



# AI as a Catalyst for Growth and Opportunity

December 2025



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- **Well Positioned to Win in AI**
- **Less Exposure to AI Workforce Risks**
- **Seizing AI Opportunities**
- **Takeaways**

# Pioneering a New Era of Intelligent Business Operations

Unlocking Revenue Growth and Efficiency Through AI Transformation

- AI is embedded across our solutions and operations, transforming how we serve our customers
- We make enterprise-grade AI technology accessible to all businesses, empowering them to succeed
- Our practical AI innovations are designed to:
  - Enhance client experience
  - Scale expertise efficiently
  - Boost operational efficiency
  - Expand market opportunities
- Early AI initiatives demonstrate strong potential; scaling these efforts will position us to:
  - Drive revenue growth
  - Improve margins
  - Increase client retention



# AI is Expanding Paychex's Opportunity

Driving Revenue Growth and Efficiency Across the Enterprise



## Solution Innovation

**Increase TAM and strengthen our competitive moat**

New and enhanced solutions with proactive, deep insights

Faster innovation and quality enhancements



## Go-To-Market Augmentation

**Accelerate growth with smarter, more efficient GTM strategies**

Enhanced sales productivity with AI agents and AI tools

Generative search engine and media mix optimization



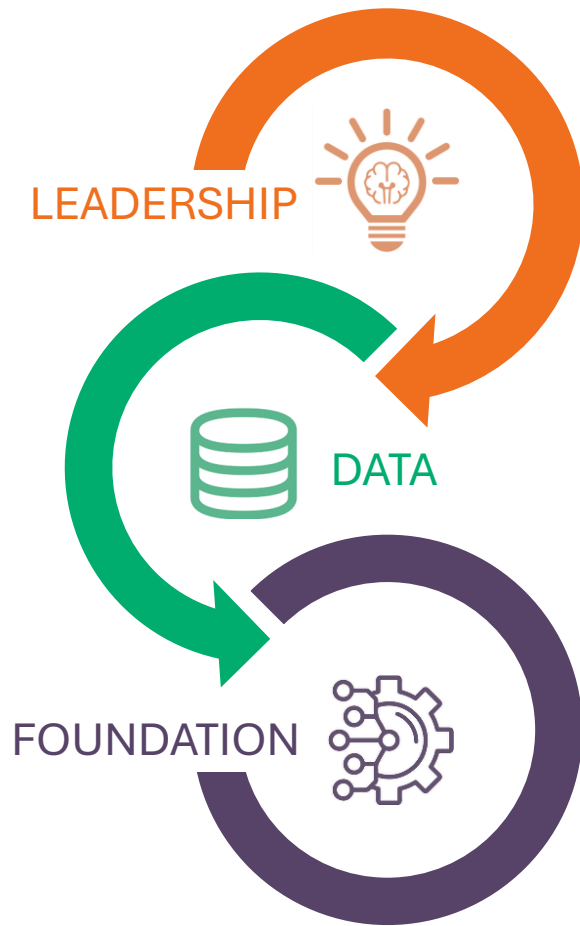
## Experience Optimization

**Scaled productivity enables shift to advisory engagement**

Enhanced, personalized customer experience

Task automation and increased advisory support

# Paychex is Well Positioned to Capitalize on the AI Opportunity



## Best Practices

### AI Deployment vs. AI Effectiveness:

Many companies deploy AI, but few achieve measurable results

### Data is the foundation of AI success:

High-quality, clean data is essential to deliver accurate insights and recommendations to drive value

### Transforming data into intelligence:

To fully power AI models, companies need to transform unstructured data into actionable intelligence

## Paychex Advantage

Strong, proven expertise in deploying AI solutions that deliver clear, quantifiable business impact

