



**SAP® ERP HUMAN CAPITAL MANAGEMENT**  
OPERATIONAL EXCELLENCE AND INNOVATION  
IN HUMAN CAPITAL MANAGEMENT

Solution Overview

THE BEST-RUN BUSINESSES RUN SAP™





## **OPTIMIZING PEOPLE MANAGEMENT**

ARE YOU MAKING THE MOST OF YOUR RESOURCES?



“To build a world-class energy utility company, we want to empower and retain our best talents. With an integrated SAP ERP Human Capital Management solution, we can now streamline end-to-end HR processes to improve productivity, provide more responsive employee service, and increase efficiency in the HR department.”

Lynn Loh, Head of Human Resources and Administration, Singapore Power

“Our people are our most important asset.” Nearly every company report contains a phrase like this – and for good reason. Today, the last great source of competitive advantage is human capital.

The SAP® ERP Human Capital Management solution offers a complete and integrated set of tools to help you effectively manage your people. You can hire the best talent, align employee goals with business objectives, cultivate employee skills, and measure and reward performance. At the same time, you can automate all core HR processes to increase efficiency, reduce costs, and support compliance. And when you want to outsource HR processes or run an internal shared service center, the solution supports these deployment models in ways that reduce risk and cost.

# MANAGING THE HUMAN CAPITAL OF YOUR BUSINESS

## FACING CHANGE AND NEW CHALLENGES

Human resources functions and responsibilities are changing and intensifying at a faster pace and to a greater degree than many other areas of the organization. Once relegated to the back office and concerned mainly or even exclusively with transactional processes and functions, HR organizations are taking an important role in strategic business activities.

Given these trends, you need to transform your traditional HR functions into a comprehensive human capital management (HCM) program that supports not only your HR professionals but also your executives, line managers, and employees – your entire workforce.

This requires that your HR staff be able to support line-of-business areas by doing the following:

- Find the best external people and put their talents to best use
- Identify, motivate, develop, and retain your internal talents
- Ensure seamless succession for key positions
- Align team and individual goals with your corporate strategies
- Provide high-quality HR services to a globally distributed workforce – anytime and anywhere – and at a low cost

- Minimize recruiting and training costs
- Reduce the cost and effort required to ensure compliance with legal regulations locally and globally
- Quickly adapt local and global HR processes to changing business needs

SAP supports more than 12,000 HCM customers in 110 countries in managing their people. Organizations in all industries are benefiting from SAP's extensive experience in developing, implementing, and supporting HCM solutions.



# SAP® ERP HUMAN CAPITAL MANAGEMENT

A COMPREHENSIVE, INTEGRATED SOLUTION  
FOR GLOBAL BUSINESSES

## SAP® ERP: The Trusted Foundation for Business Excellence and Innovation

The SAP® ERP Human Capital Management solution is part of the SAP ERP application – the software foundation that enterprises trust to achieve business excellence and innovation. Leveraging this foundation, you can build the business processes you need today – and tomorrow. SAP ERP draws from more than 35 years of experience. It delivers the powerful functionality, global orientation, and flexible enhancement-package options you need to gain a sustainable, competitive advantage and position your organization for profitable growth.



The SAP® ERP Human Capital Management (SAP ERP HCM) solution is a complete and integrated global solution that gives organizations in all industries the tools needed to effectively manage their most important asset: their people. With an efficient, committed, and motivated workforce, you can significantly increase organizational performance. And as your company evolves, the solution enables you to easily support growth and change, both nationally and globally.

### Hire the Best Talent

SAP ERP HCM equips organizations to attract and hire the right people and make new hires productive quickly.

### Optimize Use of Employee Talent to Achieve Business Objectives

Using a holistic approach for all your talent-related processes can help you pinpoint where your talent lies, train and cultivate the skills of your workforce, and align employee goals with your overarching business objectives.

