

Transforming Employee Experience

Globe Telecom's Payroll & Benefits Outsourcing Story

@ 05 May 2010
HR Outsourcing Summit, Singapore
Susan Grace Rivera
srmanalo@globetel.com.ph;
sgrivera@gmail.com



Agenda



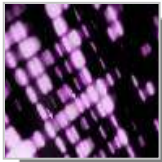
About Globe: Our Company Profile, Our Mission & Vision



About Ka-Globe: Our Talent Profile



Why Outsource



How we went about it



Our Transformation Experience



What we've learned



23.2M
mobile subscribers

18,000
GCash
Remittance
network

715,000
broadband
subscribers

\$2.9B
market capitalization

\$1.3B
consolidated
annual service
revenue

30%
shareholder
return

\$557M
capital expenditures



Our Mission

Transforming and enriching lives through communications.

Our Vision

Globe is indispensable to people's lives –

We provide our customers with superior experience.

We are a center of excellence for innovation worldwide.

We create a rewarding environment where people strive for excellence and grow.

We attract people who are innovative, passionate and results-oriented.

We create superior value for our shareholders.

We make great things possible.

Our Core Values

Customer First

Accountability

Excellence

Innovation

Teamwork

Integrity



Our customers are our greatest passion. We are personally responsible for satisfying and even exceeding their expectations.



About Ka-Globe

Our Talent Profile (as of Q4 2009)

If you meet **10 of Us** walking down the street, you will most probably meet*...

- **4** talents from Marketing, Sales & Customer Service
- **4** talents from IT/Technical
- **1** talent from Finance
- **1** talent from any of the other support groups

**in terms of Talent Segments*

- **6** would be about 30 years old.
- **15%** of us would be 40 years old and above.
- **79%** of us would be between 25-39 years old
- **6%** of us would be below 25 years old

Average Age: 33 years old

- **5** would have been working in Globe for at least 5 years now.
- **23%** of us have been working in Globe for at least 10 years.
- **28%** of us have been working in Globe between 5-10 years.
- **49%** of us have been working in Globe for less than 5 years.

Average tenure: 6 years



- **5** would be male
- **5** would be female
- **7** would be GMA based (5 of w/c GTP based)
- **1** would be Luzon based (non-GMA)
- **2** would be VisMin based
- **5** would be general staff
- **3** would be supervisors
- **2** would be managers
- **1** would be managers



HR Organizational Design Criteria



- Greater customer intimacy
- Reconfigurability for corporate restructuring & change and innovation
- Deep collaboration and seamless teaming
- Outsourcing readiness backed by enabling technology platform
- Career & competency mobility for HR
- Deeper bench for HRG Head

Why Outsource?

HRG TOR: Moving onwards to Grow & Execute in 2007

Strategic Themes	GAIN MARKET SHARE	SET STAGE FOR NEW GROWTH	CREATE SUPERIOR ENVIRONMENT TO DELIVER SERVICES	FOSTER A FULLY ALIGNED ORGANIZATION ACCOUNTABLE FOR RESULTS
MARKET SHARE GROWTH <i>The return we want to achieve for our shareholders</i>	Deliver on operating goals in 2007			
DELIVER RELEVANT, EASY-TO-USE SERVICES TO CUSTOMERS <i>The value we want to deliver to the customer for them to buy, use & stay loyal to Globe</i>	Deliver employee value proposition consistent with the company's strategy			
EXECUTE AND SCORE! <i>The processes we need to excel at to deliver against our customer proposition</i>	Source, attract, develop and engage high-performing leaders <ul style="list-style-type: none"> Implement workforce planning, strategic sourcing, resourcing and retention Implement "total rewards" strategy where compensation and benefits are competitive and linked to total employment experience Improve and integrate performance management with competency and capability 			
PROUD TO BE GLOBE <i>The culture and capabilities we are building to enable our people to execute effectively</i>	Improve and replicate platform for and drive succession planning across the organization			

Deliver 2007 phase of HR Process Outsourcing initiative

Deliver simple, easy-to-understand, consistently applied and relevant HR services, policies & programs

