

# Going Global:

Organizational Expansion  
Tactics and the Strategic  
Role of Global Payroll



# Introductions



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# Today's Focus

01

Expansion Trends

02

Driving Growth

03

Expansion of Current Operations

04

Changing Workforce Models

05

Merger & Acquisition Activity

06

Hypergrowth

07

Global Mobility

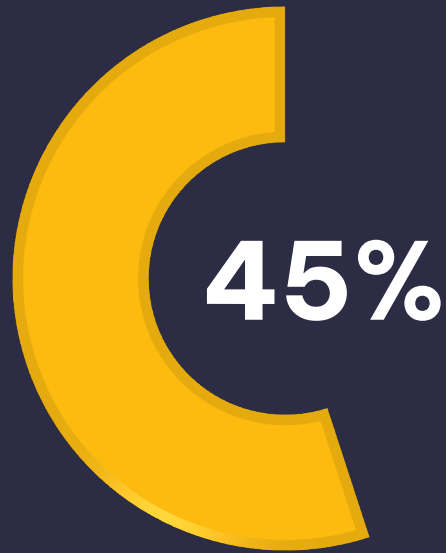
08

Enabling Payroll as a Strategic Advisor

# Expansion Trends

# Trend Watch

Despite the pandemic-induced economic crisis

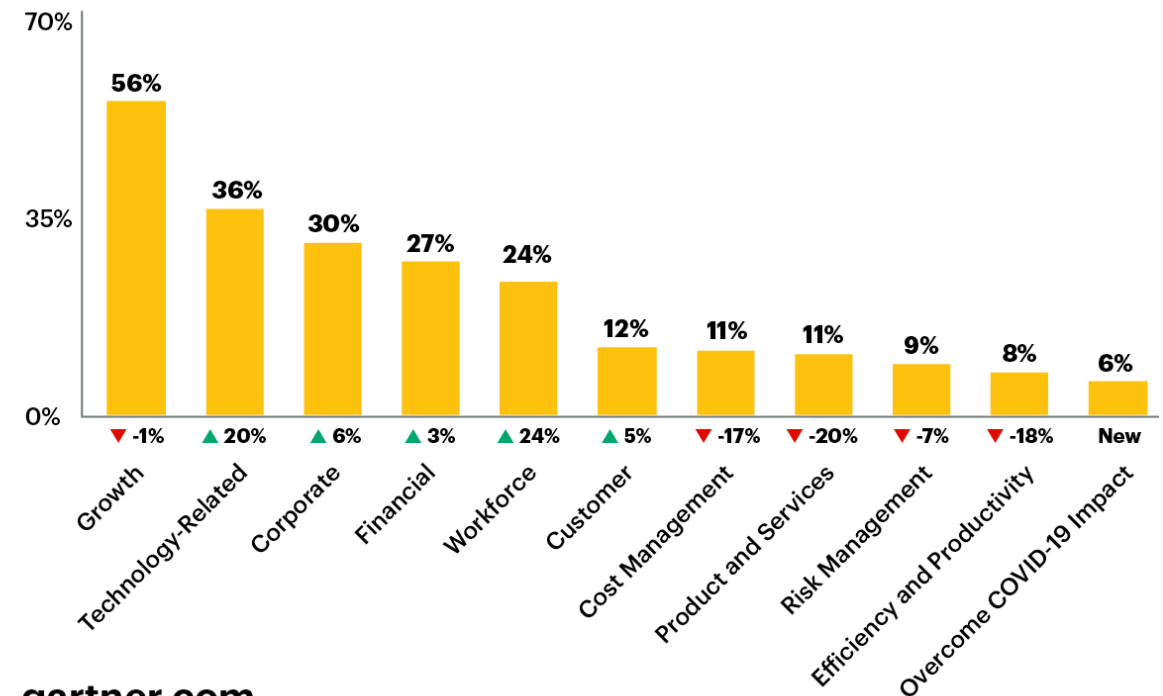


of respondents are either currently expanding globally or only slightly delaying

CFO RESEARCH

## CEOs' Top Strategic Business Priorities for 2021-2022

Summary of top three mentions



gartner.com

# Factors Prompting Global Expansion



Access to New Markets



Portfolio Diversification



Access to Talent



Increase Competitive Advantage



Foreign Investment Opportunities



of U.S. firms believe that international expansion is **necessary** for long-term growth

