

The Emergence of the Unified Employment API

Introduction

It's long been a dream for HR and finance teams to have all their software connect to their employment systems of record—empowering them to fully understand the entire employee lifecycle within their organizations.

The product and engineering teams who build products that cater to these professionals want to deliver on this dream, but hesitate to spend valuable sprints building and maintaining integrations with countless employment systems.

Fortunately, a more elegant solution exists today: the unified employment API, which allows employer-facing businesses to access the data housed in their customers' systems of record through a single integration.

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Employment data, APIs, and employment APIs

APIs have been around since Salesforce introduced theirs in 2000. And, over the last few decades, we've witnessed a renaissance in the API economy. Today, thousands of businesses offer APIs to make sharing data simpler and more secure.

Employment data, defined

Before diving in, it's important to highlight one key term we'll be using throughout this whitepaper: employment data. **Employment data represents the vast body of information related to the employee lifecycle within an organization at any given point in time.** Employment data includes everything from personal employee data (name, address, and phone number) to date-of-hire and job title to payroll and income history and more. Today this data is housed across 20,000 disparate systems, ranging from the largest enterprise Human Capital Management Solutions (HCM) to small business payroll providers.

What is an API?

The acronym "API" stands for Application Programming Interface. APIs allow software applications to interact with one another. More specifically, they allow one application to access the data contained within another application. In some cases, they also provide access to the features and functionality of another software application.

What is an employment API?

Employment APIs offer access to individual HRIS and payroll systems of record. Each of these systems acts as a source of truth for key aspects of an employee's relationship with their employer. These APIs can be offered by the providers themselves or through a third party. It's important to note that not every system of record offers public APIs, which is why these third-party employment APIs are rising in popularity.

The most popular alternatives to APIs

While APIs are not ubiquitous in the employment ecosystem, employers have always needed options for moving sensitive data between systems. In the absence of APIs, the following are popular alternatives for sharing data:

01

Manual data entry

You rely on your customers to manually enter their data, compromising your user experience. This solution may be cost-effective, since you place the burden on your customers, but it's also unreliable, since you have no way of verifying the accuracy of the data they type into your system and the types of data between different systems may be incompatible, i.e. different formats for date fields and phone numbers, resulting in data hygiene tasks that most HR teams are not well-equipped to handle.

02

Flat files

You ask your customers to extract their data from one system and re-upload it to your system. Along the way, they're asked to align fields between systems, making this method equally error-prone. This approach to sharing sensitive employment data is also not secure, leaving employees vulnerable to identity theft.

03

Secure File Transfer Protocol (SFTP)

You allow your customers to securely upload their data to your system. However, they must request the service and wait for you to complete the setup process first. This time-consuming method of transferring employment data may be more secure, but it leaves your customers frustrated and more likely to churn as a result. Many HRIS and payroll providers also charge a premium for this service.

Within the employment ecosystem, these decades-old processes are still the status quo, and they're known to create friction for customers who want to share their data seamlessly and securely. Fortunately, with the advent of the unified employment API, an elegant solution now exists.