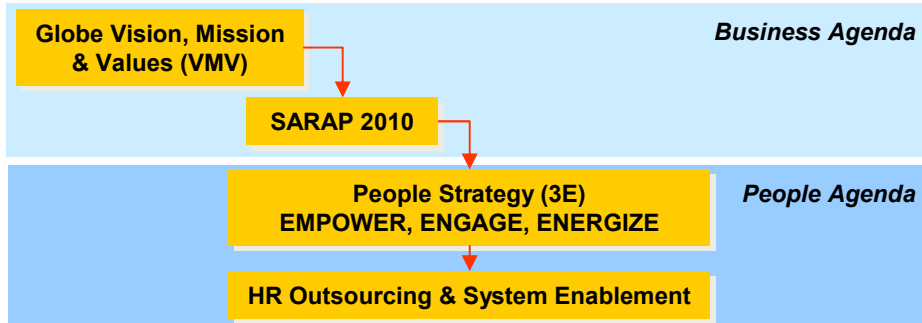
Radically improve HR service delivery through

- SLA-driven delivery of HR services
- Rapid policy and HR process improvement and simplification with technology enablement

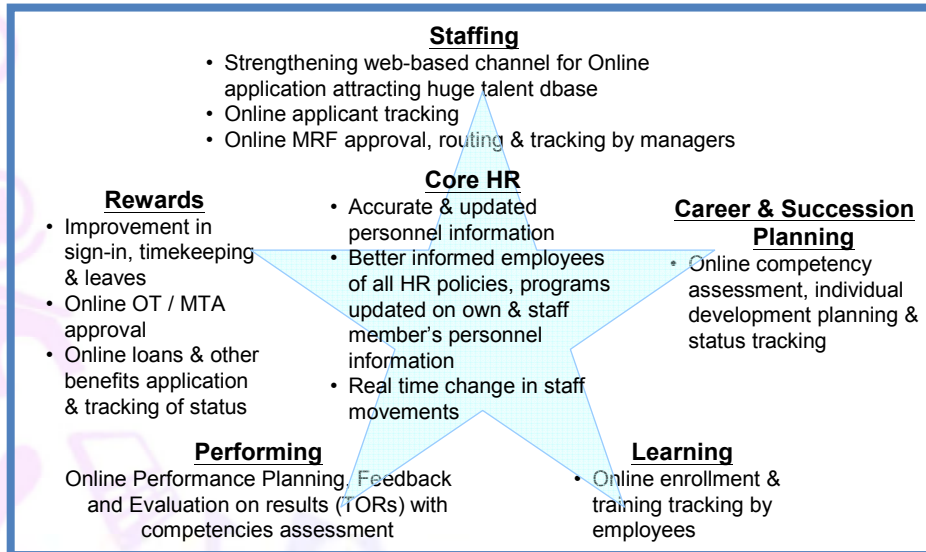
Why Outsource?

Impact on Strategies: Keeping the momentum to GROW & EXECUTE

3E People Strategies



Talent Management Processes Impacted by Outsourcing & Simplification System Enablement Outcomes



HR Service Delivery

- Employee contact center focused on answering queries on benefits as well as payroll
- SLA tracking for call handling, email query management, data management & reports

