

Mergers & Acquisitions:

Enabling HR and Payroll to Close the Deal



Today's Slate of Panelists



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Market Conditions and Impacts, Implications for HR and Payroll

Tracy Micciche, The Hackett Group

Key Factors for Successful Transformation During a Merger/Acquisition/Spinoff

Service Design

- Reduce complexity of processes
- Move low complexity transactions to self service
- Define global standard processes
- Create or update documentation on all processes



Service Partnering

- Determine scope of activities that can be outsourced and what must be delivered in house

Human Capital

- Assess payroll team member's skills, capabilities, attitudes and commitment
- Evaluate the team members ability to accept change



Organization and Governance

- Identify change management needs
- Create a communication plan for change management issues

Technology

- Elimination of manual tasks
- Global infrastructure standards
- HCM / Payroll / WFM consolidation
- Service Management Standards / Tools
- Mobile Applications



END



Due Diligence Activities

	Key Tasks / Best Practice
Setting Targets	<ul style="list-style-type: none"> Companies that excel at M&A / Spinoff have a predefined post organization (systems, process, technology, structure, organization) “playbook”
Due Diligence Pre-Close	<ul style="list-style-type: none"> Premerger systems / technology / solutions Identify where there are differences / gaps Create a high-level plan to close the gaps to be refined later Identify any new countries / territories Determine a strategy for handling countries territories (solution, system, human capital requirements etc.) Identify key resources to assist in the transition from both organizations Create high level project plan / Change Management Strategy Identify key talent retention strategy Spinoffs – what contracts are needed/ systems etc. / timeline for implementation Spinoffs who is moving to new company / open positions that will need to be recruited for
Due Diligence Post-Close	<ul style="list-style-type: none"> Understand TSA (if there is one in place) Understand contract terms and conditions for employees Build a strategy for any nonstandard requirements & length of time that they need to be kept in place (benefits, time off, other fringe) / determine alternatives such as pay outs, comparable plans etc Onboard resources to assist with the transition from both organizations Validate assumptions and pre-merger data Get into the details on labor cost / FTEs / system / technology cost / business requirements Identify gaps between target solution and current state Create detailed deployment plan Develop a change management plan / risk mitigation strategy / country specific requirements / outliers Understanding current contracts / penalties / end dates

Lessons Learned with Mergers, Acquisitions and Spinoffs

1. It is difficult to execute without a M&A / Spinoff playbook to follow

- No standard, documented methodology exists, causing substantial delays and rework
- Function team individuals without the knowledge of how, what and when to execute MI activities
- Learnings from prior integrations are not being leveraged

2. A formal process of how to track and capture the benefits of each acquisition has not been enforced

3. Wide differences exist between the plan and budgets that were designed during due diligence, and the actual situation that unfolds after close

- Cost and benefit estimates do not adequately consider operation realities
- Those functions not included during due diligence are late getting started
- Lack of comprehensive/reusable methods and tools sometimes results in inadvertently missing some key critical path items which can cause some businesses and functions to react to unnecessary “fire drills” which detract from more strategic integration activities

4. Inattention to change management and communication causes talent flight and compromises the acquisition



POLL QUESTION 1

Is standardization/harmonization a part of your strategy for M&A activity?

