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ASUG Human Capital Management Symposium showcases HR success:

Proof of Performance

Several hundred people attended the ASUG Human Capital Management Symposium in Phoenix, Arizona, to learn more about how mySAP ERP HCM brings financial and operational benefits to companies that deploy it. One of the results: standardizing on one platform cuts HR costs.

"Technology drives down HR costs." That comment, from Katharina Mullers-Patel, senior principal, SAP Value Engineering, was a recurring theme at the America's SAP Users' Group (ASUG) Human Capital Management (HCM) Symposium.

Several hundred people gathered in Phoenix, Arizona, to learn more about how mySAP ERP HCM brings financial and operational benefits to companies that deploy it. And with specific details about how what can be accomplished with HR technology and best practices, Mullers-Patel's talk was a highlight of the two-day event.

"Benchmarking is a critical element of continuous improvement, closing performance gaps with the competition," Mullers-Patel said.

In "ASUG/SAP HCM Benchmarking – Understanding the Value of HR Processes and Technology," she summed up results from an ongoing ASUG and SAP initiative. The project, launched in late 2004, gathers and analyzes companies' HR strategies and management practices. Mullers-Patel said that some 420 companies have participated to date, with 75 percent of them being SAP users.

Proof in numbers

Among the results so far, the benchmarking initiative found that companies using a fully integrated technology platform spend on average \$1,300 per employee on HR. With each HR application a company uses in addition to an enterprise resource planning (ERP) system, it pays an average extra cost of \$30 per employee. In other words, standardizing on one platform cuts HR costs.

The study also found that companies with employee self service have 26 percent lower HR transaction costs than those that don't. "Self service not only improves employee and manager productivity, but it also correlates to lower HR costs," Mullers-Patel said. Since a typical 10,000-employee company runs more than one million employee-related transactions per year, any reduction in transactions can be a financial boon.

Mullers-Patel was clear in noting that external factors such as company size, industry and geography affect HR performance. But she focused on how HR technology and strategy can work together to improve corporate efficiency and effectiveness. Among a wide range of study findings, she listed a series of payroll best practices as well as metrics to quantify the performance of study participants.

HR best practices

Best practices for payroll include the use of one integrated data repository for all employee information, such as demographic, dependent, beneficiary data, which is shared between HR and payroll. They include having a single point of contact for all payroll-related questions, as well as online access to direct deposit advices and pay slips. And they also include using a payroll system that supports legal regulations for different countries, to ensure compliance with regulatory requirements and for reporting purposes.

On a scale of one to five, with five being most effective in instituting a particular best practice, Mullers-Patel said that study participants rated an average of 4.3 with regard to the use of an integrated data repository. They rated an average of 3.8 on having a single point of contact

for all payroll related questions. Of six best practices listed, she noted that study participants got the lowest average rating, just 2.8, on having a payroll garnishment module that is automatically integrated with relevant agencies.

Mullers-Patel encouraged attendees to participate in the benchmarking program, a free service. And she stressed the value of the program for ASUG members, saying they can receive current data as well as comparative year-over-year data to guide them as they strive to improve HR systems.

"The ASUG/SAP benchmarking process not only centers on effectiveness and efficiency but uses intimate knowledge of industry best practices to generate actionable results," Mullers-Patel said.

HCM on the upswing

It's been a banner year for HCM. In October, SAP announced that it has 10,000 HCM customers in 110 countries. In June, researcher Gartner recognized SAP as the No. 1 HCM software vendor. And in August, AMR Research reported that sales of HCM software are growing worldwide. HCM growth will be 10 percent for 2006, tying customer relationship management (CRM) as the fastest growing enterprise application segment.

ASUG is right in the thick of that trend. The HCM Symposium is just one of its efforts to keep pace with the thriving market. ASUG also offers special interest group (SIG) communities that operate all year so participants can drill down on hot topics. For instance, there are the Payroll/Time Management and Human Resource Management SIGs. Members have an inside track to issues and mySAP ERP HCM implementation experiences.

And payroll was a symposium hot topic too. One speaker, Jennifer Soloway of Allstate Insurance Company, spoke at length about how companies can correctly handle the complex demands of payroll garnishments.

Practical payroll advice

Soloway's presentation, "Introduction to Garnishments & Strategies for Compliance," was full of tips to handle child support orders, tax debt repayments, education loan repayments and other garnishments that affect corporate payroll. Processing garnishments is complex and companies must adhere to many regulatory and legal rules.

Soloway listed questions that payroll administrators should ask themselves in order to determine if processes are up to par. For example, "Are garnishment rules and regulations updated on an annual basis?"

As part of her talk, Soloway spoke about what she'd like to see from SAP. She noted limitations in SAP garnishments functionality and said she's working with SAP to develop fixes. The potential fixes include a new field in the application to enter amounts related to medical support orders. And they include a check box to indicate if a child support order requires an employer to check with the state agency.

In addition to payroll, the symposium covered e-recruiting, managing a global implementation, shift planning and HR reporting topics. It was a packed couple of days, full of useful tips for SAP users.

And Soloway offered a bit of practical advice for attendees to keep in mind after they returned home. "Communicate with SAP," she said. It's an idea that embodies the ASUG mission.