PITON Global

EXECUTIVE WHITE PAPER · WP-12

HR & PAYROLL OUTSOURCING · PHILIPPINES

The payrun standard: the executive economics of HR and payroll outsourcing to the Philippines.

An analysis of why payslips processed is a throughput vanity metric, how payroll accuracy and on-time delivery — never volume — decide the true cost of a pay run once corrections, penalties, and employee trust are counted, and the vendor-selection discipline that makes payroll invisible in the best way.

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JULY 2026
MANILA · ESTABLISHED 2001

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ABOUT THIS SERIES — VOLUME 12

Every payroll proposal leads with a per-payslip price and a headcount saving. This volume is about the number no one quotes and everyone feels: whether every employee is paid the right amount, on the right day, with the right taxes filed. Payroll is the one function whose failures are personal — and the gap between processing payslips and running an error-free pay run is where its real cost hides. The full series lives at piton-global.com.

THE PITON-GLOBAL LEADERSHIP TEAM

About the authors

John Maczynski

Chief Executive Officer

John has bought payroll and HR-administration capacity from the client chair for three decades, and learned that payroll is the one back-office function where a single error becomes a personal grievance by lunchtime. His standing question ignores the per-payslip price: did every employee get paid the right amount, on time, with the filings correct? Applied at PITON-Global, that question is what clients get on every payroll sourcing decision — personally, with no account layer in between.

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Chief Strategy Officer

Ralf has spent twenty-five years running Philippine payroll and HR-shared-services floors, and he judges a payroll operation by the pre-commit validation, not the payslip count: what checks run before the pay file is released, and what happens in the hours after a variance is caught. The payrun contract in Section 3 codifies what he learned rebuilding operations that processed fast and paid people wrong. He now reads payroll providers the way he once ran them — from the error log backward.

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ABOUT PITON-GLOBAL

PITON-Global is a buyer-side advisory practice, Manila-based since 2001, that has never operated a delivery floor or taken a placement commission. Its stock-in-trade is knowing the Philippine provider market at the operating level — 1,000+ mapped operations, re-verified continuously, including each payroll operation's real accuracy and on-time performance rather than its payslip-volume headline — and converting that knowledge into a shortlist of six to ten genuinely qualified partners per engagement. Buyers from Tripadvisor, Garmin, TSYS, HealthPartners, Yetipay, Workrise, and Norman Disney & Young have run their searches through the practice.

SECTION 01

Executive summary

-60%	99.9%+	100%	5.9×
Fully-loaded cost per payslip vs. US onshore	Payroll accuracy on vetted operations — every employee, every run	On-time pay-run and statutory-filing rate	First-year ROI, reconstructed case (Section 6)

A payroll operation is bought on the price per payslip and paid for on the pay runs it gets wrong. The vendor reports fifty thousand payslips processed at a fraction of the onshore cost; HR reports the paycheck that ran short, the overtime miscalculated, the tax filed late with a penalty, and the queue of employees who no longer trust their pay. The operation hit its throughput number and the employer lost something payroll uniquely controls — the workforce's confidence that it will be paid correctly, every time. The gap between processing payslips and running an error-free pay run is where the real cost of cheap payroll hides, because payroll errors are not statistics; they are individual employees, and they escalate.

The Philippines is where payroll is run with the most control discipline, because a deep, precise, compliance-trained talent pool can operate the pre-commit validation and statutory rigor an error-free pay run demands. Five findings:

1 **Payslips processed is the industry's most flattering number.** Any operation can run a pay file cheaply. Vetted operations are measured on the pay run: accuracy, on-time delivery, filing correctness. Weak operations quote a low per-payslip price the employer repays in corrections, penalties, and eroded trust. Section 2 shows the gap.

2 **The pre-commit validation gate is the product.** Accuracy is decided before the pay file releases — variance checks against prior period, hours and rate validation, exception review — not discovered after employees are paid. Operations that gate every run catch the error while it is a correction; operations that gate nothing pay it out and apologize.

3 **On-time is not negotiable, and statutory is not optional.** A late pay run is a crisis; a missed or wrong filing is a penalty and a compliance flag. Vetted operations hit 100% on-time and 100% filing accuracy, because in payroll the tail risk — not the average — is what determines whether the function is trusted.

