



**NUCLEUS**  
RESEARCH

# ZOHO PAYROLL LANDS IN THE US

## ANALYST

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## THE BOTTOM LINE

Zoho recently announced the United States (US) edition of Zoho Payroll, a product previously only available to customers in India and the United Arab Emirates (UAE). As the market continues to trend towards consolidation, integrated approaches are increasingly in demand. Known for its breadth of deeply integrated capabilities across business needs, Zoho's entree into US payroll will benefit customers by reducing reliance on third-party payroll tools and manual processes, which can improve payroll accuracy and enhance productivity for dedicated employees. For Zoho, this move is set to strengthen its positioning as a complete enterprise offering and increase its competitive edge going into 2025.

## THE ANNOUNCEMENT

Zoho, a global provider of business applications, recently announced the availability of Zoho Payroll for the United States. Previously only offered in India and the UAE, Zoho Payroll has been long awaited by US-based customers looking to consolidate their business solutions and operations across HR and finance. For organizations using Zoho People as their HRIS, the ability to take advantage of payroll functionality that works natively with other Zoho applications will likely lead to lower complexity, as users no longer must rely on integrations with third-party payroll tools and conduct manual data entry. This is expected to lead to significant productivity gains from the outset, with additional time and cost savings stemming from the improved accuracy of payroll processing.

As organizations increasingly prioritize a fully integrated approach, particularly across departments such as HR and finance, Zoho is well-positioned to capitalize on this trend. The addition of payroll for the US presents significant upsell and cross-sell opportunities for the vendor and officially makes it a contender to watch in the full-suite human capital management (HCM) market.

## ZOHO PAYROLL

The US edition of Zoho Payroll includes capabilities to automate payroll processing while remaining compliant with regulations. For example, the solution simplifies tax compliance at the federal, state, and local levels with automated tax calculation, payment, and filing. The solution can also handle employee benefits, including healthcare, paid time off (PTO), and various savings accounts such as 401(k), HSA, and FSA. A mobile-first employee self-service portal enables employees to view their pay and benefits contributions all from within the app. Users can also drill into their salary breakdowns, modify tax withholding preferences, and submit inquiries to HR. In addition to its connection with Zoho People, Zoho Payroll also integrates with Zoho Expense and Zoho Books which enables simpler initiation of expense reimbursements and posting of payroll journal entries.

## BENEFITS FOR CUSTOMERS

Nucleus expects customers who deploy Zoho Payroll to achieve benefits, including retired and avoided costs, increased payroll accuracy, and enhanced payroll productivity.

## RETIRED & AVOIDED COSTS

Prior to the announcement of Zoho Payroll for the United States, Zoho People customers with US-based employees had to rely on third-party payroll tools. The costs of this approach include not only the annual fees associated with the payroll solution but also the resources required to set up and maintain integrations. Upon implementing Zoho Payroll, these organizations can take advantage of the pre-built integration with Zoho Books, Zoho Expense, and Zoho People and offload the costs of existing standalone systems.

## INCREASED PAYROLL ACCURACY

Data silos between solutions create manual workarounds, which are prone to human error. Zoho Payroll's future integration plans with apps such as Zoho Shifts for time and attendance can create a more unified stream of data that eliminates the need for things like manual data entry that so often cause costly inaccuracies.

Nucleus found that automated payroll systems can reduce payroll errors by up to 95 percent. Additionally, the integration of Zoho Payroll with Zoho Books can drive further accounting accuracy, as unified HR and Finance data can reduce monthly reporting errors by 20 percent.

**Automated payroll systems can reduce errors by up to 95 percent**

## ENHANCED PRODUCTIVITY

Automated payroll solutions, such as Zoho payroll, can significantly impact productivity for payroll administrators or any staff who manage the process. Nucleus found that most organizations can expect to recapture more than 80 percent of the time spent processing each pay period. Additionally, the mobile interface for employees gives them access to information about taxes and withholdings. This improves employees' understanding of pay and can save managers approximately 75 percent of their time previously spent answering pay-related questions.

From a broader perspective, Nucleus found that organizations with integrated HR and finance solutions can complete monthly closes in approximately half the time previously required when operating with disparate solutions. Organizations that take advantage of the interoperability of Zoho's finance and payroll apps can reallocate these time savings to higher-value, strategic initiatives for each department.

## LOOKING AHEAD

Zoho's introduction of US payroll sets the stage for continued growth into other geographical markets. As organizations continue to move toward all-in-one approaches, the vendor has set itself up at an advantage in the HR and finance spaces, increasing its competitive edge relative to other HR providers due to the interoperability of its business applications. The move also positions Zoho as being more enterprise-ready, as the vendor works to move beyond its roots in the SMB space to compete among the likes of software giants, including SAP and Oracle, that also unify HR and Finance technology within their respective suites.