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To be successful in today's competitive environment, every company, no matter what size, must have high-quality and cost-efficient human resource (HR) services that take into account the following factors.

Increased Flexibility

Globalization and competition increasingly put pressure on companies to manage:

- Changing business ecosystems – This is often due to organic growth/expansion or business process change. Company growth can also be caused by mergers and acquisitions, which may result in heterogeneous HR environments or the need for additional HR solutions such as talent management.
- Virtual workforces – These can be a result of more flexible employment models such as temporary resources, contractors, and project teams for defined projects.
- Consumption of the software solution – Customers want choice and flexibility as to how they utilize functions such as talent management. In addition, the need to focus on core competencies increases the demand for outsourcing, and requires integration with purchasing and project management.

Improved Efficiency

At the same time organizations need to optimize, standardize, and automate HR processes to drive efficiency and reduce costs by:

- Simplifying people management – The processes concerned with managing employee data, collecting and evaluating time data, and processing payroll must be streamlined in the face of limited resources with specialist expertise.
- Empowering employees and line managers – By providing employees and managers with self-service functionality, HR can divest itself of administrative activities in favor of higher value business activities.
- Facilitating people and their ecosystems and networks – The employee is part of an organization, team, project, and community.

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Organizations also need to ensure that their HR processes actively support the achievement of their business goals by:

- Optimizing employee utilization – being able to utilize the appropriate amount and type of resources throughout the "lead-to-cash" processes essential to profitability
- Enabling compliance and lowering liability risk – systems must support and provide clear transparency, monitoring, and controlling in order to lower costs, raise efficiency, and lower liability risks

SAP Business ByDesign incorporates the following key features to help companies address today's HR needs:

Separation of Processing

In SAP Business ByDesign time and labor management, personnel administration, compensation, and payroll have clearly defined tasks and responsibilities. For more complex processes, like the hiring process, the solution allows the processes to be separated into different phases so they can be handled by different areas, improving efficiency and responsiveness

Separation of Data

SAP Business ByDesign enables employee data to be collected and stored once and then used in different processes, providing a single version of the truth.

While employment data and information related to work agreements are solely for the use of HR, data related to the employee as a person can be reused in different processes outside HR, such as sales or production.

Reduced Complexity for User and Authorization Management

SAP Business ByDesign simplifies access management by managing employee access rights to IT systems right across the company. Using an employee's HR data profile and attributes, such as department and role, the system generates a security profile. This profile then automatically provisions the employee's access rights. As a result, the solution not only saves a significant amount of effort, it also helps companies maintain their compliance with regulations and standards, such as segregation of duties.

Embedded Support for Payroll Outsourcing

With country payroll requirements becoming ever more complex and unique, many companies choose to outsource their payroll processing to save time and effort.

SAP Business ByDesign has an open interface that enables payroll providers to easily connect their systems to it. Crucially, the solution leaves HR professionals in complete control of all payroll processes. As a result, they have the visibility of an in-house payroll system, with the cost-saving benefits of outsourcing.

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People and Organizational Management

SAP Business ByDesign allows organizations to dynamically create and manage information about their organizational structures and provides a single, consistent view of the entire organization from all perspectives of the business. The software makes it simple to reorganize company structures and the related organizational master data as needed, as well as assign employees to new departments and positions. It is the foundation for driving all business processes, user access management, responsibilities, and workflows.

People and Organizational Management

The organizational structure is the foundation for all master data organization as well as the HR processes and workflow. With SAP Business ByDesign companies can graphically depict and analyze organizational and reporting structures, as well as plan workforce requirements.

SAP Business ByDesign also streamlines the onboarding process for new employees into a smooth, hassle-free process – from hiring the right person, assigning him or her to the right position, department, location, and cost center, to providing the necessary system access rights.

Master data about employees can be managed in one of two ways. Either personnel administrators can manage the full set of employee-related data or companies can allow employees to manage their own data using employee self-service.

In SAP Business ByDesign there is only one single organization structure behind all business processes from logistics to financial management, providing a single version of the truth and reducing the chance of errors occurring.

Organizations can easily set the solution up according to the company's current structure and then change responsibilities and reporting lines when the structure changes. In addition, the solution automatically generates revised proposals for employee access rights and workflow definitions for the new organizational roles. By accelerating the process of implementing reorganizations, mergers, acquisitions, and divestitures, the solution minimizes the negative impacts these types of transitions can cause.

SAP Business ByDesign is the foundation for driving all business processes, user access management, responsibilities, and workflows.

People and Organizational Management, Cont.