4 **The correction, not the keystroke, is what costs.** A payroll error costs the off-cycle correction, the penalty, the HR hours fielding the complaint, and a dent in trust that outlasts the fix. Operations that hold accuracy drive the correction rate under 0.1%, and that avoided disruption — not the offshore rate alone — is where the case study's return is built.

5 **Contract on the pay run, not the payslip.** The contracting failure of payroll is paying per payslip and hoping the run is right. Vetted deals set accuracy floors, on-time and filing SLAs, and correction ceilings, making an error-free, on-time, compliant pay run the operation's problem, which is where it belongs.

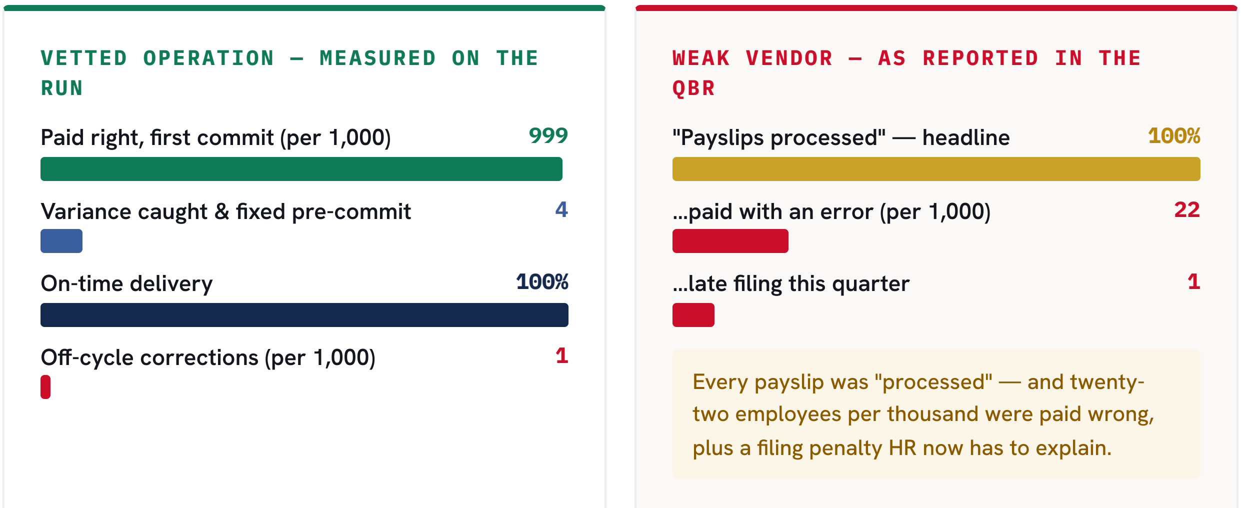
The intended reader is a CHRO, CFO, or shared-services leader buying payroll on cost-per-payslip and paying for it in corrections and employee complaints. Sections 2–4 separate the operations that run an error-free pay run from the operations that process cheap payslips; Sections 5–7, the method and the proof.

SECTION 02

The throughput mirage: payslips processed versus an error-free pay run

Figure 1 shows one pay run two ways: as the payslip-volume report a weak vendor leads with, and as the pay-run reality the workforce experiences. The payslip count is identical in spirit to a chatbot's containment rate — a number engineered to look like performance while the risk sits one level down, in the errors that reach real people's bank accounts.

FIG. 1 — ONE PAY RUN: ERROR-FREE-RUN QUALITY VS. REPORTED THROUGHPUT



Left: PITON-Global engagement instrumentation, 2025–26, pay-run audited. Right: composite of pre-engagement vendor reporting reviewed in diligence.

The economics follow the error rate, not the headline. On the left, 999 of every 1,000 are paid right on the first commit, four variances are caught before anyone is paid, and one correction runs off-cycle; on the right, a cheap per-payslip price ships twenty-two errors per thousand into real bank accounts plus a filing penalty. Two percent versus one-tenth of a percent in error rate is not a rounding difference — it is the difference between a payroll no one notices and a payroll everyone complains about. The pay-run audit — accuracy, on-time, filing correctness, and correction rate — is the cheapest due-diligence instrument in this paper.

SECTION 03

The payrun contract: the validation gate, statutory compliance, and the on-time close

Figure 2 lays out the three clauses of a working payrun contract — the machinery a floor read verifies before any per-payslip price is believed.

