Implementing globally integrated People Management at Siemens with SuccessFactors

Petra Kuther
Siemens Corporate Information Technology Governance Support Processes
## Sectors and Divisions as of October 1, 2011

<table>
<thead>
<tr>
<th>Energy</th>
<th>Healthcare</th>
<th>Industry</th>
<th>Infrastructure &amp; Cities</th>
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</thead>
<tbody>
<tr>
<td><strong>Divisions</strong></td>
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<tr>
<td>- Fossil Power Generation</td>
<td>- Imaging &amp; Therapy Systems</td>
<td>- Industry Automation</td>
<td>- Rail Systems</td>
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<tr>
<td>- Wind Power</td>
<td>- Clinical Products</td>
<td>- Drive Technologies</td>
<td>- Mobility and Logistics</td>
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<td>- Solar &amp; Hydro</td>
<td>- Diagnostics</td>
<td>- Customer Services</td>
<td>- Low and Medium Voltage</td>
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<td>- Oil &amp; Gas</td>
<td>- Customer Solutions</td>
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<td>- Smart Grid</td>
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<td>- Energy Service</td>
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<td>- Building Technologies</td>
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<tr>
<td>- Power Transmission</td>
<td></td>
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<td>- OSRAM ¹)</td>
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</table>

¹) In fiscal 2011, Siemens announced its intention to publicly list OSRAM and, as an anchor shareholder, to hold a minority stake in OSRAM AG over the long term.
Global presence
Basis for competitiveness

Stand: 30. September 2011

All numbers refer to continuing operations.

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<table>
<thead>
<tr>
<th>Siemens – the pioneer in</th>
<th>Our values</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Responsible</td>
</tr>
<tr>
<td>Energy efficiency</td>
<td>Committed to ethical and</td>
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<tr>
<td></td>
<td>responsible actions</td>
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<tr>
<td></td>
<td>Excellent</td>
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<tr>
<td>Industrial productivity</td>
<td>Achieving high performance</td>
</tr>
<tr>
<td></td>
<td>and excellent results</td>
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<tr>
<td></td>
<td>Innovative</td>
</tr>
<tr>
<td>Affordable and</td>
<td>Being innovative to create</td>
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<tr>
<td>personalized healthcare</td>
<td>sustainable value</td>
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<td></td>
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<td>Intelligent infra-</td>
<td></td>
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<td>structure solutions</td>
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“Innovation, Globalization, Sustainability – these levers can only be set in motion by the right people. Their diversity makes Siemens such a strong company.”

Peter Löscher, CEO Siemens AG
<table>
<thead>
<tr>
<th>Strategic directions</th>
<th>Focus areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus on innovation-driven growth markets</td>
<td>Be a pioneer in technology-driven markets</td>
</tr>
<tr>
<td></td>
<td>Strengthen our portfolio</td>
</tr>
<tr>
<td></td>
<td>Provide a leading environmental portfolio</td>
</tr>
<tr>
<td>Get closer to our customers</td>
<td>Grow in emerging markets</td>
</tr>
<tr>
<td></td>
<td>Expand our service business</td>
</tr>
<tr>
<td></td>
<td>Intensify our customer focus</td>
</tr>
<tr>
<td>Use the power of Siemens</td>
<td>Encourage lifelong learning and development</td>
</tr>
<tr>
<td></td>
<td>Empower our diverse and engaged people worldwide</td>
</tr>
<tr>
<td></td>
<td>Stand for integrity</td>
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</tbody>
</table>

Our values: Innovative, Excellent, Responsible
Strategic targets for global HR are closely linked to One Siemens

1. Continuously attract and win the right people for Siemens to sustain business success
2. Empower our diverse and engaged people world-wide
3. Encourage life-long learning and development
4. Offer attractive, competitive remuneration and working conditions
5. Deliver proactively HR solutions to businesses and drive operational excellence in processes

1) Right people means: with the right competencies, at the right place, in the right amount, at the right time, sharing the Siemens values
A global workforce requires integrated people processes for leaders

Integrated applications for all people processes (e.g. 4Success)

Common language world-wide

Combining global business view with regional view
Siemens IT is bringing into focus the right solution for a given context

**Differentiators**
- Critical success factors of the businesses have to have top priority for IT
- Innovative individual solutions for Siemens core businesses
- Flexibility on standard platforms