Strategic Imperatives

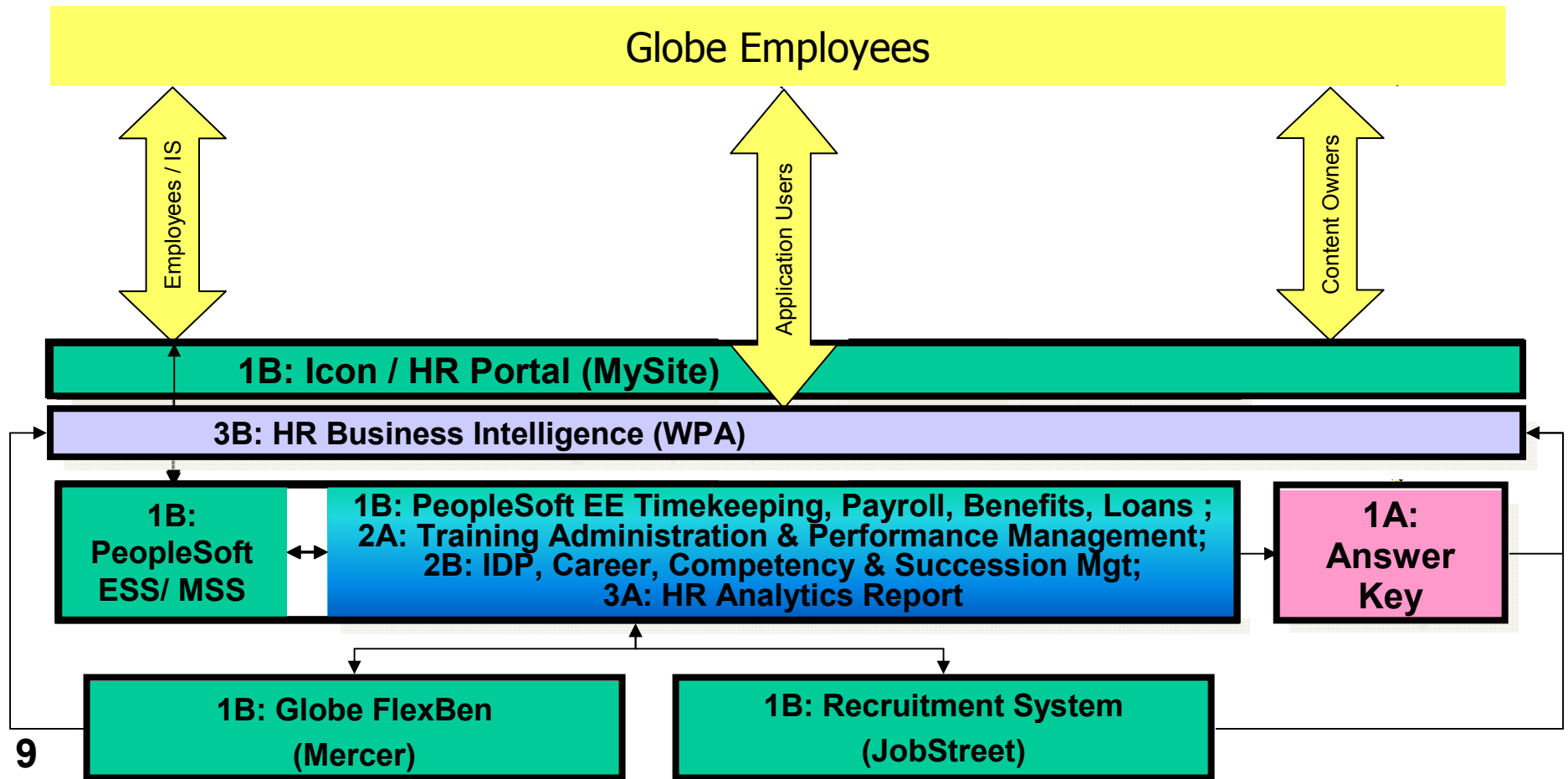
BUSINESS IMPERATIVES

- Continue to strengthen CONSUMER WIRELESS
- Enhance profitability of ENTERPRISE BUSINESS
- Realize proposition of SME
- Dramatically grow BROADBAND
- Gain traction in developing NEW BUSINESSES
- Fundamentally improve COST MODEL**



Globe HR's Outsourcing Roadmap

LEGEND	TIMELINE	MODULES
Pre-Outsourcing "0"		Icon; HR Link; SAP (EE Timekeeping, Payroll, Training)
Blaze 1A	2007 3Q – 4Q	Answer Key
Blaze 1B	2007 3Q – 4Q	MySite; PeopleSoft ESS/ MSS; PeopleSoft EE Timekeeping, Payroll, Benefits, Loans; FlexBen; Recruitment
Blaze 2A	** 2007 2Q – 2010 1Q	Training Administration & Performance Management
Blaze 2B	** 2010 2Q – 2011 2Q	IDP, Career, Competency & Succession Mgt
Blaze 3A	2010 3Q – 4Q	HR Analytics Report
Blaze 3B	2011 2Q – 2012 Q1	HR Business Intelligence (WPA)