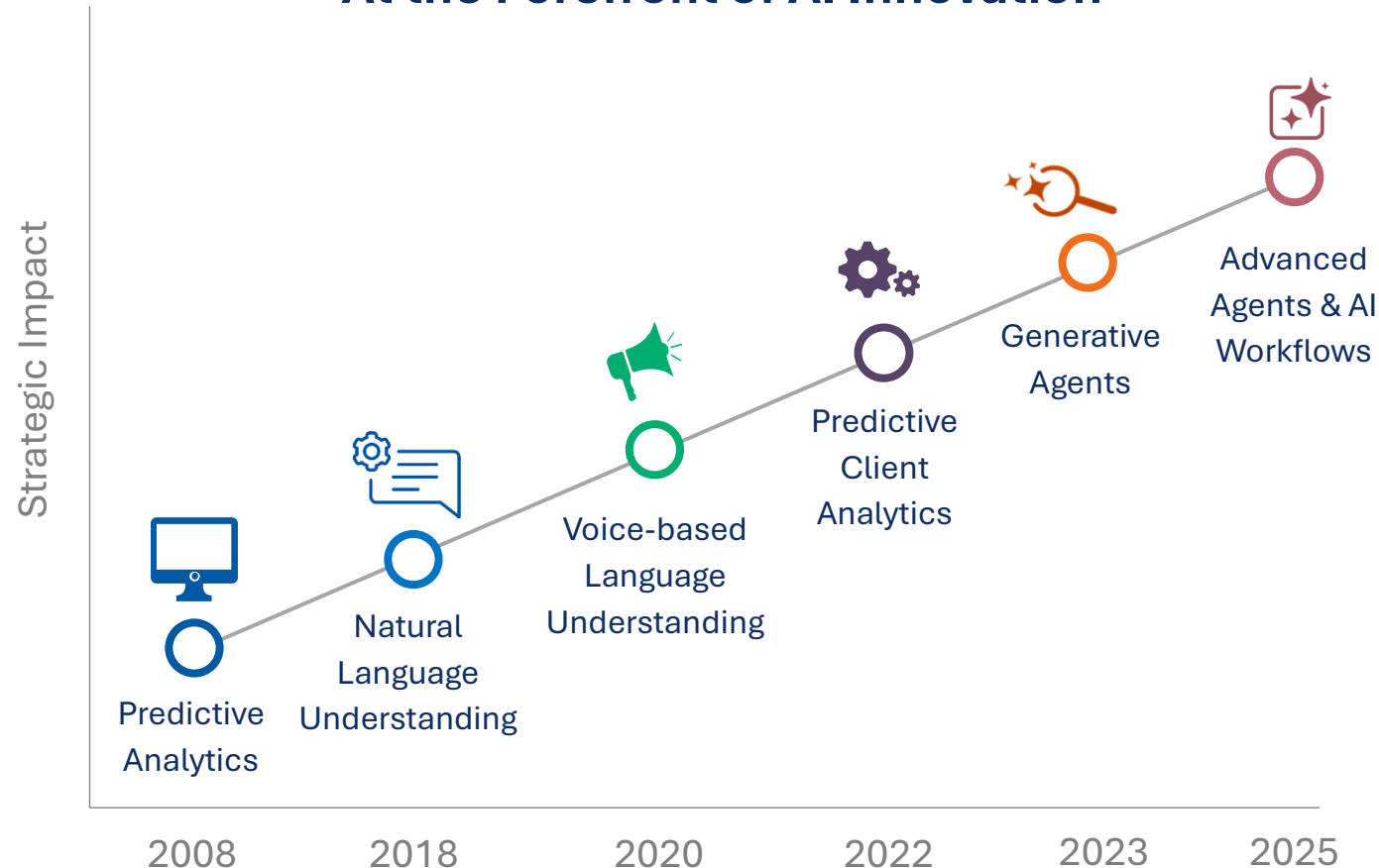
Our proprietary data assets are one of the largest in the industry, providing a powerful competitive advantage

Our patent-pending AI-powered knowledge mesh system uniquely unlocks insights from siloed unstructured data



# Strong, Proven History of AI Leadership That Drives Measurable Impact

## At the Forefront of AI Innovation



## AI Success Cases

- **>4 million** questions answered by AI Assistants in the last year
- **~80%** of client Flex AI Assistant interactions are resolved without the need for human intervention
- Customers using Retention Insights have a **15-20%** reduction in predictable turnover vs peers
- Agentic AI payroll processing pilots with **nearly 100% accuracy** and accelerated resolution times

