MERCER

Planning for what's next

Reinventing rewards for uncertain times

European Comptryx Conference

December 3rd, 2020

welcome to brighter

Today's speakers

Patrick Gutmann
European Industries and Networking Leader

Gaurav Dutt
Senior Principal and European Consulting Leader Tech and Life Science

Roger Sturtevant
Comptryx Product Leader

Chris Poole
Director – Technology Operations

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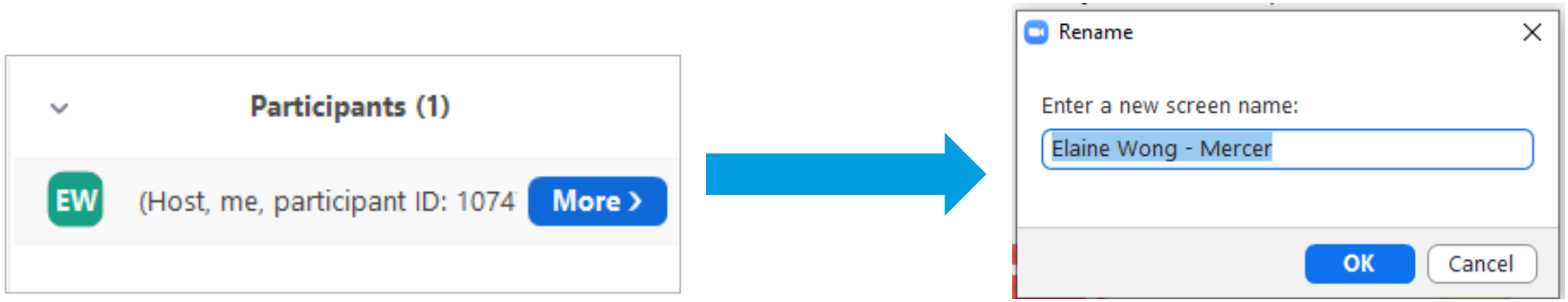
Rename yourself in zoom

- We would like to request you to rename yourself so that we can easily identify you.
  - ➢ To change your name after entering a **Zoom** meeting, click on the “Participants” button at the top of the **Zoom** window. Next, hover your mouse over your name in the “Participants” list on the right side of the **Zoom** window. Click on “ **More**” and choose “**Rename**”. Enter the **name & company** name you'd like to appear in the **Zoom** meeting and click on “OK”.



- If you have any questions, you can either unmute yourself or enter your questions into the Q&A section. Please use the chat box at any time to post your comments!

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Let’s warm up! In the chat, type in a few words or phrase:

In 2021 I would like to…

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Open Forum

Please type your questions into the Q&A panel at the bottom of your screen at any time!

Raise your hand if you want to ask a question or share your views – we will unmute you!

Use the chat to share your views – select "chat to everyone" so all can join in!

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Agenda

1. Market Update:
   - Impact of COVID-19 on 2020 compensation
   - Compensation planning for 2021
2. Looking ahead to growing through reinvention
   - Reinventing for value, flexibility and sustainability
3. Innovation Driven Tech Workplace (ITW) Study 2020
   - Building innovative workplaces in a digital-first world
4. Comptryx Update
5. Q&A and Wrap-Up

Market update

COVID-19 outbreak is lasting longer than expected

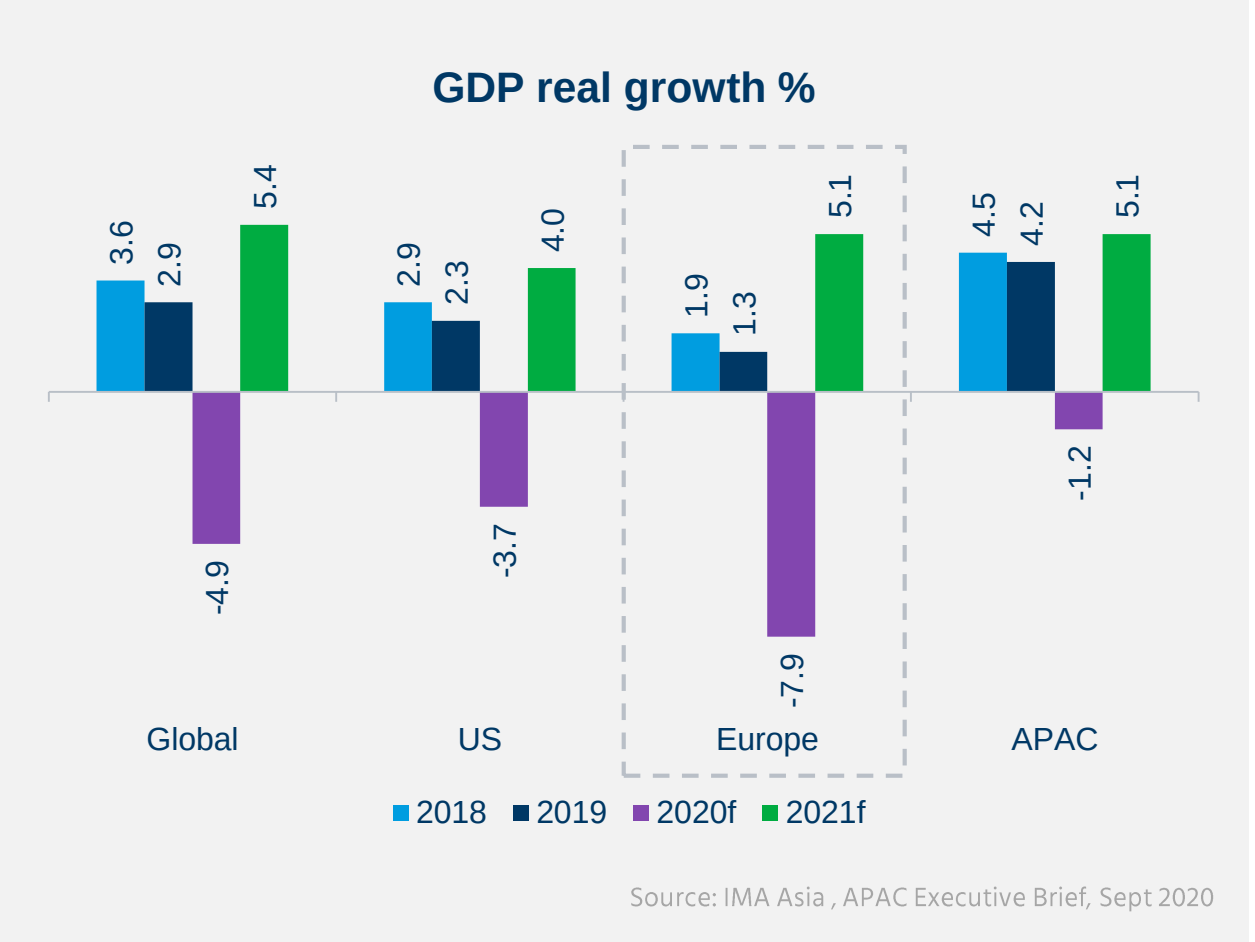
Economic activity has contracted significantly on a global scale

How long will the current coronavirus pandemic last?

No one knows exactly, it is very hard to predict

In Mercer's previous regional webinar held in April, approx. **50%** of the attendees expected the crisis to end by Q3 2020

"Spread of infectious diseases" has rocketed up the rankings to become ***one of the top concerns for businesses***, according to the World Economic Forum's 2020 Executive Opinion Survey



Source: IMA Asia , APAC Executive Brief, Sept 2020

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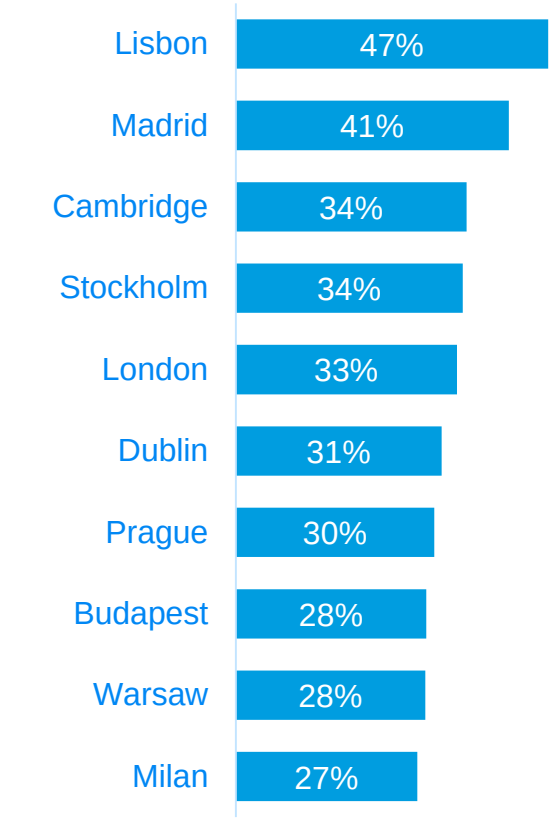
Europe‘s Top 10 Cities



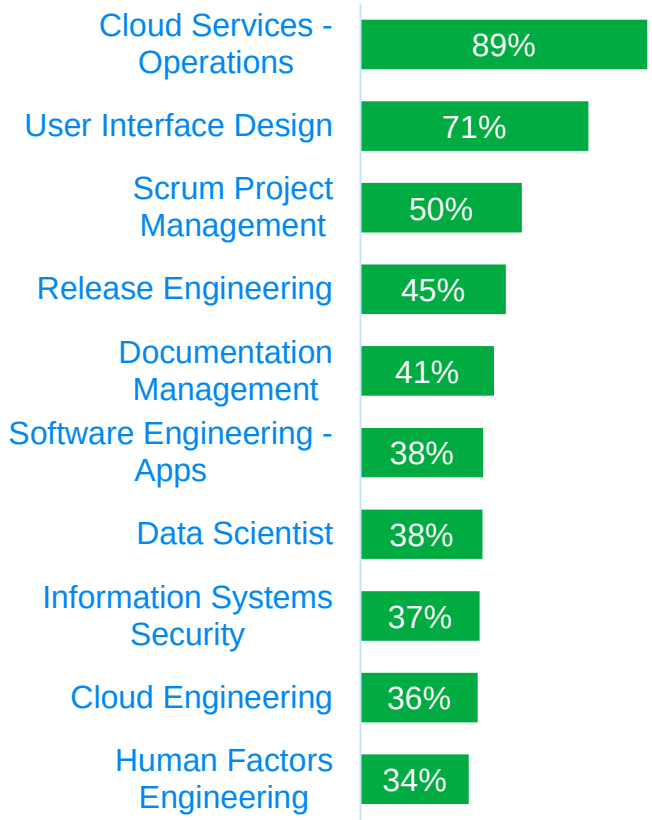
New Hire Rate / R&D Professionals

Source: Mercer | Comptryx Q3 2020

Strong growth of Engineering talent in Portugal, Spain and UK

Companies further develop their online sales channels and it‘s corresponding infrastructure!

Europe‘s Top 10 Hot Engineering Jobs



New Hire Rate / Engineering Professionals

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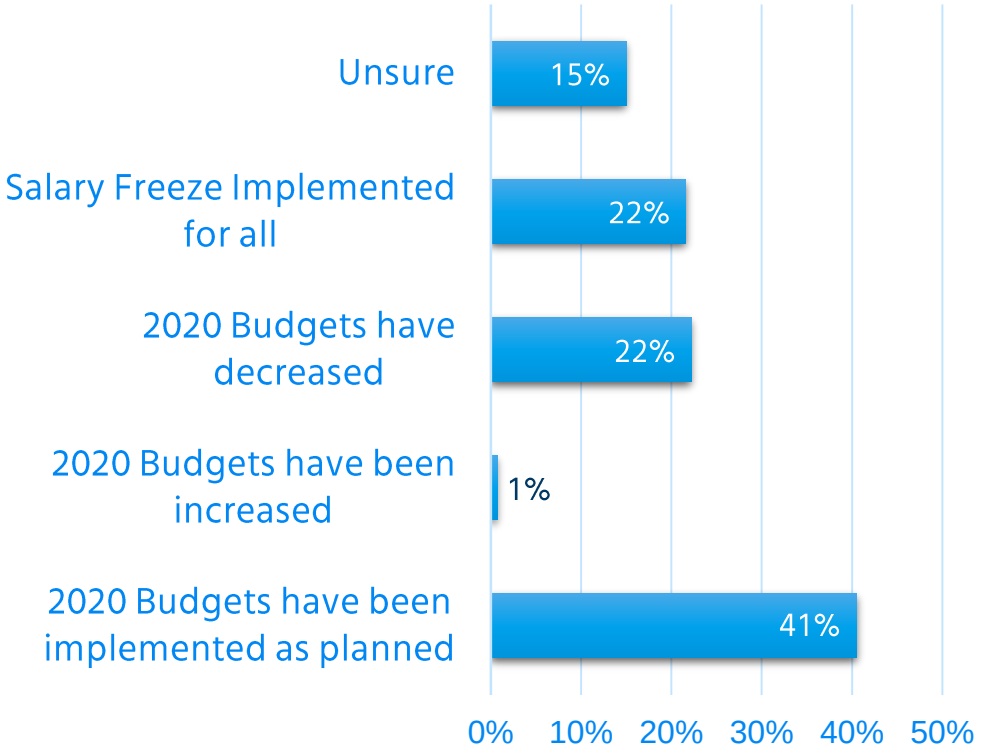
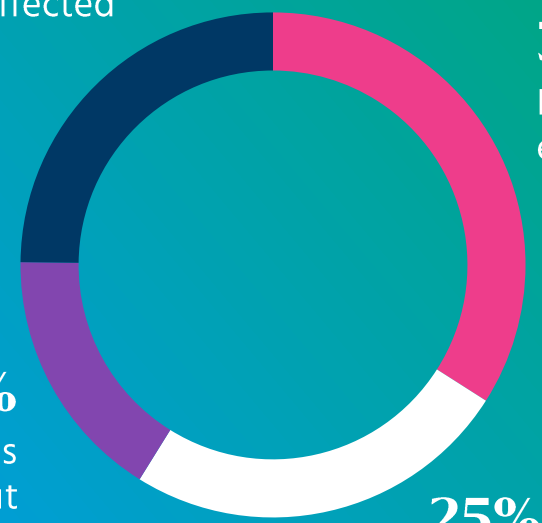
How has COVID-19 changed your Salary Budget plans for 2020?



