever you are.

Confident compliance

Navigating multi-country payroll regulations and tax laws is fraught with complexity and risk. By integrating your HCM with CloudPay's global payroll solution – which stays updated with local compliance requirements, tax laws and calculations – compliance-related processes become entirely automated. Integration with an established global payroll platform minimizes the risk of non-compliance penalties, streamlines operational efficiencies and centralizes global compliance controls.

One thing is certain: a robust HCM-payroll integration is a key enabler for business transformation. As such, it should be a strategic priority for payroll leaders to champion change across the business. By unifying processes, streamlining data and enabling global scalability, HCM-payroll integration unlocks new opportunities to drive organizational success.

To get there, knowing what to consider when going through an HCM integration can make or break your project's success.

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GETTING IMPLEMENTATION RIGHT: WHAT TO CONSIDER

Undertaking an HCM integration project may feel like a daunting prospect. But with the right expertise and guidance, the journey can be as empowering as the results it delivers.

We consulted experts with years of direct integration experience, including **David Docherty**, Chief Commercial Officer at Epicenter, **Bill Chiari**, Product Architect at CloudPay, and Juan Pujol, Vice President of Integrations at TopBloc, to uncover their key considerations when undertaking an HCM integration project.

Get clear with current capabilities

From how your systems function to the data they capture, store and process, getting clear on your HCM and payroll systems' current capabilities is a non-negotiable first step in preparing for a successful implementation. As TopBloc's Juan Pujol explains: *"Understanding your systems and how they're capturing different pieces of data throughout certain events is critical.*

"Conducting a data audit of what you currently have in your environment and how that is going to be impacted, is key. Is the data in the right format? Do they have the right values? All these elements need to map correctly...we need to see what information is in there and what isn't...which then leads into the question of how we get the data in there."

What to consider: Find an implementation partner with specific data-feasibility-testing experience, work with them to audit the entirety of your current system and data capabilities, pre-project.

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GETTING IMPLEMENTATION RIGHT: WHAT TO CONSIDER

Engage the right stakeholders early

Beyond a lack of pre-project data validation, implementation disruptions can also arise further down the line from not engaging the right stakeholders early enough in the project.

As **David Docherty**, Chief Commercial Officer at Epicenter, explains: *"You have your program sponsors and executive stakeholders in HR, IT, and Payroll. Then you've got your system integration partner, who should be engaged from the start as they're responsible for the core planning.*

"The ones that are frequently missed at this stage are the local HR and payroll teams – and crucially, the payroll vendors themselves. We recommend involved parties are engaged before the project starts; here at Epicenter we regularly perform pre-assessments of payroll vendors to identify any risks or challenges and ensure they are able to meet their responsibilities. In particular, the payroll vendor has to provide a test environment as well as the resources to attend design workshops and support test phases."

Rewind and engage stakeholders responsible for the tactical delivery of your operation from the outset. Gaining buy-in at this stage avoids testing miscues and project delays. Also, consider engaging in-house change management and project management teams – and, where possible, leverage their specialized skillsets to champion change and ensure project performance starts as it means to continue.

