



**Always understand the
cost of global mobility.**

**And expand your business
around the world.**

White paper

**Global
Expat
Pay**

WesternUnion **WU**

**Business
Solutions**

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Introduction

Optimising global opportunities requires an investment in the relocation of key talent to fill critical skills gaps and enable overall business expansion. Research shows that companies who get the right people in the right place, experience faster and more profitable growth.

Global Mobility, however, creates significant financial and operational complexity for organisations. Typically, international assignees make up just 1-2% of the workforce yet they create a substantial workload and are usually three to four times more costly than a domestic employee. Yet to be successful in an increasingly global economy organisations need to expand and grow in international markets, so it's a function that is becoming increasingly important.

Why is it such a costly, labour intensive task? Because Global Mobility is a highly complex operational function that requires a collection of business processes – including HR, compliance, payroll, finance and tax – to take place in multiple jurisdictions in a variety of currencies. Mobility operational support is generally regarded as expensive, inefficient and costly, with organisations relying on multiple external specialist vendors to deal with relocation, compliance and the ongoing management of assignees. Assignment data and payments are frequently dispersed across internal and external functions and systems, which can create high costs and inefficiencies. Equally there could be issues around inaccurate and siloed data, resulting in costly international transactions and an inability to track the true cost of assignments.

This problem may get easier as new trends shape the sector. The digitisation of fiscal authorities, the growth in assignment types and policy flexibility should also increase the volume of data and payment complexity. The cost of getting this wrong continues to increase, and without a sound data management and payment system in place, Global Mobility operations should keep feeling the strain, as well as the cost, of managing Global Mobility.

THE CHALLENGE

Overcoming the hidden operational costs of mobility data inefficiencies.

Research has proven that organisations with a global mindset are likely to be more profitable and successful. KPMG's recent Global Assignment Policies and Practices Survey shows 60% of survey participants cite the use of international assignments as being a top program goal for supporting overall global business and talent development objectives¹.

As the sector evolves with new trends emerging, so do the challenges. These trends bring a greater volume and variety of data to interpret, more payments to make and costs reconcile, all adding to the complexity of the process.

Trends impacting global mobility

Over the past two decades, how organisations operate within the international marketplace, payment and fiscal factors, not to mention assignee expectations, have changed significantly.

¹ KPMG, "Global Assignment Policies and Practices Survey, 2019 results" <https://assets.kpmg/content/dam/kpmg/xx/pdf/2019/10/2019-gapp-survey-report-web.pdf>

Stepping away from a global HQ

Multinationals typically operated from a global HQ, which assignees were expatriated from and returned to. Organisations are now more likely to have multiple home-host combinations and policy types, all adding to the complexity of managing the mobility programme. This trend should continue as organisations continue to expand their global footprint and look to develop global talent. Figures from Mercer's Worldwide Survey of International Assignment Policies and Practices report² show 51% of organisations are increasing their use of short-term assignments and 64% see an increase in multiple policies.

Changing external factors

Changing external factors significantly impact how today's Global Mobility teams operate. Fiscal authorities are taking steps to digitise the taxation process, which Global Mobility must adhere to. To manage this requirement, many organisations may need to introduce an additional specialist vendor which will add cost to the programme and another subset of data.

Employee payment methodology is also heading towards a huge shake up, which should be considered. As new generations become more accustomed to alternative payment methods – such as PayPal, mobile banking and digital wallets – so is the expectation that employer payment methods will follow suit. Research by the ADP Research Institute shows the need is already there and that 78%³ of employers believe companies will need to customise payment options to remain competitive and attract talent. Mobile wallets, digital platforms and pay cards could all become options in the future.

Growing value of the assignee experience

Assignee experience is a growing area of importance. Many assignees take on international roles not just for the financial reward, but for personal and career development. This means a seamless transition to their new place of work, home environment and culture is vital in ensuring the success of the assignment and retention of the employee. Paying them correctly and on time will add to the overall employee experience and ensure they are able to perform without being distracted by incorrect or late payments. Higher costs, significant inefficiencies, negative assignee impact and lack of insightful analytics may occur.

