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September 2008

Mercer/HBS Multinational Research Study Findings and implications

www.mercer.com

Agenda

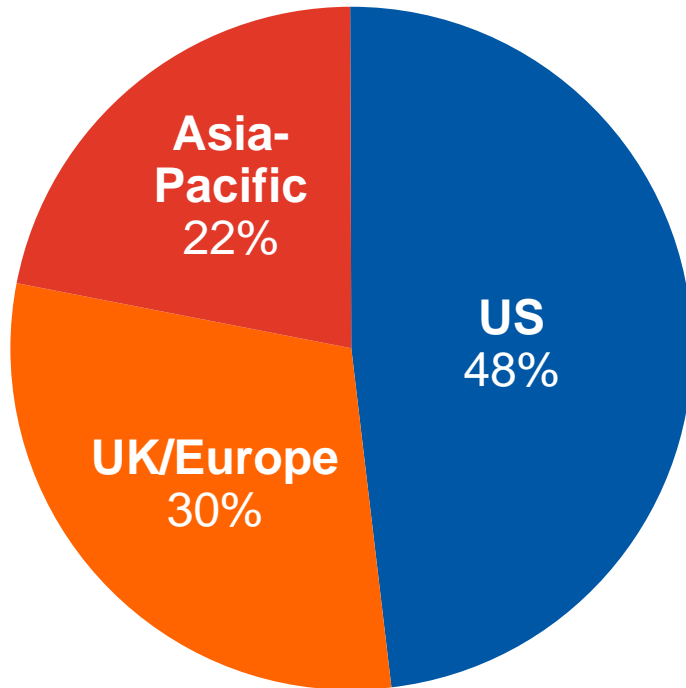
- Key research areas
- Findings and implications
- Mercer's global benefits outsourcing vision

Key research areas

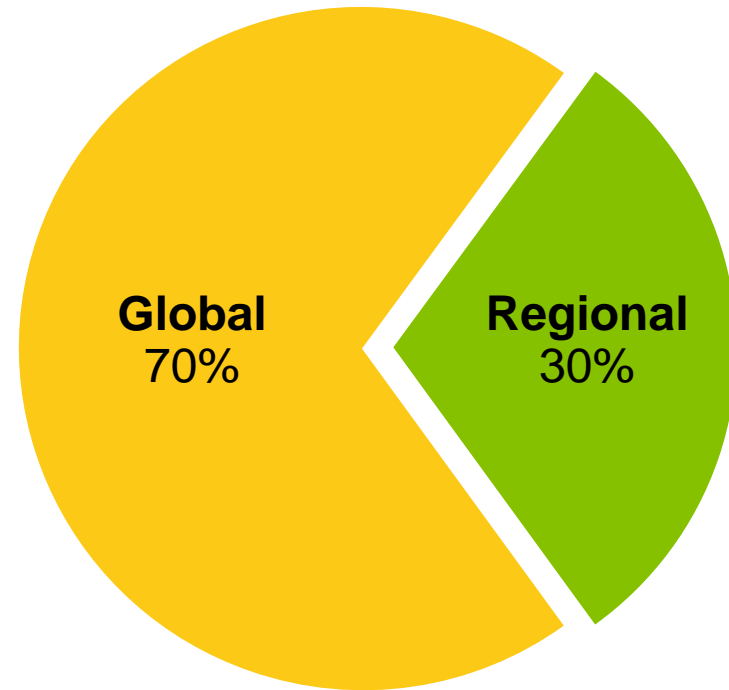
- Top business issues
- Evolving role of HR
- Key HR challenges
- Potential global solutions