Has the COVID-19 outbreak affected the 2020 and 2021 salary budget plans?



25%
Plans for both years will be affected

35%
No effect for either year

16%
2020 plan was not affected but 2021 will be

25%
2020 was affected but 2021 will be business as usual

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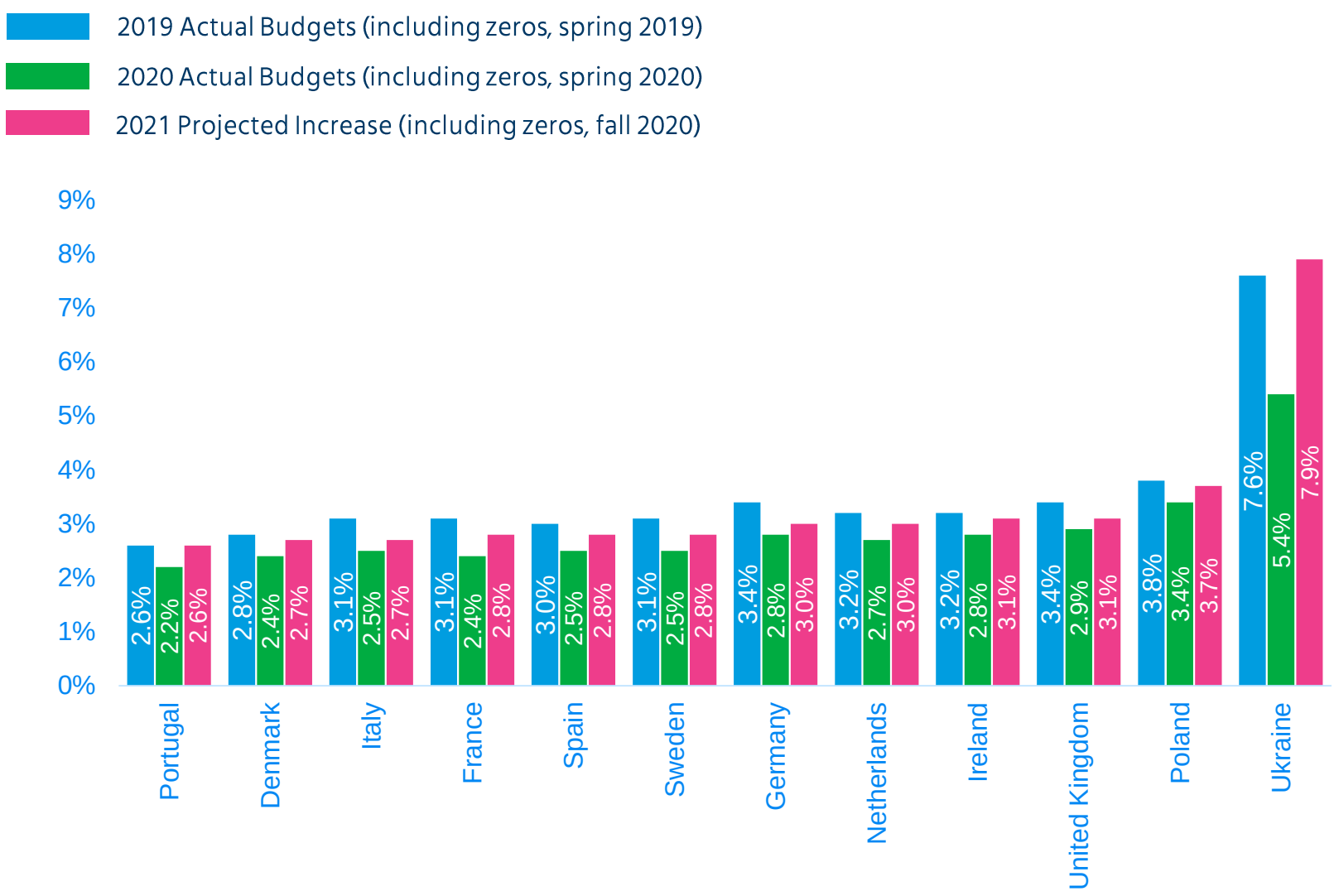
Source: Mercer | Comptryx 2021 projected global budget survey

Europe - Salary Budgets 2019/2020/2021



Are 2021 budgets back to normal?

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Source: Mercer | Comptryx 2021 projected global budget survey

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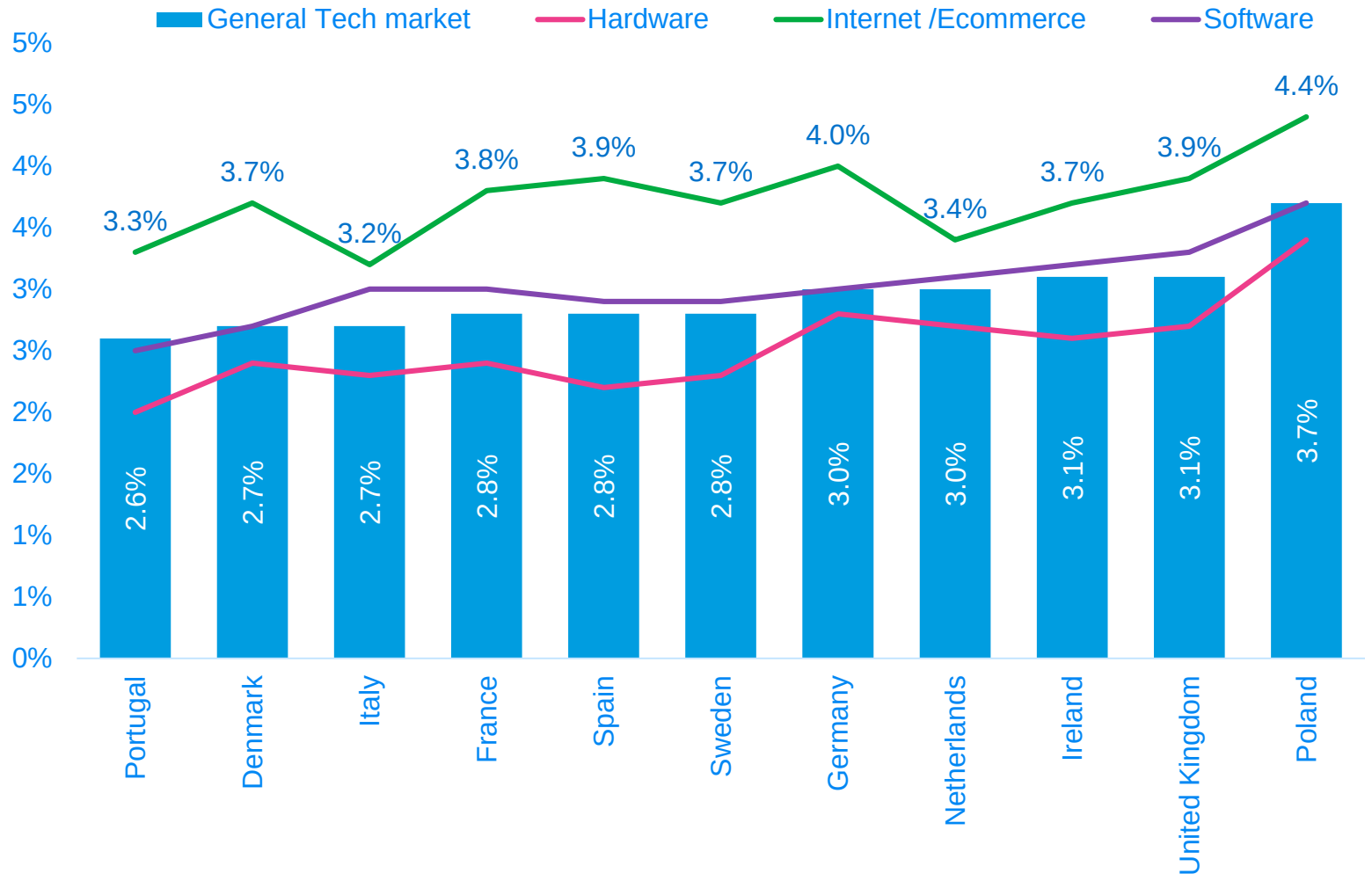
Europe – Total Pay Increase Forecast 2021



Sub-Industries move at different speed!

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Source: Mercer | Comptryx 2021 projected global budget survey

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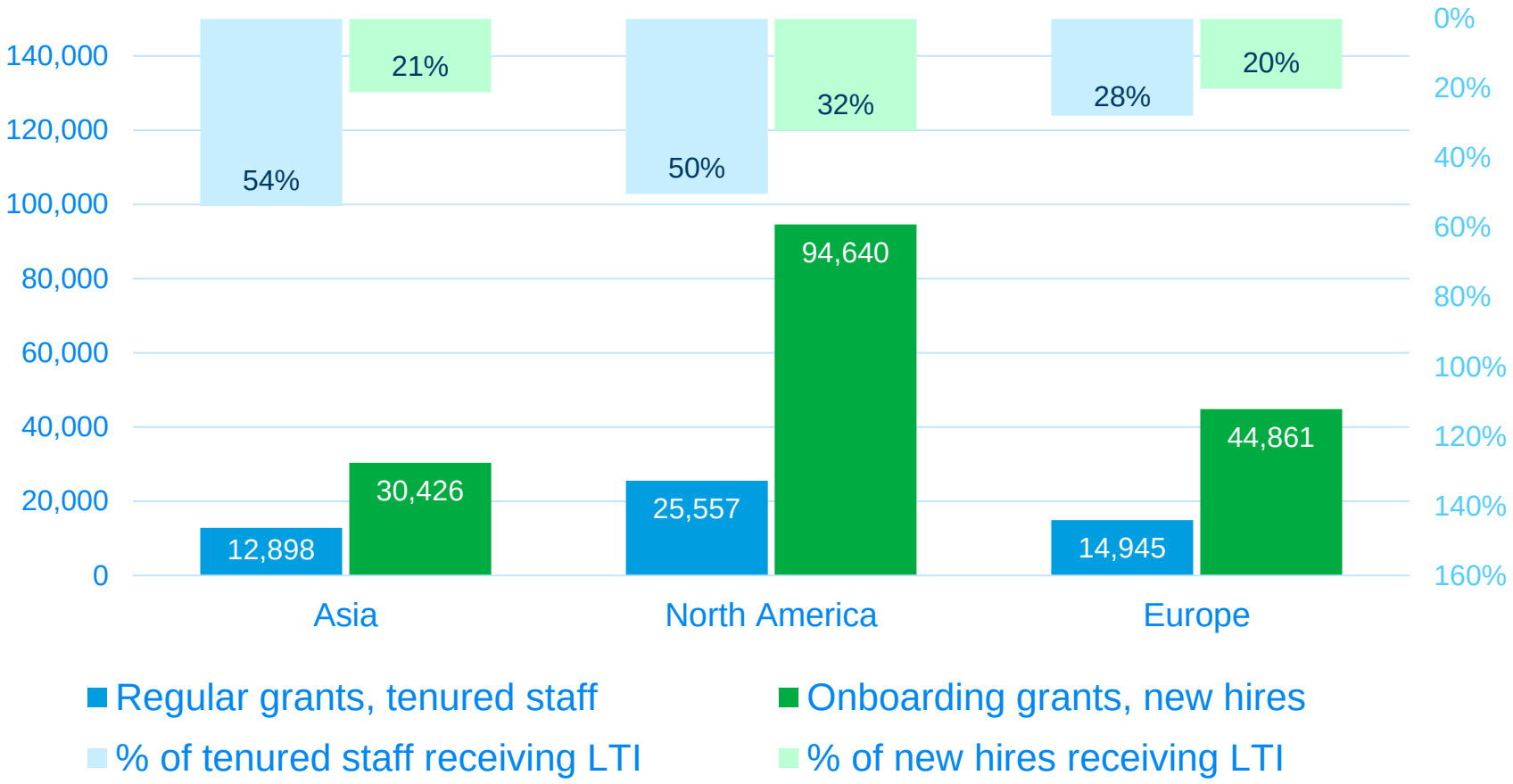
Onboarding key talent
P3 / Software Developer