# Unrivaled Proprietary Data Assets Powering AI Performance

- We believe Paychex's unrivaled data and data transformation create a powerful competitive moat to drive superior model performance to unlock deeper insights and enable smarter workforce management
- Data-rich strategy to capture data in every interaction, achieving 200,000% y/y increase in data elements

## Vast Data Assets: >11 Trillion Elements

### Client Data

140M client records  
35B payroll elements

### Client Service

300M voice interactions  
160M email interactions

### Employee Data

340B employee records  
250M salary benchmarks

### HR Compliance

5,000 employment laws  
12,000 tax jurisdictions

## AI-Powered Data Transformation

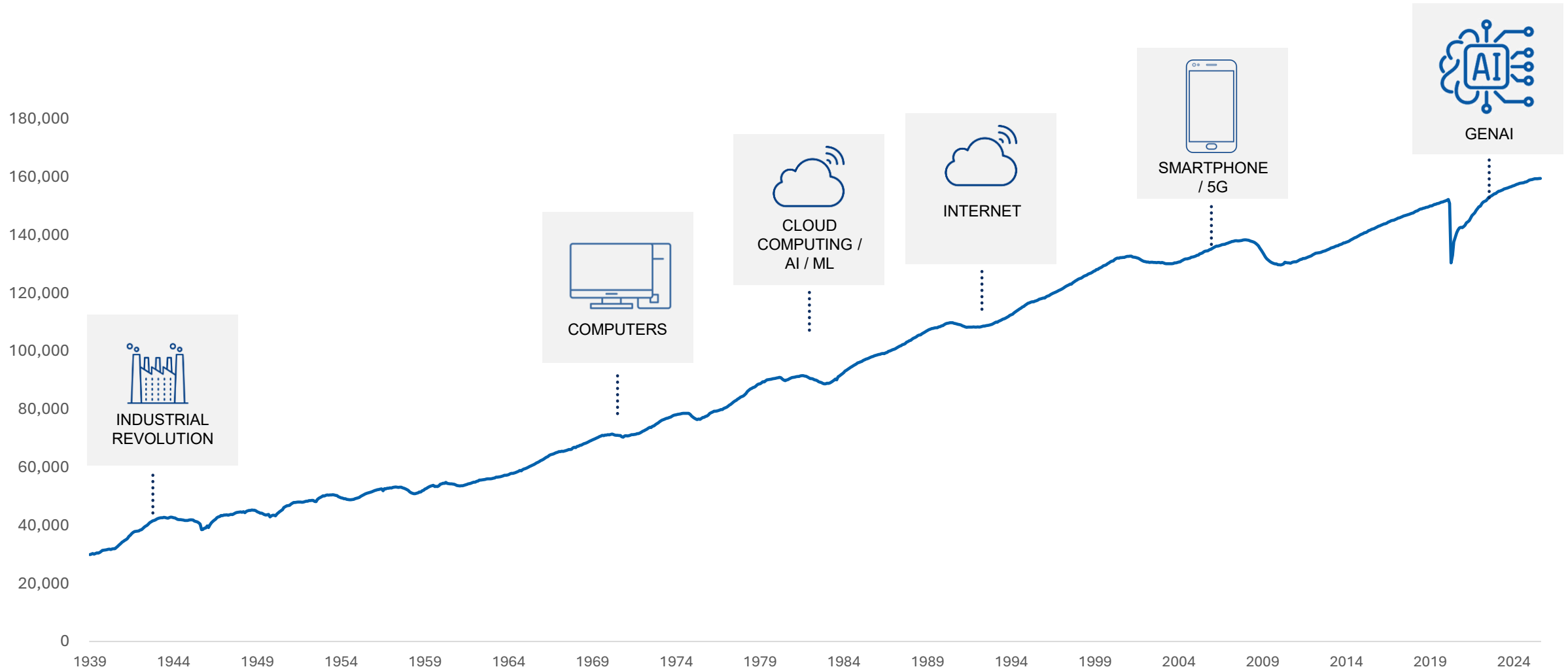


Our patent-pending AI-powered knowledge mesh system transforms unstructured data—such as phone calls and emails—into a connected, searchable network to unlock deeper insights and enable smarter workforce management



