“HCM Transformation is a journey, not a destination”
Agenda

- HCM Transformation Vision
- What we have done to date
- Pain Points and Challenges
- How do we Improve and Transform
- New Terminology
- Timeline
- Measuring Success
HCM Transformation Vision

What do we want to achieve?
Concepts - Themes

- Empowered Managers and Employees
- Automation – trigger capability and paperless
- Culture of trust and accountability
- Consistency from hire to retire for all employees
- Exception based processing vs. transactional based approvals
HCM Transformation

- **Build a solid Foundation**
  - Essential requirement for sound HR service delivery
  - Improve efficiency of core HR processes
  - Support global and local compliance

- **Enablement through Engagement**
  - Build and develop a high performing workforce
  - Right person, for the right job, at the right time
  - Increase performance through development, empowerment and rapid communication
  - Provide a transparent and analytical view on the workforce
HCM Business Process Reengineering

Enablement through Engagement

Build a Foundation

- Employee Central
- EC Payroll
- EC Time
- Benefit Focus

Performance and Goals
Onboarding
Recruiting
Succession Development
Learning
Compensation

Workforce Analytics

Copyright 2016 by EPI-USE. Confidential and proprietary.
Triggered Base Capability

- Manager selects to post, review or eliminate position; automated flow to next step
- Position posted; position budget approved, when applicable
- Candidates reviewed – supervisor/committee access information easily in system
- Offer letter auto-generated
- Acceptance triggers automated onboarding and employee data populated in HR/Payroll system
- Vacancy prompts automated posting options
- Employee and supervisor have baseline goals and first 90 days mapped
- Employee completes week one activities - enrolls in benefits, when applicable
- New employee has system access day one
- New Employee receives welcome message/completes pre-start date activities
- New Employee receives welcome message/completes pre-start date activities
- New Employee receives welcome message/completes pre-start date activities
- New Employee receives welcome message/completes pre-start date activities
What does Purdue use today?

Technology supporting HCM processes
## HCM Core components – current technology

<table>
<thead>
<tr>
<th>Components</th>
<th>Faculty</th>
<th>Staff</th>
<th>Student Undergraduate</th>
<th>Graduate Staff</th>
<th>Temps</th>
<th>Regional campuses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core HR</td>
<td></td>
<td></td>
<td></td>
<td>SAP HR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefits</td>
<td></td>
<td></td>
<td></td>
<td>SAP Benefits / EBS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Time</td>
<td></td>
<td></td>
<td>Paper Process / SAP Time / Kronos</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll</td>
<td></td>
<td></td>
<td>SAP Payroll with ADP for Tax Payments and reporting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation</td>
<td>SAP and Budget, paper based</td>
<td>SAP and Budget, paper based</td>
<td>Change in Pay handled through the Automated Dashboard system - SAP</td>
<td>Budget – rates and then salary updated through the Dashboard</td>
<td>Paper based process to record salary in SAP</td>
<td>Same as other employee categories</td>
</tr>
</tbody>
</table>
## HCM Talent components – current technology

<table>
<thead>
<tr>
<th>Components</th>
<th>Faculty</th>
<th>Staff</th>
<th>Student Undergraduate</th>
<th>Graduate Staff</th>
<th>Temps</th>
<th>Regional campuses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruiting</td>
<td>Paper process, ECN tool and Taleo</td>
<td>Taleo</td>
<td>SEMS and Paper process</td>
<td>No process</td>
<td>Taleo or outside agency</td>
<td>Varying methods by ee groups</td>
</tr>
<tr>
<td>Onboarding</td>
<td>Faculty Orientation</td>
<td>Varying Processes</td>
<td>Student Orientation by area</td>
<td>GPO – graduate orientation</td>
<td>None</td>
<td>Varying methods</td>
</tr>
<tr>
<td>Performance &amp; Goals</td>
<td>Varying Processes outside of SAP</td>
<td>SAP and paper processes</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>Other processes not in SAP</td>
</tr>
<tr>
<td>Succession Planning</td>
<td>None officially</td>
<td>None officially</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None officially</td>
</tr>
<tr>
<td>Learning</td>
<td>Blackboard / Premis</td>
<td>Blackboard / Premis / Sharepoint</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>Blackboard (at some of the regionals)</td>
</tr>
</tbody>
</table>
What have we done to date?
Approach

- Discovery Sessions – reviewing current processes
- Completed Business Process Map
  - Existing processes (over 300 for HCM)
  - Standard processes in SuccessFactors
- Mapped data fields between the old and the new
- High Level Gap analysis
- HR Organizational Plan
Gaps identified

- Fund and Grant allocation on an employee level
- Time recording devices
- Effort Reporting
- Non Resident Alien data points
- Concurrent Employment
Pain Points and Challenges

Our findings to date
HR Structures

- Master Data – inconsistent with standards
  - Employee group and subgroup is overly complex
  - Sub groups combine multiple elements into one value
  - Tracking information at each position

- HCM Org structure
  - Many custom relationships and objects
Benefits

- Benefit Process Manual and Complex
  - Benefit eligibility flag manually assigned and at a position level
  - Inconsistency of data between Ebenefits and SAP
    - Manual reconciliation of interface files between vendors
    - Reconcile between systems
  - Complex policies creates difficulty in automating processes
Payroll cycles and steps

- **Payroll Areas:**
  - Monthly: AY
  - Monthly: FY
  - Bi-weekly: BW

- **Number of pay cycles:**
  - Regular: 50
  - Scheduled off-cycles: 52
  - TOTAL ANNUAL 102