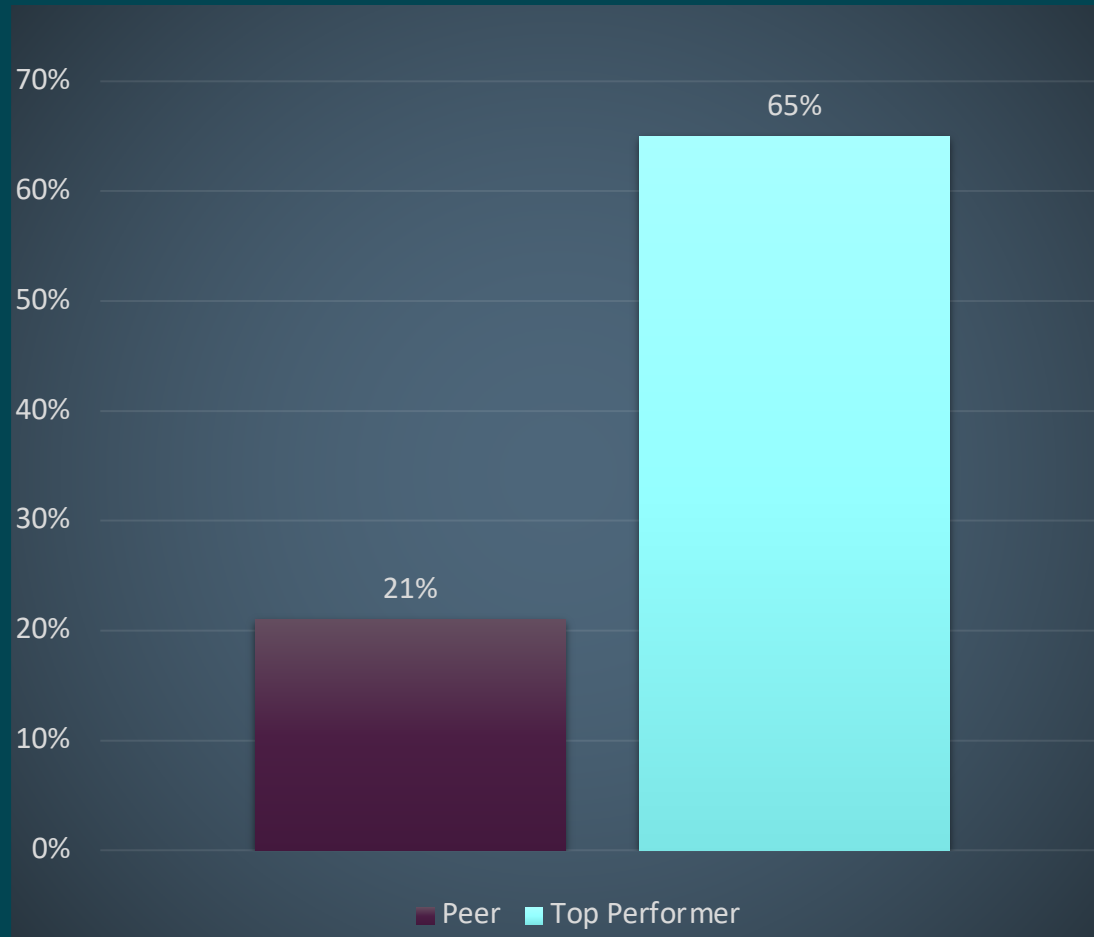
A. Yes

B. No

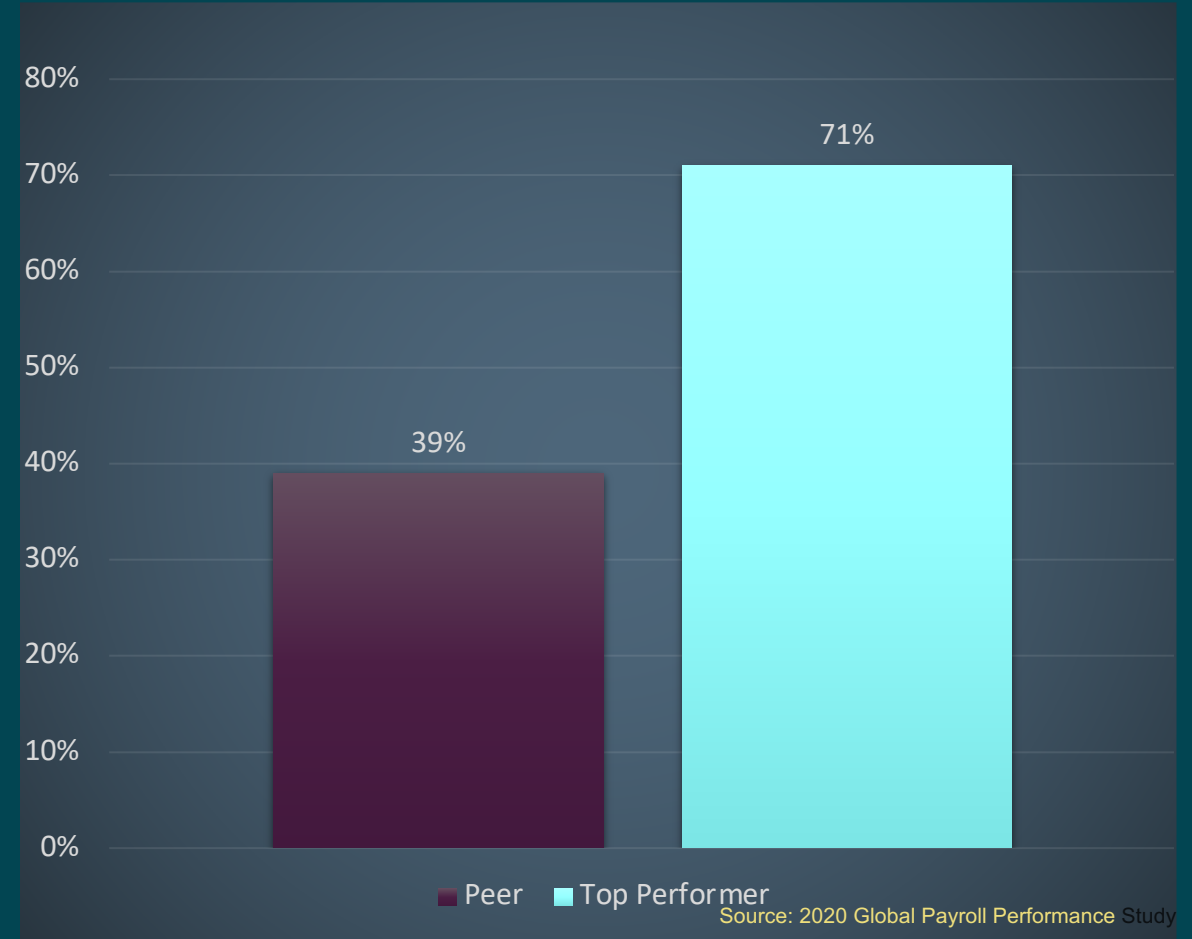
C. Unsure

Payroll standardization across the enterprise

There is a high level of standardization across the enterprise



Source data is high quality



Source: 2020 Global Payroll Performance Study

Considerations for a standardization & simplification approach

MANDATE

A strong mandate for standardization makes all the difference for the journey to world-class

BLUEPRINT AND PROCESS DOCUMENTATION

Using business process management to standardize and control deviations

MEASUREMENT OF PROCESS ADHERENCE

Measuring success through deviation from standard process design and GBS scope

KNOWLEDGE MANAGEMENT

Understanding process deviations starts from migration management and as-is process documentation

PROCESS OWNERSHIP

Effective process ownership can enable process standardization, bridging the gap between GBS and business

FROM COUNTRY-ORGANIZED DELIVERY TEAMS TO END-TO-END DELIVERY TEAMS

Transform GBS delivery teams to end-to-end process team

CONTINUOUS IMPROVEMENT

Continuous improvement is the key to gradual process improvement

BUSINESS RELATIONSHIP MANAGEMENT

Crucial to success is change management, business relationship roles support customer intimacy

