

Speaker 1:

Welcome to PayTalk, the podcast for payroll professionals, with your host, Nina Talley. In the podcast, we explore the human side of payroll by speaking with global industry leaders who provide their unique insights to help listeners better understand the issues important to them and their careers.

Nina Talley:

Hey everyone, thanks for joining us for PayTalk, the podcast that brings you payroll's human side. I'm your host, Nina Talley, and joining us today is Bruce van Wyk, CEO of Global SaaS at PaySpace.

Today, we're talking about the truth of global payroll. And since we began this podcast in 2020, we've talked a lot about global payroll. We've heard about tax regulations, global nightmares, the unique technologies being used by payrollers all over the world to manage payroll for distributed teams. But the reality of it is that the idealized dream of a single platform, global payroll technology and services combined is only just beginning to materialize. This marriage of service models and unified platforms are going to massively influence global payroll operations easily into the next decade. So we've asked Bruce to join us to give our listeners some insight or insight as to what they can expect from this new evolution coming in global payroll. But before we get started, Bruce, could you give our listeners a little bit of background into your experience in the payroll industry?

Bruce van Wyk:

Yeah, Nina, thanks very much for having me on the show. Really good to be here. Look, nobody chooses payroll, right? So my experience was falling into this really interesting industry back in the early 2000s, seeing a couple of gaps with regards to the inefficiencies in the processing of payroll, lack of access to information, et cetera. And that's really why we got started with PaySpace was to address all of those. We were fortunate enough to have the advent of the internet, which helped us to position differently, and that's really where our story began. So yeah, I'm one of the co-founders of PaySpace. I've been architecting global payroll systems from a technology and services perspective for the last 22 plus years. So thanks for having me.

Nina Talley:

Yes. And thank you so much again for joining us. I know that you have a lot of valuable insight for our listeners. And I think probably the most valuable information that we can start with is let's talk about the big problem headaches that currently exist in global payroll, likely due to this lack of marriage between services and technology and how we're going to begin to see those resolved in the coming years through this new application.

Bruce van Wyk:

Yeah, Nina. So look, it all starts with the fact that we've obviously got 195 countries around the world, each with their own legislation from easy to mid to extremely complex. So that's where the problem really starts from a global payroll perspective in delivering to being compliant and ensuring that customers can pay correctly, submit what they need to. So that's where it starts. The issue with global payroll has been, has there been an appetite or return on investment to actually deliver on that if you have the workforce where that needs to transpire to actually get your employees paid? So that's where it all started.

And unfortunately, what you've seen over the last 30 to 35 years has been that because of the scale of the countries, the scale of the complexity, you have had a really fragmented solution for customers out

there in the world. And there's a question that's being asked right now which is, is payroll truly global? And the answer there is going to be yes and no. It's certainly yes from a services perspective, so on that marriage side that you're referring to, the one side services, yes. Some people are delivering on that, but the way that it is being done is the challenge as to why it, in our opinion, is not efficient, can be a lot better, and that's really where it's going to.

From a tech perspective though, the answer is no. It hasn't been done in the advent of the world to date. And that's really where the exciting opportunity sits. That no is moving towards a yes very quickly. And that's really the exciting part around the future is that truly global payroll is going to exist from both the services and tech perspective, and that's the differentiator.

Nina Talley:

And I want to sort of touch on, how do you think that this evolution reflects broader changes in the culture of how businesses are going to operate globally and how can our listeners use that shift to further their careers?

Bruce van Wyk:

Yeah, so look, I think the massive change, global payroll is kind of moving towards that, right? Global payroll, more countries with modernization in economies, but COVID fast-tracked that. That's the simplicity of it.

Nina Talley:

That's very true.