² Mercer, "Worldwide Survey of International Assignment Policies and Practices report" <https://www.uk.mercer.com/newsroom/internationalassignments-survey-global-employee-mobility.html>

³ ADP Research Institute, "The future of pay. Exploring the evolution of worker pay and talent management." https://www.adp.co.uk/your-request/payroll-future-of-pay-thank-you/ADP_Future_of_Pay_white-paper-2903-FINAL.pdf?cid=elq_sales_enablement_28512&campaignid=28512&c3ch=Eloqua&c3nid=28512

The digital dark ages

While organisations have digitised many areas of business, Global Mobility has been left behind, partly due to its complexity and because it's a function that supports a relatively small population of employees; typically, just 1-2%. This could be why many current HRIS and Global Financial Technology solutions do not support mobile employees.

Historically, more human resource has been thrown at the administration problems created by Global Mobility's growing complexity, when investment in the right technology could have been a better long-term option.

In one survey, 65% of Global Mobility teams stated they did not have a strategic vision for automation, citing lack of budget and lack of time to implement a solution as the biggest roadblocks.⁴ Global Expat Pay has years of experience working in the Global Mobility sector, and we often find failure to obtain investment in the operation is the result of an inability to articulate the function's needs and the value technology will add. Without a comprehensive data management strategy in place, it can be challenging to create a strong, credible business case for the investment.

Many Global Mobility teams have made steps to transform the process via the introduction of assignment management technology. This goes some way to solve aspects of the business processes and brings in a layer of efficiency, but historically there has not been a solution that fully resolves the pain points around the issue of data integration management and payment strategy.

According to a recent survey by BGRS⁵, lack of system integration, data inaccuracy and lack of workflow functionality to automate processes were cited as the top three biggest gaps in mobility technology.

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57% do not track the outcomes of the organisation's investment in mobility.

⁴ KPMG, "Global Assignment Policies and Practices Survey, 2019 results" <https://assets.kpmg/content/dam/kpmg/xx/pdf/2019/10/2019-gapp-survey-report-web.pdf>

⁵ BGRS 2017 Talent Mobility Trends Survey <https://www.bgrs.com/2017-talent-mobility-trends/#innumbers3>

The cost of inefficiency

As Global Mobility has continued to grow in scale and complexity, mobility functions have become increasingly dependent on vendors and inefficient data sharing methods to support their operating model. While this may seem a solution, it's not without its flaws. With vendors managing individual areas, the process becomes siloed, creating sub-sets of the overall programme data. This makes it challenging for the mobility function to manage for a number of reasons:

➤ It's harder to achieve a global view of mobility data required by payroll and compliance.

➤ Without access to bigger-picture data, organisations may struggle to assess the actual cost of their programme and ROI of international assignments; 57% do not track the outcomes of the organisation's investment in mobility.⁶

➤ For the company, the siloed approach between vendors can inevitably lead to the duplication of data and tasks.

➤ With vendors under significant profit pressure to reduce cost-of-delivery, they can charge additional fees to deviate from agreed scope or to accept additional work to support integration.

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**Support costs alone
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⁶ Air Inc. Work Force Globalization “2019 Mobility Outlook Survey” https://www.air-inc.com/wp-content/uploads/AIRINC-MOS-Report-2019_Web.pdf

In Global Expat Pay's experience support costs alone are 25-40% higher than necessary with a significant proportion of each vendor's costs related to data collection and validation. This data is not usually consolidated, thus exaggerating inefficiencies and making it difficult to analyse. The market is crowded with vendors, with payments being made for multiple distinct processes by various internal departments, but with no or few services that combine both data management and global payments. In many cases, vendors have assumed responsibility for the initial payment of local assignment costs because organisations struggle to make payments on time, particularly at the start of the assignment.

Essential finance functions such as cost recharging, budget-to-actual reconciliations, currency hedging and total cost reporting, are often not accurately supported or enabled in Global Mobility operations, largely due to the vast spread and volume of data. This makes it challenging for organisations to assess the true cost of global assignments. For example, take assignee salary payments – an international salary can cost more from one month to the next due to exchange rate fluctuations. Being able to manage this level of risk in an increasingly volatile global market requires access to clear and concise financial data.

