



Emerging HR Service Delivery Trends in APAC

2012 HR Service Delivery Survey Results – Asia Pacific Result

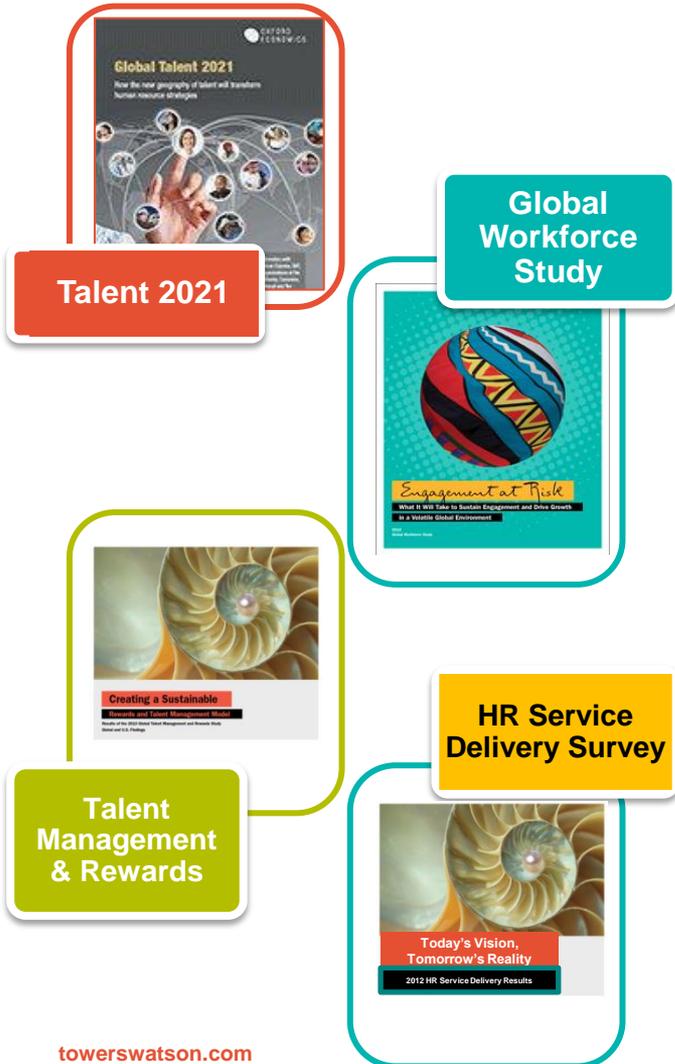
March 19, 2013

Agenda

- **Introduction & Context Setting**
- **Key Findings of 2012 HR Service Delivery Survey**
 - Top 9 key findings
 - Structure
 - Technology
 - Talent
 - Processes
- **Conclusion**

2012 HR Service Delivery Survey

Four studies, one overarching global story



Emerging economies are reshaping the global talent picture, supplying 60% of the world's college grads by 2021 and increasing demand for skilled talent faster than the developed world

Business transformation is relentless and is redefining the skills required of employees, and the strategies required of HR

Workforce engagement is at risk with 43% of the global workforce detached or disengaged and only 35% highly engaged

Talent/rewards programs and HR delivery models are lagging business needs and risk compromising organizational performance

Now is the time to review HR strategies, programs and service delivery to ensure proper alignment and optimize return on investment

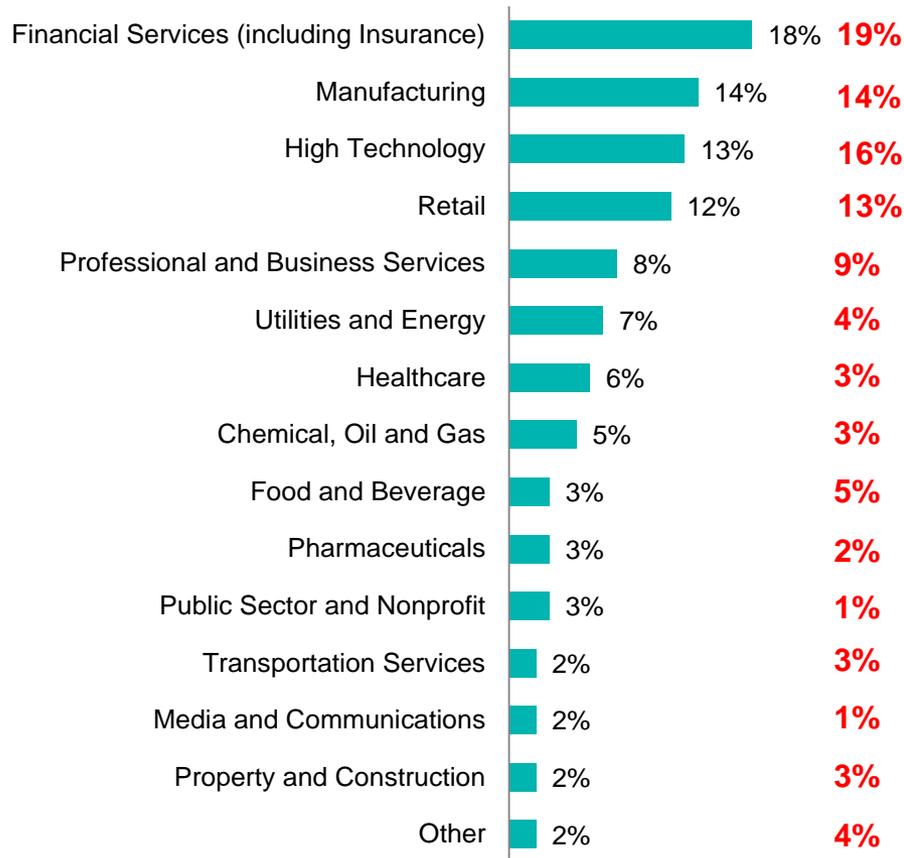
Focus on HR Service Delivery

HR Service Delivery Survey

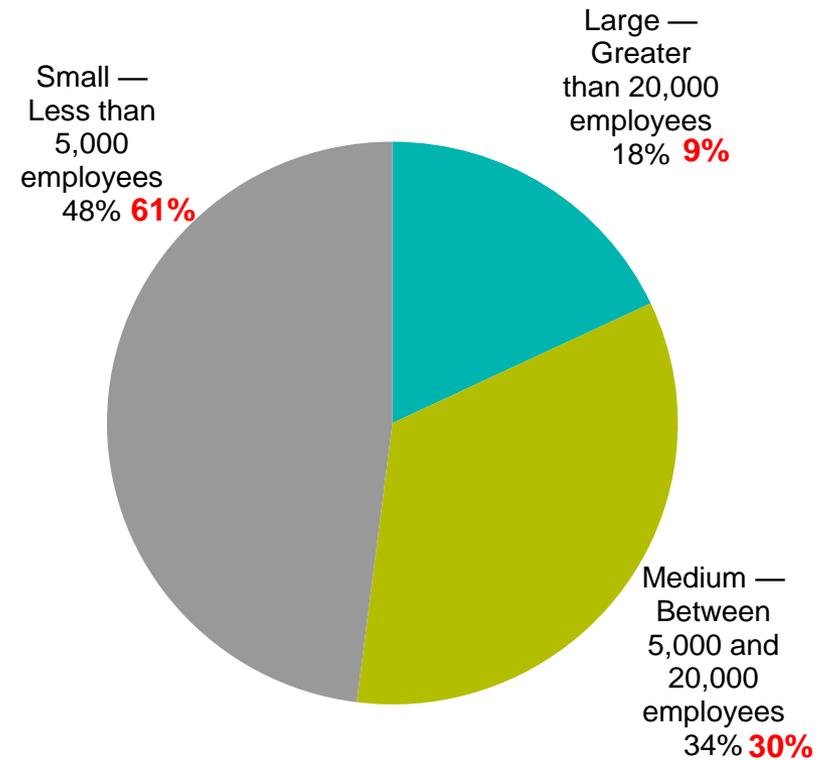
- An annual survey of HR service delivery practices that includes trends in technology, shared services, employee/manager self-service and talent management, **now in its 15th year globally, and 2nd year in Asia Pacific**
- **Participants in the survey included HR and IT managers from more than 600 companies globally, 250+ from Asia**
- **The results shown in this presentation are based on the global compared to Asia Pacific results**
- **Today we only have time for some selected headlines, please contact us for more information**

What kinds of companies participated?