### Streamline HR Processes

Automation of all operational HR processes, such as employee administration, time management, payroll, and legal reporting, increases efficiency and supports compliance with changing global and local regulations.

### Leverage Real-Time Insight

By using timely insight into the workforce, your organization can benefit fully from human-capital strategies and programs – and measure your workforce's contributions to the bottom line.

### Benefit from Global SAP Resources

An unmatched global service offering and partner ecosystem complete the solution.



“Best practices for human capital management enabled us to use much of the delivered solution ‘as is,’ fulfilling our IT goal of minimizing changes to off-the-shelf solutions.”

Marilyn Becker, SAP Project Manager, Adobe Systems Inc.

## SAP ERP HCM Supports Key Business Activities

**Workforce analytics** – Give your executives, HR professionals, and line managers reporting and analysis options that provide real-time insight into your workforce. The solution supports:

- Strategic alignment
- Workforce planning
- Workforce analysis
- Workforce cost planning and simulation
- Workforce benchmarking
- Workforce process analytics and measurement
- Talent management analytics and measurement

**Talent management** – Find the talent you need before the competition does. The solution supports:

- Recruiting
- Succession management
- Enterprise learning management
- Employee performance management
- Compensation management

**Workforce process management** – Automate and integrate all essential workforce processes. The solution supports:

- Employee administration
- Organizational management
- Global employee management

- Benefits management
- Time and attendance
- Payroll and legal reporting
- HCM processes and forms

**HCM service delivery** – Give your workforce the tools to inform and serve themselves anywhere, anytime. The solution supports:

- An employee interaction center
- Manager self-services
- Employee self-services
- Dedicated support for key business roles
- Microsoft® Office integration (Duet™ software)

# MAKE WELL-INFORMED WORKFORCE DECISIONS

## TURNING HR INTO A STRATEGIC BUSINESS ENABLER

The SAP ERP HCM solution offers a superior set of tools, content, and access channels to make HR data available to a large number of employees in real time. For example, the solution provides more than 600 predefined reports and 90 key performance indicators (KPIs) to help your organization identify important workforce issues and opportunities. By providing your executives, HR professionals, and line managers with real-time insight into your workforce, you can help them make better decisions faster – and transform your HR department from a service provider into a strategic business enabler.

### Strategic Alignment

SAP ERP HCM helps you ensure that all business activities are in line with the strategic goals of your organization. It helps employee teams work toward common objectives, regardless of location. A balanced scorecard framework in the software provides predefined workforce scorecards that are built around generic metrics, targets, and milestones. The scorecards are integrated with management-by-objective goals to align employee objectives with your corporate strategy.

### Workforce Planning

SAP ERP HCM helps you understand current workforce trends and plan future needs using workforce demographic data. You can use predefined reports to analyze factors such as headcount development, turnover rates, and required workforce competencies. You can link the results of this analysis directly to headcount planning, budgeting, and key talent processes such as recruiting and learning.

### Workforce Cost Planning and Simulation

SAP ERP HCM supports your HR professionals in all tasks involving cost planning for the workforce and helps HR executives develop effective strategies. The solution provides access to a broad range of workforce-related data for accurate planning, facilitates simulated planning scenarios, and lets you continuously monitor actual versus planned performance.

### Workforce Benchmarking

With SAP ERP HCM, you can measure standard workforce processes and compare these measurements with both external benchmarks and internal operating thresholds. The solution delivers extensive functions for salary

benchmarking to help your compensation professionals compare your company's pay policy and pay structure with the competition's. It can also help them quickly and accurately determine the best possible revisions for your compensation strategy.

### Workforce Process Analytics and Measurement

You can measure and analyze transactional HR processes such as payroll processing, employee administration, time management, and benefits administration. The software enables you to analyze organizational structures, relationships, and attributes of jobs and positions.