# AI's Impact on the Workforce Still to be Determined – Historical Perspective

*Innovation Transforms Workforce Roles and Has Historically Supported Long-term Employment Growth*



# Technology Disruption Can be a Catalyst for Employment

## *AI Projected to Create Net 7% Increase in Jobs*

Over the next five years, the World Economic Forum projects that:

- + 170 million jobs will be created
- 92 million jobs will be displaced

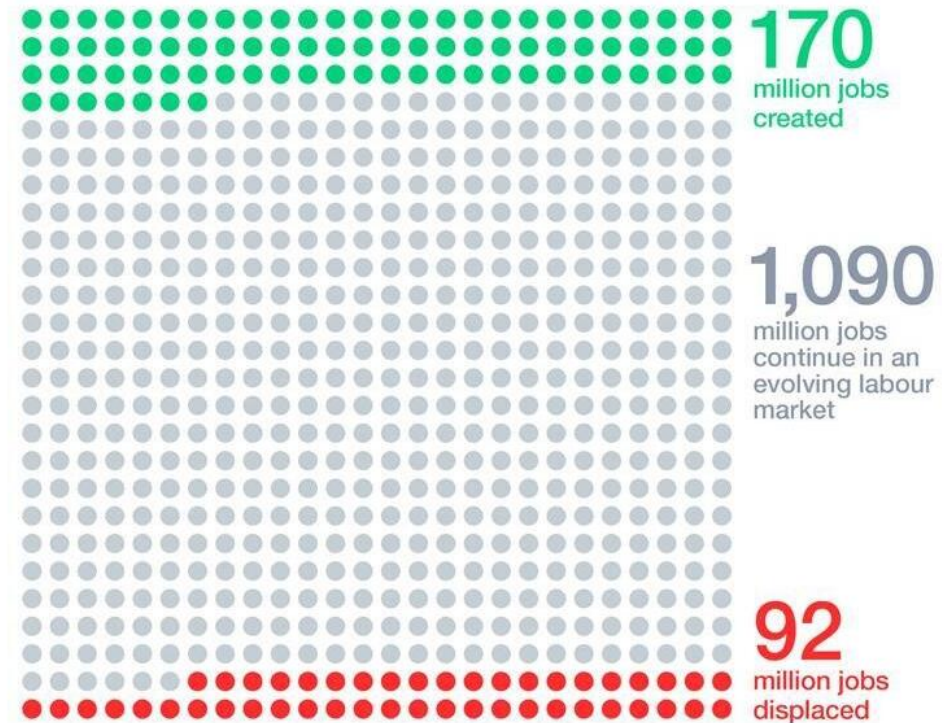
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**78 million net jobs**

Future of Jobs Report 2025

## Total job growth and loss

WORLD  
ECONOMIC  
FORUM

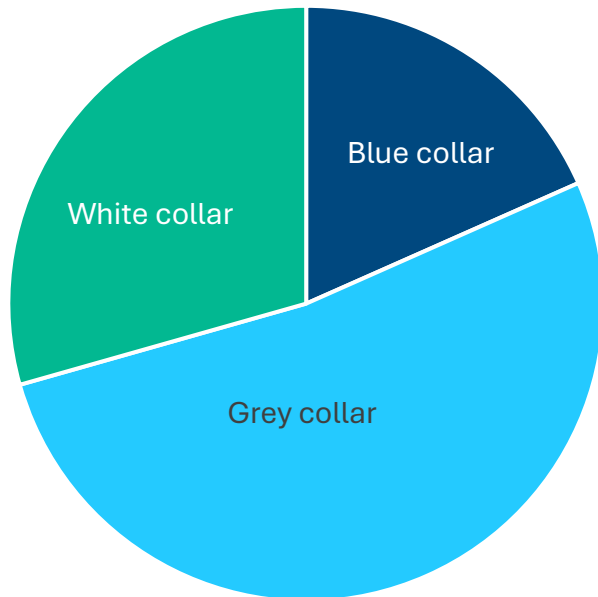


Source: World Economic Forum. (2025). *Future of Jobs Report 2025*.