Our Transformation Experience

Changes & Impact on Systems & Customer



Pre-Outsourcing

System

- HR Link (Personal Data, Organizational Assignment, Time Sheets)
- SAP (EE Timekeeping, Payroll, Training)

Experience

- Highly manual processes requiring a lot of paperwork involved which occupies 82% of HR employees' time
- Limited tech support or challenges in dealing with tech support
- Limited access to accurate employee data
- Obsolete & insufficient timekeeping & leave administration system
- No customer contact center



Post-Outsourcing

System

- Peoplesoft (Timekeeping, Payroll, Benefits, Loans, Competency, Performance, Training)
- myChoice (Flexible Benefits)
- Jobstreet (Recruitment System)
- SAP (EE Timekeeping, Payroll, Training)

Experience

- Automated & streamlined process
 - Eliminated highly transactional, repetitive and administrative tasks
 - Provided more resources for value-added face-to-face and strategic HR activates
 - Decreased resource requirements from 3 regular employees to 1 contractual upon implementation
- Managed tech support providing accessible information & tools through a single user-friendly interface
- Ready access to relevant reports & business intelligence
- Added system functionalities supporting employee Self-Service & Manager Self Service; Benefits, Loans & Training Administration
- Available customer contact center

Our Transformation Experience

Changes & Impact on Systems & Customer

Globe HR Value-Added

- Freed up HR resources to focus on business partnership and value-adding areas
- Improved service delivery through efficient processes enabled by integrated technology platform and employee self-service and support tools
- Achieved operational efficiency and leveraged 'shared services' resulting to cost savings

“On brand” HR Service delivery – we walk our talk on the promise of ease & relevance.

- Simplified timekeeping & attendance process saved employee time of ka-Globe, valued at Php 539K in 1st 6 months from implementation

Employee engagement

- Impact analysis indicated that perceived improvements in people services improve engagement by as much as 24% or from 58% to 82% in 2007
- Implementation of improvements enhanced employee access to benefits with better information and easier benefits application

Implementation of organization changes

- Self-service empowers both employees and leaders to reflect these changes in our people information system on demand

Accurate people data base is foundational to our ability to make fact-based HR decisions

- HR now generating more accurate, reliable, timely people data & information.