Bruce van Wyk:

Yeah. And where previously it was enterprise businesses that had the requirements, had big workforces around the globe with different pockets all over, but COVID all of a sudden changed that to where that was also now something that smaller businesses could have a look at, were forced to have a look at doing that. And it was driven all around saying, look, I still need to operate on the one side, but all of a sudden I can tap into talent around the globe. And by tapping into talent, I need to obviously be able to get those people compliantly paid wherever they may be sitting. And in that sat the opportunity. So it's fast-tracked it across all sectors, scales, size of business.

And really, so where does that shift with regards to career opportunity? Well, first and foremost in the payroll industry itself, it's around people who have experience and knowledge of multi-country legislation in the payroll area because that's a lot more complex and in-depth than typically some of the lighter touch requirements in payroll. So that certainly is hugely exciting for somebody that's in the payroll industry. I alluded it to in the beginning, which is a lot of people don't choose payroll. You end up here. And when you start to have multi-country footprinted experience and exposure, that becomes powerful and that has just fast-tracked itself, as I say, because of the COVID situation.

Nina Talley:

I completely agree with that, and you're right. It was already happening. And then 2020 hit and we all began to realize how much fast-tracking really needed to happen for globalization. But I think I want to hear about what was the hurdle. What was the biggest hurdle into the realization of this sort of idealized version of global payroll and why are we able to overcome this at this point?

Bruce van Wyk:

So it's really a two-pronged approach there, Nina. The first is technologically, the way that systems had been architected over the last 30 plus years have been very similar globally, and there just wasn't really technology that people could architect in a fashion and framework that was going to deliver powerfully on being able to do this easily. And then when you layer on top the second one, which is probably bigger influencer, which is return on investment. A lot of the bigger vendors never found it worthwhile, quite frankly, to go and firstly configure and localize all of the countries, because you've got the one big cost factor, which is to do that upfront, but then you have an ongoing maintenance aspect, which is obviously huge. We all know in the payroll industry that legislation is changing all the time. And because of that, you've got the maintenance factor. So when you then start to look at that, do people vendor-wise really get return on investment?

And the third kind of pillar that runs off those front running two would then be the price point of what we call SaaS payroll services, which is a self-service approach. And I'll get a little bit, I'm sure into a couple of the others, which is like the employee of record now and global payroll from a managed perspective. But that price point is quite low in localized countries because you maybe have a local vendor who has been very willing to obviously just do his or her particular country, but when you start to multiply that, obviously the resource requirements, how you're rolling out, how are you maintaining, how are you keeping abreast of compliance becomes a big challenge. So those three together have largely driven why it hasn't existed before.

How are we overcoming that now? Well, technology is the disruptive reason for that. Without it... And that's why we talk cloud-native payrolls, technologies that facilitate much more efficient ways in processing access to information. And that's really what it has come down to is making the differentiation. And then I'm going to layer onto that on the price point side is when you now have... So employee of record is really version of payroll where people are being employed around the globe, but you don't have to actually go and set up all of the substance and the entities to employ and do all of the administration around it. But those offerings and services are much higher priced for good reason in terms of there's a lot more being delivered for that.

So vendors that play in that space, and this is really where the key comes into place, is a vendor who's in that space being able to demand those price points, really who owns their own technology in the payroll industry, and because that's really where the [inaudible 00:09:28] sit right behind it, that's going to be the player and players that are going to be able to actually truly deliver on both the tech front, which sorts out a lot as well as the services. And where they're actually saying return on investment is good enough for us, yes, because we get the EOR price points as well as being able to offer the software-as-a-service or SaaS ones. And that's why we're living in literally as it's happening in front of us today.

Nina Talley:

And I think that that brings up a really good point that I wanted to talk with you about. While doing some research before you came on, I had done some reading and I've heard some talk about cloud-washed payroll solutions and I absolutely love the term, but can you explain for our listeners what this means and how it relates to global payroll? And then also, if there's anything about it that our listeners should look out for when talking to vendors?