CUSTOMER FOCUS

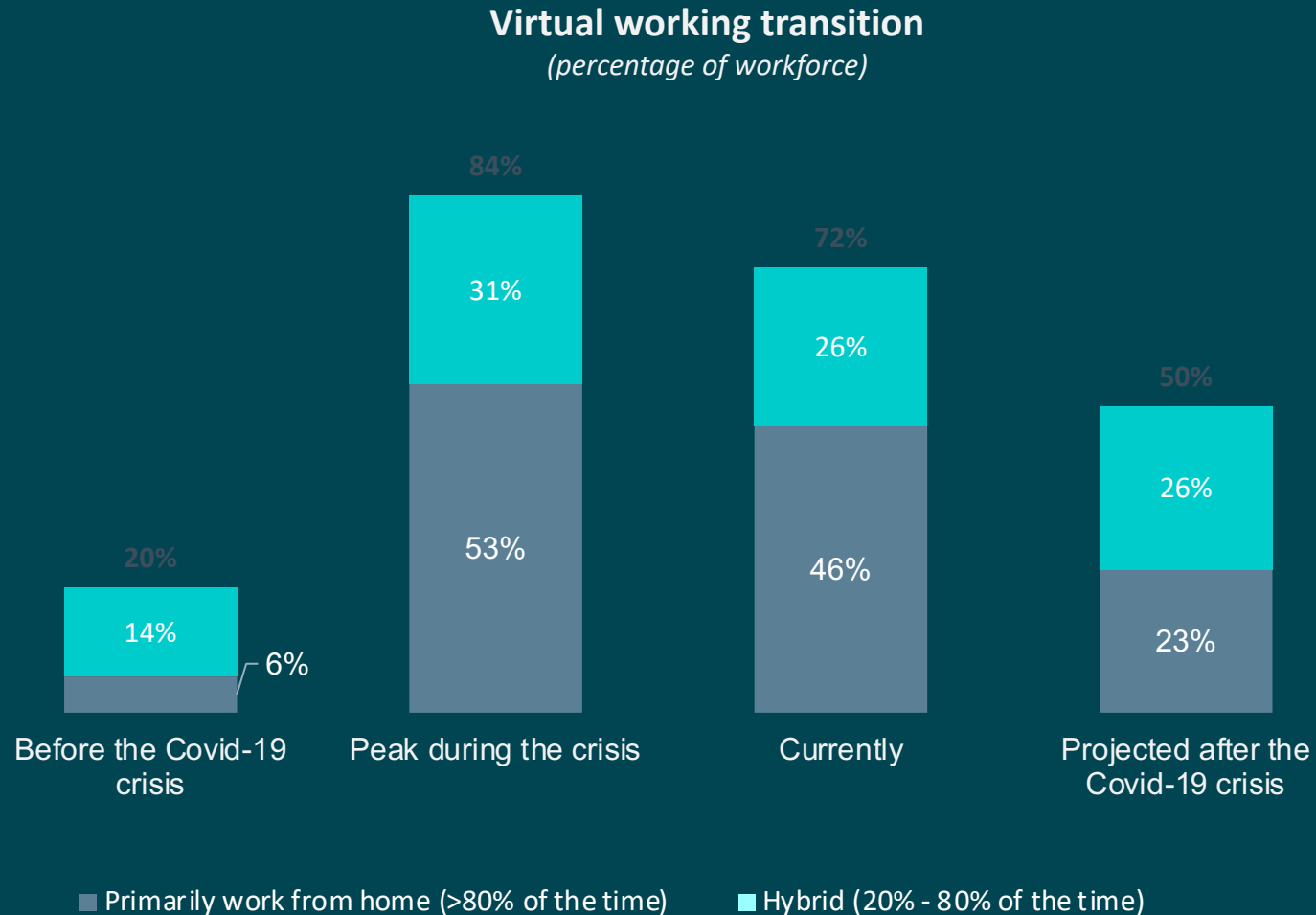
Balance the need for standardization with customer expectations

DIGITAL TRANSFORMATION

Novel technologies such as process mining, knowledge management, training & education tools can facilitate more effective standardization & simplification efforts

