

Connectivity in the Employment Ecosystem

The Buyer's Guide to Choosing
a Unified API

Introduction

In an age characterized by unprecedented connectivity, software users expect the technologies that power their productivity to play nicely together.

In fact, 30% of small and mid-sized businesses consider integrations a top purchase driver as they expand their tech stack, according to a 2022 Codat survey¹. That number jumps to 60% once they learn what an effective integration can do.

Integrated experiences are especially important to HR professionals, the corporate guardians of sensitive employment data. Put yourself in their shoes:

Every week, you waste countless hours retrieving data from your employment systems of record, manually verifying that it's fresh and accurate, and uploading it to the other HR tools in your stack.

This outdated process hinders your productivity, preventing you from prioritizing the work that drives real value for the business.

By the end of the week, you're beyond frustrated. You know today's technology could solve your problems, but few of the tools you use seem to prioritize this pressing need.

Poor user experiences, like this one, stifle business growth.

The 'switching costs' argument, which states that preventing users from taking their data elsewhere will protect your business from losing customers, is a myth. In reality, a lack of integrations with other applications is a top reason why customers churn.

¹ <https://info.codat.io/the-state-of-small-business-software>

In fact, 61% of small and mid-sized businesses said they have buyer's remorse over a technology purchase they've made in the past 12 to 18 months, according to Capterra's 2023 U.S. SMB Tech Trends Report². Among their top-cited disappointments were both a poor overall user experience and a lack of compatibility with their existing systems.

In this context, integrations are key to your product's survival.

To fuel customer acquisition and retention, you must invest in building open and connected technology that's tightly integrated with other software applications in the employment ecosystem. Only then can you deliver the frictionless user experiences that HR professionals crave.

Who should read this guide

If you're a...



Startup Exec



Product Lead



Engineering Lead

In one of these verticals...



HR Tech



Employee Benefits



B2B FinTech



Insurance



401k & Retirement



Tax & Compliance

This guide is for you!

² <https://www.capterra.com/resources/us-small-business-tech-trends/>

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Navigating this guide

In the following pages, you'll find a breakdown of the solution product and engineering teams are turning to to make connectivity a reality: application programming interfaces (APIs), the infrastructure that allows secure data transfers between two or more systems. You'll then learn about Unified Employment APIs and the trove of data they unlock, before discovering criteria and advice for choosing the right unified API for your unique needs.

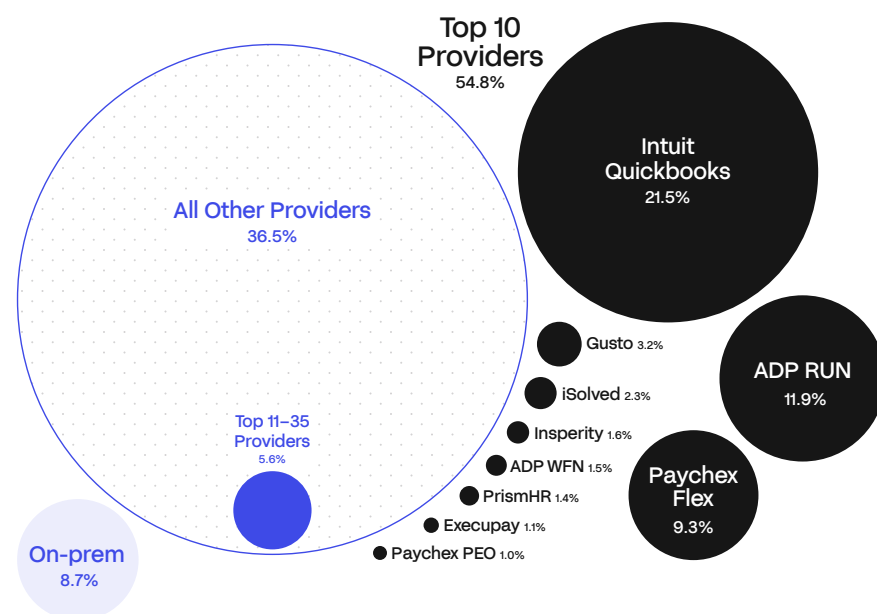
The challenges of building custom integrations

Integrations may be expected by your customers, but traditionally, they've been slow and painful to build.

