

# HR2006

MARCH 8 – 10 • LAS VEGAS

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## **Look Before You Leap! New Lessons and Guidelines for Outsourcing**

Kirt Bankston  
RowSix LLC

# What We'll Cover ...

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- What is outsourcing?
- What are the business reasons for outsourcing?
- Master data outsourcing
- Gross Payroll outsourcing
- Import Payroll results from outsourcer
- Tax outsourcing
- Management decision
- Wrap-up

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# Introduction

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- SAP Outsourcing allows for a third party to handle components of your business
- Organizational decisions drive outsourcing
- There are costs associated with outsourcing
- SAP is an integrated system; outsourcing can breach your integration



*Tip*

**Be skeptical – Outsourcing can be complicated and costly. Each solution may have a learning curve, and functionality may not work as expected.**

## In This Session ...

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- Review SAP HR outsourcing options, with emphasis on lessons learned
- Discuss risks and rewards of outsourcing in the real world
- Cover technical considerations of outsourcing: Payroll Retrocalculation, benefits integration, reporting, etc.
- Management needs to know impact and benefits of outsourcing options **BEFORE** they make a decision to outsource

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# What Managers Think About

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- Reduce costs of doing business that aren't part of your core business
  - ♦ Company ABC Bottling makes bottles; that is their revenue stream
- Reduce risk
  - ♦ If ABC incorrectly files tax filings or garnishment payments, they could pay penalties
  - ♦ If the check printers go down, it is someone else's problem
- Lower headcount
  - ♦ ABC Bottling wants to avoid training, ER taxes, and ER benefit payments

# What Users and IT Think About

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- **Reporting**

- ♦ Can I easily get the information from the outsourcer that I need to keep management happy?
- ♦ Can I easily get the information my system needs, or must I go to the outsourcer to get the information?

- **System and technical consideration**

- ♦ Can I easily fix problems that occur because we outsource?
- ♦ If there is a problem, do I fix it on our side or does the outsourcer fix the problem?

- **Processing**

- ♦ Is the processing time going to be the same, better, or worse? New interfaces, changes in processing steps, and communications may impact your timeliness and can take back what you thought you would gain by outsourcing.

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# What Is Master Data (MD) Outsourcing?

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- SAP provides standard functionality and transactions and programs that allow for the export of master data
- Exported master data provided to outsourcer
  - ◆ Company ABC uses SAP for its HR data
  - ◆ Company ABC provides timely data to Outsource Solutions, Inc. The third party will perform payroll services.



- Company ABC maintains all employee hire, termination, address, banking, benefits, and payroll-related (deductions, basic pay) infotypes in SAP
- Not all standard SAP functionality will be available to use with the outsourcing solution
  - ♦ Flex spending in SAP utilizes payroll calculation to determine the YTD goal and the deduction amount. Will have to use IT14 instead
  - ♦ Mid-period transfers of employees can create issues

# How Does Master Data Outsourcing Work?

- SAP uses master data, configuration, transactions/programs, and files for the Master Data Outsourcing solution
- Prerequisite
  - ♦ Normal HR Configuration
  - ♦ Actions, company codes, wage types, infotypes
- Outsourcing
  - ♦ Configuration of features
  - ♦ Fileports
  - ♦ Infotype 0415 export status
  - ♦ Transaction PU12 (Interface Toolbox)
  - ♦ Data extract programs
  - ♦ IDocs

# Feature OTVSN

- Feature OTVSN defines what type of outsourcing you are using

Command

Line	Variable key	F	C	Operations
000010				&OTVSN=MD,

**“MD”** for master data outsourcing  
**“PY”** for gross payroll outsourcing  
**“CM”** for combined outsourcing



# Feature RETRO

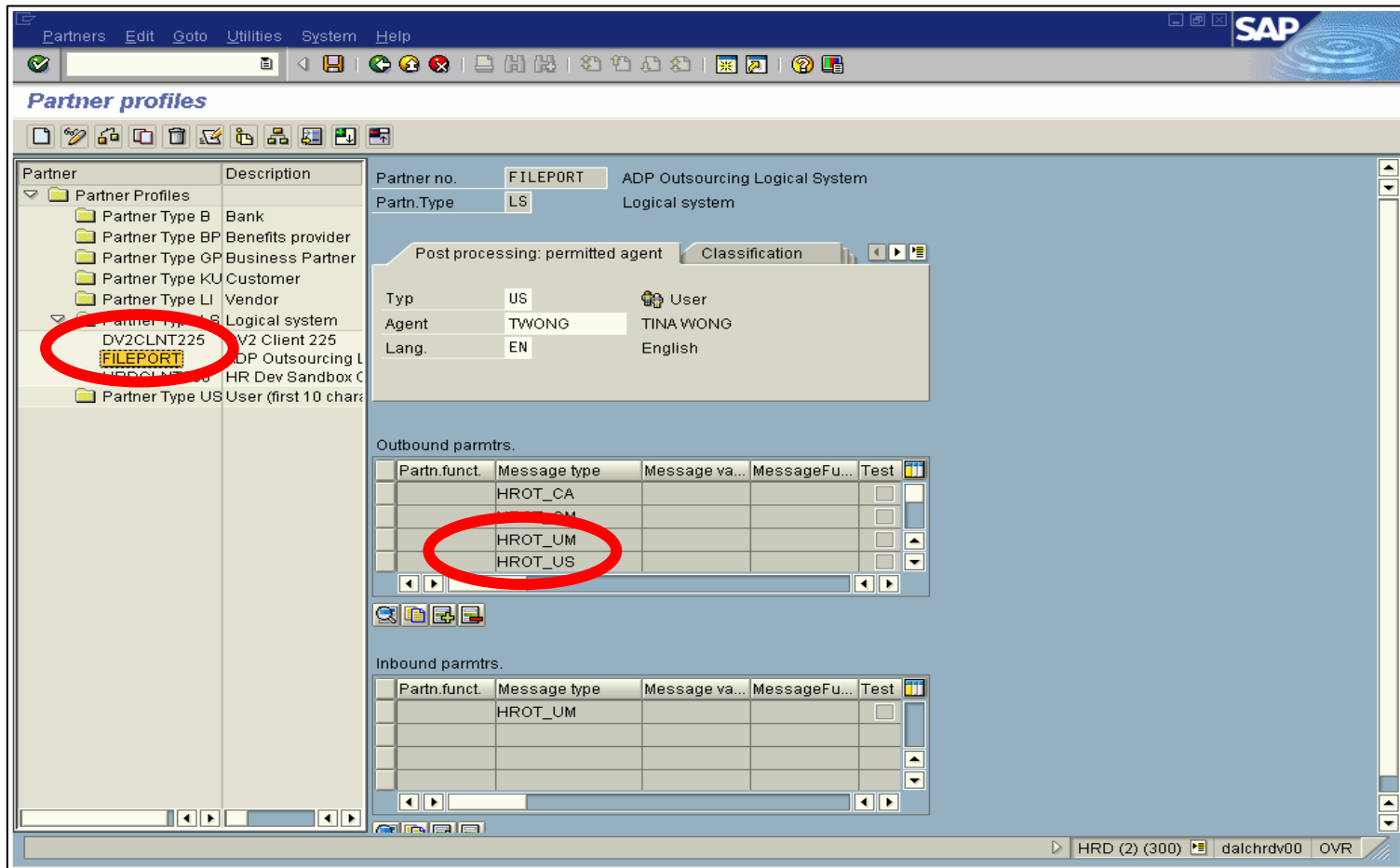
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- Defines if you are using different rules for retroactive accounting than SAP standard
- Controls the retroactive accounting trigger
- You can also change the date on which to trigger the retroactive accounting run
- Retrocalculations are prior-period corrections to master data that are part of standard SAP functionality and relate to how payroll interprets master data changes

- A word about Retrocalculation when using Master Data Outsourcing:
  - ♦ Outsourcer and Retrocalculation may not mix!
    - ▶ Example: SAP standard master data (and payroll) allows for a basic pay rate increase in past periods. Retro data is presented on the master data IDoc.
  - ♦ The outsourcer may be unable to easily map or read the retro master data change presentation on the IDoc. The calculation of dollars owed to the employee may not be possible.

