

第五届人力资源共享服务中心年会

2016.12.8 上海



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TRANSFORM end to end payroll process with collaboration AMONG 3 pillars

Victoria Bi

Head of HR Operations, China

Dec. 2016

MERCK



WE ARE MERCK

HEALTHCARE, LIFE SCIENCE & PERFORMANCE MATERIALS



1668
founded



66
countries



50,000
employees



€1.7 bn
invested in R&D
in 2014



€11.3 bn
sales in 2014

What We Do



Prescription medicines to treat, for example, cancer, multiple sclerosis and infertility, **over-the-counter pharmaceuticals** for everyday health protection or to provide fast relief of colds and pain, as well as innovations in the areas of **allergies** and **biosimilars**.



Innovative **tools** and **laboratory supplies** for the life science industry that make **research** and **biotech** production easier, faster and more successful.



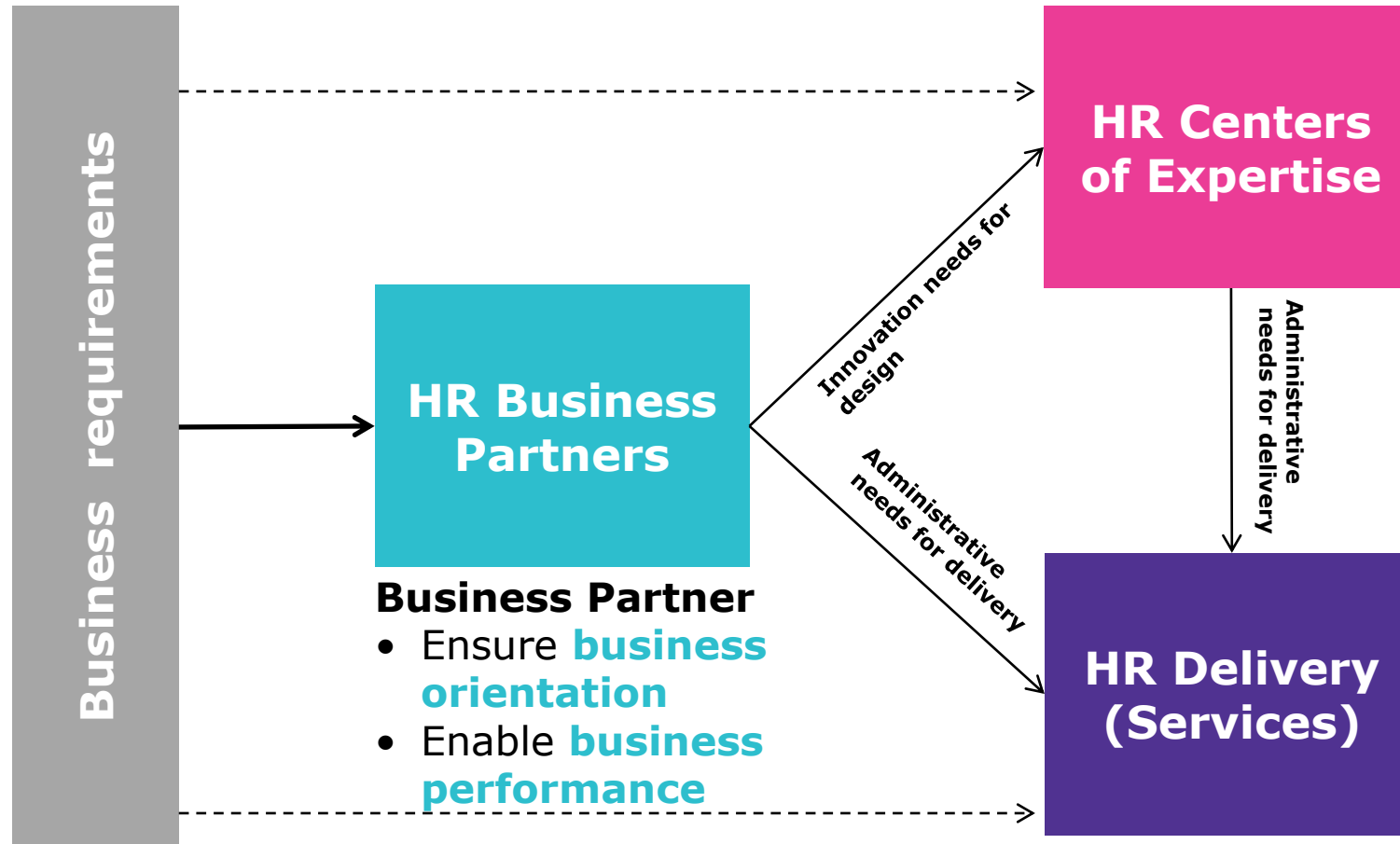
A wide range of specialty chemicals, such as **liquid crystals** for displays, **effect pigments** for coatings and cosmetics, or **high-tech materials** for the electronics industry.



