Case Study: Lessons Learned from HR Focal Point’s Implementation of Employee Central Payroll

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In This Session

- As an SAP PartnerEdge partner, in order to truly understand Employee Central Payroll we decided to implement and run it ourselves
- Learn about Employee Central Payroll/ECP and its place in the Full SuccessFactors HCM Suite, aka SAP Cloud for People
- Get an overview of ECP technical and integration landscape
- Hear lessons learned from our unique perspective as both an ECP customer and an SAP PartnerEdge partner
What We’ll Cover

- Key business drivers behind our implementation
  - What is Employee Central Payroll/ECP?
  - ECP technical landscape and integrations
  - Lessons learned: Staffing and skillsets
  - Lessons learned: Project initiation
  - Lessons learned: Approach and methodology
  - New customer startup checklist
  - Wrap-up
Company Information

- HR Focal Point is an ECP customer
- We are also an SAP PartnerEdge Cloud consulting partner
- Founded in 2004
- SAP HCM consulting, technology, and services organization working with all things related to SAP HCM
Project Details

- Started ECP implementation in April 2014, ran first live ECP payroll in June 2014
  - Less than 3 months start to finish
- Employees geographically dispersed all over the US requiring payroll tax reporting/processing for 14 states
- Payroll is run monthly and includes salary, bonus, and expense reimbursements
- Deductions/Contributions setup include 401k, health insurance, HSA, and garnishments
- Direct Deposit is utilized for paychecks
- Utilizing BSI TaxFactory and eFormsFactory for SaaS
Project Details (cont.)

- As one of the first SAP/BSI eFormsFactory customers, participated and completed SAP/BSI Customer Qualification of BSI eFormsFactory SaaS integration and service validation
- Worked closely with SAP and BSI for SaaS Handbook setup documentation
- Why we did this?
  - As an SAP HCM Consulting organization we felt the only and most efficient way to truly understand ECP, ECP customers, the ECP customer pre-sales and sales cycle, and more importantly the real-world project cycle was to purchase, implement, and run ECP for ourselves!
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Why SuccessFactors HCM Suite? It’s in the Cloud.

- **Human Capital Management is moving to the cloud**
  - To take advantage of rapid innovation and cost savings
- **Full SuccessFactors HCM Suite, aka SAP Cloud for People and Employee Central Payroll**
- **Full cloud integration**

Source: SAP
ECP Is Part of the Full SuccessFactors HCM Suite

- Integrated end-to-end cloud-based HCM solution
  - Core HR
  - Payroll
  - Talent Management
- Leverages SAP and SuccessFactors’s leadership and experience in enterprise applications and cloud software
  - Based on leading-edge global payroll solution
  - Used by nearly 7,000 organizations worldwide
  - Available in 28+ countries
State of the Union for On-Premise SAP HCM

• Mainstream maintenance extended through 2025
  • www.news.sap.com/sap-committed-innovation-choice-sap-business-suite/

• Still sold where and when requested
  • Upsell to existing non-SAP HCM on-premise installations
  • Emerging markets, selected industries
  • Conservative CIOs
Why Employee Central Payroll?

• Cloud-based: cloud delivery with in-house payroll process management
• SAP owns both ends of the integration between Cloud HCM system of record and globally recognized global payroll engine as well as the integration itself
  • Productized integrations result in approximately 80% reduction in implementation time and cost
  • We don’t have to build and maintain the integrations
• Legal compliance, best practices, and ongoing support for country-specific requirements, including required tax updates
• Comply with local regulations and data privacy
• Governance and security
  • ISO 27002, OWASP, PCI-DSS
Employee Central Payroll Key Functionality

- Master data is maintained in Employee Central
- Gross pay calculation based on time entered
- Gross-to-net calculations of paychecks
- Retroactive pay calculation
- Garnishment calculation
- Creates paychecks and deposit advices
- Direct deposit of paychecks
- Creates payroll tax forms to be filed
- Quarterly and year-end reports and forms
- End-to-end payroll process integrated with any General Ledger
- Country-specific compliance
Supports a Global Enterprise

Account for local business practices, legal requirements & statutory reporting

- Country-specific fields
- Validation Rules
- Compliance Reporting
- Country-specific business rules
- Integrations to local providers & authorities
- Global payroll engine with local payroll rules

Localization

Enable the system to operate globally

- Multi-Language Support
- Currency Support
- Time-zone Support
- Date/calendar Support
- Global fields (address, National ID)

Globalization

Deliver applications, content & documentation in the local language

Language

Source: SAP
Puts Control in Our Users’ Hands

- Constant innovation keeps pushing more and more to the EC user interface, i.e., Payroll Control Center

**Employee Central**
- All HR events
- All Self Services
- Country specific payroll data maintenance
- Replication of employee master data

**Employee Central Payroll**
- Payroll run
- Legal reporting
- Bank transfers / payments
- G/L postings
- Pay Code configurations
- ...

