

Case Study

Converting to a new software was one of the most profitable moves yet for this Payroll Service Bureau



Converting To A New Software Platform Was Not Only Easier Than Expected For This Payroll Service Bureau. It May Be Their Most Profitable Move Yet

Customer Profile

Applied Payroll Solutions is a Lubbock, TX-based payroll service empowering local businesses with the platform, technology and support to conquer payroll and employee management with leading-edge solutions and local, personalized support.

Business Challenge

Limited in adding new clients due to a labor intensive payroll software platform. Also, needed a platform that meet prospective clients expectations with a modern UI and the flexibility to complete simple tasks themselves.

Every long-term success-minded business loves to see growth, whether in its revenues, client base or influential reach. But when your small business receives more than 100 new clients overnight, you've got a challenge on your hands. Such was the case for Lubbock, TX-based Applied Payroll Solutions in 2021.

"Our biggest competitor in town was sold and we wound up with about 100 new clients, all of whom needed to pay their employees within a one- to two-week period," said Brittney Bennett, Applied Payroll Solutions' COO. "Most of those clients came from a payroll platform that was a lot more flexible than the one we were using at the time. They were accustomed to software that allowed them to log into a portal, input and manage employees and process their own payroll, only calling on their provider to facilitate tax filings and payments or when a tech issue came up."

Meanwhile, Applied Payroll Solutions handled clients' payrolls from top to bottom, manually entering employee information and importing payroll data with spreadsheet software. Working with a staff of just four processors, they realized that without a strategic change their operation ultimately would buckle under the pressure of the new and unexpected client load.

"Our own employees were coming to work early and staying late to meet monthly deadlines. It just became too much - Too much room for error and too much pressure on our staff," Bennett recalled. "We knew we needed to make a switch that would maintain the integrity of the payroll, ensure that tax payments were handled properly and give our clients the flexibility they were accustomed to."

"With our prior platform, we would still be running payroll at 10 o'clock at night. With IRIS payroll software, we're leaving the office at 5:30. The change has been tremendous."

- Martin Nowlin, CEO,
Applied Payroll Solutions

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Thus began the ardent search for a new payroll and HCM technology platform that would deliver on client expectations, minimize the burden on staff and maximize potential for the payroll service bureau's growth. Bennett, along with Applied Payroll Solutions' CEO Martin Nowlin and CFO Stephen Manning, began with the software provider with whom the now-sold competitor had worked. Topping the list of non-negotiable features was a thoroughly modern interface.

"The prior provider's initial splash screen had a clean, modernized feel. But the deeper we got into the system, the more each screen looked and each process worked the way it had 10, even 15 years ago," Nowlin said. "We asked when they planned to fully update their software and they gave us a three- to four-year timeline."

The next potential provider assured Applied Payroll Solutions that they could "probably offer what we needed - for a \$1.5 million development fee," Nowlin added. The stars finally aligned, so to speak, at an industry conference in 2022. There, company leaders learned of IRIS Payroll Software Platforms and requested a product demonstration.

"We were immediately excited about what IRIS had to offer," Nowlin said. Among the to features that quickly sold the company on the IRIS software platform are:

- The ultra-modern user interface designed with Millennials and Gen X users in mind: After all, Millennials alone already comprise nearly half of the U.S. workforce today and are on pace to hit 75 percent in 2030. "The younger generations expect an icon-based interface that is approachable, intuitive and easy to understand because that's what they know," Nowlin said. "We never had that in the past. IRIS provides that."
- Integration with the most popular related software: Because IRIS's software seamlessly integrates with several other leading platforms, clients are afforded the ability to convert in phases. "IRIS integrates with many of our new clients' current timekeeping systems," Bennett said. "This allows us to convert their core payroll and HCM systems to IRIS with little disruption to the timekeeping systems that they already use."
- A surprisingly smooth conversion: "Conversions are never easy," Nowlin said. "No matter what you're converting, there are always 1,000 moving parts. Working with IRIS's data conversion experts, we realized that the process would go far quicker and easier than we expected. That's what sealed the deal."