FIG. 2 — THE PAYRUN CONTRACT, AS OPERATED ON VETTED OPERATIONS

VALIDATE BEFORE COMMIT

Every run passes a pre-commit gate — variance against prior period, hours and rate checks, new-hire and termination review, exception sign-off — before the pay file releases. The error is caught while it is a correction on a screen, never a shortfall in an employee's account.

FILE IT RIGHT, ON TIME

Statutory deductions, remittances, and filings run on a compliance calendar with a reviewer — federal, state, and local, each on its own deadline. Compliance is operated as a schedule, not remembered under pressure, so a penalty is a process failure the contract does not permit.

CLOSE ON THE CLOCK

Every run lands on the pay calendar with a documented close and an error log fed back into the gate. On-time is treated as a hard commitment, not a target, because a workforce forgives a slow report and never forgets a late paycheck.

↓ yields ↓

THE INVISIBLE PAYROLL 99.9%+ ACCURACY 100% ON-TIME & FILED <0.1% CORRECTIONS

Every employee is paid right and on time, filings are clean, and HR stops fielding pay complaints — payroll becomes invisible, which is the only state in which it is working. The operation gets cheaper per payslip and more trustworthy at the same time, which is the entire promise of outsourcing payroll to people who measure the run, not the volume.

Operating parameters from PITON-Global payroll engagements, 2025–26.

In diligence, the contract is tested from the employee's side: pull a recent run for a current client and check the pre-commit gate log; verify the compliance calendar and filing history; review the off-cycle correction rate and how each was root-caused. Perhaps one operation in ten survives it cleanly. Steps 3 and 5 of the framework exist to find that one before the contract does — because everything in Table 3 of Section 6 depends on the accuracy of the run, not the price of the payslip.

SECTION 04

Cost and performance: cost-per-payslip

economics and payroll benchmarks

TABLE 1 — COST PER 1,000 PAYSLIPS: THREE OPERATING MODELS (US$, 2026)		
OPERATING MODEL	COST / 1,000 PAYSLIPS	VS. US BASELINE
US onshore in-house payroll team	$14,800	baseline
Low-cost offshore payroll mill (per-payslip)	$9,400	−36%
Vetted Manila operation — pre-commit gated, compliance-managed	**$5,920**	**−60%**

Basis: PITON-Global engagement pricing 2025–26; payslip = one employee pay statement processed through the pre-commit gate; the payroll mill looks cheap per payslip but its errors and penalties cost far more than the gap; US comparator fully-loaded in-house payroll cost.

TABLE 2 — PAYROLL BENCHMARKS, VETTED VS. BASELINE (2025–26)			
METRIC	VETTED TOP TIER	BASELINE	EXECUTIVE READING
Payroll accuracy (error-free)	99.9%+	97–98.5%	The only payroll number employees feel
On-time pay-run rate	100%	92–97%	Every miss is a workforce crisis
Statutory filing accuracy	100%	90–95%	"File it right, on time" — kept or a penalty
Off-cycle correction rate	<0.1%	1.5–3%	The payroll-error tax, made visible
Employee payroll query rate	<1%	4–8%	Invisible payroll, or an HR queue

Source: PITON-Global payroll engagement data 2025–26; baseline = typical pre-engagement operations billed on payslip volume.

The strategic read: the payroll mill's −36% per payslip is a false economy — pay errors, penalties, and an eroded workforce trust cost the employer far more than the per-payslip gap saves. The vetted Manila operation's −60% is real because it is measured where the value is: every employee paid right, on time, with clean filings. Buy on payslip price and you buy the right column of Figure 1; buy on the pay run and you buy an invisible payroll — the same discipline every volume in this series keeps arriving at from a different door.

SECTION 05

Sourcing discipline: the 7-Step Vendor Vetting Framework, applied to payroll operations

Payroll diligence adds one hard requirement to every step: a per-payslip price is real only when the pay run behind it survives an accuracy-and-compliance audit. The funnel below is representative of a 20–50-seat payroll search.

