

The Best Approach to Payroll Patching

Part 1: The payroll patching problem.

Part 2: What options do customers have?

Part 3: Customer-focused patching.

Part 4: How to receive a better service and reduce your costs.



Part 1: **The payroll patching problem.**

Patches enable organisations to comply with new requirements. Unfortunately, the reality is far less straightforward...

The concept behind payroll patching is simple. Governments and tax authorities in every country change legislation on a regular basis to reflect the latest political initiatives. When changes are announced, software vendors must provide patches.

It's a well-known fact in the IT world that patches have a habit of breaking things.

While they contain the code needed to facilitate new functions (or alter existing ones), they typically cause unforeseen issues elsewhere.

These issues are even more common when customers have applied their own customisations to a software product.

This is something that's very common with ERP systems like Oracle and SAP.

To make matters worse, most software vendors provide bulk patches that cover all new requirements, often for several countries at once.

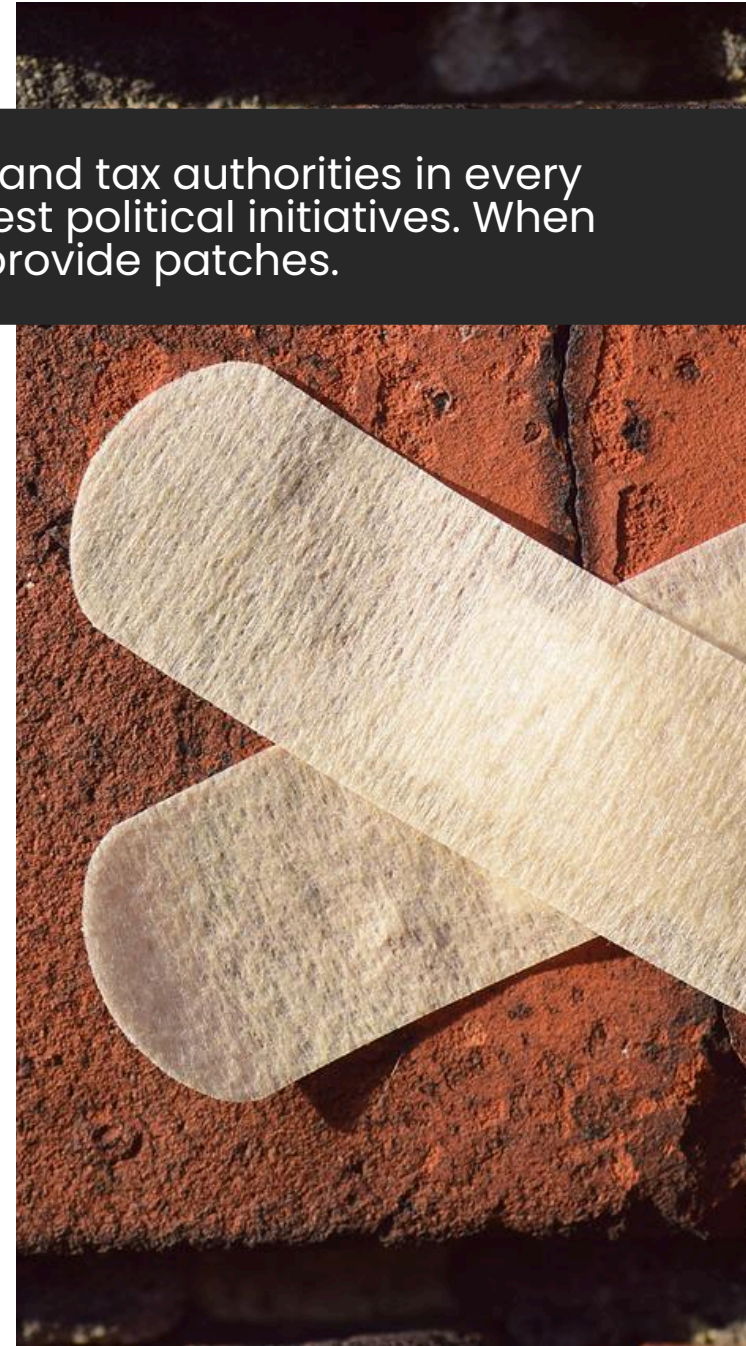
Customers are then left to selectively apply, test, and fix patches on their own.

