

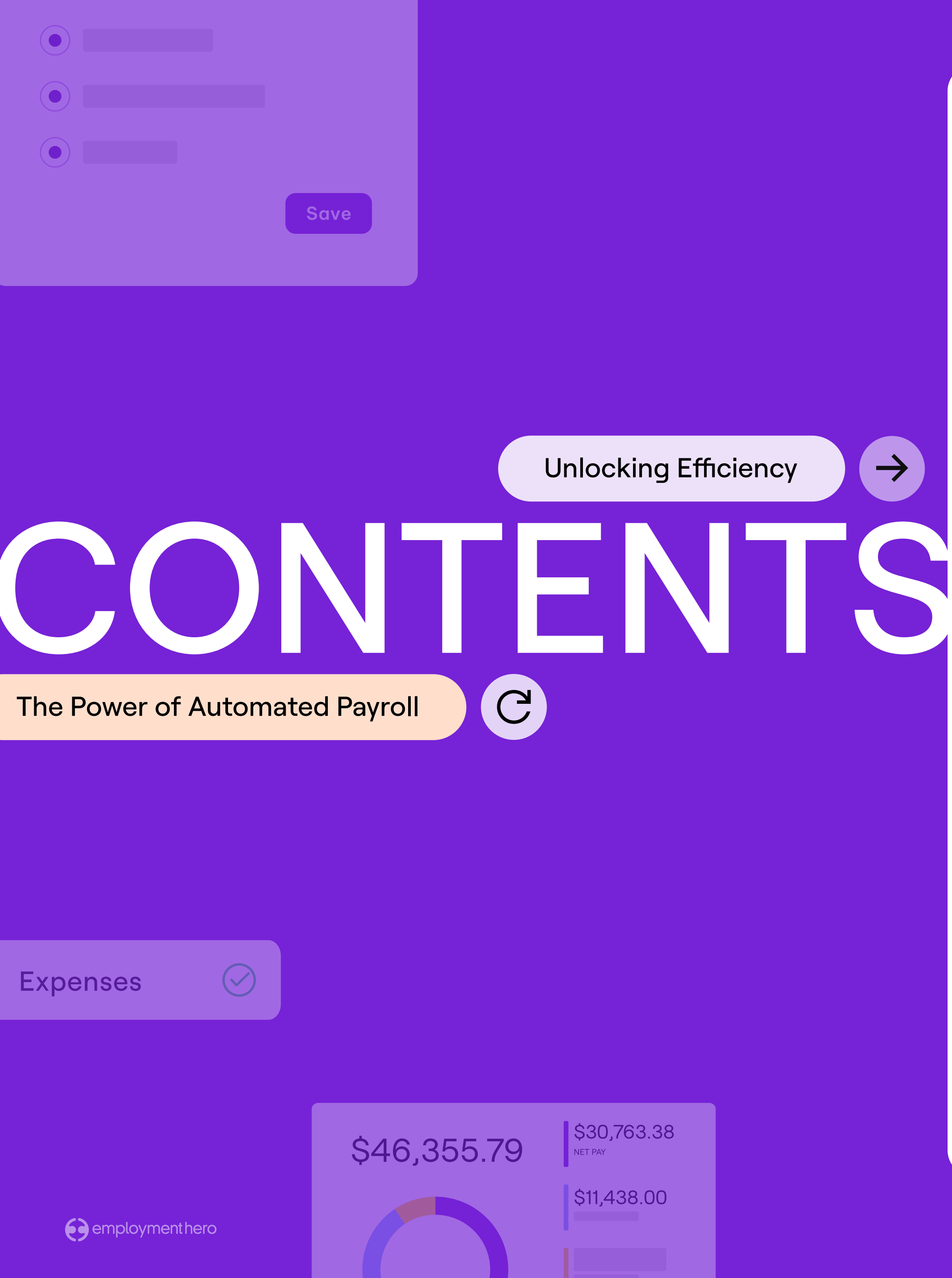
 Review Data

THE POWER OF AUTOMATED PAYROLL

Approve Pay Run

Send Payslips

 28 Employees Paid



Introduction	3
Key Findings	4
01: The current landscape	5
02: AI and automation in the payroll industry	9
03: Challenges and concerns	17
04: Identifying best practices	24
Conclusions	32
Methodology and sample profile	33
Streamline your payroll operations with Employment Hero	35

Disclaimer: The information in this report is current as at 20th May 2024, and has been prepared by Employment Hero Pty Ltd (ABN 11 160 047 709) and its related bodies corporate (Employment Hero). The views expressed in this report are general information only, are provided in good faith to assist employers and their employees, and should not be relied on as professional advice. The Information is based on data supplied by third parties. While such data is believed to be accurate, it has not been independently verified and no warranties are given that it is complete, accurate, up to date or fit for the purpose for which it is required. Employment Hero does not accept responsibility for any inaccuracy in such data and is not liable for any loss or damages arising either directly or indirectly as a result of reliance on, use of or inability to use any information provided in this report. You should undertake your own research and to seek professional advice before making any decisions or relying on the information in this report.