Bruce van Wyk:

And Nina, look, I also really enjoy that word because it just sums it up perfectly. In essence, there was resistance in the early days to adopting cloud technologies first from a knowledge perspective and really

understanding how and why they should be trusted. Can it work in this format? So cloud-washing very simply is where you host a legacy piece of software that traditionally would've been installed on the premises of the customer clients where they had to maintain, operate, implement, adjust and service themselves from that perspective. And that piece of software has now been taken and hosted in the cloud. So it tends to look like it is a cloud solution, but in fact, everything is exactly as it was when it was at your premises. And that's why we come up with that term cloud washing, which is that's being sold and really packaged as cloud, but it's not. That's the bottom line.

And yeah. What I would tell the listeners to look out for there, I've had this question before, is really test the delivery of the service. Who's delivering it? Because in essence, if it was truly cloud, you wouldn't need to have somebody doing backups in the back as you were doing it for yourself. You wouldn't have restrictions to historical information in the payroll world. So there are certainly some standard aspects to look for from a technology perspective.

What I would strongly suggest is look, is if you are asking yourself the question on should I be using cloud or not, I think that's a massive problem. There is no other option which is you should be looking at cloud 100%. It's just about them testing within that from whoever you're evaluating to whether they tick the correct boxes between a cloud-washed solution. And the challenge is it comes very close to looking like a proper cloud-native solution and just test those. There's some standout features. So data privacy, I mean things like certifications, ISO certifications and SOC compliance, et cetera, all of those should just exist if it's truly cloud. And if not, well then ask yourself the question. And I certainly would suggest caution if you're seeing some cloud-washed aspects, lighting up some red flags there.

And also be very careful, and particularly here in the global payroll kind of topic of this cloud-washed element, which is aggregation. Is sometimes you're going to find that there's just a reporting layer which is bringing together the information, but it's bringing disparate, fragmented, cloud-washed data together. And that I would suggest in your global, if you are looking at multi-country global payroll requirements, that that is certainly going to be a standout feature to test. So yeah, we love the word because it [inaudible 00:13:14], but look, obviously hugely focused on knowledge and trying to point that out. So getting up to speed with what that means is going to be useful for a client in their assessments in making decisions for what they should be looking for and using.

Nina Talley:

Here's a scenario for you. Imagine you had to visit six houses just to cook your dinner. One place has the pots and pans, one has the stove, another has the food. You get the idea. Sounds ridiculous, right? Well, the reality is most global businesses operate the same way using six different tools just to pay their global workforce. But now there's one platform offering truly simple, truly global payroll. Today's [sponsor DEEL](#), that's D-E-E-L, deals fully-managed global payroll, lets you pay your entire team in over 100 countries and in over 200 currencies all in one place. So whether you're an enterprise company, a small business or somewhere in between, DEEL is built to meet your unique business needs. With in-house customer success managers, local payroll experts, dedicated points of contact and more, DEEL eliminates third-party handovers and provides unmatched compliance and flexibility. In fact, they'll even help you track and flag the latest changes to payroll regulations before they become an issue. Ready to transform your global payroll system? Click the link in the show notes to book a demo with DEEL today. Again, that's D-E-E-L.

I think it is so interesting how you see companies who were a little bit on the slower end to get on the cloud even though it's been around 20 years or so about this time. But now there is this rapid sort of run up to try and catch up with what everybody else is doing. And there will always be telltale signs that you can look for when you're researching your vendors. But I think that's wonderful insight and it does lead

me into something that... The technology that we're all talking about right now, which is AI. Everybody's talking about our large language models and the algorithms that are sort of shifting the current technology landscape as we know it. And so do you have any insight for us on the systems tech approach, maybe about how incorporating AI into it and how it can enhance delivery or management of global payroll?

Bruce van Wyk:

Yeah, Nina, so a hundred percent there. All the buzz is around the term AI as you've put it correctly. So in the payroll space, I suppose very closely knitted to the cloud-washed concept is I would suggest just being quite careful around where is AI able to function really well in the payroll industry? At this stage, it certainly is just going to grow and grow and grow.