Our Transformation Experience

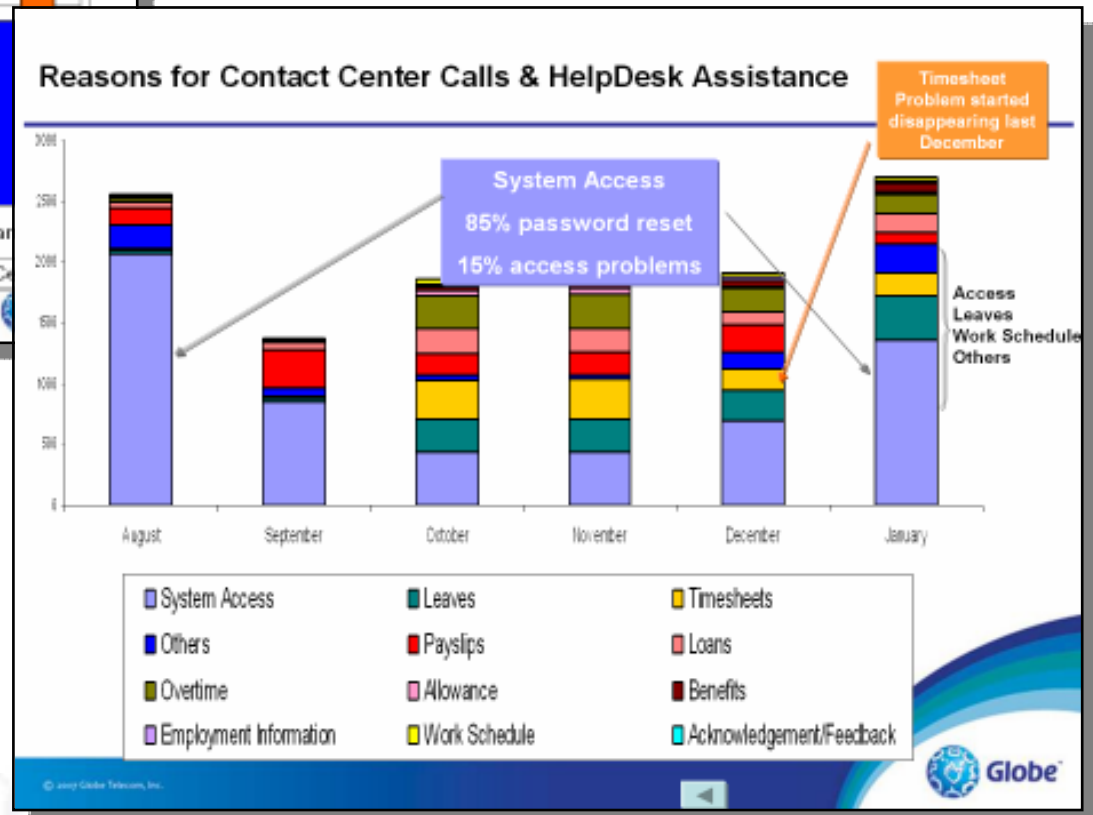
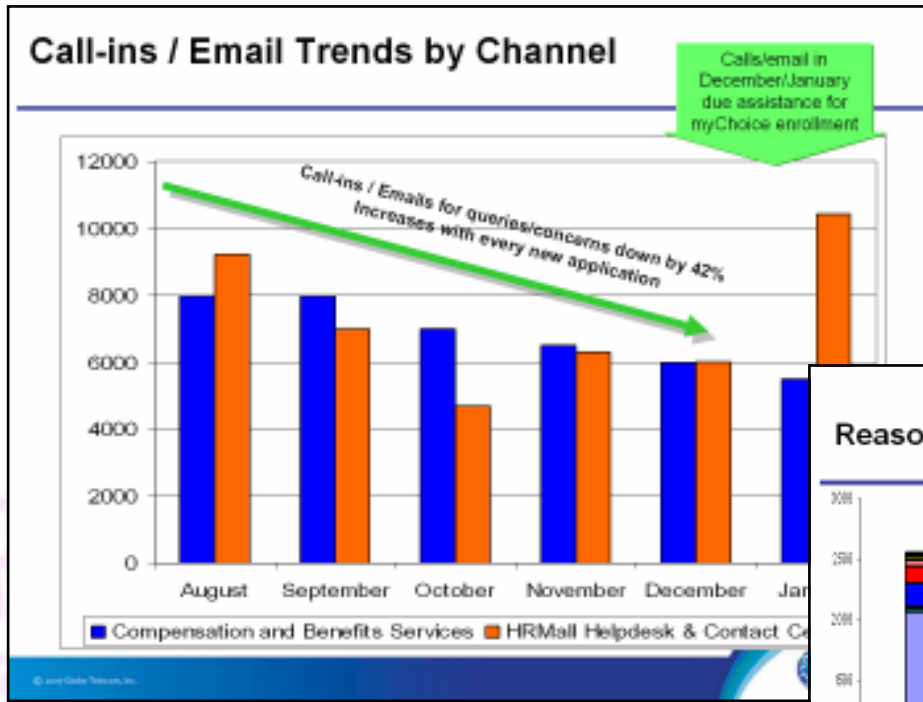
Impact on Customer

**Transactions
are 80%
Faster!!!**

		FROM	TO
Staffing	Uploading new hire info	1 hour / new hire or 12 mandays/mo	15 mins / new hire or 3 mandays/mo
Payroll	Semi-monthly Processing	1 day / payout or 2 days / mo	3 hrs / payout or 6 hrs / mo
Benefits	Loan net capping: – TAT to secure net capping approval – Net cap computation	• 1 day • HR staff	• Real time to max 4 hrs SLA • Self-service at Ee's desktop
	Benefits reimbursements: – Processing – Net cap computation	• HR staff • HR staff	• Real time to max 4 hrs SLA • Self-service at Ee's desktop; HR confirm in 1-2 days
Promo	Processing	1++ days/ cycle	15-30 mins/cycle
Reports	• Masterlist	• 6 hrs	• 45 mins
	• Movement reports, demographics	• 6 hrs	• 1 hr