INTRODUCTION

Have you ever thought about what processing payroll might look like in 5, 10, 20 years time?

It's an interesting thought, and one that's actually transforming right now. Advancements in technology and artificial intelligence (AI) are altering the way software vendors are bringing payroll products to market. It's changing end-user expectations and influencing how third parties, such as accountants and outsourced payroll providers, offer their services.

You've read and heard it all before – this technology is here to help us move into more advisory and strategic roles, but a lot of payroll providers aren't there just yet. While many payroll providers have automated a portion of their payroll processes, more can be done to unlock new efficiencies and drive even greater growth.

However, the increasing automation of payroll processes raises critical questions about the future of the industry and the types of products that will be in demand. It also prompts us to consider who will be using payroll software in this new landscape. How will AI and automation affect payroll, and the roles of those who incorporate payroll services into their offering? And what is the overall sentiment towards the use of automation tools for payroll services in Australia and New Zealand?

With this shift in the payroll industry currently happening, we're diving into the various facets of automation within payroll management, exploring its potential to change traditional practices and transform the way payroll is processed.

We know you have plenty of questions waiting to be answered, which is why we set out to further understand the current landscape and sentiments of payroll providers. We surveyed more than 1000 payroll professionals across Australia and New Zealand in February 2024, and our findings revealed that there is a clear appetite for automation and AI in payroll. However, it emphasises the need to educate payroll professionals and businesses on the tools available to them, and how to maximise the application and potential benefits of these tools.

The prevailing sentiment among payroll providers is similar across Australia and New Zealand, with the majority (**81%** in Australia and **73%** in New Zealand) believing that AI and automation use will increase in their organisation over the next 12 months. The thought of being able to cut down payroll processing time through AI and automation is also appealing to them.

We hope the insights presented in this report serve as reassurance or guidance in helping you to streamline your payroll operations.</

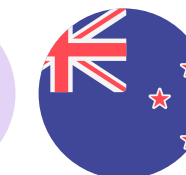
KEY FINDINGS

AUSTRALIA



- **73%** of Australian pay runs take longer than a day, with **95%** taking up to 3 days to complete
- **89%** of payroll professionals would like to cut down payroll processing times with AI and automation
- **81%** of respondents believe AI and automation use will increase in their organisation over the next 12 months

NEW ZEALAND



- A staggering **84%** of New Zealand pay runs take longer than a day, with **92%** taking up to 3 days to complete
- **79%** of payroll professionals would like to cut down payroll processing times with AI and automation
- **73%** of respondents believe AI and automation use will increase in their organisation over the next 12 months

Despite the increase in technological advancements, certain trends and attitudes appear to remain unchanged. However, for others, the writing's on the wall – payroll professionals are tired of the manual, time-consuming nature of processing pay runs and the admin that comes with it.

Put simply, there's a clear desire to automate processes with the help of AI, not only to help speed up pay runs and reduce manual admin, but to also improve professional development.

Payroll processing is a time-consuming task

It's no secret that payroll is a complex and time-consuming process for businesses. From changing legislation and repetitive manual tasks, to the back and forth on employee hours, expenses and leave management, there's a lot to manage for just a single pay run.

So much so that **73%** of Australian pay runs take longer than one day, with **95%** taking up to 3 days to complete.

If we take a look at New Zealand, it takes even longer to process a pay run. A staggering **84%** of New Zealand pay runs take longer than a day, with **92%** taking up to 3 days to complete.

Not only does the time-consuming nature of payroll become a tedious task, but it also takes time away from working on more strategic work.

”

Payroll can take an unexpectedly long time to process due to various factors such as incomplete information, a high turnover of staff, catering for different shifts or other anomalies. Adopting an end-to-end payroll solution that automates the collection of information, and the processing of rosters and timesheets, could significantly reduce payroll processing time.

– Heather Smith, Chartered Accountant

There's payroll pain around current manual processes

Australian and New Zealand payroll professionals are becoming increasingly more frustrated with the current manual processes they endure every pay run.



