



Payroll Companies Selling Benefits

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Payroll companies have a new weapon – employee benefit technology. Ceridian purchased Sylinq. Then in 2006, ADP purchased Employease. Recently, Paychex acquired Benetrac. This completes the top three payroll service providers' entry into online benefit administration services for the mid market.

These acquisitions may look like any other in a lengthy series of "service" additions to secure more revenue from existing payroll clients. Well, look again. Once the payroll company installs a benefits technology system with its clients, it gets a lot easier to cross-sell benefits consulting and brokerage to the C-suite (CEO, CFO, COO, etc.) based on the "testimony" of its employee benefits know-how and its relationship with the client's HR/benefits staff.

Although most payroll companies today are not openly advertising themselves as benefits brokers, don't be deceived. Payroll companies are aggressively going after your business. Stephen Coney, President of Coney Benefits Group says, "These payroll companies are not our friends. They're looking at the brokers' commission revenues relative to their own lower payroll fees. I don't trust them with my clients."

Of the top three payroll providers, Paychex has been the most aggressive in building its benefits brokerage practice. They have hired 95 licensed agents in different markets across the U.S. Other payroll, PEO and HR outsourcing firms, such as CheckPoint HR and ADP's TotalSource, have been leveraging the payroll entry point for years into a broader relationship with clients, including broker services.

As Industry Radar founder and Employease co-founder John Nail noted in 2006, "ADP's real focus is just becoming clear on their partnership strategy. They are going into the insurance brokerage business by hiring agents - not acquiring agencies - and leveraging the payroll relationship and services like Employease to get the insurance commissions. They can give away a lot in exchange for the Broker of Record letter and the insurance dollars. They have been in the voluntary benefits area for years competing with brokers but now it is right in their face. Stay tuned on this one it is going to shake up the less than 1,000 employee space a lot."

These payroll companies may already be inside your client's C-suite. However, it's not too late to prepare a defense. My HR Tech is the payroll technology, the benefits technology, the knowledge, and the high-quality customer service you need to successfully defend your client relationships. Whether you are looking for a trustworthy Partner to refer to your clients or technology solutions that deliver exceptional payroll, benefit and HR administrative services to your clients, My HR Tech has the options that will work for you.

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