

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

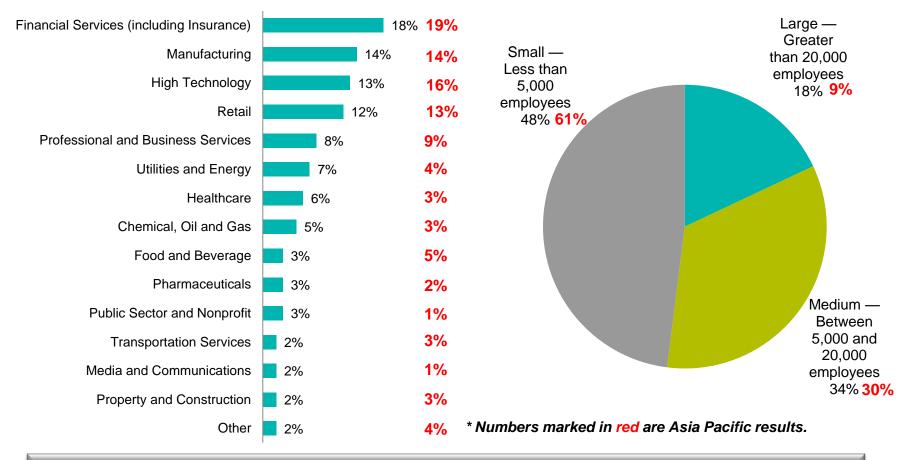
HR Service Delivery Survey

- 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



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

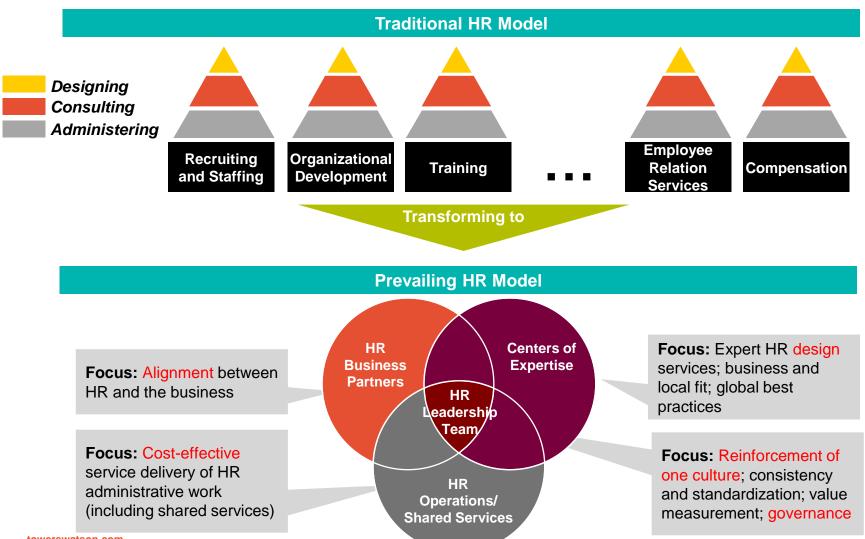
2012 HR Service Delivery Survey Results - Global and Asia Pacific Results

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Key Findings from 2012 HRSD Survey