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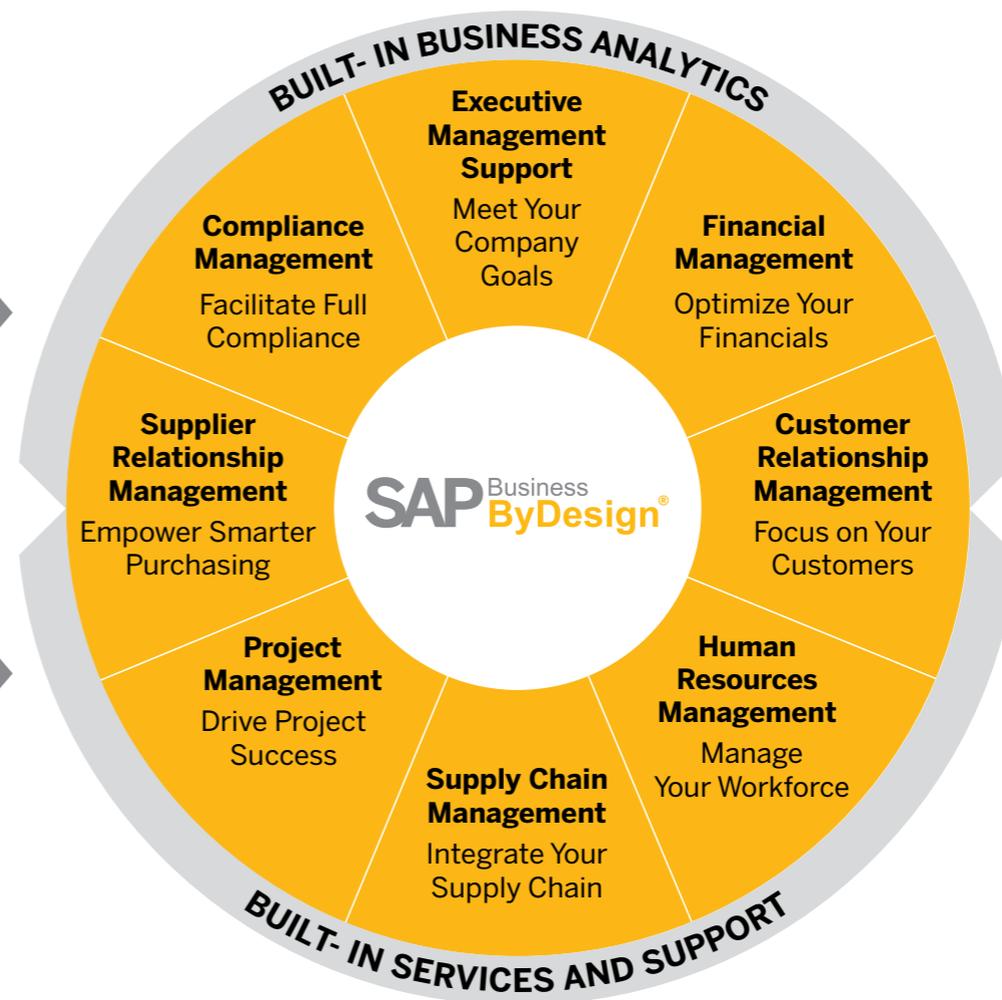## Compensation Management

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Graphic: Identity and Access Management

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Identity and Workflow Management

Centralized Access Management and Identification

The assignment of an employee to an organizational group largely determines the data the individual is allowed to access within SAP Business ByDesign. The solution proactively proposes the access employees should be given to company systems. It also automatically generates approval workflows and routes them to the appropriate managers for review and approval.

