Workday to 3rd Party Payroll Integrations

June 2015
The Payroll Integration Challenge

Payroll Providers routinely discover that feeding employee data from Workday HR to Payroll is the primary obstacle standing in the way of a successful and punctual Payroll implementation. Even if the Payroll Provider is not directly responsible for building the integrations from Workday HR, their mission is adversely affected. Further, it is rare that a customer has the internal expertise to build, or assist the Payroll Provider in building, these required integrations.

Advising customers to appropriately plan and fund Workday to 3rd party payroll integrations will reduce risk and help ensure the Payroll implementation stays on track.

It is hard to find the resources qualified to develop these integrations. The Workday implementation partner may no longer be available, or may be too expensive to re-engage for a relatively small integration project.

Intecrowd, a Workday partner, is focused on building Workday to 3rd party payroll integrations and helping to keep projects on track.

Current Situation

We are in the middle of a major technology shift in the Human Capital Management (HCM) market. The emergence and maturity of Cloud-Based Enterprise Software as a Service (SaaS) applications has caused a new wave of investment in system consolidation, replacement, and upgrades. The broader market for SaaS solutions is rapidly growing, with IDC estimating a compound annual growth rate of 24% from $23 billion in 2011 to $67 billion in 2016. These new applications are faster to implement, have lower cost of ownership, and a greatly improved user experience. These include SalesForce.com, SuccessFactors, Cornerstone-On-Demand, Taleo, and Workday. Workday has become a popular choice for HCM software and is now replacing PeopleSoft, Oracle EBS, and SAP in some of the largest global companies, and currently has more than 700 customers. This new generation of technology, and the logistics and expertise required to move to these new platforms, generates profound challenges that customers and providers struggle to resolve. Intecrowd, with experience on some of the largest and most complex Workday implementations to date, is uniquely positioned to help large, global companies solve these challenges.
Why do companies choose Workday?

**Why is HCM to Payroll integration so challenging?**

It’s a Timing Problem

As global companies transform, automate, and consolidate operations, consolidating HCM and Payroll is usually near the top of the list.

Here’s a common scenario: A company selects Workday as their new HCM platform and funds a project to consolidate all legacy HCM systems to a single instance of Workday. They hire a Workday Partner: Deloitte, IBM, Accenture, Appirio, etc. to deploy Workday. Typically, this happens before a payroll consolidation project occurs.

As the integration proceeds, this lack of payroll consolidation raises challenges:

- **Scope Management** — The most common source of problems is the scope creep that happens when project teams expose questions related to data management across multiple systems.
  - How will we keep HCM and payroll in sync?
  - Do we integrate Workday HCM with ALL of our payroll systems? We have dozens of them.
  - Should we consolidate payroll at the same time?
  - How can we consolidate HCM without consolidating payroll?

As project teams and steering committees grapple with these questions, they often fall into the trap of expanding the scope of HCM and taking on payroll consolidation at the same time. The questions expand:

- What about my Time and Labor systems?
- What about consolidating PTO?
- What about Active Directory (AD) integrations? We have several ADs, should we consolidate those as well?
- What about rationalizing my cost center codes?

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*Source: Towers Watson survey of 628 companies that currently use Workday or plan to. Percentages reflect survey participants who rated criteria among the top three reasons for choosing Workday.*
What about rationalizing my job titles?

Solving these problems often requires organizational transformation and standing up shared service centers. Taking on organizational transformation as part of a technology project is a big deal. Most IT/HRIS teams are not equipped, funded, or have the knowledge to take on this type of challenge. Cost and schedules quickly get out of control.

Many projects have started and failed because scope was not effectively managed.

It is good practice to break up the problem, and not take on everything at once. Well thought out strategies often sequence HCM consolidation separately and ahead of payroll consolidation.

- **Multiple Integrations** – Each new system or system upgrade can ‘break’ the integrations already in place.

- **Budgets** – Enterprise System Consolidations are expensive. Getting budgets approved is hard enough for individual projects, but asking for funding for multiple projects at the same time is risky and harder to get approved. A smarter strategy is to break up the problem into individual projects, which can be executed successfully, and establishing a successful track record. Senior leaders will be more inclined to fund the next project when they see success.

- **Data Management** – HR Data is created and managed up-stream from Payroll. The hiring process, gathering demographic data, organizational data, employee profiles, etc. all happen in the HR function. It is true that some organizations do not distinguish between HR systems and Payroll systems, or they use their Payroll system as the employee system of record. However, most contemporary organizations place employee data in the responsibility of HR, and this data is fed to payroll. Based on this
When HCM projects happen ahead of payroll consolidation, the Workday Implementation Partners come in and build integrations between HCM and Payroll, etc. They do a good job, then move on to other projects and customers. When the payroll consolidation project kicks off, the Implementation partner is long gone. This leaves the customer, with limited understanding of Workday integrations, and the Payroll Provider to develop solutions and modifications to Workday for Payroll Integrations.

Where’s My Big Data Analytics?

The promise of integrated analytics, with actionable insights is at the core of most HCM and related system consolidation business cases. The dream of executive self-service to Big Data Analytics for real-time insights is now possible. Workday Analytics are part of the core application, driven from the source data.