FIG. 3 — THE 7-STEP FRAMEWORK AS A PAYROLL FUNNEL

	STEP	WHAT IT ELIMINATES IN A PAYROLL SEARCH	FIELD REMAINING
1	**Requirements definition**	Payslip-first scoping: fixes the accuracy floor, the on-time and filing SLAs, the correction ceiling, and the pre-commit validation and compliance standards the pay run must meet	1,000+
2	**Market mapping**	Payslip mills: operations that bill per payslip and treat accuracy as the client's problem, and generalist floors with no multi-jurisdiction payroll or compliance depth	~42
3	**Capability screening**	Operations without the machinery: audited accuracy and on-time history, a pre-commit validation gate, a compliance calendar in production, and root-caused correction logs	~11
4	**Compliance & security audit**	Weak data governance: employee-PII and pay-data protection, access controls on the pay file, multi-jurisdiction statutory competence, SOC 2 scope covering the payroll stack	~8
5	**Operational diligence**	The audited read: pull a recent run and inspect the pre-commit gate log; verify the compliance calendar and filing history; interview the team on how they handle a caught variance and an off-cycle correction	4–6
6	**Competitive RFP & negotiation**	Per-payslip pricing: finalists bid against accuracy floors, on-time and filing SLAs, and correction ceilings — all carrying credits for a pay run that errs, files late, or misses the calendar	2–3
7	**Transition & launch governance**	Big-bang cutover: the operation runs parallel pay runs before it owns one, with the validation gate and compliance calendar certified before the first live commit, PITON-Global embedded buyer-side to steady state	1

Field-remaining counts represent a 20–50-seat payroll search, PITON-Global engagements 2024–26.

The standing guarantees hold: **vendor neutrality** — PITON-Global operates no payroll floors, commits no pay files, and takes no placement economics, so the shortlist reflects audited accuracy and on-time performance, not inventory; **right-sizing** — operations for whom your payroll is a flagship account. Six to ten genuinely qualified providers, delivered within 48–72 hours, free to the buyer, competing through a fully transparent, fair, comprehensive, and highly competitive RFP.

SECTION 06 · ANONYMIZED CASE STUDY

Re-basing the operation on accuracy: a 30-seat payroll rebuild, reconstructed

Engagement HP-033 is a US multi-state employer — roughly 5,000 employees across a dozen states — that had outsourced payroll and HR administration to a per-payslip vendor. The payslip price was excellent; the pay run was not: a rolling 2% error rate, a late state filing that drew a penalty, and an HR team spending a quarter of its week fielding pay complaints. The CHRO wanted the arbitrage and a payroll the workforce would stop noticing. Identifying details are anonymized under NDA.

SELECTION (WEEKS 0–8, AUDITED READS)

Requirements fixed a 99.9% accuracy floor, 100% on-time and filing SLAs, and a <0.2% correction ceiling with a mandatory pre-commit gate. Mapping produced 41 claimants; the machinery screen — audited accuracy history, pre-commit gate, compliance calendar — left 11; the data-and-compliance audit left 8. Audited reads on each finalist's recent runs, plus gate-log inspection, shortlisted 5. A Manila operation won at a $12.60 blended rate priced against accuracy and on-time SLAs, with a pay-run audit written into the reporting spec.

TRANSITION (MONTHS 2–7, PARALLEL RUNS FIRST)

The operation ran three parallel pay runs before owning one; the pre-commit gate and compliance calendar were certified in month 3 before the first live commit. The correction log fed the gate from day one, and filings ran on a reviewed schedule. By month 7 payroll accuracy held at 99.94%, every run was on time, all filings were clean, and the off-cycle correction rate fell from 2.1% to 0.08%. PITON-Global chaired the pay-run review board to steady state.

TABLE 3 — HP-033 FIRST-YEAR VALUE BUILD-UP (US$)		
VALUE COMPONENT	YEAR 1	BASIS
Labor arbitrage on the 30-seat payroll operation	$1.14M	56.3k productive hrs × ($30.00 – $12.60)
Correction & off-cycle collapse (errors 2.1% → 0.08%)	$0.38M	Avoided off-cycle runs, corrections, and rework
Penalty & compliance-exposure avoidance	$0.21M	Avoided late-filing penalties and interest vs. incumbent-era baseline
HR-team time reclaimed (query rate 7% → <1%)	$0.19M	Recovered HR hours off pay-complaint handling, conservative basis
Gross value created	**$1.92M**	
Less: engagement & transition costs	($0.33M)	Parallel-run dual-running, gate build, HRIS integration; advisory fee $0 (provider-paid model)
Net value ÷ cost = first-year ROI	**5.9×**	$1.92M ÷ $0.33M

Figures rounded; accuracy, correction, and penalty effects audit-verified. Method in Methodology & notes.

