
The CEO's View: Toby Williams on AI and What's Next for HCM

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Guest: Toby Williams, President and CEO, Paylocity

[00:00:00] **ANNOUNCER:** You're listening to The HR Mixtape, a podcast for leaders who want to understand people, strengthen culture, and navigate change with clarity. Today's conversation starts now.

[00:00:16] **DR. SHARI SIMPSON:** Welcome back to The HR Mixtape. Today's episode is one of a kind. For those of you who have been listening for a while, you probably already know this, but if this is your first episode of The HR Mixtape, it's powered by Paylocity. Paylocity offers a unified platform for HR, finance, and IT. And what makes today's episode unique is that I'm sitting down with Toby Williams, president and CEO of Paylocity, to get his take on AI and innovation. Toby joined Paylocity as CFO in 2017 and has been CEO since 2024. Before Paylocity, he worked in global software companies across a range of functions, from product and strategy to finance. His wide-ranging background and leadership of Paylocity give him a unique perspective on the challenges and opportunities our HR profession faces. So I'm happy to have him on the podcast with us today for this very important discussion.

[00:01:19] **DR. SHARI SIMPSON:** Toby, thank you so much for jumping on the podcast today.

[00:01:22] **TOBY WILLIAMS:** I'm happy to do it, Shari. It's great to see you.

[00:01:25] **DR. SHARI SIMPSON:** So you have served as a leader across a bunch of different functions, culminating in being the CEO of Paylocity now. How have those experiences really shaped your perspective?

[00:01:36] **TOBY WILLIAMS:** A big part of my background was in product historically. I think what that brings with it is a huge focus on the usability of software. The whole point is to be able to create a great user experience and help give people time back in their day, automating things that are manual or giving them help in workflows. That's a huge part of the focus of how I think about what we need to deliver to our clients and their users, whether that's admins or employees. And then from the finance background, I was the CFO here before becoming the CEO. You get to see all of the internal systems that exist across a company, and you gain an appreciation for how important it is that you have all of them integrated and data flow across all platforms, all the systems. That's another thing I think is a huge point of focus for us, just being able to give people visibility into the data across their systems and surface that in their workflows when it's most helpful, to give them better insights and the ability to take action when they need to, and then to try and automate that to create a fantastic user experience. So that's a lot of what I think I bring from prior experience.

[00:02:55] **DR. SHARI SIMPSON:** Well, I love that you mentioned the usability of all the systems and all the data that HR has. I feel that I have been in that space throughout my career, so I love that that's your perspective and that you bring that to Paylocity and to the product. In your role of CEO, you get an opportunity to have a lot of conversations with other leaders right now around AI. What is the biggest issue everybody's trying to solve in that space?

[00:03:23] **TOBY WILLIAMS:** I think in this new era of AI, everyone is trying to figure out how to use it most productively. They're trying to figure out how to make it more meaningful and add more value, just like any other software solution they're using in their jobs day to day. A lot of what I've been focused on has been finding the right ways to use a new technology to deliver value to clients and their teams. A lot of that goes into how you embed AI in the flows of data or in the workflows that users are going through in their jobs day to day, trying to find ways to automate things that may have been manual, hear their experiences, hear what they're trying to do and what their use cases are, and then find ways to make that easier. Which at the end of the day is what any software business has always been about. We just have a new technology set to use, and I think there are some real advances we've been able to make as we've embedded AI across our whole platform, whether it's HCM, finance, or IT, and the flows of data and work across the entire platform. I think we're really starting to do some innovative and exciting things with the

new technology set. There's a lot of value that can be gained, a lot of value yet to come, and I think overall it'll accrue to the benefit of all of our clients and users.

[00:04:51] **DR. SHARI SIMPSON:** Paylocity had its biggest launch this year a few months ago with Ignite AI, and that momentum has really picked up with our clients as they've gotten their hands on it. I'd love to hear more about that launch. What was the most exciting thing about it? Everybody's talking about AI right now.

[00:05:13] **TOBY WILLIAMS:** Overall, this has been one of the busiest nine month periods of launch for us in the last nine years that I've been here, at least that I can remember. Beyond Ignite, we've launched our Elevate solutions, which provide a broader service capability to our clients. We've launched retirement, which is another big step forward for us. And bleeding into the AI conversation, recruiting is another area where we've had a recent launch with an AI driven product. Leave of absence management is another one, which would've been a hugely manual, compliance focused task that I think was unpopular with HR teams and employees because the user experience wasn't great. Those are all the launches, in addition to everything we're doing with Ignite, that have come out over the last six to nine months. It's been a huge time of launch, really busy for our product teams. I think the cornerstone of all of this is Ignite and what we're able to do leveraging AI across the platform, and that really starts with giving our HR teams and administrative users a place to have visibility into what is happening across the platform from an AI perspective, and actually control what is happening and what AI agents are being used across the platform with our Ignite Hub. I think that is the unique strategy, the unique offering that we've brought to market, and I think that's going to add a ton of value and create a lot of visibility, and comfort and ease with our users, because they'll actually be able to see what agents are doing. They'll be able to see what agents are active, and that's a level of control and visibility that I haven't seen anyone else bring to market. That leads into the agents themselves in each category of the platform, whether that's HCM, finance, or IT. Again, the whole goal has been to create visibility and give people back time in their days by embedding AI across the platform to automate things that may have taken multiple steps or had some manual process to them before. As that rollout continues, I think that's just going to add a ton of value to people as we see utilization increase. And we're seeing utilization increase on a 100% basis quarter to quarter right now, so it's really encouraging to see, because I think that shows you people are finding value as they utilize the platform and the new solutions and Ignite itself. Really encouraging and really exciting, too.