This is certainly the case with Oracle & SAP.

Both patches and live systems are so complex that customers routinely struggle to get everything working in time for new legislation to come into effect.

Finally, in order to be eligible for vendor-created patches at all, ERP customers must be in their vendors' official support programs.

These programs are incredibly expensive and require customers to regularly upgrade to the latest versions of their ERP systems, at an even greater financial and resource cost.



A better way to patch.

Support Revolution provides independent, third-party support for Oracle and SAP systems.

With over 22 years of experience, we provide world-class support and maintenance including all the necessary legislative and security patches, while saving customers at least 50% of their annual support costs.

In this guide, we'll cover the issues surrounding the traditional vendor patching process, and what other options ERP customers have.

In particular, we'll look at how Support Revolution's customer-focused, five step patching process ensures customers have fully functional payroll systems that comply with the latest legislative changes well ahead of their effective dates.

This guide will teach you:

- Why payroll patching is essential to ERP maintenance, and how it has traditionally worked.
- How ERP vendors and third parties like Support Revolution are able to produce patches on time.
- The three options ERP customers have to ensure their systems comply with the latest legislation.
- How Oracle and SAP develop and release patches, and why it often leaves customers high and dry.
- How Support Revolution's five step, customer-focused approach is changing the patching game.



Why are payroll patches needed? >>

The primary function of payroll patching is to ensure a company is compliant with the latest legislative requirements. Payroll sits at the intersection of several heavily regulated functions including taxation, compensation, expenses, and pensions. Therefore, it's quite common for new legislation to require changes to an organisation's payroll processes.

Common legislative changes

These changes are made annually according to a set timeline. They usually come into effect on the same day each year, which varies depending on the country.

Common legislative changes can affect a wide variety of payroll functions including:

- Tax rates and thresholds.
- Country specific taxes.
- Compensation rates and statutory payments.
- Expenses, like company cars.
- Pensions & Benefits paid through payroll.

Significant legislative changes.

These are one-off changes that result from a legal act or regulatory reform. They usually include a specific date by which all organisations must be compliant.

Some significant legislative changes require minor changes to payroll function, while others mandate a complete overhaul.

One example of a truly significant legislative change is Ireland's PAYE Modernisation, which came into effect on 1 January 2019. It required all organisations to move to a real-time reporting system.

Patching for legislative changes.

While specific timelines and details vary by country, the general process for legislative change remains constant.

In most countries, the majority of changes that affect payroll are announced alongside an annual budget.

For example, in the UK, tax measures for the year ahead are announced in the Autumn Statement (usually in late November), and come into effect at the start of the new tax year on 6 April...

... Any statutory changes necessary to reflect these measures are set out in a single parliamentary bill, the annual Finance Bill, and all organisations in the UK must have the necessary patches in place to ensure their payroll processes can support those changes by the first day of the new tax year.

While this example is UK-specific, most countries have similar annual processes and a similarly small window between announcement and enforcement.

If you're thinking that it doesn't leave much time for payroll patching, you're absolutely right.

For this reason, regulatory bodies all over the world have provisions in place to provide technology companies with early access to information about regulatory changes, so they have time to produce the necessary patches.

ERP vendors like Oracle and SAP (as well as third-party providers like Support Revolution) are registered as software developers with all necessary regulatory bodies around the world.

This ensures that their customers are always able to satisfy regulatory requirements ahead of statutory dates.



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Part 2: What options do customers have?

When it comes to payroll patching, customers have three options to choose from...



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et's compare them to help you decide which one is best for your organisation...

1. Engage with the vendor.

Requires customers to remain in the vendors' official support programs, and regularly upgrade to the latest version of their ERP systems.

2. Develop patches in-house.

Requires customers to build and maintain an in-house team that feature highly skilled individuals such as software developers and payroll patching specialists.

3. Outsource patching to a third party.

Requires customers to switch to third-party support, but enables them to continue using their preferred ERP versions for as long as desired. Each of these

options has its advantages and disadvantages. On the face of things, sticking with the ERP vendor for regulatory patches may seem like the simplest and safest option. However, there are a number of issues with this option that ought to be considered.

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When it comes to payroll patching, customers have three options to choose from.



