



Software Review: Payroll software and services: Works in progress

By Dave McClure

A year ago, payroll processing remained a class of software striving to serve both accountants and their customers. Still making the transition from service bureaus to the desktop and on to the Internet, the focus was less on how to help accountants than on how to get directly to their clients.

There were exceptions, of course - AccountantsWorld, which worked only through accountants, and Payroll CS. But for the most part, the software reflected the ambivalence of the accounting industry itself in approaching payroll. For many accounting firms, payroll was a mechanical, time-intensive and low-margin business that was best outsourced. Three factors changed all that.

- The move to the Internet. The move to the Internet changed payroll processing from an exercise in data entry and check-signing to an interactive, customer-focused service that could enhance client relationships while requiring less data handling. And it pushed the pricing down into the range that accountants and their clients could afford.
- Payroll got interesting. No more a matter of simply adding up the time and cutting a check, payroll today encompasses direct deposits, debit cards, complex deductions, 401(k) distributions and other programs that require the fine touch of an accountant.
- Payroll got serious. Not only did the Internal Revenue Service and the states begin to implement electronic filing and reporting, they started to crack down on even minor delays. Late-filing penalties have become substantial areas of risk, and companies simply can't afford to get the payroll processing wrong. It was a natural area for growth among accountants.

Payroll processing is emerging as a major revenue center for most accounting firms due to the combination of these three factors. Once a minor bookkeeping chore, payroll has been elevated to the center of client service and relations, and accounting firms that ignore the potential of this market do so at their own risk.

For 2006, we surveyed an expanded field of 10 payroll-processing systems, the largest number we have covered in recent years. All are strong competitors, with most offering flexibility in the blend of service bureau services, desktop applications and Web-based services. The trend toward this diversity - and a strong focus on selling through accountants - should hold for many years.

Abra Payroll Sage Software

Sage Software offers two payroll solutions for mid-market companies with under 50 to over 1,000 employees - Abra Payroll as an economical in-house payroll management system, and Sage Payroll Services as an outsourcing solution.

A powerful Windows-based application, Abra Payroll is designed to easily handle unlimited earnings, taxes and deduction types, multiple user-defined pay groups, and customizable transactions, and offers a full range of tax management capabilities, including all standard federal, state and local tax tables, compatibility with EFTPS, and electronic media reporting for all states.

Additional features include the ability to process a "trial" payroll; the ability to create NACHA-compliant files for electronically processing employee direct deposits and payroll tax deposits; the ability to print to several different types of check stock, including MICR encoding; and automatic time sheet entry. Abra Payroll provides complete

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"Employee Management Software"



integration with Abra HR, Sage Abra Attendance and Abra ESS, and interfaces with many major general ledger and timeclock systems.

The Abra ESS module, when used with Abra Payroll, provides secure, online information to employees, including pay stubs, payroll history details, W-4 changes and W-2 copies, and helps enable paperless payroll.

Organizations wishing to perform payroll in-house, but outsource payroll tax compliance, can use the Sage Tax Compliance Service to extract all the necessary data from Abra Payroll, complete all necessary forms, and send all tax liability payments to all federal, state and local taxing authorities.

Built on 20-plus years of experience, and boasting a strong national network of certified business partners, Abra Payroll is notable for its focus on the mid-range business, its power and its flexibility. Few payroll solutions in its class can offer the same ease of navigation, customization features, economy and return on investment.

Vendor information

Abra Payroll
Sage Software
888 Executive Center Dr. West,
Ste. 300
St. Petersburg, Fla. 33702
(800) 424-9392
www.sageabra.com

Pricing: License fees - start at \$2,115 for a 75-employee payroll.

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