02

OUR HR operating Model

HR's Operating Model



Subject Matter Expert

- Enable BP via **technical expertise**
- Ensure globally **consistent implementation** of HR processes and solutions

Standard Service Provider

- Enable BPs and CoEs by taking over **administrative tasks**
- Ensure **global consistency** of service delivery

03

Enable payroll transformation

Why is a Payroll Transformation Necessary in China?

Project Background

Payroll Operating is a **critical component of HR Service Delivery**.

However, the current payroll operation faces some **challenges** :

- 13 legal entities follow **different payroll cycle** resulting in process inconsistency;
- **Aging technology** unable to support an integrated payroll end-to-end process
- Excessive **manual work** required for daily payroll management;
- **Poor efficiency and effectiveness** of Payroll operations.

Mission Statement

- To fundamentally improve **Payroll Operation Efficiency** through a well-designed transformation framework,
- Strengthen **HR Service Delivery Capability** and **Cost Effectiveness**,
- Achieve an **Excellent Employee Experience**

Key Objectives

- Identify **improvement areas and define the future state** of Payroll Operational Excellence
- **Integrate multiple payroll cycles** across 13 legal entities;
- **Harmonize and standardize** end-to-end Payroll processes within China and HK
- **Outsource** standardized payroll process to outsourced vendor
- **Enhance global governance** of payroll process and service delivery, including **data accuracy/ integrity, service metrics transparency**



How will the Payroll Transformation Achieved?



Phase I
Baselining Research
and Process Design

Jul - Sep 2015



Phase II Implement Harmonized Process

Oct 2015 - Apr 2016



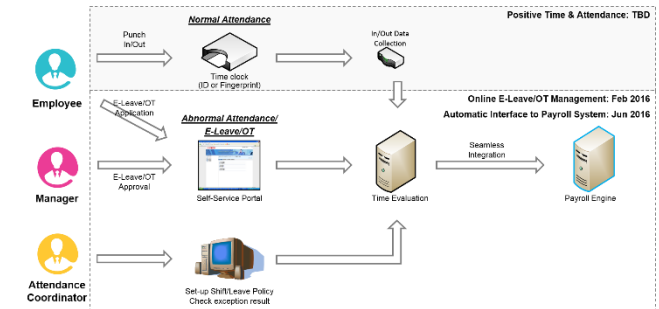
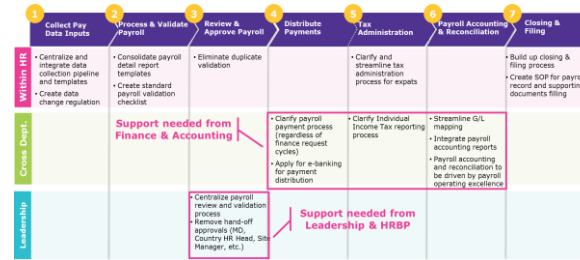
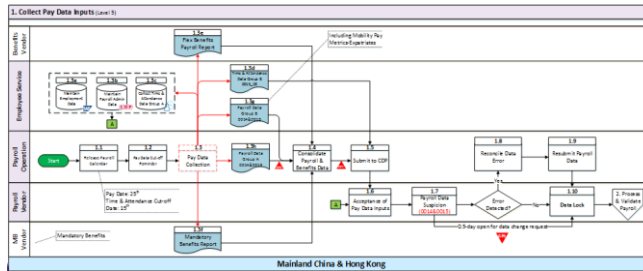
Phase III Enable Outsourcing