Tech companies making very specific bets on people and key skills



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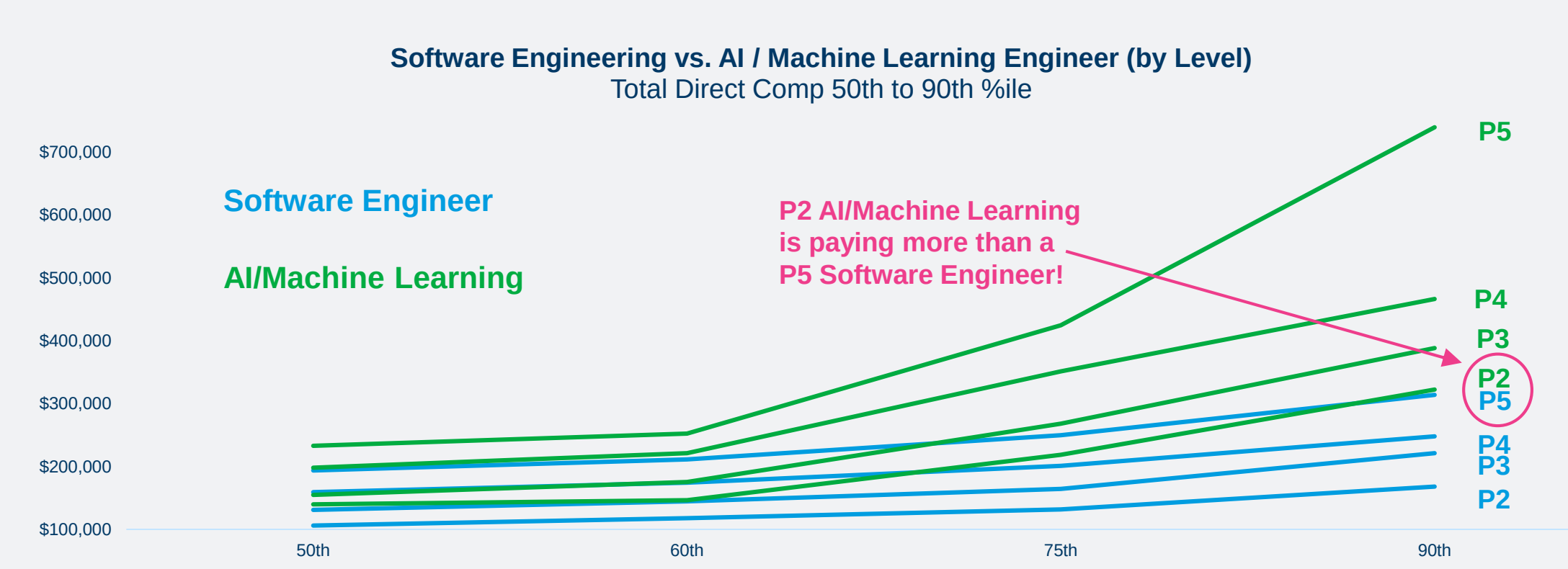
Pockets in the market are moving faster than others…



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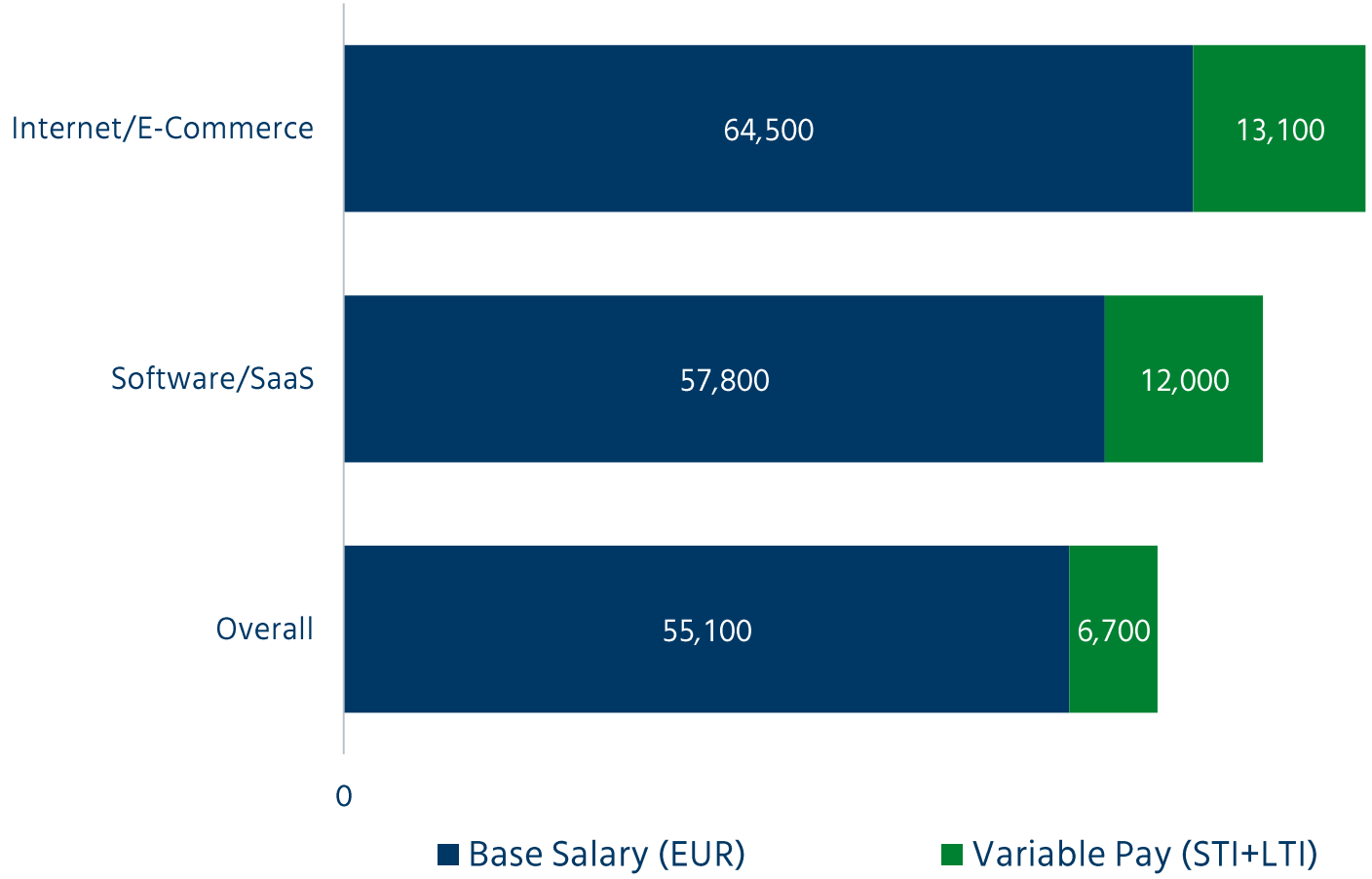
Industries have a different approach on compensation

Dublin, Non Sales Roles P3, EUR



% of Staff Received LTI

75%

44%

33%

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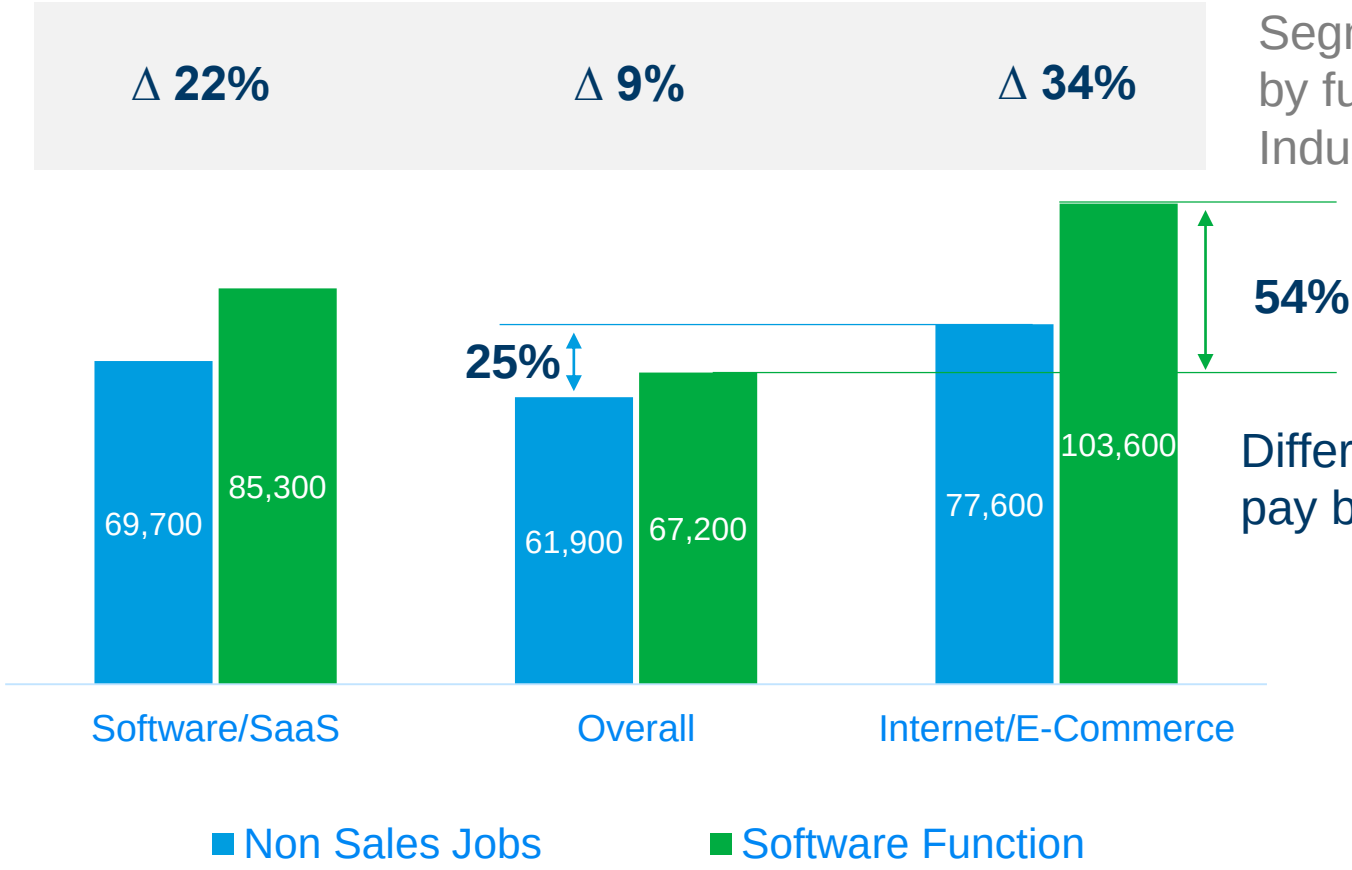
Segmentation of pay by industry

