

# PRODUCT REQUIREMENTS DOCUMENT

## PayEase

Simple Payroll Processing for Small Teams

Version	1.0
Date	February 2026
Product Type	SaaS Web Application
Target Market	Small businesses with 1-10 employees

## 1. Executive Summary

PayEase is a streamlined payroll processing solution designed specifically for small businesses with fewer than 10 employees. Unlike existing enterprise-focused payroll software that overwhelms small teams with unnecessary features, PayEase offers a simple, intuitive interface that enables business owners to complete their entire monthly payroll in under 15 minutes.

### 1.1 Problem Statement

Small businesses with fewer than 10 employees waste 3-5 hours each month manually calculating payroll because:

- Existing payroll software is designed for larger organizations with complex hierarchies and workflows
- Manual processing of variable elements (paid leave, unpaid absences, overtime, bonuses) is time-consuming and error-prone
- Most solutions lack one-click processing capabilities for small team needs
- Compliance with statutory requirements (PF, ESI, TDS) requires manual calculations or expensive consultants

### 1.2 Solution Overview

PayEase provides a three-step workflow: Input → Calculate → Generate. Business owners simply enter monthly attendance and variable pay data, click calculate, and download payslips and bank transfer files. The system automatically handles statutory calculations, maintains leave balances, and generates all required compliance reports.

## 2. Product Vision&Goals

### 2.1 Vision

To become the default payroll solution for small businesses in India, enabling business owners to process payroll in minutes rather than hours, with complete confidence in accuracy and compliance.

### 2.2 Success Metrics

- Reduce average payroll processing time from 3-5 hours to under 15 minutes
- Achieve 95%+ calculation accuracy compared to manual processes
- Onboard 10,000 small businesses within the first 12 months
- Maintain 90%+ monthly retention rate
- Achieve Net Promoter Score (NPS) of 50+

### 3. Target Users

#### 3.1 Primary User Persona

**Name:** Rajesh Kumar

**Role:** Small Business Owner

**Company Size:** 5-7 employees

**Industry:** Retail, Services, Small Manufacturing

**Tech Savviness:** Moderate - comfortable with web applications

**Pain Points:**

- Spends 3-4 hours monthly on payroll calculations
- Worried about making calculation errors that upset employees
- Uncertain about statutory compliance requirements
- Cannot afford expensive payroll consultants or enterprise software

### 4. Feature Requirements

#### 4.1 Phase 1: MVP (Minimum Viable Product)

**Timeline:** Months 1-3

##### 4.1.1 Employee Management

Feature	Requirements
Add Employee	Simple form capturing: Name, Employee ID, Email, Phone, Bank Account Details, PAN, Aadhaar, Join Date, Designation
Salary Structure	Configure: Basic Salary, HRA, Special Allowance, Pay Type (Monthly/Hourly), Overtime Rate Multiplier
Leave Entitlement	Set annual leave quota for: Casual Leave, Sick Leave, Earned Leave

Edit/Deactivate	Ability to edit employee details and mark employees as inactive (for resignations)
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#### 4.1.2 Monthly Payroll Input

Feature	Requirements
Attendance Entry	Simple grid view showing all employees with fields for: Working Days, Paid Leave Days, Unpaid Leave Days, Overtime Hours
Variable Pay	Fields for: Bonuses (Festival, Performance), Reimbursements, Other Allowances, Deductions (Advance, Loan Recovery)
Auto-calculations	Display working days available in the month, leave balance remaining, pro-rated salary preview

#### 4.1.3 Payroll Calculation Engine

Feature	Requirements
Gross Calculation	Calculate: Pro-rated Basic + HRA + Allowances + Overtime Pay + Bonuses - Unpaid Leave Deductions
Statutory Deductions	Basic PF (12% employee, 12% employer), ESI (0.75% employee, 3.25% employer) based on applicable thresholds
Net Salary	Calculate: Gross Salary - Employee PF - Employee ESI - Other Deductions
Preview Mode	Show calculation breakdown for each employee before finalizing, allow edits and recalculation

#### 4.1.4 Payslip Generation

Feature	Requirements
PDF Generation	Generate professional PDF payslips with company logo, employee details, earnings breakdown, deductions breakdown, net pay
Bulk Download	Download all payslips as a single ZIP file
Email Distribution	Option to email payslips directly to employees (password-protected PDFs)

#### 4.1.5 Dashboard&Reporting

Feature	Requirements
Overview	Display: Total monthly payroll cost, Total employees, Pending/Completed months, Quick access to process current month
History	View past payroll runs with ability to download previous payslips
Summary Report	Monthly payroll summary showing total earnings, deductions, and net pay across all employees