The exact number of steps required to build a custom integration varies depending on the system you are integrating with, your use case, and your exact data needs. But you can expect that building an integration with even one system will take around 1,560 developer hours, adding months to your go-to-market timeline. That's a problem because every day that your software isn't compatible with a prospect's or customer's tech stack is a potential deal lost.

Multiply that by the number of systems you need to integrate with, and you are looking at a massive commitment of time and resources that could otherwise be spent building out more differentiating features.

This is especially difficult in the employment ecosystem, where an estimated 5,700 payroll providers exist in the United States alone³.



3 <https://www.firstresearch.com/industry-research/Payroll-Services.html>

Market share is spread thin. Integrating with the top three payroll systems—Intuit QuickBooks, ADP RUN, and Paychex Flex—only gets you 45% coverage of small and midsize businesses. Beyond the top three, all other payroll providers each have less than 4% of the total market share. That means integrating with the top 10 employment systems only garners you 55% coverage. (As a point of comparison, the top 10 accounting systems collectively cover 95% of the market.)

For product and engineering leaders looking to create integrated user experiences, this software sprawl complicates matters. Because your customers are using many different applications to operate their businesses, achieving sufficient market coverage requires at least hundreds of custom integrations.

Perhaps for this reason, only 29% of software applications are integrated today, according to Mulesoft's 2023 Connectivity Benchmark Report⁴.

The hard and soft costs of building in-house

Integrations come with a hefty price tag. If we assume the average engineer's fully-loaded compensation package is \$250,000 per year, and it takes an average of 1,560 engineering hours (9 months) to build one integration, that puts the initial buildout in the ballpark of \$187,500.

There are also ongoing costs to consider. For example, the fees many systems charge for using their API and the hours your team will inevitably spend maintaining the connection. All told, integrating with a legacy employment system ranges from hundreds of thousands to millions of dollars.

⁴ <https://blogs.mulesoft.com/digital-transformation/automation-integration-digital-transformation-trends/>

That's for a single integration. If you multiply that across hundreds of applications, the costs quickly become unreasonable. That's true not only for small and mid-sized companies, but also large enterprises.

There are also opportunity costs to consider. How much more could you accomplish, and how much faster could you get to market, if your team's attention wasn't split between your product and the ancillary technologies that support it?

The truth is, most companies simply can't afford to build hundreds of custom integrations in-house. Fortunately, they don't need to—more elegant solutions exist today.

Unified APIs to the rescue

If you want to reap all of the benefits of integrations without squandering your resources, unified APIs are the way to go. Unified APIs offer a one-to-many connection between your software and the many applications within the employment ecosystem that you wish to integrate with.

Unified APIs also do the hard work of standardizing the data that flows between these applications. Source systems often have their own field name and property conventions, idiosyncratic authentication requirements, and more. A unified API reconciles and smooths out all of the differences, so your software can talk to all of the applications at once without having to do any of the translation yourself.

Together, these features make your team's work much easier. Now, by building a single integration, you can accelerate your integrations roadmap—unlocking new revenue opportunities by expanding the market you serve.

Two types of Unified APIs

You'll find two types of Unified APIs on the market today: those that are generalized and those that are specialized.

Generalized Unified APIs

These APIs connect with a handful of systems from many different software categories within the business technology ecosystem. For example, a generalized unified API might integrate with accounting systems like QuickBooks and Xero, payment systems like Square and Toast, email marketing software like Mailchimp and HubSpot, and CRMs like Salesforce and Pipedrive.