Dublin, Non Sales Roles vs Software Function, P3, EUR, Total Direct Pay

Variations to pay by industry and function



Segmentation of pay by function within Industry

Differences in levels of pay between Industries

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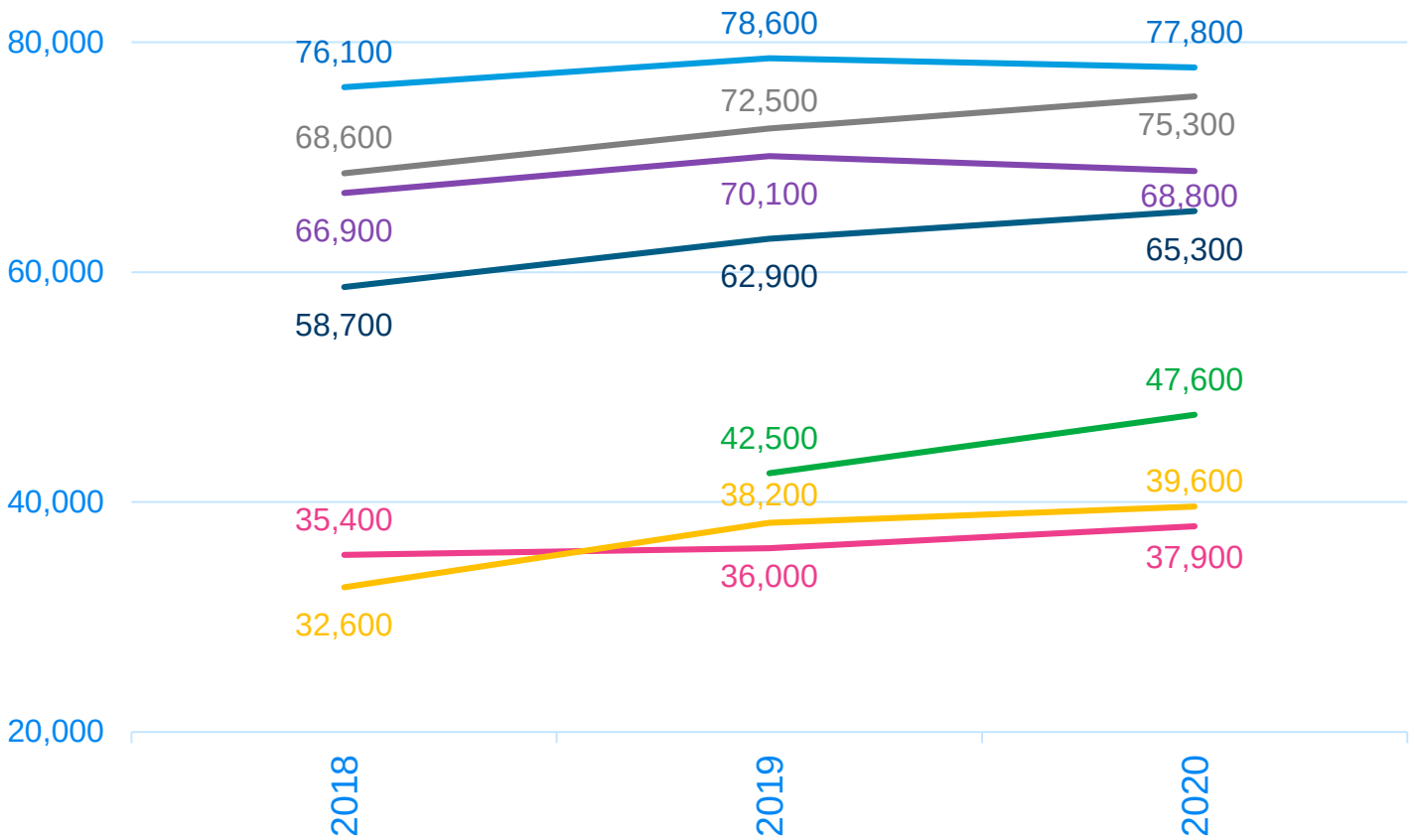
Europe Trend Analysis - Software Function – P3 Level*



Increase from 2018 to 2020

Germany:	2%
UK:	10%
Netherlands:	3%
Sweden:	11%
Portugal:	12%
Poland:	21%
Czech:	7%

*Total Direct Compensation, Comp weighted average, EUR

Source: Mercer | Comptryx 2020 Q4 update

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Thinking about cost! But what else is important?

P3 - Software Developer – Total Cost to Company / TCC - USD

	Bangalore	Kuala Lumpur	Shanghai	Taipei	Seoul	Sydney	Tokyo
KEY DEMOGRAPHICS							
Employee Tenure	4,0	4,8	4,1	5,1	7,4	5,8	9,2
Employee Age	31,9	33,5	33,4	39,6	41,4	38,9	38,5
Top Performer	8%		14%	8%	12%	8%	12%
% Promoted	15%	14%	13%	7%	7%	15%	27%
EMPLOYMENT RATES							
New Hire Rate	24%		21%	18%	9%	22%	29%
Turnover Rate (Total)	17%		18%	5%	11%	8%	10%
% Top Perf Termed	8%		23%	0%	50%	8%	0%
GENDER							
% Female	25%	29%	23%	14%	9%	13%	8%

Comptryx TCC

- **Base Salary**
- **Short-term Incentives**
- **Long-term Incentives**
- **Allowances**
- **Fringe Benefits rate** (includes statutory and non-statutory contributions)

Source: Mercer | Comptryx 2020 Q4 update

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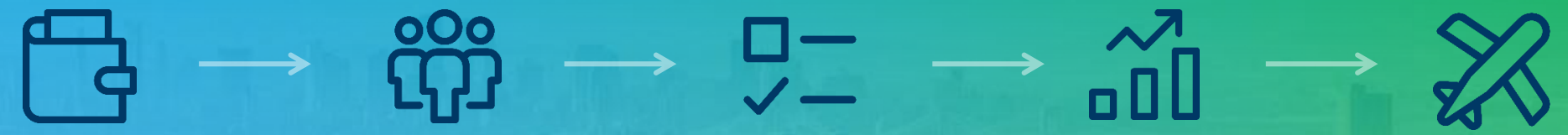
Mercer | Comptryx

Profile your Organization against the Competition



Financial → Level → Function → Location → Demographics & Activity

Full analytical capability you vs. your market

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Growing through reinvention

Designing for better: Three pillars of reinvention

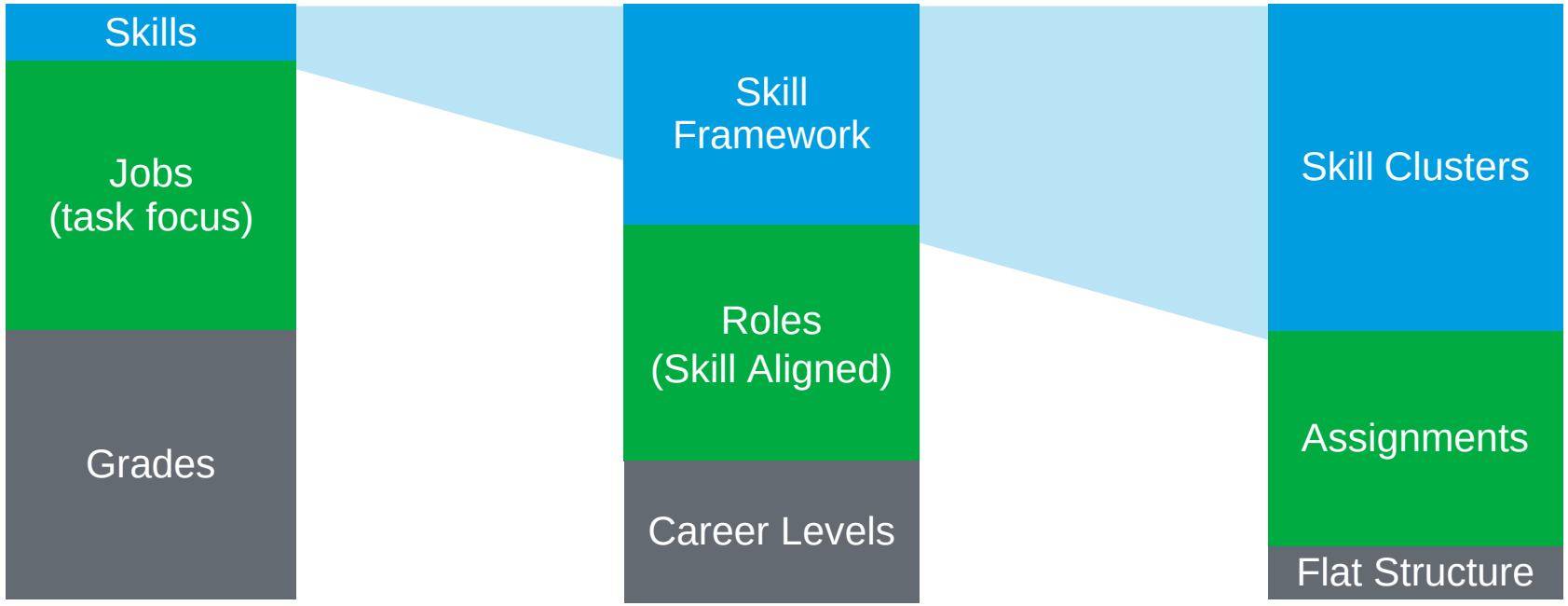
Reinvent for Value

Reinvent for Flexibility

Reinvent for Sustainably

Shifting towards a more flexible definition of work

The vertically driven job-based structure of today will morph into an internal talent marketplace where people are matched to work based on skills



Traditional job-based view ***Leading edge*** ***Talent market of the future***

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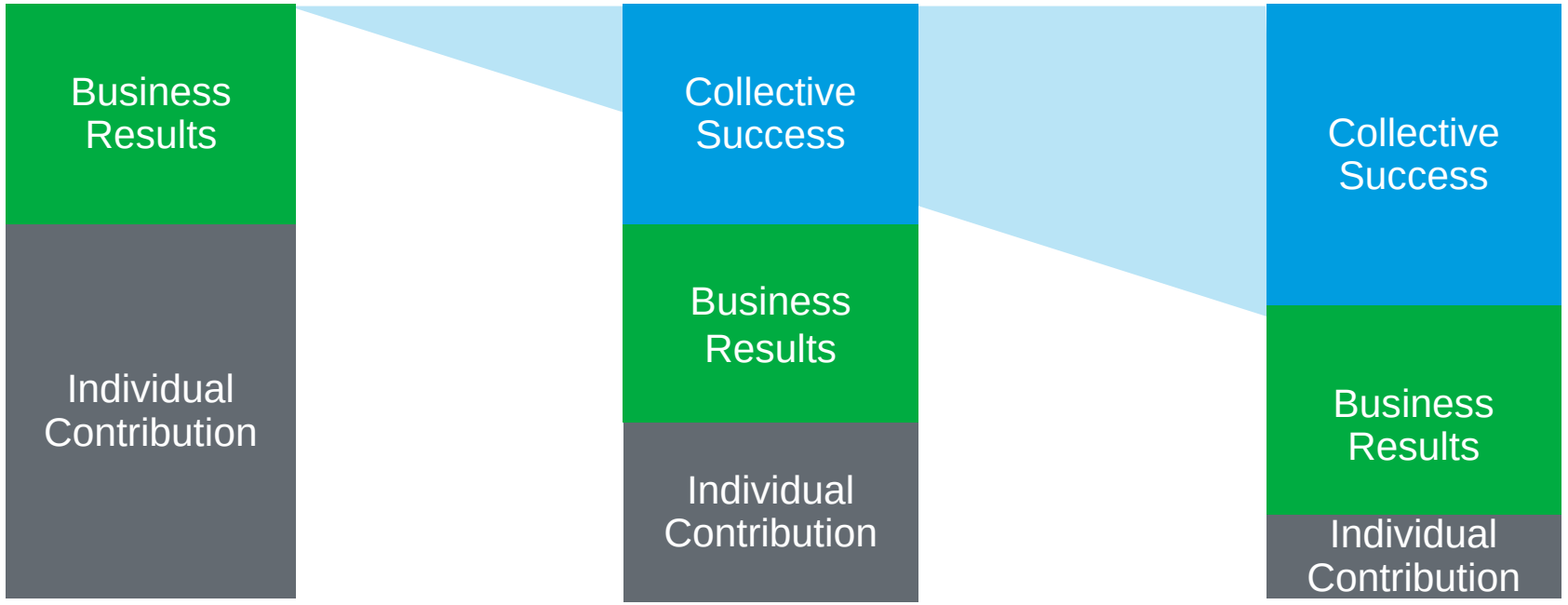
Performance will be measured differently

The vertically driven job-based structure of today will morph into an internal talent marketplace where people are matched to work based on skills