Impact on assignee performance

The cost of these inefficiencies is more than just black and white financials. Late payment of relocation costs, incorrect salary payments, delayed allowance payments and tax issues, are just some of the factors that taint the assignee experience, and this is more than just an inconvenience. Assignees are unable to give 100% to their assignment or focus on their job if they have to spend time chasing administration issues. This impacts the effectiveness of the employee, the return on investment and could impact employee retention rates.

According to an article by Learnlight, "How Can Global Mobility Enhance the Assignee Experience?", organisations that deliver a great assignee experience, generate four times the profit per employee compared to organisations that do not invest significantly in the employee experience, despite paying 50% more in terms of salaries.⁷

With trends showing that Global Mobility continues to grow, can the function continue to operate with higher costs, inherent inefficiencies, negative assignee experience and lack of insightful analytics? Given this, a new approach should be taken to reboot Global Mobility operations and improve its performance and standing in the organisation.

⁷ Learnlight, "How Can Global Mobility Enhance the Assignee Experience" by Daniel McInnes <https://insights.learnlight.com/en/articles/global-mobility-enhance-assignee-experience/>

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THE SOLUTION

How global mobility can work more efficiently.

Establishing a solid foundation for data management is key to removing these inefficiencies and cutting the associated costs. Clear identification of data ownership, control of it throughout the data's life cycle, not to mention security and tracking, are vital in maximising the usefulness of data and bringing down costs. By consolidating all data into one single source of truth, it should cut back the time commitment currently invested in data collection, payment accuracy and managing compliance, creating a more holistic approach.

Reworking the traditional Global Mobility operations model to create a more coherent, single view should eliminate many of the challenges currently faced by Global Mobility teams. It should reduce internal efforts, external costs and help make the assignee's experience frictionless. All factors high on the agenda for global organisations.

According to Air Inc. Workforce Globalisation's 2019 Mobility Outlook Survey, 69% of organisations are aiming to simplify Global Mobility operations, with a further 35% aiming to cut costs and 63% improve the employee experience⁸.

What's more, with less resource tied up in day-to-day operations, individuals can focus on strategic activities that will have a greater impact on business growth.

While this may sound easier said than done, there is a solution out there that can take on all of these challenges.

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63%

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⁸ Air Inc. Work Force Globalization "2019 Mobility Outlook Survey" https://www.air-inc.com/wp-content/uploads/AIRINC-MOS-Report-2019-_-Web.pdf

A global mobility partnership: Global Expat Pay and Western Union Business Solutions

Recently available technology in the Global Mobility space has been focused on serving a single specific outcome; for example, to submit a tax return, to help manage the component phases of the assignment lifecycle, assignment initiation or balance sheet creation.

Until now...

Global Expat Pay has developed a unique technology-enabled Global Mobility data and payment service that helps organisations seamlessly manage their Global Mobility operations. In conjunction with Western Union Business Solutions, a leading provider of cross-border business payments, the platform simplifies Global Mobility data management and payments by consolidating data from multiple vendors and systems into one platform.

As a trusted partner of Global Expat Pay, Western Union Business Solutions integrates via an application programme interface (API). The Global Expat Pay digital solution schedules payments to assignees and other parties associated with the assignment based on the Global Mobility team's requirements, with payments accurately recorded and reported.

Using a combination of smart technologies, mobility data management expertise and a leading global foreign exchange payment solution, it's a one-stop solution for organisations that lack the internal infrastructure or face challenges in fully managing the Global Mobility operation's complexity.

Highlights

- A managed service that combines Global Mobility and Data Management industry expertise with leading digital technology capabilities.
- Integrate data from multiple vendors, systems and sources - combining into one secure platform to provide simplified reporting and digital information transfer between global and local HR, Payroll and Finance teams.
- Send and receive payments globally with access to 200 countries and territories in 130 currencies – with real-time exchange rate quotes and access to a trusted global financial network to reduce intermediary fees.
- Eliminate manual tasks via automation – including data provision to vendors, cross charging reports, payroll instructions and tax authorisation lists. Increasing accuracy and efficiency to free up resource for business impactful activities.
- Drive strategic decision making and forecasting through one source of data and payment truth – providing accurate cost control, budget versus actual costs and actionable insight reporting.