In addition, as business needs change, companies can quickly change and easily modify employee access rights to match their new roles, responsibilities and organizational assignments.
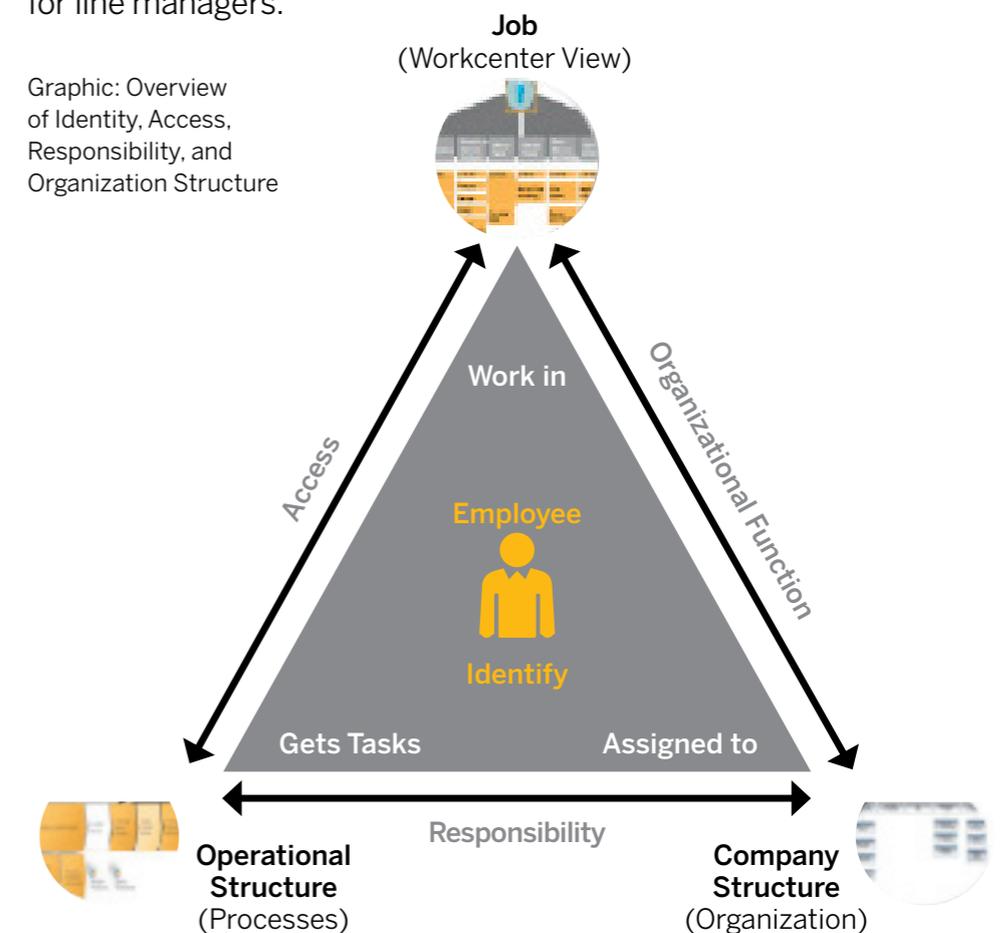
Automated Workflow and the "Push" Principle

With its automated workflows SAP Business ByDesign helps to accelerate processes across the organization. Using its centralized knowledge of the company's organization and employee responsibilities, the solution automatically defines workflows and proactively "pushes" work, such as exceptions, alerts, and requests for approval, to appropriate employees and managers.

The push principle in the solution also supports collaborative task management, where employees can set up and track tasks involving their coworkers, as well as forwarding and escalating tasks as needed.

Employees access their personal prioritized lists of tasks within their work centers. Managers track the status of tasks and the overall workload of their group using the work center especially designed for line managers.

Graphic: Overview of Identity, Access, Responsibility, and Organization Structure

Job
(Workcenter View)

Access

Organizational Function

Work in

Employee

Identify

Gets Tasks

Assigned to

Responsibility

Operational Structure
(Processes)

Company Structure
(Organization)

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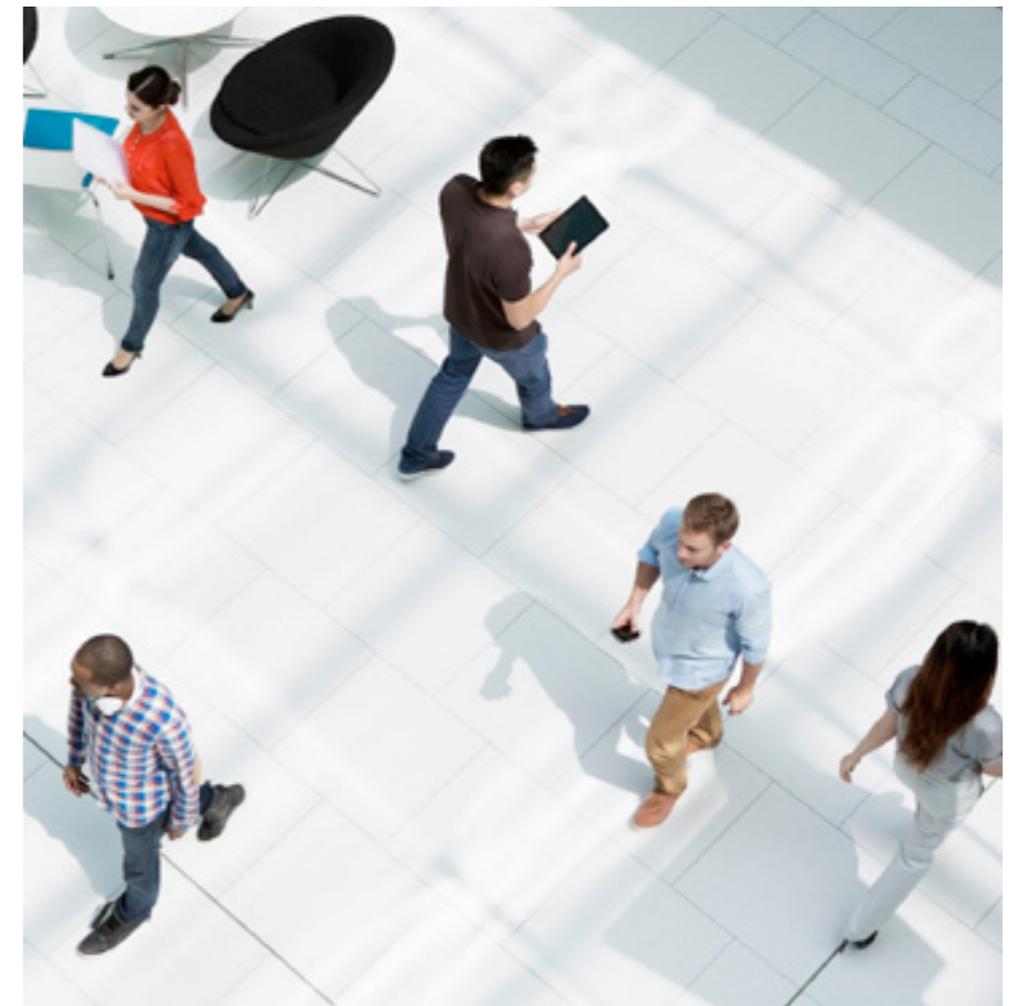
Personnel Administration