In other words, generalized Unified APIs offer a breadth of compatibility across multiple categories, which makes them a great choice for many companies. That said, they tend to lack depth in terms of their coverage (fewer systems within each category), the granularity of the data they retrieve, and the capabilities they offer, such as the ability to write data back to your systems of record.

Specialized Unified APIs

These APIs take the opposite approach: they offer deep coverage of a single category of software, offering both granular data retrieval and the ability to write data. Because they connect with hundreds of tools within one ecosystem, they become the best in the business at building those types of connections and moving data between disparate systems.

For startups that need maximum coverage in a single software category, a specialized Unified API is the best choice.

Unified APIs for the employment ecosystem

Unified Employment APIs are specialized in providing secure, real-time access to the rich datasets housed in payroll platforms and human resource information systems (HRIS):

- **Employee directory information** like name, contact information, date of birth, manager, salary, and start/end date
- **Employee income information** including hours worked, salary, wages, deductions, and taxes
- **Employer information** like legal company name, company type, EIN, location, and banking account and routing numbers

Unified employment APIs are employer-permitted, rather than employee-permissioned. This makes unified employment APIs capable of retrieving historical and real-time employment datasets for an organization's entire workforce at once. As a result, they're most relevant to B2B use cases:

Vertical	Use Case
Retirement plan/401(k) administration	Automate participant onboarding and offboarding, and streamline deductions and contributions management and recordkeeping. Determine eligibility requirements. Learn more →
Employee engagement & performance management	Automate insights around performance, engagement, and compensation, track employee retention, and enable triggered employee gift giving. Learn more →
Health benefits	Automate plan enrollment and eligibility, and streamline payroll deduction changes and compliance management. Learn more →
Employee training and development	Automate employee onboarding and offboarding, track training progress and employee retention, surface important career development insights. Learn more →

Vertical	Use Case
Financial planning and analysis	Aggregate employment data with data from other key business software to provide valuable insights and forecasts for department costs and headcount planning. Learn more →
Tax credits	Retrieve the historical payroll information necessary to qualify businesses for and enroll them in federal and state tax break programs. Learn more →
Security compliance	Import employee directory information to automatically track employees' screening and training requirements. Learn more →
Insurance	Streamlining quoting workflows, inform underwriting models, validate claims, and unlock pay-as-you-go plans. Learn more →
Commercial lending	Cross-reference an organization's payroll numbers with data from across its tech stack to augment credit underwriting.

While the applications differ from provider to provider, the benefits are consistent across the board: better onboarding experiences, faster time to value, more automated workflows, higher user adoption, superior customer experiences, stronger retention, real-time insights, and incalculable time savings. Unified Employment APIs also allow you to ship integrations and serve new customer segments faster.

Why buy beats build for most

It's the classic debate: Should you buy the technologies you need to power your product or build them yourself? In the case of integrations, the benefits skew significantly toward buying. Here's what you can unlock by buying a Unified Employment API:

- **Speed** — You'll waste fewer engineering hours and accelerate your speed to market, seeing a return on your investment, faster.
- **Functionality** — You'll have immediate access to an expansive (and always evolving) set of features that unlock multiple use cases.
- **Stability** — A Unified API vendor monitors and maintains all connections, maximizing performance and minimizing downtime.
- **Support** — If something does go wrong (like when a source system makes a change to their data model) a Unified API vendor is there to fix it.
- **Longevity** — When someone on your team is the keeper of your integration technology, you risk losing that IP if they leave. A Unified API vendor isn't going anywhere.

The buying criteria you should consider

Once you've arrived at the decision to buy a Unified Employment API, there's the matter of evaluating the options available for purchase. When comparing Unified APIs, you'll want to keep in mind the following purchase criteria:

How universal is its coverage?

By definition, a Unified Employment API offers compatibility with multiple employment systems. But not all Unified Employment APIs provide equal coverage.