Traditional system ***Leading edge*** ***Performance of the Future***

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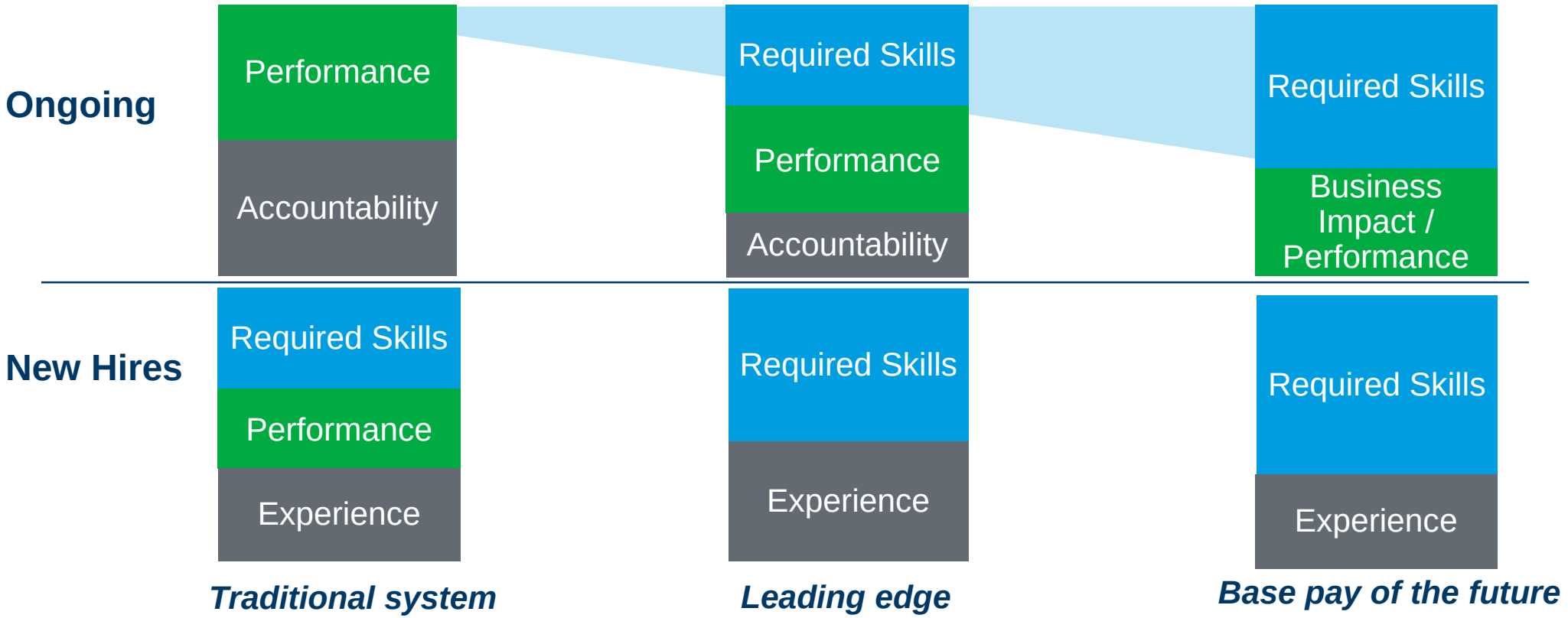
Skills to become the universal structure for valuing work

Skills will become a more universal currency for both new hires and ongoing pay decisions – reducing bias and reducing premium for new hires



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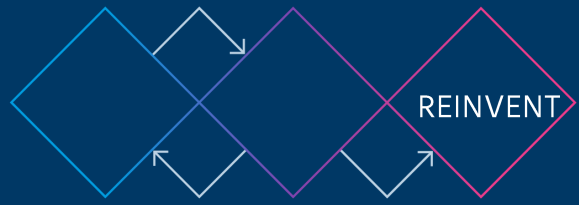
Designing for Better: Three pillars of reinvention

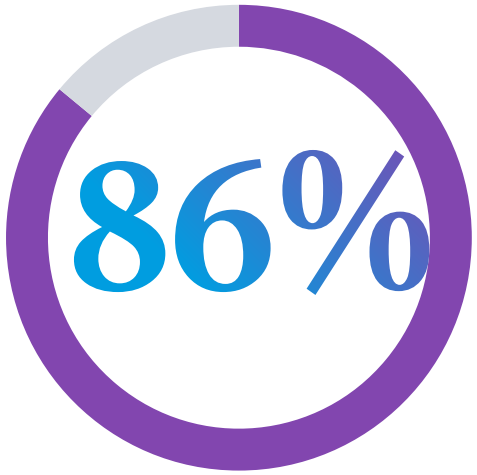


Reinvent for Value

Reinvent for Flexibility

Reinvent Sustainably

The future is virtual, with flexible working reshaping the EVP

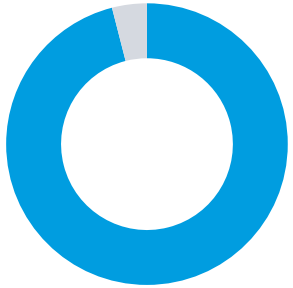


Over three-quarters of tech respondents to our Global Spot Poll are providing flexible working options at a greater scale than prior to the pandemic

1.9x

More likely to have over half or more of their workforce remote post COVID

Nearly 100% of employers say productivity has remained the same or improved since employees began working remotely



Over 80% of employers will embrace a broader view of flexibility beyond remote working

When work is done (hours and scheduling)

How work is done (technology)

What work is done (activities and tasks)

Who does the work (contract/gig workers)

#1 Employee engagement and productivity

#1 driver for adopting greater flexibility

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Mercer COVID Pulse Survey #6 (data as of November 2020

Will compensation change given remote work? Not so fast...

How will you compensate remote workers?

- 26% Office location market rate
- 23% Home location market rate
- 16% National / country market rate
- 21% Not applicable / other

Define the labor market for roles

Adjust structures / market rates

Transition employees over time

Define process for employee initiated exceptions

Local

Regional

Region-wide

National

Mercer COVID Pulse Survey #6 (data as of November 2020

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Feedback Polls

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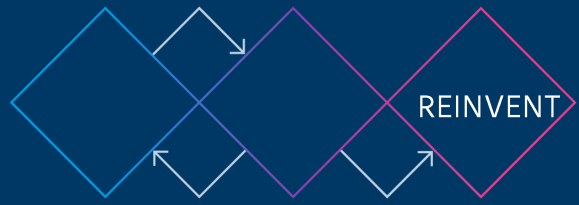
Designing for Better: Three pillars of reinvention



Reinvent for Value

Reinvent for Flexibility

Reinvent Sustainably

What's driving the focus on sustainability?

global pandemic and economic distress

#BlackLivesMatter and systemic racism

widening income inequality

gender parity remains a distant dream

new expectations on purpose and social responsibility

external pressure through activism and regulation

> **A strong sense of purpose and a commitment to stakeholders helps a company connect more deeply to its customers and adjust to the changing demands of society.**
>
> **Ultimately, purpose is the engine of long-term profitability.**

- Larry Fink, CEO, BlackRock in his 2020 letter to CEOs

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While Tech companies are making progress when it comes to D&I, are they focusing on all the right things?

In many cases *yes*…

7 in 10

Tech companies are equally supportive of men utilizing family leave, time off and flexible working options

Tech companies are

1.6x more likely

to offer inclusive benefits than other industries

While women in Tech are as likely to move across business units or geographies, it is less of an expectation for career advancement in Tech – which places women at a relative advantage

… but there is still *work to be done*

Tech companies have committed resources to pay equity analysis, but…

1 in 4

companies fail to budget for pay equity adjustments separately and do not have a remediation process for pay equity risk

Tech companies are

1.7x less likely

to use D&I technology in the process of identifying high potential employees

Tech leaders have good intentions, but are they being thwarted by ineffective people practices too often?

While leaders across industries connect D&I strategies with their organization's ability to attract talent, Tech leaders further recognize the role of D&I in driving innovation – but face challenges translating that D&I vision into reality

Is everyone on board with the change?

3 in 5

people managers not being trained to support flexible working

<1 in 2

Tech companies have leaders actively promoting flexible work options

Are we going far enough to motivate change?

1 in 3

Tech companies do not have formal goals associated with D&I

<1 in 5

Tech companies have executive comp targets tied to diversity

The importance leadership in Tech places on D&I doesn't always cascade – middle managers and frontline managers are far less engaged in D&I programs and initiatives, diluting effectiveness

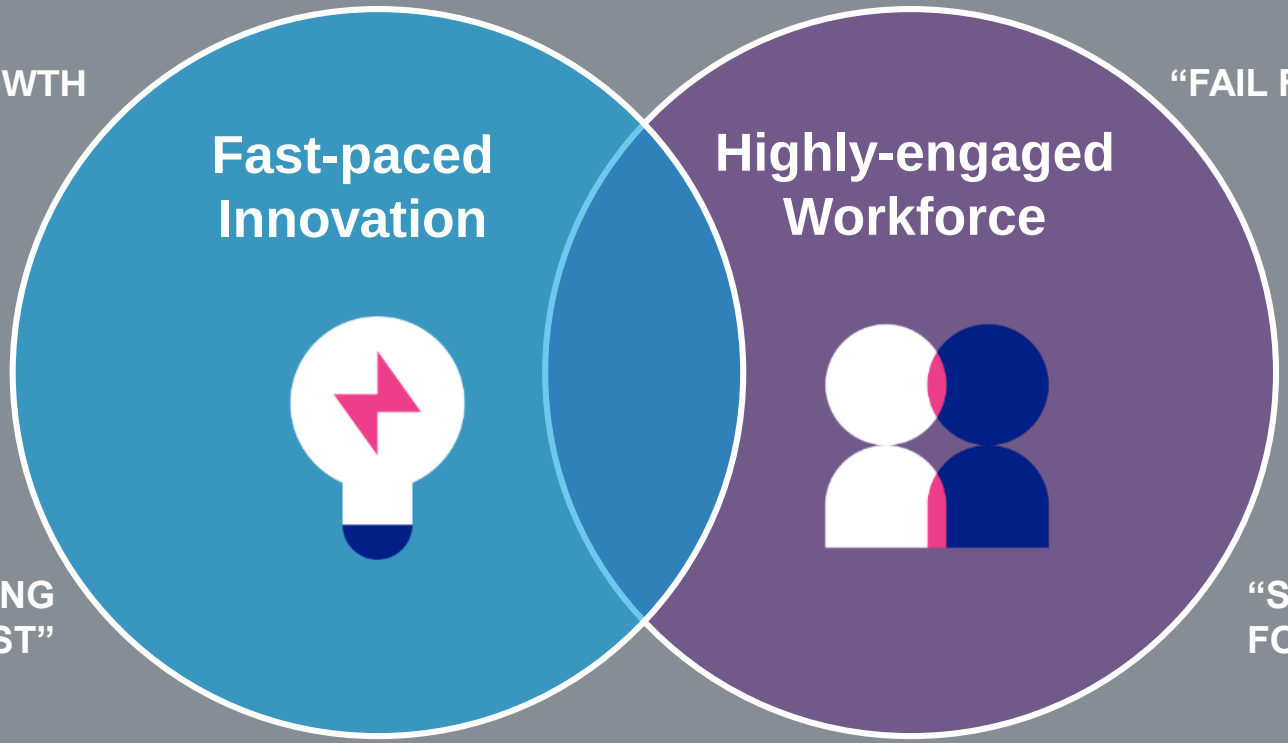
Relative to other industries, the pressure to improve diversity outcomes in Tech doesn't come as much from Boards and outsiders - pressure comes from employees

ITW 2020

Building innovative workplaces in a digital-first world

What are Innovation-driven Tech Workplaces (ITW)?

ITWs are Tech workplaces uniquely characterized by a high degree of innovation and engagement.



"20% + REVENUE GROWTH"

"FOCUS ON CUSTOMER EXPERIENCE"

"RESOURCE SUFFICIENCY FOR INNOVATIVE WORK"

"WE ARE GROWING REALLY FAST"

"FAIL FAST CULTURE"

"COLLABORATION ACROSS TEAMS"

"COMPETITIVE REWARDS"

"SKILL READINESS FOR FUTURE"

"SIGNIFICANT PRODUCT & WORKFORCE CHANGE IN LAST 18 MONTHS"

ITW 2020 research : Key themes

"Optimizing for growth … while working small."

Built in the context of **significant workforce growth**, which:

- Place **extraordinary pressures on employee experience and people programs**
- Emphasize that the **programs and structures of today will not be adequate for tomorrow**
- Embrace a **journey mindset**

Create a culture that **promotes autonomy and access to resources, by:**

- **Cultivating a small company environment** (small team sizes, empowered decision-making, etc.) and
- Developing **personalized employee experiences**
- **Generating diverse career experiences**

"People-first by design … and digital by choice."

- Engaging **employees as individuals with varying preferences, and**
- Recognizing that **innovation hinges on distinct behaviors**
- Building organizations that **enable collaboration & promote feedback,** while also
- Creating **employee-centric people programs and benefits**

- **Investing in digital/exponential technologies** – providing employees the opportunity to **gain experience on next-gen technologies,** while
- Building a **transparent and data-driven culture** and
- Improving **information access to enhance employee experience**

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ITWs strive to create an extraordinary workplace for their employees

There are 5 differentiators that set ITWs apart from the rest of Tech

- Impact-driven vision and culture
- Hybrid skills and learning experiences
- Inclusive people programs and processes
- Flexible organizational architectures
- Digital workplaces

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Impact-driven vision and culture

An impact-driven vision and culture rewards customer focus, collaboration at speed, and comfort with failure.