# FILEPORT

- FILEPORT configuration transaction WE20 or WEDI



# FILEPORT (cont.)

- FILEPORT configuration defines how to process IDocs

The screenshot shows the SAP configuration interface for the partner profile 'FILEPORT'. The window title is 'Outbound parameters' and the menu bar includes 'Edit', 'Goto', 'System', and 'Help'. The main title is 'Partner profiles: Outbound parameters'. The configuration is as follows:

Partner no.	FILEPORT	ADP Outsourcing Logical System
Parth.Type	LS	Logical system
Parth.funct.		
Message Type	HROT_UM	HR: Outsourcing US
Message code		
Message function		<input type="checkbox"/> Test

Below the main configuration, there are several tabs: 'Outbound Options', 'Message Control', 'Post Processing: Permitted Agent', and 'Tele...'. The 'Message Control' tab is active, showing the following settings:

Receiver port	HROT_UM	File	ADP Outbound Master Data Fil...
<b>Output Mode</b>			
<input type="radio"/> Transfer IDoc immed.	<input type="radio"/> Start subsystem	Output Mode 4	
<input checked="" type="radio"/> Collect IDocs	<input checked="" type="radio"/> Do not start subsystem		
<b>IDoc Type</b>			
Basic type	HROT_USM	HR: US Master Data Payroll O...	
Extension			
View			
<input checked="" type="checkbox"/> Syntax check			
Seg. release in IDoc type			

Red circles highlight the 'HROT\_UM' values in the 'Message Type' field, the 'Receiver port' field, and the 'Basic type' field.

# Infotype 0415 – Export Status

- Acts similar to Infotype 0003 control record to notate activity on employee, last payroll export, etc.
- Correction box is flagged when master data changes are made
- Earliest MD change date

Infotype Edit Goto Extras System Help

Change Export Status

Personnel No 100005 Name Ima HourlyEE  
EE group A Active Personnel ar VC01 Vought - VSite  
EE subgroup HR Hourly(Non Exempt) Status Active  
Start 01/01/1800 to 12/31/9999 Chge 02/10/2006 KBANKSTON

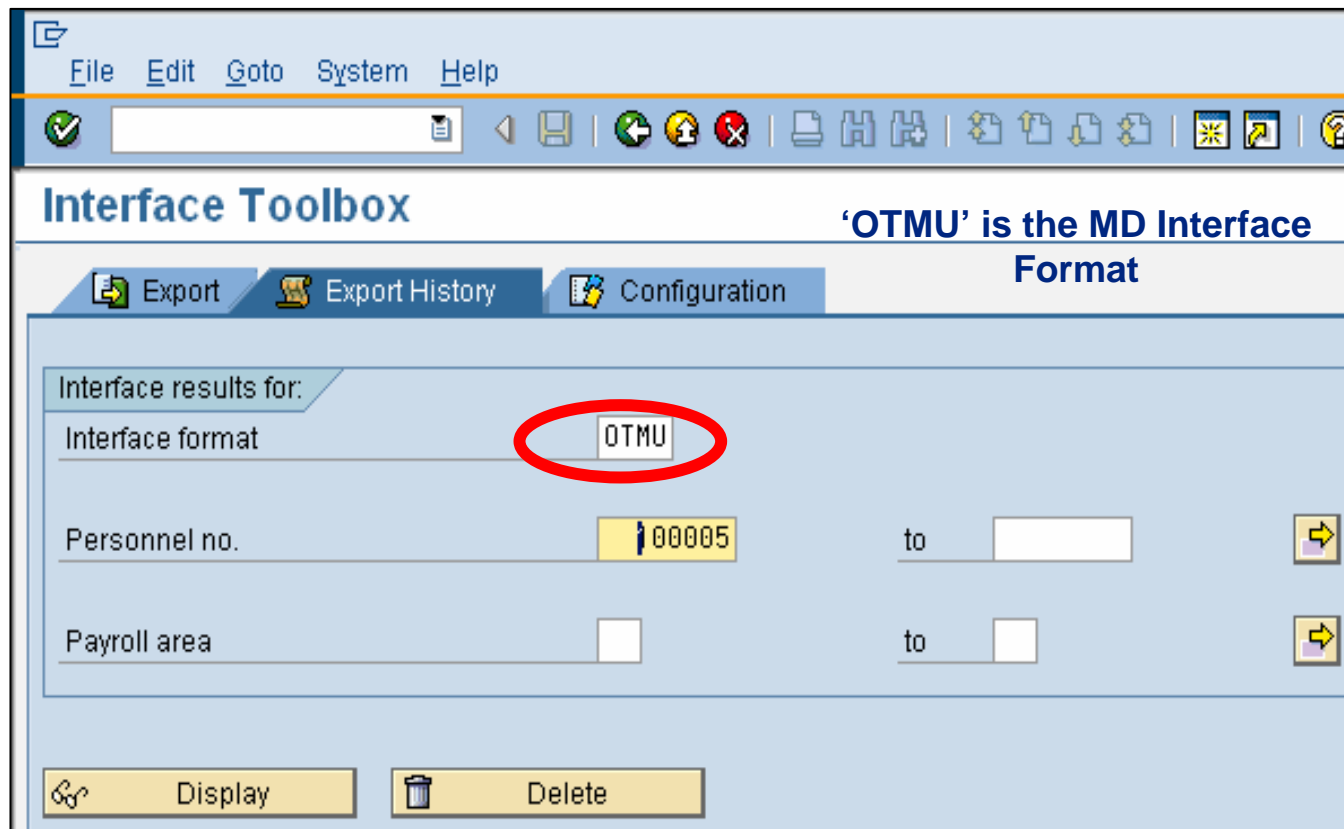
Export Status

Interface name OTMU

RA limit for export [Yellow Box] Exported until 01/08/2006 [Red Box]  
Export data until [Red Box] Earliest MD change [Red Box]  
No exports after [Red Box]  
 Pers.no.locked  Correction

# Interface Toolbox

- Transaction PU12
- Extract programs update PU12 export history. Display and drill down to see exported data.



# Interface Results

Interface Results for Interface Format "OTMU"

Interface results: Contents table for personnel numbers 00100005

Seq. no.	S	For-period (from - to)	Typ	ID	PArea	PerMo	In period (from - to)
000000001	A	02.2006 (01/02/2006 - 01/08/2006)			VS	03	02.2006 (01/02/2006 - 01/08/2006)

# Interface Results (cont.)

- Infotype extract history

The screenshot displays the SAP HR Master Record interface for interface format "OTMU". It shows three sections of data, each with a table of fields. The first section, "P0000 - HR Master Record: Infotype 0000 (Actions)", is circled in red. The second section is "P0001 - HR Master Record: Infotype 0001 (Org. Assignm)" and the third is "P0002 - HR Master Record: Infotype 0002 (Personal Dat)".

Pers.No.	Infotype	SType	Object ID	-	Start	Action	Act.reason	Cus.-specf.	Employment	Spec.pymt.
00100005	0000			12/31/9999	01/02/2006	AH	01		3	1

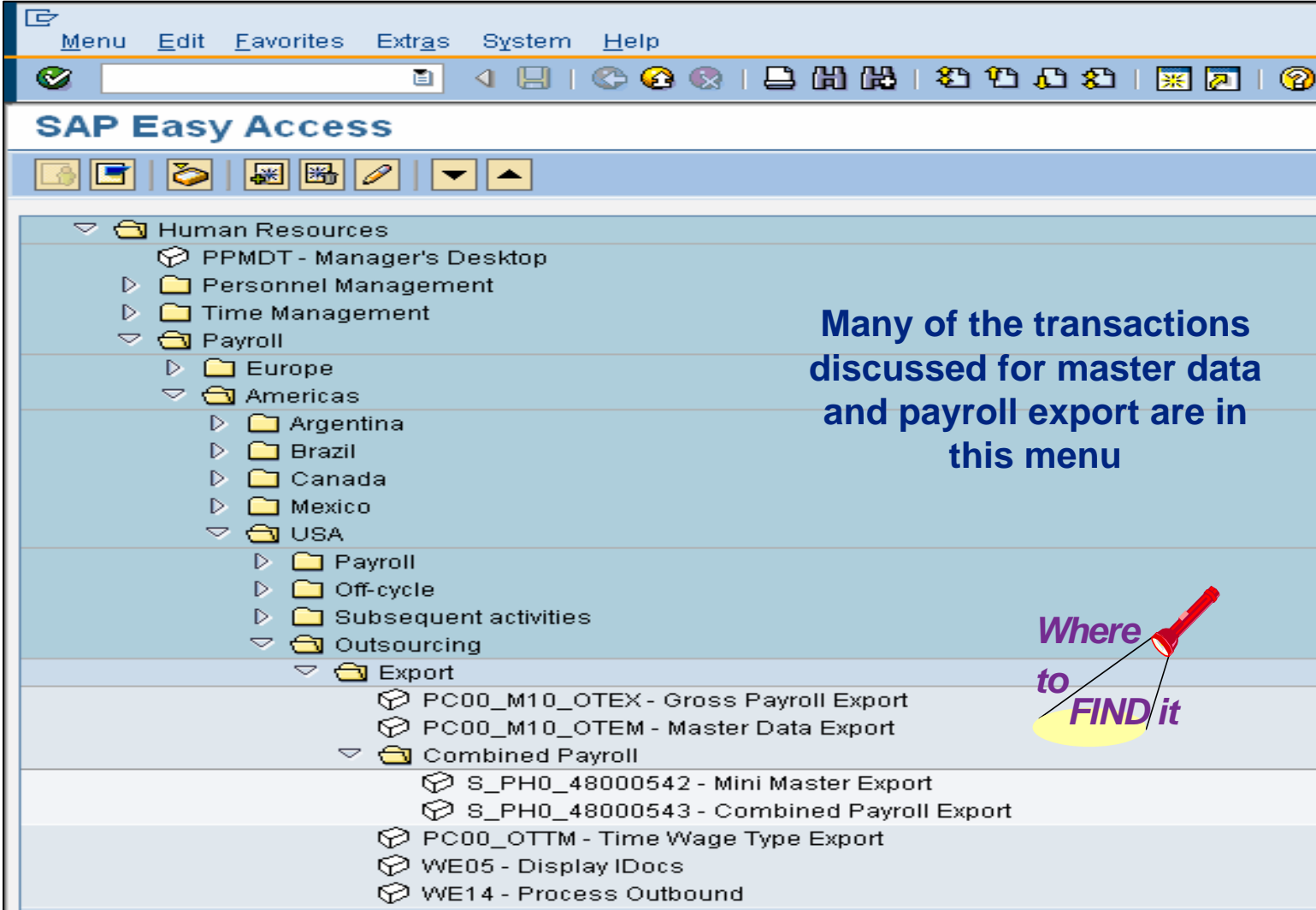
Pers.No.	Infotype	SType	Object ID	-	Start	CoCode	Pers.area	EE group	EE subgrp	Org.key	Bu
00100005	0001			12/31/9999	01/02/2006	1000	VC01	A	HR	VC01	