Structure

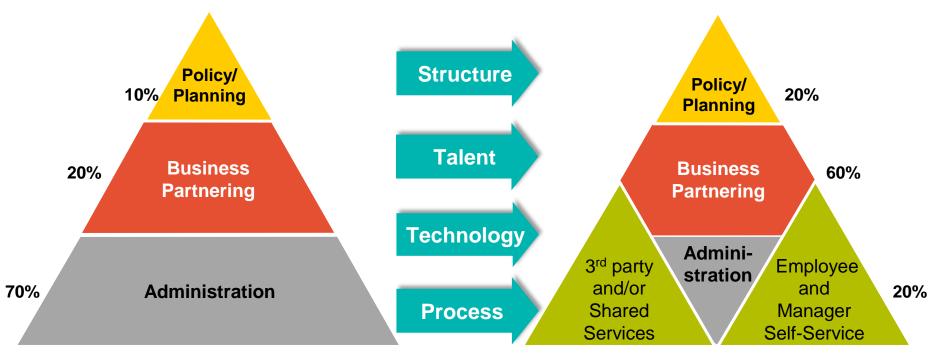
HR is changing how it organizes itself



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



Traditional HR Service Delivery Model

Prevailing HR Service Delivery Model

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

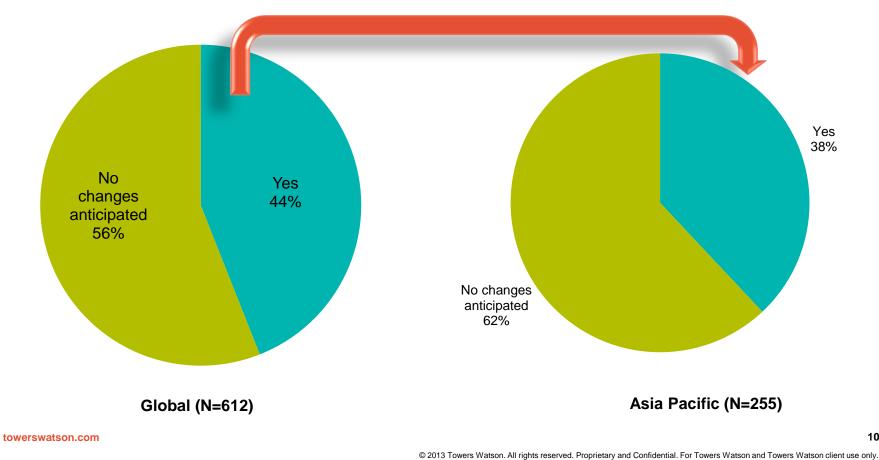
The following represents Global and Asia Pacific results unless otherwise specified



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.

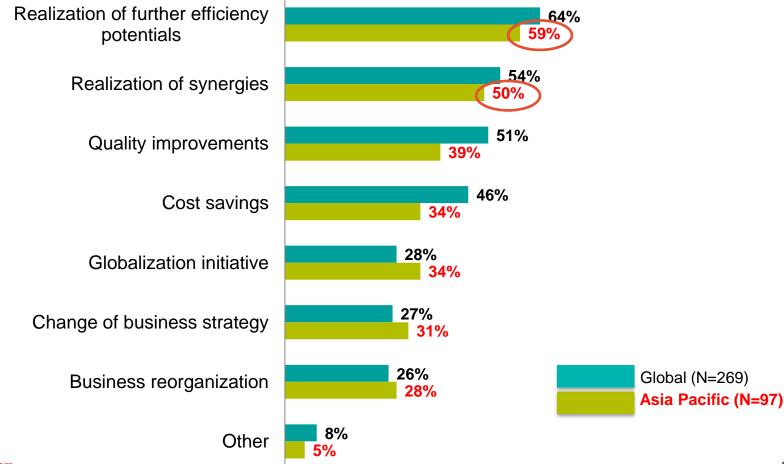
Almost 40% of Asia Pacific participants are planning to change their HR Structure

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



2012 HR Service Delivery Survey Results - Global and Asia Pacific Results

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



Reasons for Changing Current HR Structure

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2012 HR Service Delivery Survey Results – Global and Asia Pacific Results

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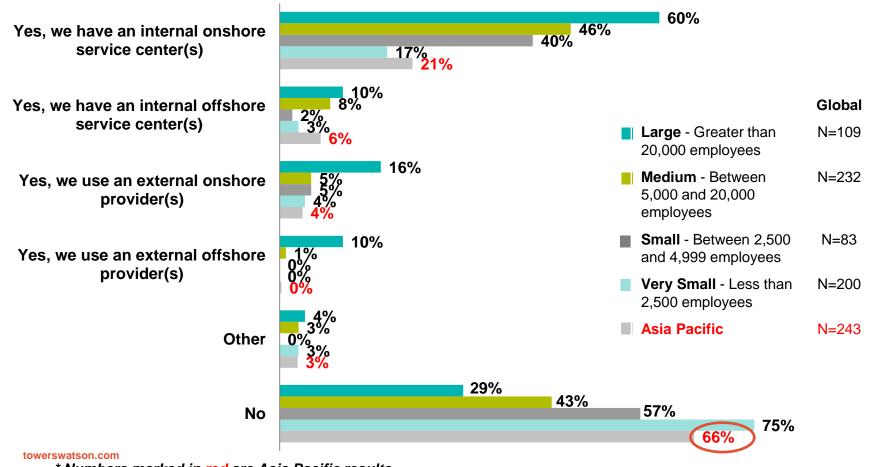
Globally, HR is in restructuring mode to be more efficient and cost effective Almost 40% of Asia Pacific participants are planning to do so to be more efficient and to realize synergies.

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?