What to consider: Bring your local payroll and HR teams into the frame early. Along with your current payroll vendors – for whom you should detail specific timelines and expectations ahead of any implementation to help them prepare. They're key delivery stakeholders who can provide crucial insights your executive stakeholders may overlook.
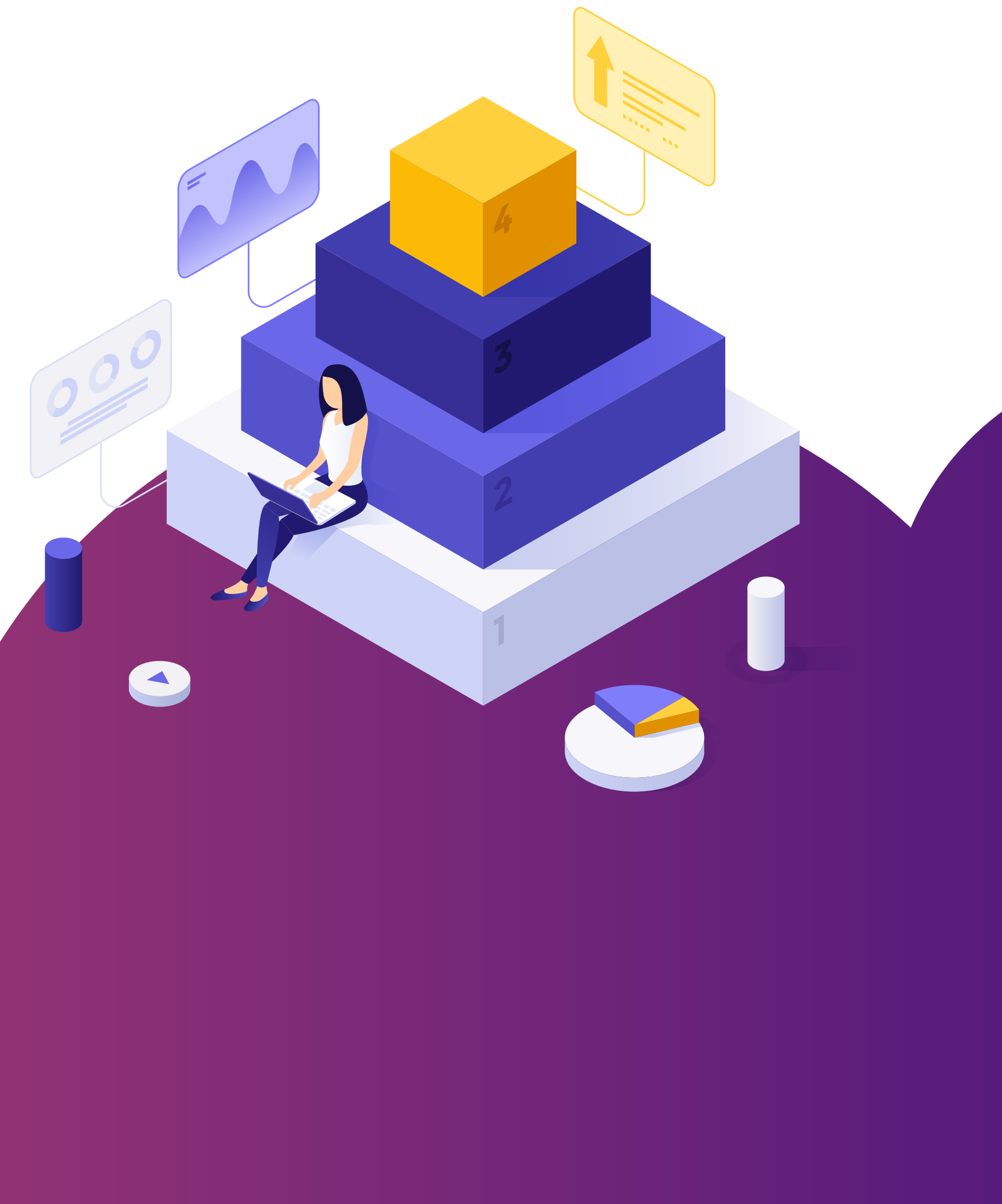
GETTING IMPLEMENTATION RIGHT: WHAT TO CONSIDER

Define your rollout 'waves'

While dependent on multiple variables, an initial integration project typically takes around four months to complete. However, as TopBloc's **Juan Pujol** advises, while speed is of the essence – that shouldn't mean a rush to the finish line. Instead, prioritize your rollout sequence.

"What we do is go in waves – if there are there are 12 countries we're going live with, do three countries in your first four months; you really want to understand all of the flows of the methodology. There's clarity needed on roles and responsibilities, the actual system – all of those things get worked out in the first deployment."

As Pujol concludes, *"Never do more than four countries in the initial deployment. You get more experienced with each wave…and become a well-oiled machine by the end; knowing what to expect, what test cases to enter and what data issues you'll come up against."*

> **What to consider:** Prioritize your integration phases by location, considering complexity and headcount needs. Work in 'sequential waves' of test-and-implement cycles across the project. Grow as you go, folding lessons learned into future phased rollouts to minimize avoidable delays.

GETTING IMPLEMENTATION RIGHT: WHAT TO CONSIDER

Test for the 'real world'

Testing is a given at every stage of the project; integration simply won't succeed without it. However, as **Bill Chiari**, Product Architect at CloudPay, underlines – you have to test with the 'real world' in mind. *"Most HCM systems have built in a lot of testing on things like 'what's the national ID format for the Netherlands',"* Chiari offers, as an example.

"If you're just entering test data and not using real data – or you don't understand what the verification process is on that national ID – then you can spend hours trying to come up with a number that's going to pass muster in just the HCM, all to get a valid value to input in a simple field. It can become very complicated."

