



SAP Ecosystem and Partners

TALENT FOR FUTURE SUCCESS
ROUNDTABLE AND PANEL SERIES
SAPPHIRE® BERLIN 2008, MAY 19

THE BEST-RUN BUSINESSES RUN SAP™



INTRODUCTION

Talent for Future Success

The Talent for Future Success series reflects the results of different roundtables and panel discussions initiated by SAP. It aims at fostering open dialogue with partners and the SAP ecosystem regarding the current and future challenges of talent sourcing. How to attract the most promising graduates and best experienced professionals in today's evolving global marketplace? Every brochure of this series provides exclusive insights and information on different challenges, points of view and ways to future success.

In the roundtable discussion at SAPPHIRE® Berlin 2008, hosted by SAP Executive Board Member Claus E. Heinrich, panelists from Deloitte Consulting, IBM Global Business Services, itelligence and the Technical University Munich (UCC), discussed about the best practices for recruitment and talent development.

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Just when it has become more important than ever to have talented employees, they are getting harder to find, even in emerging markets. One point the Berlin roundtable agreed: companies have to be more innovative to attract tomorrow's high potentials for a career in IT – by showcasing the impact of technology on social, economic, and environmental advancement.

A new set of workforce challenges

While the shadow of recession looms across rich world markets, companies in emerging economies are in an acquisitive mood and are spreading their reach globally. International expansion and competition are creating an entirely new set of workforce challenges. Despite healthy population growth in many developing countries, and the large numbers of young people entering their workforces, competition for talented employees continues to increase. Bridging the talent gap in emerging markets is only going to get tougher. Four-fifths of 900-plus executives and human resources (HR) managers from emerging (Brazil, China, India, and Russia) and developed (France, Germany, Japan, United

Kingdom, and the United States) markets surveyed for "Competing on Talent," a newly released Economist Intelligence Unit (EIU) study commissioned by SAP, expect domestic recruitment and retention of employees in their respective functions to grow more difficult over the next three years. 43 percent think this will become significantly harder. It is not surprising, in this context, that emerging-market firms are increasingly embracing talent management as an integral function of the business.

Talent management today

The findings of this study and the best approaches to talent management today and the challenges and opportunities ahead for

developing and recruiting the next generation of skilled information technology (IT) workers was the focus of the roundtable discussion hosted by SAP Executive Board Member Claus E. Heinrich and Bernd-Michael Rumpf, SAP Global Head of Field Services. Panelists Stephan Raemaekers, EMEA Managing Partner, Deloitte Consulting; Tom McCabe of IBM Global Business Services; Birgit Wittenbreder of itelligence, an SAP business partner; and Helmut Krcmar of Technical University Munich (UCC), a member of the SAP University Alliances program, exchanged their views on identifying the concerns and recruitment trends of workers and the best practices for recruitment and talent development. Key topics included the types of skill set needed to meet ongoing business challenges and

SAP and its partners have initiated a series of proactive steps to address the increasing challenges companies face in recruiting employees with the skill sets necessary to succeed in the workplace of tomorrow.

ways to enhance the collaboration between corporations and academic institutions as well as making talent management a top priority for managers.

Recruitment and retention challenges

When asked how has having a global employee base like SAP's helped the company maintain a competitive advantage in managing the different demands for talent in established markets versus emerging ones, Claus Heinrich said that SAP has been involved with this strategy for a decade. When certain skill needs arise, employees are shifted from Germany, India, the United States, China – whatever the case might be. He reiterated that the talent challenge was not only about recruitment but also about retention and to keep good people, a company must offer exciting and challenging jobs along with the chance to attain better jobs and career development. The key, he added, is to keep employees excited about their work. Deloitte's Stephan Raemaekers agreed saying that companies invest a lot of time and money training and educating their employees and still retention becomes an issue.



“Talent challenge is not only about recruitment but also about retention and to keep good people.”

Claus E. Heinrich

At IBM, according to Tom McCabe, the growth in emerging markets is absolutely phenomenal and the challenge actually varies from market to market. In India, for example, he said IBM has increased its headcount by 1,500 people per month which translates into having an industrial recruit-

ment machine of almost 20,000 a year, keeping attrition in mind. Finding the right mechanisms to recruit the best people in the small market in which the Indian employee plays is extremely hard against major competitors. In developed economies like in Europe and the United States,

growth is still an objective but what motivates people to join and stay with a company is much more. “To ensure that a company taps into the best from every aspect of a potential workforce,” he said, “a company has to offer the best benefits packages and, more importantly, the best career developments while, at the same time, looking at the diversities from market to market – for example, life and work balance issues that can vary from culture to culture.” Both Raemaekers and McCabe agreed that often companies are their own worst enemy recruiting from emerging countries like India and China and sending employees to the United States where they stay. This, in turn, causes shortages in their homelands. However, because the economy in India is now thriving, some “trickle back” has occurred, McCabe said.

How to find the right talent?

In light of the EIU’s findings that for the majority of executives the next three years will be most challenging in terms of finding the right talent, SAP’s Bernd-Michael Rumpf outlined that SAP and its partners have initiated a series of proactive steps to

address the increasing challenges companies face in recruiting employees with the skill sets necessary to succeed in the workplace of tomorrow. As a leader of a customer and partner ecosystem in which 50 percent of the world’s business transactions touch an SAP® system, and as a leading provider of business software solutions that help companies develop effective people management strategies, Rumpf said SAP is taking a multifaceted approach which begins with new offerings, additional markets, and investment in the SAP University Alliances program, a network of nearly 900 colleges and universities in 30 countries established in 1994. The program currently engages 150,000 students worldwide and equips graduates with the IT and business process management skills needed in today’s job market.

