



GUIDE TO MAKING THE SWITCH

# How to solve your payroll system's hidden flaw

## “It felt like we always got payroll wrong.”

That’s Dan Giancola, Chief Financial Officer at [Double Good](#). Dan tried really hard to get payroll right for Double Good’s 70 employees. He spent hours keying entries into Paylocity, fiddling with attendance software to sync hourly data, and pulling together reports. But with no dedicated payroll specialist and plenty else on his plate, it seemed impossible to make payroll work just right.

Thousands of companies like Double Good are dissatisfied with their payroll processes.

In many cases, the problem is the inefficiency of legacy providers like Paylocity, ADP, and Paychex. The natural solution would seem to be to adopt a newer system like Gusto or Zenefits, since they claim to make payroll easy and fast. But what those systems gain in ease, they lose in functionality. They lack the advanced features that medium and large businesses need, such as customizable job codes and a seamless sync with their general ledger.

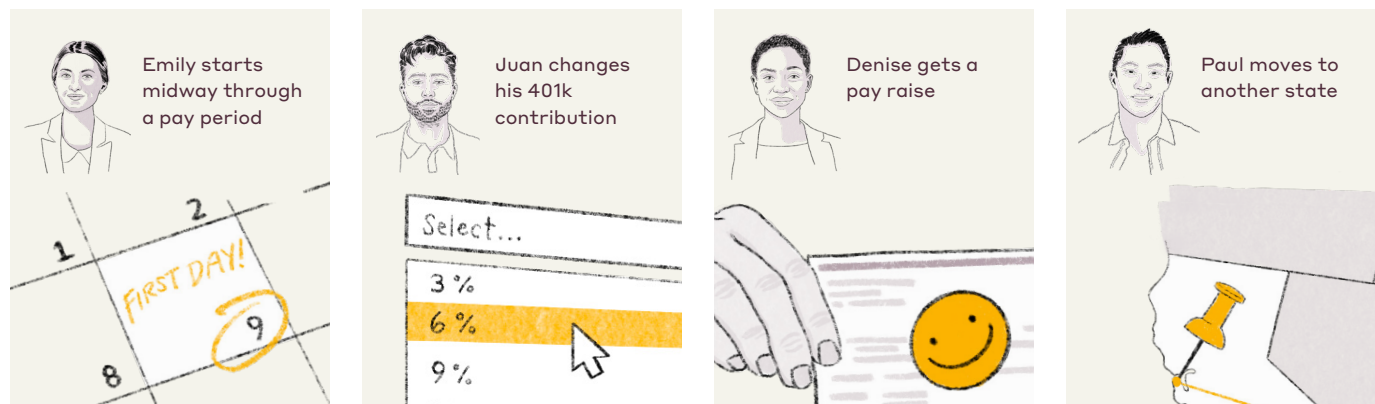
It wasn’t that Dan got payroll wrong. Payroll had failed him. The truth is that there is a fundamental flaw in most systems—legacy and new—and companies are forced to choose between inefficiency and limited features that can’t support growth.

If you’ve faced that hard choice, this guide is for you. Inside, you’ll learn how to escape from your legacy payroll system without sacrificing the features you need. We’ll cover:

- **The fundamental flaw in today’s payroll systems**
- **What features you should expect from a modern system**
- **The benefits you’ll see from your very first pay run**
- **Why you no longer need to wait until the end of the year to switch**

# Today's payroll systems have a fundamental flaw: they're disconnected

Imagine four employees. Each of them is making a change in their work life:



Every employee change affects payroll—but occurs in a separate system. Having multiple sources of truth for interrelated data hurts your organization's data integrity and overall efficacy when it comes to payroll. Every time an employee data point changes in one system, you (or someone on your team) must spend hours tracking, collecting, calculating, and entering the downstream effects of these changes into your payroll system every pay run.

It's no surprise that almost 50% of all payroll admins cite data integrity and accuracy-related challenges as their top problem, according to Deloitte's 2018 Payroll Operations Survey.

Getting payroll right starts with creating a central record of employee data that is upstream of payroll. A change in this system automatically updates every other system, or at least tells you that there's a change to be made.

For example, when you hire someone and they enroll in benefits, a modern payroll system reacts by automatically adding them to payroll, calculating their deductions, adjusting their withholdings, and prorating their first paycheck.

