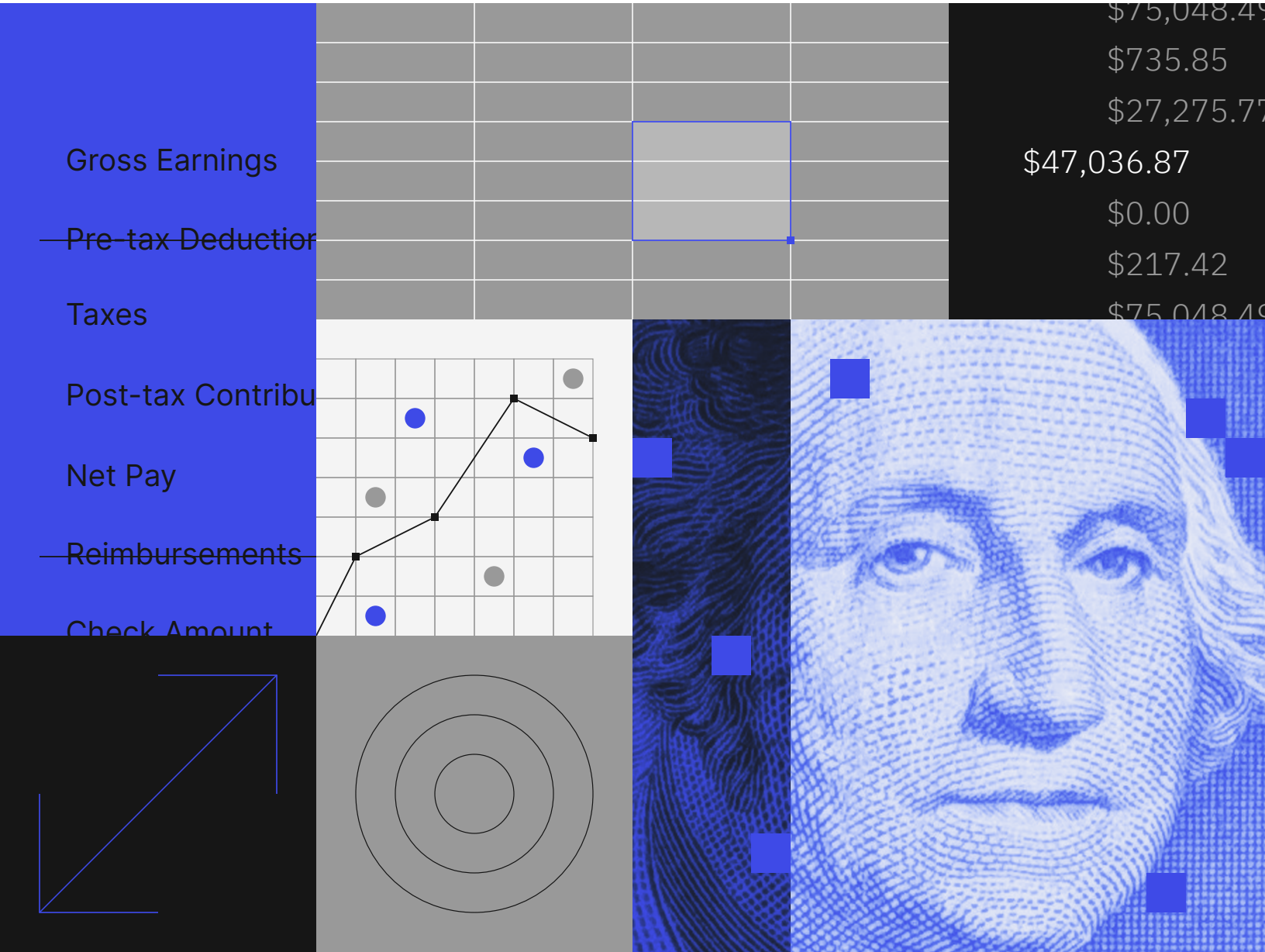




Updated for 2025

Finch's Guide To The U.S. Payroll Landscape



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Executive Summary

The payroll market comprises 660+ software platforms in the U.S. alone — and the top 10 software platforms only account for 61% of U.S. employers.

As employers demand more connectivity between their various software systems, this deep fragmentation poses a challenge: how can application developers integrate with all of the payroll systems their current and prospective customers use?