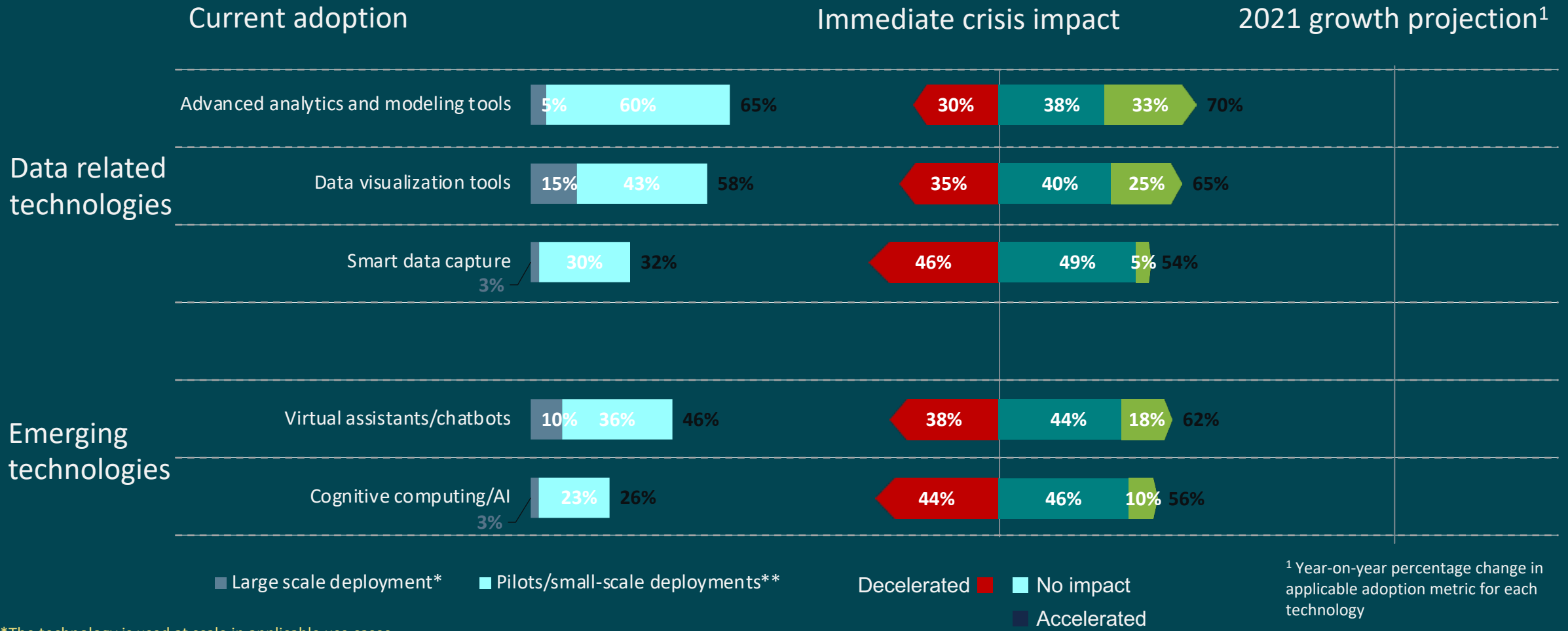
The dramatic switch of the workforce to virtual and hybrid working continues as we enter 2021

A transition to a mix of primarily virtual and hybrid remote/on-premises work is expected post Covid-19 crisis



Most HR groups continued or accelerated adoption of data, emerging tech

Analytics, data visualization tools and virtual assistants/chatbots are top adoption growth areas for 2021