Pers.No.	Infotype	SType	Object ID	-	Start	Initials	Last name	P
00100005	0002			12/31/9999	01/01/1980		HourlyEE	I

# Master Data Export

- SAP Menu Path for Master Data Export



The screenshot shows the SAP Easy Access interface. The menu structure is as follows:

- Human Resources
  - PPMDT - Manager's Desktop
  - Personnel Management
  - Time Management
  - Payroll
    - Europe
    - Americas
      - Argentina
      - Brazil
      - Canada
      - Mexico
      - USA
        - Payroll
        - Off-cycle
        - Subsequent activities
        - Outsourcing
          - Export
            - PC00\_M10\_OTEX - Gross Payroll Export
            - PC00\_M10\_OTEM - Master Data Export
            - Combined Payroll
              - S\_PH0\_48000542 - Mini Master Export
              - S\_PH0\_48000543 - Combined Payroll Export
            - PC00\_OTTM - Time Wage Type Export
            - WE05 - Display IDocs
            - WE14 - Process Outbound

Many of the transactions discussed for master data and payroll export are in this menu

Where to FIND it

# Master Data Export (cont.)

- Transaction PC00\_M10\_OTEM – Master Data Export
- Transaction S\_PH0\_48000542 – Mini-Master Data Export

**Updates PU12**

idoc number: 00000000000019001 pay area: VS

**Export statistics**

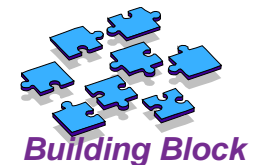
No. of personnel numbers selected	000001
Number of rejected personnel nos	000000
Number of personnel nos in export file	000001
Export file	
Repetition of export	Yes
Update interface results	Yes
File layout	OTMU

# Transaction WE05 – Display IDocs

The screenshot shows the SAP WE05 transaction interface. The left pane displays a tree view of IDoc segments for IDoc 00000000000019001. The right pane shows technical short info for the selected segment E1HR\_KY, including direction (Outbox), current status (29), basic type (HROT\_USM), and a table of field names and contents.

Field name	Field content
ABKRS	VS
ZEINH	03
PABRJ	2006
PABRP	02
PERBE	20060102
PEREN	20060108
VERSN	MD
PERMD	03

- IDoc type HROT\_USM
- Segments contain specific types of data, each segment is a different record in the file
- E1HR\_KY – Employee-level detail
- E1HR\_AC – Actions
- E1HR\_OR – Organizational
- E1HR\_BK – Banking
- E1HR\_U4 – Taxes
- “Content of selected segment” displays individual fields and values on that segment



# Transaction WE14

- Processes the IDoc out to Unix directory
- Configuration of ports defines name of Unix file, directory, etc., for output

The screenshot shows the SAP transaction WE14 configuration screen. The title bar reads "Process all selected IDocs (EDI)". The interface includes a menu bar with "Program", "Edit", "Goto", "System", and "Help". Below the menu bar is a toolbar with various icons. The main configuration area contains the following fields:

- IDoc number: 19001 (highlighted with a red circle)
- Basic type: [Empty]
- Queue Name: [Empty]
- Send completely?: Y
- Port of recipient: [Empty]
- Partner Type of Recipient: [Empty]
- Partner function of recipient: [Empty]
- Partner number of recipient: [Empty] to [Empty]
- Logical message: [Empty] to [Empty]
- Last changed on: [Empty] to [Empty]
- Time of last change: 00:00:00 to 00:00:00
- Output mode: 4
- Test option:
- Maximum number of IDocs: 5,000

- Third-party outsourcer most likely will not want the IDoc and its SAP values, but rather a file that meets their specifications
- The outsourcer will likely require you send the converted data to them in the format they require
  - ◆ Example:
    - ▶ SAP Personnel Number = 123456
    - ▶ Outsourcer Personnel Number = SSN
    - ▶ SAP Company Code (BUKRS) = 1000
    - ▶ Outsourcer Company Code = 100
    - ▶ SAP Cost Center (KOSTL) = 10009000
    - ▶ Outsourcer Cost Element = 100900

- The translation applies to all fields of data you send
  - ♦ It is a large task to map every possible field from the IDoc that applies to a translated value for the outsourcer
    - ▶ Examples: Actions, Organizational Data, Personal Data, Work Schedules, Basic Pay, Banking, Deductions, Benefits, etc.
  - ♦ Each segment containing this data has multiple fields and values that you need to translate
  - ♦ File format may require middleware to process the IDoc to the format needed

- **How do you translate the data?**
  - ♦ Third-party outsourcer may “sell” you a mapping product or middleware you can configure that produces the correct file format
  - ♦ Create your own mapping interface using ABAP programming and custom tables
  - ♦ You must maintain mappings, tables, and programs in the future for changes

# The Keys to Success

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- Translate the data to the outsourcer's values and format
- Determine how master data changes in SAP are presented on the IDoc. Company transfers, mid-period rate changes, terminations, etc.
- When you present retroactive changes to master data, the outsourcer may not correctly interpret them
- Process daily changes to the outsourcer if you want current data

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# What Is Gross Payroll Outsourcing?

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- SAP provides standard functionality and transactions and programs that allow for the export of Gross Payroll results
- Gross Payroll calculates components of payroll
- Gross Payroll results are extracted and sent to the outsourcer

## What Is Gross Payroll Outsourcing? (cont.)

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- Gross Payroll calculates earnings
- Gross Payroll calculates EE/ER deductions
- Not all deductions may be taken
- Outsourcer calculates taxes and final net
- Outsourcer prints checks and creates ACH files
- Outsourcer provides GL Posting files and third-party services

# How Does Gross Payroll Outsourcing Work?

- SAP uses configuration, master data, transactions, and programs, files, and Gross PY Calculation for the Gross Payroll Data Outsourcing solution
- Prerequisite
  - ◆ Normal HR Configuration
    - ▶ Actions, Company Codes, Wage Types, Infotypes
- Outsourcing (refer to previous section for Master Data Export)
  - ◆ Configuration of features
  - ◆ Infotype 0415 Export Status
  - ◆ Transaction PU12 (Interface Toolbox) for Master Data Export History
  - ◆ Data extract programs for Master Data Export
  - ◆ IDocs for Master Data Export

# Gross Payroll Configuration

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- **Wage Types and Schemas, Features, and Off-Cycle**
  - ♦ 401k earnings
  - ♦ Earnings
  - ♦ Deductions, pre- and post-tax
  - ♦ Payroll Schema U200
  - ♦ Features such as ABKRS, LGMST, ZLSCH
  - ♦ Permissibility for infotypes and wage types
  - ♦ Payment methods for banking
  - ♦ Reports – Payroll History Remuneration Statement

## Gross Payroll Configuration (cont.)

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- You need to customize gross PY schema U200
- Normal payroll calculation rules for earnings and deductions
- Special off-cycle processing rules due to outsourcing
- Deduction/balance requires rules to correctly process balances if deductions are not taken by outsourcer
- Claims processing may need modifications