60 interviews

By region



By role



Mercer/Harvard Business Publishing's white paper

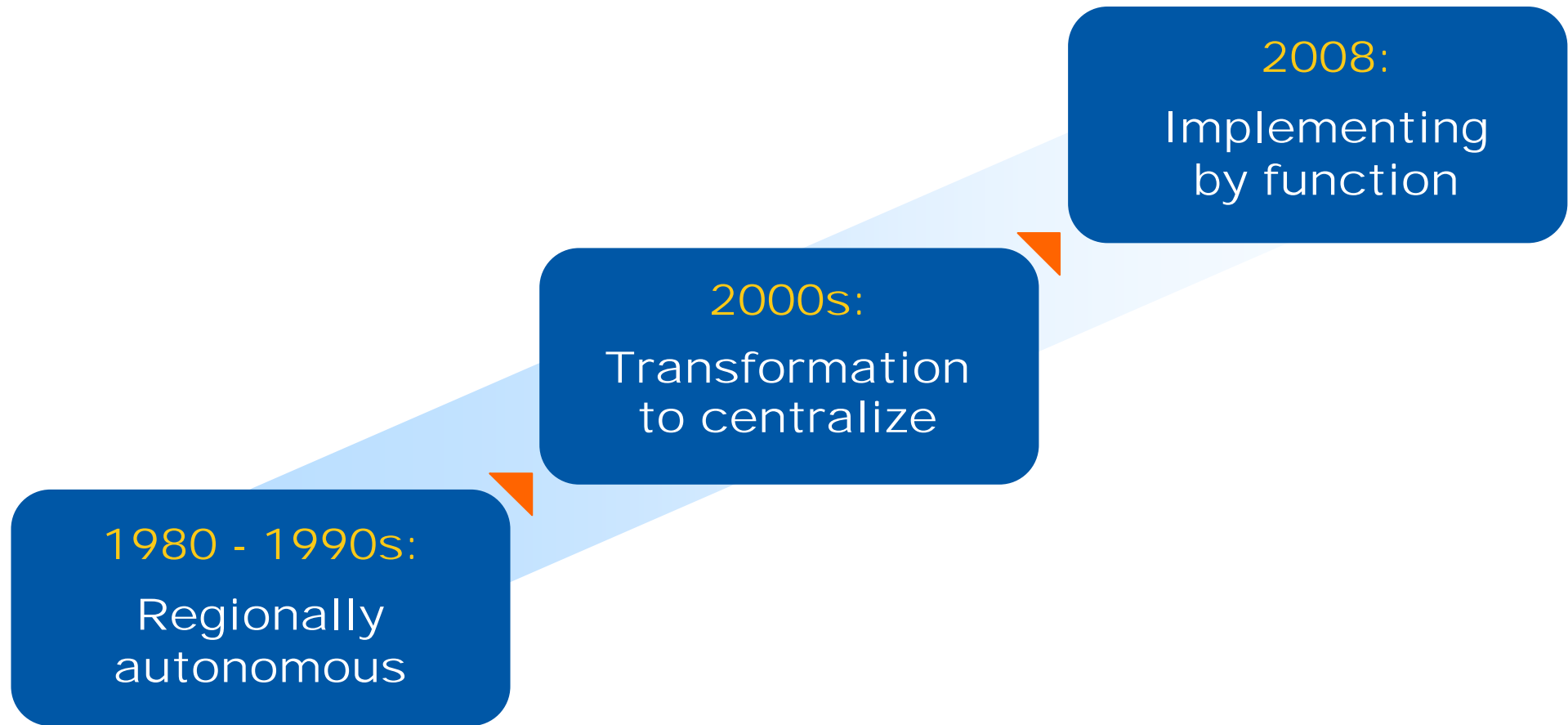


**Available
Now**

Agenda

- Key research areas
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Multinationals are undergoing major transformation

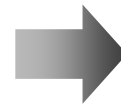
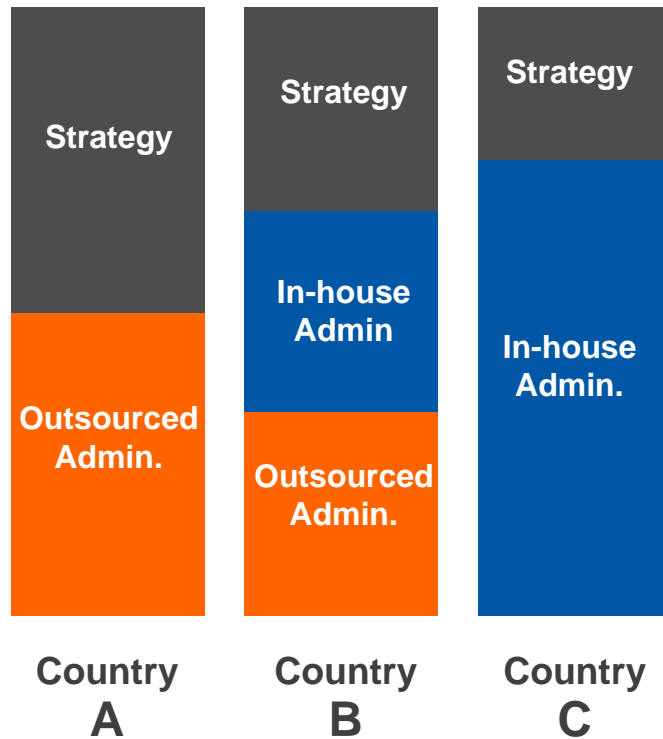


