



The invisible hand: Mobility economics – end- to-end cost control

2024 KPMG Global Mobility Forum

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Agenda

1

Welcome

2

The Invisible Quiz

3

Learn: Mobility Cost components

4

Understand:
Creating cost transparency

5

Discuss: Run HR as a business

6

Wrap-up: Key take aways

2

The Invisible Quiz



Warm up – let start with a quiz

Q:

KPMG Mobility: 12.000 USD

Yellow pages: 6.000 USD

Any idea of the story behind the numbers above?

Warm up – let start with a quiz

Q:

Table: 3.500 USD

Destination: 4.000 USD

Chitra: 2.950 USD

Any idea of the story behind the numbers above?

Warm up – let start with a quiz

Q: School: 24.000 USD Loss: 16.000 USD

Any idea of the story behind the numbers above?

The story behind



Shipment

- First number = Corporate shipment provider
- Second number = Employee got a better quote on its own

Learned lesson:

- Keep an open mind if everything you do on behalf of your employees is adding value.
- Understand what you get, what you pay and what is best for your employees.



Housing

- First number = Table provide
- Second number: Destination provider
- Third number: The appropriate housing that a local HR colleague was able to identify.

Learned lesson:

- Understand your housing budget
- Understand the actual housing costs
- Actively manage your housing costs



Tax costs

- First number = school costs are authorized and paid directly by employer
- Second number = avoidable tax costs if paid directly by employee

Learned lessons:

- Understand the tax implications
- Tax advantage of tax optimization

Let's discuss

3

Mobility cost components

LEARN: We can only actively manage costs when we understand the different cost drivers in HR Global Mobility.

4

Creating cost transparency

UNDERSTAND: Awareness and transparency supports to make the right decisions. Saving one FTE in Mobility does not equal saving anything in Mobility. It can be the entire opposite.

5

Run HR as a business

DISCUSS: Managing the mobility costs is critical. Demonstrate to your leadership how you do this successfully and the value you add in this area.

3-5

Vodafone – How it works



About Vodafone



Organization overview



- **Vodafone :**
 - Europe - converged connectivity
 - Africa - mobile data and payments
- Circa 85k employees globally

Structure/GM team



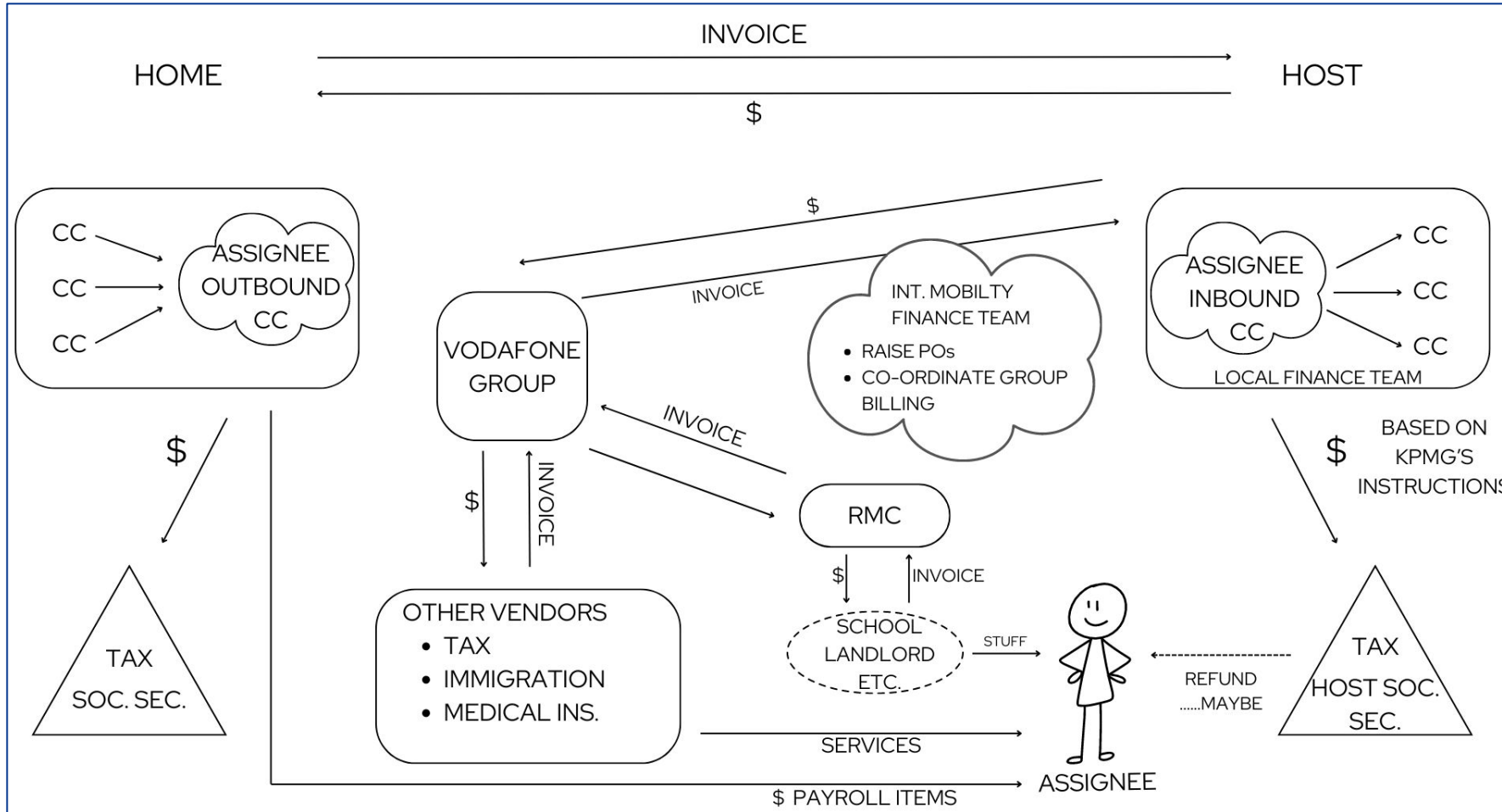
- Mobility COE sits in Group Reward (London, UK)
- Shared Service Centre (Budapest, Hungary).

