



# Digitisation of Total Rewards Management

Exploring the current landscape and opportunities for development

September 2022





# 1. Introduction

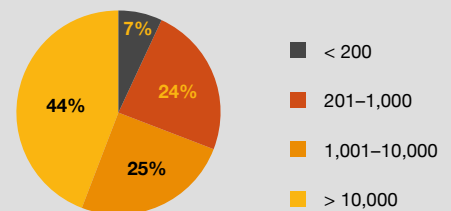
As a recommended SuccessFactors partner of SAP, we run client projects on every module of the SuccessFactors Suite solution and HRIT add-ons. Since extensive data has already been gathered on general HR digitisation, we recently conducted a national study on the state of digitisation within the context of Compensation and Benefits.

50 companies shared their opinion on issues relating to the digitisation of C&B with us. The following report will outline the key learnings of this survey. Firstly, it will provide an overview of the makeup of our participants by industry, company size, function and job category.

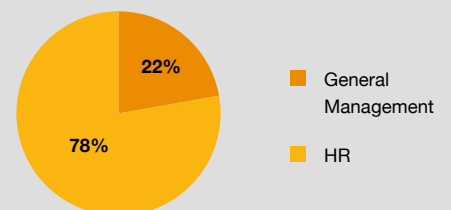
Secondly, it will take a deep dive into the organisation of C&B elements before outlining a solution in response to the most pressing challenges.

## Participant structure

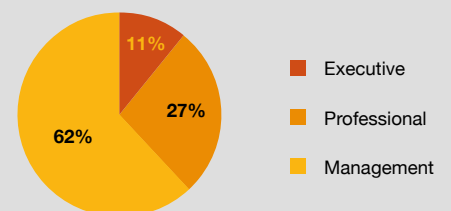
Company size cluster



Function



Job category



## 2. C&B elements and how they are organised technically

**We asked how C&B is currently managed from a technological standpoint and how satisfied HR departments are with the current situation.**

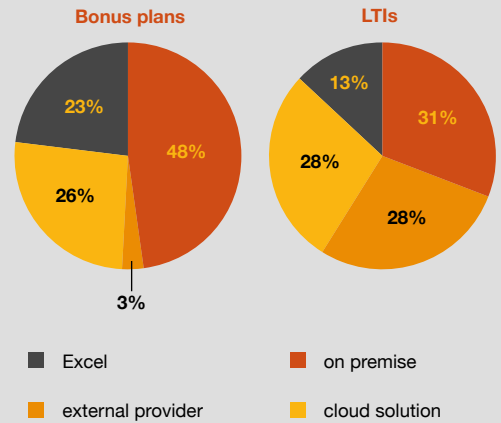
When looking at the wider digitisation of HR, it is clear that Compensation and Benefits is still somewhat behind the curve. Many companies still use multiple software packages, different providers and even Excel solutions to manage their rewards package. Only 6% of companies say they are extremely happy with their current C&B management set-up. The remaining 94% are not satisfied.

Managers today still struggle with gaining a quick, clear, and accurate picture of their teams' compensation in order to make fact-based decisions informed by total rewards analysis. Companies are yet to optimise the effectiveness of C&B investment to achieve better outcomes around recruitment, retention, and motivation. Additionally, they are yet to fully leverage the autonomous analytical capability of technology to analyse compensation budgets to mitigate legal risk, promote compensation fairness, and manage costs.

It is clear the management of variable compensation plans is still heavily reliant on Excel or other proprietary applications. There is a major opportunity to streamline this process using the cloud.

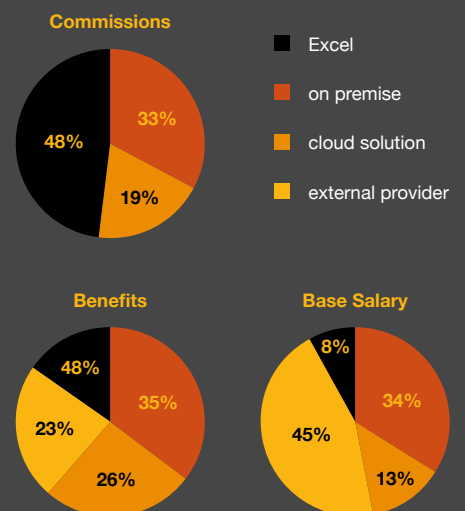
“Companies use a variety of compensation elements to motivate employees, but mostly miss the opportunity to communicate this on a regular basis.”

**Axel Schütte | Senior Manager | HRIT SuccesFactors Team | PwC Germany**



Almost half of the respondents use an in-house solution to manage bonus plans, while only a quarter use cloud-based solutions. The use of multiple external tool interfaces for managing fringe benefits within international companies is still commonplace. For LTIs, the inclusion of global plan administrators can be crucial to a modern Total Rewards framework.