## Employees feel it, too

Think you're the only one who knows your payroll is disconnected? Think again. Whether or not they understand this fundamental flaw, employees can feel its impact when there are errors or delays in their paychecks as a result of data inconsistency.

The good news is they can feel the impact of a modern system, too. After technology company Superhuman switched to Rippling, the head of its People Team, Kristen Hayward, heard plenty of feedback from her coworkers.

"Employees were ping me to tell me how glad they were that we'd switched. The process of setting up their accounts was easier, and they felt as though they were getting paid faster. It was constant praise."

**SUPERHUMAN**

[READ THE FULL STORY ↗](#)

## A modern payroll system should grow with you

Historically, companies have been stuck choosing between inefficient payroll systems that can support all their needs (like ADP or Paylocity) and highly automated systems that can only support very small businesses (like Gusto).

A modern payroll system, paired with centralized employee information, should combine the best of both worlds. Instead of having to switch vendors every year to upgrade capabilities, what if you could stay with one payroll system as your team grows from two to 2,000?

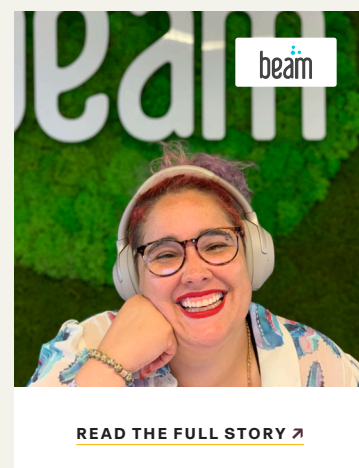
A modern payroll system should provide six main benefits:

- #1 Automatically update payroll when employee changes happen
- #2 Proactively surface discrepancies in every pay run
- #3 Build any report you can imagine
- #4 Easily track and analyze your labor costs with job codes
- #5 Seamlessly (and accurately) integrate with your general ledger
- #6 Automate complex tax filing for multi-state workers

## The startup trap

Many businesses starting out choose a highly automated system for payroll to make the process quick and easy so they can focus on other things. That's why in its early days, dental benefits provider Beam Dental used Gusto for payroll. But choosing the best solution for a small and strapped team meant the company wasn't planning for scale. As the team grew, they became frustrated with Gusto's limitations. Beam's comptroller, Craig Shapiro, needed a modern system to keep up with his company's growth.

"When you outgrow a system's typical employee count, it gets clunky and slow. Not only were we looking for a system that could accommodate us today, we also wanted a platform that would allow us to grow. That was Rippling."



#1

## Automatically update payroll when employee changes happen

Every pay run, you need to account for changes that happened in your employee base since the last time you ran payroll.

### LEGACY SYSTEMS

People move, get married, have kids, get a promotion, change banks, or modify their withholding—the changes stack up every pay period.

With a legacy system, you spend hours manually calculating and reconciling these changes for each pay run, only for the changes to pile up again for the next time.

### MODERN SYSTEMS

Modern payroll systems automate the manual work involved in employee changes.

For example, if an employee updates their 401k contribution or tax withholding, their next paycheck changes automatically. And if you have someone who was eligible for benefits on 10/1 but forgot to enroll until 10/26—missing their first deduction on the 10/15 check—the system automatically applies a catch-up deduction.



With Rippling, I love that our employee database is at the heart of everything. If I change someone's role, move them to a different department, or offboard them, the change automatically ripples through all our other systems.

Michael Simon  
Co-Founder and CEO, [Elucid](#)

## #2

## Proactively surface discrepancies in every pay run

Payroll errors create big problems for employees and headaches for companies. However, until now, there hasn't been an easy way to check for errors and quickly find discrepancies.

## LEGACY SYSTEMS

To check your work with a legacy system, you need to manually export a spreadsheet of historical pay runs and compare each entry to find discrepancies. This work grows more challenging as the company gets bigger.

## MODERN SYSTEMS

A modern system automatically highlights discrepancies from prior pay runs.

For example, if someone's taxes changed because they hit their FICA or FUTA maximum, the system shows you the discrepancy and explains what happened. Another example: sales commissions. You can quickly see how commissions have changed per person from paycheck to paycheck.

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Q Search for a coworker...