Some integrate with a much more extensive range of systems than others. Take Finch as an example. By integrating once, you gain access to over 200 HRIS and payroll systems—unlocking up to 88% of the global employment data ecosystem. The closest competitor offers just one-quarter of the coverage via just over 50 employment systems.

Coverage of small and niche systems shouldn't be underestimated. Each system unlocks up to 4% share of the market, yet few of the smaller players offer public APIs. That means the only way to access the employment data housed within these systems is to leverage a unified API with extensive coverage of the employment ecosystem.

Remember: **Every additional integration unlocks new revenue opportunities for your business.** Said another way, every HRIS or payroll system you don't connect with is a potential lost or blocked deal. For that reason, choosing a unified API with extensive coverage of the employment ecosystem should be your top priority.

How granular is its dataset?

Offering integrations to many different employment systems is one feat—being able to retrieve granular data from each is quite another.

When evaluating a Unified Employment API, you will want to be sure that it has the capabilities to retrieve all of the data fields you need for your immediate use case. You'll also want to look for additional fields that will unlock more use cases for you in the future.

High quality Unified Employment APIs can retrieve and make usable data as deep as the individual payment statement level and across a system's historical record.

This degree of data granularity is especially important if you rely on employment data to perform intricate calculations. It also matters if your product is in a highly regulated industry, and you are obligated to follow strict protocols, keep detailed records, and/or face auditor scrutiny—like insurance, tax credits, retirement plans, and employee benefits.

How sophisticated is its standardized data model?

It doesn't matter how granular a dataset is if the data isn't interoperable with your product. That's why it's essential to also investigate a Unified Employment API's data model.

As previously discussed, every source system configures data differently, which makes data modeling one of the most complex undertakings in the integration process. What's more, this complexity exponentially increases with every new system an API covers.

This is especially true for Unified Employment APIs because of the idiosyncrasies of employment data, particularly at the pay statement level. In a pool of 100 employment systems, you can expect just as many custom field names and coding conventions for all of the different kinds of pre- and post-tax payroll deductions and withholdings available at every level of jurisdiction (i.e., local, state, and federal).

The best Unified Employment APIs have payroll tax and deduction code experts on staff to interpret these differences and translate them for your product via a sophisticated standardized data model, so your team isn't stuck normalizing the data yourself.

Does it offer read/write functionality?

By nature, all Unified Employment APIs can read data from a source system, but writing data and pushing it back to the source system is far more complicated and harder to do well.

Take retirement plan management. A sophisticated Unified Employment API can enable a retirement plan provider to offer automated payroll withholdings, so that, when a plan participant wants to increase their Roth IRA contribution by \$50 per pay period, for example, that request is instantly pushed from the retirement plan provider's system to the employer's payroll system.

But achieving this degree of seamlessness is far easier said than done. Since changes to payroll have to occur within specific windows to appear in the next paycheck, the Unified Employment API has to be designed to take into account the timing of pay runs for different payroll systems and employers. The API also has to accommodate the difference between pre- and post-tax withholdings, as well as

government-imposed contribution limits. Finally, the API ought to be able to read subsequent paystubs to confirm that the contribution change was enacted correctly.

And this is all for a relatively simple payroll change. For certain fringe benefits, payroll deduction amounts can change from paycheck to paycheck, seriously complicating matters. The best Unified Employment APIs can handle them all flawlessly. And when you are dealing with people's pay, you can't settle for less.

Is it designed to scale?

When it comes to a best-in-class Unified Employment API, scalability takes multiple forms. First, the API should have processes and learnings in place to scale coverage, which includes being able to add new systems and investigate and handle edge cases swiftly (so your engineering team doesn't have to).

Then there is the matter of scaling for performance. As API call volumes increase, you risk running up against system-imposed rate limits, which can throttle your data connection. The right Unified Employment API has routing infrastructure in place, as well as sound relationships with source system partners, to navigate and negotiate rate limits and avoid performance issues to maintain the health of all connections at scale.

