

EMPLOYER OF RECORD: SCALING SEAMLESSLY ACROSS STATES AND BORDERS

BEGINNING STATE

A Fortune 500 professional services firm depended on more than 1,800 contingent workers to deliver critical projects in IT, finance, operations, and customer service. These workers were distributed across 35 U.S. states and 20 international markets, many in jurisdictions where the company had no established legal entity.

Rapid global growth required fast access to talent, but HR and legal teams were overwhelmed by complex setup, payroll, and compliance. The client needed a partner to remove these barriers, ensure compliance, and enable scalable workforce management.

BUSINESS CHALLENGES

- **Payroll Fragmentation:** Different systems and vendors across states and countries caused delays, rework, and payroll error rates as high as 8%.
- **Compliance Exposure:** Worker misclassification and inconsistent tax filings increased the likelihood of penalties and lawsuits.
- **Entity Barriers:** Establishing legal entities in new regions took months and cost hundreds of thousands of dollars annually.
- **Overextended Teams:** HR and legal staff were consumed with manual registrations, filings, and audits instead of strategic work.
- **Worker Dissatisfaction:** Payroll errors and benefit inconsistencies damaged trust and retention.

SOLUTION

The firm chose nextSource to implement a global Employer of Record program designed not only to eliminate risk but to make workforce management seamless for managers and workers alike.

Compliance First, Simplified

- nextSource became the legal Employer of Record, assuming responsibility for payroll, benefits, and compliance.
- The Global Compliance Framework tracked regulatory changes across all 50 U.S. states and 160+ countries, alerting HR before issues arose. For example, a mid-year change in state payroll tax rules was implemented proactively, avoiding potential penalties of \$250K.
- Every workflow was embedded with audit-ready documentation, ensuring each hire was defensible under review.

Streamlined Payroll and Onboarding

- Payroll cycles were streamlined into a single, consistent process, improving accuracy to 99.5% and restoring worker trust.
- A digital onboarding model cut time-to-start by 70%. Managers clicked “hire” once, while nextSource handled local tax forms, benefit enrollment, and compliance checks behind the scenes.
- This shift allowed new consultants to start delivering for clients within five days instead of three weeks.

Enhanced Worker Experience

- Standardized benefits ensured fairness across geographies.
- nextSource established a dedicated support desk, providing contingent workers with a single point of contact for payroll and compliance inquiries.
- Worker experience, measured through quarterly surveys, achieving 9/10 satisfaction scores within the first year.

Visibility for Leadership

- A centralized dashboard gave leaders a real-time view of every worker's location, classification, costs, and compliance status.
- Finance teams gained forecasting accuracy, while HR and legal reclaimed 40 percent of their time for strategic initiatives.

"With nextSource as our Employer of Record, compliance became a strength. Misclassification and payroll delays are no longer a concern — our people get paid correctly, on time, every time." – HR Executive (VP of HR):

RESULTS

Within 12 months, the transformation was clear and measurable:

- \$9.4M annual savings, driven by avoided entity costs, fewer payroll errors, and reduced administrative overhead
- 1,800+ workers across 35 states and 20 countries managed seamlessly under one system
- Zero compliance issues, with clean third-party audit results for the first time in three years
- 70% faster onboarding, cutting average time-to-start from three weeks to five days
- 99.5% payroll accuracy, compared to 92 percent before implementation
- 9/10 worker satisfaction, confirmed through quarterly surveys
- 40% reduction in HR and legal workload, enabling focus on strategy rather than firefighting

CONCLUSION

Managing a global workforce is no small task. Payroll, compliance, and regulatory requirements vary by region and can overwhelm even the most capable teams.

By partnering with nextSource as its Employer of Record, this client turned workforce complexity into a strategic advantage. Compliance risks were eliminated, payroll errors disappeared, and workers gained confidence that their needs would be met on time, every time.

What set nextSource apart was the combination of compliance rigor, proactive law monitoring, and people-first design. The result was not just risk mitigation, but a model that managers and workers willingly adopted.

The client can now scale across borders with confidence, knowing its workforce strategy is compliant, efficient, and future-ready.