



Compensation Planning On-Premises or SaaS.. Making the decision

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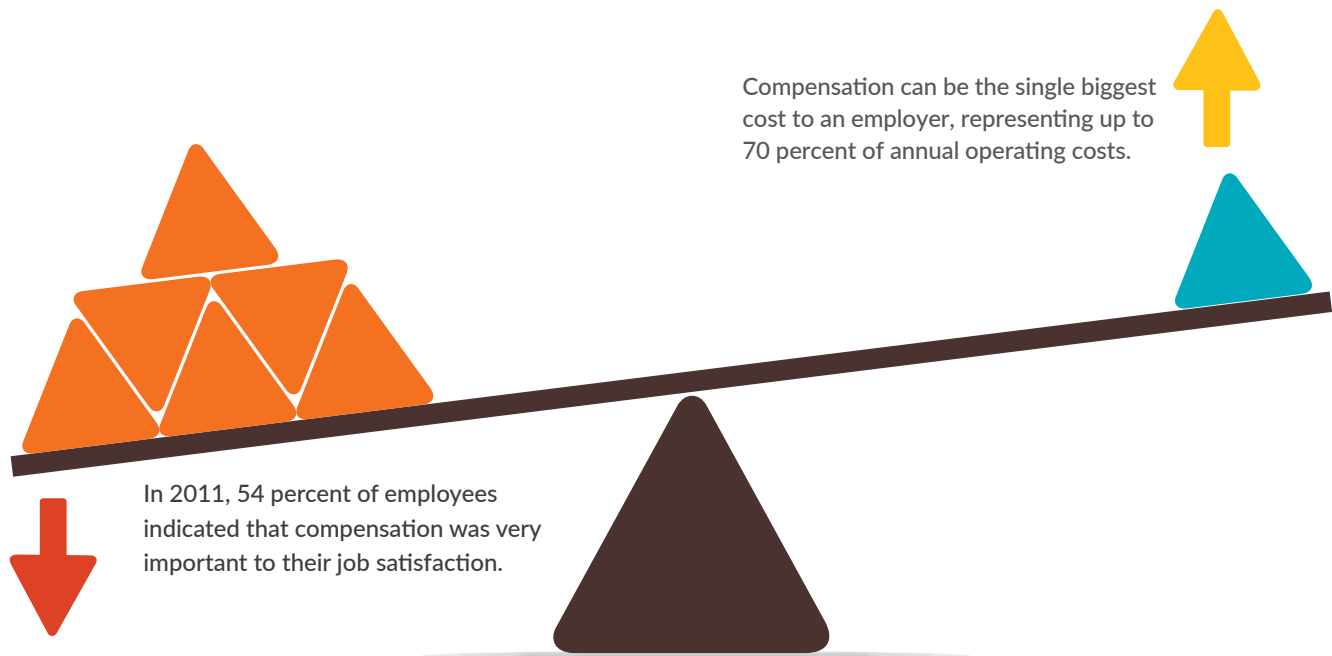
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Introduction

How important is effective compensation management in terms of motivating your workforce? Plenty. Compensation has consistently remained one of the top five job-satisfaction factors considered most important to employees. At a time when budgets are tight, many companies are facing a serious dilemma: How can you reward employees in ways that encourage high performance and ensure retention, yet still hold steady on operational and payroll costs?

While Compensation planning is extremely important to drive your workforce to satisfaction another key factor is determining the solution used for the compensation planning process. A lot of tools and options are now available for compensation planning. However, to broadly classify them – On-Premise Solutions and Cloud (SaaS) applications.



SOURCE: SHRM Research Report. 2011 Employee Job Satisfaction and Engagement: Gratification and Commitment at Work in a Sluggish Economy.