**WELLS FARGO**



# Driving Growth



Factors  
Contributing  
to Global  
Expansion

**01** Expansion of Current Operations

**02** Changing Workforce Models

**03** Merger & Acquisition Activity

**04** Hypergrowth

**05** Global Mobility





# Expansion of Current Operations



# Where to Next

52%

of US companies now identify as Europe as their most important region for outbound investment

**BORDERLESS BUSINESS STUDY**

## Top 10 International Expansion Countries for U.S.-based Companies



1. United Kingdom



2. Canada



3. Singapore



4. Ireland



5. China



6. Germany



7. Switzerland



8. Netherlands

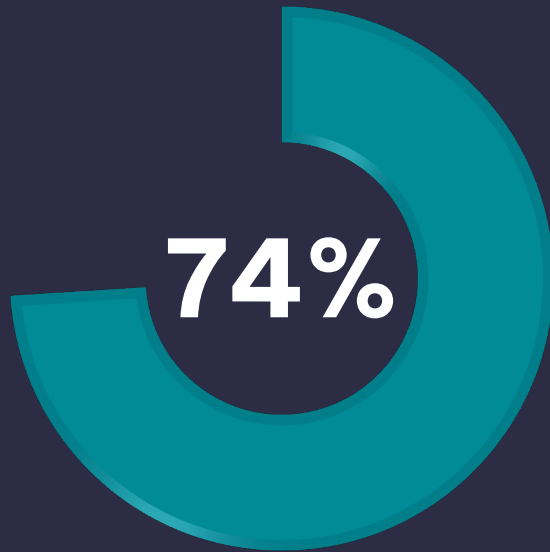


9. Mexico



10. Japan

# Challenges in International Expansion



of executives expressed concern with navigating foreign banks and international employee payroll

CFO RESEARCH



Employment and labour requirements



Taxation compliance



Cost calculations



Determining acceptable payment methods



Currency rate fluctuations

# Key to Payroll Success

Involvement in the expansion discussions as early as possible is vital.

## Payroll Provider Alignment

Once you know the destination and headcount, you can begin discussions with your provider to understand:

01

Ability to meet expansion needs

02

Project timelines to onboard employees

03

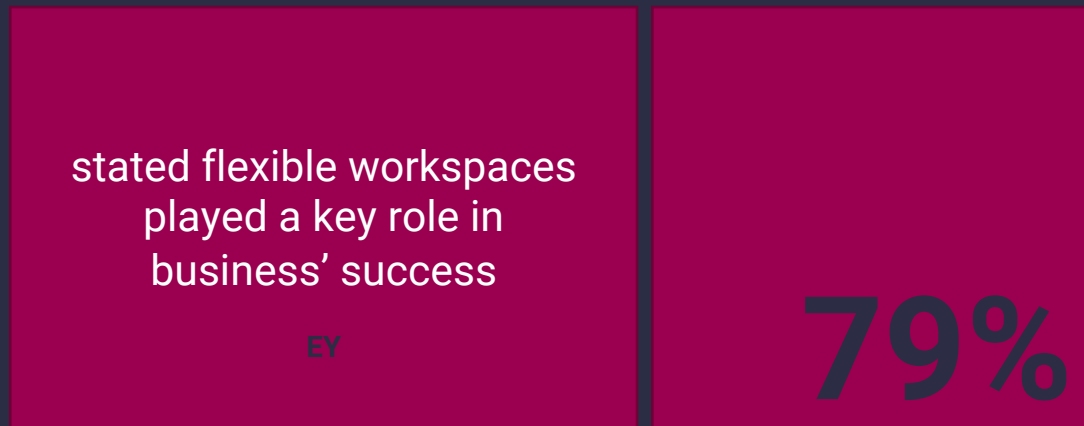
Assess in-country input data requirements that will need to be gathered