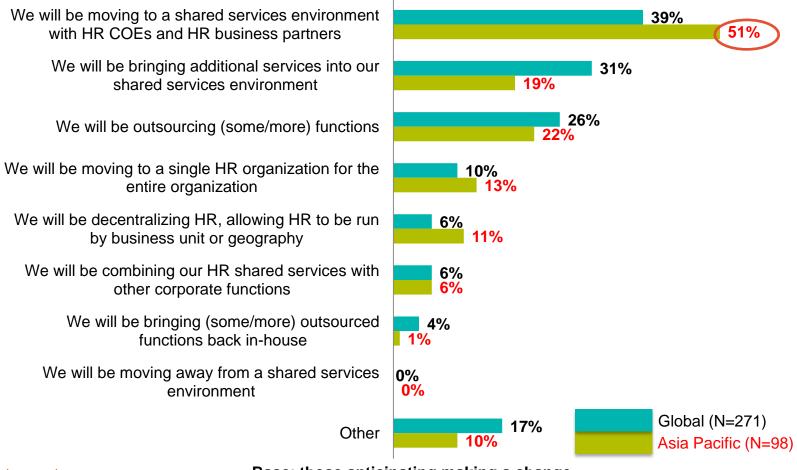


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What changes to HR structure are we anticipating?

Anticipated Changes to HR Structure in 2012 or 2013



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Base: those anticipating making a change

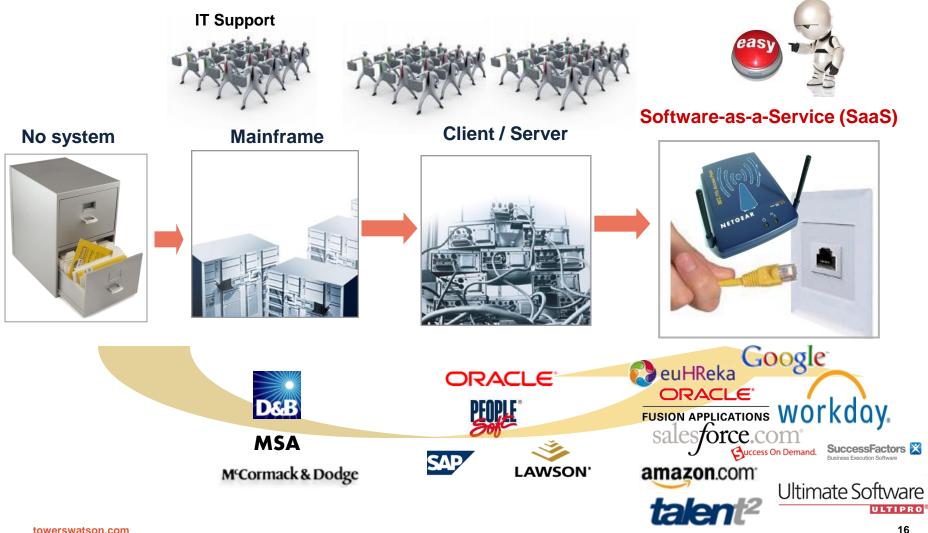
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2012 HR Service Delivery Survey Results – Global and Asia Pacific Results

Key Findings from 2012 HRSD Survey

Technology

Cloud computing is reaching the tipping point in HR technology



HR technology landscape is consolidating



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

SuccessFactors X

salesforce.com buys Rypple Largest SaaS provider is moving in to the HR "space"

Kenexa[®] buys OutStart LMS



acquires Kenexa

buys Jobs2Web

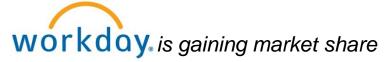
17

\$110MM

Peoplefluent[™] buys Strategia LMS Completes their "suite"

ORACLE[®] extends offer to buy Taleo for \$1.9BN 6.5x trailing 12 month sales

Meanwhile...



Starting with the headlines: 9 key findings to remember

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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.

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 is considering this as an option.