Industry



Employee Population



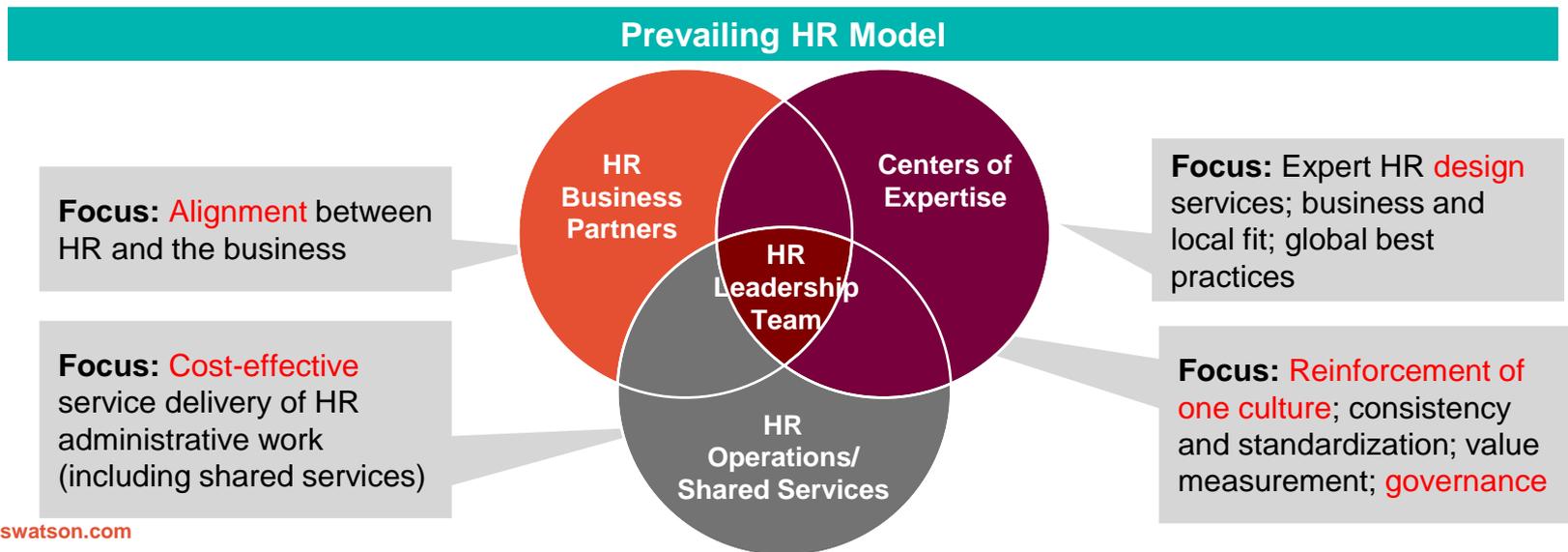
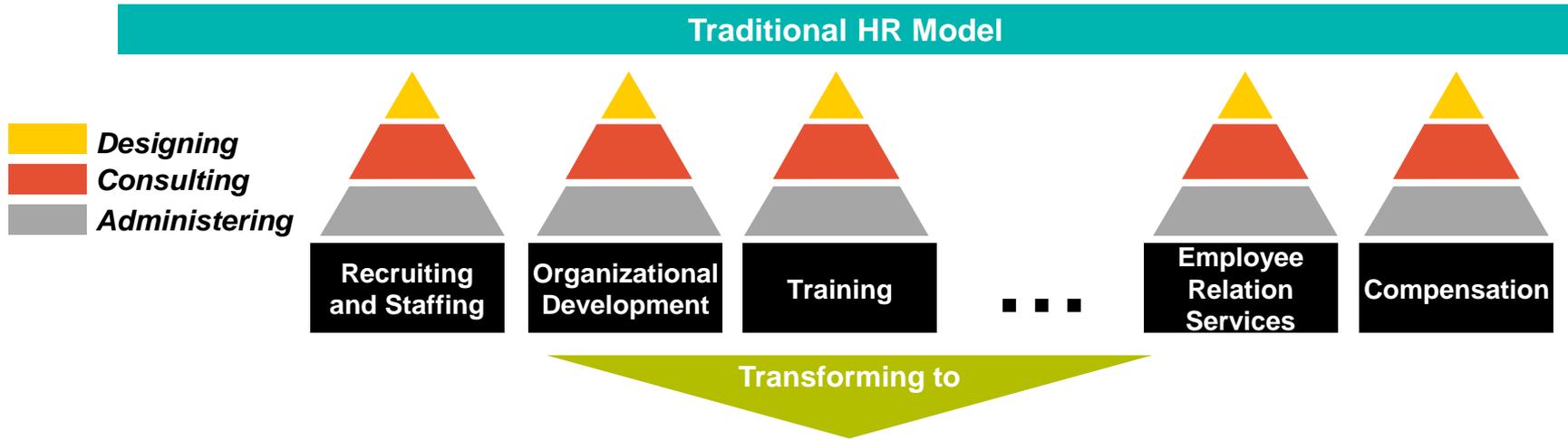
* Numbers marked in red are Asia Pacific results.

The total number of companies participating in this survey is 628. The total number of Asia Pacific participants is 262

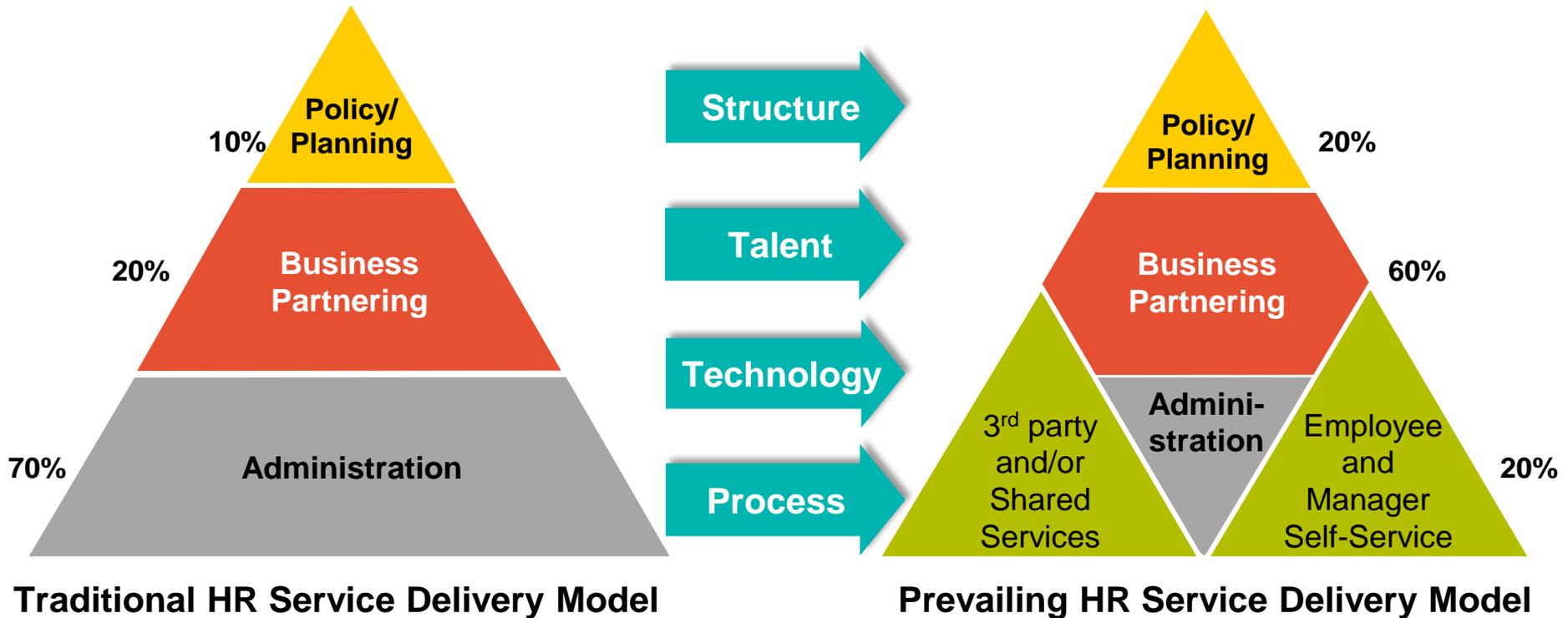
Key Findings from 2012 HRSD Survey

Structure

HR is changing how it organizes itself



Transforming the HR service delivery model is about applying 4 key design levers



**From functional silos to process-driven structures to support 'event-based' services
→ enables roles of the HR Business Partners to deliver more strategic HR services**

Starting with the headlines: 9 key findings to remember

The following represents Global and Asia Pacific results unless otherwise specified