The personnel administration functions in SAP Business ByDesign streamline all the basic processes related to personnel and employee information management, starting with the hiring process and transfer to different positions within the company, and ending with the termination.

HR professionals can perform these tasks or they can be delegated to authorized users. For example, managers can access workforce data online via their work center to create and edit personal and organizational data. They can also view an employee's history.

Personnel administration processes can be triggered by various HR business transactions, such as the result of department reorganization by a manager or a working time reduction by an employee.

SAP Business ByDesign is designed to ensure data privacy while allowing relevant information to be used throughout the solution for functions such as financials, project management, and production. As such, it provides a single version of the truth throughout the solution, eliminates duplicate data entry, and reduces costs.

Personnel Administration, Cont.

SAP Business ByDesign distinguishes between personal employee data and data that is related to the employee's employment and the work agreements between the employee and the company. Where appropriate, employee data can be used throughout SAP Business ByDesign, while employment and work agreement data remains in the HR part of the solution. Importantly, any changes to employee data are immediately updated throughout SAP Business ByDesign.

One of the key differentiating features in SAP Business ByDesign is that employees can be assigned to more than one work agreement.

This makes it possible for employees to be engaged on a number of projects, each with its own work agreement, a particularly useful feature for professional services organizations.

In addition, task execution and information access is governed by guidelines and standards established by the organization, as well as by the regulations in the countries where the company operates. As a result, SAP Business ByDesign helps to ensure employee master data is up-to-date, accurate and compliant, while reducing the burden on HR staff.

Prepare
- Maintain Org Structures

Manage
- Hire Employee or Service Agent
- Transfer Employee
- Terminate Relationship with Employee

Administer
- Maintain Personnel File Centrally
- Maintain Employee Data Decentrally

Graphic: Overview Scenario: Workforce Administration

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Time and Labor Management

The time and labor management functionality in SAP Business ByDesign records person-related time data and supports the planning, administration, and evaluation of working times, activities, and absences for internal and external employees (contractors). Recording and managing working times can be flexibly distributed to employees, various user departments, or carried out by the personnel department.

The data recorded is an important basis for the following company-wide business processes:

• Managing and supplying time valuation results to an external payroll system
• Managing the availability of employees and contractors, and providing visibility into the supply and demand for critical resources
• Project time confirmation and invoicing
• Assigning costs to internal projects and allocating internal activities
• Invoice receipt checking, by recording external employees' activities

Working Time Models

Working time models enable work schedule arrangements to be mapped quickly and easily. Thanks to their modular structure, individual elements of the working time model, such as break times or day models, can be reused reducing the time and effort involved. The individual models are available company-wide and can be presented in list form on the user interface, so users can quickly select the required model.

Classical working time models, such as shift models based on start and end times, can be defined just as easily as working time models without a day reference. In such models, the average numbers of hours to be worked are specified for any period. These functions, in particular, fulfill the requirements of the service sector and the requirements for the administration of external employees.

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Time and Labor Management, Cont.

Time Recording

Recording working time in SAP Business ByDesign can either be automated via time clocks, performed centrally by a time administrator, or de-centralized using self-service.