Additionally, SAP is supporting sourcing efforts for its network of more than 3,850 partners to help ensure that people with SAP skills find a universe of opportunities to support a thriving joint customer base. SAP also continues to enhance its market-leading enterprise resource planning application, SAP ERP, through increased functional capabilities and process improvements

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that enable customers to leverage the advantages of enterprise service-oriented architecture (enterprise SOA) for more effective human capital management (HCM) operations.

Making technology more attractive

Raemaekers said he believes this may be only a short-term solution. Basically, every company runs on SAP or “this other software firm which sells databases” and it isn’t the job of the universities to educate people in either one or both because, at the end of the day, a huge gap exists between what people learn in school and what businesses need. The general skills are more or less there, he said, but on the technology side, much is missing. He then posed the question of why universities aren’t stepping up to the challenge and narrowing the skills gap.

Helmut Krcmar presented his perspective, coming from the academic world, and said that the important part was to support the University Alliance program to increase the numbers of students involved, adding that not only the technology part was important, but the excitement in doing group

work and developing the “soft” skills (for example, people management and collaboration). Birgit Wittenbreder added that networking with universities was also vital and that part of that was partnering on student internships. However, Krcmar said, young people perceive technology as boring. This notion was echoed by Heinrich and Raemaekers who said that too few people are studying science, technology, engineering, and mathematics because young people are more interested in socializing and in social causes like the environment. So Krcmar said the problem is one of communication and schools, colleges, universities, and companies must work to make these areas more attractive to young people and not have technology and related disciplines perceived as fields with uncertain futures.

Developing a talent pipeline

Toward the end of the roundtable, the panelists were asked whether talent management should be the responsibility of a global HR function or that of local managers. According to Heinrich, it is the responsibility of the managers who should dedicate more time to people and therefore, talent

management. All agreed that while talent management was mostly an HR issue in providing the framework, overall, it was everyone’s responsibility. As McCabe put it, it’s about having the right people in the right place in the right time with the right skills, the right motivation, and the right cost. Spinning off the EIU survey results that showed that headhunters were poaching

talent from one company to another and concluded that this translated to a zero sum gain and is not really sustainable in terms of companies picking the top talent from one organization to another, the panelists agreed that companies need to think more intensely about developing their own pipelines for talent and creating strategies to fill them. As Wittenbreder pointed out,

Please state whether you agree or disagree with the following statements.

(% respondents)

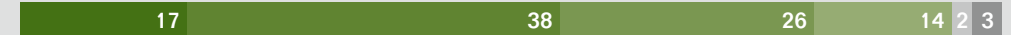
The most effective talent management strategies are devised and implemented through collaboration between the business units and a central HR function



The HR function works closely with leaders of the different lines of the business to identify the skills they will require in future



The most effective talent management strategies are devised and implemented by business units themselves, supported by a central HR function



■ Strongly agree ■ Agree ■ Neutral ■ Disagree ■ Strongly disagree ■ Don't know

Figure: Economist Intelligence Unit, People for growth, 2008

Companies must collaborate with employees and make them part of the community and nurture a sense of belonging.

the crux of this strategy lies with sustaining long-term partnerships with universities and a personal network with and among employees.

McCabe said that to be successful in the talent management game, it's not about whether a company can pay more for better skills, but what the company can actually offer to people when they join the company in terms of career paths, diverse roles, facilities, and work-life balance issues like flexible work hours as well as the many other ways a company can add to their capital.

In emerging markets, he continued, companies need to offer employees the ability to grow and develop or they will leave for a company that will offer faster promotions or more interesting opportunities either at home or abroad to enhance their skills.

Companies therefore have to pay the salaries to attract them, manage them effectively, and add to their professional capital to retain them. Both Rumpf and Heinrich agreed and said that companies also must collaborate with employees and make them part of the community and nurture a sense of belonging. Wittenbreder added that they must be able to identify not only with the company but its clients as well. The result, they all said, would be lower attrition rates.

Conclusions

- With the prospect of talent shortages in many emerging markets worsening in the coming years, locally based companies are rapidly introducing talent management techniques such as mentoring

and coaching, as well as performance management techniques that are widely used in mature markets.

- With young workforces, companies not only face the challenge of meeting expectations in a market where talent is in the driving seat. They are also finding that many recruits lack the experience and knowledge needed to move them into more senior positions. The biggest problem, when it comes to talent shortages, is the increasing gap between what universities provide and what industries need, so companies also need to build close relationships with these institutions to help build the pipeline of skilled employees that can fill their talent gaps.
- At the same time, as companies expand their businesses, through mergers and joint ventures or through acquisitions both at home and overseas, recruiting and developing executives capable of managing change and thinking strategically is becoming critical. Internal training and development therefore needs to be rolled out faster and more extensively might be the case in mature economies. But companies who are struggling to move young and am-

bitious executives into positions that are sufficiently challenging must think ahead to identify these roles, else they may risk losing their highest achievers to their competitors.

- This becomes easier for locally based companies in developing countries as they expand their operations overseas, giving them the ability to offer the kind of global career paths that allow them to compete with Western multi-nationals. Many companies are also recognizing the need to establish the kind of flexible working policies seen in mature markets as their employees start to focus on work-life balance issues.
- These kinds of talent management techniques are likely to be adopted by more and more emerging market companies in the coming years. Those that fail to address the talent challenges adequately will find it hard to sustain the rapid growth to which they have become accustomed.

Further information

Find out more about talent challenges and opportunities at:

www.sap.com/ecosystem

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