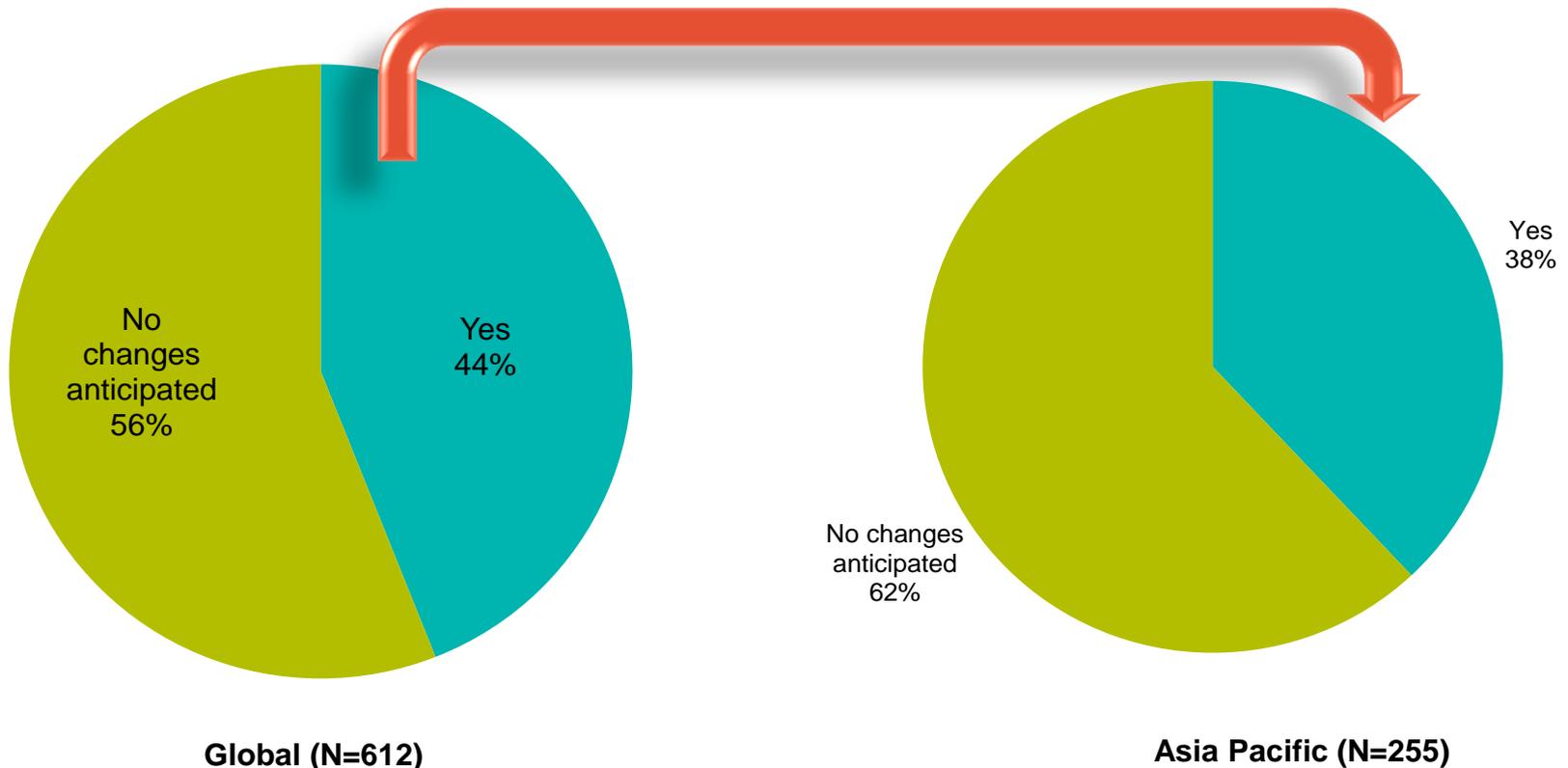
Structure

1

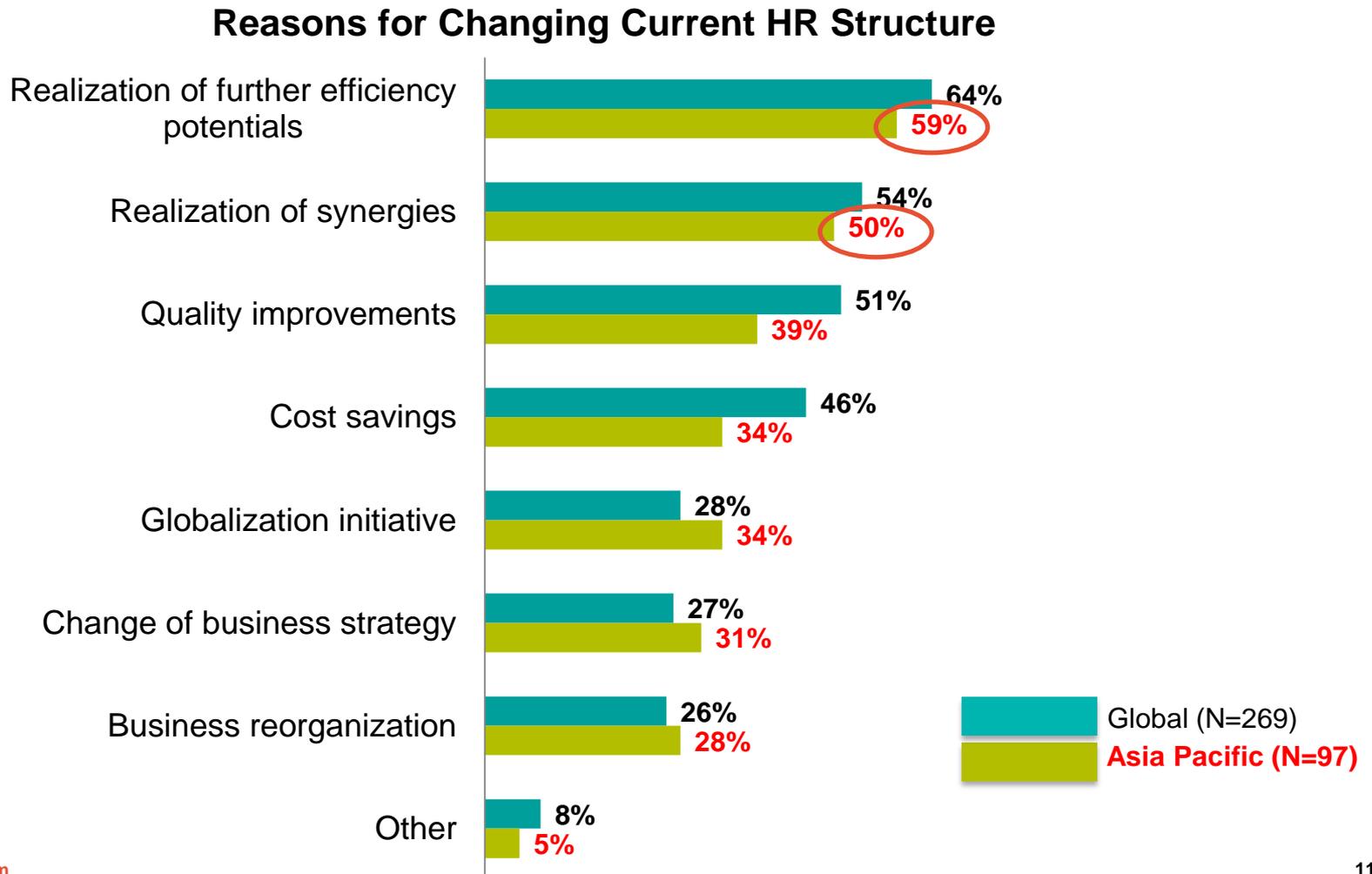
**Globally, HR is in restructuring mode to be more efficient and cost effective
Almost 40% of Asia Pacific participants are planning to do so to be more efficient and to realize synergies.**

Almost 40% of Asia Pacific participants are planning to change their HR Structure

Do You Anticipate Changing Your Current HR Structure in 2012 or 2013?



Realization of efficiency and synergies are the top reasons for changing HR structure in Asia Pacific



