

# SAP HR 101: What You Need To Consider Before Implementation

By Satish Badgi, SAP HR Consultant

**Editor's Note:** You've gotta' have a plan. That's pretty good advice in most situations, but when it comes to successfully implementing SAP HR—well, there's just no room for "winging it." Because every organization's needs are different, hence every implementation will be different, we can't hand you the perfect plan on a silver platter. But we can enlist SAP HR implementation guru Satish Badgi to provide you with some of the factors you'll want to carefully consider BEFORE you launch headlong into your next implementation.

## Introduction

This article is for those of you who've always wondered what it takes to successfully implement SAP HR—especially if you've yet to use this solution and have heard some of the "legendary" stories about these implementations and go-lives. Towards the end of many implementations, we'll hear the phrase "hindsight is 20/20" uttered. But it doesn't always have to be that way. I sincerely believe that, if you carry out a pre-implementation planning exercise, perhaps you will use that statement less often.

Most large implementations have the luxury of business cases, feasibility studies, product selections or similar pre-implementation activities to guide their implementation. But those about to take on a medium or small implementation often cannot afford these studies or reports. My goal with this article is to provide you with some ideas and recommendations regarding pre-implementation activities that you can then tailor to meet your project's size and budget.

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## Implementation Planning & Assessment Factors

This section covers all the factors you'll need to consider for effective implementation planning. We'll review each factor and then discuss some of the tools available to assist you in this pre-planning phase.

### Scope

Scope is a popular factor for consideration in the pre-implementation phase. How far to go seems to be the BIG decision. Some take the route of implementing all of the SAP HR modules, while others scale their implementations back. Some typical scenario combinations included in any given scope could be:

- Use all SAP HR modules – Master data, Benefits, Time management, Payroll, Recruitment
- Use SAP as just the HR master data maintenance and interface with other existing, or new products. Example: SAP HR with ADP or SAP HR with Ceridian

- Use SAP HR with Kronos time management system
- Use SAP HR with Taleo or Hot Jobs
- Use SAP HR with outsourced benefits
- Use new generation SAP modules such as Learning Management Solution (LMS), e-Recruitment
- Use SAP BW with HR for reporting

The possibilities are abundant. The difference between using a "Best of the Breed" approach vs. employing the full SAP suite is in the need to build interfaces and transfer data between the products. Real time/ on line drill down reporting capabilities can be compromised when you mix products from different vendors. Also, when you include more than one vendor, it can be challenging to resolve issues during implementation; therefore, you'll want to appoint a single go-to person (i.e., Project Manager) who is given enough authority to bring the multiple parties together.

### Timing

"It's all about timing!" That is so true for the SAP HR and Payroll implementations. As we discussed earlier, if the scope includes modules such as benefits, payroll, and recruitment, the timing of your implementation go-live becomes a bigger factor. Table 1 presents an analysis of each module and the impact it may have on various events within an organization.

| SAP HR Module            | Impact of Timing  |
|--------------------------|---|
| Personnel Administration | <ul style="list-style-type: none"> <li><b>Avoid any period of time during which users may be busy with other major events. Examples include:</b> <ul style="list-style-type: none"> <li><b>Starting of new school year in a K-12 school implementation</b></li> <li><b>Holidays season for a retailing implementation</b></li> <li><b>Audits in any industry</b></li> </ul> </li> </ul>                             |
| Benefits                 | <ul style="list-style-type: none"> <li><b>Annual enrollments</b> <ul style="list-style-type: none"> <li><b>Some implementations also like to use annual enrollments during go-live. However, you need to be extremely careful with it.</b></li> </ul> </li> </ul>   |
| Payroll                  | <ul style="list-style-type: none"> <li><b>The most popular time to go-live is to coincide with the first payroll of the new year. However, there are some implementations that have to go-live in the middle of the year due to many other influencing factors</b> <ul style="list-style-type: none"> <li><b>We will discuss the mid-year payroll data conversion later in this section.</b></li> </ul> </li> </ul> |
| Recruitment              | <ul style="list-style-type: none"> <li><b>Avoid periods of heavy or seasonal recruitments</b></li> </ul>  |
| Training and LMS         | <ul style="list-style-type: none"> <li><b>Any time during the year</b></li> </ul>   |
| Personnel Development    | <ul style="list-style-type: none"> <li><b>Avoid the performance review calendars</b></li> </ul>   |

Table 1: SAP HR Modules and Timing for Go-Live

Although, by far, beginning of the year always had been a popular choice for go-live, there is nothing wrong with going live during other times of the year. The beginning of a quarter is the next popular choice due to payroll data conversion. Even if you decide to keep SAP Payroll out of your scope, you will still need to factor in the outsourced payroll data transfers. We will discuss more on that topic a little later in this article.