ERP PAYROLL PATCHING OPTIONS

OPTIONS

ADVANTAGES

DISADVANTAGES

Low risk – Customers can be certain that patches will be released on time.

Direct issue resolution – ERP vendors are able to edit the source code of their solutions directly, so no workarounds are needed.

Cost – Receiving patches directly from the vendor requires customers to be in support, which is very expensive to maintain.

Patches break things – ERP vendors produce patches that cover all regulatory changes for all customers, so you usually have to go through multiple rounds of testing to ensure functionality is protected.

Lack of support – Some providers have completely stopped providing payroll patching for older versions so for some, this isn't an option anyway.

Resource intensive – Creating patches for an ERP system is a highly specialised skillset and requires a dedicated team (most organisations do not have these in-house, and personnel with the skills needed can be

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Part 3: Customer-focused patching.

Many think that payroll and legislative patching must come from their software vendor to be legitimate, but this simply isn't true.





Oracle and SAP take a direct approach to payroll patching:

- 1** Receive legislative changes from regulators.
- 2** Build a patch that covers all regulatory changes.
- 3** Deliver the patch to customers to conduct testing, fixes, and go-live.

However, there are two major problems with this approach (at least from the customer's perspective).

First, Oracle produces a single patch to cover all legislative changes, but the average customer will only need some of those changes.

SAP at least produces individual patches for each change, but not for each

customer.

Since patches typically cause unintended problems, particularly if a customer has customised their ERP system, it would be highly undesirable to apply these one-size-fits-all patches.

A customer would have to dissect each patch and associated documentation to identify which changes will affect their organisation, and then come up with a plan of how to test and implement these.

This can take a substantial amount of time and resources, and must be done every time a new patch is released.

Second, once a patch delivered by Oracle or SAP has been applied, any further support that is needed must go through the standard route: a vendor support request.

Turnaround times can be long, particularly for complex issues, and customers are

often forced to communicate with multiple support engineers for a single request.

The Support Revolution approach

Unlike the big ERP providers, Support Revolution's payroll patching process is highly customer-focused.

Customers' in-house stakeholders are engaged right from the start, and each patch is tailored to the specific needs of each organisation.

In other words, instead of producing a single patch for all our customers, **we produce a separate, bespoke patch for each customer that meets their specific regulatory and technical needs.**

To facilitate this, we use a five step process:

1. Identify legislative changes.
2. Hold a meeting with key stakeholders.

3. Build and deliver the patch.
4. Go live!
5. Post-live support.

Step 1: Identify legislative changes

Just like Oracle and SAP, Support Revolution identifies upcoming legislative changes through a variety of sources. Most notably:

Legislative bodies – We are registered as a software developer with all relevant legislative bodies worldwide. As a result, we are notified of upcoming legislative changes as soon as their specifications are released. This is usually several months before they are publicly announced.

Country-specific payroll bodies – We maintain relationships with a variety of independent and government organisations that specialise in payroll legislation. In cases where government-

issued guidance is unclear, these organisations help to determine how our customers will be affected by new regulatory changes.

Unlike the big ERP providers, however, we don't stop there. Once a list of all legislative changes has been compiled, new requirements are mapped against each customer's payroll configuration. Once complete, a payroll patching project is initiated for each individual customer.

Step 2: The initial meeting

Determining precisely what each customer needs from their payroll patch is not something we can do in isolation. Patching requires input from key stakeholders within your organisation. Every patching project formally commences with a kick-off meeting.

Each requirement is discussed with the customer, and a prioritised list is produced based on their specific needs and payroll

environment. Unlike patches provided by the vendors, any requirements that aren't relevant to a customer are excluded from their patch to avoid unnecessary bugs or issues.

Once a tailored requirement specification has been produced and shared with the customer, we recommend changes to be applied based on their payroll configuration.

Step 3: Build and deliver the patch

Our approach to payroll patches is very different from the process employed by Oracle and SAP. While the big ERP providers build a one-size-fits-all patch and leave testing and refinement entirely to their customers, we take a much more consultative approach.

We offer two patch development and delivery models, depending on the customer's preference:

1. We provide an individual build for each change (effectively a series of small patches), delivered in a phased manner over multiple releases, so the customer can spread User Acceptance Testing (UAT) out according to availability of in-house testing resources.
2. We provide all changes in a single patch release, so the customer can conduct all UAT in a single, concentrated period.