Program demographics



		New assignments	Local moves
Past	2014	120	319
Present	2023	40	121
Future	?	50	150

Cost flows



Cost communications – Starting position

Pre-Assignment

Total Cost Estimate
(Signed off by Host CFO)



Assignment start

Purchase Orders (POs)
to cover full assignment

During assignment

- Monthly invoicing
- If POs are insufficient a PO uplift is required

3-5

Vodafone – Challenges – Improvements wave 1



Cost communications – Problem statement

Help

Finance Business Partners



- What is this cost? They left ages ago!!
- What do I put in my budget?
- How can I better predict this?

Business Leader



- How can I control my budget?

International Mobility Finance Team



- I can't get the cost centre owner to approve my PO uplift request

Cost communication improvements –Wave 1

Education



	Start of Assignment One-Off Costs	On-Assignments Costs	Repatriation One-Off Costs
Compensation			
Home Base Salary		202,249	
Company Contribution to Cash in Lieu of Pension		20,225	
Company Short Term Bonus		40,450	
Car Cash Allowance			
Car Benefit Value			
Additional Responsibility			
Other Allowance 1 -			
Other Allowance 2 -			
Hypothetical Home Country		-66,365	
Hypothetical Home Country Social Security		-13,571	
Net Compensation		182,988	

Management Fees			
Initiation Fees	900		
Payment Fees (initiation)		235	
Monthly Payment Fees		920	
Repatriation Fees			585
Temporary Accommodation Management Fees	900	250	
Management Fees	900	1,405	585

Mobility Benefits – One Off Costs			
Pre-Assignment Medical	539		
Pre-Assignment Visits	3,371		
Immigration/Visa Support	4,736		
Cultural Orientation	8,508		
Mobility Benefits – One Off Costs	17,154		

Start and End of			
Setting In	3,144		848
Pre-Departure	1,194		1,194
Temporary Accommodation	4,801		9,775
Shipping	14,728		14,728
HHG Insurance	5,393		5,393
Relocation/Repatriation	5,056		5,056
Flights	1,661		1,661
Excess Baggage	1,500		1,500
Assignment Costs	37,478		40,157

Payroll PO: The purpose of the PO is to facilitate the reimbursement process for the international payroll expenses incurred during the whole period of the assignment. All the payroll related costs need to be divided according to the length of the assignment. PO is raised at the start of Assignment. Please note that the costs marked yellow are calculated into the payroll PO (EUR). Important, please note that the PO will be raised without the deduction of the hypothetical home country taxes. This is because the timing of the application of hypothetical taxes will depend on the relevant home/host countries' tax regulations.