What ITWs do differently

Focus on customer needs

ITWs align their vision and culture to customer needs

74%	42%
of ITWs	of non-ITWs

Iterate through small bets

ITWs embrace a fail-fast culture in pursuit of innovation

3.6x	3.0x
ITW – Mid-level managers	ITWs - Engineering

Provide psychological safety

ITW leaders protect employees from adverse career consequences if their projects or initiatives fails

100%	79%
of ITWs	of non-ITWs

Combined "Agree" & "Strongly Agree" scores

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Hybrid skills and learning experiences

Hybrid skills and learning experiences encourage learning on the job & codify learning across channels

What ITWs do differently

Encourage new perspectives

ITWs look at problems with a fresh perspectives

70%
of ITWs - Engineering

44%
of non-ITWs - Engineering

Democratize learning

ITWs can opt into trainings that allow them to gain new skills and/or specializations

100%
of ITWs - Engineering

87%
of non-ITWs - Engineering

Combined "Agree" & "Strongly Agree" scores

Building next gen skills 'on the job'

ITWs are prepared to succeed in the human-machine teaming era

100%
of ITWs - Engineering

34%
of non-ITWs - Engineering

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Inclusive people programs and processes

Inclusive people programs and processes are personalized, drive engagement, and promote inclusion

What ITWs do differently

Reward choice

ITWs encourage employees to move frequently into new/diverse roles to advance in their careers

100%	79%
of ITWs*	of non-ITWs

Combined "Agree" & "Strongly Agree" scores

Supercharge inclusion

ITWs offer additional rewards to innovative talent

100%	81%
of ITWs - Engineering	of non-ITWs - Engineering

Combined "Agree" & "Strongly Agree" scores

Create New HR capability stack

ITW HR priorities for organizational investment

#1	#2	#3
belonging & collaborative culture	digital work environment	pay that rewards innovative talent

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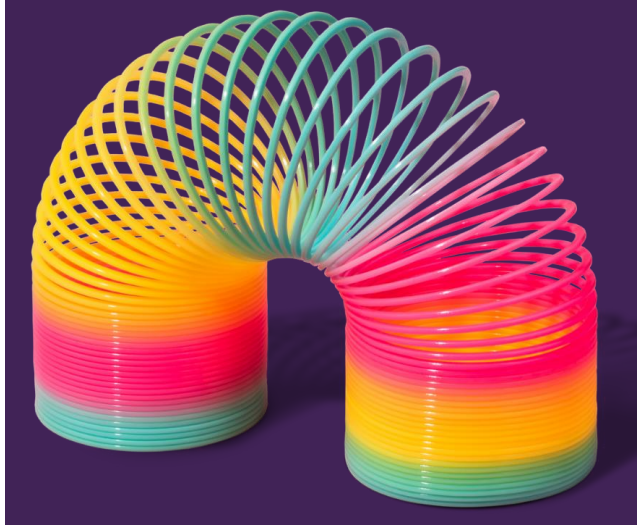
Flexible organizational architectures

Flexible architectures reduce internal fiction, move decisions close to actions, and encourage collaboration



What ITWs do differently

Design for collaboration

ITWs share work/ideas with others in their organization to get feedback

9 in 10	6 in 10
ITW – U.S.	non-ITW – U.S.

Promote extreme ownership

ITWs empower employees to make decisions quickly and support them in doing so

2.2x	1.5x
ITWs – Gen Z	all ITWs

Adopt agile structures

ITWs successfully adapt organizational structures and processes to changes in the business model

75%	43%
of ITWs – U.S. Engineering	of non-ITWs – U.S. Engineering

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Digital workplaces

Digital Workplaces bring together intelligent applications & innovative work practices and encourage teaming

What ITWs do differently

Be digital by choice

ITWs provide the right resources and environment for employees to work in an innovative way

2.5x
all ITWs

2.3x
ITWs - Engineering

Enable Virtual working

ITWs are more likely to have the majority of their employees work virtually or remotely more than 50% of the time

95%
of ITWs – Millennials

66%
of non-ITWs – Millennials

Combined "Agree" & "Strongly Agree" scores

Information access

ITWs make it easy for employees to access business information and services

97%
of all ITWs

100%
of all ITWs – Engineering

Combined "Agree" & "Strongly Agree" scores

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Product Update

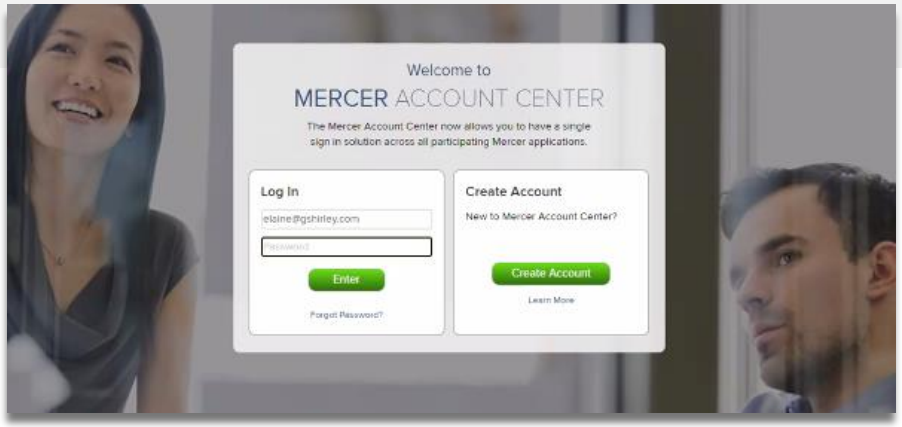
2020 Review and Future Planning

Roger Sturtevant

Discussion

1. 2020 in Review
   - Mercer SSO (Single Sign On)
   - Trend Analysis
   - U.S. Ethnicity Reporting (for those with U.S. Operations)
2. 2021 Planning & Interactive Feedback

Mercer SSO (Single Sign On)



- SSO represents a secure way of accessing Mercer Products
- Comptryx was added to Mercer SSO in late October
- It is important to use the direct Comptryx URL … https://comptryx.mercer.com
- With your Mercer SSO account you can log into Comptryx and other subscribed products
- If you would like to have your company "Federated" with Mercer SSO (log directly to Mercer with your company's credentials), please contact us at mc_support@mercer.com

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Trend Analysis

Nivasen Govender

Value of Trend Analysis

Pay Trends

ACTUAL PAY GROWTH OVER TIME

Workforce Churn

HIRING / TURNOVER CHANGES BY JOB / LOCATION

Diversity

ARE INITIATIVES TURNING INTO REALITY?

Transformation

POPULATION AND PAYROLL SHIFTS

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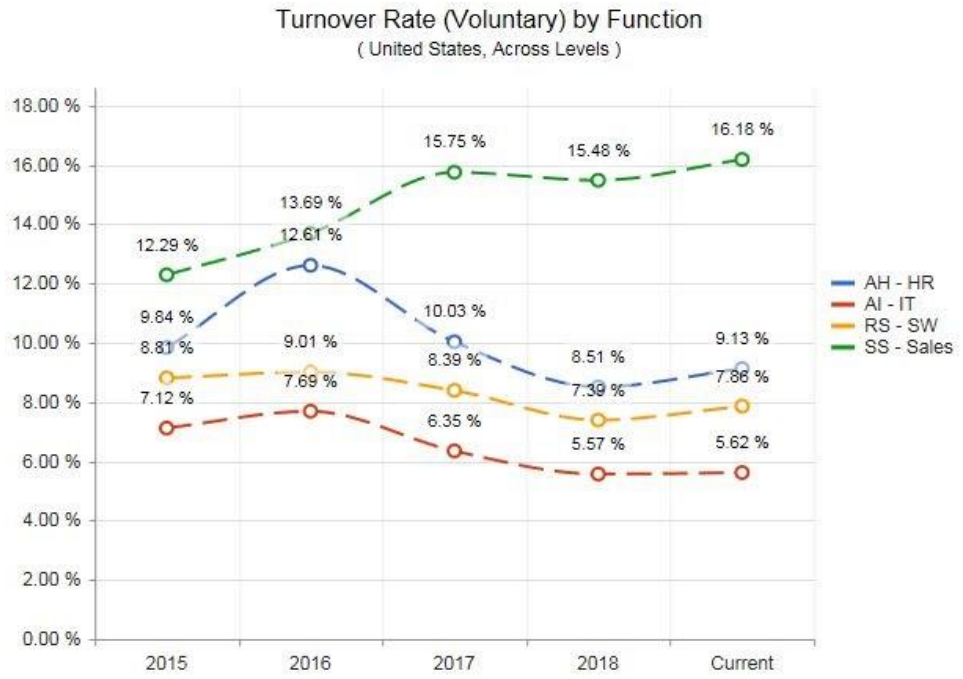
METRICS TO TREND

Turnover Rate (Voluntary)

- % Headcount of Population
- Management Span
- Employee Tenure
- Employee Age
- Employee Experience
- Comptryx Job Level
- % Top Performer
- % Promoted
- Promo as % of Base
- % VP In Title
- Retention Rate
- New Hire Rate
- Turnover Rate (Total)
- Turnover Rate (Voluntary)
- Churn Rate (NH + Tot Term)
- % Top Perf Termed
- % New Hire Termed (Total)
- % New Hire Termed (Voluntary)
- Pay
- STI / Target Total Cash
- LTI / Total Direct Pay
- Fixed Base / Comptryx TCC
- % Female
- Wage Gap

Parameters ?

Data Source	Your Data & Market Data
Market View	All Companies
	☑ Use the same set of Companies for each data-point of a trend-line.
Trend Years	5
Metric	Turnover Rate (Voluntary)



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View / Create Reports...

Reset **Run Query**

Parameters

Data Source	Market Data
Market View	All Companies
	☑ Use the same set of Companies for each data-point of a trend-line.
Trend Years	5
Metric	Pay
Pay Element	Fixed Base
Calculation	Employee Wtd Avg
Currency	Euro (EUR)

Population

Location	Global
Function	R - Research & Development
Level	P3 - Proficiency

Category

Location

Values to Trend

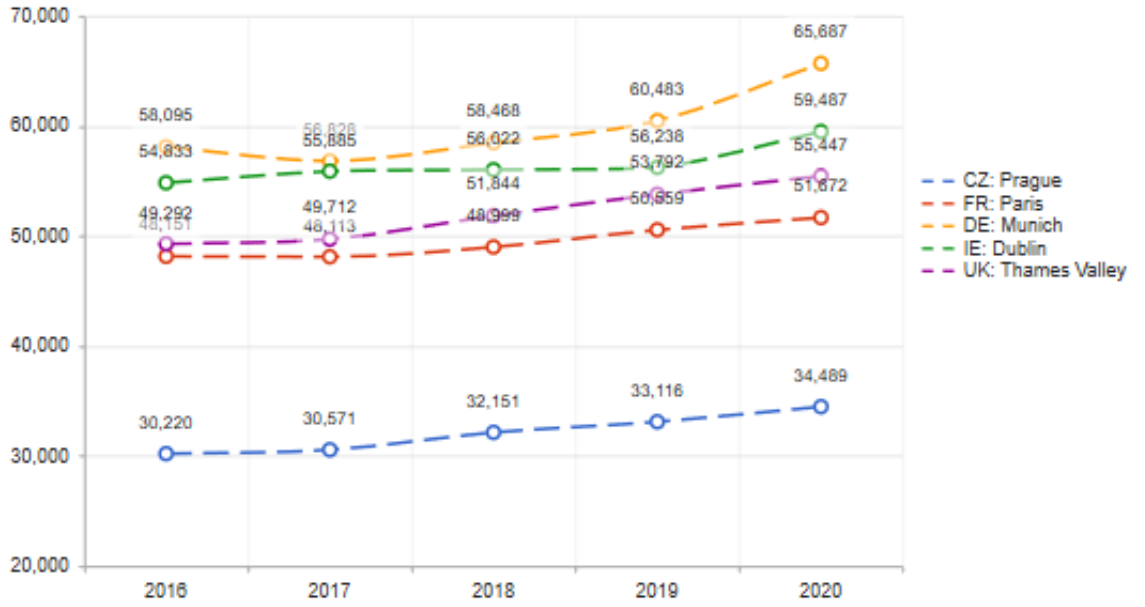
- ☐ France
  - ☐ FR: Lyon
  - ☐ FR: North/NW
  - ☑ FR: Paris
  - ☐ FR: South
  - ☐ FR: Strasbourg
  - ☐ FR: Toulouse

Market

Pay: Fixed Base [EUR], EE Wtd Average by Location

(R - Research & Development, P3 - Proficiency)

Market View: All Companies, Used same set of Companies across a trend-line.