Where we are seeing it right now is typically very useful in the compliance area of payroll. You have various interpretations of legislation around the world, developing markets, ones that are more developed that have readily accessible pieces of legislation. So AI is certainly very useful in being able to digest that information and put our compliance front-runners as such for the teams who are trying to localize. So a lot of movement there that we're seeing in a managed payroll environment or what we call outsourcing, typically being able to get on top of having more of the AI do the interpretation and input of the payroll processing data itself that's coming in from clients, but there's certainly challenges.

There are the nuances of that data and how much of it percentage wise you can actually get right, because at the end of the day, the game's all about compliance. So again, towards that, we are applying it very easily in things like gross to net variances. So just if there's been a fluctuation in pay, why is it? Where is it stemming from? So instead of having humans interpret that, that's where AI can certainly do a very quick and thorough and solid job on that. So yeah, seeing it there, utilizing it there.

And then in the elements of error checking, error handling certainly, which has a bit of a close correlation to the gross to net variance type topic, because trying to spot is there something wrong based on changes that it has picked up. Trend analysis, certainly on the reporting side, being able to put its head in there. And then from a training perspective. Certainly utilization of that in the training area of payroll and HR. So all of those.

And there are a couple of, let's call them departments then within the payroll world for us where we are seeing movements in that, but it is new. We continue to monitor and really analyze how can it better be used. Certainly seeing that those will just scale up, I'd recommend. But interestingly enough, some of the aspects of where we thought it could be useful actually have transpired to not be worth the percentages. So that's really the utilization or the client's customer side of it.

Where we see a huge benefit is in the engineering side, putting the tool sets together. And one of them for instance is in legislation, all of your reporting to the authorities tend to be obviously in very specific formats. And where you're seeing the utilization of AI there and OCR, which is ocular character recognition, in being able to actually interpret these required documents and put them out into a templated format, which our engineers can just align fields to, for instance, to give the compliant reporting back to the authorities.

So that might not be a benefit that's directly being consumed by the end customer, but it certainly is bringing down the cost from a resource team perspective. We can rather have engineers sitting out and localizing countries at a faster pace than having to have a bigger reporting team, for instance. So that's a great example of execution of AI for us.

Nina Talley:

And I'm a big proponent for those sort of utilizations of AI. I think that that's really where the algorithms excel. And it's very exciting to hear about that going on in the backend because I think that that really is where a lot of value with AI sits. We're very into the language modeling right now because it's so novel. It's so novel and it's constantly changing, but the real value is on the backend and that's really wonderful that you're incorporating it in there. And I know that that will definitely intrigue some of our listeners. Particularly, we have some young listeners and we have some Gen Z colleagues and we have some Gen Z listeners who I have heard from them, are getting weary of some of these older, ingrained global payroll processes of just, well, this is how it's done. So how does this appeal to the younger generation of hires that top payroll teams are hoping to attract?

Bruce van Wyk:

Yeah, Nina, I think it's... I'm like internally chuckling to myself on that because I think it's been one of the biggest challenges in the payroll industry as a whole, which is what I really term as the passing of the baton from these old processes. And quite frankly, that's why our business exists for this exact reason, is we identified all of these legacy approaches, inefficient ways, and the opportunity sits exactly there, which is it's all modernized. That's the bottom line. So with the modernization, it fits with the Gen Z approach, wanting latest, greatest, delivering... We don't want inefficiencies. And there are a lot of movements in the global space from vendors who are architecting or busy trying to adjust to that where it is all literally about the latest technology. And building these tool sets using frameworks that are modernized, as I say, more orientated. Even the user interfaces all have to comply with what is simple, quick, easy to use.

And within that, top payroll teams are really identifying and put it down to one thing, which is accept the change. The change has happened, it is happening, and the ones who are aligned with that that, I'm happy to see change and go with it. It may not be perfect out the gates, but those are the ones that I foresee will be attracting the talent and that the talent will be wanting to go to because there's a merging of the same minds there.