Drivers accelerating this change

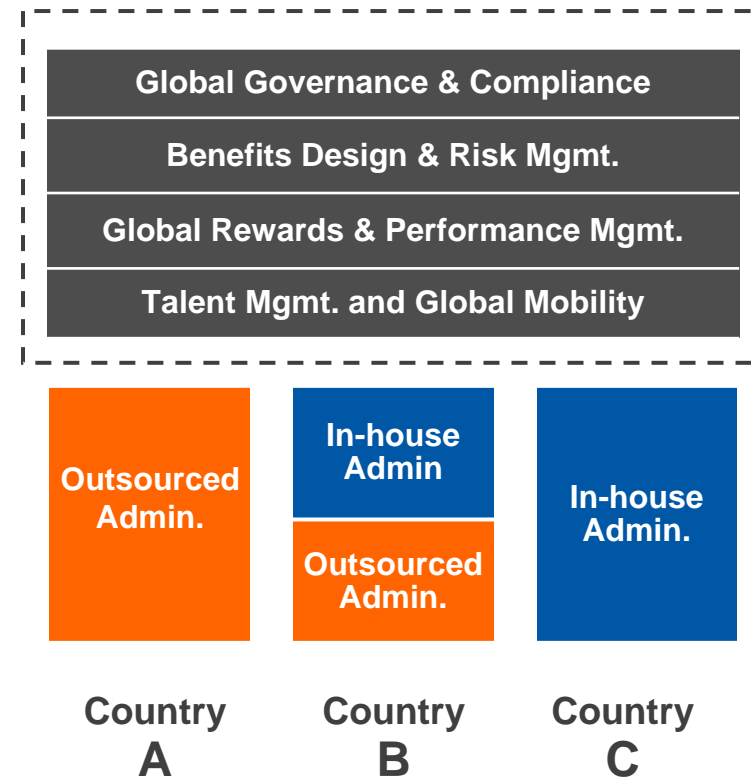
- Shift in employee demographics
- Increased global mobility
- Governance and compliance requirements
- Pressure to improve margins

Strategic imperatives for HR are becoming global...

