Solutions Description

Background

Since its founding in 1979, BSI’s full-time business has been regulatory and compliance software for payroll systems. BSI pioneered the modern tax system with the introduction of BSI-TAX™, its flagship product. Since then, BSI has revolutionized payroll tax procedures and has been a full-time payroll tax specialist, devoted exclusively to regulatory and compliance software. BSI’s many years of specialization has resulted in industry-leading expertise and payroll compliance solutions that are, by far, the most comprehensive available. These solutions improve the effectiveness of processes related to payroll tax and regulatory compliance and automate tedious manual processes for increased compliance and greater internal efficiency. Simplifying payroll tax and compliance is BSI’s core business. Over 36 years of industry experience, development ingenuity and advanced technology has distinguished BSI as the leading provider of payroll regulatory and compliance solutions. BSI presently has more than 2,500 clients in the United States, Canada and around the world using one or more of its payroll compliance products. These clients represent almost 20 million employees whose payroll liabilities are calculated by BSI’s solutions. In fact, many of the largest companies in the world are BSI clients. This diverse group of major organizations, service bureaus and payroll system providers has leveraged the innovatively-engineered solutions that offer matchless features available only from BSI to increase efficiency and solve their payroll tax challenges.

At BSI, dedicated researchers stay abreast of legislative activity, analyze newly enacted regulations and anticipate client impact to consistently provide best-in-class products. Compliance with regulatory and legal requirements is monitored via Alerts and feeds, direct contact with government entities on a prescribed, regular basis, membership in industry groups such as the APA and NACTP and subscriptions to information services, such as Wolters Kluwer, Bloomberg BNA, etc. This unparalleled focus and expertise provides extra value for BSI’s solutions, supplemented by timely BSI support.

BSI is headquartered in Peachtree Corners, Georgia, a suburb of the metropolitan Atlanta Georgia area. BSI has experienced substantial growth and continues to capitalize on its experience. With a unique blend of technological innovation and fast-paced delivery of advanced feature content, BSI sets the industry standards.

Solutions

BSI specializes in providing solutions that improve the efficiency of processes related to payroll tax and regulatory compliance. By leveraging its development and regulatory expertise, BSI is able to offer solutions, in both on-site and Cloud environments, that automate tedious manual processes for increased compliance and greater internal efficiency. The following is an overview of those solutions:

**TaxFactory™**

- performs calculations of Federal, State and Local and U.S. Territory payroll taxes for the employee and employer. The burden of tracking regulatory rules is eliminated for tax calculations, wage and benefit plan taxability, wage attachments and deferred income. The solution integrates with internal systems, including HR/Payroll and Deferred Income. TaxFactory increases productivity and facilitates payroll withholding compliance. Its extensive capabilities allow BSI’s customers to improve their own effectiveness while reducing overall costs.

**TaxFactory™ Canada**

- provides coverage of Federal, Provincial, Quebec and Territorial employee and employer taxes for organizations with Canadian operations.
ComplianceFactory™ - offers a robust U.S. payroll tax management tool that simplifies the burden of maintaining compliance. A suite of applications improves the management of filing, processing payments and related payroll tax responsibilities through a simplified employer dashboard. ComplianceFactory integrates with internal systems including HR/Payroll, Accounts Payable, General Ledger and various back-office functions. ComplianceFactory offers management of high-volume filing and payment processing for companies of all sizes.

eFormsFactory™ - provides an automated solution to streamline the end-to-end process of employee onboarding, from gathering the appropriate forms, including online payroll tax forms and new hire paperwork, to updating the payroll system. eFormsFactory gives employees a self-service portal to complete the forms conveniently online and includes an employer dashboard to review and process submitted forms. Inefficiencies related to paper-handling are minimized and forms can be stored electronically for future access and auditing purposes. Unlike any other solution, BSI offers a powerful, flexible, web-hosted service that fully integrates with payroll systems to maximize efficiency.

People

BSI has a staff of approximately 124 employees organized into the following areas:

- Administration & Finance – includes accounting, human resources and customer services and is responsible for onboarding and off-boarding customers, issuing and activating User IDs and Passwords, accounts receivable, processing renewals and distributing customer notices and alerts.
- Contracts/Legal – is responsible for drafting, issuing and administering customer contracts and handling all contractual and legal issues.
- Operations – includes Customer Support Services, IT and IT Services. Customer Support Services includes Tier 1 and 2 support, research, compliance and quality assurance and is responsible for researching payroll tax regulations, monitoring compliance standards, providing application and technical assistance and training. Information Technology includes product architecture, software development, and quality assurance and is responsible for developing and testing the solutions and providing Tier 3 support. IT Services includes SaaS operations and Salesforce administration and is responsible for establishing and maintaining the environment.
- Marketing – is responsible for maintaining website content and disseminating information regarding BSI’s products, services, events, webinars and partnerships through various mediums.
- Sales – is responsible for developing, maintaining and growing new and existing customer accounts.