Nov 2015 - Jun 2016



Phase IV
Future Operation

From Jun 2016

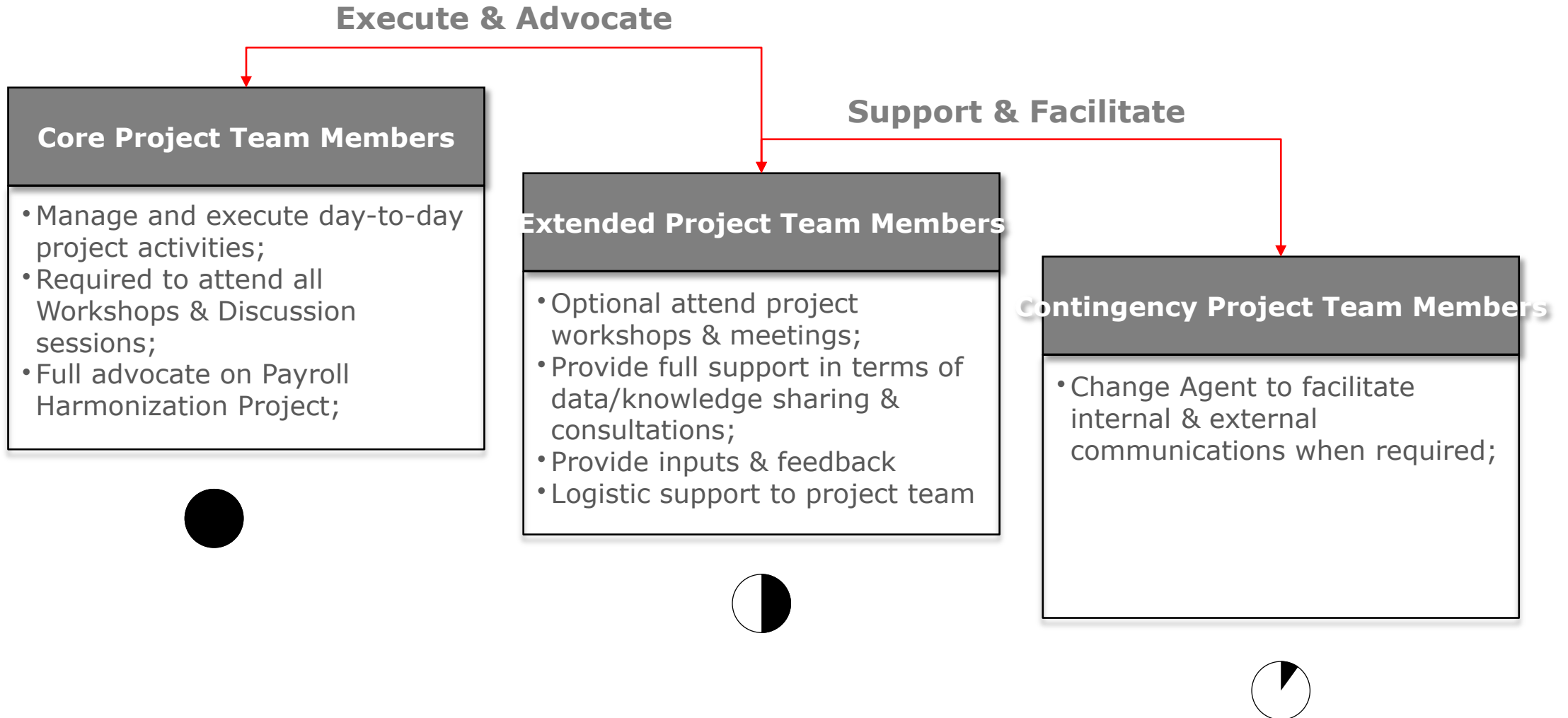


Define nationwide end-to-end payroll processes where control points/ segregation of duties well defined

