



**BUDGET**  
**2021**

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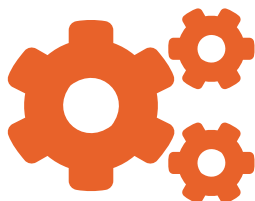
# THE PILLARS OF INVESTMENT



The leadership team has been determined to invest to continue giving the best product and services to all employees, local businesses and service providers. Over the last 3 years, we have seen significant investments in what we call our PILLAR areas.



**Customer  
Experience**



**Product  
Robustness**



**Research &  
Development**



**Data Security  
& GDPR**

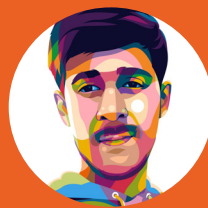
## LEADERSHIP TEAM



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# 1. Customer Experience

Customers have since day zero been our top priority. Over the last couple of years, we have poured tens of thousands to ensure that our customer experience is top-notch.

Our Customer Experience has been rehailed and given a makeover with the addition of new faces joining the team. This has given a huge impetus and a fresh, young dynamic direction. He has also helped meticulously undersee a number of enhancements to the product which have simplified user experience. Customer satisfaction, particularly requests handled by our Support Team has improved ten-fold..

Changes effected in Y2020, will be supported by an increase in investment in Customer Experience. Such investment will also be supplemented by a training programme being rolled out, to aid businesses become more payroll-savvy.

# 2. Product Robustness

In 2018 and 2019, our focus was purely at bringing innovation and a number of enhancements, towards Buddy. As our product stabilised, our focus in 2020 was driven towards robustness.

Our objective was two fold: to have the best solution on the marketplace and to serve clients' needs in payroll - from the smallest businesses to the large multinationals. As a testament to these investments, Buddy has successfully registered a ten-fold increase in the employee headcount of its largest customers from 2019 to 2020, without registering any negative impacts on either of our clients - be it a one-man business to a thousand-employee business.

Some of Buddy's largest clients include a franchisee of the world's most popular fast-food chain, Such clients and such experiences are proving to be big endorsements to Buddy's potential and strides forward in 2020.

We will maintain the same momentum for 2021: we will continue investing to ensure that Buddy scales up, along with our clients while maintaining the fastest and smoothest payroll experience possible.

# 3. Research & Development

Buddy's early success has been built on this key pillar. Since day zero, we have spared no expense in our research and development efforts. We are never happy with status-quo and have always researched ways to do things in an easier and better way.

Back in 2018 we had researched the world's top payroll solutions and interviewed a number of payroll providers alongside HR managers. Those early days helped shape our innovative payroll solution. Our simple approach and objective was simple, yet innovative: to drive payroll down from hours to mere minutes..

In 2020 we maintained our commitment to R&D, which resulted in; two major innovations. First, the customization of timesheet-processing for every client, reflecting recent legislative changes in Work Regulation Order and any special arrangements in place, with DIER.

The second innovation will be launched in the coming days, which will see the original payroll process being revamped and improved upon. Initial experiments with clients have seen a reduction of 50% in the number of queries post-processing payroll being answered right there and then while doing the computation. Further details on this innovation will, however, be released separately.

For the 2021 Budget R&D and product, investment will continue. A number of new functionalities geared towards Accountant-Client relationships, payroll automation and employee experience are planned throughout the year. Indeed our R&D Budget for 2021 is expected to be at least double of that invested this year.

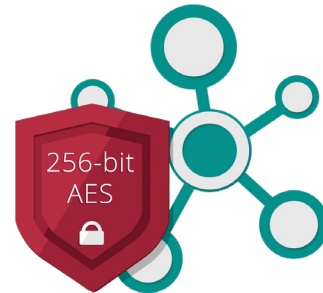
## 4. Data Security & GDPR

Finally our last pillar is Security. Throughout the last calendar year, we have invested in a number of measures to ensure that our customer's data is stored securely and in compliance with the pertinent GDPR regulations.

We have consulted continuously with lawyers and GDPR experts to ensure that all data is first and foremost stored in Europe, as well as being compliant with local GDPR regulations. Furthermore, measures were taken to ensure that data encryption occurs at all stages, to ensure additional layers of protection for sensitive information.