Payroll Mar 23 - Apr 24

Approve & run Payroll

+ Add filter

Employee name

CSV Import CSV data

Earnings Deductions Settings

Full Name ▾

Alicia Milton  
Customer Support

Margot Robinson  
Product Designer

Bryan Stewards  
VP of Sales

Jon Newman  
Engineer

Gross Pay

	Current Pay Run	Last Pay Run
Additional Medi...	\$ 1,231.66	\$ 967.00
Federal Unempl...	\$ 1,233.65	\$ 2,523.00
Federal Income	\$ 1,332.46	\$ 1,265.40
Medicare	\$ 1,231.35	\$ 1,167.00

Related Events

• Jon's gross pay increased due to a bonus of \$2500.

\$ 5,430.23	\$ 2,500	\$ 0	\$ 100
\$ 5,322.32 ▲	\$ 0 ▲	\$ 1,000 ▼	\$ 94 ▲

#3

## Build any report you can imagine

There's no shortage of reports you might need to build. There is a shortage of time in the day, though. Today you're likely spending precious hours manually piecing reports together.

### LEGACY SYSTEMS

With legacy systems, you need to export data from your payroll system and manually prepare reports with charts and other elements in Excel. And you often need to query data from multiple systems to tell the full story.

### MODERN SYSTEMS

Modern payroll systems make it easy to quickly build custom reports—both “point in time” and “trends”—within the platform. With one of these systems, you should be able to combine data across payroll, HR, and more to tell the full story.

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Search for a coworker...



## × Payroll Report

Share

Save

Download

Build

Filters

Search for values...

Dates

This year

Chart

Stacked bar chart

Variables

Employee



Employee Taxes



Net Pay



Social Security



Aggregate

None

900k

800k

700k

600k

500k

0

Jan

Feb

Mar

Apr

May

Jun

Jul

Aug

#4

## Easily track and analyze your labor costs with job codes

Job codes allow companies to track where employees are spending their time and how much that time is costing them—by location, client, project, and more.

### LEGACY SYSTEMS

Many legacy systems have custom job codes. However, newer systems such as Gusto don't—limiting their usefulness for companies that have special allocation needs.

### MODERN SYSTEMS

With modern systems, you can customize job codes by client, project, location, or role. Built-in time and job cost reports allow you to instantly group and view your company's payroll data by job code, so you can view your labor costs by client, project, and more.



It's normal for someone to work three different jobs in a year, so the ability to accurately track each employee's hours by job code has changed the game by ensuring we're not overpaying for insurance.

Michael Haft  
Co-Founder, [Compass Coffee](#)

#5

## Seamlessly (and accurately) integrate with your general ledger

The general ledger (GL) is the bible for your accounting team. Having a true sync between your payroll system and GL (like Netsuite, Sage Intacct, Quickbooks Online, or Xero) will save your team countless hours in manual work.

### LEGACY SYSTEMS

Many of the largest payroll vendors claim to have “integrations” with your general ledger. But usually that just means they’ve built a CSV template that allows you to export data from payroll and import it into your GL.

And while some newer systems integrate with SMB accounting software like Quickbooks Online or Xero, most businesses reach a point where they need to switch to a system like Netsuite or Sage Intacct.

### MODERN SYSTEMS

A modern system integrates with all of these systems. You choose which field (like department, location, or class code) should map to a specific journal or sub-journal entry in your GL, and the system takes it from there.

You can also create exceptions; for example, have all department costs map to OpEx except for Customer Support, which maps to COGS.



We used to download payroll journals and map them in Excel, which took at least 2 hours per pay run. With Rippling, I can map specific departments and locations to the correct journal entry and seamlessly feed payroll journals from Rippling’s system into our accounting books.

Craig Shapiro  
Controller, [Beam Dental](#)

#6

## Automate complex tax filing for multi-state workers

If your company has employees that need to work across state lines, either when they travel or because of where they live, you have to closely monitor state tax laws to make sure you and your employees don't rack up state tax penalties.

### LEGACY SYSTEMS

With legacy systems, you're stuck between systems that either don't support multi-state tax rules or rely on manual work to remain compliant. In fact, the work required to stay compliant makes many companies ignore certain tax rules just to streamline their payroll processing, putting them and their employees at risk.

### MODERN SYSTEMS

Whether an employee works in one state or travels to a new one every day, a modern payroll system is able to understand the specific scenario and handle tax filing and payment automatically—removing all the stress that comes with complex tax laws.