In addition to recording the hours actually worked by employees, the solution allows planned times, overtime, availability, and absences to be recorded. Information for follow-on business processes, such as cost and project information, can also be appended to this data.

SAP Business ByDesign provides time administrators with interfaces for checking and supplementing data. In addition, there are specialized interfaces for the mass data entry of bonuses, overtime, or leave.

For employee self-service, day or week views can be provided. Employee self-service provides a specific release step to assist employees in recording their data. If required, data that is pending approval can be transferred to target applications. This provides an overview of all the time and labor data recorded for a project or task regardless of the approval status of the data. In addition, it enables bonuses or overtime to be paid directly.

The data entered is automatically applied to payroll records or, in the case of contractors, to the purchase orders against which they are billing their time. The payroll integration automates compensation and allows HR professionals to manually modify payroll data – for example, to add overtime or a shift premium for a particular employee.

Plan
- Define Time Accounts and Rules
- Define Time Models
- Assign Work Schedules
- Manage Ad Hoc Changes

Record
- Record Employee Times Centrally
- Record Employee Times Centrally

Monitor
- Review Time Accounts and Quotas
- Review Absence and Attendances

Evaluate
- Evaluate Open Entitlements
- Close and Transfer Account Balances

Graphic: Time and Labor Management Scenario

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Resource Management

The ability to manage resources effectively is a key success factor in the professional services industry. SAP Business ByDesign enables organizations to build and maintain a database of internal employees and external contractors, together with their individual skills sets and availability.

The resource pool allows managers to run queries to locate particular skills and match them to planned project timelines, making the process of staffing projects much easier and less time intensive.

Manage
- Manage Resource Pool (External and Internal)
- Add Service Agents
- Maintain Resource Profile (Skills and Availability)

Search
- Find Resources by Suitability
- Find Resources by Availability

Staff
- Staff Internal Projects
- Staff Customer Projects

Graphic: Resource Management Scenario

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Resource Management, Cont.

The availability calendar contains key information about "soft" (tentative) and "hard" (committed) booked resources and the potential capacity of the project workforce. This information is crucial for understanding the order situation and the general state of the business, as well as the booking situation and productivity of certain employees in the short and midterm.

Organizations can see the remaining availability of selected employees per day.

They can drill down to see the committed work per employee, project assignments and absences. A color-coded pattern makes it easy for users to spot the available candidates.

SAP Business ByDesign supports various stakeholders involved in managing resource supply and demand, allowing them to see both the current utilization and the forecast demand over a set time period.

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Resource Management, Cont.

Senior managers can focus on the whole organization, looking at shortages that will jeopardize achieving sales targets, lead to projects being postponed, or result in lost deals. They also have the ability to drill down into specific organizational units. Line managers can monitor the utilization of their direct reports, historically and in the future.

Resource managers can provide reports for senior management and leading consulting managers. They can also view supply/demand estimates to see where there are short- and midterm capacity shortages and identify where resources are in greatest demand or overbooked. In addition, project managers can monitor the hard and soft bookings of their project team members to avoid shortages and delays and support detailed planning.

Last but not least, the employees, the project team members themselves, can adjust their commitments from day to day (or week to week or month to month) within the given assignment period. This helps ensure that the individual capacity planning for each project can be adapted to the employee's commitments and responsibilities.

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Compensation Management

The compensation management functionality in SAP Business ByDesign allows organizations to centrally manage their company-wide compensation policies and help ensure that pay structures are applied consistently across the company.
To simplify this process the solution provides preconfigured, country-specific business processes that are employed by personnel departments, and particularly compensation specialists within those departments. It allows them to:

• Create and maintain regular payment information, additional recurring payments, and one-time payments
• Support individual compensation adjustments
• Assign employee compensation agreements to compensation structure grades
• Analyze and report on personnel compensation data
• Provide integration to outsourced payroll solutions

Compensation structures are used to create and maintain a variety of fixed and variable pay grade ranges. These not only reflect the value of an employee's job within the company, but also allow personnel departments to compare the compensation with equivalent jobs on the labor market.