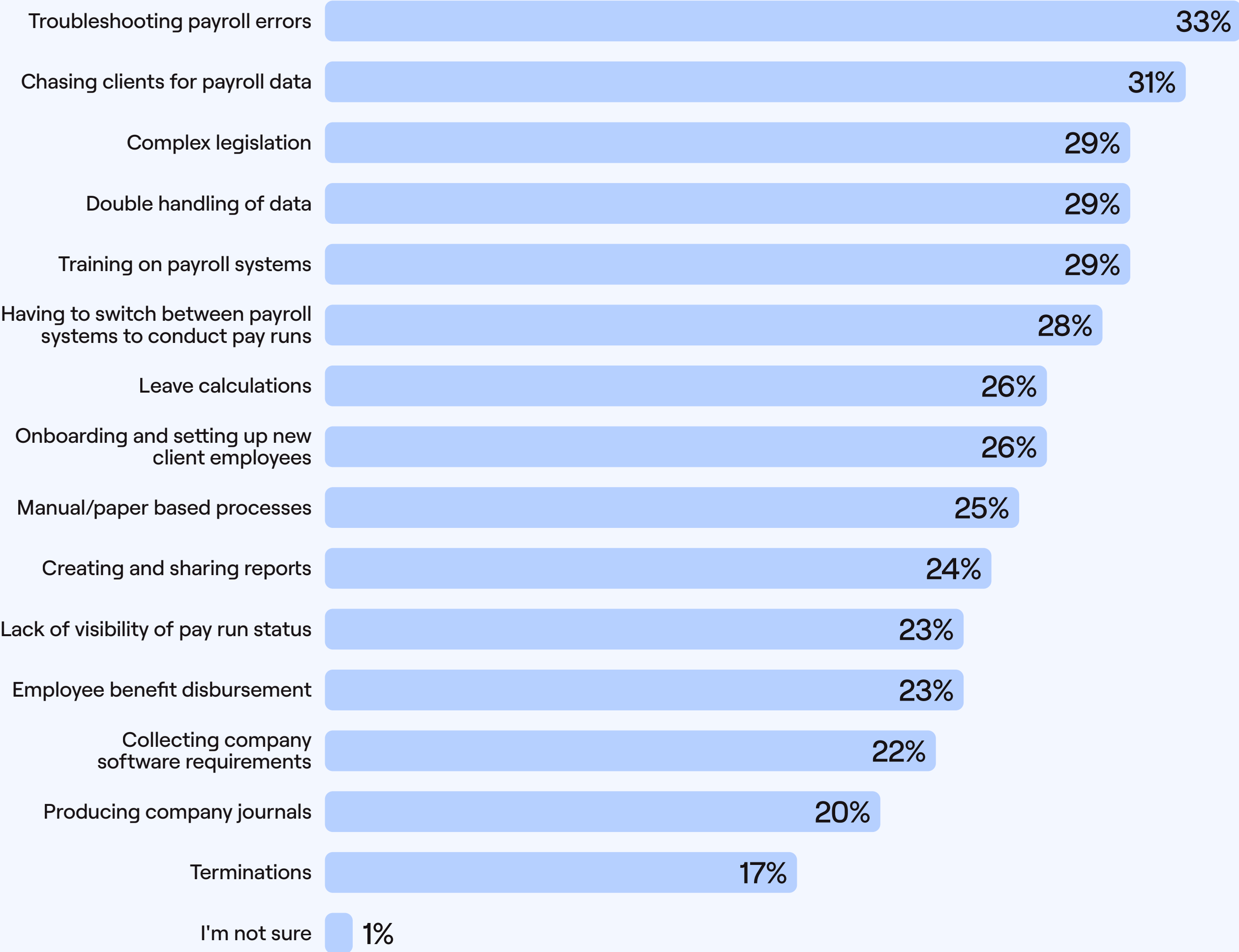
Our payroll legislation in Australia, while complex, does not in my opinion solely contribute to the big payroll time wasters. I believe it has to do with inefficient workflow practices, organisations not leveraging the software and not investing in HR and payroll systems that will enable a better user experience for staff, management, and the payroll team.

– Liette Calleja, Business Depot



Thinking about the way you currently manage payroll services for your clients, what are your top challenges?*