The visualizations are impressive and easy to navigate. Leaders can easily drill down and apply filters to see the exact data they need for making fact-based business decisions. As project teams get into the grind of the real project work and issues, decisions are often made that shortchange the power of Big Data and the promise to leadership. Some examples include:

- “We are going to build the Workday to Payroll integrations in phase two, so we can keep the main project on schedule…”
- “We don’t have the time to rationalize our global job codes on this project, we will have to do that later…”
- “We are going to use our existing data warehousing solution to manage data between systems…”

The result of these decisions:

- Data integrity issues caused by payroll and Workday getting out of sync. Because payroll is so time-sensitive, when people are “too busy” to maintain HCM data, the decision is made to manually update payroll first, “so we can get the new hire into this payroll run,” etc. Transfers, promotions, termination, etc. all fall into this trap, and soon there are multiple entries and large discrepancies between HCM and payroll.
- Once data is out of sync, business operations dependent on employee information (for example salaries, benefits,
• Inaccurate data in Workday results in inaccurate analytics and misinformation, leading to a lack of trust and a skepticism of data and insights.

Automation of data feeds between systems, particularly between HCM and payroll, is critical in avoiding the breakdown of analytics.

About Workday
Founded in 2005, Workday is leading a major transformation with their multi-tenant cloud-based Human Capital Management and Financial Management applications. They provide substantial implementation and upgrade cost savings and efficiencies relative to on-premises providers. With an estimated 20,000+ worldwide enterprises large enough to be potential Workday customers and fewer than 1,000 HCM customers and approximately 100 FM customers at present, Workday is growing very rapidly and the Workday partner companies providing implementation services are struggling to find and retain enough consultants to provide basic services.

Jason Maynard, an analyst at Wells Fargo, noted that Workday’s biggest challenge is distribution,

“We have argued that Workday’s biggest impediment to further growth is distribution. We believe the company has been successfully lining up additional systems integrator partners to rectify that problem. We have heard of many current partners that are expanding their organizations to satisfy increased customer demand. Leading global SI partners of Workday include: Accenture, IBM, PWC, and Wipro.”

The Workday Ecosystem
Workday has produced a very tightknit community comprised of Workday Employees, Certified Partners (e.g. Accenture, IBM, Deloitte, Appirio etc.), and customers. Workday tightly controls their partner network and for the past two years have admitted almost no new partners. This has produced a shortage of qualified professionals to support implementation work and on-going support.

Challenges to ROI
Let’s look at some of the challenges that can reduce the return on investment in this new generation of enterprise software.
1. **No integration between HCM and payroll** - Employee Data Management between Workday HCM and payroll is not automated. HR enters employee data into Workday (i.e. hires, transfers, job changes, promotions, terminations, etc.) then the payroll team manually enters the same data into the payroll system. This introduces data integrity issues, duplicates labor and causes delays. This situation is common when companies are using a Third-Party Payroll Provider like ADP, NGA, Cloudpay etc. with Workday, which is a necessity for companies operating outside the US (as Workday has very limited Payroll coverage outside the US). These issues can cause errors in payroll accuracy – a major concern for leadership. Nothing will harm leadership credibility and the morale of employees faster than delays and inaccuracies in payroll.

2. **Difficulty developing automated data feeds** – Using Workday connectors for payroll and developing new integrations requires a unique skillset. Workday Studio integrations are developed in the cloud, Extract Transform Load (ETL) is handled on the fly with no intermediate data stores, and Workday uses an object oriented data architecture. Existing IT teams have limited resources and often do not have the specific skills required to develop integrations in this environment. This causes delays, which puts project/business leaders in a situation requiring them to choose between delaying a “go-live”, or going live without automated data feeds.

3. **No Maintenance Strategy for Integrations** - HCM and payroll consolidation projects do not occur simultaneously. A common scenario is for a decentralized company to invest in a global HCM consolidation strategy. Often these projects are too complex to tackle payroll consolidation at the same time, so HCM goes first. The team may build integrations between HCM and existing Third-party payroll system, but the funding and the implementation project team are gone before the payroll consolidation occurs. This leaves a capability gap with the HRIS/IT teams who are maintaining the HCM and payroll systems. This lack of planning causes delays in payroll consolidation projects, which are not the fault of the Payroll Providers, nor the fault of the HCM integrators brought on to implement the HCM. It is caused by the timing of the projects, limited resources and lack of planning.

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**Intecrowd is Positioned to Help**

Intecrowd’s core competency is Workday to Third-Party Payroll Integrations. Our leaders have experienced these breakdowns, and have collaborated with many companies who have shared their experiences and frustrations. We have worked on dozens of projects focused on resolving these issues, and we have the skills and experience to help you anticipate and solve these problems.

www.intecrowd.com
The tier 1 Workday Implementation Partners have to focus on everything from HCM strategy, analysis, design, application configuration, change management, testing, training, communications AND integrations. Although we have lived through and successfully executed all of these implementation phases, Intecrowd is focusing on being the best in the world at one thing: **Workday to Payroll Integrations**. We recruit, train, certify our talent, and develop our practices and processes with this one aim in mind: **Powerful, well thought out, well developed, well deployed and well maintained Integrations**.

**How Intecrowd Makes a Difference**

Our integrations:

- Focus on delivering HCM to Payroll Integrations that ensure employees are paid accurately and on-time after go-live
- Improve data quality for transactions, reporting and analytics
- Achieve faster implementations and successful “go-live” of new payroll systems and payroll consolidations
- Reduce manual transactional work of data entry, reducing cost and increasing efficiency
- Increase employee satisfaction through accurate data for correct and timely pay checks and accurate HR employee transactions
- Offer better value realization of investments in HCM and payroll systems
- Focus on leveraging the power of automation and data analytics to drive business

**About Intecrowd**

Intecrowd is the only Workday services partner focused exclusively on payroll integration. We design and deploy payroll integrations that keep your business running. Our team has years of payroll functional and Workday technical expertise and our consultants have supported many successful deployments. Our expertise allows us to determine the most efficient integration designs and rapid deployment strategies. We develop maintainable solutions and provide support for integration testing and updates for new Workday releases.
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