

NEAT EVALUATION FOR ASCENT HR:

# Payroll Services

Market Segment: Digital Payroll Capability

## Introduction

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This is a custom report for AscentHR presenting the findings of NelsonHall's 2024 NEAT vendor evaluation for *Payroll Services* in the *Digital Payroll Capability* market segment. It contains the NEAT graph of vendor performance, a summary vendor analysis of AscentHR for payroll services, and the latest market analysis summary.

This NelsonHall Vendor Evaluation & Assessment Tool (NEAT) analyzes the performance of vendors offering payroll services. The NEAT tool allows strategic sourcing managers to assess the capability of vendors across a range of criteria and business situations and identify the best performing vendors with digital payroll capability, multi-country payroll capability, and extended HR capability.

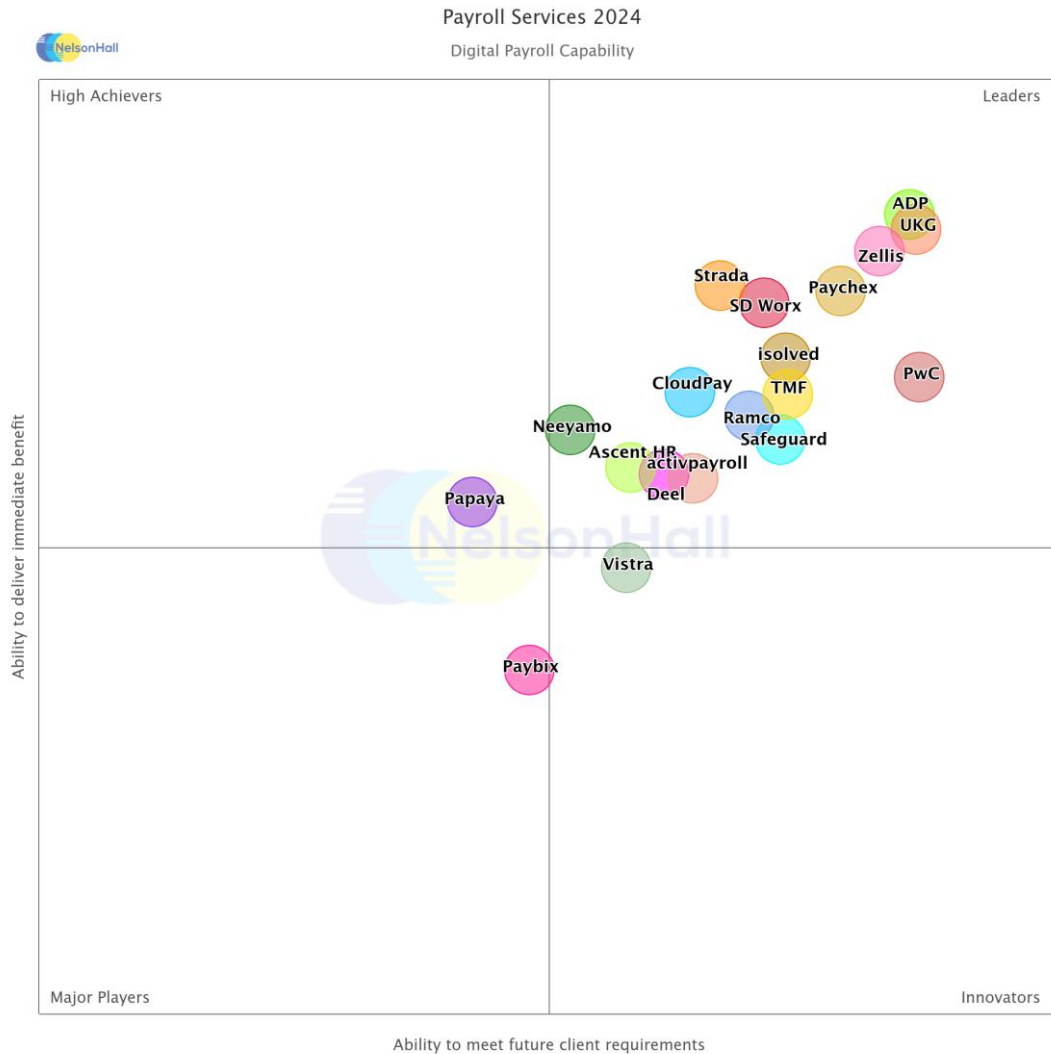
Evaluating vendors on both their 'ability to deliver immediate benefit' and their 'ability to meet client future requirements', vendors are identified in one of four categories: Leaders, High Achievers, Innovators, and Major Players.