We have ensured to run Penetration Testing with third party providers, Buddy is often subjected to third-party Stress Tests and Penetration Testing, whose job is to try to break and penetrate our system to expose potential flaws. In 2021's Budget we see further investments in data security to ensure that all our platforms are constantly secured and monitored. Including additional penetration tests that are carried out on all aspects of our system including on all-new R&D innovations.

Finally, this year we are also in the latter stages of obtaining ISO 27001 certification. ISO 27001 is the leading Data Security Certification, that ensures that Buddy is upholding and implementing standards and policies in Data Security to ensure that your data is safe.



**Based on these 4 pillars we will now start announcing the various budget measures that we deem necessary to ensure we have a better payroll world in 2021.**

## FAIR PRICING

COVID-19 has put businesses under undue financial stress. In order to alleviate this pain, Buddy is abolishing user-based licensing. This will effectively mean that regardless of whether a business increases or decreases the headcount, the licensing costs will remain the same.

## REWARDING COMMITMENT

Commitment and loyalty have been largely overlooked. During these testing times many employees and business owners have re-discovered what loyalty is. Buddy is now awarding up to 25% EXTRA BONUS\* credits when committing yourself to work payroll with Buddy.

This measure is open for both old and existing customers who want to extend their Buddy commitment into 2021 and beyond.

\*Limited Time Offer

## HEALTH AND SAFETY

COVID-19 has decommissioned the large percentage of the world's punch-clock systems. The risk and fear of infection as well as working-from-home regimes have brought out the demise of punch clocks. Based on conservative estimates, this is costing businesses thousands of Euros in overpaid wages. Equally, it is costing employees thousands of Euros in unpaid overtime.

Buddy has partnered with Deputy, a world-leader in Time and Attendance systems to bring you a touch-less punching system that is 100% integrated with Maltese Payroll. The voice-activated system switches on and confirms an employee's punch through facial recognition and a photo-proof of the entry time, by reducing abuse and rewarding honest employees.



Businesses committing to the seamless solution will be given a FREE iPad upon the purchase of 1000 Credits or more. This scheme shall remain available until stocks last and is not redeemable with any other offer.



## VALUING HR

HR Managers have for a long time been burdened with undue administrative work, including tallying up traditional punch-cards, collecting paper-based leave and sick applications, and managing employees' leave balances.

For this reason, we are bringing a number of measures to help HR Managers focus on what is really their job: . strategic HR planning and fostering strong employee relations and maintaining company culture.

1. All Leave applications are to be applied for by the Employee online through the portal.
2. This measure is estimated to save an HR Manager of a 20-employee company around **25 Hours/year**.
3. Employees are to receive all their payslips electronically, via a secure login. This will render all payslips issues, directly accessible by the employees.
4. This measure is expected to save the HR manager **5 hours a month**, in time distributing payslips and sending historical payslips to employees who lose documents or need historical data for bank purposes.



5. All leave approvals are now delegated to the Employee's direct superiors and therefore, managers only will require the input of the HR department. Time spent chasing managers for leave approvals by the direct superiors is expected to save a further **5 hours a month**.
6. The HR Manager is no longer allowed to divulge vacation leave balances. Employees may access their vacation leave balances on the Payslip as required by law. Sick Leave information will be provided up to 4 times per year, per employee. This measure will save up to **30 minutes a month, per employee**.
- 7.
8. **Unused leave** at the end of the year is to be set to be automatically **forfeited, paid for, or carried-over**, saving payroll clerks & HR Managers at least **2 hours each year**.
9. **Employee Salary history** has to be included within the payroll software.
10. HR managers will not be required to look in various contracts and addendums to figure out when someone last got a raise, but this feature will be embedded within the payroll software.
11. This will save around 1 hour per month.

file.

### **Estimated saving of 2 hours per month**

2. **Account Codes, Departments and Cost Centers are to be set from within the payroll software.** No longer need to remember accounting codes by heart, giving the capacity to remember more critical things.