Segregation by function ensures that competency centers are similarly grouped to streamline intra-divisional processes and procedures. A three-tiered management structure is utilized to provide proper oversight and control at a team, department and division level. The BSI management team meets regularly, both informally and in periodic status meetings and provides appropriate supervision of staff via oral and written communications. The BSI management team has an average of over 12 years of experience at BSI and is encouraged to keep skills and industry knowledge current through ongoing education, participation in trade groups and subscriptions to industry related publications and services.

BSI has a staff of approximately 53 employees dedicated to the users of BSI’s solutions and organized into the following functional areas:

- Tier 1 and Tier 2 Support (the Help Desk) provides application and technical assistance to users of BSI’s solutions and other infrastructure.
- Research specialists are responsible for researching, identifying and interpreting payroll tax regulations that are relevant to BSI’s solutions and documenting this information for incorporation into such solutions.
• Data analysts review, analyze, develop and test application data for all BSI solutions.
• Compliance specialists prepare and execute target payrolls and use the payroll results to perform usability tests against the BSI solutions.
• Quality assurance monitors compliance with standards and manages and controls the change migration process.
• Software development provides application software development and testing for enhancements and modifications to BSI’s solutions.
• Product communication and training prepares documentation manuals and training materials and delivers solution training.
• BSI’s Security Committee oversees security administration, intrusion detection, security monitoring and business-recovery planning related to BSI’s solutions.
• IT Services:
  o Oversees the day-to-day operation of servers, applications and related peripherals used in the provision of the solutions, as well as all necessary maintenance, patching and related testing.
  o Monitors solution/system performance and facilitates the resolution of any detected and/or reported problems.
  o Manages access rights to the solutions and related systems and the tools used to prevent unauthorized access.
  o Oversees the maintenance of the communication environment, monitors the network and provides assistance to users in resolving communication problems and network planning.
  o Manages security administration and maintains policies and procedures for the processing environment.

**Coverage**

The solutions covered by this description include:

**TaxFactory SaaS**
- Payroll Taxation for Federal, States, Locals and Territories
- Reciprocal Taxes
- Deferred Income Taxation
- Tax Location
- Wage Assessment – Earnings and Benefits

**ComplianceFactory SaaS**
- Federal, State, Territory and Local Tax Reports (Annual, Quarterly and Monthly)
- Transmittals and Supplementary Tax Reports
- Federal, State, Territory and Local Payments
- On-Line Access to all Tax Payments
- Payment of Taxes by ACH/Credit, Debit and Check

**eFormsFactory**
- Payroll Tax Forms
- Customizable Compliance Onboarding Forms
- W-4s, Non-Resident Certificates
- Self-Serve Access for Employees and Employers

**Infrastructure**

BSI solutions have an N-tier architecture. The database, web application and backend can be consolidated on a single server or installed on different servers. BSI uses physical and virtual servers to host the solutions and RAID array disk hardware for storage. External tape drives are used for backup of all production solutions.

**Support Procedures**

BSI’s support structure is currently three-tiered and offers services ranging from first-level application support through an escalated, third-level technical support. BSI offers support via telephone, e-mail and fax between our normal business hours of 9:00 AM and 5:30 PM EST, excluding weekends and holidays. Some support services may be directly accessed from the customer portal on our website (www.mybsi.com) and are available any time BSI’s website is accessible by our users. All BSI support personnel are thoroughly trained and, on average, have a minimum of 5 years of experience working with the BSI solutions, to ensure an optimal support experience. BSI’s Help Desk, or Tier 1 Support, provides the following assistance for reported service issues with the BSI solutions:
- Functional and technical support on application and architecture related issues;
- Regulatory/compliance updates;
- Problem recreation and resolution; and
- Tax compliance rules verification.
An escalated Tier 2 and Tier 3 Support are available to assist customers that cannot be helped by Tier 1 Support.

In addition, BSI offers limited assistance, in a mission-critical, “system down”, production environment, during the hours of 5:30 PM and 9:00 AM EST, Monday through Friday, 24 hours per day on Saturday and Sunday, and 9:00 AM to 5:30 PM on all United States holidays except Easter Sunday, Thanksgiving Day and December 25th.