The first step in creating a successful integration strategy is to understand the payroll market landscape. Knowing the types of payroll systems available and the types of employers they serve can help employment applications in HR tech, benefits, and fintech prioritize which to integrate with, and when. By pairing these insights with modern technology solutions like unified APIs, these applications can unlock market share gains in a fragmented ecosystem.

660+

The number of software platforms in the U.S. payroll market

61%

The top 10 software platforms only account for 61% of U.S. employers

Understanding the Payroll Industry: Methodology

Estimating market share is always a challenging task given the lack of publicly available data and often self-reported figures that may be biased towards the reporting party. We focused on estimating market share based on the number of employers (unique EIN) on each platform in the U.S. using SEC filings, company presentations, conversations with industry experts, and press reports. Ultimately, our goal is to answer the question: what payroll provider does your customer likely use?

Please note: All data has been provided on a best-efforts basis; however, Finch cannot guarantee the accuracy or completeness of this information. Finch accepts no liability which might arise from the content of this paper.

What's New

We first published this white paper in 2021, when the industry was still grappling with the effects of the COVID-19 pandemic and a [3x increase](#) in the number of employees that worked from home. In the years since, employers have continued to transition to online payroll software, which has led to an [increased focus on compliance and data integrity](#).

This year, we've added two types of payroll providers to our report to account for enterprise businesses and the growing international labor market.

- **Enterprise payroll:** While 99.7% of all U.S.-based employers are small or medium-sized businesses (SMBs), the remaining 0.3% employ [more than half](#) of all private-sector employees, meaning they represent a large swath of the workforce, despite having fewer unique employers than those providers that serve the SMB market.
- **International payroll:** The adoption of cloud-based payroll software and the proliferation of remote roles together have driven an increase in global workforces, even among SMBs. To manage the complexity of international payroll, many employers have turned to Employers of Record (EORs) or international Professional Employment Organizations (PEOs), both of which are experiencing robust growth. The EOR market is expected to grow by a compound annual growth rate of [6.8% by 2032](#), while the PEO market is expected to grow at a rate of [10.9% by 2031](#).

In addition to exploring these new market segments, some of the key changes to the payroll landscape since the first iteration of this research include:

- **The Top 10 providers continue to dominate the market.** In 2021, our research found that the top 10 payroll software systems accounted for just under 55% of the total SMB market. In the years since, they've accrued an additional 6% for a total of 61% of all SMB employers in the US.
- **The highly fragmented market consolidates slightly — for now.** The top 11–35 software systems also grew their market share from 5.6% to 10%, indicating that while still highly fragmented, the payroll industry is beginning to consolidate slightly. At the same time, plenty of new payroll software companies have emerged since 2021 to vie for their own share. Many of these newcomers have a unique niche or angle, like Every and Warp (built for startups), Seso (for the agriculture industry), and Hammr (powered by Check and made for construction companies). While none of these companies have amassed a significant market share yet, continued innovation in the payroll space indicates that there is still plenty of volatility in the market and opportunity for new solutions to gain meaningful traction.
- **Tech Innovators have grown significantly.** The payroll software systems that we've dubbed the Tech Innovators — systems that emerged to meet the growing demand for self-serve products and transparent pricing — grew by leaps and bounds over the last several years. Gusto has north of 6.3% of the market share, up from 3.2% in 2021, while Rippling has nearly tripled its SMB customers.

61%

The top 10 payroll systems increased their market share from just under to 55% to 61%

10%

The top 11–35 payroll systems increased their market share from 5.6% to 10%

70%

The top 35 payroll systems now account for 70% of market share, up from 60.4% just three years ago

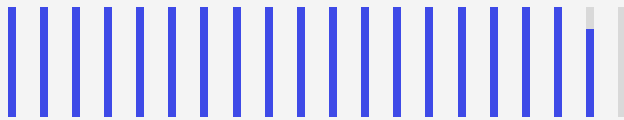
Payroll's Part in the Open Employment Ecosystem

The U.S. payroll landscape is deeply fragmented. There are 5,700 payroll providers across the country — a figure that includes everything from mom-and-pop, brick-and-mortar accounting shops to software companies. From a software standpoint alone, there are more than 660 payroll systems used by the 6.3 million employers in the U.S. Most of these providers and software systems cater to small and mid-sized businesses (SMBs), defined as those that employ 500 or fewer people, which account for 99.9% of all U.S. businesses.