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Structure

1

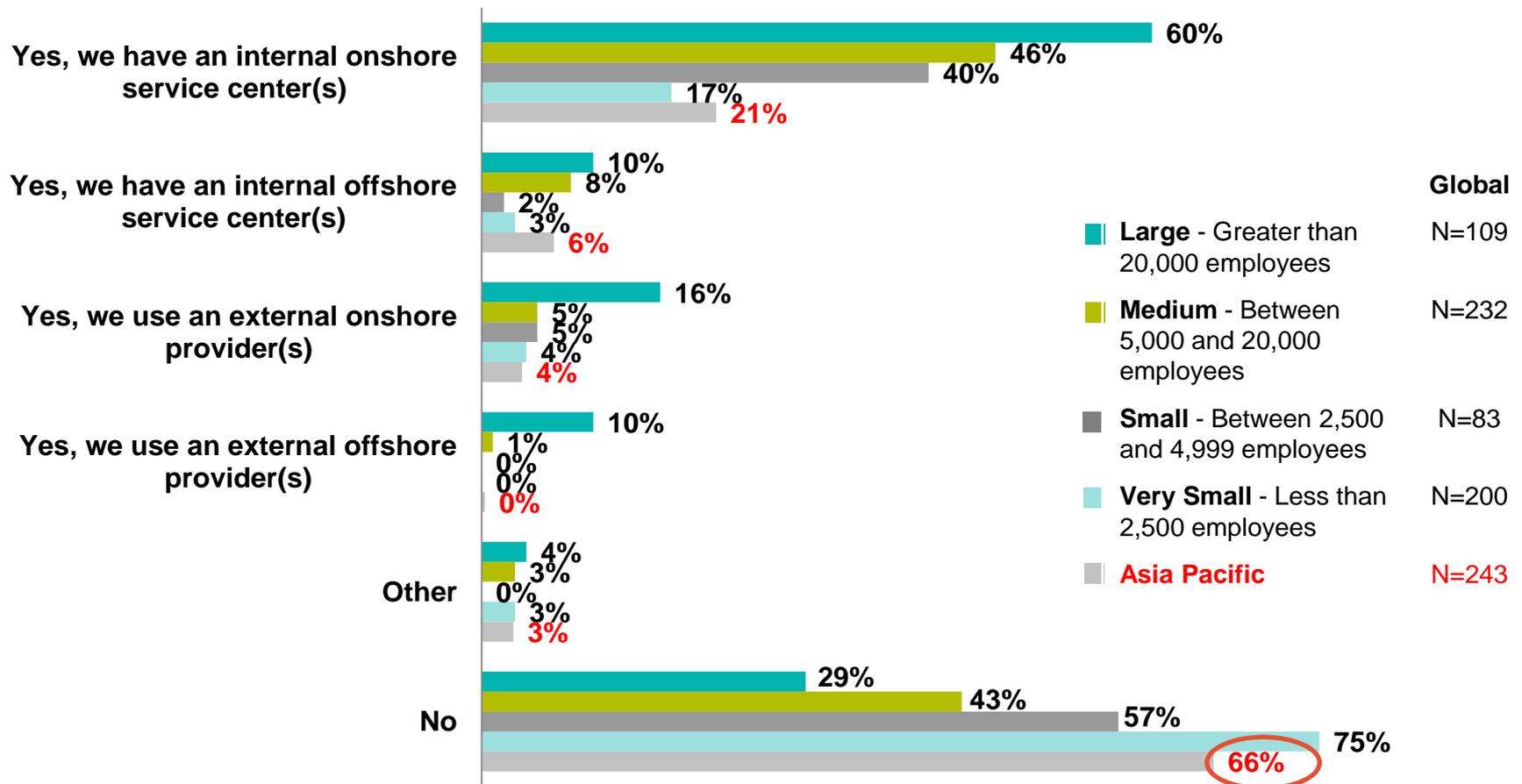
Globally, HR is in restructuring mode to be more efficient and cost effective. Almost 40% of Asia Pacific participants are planning to do so to be more efficient and to realize synergies.

2

Globally, HR shared services is perceived as an effective structure to increase HR efficiency. In Asia Pacific, HR shared service is not yet widely adopted. However, more than half of the companies who are restructuring are considering this as an option.

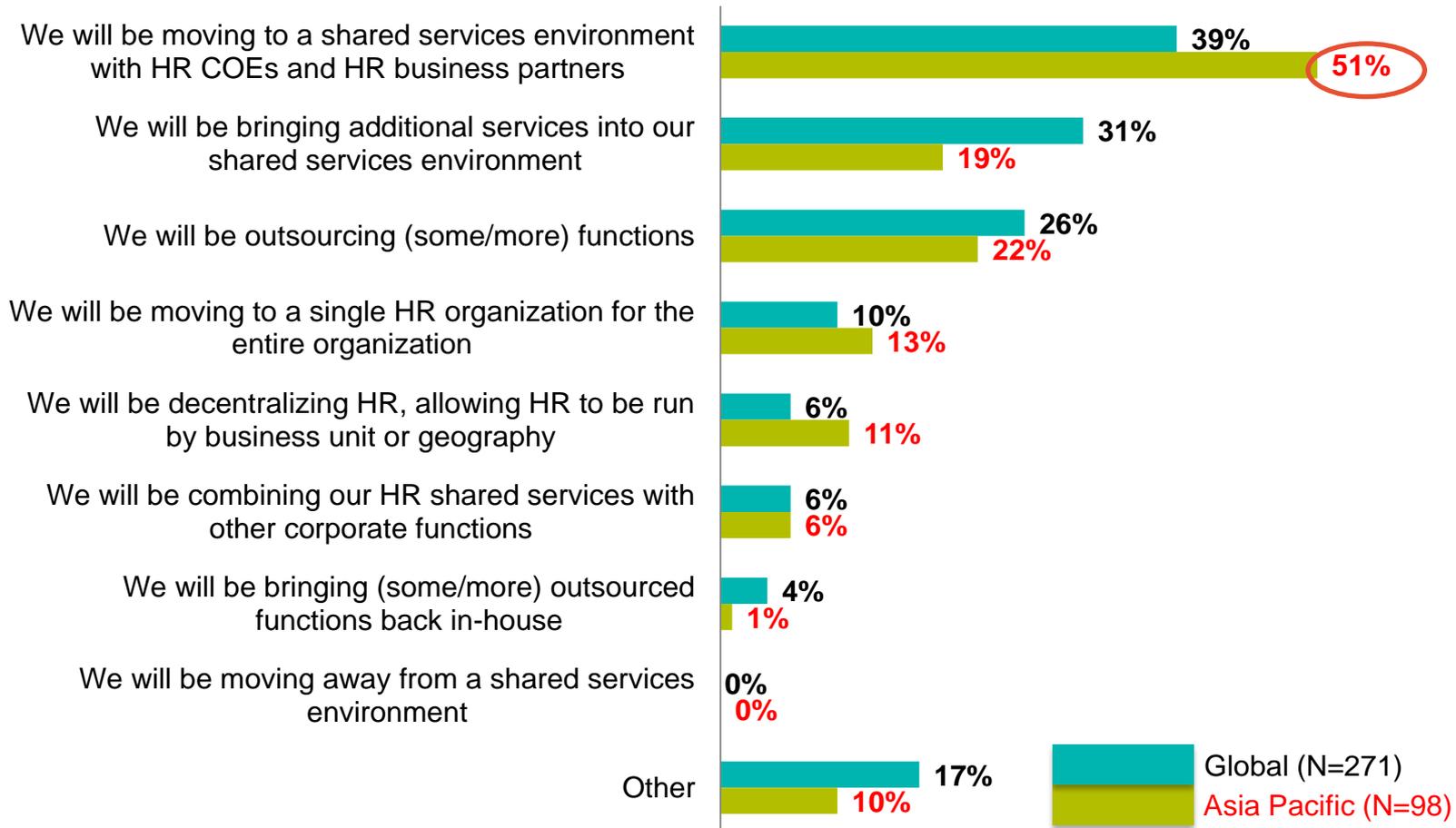
HR shared services is widely adopted globally but it is not the prevailing practice in Asia Pacific

Does your organization use HR Shared Services (HRSS)/Contact Center to Deliver HR Services?



What changes to HR structure are we anticipating?

Anticipated Changes to HR Structure in 2012 or 2013



Key Findings from 2012 HRSD Survey

Technology

Cloud computing is reaching the tipping point in HR technology

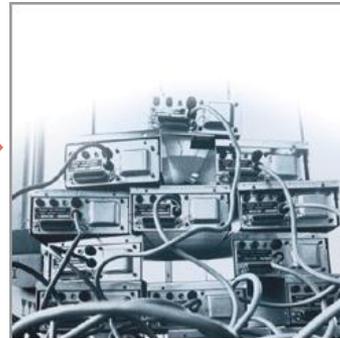
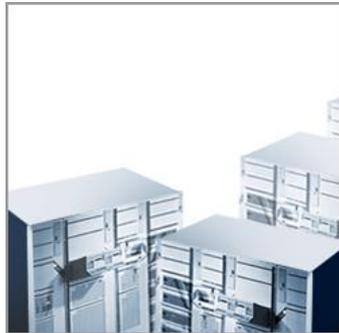


Software-as-a-Service (SaaS)

No system

Mainframe

Client / Server



HR technology landscape is consolidating



*buys SuccessFactors \$3.4BN
12x trailing 12 months sales*

SuccessFactors
People Performance

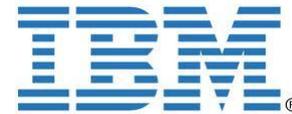


*buys Jobs2Web
\$110MM*

salesforce.com

*buys Rypple
Largest SaaS provider is moving in to the HR “space”*

Kenexa® *buys OutStart LMS*



acquires Kenexa



peoplefluent™ *buys Strategia LMS
Completes their “suite”*

ORACLE®

*extends offer to buy Taleo for \$1.9BN
6.5x trailing 12 month sales*

Meanwhile...