Vendors evaluated for this NEAT are: activpayroll, ADP, Ascent HR, CloudPay, Deel, isolved, Neeiamo, Papaya Global, Paybix, Paychex, PwC Consulting, Ramco Systems, Safeguard Global, SD Worx, Strada, TMF Group, UKG, Vistra, and Zellis.

Further explanation of the NEAT methodology is included at the end of the report.



## NEAT Evaluation: Payroll Services (Digital Payroll Capability)



NelsonHall has identified AscentHR as a Leader in the *Digital Payroll Capability* market segment, as shown in the NEAT graph. This market segment reflects AscentHR’s ability to meet future client requirements as well as delivering immediate benefits to its payroll services clients with specific capability in digitalizing and transforming payroll operations.

Leaders are vendors that exhibit both a high capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements.

Buy-side organizations can access the *Payroll Services* NEAT tool (*Digital Payroll Capability*) [here](#).



## Vendor Analysis Summary for AscentHR

### Overview

Ascent HR Technologies Pvt. Ltd. (AscentHR) is headquartered in Bangalore, India, offering HR services across 34 countries with a focus on the Asia-Pacific and Middle East regions. AscentHR started as a payroll services organization in 2003 when it launched its proprietary PowerPay platform and has since expanded by adding complementary HR services. Today, it supports ~850 clients servicing ~500k client employees.

HR business offerings include:

- HR consulting: strategy, organizational structure, succession planning, reward, competencies, leadership assessments, role analysis, policy formulation, appraisal, and performance consulting
- HR, payroll technology, and outsourcing services:
  - HCM platform, StoHRM, covering HR processes from hiring to separation
  - Payroll engine, PowerPay, supporting 28 countries
  - Managed payroll services: reconciling payroll data, liabilities, managing remittances, wage deductions, record keeping, reporting taxes, notices, and inspections
  - Payment solutions, including card payment and digital wallet
  - Travel & expense management, based on proprietary software (TripEx)
  - HR and payroll compliance management support: regulation, policies, and changes in the law enabled through its proprietary platform, Lexcare, for HR compliance
  - Employee experience and feedback platform (SurveyBerry)
  - eLearning, AHR Academy, offering an LMS solution (SeekLMS)
- Payroll and enterprise compliance
- Corporate services
- Financial wellness offering through its JoFin acquisition in 2022, offering split payroll
- Staffing solutions, with proprietary technology, Stafzy, delivered through Ascent Staffing Solutions Pvt. Ltd., a fully owned subsidiary of Ascent HR Technologies Pvt. Ltd.).

AscentHR primarily provides managed payroll services, and of the 34 countries served, 28 are supported through the proprietary payroll platform PowerPay, with the remaining countries supported through in-country partners.

AscentHR has ~700 employees dedicated to payroll services, with ~90% based in India.

### Financials

AscentHR is a privately held organization that does not publicize its financial information. NelsonHall estimates that AscentHR's payroll services revenues for the calendar year (CY) 2023 were ~\$6.8m.



## Strengths

- Strong APAC payroll capability of supporting 34 countries on one platform, with specific strength in India and the Philippines
- High-touch service offering, including a rich HR consulting offering
- Wide range of extended, integrated HR solutions that extend beyond payroll services only, e.g., travel and expense management, employment verifications, contingent labor solutions, learning
- Offers a platform-based standalone compliance offering through its Lexcare capability
- Offers an integrated cloud HCM platform capability beyond payroll only to support core HR, leaves, time and attendance, recruiting, learning, performance management, workforce planning, succession planning, analytic reporting, and employee/manager self-service
- Capability to engage and monetize client relationships at the onset with HR consulting and advisory services through support with systems and managed services and HR consultancy
- Ongoing investments in growing delivery capacity and growing partnerships. e.g., in Chennai and the Philippines, as well as more formal payroll partnerships across African countries
- Proven support capability, having a sizeable Indian client base representing organizations with very small and large Indian employee headcounts.