The payroll market is considerably less concentrated than other industries: the top 10 providers account for 61% of the total market. (For comparison, in the telecommunications industry, the top three wireless carriers cover 90% of the market.) While this suggests there's healthy competition among payroll providers, it also introduces a challenge: integrating these systems with other HR tools.

Integrations between payroll systems and the rest of the employment ecosystem — including HR technology, finance and accounting tools, employee benefits platforms, and ERPs — have transitioned from nice-to-have to table stakes. More than [9 in 10 employers \(94%\)](#) say they'd like to see integrations across all of the systems they use to manage employees.

Integrations Are Table Stakes



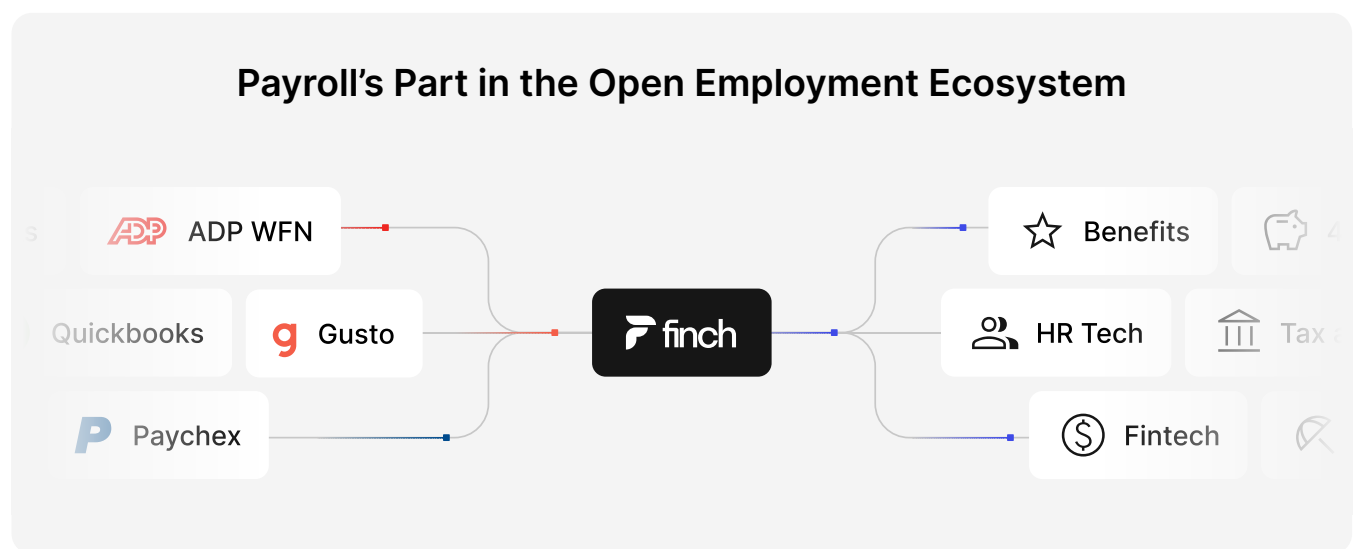
More than 9 in 10 employers say they'd like to see integrations across all of the systems they use to manage employees¹

94% of employers

¹ <https://www.adp.com/-/media/adp/resourcehub/pdf/potential-payroll-survey-2024-us-en.pdf>

But with 600+ payroll software systems on the market, most of which hold less than 2% market share, employment applications have had to pick and choose the payroll systems they integrate with and prioritize the order in which they build those integrations. And even for applications that have built dozens of payroll integrations, there are still hundreds of long-tail systems that their prospective customers may use.

One possible solution gaining momentum? [The Open Employment Ecosystem](#): a standardized, open, and interconnected infrastructure that allows end-to-end data sharing across all of the software systems employers use. The Open Employment Ecosystem is a win-win-win, offering benefits to the systems of record like payroll, employment applications, and employers by facilitating end-to-end, bi-directional data connectivity across the entire employment landscape.



To enable this vision, Finch has built a [unified API](#) platform that connects HR, Benefits, and fintech applications to more than 250+ systems of record through a single integration. Developers are increasingly turning to solutions like Finch to power their payroll integration strategies.