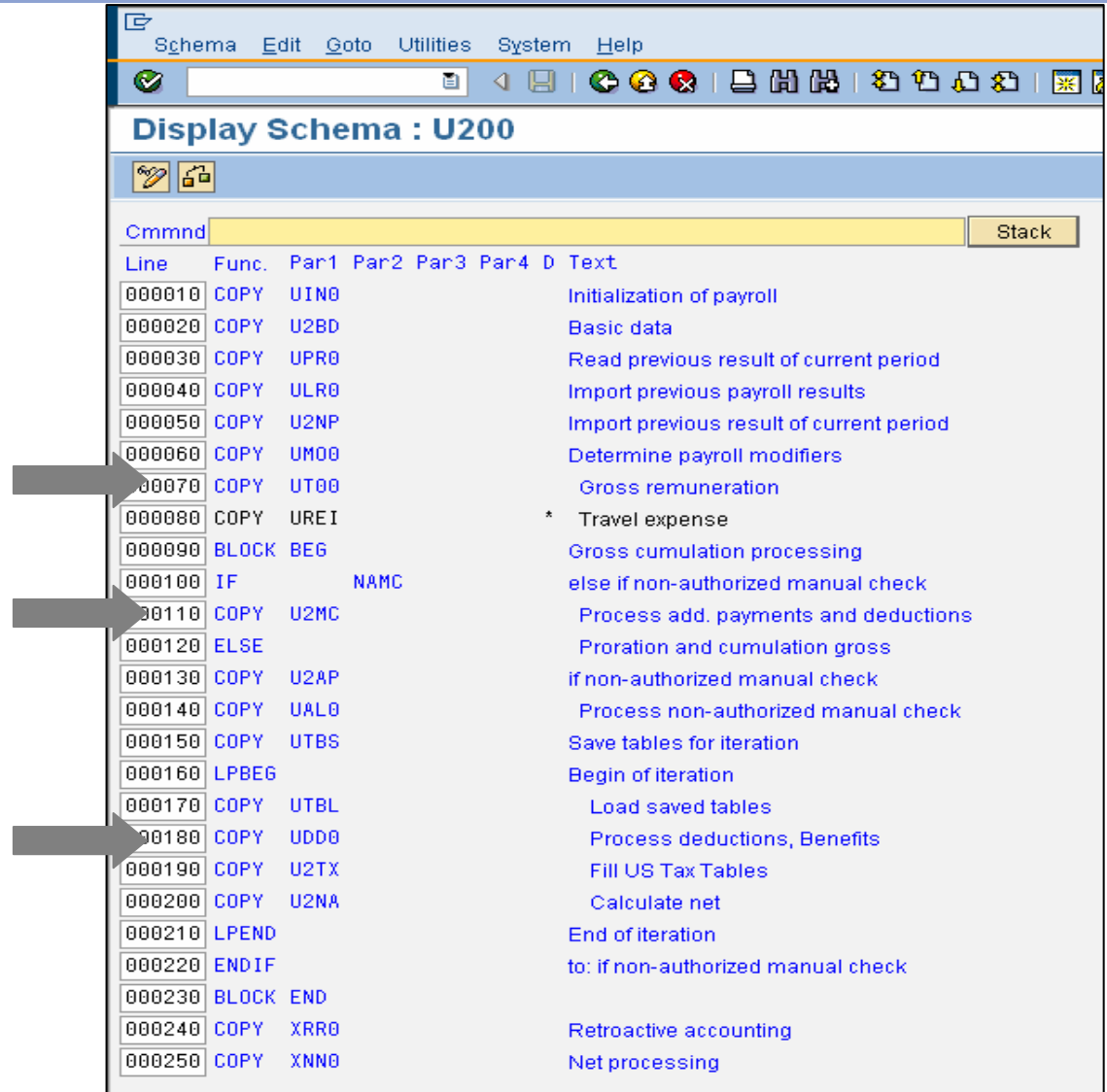
# Gross Payroll Schema U200

- Process Basic Data
- Table WPBP Work Center Basic Pay
- P0002 Personal Data
- Address
- P0207 Residence State

Line	Func.	Par1	Par2	Par3	Par4	D	Text
000010	BLOCK	BEG					Reading basic data
000020	ENAME						Retrieve employee name
000030	WPBP						Read org. assignment / basic pay
000040	P0002						Read personal data
000050	P0006						Read address
000060	P0207	2					Read tax data
000070	GON						Continue with complete data
000080	PRINT	NP	NAM				Print employee name
000090	PRINT		WPBP				Print org. assignment / basic pay
000100	PRINT		TAXR				Print resident authority
000110	PRINT		PERM				Print personal data
000120	IF		SPRN				If special run
000130	RFRSH		IT				Clear internal table IT
000140	ENDIF						Endif
000150	BLOCK	END					

# Gross Payroll Schema U200 (cont.)

- Schemas shared with U000 (US Payroll)
  - ♦ UT00 Gross
  - ♦ UDD0 Process Deductions, and Benefits
- New schemas
  - ♦ U2MC – Add payments and deductions
  - ♦ U2NA – Net Processing

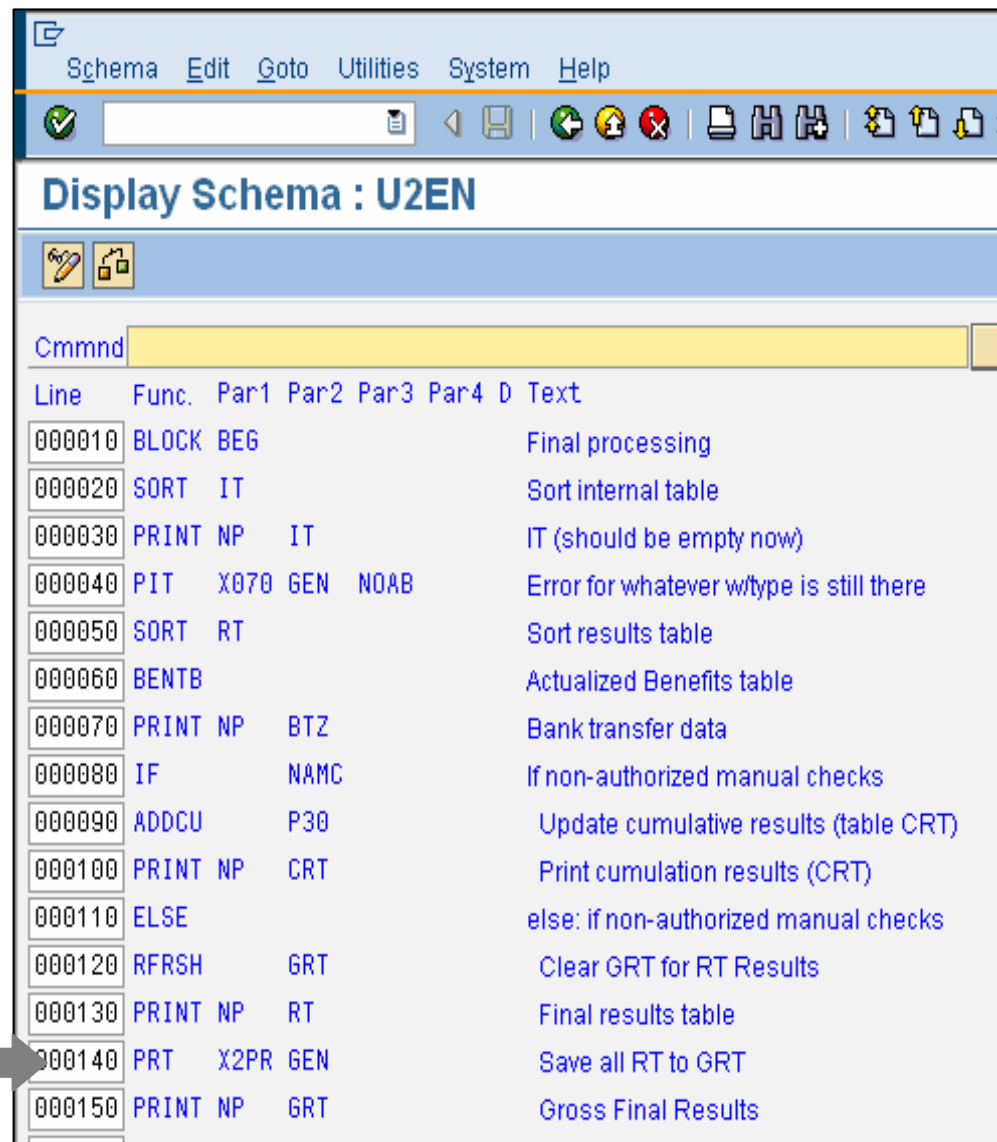


Line	Func.	Par1	Par2	Par3	Par4	D	Text
000010	COPY	UIN0					Initialization of payroll
000020	COPY	U2BD					Basic data
000030	COPY	UPR0					Read previous result of current period
000040	COPY	ULR0					Import previous payroll results
000050	COPY	U2NP					Import previous result of current period
000060	COPY	UM00					Determine payroll modifiers
000070	COPY	UT00					Gross remuneration
000080	COPY	UREI				*	Travel expense
000090	BLOCK	BEG					Gross cumulation processing
000100	IF		NAMC				else if non-authorized manual check
000110	COPY	U2MC					Process add. payments and deductions
000120	ELSE						Proration and cumulation gross
000130	COPY	U2AP					if non-authorized manual check
000140	COPY	UAL0					Process non-authorized manual check
000150	COPY	UTBS					Save tables for iteration
000160	LPBEG						Begin of iteration
000170	COPY	UTBL					Load saved tables
000180	COPY	UDD0					Process deductions, Benefits
000190	COPY	U2TX					Fill US Tax Tables
000200	COPY	U2NA					Calculate net
000210	LPEND						End of iteration
000220	ENDIF						to: if non-authorized manual check
000230	BLOCK	END					
000240	COPY	XRR0					Retroactive accounting
000250	COPY	XNN0					Net processing