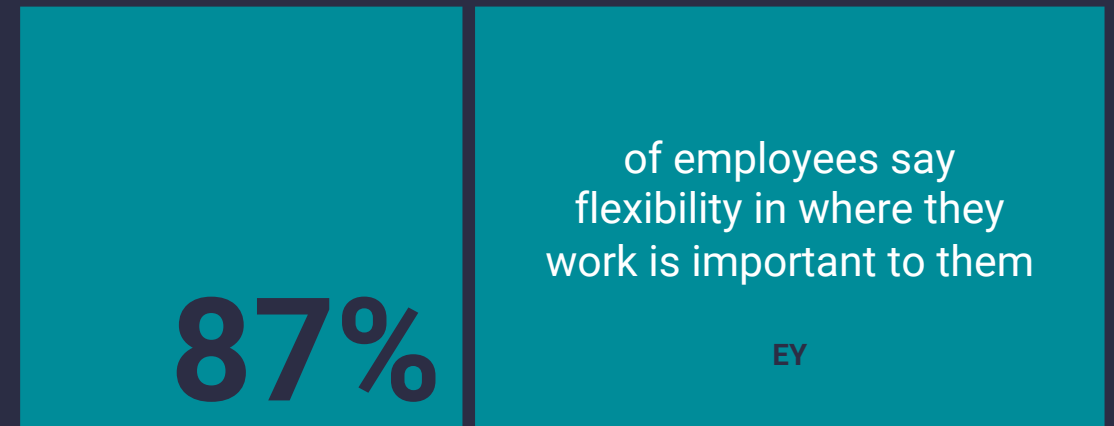
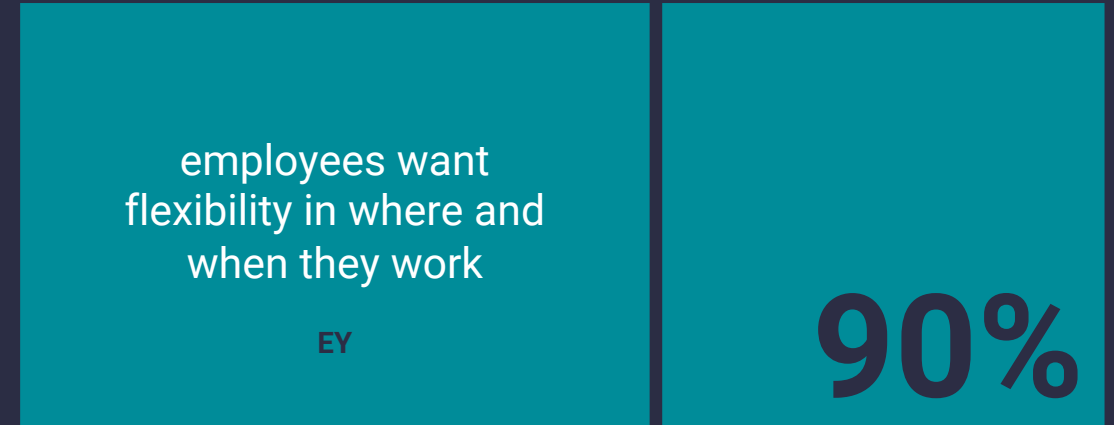
# Changing Workforce Models

# The Reimagined Workforce

## Employers



## Employees



# Work From Home (WFH)



## Location Changes

With more employers now required to facilitate a WFH option for employees globally, we see an increasing trend in employees WFH in countries outside of country of actual employment.



## Business Continuity

Increasing trend, not only to facilitate needs of employees, but more importantly for employers to maintain essential business continuity.



## Compliance

Important considerations for employers in the WFH country:

- Payroll tax and social security
- Corporate tax presence?
- Local employment law
- Emigration, work permits, visas
- Impact of cost to employers

**Flexibility** is now key and option to WFH will need to be addressed in HR policies for employers with globally mobile employees.



Consideration of **contractual arrangements** will be important in determining the actual and shadow payroll obligations.



Employers should also be considering the **tax and payroll obligations** in jurisdictions where an employee is working from home.



## Considerations for the Changing Landscape



**Corporate tax considerations** also come in to play.



**Tracking employee movements** around the globe is now more important than ever.



**Remote working** can bring great benefits but also costs.





# Merger & Acquisition Activity

# Scenarios

## MERGER



In a merger, the boards of directors for two companies approve the combination and seek shareholders' approval.

## ACQUISITION



In a simple acquisition, the acquiring company obtains the majority stake in the acquired firm, which does not change its name or alter its organizational structure.

## CONSOLIDATION



Consolidation creates a new company by combining core businesses and abandoning the old corporate structures.