# Composition of our Client Base

## AI Impact Varies: Less AI Disruption Expected for Smaller, Service-Focused Enterprises

**>70% Employees** work in Blue and Gray Collar industries that are harder for AI to displace



Most of our clients and their employees work at smaller businesses, where staff often wear multiple hats and AI investment tends to be lower

**>95% Clients** are SMB companies with <100 employees

**>90% Employees** work at SMB companies with <1000 employees

# Resilience in our Business Model

## Business Model has Less Exposure to Potential AI-Driven Employment Risks

- Our revenue model is not purely PEPM-based. It has a significant fixed fee component, providing downside protection against employment fluctuations.
- Revenue growth is fueled by new client acquisition, pricing, product penetration, and strategic M&A, reducing reliance on employment levels
- We believe our scale and diverse portfolio provide greater stability and lower exposure to AI-related employment risks compared to peers

## Beyond SaaS: We Deliver Valuable Services That AI Cannot Replace

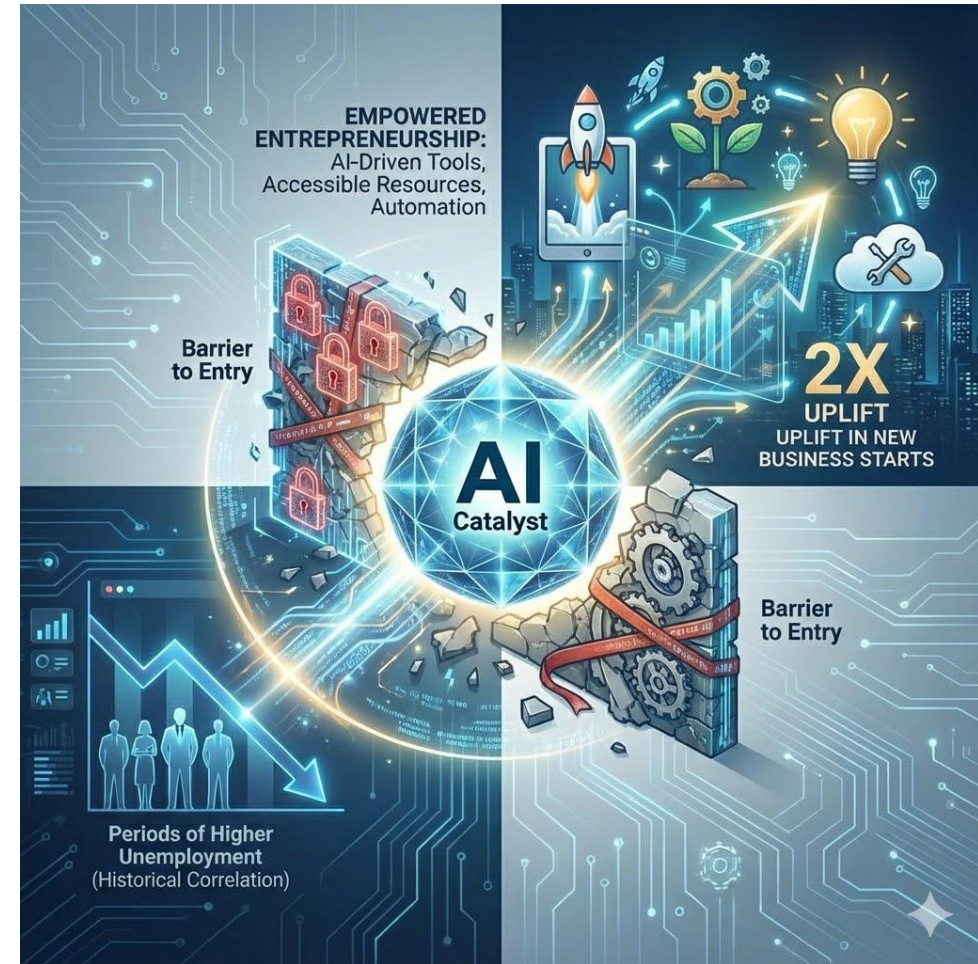
- Paychex combines advanced technology with expert HR advisors to deliver personalized, high-value solutions that AI alone cannot replicate
- Our seasoned HR professionals provide strategic guidance and nuanced support, addressing complex workforce challenges beyond the capabilities of AI tools
- As AI disrupts traditional technology offerings, we believe Paychex is uniquely positioned to accelerate growth in advisory services, capitalizing on the increasing demand for trusted human expertise