Solutions are updated and enhanced to maintain regulatory compliance and improve usability through a series of upgrade methods:

- Product releases are coordinated around major enhancements involving significant architectural changes.
- Product cyclics are coordinated around a collection of updates to maintain regulatory compliance as well as include functional enhancements.
- Intermediate Software Enhancements (“ISEs”) are coordinated around specific product updates to maintain regulatory compliance and functional performance.
- Regulatory bulletins are coordinated around specific BSI-proprietary data updates to maintain regulatory compliance.

In addition to these update methodologies, BSI provides its users with access to different application instances, to both support their production environment and test and migrate their environment to published updates:

- “Current” reflects the current release, cyclic version and regulatory data available for a solution.
- “Previous” reflects the latest previously-published release or cyclic (depending on which was introduced last) of a solution, referencing the current regulatory data for such solution.
- “Last Mandatory” reflects the latest previously-published mandatory release or cyclic (depending on which was introduced last) of a solution, referencing the current regulatory data for such solution.

Data
The data contained in the solutions includes the following:
- Tax Master Sequential File Data
- Bulletin Data files
- Cyclic Data files
- Transaction Data
- Error logs
- Output Reports
- Output Data files
- Transmission records
- System Files
- Database files

Transaction processing for ComplianceFactory SaaS is initiated either indirectly via an automatic scheduler or directly via user interaction with the user interface. Transaction data is processed by the solution in batches and is used to produce master reports and files. Master reports/files, audit reports and transactions status reports are available electronically through a report-viewing facility to authorized users based on their roles within the solution. BSI provides a user interface wizard facility for online data input and a calendar based user interface for report and file output requests. In addition, BSI accepts input from users in the form of XML and CSV files via the telecommunications infrastructure. This infrastructure utilizes the SSL protocol for all client/server network communication. Users uploading input and/or downloading output are challenged with a username and password. Additionally, users must have administrator assigned rights in order to upload inputs and/or download outputs.

Transaction processing for TaxFactory SaaS is initiated by a client call to the TaxFactory API either from the client’s application or the TaxFactory client/server and browser-based solutions. The call to the API includes the credentials allowing the user access to the solution and all data is transferred securely using SSL. The solution processes the data supplied in real-time and returns the export API data to the calling process. Users have access to the client/server and browser-based UI and have the ability to review messages as well as configuration information based on their credentials which control access and permissions to each screen. Users may also execute a batch test (BSI defined file format) or a real-time call via online data input to the solution via the client/server or browser-based UI. The online data input results in a display of the data results from the solution which is available to the specific user executing the test.
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Transaction processing for eFormsFactory is initiated by a call to the eFormsFactory API or web-service from the client’s application or via the eFormsFactory browser-based solution. When data is transferred to BSI’s solution from the client’s application, the data is transferred securely and must include the access credentials for the specific client. The client and the employees are provided access to the solution based on their role. Employees have the ability to login and access their personal information, fill out forms, and submit forms. Employers have the ability to log in and review employees’ personal information (based on settings) including viewing employee submitted forms, approve / reject forms, and import and export data. Data can also be imported or exported from a third-party payroll system in real-time, scheduled, or via manual modes providing that the correct access credentials for the third-party payroll system are entered.

Communications

BSI provides users with various communications regarding its solutions. These communications fall into the following categories:

- User Interface Configuration & Maintenance
- Product Releases, Cyclics, Intermediate Software Enhancements
- Regulatory Bulletins

The user interface of each solution provides access to configuration and maintenance tools for the user’s environment. These browser-based interfaces are supported on multiple versions of Microsoft Internet Explorer and Mozilla Firefox. These rich user interfaces allow users to control their solution operations, including but not limited to:

- User configuration
- Custom data modeling
- Functional override maintenance
- Functional testing
- Messaging
- BSI data queries and reporting

BSI communicates with a user’s identified and verified contacts via e-mail to inform them when product releases, cyclics and intermediate software enhancements are available. Each of the e-mails contains specific information related to the update including:

- The BSI solution impacted;
- A listing of the States affected; and
- The product version impacted.

Data Center

BSI has partnered with an independent subservice organization to operate the data centers that house the solutions to achieve heightened levels of data availability, integrity and security and fail-over capability in the event of a disaster. Annually, the data center undergoes an SSAE 16, SOC 1 Type 2 audit, which focuses on controls including physical and environmental security, problem management, technical support, customer ordering/service delivery, network equipment monitoring, and organization and administration. These controls were created using the Information Technology Infrastructure Library (ITIL) best practices in information assurance and security.