

E-Business News

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Payroll Outsourcing Benefits

A new study from PricewaterhouseCoopers (PwC) indicates that outsourcing payroll functions is cheaper than handling them in-house.

It found that, on average, **each check processed with an in-house system costs \$16.** Interestingly, the study found that the cost per check remained roughly the same even when processed within an enterprise resource planning (ERP) system. Part of the reason for the unexpectedly high cost even with ERP has to do with the cost of system upgrades, which PwC factored into the total cost of ownership.

Top 10 Reasons Companies Outsource

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|------------------------------------------------------|-------------------------------------------------------|
| 1. Reduce and control operating costs | 6. Accelerate reengineering benefits |
| 2. Improve company focus | 7. Function difficult to manage/out of control |
| 3. Gain access to world-class capabilities | 8. Make capital funds available |
| 4. Free internal resources for other purposes | 9. Share risks |
| 5. Resources are not available internally | 10. Cash infusion |

Source: Survey of Current and Potential Outsourcing End-Users
The Outsourcing Institute Membership,

Outsourcing: The New Business Model for Creative Services Management

By The Outsourcing Institute

While the scope of “business process outsourcing,” or BPO, is still evolving, it typically refers to third-party administration of non-core business processes that involve a technology component. **According to a joint survey by CFO Magazine and AMR Research, the most widely adopted forms of BPO include employee benefits administration, travel services, payroll processing, tax processing, recruitment, and even collections.** The survey found that BPO is already popular among companies of all sizes, with 68.3 percent of respondents already engaged in some form of BPO, and 63.6 percent anticipating an increase over the next one to two years. Gartner Group estimates the BPO services market at \$128 billion for 2002, and predicts it could reach as high as \$235 to \$300 billion by 2004.