**Commodities**
- Provide IT infrastructure with high performance, availability & stability
- Use market standards out of the box instead of defining “Siemens standards”

“One size fits all” thinking is to be replaced by a “mix and match” approach, combining standardized building blocks.
Introduction Petra Kuther

Current Position at Siemens Corporate Information Technology since 2008:

- Director Governance for Support Processes

Former Management Positions:
- Corporate Projects
- IT Strategy and Knowledge Management (Sector)
- Product Management and Marketing (Sector Business)
- Quality Management and Release Engineering (Sector Business)
- Partner Management (Sector Business)
- Software Service (Country Business)
HR IT Analysis → Getting Started in 2008

**Siemens**
- Need for global processes in strategic HR to speak the same language and have worldwide metrics
- Fragmented IT landscape for strategic HR

**Market**
- Consolidation Trend in Talent Management Vendors was visible
- Companies not differentiate via Talent Management Processes

**Stakeholders**
- Siemens Board supported the change towards global processes
- CHR and IT Management approved SaaS approach

**Prerequisites**
- Siemens had already consolidated employee data in one tool
- Siemens had already a methodology in place to be the data processor for its countries

**Source & Develop** was the Program Name. Source & Develop covers Recruiting, Target Setting, Performance Management, Calibration, Compensation and parts of Learning. **4Success** is the IT Solution Name.

March 2009: Decision to start the program “Source & Develop” with SFSF

**IT creates business value**
<table>
<thead>
<tr>
<th>Process Scope</th>
<th>Rollout Scope</th>
<th>Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruiting</td>
<td>• All countries (wave approach)</td>
<td>• 93 countries</td>
</tr>
<tr>
<td></td>
<td>• All employees except manufacturing (big bang)</td>
<td>• &gt; 35,000 Job requisitions</td>
</tr>
<tr>
<td>Performance Management</td>
<td>• On demand per country</td>
<td>• &gt; 1 Mio applications</td>
</tr>
<tr>
<td>Ind. Target Setting</td>
<td>• Siemens Senior Mgmt. and Top Talents</td>
<td>• All employees w/o manufacturing</td>
</tr>
<tr>
<td>Performance Evaluation</td>
<td></td>
<td>• 40 countries, 60,000 empl.</td>
</tr>
<tr>
<td>Calibration</td>
<td></td>
<td>• 700 empl. for Review</td>
</tr>
<tr>
<td>Merit Planning</td>
<td></td>
<td>• Siemens CV for all empl.</td>
</tr>
<tr>
<td>Siemens Mgmt. Review</td>
<td></td>
<td>• ~ 5,000 Senior Mgrs. &amp; 16,000 Non-Senior Mgrs.</td>
</tr>
<tr>
<td>Variable Payment</td>
<td>• Exempt employees (wave approach)</td>
<td>• All Siemens employees</td>
</tr>
<tr>
<td>Unit Target Setting</td>
<td></td>
<td></td>
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<tr>
<td>Target Achievement</td>
<td></td>
<td></td>
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<tr>
<td>Var. Payment Calculation</td>
<td></td>
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<tr>
<td>Learning Tracking</td>
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- 20 local applications retired, 2 planned for retirement in FY13.
- Program Timeline: March 2009 – May 2012.
- Goal Management went live within 6 month for full population.
With 4Success global processes and transparency became reality …

<table>
<thead>
<tr>
<th>HR Processes 2008</th>
<th>Today w/ 4Success</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Different Target Setting and Performance Management Processes and Applications</td>
<td>▪ One Target Setting and Performance Management process</td>
</tr>
<tr>
<td>▪ Matrix Managers had no official role in the Evaluation Process</td>
<td>▪ Matrix Managers included in evaluation process</td>
</tr>
<tr>
<td>▪ Different processes for Senior Mgmt. Targets and Incentive Payment Calculation</td>
<td>▪ Strategic aligned and integrated creation of Targets for the Senior Mgmt. and for Inc. Payment Calc.</td>
</tr>
<tr>
<td>▪ Due to multiple ATS and national job markets only fractional international job market (internal/external) available</td>
<td>▪ All jobs globally available on one platform for all employees and external candidates</td>
</tr>
<tr>
<td>▪ Differing Recruiting Processes in countries without a tool-integrated approval process</td>
<td>▪ Balanced global Recruiting Process (enriched with local specifications) incl. tool-integrated approval process initiated by the Hiring Manager</td>
</tr>
<tr>
<td>▪ No global candidates’ pool or cross country sharing options within the ATS</td>
<td>▪ Global candidate pool available allowing candidate searches, candidate sharing and job matching</td>
</tr>
<tr>
<td>▪ Comparison of process KPIs only via exhausting manual efforts possible</td>
<td>▪ Global transparency on KPIs, e.g. salary budget distribution within rating categories worldwide, application ratio (applicants/accepted offers)</td>
</tr>
<tr>
<td>▪ Database for employee data with limited data quality</td>
<td>▪ High data quality in employee data achieved due to operational processes on top</td>
</tr>
</tbody>
</table>