Yeah, and frankly put, a lot of the payroll industry veterans are at the end of their careers, and that's why I refer to it as changing of the guard really, and that's all. But you don't know where you're going if you don't know where you came from in the industry. So knowing what those challenges are with regards to those legacy platforms as I've spoken to on the show now will help the future generation in being able to architect correctly to deliver on this massive challenge that we do sit, with the 195 countries and all their different requirements.

Nina Talley:

I completely agree with that. And talking a little bit about the passing of the baton, I think that that's wonderful because A, it means a generation of payrollers did their work and they're ready. They're ready for that long vacation on the beach. But it also means that a lot of things are sort of shifting, and that can also be in priorities about sustainability and social responsibility. There's a lot of changes going on in departments as to how we're focusing on that. And I would love to explore the ways that this type of unified global payroll solution, it could contribute to a company's ability to hit sustainability goals or any type of corporate social responsibility initiatives.

Bruce van Wyk:

Yeah, Nina. So look, it's all about the triple bottom line, which is people, planet, profitability. I think the absolute front-runner in the sustainability discussion is reporting. If you don't know what you're doing, how you're doing it from a compliance perspective, well, then I'm not sure you can measure that

sustainability that you're trying to deliver on. So that particularly in the payroll, the global payroll topic, between those two words, that's where it all sits for us, from a bottom line because that's what it is. So that's where it's going to get measured, that's where the impact is going to be.

Obviously, then all ticking the boxes of having this talent pool working globally, but in the comfort of their culture, where they sit. And then sustainability, well, that's going to give you legs in the longer play with regards to happy, talented individuals. So yeah, that's my view on the sustainability side of this play that it has now been really fast-tracked.

Nina Talley:

Excellent. And I think I'm going to throw a little bit of a wild card question at you here. Bruce, what would you say was the most unexpected thing that you've learned while going on this journey to create this unified platform?

Bruce van Wyk:

I'm going to have to say not understanding the cost to do this before the advent of COVID, because supply and demand is just really what drives, whether it makes sense, is it going to be sustainable and how so? There was a bit of a naivety in that, but while it was that, I think the key was also being naive because you go and do all the assessments and analysis that you'll actually go down this path. So yeah, that's what it is for me.

Nina Talley:

I love that. You do need a little bit of naivete to achieve your dreams because it's naive to even dream. What a beautiful statement. I love that.

So now is the time in our podcast for something that we like to call payroll nightmares, and this is where we share stories of payroll peril with one another to show that yes, it really does happen to everyone. And so Bruce, do you have a payroll nightmare that you could share with us.

Bruce van Wyk:

Nina, I do. And maybe this will be one of your more extreme ones on the show. Yeah, so look, we do a lot of work in the developing markets in Africa, LATAM, et cetera. And with me alluding to one of the core moving parts of payroll rights, it's compliance.

So one of the nightmares was a client who was on a piece of payroll and actually ended up in jail. And what I want to highlight there was because of the differing in interpretation of the legislation between the authorities and that particular client, and literally saying, "Well, until we agree, your payroll manager's going to jail." And they actually put them into jail. And there had to be discussions in the middle of the night into the early morning to assess and actually step through why there was this differing in interpretation. So for me, that's an absolute nightmare.

Nina Talley:

Oh, my goodness.

Bruce van Wyk:

And when we were needing that with a client. Yeah. And this tends to I think then come back to why it is so important for the technology to be able to actually supply the correct information, the breakdown of

the calculations that, number one, to just avert a worst-case scenario like that. And then if you're in it, to just be able to actually get to the information very quickly to obviously assist that poor soul that has taken the brunt of the fact that everybody tends to use software to do this and just getting out of that position.