Payroll Integration Strategy

Understanding the payroll market landscape is the first step in establishing a successful integration strategy.

Each of the 660+ payroll software systems on the market comes with its own unique combination of data formatting, field names, and workflows.

Some of these systems are sold directly to employers, while others are white labeled or embedded into other employment platforms. Additional subsets include PEOs and on-premises solutions.

Your strategy should account for several key factors, including the most commonly used systems among your customer base, market share, and API availability. In this white paper, we'll break down how employers choose their payroll providers, the primary payroll system categories, the biggest players in the market, and the types of employers they serve to help you make informed decisions about your payroll integration strategy.

How Employers Choose Their Payroll Provider

Employers often choose their payroll provider — one of the most crucial parts of running a business — solely based on their demographics. They typically select a payroll provider using the following criteria:

- 1. Number of employees in the organization**

As organizations get larger, there are a broader range of compliance requirements and payroll schedules.

- 2. Industry**

Depending on the industry, an employer's workforce may have various worker types such as seasonal, temp, salaried, hourly, apprentice, interns, and so on, which introduce unique HR workflows.

- 3. Workforce location(s)**

With both remote work and international teams becoming more common, even among SMBs, it's important that the employer choose a system that is able to support payroll in most, if not all, of the locations they have employees.

Secondarily, employers will consider key features and capabilities of the software platform, including payroll customization, time tracking, benefits, insurance, customer support, and integrations.

Since payroll is a particularly high retention product with large switching costs, winning an employer's business can pay long-term dividends for payroll providers.

Employers face a new set of employment challenges — and opportunities

Outside of demographics and features, external trends have an additional impact on employer purchase decisions. Three trends in particular are creating a new set of challenges and opportunities that employers must consider when choosing a payroll provider:

1. **Hybrid work** has become a common practice among white-collar employers that can afford to have employees work remotely as well as in an office with limited impact to productivity.
→ **Opportunity: Providers that offer a range of remote-focused workforce management tools can help an employer easily onboard and manage new talent.**
2. **Growing demand for interoperability** has made integrations with other HR applications table stakes. Employers want end-to-end data connectivity to streamline operations, reduce manual data entry, and minimize errors.
→ **Opportunity: Providers that integrate with a wide range of HR applications have an advantage in both acquiring new business and retaining ARR.**
3. **Increased regulations** to protect employee data have upped the ante on compliance for employers, who are increasingly prioritizing payroll systems that offer robust security measures.
→ **Opportunity: Payroll providers that include a broader array of compliance tools can help employers adhere to regulations without fear of penalties.**

Note that these external factors do not impact all employer demographics equally. Certain industries are more sensitive to these changes, such as those in the restaurants/hospitality, construction, and agricultural industries where unique regulations and in-person requirements introduce additional levels of complexity into the decision process.

U.S. Payroll Ecosystem Overview: A Large, Fragmented Market

Size

The latest data available estimates approximately 6.3 million employer firms in the U.S., 99.7% of which are SMBs. This does not include 28M+ sole proprietors that do not have employees.

The payroll industry includes nearly 5,700 providers (and units of larger companies) and more than 600 payroll software systems, including many regional and national platforms.

Combined, they generate approximately \$22 billion in annual revenue. Roughly \$7.3 trillion in private-sector payroll is processed each year. SMBs account for 39.4%, or \$3.2 trillion.

Note: We expanded this report to include enterprise businesses in addition to SMBs, but most of the data in this paper is contextualized based on the SMB market because it accounts for nearly all of the employer firms in the country (99.7%).

Cloud vs. on-prem or paper

Approximately 550,000 total businesses — fewer than 1 in 10 SMB employers — do not use a cloud provider. These SMBs use on-prem solutions, CPAs, local payroll providers, and paper-based record keeping to track employee spend. While >90% of employers are using cloud-based systems, there is still an opportunity for further migration to the cloud.

The Big Three



Intuit QuickBooks—by far the largest, with approximately 22% of the SMB market

With 150% of the market share of their nearest competitor, Intuit QuickBooks provides payroll services for 1.4 million businesses. The self-proclaimed “#1 payroll service provider” is best known for its QuickBooks accounting software, and is owned by Intuit, which also offers TurboTax, Mint and Credit Karma.