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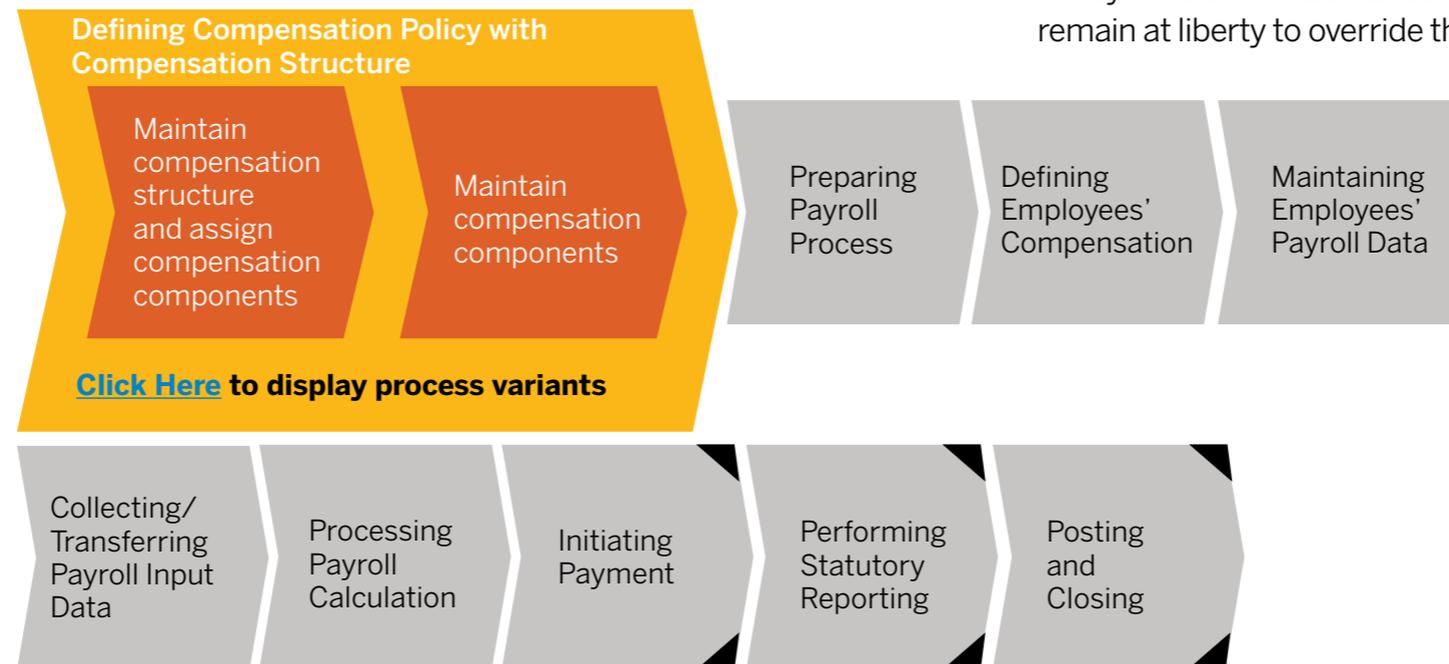
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Compensation Management, Cont.

Compensation components describe the various elements of employee compensation. Using compensation components, personnel departments can define and maintain gross or net pay, valuation bases, insurable income, and so on that, taken together, comprise the various types of payment that will be paid to the employee.

While the work agreement object specifies the activities and responsibilities of the employee, compensation-relevant data for the employee – such as salary, bonuses, one-time payments, recurring payments, and so on – is defined in the compensation agreement.

Default values – for example, grade, pay components, and so on – can be derived from the compensation structure and grade assignment, if they have been maintained. Compensation specialists, however, remain at liberty to override these default values.

Defining Compensation Policy with Compensation Structure

Maintain compensation structure and assign compensation components

Maintain compensation components

Click Here to display process variants

Preparing Payroll Process

Defining Employees' Compensation

Maintaining Employees' Payroll Data

Collecting/ Transferring Payroll Input Data

Processing Payroll Calculation

Initiating Payment

Performing Statutory Reporting

Posting and Closing

Graphic: Defining Compensation Strategies

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Payroll

Payroll functions in SAP Business ByDesign include all activities from maintaining master data to executing the payroll and performing follow-up activities like payments.

SAP offers payroll in a business process outsourcing (BPO) model: that is, the payroll is run by an outsourcing provider but control over the business process and communications are maintained by SAP Business ByDesign.

An open interface and a certification process allow outsourcing providers to connect their payroll solution to SAP Business ByDesign. Because services and duties are clearly defined, customers can continue to use their existing payroll provider when implementing SAP Business ByDesign or choose a preferred provider without the effort of an exhausting blueprint phase.

The solution combines the advantages of transparency, monitoring, and controlling that companies traditionally have with an internal payroll system, with the benefits of an outsourced payroll – lower costs, higher efficiency, and lower risk of liability.

