

# Addressing The Challenges

**L**yncBiz Corporation, a specialized global sales management consulting firm has recently partnered with SafeGaurd World International, a leading global payroll company that oversees the global payroll needs of 300 client organisations of varying sizes in more than 175 countries spread over different continents. Through the partnership, LyncBiz and SafeGuard intend to address multi-country payroll challenges faced by companies in India, and, target the global payroll needs of large and small multinational companies that are confronted with issues in terms of standardization, automation, compliance, and reporting.

BY S. AJAY KUMAR

**H**uman Capital was involved in a conversation with Sandeep Mathur, Managing Director, LyncBiz Corporation to understand the challenges to companies that have offices in several countries across the globe and the advantages that can be wetted out from outsourcing payroll solutions.

**Following the partnership between LyncBiz with SafeGaurd World International, what are the challenges before you as you set yourself to address the payroll requirements? What roadmap have you laid out to address this challenge?**

Change management and lack of awareness are the two most prominent challenges that we confront while addressing the payroll requirements. Most companies in India outsource their payroll for their overseas employees. However, they do this through an arrangement with Accountancy firms or their partners in those regions. It works if you operate in one or two countries, however, when there are multiple countries involved, it can become quite a task to manage. In our experience, most companies will take a few days of patching together multiple reports to even tell you how much their payroll outlay is, and are obviously clueless about payroll processing costs that is being paid by them.

With the economy getting tougher, and particularly so in Global IT outsourcing, CFOs are beginning to take a serious look at this area, and, it is evident that there is a dire need to better themselves at not only having the right information, but also being compliant with local laws and save costs by consolidating from multiple vendors to one. On the other hand, working with an outsourced payroll provider leads to tremendous opportunities for those companies that are looking to expand globally. A company can literally have their people in any country of the world. For e.g. Safeguard World International is able to service payroll in 165 countries. We are conducting 1:1 and 1 to many sessions with the CFOs of Services and engineering companies, since we

believe that these solutions bear great applicability and shall address their needs.

**"Lack of integration between HR and payroll". How do you define this from your perspective and what are your recommendations to HR?**

Automation and preferably outsourcing is the answer to this challenge. It is very important for any enterprise to accurately pay their workforce; on time and in accordance with the local laws. When this does not happen, it can create serious risks to the business, since this is a morale dampener all across the company. HR has traditionally been hands-off from the payroll process, since they typically leave it for Finance to figure out. However, I believe they are equal stakeholders, and should therefore should definitely have a say in how it is being done.

**What are the advantages before the companies to utilise the services of a payroll company?**

There are three prominent areas in which there can be a significant value addition by way of outsourcing the payroll solutions.

**A. Adequate Information via Automation:** Most of the companies that have employees in several countries that do not make use of a single payroll provider will be unable

without the process being automated. This leads to not having adequate information, and in most cases, paying the workforce incorrectly, and in particular, during transitions or while onboarding new personnel. The moment companies move to single outsourced vendor like Safeguard Global, they also deploy their own systems connected to the existing HR

## Advantages of outsourcing payroll services

- > Adequate information via automation
- > Significant cost savings and reduced risk
- > Opens new markets/opportunities

system that the enterprises use. This allows the HR & Finance department to get an accurate and timely view of their payroll across the global employee set.

**B. Significant Cost savings and reduced risk:** Servicing payroll, whether done internally or externally can be expensive and is fraught with risks. Given that the Payroll outsource providers use local companies to file taxes and various other compliance for a number of global enterprises, they

**“With the millennials entering the workforce and the nature of work changing in the ever evolving and dynamic business environment, HR can add tremendous value. They only need to become more assertive and also conscious keepers for the organisation. Companies like to reflect that they have an open culture. However, most senior managers sit in cabins, and this creates dissonance in the minds of employees.”**

to provide their wage bill in a given month with ease. This is primarily because companies use multiple CPA firms in different countries to manage local payroll, and therefore, the process is still managed through spreadsheets and by multiple folks

tend to be more thorough in who they do business with at the local level. In addition, since they do it for multiple enterprises they enjoy scale pricing. This is on top of the savings that can be accrued by consolidating the entire payroll with one vendor. We have been

# 3 Reasons To Launch Your Global Expansion

## 1 FAST ENGAGEMENT



Time is money.

An employer of record can help your business enter a new market in 2-4 weeks without the need to establish an entity, register, set up bank accounts or administer payroll and benefits.

## 2 LOW INVESTMENT



VS.



Lean growth.

Without the enormous investment of setting up your business in country, an employer of record keeps you lean and helps you use capital efficiently.