# Technology Disruption Can be a Catalyst for Entrepreneurship

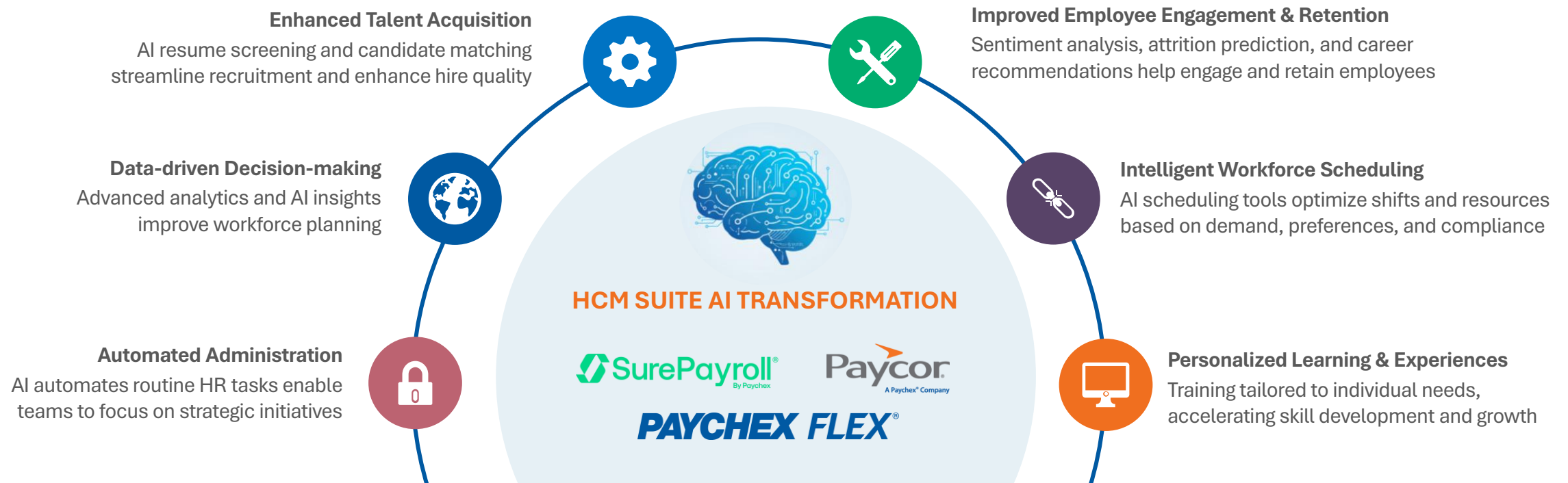
## AI Could Boost New Business Formation

- Periods of higher unemployment historically correlate with increased new business formation
- Data indicates up to a 2X uplift in new business starts during such periods
- AI technologies can lower barriers to entry, empowering more entrepreneurs to launch ventures
- AI-driven tools enhance business creation by providing accessible resources and automation
- We are well positioned to capture this opportunity through our digital offerings and referral channels



# Powering Product Innovation to Drive Insights, Retention, and Growth

Integrating AI into our 3 purpose-built HCM suites empowers organizations to optimize their human capital strategies, improve employee experiences, and drive better business outcomes through intelligent automation and predictive insights, ultimately driving potential for client retention, revenue growth and margin expansion