# M&A Growth

59%

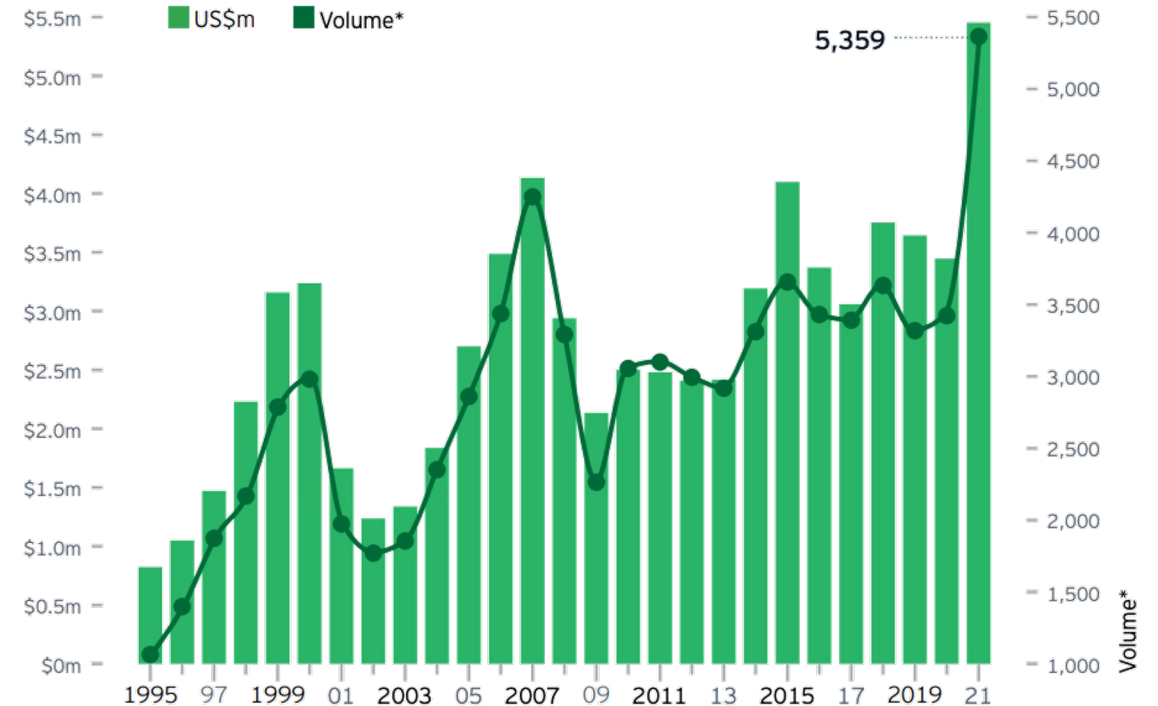
of CEOs expect their company to pursue acquisitions in 2022

EY – CEO SURVEY

In 2021, M&A was the CEO accelerant of choice for strategic ambition – from buying innovation to fueling digital transformation to acquiring scarce talent, from reducing ESG risk profiles to entering new markets and services.

With US\$5.5t of deals announced, it was by far the highest year on record. Will 2022 be another record year? Maybe, maybe not; either way, M&A will remain a fundamental growth driver in the CEO strategic toolkit.

## Global M&A by year



Source: EY analysis and Dealogic  
\*Volume based on deals US\$100m plus

# M&A Mayhem

Research shows that the failure rate of M&A is somewhere between

**70-90%**

## Contributing Factors



Challenge of integrating different organizations



Added complexity that accompanies an increased headcount



Managing multiple new branch offices, disparate locations, and cross-border IT infrastructures.

# Impacting Success



Assist with due diligence, identifying risk and cost/saving analysis



Drive process and functional improvements



Act as a source of data and insights around personnel and contractual legalities



Clarify the data that needs to flow freely between Payroll, HR, and Finance teams as two organizations combine together



Provide expertise when merging across countries

# Global Payroll M&A Checklist

- ✓ **Define the project:**  
Create a steering group where the sole purpose is the **end-to-end delivery of a seamless payroll function** for the newly expanded organization.
- ✓ **Country analysis:**  
Map the **legislation from each jurisdiction** including different payment methods used.
- ✓ **Organization analysis:**  
Analyse all stakeholder organizations according to their structure, including **payroll vendors and their contractual obligations**, payroll calendars – technology and training.
- ✓ **Payroll communications:**  
Get involved in **communication planning** discussions with HR, Communications, and Finance Teams.
- ✓ **Risk assessment:**  
Analyse potential **risks or threats of each new jurisdiction**. Investigate any past fines or penalties in those organizations.
- ✓ **Mapping the detail:**  
Map all **country-specific** payroll processes, terms of employment, compensation plans, employee benefits, and the risks associated with changes to any of these.
- ✓ **Talent and training:**  
Recognize **existing talent** across all payroll locations and source appropriate **new talent and skills** (where needed).



