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# Fusion Workforce Compensation Solution and Case Study



**pwc**

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# Agenda

- Talent and Workforce Compensation is critical for CEOs
- What are Oracle Fusion applications?
- Case Study – The Principal Financial Group
  - The Principal Background and Strategy
  - Proposed Solution
  - Program Timeline
  - *Highlights of Principal Solution*
  - Compensation Pilot Results
  - Project Success Factors
  - What is next for Principal Financial Group?
- Q & A



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Compensation and Talent  
Management are a priority for  
CEOs



# CEOs are changing their strategy for managing people

The recent 14<sup>th</sup> annual CEO survey conducted by PwC reveals that CEOs believe effective talent management will be a differentiator in companies that navigate well in the new economy.

## CEO Challenge

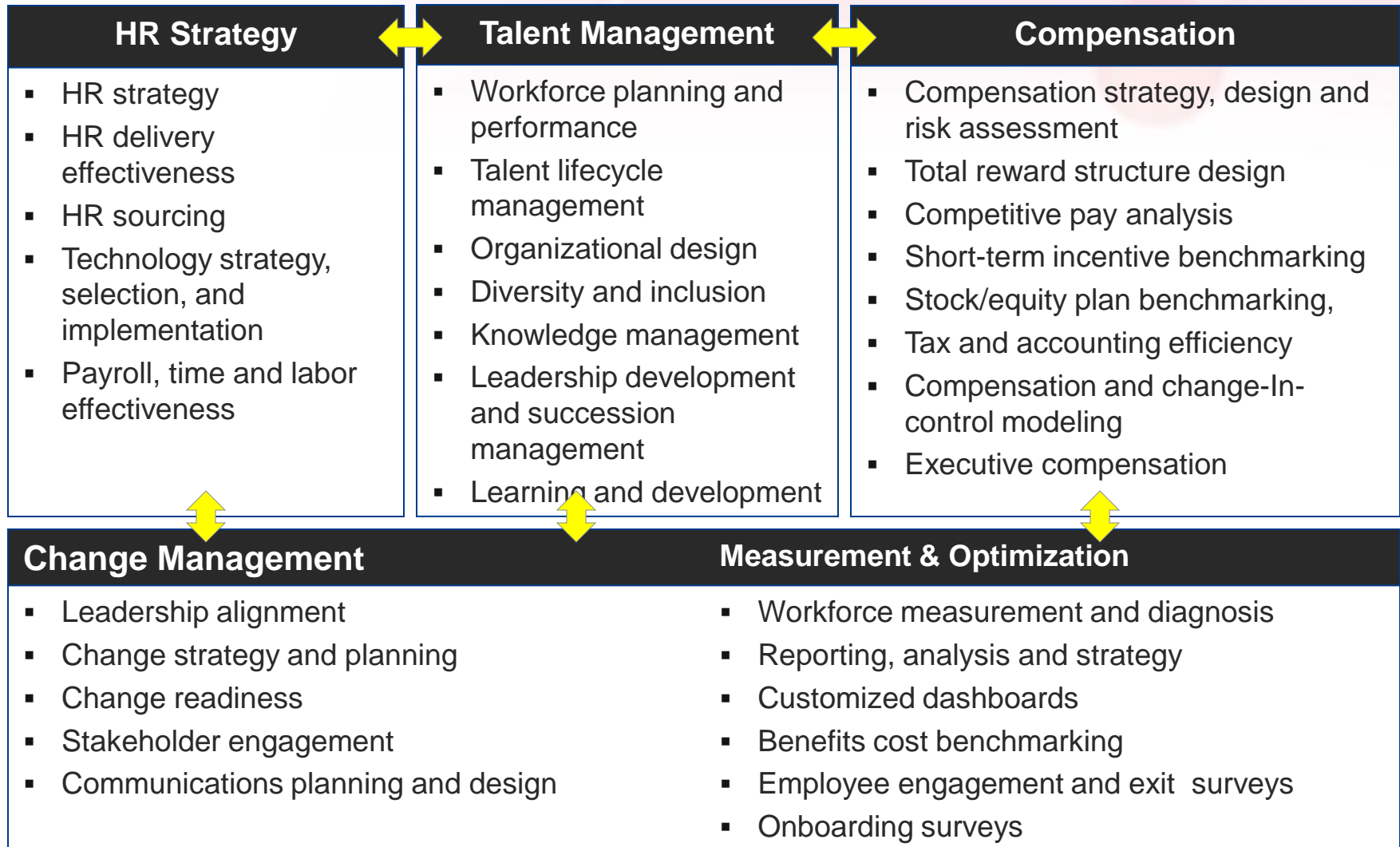
- 90%** of CEOs expect their key operations to grow in Asia
- 83%** of CEOs say they will change their strategies for managing people
- 66%** of CEOs say that a lack of the right skills is their biggest talent challenge
- 65%** of CEOs say they will make more use of non-financial rewards
- 54%** of CEOs see challenges in recruiting and integrating younger employees

