

NEAT EVALUATION FOR VISTRA:

Payroll Services

Market Segment: Multi-Country Capability

Introduction

This is a custom report for Vistra presenting the findings of NelsonHall's 2024 NEAT vendor evaluation for *Payroll Services* in the *Multi-Country Capability* market segment. It contains the NEAT graph of vendor performance, a summary vendor analysis of Vistra 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.

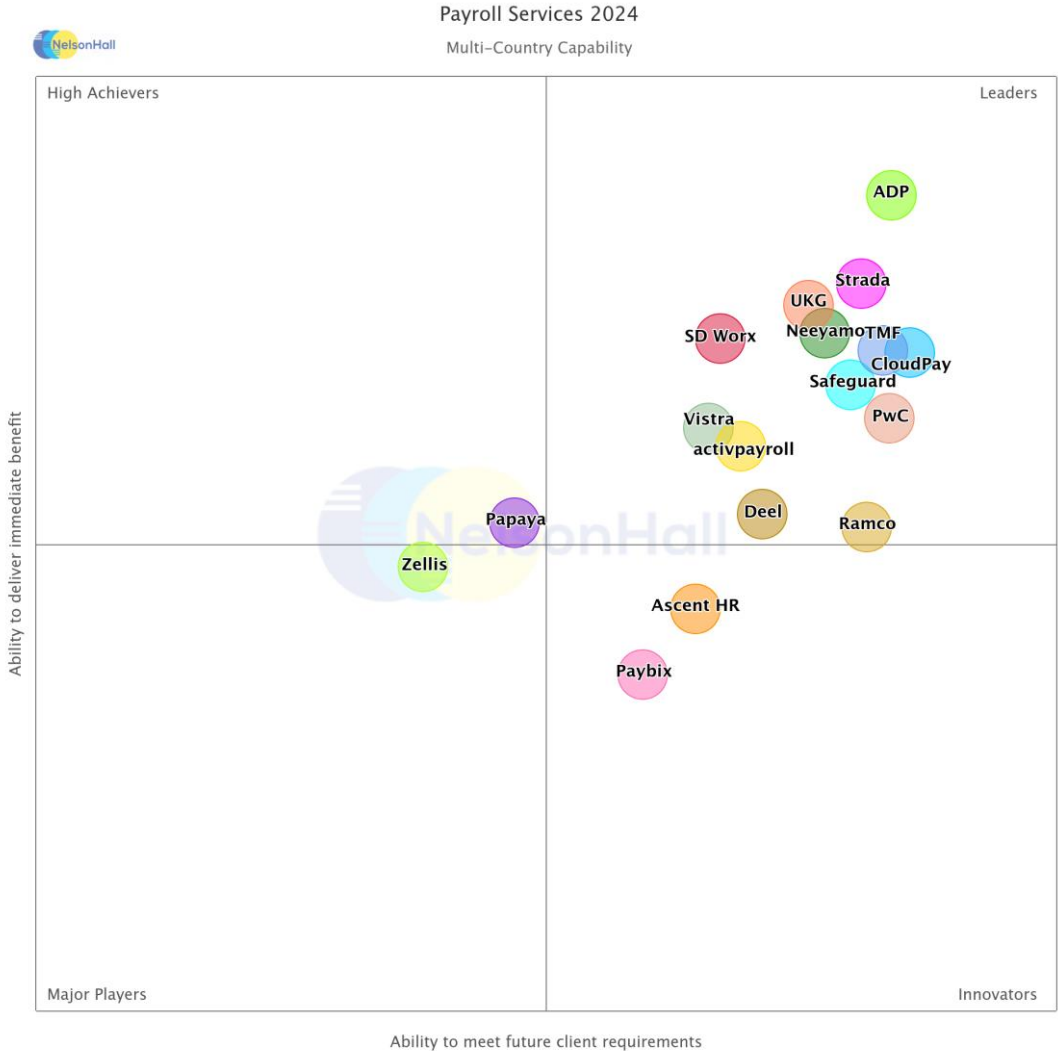
Evaluating vendors on both their 'ability to deliver immediate benefit' and their 'ability to meet client future requirements', vendors are identified in one of four categories: Leaders, High Achievers, Innovators, and Major Players.

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 (Multi-Country Capability)



NelsonHall has identified Vistra as a Leader in the *Multi-Country Capability* market segment, as shown in the NEAT graph. This market segment reflects Vistra’s ability to meet future client requirements as well as delivering immediate benefits to its payroll services clients with specific capability around multi-country 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 (*Multi-Country Capability*) [here](#).