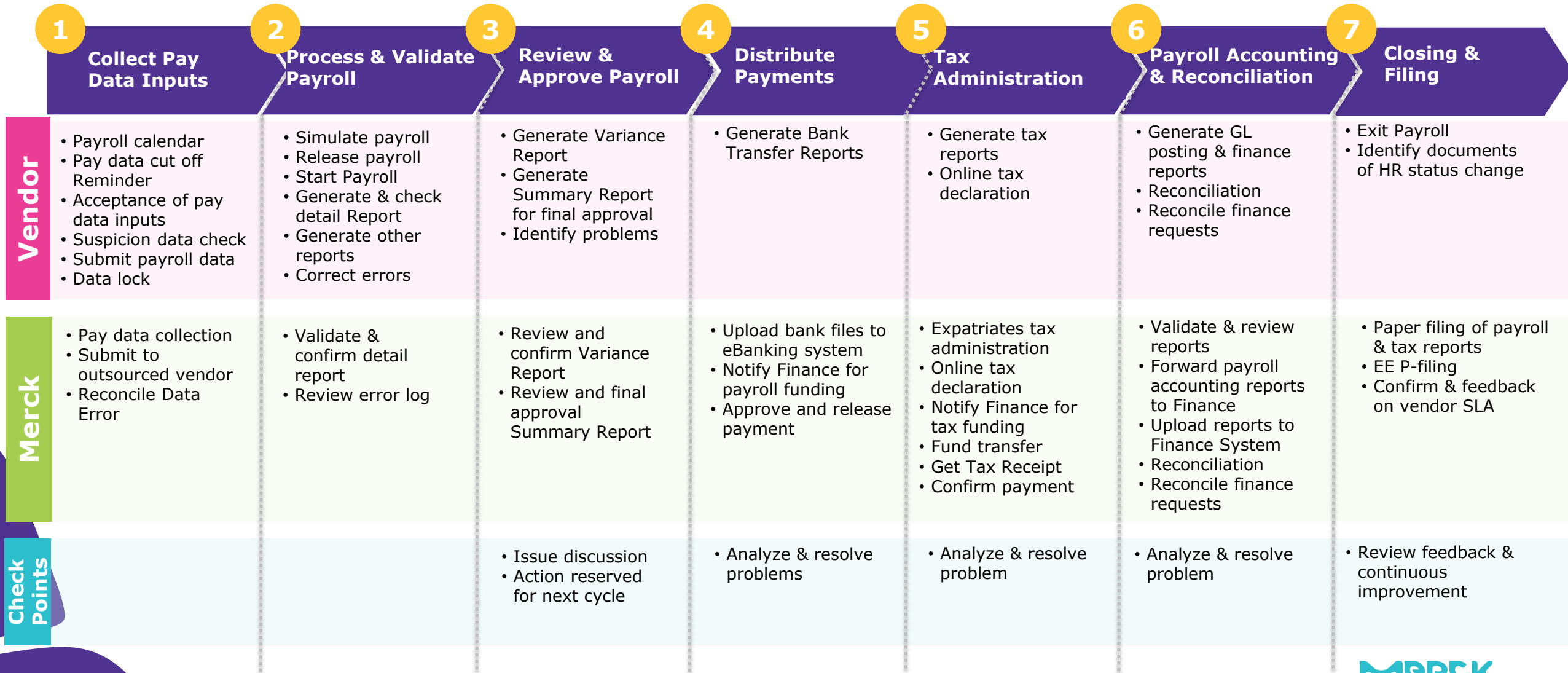
Conduct change actions with relevant stakeholders and implement outsourcing solution enabled by SAP

Go live SAP payroll system to automate payroll processes, where T&A, reporting functionality seamlessly integrated