We develop our patches in customer-specific test instances, so there is no chance that live systems will be affected.

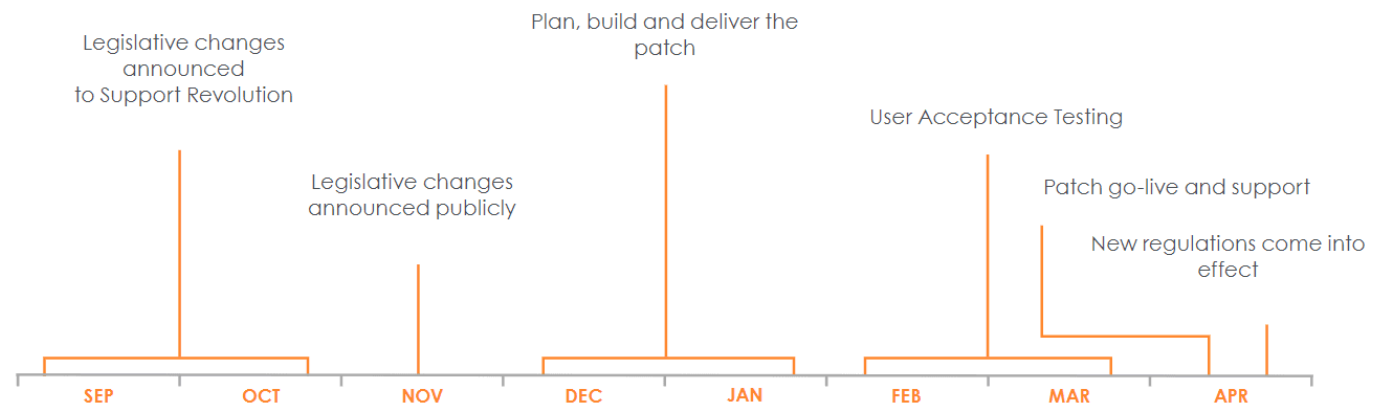
All patches are thoroughly tested by our own team as well as the customer's project team. Throughout the UAT process, we hold weekly status meetings with the customer's stakeholders.

Step 4: Go live!

Once UAT has been completed and a patch has been signed off, it will be set to become active on the appropriate date.

The diagram below shows an example patch timeline.

Final step on the next page>>



While the specifics (such as the announcement and go-live dates) vary by country, the timescales displayed (around nine months from end-to-end) are similar everywhere.

Step 5: Post-live support

Despite thorough testing, it's not uncommon for ERP customers to experience teething problems after a patch goes live.

While Oracle and SAP leave their customers to handle these in-house (or go through time-consuming service requests), we take a more hands-on approach.

We provide production support for all patching projects and engage with customers to resolve any issues that arise

after going live.

All issues are logged with the Support Revolution Service Desk and are subject to our industry-leading SLAs for timely resolution.

Benefits of a customer-focused patching model.

Crucially, unlike Oracle and SAP, we assign support requests to a named individual in our organisation.

They will work on the incident, available to the customer directly by phone. For high priority cases, we can even make our engineers available on-site.

From our experience (and what we've heard from our customers) our approach to payroll patching has two major benefits over the service offered by Oracle and SAP.

1

Nothing gets broken – Patches are known for causing unforeseen issues with system functionality.

This is only exacerbated by the standard vendor approach of providing a single, one-size-fits-all patch to all customers.

To avoid these issues, not only do we provide an individual, tailored patch to fit each customer's needs, but we also take into account all of their customisations and work with them to ensure all ERP functionality is protected and available on go-live day.

2

Faster compliance – With Oracle and SAP patches, customers are forced to conduct a huge amount of testing and tweaking to get everything working as needed. It's a long process and the vendors offer little help.