## Fusion Capability

- Global capabilities including multi-currency and language
- Better collaborative tools for performance management and talent reviews
- Profile definition and data capture to align the right talent to critical jobs
- Supports a forward approach to talent management, career development, and corporate culture adoption
- Collaborative connections, network building, and immediate feedback resonates with younger employees



# HR Transformation - Compensation





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# Research: People Issues Today and Tomorrow

**Managing tomorrow's people\***  
The future of work to 2020

\*connectedthinking PricewaterhouseCoopers

**Managing tomorrow's people: The future of work to 2020**

**10 Minutes on Compensation**

**Refining the Pay for Performance Model**

...the most common mistake is to focus on the wrong metrics...  
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**10 Minutes on Compensation: Refining the Pay for Performance Model**

**Human Change Management: Herding the Cats**

Everyone knows the drill: Change is the only constant. Align the trinity of people, processes and technology to strategy. But everyone also knows human behavior is complex. Organizations don't adapt to change; they people do. But this idiosyncratic human element is overlooked again and again in change projects.

Organizations are feeling the heat of public criticism. Fuelled by a growing conviction, many longstanding institutions have become targets for scrutiny and change. Regulators are cracking down on questionable industry-wide business practices in troubled sectors. Many companies are restructuring their operations to cope with the new, lean economy. The imperative to change the way organizations do business has never been greater. The imperative may be great, but the success rate of change programs is not so great. About 75% of all organizational change programs fail, largely because employees feel left out of the process and end up lacking the motivation, skills and knowledge to adopt new systems and procedures. Yet the recipe for successful change management is well known and repeatedly simple: align the trinity of people, processes and technology with leadership and organizational strategy. The devil, as always, is in the detail: how to implement a change program successfully when dealing with the vagaries of human behavior.

**Human Change Management: Herding the Cats**

**Management Barometer**

U.S. multinationals have much at stake in change management, PricewaterhouseCoopers finds. Company growth, cost reduction, new technologies, and competition seen as leading drivers of change.\*

These findings are from interviews with 133 top executives of large, U.S.-based multinational businesses, for PricewaterhouseCoopers' Management Barometer.

NEW YORK, May 22, 2006: Large U.S. multinationals are heavily involved in a broad array of change management initiatives, most often stemming from growth and the need for cost reduction. The typical company is currently using an average of five change strategies to achieve desired benefits. In this environment, senior executives have learned to anticipate and manage past many related barriers.

**Permanent change**  
The nation's large companies are hotbeds of change.

- 68 percent of senior executives say their company has been involved in a great deal of change over the past 2-3 years.
- An additional 24 percent cite moderate change.
- Only 10 percent say they have been involved in very little change.

Going forward, more of the same is expected:

- 23 percent anticipate much more change over the next two years.
- Another 56 percent foresee continuation of the same amount.

Business leaders report that their company's need for change springs from a number of "externally important" sources – first and foremost from growth, followed by the need for cost reduction.

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news release

**Management Barometer: U.S. multinational have much at stake in Change Management**



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# Fusion Applications Overview



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# The Principal Financial Group Fusion Compensation Case Study



# The Principal Financial Group Background

The Principal Financial Group offers businesses, individuals and institutional clients a wide range of financial products and services, including retirement and investment services, life and health insurance, and banking through financial services companies.

The Principal utilizes a full PeopleSoft suite for both HCM and Financials.

## **Challenge:**

The Principal faced a number of challenges related to their performance and compensation management systems and processes including:

- Growing global business bringing new system requirements
- Multiple processes and tools for leaders
- Increase access to information
- Increase integration and data sharing

## **HCM Strategy:**

- Performance Culture
- Integrated Talent Management
- Global Growth



# Proposed Solution

Fusion “co-existence” model allows The Principal to leverage Fusion functionality not leveraged in current PeopleSoft system.