HR traditional model

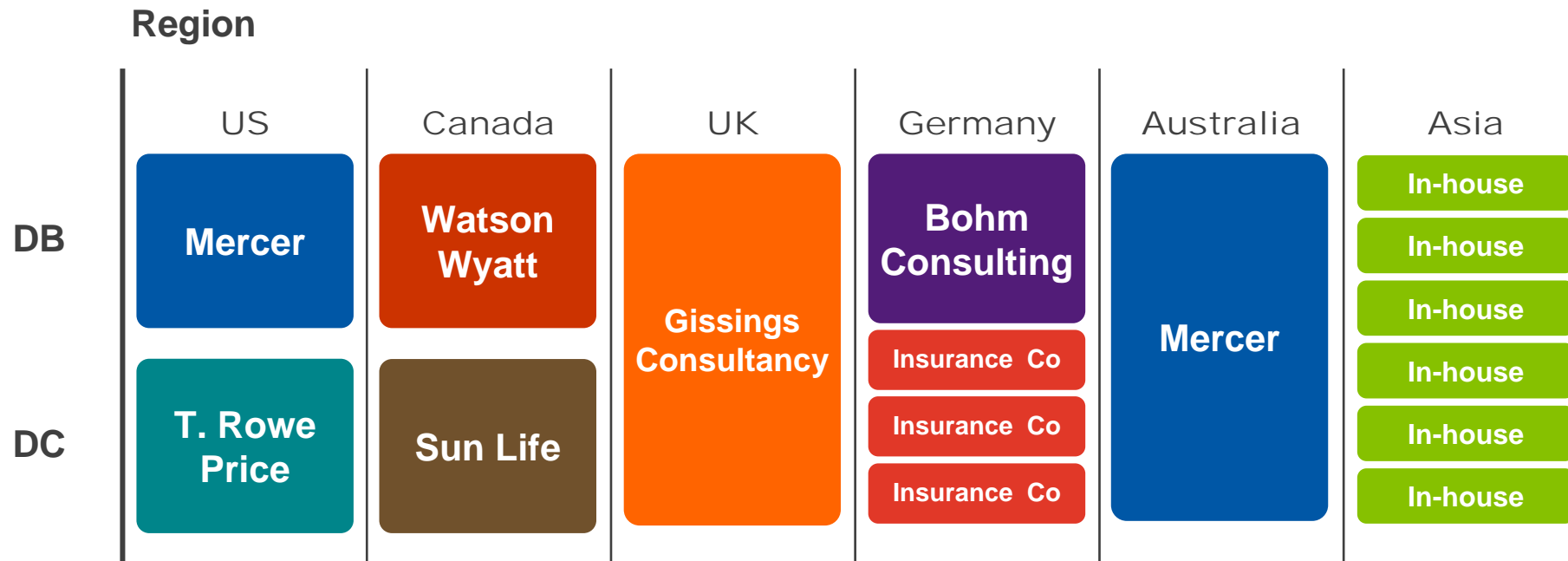


HR evolving model

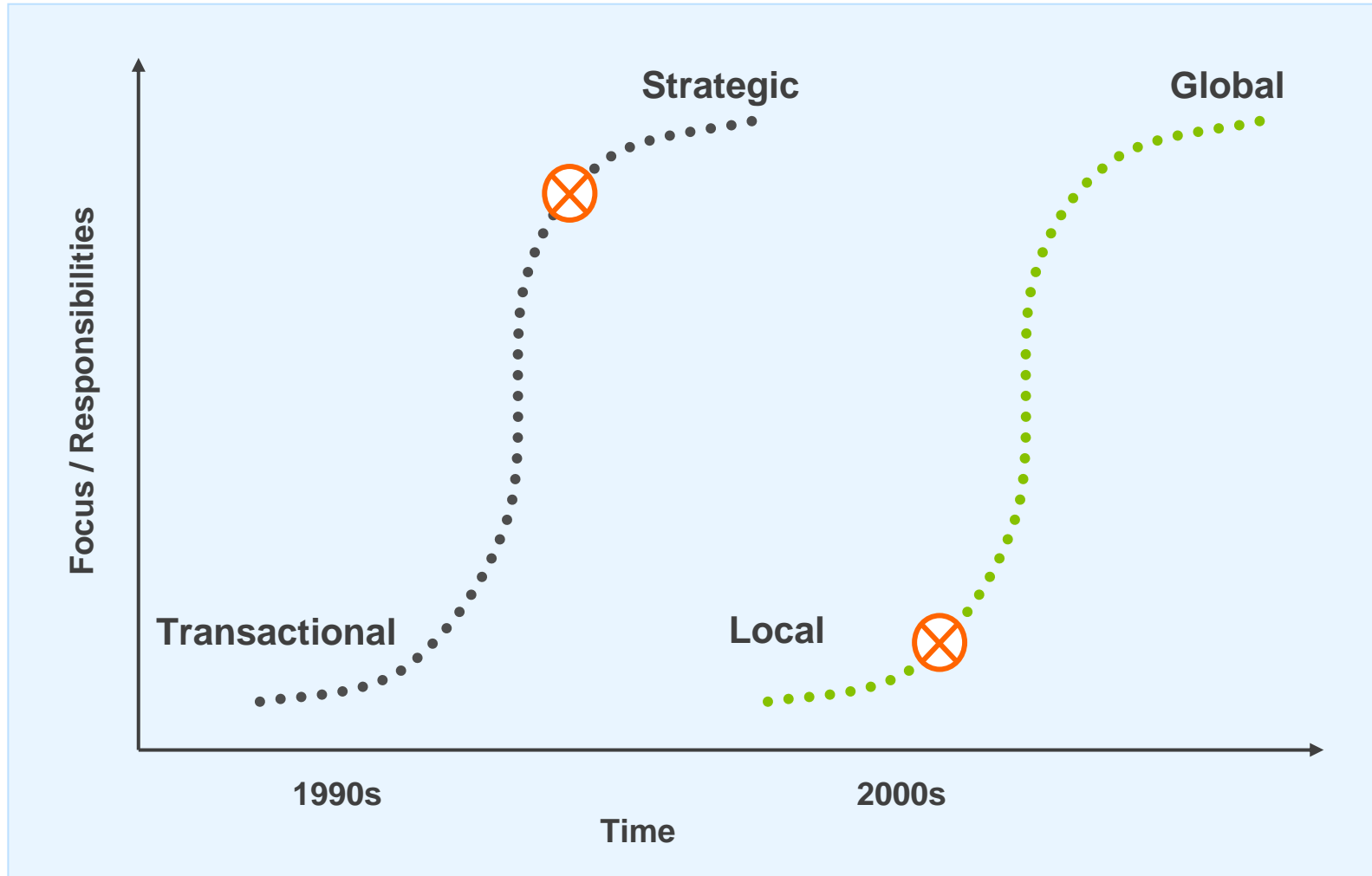


... yet administration remains local

Client example: Retirement benefits only

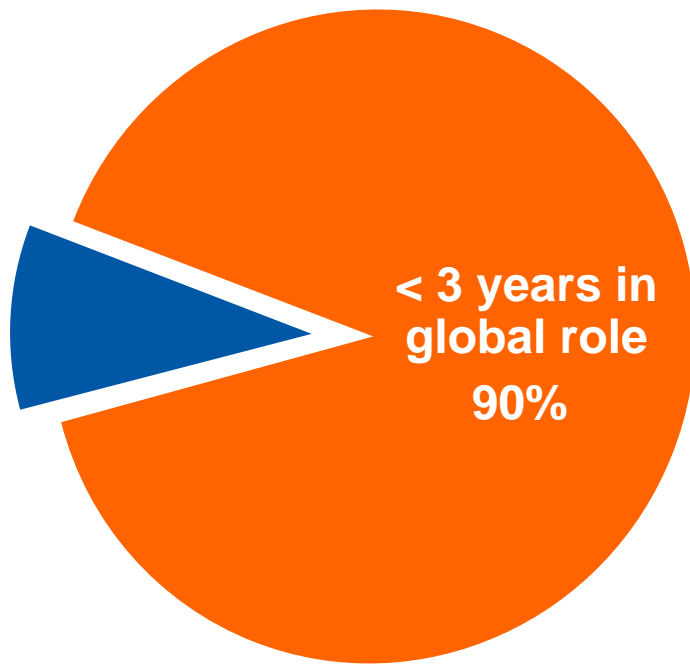