In the BPO scenario, the payroll provider takes care of tax calculations and remittance, and initiates the salary payments to employees. The payroll provider also fulfills certain legal requirements, such as communications with taxation authorities and other agencies. As a result, administrative overhead is reduced.
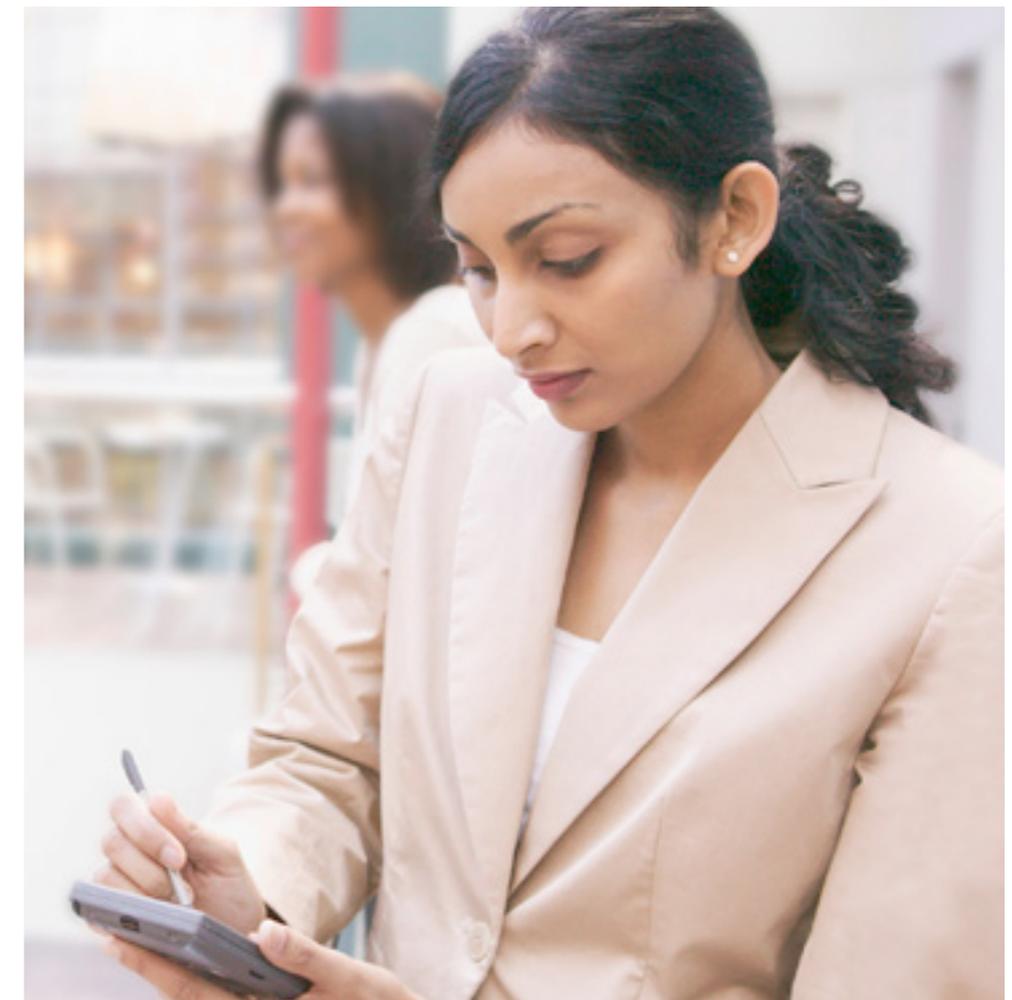
Payroll, Cont.

SAP Business ByDesign provides a preview of all payroll input data so it can be validated within the payroll snapshot and corrected when necessary, giving companies full control over the payroll before the payroll calculation has started.

The solution also allows full control over the payroll process. It enables the payroll administrator to release the payroll run for a given group of employees in a given period.

When the payroll process is started, all relevant data from the compensation management, time and labor management, and expense and reimbursement

management functions, together with the legally required data per employee and country, is collected and transferred to the payroll provider, who performs the payroll run and any follow-up activities.

When employee data is collected for the first time, all the data available for the given period is transferred. For subsequent data transfers, only changed data is collected and transferred.

Once the payroll run is complete, payroll results are returned back to SAP Business ByDesign, where they are available for use by the accounting functions and for further reporting.

Defining Compensation Policy	Preparing Payroll Process	Defining Employee Compensation	Maintaining Employee Payroll Data
Collecting/ Transferring Payroll Input Data	Processing Payroll Calculation	Initiating Payment	Performing Statutory Reporting	Posting and Closing

Graphic: Overview of the Payroll Services Scenario

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Payroll, Cont.

To support payroll in different countries, SAP Business ByDesign keeps country-specific data, such as information about tax and social insurance, plus any additional data required by a particular country (for example, previous employers, and so on).