And it's not just with data; the same is true when it comes to testing processes in your 'real world' operations, as Epicenter's David Docherty expands: *"If you try to establish a minimal viable product, fully scaled back, you can get to the point where you'll take what's being tested and suddenly...the people who are going to be using it day-to-day get ahold of it and say, 'this doesn't actually help us and still leaves us with a lot of manual work"*

> **What to consider:** Ensure applicable testing sequences always have a corresponding sense-check with their real-world applications, whether that's data validation, process optimization or workflow management.

Mistakes to avoid:

- ✓ Not including key tactical delivery stakeholders during early project phases

- ✓ Limiting your integration to save time or money

- ✓ Starting a project without a full data audit and technical feasibility test

- ✓ Not phasing your project rollout by priority locations and/or payroll complexities

- ✓ Only testing in theoretical environments

- ✓ Not deploying strong change management protocols from day zero

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CORRECTING A POOR HCM INTEGRATION

From misfiring data to misaligned processes, there are countless ways an HCM-payroll integration can run astray without the right expertise in place. And while there are common pitfalls to avoid reaching that point, there are also ways to correct an HCM integration that's already gone awry.

While Epicenter's David Docherty, TopBloc's Juan Pujol, and CloudPay's Bill Chiari were all keen to underline that they don't deliver poor integrations – but have solved a fair few – if you do encounter one from another supplier: identify the source of the problem(s) using the data you have available to you.

Dive into the data

"If you have an integration that's performing badly, you have to look at the data," explains Docherty. *"Try to catch the errors as early as possible in the data flow. The best place to prevent data issues is at the point of entry in your HCM. If you can catch it at the data entry point, that's the ideal situation because you're catching it before the HR staff has even submitted it, so you can fix it there and then. The second best place to catch the error is in the interface itself... because it will stop the record from going to the target system and being rejected."*

However, as Docherty goes on to explain: *"It might not be the integration itself that's at fault; the answer could lie in many places. It could be in the HCM setup. It could be poor process flow. It could be that there are some fields that are mandatory in the payroll and not the HCM system. Either way, you can use that intel to improve the processes and the data entry procedures; you can train your HR people to enter data better; and you can also leverage your HCM functionality to guide users with data entry that may not be intuitive."*

"If you have an integration that's performing badly, you have to look at the data."

David Docherty, Chief Commercial Officer, Epicenter

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CORRECTING A POOR HCM INTEGRATION

Find it. Test it. Document it.

TopBloc's Pujol validates Docherty's recommendation of a data-first approach to identify issues, with the need for rigorous testing to subsequently address the 'why' of the problem: *"Stage everything you can imagine related to the scenario, and make sure the sequencing is correct between your systems. Methodology-wise, you want to take your scenario and negatively test every kind of way those things could fail.*

"Test that it fails on everything you'd expect it to fail on. Test the positive tests; test it on a test server…get another pair of eyes on it…get sign-off, and then thoroughly document what changes were made to get the test transactions approved. From there, move it into your production environment and monitor it intensely over the next week as it goes live."

> Correcting a poor integration may not require a full rip-and-replace – but it will require diligent data investigation. Trace the source of your priority problems, test and test again. Combine internal process expertise with your third party partners' system experience to implement and document corrections – and monitor closely as you move through the correction process.

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INTEGRATION IN ACTION:
A VISA CASE STUDY

Hindered by manual processes and complex workflows, Visa Europe needed an efficient, integrated solution to unify their payroll and HCM systems. Their goals? To standardize data and replace manual workflows, while bringing greater visibility into global payroll processing, with a full audit trail to support compliance.

With over 3,500 employees spanning 28 countries, Visa already had Workday's HCM system fully implemented. However, they remained reliant on manual interventions while handling their HCM and payroll separately.

"With CloudPay, we introduced an automated, efficient, end-to-end process – from information upload through employee pay. This process is less error-prone, fully auditable and, most importantly, accurate."

VP of EMEA Payroll, Visa Europe

The challenge

With many international companies involved in Visa Europe's operations, managing payroll meant navigating multiple processes, expectations and requirements – complete with manual processes included throughout.

Visa Europe wanted to champion a seamless integration between their HR and payroll systems to achieve accurate, secure data management and processing. Understanding the need, the company partnered with Workday and CloudPay to re-imagine and re-engineer their HR and payroll processes.

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INTEGRATION IN ACTION: A VISA CASE STUDY

The solution

Together, Visa Europe, Workday, and CloudPay devised a project plan to eliminate manual processes and data hand-offs between HR and payroll. The entire process was redesigned to be less error-prone, fully auditable, and accurate.