3. **Bills to Inland Revenue are to be automatically inserted into the Accounting software,** with the correct periods and Due Dates.
4. **Bank Transfer files are to become obligatory for businesses with more than 10 employees.** This will save the Finance Manager hours of manual data inputting and vetting within the banking system and reducing the possibility of mistakes. As a result, all Banks are to support IBAN file transfers or a suitable alternative.

## **LINKING FINANCE & PAYROLL**

Payroll and Finance have been intertwined since their very inception. However, each has evolved into its own very complex function, with various systems at times operating often in silo. The Director of Finance or the company's accountant has traditionally had the tedious task of transferring data between one and another.

Buddy's Budget Measures in this area aim to simplify the data transfer between the two departments, by introducing the following features:

1. **Manual Journal entries into Accounting software is no longer to be allowed manually.** Journal data is to be transferred either automatically with API integrated Accounting systems (Xero) or through a data-

## **THE CLIENT-PROVIDER RELATIONSHIP**

Payroll is not always an in-house job, many businesses rely on the services provided by many payroll bureaus and accountants. The flow of information between the two is critical to ensure that payroll is issued accurately and on-time, and in a seamless manner.

Buddy's Budget measures try to bring the relationship between the two closer, to smoothen the relationship and streamline the payroll



process.

All vacation management is to be managed by the client and employees there-of

Payslips are sent digitally, directly to the employees once approved.

Employee Details are to be entered by the client directly within the payroll system and vetted by the Payroll Provider

Employers are to get direct access to all their historic payroll history, payslips and FSS Documents.

Service Providers are to no longer be bothered by clients in order to request payslips or documents which are already available via the online portal.

## TIME & ATTENDANCE

Timesheets have been a critical part for businesses to track productivity and as a means to accurately pay employees. This has however taken, at times, unexpected turns. Several businesses have resorted to pen and paper to keep track of time, alongside numerous calculators of Excel sheets to calculate pay.

These time consuming and inefficient processes are estimated to cost the local economy millions. The 2021 Budget aims to rectify these misgivings and align businesses to operate more efficiently and pay their employees more accurately.

Paper-Based timesheet collection is to be banned, with fines to be issued for Businesses who continue taking part in this archaic solution.

Employees working from home are to fill-out their timesheets digitally, directly integrated into the payroll system.

Payroll systems will no-longer be able to surcharge customers for a seamless connection with their punch clocks. All punch clock data is to be digitally transferred into the payroll system at no extra cost.

1. Overtimes and Allowances related to working hours can no longer be computed manually. The payroll system needs to have flexible rules to identify and award these correctly. This measure is to eliminate favouritism and award pay based on merit and actual hours worked.
2. Introduce touch-less punching software for sanitary reasons, to be subsidized with a FREE iPad provided that both

systems are interconnected. Further details on this budget measure and how the free iPad can be claimed are to be announced later this week.

## THE PAYROLL CLERK

The payroll clerk is the one who deals with the majority of payroll-related tasks, and we wouldn't be fair if in our measures we didn't seek to give back even more to this key person. Without the payroll clerk, nobody would ever get paid. Hence a raft of measures will be announced to ease the burden off the shoulders of payroll clerk: .

1. The payroll clerk no longer needs to remember to award COLA Adjustments. The payroll system will notify the clerk in order to apply adjustments automatically at the start of the year.
2. Government and Statutory updates are to be automatically done by the payroll provider, with no action whatsoever required from the payroll clerk's end.
3. A payroll guide is required on each payroll clerk's desk to address any unexpected last-minute queries. This payroll guide is being provided and mailed completely for free to everyone who requests it.
4. Sick and Injury Leave benefits will to be automatically deducted or attributed as the case may be, from the payroll when employees are eligible.
5. Work Regulation Order specifications, including sick-leave, will be integrated into Buddy - the payroll software.. Hence the payroll clerk no longer needs to remember all the quirks related to each separate industry.
6. Statutory Bonus and Weekly Allowance bonuses are to be automatically calculated by the payroll system, regardless of whether they are full time, part-time or variable hour employees.
7. All manual pre-tax and post-tax adjustments are to be done from within the same page where payroll is being computed. Changing tabs or pages to give an allowance or adjustment is strictly prohibited, and is subject to a fine.
8. Calculations of tax and social contributions



(SSC and MFC) are to be calculated automatically by the payroll system based on rigorous settings.