## Challenges

- The majority (>80%) of its managed payroll contracts are in a single country, with limited deals having >2 geographical regions in scope
- AscentHR uses automated tools for anomaly detection
- AscentHR's current digital payroll capabilities lack multi-country payroll control dashboard overviews. This is under roadmap for redesign and development
- Its SaaS-based compliance management system is offered through its affiliated organization, Lexcare, and can be integrated into the product on a need basis
- Limited app usage of StoHRM on mobile
- Its HR, payroll, and reporting platforms are managed as three separate applications, albeit integrated.

## Strategic Direction

To further grow its payroll services business, AscentHR plans to build strategic alliances, referred to as Cluster Revenue Partnerships, with industry associations to open up niche market segments. To support these partnerships, it will launch its PowerPay Partner Kit as a SaaS technology enabler to support industry members located in a specific region, offering benefits for both the association and its members.



Another target segment is large established shared services organizations looking for tech-enabled solutions. AscentHR will offer these organizations HR technology, predominantly on AWS but not limited to it, enabling them to leverage existing manpower and domain expertise.

Further, AscentHR plans to undertake the following initiatives:

- Investing in expansions in the Middle East (Dubai), Philippines (Manila), Australia, and New Zealand by growing its capabilities. Through its expansion of the Gulf Cooperation Council (GCC) and operations in Malaysia and Indonesia, it looks to leverage knowledge of best practices and local dynamics to support growth in new markets
- Increasing country capability using local partners for compliance and cultural practices
- Launching a DIY HCM offering (StoHRM) targeted to SMB buyers (100-500 client employees), offering a prebuilt/bundled solution to include core HR technology, and managed HR and payroll services
- Developing statutory reporting on a one-touch payroll basis (where legally possible)
- Offering financial wellness. It looks to integrate and deploy JoFin fintech to help organizations support employees managing their finances, assist with loans, tax returns, and buy insurance
- Building a gross payroll module management and payment service (Roadmap item for Q4 2024)
- Rolling out its IMDR anomaly detection service for India and the Philippines
- Adding new functionality to complement its payroll services, including advanced compensation analytics, benefits module, tax return module (India-specific) to enable users to input data online as part of e-filing to submit tax files such as the ITR 1 and ITR 4 forms electronically.

AscentHR will continue targeting and engaging APAC- and MENA-headquartered middle and large market firms seeking support for multi-country footprints.

## Outlook

AscentHR is a well-established APAC payroll provider with emerging capabilities beyond. Its steady investments in expanding its platform capability and ongoing investments in T&A are likely to attract new clients. AscentHR can support complex needs, including industries with a high volume of hourly workers looking for integrated approaches for T&A and payroll. Organizations will be attracted to AscentHR because it offers financial wellness to support the Indian market. Overall, its complementary offerings, including the HCM platform, StoHRM, provide a compelling proposition in a price-sensitive market.

NelsonHall expects growth in 2024 to be driven by APAC-headquartered organizations looking for multi-country payroll services that can be blended with a range of HR services, and expects AscentHR to see growth in the range of 15-25% over 2024.



## Payroll Services Market Summary

### Overview

Today's payroll services have the capability for real-time processing, faster cycle times, and error-free and integrated experiences with flexible payments, where users are aided by GenAI-embedded conversational tools.

The payroll services market is broadly driven by buyer needs to achieve improved accuracy and compliance, primarily removing risk of manual errors as well as helping to navigate changing legislation through improved anomaly detection.

Organizations looking to transform payroll are driven by the need to digitalize, consolidate and scale services across their enterprise, often beyond a single country, to bring efficiency gains and improved experiences, as well as supporting agility, resiliency and business change.

The multi-country payroll market continues to outgrow domestic payroll markets by ~2.5x. Growth is driven by net new multi-country buyers and underpinned by the expanding needs of existing buyers. The majority of vendors offering multi-country services continue to invest in in-house direct delivery once they have scale, rather than relying on local partners.