*The technology is used at scale in applicable use cases

**The technology is used on a limited scale in isolated use cases

Leveraging your Workday Deployment to Support M&A Activity

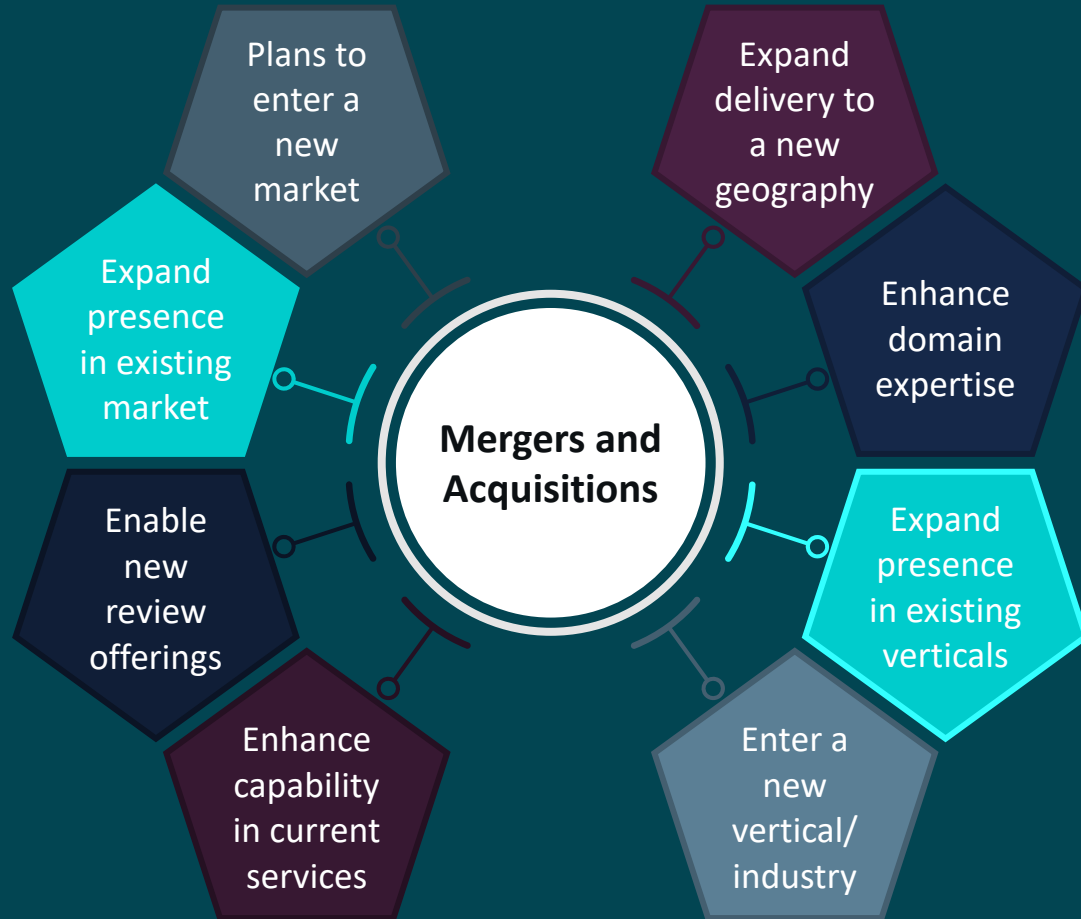
Danielle White, Collaborative Solutions

POLL QUESTION 2

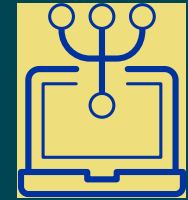
What keeps you up at night when thinking about your mergers and acquisitions?

- A. Integrating processes, policies & technologies**
- B. A change in company culture**
- C. Impacts to roles or structures**
- D. Change Management**
- E. Other**