THE OUTCOME

What would this mean for the global mobility sector?

By enabling Global Mobility operations to combine all data and payment management into one single-source of truth the process should become simple, efficient, accurate and secure. No longer is the gathering of data and its analysis such a massive undertaking, providing huge benefits for the Global Mobility team and the organisation. It allows mobility to shift from being considered a costly, labour intensive operational role to one that helps deliver strategic business objectives. With access to valuable business insights, mobility teams can shape the Global Mobility strategy with a bigger-picture view of what is and isn't working for the business and the assignee, where costs can be saved and what investment is required to achieve integration of business processes.

What's more, in Global Expat Pay's experience consolidation of data and better management of payments, typically allows Global Mobility operations to eliminate 15-20% of external vendor costs. And, with less administration to deal with, it frees up resource to provide more human support to assignees as they transition into new cultures and roles, adding value to the assignee experience.

BGRS' Talent Mobility Trends Survey⁹ highlights leadership teams' growing need for more insight into Global Mobility. 67% reported that the amount of mobility data requested by their leadership has increased in the last three-years, yet 57% didn't have sufficient access to data to gain the necessary insight.

Given this, it's highly important for organisations to efficiently manage Global Mobility operations and investment in futureproofing technologies.

⁹ BGRS 2017 Talent Mobility Trends Survey <https://www.bgrs.com/2017-talent-mobility-trends/#innumbers3>

Conclusion

Global Mobility creates operational complexity and is increasingly becoming a data management function. As the volume, variety and velocity of this data for operational and compliance needs grows, so should the pressure upon Global Mobility teams. Particularly if they have no easily accessible means of extracting the value from it.

This presents a massive opportunity for organisations to reboot the siloed, inefficient Global Mobility model. By reimagining the mobility function and removing data roadblocks, organisations can benefit from improved business intelligence, and smarter and faster decision making. This should make them better placed to identify new opportunities and puts them in a stronger position to manage the risks and the rewards.

Consolidation of processes, payments and data is achievable if investment can be made in the right solution. This should help businesses in the long run, by cutting back on unnecessary costs, removal of errors and helping them to scale with the growing mobility market.

As Air Inc. Workforce Globalisation's 2019 Mobility Survey quite rightly points out, "The consolidation of all things mobility is increasing market demand for integrated and agile technology solutions that streamline workflow, cost planning, communication, and tracking. The mobility function of tomorrow will be more connected, resourceful, and impactful than ever before"¹⁰.

Businesses that can achieve this level of connectivity will inevitably stay one step ahead of the competition. Support from the right technology can allow the aggregation, integration and interrogation of Global Mobility data and payments to create a sound Global Mobility operation and ensure Global Mobility supports the business as a more strategic partner.

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¹⁰ Air Inc. Work Force Globalization "2019 Mobility Outlook Survey" https://www.air-inc.com/wp-content/uploads/AIRINC-MOS-Report-2019_-Web.pdf

Author profiles

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Mike has over 30 years' experience in the Global Mobility sector and has supported many of the largest mobility programmes. Having moved internationally, he understands the pressures faced by international assignees and is passionate about improving Global Mobility operations for both the organisation and for the individual. He is well-known and respected in the Global Mobility market as a strategic thinker and someone who delivers programme excellence.

Karen Penny

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Payment Products, UK
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Karen has spent over 25 years in blue chip customer-facing service businesses, working both in the UK and internationally. She and her team support organisations across multiple sectors in the UK, delivering payments across currencies and borders. International payroll and Global Mobility are part of her remit, and since 2018 she has been working to build on Western Union's success in the sector.

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https://www.air-inc.com/wp-content/uploads/AIRINC-MOS-Report-2019-_Web.pdf

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Work with a trusted partner to help improve employee relocation for you and your assignees.

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