workday *is gaining market share*

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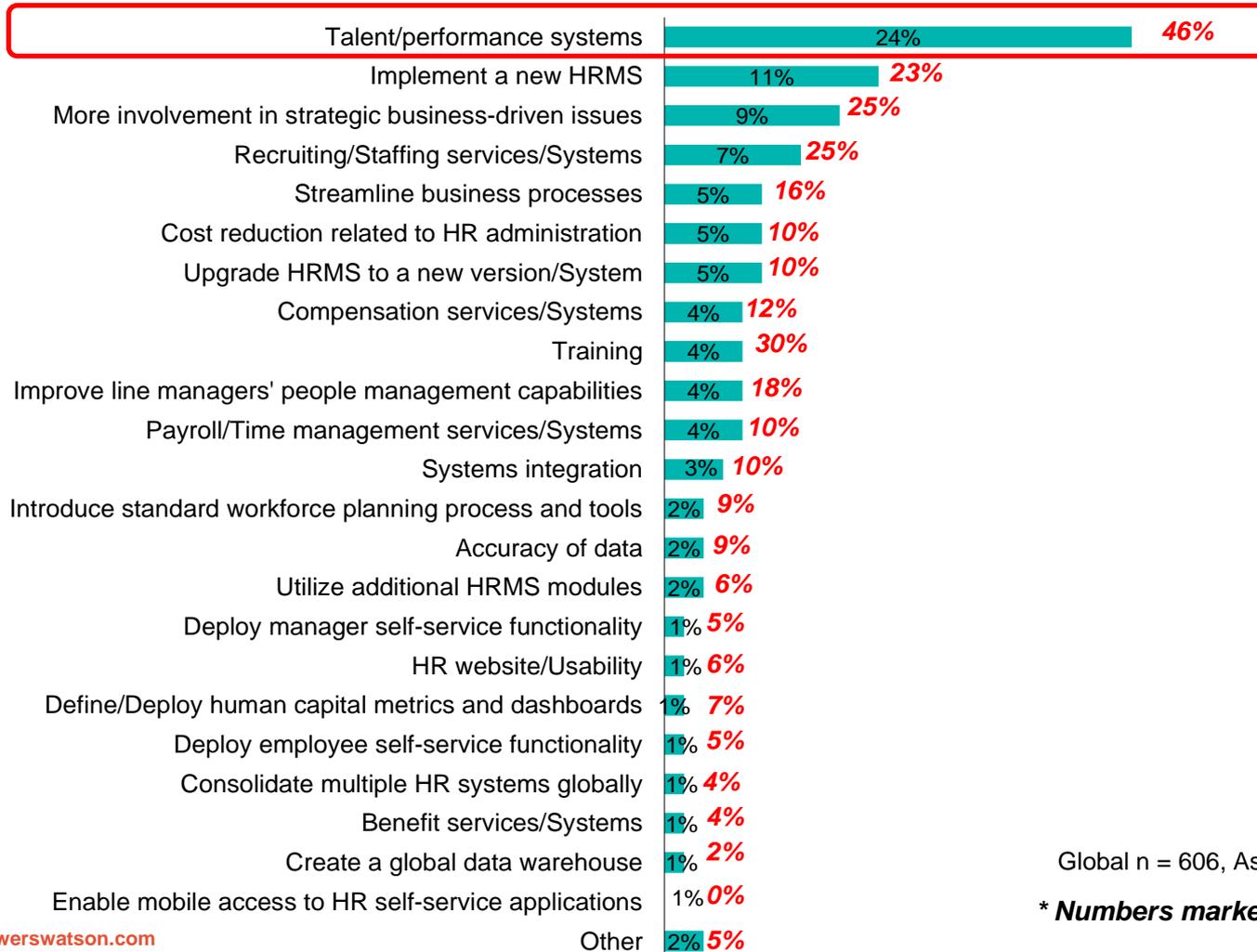
3

Talent/performance systems is the top HR service delivery issue, and technology/SaaS is viewed as the most effective

Technology

Talent/performance systems: #1 Service Delivery Issue

Top HR Service Delivery Issues (Cited as #1 Issue)



Global n = 606, Asia Pacific n = 248

* Numbers marked in red are Asia Pacific results.

Amongst talent management technology, best-of-breed technology is viewed as the most effective in most areas

Average Effectiveness of Talent Management Technology Currently In Place	Current HRMS	Custom/ In-house developed tool	Best-of-breed technology	Manual/ Paper-based
Recruiting/Staffing – External	3.95	3.54	3.84	2.89
Recruiting/Staffing – Internal	3.55	3.46	4.15	2.92
Onboarding/Joiner administration	3.50	3.70	3.56	2.93
Compensation – Market analysis/Survey management	3.45	3.72	3.93	2.69
Compensation – Plan design and analysis	2.69	3.68	3.94	2.89
Compensation – Global grading/Job leveling	3.45	3.81	4.17	2.76
Compensation – Base pay	3.78	3.79	4.00	3.02
Compensation – Variable pay/Bonus	3.60	3.73	4.23	2.92
Compensation – Sales/Incentive	3.52	3.88	3.88	2.62
Total rewards statements	3.85	3.75	3.57	2.62
Performance management (goal setting, assessment)	3.80	3.80	4.25	2.90
Learning management and training	3.39	3.87	3.75	3.10
Career development/Planning	3.61	3.45	3.89	2.77
Succession planning	3.74	3.69	3.83	2.84
Workforce planning/Workforce analytics	3.30	3.31	2.50	2.77
Competency models	3.52	3.62	3.89	2.56

Note: Effectiveness measured on a 1 to 5 scale where 1 is not at all effective and 5 is very effective.

Green indicates the MOST effective technology cited for a given area

Red indicates the LEAST effective technology cited for a given area (scored below 3 out of 5)

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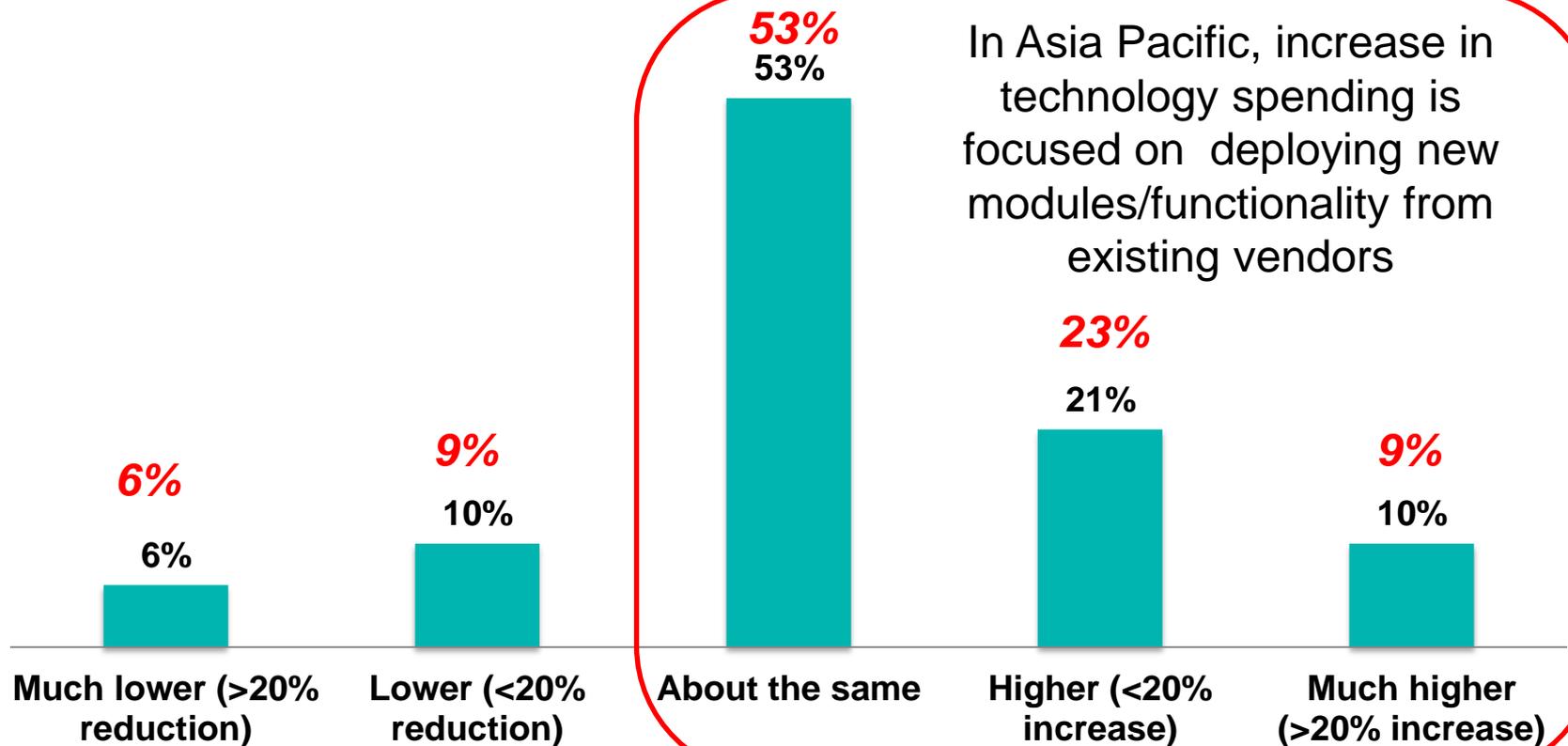
4

HR technology spending has returned to pre-financial crisis level. Over 50% of participants plan to spend about the same with 32% planning to spend more on HR technology.

Technology

Both Global and Asia Pacific participants are planning to spend the same (53%) or more (32%) on HR technology

HR Technology Spending



* Numbers marked in red are Asia Pacific results.