Payroll Initiatives

In May 2024, Intuit discontinued its Desktop Payroll solution to focus on consolidating its payroll services and connecting its SMB-focused products. The sunsetting of the Desktop platform was meant to incentivize more SMBs to shift to its self-serve online payroll solution, Quickbooks Online. The company also integrated Credit Karma into payroll services to give SMBs a better picture of their financial health.



ADP Run—approximately 14% of the SMB market

Founded in 1949, ADP has been around since punch cards and mainframe computers. Across the company’s entire suite of payroll products, it boasts 1.1 million customers, representing about 17.5% of all U.S. businesses and 14.7% of SMBs.

The company launched ADP RUN in 2007, a cloud-based payroll system focused on employers with <50 employees. ADP RUN has since become one of the fastest growing products on the platform with more than 890,000 SMBs.

Payroll Initiatives

The ADP RUN product has consistently evolved based on employer behavior and preferences. In addition to completely revamping its core interface in 2021, the platform introduced new advanced features in 2024, including generative AI search, salary benchmarking, and Payroll Inspector, an AI-powered tool that monitors payroll workflows and identifies irregularities.



Paychex Flex—approximately 10% of the SMB market

Established in 1971, Paychex offers a range of employment services to businesses across North America and Europe. Paychex Flex is the main payroll product with an estimated 620,000 employers, but Surepayroll and legacy offerings are still used by a subset of the company's total customer base. Paychex also operates as a PEO.

Payroll Initiatives

Paychex Flex's company strategy is focused on increasing market penetration through an integrated suite of HR solutions. Its HCM product offers tools for managing recruiting, onboarding, time and attendance, and employee benefits in addition to payroll services. The company has also implemented retention insights, pay analytics, and talent tools to help SMBs manage talent in a competitive environment.

Once you get past the big three, all other SMB payroll providers have less than 5% of the market each and taper off quickly as we approach the long-tail of systems.

Tech Innovators

Over the last decade new employment systems have emerged to capitalize on the growing demand for more self-serve products with transparent pricing.



Gusto

Launched in 2012 as Zenpayroll, Gusto offers a range of SMB services built into the product organically and via acquisition, including R&D tax credits, earned wage access, and benefits. The platform serves 400,000+ SMBs across the U.S. and continues to expand its suite of services to establish an all-in one HR platform. The company also launched an embedded version of its payroll platform in 2021.



Rippling

Started in 2016, Rippling built a suite of integrations across the employment ecosystem to create a comprehensive employee management platform. An estimated 15,000 small and midmarket businesses use the platform to streamline their HR workflows. The company's success can largely be attributed to its integrated approach: in addition to HCM tools, the company offers product lines like time and attendance, benefits administration, and performance management, creating a fully integrated, all-in-one solution that is attractive to small businesses that aim to scale quickly (like startups).

PEOs

While ADP and Paychex offer Professional Employment Organization (PEOs) services, there are also a number of smaller companies that are PEOs.

PEOs essentially lease employees to employers as a way to provide the employer with reduced pricing on insurance, benefits, employment taxes, and other costs. Notable PEOs (and their estimated number of SMB employers) include:



Insperity

Founded in 1986, Insperity is a \$4.3 billion, NYSE-listed company with more than 80 offices across the U.S. They offer an all-in-one HCM solution and serve approximately 100,000 SMB employers covering over 2 million worksite employees.



Paychex PEO

Paychex bolstered its PEO services by acquiring Oasis in 2018, and now works with an estimated 74,000 SMB employers covering more than 2.3 million worksite employees.



ADP Totalsource

As part of ADP's Employer Services segment, ADP Totalsource serves 17,000+ SMB employers with more than 750,000 worksite employees.



Trinet

Founded in 1988, Trinet serves 22,600 SMB employers across both its SaaS and PEO offerings and covered nearly 350,000 worksite employees as of December 2023. They have acquired a number of other PEOs throughout the years, and were the largest independent PEO in the U.S. at one point.



Justworks

Founded in 2012 (and working out of a coworking space where the Blue Man Group rehearsed above them), Justworks serves 11,500 SMB employers covering more than 240,000 worksite employees.

White Label

White label (also called private label) payroll services allow service bureaus, HR systems, and PEOs to maintain their unique brand and focus on serving their customers, while letting the white label service provide the underlying infrastructure to power service-oriented human capital management (HCM) businesses.