### Talent Management Analytics and Measurement

The basis for all talent processes supported by SAP ERP HCM is a common set of integrated data that you can use to assess employee skills and qualifications, evaluate the efficiency and cost-effectiveness of recruiting processes and learning programs, and analyze the cost-effectiveness of employee compensation programs. You can measure the effectiveness of succession programs to prepare employees to assume key positions as well as monitor how well employee goals are aligned with corporate goals.

# TAKE A HOLISTIC APPROACH TO TALENT MANAGEMENT

## TAP THE FULL POTENTIAL OF EVERY EMPLOYEE

Unified support for strategic employee management processes can help you find the best people for your business, develop and leverage their talent, align their efforts with your corporate objectives, and maximize the impact of employee training. With SAP ERP HCM, you can retain, motivate, and promote top performers through the right mix of compensation, benefits, and career development programs.

The talent management processes supported by SAP ERP HCM are fully integrated with one another as well as with other business processes through a common data model. As a result, you get unprecedented insight into all your talent management processes and can make your talent-related practices work more effectively together. At the same time, you can minimize integration costs, simplify and streamline your talent management processes, and ease adoption and use by leveraging a consistent user interface across all functions.

Identifying, developing, and retaining talent is critical to the success of businesses in all industries. With the talent management functionality of the SAP ERP Human Capital Management solution, you can unify and optimize processes to make the most of the people in your organization.

### Recruiting

The fully Web-enabled, end-to-end recruiting functions in SAP ERP HCM help you quickly find the right talent and build long-term relationships with current and potential employees. There is innovative support for talent relationship management as well as traditional central recruiting functions. Full-fledged applicant tracking and reporting functions help organize the processing of job applications and monitor the effectiveness of the recruiting organization. And links to external systems, such as job boards, and recruiting service providers – as well as to your company's internal systems – help you align your recruiting programs with your corporate strategy, find top candidates, cut recruiting and sourcing costs, and improve employee retention.

### Succession Management

SAP ERP HCM lets you minimize business disruption when key positions are vacated by helping you proactively identify, develop, and track high-potential employees best suited to fill those positions. You can ensure that you prepare future leaders for promotion from within and identify successors for key positions before they are vacated. In addition, the SAP Talent Visualization application by Nakisa helps you make better and faster decisions about your talent pipeline and successor rankings.

### Enterprise Learning Management

The SAP Enterprise Learning environment within SAP ERP HCM integrates and manages multiple business and learning processes and helps you tailor learning paths to an individual's educational needs and learning styles. The software supports Web-based, classroom, and virtual-learning training. It includes an intuitive learning and instructor portal, powerful learning management software, an authoring tool for tests, tools for structuring e-content, a virtual-learning tool provided by the SAP Acrobat Connect Professional applications by Adobe, and functions for content management and collaboration. Tight integration with SAP ERP analytical functionality lets you plan, track, and measure the impact training has and ensures that individual learning strategies are aligned with corporate objectives.

### Employee Performance Management

You can use SAP ERP HCM to automate your performance management processes, increase performance transparency, communicate enterprise strategy, align employee initiatives and goals throughout the enterprise, and reward your employees based on their performance. The solution supports different appraisals (performance appraisals, potential assessments,

and 360-degree appraisals), objective-setting agreements, and performance-based rewards. And because the software is extremely flexible, you can custom-design the content of your appraisal documents and performance management processes.

### Compensation Management

With SAP ERP HCM, you can implement innovative reward strategies, such as pay for performance and for competency, variable pay plans, and long-term incentive programs. The solution helps you analyze and compare compensation packages using internal and external salary data to ensure that you are competitive with other employers.



“With SAP E-Recruiting, we can improve personnel selection while maintaining a high level of efficiency in our back-office processes. Our initial experiences have shown that we’re on the right track.”