The migration of the base salary function onto the cloud is already well underway and we expect this process to complete within a few years. The transition from in-house or other solutions to the cloud is easiest for base salary, followed by commissions, bonus plans, LTIs, and benefits.



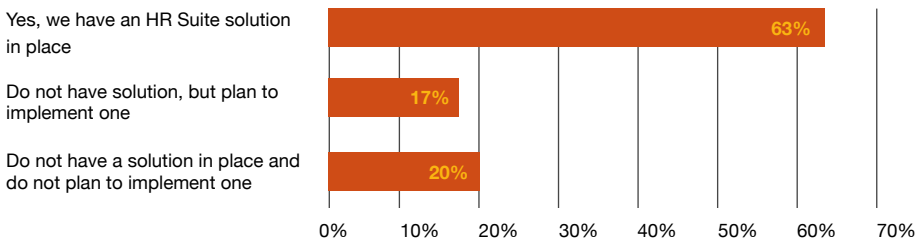


# 3. HR suite solution – the current landscape



Our survey shows that within SAP SuccessFactors, the main modules in use are Performance & Goals and Employee Central. Variable Pay and Compensation are the second most used. It is surprising that uptake of the Commission module is lower than other modules, and we urge companies using SAP SF to rectify this.

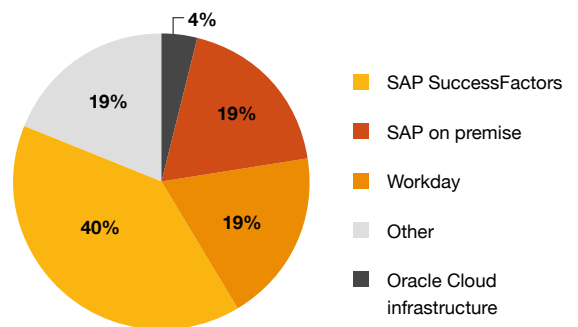
Do you already have an HR Suite solution in place or plan to implement one?



The roots of efficient decision-making.

“More than 50% of our participants would like to manage the Total Rewards of their sales and non-sales population, under one roof.”

Alexander Pahl | Partner | Europe and Global SAP HR Cloud Lead | PwC Germany



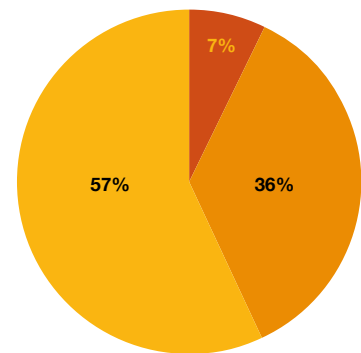
Which HR Suite provider do you use?



## 4. Pay Equality and other HR issues

**Incorporating C&B information into a comprehensive Total Rewards framework offers several advantages, equipping individuals and managers with valuable insights into the Total Rewards situation of their team.**

A fully-integrated system is a welcome alternative to manual approaches to C&B management, saving time, increasing reliability and eliminating the potential for human error. This offers a series of benefits, including more objective decision-making, fairer remuneration outcomes, increased transparency and greater overall efficiency.



■ no impact ■ moderate impact ■ high impact

Impact of a Total Rewards overview on equal pay for equal work

Base Salary is just the tip of the iceberg.

“57% of our participants believe that the biggest impact of having a fully HRIT integrated Total Rewards solution will be on compliance risk reduction (e.g., data security).”

Alexander Pahl

Partner | Global SAP HR Cloud Lead | PwC Germany



Is your C&B data still going zigzag?



5.

## Toughest challenges & C&B element rating – and the next steps

### Challenges:

- Harmonisation of legacy systems
- Harmonisation of multiple pay plans
- Gathering C&B data in a consistent and efficient way
- Global alignment of C&B policy
- Building a credible business case for digitising C&B work (do not feel true pain points)
- Data quality issues
- The absence of a user-friendly system

### Impact of a dynamic C&B dashboard access to managers/employees

For both employees and managers, our data shows that a dynamic, detailed and real time Total Rewards overview will have a significant impact for both managers and employees. The top 5 advantages of a complete, detailed C&B dashboard for employees and managers are:

- Increase in reward compliance, fairness, and equality
- Increase in employee motivation and retention
- Greater reporting accuracy
- Increased compliance and data security
- Reduction in costs/greater HR FTE capacity

### Conclusion

There is a strong consensus around the need for a multifunctional C&B dashboard to replace multiple software programmes and providers and analogue solutions. Unreliable data from multiple sources causes data protection compliance issues. Managers and employees alike will benefit from a single-source solution that streamlines compensation and benefits management in a way that is fair, effective and secure.

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