While there are a relatively small number of these white label providers, remember that each one may power dozens or even hundreds of HCMs or PEOs, each of which works with numerous employers. Three of the largest white label providers include:



isolved

Founded in 1986, isolved offers a range of HCM solutions directly to employers as well as through a network of 260+ service bureau partners that offer HR solutions to businesses. The platform services 7M+ employees across 177,000+ SMB and mid-market employers.



Vensure Employer Services (PrismHR and Namely)

Vensure is an Arizona-based PEO founded in 2004. In 2022, the company merged with PrismHR, a platform that has been powering hundreds of PEOs, Administrative Service Organizations (ASOs), and staffing companies across the U.S. since 1985. Shortly after the merger, the companies acquired Namely, an HR technology company geared toward SMBs. Altogether, the companies power payroll operations across more than 100,000 SMBs.



Execupay

Started in 1974, Execupay offers HCM solutions directly to SMBs but also powers payroll for HR platforms like GoCo. Execupay is owned by PrismHR, meaning it also falls under the Vensure umbrella, but the company operates as its own entity, boasting 60,000+ SMB customers around the country.

Embedded

Embedded payroll providers use an API to embed a payroll application into another product.

The embedded market is fairly new — and relatively small — but has the potential to grow across the vertical SaaS, gig economy, HR tech, and fintech industries. The embedded payroll providers we keep a close eye on include:



Gusto Embedded Payroll

Announced in July 2021, Gusto launched an embedded payroll platform to make their existing infrastructure available for other applications. Vertical SaaS companies like Squire, which provides software for barber shops, and JP Morgan Chase's Chase Payment Solutions utilize Gusto Embedded Payroll to expand their product set.



Check

Founded in 2019, Check allows applications to offer payroll directly through their platforms. The company helps vertical SaaS platforms and workforce management systems launch and scale payroll as a service by offering APIs for money movement and tax filing, pre-built UI components, and go-to-market support. The platform counts Homebase, a time tracking platform serving 100,000+ SMBs, amongst its growing customer base.



Zeal

Founded as Puzzl in 2019 from the founders' personal experiences managing a labor marketplace with thousands of contractors, Zeal offers a wide range of embedded payroll solutions for multiple verticals. The platform offers an extensive range of products that give applications the ability to expand to 11,000+ tax jurisdictions and maintain compliance with 25,000+ income tax changes every year.



Salsa

The newest entrant in the market founded in early 2021, Salsa is particularly focused on providing a multi-country embedded payroll experience. The founders have previous experience building global payroll and handling international money flows.

Enterprise

Enterprise payroll providers serve businesses with 500 or more employees.

These systems typically offer more complex payroll structures for large organizations, greater scalability, more customizability and advanced features like analytics and benefits administration.



ADP Vantage and ADP Lyric

In addition to the company's products focused on the SMB market, ADP offers two payroll solutions for companies with 1,000+ employees: ADP Vantage HCM and ADP Lyric HCM. Vantage is targeted toward large-scale, US-based companies that need a robust, customizable platform to manage operational efficiency. Lyric is ADP's latest offering, launched in 2024. Capable of supporting payroll in 75+ countries, Lyric's human-centric design is focused on flexibility and personalized employee experiences and offers global scalability.



Oracle

Oracle Cloud HCM was released in 2011 and today powers payroll for about 15,000 employers worldwide. The software is designed to manage the entire employee lifecycle, integrating various employment functions including payroll, talent management, an employee experience platform, and workforce management. Oracle HCM offers built-in analytics and supports global payroll, making it well-suited for enterprise organizations.



SAP SuccessFactors

SAP is a major global software company whose HCM product, SuccessFactors, is used by more than 10,000 businesses worldwide — more than 4,000 of which are in the U.S. SuccessFactors powers major enterprises, including 99 of the 100 largest companies in the world, but approximately 80% of the company's total customer base are SMBs.



Workday

Launched in 2006, Workday serves medium to enterprise businesses, including 50% of the Fortune 500. In 2024, the company launched Workday Payroll provided by Strada, an AI-powered global HR and payroll solution designed to provide a more holistic view across finance, HR, and payroll data to improve data accuracy and compliance efforts and to inform strategic business initiatives.