**ATS = Applicant Tracking System**
... and a common language is available

- Matrix Manager
- Calibration
- Total result rating
- Round Table
- Job Requisition
- Top Talent
- Time to Fill
- Unit Performance
- SLF
- Recruiting Manager
- Capabilities
- Individual Performance
- Interview Ratio
- Candidate
- Potential Matrix
- Target Achievement
- Applicant
- Hiring Manager
The entire Performance Management Process globally powered by 4Success

Siemens Performance Management Process

1. Individual Target Setting Form
2. Individual Target Setting
3. Monitoring (optional)
4. Individual Target Setting and Monitoring Completed
5. Targets automatically transferred to PMP/EFA Form
6. Additional Target Setting
7. Target Achievement (Employee Enters)
8. Evaluation (Manager)
9. Round Table (HR Step)
10. Feedback Preparation
11. Feedback
12. Complete

Optional Process

13. Comp. Form
14. Merit Planning (Manager)
15. Round Table (HR Step)
16. Manager +1 Review and Approval
17. Complete

IT creates business value

Page 15
How to handle Data Protection and Information Security

Data Ownership is with Siemens

IS makes no difference btw. SaaS and inhouse applications

Role and Authorization Concept
Siemens AG processes personal data on behalf of subsidiaries („Datenverarbeitung im Auftrag“)

The internal Inter Company Agreement contractually regulating all necessary data protection related aspects in the context of group wide IT procedures where Siemens AG acts as data processor on behalf of Siemens subsidiaries.

- Transfer of data to a third party (SFSF) and non EU country („Übermittlung von Daten an einen Dritten (Drittland)“)
- Safe Harbor certification or Standard EU model contract for contractor and subcontractors
- Fulfillment of BDSG conditions via contract clauses
- Accountability is with Siemens AG

Consideration of interests Siemens versus Siemens employee („Interessensabswägung“)
Personal Data

- Certified datacenter (ISO 27001)
- Encrypted storage in database
- Encrypted transmission from application to browser/end user
- Encrypted delivery of data from Siemens to SFSF (uploads)
- Encrypted backups in separate location
- Archiving and Deletion Concepts
- Process Audits

Access

- Restricted Access of Vendor:
  - dedicated persons
  - time restricted
  - controlled
  - logged

- Granular roles and authorizations:
  - 29 roles
  - Organizational scope of roles through 6300 Technical Users (TU) (50% created via mapping rules)
  - 33,000 users assigned to a TU
  - Global and local administrators
  - Workflow tool for access permission

- Penetration Testing
Implementation set up

- SFSF Configuration Methodology used for all modules
- Co-Development established via Product Requirement Definition, e.g. Calibration, Recruiting
- Siemens Rollout Methodology:
  - Cascaded responsibility
  - Milestones per rollout
    - Rollout agreement
    - Rollout planning completed
    - Rollout CHCM completed
    - Trainers trained
    - Rollout completed
- Service Management focused on Administration set up and Incident Management
Change Management

Top Management Support
• Agreement with Siemens Board
• Sponsor from Corporate HR
• Agreement with HR and IT Heads
• Performance Target

Global Communication & Training
• Siemens Business Conference
• All Hands Meetings
• Siemens Welt
• Newsletter
• Flyer
• Value Presentations
• Rollout Handbook
• Train the Trainer
• Web-based Trainings

Local Change Management
• Local adaption of global communication
• Local Performance Targets
• Local Enduser Trainings
• Taskforce

HR Manager Employee
## Lessons Learned

### Good Lessons
- Using a Market Standard Solution helped tremendous in implementing a global process.
- Co-Development worked pretty well if market demand was there, e.g. Calibration.
- Huge pool of competence and professional knowledge available.

