

*Is your organization
'mobile ready'?*

*What does it mean
and how to get there...*

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Exec summary/introduction

‘Mobile readiness’ is quickly becoming a business imperative. Multinational businesses need mobile employees who are ‘ready to go’ – so the right talent can get to the right place quickly, both domestically and across borders. This is much easier said than done due to the increasing number of compliance and operational challenges that come into play.

Global markets continue to demand employee mobility on an unprecedented scale. But the way employees are ‘moving’ is fundamentally shifting due to the attractiveness of non-traditional approaches that do not involve formal relocations. Couple that with an expected global ‘talent gap’ and geopolitical uncertainty occurring around the world and a perfect storm of factors is requiring companies to revamp their mobility processes in order to be ‘fit’ for the future of work.

So how does an organization achieve ‘mobile readiness?’ Information, processes, and resources that cross functional lines of expertise - woven together by a cohesive strategy – must be in place and working seamlessly to meet business demands. Each company will need to map out specific parameters based on their desired state of preparedness, balancing cost and resources. But there are some common elements that companies should consider.

A strategic and holistic approach to achieving ‘mobile readiness’ is essential while fostering an organization-wide culture that recognizes the value of international experiences.





Being ‘mobile ready’ typically means that:

- The organization can easily check a continually evolving repository of available employees to find the person with the required skills and attributes, and even the right visas and vaccinations already in place.
- Business teams regularly use ‘talent mapping’ and people analytics with real-time information to better understand their future workforce needs.
- The right non-traditional mobility programs are available by policy to enable flexibility for the business (e.g., swaps and commuter arrangements.)
- Tax and immigration compliance challenges and costs that may arise are known upfront. Corporate functions managing mobility (e.g., Tax, HR, Mobility) are the ‘first to know’ when decisions are made by the business to move people. Technology propels efficient processes that in turn enable time for thoughtful assignment planning that can reduce tax costs.
- The employment structure for mobile employees (e.g., is a secondment occurring?) is determined before departure and shared in real-time with all relevant functions. Supporting domestic and foreign compliance processes such as payrolls to deduct tax withholding can be quickly engaged.
- Move costs are not only estimated promptly well before departure, but can be dramatically reduced by using cloud-based technology tools.

Achieving ‘mobile readiness’ requires not only a keen focus on process improvement (such as integrating automation), but also an openness to re-imagine and create new processes and information flows.



Does your organization have

...an easily accessible and real-time snapshot of which employees are ‘mobile ready?’

Tracking skills and attributes of the talent pool

A first step towards ‘mobile readiness’ for any organization is to have access to a continually updated repository of people who are on a short-list for deployment. The repository should track skills sets and technical capabilities, project exposure, as well as languages spoken. It can also include any certifications or professional licenses employees carry, as well as recent vaccinations needed for travel to certain destinations.

Employees may also hold certain visas that could be renewable – a valuable piece of information that may enable a quicker deployment. Renewals of existing visas can often be a faster process than acquiring a new one.

Understanding specific employee preferences

An important criteria for readiness is knowing whether employees are willing and prepared to go on an international assignment. Employees with the ‘right’ skill set may not be the best choice for a deployment if he/she is not willing or otherwise unable to travel abroad. In addition, it would also be valuable to track specific locations in which the employee finds personally desirable – matching the business’ location needs with the desire of the employee can yield significant mutual benefits.

Tracking these updated employee preferences can produce significant time savings when the business needs to review available resources. In addition, it could help eliminate barriers for employees that may change their mind about an international assignment depending upon their situation. As an example, female employees who may not have wanted to work abroad earlier in their career may now have an inclination to do so. Gathering this real-time information can effectively ‘open the door’ for opportunities that may not necessarily be known if organizations are basing decisions on outdated information.

A recent PwC survey indicated that almost 30% of international employers overall currently have no process at all in place for understanding which of their employees are ready for a mobility assignment. And only 9% of international employers currently ask their key talent population on an annual basis whether they are willing to be internationally mobile.

Many companies currently track employees by job title, certain skills, and professional licenses, but most will need to engage in a new level of tracking likely requiring new automated processes that will not only gather this information, but will continually gather it to keep it fresh.

Does your organization

...engage in ‘talent mapping’ that takes into account anticipated business needs?

Compiling a database of skills and other attributes, as described above, can be an incredible resource for choosing a candidate for an imminent cross-border assignment. But forward looking organizations should also be analyzing skill and attribute pools proactively in light of management’s longer term plans for talent with respect to, for example, operational or product expansion. Skill gaps or other deficiencies should be identified early on so there is time to fill them.

More specifically, companies will want their leaders to actively use a workforce planning and mobility approach that can evolve for longer-term planning purposes as well as used for short term forecasting. This could mean driving behaviors whereby decision makers must keep an active list of their own function’s mobile readiness so when an opportunity arises, they know which employees are interested and can objectively identify the most suitable candidate.

