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INTEGRATION OF SERVICES EQUALS

WIN-WIN FOR CLIENTS

& SERVICE PARTNERS

A case study of service providers working together to collectively
devise better solutions for mobility processes By Michelle Sandlin, SCRP, GMS-T

How do you define a successful global mobility program? One might say it has a streamlined approach, with built-in cost-saving measures, and is able to mobilize an organization's workforce with the least disruption to the employer, the employee, and their family. While that might sound simple in theory, it requires careful and deliberate orchestration.

Obviously, that is easier said than done!

As the complexities of the mobility process continue to evolve, requiring the expertise of the many service providers necessary for a successful relocation, the idea of combining services has become increasingly prevalent.

But it must go beyond mere collaboration and enter the space and tone of true partnership, where service providers work together to collectively devise better solutions for a myriad of mobility processes. If done effectively, those partnerships will result in process improvement and cost-savings for the client.

That was the case more than seven years ago, when Orion Mobility and EY linked their systems and partnered in serving the needs of their mutual client, Merck Sharp & Dohme Corp. (MSD), then based in Whitehouse Station, New Jersey.

Sean Watts, principal, people advisory services with EY, calls the integration of services between Orion and EY for MSD a best-practices model of how such integration can work. Orion manages the expense processing and payment side of the transaction, and EY manages the collection, reporting, and taxation of that expense data.

"It's a natural relationship, where we are giving the instructions about what the employees will get paid in conjunction with MSD's payroll," Watts says. "Meanwhile, Orion manages all of the expense processes and feeds that data, which flows through to EY."

WHY THE NEED FOR INTEGRATION OF SYSTEMS?

According to Peter Fonseca, CRP, president of Orion Mobility, a couple of issues that had arisen were problematic for MSD.

The first was that each of MSD's foreign offices handled all of its internal payments for mobility. So, when an employee went on assignment, the global mobility group managed the actual move, while Orion made the payments for the physical move. While assignees were on assignment and on the host country's payroll,

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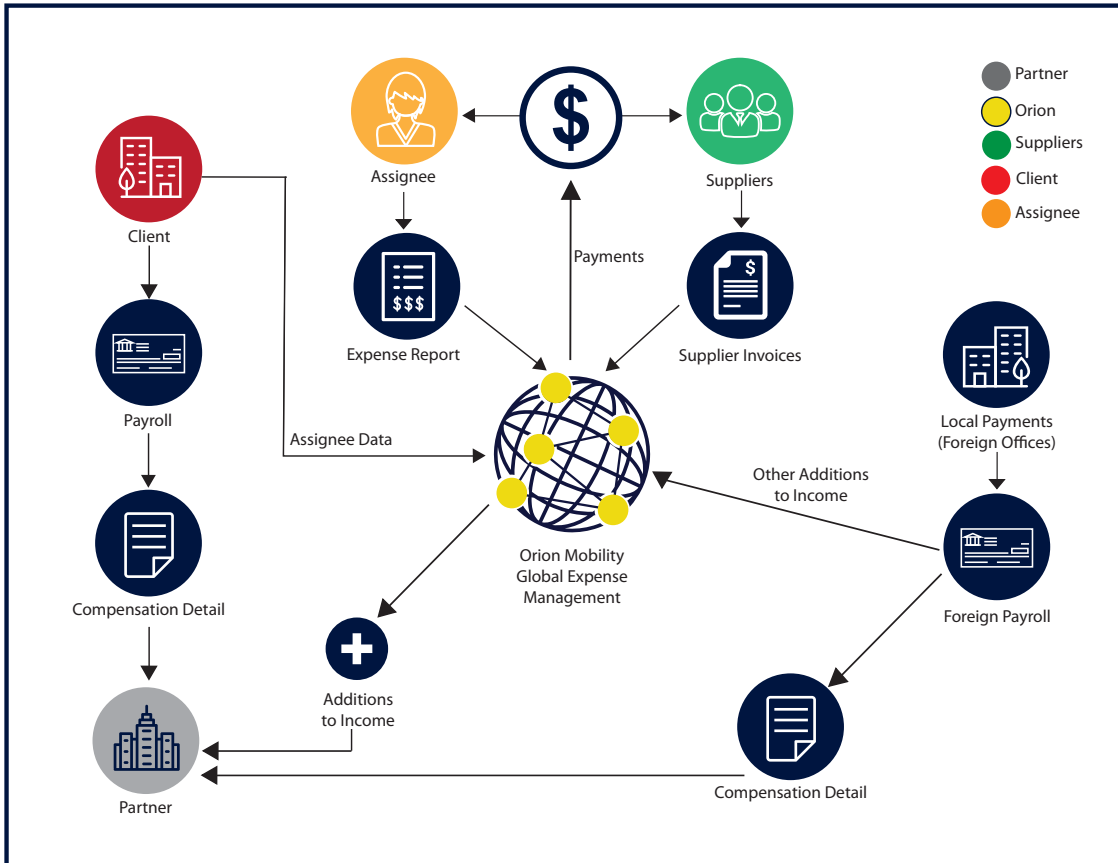
many of their ongoing expenses were generated and processed from that foreign office. It was a very cumbersome and administrative-heavy process to contact all the different host locations to gather that information at year-end. In many instances, it could take weeks to collect and organize the data.