## 3 MITIGATED RISK



Protect your bottom line.

International expansion can be risky if not executed carefully. An employer of record is a local HR expert and helps businesses meet global employment compliance requirements.

able to deliver 25-35% savings on payroll and increase compliance significantly for most customers that we have worked with.

**C. Opens new markets/ opportunities:** Enterprises tend to say no to smaller market entry opportunities in countries in which they do not have a presence because they are worried about the cost and complexity of setting up offices / legal entity and then paying their workforce (whether local or expatriate). With an outsourced payroll provider these challenges simply wither away since all you need to tell the provider is that you would like to pay people in a particular geography, and they can set it up in 4-6 weeks without having to establish a legal entity. We work with some popular global technology led B2C startups that are expanding at a rapid pace, and this service comes in very handy for them to explore a market.

**Do you see HR as a process partner or a business partner in any given business? What are your suggestions to the HR world to play a more inclusive role in the day to day affairs of the business?**

I see HR as a business partner more than just a process partner. With the millennials entering the workforce and the nature of work changing in the ever evolving and dynamic business environment, HR can add tremendous value. They only need to become more assertive and also conscious keepers for the organisation. Companies like to reflect that they have an open culture. However, most senior managers sit in cabins, and this creates dissonance in the minds of employees. HR needs to ensure that all verbal and nonverbal communication from the company, not just the recruitment advertisements, reflects the companies' ideology and culture.

**How would you define Global Employment Outsourcing? What are the advantages for the Indian corporates from such an outsourcing? Businesses like to explore new markets either by sending their own staff from a different country or by hiring local talent. In most countries, it can be quite expensive to open a local subsidiary and anything that involves wastage of resources does not work out from a business perspective. The other option**

available to companies is to use Global employee outsourcing, wherein without establishing a local entity the company can employ local talent which is essentially seconded to them, and therefore, they only have to pay the salary and the service costs without establishing a local entity. This is also the fastest way to have local talent on ground in any country, and is therefore a preferred model, while a business is exploring various ways to establish its local entity. The other obvious advantage is that, if things do not work out, the cost of ending such a contract is far cheaper than that of shutting down the local entity. Indian companies are keen to explore global markets to export their services. The global employment outsourcing could be a very quick way for them to explore these markets. Some of the biggest names in the business such as Google, Uber etc. use global employment outsourcing.

### How will artificial intelligence and other disruptive technologies affect the business of payroll solutions?

Artificial Intelligence applied to any business problem results in more automation, and thereby, reduces errors with a critical mass of data. Large corporates are relying on artificial intelligence as it is less time consuming, easy, and convenient. The same would apply for payroll solutions, wherein some of the exceptions that are being managed through the manual system would be automated.

### How does our society and education system affect the development of human resources in India? What are the ways in which the two can ensure more women entering the Indian workspace?

It is no secret that our education system does not prepare students for employment. There is an enhanced focus on mark scoring versus learning, following the curriculum, course-work versus fostering creativity, independent thinking. The change must germinate from the school level since it is the school that functions as the incubator for inculcating most of the habits. At the same time, parents have to encourage their children to learn. Their focus needs to shift from scoring marks to learning. The approach towards education needs to evolve, instead of



## 5 Factors that Complicate Global Payroll

What to keep an eye on as your presence grows.

### Termination Requirements

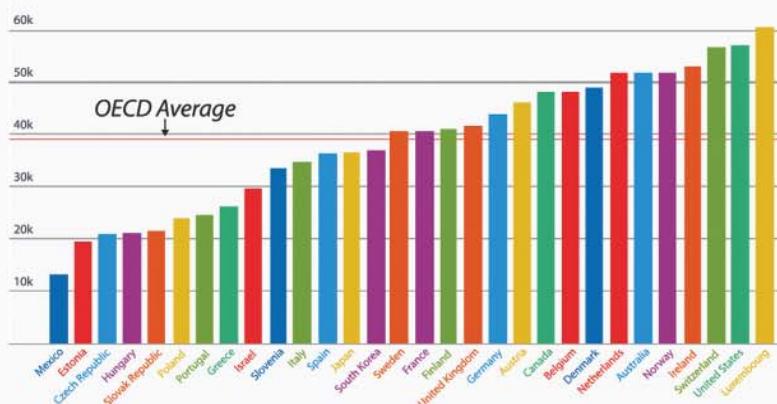
Employees in 72 countries are legally entitled to severance or redundancy pay based on length of service.



SOURCE: ILO.org

### Salary

The average salary for full-time employees across the 34 OECD member countries is USD \$38,640.