Talent mapping’ should involve identifying the realistic pool of skills, as well as applying an ‘eligibility filter’ that takes into account various cultural and practical factors.



Does your organization have
...the right non-traditional mobility programs to enable flexibility

A growing trend is that non-traditional mobility arrangements are quickly becoming the mainstream approach for many companies. This typically means that the mobile employee works in a location without a traditional relocation through, for example, a commuter arrangement or frequent business travel. Now, ‘swaps’ are becoming popular whereby two people in different locations simply switch positions (e.g., an employee from China exchanges with an employee in New York.) Companies are also considering a ‘fly in and fly out’ approach that involves travel but not on a daily basis. This latter arrangement is typically used by more risk adverse companies that recognize that it may not be necessary for the employee to be present in the jurisdiction 24/7 in order to effectively do their job.

Three to six month rotations for an employee through multiple business units has become a popular new mobility program, often taking the place of a traditional relocation assignment.

Proactive mobility teams should create new policies and programs on a more real-time basis in response to changing business needs in order to be ‘mobile ready’. If not, the processing of an ‘exception’ for the business can be time-consuming, costly, and cause an unnecessary burden on business and HR teams.

These policies and programs should be continually reviewed to ensure their effectiveness, at least every six months or so. And when policies are drafted, there is a move away from traditional stereotypes (for example, where only men have a particular preference.) As a result, more gender neutral policies can facilitate a broader spectrum of candidates in a more efficient manner.



Does your organization have

...an efficient process to ascertain the resulting tax obligations upfront?

‘Mobile readiness’ requires that when an employee is deployed, there is a understanding upfront of what taxes are owed, how they will be paid (e.g., filing a return, withholding?), and what parties bear ultimate responsibility for the relevant costs. For example, how will the employee be tax-equalized? To determine resolution of these tax-related issues, a decision must be made as to which entity will effectively ‘employ’ the individual. Does the employee need to be seconded to a foreign affiliate in order for proper foreign taxes to be paid? What entities have the proper tax and other registrations to remit taxes, etc?

The list of tax issues that arise when determining a mobile employee’s proper employment structure is lengthy – the above list is just a few. The bottom line is that proactive organizations should strive to evaluate these issues as early as possible (e.g., when the decision is made to move people) in order to be ‘mobile ready’. A critical goal is avoiding any adverse financial consequences, which can include unexpected tax liabilities as well as interest and penalties if such taxes are not remitted timely – whether by withholding or otherwise.

‘Mobile ready’ organizations not only have global expertise and resources that are ready to evaluate tax impacts, but this must be coupled with a grounded knowledge base of the company’s historic positions and practices for both individual and corporate level taxes.

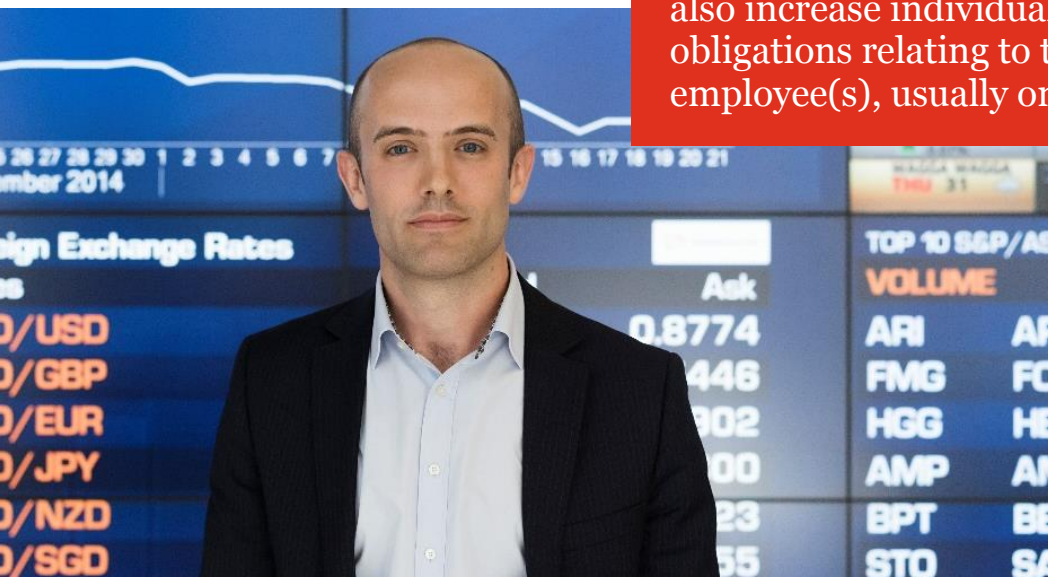
New BEPS rules prompt review of tax determinations



Evaluating the employment structure and resulting tax costs upfront is becoming more critical given new rules promulgated by the Organization for Economic Co-operation and Development (OECD) under the OECD-led base erosion and profit shifting (so-called BEPS) project. These rules have effectively expanded the situations in which a permanent establishment (PE) may arise that causes a corporate income tax liability, which can occur when employees cross borders and are physically present in other jurisdictions depending upon their activities.