Is it reliable?

Reliability is also a determining factor. Ongoing maintenance is an often overlooked but massively important (and resource-intensive) aspect of integrations. Source systems regularly make updates—four times a year or more, in some cases⁵—that can affect how an integration functions.

The best Unified Employment APIs continuously monitor for such events and adjust their integrations as necessary to proactively prevent and troubleshoot dysfunction. They also anticipate the possibility of broken connections and have fallback and alternative routes in place to ensure you are never without the data your product needs to function.

⁵ <https://www.shrm.org/resourcesandtools/hr-topics/technology/pages/why-data-sharing-remains-challenge-hr.aspx>

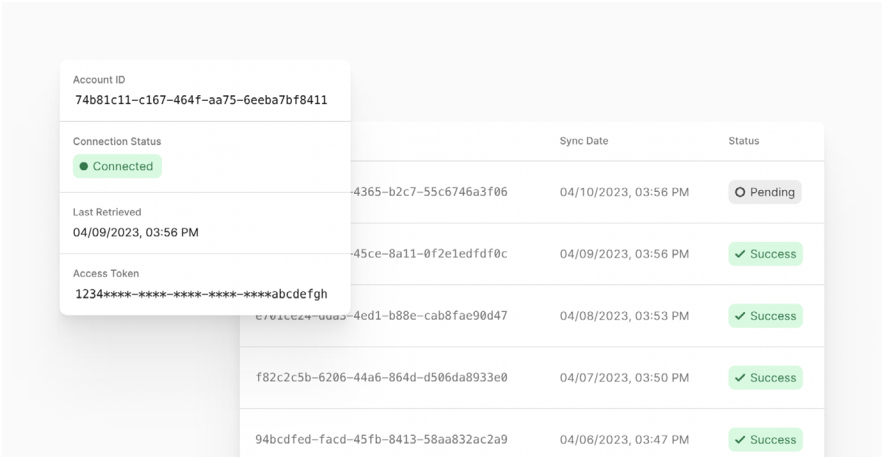
Reliability also refers to the accuracy of the data points an API returns and the calculations it performs. A Unified Employment API worth its weight will have data quality assurance practices in place to monitor and ensure ongoing data integrity.

For example, a common reliability benchmark in engineering is three nines—at least 99.90% uptime, guaranteed. When evaluating unified API vendors, you should ask them how they ensure reliability and what to expect in terms of uptime. Uptime has a huge impact on user experience, so it’s critical to choose a vendor that’s invested in your success.

What is its data sync cadence, and does it offer on-demand refreshes?

If an API syncs data too often, it risks running afoul of system rate limits and compromising the performance of your connections. If it syncs data too infrequently, your data won’t be as fresh as you need it to be. The best Unified Employment API providers will set a data sync cadence that balances the need for the freshest possible data with the simultaneous need to maximize network stability and minimize data latency.

Since employment data is rarely subject to intraday fluctuations, a good rule of thumb is to find a Unified Employment API that offers a daily data sync—plus the option to request a hard refresh on demand for instances when you are in need of up-to-the-minute accuracy.



The screenshot displays the Finch Developer Dashboard. On the left, a sidebar contains account information: Account ID (74b81c11-c167-464f-aa75-6eeba7bf8411), Connection Status (Connected), Last Retrieved (04/09/2023, 03:56 PM), and Access Token (1234****-****-****-****-****abcdefgh). The main area features a table of sync history.

	Sync Date	Status
4365-b2c7-55c6746a3f06	04/10/2023, 03:56 PM	Pending
45ce-8a11-0f2e1edfdf0c	04/09/2023, 03:56 PM	Success
7011c2e7-00a2-4ed1-b88e-cab8fae90d47	04/08/2023, 03:53 PM	Success
f82c2c5b-6206-44a6-864d-d506da8933e0	04/07/2023, 03:50 PM	Success
94bcdcfed-facd-45fb-8413-58aa832ac2a9	04/06/2023, 03:47 PM	Success

Finch's Developer Dashboard showing statuses of its daily data syncs.