All data related to the individual is also subject to data protection. Within SAP Business ByDesign, any individual's data is protected in accordance with country-specific legal requirements.
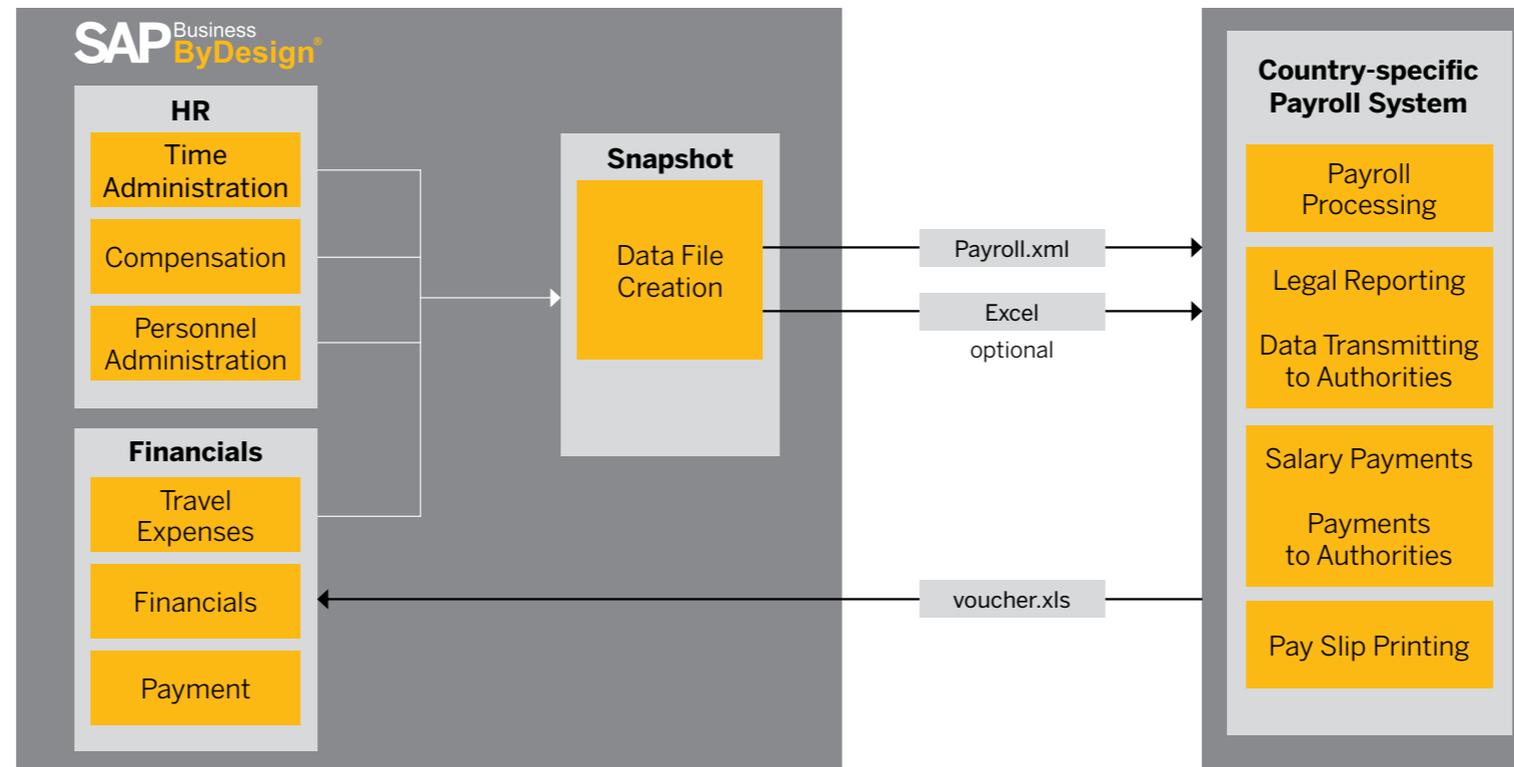
Graphic: Interfaces for Outsourcing Payroll Processing

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Data Privacy Management

Data privacy is extremely important and regulations vary from country to country. On the one hand companies have to protect data from inappropriate publication; on the other they have to contend with obligations to disclose data.

SAP Business ByDesign enables companies to easily comply with local data privacy standards, including the obligation to disclose and delete on request.

For the obligation to disclose, a data protection officer can provide a fact sheet that shows all the personal data held in SAP Business ByDesign for one employee.

The fact sheet can then be printed and given to any employee who requests disclosure of his or her personal data. The solution also provides links to the detailed personal data records held in the system for the employee concerned.

Under certain circumstances employees can request that their personnel data be deleted. The deletion on request functionality allows this to be done in one action. However, to help ensure compliance with local requirements, a warning is given if the statutory retention period, which is held in the solution, has not been met.

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