# Gross Payroll Schema U200 (cont.)

- Table GRT is the Gross PY results
- GRT is same structure as the RT table that is produced in US payroll schema U000

**Save to GRT table**



Schema Edit Goto Utilities System Help

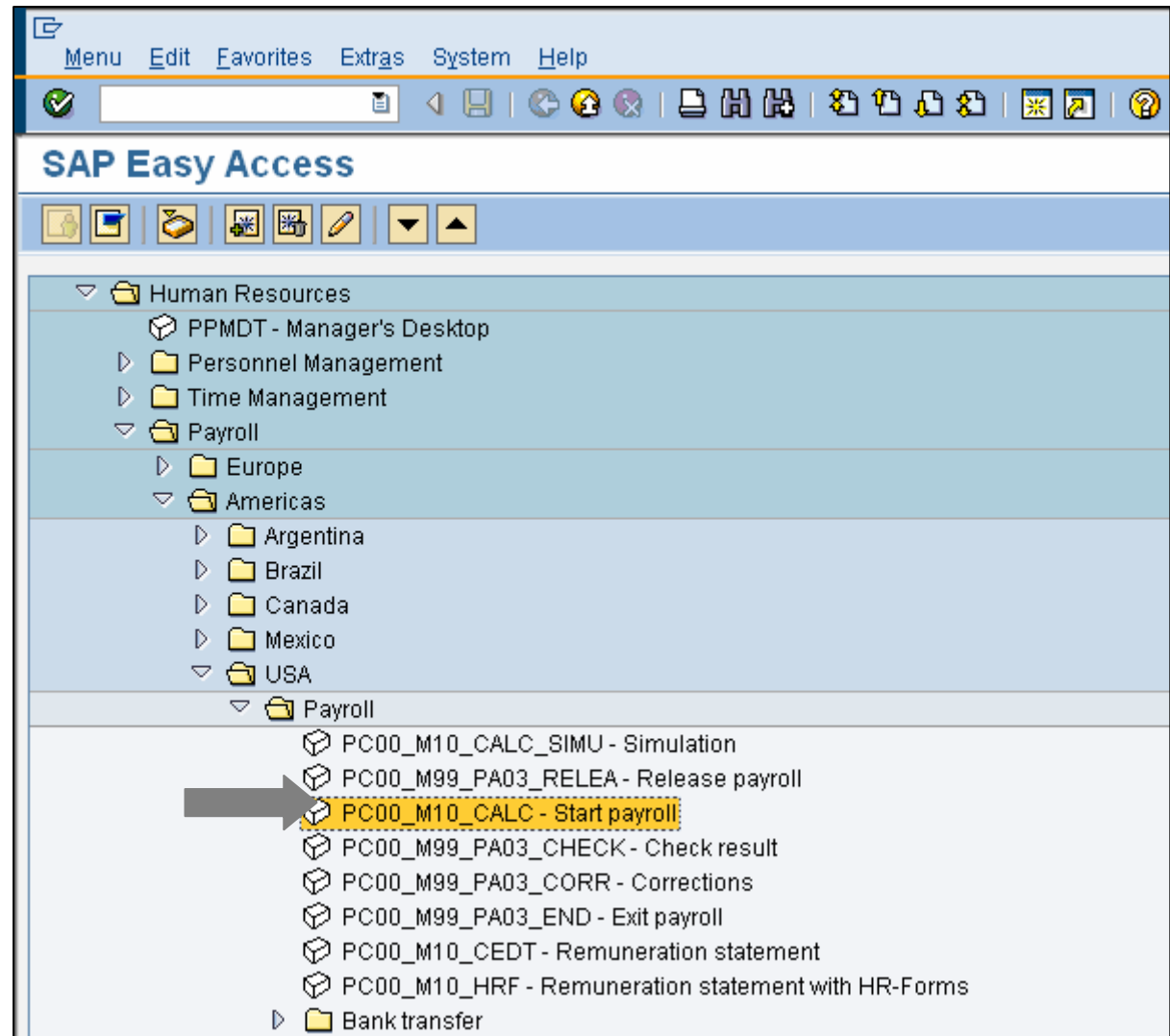
Display Schema : U2EN

Cmmnd

Line	Func.	Par1	Par2	Par3	Par4	D	Text
000010	BLOCK	BEG					Final processing
000020	SORT	IT					Sort internal table
000030	PRINT	NP	IT				IT (should be empty now)
000040	PIT	X070	GEN	NOAB			Error for whatever w/type is still there
000050	SORT	RT					Sort results table
000060	BENTB						Actualized Benefits table
000070	PRINT	NP	BTZ				Bank transfer data
000080	IF		NAMC				If non-authorized manual checks
000090	ADDCU		P30				Update cumulative results (table CRT)
000100	PRINT	NP	CRT				Print cumulation results (CRT)
000110	ELSE						else: if non-authorized manual checks
000120	RFRSH		GRT				Clear GRT for RT Results
000130	PRINT	NP	RT				Final results table
000140	PRT	X2PR	GEN				Save all RT to GRT
000150	PRINT	NP	GRT				Gross Final Results

# Gross Payroll Execution

- Execute Start Payroll Transaction



# Gross Payroll Execution (cont.)

- Run Payroll with U200 Schema – PC00\_M10\_CALC

The screenshot displays the 'Payroll Driver (USA)' application window. The interface includes a menu bar (Program, Edit, Goto, System, Help) and a toolbar with various icons. The main area is divided into several sections:

- Payroll Driver (USA)**: Title bar.
- Selections from**: A button with a right-pointing arrow.
- Search helps**: A button with a right-pointing arrow.
- Payroll period**:
  - Payroll area: VS
  - Radio buttons for 'Current period' (unselected) and 'Other period' (selected).
  - Other period: 2 2006
- Selection**:
  - Personnel Number: 100005
  - Payroll area: VS
  - Navigation arrows (right and left) are visible next to the Personnel Number and Payroll area fields.
- General program control**:
  - Reason for payroll: [Empty field]
  - Off-cycle payroll: [Empty field]
  - Schema: U200 (highlighted with a red circle)
  - Forced retro.accounting as of: [Empty field]
  - Test run (no update)

# Payroll Results Cluster – PC\_PAYRESULT

Personnel number Edit Goto Tables System Help

Display payroll results

Selection

Personnel number

all results from

Personnel numbers selected

R...	Pers.No.	Name
<input checked="" type="checkbox"/>	100005	Ima HourlyEE

**Tables Created:**

- GRT
- WPBP
- C0
- TAX

Ima HourlyEE / Seq.nr. 00002 (01/09/2006 - 01/15/2006)

Name	Name	Nu...
WPBP	Work Center/Basic Pay	1
GRT	Cumulative Results Table	28
C0	Cost Distribution	1
GRT	Output Table from Gross Part	2
VERSION	Information on Creation	1
PCL2	Update information PCL2	1
VERSC	Payroll Status Information	1
TAX	Employee tax details	2
TAXR	Residence and unemployment tax details	4
TAXPR	Tax proration table	1
TCRT	Cumulated tax results	110
NAME	Name of Employee	1
ADR	Address	1
PERM	Personal Characteristics	1
MODIF	HR-PAY-99: Modifiers	1