Fifty-nine percent arbitrage, forty-one percent from accuracy, avoided penalties, and reclaimed HR time — squarely in the series' two-thirds/one-third pattern, earned because the operation was re-based on the error-free run rather than the payslip count. Every line traces to a diligence step: the accuracy floor to Step 1, the pre-commit gate to Step 3's contract, the compliance calendar to Step 5's audit. The CHRO's line at the year-one review: "The payslip price barely changed. What changed is that no one emails me about their paycheck anymore."

SECTION 07

The executive playbook: governance for the first 180 days

A payroll transition succeeds when the operation is measured and paid on the error-free, on-time, compliant pay run — client in command throughout.

DAYS 0–30

Define the run, contract on it

Set the accuracy floor, on-time and filing SLAs, and correction ceiling with HR and finance before launch, and require a pre-commit validation gate on every run. Contract against the pay run — never per payslip alone — with SLAs and floors carrying credits. Stand up the pay-run audit as the program's arbiter of truth.

DAYS 30–90

Run parallel, certify the gate

Run at least three parallel pay runs before the operation commits a live one; certify the pre-commit gate and compliance calendar before the first live commit. Switch on the correction log feeding the gate from day one. Publish the per-run dashboard: accuracy, on-time, filing correctness, correction rate, employee query rate.

DAYS 90–180

Own the run, certify steady state

Hand live commit to the operation only after it clears the SLAs on parallel runs. Review the pay-run board every cycle with the gate log on the table. Certify steady state on two clean months including a quarter-end filing; hand over on documented criteria; keep the quarterly pay-run audit standing.

THE FIVE FAILURE MODES WE ARE HIRED TO PREVENT

Paying per payslip while errors reach employees · committing a run with no pre-commit validation gate · treating statutory filing as memory instead of a calendar · a correction rate no one root-causes · committing live before parallel runs prove the operation. All five are settled at selection and contract.

The HR-and-payroll argument, in one sentence: a processed payslip is activity and an error-free pay run is trust, and a vetted Philippine operation delivers –60% per payslip with 99.9%+ accuracy, 100% on-time, and clean filings — for buyers who audit the run instead of trusting the payslip price, and compete the finalists through a fully transparent, fair, comprehensive, and highly competitive RFP. Anyone can process a payslip. We make sure you buy the operation that pays everyone right.

METHODOLOGY & NOTES

How the numbers were built

Accuracy and on-time figures (Fig. 1, Table 2) derive from engagement instrumentation in PITON-Global payroll engagements, 2025–26. Payroll accuracy counts employees paid the correct amount on the first commit; on-time and filing rates are measured against the pay calendar and statutory deadlines. The weak-vendor column is a composite of pre-engagement vendor reporting reviewed in diligence, shown for contrast.

Cost-per-payslip figures (Table 1) are fully loaded — wages, benefits and statutory charges, facilities, technology and payroll/HRIS tooling, management and QA overhead including pre-commit reviewers, attrition-driven recruiting — net of shrinkage; US comparators reflect fully-loaded in-house payroll cost on the same basis. A payslip is one employee pay statement processed through the pre-commit gate.

The case study (HP-033) is anonymized under NDA; volumes and dates are generalized, figures rounded. Accuracy, correction, and penalty effects are audit-verified; the reclaimed-HR-time line is a conservative estimate, not a booked saving. ROI = net first-year value ÷ all engagement-related client costs. PITON-Global's advisory fee is provider-paid and appears at $0 in the client cost base; neutrality safeguards are documented at piton-global.com.

Market context draws on IBPAP reporting and PITON-Global's proprietary provider mapping (1,000+ operations; payroll accuracy and on-time performance re-verified May 2026). Estimates and projections are PITON-Global analysis and should be cited as such. The full series is available at piton-global.com.

Would your provider's payslip price survive a look at the pay run?

Thirty minutes with John will tell you. Free to buyers, strictly vendor-neutral — an accuracy-verified shortlist within two to three business days.

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