## Current PeopleSoft 8.9

- Core HCM
- Benefits
- Payroll
- Recruiting
- ESS / MSS

## Fusion Talent Management

- Compensation
- Performance Management
- Goal Management
- Talent Review
- Workforce Directory Mgmt
- Profile Management
- Network at Work

**HR to HR integration**



# Proposed Solution (2)

Key Modules and functionality included:

Module	Functions
Workforce Compensation	Annual Merit, Incentive plans (Short Term, Long Term, Profit Pools), Budgeting, Modeling, Multi-currency
Performance Management	Employee and Leader assessment, mid-year and annual review, calculated template
Goal Management	Goal assignment, alignment, goal weightings, goal library
Profile Management	Relationship between people & jobs, best fit analysis, content library extensible
Talent Review	9-box talent review, risk of loss, rating history, compensation analytics
Workforce Directory / Network at Work	Person portrait, Organization chart, personal network, social networking



# Fusion Compensation

## Key Features

- Allocate multiple types of compensation
- Distribute budgets to managers or workers
- Create models to automatically determine worker allocations, budgets amounts and targets
- View and rate performance
- Promote workers
- Review and approve work of lower managers
- Analyze allocations using online reports
- Generate compensation change statements
- Summary Analytics
- Alerts
- Dynamic Calculations
- Configuration by Plan and End-User Personalization
- Manager Reports
- Administration Reports
- Task Oriented Setup
- Multi-currency
- Spreadsheet Download



# Incentive Plans

- Plan Features
- 2 Short-term Incentive Plans
- 1 Profit Pool Plan
- 1 Long-term Incentive Plan
- Fast Formulas/Custom rules to determine eligibility
- Automatic payout calculations using a mix of fast formulas and dynamic calculations



# Project Timeline

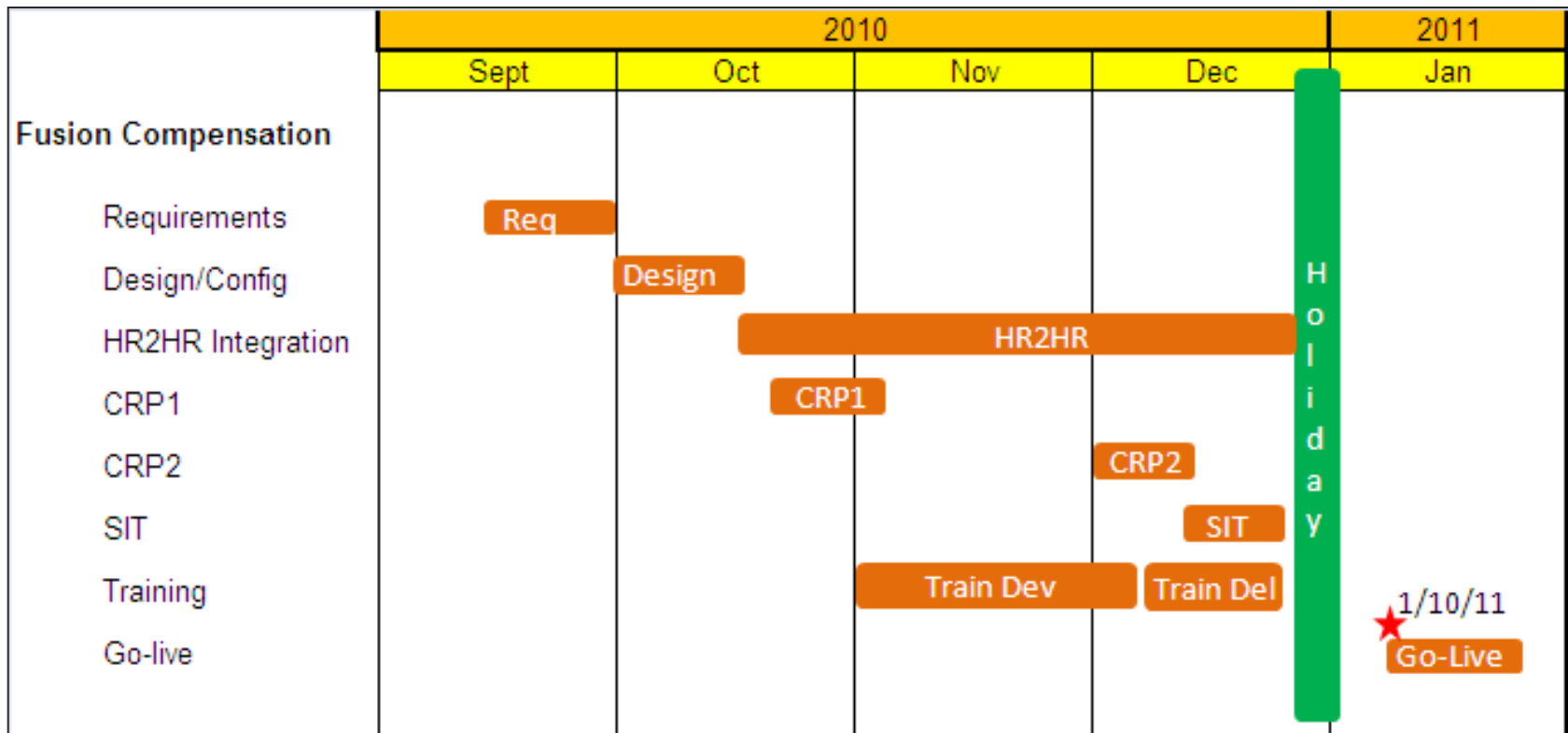
The Principal's deployment is driven by integration into existing process cycles so that the following roll-out has been defined:

	2010		2011				2012	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Fusion Compensation	Comp Pilot 1				Comp Pilot 2			
Fusion Talent Management	Talent Pilot 1					Talent Pilot 2		
Fusion Sourcing	Sourcing Pilot 1							



# Project Timeline (2)

A closer look at the **4 month** Compensation Wave 1 Timeline:





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# Fusion Compensation – Setup *Easy, Fast, Simple*

## Define Workforce Compensation

Done

Plan Name Focal Review Plan

### Task List

Task	Go to Task	Status
▽ Foundation		
Configure Plan Details		<input type="checkbox"/>
Configure Plan Eligibility		<input type="checkbox"/>
Configure Plan Cycles		<input type="checkbox"/>
Configure Plan Currency		<input type="checkbox"/>
Configure Plan Access		<input type="checkbox"/>
Configure Feedback Survey		<input type="checkbox"/>
▽ Budgets		
Configure Budget Pools		<input type="checkbox"/>
Configure Budget Display		<input type="checkbox"/>
▽ Worksheets		
Configure Compensation Components		<input type="checkbox"/>
Configure Performance Ratings		<input type="checkbox"/>
Configure Approvals		<input type="checkbox"/>
Configure Compensation Change Statements		<input type="checkbox"/>
Configure Alerts		<input type="checkbox"/>
Configure Worksheet Display		<input type="checkbox"/>
▽ Models and Reports		
Configure Modeling		<input type="checkbox"/>
Configure Reports		<input type="checkbox"/>
Configure Report Dimensions		<input type="checkbox"/>
▽ Validation and Processing		
Validate Plan and Start Compensation Cycle		<input type="checkbox"/>



# Annual Salary Planning - *Budgeting*

Budget Pools Adjust Budget

Detach

Budget Pool	Plan	Access Level	Eligible Workers	Units	Overall Budget		Workforce Allocation	
					Budget Amount	Percentage	Total Allocated	Available Budget <span style="font-size: small;">▲▼</span>
RK:Budget 2011-12	KO_Phani Plan1	Updates allowed	81	USD	1,000,000.00		0.00	1,000,000.00
Merit Budget 2011	Annual Focal Review	Updates allowed	82	USD	1,000,000.00	17.99	241,751.69	758,248.31
Merit Budget 2011	RC Annual Compensation Plan	Updates allowed	82	USD	333,441.23	6.00	0.00	333,441.23
Bonus Budget 2011	SMS Annual Compensation Plan	Updates allowed	82	USD	280,518.42	5.00	0.00	280,518.42
Bonus Budget 2011					280,518.42	5.00	34,340.00	246,178.42
Bonus Budget 2011					206,355.00	3.68	22,832.36	183,522.64
Merit Budget 2011					333,441.23	6.00	260,889.92	72,551.31
Merit Budget 2010 - 11							273,306.00	-273,306.00
Bonus Budget 2010 - 11							637,714.00	-637,714.00

**Adjust Budget** ✕

\* Plan: RC Annual Compensation Plan ▼

\* Budget Pool: Merit Budget 2011 ▼

\* Reason: Initial budget ▼

Current Budget: 333441 USD

Total Eligible Salaries: 5,557,353.9 USD

New Percentage of Total Eligible Salaries:

Adjustment Amount:  USD

New Budget:  USD



# Annual Salary Planning – *Budgeting* (2)

Budget Pool: Merit Bud

Currency: USD - US Dollar [v] Save Save and Close Cancel

▼ Budget Summary

Budget Pool	Uni	Eligible Workers	Ineligible Workers	Eligible Salary	Overall Budget		Budget Distribution				Worker Allocation	
					Budget Amount	Budget Percentage	Budget Distribution Amount	Budget Distribution Percentage	Available for Distribution	Unpublished Amount	Compensation Amount	Available Budget
Merit Budget - 2011							249818	4.495	83623	0	260,889.92	72551

**Edit Budget Method** [X]

Budget Method

- I will not pass down budgets to managers below me. Instead I will hold the entire amount
- I will pass down budgets only to those managers reporting directly to me
- I will pass down budgets to all of my lower managers

OK Cancel

Manager Budgets [?] Budget Method: Direct reporting

Actions View Format

Manager	Currency	Updates allowed	Eligible Workers	Eligible Salary	Overall Budget		Published Budget			Worker Allocation		Worker List
					Amount	Percentage	Budget Distribution Amount	Budget Distribution Percentage	Last Publish Date	Compensation Amount	Available Budget	
▶ Direct Reports	USD	Updates allowed	8	709994	42600	6	42600	6	3/29/2011	260,889.92	-218290	[icon]
▶ Mavery, Elizabeth	USD	Updates allowed [v]	5	352500	21150	6	21150	6	3/17/2011	17,625.00	3525	[icon]
▶ Soman, Pramesh	USD	Updates allowed [v]	21	1354050	81243	6	81243	6	3/17/2011	89,143.50	-7900	[icon]
▶ Chouhan, Ravi	USD	Updates allowed [v]	16	938000	56280	6	56280	6	3/17/2011	50,070.00	6210	[icon]
▶ Beckenbauer, Klaus	USD	Updates allowed [v]	6	554000	33240	6	33240	6	3/17/2011	22,160.00	11080	[icon]
▶ Hardaway, Janice	USD	Updates allowed [v]	5	255000	15300	6	15300	6	3/17/2011	12,750.00	2550	[icon]
▶ Hamm, Vivian	USD	Updates allowed [v]	21	1393809	0	0	83629	6	3/17/2011	69,141.42	14487	[icon]





# Annual Salary Planning – *Salary Actions*

Manager:

PFG Annual Salary Planning Plan 2010 Currency:

Summary

Component	Eligible Salary	Overall Budget	Overall Budget %	Compensation Spent	Compensation % Spent	Available Budget	Currency
Merit	3,845,789.00	0.00	0.00	14,200.00	0.4	-19,200.00	
Lump Sum	3,845,789.00			5,000.00	0.1		
Promotion	3,845,789.00	0.00	0.00	15,349.22	0.4	-15,349.22	
Adjustment 2	3,845,789.00	0.00	0.00	0.00	0.0	0.00	

Worksheet

Employee Name	Current Yr Performance Rating	Current Compa Ratio	Merit Matrix-Min	Merit Matrix-Max	Alerts	Merit %	Merit Amount	Lump Sum %	Lump Sum Amount	Promotion %	Promotion Amount	Outside Guidance Comments	Total Action %	Total Action Amount
Ahlert, Gibran	3.4	95.6	0.0	3.0	⚠								0.0	0.00
Aiashy, Abdoulkarim	3.5	146.4	0.0	3.0	⚠⚠	4.0	4,200.00			5.0	5,250.00	Employee new	9.0	9,450.00
Aiashy, Kertie	3.2	69.3	3.0	5.0	⚠					7.0	5,099.22		7.0	5,099.22
Akines, Limei	2.4	86.7	0.0	0.0	⚠	16.1	10,000.00					Employee reter	16.1	10,000.00
Arnobit, Diema	3.5	88.6	4.0	8.0									0.0	0.00
Azlant, Aloyd	0	95.8	0.0	0.0				7.3	5,000.00				0.0	0.00
Benack, Dodie	3.5	98.9	3.0	6.0	⚠					7.1	5,000.00		7.1	5,000.00
Blancett, Wvnil	0	88.6	0.0	0.0									0.0	0.00



# Annual Salary Planning – *Salary Actions* (2)

Worksheet

Actions ▾ View ▾ Format ▾ | Freeze | Detach | Wrap | Tree | Export | Model ▾ | Visible Rows 12

Name  Country  Team  Clear All

Employee Name	Currency	Current Yr Performance Rating	Proposed Job Code	Proposed Job Title	Proposed Pay Grade	New 25th	New 50th	New 75th	Promotion %	Promotion Amount	Promotion Start Date	Alerts	Country
gbavitor, Vondel	USD	3.3	7249	Analyst	Salary Level 1	47,900.00	56,000.00	63,700.00					US
nunsen, Golash	USD	3											US
uneou, Doolrecy	USD	3.1											US
rudele, Syvian	USD	3.4											US
ebro, Cye	USD	0	9092	Analyst	Salary Level 1	47,900.00	56,000.00	63,700.00					US

**⚠ New Job Grade is equal or less to current grade**

The grade for the new job assigned is lower than the current grade. Please assign another job to the employee where the grade is higher than the employee's current grade



# Annual Salary Planning - Modeling

Edit Compensation Model: Merit Model ?