How it worked...

CloudPay's certified Workday integration enabled payroll data to be transferred directly from the Workday platform into the CloudPay global payroll system.

Automated workflows delivered an end-to-end process, from information upload to employee salary payment.

Real-time, rigorous compliance controls and a complete audit trail were automated and integrated.

Country-specific project plans allowed Visa Europe to meet its scheduled delivery dates through coordinated team activity.

Results:

Today, all of Visa Europe's payroll data is authorized and validated through APIs and algorithms, then automatically processed with minimal manual intervention and a full audit trail.

The company now has greater payments visibility and comprehensive, automated financial reporting across the region – and became the first company in Europe to deliver Workday's certified payslip interface for multiple countries.

Most importantly? Visa Europe's HR and payroll functions are now fully integrated to support the company's future goals.

Integrated payroll & HCM systems

Automated payroll workflows

$250k in savings on payroll vendors, processing, and software

$180k in savings by implementing Workday certified connectors

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GETTING HCM INTEGRATION RIGHT: KEY TAKEAWAYS

As businesses scale and companies continue to globalize their workforce, the processes and technology needed to keep pace with managing the increasing demands of payroll, HR and the wider employee experience are no longer nice-to-haves – they're business-critical.

For today's payroll leaders, integrating HCM and payroll technology is about more than simply streamlining systems. It's about building the foundations for future growth and elevating technology to match the needs of the business and the people it serves. With great HCM-payroll integration, payroll leaders can unify payroll processes with HR services to deliver an employee pay experience and pay opportunity that is not only fast, flexible and certain – but one that turns pay from an operational function into a truly competitive advantage.

Be clear with your outcomes

What problems are you looking to solve by integrating your payroll and HCM systems? From people and processes to standardization and scalability, get clear on your outcomes and define what success needs to look like, before sourcing partnerships.

Conduct pre-project data validation and technical feasibility tests

Work with experienced providers who can map your current HCM and payroll data-system functionalities, to get clarity on integration requirements and priorities.

Define priority rollout phases

Define which locations and/or departments will be prioritized in your initial integration phases. Consider country-specific headcount and payroll complexity to help inform decisions, and action those deemed most critical to both payroll and the business.

Define your ROI

Any HCM-payroll integration project will cost time and money, but measuring its ROI goes beyond just the integration project timeline. Consider the additional value unlocked in your HCM system and what other areas will benefit from a successful integration.

# GETTING HCM INTEGRATION RIGHT: KEY TAKEAWAYS

Bonus tips

Introduce your partners: From HCM and system integrators, to payroll vendors and project teams – take the time to introduce roles and expectations of how everyone should work together. Don't forget to consider public holidays and vacations, and factor in coverage plans for key stakeholders as needed. Avoid gaps by working collaboratively from the get-go.

Plan internally: Your chosen vendor will have a project plan aligned to their deliverables for you, the customer. However, ensure you have your own project management resources mapped out to coordinate internal teams and stay true to your own resource requirements.

Get clear on the critical path: While timelines change and non-critical deadlines can move, be sure your team is aware of critical path deliverables across the project. Highlight the non-negotiables when it comes to dates and deliverables that could impact your target go-live.

"Roadmapping is critical for ROI. Know where you're starting rom, what the CloudPay platform is a solution for, and what headaches it's going to relieve – and how you can deepen that relationship between your HCM system and the CloudPay platform so that the final integration handles all your payroll needs."

Juan Pujol, VP Integrations, TopBloc
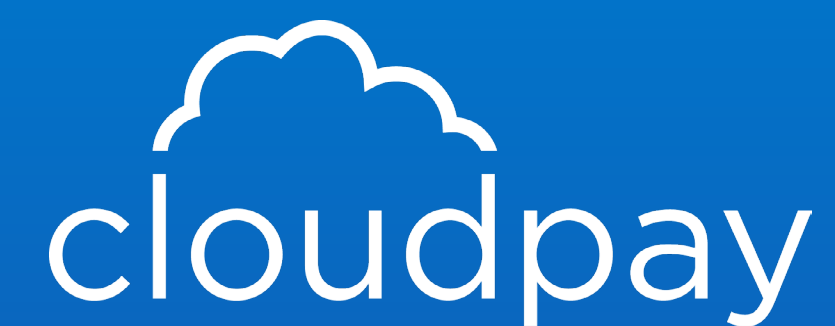
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Discover how we can help unify your payroll technology and processes across 130+ countries:

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Thank you to our partners that contributed to this guide.

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