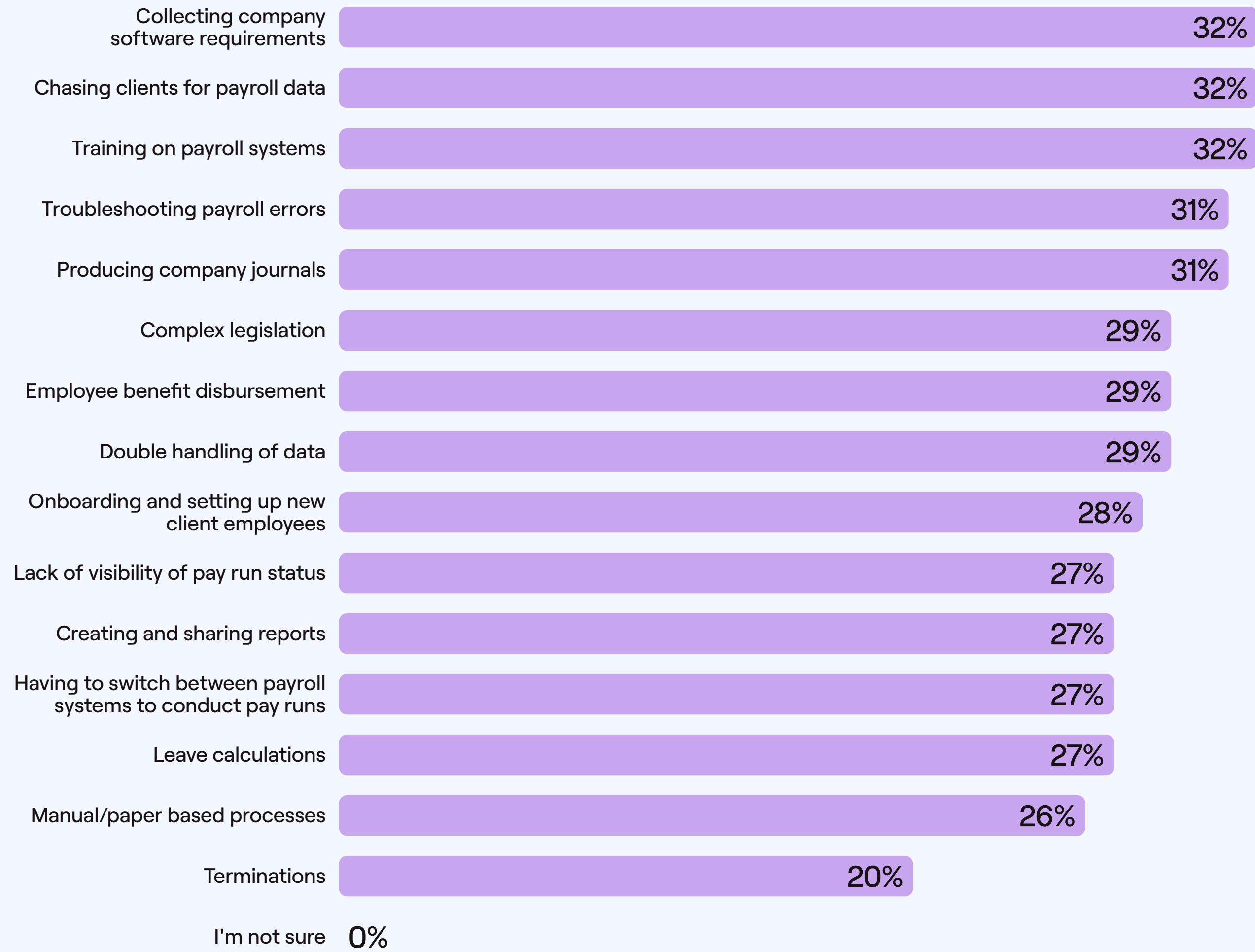
AUSTRALIA





Thinking about the way you currently manage payroll services for your clients, what are your top challenges?*

NEW ZEALAND



*Note: Respondents could select more than 1 option

From chasing people for payroll data, to troubleshooting payroll errors or navigating complex legislation, it's an ongoing headache come payroll time – and Lievelette agrees.



There are several reasons that hinder the delivery of payroll. Some of my own personal experiences are managers not approving timesheets on time, and payroll is then tasked with chasing them to approve. Another tricky area is managing timesheets, especially when employees forget to clock in or out.

Payroll professionals predict that their usage of AI will increase

Artificial intelligence (AI) is changing the world, offering us new ways to work and live. The technology is no longer the pipe dreams of science fiction – with the growth of intelligent chatbots and AI-powered software, there's now a ton of options coming on the market every day.

For payroll professionals, this is a golden opportunity to try something new. Ditch the tedious daily admin and find different ways to automate your ways of working.

According to the [Australian Payroll Association](#), payroll professionals spend on average **11.9 hours** per week on manual tasks. This finding shows that automation and process improvement allows additional time for teams to build relationships and focus on more strategic work – all while revolutionising the way they complete payroll. It's an exciting time for the payroll space and one that will only continue to develop and transform over the next few years.

In Australia, **81%** of respondents believe AI and automation use will increase in their organisation over the next 12 months. Most of them expect it to take a paced approach, with **50%** saying that it'll somewhat increase and **31%** believing it'll increase significantly.



Thinking about the next 12 months, will the use of AI and automation in your organisation...

AUSTRALIA



NEW ZEALAND



Australia New Zealand