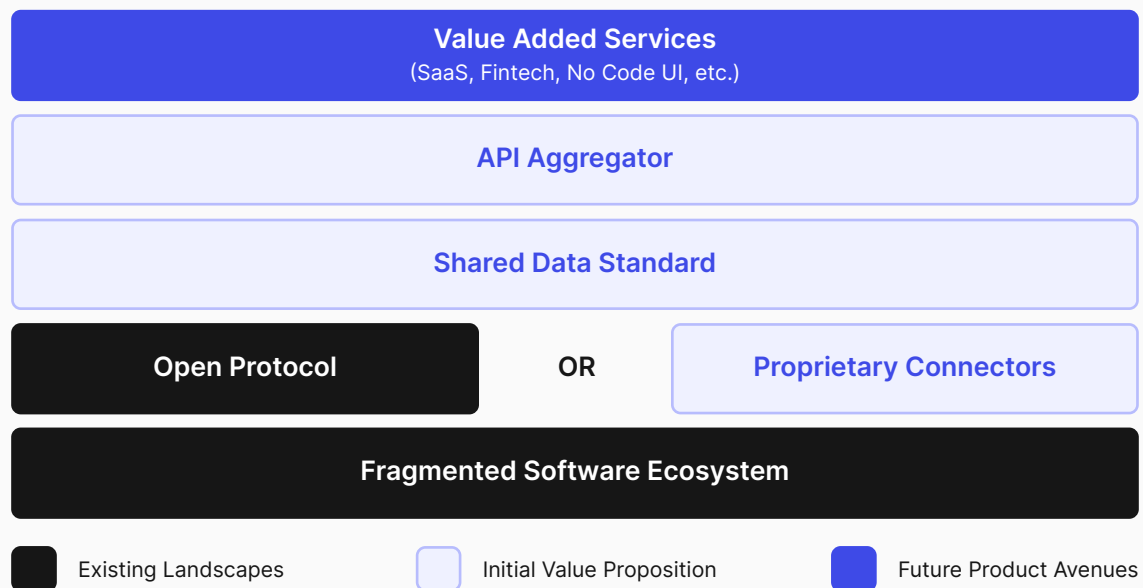
Unified APIs: An introduction to the category

What is a unified API?

Unified APIs connect to many systems of record and act as an abstraction layer for authentication, data syncing, and data transformation. The end goal is to simplify API support and maintenance into a single platform versus many, which is where the name unified comes from.

Often, this term is interchangeable with iPaaS (Integration Platform as a Service), though iPaaS is typically reserved for platforms that power internal use cases rather than customer-facing product integrations.

Unified APIs are most valuable in ecosystems that are highly fragmented, like payroll (5,700+ systems and counting), or highly configurable ones (like ERP), where normalization of data and/or workflows compounds a developer's product velocity.



Source: <https://medium.com/point-nine-news/vertical-apis-308a44ef328e>

What are the two types of unified APIs?

Unified APIs have gained rapid popularity amongst developers who are tired of building and maintaining integrations with disparate data sources.







Over the last few years we've seen unified APIs stratify into two categories:

Vertical unified APIs offer access to multiple software applications within a targeted niche. They prioritize depth over breadth—providing developers with extensive coverage of a specific software ecosystem, expertise in edge cases, and purpose-built workflows to leverage that data.

Here are a few examples of vertical unified APIs:

Banking	Accounting & Commerce	Ticketing	Construction	PnC Insurance	CRM
 PLAID 	 RUTTER 		 agave	 Canopy Connect 	 Supag1ue
Logistics	Energy	Industrial Systems	ERP	EHR	Vehicles
 chain.io	 UTILITYAPI	 makini	 PROCUIROS	 nexhealth	 smartcar

Horizontal unified APIs offer access to multiple software applications across multiple ecosystems in order to maximize use case surface area. They prioritize breadth over depth—providing developers with just enough coverage within each niche to operate their businesses. Due to their broad focus, they may be able to address use cases that are less sensitive to edge cases, require limited functionality within any given ecosystem, and have a wide range of data needs across multiple verticals. Examples include APIDeck, Paragon, Pandium, Alloy, Tray.io, and Workato.

 apideck	 Paragon	 pandium	 ALLOY	 tray.io	 workato
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The emergence of the unified employment API

What is a unified employment API?

A unified employment API is a vertical-specific unified API focused on the employment ecosystem. They bring targeted market coverage, high levels of data depth, and write functionality to developers that require expertise in the employment ecosystem.

These APIs are best suited for B2B products where the end users have administrative access to employment systems, such as HR admins, people operations professionals, benefits managers, or even finance team members. These users can then authorize a secure connection to key sources of employment data housed in their HRIS or payroll system. Developers can then leverage that data to create deeply integrated and personalized experiences for their customers.

Unified employment APIs serve countless uses:

01

Retirement plan/401(k) administration

Automate participant onboarding and offboarding, and streamline deductions and contributions management and recordkeeping. Determine eligibility requirements.