### 4.2 Phase 2: Enhanced Features

**Timeline:** Months 4-6

#### 4.2.1 Attendance Tracking Module

- Calendar view showing employee attendance status (Present, Leave, Absent, Holiday)
- Simple clock-in/clock-out system for employees via mobile or web
- Leave application and approval workflow
- Automatic attendance data sync to payroll input form

#### 4.2.2 Advanced Statutory Calculations

- TDS calculation based on income tax slabs and employee declarations
- Professional Tax calculation (state-specific)
- Labour Welfare Fund (where applicable)

#### **4.2.3 Bank Transfer File Generation**

- Generate bank-ready files in NEFT/RTGS/IMPS formats
- Support for multiple banks (SBI, HDFC, ICICI, Axis)
- Bulk salary transfer instructions file

#### **4.2.4 Leave Balance Management**

- Automatic tracking of leave accrual and usage
- Leave encashment calculations
- Leave carry-forward rules configuration

#### **4.2.5 Compliance Reports**

- Monthly EPF challan with Form 12A
- Monthly ESI challan
- Annual Form 16 generation support
- Payment reminder notifications for statutory deadlines

### **4.3 Phase 3: Scale&Polish**

**Timeline:** Months 7-9

#### **4.3.1 Mobile Application**

- iOS and Android apps for business owners
- Quick payroll processing on the go
- Employee self-service portal for viewing payslips and leave balance

#### **4.3.2 Accounting Software Integration**

- Integration with Tally for automatic journal entries
- Integration with Zoho Books and QuickBooks
- Export payroll data in standard accounting formats

#### **4.3.3 Multi-location Support**

- Support for businesses with multiple branches or locations
- Location-specific compliance rules (Professional Tax varies by state)
- Consolidated and location-wise payroll reports

#### **4.3.4 Advanced Analytics&Reporting**

- Year-over-year payroll cost trends
- Department-wise or designation-wise cost breakdown
- Overtime analysis and insights
- Leave utilization patterns

## **5. User Experience Requirements**

## 5.1 Design Principles

**Simplicity First:** Every feature must have a clear, intuitive interface. No feature bloat.

**Speed:** Complete monthly payroll in under 15 minutes. Fast page loads, minimal clicks.

**Transparency:** Show calculation breakdowns. Users should understand where every number comes from.

**Error Prevention:** Validation at every step. Clear error messages with guidance on how to fix.

**Mobile-friendly:** Responsive design that works on tablets and phones.

## 5.2 Core User Flow

1. **Dashboard:** User lands on dashboard showing current month status and quick action buttons
2. **Process Payroll:** Click "Process [Month] Payroll" button
3. **Input Data:** Enter attendance and variable pay in a simple grid (auto-saves as user types)
4. **Review:** Click "Calculate" to see preview with breakdown for each employee
5. **Adjust:** Make any needed edits and recalculate
6. **Finalize:** Click "Finalize Payroll"
7. **Download:** Download payslips (ZIP) and/or send emails to employees

## 5.3 Onboarding Experience

- 5-minute guided setup wizard
- Step 1: Company details and logo upload
- Step 2: Add employees (option to import from Excel template)
- Step 3: Configure salary structures
- Step 4: Review and start first payroll

## 6. Technical Requirements



## 6.1 Technology Stack

Layer	Technology
Frontend	React.js with TypeScript, TailwindCSS for styling
Backend	Node.js with Express.js / Python Django
Database	PostgreSQL for relational data, Redis for caching
File Storage	AWS S3 or equivalent for PDF storage
Hosting	AWS / Google Cloud / Digital Ocean
PDF Generation	Puppeteer / PDFKit / ReportLab

## 6.2 Performance Requirements

- Page load time: Under 2 seconds on 3G connection
- Payroll calculation: Complete in under 5 seconds for 10 employees
- PDF generation: Generate all payslips in under 10 seconds
- Uptime: 99.5% availability

## 6.3 Security Requirements

- All data encrypted in transit (TLS 1.3) and at rest (AES-256)
- Multi-factor authentication (MFA) option for business owners
- Role-based access control (for Phase 3 multi-user support)
- Regular automated backups (daily) with 30-day retention
- Compliance with data protection regulations (GDPR-ready architecture)
- Password-protected payslip PDFs (employee PAN/Aadhaar last 4 digits)

## 6.4 Data Backup&Recovery

- Automated daily backups
- Point-in-time recovery capability
- Data export feature (CSV/Excel) for user-initiated backups
- Recovery Time Objective (RTO): 4 hours
- Recovery Point Objective (RPO): 24 hours