Source: SAP
General ECP Customer Responsibilities

- Core HR transactions (EC foundation)
  - Hire new employee
  - Job changes
  - Employee transfer
  - Pay rate change
  - Promotion and demotion
  - Termination and rehire
  - View employee data
  - View History of employee data
  - Edit employee data
  - Manage Employee Central Payroll information
- Processing payroll
General ECP Customer Responsibilities (cont.)

- **Configuration**
  - Payroll process
  - Paycodes/Paytypes
  - New Pay rules
  - Testing (transports moved from Dev>QA>Prod. Support)
- **The following can be done either in house or via a Managed Service**
  - Check printing
  - Tax filing/remittance
  - Payment process
  - Garnishment administration
- **Report management**
- **Bank reconciliation and direct deposit**

Source: SAP
General SAP Cloud Operations Responsibilities

- Hosting of the Employee Central Payroll engine in the Cloud
- Upgrades, patches and legal changes, tax updates
  - Applying the updates
  - Testing
- Transports from Dev > QA > Prod
- Integration to Employee Central
- Backup and disaster recovery
- System provisioning and monitoring
  - Technical network infrastructure (SAP Cloud side)
  - Storage management
  - Network monitoring and technical integration monitoring

For details, refer to the Payroll Service Catalog (Reference) at [http://service.sap.com/ec-ondemand](http://service.sap.com/ec-ondemand) (Requires login credentials to the SAP Service Marketplace)
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ECP Technical Landscape and Integrations

- Productized Integration layout with third-party application vendors (and ECP) and how they can relate to existing SAP on-premise ERP installations

Retirement of former term “iFlows,” now “Productized Integrations”
ECP Landscape for VPN and SAProuter Overview

- Typically 1 point-to-point VPN connection setup is included with ECP licensing so beware of disconnected corporate locations.
- Currently SAP requires the VPN connection to support ECP access via the SAP GUI client (and RFC integrations), however, future-state may remove this VPN requirement.
- All customer ECP custom integration should not rely on this VPN connectivity!

Source: SAP
ECP Landscape for VPN and SAPRouter Details

- For certain business/system administrator access to the ECP payroll system, a typical SAP GUI connection is still required.

Source: SAP
EC and ECP Technical Landscape

- If only two EC systems are delivered, be sure to request a 1-to-1 system setup between EC and ECP engine

Source: SAP
Standard EC to ECP HR Master Data Replication

- Personal data
- Addresses
- Nationality
- Compensation
- First day worked
- Cost center
- Payment method
- Bank details
- International bank account numbers
- Earnings
- Contact information
- Job information
- Effective dates
- Historical data including changes, deletions and additions

Note: Employee Central is always considered the HR master system of record
ECP Integration with BSI for SaaS

- Only difference with on-premise BSI application is the technical interface
ECP Sample Technical Landscape

Source: SAP
ECP Enhancement and Extension Approach

- Extend using configuration and rules engine UI
- Host extensions within EC
- Use delivered objects to create extensions and logic
- Build simple extensions of EC that do not require coding
- Automatically generates simple UIs to configure and manage objects
- Extensions are tightly coupled with EC entities, no duplication of data
- Included with both EC and SAP HANA Cloud Platform

- Develop using JVM based integrated development env.
- Host apps within SAP HANA Cloud Platform
- Custom code objects and logic
- Create new apps/complex extensions that require coding
- Build engaging UIs for mobile or other channels
- Extensions are free form but can be integrated using SFAPIs, SAP APIs or EC OData APIs
- Access MDF as a shared service

Source: SAP
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Lessons Learned: Staffing and Skillsets

- Review, discuss, and understand technical skillsets that may need to be acquired through SAP training, hiring, and/or external support contracts with value-added BPO service bureaus or other SAP support organizations
- IT Infrastructure, i.e., VPN, SAProuter, and SAP GUI client
  - Point-to-point VPN setup
  - SAProuter installation and setup
  - SAP GUI for Windows/Java installation for power users
- BASIS system administrator
  - ECP check printer hardware and SAP spool setup
  - ECP SAP HR Security, i.e., PFCG, SU24/25, roles and profiles, etc.
  - Basis troubleshooting for Web services-type interfaces between EC and ECP, third-party and EC/ECP, etc.
Lessons Learned: Staffing and Skillsets (cont.)

