



PEO vs. HRIS: A Comparative Analysis

Advantages of Partnering with a PEO

There can be significant advantages of a PEO, especially for a small employer that may not have the breadth of HR expertise or systems capabilities for functions such as payroll and HRIS, or the time and resources available to focus on many of the transactional HR functions.



Key HR Functions Managed by PEOs

- Benefits administration.
- Recruiting and hiring.
- Payroll administration.
- Unemployment administration.
- Workers' compensation administration.
- Compliance assistance.
- Drug testing programs.
- Family and Medical Leave Act administration.



The Downsides of Using a PEO

While PEOs offer numerous benefits, some disadvantages might include the following:

- Loss of control of essential processes and people.
- An outside company's influence on your culture.
- Diminished value of internal HR department.
- Lack of control over reporting and data management.
- A loss of institutional knowledge.
- Security issues with the vendor's system.
- Higher costs

Small businesses are more likely suited to work with a PEO for HR outsourcing services. The PEO helps to free up employees' time so they can focus on the core mission of the business. As a **company grows and scales**, and it brings on accounting and human resources teams, using an HRIS may be more cost-effective. Growing companies tend to find that their PEO duplicates services offered by internal accounting or HR teams. Exiting a PEO can support your bottom line and give you more control over your business—but it also requires significant up-front planning and an investment of time to execute. Here are six things to consider before leaving your PEO.

InteGreat Solutions, LLC reviewed quotes from 4 HRIS companies (UKG, Ceridian, Paylocity, Paycom) and 4 PEO companies (CoAdvantage, Namely, Nextep, Rippling). Based on the analysis and the benefits quote, you can see how most companies switch off of a PEO around 50-75 employees even with the need of adding an administrative or HR resource. The costs include the following modules: recruiting, onboarding, payroll, state tax registrations and unemployment insurance management, learning/training, performance, benefits admin.

	Monthly Per Employee Cost	25 Employees Annual Average Cost	50 Employees Annual Average Cost	100 Employees Annual Average Cost	150 Employees Average Annual Cost
HRIS 1	\$ 30.00	\$ 16,841.33	\$ 16,841.33	\$ 32,390.33	\$ 47,939.33
HRIS 2	\$ 15.30				
HRIS 3	\$ 27.48				
HRIS 4	\$ 30.88				
PEO 1	\$ 41.67	\$ 25,625.00	\$ 51,250.00	\$ 102,500.00	\$ 153,750.00
PEO 2	\$ 75.00				
PEO 3	\$ 100.00				
PEO 4	\$ 125.00				
PEO Cost is This % More:		52%	204%	216%	221%
HR Personnel		\$ -	\$ 65,000.00	\$ 65,000.00	\$ 130,000.00
HRIS Average Monthly EE Benefits		\$ 739.00	\$ 856.00	\$ 672.00	\$ 662.00
PEO Average Monthly EE Benefits		\$ 803.91	\$ 803.91	\$ 750.00	\$ 775.00
HRIS		\$ 25,709.33	\$ 92,113.33	\$ 105,454.33	\$ 185,883.33
PEO		\$ 35,271.92	\$ 125,896.92	\$ 176,500.00	\$ 293,050.00
Difference		37%	37%	67%	58%