This process becomes even more complex for customers that have various

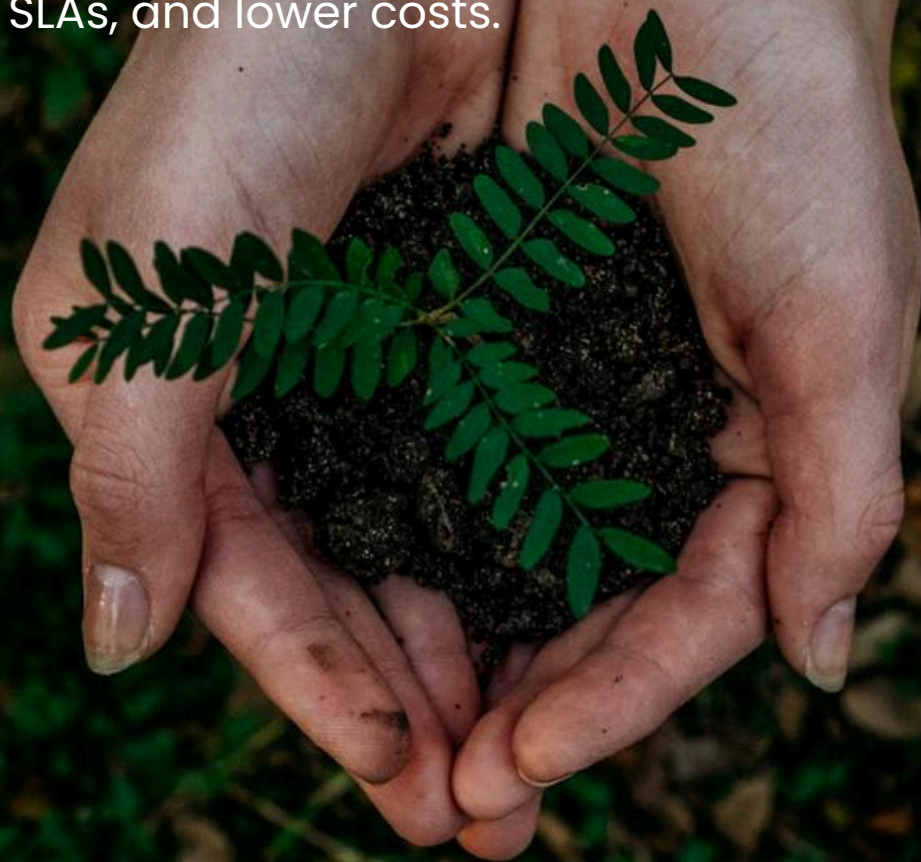
customisations in place.

Either way, customers often struggle to meet mandatory go-live dates with vendor patches.

Our collaborative approach and tailored patches ensure customers can achieve full compliance with new legislation with plenty of time to spare.

Part 4: How to receive a better service and reduce your costs.

Better patching, stronger SLAs, and lower costs.



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he traditional vendor model for payroll patching has huge deficiencies.

It forces customers to expend a tremendous amount of time and resources to test, apply, and fix patches, and leaves them scrambling to prepare their payroll systems in time for new legislation.

Worse, only customers willing to pay exorbitant annual fees to remain in their vendor's support program (with all the forced system upgrades that it requires) receive any patches at all.

Earlier in this guide, we looked at the three options ERP customers have for payroll patching:

1. **Engage with the vendor.**
2. **Produce patches in-house.**
3. **Enlist the help of a specialist third party.**

We've covered the shortfalls of vendor patching in some detail. Producing patches in-house is extremely resource-intensive and costly.

While the resultant patches will undoubtedly be better tailored to the customer's ERP environment than a vendor patch, few organisations have the development and payroll expertise in-house to make this route possible.

As these first two options sound a little impractical, let's look into the third option – enlisting the help of a specialist third party – in a little more detail. >>



Service	SAP	Oracle	Support Revolution
Service requests	Yes	Yes	Yes
24/7 support via phone, email and portal	No – support portal only	No – support portal only	Yes
Cloud services	Yes	Yes	Yes
Functionality patches	Recent products only	Recent products only	All products
Legal & regulatory patches	Recent products only	Recent products only	All products
Security patches	Monthly	Quarterly	Within 48-hours
SLAs: Response	Limited	Limited	Yes
SLAs: Resolution	Limited	No	Yes
Support for customisations	No	No	Yes
Support for performance issues	No	No	Yes

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A third-party support example...

Serco Case Study.

Find out how this global organisation found a more cost-effective solution to their third-party support for their Oracle and SAP software.

