Digital paper

For many employees, e-payslips were an electronic step too far a few years ago, but uptake is now on the increase. **Scott Beagrie** finds out why

E-payslips are still very much in the minority, but evidence suggests their uptake will increase rapidly over the next couple of years. While it was a lack of universal internet access for all workers that prevented many organisations making the shift, the cultural barrier of swapping a tangible paper payslip for an electronic version also proved an issue for some employees.

While human resources outsourcer ADP says that around 20% of the payslips it generates are electronic, it claims this figure is growing. Meanwhile, in the first two months after IRIS OpenPayslips was introduced in May this year, almost 5,000 employees switched over to them, reports Mark Paraskeva, CEO, SME division of IRIS Software Group.

"This has been the fastest growing solution we've ever launched, and the rapid pace of acceptance is due to the cloud and mobile internet access from smartphones," Paraskeva explains. "Employers are also keen to offer more innovative technology solutions to their employees, while reducing their carbon footprint and saving money."

With many employees now carrying out routine consumer tasks via the internet – whether on smartphones, tablets or desktop computers – they're far more accepting of digital payslips.

"It's becoming much more acceptable to receive an electronic payslip, just as many of us have paperless billing for utilities at home and paperless online banking," says Simon Fowler, managing director, commercial division at Advanced Business Solutions.

Overcoming fears
Initial fears that online versions would be insecure and visible by others have been allayed, and the convenience of being able to access a payslip 24-7 from anywhere in the world is being recognised.

"The huge benefit of e-payslips to employees is that they have instant access from any enabled device to all payslips, which removes the hassle associated with losing paper slips and requesting replacements from HR," says Roger Moore, general manager of Bond TeamSpirit. "They also remove the risk of physical payslips being seen by other people – for instance, getting left at work if distributed manually."

If an employee needs historical payslips or data for applying for financial products such as a mortgage, it's also much easier for them to access and print it off rather than request it from payroll.

Carbon footprint
The major drivers for employers to make the switch are reducing costs on printing and postage and lowering their carbon footprints.

"Companies have a strong desire to be more environmentally friendly," says Jonathan White, head of sales for HR and payroll at Sage. "The environmental impact of e-payslips is negligible compared with traditional hard copy payslips." Meanwhile, producing and distributing a traditional payslip can cost up to £1.73 per employee, reports Paraskeva. It is plain, therefore, how savings can be made, but employers still have to factor in set-up costs. "E-payslips can often offer a much cheaper alternative for employers, for example halving the cost," White says. "And perhaps most importantly reducing the time it takes to distribute payslips to literally zero."

These costs will, of course, be much lower if companies already have self-service HR software and hardware in place, and it's a case of buying an additional module. Alternatively, there are options that don't require set-up fees, but rather involve a reasonable cost-per-employee fee.

According to Jes Turner, program manager at ADP, there is actually "very little" cost incurred in setting up e-payslips for its system. "The biggest challenge involved could be security administration, as each employee will need a unique user ID or password," he says This, however, is normally handled by the client who can use collateral provided by ADP to make it fairly straightforward."

For his part, Fowler adds that costs involved would include a day of services to configure the payslips. "There would also be potential licensing costs if they're not already included in the existing package," he says.

Starting from scratch needn't be cost-prohibitive, though: Moore says to get a client up and running with e-payslips, they'd   >>

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Advantages of using e-payslips

1 Speed of delivery

2 Savings on the costs of printing, processing and post/distribution

3 Accessibility: Employees can access payslips anytime, from anywhere. With the increase in remote working, this is a major benefit for many employers

4 Mobility of data: Employees can access payslips via their smartphone or tablet. Recent years have seen a huge increase in the number of people with internet-enabled devices

5 Reduced carbon footprint and demonstrating "green credentials" in the form of an environmentally friendly pay solution

6 Offer a more innovative technology solution to employees

Arguments for traditional payslips

1 Employees are used to traditional payslips and may be resistant to change

2 Employers with a small number of employees on their payroll may not see producing and distributing a small number of payslips as an inconvenience

3 Employers and employees may be worried about the security of their pay information in e-payslips

4 Some lending institutions insist on original paper versions.

E-PAYSLIPS

>> need to invest in software, such as employee self-service, web application software and a server operating system, a server to host the applications and training and set-up. "Typically, excluding the hardware and operating software, Bond TeamSpirit would charge between £6,000 and £10,000, depending on the number of employees," Moore says.