## 7. Business Model&Pricing



### 7.1 Pricing Tiers

Tier	Employees	Price/Month	Features
Starter	1-3	FREE	All MVP features
Growth	4-7	₹499	MVP + Phase 2
Pro	8-10	₹899	All features + integrations

### 7.2 Revenue Projections

Based on conservative estimates targeting 10,000 businesses in Year 1:

- 40% on Free tier (4,000 businesses) - ₹0 revenue
- 40% on Growth tier (4,000 businesses) - ₹499 × 4,000 = ₹19,96,000/month
- 20% on Pro tier (2,000 businesses) - ₹899 × 2,000 = ₹17,98,000/month

**Total Monthly Revenue:** ₹37,94,000 (~₹38 lakhs/month)

**Annual Revenue (Year 1):** ₹4.55 crores

## 8. Go-to-Market Strategy

### 8.1 Target Customer Acquisition

**Content Marketing:** SEO-optimized blog posts on payroll compliance, small business management

**Social Media:** LinkedIn and Facebook targeting small business owners, HR groups

**Partnerships:** Collaborate with CA firms, business consultants, co-working spaces

**Freemium Model:** Free tier drives adoption, upgrade to paid when business grows

**Referral Program:** Incentivize existing users to refer other small businesses

8.2 Competitive Advantages

- Specifically designed for small teams (not scaled-down enterprise software)
- Simple, fast, intuitive interface requiring minimal training
- Affordable pricing with a generous free tier
- Local compliance focus (Indian statutory requirements built-in)
- No lock-in: Easy data export and migration

9. Success Criteria&KPIs

9.1 Product Success Metrics

Metric	Target (Year 1)
Total Active Users	10,000 businesses
Free to Paid Conversion Rate	25%
Monthly Active Users (MAU)	85%+ of registered users
Average Time to Process Payroll	<15 minutes
Customer Satisfaction (CSAT)	4.5+ / 5
Net Promoter Score (NPS)	50+
Churn Rate	<10% monthly

10. Risks&Mitigation Strategies

Risk	Impact	Mitigation
Calculation errors in statutory compliance	High - Legal penalties, loss of trust	Rigorous testing with CA validation, maintain audit trail, regular updates for law changes
Competition from established players	Medium - Market share pressure	Focus on niche (1-10 employees), superior UX, aggressive free tier, word-of-mouth growth

Low conversion from free to paid	High - Revenue impact	Limit free tier to 3 employees, showcase value of Phase 2 features, targeted upgrade prompts
Data security breach	Critical - Business-ending	Enterprise-grade encryption, regular security audits, penetration testing, compliance certifications
Regulatory changes in labor laws	Medium - Requires quick updates	Modular calculation engine, maintain relationships with legal experts, automated update notifications

## 11. Development Roadmap

Phase	Timeline	Deliverables	Team Size	Success Criteria
Phase 1: MVP	Months 1-3	Basic payroll, payslip generation, dashboard	4-5 (2 FE, 2 BE, 1 Designer)	500 beta users, 4.0+ CSAT
Phase 2: Enhanced	Months 4-6	Attendance, TDS, bank files, compliance reports	6-7	2,000 users, 20% conversion
Phase 3: Scale	Months 7-9	Mobile app, integrations, analytics	8-10	10,000 users, 25% conversion, 50+ NPS

## 12. Appendix

12.1 Glossary

**PF (Provident Fund):** Mandatory retirement savings scheme in India

**ESI (Employee State Insurance):** Social security and health insurance scheme for Indian workers

**TDS (Tax Deducted at Source):** Income tax deducted from salary by employer

**Professional Tax:** State-level tax on employment/profession

**Form 16:** Annual certificate of tax deduction issued by employer

12.2 References

- EPF&Miscellaneous Provisions Act, 1952
- ESI Act, 1948
- Income Tax Act, 1961 (for TDS calculations)
- Payment of Wages Act, 1936

12.3 Stakeholders

Role	Name/Team	Responsibility
Product Owner	TBD	Overall vision, prioritization, stakeholder management
Engineering Lead	TBD	Technical architecture, development, quality assurance
UX/UI Designer	TBD	User research, wireframes, visual design, usability testing
Compliance Advisor	External CA Firm	Validation of calculations, regulatory updates, compliance

		guidance
Marketing Lead	TBD	Go-to-market strategy, customer acquisition, brand positioning

13. Document Approval

Approver	Date	Signature
Product Owner		
Engineering Lead		
CEO/Founder		

*End of Document*