02

Employee engagement and performance management

Automate insights around performance, engagement, and compensation, track employee retention, and enable triggered employee gift giving.

03

Benefits

Automate plan eligibility and enrollment, and streamline payroll deduction changes and compliance management.

04

Employee training and development

Automate employee onboarding and offboarding, track training progress and employee retention, surface important career development insights.

05

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.

06

Tax credits

Retrieve the historical payroll information necessary to qualify businesses for and enroll them in federal and state tax break programs.

07

Security compliance

Import employee directory information to automatically track employees' screening and training requirements.

08

Insurance

Streamlining quoting workflows, inform underwriting models, validate claims, and unlock pay-as-you-go plans.

09

Commercial lending

Cross-reference an organization's payroll numbers with data from across its tech stack to augment credit underwriting.

What are the benefits of unified employment APIs?

Unified employment APIs preserve valuable product and engineering team resources, allowing technical teams to accelerate their product roadmaps, boost engineering velocity, and prevent technical debt from piling up. At the same time, they allow sales and marketing teams to unlock new revenue opportunities and deeply penetrate the markets they serve. Together, these benefits pave the way for rapid business growth.

What led to the rapid adoption of the unified employment API?

What's driving the emergence and rapid adoption of unified employment APIs? In this section, we dive into three coalescing trends:

1. Rising customer expectations

Over the last decade, customer expectations have skyrocketed alongside unprecedented advances in technology.

To remain competitive today, businesses must deliver highly personalized, self-serve experiences online as well as offer around-the-clock support across a wide variety of digital channels. And that's just the tip of the iceberg.

In this context, the status quo of forcing HR professionals to manually enter and move data between their systems of record is no longer acceptable, especially if manual work leads to an error that negatively impacts their employees. People leaders know that automation technology exists and integrations between systems are possible. They've thus come to expect the tools in their stacks to play nicely together.

Fortunately, **unified employment APIs make it possible to sync data between HRIS and payroll systems in real time**. By removing unnecessary friction from the process, they empower businesses to deliver the delightful user experiences that consumers expect today.

More than half of consumers say they would stop doing business with your company after a single negative experience, [according to Zendesk's 2023 CX Trends report](#). In other words, one slip can cost you a long-term customer.

2. Lack of access to employment data

Before unified employment APIs existed, employer-facing businesses that cared about connectivity faced an uphill battle.

Not only would each custom integration take hundreds of developer hours to build, but the company would have to build dozens of integrations to serve a significant percentage of the market. In reality, only the largest or most well-funded companies could afford such an investment. With such prohibitive costs to entry, it's understandable that many businesses chose to keep their software detached from the broader technology ecosystem.

Unfortunately, the dominance of this model made it difficult, if not impossible, for well-meaning companies to programmatically access their customer's employment data—even at their customers' request.

By acting as the connective tissue between software applications in the employment ecosystem, **the unified employment API has transformed the landscape from closed and fragmented to open and connected**. Today, with their customer's permission, businesses can access the employment data that was previously locked away (and often do so in real time).

3. The unbundling of vertical software

Since the turn of the century, there has been a movement away from all-in-one technologies that attempt (but often fail) to 'do it all'. In their place we now find best-of-breed software applications that do one thing exceedingly well.

One consequence of this unbundling has been tool sprawl in the employment technology ecosystem. Where there were once only a handful of competitors, thousands now exist. In fact, as of 2023, there were approximately 5,700 payroll providers within the U.S. alone, according to an [industry spotlight by Dun and Bradstreet](#).

To reach just 60% of the market, businesses would have to build custom integrations with the top 35 payroll applications—something that's not only impractical from a time and cost perspective, but in fact impossible today given that not all of these providers offer public APIs.

Unified employment APIs are an elegant solution to this problem. The companies behind this technology do the difficult and time-consuming work of building and maintaining tight integrations with the world's top HRIS and payroll providers. You build once and reap the benefits of hundreds of integrations.