Global (N=599)
Asia Pacific (N=244)

Starting with the headlines: 9 key findings to remember

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Structure

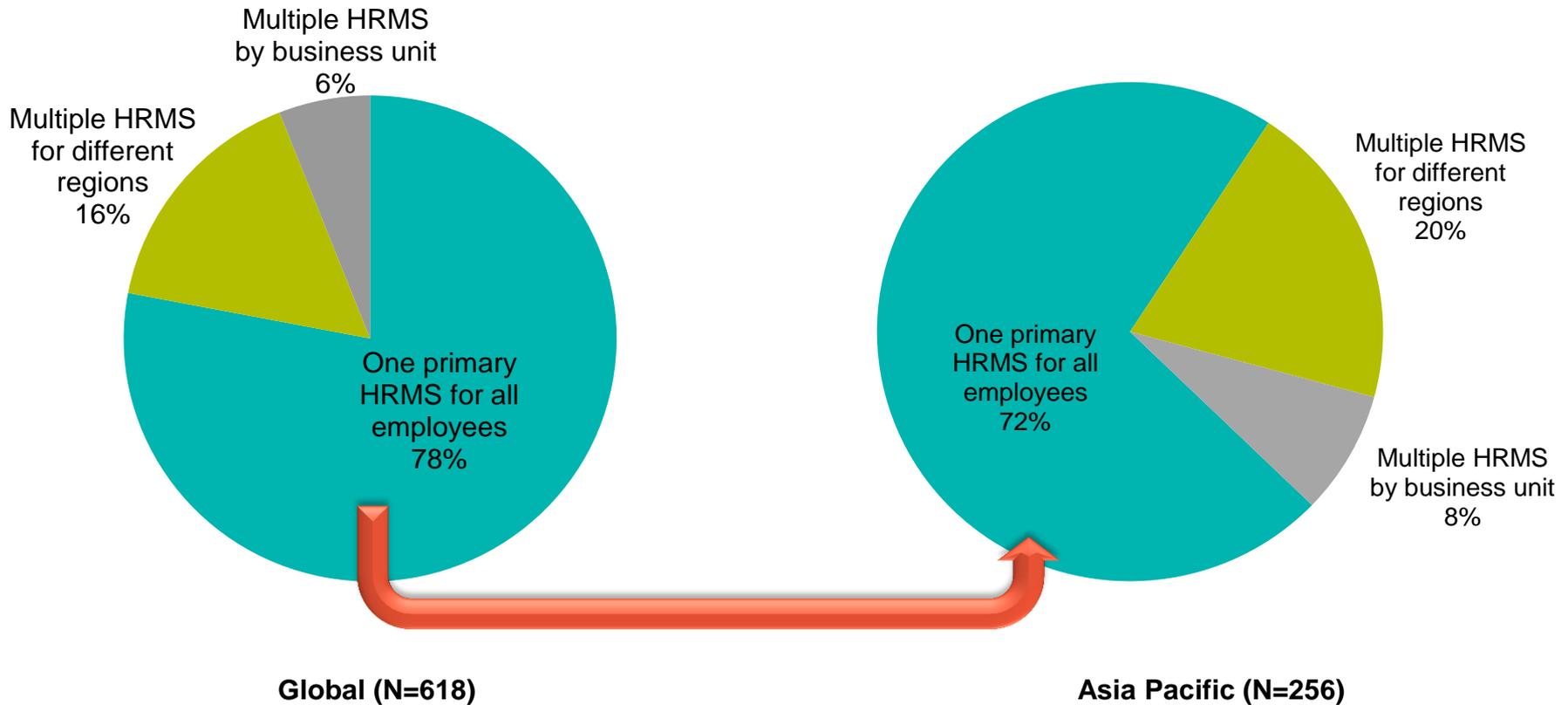
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Technology

- 3** Talent/performance systems is the top HR service delivery issue, and technology/SaaS is viewed as the most effective
- 4** HR technology spending has returned to pre-financial crisis level. Over 50% of participants plan to spend about the same with 32% planning to spend more on HR technology.
- 5** Both Global and Asia Pacific trends are one HRMS for all employees

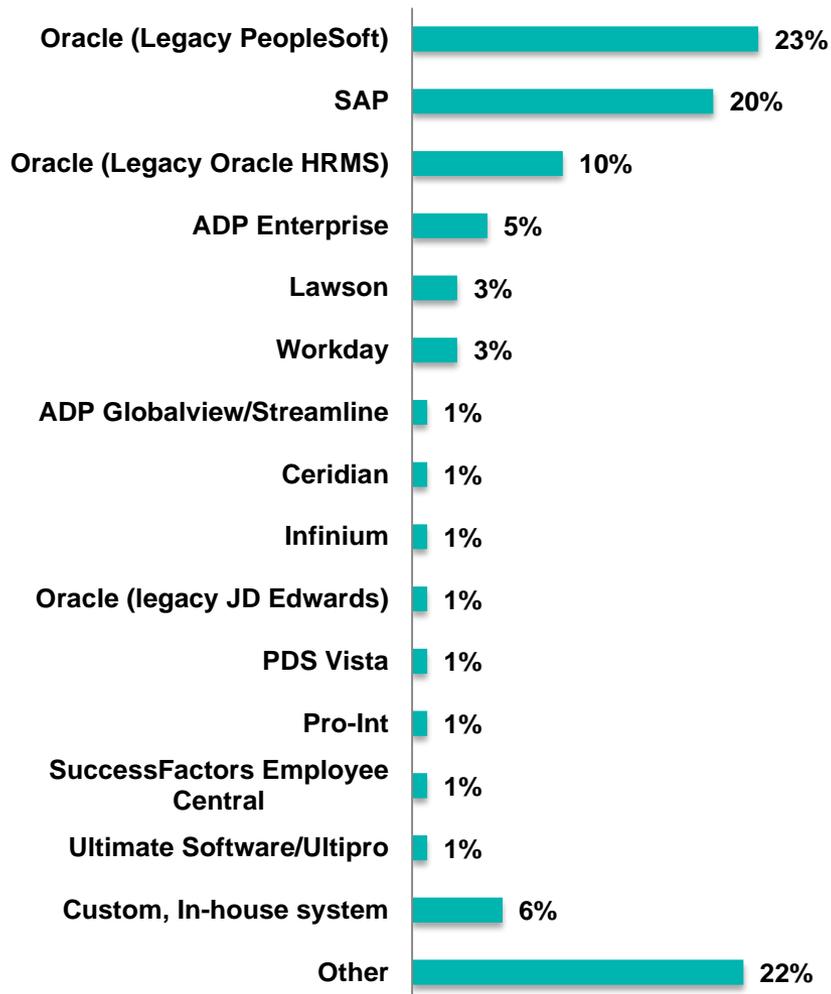
Single HR system? It is more prevalent in Asia Pacific than in Global

Number of HRMS

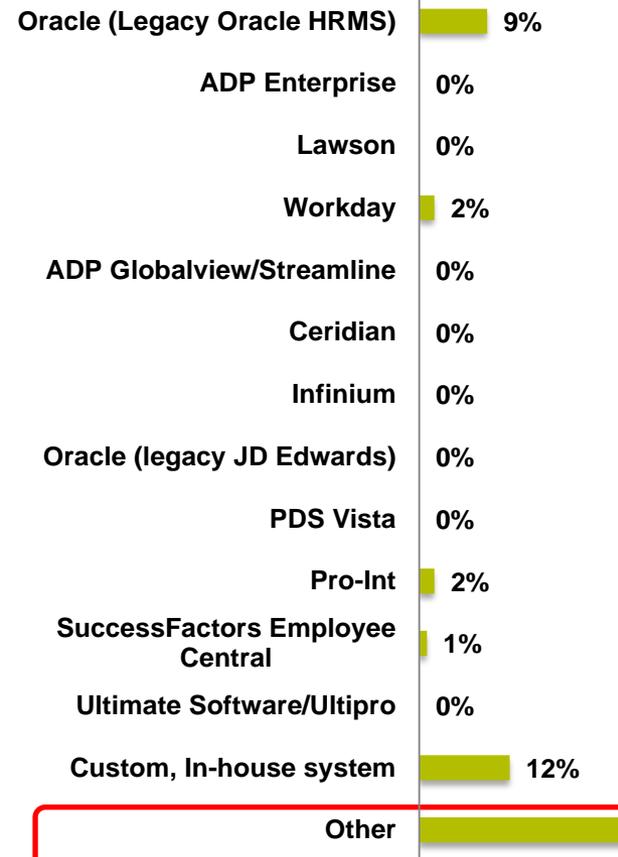


Local players are the dominant HRMS for companies in Asia Pacific, followed by Oracle (Legacy PS) and SAP