The other issue was that there was no control being administered, since those payments were being made locally in different foreign locations. That meant that no one from the global mobility side of the business was monitoring those payments or approving any unexpected costs.

"That's why all of the payments started flowing through Orion, because we were able to put that control into the process," explains Fonseca. "The same audits and procedures we put in every other part of the relocation were now being applied to payments. Even those that were being done overseas were now being funneled through Orion. So it fixed that issue."

He adds, "Then it resolved the issue of not needing to go out and gather all of that data, because Orion was then funneling our data directly into the EY system, which was essentially handling all of the foreign payrolls for these individuals."

So, Fonseca says, the genesis of the integration between Orion and EY was a planned event. Orion



had direct feeds into the MSD U.S. payroll systems, and MSD engaged EY to handle its international payroll services. Orion had a lot of the data that EY needed, so they worked together with MSD to develop the interface that would send data from the Orion systems into the EY systems.

Watts adds that there is also a compliance aspect to the integration of their services. EY makes sure there is accurate reporting from a payroll perspective throughout the payroll process, and that the same data goes into the employee's and employer's tax returns.

Fonseca says that in handling the global expense management for MSD's global mobility program, Orion processes all the payments and manages the policy compliance associated with them. This is a big improvement over the way it was managed in the past, when a large number of those transactions were handled locally at the host locations. The advantage for MSD is that all the payments are now being audited and processed by one group, and the data is centralized.

MAPPING THE PROCESS

The process that was implemented is shown on the diagram above.

The corporate customer—in this case, MSD—initiates services with Orion. This can be done through a data feed system, or through an online portal, whereby the corporate customer can feed the assignee data directly into the Orion systems.

Once a file has been initiated with Orion, information and data can then be gathered and sent to all the different service partners involved in the process.

The assignees and suppliers can submit expense reports and invoices into the portal. Once they are audited for compliance, Orion tracks and makes payments to the assignees and the suppliers. At the same time, local foreign offices also feed data into the Orion systems. This could include information about payments made locally while on assignment for lodging, tuition, etc., as well as any allowance payments that were made locally.

All the collected data, including reimbursed payments, are then fed directly into the international tax provider's—in this case, EY's—systems for worldwide compensation reporting purposes. This eliminates the need for EY to collect the data manually, thus saving time and money.

BENEFITS OF INTEGRATION FOR THE CLIENT

Heather Tuttle, director of global mobility for MSD, says from her perspective additional cost-savings result when her supplier partners work well together and are able to improve the processes and the handoffs. She says this is what ultimately makes the process more effective, so that her mobile employees can get back to work faster. She sees the cost-savings in terms of the productivity of the employees.

"Some clients are very cost driven and very bottom-line driven, but MSD is driven more by the client satisfaction of our relocating employees," says Tuttle. "We obviously will always have a focus on cost, but we are driven more by the reduction in disruption to the lives of our employees, and how soon they can get back to work. To us, that is where the win is."

When looking at it from the international assignee's point of view, Watts adds, if data integration is efficient throughout the whole assignee lifecycle, there can be increased efficiency of the whole process.