2

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

Talent/performance systems: #1 Service Delivery Issue

Talent/performance systems	24%	46%
Implement a new HRMS	11% 23%	
More involvement in strategic business-driven issues	9% 25%	
Recruiting/Staffing services/Systems	<mark>7% 25%</mark>	
Streamline business processes	<u> </u>	
Cost reduction related to HR administration	5% 10%	
Upgrade HRMS to a new version/System	5% 10%	
Compensation services/Systems	<u>4%</u> 12%	
Training	4% 30%	
Improve line managers' people management capabilities	<u>4%</u> 18%	
Payroll/Time management services/Systems	4% 10%	
Systems integration	3% 10%	
Introduce standard workforce planning process and tools	<mark>2% 9</mark> %	
Accuracy of data	<mark>2% 9%</mark>	
Utilize additional HRMS modules	<mark>2% 6</mark> %	
Deploy manager self-service functionality	<mark>1% 5%</mark>	
HR website/Usability	1% 6%	
Define/Deploy human capital metrics and dashboards	1% 7%	
Deploy employee self-service functionality	1% 5%	
Consolidate multiple HR systems globally	1% 4%	
Benefit services/Systems	<mark>1%</mark> 4%	
Create a global data warehouse	<mark>1%</mark> 2%	Global n = 606, As
Enable mobile access to HR self-service applications	1% 0%	* Numbers marke
owerswatson.com Other	2% 5%	

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

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Other **2%** 5%

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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)

Starting with the headlines: 9 key findings to remember

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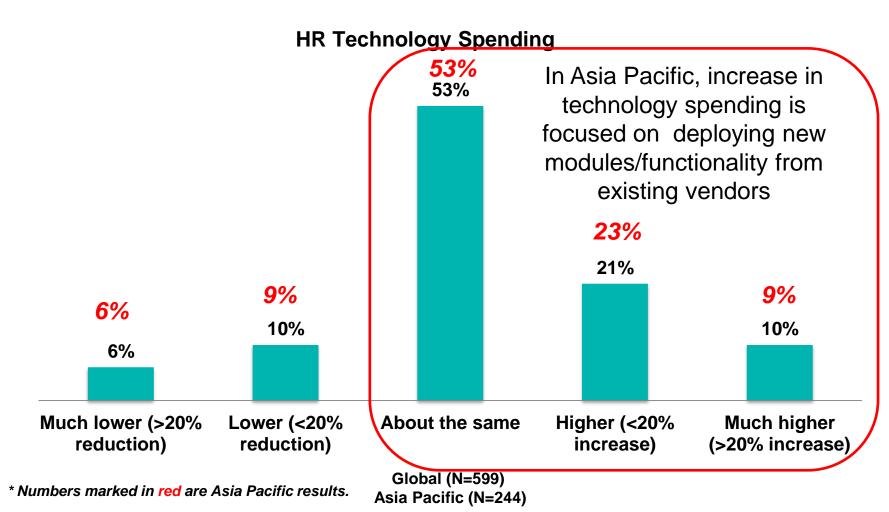
2

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



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.

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



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2012 HR Service Delivery Survey Results – Global and Asia Pacific Results

Starting with the headlines: 9 key findings to remember

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Structure

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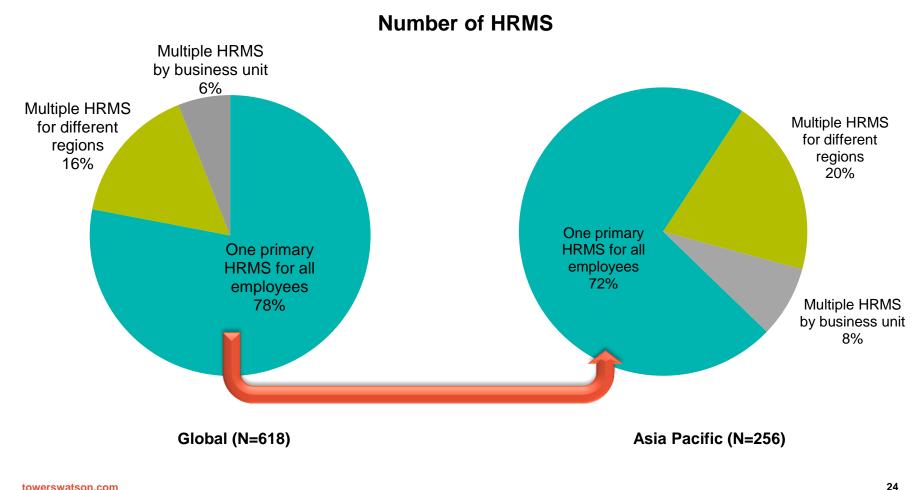
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5