Our Transformation Experience

Impact on Customer



Our Transformation Experience

Available Reports

Reports

Core HR

- > Employee Masterfile Report
- > New Hire Report
- > Movement Report
- > Demographics-HC Report
- > Letter: Employee Information Sheet
- > Letter: Certificate of Employment
- > Letter: Regularization Letter with Salary Adjustment
- > Letter: Regularization Letter without Salary Adjustment

Benefits

- > Actual Benefits Availment
- > Fringe Benefits Quarterly Report
- > FlexBen Quarterly Report

Loans

- > GLB Loan Report

Time & Labor

- > Timecard
- > Scheduled Hours
- > Payable Status
- > Tardiness, Undertime & LWOP
- > MTA-OT Summary Report

Absence

- > Annual Leave Report
- > Daily/Monthly Report

45



Reports

Monthly Statutory Reports

- > Monthly SSS Premium Certification
- > Monthly PhilHealth Premium Certification
- > Monthly Pag-Ibig Premium Certification
- > Monthly SSS Salary Loan Payment Certification
- > Monthly SSS SILP Payment Certification
- > Monthly SSS Calamity Payment Certification
- > Monthly HDMF Multi-Purpose Loan Payment Certification
- > Monthly HDMF Housing Loan Payment Certification
- > Monthly Withholding Tax Summary Report
- > PhilHealth Monthly Collection List
- > Pag-Ibig Monthly Remittance Report
- > SSS R3 Monthly Collection
- > SSS Loan (Calamity, Salary, SILP) Monthly Collection List
- > HDMF MPL Loan Collection List
- > HDMF Housing Loan Collection List
- > PhilHealth Monthly Premium Contribution List (MPCL)



Reports

Quarterly Statutory Reports

- > PhilHealth Quarterly Collection List
- > SSS R3 Quarterly Collection
- > SSS Loan Quarterly Collection List

Annual Statutory Reports

- > Alphabetical List of Employees terminated before Dec. 31
- > Alphabetical List of Employees with no Previous Employer
- > Alphabetical List of Employees with Previous Employer
- > Alphabetical List of Employees whose compensation are exempt from withholding tax but subject to income tax
- > Annual Withholding Tax Summary Report
- > Certificate of Income Tax Withheld on Comp.

Other Payroll Reports

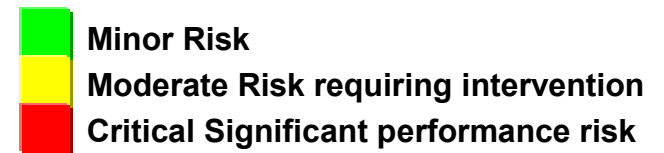
- > Arrears AY
- > Comparative Report AY
- > Payroll Summary AY
- > Retro Delta AY
- > Exceptions Report AY

What went well/ what did not...