# Gross Payroll Execution

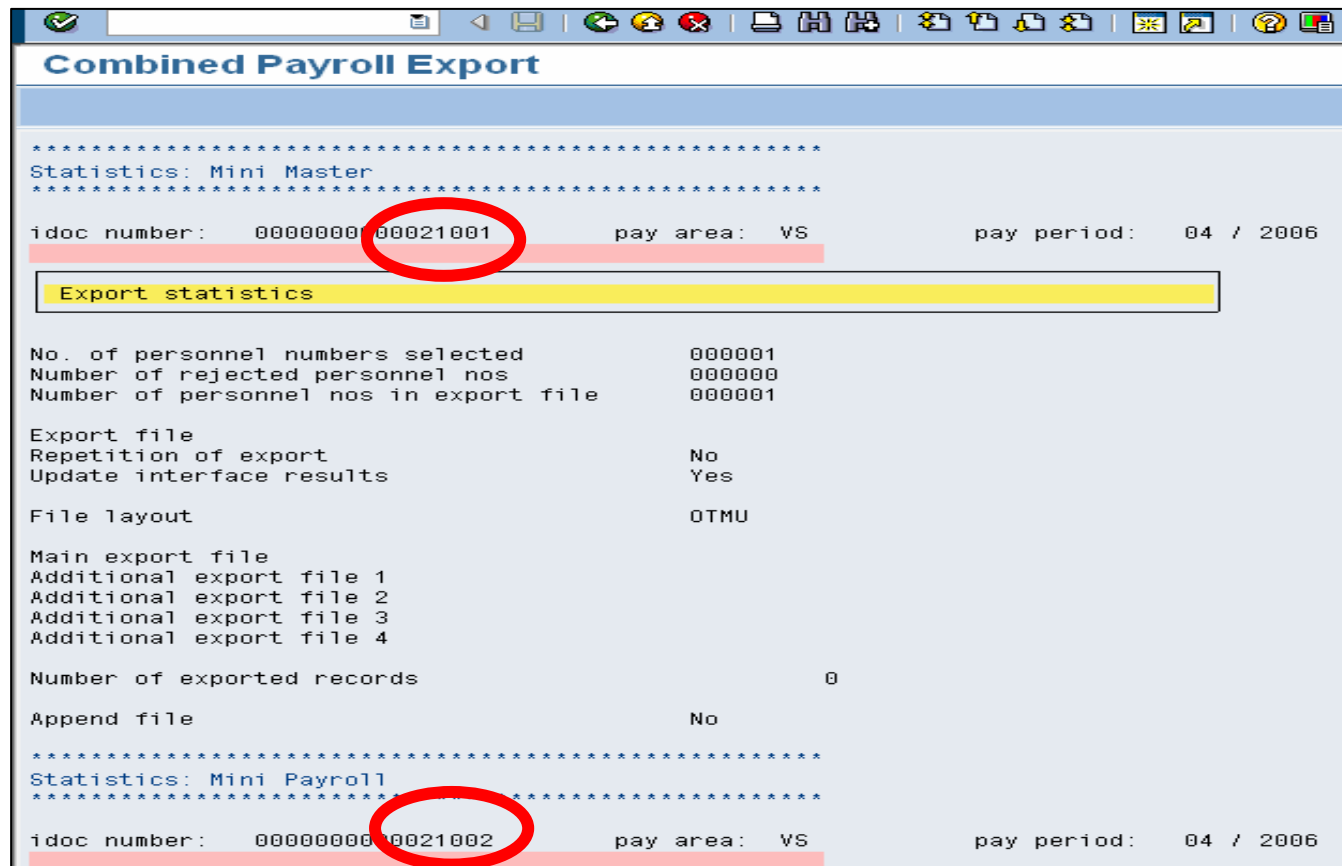
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- GRT table created with earnings, deductions, and technical wage types
- No deduction priorities in SAP
- Arrears processing can occur, but requires imported results
- Net wage type /560 is not accurate
- BT table is invalid, other than payment methods
- Garnishments processing potential issues

- **Combined Payroll Export**
  - ♦ Transaction S\_PH0\_48000543
  - ♦ Produces both HROT\_USM and HROT\_USP IDocs
- **Gross Payroll Export**
  - ♦ Transaction PC00\_M10\_OTEX
  - ♦ Produces only HROT\_USP IDocs
- **Best practice is to use combined since your master data IDoc is in sync with payroll**
- **Feature OTVSN. Change to “CM” for combined.**

# Gross Payroll Execution (cont.)

- Transaction S\_PH0\_48000543 Combined Payroll Export
- Combined Export Execution – creates two IDocs
- Click “Update” button to create export history in PU12



# HROT\_USP IDoc for Payroll Outsourcing

The screenshot displays the SAP IDoc display window for IDoc 0000000000021002. The left pane shows a tree view of segments, with E1HR\_WT selected. The right pane shows technical short info for the selected segment, including direction (1 Outbox), current status (29), basic type (HROT\_USP), extension, message type (HROT\_US), partner no. (FILEPORT), parth.type (LS), and port (HROT\_US). The bottom pane shows the content of the selected segment in a table format.

Fld name	Fld cont.
LGART	/101
BETPE	+0000000000000000
BETR6	+0000000000072000
ANZHL	+0000000000000000
CNTR1	00
CNTR2	00
CNTR3	00
ALZNR	00
APZNR	00
C1ZNR	0000

- Segments contain data from GRT, WPBP, TAX, and BT tables
- E1HR\_WP Work Center Basic Pay
- E1HR\_WT Wage Types GRT
- E1HR\_TX Tax Table (types and authorities)
- “Content of selected segment” window shows values and fields



- PU12 updated with Gross Payroll History (OTUS)
- Process Gross PY IDoc outbound with transaction WE14
- Translations must occur for WT, WP, etc., segments
- Split indicators exist in IDoc and will need mapping
- Outsourcer file requirements need definition
- 401k earnings
  - ♦ SAP can track and send or the outsourcer can determine from earnings sent on IDoc



- **Loan balances**
  - ♦ Who will keep track of loan balances?
- **Deduction arrears and priorities**
  - ♦ Outsourcer will have to provide this
- **Off-cycle payments**
  - ♦ Timeliness of off-cycle may require outsourcer producing without export file
  - ♦ May need to duplicate data in SAP that represents outsourcer's manual payment

- **Cash vs. non-cash earnings**
  - ♦ In SAP, you can configure an earnings to not cumulate in gross (/101) but the outsourcer may not be able to perform this without an offset deduction
- **Company transfers in middle of period**
  - ♦ Past issues with company transfer data being correctly sent out on the IDocs
  - ♦ Translation of the data is difficult
  - ♦ Different FEIN transfers not recommended in the middle of the period



- SAP Gross PY will create split indicators in the GRT, and these splits will be sent to the outsourcer, but they may not be able to process them correctly
- You can leverage the split indicator to control C1, WPBP, C0, and other splits. This could require complicated rules to translate the splits appropriately to correct data.
- Could limit your ability to utilize some functionality, such as cost center assignments for specific hours in a period

- Daily outsourcing of off-cycle payments may not be possible
- May require outsourcer to process off-cycle checks manually without exported data from SAP
- May need to duplicate entries in SAP or provide a simulation of gross payroll to the outsourcer via other communication
- Reversals will occur in outsourcer's system. Determine if additional activity is required in SAP to void result.

- Potential issues with Retrocalculation in Gross Payroll for outsourcing:
  - ♦ Retrocalculation results in SAP payroll are based on prior- period master data changes that result in new wage types or wage type amounts for a past period
  - ♦ These differences flow through to the IDoc, but as a separate line item
  - ♦ Can the outsourcer handle these Retrocalculations?

# The Keys to Success

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- You must translate the data to the outsourcer's values and format
- Determine how master data changes in SAP are presented on both IDocs (company transfers, mid-period rate changes, terminations)
- Consider how split indicators will affect the outsourcer
- Retroactive changes to master data will be presented, but may not be correctly interpreted

# What We'll Cover ...

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- What is outsourcing?
- What are the business reasons for outsourcing?
- Master data outsourcing
- Gross Payroll outsourcing
- Import Payroll results from outsourcer
- Tax outsourcing
- Management decision
- Wrap-up

# What Is Import of Payroll Results?

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- Imported payroll results brings outsourcer's payroll results into the SAP system
- Dependent on Master Data and Gross Payroll Export sent to outsourcer
- Dependent on outsourcer's ability to create Import IDoc
- Allows for payroll reporting out of SAP
- G/L posting of payroll results with limitations
- Third-party remittance with limitations

# Importing Payroll Results Updates Payroll Results in SAP

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- RT table created with earnings, taxes, deductions, and net payments
- GRT potentially updated with some changes
- Arrear tables updated for deductions are not processed
- CRT and TCRT are updated

# Back-End Processing Concerns

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- In a perfect world ...
  - ♦ Imported results would appear to be the same as if calculated in SAP
    - ▶ You would be able to perform back-end processing with accuracy ...
  - ♦ GL-posting and third-party
- This goal is not entirely possible
  - ♦ Splits and master data changes affect payroll results



- You must translate the outsourcer's data to SAP values
- Standard SAP schema provided will require many customizations to get the a relatively high degree of accuracy
- Import schema is not widely used and needs customization to fulfill its intended purpose

# Gross Payroll Configuration

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- Import Schema – U250 is provided, but will require customizations
- Claims, arrears, and cumulations are a few example areas where customizations can be made
- Creates RT table (final results for SAP Payroll)
- Updates arrears, CRT, and TCRT