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On-Premises vs. SaaS: Making the choice

Choosing between an On-Premises or SaaS based platform is a common problem in today's business world, but there are many critical factors to consider before making that decision. Making the decision whether to stay with On-Premises or move to SaaS is a multistep process. The problem with making a choice between On-Premises and SaaS is that there are several conflicting arguments. Table 1 presents some of them:



Influencing Factors	SaaS	On-Premises
Total Cost of Ownership	Low - Pay as you go - per user, per month	High - Up-front capital costs for hardware, software licensing, resources, and overheads. Recurring cost - AMC
Time to usability	Very quick – generally 8 – 12 weeks to usability	Time consuming – could take 6 – 8 months to implement a solution
Mobile access	Accessible via browsers running on mobile devices or applications that can be downloaded and used	Limited access to business applications via browsers running on mobile devices
Integration	Pre-built integration packages / APIs/ web-services available with most of the SaaS solutions. Easy to integrate	Integration is generally a challenge and generally calls for integration need to be built from scratch, thus time consuming and costly
Multi-Tenancy	True SaaS ensures that every customer is on the same version of the software. That means no customer is left behind when the software is updated	Does not support multi-tenancy. Customers could be on different versions of the software
Upgrades	Upgrades released on a regular basis (generally quarterly) and can be upgraded by the administrator without vendor involvement	Upgrades are difficult to manage and customers would generally need to avail the services of the vendor to carry out upgrades

Table 1: Pros and cons of On-Premises Software Vs SaaS

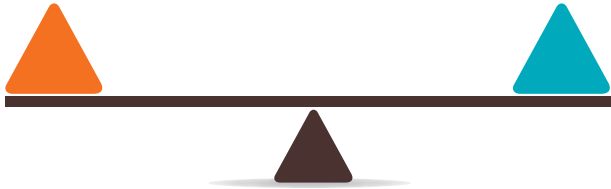


QUO VADIS COMPENSATION?

Some important points to consider before we get into a direct head-to-head comparison between an On-Premise solution and SaaS Compensation solution:

How to distribute wage increases?
How to administer bonus payments

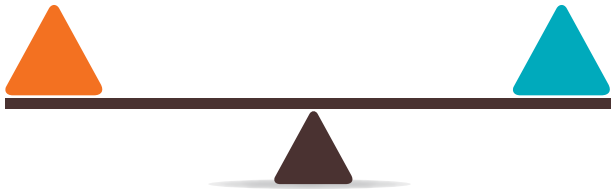
How to develop compensation strategies
and design compensation programs?



How do our salaries compare to average salaries paid in our industry/ region?

Efficiency

Effectiveness



Are these two elements in balance?

“Doing compensation right”

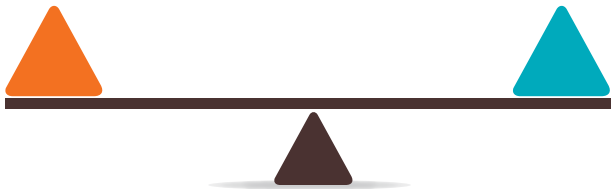
“Doing the right compensation”



Are these two elements in balance?

Salary is the biggest expense on your income statement, so if you don't get it right, you can waste money

If you don't get it right, people will leave....and in some cases, you may not want that to happen



Are these two elements in balance?

Compensation management improves employee retention by as much as 27%. (Giga Information Group)



About Hexaware

Hexaware is one of the leading, global providers of IT, Application, Infrastructure, BPO and Digital services. Our business philosophy of Shrink IT, Grow Digital allows customers to significantly shrink commodity IT spend while partnering with them to embrace digitalization. The Company focuses on key domains such as Banking, Financial Services, Capital Market, Healthcare, Insurance, Manufacturing, Retail, Education, Telecom, Travel, Transportation and Logistics. Hexaware focuses on delivering business results and leveraging technology solutions by specializing in services like; Application support, development and maintenance, Enterprise Solutions, Human Capital Management, Business Intelligence & Analytics, Digital Assurance (Testing), Infrastructure Management Services, Digital and Business Process Services. Founded in 1990, Hexaware has a well-established global delivery model armed with proprietary tools and methodologies, skilled human capital and SEI CMMI-Level 5 certification. For additional information logon to: www.hexaware.com