4

Both Global and Asia Pacific trends are one HRMS for all employees

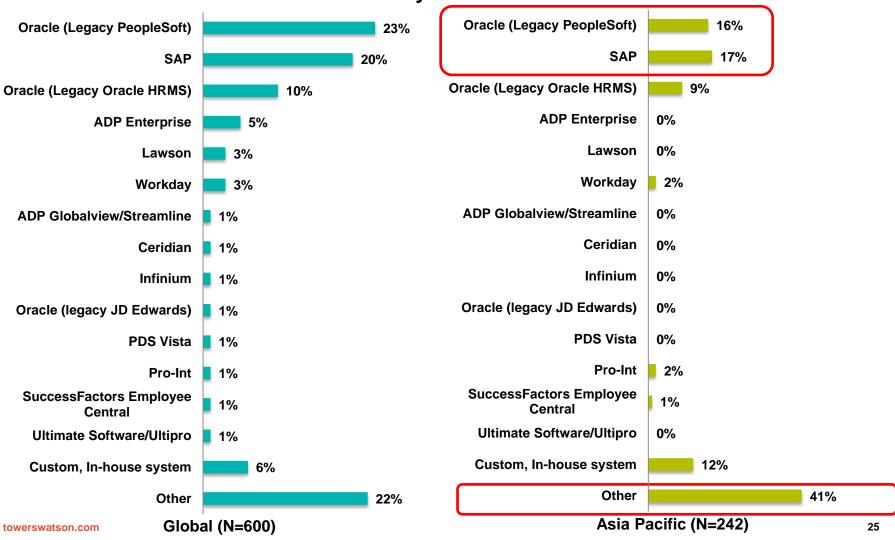
Single HR system? It is more prevalent in Asia Pacific than in Global



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

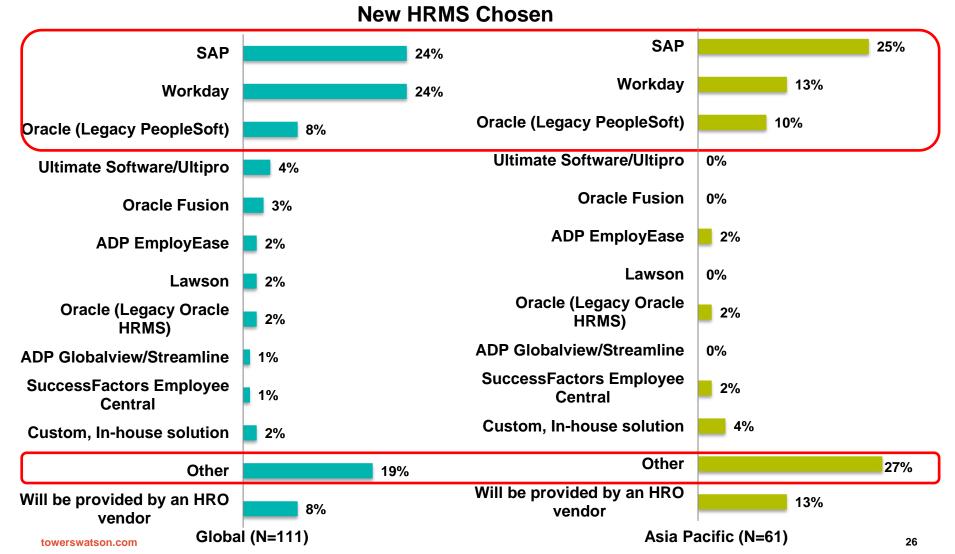
Primary HRMS



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



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Key Findings from 2012 HRSD Survey

Processes

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



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



6

7

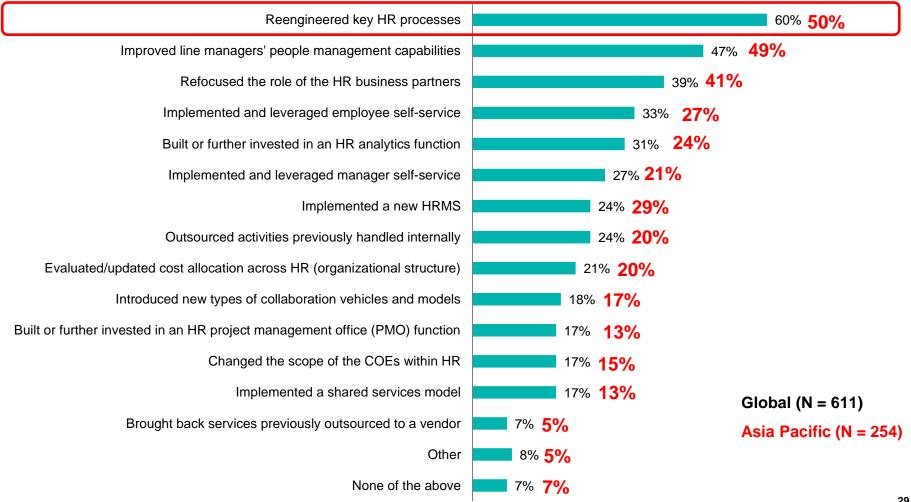
8

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%)



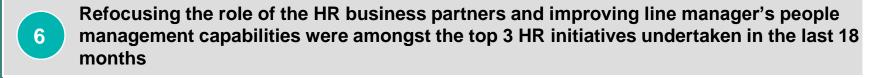
Reengineered key HR processes becomes the top initiatives in the past 18 months.