### Project Risks
- Siemens couldn’t avoid Company specifics in some areas. Compromises closed.
- Reporting capabilities were too weak at the beginning. Improvements are visible.
- Administration Processes were not designed for large enterprises. Still a way to go.

*Siemens conclusion: working together as partners reduced project risks.*
Siemens Achieves Globally Integrated People Management Processes

EXECUTION GAP
A global workforce requires integrated people processes for business leaders. To achieve this the following is essential:
1. Integrated applications for recruiting and people development powering
2. Uniform processes that speak in a common language Siemens-wide.

These levers also enable further improvements of Operational Excellence in HR (e.g. seamless processes).

SOLUTION
- Implementation of SFSF using a single global language
- In less than 2 years launched
  - Recruiting,
  - Target Setting and Performance Management
  - Calibration
  - Succession Management
  - Variable Pay
  - Merit Planning
  - Learning Tracking

RESULTS
- Went live within 6 months with target setting (rolled out to 170,000 employees). 40,000 log ins per day. Performance calibration drives 14,000 roundtable reviews a year around the world (incl. potential reviews based on 9 box matrix)
- Overall, 400,000 employees use “4Success” (their branding) across 80 countries in 9 languages (21 for recruiting)
- HR has information to drive and support key people decisions throughout the global company

"SuccessFactors has become the global IT-standard for our core HR processes in Recruiting and People Development."

- Dr. Norbert Kleinjohann, CIO Siemens AG

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Future HR IT Direction

Big Picture HR IT (simplified)

- Talent Mgmt. 4Success
- Global Learning Management System
- Global HR Reporting
- Share Matching Plan
- Position Evaluation
- Employee Engagement Survey
- Delegation

Future Direction:
- Global HR Reporting
- Usage of Social Media
- Closer integration of HCM, e.g. bidirectional data flow
- Data standardization ("same data models in different apps")

Global HCM System (Employee and Org Data Pool)

- CHCM: PA and OM

Local HR Applications (Cluster/Country Level)

- Local HCM Systems: PA, OM, PY
- Travel Expense Management
- Time Management
- ESS / MSS

Work in progress

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Questions?
Backup
Available Roles

Administration
- Global Administrator
- Country Administrator
- HR Support Agent

Employee/Manager
- Employee
- Manager
- Functional Manager
- Mentor

Develop
- HR Representative
- HR Developer

Recruiting
- Hiring Manager
- Manager of Hiring Manager
- Additional Approver
- Recruiting Manager
- Recruiting Administrator
- Recruiting Sourcer
- Super Recruiting Manager
- Interviewer
- Internal Candidate
- External Candidate

Learning
- Educational Representative
- Learning Administrator
- Learning Manager
- Workers Council

Compensation & Benefit
- Definer
- Assigner
- Compensation Administrator

Reporting
- List View Reports
- Ad Hoc Report Create
- Ad Hoc Report Run

Concept: Technical User “acts like a role”
- Automatic creation by CHCM-Mapping or Manual creation by Global Administrator
- Additional Permission Settings by Administrator
- User inherits permissions by becoming Proxy

CHCM Mapping

Corporate HCM
- Data per employee:
  - Region (Cluster)
  - Sector
  - Division Name
  - Country
  - Position Level
  - Job Family
  - HR Service Area
  - ARE

Mapping Rules
- Creation
- Technical User Names
- Assignment to Employee Data

4Success – Employee Profile Data
- Field „CUSTOM_MANAGER“, e.g.
  - TU_EC_SEC_ENE
  - TU_EC_C_UK
- Field „LearningAdmin“, e.g.
  - TU_EL_SEC_IND
  - TU_EL_SEC_HEA
- Field „EducationalRepr“, e.g.
  - TU_EJ_UK_4774

Example Naming Convention:
- TU = Technical User
- EC = HR Developer
- SEC = acronym „Sector“
- C = acronym „Country“
- ENE = Sector „Energy“
- UK = Country „UK“

Role Assignment by User Management Tool

User Management Tool

Management and Approval of 4Success Roles

Approval Step 1
Approval Step 2
Role Assignment

4Success

User becomes Proxy of Technical User

Proxy Assignment

Users
Techn. User

Requester

Functional Approver (HR Head)

Legal Approver (Data Owner = CEO Company or Proxy)