- **SAP HR ABAP development**
  - Any customer-specific ECP ABAP code that is put in place and that may need to be maintained is the customer’s responsibility
  - Web services-based debugging and troubleshooting

- **SAP Cloud development**
  - SAP recommends that SAP Full Cloud user-facing enhancements and extensions use the SAP HANA Cloud Platform vs. back-end on-premise technologies like Web Dynpro ABAP/Java (WDA/WDJ), Business Server Pages (BSP), etc.
Lessons Learned: Staffing and Skillsets (cont.)

- **BSI for SaaS TaxFactory**
  - Very similar to on-premise BSI TaxFactory business skillset and technical understanding
- **Boomi cloud integration middleware (and/or SAP HANA Cloud Integration)**
  - SAP ECP Productized Integrations for SuccessFactors Full Cloud are all currently delivered using Boomi cloud-based middleware platform
  - SAP ECP Productized Integrations may eventually be delivered concurrently (with Boomi versions) using the SAP HANA Cloud Integration/HCI middleware platform
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Initial ECP Questionnaires and Account Setup

- BSI questionnaire (and contract)
  - For US ECP only
  - Get this done before or at start of project so BSI information is available when it’s needed
  - BSI licensing is now part of SAP Price List for ECP users
- ECP point-to-point VPN data center questionnaire and setup
  - Get this to your IT infrastructure folks before or at start of project as this is critical to everything related to ECP access and configuration
  - Single point-to-point VPN connection included in ECP
- Boomi account access
  - Submit support ticket to request Boomi account setup and access
Initial ECP Questionnaires and Account Setup (cont.)

- Standard ECP landscape includes three systems; standard EC landscape typically only includes two systems
  - Submit support ticket to request provisioning of third EC system so that there is a 1-to-1 relationship between EC and ECP systems, i.e., development, QA, and production
- Co-located SuccessFactors SFTP server for intermediate file transfers
  - Submit support ticket to request setup and access to SFTP server co-located within SAP Cloud environment
  - SuccessFactors SFTP server is accessible by both EC and ECP out of the box
  - Using a customer SFTP server may require network infrastructure updates to allow traffic to pass to and from SAP Cloud applications
Project Initiation

- Become familiar with and understand both traditional SuccessFactors and SAP Payroll on-premise project implementation requirements and time lines (relative to scope)
- Clearly define and control ECP scope keeping in mind rapid quarterly release cycles
  - If rapid implementation is desired, then do not treat ECP like an on-premise SAP Payroll application
  - Rapid ECP implementation times come from use of out-of-the-box ECP functionality with iterative enhancements based on quarterly release updates
Project Initiation (cont.)

- Understand the technical application differences, change control frameworks, and required skillsets to support them
  - ECP uses SAP (on-premise) Change and Transport System/CTS, i.e., SE10, STMS, etc.
    - EC provisioning provides for high-level system configuration and settings configuration as well as more granular manual XML schema download and uploads to keep EC systems in sync
    - EC implementations <> ECP implementations
  - Good on-premise SAP Personnel Administration, Benefits, and Payroll (including FI posting and BSI) skills are nearly 100% transferrable to ECP configuration and understanding after learning new terms, data flow, and architecture
Project Initiation (cont.)

- Become familiar with and fully understand [http://service.sap.com/ondemand](http://service.sap.com/ondemand) * SuccessFactors » Employee Central » Payroll Service Catalog (Reference) document at project start
  - VPN and SAProuter landscape requirements may require VPN hosting provider if customer does not have VPN appliances
  - BSI contract(s) and setup questionnaire
  - SAP Cloud Operations technical responsibilities
  - Customer technical responsibilities

* Requires login credentials to the SAP Service Marketplace
Project Initiation (cont.)

- As soon as EC and ECP systems are available, submit tickets to get all systems updated to the latest support and patch levels
  - Review and apply all available updates in the EC Update Center
  - Review latest ECP EC Integration Add-On, enhancement pack, and HR support pack levels and request that they be updated to the latest version
  - Review all Productized Integration versions and ensure they are in sync with EC and ECP patch levels
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EC and ECP Work Together

- Always keep in mind that EC is the HR master data system of record for HR master data
  - Directly updating data in ECP that has been replicated can cause data corruption and integration synchronization issues
- EC and ECP are designed to work together as a single end-to-end solution, not as separate segregated systems
  - Take the time to understand and map out where ECP HR master and payroll data elements originate from and if they are part of Productized Integration replication, mash-ups, custom integrations, or direct ECP infotype maintenance
    - Do not underestimate the management and coordination of technical integrations at a high level
- Understanding how ECP and EC work as a single end-to-end solution is key to a smooth implementation
Keep It Simple and Out-of-the-Box for Best Chance of Success