Vendor Analysis Summary for Vistra

Overview

Vistra offers global payroll services across 120 countries and processes ~97% of all pay slips with in-house delivery teams. It is a global business services organization supporting corporate and fund solutions with ~5k professionals in ~50 jurisdictions. It offers administrative support across essential business services to help manage companies and private capital funds across the business and investment lifecycle, from incorporation to IPO.

It was founded in 1986 and is based in Luxembourg. In 2022, Vistra set up its global transformation project, which became part of its digital program strategy. It invested in API architecture to support HCM and finance integrations. In July 2023, Vistra completed a major merger with Asia-based business expansion services organization, Tricor. Tricor added ~4k employees to Vistra's existing ~5k employee base and complemented the Vistra business, adding global knowledge and local expertise in business, corporate, investor, human resources & payroll, corporate trust & debt services, and governance advisory. Tricor had ~50k clients globally (including ~20k in Mainland China) and a network of offices in 49 cities across 22 countries/territories. Its client portfolio included ~2k listed companies in Hong Kong SAR, Mainland China, Singapore, and Malaysia, representing ~40% of the Fortune Global 500 companies and a significant share of multinationals and private enterprises operating across international markets.

Vistra offers comprehensive managed payroll services using its proprietary technology, Orisoft, and OverseasConnect.

The company primarily targets mid- and small-market-sized organizations for its payroll services, focusing on organizations headquartered in Asia Pacific, Europe, and North America with single and multi-country employee footprints. Vistra's payroll services cater to various sectors; however, it has a major client headcount in two key business sectors: hospitality and healthcare. It offers a retail-specific solution for workforce management processes and reporting, and targets retail sector sales and business development teams.

Vistra uses a service center approach with ~90% of its FTEs based in global service centers located in offshore centers in India (Bangalore and Mumbai), with additional regional centers in Indonesia and Mauritius. It has a local payroll delivery team across 44 countries.

Financials

Vistra is a privately-owned organization and does not report revenues. Its estimated CY 2023 global revenues were \$1.1bn, of which payroll services were \$147m. By region, the estimated share of payroll services revenue was:

- Asia Pacific, 74%.
- EMEA, 20%
- Americas, 6%.



Strengths

- Breadth of offering to support 120 countries with particular strength in delivering direct services in Asia Pacific with a proprietary payroll processing platform
- Centralized payroll delivery through global and regional service centers
- Offers a wide portfolio of complementary HR services, including HCM technology based on its Orisoft technology for the APAC region, global absence management, EOR services, and corporate services, including entity management, company secretarial, accounting, and tax
- Ability to offer visibility of data and functionality across payroll, HR, compliance, and auditing through a single platform
- Capability to support mid- and small-market-sized organizations
- Experience in various industries, with hospitality and healthcare specialisms.

Challenges

- Vista's major transformation currently underway is expected to absorb resources, and until the transformation is more advanced, supporting growth could be challenging for the business
- Its proprietary platform Orisoft is not fully cloud-based; some clients are using on-premise versions of Orisoft, which can make upgrades and maintenance for existing clients more challenging.

Strategic Direction

It has been just one year since the major acquisition of Tricor, which almost doubled the size of the Vistra payroll business. Vistra aims to digitalize the international expansion service industry over the next five years. Vistra recently secured board approval to support a five-year roadmap that includes developing payroll services and a budget for further acquisitions. Its roadmap includes investments in its global technology, global delivery capability, and increasing its ability to drive commercial flexibility and commercial incentives.

Service deliverables such as EWA, global banking, and financial wellness already formed part of Vistra's strategy; however, digitalization and the merger with Tricor have created an opportunity to transform its business and grow its brand in the global payroll industry.

Vistra's payroll service roadmap priorities include:

- OverseasConnect system refresh, including a new user interface using the Angular development platform, tighter integration with the Orisoft platform, and a new demonstration environment
- AI/ML-based algorithms for anomaly detection in the current payroll cycle by singling out outliers over historical pay data. AI will overlay Vistra's internal knowledge base supporting wider international expansion capability
- Enhancing contact center capability, adding a virtual assistant
- Enhancing its existing global payment offering, including trust, treasury, and cash management, FX global payment systems to deliver EWA and financial wellbeing programs



- Increasing payroll capability in Latin America
- Enhancing its commercial benchmarking terms with localized benchmarking data
- Mobile app and analytics
- Digital client onboarding experience, including KYC.

Outlook

Vistra is undergoing a major organizational transformation kick-started with the Tricor acquisition. Its roadmap and investment plans are ambitious, and the early signs of its development show promise.

Over 2024, NelsonHall expects Vistra to grow its payroll business by ~15-20%. Its growth is expected to be mostly organic, driven by APAC and European small and mid-market buyers looking for flexibility and support in serving complementary corporate services.

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



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.



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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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