# Hypergrowth



# Identifying Hypergrowth

↓20%

Average  
Company  
Growth Rate

↑40%

Hypergrowth



# Growing Pains

## Lacking a scalable infrastructure

No account for important IT problems such as infrastructure or software scaling.

## Scaling too fast

Little focus on company culture leading to employee burnout and increased risk of human errors.

## Lack of visibility

Lack of complete visibility of spend and cashflow.

# Global Payroll Hypergrowth Checklist

## ✓ Payroll provider

Monitor **payroll technology** capacity and suitability as you **scale**.

## ✓ Hypergrowth plans

Gain an understanding of where hypergrowth is taking your company – are **new geographies** part of the plan.

## ✓ Employee focus

Increase focus on people and employee experience.

## ✓ Talent attraction

Incorporate **initiatives that will attract top talent** such as facilitation of remote working/relocation opportunities.

## ✓ Focus on the figures

Ensure you have access to **total workforce costings**.

## ✓ Process evaluation

**Future proof processes** by accounting for rapid growth.



# Global Mobility



# Appetite to Move

74%

Of employees would like moderate to extensive travel after the pandemic

EY



The global mobile workforce is estimated to increase from **1.52 million** in 2017 to **1.88 million** in 2023.

McKinsey



# Strategically Using Global Mobility to Support Business Growth



## **TALENT**

Closing the skills gap and providing a better basis to solve any localized shortages in talent, getting the right talent where it is needed



## **SPEED TO MARKET**

Increased speed to market with the ability to deploy key personal and their experience in locations where needed to support business growth



## **KNOWLEDGE TRANSFER**

Movement of more experienced employees to support knowledge sharing and training in other countries

**Key  
Considerations**

**Payroll Withholding Obligations**

**Personal Tax Implications**

**Social Security Compliance**

**Corporate Tax Implications**

**Employment Law**

**Classification of Employee**

**Employer Policies**

**Risk Factors**

# Global Payroll Mobility Checklist

- ✓ **Country requirements**  
Understand requirements in host countries as these effect a number of key areas including the compliance reporting and the payroll process.
- ✓ **Operational controls and technology**  
Set up a process and/or system to validate data inputs that is coming from multiple data.
- ✓ **Compensation accumulation**  
Gathering data from multiple countries and multiple sources to meet deadlines that could vary by jurisdiction requires a combination of people, processes, and technology to succeed.
- ✓ **Cross-functional communication**  
Regular communication in relation to new assignments and changes to any current assignments that may be extended or cut-short.
- ✓ **Employee engagement**  
Employees should be made aware of relevant policies and given and understanding of the arrangements that are in place.
- ✓ **Technology**  
Business applications that support the process may have limited or non-existent integration, and local data privacy law may restrict ability to integrate.