• Relative to SuccessFactors Talent Management applications, including Employee Central, ECP has a very high potential to become bloated in terms of scope creep due to availability of on-premise tried and proven and very powerful SAP enhancement concepts

  • Keep in mind that the more you customize the longer the project timeline (and cost) typically becomes

  • In this regard, ECP projects are no different than any other on-premise or SaaS-based project
Keep It Simple and Out-of-the-Box for Best Chance of Success (cont.)

- Learn to work within the bounds of SAP delivered functionality and Productized Integrations
  
  - Current modern SaaS-based application approach is to be easy to maintain, powerful but simple
    
    - This may mean that functionality and features may not work exactly the way one might want it to but still addresses the overall business requirement
    
    - Evaluate and balance “need it exactly this way” up front vs. savings that come from easy to accept, simple, and quick implementations that can iterate quickly
Cloud SaaS-Based Mindset

- Change or adopt updated *modern* mindset that perceived missing or nice-to-have features and/or functionality will most likely come within a few quarterly release cycles
  - Depending on prior (on-premise SAP) experience, quarterly release cycles can be good or bad
  - Come to grips that although it may be possible to configure very complex Payroll processes outside or beyond the out-of-the-box ECP functionality, especially using traditional on-premise Enhancement Concepts, it may not be in the best interest of a simple, rapid, cost-effective, and low maintenance HR system of record and payroll solution
  - Definite benefits can be gained by having an open mind and willingness to re-evaluate existing and old ways of doing things
Cloud SaaS-Based Mindset (cont.)

- For existing on-premise SAP and SAP HCM customers, take the time to learn what SAP Cloud options, including ECP, exist and the pros and cons of each one
- For other existing on-premise SAP customers with and without SAP Payroll, we have found that SAP ECP is perceived as a great low risk way to test the waters of SAP Cloud offerings, including Employee Central
Value Proposition

- Existing on-premise SAP customers with divisions, countries or other groups not currently running through on-premise SAP Payroll (i.e., currently manual or outsourced to third-party payroll provider) now have a way to consolidate these groups on a single vendor’s technology and support stack
- They’re also able to test out newer Cloud-based HCM end-to-end functionality without long-term hardware and software licensing costs or affecting existing stable on-premise-based HCM business processes
  - SAP Cloud offerings are based on per user pricing
Be Prepared

- If possible, map out all HR master data elements that are replicated and/or interfaced into ECP (from EC in particular) before the first data replication or integration run
  - Create a master mapping document that lists out all HR master and transactional data elements along with their system of record, attributes, mappings/conversions, etc.
  - This mapping document will become invaluable in troubleshooting and overall understanding of data flows
- Do not underestimate payroll parallel test cycle time requirements, this is a Payroll project after all
  - Shorter implementation times cannot compress required payroll parallel test cycles if pay period is longer
    - Two payroll parallel monthly test cycles = two months added to the ECP project plan
Productized Integrations Work as Designed

- Up to 80% reduction in integration implementation time and cost as well as reduced risk and on-going maintenance as SAP owns both ends
- If there is a major perceived integration gap, odds are that SAP will deliver new functionality to address this in an upcoming quarterly release cycle
- If you must tweak the standard integrations, keep in mind that this may increase project duration and cost
- For perceived gaps it really helps to have knowledgeable SAP ECP-related consultants to help navigate through these situations
  - I.e., resources with deep on-premise equivalent knowledge of Personnel Administration, Benefits, Time, and Payroll
Updates Are Easy

- Updating ECP with HR Support Packs and even enhancement packs is really as easy as submitting a ticket
- Customer is still responsible for testing and validation but all technical system administration and infrastructure details and tasks are handled by SAP
Do Your Homework on ECP Implementation Partners

• Just like in the mid-90s when SAP on-premise Payroll was new, ECP projects will be most successful when partnering with those who have had full-cycle hands-on experience and solid relationships with the SAP product management team
  • EC implementations <> ECP implementations
• Work with a partner that can clearly explain up front:
  • How ECP components work at a technical and functional level, including ECP infrastructure pieces
  • How relevant Productized Integrations work, including HR master data replication and data flows from all EC and ECP landscape components
  • How EC and ECP configuration and technical setup differ and are inter-related (i.e., current limitations, etc.)
Where to Get SuccessFactors Handbooks?