Take Finch as an example. **By leveraging our unified employment API, you can connect with over 200 systems of record—unlocking approximately 88% of the employer market overnight.** From there, all you need is your customers' permission to access their employment data.

In sum, customer demands, existing market dynamics, and broader software trends all coalesce in a wave propelling the unified employment API to the forefront of strategic technical, product, and business decisions for employer-facing companies.

Why is specialization so important in this category?

The employment vertical presents a few challenges that can't be solved with generalized solutions:

1. Limited APIs

Many providers don't have APIs that allow access to the granular data needed for the mission-critical use cases that employer-facing businesses are trying to build solutions around.

How Finch can help

Finch has agreements in place that empower us to build connectivity through other methods, such as SFTP. While this method is more manual, we're able to remove the burden of setup and maintenance for our users. Our product operations team is also trained specifically to support customers who leverage these connections.

2. Closed ecosystem

Many of the providers who do offer public APIs require a 1:1 partnership. Because these pay-to-play agreements often involve business development efforts, building these partnerships can take 12 months, or even longer, depending on the provider.

How Finch can help

Working with Finch allows you to leverage our existing relationships to gain immediate access to the data you need without any blockers or additional charges.

3. Edge cases

Because so many edge cases exist in this ecosystem, a great deal of expertise is required to navigate it. In many cases, obtaining the employment data your business needs results in fines.

How Finch can help

Finch does the work of categorizing and auditing the data at a granular level, then validates it with in-house payroll specialists, to help you avoid the penalties when possible.

These challenges are only compounded by the fragmented ecosystem. Again, over 5,700 HRIS and payroll systems exist in the US alone, and the top 10 only account for 55% of employers. None of the top 10 have open APIs, and the biggest one doesn't have an API at all.

What are unified income APIs?

Unified employment APIs often get confused with unified income APIs. But, in reality, they're quite distinct.

Similar to unified employment APIs, unified income APIs provide access to the data housed in various systems in the employment ecosystem. However, the access layer is at the employee level, not the employer level.

Through this type of integration, developers can gain access to a specific individual's payroll data, such as their employment status and salary details. Unified income APIs are thus best suited to B2C use cases, like income verification for lending and mortgages or direct deposit switching for banks.

[Learn more →](#)

 **Pinwheel****argyle****truv**

Examples of unified income APIs include Pinwheel, Argyle, and Truv.

Cheat sheet: Mapping the ecosystem

	Unified Employment API	Unified Income API
Data Permissions	Employer-permissioned	Employer-permissioned
Data Source	Entire organization	One individual
Use Cases	B2B	B2C

What success looks like

Since the advent of the unified employment API, countless employer-facing businesses have accelerated their integrations roadmaps, improved their user experiences, and expanded their customer bases.

In this section, we highlight five case studies demonstrating the power of unified employment APIs like Finch:



Lane Health

Employee Benefits

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.

[Read the case study →](#)



PerkUp

HR Technology

PerkUp launched time-saving automations that helped lower support costs, create stickier customer relationships, and expand their total addressable market.

[Read the case study →](#)



Trainual

HR Technology

Trainual saw a 3,620% increase in their customer onboarding completion rate, plus enjoyed a 75% reduction in development costs along the way.

[Read the case study →](#)



MainStreet

Tax and Compliance

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

[Read the case study →](#)



Mosaic

B2B Fintech

Mosaic unlocked real-time insights into 20+ key metrics and launched their suite of integrations 94% faster.

[Read the case study →](#)

Conclusion

Gone are the days when product and engineering leaders were forced to choose between burdening their customers or wasting countless hours developing custom integrations with employment systems. Today's builders recognize the unified employment API as the fastest and easiest way to integrate with multiple software applications in the employment ecosystem.

With over 200 integrations covering more than 88% of the employer market, Finch is the #1 unified employment API. Our core mission is to democratize access to global employment data, empowering innovators to build powerful solutions that better the lives of employers and their workers.

Ready to build?

[Sign up to get your API keys today →](#)

You can also [reach out to our sales team](#) with your questions.