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IRIS offers multiple levels of conversion service plans including full-service and assisted plans; as well as an onsite option that involves IRIS's data conversion experts spending several days at a payroll service bureau's office to personally guide implementation of all necessary changes and conduct in-person training. Applied Payroll Solutions opted for the latter.

"When we first started our software conversion, we didn't know what we didn't know," Bennett said. "With IRIS's conversion team here in our offices, they were able to ask us specific questions and tailor a system that addressed all the nuances of our particular payroll. That has helped tremendously with the client conversions and new client onboardings that have taken place since they left."

Statistics show that each minute of downtime can cost the average company between \$962 and 17,244. A Forrester Consulting study commissioned by IBM showed that even larger companies take significant hits from downtime, whether planned or unplanned. Of those surveyed, 53 companies reported losing revenue, 47 percent lost productivity and 41 percent saw their brand equity and consumer trust suffer.



A payroll service bureau with a small staff attempting to DIY a software conversion likely will convert just 10 to 15 clients per week. Not only does this split staff's time and attention between converting clients while continuing to service their full roster, it also forces them to run multiple platforms simultaneously. The burden on staff and the inevitable wait or inconvenience forced on clients can be damaging to business. And for payroll firms with a significant number of clients, stretching the conversion time can mean weeks or months of failing to realize full efficiency or profitability.

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"One of the things that impressed me the most was IRIS's data conversion experts' exhaustive knowledge of payroll and their ability to communicate that expertise," Nowlin said. "It went much further than simply, 'Here's how to pull this data table to another data table.' They thoroughly understand the function of payroll. I learned so much about some of the intricacies of payroll that I didn't know before."

Key to the ultimate success of any conversion is ongoing service after the sale. That, Bennett says, further sets IRIS apart from competitors.

"With our prior provider, we would make a phone call and be put on hold for numerous hours, just to get connected with someone who read a script that oftentimes was incorrect, didn't match what was in their own help files or just didn't apply to our issues," she said. "With IRIS, we're typically able to get a hold of somebody immediately and if the first person we reach doesn't know the answer to our question, they're able to put us in contact with someone who does."

That quick access to help made the difference with a January 31 deadline for form 941 (employer's quarterly federal tax return form), form 940 (employer's annual federal unemployment tax return) and W2 filings.

"We were in a bind because it was early in our conversion so we were still filing out of two systems," Bennett said. "We were able to reach an IRIS representative by phone immediately and she talked us through the process, helping us to meet the deadline."

In another late evening crunch, a client's payroll went awry with a misapplied payment.

"Even though it was late, we were able to reach a data conversion expert who quickly recognized that the issue was a missed step in the approval processing and was able to point us in the right direction. They just go above and beyond."

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While change initially can be stressful for all parties, the results have been overwhelmingly positive for both Applied Payroll Solutions' staff and their employer clients.

"Our clients, existing and new, are so excited to have autonomy over their payroll," Bennett said. "Just the independence to change employee data at any given moment without having to wait for a response from a payroll processor in our office has been very well received. People are loving it."

That 24/7 access to payroll and HCM data and processes alone has proven a quick selling point for landing new clients. Nowlin recalled a recent call from an employer looking for a new payroll solution for his five-location, 100-employee company.

"He popped into the office, I pulled up the software on a large screen and just five minutes in, he said, 'When can we get started?'" Such a scenario is a far cry from the company's pre-IRIS experience, Nowlin said. He noted having lost two major prospects because the rigid platform used at the time made product demonstrations near impossible.

"Today, our confidence level in the product and service we're able to provide clients has skyrocketed and our ability to sell is unlimited," Nowlin said. "If someone had asked just nine months ago whether we could add another 100 clients in the next 10 months, I'd have said no. Growth of any amount just wasn't scalable. Now, that growth engine has started running and we're finally saying, 'Alright, let's go get another 100 clients.' We've got our eye on ultimately hitting 1,000 clients. That goal would not have been possible with the product we were using before."

Find the Solution That Is Right for You

Learn more about an IRIS [automated payroll software platform](#) built for accounting firms that does the "heavy lifting" for you or an IRIS [highly configurable payroll and HR software platform](#) used by many payroll service bureaus.

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