Vendors are investing in major technology upgrades and replatforming projects to better support advanced insights, analytics, integrations and faster processing. Vendors' global payroll delivery is expected to radically change as GenAI use cases continue to be applied to the process and as the market matures and consolidates to better support multi-country needs.

Looking ahead, NelsonHall expects the payroll function will become a more dynamic and more 'front-of-house' function, with customer and employee feedback sentiment and surveys being increasingly used as key metrics to evaluate the service. Payroll service integrations into HR platforms will become deeper and the service will be evaluated on more sophisticated criteria (e.g., first-time resolution) than just metrics relating to payroll accuracy and timeliness, although these will remain core.

Payroll simulations will be offered to corporate functions as well as employees, helping fine-tune budgets and cashflows.

Payroll service SLAs will increasingly be integrated within payroll technologies. HCM and payroll technologies will become even more integrated, where payroll processes can be fully initiated from within HCM technologies.

Mobile application delivery is key for payroll, and these will offer enhanced security features such as 2FA.

GenAI solutions will increasingly be used to support payroll processes in the following areas:

- Payroll calculation engines, through analysis of legislation and standard practices
- Documentation and configuration (including mapping of wage types) of customer payroll rules and parameters based on reading payroll results. For instance, creating and updating policy handbooks based on system configuration and vice versa
- Coding and testing automation
- Case management, communications, and query management, incorporating relevant policies and legislation.



## Buy-Side Dynamics

The top five drivers for buyers looking to reinvent payroll services are:

- Modernization of payroll technology and integration with newly adopted HCM platforms
- Transformation and digitalization of the payroll function to support continuity, agility, and greater operational efficiencies
- Mobile enablement for digital employee experiences
- Consolidating payroll to a single integrated solution, modernizing reporting, and analytics
- Professionalization of operations, with guaranteed service levels.

The top five vendor selection criteria used by buyers of payroll services are:

- Level of compliance support and self-service compliance tools
- Experience integrating technology similar to that in the buyer's own organization
- Ability to offer a managed payroll service
- Visibility of the platform's TCO and ease of configuration
- Ability to offer multi-country payroll services.

## Market Size & Growth

NelsonHall estimates the global payroll services market to be worth ~\$29.5bn in 2024, growing at ~5.9% CAAGR to reach ~\$39.4bn by 2029.

## Challenges & Success Factors

Key challenges faced by payroll service providers include:

- Buyers lacking a defined payroll strategy, with payroll often treated as the afterthought of HR transformation
- Meeting buyer pricing expectations
- Lack of buyer organizational readiness to undertake transformation.

Key success factors for payroll service providers include:

- Strong controls and compliance processes to ensure timely and accurate payroll results and strong execution for each country in scope
- Speed to market of digital technologies to support greater payroll efficiencies and faster payroll cycles while also minimizing human errors
- For global payroll providers, providing global quality oversight of all countries and assigning strong governance and improvement plans where there are underperforming countries in local regions to ensure the same quality of service across all countries, whether operated through in-house payroll delivery teams or through partners.



## Outlook

Over the next five years, NelsonHall expects:

- The payroll services market to grow at ~5.9% CAAGR, driven by the need to modernize technology, typically as a result of integration needs with newly adopted HCM platforms
- The mid-market will remain the largest adopter
- Multi-country service adoption will continue to outpace single-country adoption as organizations see their corporate footprints expand to support growth
- Highly localized managed payroll service capabilities and in-country expertise will be favored over heavy offshore delivery models
- Vendors will seek to differentiate through complementary services such as financial wellness, expenses, time, payment options and benefits
- Formal payroll API marketplaces and a broad range of curated complementary third-party solutions will be standard in payroll offerings
- Continued development of modern payroll platforms (tech and services) with a flexible delivery model to meet changing buyer needs.





## NEAT Methodology for Payroll Services

NelsonHall's (vendor) Evaluation & Assessment Tool (NEAT) is a method by which strategic sourcing managers can evaluate outsourcing vendors and is part of NelsonHall's *Speed-to-Source* initiative. The NEAT tool sits at the front-end of the vendor screening process and consists of a two-axis model: assessing vendors against their 'ability to deliver immediate benefit' to buy-side organizations and their 'ability to meet future client requirements'. The latter axis is a pragmatic assessment of the vendor's ability to take clients on an innovation journey over the lifetime of their next contract.