HIDE CHART LABELS

Pay: Fixed Base [EUR], EE Wtd Average by Location

(R - Research & Development, P3 - Proficiency)

Market View: All Companies, Used same set of Companies across a trend-line.

Market	2016	2017	2018	2019	2020
CZ: Prague	30,220	30,571	32,151	33,116	34,489
FR: Paris	48,151	48,113	48,999	50,559	51,672
DE: Munich	58,095	56,828	58,468	60,483	65,687
IE: Dublin	54,833	55,885	56,022	56,238	59,487
UK: Thames Valley	49,292	49,712	51,844	53,792	55,447

Display # Companies and FTE's

U.S. Ethnicity

U.S. Ethnicity in Comptryx

View / Create Reports... Excel Print **Analyze by: U.S. Ethnicity**

Select Global Parameters

Mkt View:	All Companies
Pay Element:	Total Direct Comp (WA)
Currency:	US Dollar (USD)

Profile	Hdct	Rev ($M)
Average	13,368	5,718
Median	1,787	744

Reset Apply

Select Population

Level:	Across Levels
Function:	Across Functions
Location:	United States

Reset Apply

Select Values to Display

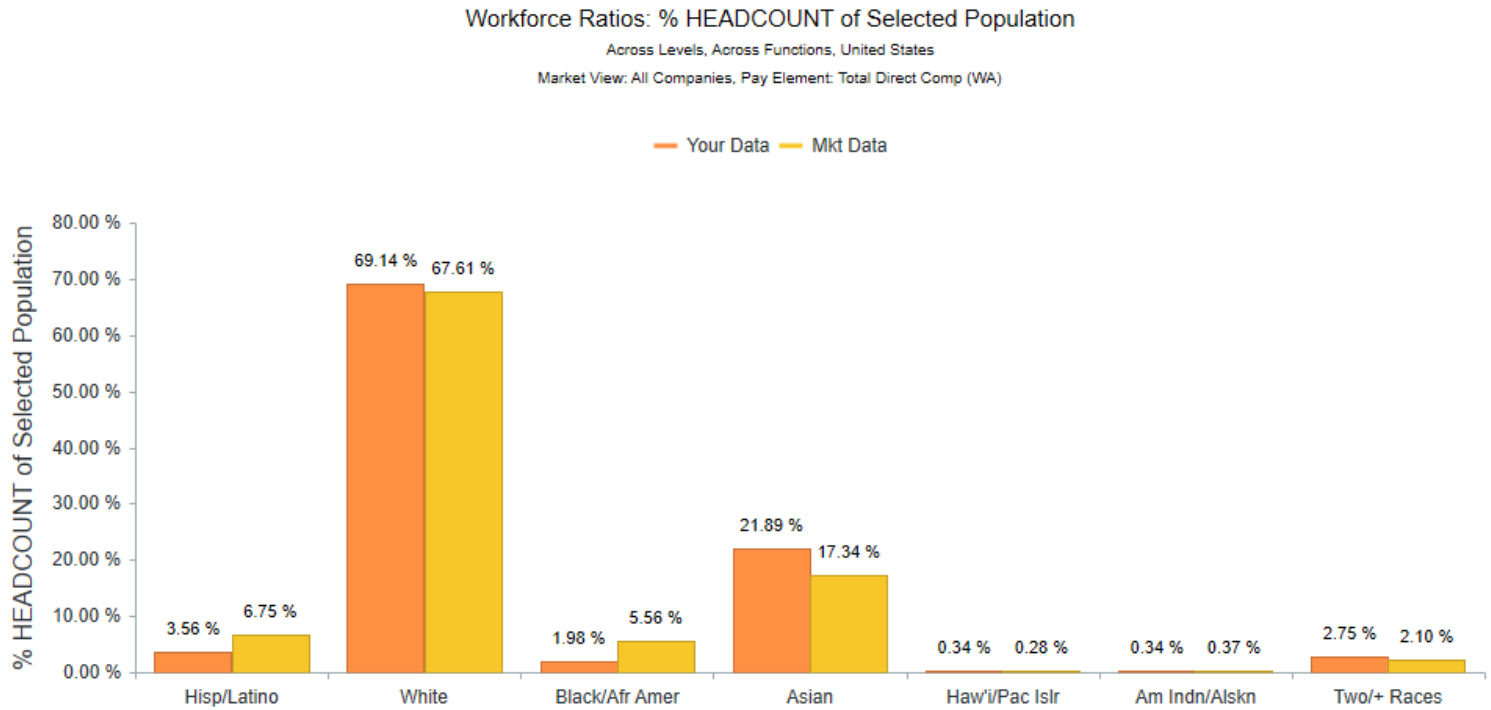
U.S. Ethnicity Categories

- [x] Hispanic or Latino
- [x] White
- [x] Black or African American
- [x] Asian
- [x] Native Hawaiian or Other Pacific Islander
- [x] American Indian or Alaskan Native
- [x] Two or More Races

Reset Apply

Theme: White - Orange/Yellow

Graph: Column Chart



Graph Sort: default A..Z 100 YOU 0 100 MKT 0

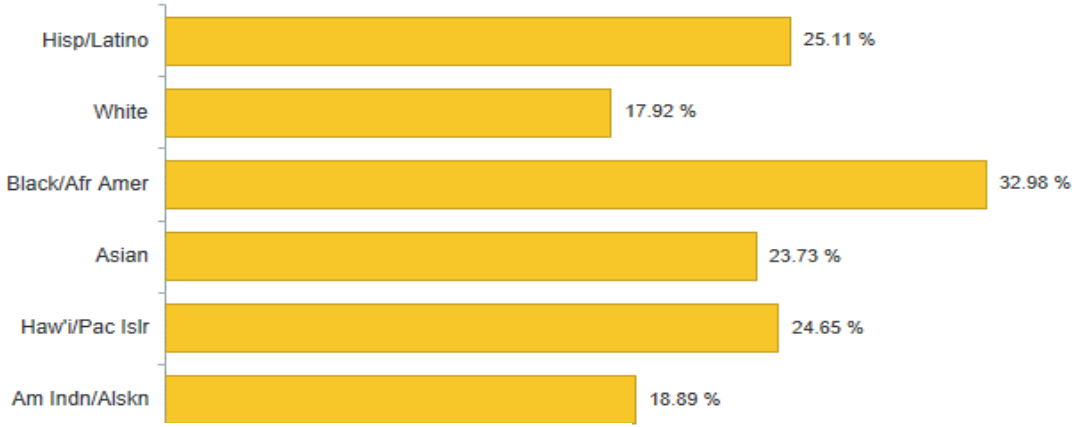
Hide Table Charts

	Hisp/Latino		White		Black/Afr Amer		Asian		Haw'i/Pac Islr		Am Indn/Alskn	
	Your Data	*Mkt Data*	*Your Data*	*Mkt Data*	*Your Data*	*Mkt Data*	*Your Data*	*Mkt Data*	*Your Data*	*Mkt Data*	*Your Data*	*Mkt Data*
% HEADCOUNT of Selected Population	3.56 %	6.75 %	69.14 %	67.61 %	1.98 %	5.56 %	21.89 %	17.34 %	0.34 %	0.28 %	0.34 %	0.37 %

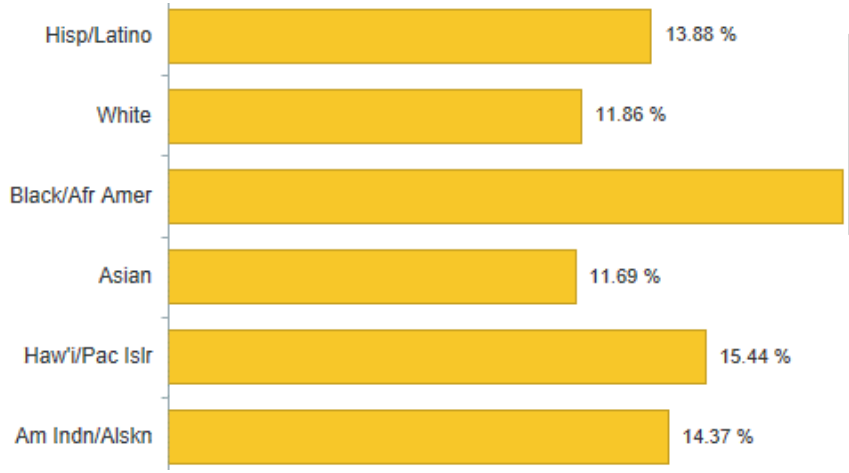
U.S. Ethnicity

Black hiring 84% greater than white. Highest of all groups

Hiring Rate

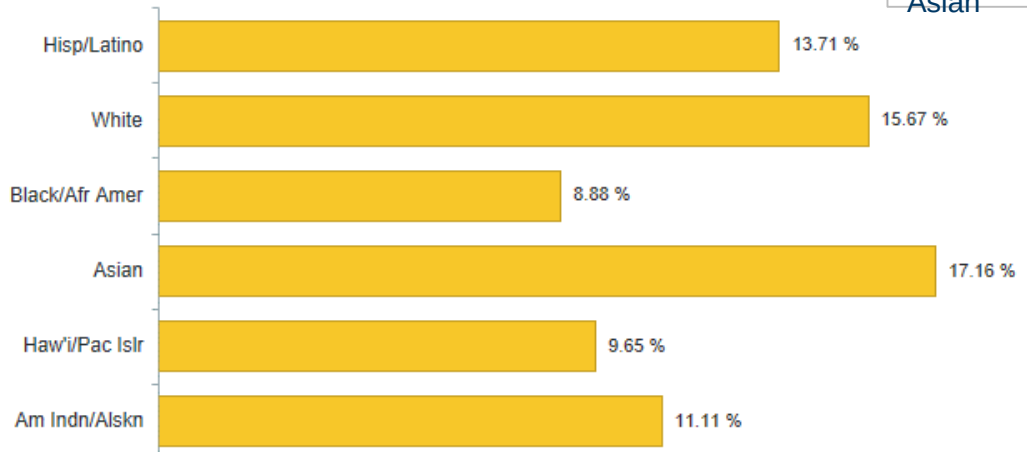


Turnover Rate



Black turnover 63% greater than white. Highest of all groups

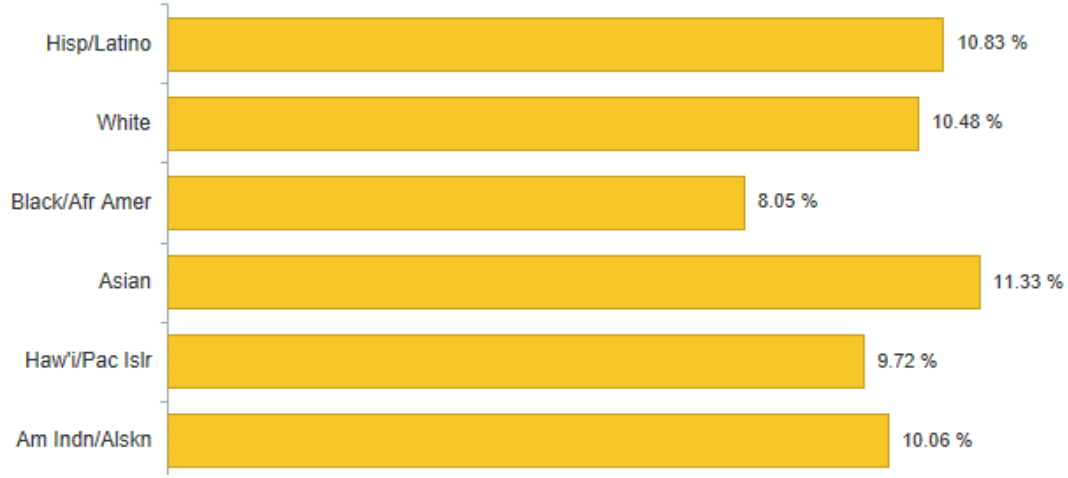
% Top Performer



Black ee's receive top performer rating at half the rate of White, Asian

Black/African American has the lowest promotion rates of any ethnicity category

% Promoted



Comptryx Roadmap & Active Feedback

Comptryx Roadmap Feedback

Simplify Data Input

Mercer Data Connector

Show my Organization

ILM (Internal Labor Map) with external benchmarks

Surface Diversity Insights

DEI Dashboard to highlight key diversity insights about my organization vs peers

Workforce Dashboards for Executive Review

Enable me to build customized reporting & dashboards that I can use for executive reporting

Integrate Comptryx to our Systems (HRIS, etc)

Give me fresh and automated insights into my organizational metrics (with benchmarks)

Total Rewards – Added Benefits Detail

Add detail for benefits costs (Health, Wealth) so that I can better optimize my total rewards