International

While most Enterprise payroll systems can support a global workforce, International payroll companies are specifically designed to meet the needs of companies with employees in multiple countries.

deel.

Deel

Deel was founded in 2019 by two MIT graduates who noticed their friends were struggling to land jobs due to visa issues and labor laws in other countries. As a PEO, the company simplifies global hiring by managing the complexities of international hiring, from compliance to onboarding and payroll. Today, Deel is available in 160+ countries and supports 25,000 businesses.

remote

Remote

Remote is an EOR founded in 2019. Unlike PEOs, which provide administrative support for HR functions like payroll and benefits, EORs are the legal employers of anyone hired through their customers. The company powers global payroll for 17,000+ companies across 75+ countries. In addition to payroll management, Remote offers solutions for tax compliance, benefits administration, and employment contracts.

Oyster

Oyster

Founded in 2019, Oyster offers both global payroll and EOR services. Oyster supports payroll in 26+ countries, operates as an EOR in 130+ countries, and can support invoices and payments to contractors in 180+ countries.

papaya global

Papaya Global

The oldest of the four, Papaya Global was founded in 2016. The company offers a global payroll platform and EOR services. Its two payroll systems — Workforce OS and PayrollPlus — both support global payroll, but Workforce OS supports a broader suite of HR functions, including analytics and compliance features. As an EOR, Papaya supports 160+ countries. The company supports 2,000+ companies.

Market Share: Serving a Fragmented Industry

How many payroll integrations do you need to build? The payroll industry is highly fragmented, with 660+ payroll software systems in the U.S. alone. While the top three providers cover 46% of the SMB market, no other competitors have more than 5% of the market. Even the top 10 providers combined cover just 61% of U.S. SMB employers. For comparison, in the telecommunications industry, the top three wireless carriers cover 90% of the market.

Making matters even more complicated are white labeled and embedded solutions, which power thousands of smaller payroll bureaus. Integrating your application with these solutions may require only a single technical build-out, but you'll need to manage agreements with each of the companies that use the underlying technology in order to facilitate automatic data flow between your application and your customers' data.

Of course, it would be nearly impossible to build integrations with hundreds of distinct payroll providers. That's why leading fintechs, HR platforms, and other B2B companies are turning to platforms that offer a more comprehensive solution.