# Enabling Payroll as a Strategic Advisor



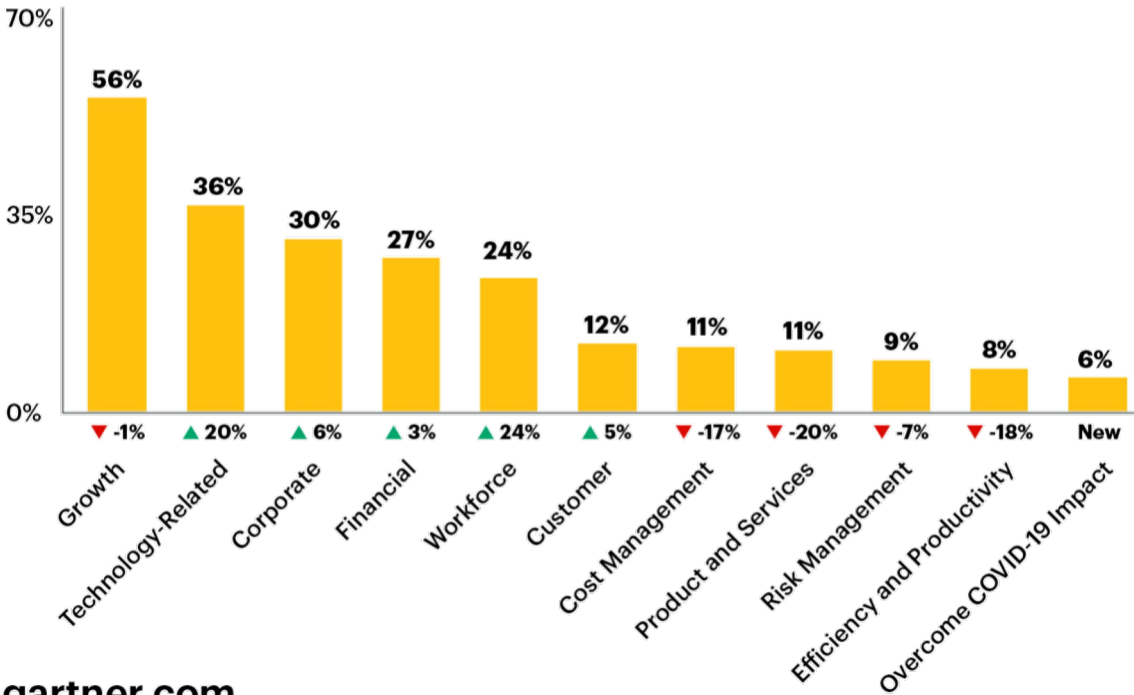
# Enabler of Growth & Payroll Effectiveness

Technology

Number 2  
on CEO's Top Strategic  
Business Priorities

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# Technology: Reducing Risk

## Key Payroll Concerns

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01 Legislative Compliance

02 Accuracy & Timeliness

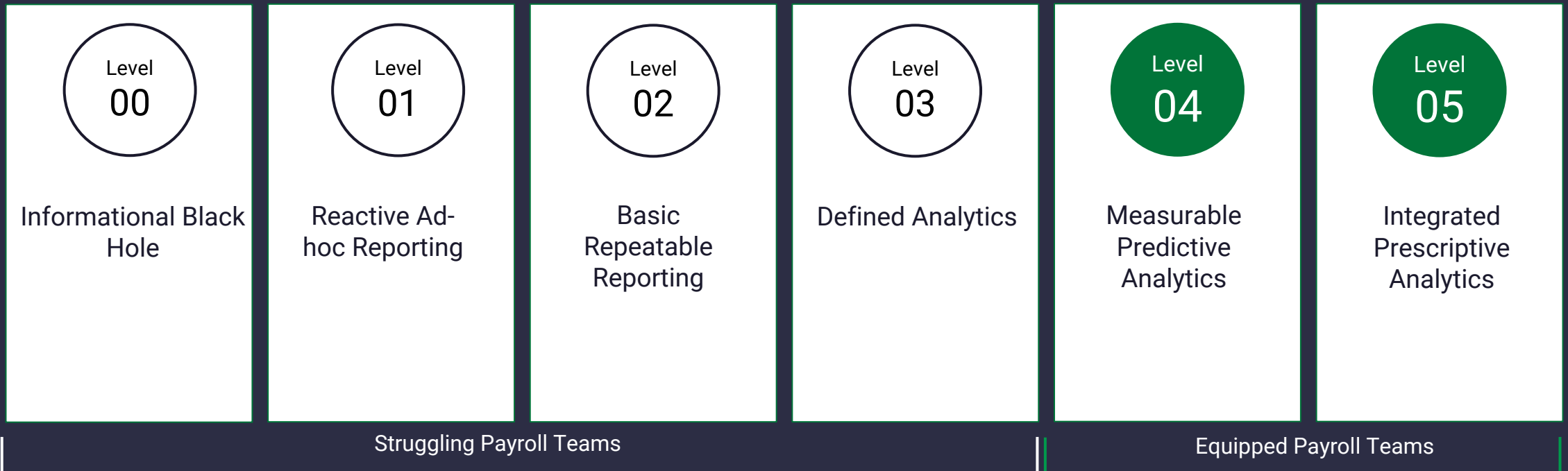
03 Reporting Capabilities

04 Ability to Integrate

Modern technology  
now has the ability to  
address all

# Technology: Unlocking Workforce Data

Technology is allowing for access to key payroll reporting needed to support business decisions





# Q&A



Thank You