As a result, it is a good time for companies to re-evaluate what positions relating to corporate income taxes they have in place and whether certain placements of employees abroad now trigger corporate level tax obligations. For example, certain activities may now trigger a PE concern if they are not preparatory or auxiliary which did not cause a concern under prior rules. These changes will depend on the specific treaty and country law, making the analysis more complex.

Tax authorities are accelerating the implementation of the BEPS rules relating to PEs and are also increasing their data sharing with other countries. Companies should anticipate greater scrutiny as to whether the activities and presence of employees crossing borders are causing tax liabilities for the employer in that country – if so, this is likely to also increase individual income and payroll obligations relating to the cross border employee(s), usually on a retroactive basis.





Does your organization have

...a streamlined process to collaborate and share information regarding employment structures?

‘Mobile readiness’ typically means that when an employee is deployed, there is an understanding by all impacted corporate functions and business teams of how that deployment will be structured so that it can be implemented quickly. Problems can arise when there is a lack of collaboration and communication when determining this employment structure – this is of critical importance particularly between Tax, HR, Legal, and Mobility functions.

For example, Tax may suggest a need to second the employee to a foreign affiliate so that proper foreign taxes may be remitted. HR will likely need to know this information in order to complete immigration paperwork due to sponsorship requirements. In some instances, there can be conflicts between advice from Tax and immigration requirements that must be worked through in order to reach an arrangement that works for all parties and addresses compliance obligations.

Company leaders must recognize the importance of collaboration between functions and support new ways to strengthen relationships and processes. This can be an opportunity to elevate the Mobility or HR team as a conductor, adding value by coordinating cross functional issues.

Using automation to shorten process times and share data





The process to determine employment structures for mobile employees should be streamlined with technology to enable quick departures. This plan should not only be in place upon departure, but it likely needs to be in writing and accessible by all relevant functions (e.g., HR, Tax, Mobility, Legal, business teams.) Using e-mail for separate functions to store this information in a silo is likely not an efficient process – rather, companies should consider an integrated database that can facilitate sharing.

A more sophisticated technology solution may be considered to implement a specific workflow. For example, the business team could be mandated by policy to input detail about its plans to deploy employees cross border, the Tax function could then enter a suggested employment structure and resulting tax consequences, and then the HR or Mobility functions could be electronically notified that this information has been added. All of the data can be shared by relevant team members and searchable, making the data accessible in real-time.

Technology-enabled tools that minimize duplicative, manual processes and data gathering can reduce costs, as well as free up time for more value-added activities. For example, more time may be spent refining the end-to-end timing of the mobility assignment prior to departure in order to lower foreign tax costs.

A central database of mobility-related activities can also be helpful for risk management purposes. It can provide a roadmap to confirm whether post-departure/return immigration and tax advice has been properly carried out, and could also serve as a source of data for tax audits.



Does your organization

...have the payroll and other processes ready to support mobility demands?

The company may determine that certain employment structures will enable proper compliance with tax and immigration laws. But processes such as payroll must be in place to implement efficiently on day 'one' of work abroad. Supporting processes for non-traditional work arrangements are typically the most difficult and time-consuming to set up. For example, companies using frequent business travel to meet mobile talent needs often have difficulty tracking such travel and identifying compliance obligations that arise.

Technology-embedded solutions can provide a wealth of support for frequent business travelers to track and capture data in real-time for tax and immigration compliance purposes. But being 'mobile ready' also means giving valuable support to the employee. For example, employees can be automatically sent pre-travel notifications relating to security, sanctioned travel, and non-treaty countries, highlighting potential concerns before travel is completed.

Tax, HR, and Mobility teams may all agree to second a frequent business traveler to a foreign affiliate, but is there a payroll process already in place to ensure that taxes are remitted timely? If, for example, the corporation has many frequent business travelers to a particular location and wants to take advantage of a cooperative compliance arrangement that may eliminate certain tax filings, are their payroll systems robust enough to satisfy scrutiny from the tax authorities? A 'mobile ready' organization can often say 'yes' to these questions.



Does your organization have

...an updated strategy to facilitate immigration as quickly as possible?

Organizations are demanding the rapid deployment of talent, even as immigration requirements are tightening around the world creating more challenges. Mobile readiness demands that mobility professionals be ready to provide immigration details to business teams in a quick timeframe to meet the business needs. This may mean having real-time immigration information and requirements within a database or other source readily available. This would include not only country requirements but also knowing the pools of people within the organization that hold visas.