### In-house vs. Out-sourced

We are in an era where Business Process Outsourcing (BPO) is popular and cost-effective in certain scenarios. Therefore, you will need to weigh the benefits using of in-house vs. outsourced resources as part of your implementation planning. Listed as follows are some of the typical

situations using outsourced applications:

- Benefits or part of the benefits such as just the Flexible Spending Account Management

- Payroll
- Recruitment
- Training and Learning Management

The effect of outsourced applications is very similar to the one we discussed with scope factors. While SAP has provided tools and bridges (Interface toolbox, BAPI's, XI) to handle the data transfers, it's still not that simple to build them. Example: Payroll outsourcing is very common and in SAP it is one of the established interfaces.

### Data Conversion

Data conversion is a huge pre-planning topic because implementation teams are concerned about quality of data, cleansing of data, and data conversion cycles. Table 2 presents the various SAP HR modules along with the overview of data that needs to be converted for go-live.

You will notice in Table 2 that some of the HR modules have a higher impact on the data conversion due to the historical nature of the data.

| SAP HR Module                 | Data Conversion for Go-Live   | History Impact        |
|-------------------------------|---|-----------------------|
| Personnel Administration (PA) | <ul style="list-style-type: none"> <li><b>Typical employee master data</b></li> <li><b>Personnel actions</b></li> </ul> | <b>Very Large</b>     |
| Organization Management (OM)  | <ul style="list-style-type: none"> <li><b>Most of these structures are loaded through Excel spreadsheets</b></li> </ul> | <b>Low</b>            |
| Personnel Development (PD)    | <ul style="list-style-type: none"> <li><b>Qualifications catalogs are loaded through Excel spreadsheets</b></li> </ul>  | <b>Medium</b>         |
| Time Management               | <ul style="list-style-type: none"> <li><b>Absence balances</b></li> <li><b>Absence transactions</b></li> </ul>          | <b>Medium</b>         |
| Benefits                      | <ul style="list-style-type: none"> <li><b>Benefit plans</b></li> </ul>  | <b>Medium to High</b> |
| Payroll                       | <ul style="list-style-type: none"> <li><b>Payroll results</b></li> </ul>  | <b>Medium to High</b> |
| Recruitment                   | <ul style="list-style-type: none"> <li><b>Applicants data</b></li> </ul>  | <b>Medium to High</b> |
| Training and LMS              | <ul style="list-style-type: none"> <li><b>Training catalogs</b></li> <li><b>Qualifications catalogs</b></li> </ul>      | <b>Low to Medium</b>  |

Table 2: SAP HR Modules and Data Impact

### Personnel Administration (PA)

In most SAP implementations, PA/ Master Data is always a starting point, so most of the data conversion teams have established spreadsheets and a LSMW (Legacy System Migration Workbench) strategy. Some teams also re-use the BDC (Batch Data Communication) from their earlier implementations. Each project has identified infotypes for data loads using a PA action titled "data conversion". The typical "pain points" are:

- SAP data conversion brings only the latest position and organization structure
- SAP data conversion does not bring over the promotions and transfers in the past year
- Legacy data conversion for the past 7-10 years is not brought over
- Mapping of legacy structures to new SAP structures. Example: Personnel Area, Employee Sub-Group

### Benefits

Benefits data conversion will primarily involve conversion for the infotypes associated with health, insurance, and savings plans. However, in some implementations, the legacy data can create challenges in the data conversion. Also, in some organizations, some retirees may have a benefit plan that differs from the current employee plan.

### Payroll

The timing for go-live will play a crucial role in payroll data conversion. If your implementation goes live mid-year, then you will have to do mid year payroll conversion and use SAP's schema ULK9 along with tables T558s for the conversion. If, alternatively, your implementation is going live in first pay

period in January, then there will not be any payroll conversion. If you are using benefits, then you need to pay attention to the Flexible Spending Accounts (FSA), even if you are going live in the first pay period; this is because FSA claims can be filed by employees until April 15th for the amounts deducted in previous year through December 31st.

### Time Management

Time management module demands the absence and attendance balances along with the transactions, depending upon the timing of go-live. For example: At a beginning of the year go-live, you may decide to only convert the balances and not get detailed transactions, while a middle of the year go-live will demand detailed info type 2001, 2002 conversions. You will also need to revisit the policies around carry-forward of leave and absence balances and appropriately adjust the conversion.

### Implementation Team Model

Depending upon the size, complexity, and extent of the SAP HR implementation, the team composition could differ. Table 3 presents some of sample team compositions:

**In some organizations, some retirees may have a benefit plan that differs from the current employee plan.**

It is normally a good idea to get experienced and professional help, regardless of the size and complexity of your implementation. Even if you choose to manage your own implementation and send your team to SAP training, you should still consider a good consulting resource to assist.