**Expert-enabled and Expert-embedded Technology**

# Actively Monetizing AI to Capture the Tangible Value We're Delivering

## Launch New AI-enabled Solutions

- Develop and directly monetize advanced AI solutions within HCM platforms
- Unlock new revenue streams, such as data and employee monetization

## Enhance Client Experience to Improve Retention

- Deploy AI-powered virtual assistants for seamless 24/7 support
- Deliver personalized recommendations
- Utilize predictive analytics to proactively identify customer needs and retention risks

## Grow Wallet Share and Market Share

- Leverage AI to differentiate solutions and capture market share
- Enhance targeting and improve conversion rates for cross-sell opportunities

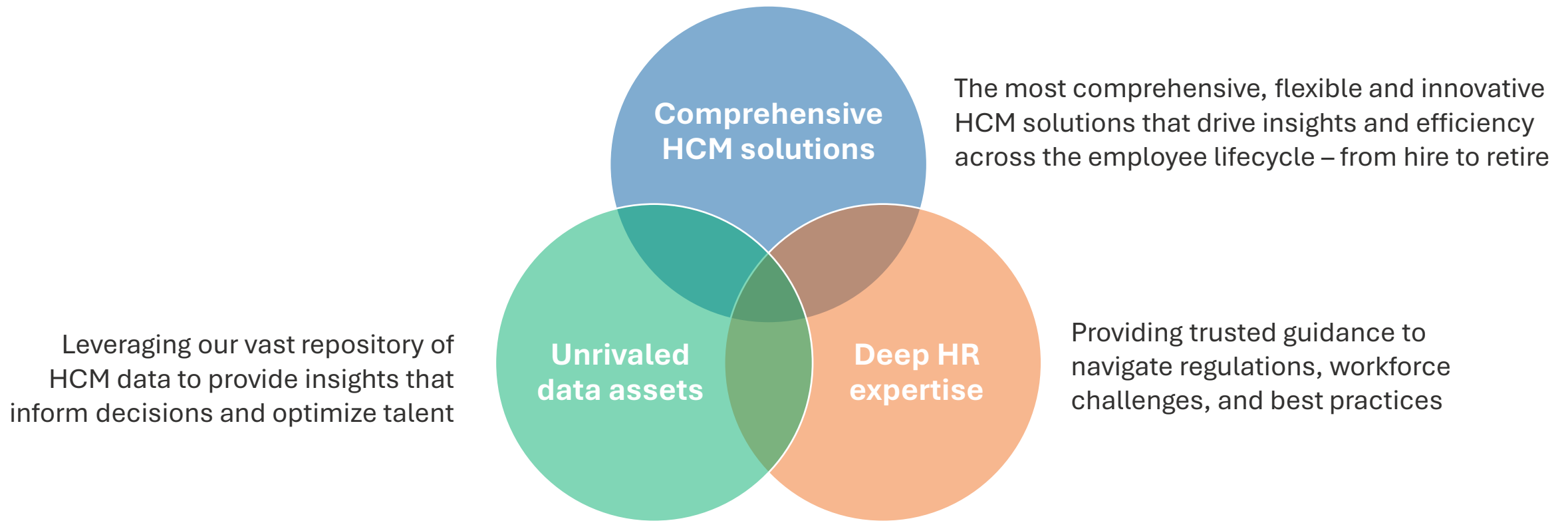
## Strategically Monetize AI Features

- Package AI capabilities into tiered bundles to maximize value capture
- Support price increases by embedding AI-driven features

# AI is a Net Positive for Paychex

Opportunity to Fuel Growth, Drive Efficiency and Enhance Client Value

## Paychex's Differentiators Expected to Create a Sustainable Advantage in the AI Era







- Paychex's innovative HCM solutions, unrivaled data, and deep HR expertise we believe position us to win in the AI era
- Less exposure to AI workforce risks with our business model and client base
- Infusing AI enterprise-wide to drive revenue, efficiency and client retention
- Reinventing the HCM experience with an AI-first approach