Stay current with the latest ECP-related Handbooks (requires SAP PartnerEdge Service Marketplace Access)
SuccessFactors Support Portal Ticketing for ECP

- [https://support.successfactors.com](https://support.successfactors.com) *

Proper ECP support ticket categorization

* Requires login credentials to SuccessFactors Cloud Support Portal
Ticket Title: Employee Central Payroll: <SID> System Patch Request (<customer name>)

Ticket Body:

Hello SAP Cloud Operations,

We want to request the following import of software into our Payroll systems:
kind of software: SPS (support package stack ) or single SP (like CLC, LCP (HRSP))
software component: SAP_HR, EA-HR, ...
name of the SP or stack: SPSxx, SAPKE600xx, ….

SID: DEV, QA or Prod System ID
downtime start: date/time [please consider 24 hours lead time]

We confirm that the system preparation (incl. backup of table T512W) has been finished.

Kind regards,

Important note: If you maintain Wage Type Valuation table T512W it is critically important
to backup table T512W as customer entries can get overwritten by Support Pack application.
Please refer to OSS Note 495789 for information about backing up and restoring table T512 entries.
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New Customer Startup Checklist

- Complete VPN questionnaire and work with SAP Cloud Operations to establish point-to-point VPN tunnel and SAProuter installation
  - Download and plan SAP GUI client installation plan
- US only: Complete BSI eFormsFactory Company Registration Form and submit to BSI as soon as contract is signed
- Submit support tickets for:
  - Creation of third EC system to align with ECP system landscape
  - Boomi account access (only if third EC system does not exist at start)
  - Creation of co-located SuccessFactors SFTP server
  - System updates to all ECP components
Demo
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Where to Find More Information

• “SAP Employee Central Payroll” (SAP, 2013).
  - https://docs.google.com/presentation/d/1nFN5QBzc-QmQGIr0yLM7Fh8iZHXbVMiSy4rWXlnaMXg/edit?usp=sharing
    - Product brochure

• Employee Central/Employee Central Payroll Handbooks
  - http://service.sap.com/ec-ondemand *

• Payroll Service Catalog (Reference)
  - http://service.sap.com/ondemand *
    - SuccessFactors
    - Employee Central
    - Payroll Service Catalog (Reference)

• Integration Scenario for Payroll
  - https://websmp206.sap-ag.de/~sapidp/011000358700000315052014E.htm

* Requires login credentials to the SAP Service Marketplace
Where to Find More Information (cont.)

- **Q4 2014 OneVoice: Employee Central Payroll & Globalization**
  - Requires login credentials to SuccessFactors Community

- **Q3 2014 OneVoice: Employee Central: Payroll, Time Off, Localization & Technical Integration**
  - Requires login credentials to SuccessFactors Community

- **Product Release Update Information**
  - Requires login credentials to SuccessFactors Community
Where to Find More Information (cont.)

- **SuccessFactors Support Portal**
  - [https://support.successfactors.com](https://support.successfactors.com) *

- **SAP ONE Support – SuccessFactors**
  - Back to the Service Marketplace UX for support tickets

* Requires login credentials to SuccessFactors Cloud Support Portal
Where to Find More Information (cont.)

  - [http://productdesignjournal.blogspot.com/2014/08/what-are-packaged-integrations.html](http://productdesignjournal.blogspot.com/2014/08/what-are-packaged-integrations.html)
Where to Find More Information (cont.)

  - [http://productdesignjournal.blogspot.com/2014/06/one-of-most-beautiful-integration.html](http://productdesignjournal.blogspot.com/2014/06/one-of-most-beautiful-integration.html)
  - [http://productdesignjournal.blogspot.com/2013/12/the-sap-successfactors-advantage-for.html](http://productdesignjournal.blogspot.com/2013/12/the-sap-successfactors-advantage-for.html)
7 Key Points to Take Home

- Keep it simple and out of the box for best chance of success, work within currently delivered application framework and functionality
- Productized Integrations work as designed
- Start on new customer ECP-related questionnaires and setup tasks as soon as possible
- Cloud is a new world in terms of update paradigms; quarterly release cycles mean a change in mentality regarding missing and new functionality, more frequent testing, etc.
- EC project implementation experience <> ECP project implementation experience
- Get familiar with ECP service catalog and who is responsible for what and what this means in terms of customer staffing
7 Key Points to Take Home (cont.)

- EC and ECP work as a single end-to-end application, do not work with them in isolation
Your Turn!

Questions?

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Please remember to complete your session evaluation
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