Currency USD - US Dollar

Manage All Models

Save

Save and Close

Cancel

Last Updated 3/24/2011 3:38 PM

## Model Properties

\* Name Merit Model

Author Meg Fitzimmons

? \* Allocation Method X percentage of eligible salary

Associated Plan Annual Focal Review:2011

Public Access Share the model with creator's direct reports

Component Salary - Merit

## Criteria

\* Criteria 1 Job Title Criteria 2 Grade

Criteria 3 Performance Management Rating Criteria 4

Rebuild Model

## Model Details

Totals for This Model				Budget		
Workers Included	Total Eligible Salaries	Percentage	Total Amount	Overall Budget	Percentage	Available Budget
82 of 82	5,557,353.90	3.12	173,471.98	555,735.39	10.00	382,263.40

View Format Detach

Job Title / Grade / Performance Management Rating	Total Workers	Total Eligible Salaries	Model Values	
			Percentage of Eligible Salary	Total Amount
2 - Below Average	1	105,000.000	1	1,050.000
1 - Poor	1	107,000.000		0.000
10020.Software Development Manager	5	472,000.000		
M2	2	202,000.000		
2 - Below Average	2	202,000.000	1	2,020.000
M-2	2	190,000.000		
3 - Average	1	100,000.000	4	0.000
2 - Below Average	1	90,000.000	1	0.000
M-1	1	80,000.000		
3 - Average	1	80,000.000	3	0.000

Columns Hidden 3

Preview Model Results



# Annual Salary Planning – Modeling (2)

Preview Model Results: Merit Model

Currency USD - US Dollar

[Return to Model](#)

[Apply Results](#)

[Done](#)

## Summary

Totals for This Model				Budget		
Workers Included	Total Eligible Salaries	Percentage	Total Amount	Overall Budget	Budget Percentage	Available Budget
82 of 82	5,557,353.900	3.253	180,771.984	555,735.39	10.00	382,263.40

## Worker Detail

## Manager Rollup

View Format



Detach



Direct Managers



All Managers



Top managers

	Eligible Workers	Total Eligible Salaries	Model Results	
			Percentage of Eligible Salary	Total Amount
Fitzimmons, Meg - Direct Reports	8	709,994.500	2.769	19,660.890
Beckenbauer, Klaus	6	554,000.000	4.207	23,310.000
Chouhan, Ravi	16	938,000.000	2.964	27,810.000
Hamm, Vivian	21	1,393,809.400	2.625	36,588.094
Hardaway, Janice	5	255,000.000	5.188	13,230.000
Mavery, Elizabeth	5	352,500.000	3.956	13,945.000
Soman, Pramesh	21	1,354,050.000	3.414	46,228.000



# Compensation Pilot Results

The project was a success with go-live for Compensation to a pilot population in January 2011. The Principal achieved:

- Product ability to handle complex incentive plans
- Product ability to accommodate multi-currency
- Global deployment
- Proven configurability of system to meet future comp design
- Data integration with PeopleSoft Core HCM
- Appropriate approvals and roll-ups of comp budgets and administration

**83% of pilot participants would be an advocate for the tool**



# Project Success Factors

There were challenges on the project which were mitigated by the following:

- Close partnership between client, PwC, and Oracle (roles definition)
- Clear expectations of definition of Early Adopter (Product still in development)
- Project team's ability to be flexible and fluid with timeline and milestones
- Willingness and directive to adapt to software (no customizations)
- Collaborative team that attacked problems with creative solutions (manual data entry for CRP2)
- Change Management is imperative to success for both project team and end-users



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# What is next for the Principal Financial Group?

- Continue implementation for Talent Management functionality. Initial pilot targeted for August 2011.
- Additional waves for both Talent and Compensation through 2012
- Partnership with Oracle to influence enhancements and additional functionality of future releases
- Long-term intention to migrate to Fusion for both HCM and Financials



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# Questions & Answers



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