660+

The number of software platforms in the U.S. payroll market

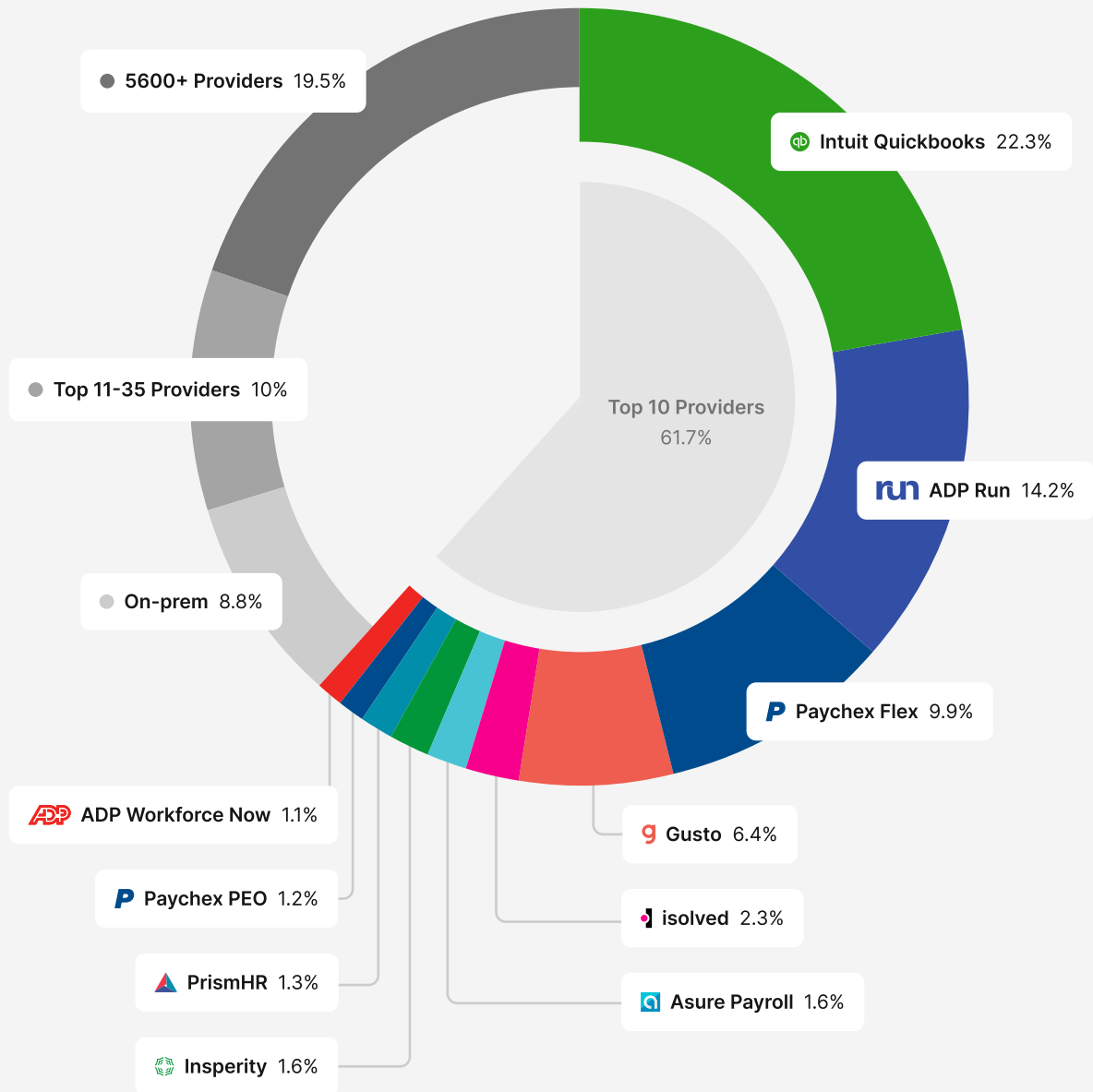
61%

The top 10 software platforms only account for 61% of U.S. employers

5%

After the top three providers, no other competitors have more than 5% of the market

The U.S. Payroll Landscape



finch

Note: As white label solutions, isolved and PrismHR represent a multitude of smaller payroll companies that use their software. Integrating with these solutions requires both an API connection to the software itself and agreements with the companies that use the software.

Finch: The Universal API for Employment Systems

Building the Open Employment Ecosystem

Finch works directly with employment systems of record, including payroll providers, to create alignment across the entire landscape of employment systems and applications. Our mission is to create the Open Employment Ecosystem, where systems of record like HRIS and payroll can seamlessly share data back and forth with other employment applications through a standardized, open, and interconnected infrastructure.

We view this as a win-win-win for systems of record, employment applications, and employers:



Systems of Record

Support integrations with more applications, allowing their customers to use whatever tools best fit their business needs. This allows providers to attract new customers and retain ARR.



Employment Applications

Connect with any system of record their customers use, ensuring that every prospective and existing customer can benefit from streamlined operations and a better user experience.



Employers

Benefit from end-to-end connectivity across their HR, benefits, and financial software suite, saving time, reducing manual data entry, and uncovering unique insights.

Empowering innovative applications

Finch helps address the payroll coverage issue with a unified API platform that is compatible with more than 250 systems of record — and that number keeps growing. With Finch, you don't need to build all of the payroll integrations you need in house or worry about the inconsistencies across systems; you can simply use the Finch API to seamlessly read and write to any payroll system, including QuickBooks, ADP RUN, Gusto, and more.

See tryfinch.com/integrations for the full list.

Contact Finch Today

Finch is quickly becoming the unified API of choice for applications looking to expand their compatibility and payroll providers aiming to expand market share because we are:

- **Developer-friendly**
We focus on developers and empower them to create world-class solutions.
- **Reliable**
Our infrastructure is built to scale, with more than 2 million API calls made every day.
- **Secure**
Finch operates a secure, compliant data transfer process and adheres to SOC2, CCPA, and GDPR standards.
- **Efficient**
Build on top of Finch's API and connect with over 250 systems of record through one integration.
- **Enterprise-ready**
Our cloud-based platform is built for large-scale synchronization with thousands of employers.

Reach out to our team to explore ways to innovate on employment data together or directly partner with Finch to empower the employment data ecosystem.

To learn more, visit tryfinch.com