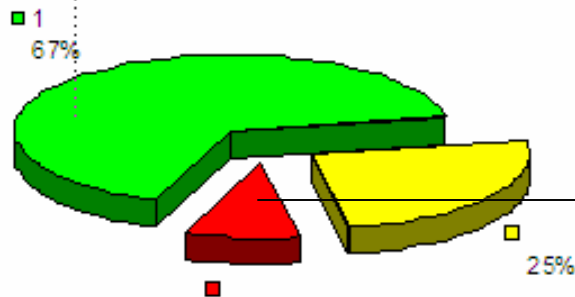


Pluses	Minuses
<ul style="list-style-type: none"> ❑ Technical support not as fast or as solidly competent ❑ Improved from unacceptable to acceptable turn-around time (TAT) to <ul style="list-style-type: none"> ❑ Employee queries ❑ HR requests for customized reports ❑ HR change requests ❑ Collaborative partners in corrective actions <ul style="list-style-type: none"> ❑ Reverted to paper payslips w/o charging incremental P100k/month cost of paper payslips ❑ Tax deduction scheme revert to old Globe scheme w/o charging us approx system reconfiguration cost P500k ❑ Free services <ul style="list-style-type: none"> ❑ Off cycle conversion payout equivalent to Php 30k in incremental service revenues ❑ Tight Project Management <ul style="list-style-type: none"> ❑ Planning and Implementation; EOP Reviews ❑ Change and Communication Management 	<ul style="list-style-type: none"> ❑ HR Mall personnel learning curve – <ul style="list-style-type: none"> ❑ One-time human errors in system set-up: <ul style="list-style-type: none"> ▪ Corrected with addition of more 1 layer of validation ▪ Corrected during testing ❑ As PeopleSoft system super-users <ul style="list-style-type: none"> ▪ Lack seasoned senior consultant <ul style="list-style-type: none"> ▪ Oracle very expensive ▪ Blaze 2A Proj Mgr weak (though part of problem is lapse in Globe's UAT attentiveness) ▪ Though their new recruits are fast learners ❑ Inefficient telephony system eventually corrected with reprogramming in Dec 2007 ❑ Technical support not as fast or as solidly competent <ul style="list-style-type: none"> ❑ System errors in email notifications (corrected) ❑ Security issues: <ul style="list-style-type: none"> ▪ E-payslip 2x ▪ For time and labor absence module, also corrected ❑ Slow turn-around time for unanticipated emergency reports vs our in-house SAP

What we've learned...



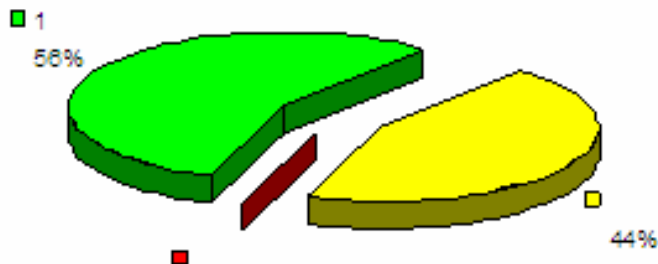
Texhcnical Risk Factors Severity Status



Certifications from our Information Systems Group

- ✓ Software application acceptable
- ✓ Network performance acceptable
- ✓ Back-up & recovery routines developed, tested & approved
- Acceptance of HR Mall Business Continuity Plan

People Risk Factors Severity Status



People Assessment

- ✓ Steering committee actively involved and supporting the Program effectively
- ✓ Globe Functional Team: strong functional know-how, but needs to focus on over-all management to be more proactive in implementing the service management agreements
- ✓ HR Mall Technical Team Lead: competent in diagnosing glitches, but could be more proactive and preemptive and avoid moves that can create new problems

- Spend no more for the same services that Globe has on a stand-alone basis
- Realize synergies with the Group which will result to cost optimization
- Radically improve HR Service Delivery in order to deliver on our 3E employee value proposition consistent with our renewed corporate brand identity

What's Next: Globe HR's Outsourcing Roadmap

LEGEND	TIMELINE	MODULES
Pre-Outsourcing "0"		Icon; HR Link; SAP (EE Timekeeping, Payroll, Training)
Blaze 1A	2007 3Q – 4Q	Answer Key
Blaze 1B	2007 3Q – 4Q	MySite; PeopleSoft ESS/ MSS; PeopleSoft EE Timekeeping, Payroll, Benefits, Loans; FlexBen; Recruitment
Blaze 2A	** 2007 2Q – 2010 1Q	Training Administration & Performance Management
Blaze 2B	** 2010 2Q – 2011 2Q	IDP, Career, Competency & Succession Mgt
Blaze 3A	2010 3Q – 4Q	HR Analytics Report
Blaze 3B	2011 2Q – 2012 Q1	HR Business Intelligence (WPA)

**** DELAYED, Original Timeline: 2007 3Q – 4Q**

Superior Employee Experience= Superior Customer Experience!!





23.2M++
mobile subscribers

18,000++
GCash
Remittance
network

715,000++
broadband
subscribers

\$2.9B++
market capitalization

\$1.3++B
consolidated
annual service
revenue

30+%
shareholder
return

\$557M++
capital expenditures



Q & A



Transforming Employee Experience

Globe Telecom's Payroll & Benefits Outsourcing Story

@ 05 May 2010
HR Outsourcing Summit
Susan Grace Rivera
srmanalo@globetel.com.ph
Sg.rivera@gmail.com