All of our workers are remote, and that can get complicated. With Zenefits, I was forced to manage our 50 employees and 150 contractors across multiple systems. I hated how hard it was, cross-referencing Pandadoc for agreements, Pingboard for PTO, and Zenefits for payroll. Rippling made it possible for me to manage our team of 200 in a single system.

Bryce Heinz  
CFO, [Chess.com](https://www.chess.com)

## Rippling debunks the “end of the year” myth

Once you've decided to shave hours off every pay run by switching systems, the question changes from *if* to *when*. The advice that is all over the internet and widely accepted in payroll circles is: Don't switch until the end of the year.

Historically, that advice made sense because legacy systems make it nearly impossible to transfer data to a new system. You need to get every piece of data out of the system (hundreds of thousands of entries and dozens of columns of payroll data in a spreadsheet), then reconcile every entry down to the penny.

There's little room for error because the data must be accurate both for year-end tax filings and to ensure employees get a single, accurate W-2. Starting a new system at the beginning of the year is so attractive precisely because you don't need to transfer any payroll data.

With Rippling, it's simple to switch systems any day of the year because we handle the data transfer for you.

We automatically extract data from your legacy provider, then import it into Rippling. Assuming that no employees changed their data—like withholding or allowances—during onboarding to Rippling, their paychecks will be exactly the same.

Moving data between systems can be nerve wracking, but Rippling makes sure nothing is lost in translation. You can use Rippling's pay run comparison report to compare the last paycheck from your legacy system to the first paycheck we calculate in Rippling. That way you can see every single discrepancy on any line item in a paystub.

## More systems, by the numbers

### TIME SAVED WITH RIPPLING

Legacy systems can give you a powerful payroll experience, but that experience inevitably takes up time you could spend doing other important tasks.



16

admin hours saved  
per month



15

admin hours saved  
per month

SUPERHUMAN

15

admin hours saved  
per month

### SYSTEMS UNIFIED WITH RIPPLING

It's okay to connect your payroll with other systems, but it's essential to make sure data can move between them and keep your business running smoothly.



7

siloed systems  
unified



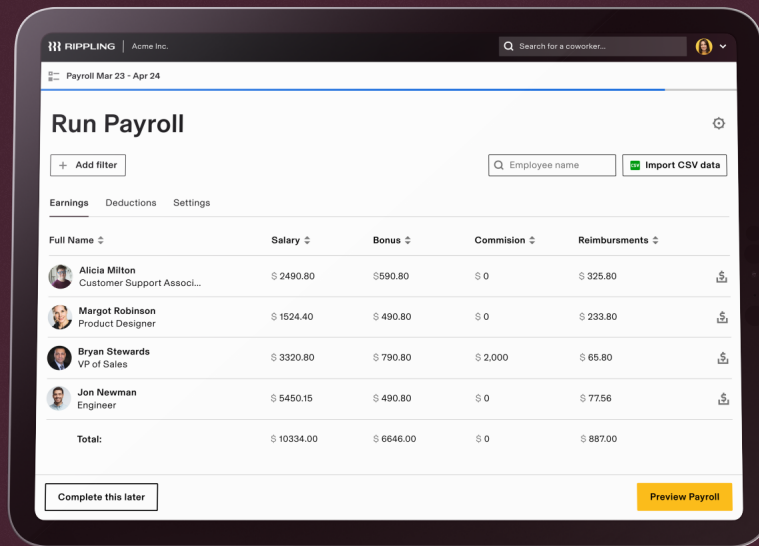
100%

compatibility with  
existing integrations



14

siloed systems  
unified



## Welcome to the future of payroll

Today, Dan spends just 10 minutes on each pay run.

Double Good has saved more than \$50,000 in software and productivity costs, and more than 30 hours of admin work every month—all without giving up the features he had in Paylocity.

Ready to get payroll right for your business?

We'd love to give you a personalized demo of Rippling.

Visit [rippling.com](https://rippling.com) to request your demo today.



Rippling helps businesses manage every employee system—their payroll, benefits, computers, apps, and more—all in a single, modern platform.

By connecting every system in a company to one employee system of record, businesses can automate all the manual work they normally have to do to make employee changes. Take onboarding, for example. With Rippling, you can set up a new employees' payroll, health insurance, laptop, and apps like Gmail and Slack—all in just 90 seconds.