# Shifts in payroll operations driven by AI and flexibility



Recent research by the Information Services Group (ISG), a leading global technology research and advisory firm, highlights significant shifts in payroll operations driven by the growing influence of artificial intelligence (AI) and the necessity for flexibility amid an evolving workforce landscape. The reports stem from the ISG Payroll Management Buyers Guides, which outline how new business models and an increasing demand for real-time, automated payroll systems are prompting organisations to transform their payroll processes.

The study identifies two key trends reshaping payroll expectations: the rise of real-time payroll, which allows employees to access earned wages without the delays of traditional pay periods, and the enhanced utilization of AI and machine learning. These technologies assist in detecting discrepancies in payroll data, ensuring adherence to local employment laws, and forecasting payroll expenses grounded in historical data patterns.

Matthew Brown, director of Research in Human Capital Management at ISG Software Research, stated, “Demand for dynamic, real-time solutions that can handle the tax implications of employees working across state and national borders and the rise of real-time payroll is requiring enterprises to make rapid adjustments.” This echoes a broader sentiment that payroll systems must align with changing regulations and integrate strategically with human resources (HR) and finance departments, ultimately minimising risks and improving operational efficiency.

As cited in the reports, businesses are increasingly adopting AI- and cloud-based payroll systems. These advanced systems not only enhance compliance by analysing local labour laws and applying them to payroll calculations, but they also offer scalability and security benefits over traditional on-premises systems. Such platforms enable organisations to conduct payroll operations from virtually any location, catering to a globally dispersed workforce.

Despite these advancements, many enterprises face challenges in modernising their legacy payroll systems to align with contemporary solutions. Furthermore, the potential of payroll systems as pivotal communication tools remains underutilised; integrating messaging capabilities into payroll systems can serve as an important platform for delivering essential updates and benefits information to employees.

The evaluation covered 24 payroll software providers across various categories, including Payroll Management, Global Payroll, International Payroll, Multi-Country Payroll, and US Payroll, ultimately recognising the top three providers in each area. The leading companies for 2024 are dominated by ADP, Oracle, and UKG, who continue to hold the top rankings for all assessed categories.

Mark Smith, partner of Software Research at ISG, reinforced the perspective on the future of payroll, asserting, “The future of payroll is not just about processing payments. It’s about creating a more agile, compliant and worker-centered function that supports the long-term success of the organization.” The insights from the ISG Payroll Management Buyers Guides are designed to facilitate organisational efforts to optimise their payroll software investments and address current industry challenges.

ISG Software Research, previously known as Ventana Research, serves as a reputable source for market research and analysis in the business and IT software sectors. Their extensive work within the field aims to support enterprises in selecting and implementing effective software solutions tailored to their specific needs.

This transformation in payroll systems reflects a broader trend across industries where AI and automation continue to play integral roles in organisational efficiency and employee engagement.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.isg-research.net/research/buyers-guides> - This link supports the information about ISG Buyers Guides and their methodology in assessing software providers, including payroll management.
* <https://www.isg-research.net/buyers-guide/human_capital_management/payroll_management_2023> - This link corroborates the details about the ISG Payroll Management Buyers Guides and the evaluation of payroll software providers.
* <https://www.savantlabs.io/blog/automation-payroll-system-benefits> - This link explains the benefits and functionalities of automated payroll systems, including real-time processing and compliance management.
* <https://www.paycom.com/software/beti/> - This link provides details on automated payroll software, such as Beti, which automates payroll processes, ensures compliance, and enhances employee visibility into their pay.
* <https://www.isg-research.net/research/buyers-guides> - This link supports the information about ISG's research methodology and the importance of aligning payroll systems with changing regulations and integrating them with HR and finance departments.
* <https://www.savantlabs.io/blog/automation-payroll-system-benefits> - This link highlights the integration capabilities of automated payroll systems with other company systems like HR management programs and accounting software.
* <https://www.paycom.com/software/beti/> - This link explains how automated payroll systems, like Beti, automate tasks such as calculating overtime, bonuses, and other pay changes, ensuring accuracy and compliance.
* <https://www.isg-research.net/buyers-guide/human_capital_management/payroll_management_2023> - This link supports the evaluation of payroll software providers across various categories and the recognition of top providers like ADP, Oracle, and UKG.
* <https://www.savantlabs.io/blog/automation-payroll-system-benefits> - This link discusses the strategic advantages of automated payroll systems, including rapid reporting and real-time data access for decision-making.
* <https://www.paycom.com/software/beti/> - This link details how automated payroll systems can serve as communication tools for delivering essential updates and benefits information to employees.