"You can get tax returns done faster and employees paid faster, and you can make the employees happier if you have a process that is more seamless and more efficient," says Watts.

From Fonseca's perspective, he says, a huge benefit that Orion and EY are able to provide to MSD is the accuracy of the data.

"The majority of the payments are being done by Orion, so we know that every payment we issue is being funneled into EY," explains Fonseca. "EY collects the compensation information from each of the host locations, which they know they can gather accurately, because the data is being put directly into the payroll systems. So, a huge benefit is the accuracy of the data and the assurance of knowing what we've put in, and what EY is preparing at the end of the year, will be accurate. MSD has reduced the amount of additional work that needs to be done for their individual employees at tax season."

BENEFITS OF INTEGRATION FOR SUPPLIER PARTNERS

According to Watts, integration also has benefits for the supplier partners.

"If we are able to work well in an integrated fashion in servicing the client, there's less finger-pointing among vendors," explains Watts. "There's less conflict. It's a more efficient process, and we are able to deliver seamless services to the assignee and the program management team."

Fonseca adds, "The top benefit for both of our organizations is that we know by working together that we are providing our client with the most accurate information in a timely fashion. Internally, we've been able to reduce our workload by sharing data with each other. This allows us to pass the savings on to our clients."

By integrating services and systems, service partners are also able to strengthen their relationships with each other, while promoting the value that they bring both individually and collectively to their clients. If integration is done successfully, business relationships will be cultivated up and down the supply chain that are based on the alignment of goals.

LESSONS LEARNED

When it comes to the strength and success of the relationship that MSD has with its suppliers, as well as the relationship that the suppliers have with each other, Tuttle says it is critical for the company to know what their requirements are, and to openly articulate their culture and expectations to their suppliers. Otherwise, she says, the suppliers will likely fail.

"I find that one of the reasons my suppliers and I work so well together is that I treat them as valued partners. They are not my suppliers; they are my business partners who help me get the work done. I trust them as I would my colleagues, and I think that plays a big part in our success," says Tuttle.

As for the relationship she has fostered with her service partners, Tuttle adds, "What I love about the Orion-EY relationship, and with BGRS [formerly Brookfield Global Relocation Services] as well, is that there is no posturing. They just jump in and get the job done. One of the things that I have been really shocked about is how nicely they have really just put down their own agendas and taken on mine, which is to effectively relocate my employees in an efficient manner and get them back to work."

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LOOKING TO THE FUTURE

So, as we look to the future of the industry, the idea of service partners working together and integrating their services will likely become more important to the success of global mobility programs.

Watts echoes this sentiment: "More and more pressure is put on the leadership teams that are running mobility programs. They have less time to focus on the details and the flow of operations below the strategic level. The typical mobility needs today are supporting their HR business partners, defining strategy, and talent management. So, they are relying more on the vendors to do the services behind the scenes. To make that work, the mobility professional of tomorrow can't spend all

of that time managing individual vendors and the interaction between those vendors."

He says the responsibility falls on the service partners themselves, who have to work together and create that partnership so they can present a united level of service to their clients. Moreover, the mobility function will likely focus less on managing individual service providers, looking instead at the strategic overview of the process in general.

As for advice to service providers looking to forge or solidify relationships and integrate services with other providers, Fonseca recommends starting with the client base that a supplier already has.

He says the client and the service providers should sit down together and talk through each of their processes to understand what everybody is doing and how it all fits together. Then they should map out those processes and evaluate them. This will help them find ways to streamline those processes and look for aspects that might naturally fit together, and those that need to be omitted.

"You will find that creating data feeds that go into each other's systems will help eliminate a lot of the administrative work," says Fonseca. "One of the key takeaways from all of this is that creating these data feeds or integrations with each other, and/or each other's software, not only saves time, but it reduces the amount of manual error, especially during a crunch time, when everybody is trying to input as much data as possible. The ability to feed data will eliminate such issues."

At the end of the day, Fonseca says, it is important for corporations to encourage their suppliers to work together.

"I think it's important to educate the corporate client and to tell them that having their suppliers sit down together, conduct regular meetings, and encourage them to develop more efficient processes between each other can greatly benefit them as the client. It's also going to help build the relationships among the suppliers, so that they feel excited about working together instead of working against one another." *M*

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