[00:07:50] **DR. SHARI SIMPSON:** It sounds like the way Paylocity took its approach to Ignite AI was practical and really focused on how do we create value for our clients and their teams, and the people using the product. How were you able to determine what's going to have the greatest impact for users in advance of the launch?

[00:08:10] **TOBY WILLIAMS:** There's nothing like spending time with clients and talking to them about how they use any product or how they use our platform, hearing what works, hearing what they're trying to do but doesn't work as well as they would like it to based on their use case or their workflows. That's what we did. We do that with every product we launch and our existing product set too. We spend an awful lot of time with clients engaging with them to understand how things are working, getting their feedback. Some of the best ideas we've brought to market for products or solutions have come from conversations with our clients. Co-creation is how we describe our engagement with clients, getting ideas from them and having this continued flow of dialogue and idea generation, and then incorporating that feedback into our product roadmaps and bringing those things back to clients in the platform. That's exactly what we did with Ignite. We saw in different areas some of the things that teams would continue to struggle with, and recruiting is a great example. We worked with all of our client set, getting feedback on recruiting and thinking through what we might be able to leverage AI for. When we bought the Grayscale application and brought that into our product set, that was really about addressing client need for being able to bring and engage with candidates on a much broader and faster basis, and taking a lot of manual effort off the plates of recruiting teams that were doing high volume recruiting. That's the interesting thing, that will certainly benefit high volume recruiting teams, but when you actually get a look at what the application does and what you're able to do as a recruiter, I can't imagine there's a recruiter out there that will not want and benefit from that functionality. So the core of the answer to your question is we spend an

awful lot of time with clients getting a sense of what they're trying to do and what they need, and then incorporating that back into the roadmaps, which is certainly what we did with Ignite.

[00:10:14] **DR. SHARI SIMPSON:** For those that have been listening for a while, they'll know that I was a Paylocity client before I was a Paylocity employee, and I am very proud that I was one of the first beta testers of Recruit before it came out. So I can attest to that approach and just how helpful it is knowing you have a company behind you when you're doing the work and trying to figure out how to help you do that. I want to stay on the AI data topic for a second. HCM software itself holds some of the most sensitive, confidential data that an organization has. So one thing that comes up when we talk about AI with HR leaders is being able to trust how it's being handled. What's Paylocity's position on this?

[00:10:57] **TOBY WILLIAMS:** I think you have a number of concerns. The first is just, does a partner, does a provider, have confidential information? Given what we do, the core of what we do for clients and how we partner with them is around payroll and HR data, and that is really sensitive data, as everyone knows. I think the first question people ask is whether a provider, a partner, has governance around the protection of data, which we have had for decades. That is a core foundation of who we are and how we operate. Then in the world of AI, a few other questions present themselves. One is whether the data is being shared with the model, the LLMs themselves, and whether it's being used to train the models. In our instance, the answer is absolutely not. The data is kept within the four walls of our application set and our datasets. I think that's the biggest concern people have, what that data is being used for outside of their intended purpose and outside of the service to them and their employees. For us, the answer is it's only being used for our clients and for the purpose of serving them and their employees. I think that's the biggest point of differentiation we've taken in our approach.

[00:12:20] **DR. SHARI SIMPSON:** I'm sure that gives a lot of our clients a lot of safety in knowing that their data's safe. As we wrap up our conversation, I'd love to hear from you, advice to those listening who might be in the midst of evaluating their HCM partner. What specifically should they consider, or maybe questions they should ask their vendors around AI and innovation?

[00:12:42] **TOBY WILLIAMS:** I'd give you a broader answer and then go into the AI capabilities. Given the importance of payroll and the importance of HR to a company, employees are everything within a business, and that's true regardless of what industry you're in or what size of business you are. Being able to serve your employees well is just critical, and I think that requires more than just great software. I believe we bring great software to the partnership we have with all of our clients, but the service element, whether that's through implementation and ongoing service, is where you see the true value of partnership present itself. That's one of the things I'm most proud of in terms of how we engage with and serve our clients, not just through great software, great products, but through the partnership we bring in service that lasts a lifetime with our clients. That's a huge point of differentiation for us, and that's one of the things I'm most proud of. As it relates to the platform itself, you've got to look at the breadth and depth of any platform, and that is enhanced by what we're doing with AI, brought to life with Ignite. It's a unique offering, differentiated in terms of giving our clients, our users, the ability to see what agents are doing and have control of what agents are doing through the hub. And then the depth and breadth of agentic capabilities that we're bringing, to both automate workflows and actually give time back to our users, which is the most critical point. If we could actually make someone's day easier, that's a huge victory, and that's really what we're focused on.

[00:14:28] **DR. SHARI SIMPSON:** Toby, this has been such a great conversation, a great peek behind the curtain about what Paylocity is doing and their perspective on AI and innovation. I really appreciate you taking some time to sit down and chat with me today.

[00:14:40] **TOBY WILLIAMS:** Happy to do it, Shari. There's a ton of exciting things going on, so I couldn't be happier to spend some time with you and talk through it all. Thanks for having me.

[00:14:54] **ANNOUNCER:** Thanks for tuning in to The HR Mixtape. Like, share, review, and subscribe to support the show and help more people discover these conversations. Until next time, keep the conversation going.