# Schema U250

- Schema U250 – Transfer of imported PY Results
- TRANS function brings in data from intermediary tables

Line	Func	Par1	Par2	Par3	Par4	D	Text
000180	TRANS	558D					Fill IT from T558B/t558d - Net
000190	PRT	X250	GEN	NOAB			Save GRT in AIT
000200	PIT	X252	GEN	NOAB			Move NUM/RTE from GRT to RT
000210	PIT	X250	GEN	NOAB			Generate Import Differences
000220	PITAB	D	AIT				Clear AIT
000230	PRT	X25B	GEN	NOAB			Move RT to AIT
000240	PRINT	NP	AIT				Print alternate IT
000250	PRINT	NP	GRT				Print GRT
000260	PGR	X260	GEN	NOAB			Save in RT missing GRT's
000270	RFRSH		IT				Delete IT after processing net pay data
000280	TRANS	558B	OUTS				Fill IT from T558B/t558e - Tax
000290	IF		0				If importing to current period?
000300	PIT	X251	GEN	NOAB			Move IT to RT
000310	ELSE						else to If current period
000320	PORT	X251	GEN	NOAB			Put old results in RT on retro
000330	ENDIF						end to If current period
000340	SORT	RT					Sort results table
000350	SETCU						Prepare CRT from previous results
000360	RFRSH		CRT				Clear out CRT
000370	ADDCU		P30				Update cumulation wage types (CRT)
000380	PRINT	NP	CRT				Print Cumulated Results
000390	PRINT	NP	TCRT				Print Cumulated Results - Tax
000400	RFRSH		IT				Delete IT after processing net pay data
000410	UFRSH		ARRS				Refresh ARRS table
000420	TRANS	558E					Fill IT from T558B/t558e - Arrears



# Import Payroll Results (cont.)

File contents Environment System Help SAP

**Error Log File** **File from Outsourcer for IDOC**

First page Previous page Next page Last page

Directory /xferhr/ADP/Inbound/to\_be\_processed  
Name: 1\_hrotin254.idoc

EDI_DC4	200	2	HROTIN		HROTIN			
E1HR58B	200	1		1000000700008	20051021042005212005100220051015		00008	
E1HR58D	200	2		2001000000700001 /10101			10	
E1HR58D	200	3		2001000000700001 /560			10	
E1HR58D	200	4		2001000000700001112000100	000000	00X01	10	
E1HR58D	200	5		2001000000700001112000100	000000	00X02	10	
E1HR5U8	200	6		2001000000700001T10/401MN	20051015			1.2
E1HR5U8	200	7		2001000000700001T10/403FED	20051015			5.6
E1HR5U8	200	8		2001000000700001T10/405FED	20051015			1.3
E1HR5U8	200	9		2001000000700001T10/404FED	20051015			5.6
E1HR5U8	200	10		2001000000700001T10/406FED	20051015			1.3
E1HR5U8	200	11		2001000000700001T10/303FED	20051015			91.6
E1HR5U8	200	12		2001000000700001T10/304FED	20051015			91.6
E1HR5U8	200	13		2001000000700001T10/305FED	20051015			91.6
E1HR5U8	200	14		2001000000700001T10/306FED	20051015			91.6
E1HR5U8	200	15		2001000000700001T10/310FED	20051015			91.6
E1HR5U8	200	16		2001000000700001T10/310MN	20051015			91.6
E1HR5U8	200	17		2001000000700001T10/410FED	20051015			5.5
E1HR5U8	200	18		2001000000700001T10/410MN	20051015			7.2
E1HR58B	200	19		1000077700008	20051021042005212005100220051015		00008	
E1HR58D	200	20		2001000077700001 /10101			10	
E1HR58D	200	21		2001000077700001 /560			10	
E1HR58D	200	22		2001000077700001310030100	000000	00 00	10	
E1HR5U8	200	23		2001000077700001T10/401FED	20051015			144.0
E1HR5U8	200	24		2001000077700001T10/403FED	20051015			71.5
E1HR5U8	200	25		2001000077700001T10/405FED	20051015			10.7

**Segments**

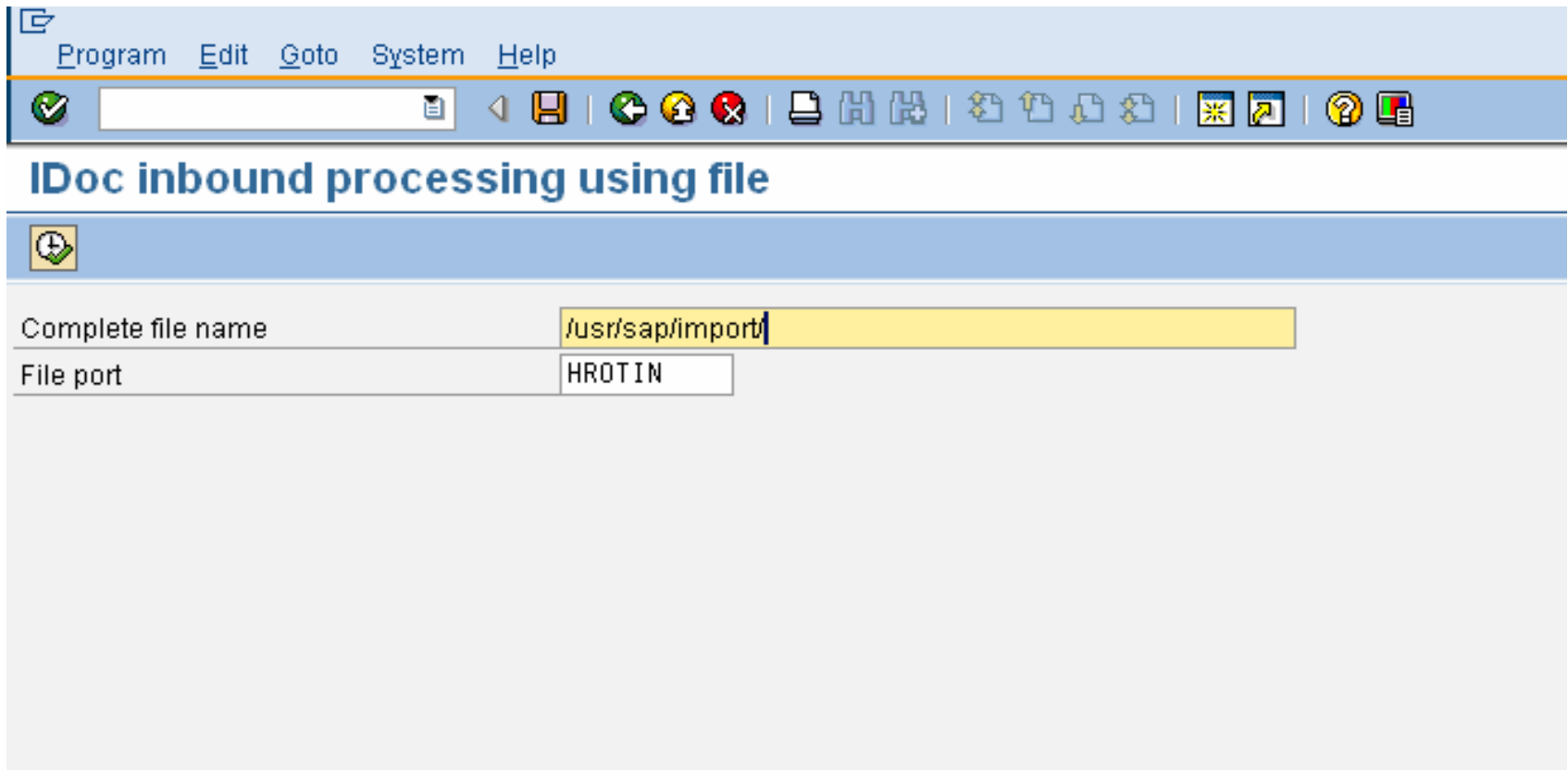
**E1HR58D = T558D**

**E1HRU8C = T5U8C**

**E1HR58B = T558B**

# Transaction PC00\_OTIN – Process Inbound

- Processes Inbound Unix file in IDoc format (translated values)



The screenshot displays the SAP transaction PC00\_OTIN interface. At the top, there is a menu bar with options: Program, Edit, Goto, System, and Help. Below the menu is a toolbar with various icons for file operations and system functions. The main title of the screen is "IDoc inbound processing using file". Below the title, there is a table with two rows of configuration data:

Complete file name	/usr/sap/import/
File port	HROTIN

# Transaction WE05 – Display IDocs

- Each segment relates to specific data
- 58D wage types
- 58B period
- 58E arrears

The screenshot shows the SAP WE05 transaction interface. The main window is titled 'IDoc display' and shows a tree view of the IDoc structure. The selected IDoc is 'IDoc 0000000000225015'. Underneath, there are 'Control Rec.', 'Data records', and 'Segments 000001 019'. The 'Segments' folder is expanded, showing a list of segments. The segment 'E1HR58D' is highlighted with a yellow background and a grey arrow pointing to it. The 'Technical short info' panel on the right shows the following details:

Field	Value
Direction	2 Inbox
Current status	53 <span style="color: green;">OO</span>
Basic type	HROTIN
Extension	
Message type	HROTIN
Partner no.	FILEPORT
Partn.Type	LS
Port	HROTIN

The 'Content of selected segment' panel shows a table of fields and their values:

Fld name	Fld cont.
MANDT	200
PERNR	10000007
SEQNR	00001
LGART	/101
APZNR	01
MOLGA	10
BETRG	443.40

A grey arrow points to the 'PERNR' field, and two red circles highlight the 'LGART' and 'BETRG' fields.