HR executives face a new steep learning curve

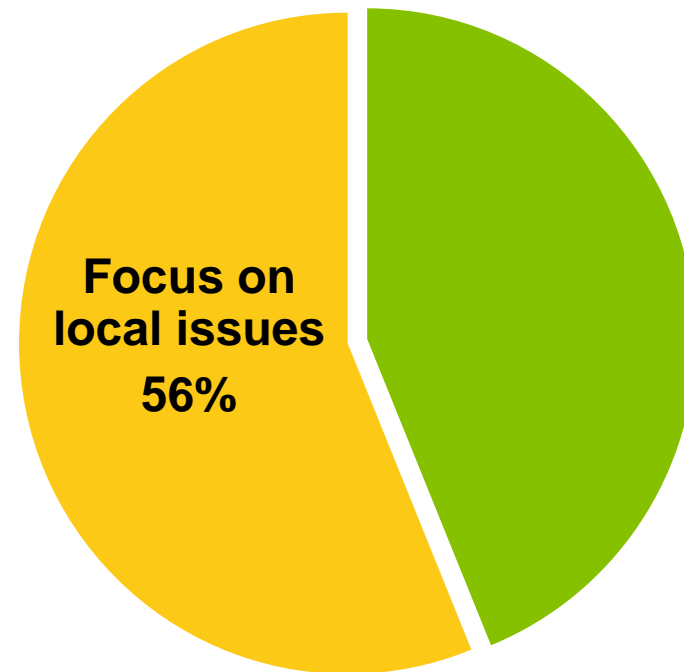


■ Many are new to global roles, but continue to focus locally

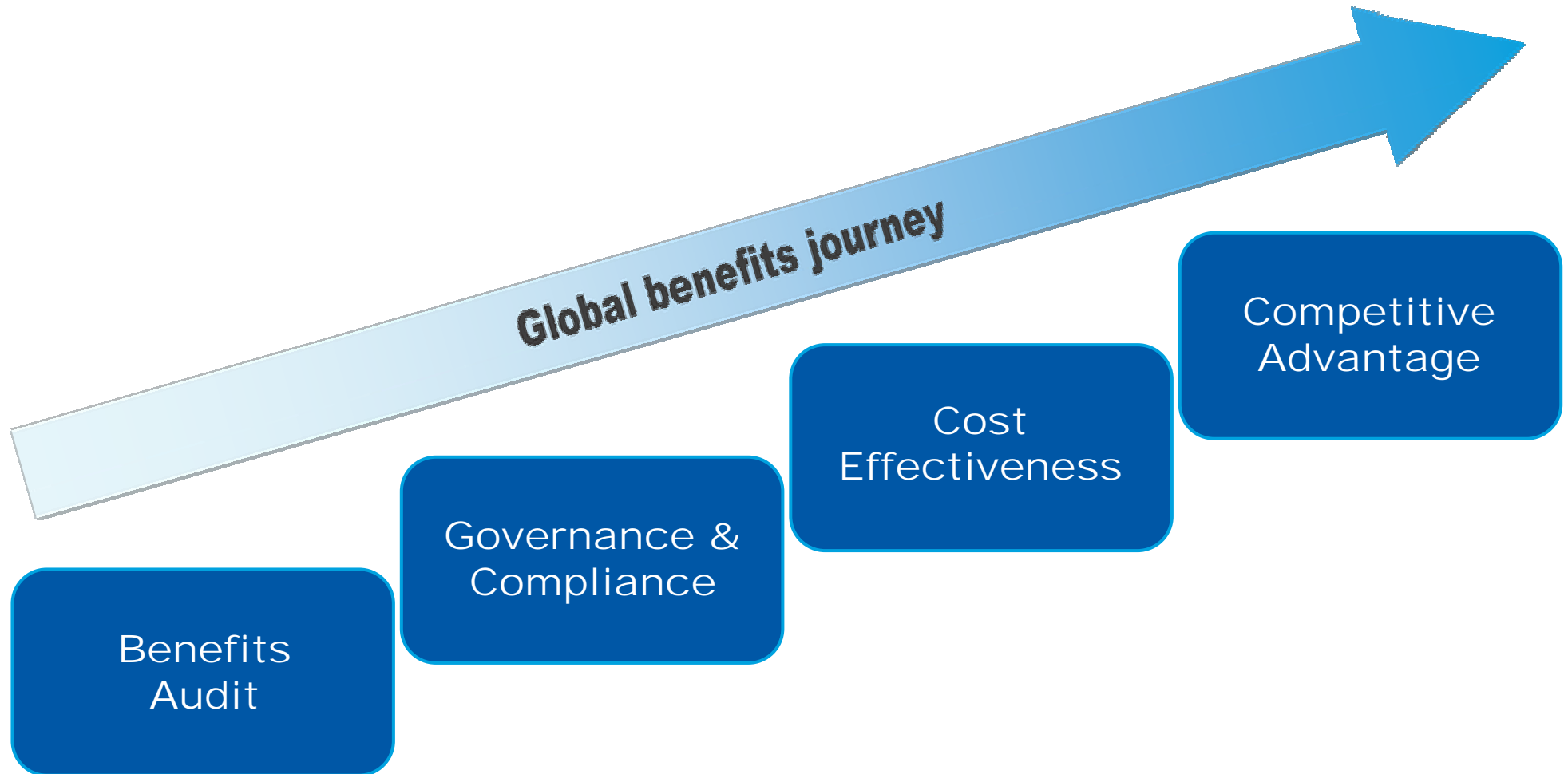
Tenure in role



Responsibilities



■ ...and are just starting their global benefits journey