- **Steps annually: 6,000+**
Summer Pay

- Complex calculations of pay rates per course on spreadsheets

- Manual tracking on spreadsheets and reporting to payroll

- Delays in reporting resulting in many retroactive calculations
Job Structure and Pay structure

- Job Structure and Pay Structure

- Employment Process (recruitment to hire)
  - Three systems – Taleo, SEMS, Academic
  - Manual tracking
  - No interface to SAP
How do we improve and transform?
Addressing the pain points
Simplify – Standardize – Re-engineer

- Bi-weekly payroll area should remain to support:
  - Indiana legal requirements for when payment is due
  - FLSA calculations based on completed work weeks

- Monthly payroll areas should be consolidated to one payroll area as it has the same periodicity, and pay date. No system or other reason to have 2 monthly payroll areas

- Changing the periodicity of the monthly payroll will introduce risk to the project as it will not be possible to compare the cloud payroll results to the current payroll
Payroll Area Consolidation

- Bi-weekly payroll area should remain to support:
  - Indiana legal requirements for when payment is due
  - FLSA calculations based on completed work weeks

- Monthly payroll areas should be consolidated to one payroll area as it has the same periodicity, and pay date. No system or other reason to have 2 monthly payroll areas

- Changing the periodicity of the monthly payroll will introduce risk to the project as it will not be possible to compare the cloud payroll results to the current payroll
Results of consolidation / optimization

- Payroll Areas:
  - Monthly: AY
  - Monthly: FY
  - Bi-weekly: BW

- Number of pay cycles:
  - Regular: 50
  - Scheduled off-cycles: 52
  - TOTAL ANNUAL: 102

- Steps annually: 6,000+

- Payroll Areas:
  - Monthly: NEW
  - Bi-weekly: BW

- Number of pay cycles:
  - Regular: 38
  - Scheduled off-cycles: 24
  - TOTAL ANNUAL: 62

- Steps annually: < 990
Results of consolidation / optimization

<table>
<thead>
<tr>
<th>Payroll Process Category</th>
<th>Steps - Current</th>
<th>Steps - Future</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll Process steps</td>
<td>11</td>
<td>4</td>
<td>Automated</td>
</tr>
<tr>
<td>Payroll validation reports</td>
<td>15</td>
<td>8</td>
<td>Mostly automated</td>
</tr>
<tr>
<td>Post Payroll - Create payments</td>
<td>17</td>
<td>1</td>
<td>Automated</td>
</tr>
<tr>
<td>Post Payroll - Create Bank files</td>
<td>11</td>
<td>1</td>
<td>Automated</td>
</tr>
<tr>
<td>Post Payroll - Posting to AP</td>
<td>9</td>
<td>1</td>
<td>Automated</td>
</tr>
<tr>
<td>Post Payroll - Posting to GL</td>
<td>4</td>
<td>1</td>
<td>Automated</td>
</tr>
</tbody>
</table>
| **Total**                        | **67**          | **16**         | **76%**            

*Reduction in process steps 76%*
Summer Pay optimization

- Use employee schedules to indicate summer schedule and calculate pay
- Employees capture summer activity through timesheet (mobile or web)

Will require policy change on uniform calculation of summer pay
Benefit Focus

- Become the Source of Truth
  - Eliminate multiple reconciliations of interface files
- Reduce Complexity
  - Eliminate (6) 25% of interface files
  - Reduce the number of vendors
New Terminology and Concepts

HR Structures
Employee Central Objects

- Business Unit
  - Division
    - Department
  - Division
    - Department
  - Division
    - Department

- Company Code
  - Location
  - Location
  - Location

EC Location = ECC Personnel Area
Employee Central Objects

IPFW

- School
  - Mechanical
  - Civil
  - Chemical

Northwest

- School of Management
  - Department

West Lafayette

- Academic Head
  - School of Mgmt
  - School of Educ
    - Management
    - Elementary

Company Code

- Calumet
- North Central
- IPFW

EC Location = ECC Personnel Area
HR Structure in relation to Finance

Note: Bold Red text changed from original text
Job family structure

**The Value Proposition**

- Clear Titles & Job Descriptions
- Career Path and Planning
- Salary Banding/Equitable Pay

**Key Building Block for:**
- Recruiting
- Promotions
- Merit Planning
- Learning & Development

**Questions**

- Can current systems and business processes deliver the value proposition?
- Why or Why Not?
- What needs to change and how might it impact other aspects of our business?

31
Timeline
HCM Project Timeline

Purdue Business Transformation Project

<table>
<thead>
<tr>
<th>Milestones</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun</td>
<td></td>
</tr>
</tbody>
</table>

MILESTONES

HCM: HR | PAYROLL

Benefits Focus

Copyright 2016 by EPI-USE. Confidential and proprietary.
Project Risks

- We all do not agree on substantial business process changes
- Hard decisions not made – related to policies and practices
- Job Family and Pay Structure not completed on time
- Culture change – accountability and trust
Measuring Success
Business Outcomes and KPIs

- Reduction in vacancy to hire cycle
- Standardized processes through automation
- Improve overall payroll process

- Service Levels – by employee groups – ex
  - Position posted within 24 hours from receipt of request
  - 100% of employees are in the system by date of hire
  - Employees Paid on time when hire action in system within 5 business day of Pay Date
Questions