# Transaction PC00\_OTRL – Release IDocs

Program Edit Goto System Help

Inbound Processing of IDocs Ready for Transfer

IDoc selection Parallel Proc.

IDoc number	<input type="text" value="225015"/>	to	<input type="text"/>	
Created on	<input type="text"/>	to	<input type="text"/>	
Created at	<input type="text" value="00:00:00"/>	to	<input type="text" value="23:59:59"/>	
IDoc status	<input type="text"/>	to	<input type="text"/>	
Message type	<input type="text"/>	to	<input type="text"/>	
Message Variant	<input type="text"/>	to	<input type="text"/>	
Message function	<input type="text"/>	to	<input type="text"/>	

# Intermediary Tables

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- **Review Intermediary Tables**
  - ♦ T558B – Period data for imported result
  - ♦ T558D – Wage type data, amount, splits, etc.
  - ♦ T558E – Arrears entries
  - ♦ T5U8C – Tax data, amount authority
- **Each of the tables contain fields for personnel number and number, which are key import fields**

# PC00\_M10\_OTCL – Execute Payroll Import

- Processes data from  
Intermediary Import Tables  
into the PY Results Cluster
- Schema U250

The screenshot displays the SAP Payroll Driver (USA) interface. The title bar shows 'Program Edit Goto System Help'. The main window is titled 'Payroll Driver (USA)'. Below the title bar, there are several icons and a search bar. The 'Payroll period' section includes a 'Payroll area' dropdown set to 'VS', a 'from' date field set to '01/16/2006', and a 'To' date field set to '01/22/2006'. There are two radio buttons: 'Current period' (selected) and 'Other period'. The 'Selection' section includes a 'Personnel Number' field set to '100100' and a 'Payroll area' dropdown set to 'VS'. The 'General program control' section includes a 'Reason for payroll' field, an 'Off-cycle payroll' field set to 'A 0 02/13/2006', a 'Schema' field set to 'U250' with a search icon, a 'Forced retro.accounting as of' field, and a checked 'Test run (no update)' checkbox.

Program Edit Goto System Help

Payroll Driver (USA)

Selections from Search helps

Payroll period

Payroll area VS from 01/16/2006 To 01/22/2006

Current period 4 2006

Other period

Selection

Personnel Number 100100

Payroll area VS

General program control

Reason for payroll

Off-cycle payroll A 0 02/13/2006

Schema U250

Forced retro.accounting as of

Test run (no update)

# Execute Payroll Import

---

- Import data successfully loaded into payroll results
- Review that RT, GRT, TCRT, CRT, and ARRRS are correct and in sync
- GRT/RT earnings differences stored on /590
- Bring ER and provider wage types from GRT



- Issues caused by master data changes in the past that alter splits in prior periods
  - ♦ WPBP, C0, C1, Tax splits
- Results that have been imported are refreshed in import during retro
  - ♦ RT table refreshed during U200 retro execution, loss of past results
- Retrocalculation should be turned off

# What We'll Cover ...

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- What is outsourcing?
- What are the business reasons for outsourcing?
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# Tax Outsourcing

- Transaction PC00\_M10\_OTUT – Period US Tax Export
- Execute program with reporting period entries
- P/Q Period or Quarter
- All tax types
- IDoc created

The screenshot shows the SAP 'US Tax Services Periodic/Quarterly Export' program interface. The window title is 'US Tax Services Periodic/Quarterly Export'. The menu bar includes 'Program', 'Edit', 'Goto', 'System', and 'Help'. The toolbar contains various icons for file operations and help. Below the toolbar, there are three buttons: 'Selections from', 'Search helps', and 'Sort order'. The main form is divided into several sections:

- Payroll period:** 'Payroll area' is set to 'US'. There are radio buttons for 'Current period' (selected) and 'Other period'.
- Selection:** A list of fields with input boxes and arrows: 'Personnel Number' (100100), 'Company Code', 'Personnel area', 'Personnel subarea', and 'Payroll area'.
- Export options:** A list of options with input boxes: 'Display log' (checked), 'Reporting Type (P,Q)' (P), 'Quarter (01-04)' (01), 'Reporting Year' (2006), and 'Number of IDOC segments' (99999).

A large grey arrow points from the 'Reporting Type (P,Q)' field to the text 'Reporting Period' on the right side of the form.

# Tax Outsourcing (cont.)

- Transaction WE05 – Display IDocs
- Segments transfer data to outsourcer/system

The screenshot displays the SAP WE05 transaction interface. The main window is titled 'IDoc display' and shows a tree view of data records for IDoc 0000000000022001. The tree includes a 'Control Rec.' folder, a 'Data records' folder (Total number: 000011), and a 'Status records' folder. Under 'Data records', there are several segments: E1HR\_HD (Segment 000001), E1HR\_UKY (Segment 000002), E1HR\_UTA (Segments 000003-000009), and E1HR\_UCT (Segment 000010). The 'E1HR\_UTA' segment is highlighted. To the right, the 'Technical short info' panel shows details for the selected segment: Direction 1 (Outbox), Current status 29, Basic type HROT\_USTP, Extension, Message type HROT\_UTP, Partner no. FILEPORT, Parth.Type LS, and Port HROT\_UTP. Below this, the 'Content of selected segment' table is shown with the following data:

Fld name	Fld content
TAXAU	FED
TAXLV	A
UIIND	U
PQYIND	P
TAXTY	0100
TDESC	Withholding Tax
EIDNO	75-2884072
TAXA	6.25
SUBW	25.00
TAXW	25.00

# Tax Outsourcing (cont.)

- Transaction  
PC\_M10\_OTUY – US  
Yearly Tax Export
  - Display IDocs
  - Segments transfer data to outsourcer/system

Program Edit Goto System Help

US Tax Services Yearly Export

Further selections Search helps Sort order

Period

Today  Current month  Current year

Up to today  From today

Other period

Data Selection Period To

Person selection period To

Payroll period

Selection

Personnel Number 100100

Employment status

Company Code

Payroll area

Pers. area/subarea/cost cente

Employee group/subgroup

Tax Services Yearly Reporting Options

Reporting Year 2006

Tax company (blank = all) US01

Number of idoc segments

Reporting Period

## Tax Outsourcing (cont.)

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- Transaction WE14 – Release IDocs
- Processed IDocs to outsourcer have similar considerations to Master Data and Gross Payroll Export
- Translated values and field mappings

# What We'll Cover ...

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- What is outsourcing?
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# Management Decision

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- Analyze cost savings against true benefits of outsourcing
- Analyze implementation costs using an SAP-integrated system vs. using outsourced functionality
- Although you save in some areas outsourcing, you will also incur new costs, including hidden costs from unknown factors
- Aspects of the outsourcing functionality may not be fully utilized in the marketplace, therefore you may encounter development issues
- New hardware/development costs associated with the transfer and conversion of data to the outsourcer

# What We'll Cover ...

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## Additional Comments from Experience

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- With outsourcer, it may take 24 hours or more to get a return file from outsourcer for G/L. This will slow down testing and production.
- Loss of functionality can be severe. Turn off retro if you are importing payroll results.
- Costly setup for translations and mappings

# Resources

- <http://www.sap.com/company/press/press.epx?PressID=4467> (SAP Sets New Standards for Business Process Outsourcing)
- <http://www.sap.com/solutions/business-suite/erp/hcm/newsevents/Press.epx?PressID=5238> (ADP's Human Resources Outsourcing Based on SAP Reaches New Heights with 32 Global Customers in 24 Countries)
- *Human Resources Business Process Outsourcing: Transforming How HR Gets Its Work Done* by Edward E. Lawler, et. al., Jossey-Bass, 2004

## 7 Key Points to Take Home

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- Outsourcing functionality in SAP is a standard product
- Each outsource solution is different and requires customizations
- Outsourcing breaches SAP integration
- Outsourcing functionality can never fully achieve 100% SAP functionality
- Management needs to study and understand hidden outsourcing costs and define new processes
- Timeliness of processes affects internal department operation
- The outsourcer provides solutions that can have additional costs