The 'ability to deliver immediate benefit' assessment is based on the criteria shown in Exhibit 1, typically reflecting the current maturity of the vendor's offerings, delivery capability, benefits achievement on behalf of clients, and customer presence.

The 'ability to meet future client requirements' assessment is based on the criteria shown in Exhibit 2, and provides a measure of the extent to which the supplier is well-positioned to support the customer journey over the life of a contract. This includes criteria such as the level of partnership established with clients, the mechanisms in place to drive innovation, the level of investment in the service, and the financial stability of the vendor.

The vendors covered in NelsonHall NEAT projects are typically the leaders in their fields. However, within this context, the categorization of vendors within NelsonHall NEAT projects is as follows:

- **Leaders:** vendors that exhibit both a high capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements
- **High Achievers:** vendors that exhibit a high capability relative to their peers to deliver immediate benefit but have scope to enhance their ability to meet future client requirements
- **Innovators:** vendors that exhibit a high capability relative to their peers to meet future client requirements but have scope to enhance their ability to deliver immediate benefit
- **Major Players:** other significant vendors for this service type.

The scoring of the vendors is based on a combination of analyst assessment, principally around measurements of the ability to deliver immediate benefit; and feedback from interviewing of vendor clients, principally in support of measurements of levels of partnership and ability to meet future client requirements.

Note that, to ensure maximum value to buy-side users (typically strategic sourcing managers), vendor participation in NelsonHall NEAT evaluations is free of charge and all key vendors are invited to participate at the outset of the project.



*Exhibit 1*

**'Ability to deliver immediate benefit': Assessment criteria**

Assessment Category	Assessment Criteria
Offering	<ul style="list-style-type: none"> <li>Reinvented payroll and payment process offerings</li> <li>Breadth of payroll services offerings</li> <li>Digital payroll service enablement</li> <li>Payroll analytics, dashboard and benchmark offering</li> <li>Multi-country payroll offering</li> <li>Ability to offer HR complementary services</li> <li>Payroll technology</li> <li>Integrated HCM/Payroll proprietary technology offering</li> <li>Enables existing investments in integrated HCM/payroll platforms</li> <li>Payroll platform interface offering to third party HCM platforms and applications</li> </ul>
Delivery	<ul style="list-style-type: none"> <li>Compliance support with digital job aids and digital co-pilots</li> <li>Client engagement model maturity</li> <li>Extent and maturity of digital HR/payroll enablers</li> <li>Capability to support industry-specific solutions</li> <li>Robustness of delivery architecture</li> <li>Third party partner program maturity</li> </ul>
Presence	<ul style="list-style-type: none"> <li>Overall</li> <li>Multi-country</li> <li>Large/enterprise market (&gt;15K employees)</li> <li>Mid-sized market (500 -15K employees)</li> <li>Small market (&lt; 500 employees)</li> <li>North America</li> <li>Latin America</li> <li>EMEA</li> <li>APAC</li> </ul>
Benefits Achieved	<ul style="list-style-type: none"> <li>Improved accuracy and timeliness</li> <li>Improved compliance and controls</li> <li>Improved experience</li> <li>Improved analytics and visibility of data</li> <li>Enhanced digital tools and frictionless processes</li> <li>Perceived value</li> </ul>



*Exhibit 2*

**‘Ability to meet client future requirements’: Assessment criteria**

Assessment Category	Assessment Criteria
Investments	Payroll service offering roadmap Multi-country roadmap Automation, predictive analytics & AI and GenAI roadmap Extended Services
Service	Service culture Perception of payroll innovation Perception to advance digital services Caliber of personnel Agility and flexibility

For more information on other NelsonHall NEAT evaluations, please contact the NelsonHall relationship manager listed below.



[research.nelson-hall.com](https://research.nelson-hall.com)

**Sales Inquiries**

NelsonHall will be pleased to discuss how we can bring benefit to your organization. You can contact us via the following relationship manager:  
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