HR leaders face significant global challenges

Global data fragmentation

- Decentralized systems
- Inconsistent employee data

Struggle for standardization

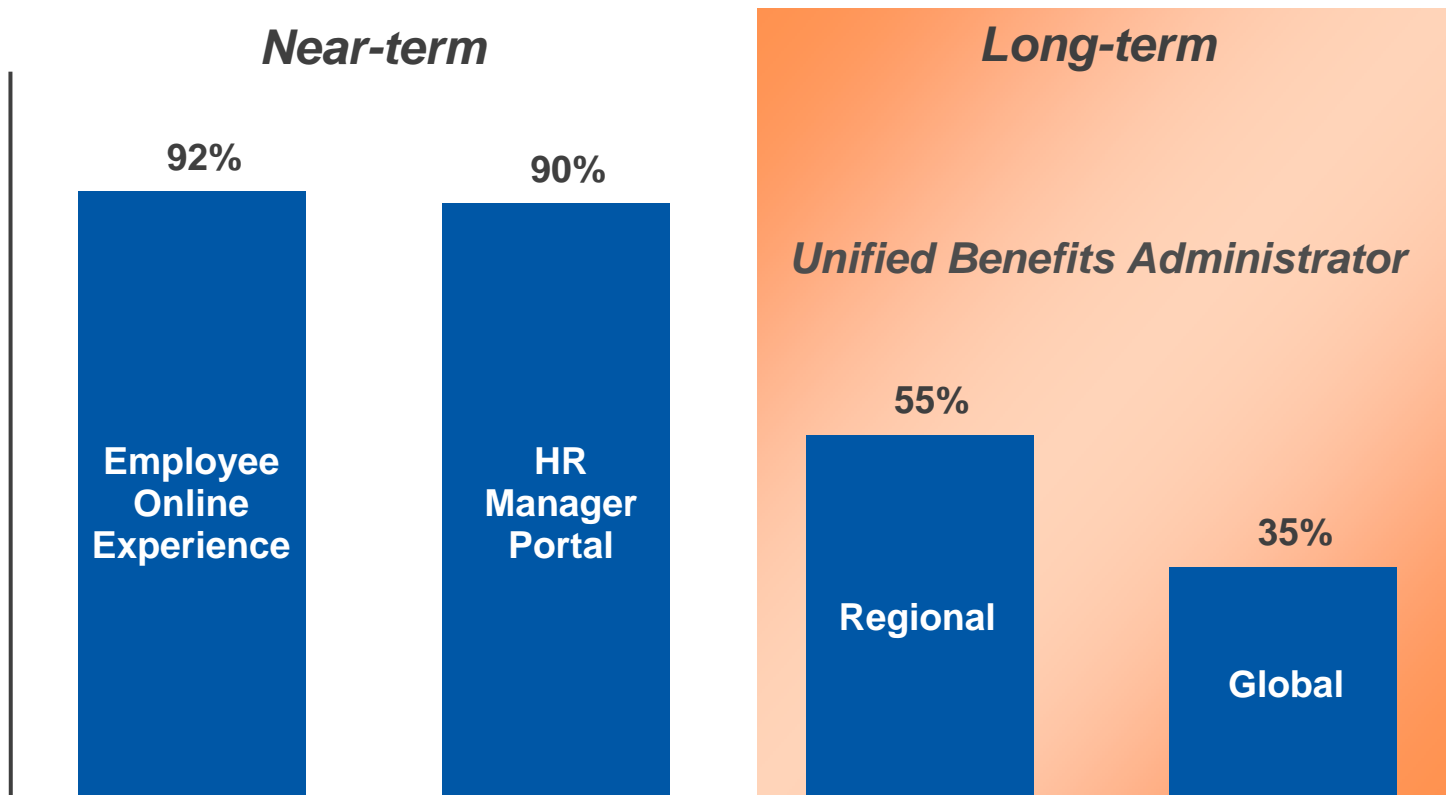
- Global governance and compliance
- Global mobility
- Employee self-service