On Assignment Costs: ongoing assignment services and support. Assignment allowances paid to the assignee in addition to their remuneration, might include (if applicable):

- Per diem
- Utilities
- Cost of Living Adjustment
- Hardship Allowance
- Car Cash Allowance

K2 and Deloitte provide Relocation Services. PO raised once relocation process began before the actual move. Blue highlights show breakdown of their anticipated costs:

Immigration/Visa support: mandatory where assignee (and accompanying family if applicable) require visa/work permit in the host country.

Initiation Fee/Payment fee - Repatriation Fee: One-time assistance provided by K2 to the assignee during their assignment.

Monthly Payment Fees: charged by K2 where they make a payment in each month.
Temporary Accommodation Booking Fee: charged by K2 for temporary accommodation booking.

Mobility Benefits – One Off Costs: costs incurred usually at the start of an assignment.

Pre-Assignment Medical Check: mandatory where immigration support is required.

Pre-Assignment Visit: maximum of 4 nights including travel days; hotel stay, meals and flight tickets. Applicable for long term assignments.

Cultural Orientation: training to help understand and truly feel part of the host country's culture.

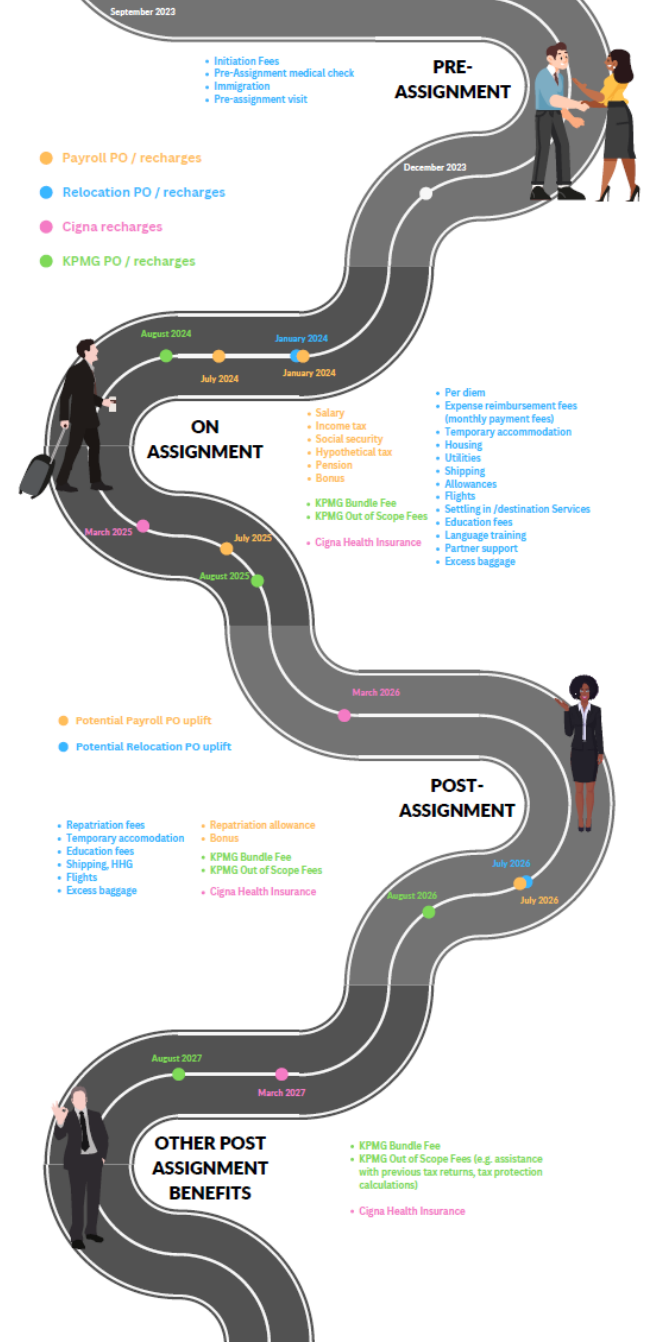
In some cases, there are costs unforeseen at the time of PO creation. This usually happens when exceptional costs are approved. For instance:

- Additional days at the temporary accommodation
- Additional dependents that were not considered upon initiation.
- Priority route for visa obtainment or
- Utility allowance changes during the assignment period due to inflation
- Introduction of split payroll procedure due to extreme currency fluctuation

In case the PO reaches its limit and there are still charges outstanding our team will request approval of PO uplift.