Early adopters

Industries and sectors which are among the early adopters of e-payslips are IT, financial services and the service sector in general. Organisations with many remote and home workers have also been quick to make use of e-payslips. Manufacturing, though, is still cited as one of the slower sectors when it comes to take-up, largely due to a lack of internet access for all of its workers. However, Paraskeva suggests that more manufacturing companies are being attracted to such a solution because they recognise that many of their people have access to smartphones and tablets. He adds: "The NHS should also see a rise in acceptance of e-payslips, with health secretary Jeremy Hunt wanting the NHS to be paperless by 2018, and take-up by GPs has been remarkably high."

While in general employees are less concerned about security than previously, it's nonetheless still an issue for many. Payslips contain extremely private information, and good employers know they must be sensitive to any concerns their employees may have in this area. Turner-Robinson says that Kent County Council addressed the issues raised by union reps regarding accessibility, and met

●● *Younger generations entering the workforce expect to access the majority of services online* ●●

its obligations regarding security "more effectively than with paper payslips".

Moore notes that fears about security can still create resistance to making the switch, but such concerns are often "misplaced". He adds: "E-payslips are protected with personal security information to ensure that only the employee may access their records." True, a payslip could be visible on an employee's desktop screen if they forget to close it down, but a paper payslip left on a desk could be seen just as easily.

In general, e-payslips will feature the same information as traditional ones, and Paraskeva reckons displaying an exact image of the traditional payslip is likely to accelerate adoption. White points out it is easier to add information onto an e-payslip than traditional hard copy, meaning payroll teams can report the additional elements that make up an employee's pay without the restrictions on space you'd get with a hard copy.

Critical mass

Use of e-payslips may be some way off critical mass yet, but as the experience of users demonstrate, once introduced, employees quickly see the benefits, so increased take-up over the next

few years looks certain. This is also likely to be accelerated by the younger generations entering the workforce who expect to access the majority of services online.

There are also some knock-on benefits of using e-payslips which will increase use: Turner-Robinson at ADP claims e-payslip adoption has resulted in a "growth in popularity" of its mobile service among its client base, while Turner-Robinson says an additional benefit for Kent County Council was that it encouraged employees to use HR self-service for other transactions, leading to more efficiencies.

Added to all of this, the growing importance of the cloud, which has meant organisations are more comfortable with data being held off-site, is also a contributing factor. "The uptake in cloud computing has certainly had a significant impact on attitudes towards and willingness to accept e-payslips," says Moore. "Security concerns surrounding this type of payslip have been reduced with the realisation that cloud computing is secure, and with the increase in the use of cloud technology both in work and personal use." ◆
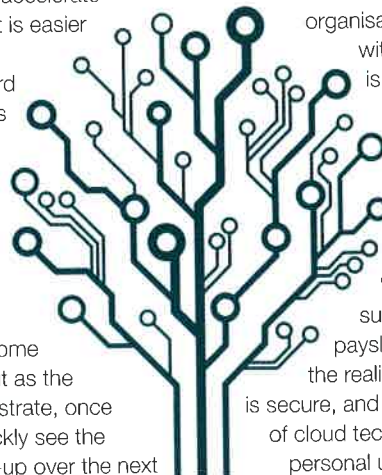
Make the switch

Jackie Turner-Robinson, head of HR business centre, HR division, Kent County Council, explains that she established a business case and showed evidence of the return on investment when the council decided to make the switch to online payslips via its Oracle self-service system. They're now distributed to 85% of the workforce. "There's a direct cost saving. There were also some postal savings and a reduced burden on internal couriers," she says. "The manual sorting for distribution each month was greatly reduced, and issues over lost or missing payslips stopped." Turner-Robinson adds that because queries are now received earlier, it's easier to respond to them.

Harrods' decision

Sophia Baker, payroll manager of Harrods, reckons the biggest sell of electronic payslips to the store's employees is that it means they receive their payslips five days earlier than previously. "And it helps us to eliminate a lot of queries before payday," she says. "So if someone's been underpaid they'll contact us well before payday, and that gives us the opportunity to check it and to raise the additional payment so they'll receive the full amount on payday." She adds that it also provides the flexibility for employees to access their payslips whether they're on holiday, maternity leave or long-term sickness absence. "For us it's about keeping our employees happy and making sure they've got what they need to have on payday."

Harrods introduced the option for e-payslips in December 2010 as part of an upgrade to the payroll system, and since then take-up has risen from an initial 4% to 74% now. In the same period the number of staff with email addresses has risen from 78% to 96%. Various measures have been taken at the store to help reach this figure, including systematic targeting of groups, making it mandatory, including: HR and payroll (to set an example), all new joiners, all managers, and then everyone who had a PC.

A relocation of the head office from Knightsbridge to Hammersmith was also used to convert another 400 employees, with only a handful of people complaining about it.

"Initially the challenge was convincing people that these are original payslips and they're exactly the same, they just aren't printed," she explains.