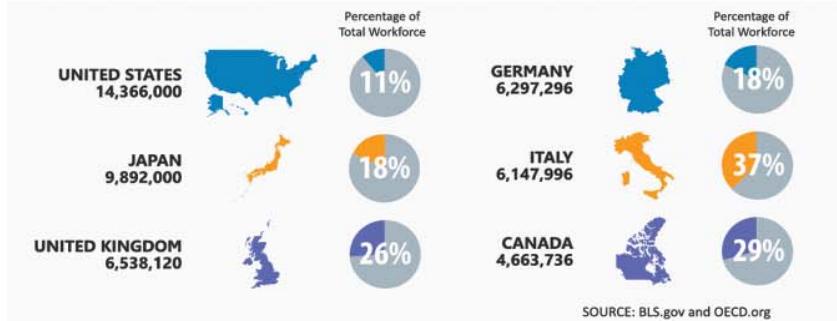
#### What is the OECD?

The Organization for Economic Cooperation and Development (OECD) is a unique forum where the governments of 34 democracies with market economies work with each other, as well as with more than 70 non-member economies to promote economic growth, prosperity, and sustainable development.

SOURCE: OECD.org

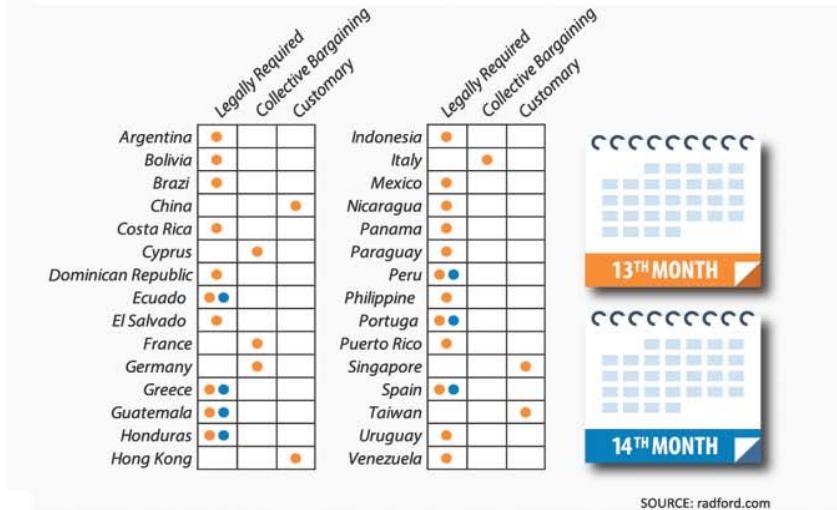
## Labor Unions

There are 80,506,039 union members in the 34 countries participating in the OECD.



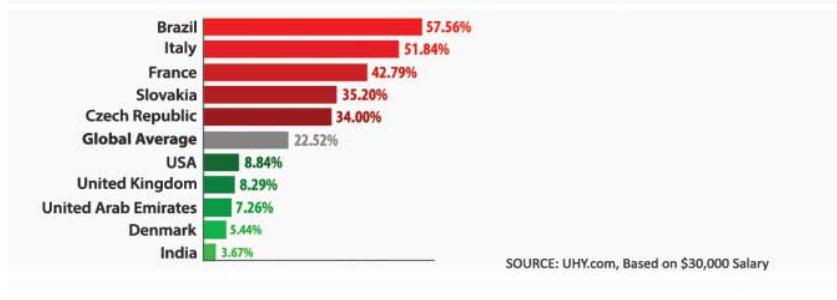
## Bonuses

In many countries workers receive bonuses equal to additional months' salaries.



## Employment Costs

The impact of employer costs for workers varies greatly around the world.



adapting a horde approach, parents should give their children flexibility with respect to their career choices. I think several initiatives have been taken by the state and central government to get more girls to school, and we can see some of the impact already, and every year, we are going to see more women entering the workforce. Fostering women entrepreneurship through various innovative and promotional schemes and making our cities safer can hasten this journey.

**How can leaders keep themselves updated with the skill requirements in a dynamic and a VUCA world?**

There has been a change since the time we have known life. What is happening now is that the pace is hectic and there is an interconnection for everything. In my view, working on cognitive skills can be of great assistance. Understanding how the pieces fit and also consuming large information, and making simple models out of it can help in deciphering everything that is happening around us and the impact that it has on business. In addition, there have been constant progressive changes in the industry. The leaders should keep themselves updated about these changes, and upgrade their skills accordingly.