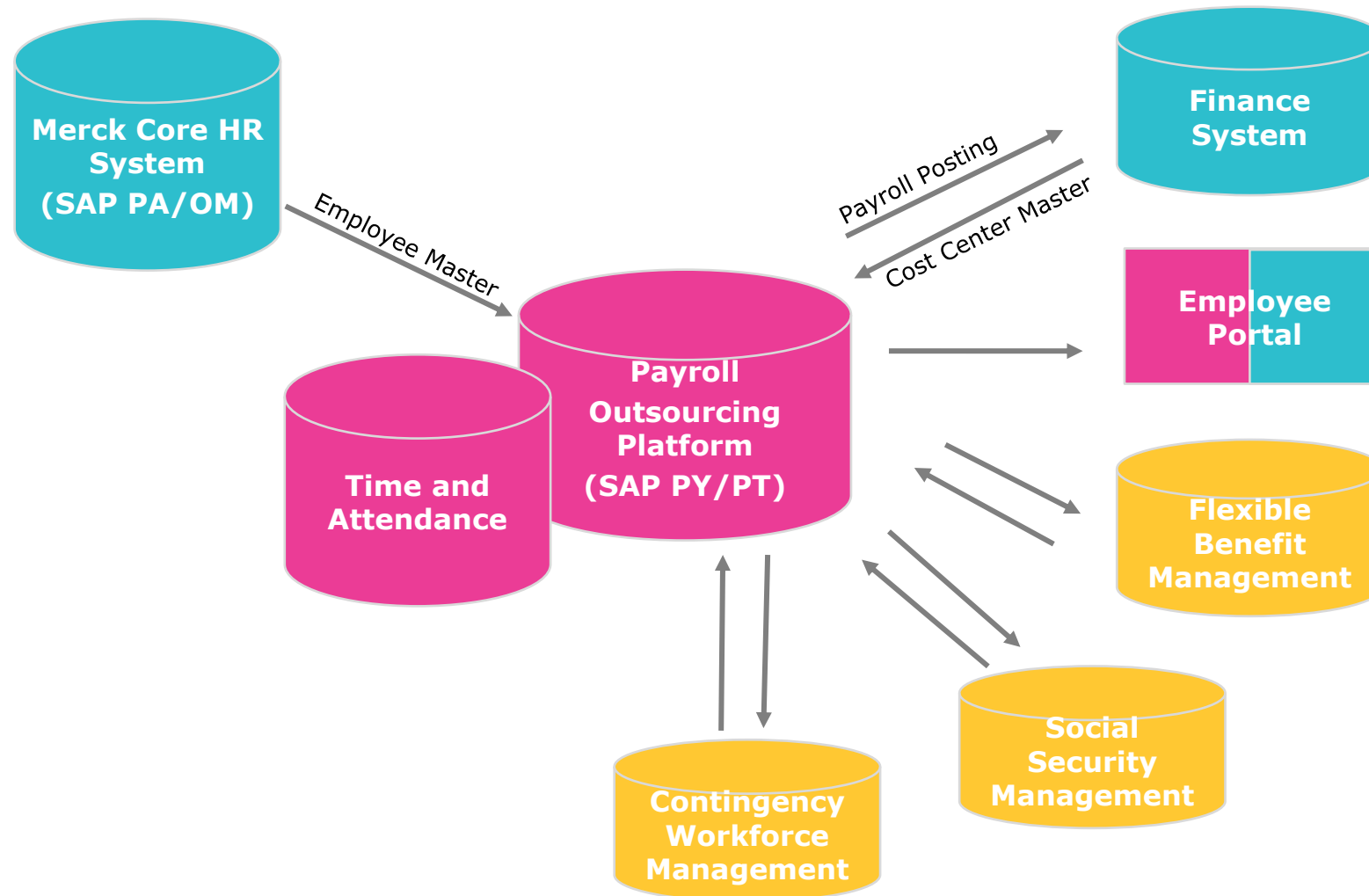
Roles and Responsibilities in the Project







To-be Process Highlight



Merck is building up a comprehensive system landscape surrounding payroll outsourcing module, which increased integrity and transparency