**Christoph Griesshaber**, Human Resources Manager, HUGO BOSS AG

# IMPROVE HR SERVICE DELIVERY AND LOWER HR COSTS

## SIMPLIFYING ACCESS TO HR SERVICES

Your employees may not always have Internet access. As a result, you need to provide multiple ways to access HR services, including kiosks, telephony, mobile devices, a centralized help desk, and more. SAP ERP HCM supports all these service delivery requirements. Everyone in your organization can readily access the data, applications, and analytical tools they need to perform their work as efficiently as possible.

### Employee Interaction Center

You can establish an employee interaction center to maintain effective communication channels with your distributed workforce. Whether your employees interact with your HR staff through phone calls, e-mail messages, or Web requests, personnel can answer questions easily or provide information by using the employee interaction center to access master data from SAP ERP HCM. As a result, you can increase employee satisfaction by providing every employee with prompt, personalized, courteous service and accurate information.

### Manager Self-Services

SAP ERP HCM gives your managers an intuitive portal through which they can accomplish their key tasks. They can make departmental decisions that align with strategic business objectives in areas such as budgeting, recruitment, compensation, and cost management; manage competencies; conduct recruiting and annual employee reviews; and plan compensation and future staffing quotas. Managers can also monitor

travel expenses, track budget consumption per project, and check critical variances between budget and actual costs. By leveraging analytical information and flexible reporting options, managers can plan, measure, and communicate the effects of their strategies on overall business results.

### Employee Self-Services

The solution automates paper-based processes and enables your employees to manage important life and work events on their own. Available in multiple languages, self-service functions support more than 80 employee activities – from employee search and benefits management to travel management and procurement – in ways that improve productivity and efficiency by simplifying tasks, reducing paperwork, and optimizing workflows. The software increases HR staff motivation and morale by automating routine tasks, freeing them up to focus on strategic, high-value efforts.

### Dedicated Support for Key Business Roles

Different people play different roles in the execution of your organization's business processes. SAP ERP HCM can make your employees more productive by providing role-based access via the SAP NetWeaver® Portal component or through SAP NetWeaver Business Client software. Both enable easy access to precisely the services and content your employees need to fulfill their roles in the organization's business processes.



### Microsoft® Office Integration

Duet™ software is a jointly developed product from SAP and Microsoft Corporation that enables users to interact with SAP ERP transactions, processes, and data through the familiar Microsoft Office environment. By using Duet software, you can increase compliance with corporate policies, improve decision making, and reduce time and cost associated with coordinating resources and searching for information, all of which leads to swift adoption of SAP ERP among your employees.



“SAP ERP HCM enables us to cost-effectively bundle high-quality HR services in a shared service center. Thanks to this new center – and to the many employee and manager self-services available through SAP ERP HCM – our HR staff is spending less time on administrative work and more time on value-adding tasks. HR has become a business partner, helping the company reach its corporate goals.”

**Claus Heinrich**, Member of the Executive Board, Labor Relations Director, SAP AG

# INCREASE HR EFFICIENCY THROUGH PROCESS AUTOMATION

## FREED UP HR STAFF TO FOCUS ON VALUE-GENERATING ACTIVITIES

You can use SAP ERP HCM to automate administrative HR tasks and reduce the time and costs associated with those tasks. This frees your HR staff to focus on activities that generate real business value and improves the productivity of your HR and line managers.

At the same time, you can standardize and consolidate all workforce-related core processes and data onto a single platform, while ensuring adherence to local regulations and laws. SAP ERP HCM also provides a single, accurate source of employee data that is available in real time throughout your organization.

### Employee Administration

SAP ERP HCM supports all of the basic processes for managing personnel and handling employee information. This information is stored and maintained in a central database that is the core of the solution; all functions access, leverage, and update this data in real time. The software automatically checks and dates all data as it is entered. As a result, your employees and managers have access to information that is up-to-date and consistent for HR- and business-related decisions. There is also support for data and document archiving.

### Organizational Management

With SAP ERP HCM, you can graphically depict and analyze your organizational and reporting structures and plan workforce requirements and personnel costs. You can simulate new organizational or reporting structures. Access to the reporting structure lets you more

easily establish authorizations and enables more effective management of workflow.