ASSIGNMENT COST ROADMAP

Assignment start date: 1 January 2024
Assignment end date: 31 December 2025



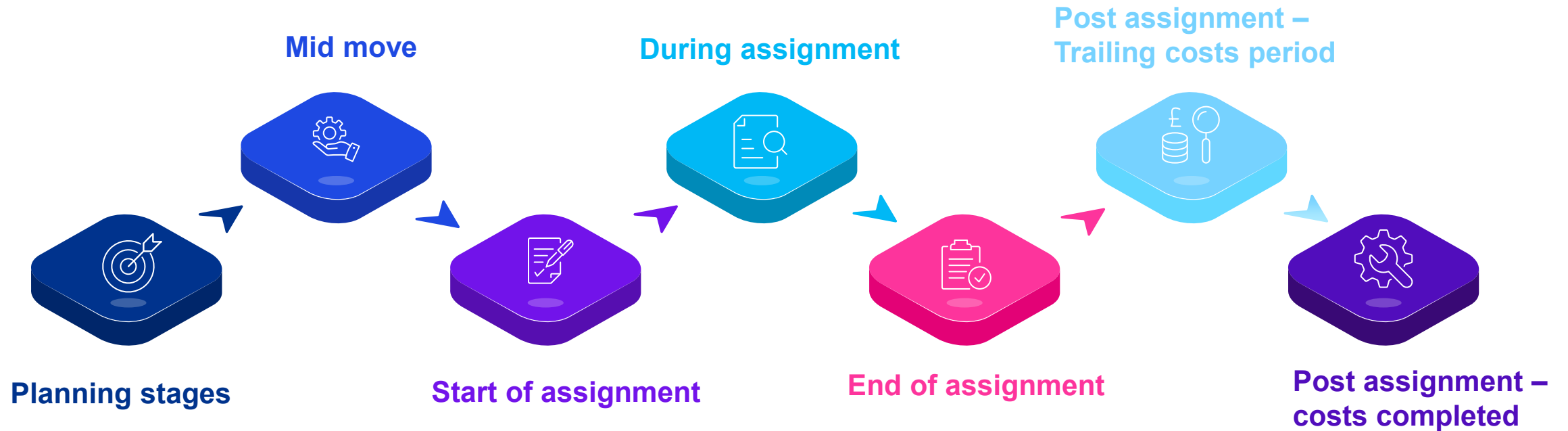
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Vodafone – North star



Cost communications – North Star



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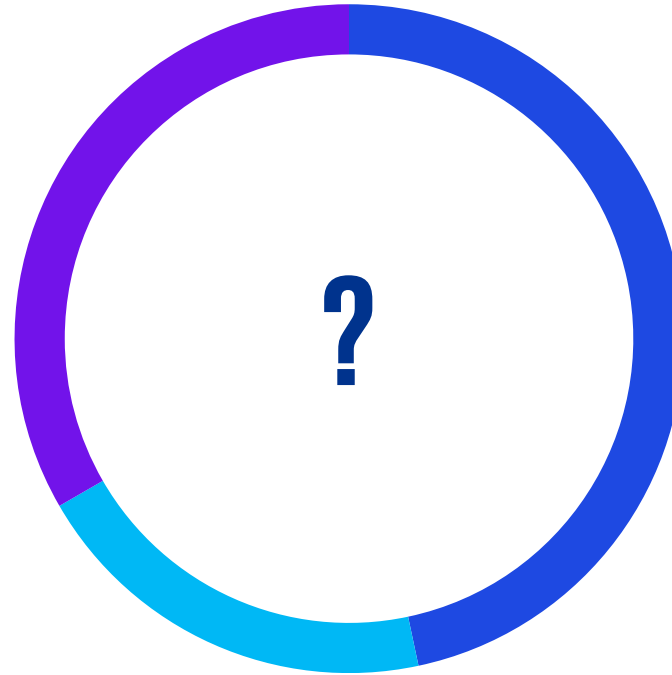
Wrap up



Key takeaways



Cost components



Cost transparency



Run HR as a business

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