**LyncBiz has recently partnered with Safeguard World International, a global payroll management company. How do you plan to help them make a mark in India?**

LyncBiz works with a significant number of companies in India at the enterprise level to bring innovative solutions to the challenges that are being faced by them. We first strive to identify the desired goal of the company and form a suitable structure of what is required, what should be done, and the way in which it should go about. A lot of research, planning, and analysis is involved in order to get a clear picture. We aim to ensure that every company that we collaborate with achieves its target. The structured process is influenced by our clients' needs. Through this association, we aim to help Safeguard International with the critical 5 E - Expansion, Enablement, Efficiency, Experience And Engagement. We have a team of well experienced sales and pre-sales across India who would be taking the Safeguard solution to various companies.

**According to you, what is the biggest challenge that HR shall confront in 2018? How should they prepare themselves for such a challenge?**

We have seen the early signs of this already, and there is more coming with respect to how to integrate Gen Y into the workforce. Gen Y find the working styles too slow, meetings boring, enterprise systems and processes as roadblocks, internal IT systems archaic, and the managers not really understanding their lingo. Make no mistake, this generation has a lot on offer, and companies have to find a way to harness that. Traditionally, HR tends to train the new hires coming into organisations. However, now they need to train the existing leaders on how to work with Gen Y, and radically change the work environments - lesser number of cabins and more open spaces for the free flow of ideas, casual versus formal which may not exactly

**“Companies have to educate their employees on changes that they need to make in order to work from home, and merely by providing a fast internet connection and a laptop is not going to do the job. There are various other considerations that need to be taken care of. There is an aspect of change management with regards to society and how it views, friends and family, and of the logistics around creating a workspace where one can be more productive than one while in office.”**

"Since 2011 we have been successfully running our APAC Shared Service Centre in Gurgaon. This centre now has over 250 staff serving our rapidly expanding Indian and APAC customer base. Through our partnership with Lyncbiz we can now more rapidly address the global employment needs of the Indian market and assist multinational and smaller companies as they expand internationally. Our fully integrated global service gives clients real-time, granular visibility into global their labour costs-for both full time employees and their contingent labour. We believe that our clients deserve the highest quality service possible from true industry experts and the enthusiasm and dedication of Safeguard's initial founders has filtered down throughout the organisation and evolved organically into our corporate culture. We recognised the same qualities and commitment to client service in the Lyncbiz team and are delighted to be working with them to assist Indian companies with their international expansion"



**TONY LLOYD**

Senior Vice-President for Business Development APAC,  
SafeGuard World International

mean unprofessional, engaging and feedback oriented management versus directing etc. Organisations that have been successful in integrating Gen Y to their existing workforce are galloping in terms of disruption and creativity. In a nut shell, in order to stay ahead, it is essential for organisations to evolve and become a Gen Y friendly space.

**"Flexi working, need based staffing, and remote working" will these remain as buzz words, or will they remain to be the need of hour for HR in 2020?**

A real case remains for all of them as most people get bored in their existing jobs quite easily, and want to look at new challenges. This combined with the escalating costs, advent of start-ups who are looking for specific skills for short periods of time, and finally, the time lost due to traffic are responsible for these challenges. They will become real in India as they are in the west. Companies have to educate their employees on changes that they need to make in order to work from home, and merely by providing a fast internet connection and a laptop is not going to do the job. There are various other considerations that need to be taken care of. There is an aspect of change management with regards to society and how it views, friends and family, and of the logistics around creating a workspace where one can be more productive than one while in office. These, therefore are going to be the need of the hour for HR in 2020,

and thus managers must prepare their workplaces in order to tackle them. At the same time it is essential to see these as opportunities, to enhance productivity, and not challenges.

**What are the key focus areas for Safeguard International in India?**

As Indian companies look forward to expand their footprint globally, they face considerable challenges in terms of speed to market, managing their employee costs, and ensuring that they are compliant with the local laws. These challenges increase the overall costs, and subsequently hamper the growth rate of the organisation. Safeguard International wants to partner with companies with such aspirations to provide solutions which minimise their risk, and help them in getting to the market faster, employing local talent quicker, and in testing the waters without actually going through the trouble of establishing a local entity. By doing so, they wish to enable their clients to manage their expansion plans effectively and efficiently. Safeguard can offer payroll solutions at scale in 165+ countries, and therefore Indian corporates with international operations would be the right targets. Their main focus areas in India are IT service companies, given the pressure that they have towards reducing costs and product start-ups that are looking to expand globally. These two sectors are expanding rapidly and are the direct target audience of Safeguard International's offerings. **HC**