### Global Employment

SAP ERP HCM supports all processes involved in international employee assignments – from planning and executing global assignments to personnel administration and payroll for global employees.

### Benefits Management

SAP ERP HCM provides a flexible framework for creating and managing tailor-made benefits packages. Versatile configuration options let you offer a diverse range of benefits to accommodate even complex plan definitions. There is powerful support for all administrative benefits-related tasks, and standard and flexible reports let you summarize and analyze benefits data. Support for self-services enables your employees to view and change their benefit selections online.

### Time and Attendance

With SAP ERP HCM, you can record, track, monitor, and evaluate your employees' working times and activities. There are state-of-the-art planning and data-entry technologies as well as easy-to-use mechanisms for monitoring time management tasks. Working times are recorded once and reused across your enterprise in fully integrated business processes. Intuitive user interfaces are tailored to the individual needs of your HR professionals, time administrators, shop-floor supervisors, secretaries, team leaders, and team members.

SAP ERP HCM, which is available in 30 languages and 47 country-specific versions, can accommodate local legal, regulatory, and business requirements throughout the world.

### Payroll and Legal Reporting

SAP ERP HCM can handle complex payroll processes in compliance with current legal regulations in 47 countries. Predefined reports help you address various legal and compliance issues, increase the visibility and transparency of your HR processes, and simplify overall management of compliance-related concerns.

### HCM Processes and Forms

SAP ERP HCM offers an efficient way to manage cross-role processes that involve HR master data. A flexible framework lets you easily tailor HR processes to your specific needs. With its code-free design and simple, cost-effective implementation environment, the solution makes HR-related workflows more efficient. The result is huge time savings for your IT team. SAP Interactive Forms software by Adobe transforms paper-based HR tasks into streamlined, automated processes – while maintaining a familiar look and feel for managers, executives, and other casual users.

# THE NEXT-GENERATION HCM SOLUTION

## SUPPORTING BUSINESS GROWTH AND CHANGE

### Support for Global Operations

SAP ERP HCM supports languages, currencies, best practices, and regulatory requirements for 47 countries. This means that you can deploy solutions specific to the countries you are operating in today – and in the future – while reducing the cost and effort of complying with local regulations.

### Flexible Deployment Options

Many organizations are outsourcing parts of their HR processes to external providers – for some, a cost-effective alternative to handling them internally. You can leverage numerous SAP relationships with business process outsourcing (BPO) providers for HR. And because SAP ERP HCM natively supports internal shared services and BPO, it reduces the cost and risk for these deployment models. The SAP ERP HCM solution is the solution of choice for shared-services centers.

### SAP NetWeaver Technology Platform

SAP ERP is powered by the SAP NetWeaver technology platform, a composition platform that enables you to rapidly build composite applications while realizing more business value from your existing IT investments. SAP NetWeaver supports new, cross-functional business processes and lowers your total cost of ownership (TCO) by reducing the need for custom integration. It is also the foundation for enterprise service-oriented archi-

itecture (enterprise SOA). Together, SAP NetWeaver and enterprise SOA enable you to swiftly refine your business processes in response to new opportunities and challenges.

### Innovation Without Disruption

The SAP enhancement package strategy provides you with a more economical and less disruptive way of adopting and managing software releases. You can

selectively implement software innovations from SAP and activate discrete functions and enhancements as business opportunities and demands dictate. This unique delivery and deployment method for enterprise software – made possible by the flexibility of enterprise SOA – enables you to take advantage of new software functionality while meeting your need to maintain the stability and integrity of your core SAP ERP HCM solution.