Immature global vendor market

- Hard to find global providers
- Inconsistent service

Multinationals are looking for global solutions

% of respondents highly interested



Global Employee Online Experience

“ *We are looking for a single look and feel – what Apple did with Mac.*
– Corporate VP of HR, Germany

We need a simple, easy, very intuitive system. A lot of what we do is complicated and not employee centric.
– VP of Global Shared Services, US

Take Amazon: it knows who you are, what you did last time, and makes recommendations... what a great use of technology.
– VP, Corp Employee Relations, US ”

HR Manager Portal

“ *[We need] demographics on all our employees around the world, including their benefits and compensation on a moment’s notice.*

– Director of Global Benefits, US

Please give me better benchmarking survey data. I would like to be able to measure the value of our benefit programs by region.

– Director of Global Rewards, UK

*What’s out there? What legislative changes are occurring?
Do I have any risk exposure?*

– Director of Global Retirement Plans, US ”

The value of global solutions

Near-Term

Employee Online Experience

- Better services for employees
- HR cost efficiencies

HR Manager Portal

- Intelligence for workforce strategy
- Benchmarks for recruitment and retention
- Mitigating compliance risk

Long-Term

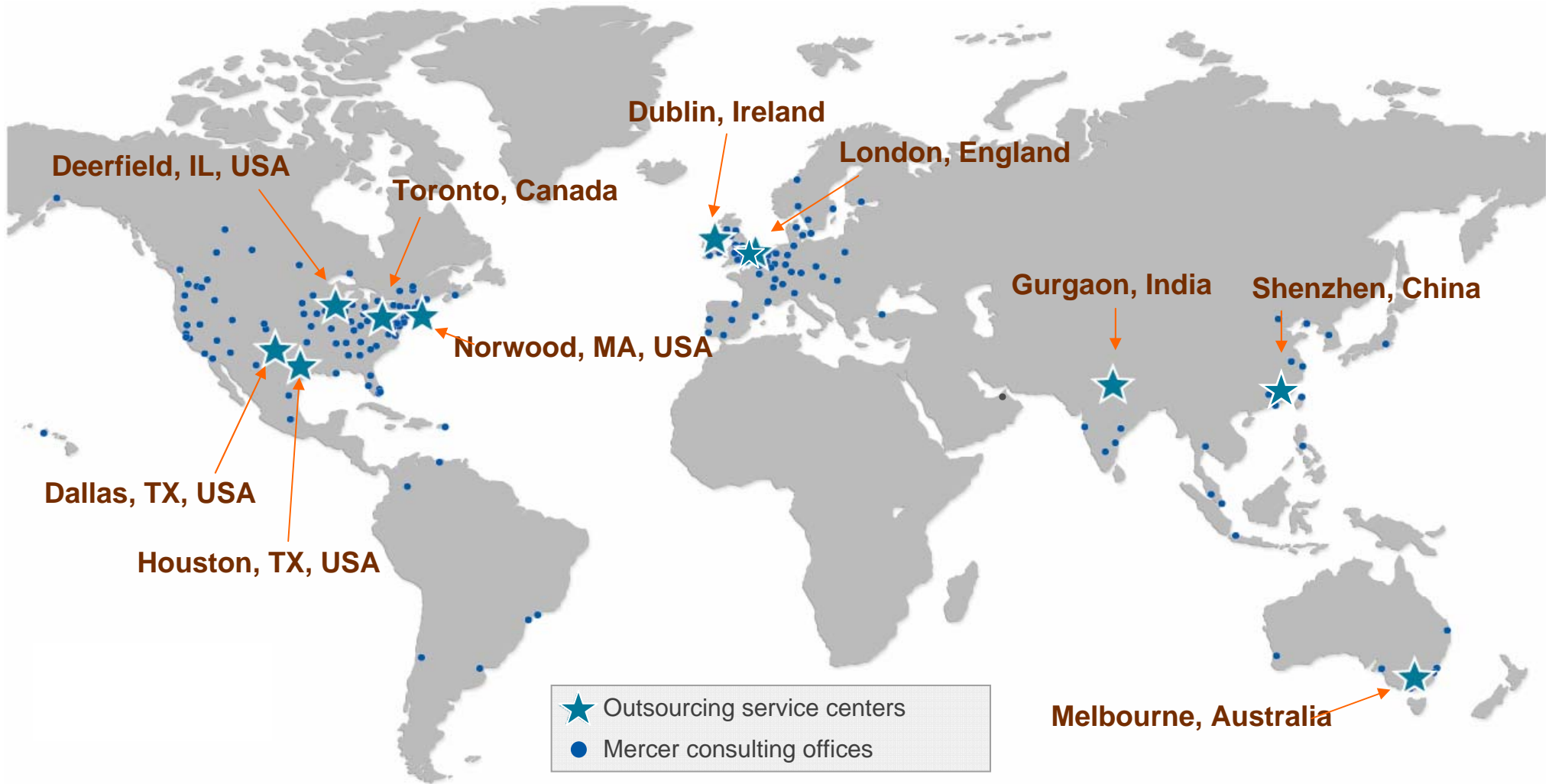
Unified benefits administrator

- Consistent quality of service
- Single point of contact
- Economies of scale

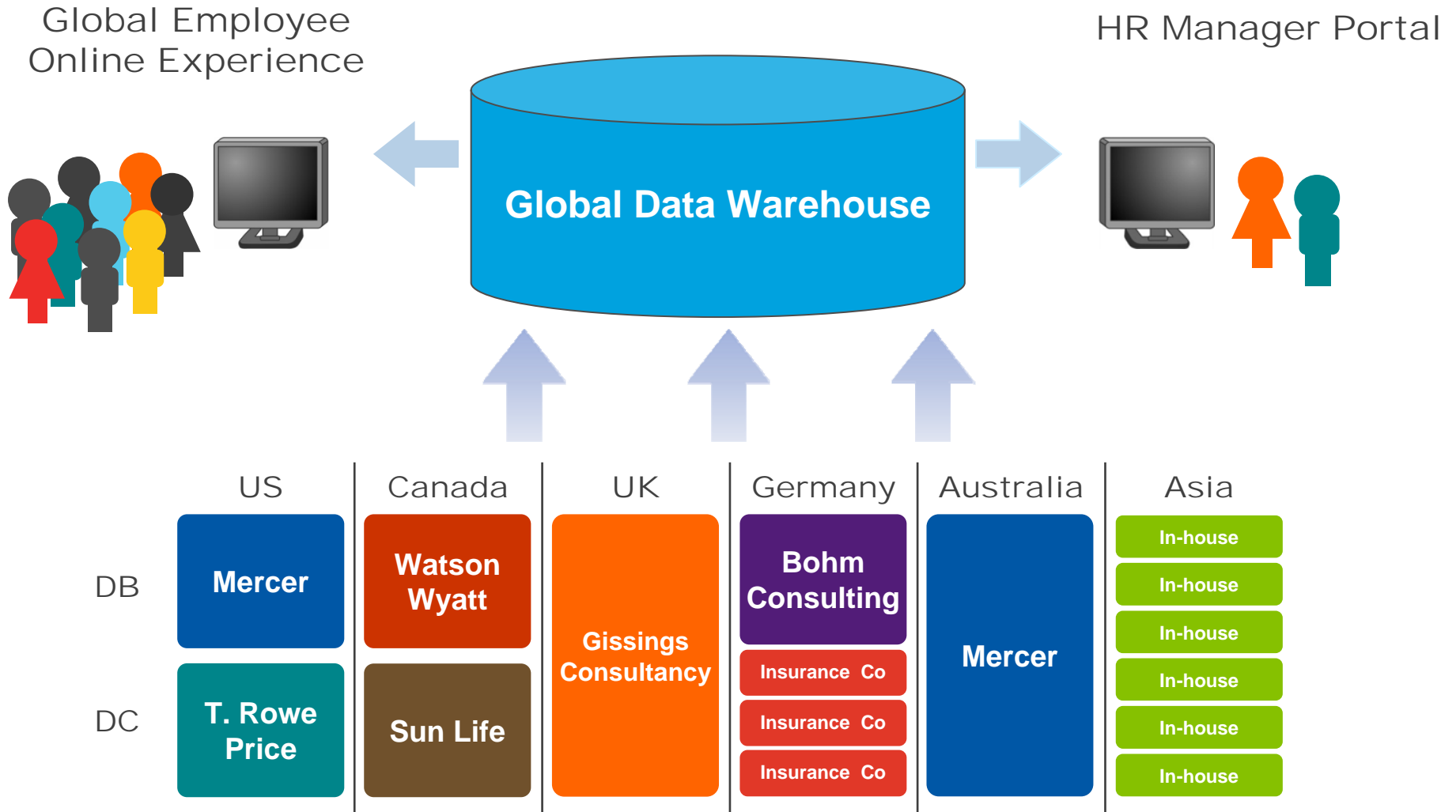


HR: From local to global in the increasingly global marketplace

Mercer: Building global capabilities



Mercer's global benefits outsourcing vision





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On our global journey together...

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