Primary HRMS



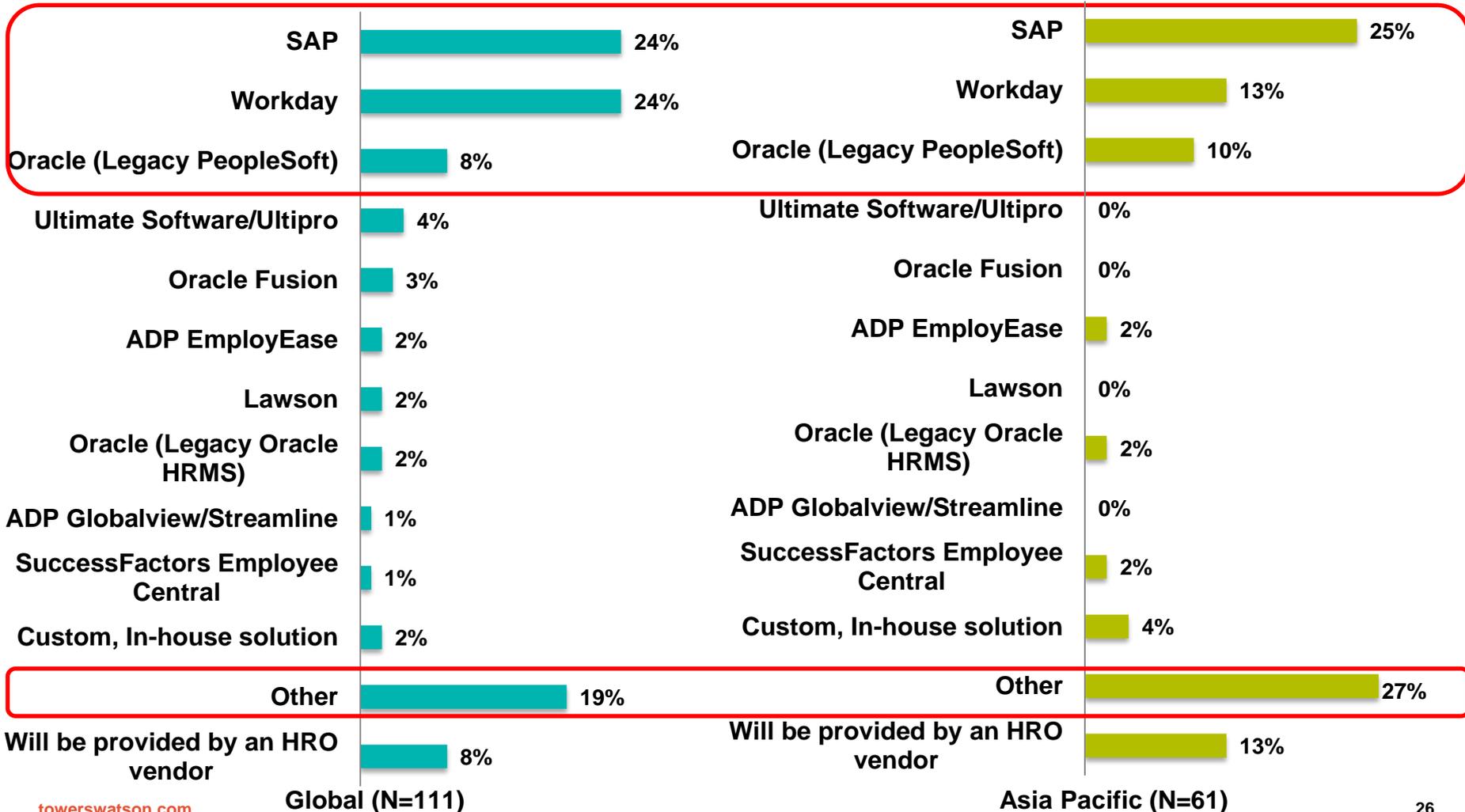
Global (N=600)



Asia Pacific (N=242)

What are companies choosing as their new HRIS? Local Systems, SAP, Workday and PeopleSoft

New HRMS Chosen



Key Findings from 2012 HRSD Survey

Processes

Starting with the headlines: 9 key findings to remember (cont'd)

Talent

6

Refocusing the role of the HR business partners and improving line manager's people management capabilities were amongst the top 3 HR initiatives undertaken in the last 18 months

7

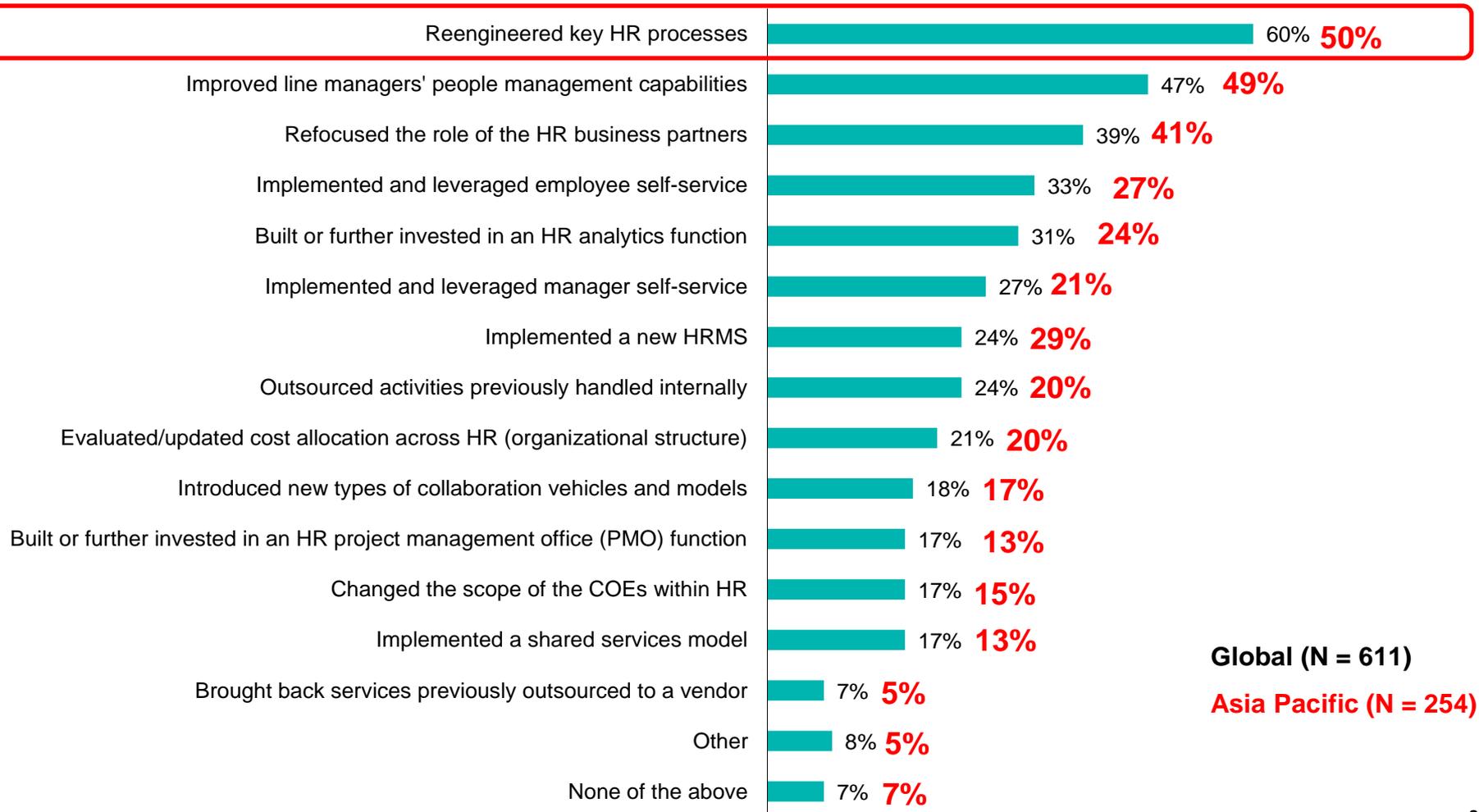
Staff allocation both in terms of roles and functional areas are consistent with global participants with slightly more generalists (28% vs. 24%) and less specialist/COE (22% vs. 27%)

Process

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Reengineered key HR processes becomes the top initiatives in the past 18 months.