Your WHY influences your HOW



Source & Target



Data & Process



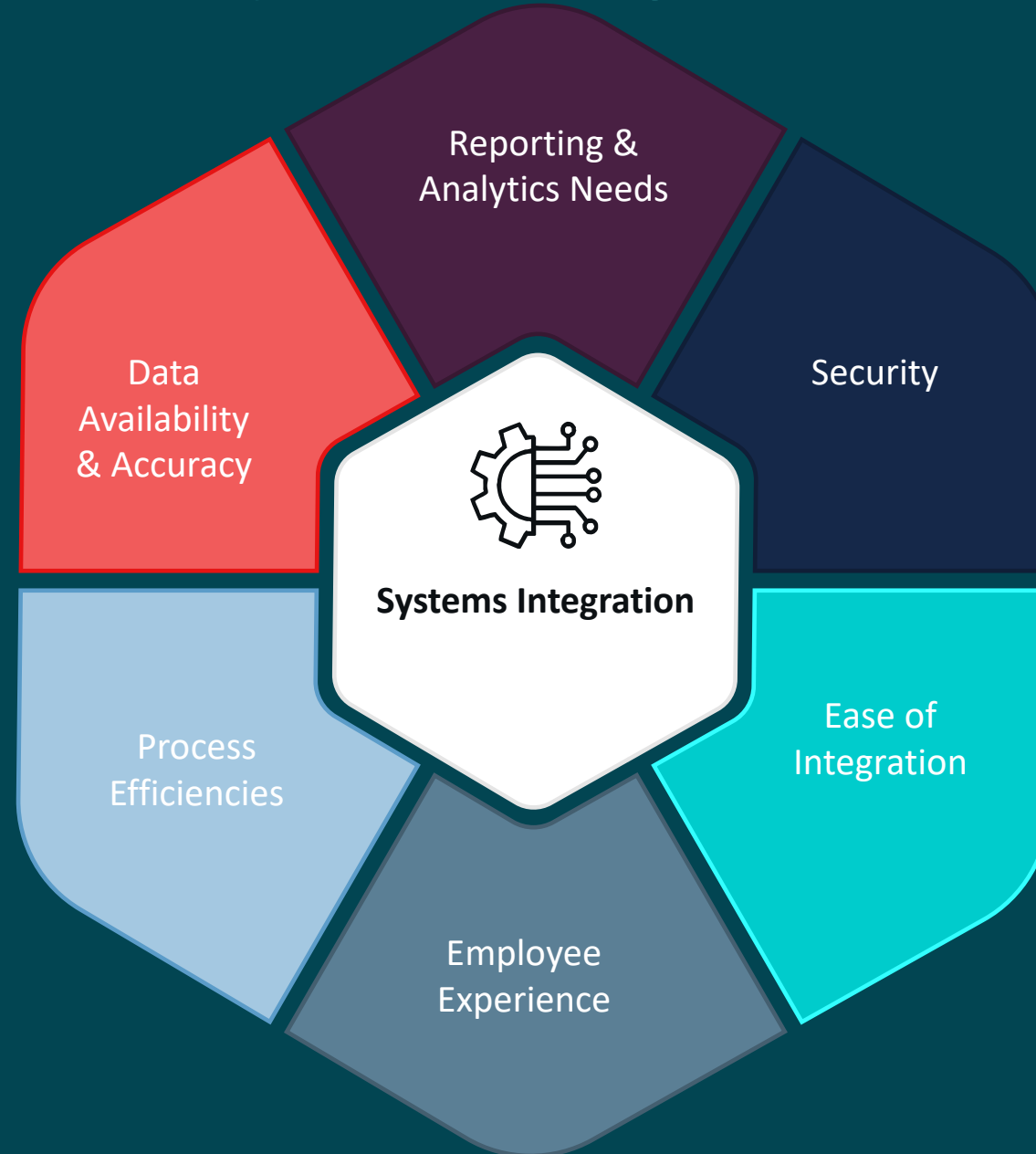
Protect & Provide



Employee Experience



Key Considerations for Systems Integration



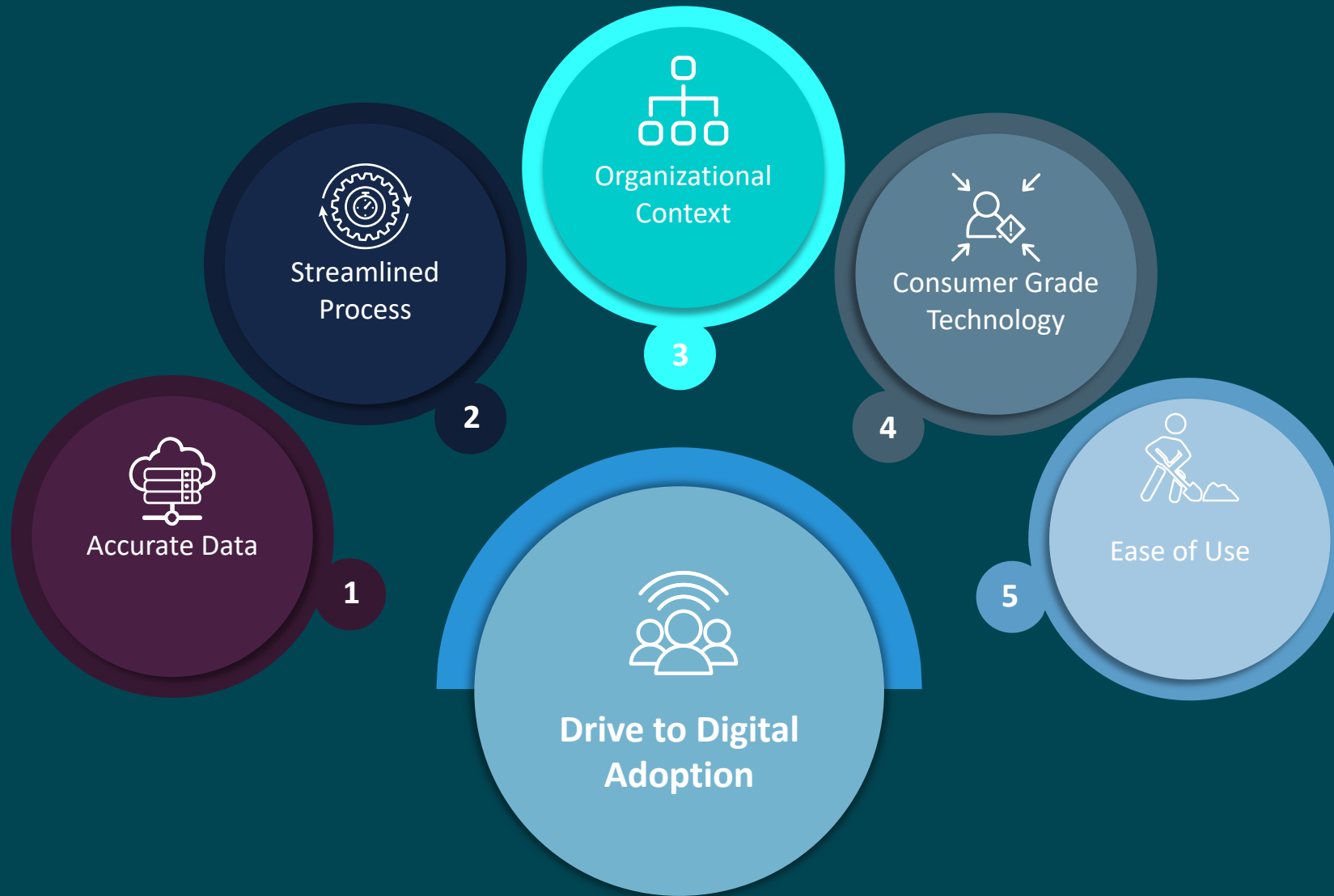
Managing the Integration Process is a Team Sport