Does it provide transparency into network performance?

Having a handle on the health of your data connections is key to providing exceptional support to your customers. So, look for a Unified Employment API that gives you visibility into network performance. That way, any member of your team, from an engineer to an account representative, can check the status of any of your customers' data connections at any time.

In turn, you'll have the information you need to answer customer questions and proactively service their accounts (by reminding them that their connection is set to expire, for example, and walking them through next steps). You'll also be able to monitor their customer journey and better guide them to initial connectivity, which increases your chances of locking them in as a long-term customer.

Does the vendor offer support for new integrations?

No matter how good a Unified Employment API's coverage is, you will inevitably run into a prospective customer with a niche employment system that the API is not yet compatible with. In those cases, it's important to know how quickly the API vendor can add a new integration.

That means, in addition to having the capacity and expertise to build full-scale integrations relatively quickly, a best-in-class Unified Employment API will have the tools to offer semi-automated data compatibility with smaller employment systems in as little as two weeks. Choosing a vendor with this kind of contingency plan in place could mean the difference between turning your lead into a customer—or not.

Does it keep you compliant?

When it comes to employment data, some of which may even be HIPAA-protected, you need to be fastidious about adhering to regulations. A Unified Employment API should offer full transparency into their security protocols to both you and end-users and should only unlock data access with hard, explicit permission from authorized entities.

Choosing the right solution for your needs

Of course, your Unified Employment API purchase decision—and how you arrive at it—needs to be tailored to your specific product and your specific needs.

To make a decision without proper due diligence is risky. Integrations are an investment, and any misstep can be costly in terms of hard expenditures, negative customer perception, and the opportunities you might miss out on.

The truth is, a Unified Employment API that's poorly matched with your product can hurt how customers experience your product, leading to fewer new customers, lower adoption, declining engagement, and higher churn.

To make sure you select the right Unified Employment API for your company, follow these steps:

Step 1

Identify your needs and goals. Then, map them to Unified Employment API buying criteria below to determine which factors should carry the most weight in your purchase decision.

	Very Important	Somewhat Important	Less Important
Expansive coverage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Data granularity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Data model sophistication	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Read/write ability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scalability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reliability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sync cadence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Performance transparency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
New integration support	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Data security	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Step 2

Evaluate Unified API vendors against the criteria you've identified to be very and somewhat important.

Start by reviewing their websites and asking them pointed and specific questions. Validate their responses by consulting case studies and testimonials relevant to your industry and use case, and be sure to request customer references, so you can hear first-hand about their real-life experiences.

Step 3

Present your most viable options and top recommendation to the appropriate stakeholders in the form of a business case⁶.

Be sure to include the problem you are aiming to solve, an exploration of your alternative solutions, the risks and benefits of each, and the potential impact and value of your preferred choice. Use the business case and any subsequent discussions you have to build consensus and arrive at a final decision.

Step 4

Buy and implement your chosen Unified Employment API, and begin onboarding customers.

With the right Unified API vendor, implementation should be fast and simple. Once you are up and running, you can set integrations live for your customers and start inviting them to connect their employment systems with your application.

⁶ <https://www.projectmanager.com/blog/how-to-write-a-business-case>

Step 5

Compare the performance data you collect from onboarded customers to pre-integration baselines to prove the API's return on investment⁶.

KPIs will vary according to your specific objectives, but common measures of performance include:

- New logo acquisitions
- Sales cycle length
- Average contract value
- Free-to-paid conversion
- Revenue retention
- Churn rate
- Engineering and support costs
- Customer lifetime value

⁷ <https://www.tryfinch.com/blog/kpisthatimprovewithintegrations>

Meet Finch

Finch **integrates** with over 200 HRIS and payroll systems to facilitate the secure, permissioned flow of critical employment data.