So yeah, that was a nightmare and a lot of lessons learned with regards to assisting their client and saying, "Okay, so look with cloud-native now, this is why you're not going to have the responsibility of having to know what the legislation should be because it's built in rather than you having to maintain it on your own premise." And all of those types of changes just talks really to trying to mitigate that nightmare risk. So yeah, I don't know if you've had something as close to that.

Nina Talley:

We had somebody who prevented a military coup by getting payroll out.

Bruce van Wyk:

All right, there we go.

Nina Talley:

But that's really up there. That is very up there. And I think that's a great example of the buck stops here literally. And a lot of times, people can look at payroll as sort of not personal or not touching people's lives or that it's numbers. That's a great example of the buck will literally stop at payroll. Sometimes your payroll manager, if the legislation is not understood correctly, will sit in jail overnight. What a nightmare.

Bruce van Wyk:

Yeah. That's crazy, right? It really is crazy. And when we start to talk about mission-critical, which is just get people paid correctly, it shows the gravity of what could transpire. Yeah.

Nina Talley:

How would you have handled this payroll nightmare? Send an email to podcasts@payroll.org or leave a comment on Payroll Org's Facebook page to get involved in the conversation. I would really love to hear how anybody else would've handled that one.

Bruce van Wyk:

Yeah. Look, we actually stepped through that ourselves. And the thing was is you just got to throw the kitchen sink to other people who understand the legislation very quickly, and being able to actually take the authorities through that to say, look... Because showing intent I think becomes very important there as well. So that's how we got there. That's how we interpreted it. That's why we did it that way. So there it is. There's the evidence of it. Obviously, if you weren't in that boat and theorized well, yeah, then I think you're going to come unstuck.

Nina Talley:

So we don't like to leave things such a negative note in jail. So my last question is always a positive one. What is the best piece of advice you have ever been given? Or what is the piece of payroll advice that you wish somebody had given you?

Bruce van Wyk:

Sure. Yeah. I think because it was in the payroll industry, and it comes back to that naivety thing is my thing is just get started. For us having an influence on the payroll industry was we need to do something different, but you can analyze until you're probably going to end up at a result going, "This isn't worth it."

So for me it was just get started. Start with something, get it out as quickly as you can to as best of the ability, knowing that it ticks the right boxes, and then work on it very quickly to iterate and polish it up. Working with a client, hard work and dedication is always going to trump talent. So yeah, just knuckle down, get started and just keep every day putting that one foot in front of the other to move forward. So I think it's probably not necessarily just in the payroll industry, that piece of advice. I think it's all aspects of business and with teams within business. So that's going to be my positive on it and is really applicable on many different fronts, I'd think.

Nina Talley:

Well, that's a good pick-me-up piece of advice. And I'm sure there are some of our listeners out there who need the reminder, just one foot in front of the other. And the hard work and the dedication equals talent. Eventually, it becomes talent by just continuing to apply yourself. That's a great point.

Well, Bruce, thank you so much for taking some time to share with us today and sharing your expertise. You are really on the ground floor of this new evolution of global payroll solutions and I know that our listeners appreciate your insights and everything you had to share with us and I hope that we can have you back again sometime soon.

Bruce van Wyk:

Yeah. Nina, thanks so much for having me on the show. I really enjoyed imparting the experiences and knowledge and hopefully that's going to be valuable to all of your listeners. So I'd love to be back on some day and chat about it, maybe even look back and see what we discussed here and where it's at in a year or two's time. So thanks again, Nina. Been great to be here. Thank you for having me.

Nina Talley:

That sounds wonderful. And I also want to thank all of our loyal listeners out there. Without you, PayTalk would not be possible. So please tell your friends, tell your colleagues. And don't forget, rate, review, and subscribe on your preferred podcast streaming service. That really is the best way to support this podcast and make sure that we can continue to bring you the human stories that make payroll so personal.

Until next time, folks, this has been your host, Nina Talley with PayTalk.

Speaker 1:

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