NA Headquarters

Metro 101, Suite 600,101 Wood
Avenue South, Iselin,
New Jersey - 08830
Tel: +001-609-409-6950
Fax: +001-609-409-6910

India Headquarters

152, Sector - 3
Millennium Business Park
'A' Block, TTC Industrial Area
Mahape, Navi Mumbai - 400 710
Tel : +91-22-67919595
Fax : +91-22-67919500

EU Headquarters

Level 19, 40 Bank Street,
Canary Wharf,
London - E14 5NR
Tel: +44-020-77154100
Fax: +44-020-77154101

APAC Headquarters

180 Cecil Street,
#11-02, Bangkok Bank Building,
Singapore 069546
Tel : +65-63253020
Fax : +65-6222728

Safe Harbor Statement

Certain statements in this press release concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Hexaware has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry.

Let us now do a quick comparison between SaaS and On-Premise although, pure features and functions comparisons tend to lead nowhere fast.

Features	SaaS	On-Premises
Ability to link pay to performance (with no development)	✓	✗
Ability to link pay to performance (with no development)	✗	✓
Ease of Use – User friendly, learn on the job? Easy to incorporate changes to standard system?	✓	✗
Ability to determine achievements and payouts (for bonus and incentives) based on Individual and Company objectives?	✓	✗
Security – Application / Component / Field / Person / Role Based permissions	✓	✗

Table 2: Product comparison – SaaS solutions vs. On-Premise solutions

The table above is only indicative and not really conclusive although it shows to be tilting in favor of SaaS solutions for Compensation. The key take away points are:

1. **Integration is key** - Back-end and follow-on process – processing in payroll, promotions etc.
2. **Reduce reliance on IT** by going for ease of administration.
3. Clearly differentiate information every Compensation Planner needs and information that can be 1-2 clicks away.
4. We will start to see a “shift” of focus from operational/tactical compensation management to **strategic compensation management**: Benchmarking, modeling will become a more and more essential part of compensation.
5. In the talent space, cloud solutions will remain more able to **react quickly to changes in requirements and new market impulses**.



About Hexaware

Hexaware is the fastest growing next-generation provider of IT, BPO and consulting services. Our focus lies on taking a leadership position in helping our clients attain customer intimacy as their competitive advantage. Our digital offerings have helped our clients achieve operational excellence and customer delight by 'Powering Man Machine Collaboration.' We are now on a journey of metamorphosing the experiences of our customer's customers by leveraging our industry-leading delivery and execution model, built around the strategy— 'Automate Everything, Cloudify Everything, Transform Customer Experiences.'

We serve customers in Banking, Financial Services, Capital Markets, Healthcare, Insurance, Manufacturing, Retail, Education, Telecom, Professional Services (Tax, Audit, Accounting and Legal), Travel, Transportation and Logistics. We deliver highly evolved services in Rapid Application prototyping, development and deployment; Build, Migrate and Run cloud solutions; Automation-based Application support; Enterprise Solutions for digitizing the back-office; Customer Experience Transformation; Business Intelligence & Analytics; Digital Assurance (Testing); Infrastructure Management Services; and Business Process Services.

Hexaware services customers in over two dozen languages, from every major time zone and every major regulatory zone. Our goal is to be the first IT services company in the world to have a 50% digital workforce.

NA Headquarters

Metro 101, Suite 600,101 Wood Avenue South, Iselin, New Jersey - 08830
Tel: +001-609-409-6950
Fax: +001-609-409-6910

India Headquarters

152, Sector - 3 Millennium Business Park 'A' Block, TTC Industrial Area Mahape, Navi Mumbai - 400 710
Tel: +91-22-67919595
Fax: +91-22-67919500

EU Headquarters

Level 19, 40 Bank Street, Canary Wharf, London - E14 5NR
Tel: +44-020-77154100
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