Our Unified Employment API:

- **Provides instant coverage** of more than 200 (and counting) HRIS and payroll systems, including the employment system long-tail, so you never lose a deal to incompatibility
- **Abstracts away inconsistencies** across systems for optimal interoperability no matter the data source
- Is the only unified employment API that **retrieves data down to the individual pay statement level and across history**
- **Offers sophisticated read and write capabilities** that account for the many idiosyncrasies and regulatory requirements of employment data and its related use cases
- **Was built for large-scale synchronization** with thousands of your customers, from small startups to major enterprises
- **Offers on-demand compatibility with niche employment systems** not yet covered in as little as two weeks
- **Meets the highest security standards**, including SOC2 Type 2, CCPA, and GDPR requirements

To learn more, [talk to our sales team](#) or [sign up for free](#) today.

What customers are saying about Finch

Our unified employment API has a proven track record and more than a few fans.

PerkUp + Finch

Rewarding employees without lifting a finger

With Finch, PerkUp launched time-saving automations that helped lower support costs, create stickier customer relationships, and expand their TAM.

[Learn more →](#)

“Finch makes our product much stickier. As our customers grow, Finch reduces the admin burden for them, embeds us more deeply in their operations, and generates additional per-employee-per-month fees for us. It supports our business on multiple levels.”



Thomas Mirmotahari
Co-Founder & CEO

MainStreet + Finch

Qualifying companies for tax credits in minutes

With Finch, MainStreet onboards customers in two minutes and shaved eight months off their go-to-market timeline.

[Learn more →](#)

“We worked closely with Finch’s engineers to ensure a smooth integration—they have been incredibly quick to add new providers while continuing to add functionality to make our lives easier. They’re an absolute delight.”



Daniel Griffin
Former Co-Founder & CTO



Lane Health + Finch

Helping more employees afford medical expenses

With Finch, Lane Health gained a secure, compliant way to access employee data and track deductions of varying amounts every payroll period, saving their customers 8-12 hours per month.

[Learn more →](#)



Trainual + Finch

Creating a scalable playbook for SMBs

With Finch, Trainual saw a 3,620% increase in their customers’ integration setup completion rate and a 75% reduction in development costs.

[Learn more →](#)



Mosaic + Finch

Powering modern business finance

With Finch, Mosaic unlocked real-time insights into 20+ key metrics and launched integrations 94% faster.

[Learn more →](#)

Integration, made easy

Finch's developer-friendly Unified Employment API makes implementation simple and straightforward. You can get up and running in a few, well-documented steps:

Step 1

Sign up for a free account to receive credentials to [test how Finch works](#) in our sandbox—a safe testing environment with mock data.

Step 2

[Integrate Finch Connect](#) into your front-end. (Finch Connect is the UI that allows your users to safely and securely grant your application access to their employment systems.) You can opt to redirect to Finch Connect or embed it directly into your application.

Step 3

[Integrate the Finch API](#) into your application's back-end.

Step 4

Once your application is ready, [request developer credentials](#) to begin testing real providers with live data.

Step 5

Select a few trusted customers, connect them through Finch, and observe real data.

Step 6

Once your integration works as expected, go live with all of your customers.

For more detailed instructions on getting started with Finch, check out our handy [integration checklist](#).

What is Finch's sandbox?

The Finch sandbox is a self-contained testing environment that simulates the live Finch production API. The sandbox provides a shielded space where you can test your API integration with Finch by creating mock payroll and HRIS providers and watching how requests respond differently based on the provider's [data field compatibility](#), all without touching any live provider accounts.

By using sandbox providers, you can test and debug your apps without referencing any real employees or live employers. The sandbox lets you operate your application in a safe environment and provides a way to fine-tune your Finch processes before you move your product into production.