9. Payslip previews are to be made available during the calculation and computation of a payslip without having to navigate to a different page or otherwise close the pay run.
10. Tax Forms, such as the FS3, FS5 and FS7, are to be provided and updated by the payroll system as soon as the payroll for a period is closed. This also includes the FSS files for end-of-year online submission for a seamless process.
11. Payroll clerks are to be supported for free during business hours via a live-chat function. Payroll providers should not charge for assisting payroll clerks to do their job.
12. 2021 shall also see the introduction of Digital FS4s and Employee on-boarding with digital signatures. This will effectively minimize significantly the risk of losing paperwork or businesses taking the blame for incorrect tax regimes selected by the employees. The Digital FS4s shall in-turn auto-input all the information within the payroll system.

attached to the application. This will eliminate contact and potentially-contaminated documents being transmitted from unwell employees to healthy ones..

5. Employees in Managerial positions who are responsible of approving leave applications will be required to do so through a secure portal. This will reducing direct interactions between managers and employees. Comments and messages may also be sent between Employees and Managers through the portal, if necessary.
6. Employees are to no longer request payslips from HR Managers and business owners. This will put employees' minds at rest when and if, payslips were required (such as when requesting loans or other services.
7. Bank Details are to be updated and controlled by Employees from within a portal. This will similarly reduce stress and questions to HR or Business owners when employees change banks. This will avoid unnecessary disclosure of personal reasons and protect employees' confidentiality.
8. Home addresses and other personal details are to also be updated by the Employee to be in-line with GDPR requirements where the Data Subject is entitled to view and correct personal information where necessary.

## EMPLOYEE EMPOWERMENT

Employees are the linchpin of the local economy, without which our economy will be devoid of growth and the manpower to drive this country. In line with measures due to COVID-19, we are also announcing new measures that will help increase social distancing to safeguard the employee's health

1. Employees are to apply for their own vacation leave through an online portal or mobile app. Paper-based submissions or whatsapp messages will no longer be deemed as valid ways of applying for vacation leave.
2. Employees are to view their leave balances and all their leave applications at any time from the comfort of their home.
3. Paper-based payslips are to be eliminated, and employees shall access such payslips from a secure portal, with an email notification every time there is a new payslip.
4. Sick-leave applications will be filled in online, with a copy of the employee's sick certificate

\* The Doctor's sick certificate contains two pages, only the second one which does not include details of sickness shall be uploaded into the portal.



# EDUCATION

Education is what our country is built on, with not much natural resources other than the sun and the sea. Knowledge and Expertise are how the local economy has grown over the last few decades.

Unfortunately, payroll has been an area where education has been much forgotten. The Malta Institute of Accountants and the ACCA certification have indeed not included any modules related to payroll prior to Buddy's Collaboration, creating a significant knowledge gap for the majority of Malta's accounting elite.

Equally, not much has been done to educate business owners and HR professionals on the matter. In 2021 Buddy is looking to rectify the situation with a raft of new budget measures.

1. Buddy will be providing Payroll Courses on a monthly basis. These courses will cover various key aspects of payroll, with content adjusted for different levels of experience and expertise.
2. All customers who purchase a credit bundle from Buddy will be entitled to 1 FREE training or refresher course.
3. Introduction of an online modular payroll course, which can be completed remotely in bite-sized steps. This is necessary to cater for employees and business owners who have busy schedules and are not able to book or stop for the duration of a standard payroll course.
4. The online course will include resources and FREE lifetime updates for anyone who enrolls.

Industry-specific Work Regulation Orders Courses will also be introduced through 2021 to address knowledge gaps for the various industries, as payroll regulation varies based on Industry. Sessions will be held based on interest and a registration/waiting list page shall be made available for businesses to register interest in the specific courses before they are announced.



# CORPORATE SOCIAL RESPONSIBILITY

COVID-19 has not only negatively impacted businesses but has also impacted numerous causes and voluntary organisations. As cashflow dried up across the country, NGOs found themselves with reduced funding and scrambling to continue operating.