Typically, the more time-consuming aspect is implementation – i.e., once a decision is made for a specific employee to cross borders, the time period needed to get the immigration paperwork properly prepared and approved. Processes should be evaluated, streamlined, and technology-enabled to reduce this timeframe as short as possible.

A critical question is whether Mobility, HR, and Tax teams are the ‘first to know’ when business teams make decisions about moving people. Are these intra-company communications timely and efficient? Is the information shared and made available for various corporate functions to view? Can the communication process be automated? Is there a corporate policy that directs the process? How well is the process known by business team members?

Once this communication occurs, HR/Mobility needs to have immediate access to up-to-date information necessary for immigration paperwork. Processes should be in place to obtain needed information quickly from both the business and the mobile employee. Additional procedures to have proactive discussions with authorities for seeking special rulings or concessions are also important, where existing immigration protocols may not be a good fit.

Mobility processes should be designed to have ‘ranges of flexibility’ to meet current and future business requirements while integrating closely with other functions such as Legal to ensure compliance.

Ensuring immigration compliance processes are ‘mobile ready’ can be a challenging endeavor considering the geopolitical uncertainty that is producing constantly changing requirements. A holistic approach is key, such as implementing a centralized immigration team with specialized knowledge, coupled with robust data management.

Does your organization

...deliver accurate cost estimates and move plans in a business friendly timeframe?

Timely deployment is critical, but business teams must also balance cost with their need to get the right talent in place. A ‘mobile ready’ organization must have a process in place to create cost estimates in a business friendly timeframe that are accurate and keep costs in check. The process should embody automation, while building on historic business-specific knowledge. Processes should also enable mobility teams to analyze the ‘big picture’ on a periodic basis with the ability to effortlessly pull reports and data to spot trends and opportunities for savings.

Cloud-based technology systems such as MOVE Guides are the newest trend - they can provide move cost information and vendor relationships in real-time while also integrating with existing HR and payroll systems. This technology can cut traditional relocation management company fees in half, as well as better prepare employees to start work.

Cost estimate processes also need to embody a clear approach where the business team or individual is requesting an ‘exception’ from company policy. These situations have a tendency to significantly slow down process times. The better approach is to consider upfront the exceptions that may occur and proactively map out a policy or process to address them quickly so that normal cycle times are not impacted. The right use of technology can support this approach and can result in fewer touch points across the organization, cost containment, and increased visibility and analytics for stakeholders and mobility managers.





The bottom line

The desired level of ‘mobile readiness’ will vary depending upon the specific organization’s needs and structure. Each company will have their own talent and timing requirements that are required to satisfy the business. Getting there requires an on-going examination of these needs, periodic dialogue with business leaders, coupled with an honest assessment of the current state of mobility readiness and an identification of any gaps in between.

In some situations, the business may have historically accepted the status quo and simply assumed that there is no quicker way to deploy talent. Focusing on ‘mobile readiness’ can be an opportunity for HR, Mobility, and Tax teams to enhance their capabilities and efficiency, as well as demonstrate to management and other functions how they strive to continually add strategic value to the bottom line.

Creating a roadmap for change

Becoming ‘mobile ready’ may require creating a roadmap for improvements, new information flows and processes – this may be a multi-year plan with various sub-projects. Below are some ideas for how to get started:

- Use benchmarking as a guide – this can help companies gauge their position among their peers
- Assess the current state of readiness as a joint effort with other impacted functions including Tax and Legal
- Consider a formal survey of the business to identify areas that would have the most impact
- Evaluate new technologies and how they could positively impact mobility readiness
- Start with the weakest processes first
- Focus on objective measures of success to justify investment dollars, e.g., cycle or task time measurement.



Integrating the ‘intangibles’

Evaluating processes and the integration of technology is a critical step for mobile readiness. But companies should also consider the ‘intangible’ aspects of a mobility strategy to be truly successful. What is the mobility culture in the organization? How do executives and employees feel about mobility?

Mobility programs striving to improve their perception as ‘empathetic’ and ‘transparent’ will likely improve their readiness because employees will become more motivated to participate. For example, mobility programs will likely feel more transparent if executives articulate upfront the key mobility experiences needed to advance. Mobility policies can also be structured to be more supportive towards women, single parents, etc. They can embody more ‘employee choice’ options so participants feel that the company is trying to accommodate them.

Evaluating ‘mobile readiness’ is not a one-time task – rather, it is a periodic endeavor that not only prompts process improvements to an organization’s preparedness to deploy talent, but also aims to increase favorable perceptions about mobility experiences across the organization.

Organizations should disrupt their mobility processes now to enhance their readiness, before getting disrupted later.

Let’s talk

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