# THE SAP ERP SOLUTION MAP

## UNDERSTANDING BUSINESS VALUE

SAP ERP supports your most important business processes and provides tools to help you to understand how these processes work. One of these tools is the SAP ERP solution map. SAP solution maps are multilevel blueprints of processes constructed from customer and industry analysts input plus the technical expertise SAP has acquired through extensive business

experience and research. By showing what processes SAP and SAP partner solutions support, solution maps help you visualize, plan, and implement a coherent, integrated, and comprehensive information technology solution that covers all your critical business processes. You can review the solution map for SAP ERP online at [www.sap.com/businessmaps](http://www.sap.com/businessmaps).

End-User Service Delivery							
Analytics	Financial Analytics		Operations Analytics		Workforce Analytics		
Financials	Financial Supply Chain Management	Treasury		Financial Accounting	Management Accounting	Corporate Governance	
Human Capital Management	Talent Management		Workforce Process Management		Workforce Deployment		
Procurement and Logistics Execution	Procurement		Inventory and Warehouse Management	Inbound and Outbound Logistics		Transportation Management	
Product Development and Manufacturing	Production Planning		Manufacturing Execution		Product Development		Life-Cycle Data Management
Sales and Service	Sales Order Management		Aftermarket Sales and Service		Professional-Service Delivery		
Corporate Services	Real Estate Management	Enterprise Asset Management	Project and Portfolio Management	Travel Management	Environment, Health, and Safety Compliance Mgmt.	Quality Management	Global Trade Services

Shared Service Delivery  
SAP NetWeaver®

Figure: The SAP® ERP Solution Map

# THE BENEFITS OF SAP ERP HCM

## ENABLING QUICK TIME TO VALUE

Activity	Benefit
Consistently achieve corporate objectives	<ul style="list-style-type: none"><li>▪ Align your workforce with organizational objectives</li><li>▪ Find the best people and leverage their talent in the right job at the right time</li><li>▪ Ensure that every employee understands and acts upon appropriate business objectives and can monitor their progress toward corporate goals</li></ul>
Retain your talent	<ul style="list-style-type: none"><li>▪ Provide your employees with clearly defined career and development plans and personalized learning opportunities</li><li>▪ Link employee performance to compensation programs, such as variable pay plans and long-term incentives</li></ul>
Proactively identify and fill talent gaps	<ul style="list-style-type: none"><li>▪ Identify, develop, and track high-potential employees</li><li>▪ Ensure that future leaders can be effectively promoted from within – and that successors are identified for key positions</li></ul>
Lower cost of compliance and employee administration	<ul style="list-style-type: none"><li>▪ Reduce the cost and effort of complying with local regulations through unrivaled features and functions, support structures, and expertise</li><li>▪ Reduce HR costs by automating operational employee-related processes</li></ul>
Improve decision making and manage human capital more effectively	<ul style="list-style-type: none"><li>▪ Give your executives, HR professionals, and line managers reporting and analysis options that provide real-time insight into your workforce</li><li>▪ Identify trends at an early stage and make well-informed decisions, so you can manage your human capital more effectively, predict human-capital investment demands, and track workforce costs and the return on investment for HR projects</li></ul>
Reduce risk	<ul style="list-style-type: none"><li>▪ Adapt your processes quickly to changing business needs with a flexible, scalable solution</li><li>▪ Leverage local SAP help centers as well as the customer community of more than 12,000 organizations who are using the SAP® ERP Human Capital Management solution.</li></ul>
Implement value-added activities	<ul style="list-style-type: none"><li>▪ Streamline all HR processes</li><li>▪ Free employees to concentrate on value-generating activities rather than on routine tasks</li></ul>
Turn HR into a strategic business partner	<ul style="list-style-type: none"><li>▪ Align HR activities with organizational objectives</li><li>▪ Focus on leadership succession, workforce planning, and organizational change</li><li>▪ Make HR services transparent</li><li>▪ Lower HR costs and deliver better HR services – anywhere and anytime</li></ul>

To learn more about how SAP ERP HCM can help your organization reach its business goals, call your local SAP representative or visit our Web site at [www.sap.com/hcm](http://www.sap.com/hcm).

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