### Implementation Approach and Methodology

Although, my personal favorite has been SAP's ASAP methodology, other organizations adopt ASAP or vendor's methodology for implementations. The most standard question

| Team Composition  | Governing Factors  |
|---|--|
| <b>Multi vendor teams</b>   | <b>Large, complex, long term implementations and customers want to make the most of the multi-vendor relationships.</b>          |
| <b>Single vendor teams</b>  | <b>Any size and complexity. This is the standard approach.</b>   |
| <b>Vendor and customer joint teams</b>  | <b>The customer is serious about knowledge transfers and maintenance from Day 1.</b>   |
| <b>In-house team does implementing on its own, with independent contractors</b>             | <b>Typically smaller implementations with budget constraints</b>   |
| <b>In-house team does implementing on its own, with project management help from vendor</b> | <b>Typically smaller implementations with budget constraints. Customer hires a seasoned Project Manager to guide and advise.</b> |

Table 3: Implementation Team Models

What should we be looking for in the methodology? While there could be many different factors; the major ones are as follows:

- Good, solid documentation throughout the implementation life cycle which will assist you in easy maintenance after the vendor leaves
- Methodology which draws detailed requirements out of users using appropriate questions based on vendor's experiences from previous implementations. ASAP's QADB is an example of this type of methodology
- Methodology which can show "proofs of concepts" for difficult requirements. Example: Benefit Enrollment
- Sufficient test plan, test data, and test procedure samples and guidelines
- Good issue tracking mechanism
- Test plan and test procedures for integration testing
- Test plan and test procedures for performance testing – if applicable
- Methodology which will guide you and provide standards for customization (custom development of objects)

While documentation and paper work is inherent to most of the methodologies, sometimes too much documentation can make the team lose their spirit in the method. There are certain areas in SAP HR in which documentation of any form and shape is an absolute must, including:

1. Rationale behind enterprise structures
2. Payroll schemas

3. Payroll rules
4. Benefits structures
5. Wage types and their characteristics
6. Time management rules
7. Absence and attendance counting
8. Dynamic actions in PA

### Change and Transition

This list would not be complete without mentioning the topic of transition management. You will find a few articles in the SAPTips archives on this topic, too. The broad level factors that are associated with transition management are:

1. Single location vs multi-location implementation
2. Single country vs global implementations (and associated culture factors)
3. Migration from very old mainframe-based systems
4. Loyalty of IT or HRIS Managers to legacy products
5. Providing path for employees to re-define their jobs, in case they

are affected by SAP HR implementation

6. Centralized vs. de-centralized business process implementations. Example: Payroll, Master data maintenance, Benefits enrollment
7. Sufficient training – for both project teams and end users

### What should we be looking for in the methodology?

### Resources

It is a common complaint among many implementation planners that, due to the popularity and demand for SAP HR products, it is often difficult to attain good and reliable resources to assist. I strongly recommend initiating the team search as early in the process as possible. Table 4 presents the degree of difficulty in getting resources in different areas.

| SAP Module / Area                        | Degree of Difficulty in Finding Resources |
|--|---|
| PA, OM                                   | Very Low to Low                           |
| Benefits                                 | Medium to High                            |
| Payroll                                  | Medium to High                            |
| e-Recruitment                            | High                                      |
| LMS                                      | High                                      |
| Position Control and Position Budgeting  | High                                      |
| ABAP with good HR and Payroll experience | Medium to High                            |
| Workflow with HR experience              | High                                      |
| PD, Qualifications                       | Low                                       |

Table 4: Degree of Difficulty In Finding Resources

### Pre-Implementation Tools

There must be a way to study, analyze and assess the impact of each of the factors we've discussed as they would relate to any given implementation plan. There are standard ways to assess it: You can hire consultants or you can do-it-yourself using the business case and feasibility studies as your guides. Since you know your environment best, I strongly recommend that your internal team take an active role. You can always gather SAP HR knowledge from external consultants on an as-needed basis during the assessment. Whatever route you choose to go, a pre-implementation assessment will help you to avoid surprises at the beginning of your implementation and allow you to better plan resources and budgets.

### Conclusion

Hopefully, this article will have provided points to think about before launching into an SAP HR implementation. My intent with this article was not to analyze whether one way is better than other; the idea was to bring all relevant points to the table. I do recommend that you read up on the ASAP methodology, Netweaver technology, as well as attend SAP and ASUG conferences to learn from other organizations' experiences with SAP HR implementations. This article is merely intended to be the starting point for you on that journey.

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