Reengineered key HR processes becomes the top initiatives in the past 18 months



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Starting with the headlines: 9 key findings to remember (cont'd)

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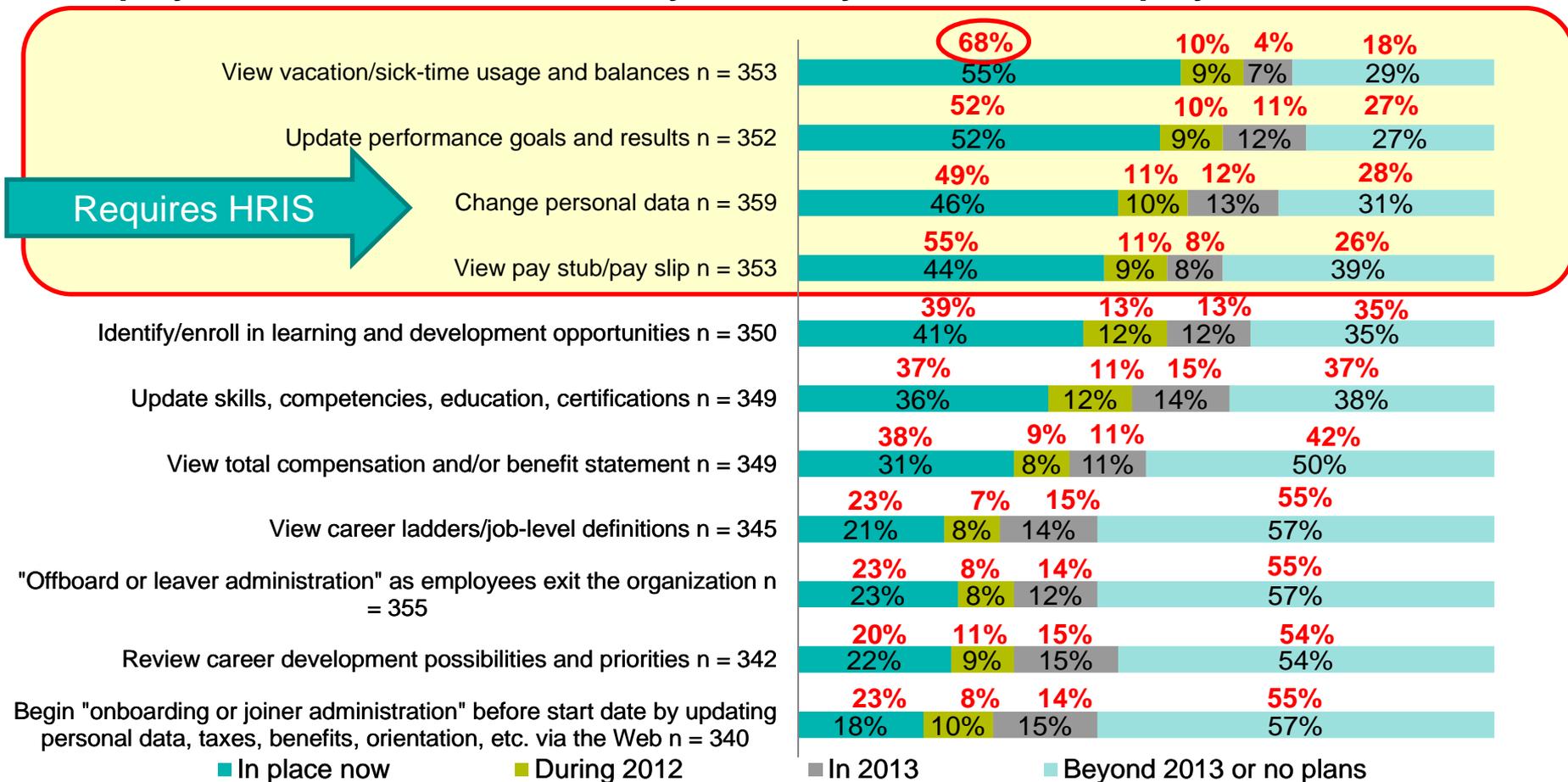
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9

Employee and Manager self-service is becoming more prevalent than in the past.

What are Asia Pacific companies doing with Employee Self Service?

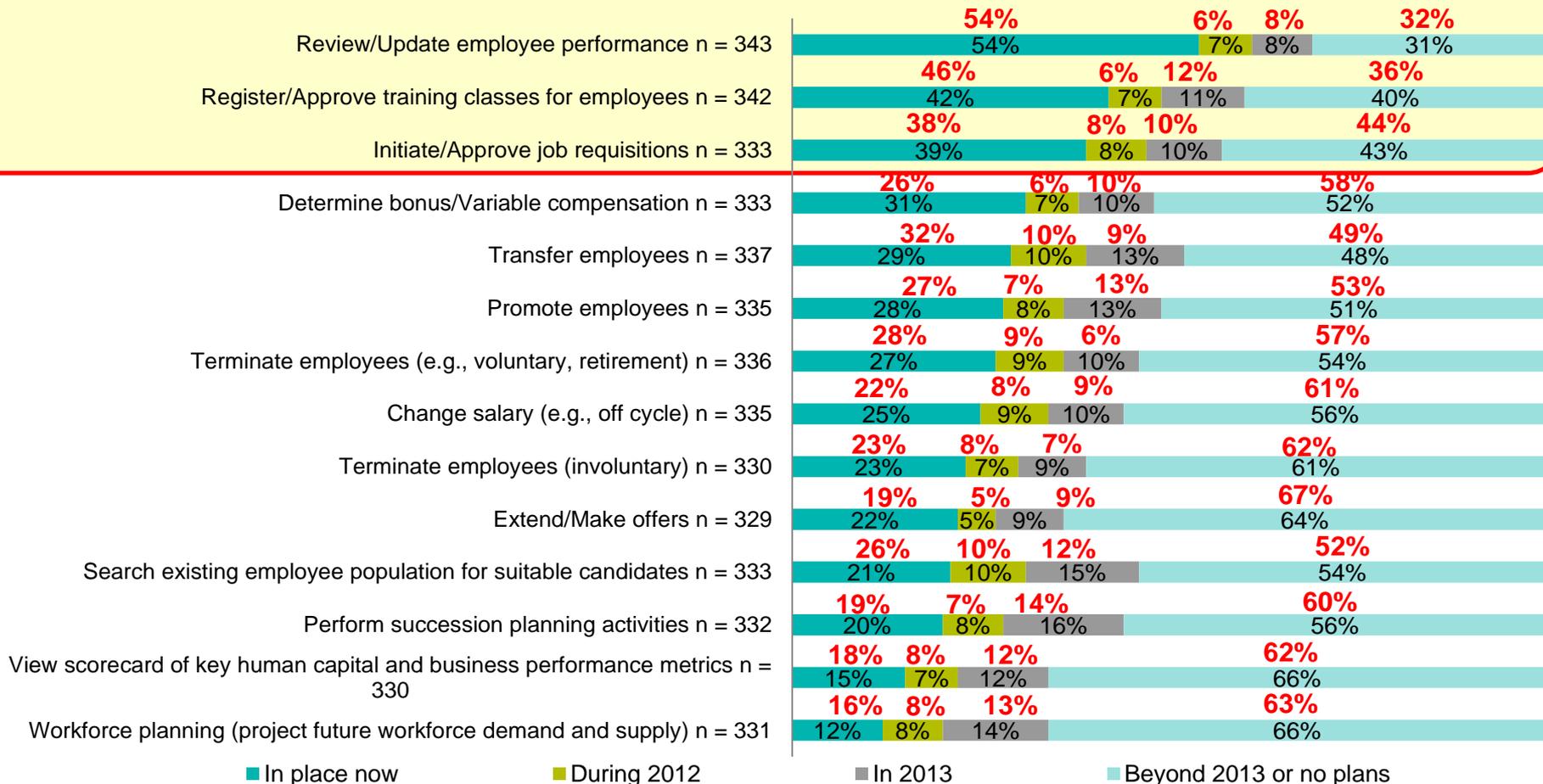
Employee Self-Service Functionality Currently Provided to Employees in Asia Pacific



* Numbers marked in red are Asia Pacific results . N=208-226

And what about Manager Self-Service? It's consistent with global participants

Self-Service Available to Managers in Asia Pacific



* Numbers marked in red are Asia Pacific results. N=207-218

Conclusion

Review HR strategies, programs and service delivery

A blueprint for “Transformative HR”



Apply the same rigor, effort and sophistication to human capital planning as to business planning

Business rigor



Think more broadly – and creatively – about where talent is sourced

Talent sourcing



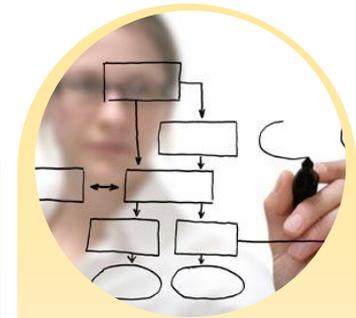
Embrace the virtual workplace and support a wide range of different work scenarios

Virtual workplace



Invest more heavily in retraining and reskilling

Re-skilling



Rethink and restructure how certain work is accomplished

Rethinking work

Top of mind HR service delivery issues...

How Towers Watson can help

You...	Examples of how Towers Watson can help
1 are moving to a Shared services environment/ three-circle model	<ul style="list-style-type: none">• Conduct an assessment of your HR function activities with our Activities, Investment Metrics (AIM) survey tool to provide recommendations of common activities conducted in a shared services environment
2 are not satisfied with your Talent/Performance Systems	<ul style="list-style-type: none">• Review of your existing talent management systems and provide recommendations on improvements• Support you in implementing a new talent management system
3 want HR to be more involved in strategic, business-driven issues	<ul style="list-style-type: none">• Conduct executive interviews with your business leaders/key customers of HR to gather their priorities and how HR can best support the business• Review your current HR service delivery model to ensure its alignment to achieving the associated HR priorities• Provide training on HR best practices and strategic business partnering
4 need to implement a new HRMS	<ul style="list-style-type: none">• Develop a 3 -5 year technology strategy and roadmap• Capture requirements for your HR technology needs and conduct vendor selection for a new HRMS• Support your team in implementing your new HRMS or payroll system



Towers Watson

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**Thank you for your interest in Towers Watson.
For questions or information request, please
contact one of our leaders.**