We recognise that Non-Profit organisations are key to ensure a functional society and we believe that giving back to the community is a priority. The below budget measures are specifically designed to help non-profit organisations.

1. **Free Payroll Courses** to be provided to members of non profit organisations.
2. A Scheme for the award of **free payroll software** for Non-Profit Causes will also be underway. A simple application process will be required in order to distinguish between non-profit with vested business interest, and causes. The Award of the FREE Credits to operate the payroll software shall remain at the sole discretion of Buddy once the applications are reviewed. Below are some of the segments that are eligible for this scheme:

- NGOs that tackle social causes
- NGOs that help develop children and young people, including sports.
- NGOs that provide life-long learning opportunities
- All other NGOs are encouraged to apply and submit a description of the services they provide, or cause they are moving

forward and shall be notified on whether they qualify or not.

- Buddy shall run a DONATE A CREDIT campaign with all its clients and partners enabling them to donate funds to Buddy's CSR Cause partners. A donation certificate shall be issued to each business that participates in this scheme, and during the award of the funds to the NGO, the names of all entities that donated shall be announced.
- Payroll Providers who provide their services pro-bono or at reduced rates to NGOs shall be eligible for Free Credits based on the nature of their relationship with the NGO. An application process for the award of these credits shall be in place. Up to 125% of the number of credits required to provide the service to the NGO on an annual basis, shall be awarded to the service provider.

## START-UP MEASURES

Innovation particularly during these times is something to be rewarded, and from numerous studies it's clear that the country's top innovators are start-ups. Many times startups are doing as much innovation as they can on a tight budget until they are able to prove profitability and growth. In this budget we are also introducing new measures to help startups.

1. We are matching by an extra 100% any investment done by startups with 5 employees or less on Buddy Credits. The bonus amount of credits will be matched up to any amount as long as the startup has 5 employees at the time of purchase.
2. FREE access to scheduled payroll courses to all Startups regardless of headcount.
3. Local tech-startups will be assisted to integrate with Buddy for FREE when this could spur further innovation to local businesses.

\* Startups are defined as Companies who have been incorporated within the last 5 years. The date used to award the extra credits shall be the date upon which the credit purchase is completed.

## FISCAL MEASURES

We also believe that it is essential to incentivise businesses to introduce an adequate payroll solution through the introduction of numerous fiscal measures to enable businesses to invest in improved payroll operations.

1. Buddy announces that the cost per credit shall be at €2 when credits are pre-purchased, with the price-freeze expected to last multiple budgets.
2. The above credit shall be inclusive of all necessary steps to generate a payslip, including processes of leave and timesheets for each employee. No extra fees shall ever be charged for the processing of a payslip.
3. No annual licence or update fees are due to use the service, with Credits being the only thing a business ever pays for.
4. Credits are to have non-expiring validity, enabling businesses who have large turnovers or reduction in workforce to utilise any credits purchased until all are used up. This measure will ensure that they never overpay for payroll services.
5. Financial Flexibility has been increased where the €2 per credit price has been made available in bundles rather than annual plans related to employee headcount. The minimum purchase shall be of 100 credits allowing larger businesses to better spread and utilise their cashflow.
6. A price-freeze and further flexibility on bundles is not enough, however. For this reason, a new scheme awarding up to 25% Bonus Credits shall be in place allowing businesses who invest in pre-purchasing credits to get more value for their money.
7. Service Providers are also big winners in this scheme, with special bonus credits devised exclusively for service providers who provide payroll services for clients.
8. 100% Bonus Credits for Startups with 5 employees or less as outlined within the Startup Measures .
9. FREE iPad to be given with the scheme related to touchless punching which was presented within the health and safety part of this budget.



## CONCLUDING THOUGHTS

These fiscal measures bring an end to Buddy's 2021 Budget. In a well-rounded budget we sought to leave an impact in the various people and entities involved in the payroll process.

This budget shall bring businesses significant savings in both time and money.

As Buddy, we have never been as aggressive in offering support measures for businesses before this year, and our budget is outlining the strong core belief system that we are here to help businesses first and foremost to conduct their payroll correctly and as efficiently as possible.