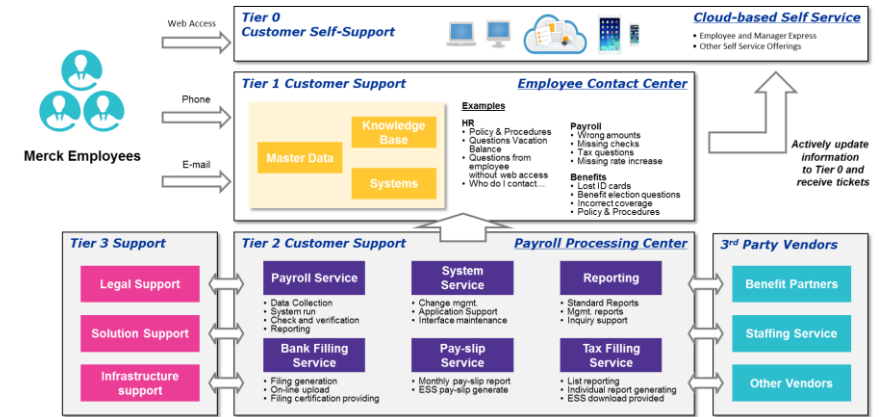
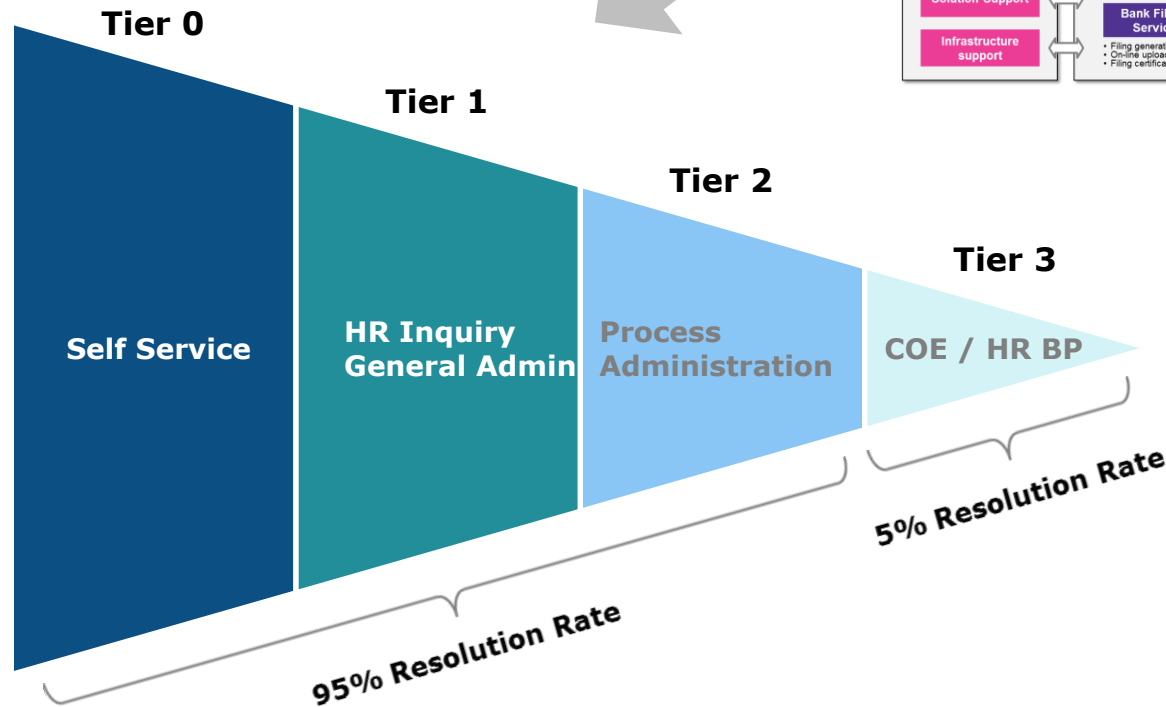
Legend:

-  Payroll Vendor's System
-  Other Vendor's System
-  Merck's System
-  System Interface

In future, Highest Cost Efficiency will be realized through Tiered Support Module in more aspects besides payroll service

- *Optimized efficiency and cost;*
- *Highest employees and managers satisfaction;*
- *Maximum scale effect based on standardization.*


 Employee, Manager,
 HR, Applicant,
 Retiree, etc.



What are the Measurable Benefits?

✓ Reduce administrative efforts

- Up to **3,510** man/hours per year.
- Comparing with built up in- house system, outsourcing solution could save up to **USD370,000**, within 5-year period

✓ Improve operational efficiency

- Reduce pay cycles from **9 to 1**
- Reduce multiple payment calendars from **9 to 1**
- Reduce customer service turnaround time

✓ Enhance compliance in payroll operation

- Review policies and processes to improve compliance level
- Simplify and streamline wage types

✓ Improve reporting capabilities

- Reduce # of payroll accounting reports from **45 to 6**
- Improve operational capability to scale quickly during reorganizations, mergers and acquisitions.

✓ Avoidance of overpayments & fines

- Avoid fraudulent overpayments from overstatement of time or abuse of Paid Time Off
- Avoid overpayments from overstatement of salary or other forms of compensation
- Avoid exposure to lawsuits and regulatory fines

✓ Improve modeling capabilities

- Improve capability to gather or consolidate data to support HR/ Business decisions
- Improve customer service and employee experience
- Improve ability to detect process improvement opportunities from continuous improvement perspective

Thank YOU!