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)*





7

8

9

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%)



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

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

\mathcal{C}	68%) 10% 4	I% 18%
View vacation/sick-time usage and balances n = 353	55%		% 29%
	52%	10% 1	1% 27%
Update performance goals and results $n = 352$	52%	<mark>9%</mark> 12	.% 27%
	49%	11% 12%	28%
Requires HRIS Change personal data n = 359	46%	10% 13%	
View pay stub/pay slip n = 353	55% 44%	11% 8%	26%
view pay stub/pay slip II = 555		9% 8%	39%
Identify/enroll in learning and development opportunities $n = 350$	39% 41%	13% 13% 12% 12%	35% 35%
	37%	11% 15%	37%
Update skills, competencies, education, certifications $n = 349$	36%	12% 14%	38%
	38%	9% 11%	42%
View total compensation and/or benefit statement $n = 349$	31%	8% 11%	50%
	23% 7%	15%	55%
View career ladders/job-level definitions $n = 345$	21% 8%	14%	57%
"Offboard or leaver administration" as employees exit the organization n	23% 8%		55%
	23% 8%	12%	57%
	20% 11%	15%	54%
Review career development possibilities and priorities n = 342	22% 9%	15%	54%
Begin "onboarding or joiner administration" before start date by updating	23% 8%		55%
personal data, taxes, benefits, orientation, etc. via the Web $n = 340$	18% <mark>10%</mark>	15%	57%
In place now During 2012	∎ In 2013	Beyond 2013 or	no plans

* 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

	54%	6% 8% 32%
Review/Update employee performance n = 343		
	46%	6% 12% 36%
Register/Approve training classes for employees $n = 342$	42%	7% 11% 40%
		8% 10% 44%
Initiate/Approve job requisitions n = 333	39%	8% 10% 43%
Determine bonus/Variable compensation $n = 333$	26% 6% 31% 7%	10% 58% 10% 52%
	32% 10%	9% 49%
Transfer employees n = 337	29%	13%
		13% 53%
Promote employees n = 335		51%
		57%
Terminate employees (e.g., voluntary, retirement) n = 336		0% 54%
		% 61%
Change salary (e.g., off cycle) n = 335	25% 9% 10	
Terminete employaça (involuntarı) n. 220	23% 8% 7%	<mark>62%</mark> 61%
Terminate employees (involuntary) n = 330	23%7% 9%	
Extend/Make offers n = 329	19% 5% 9%	67% 64%
	26% 10% 12%	
Search existing employee population for suitable candidates $n = 333$	21% 10% 15%	
	19% 7% 14%	60%
Perform succession planning activities n = 332	20% 8% 16%	56%
View scorecard of key human capital and business performance metrics n =	18% 8% 12%	62%
330	15% 7% 12%	66%
	16% <u>8%</u> 13%	63%
Workforce planning (project future workforce demand and supply) n = 331	12% 8% 14%	66%
In place now During 2012	In 2013	Beyond 2013 or no plans
	2010	

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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	Think more broadly – and creatively – about where talent is sourced	Embrace the virtual workplace and support a wide range of different work scenarios	Invest more heavily in retraining and reskilling	Rethink and restructure how certain work is accomplished
Business rigor	Talent sourcing	Virtual workplace	Re-skilling	Rethinking work

Top of mind HR service delivery issues... How Towers Watson can help

	You	Examples of how Towers Watson can help
	are moving to a Shared services environment/ three-circle model	 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
	are not satisfied with your Talent/Performance Systems	 Review of your existing talent management systems and provide recommendations on improvements Support you in implementing a new talent management system
	want HR to be more involved in strategic, business-driven issues	 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	 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



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Contact Us

George Ho

+65 9725 8413 george.ho@towerswatson.com

Thank you for your interest in Towers Watson.

For questions or information request, please

contact one of our leaders.