	 Inputs	 Tools & Techniques	 Outputs
 Organizational Planning	<ul style="list-style-type: none"> • Business & Technical Requirements • Resource requirement • Constraints 	<ul style="list-style-type: none"> • Requirements Discovery • Governance & Decision-Making • Current state assessment • Strategic Roadmapping 	<ul style="list-style-type: none"> • Requirements traceability • Project Charter • Organizational chart • Short & Long Term Roadmap
 Teaming	<ul style="list-style-type: none"> • Resources across entities • Third-party partnerships • Cross-functional approach 	<ul style="list-style-type: none"> • NDAs • Consulting Contracts • Collaboration tools 	<ul style="list-style-type: none"> • Project staff assigned • Third-party contracts signed • Collaboration tools enabled
 Alignment	<ul style="list-style-type: none"> • Finance plan • HR plan • IT plan • Change Management Plan 	<ul style="list-style-type: none"> • Systems architecture maps • Financial integration timeline and approach • HR process and policy inventory assessment • Employee Sentiment Surveys 	<ul style="list-style-type: none"> • Identified opportunities for consolidation • Aligned project timelines • Systems integrations targets

Enterprise Management Cloud Integration



Managing the Employee Digital Experience



It's Not All in Your Control: TSAs and Their Impact

Why TSA:

- Improved employee experience through consistency in changing times
- Cost effective approach to managing services while additional due diligence is performed

Inourced/Outsourced:

- Different approaches to systems based on what and who of the TSA
- Most common TSAs impacting HR integration/divestiture

Payroll

Benefits

IT Service Management

Solving for Payroll: Adaptive and Flexible Solutions

Neil Carpenter, Safeguard Global

POLL QUESTION 3

What do you see as the biggest challenge payroll faces during M&A/Divestiture activity?

A. Timing and need to move payrolls quickly

B. Lack of information and involvement

C. Defining what the new organization will look like

D. Disengaging from the “old ways” of doing things

Focus on M&A: 3 Payroll's Main Challenges



Payroll has some unique needs to address

Three high level challenges to manage

- ✓ Timing
- ✓ Support
- ✓ Change Management

Solving for Payroll: Adaptive and Flexible Solutions



Key elements include:

- ✓ Transition planning
- ✓ Resource management
- ✓ Global payroll strategy

Agility and Flexibility are key!

Focus on M&A: Benefits



A good approach can help drive deal success by:

- ✓ Enabling “speed to pay”
- ✓ Driving buy-in and engagement for the new organization
- ✓ Mitigating risk and increasing transparency

Keys to Success



You need

- ✓ Time
- ✓ Resources
- ✓ Budget
- ✓ The right partner

Panel Discussion & QA Session