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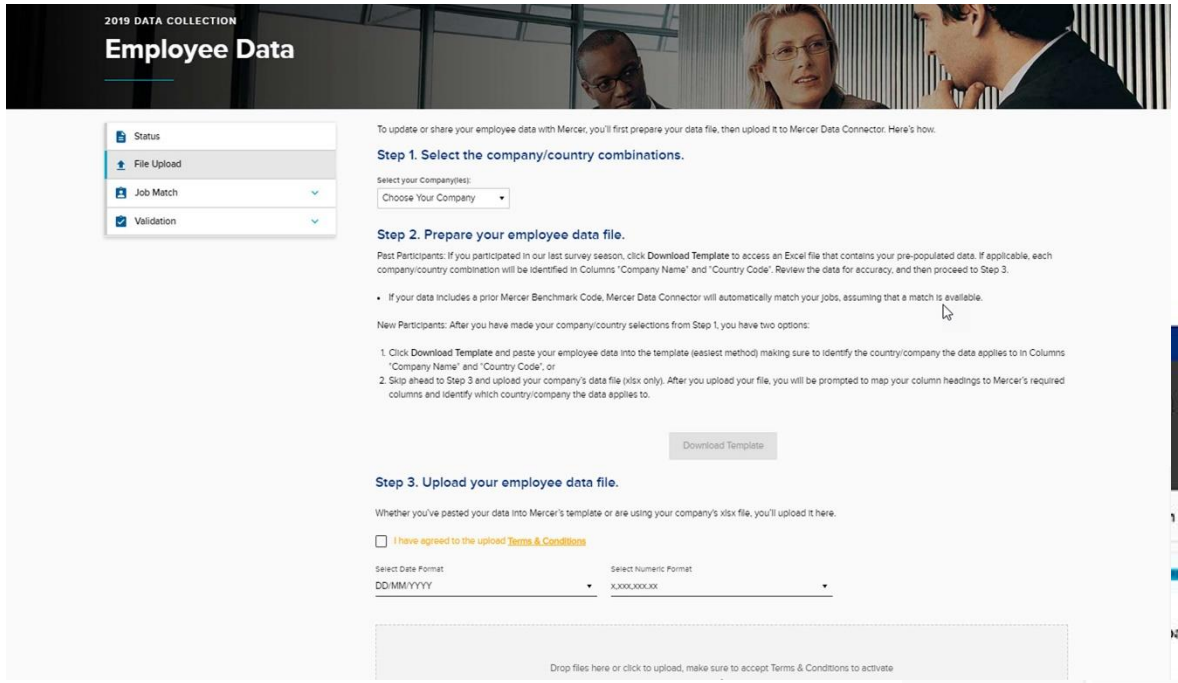
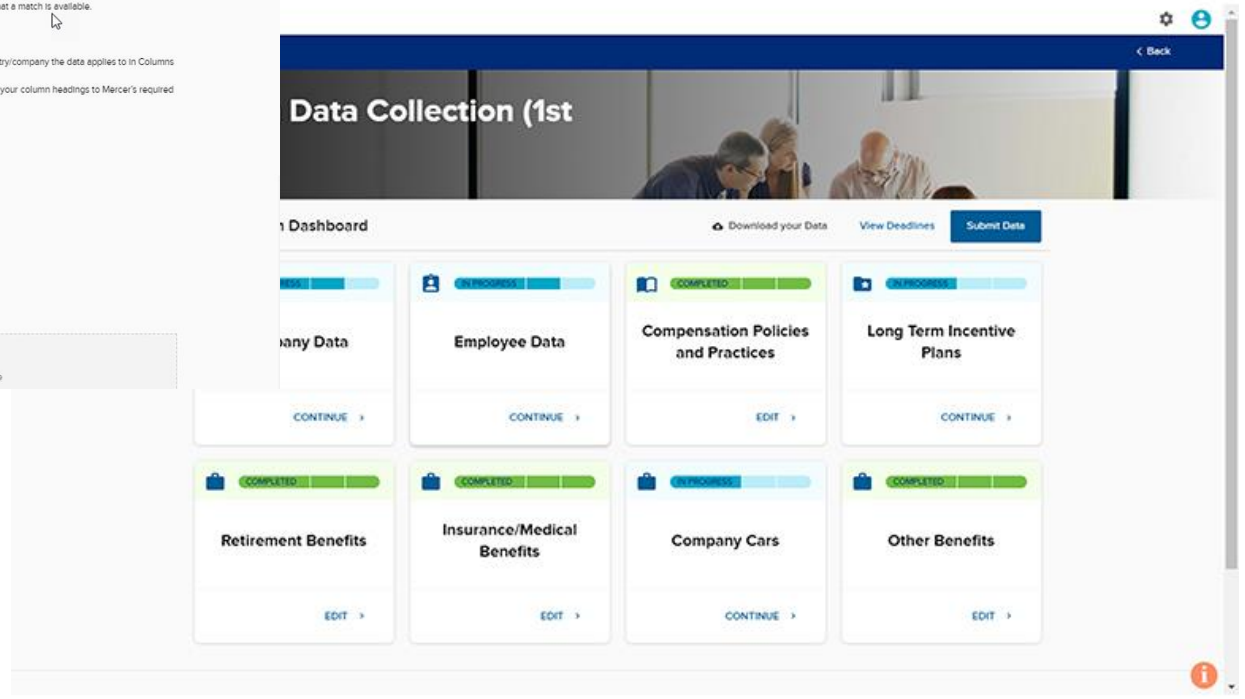
Mercer Data Connector

DIGITAL EDGE50 AWARDS 2019





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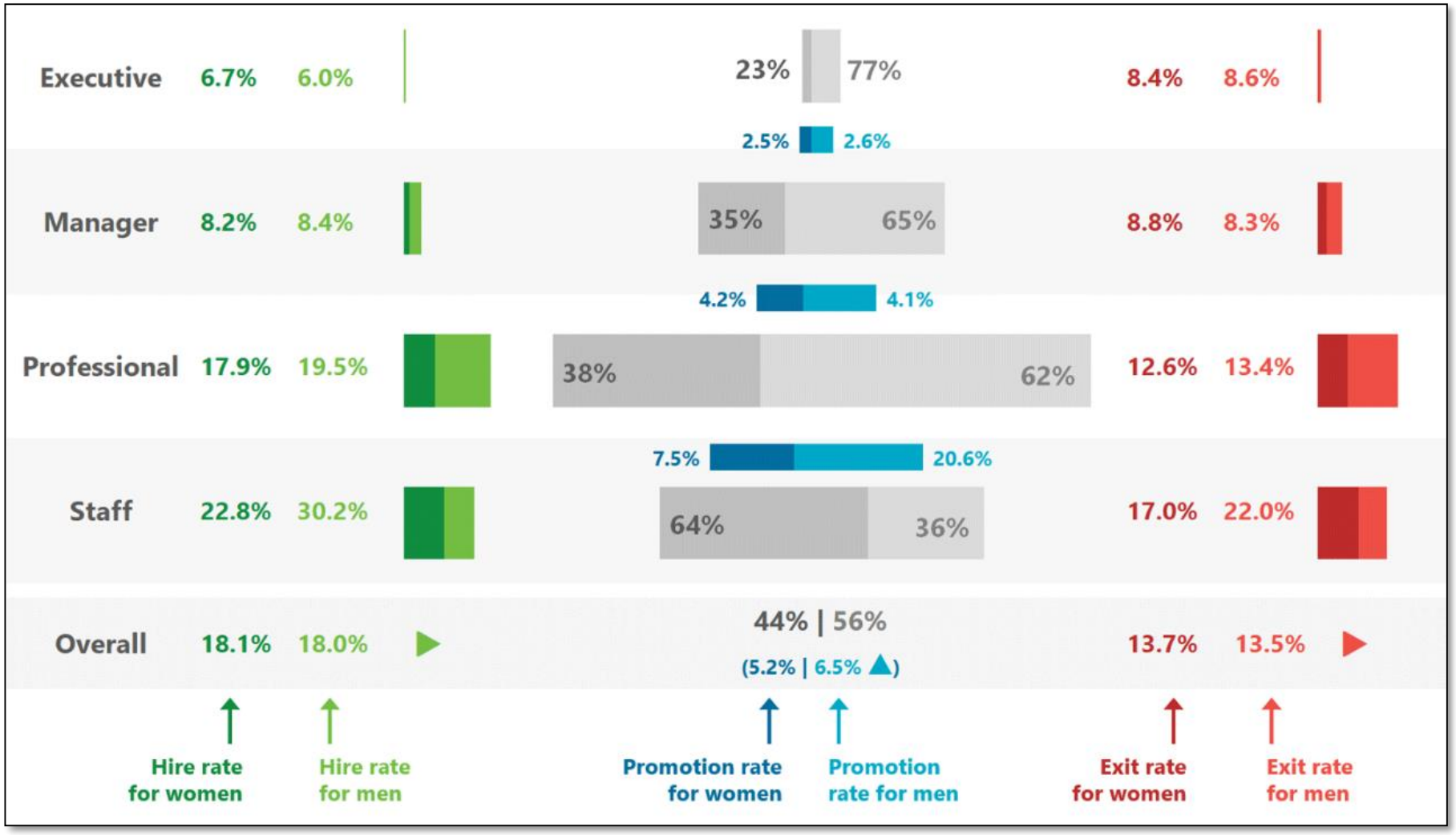
Mercer Internal Labor Map

Gender Focused View



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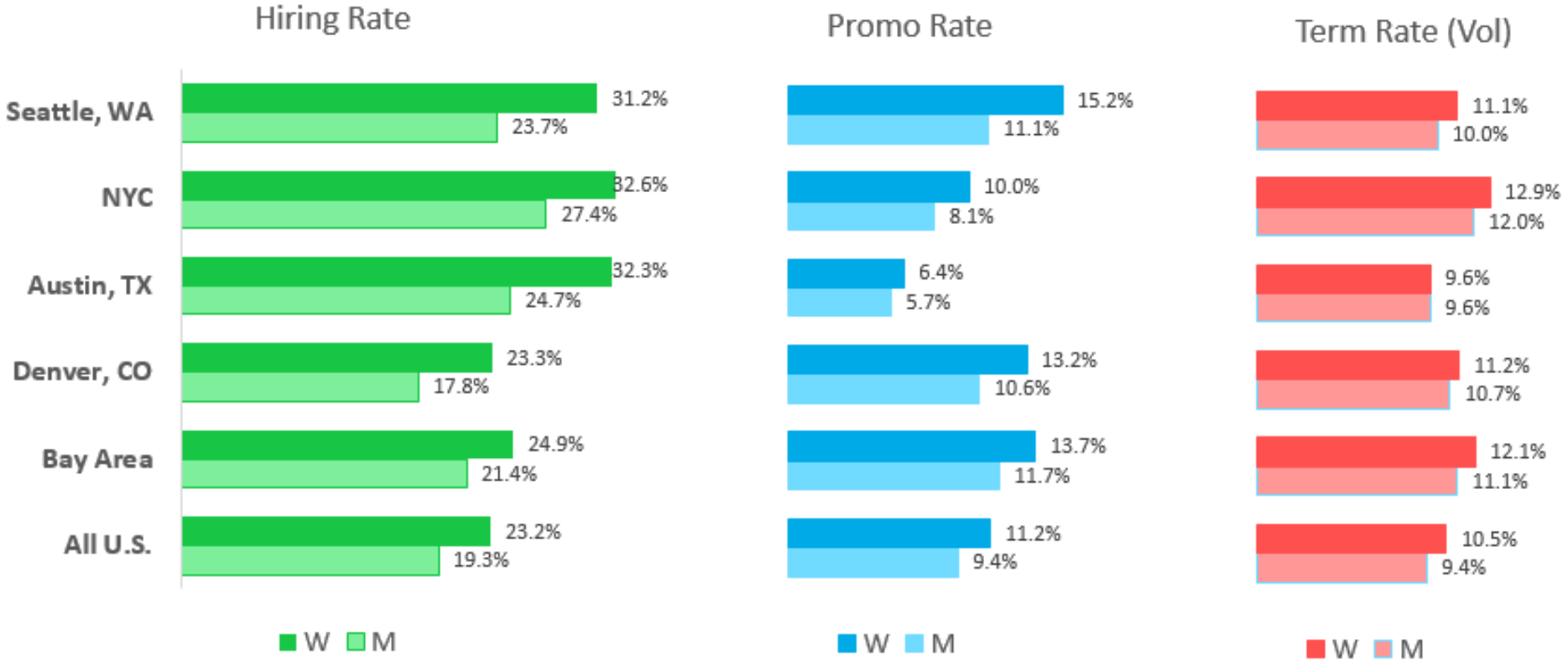
Gender Equity – External Labor Market
male vs. female (hiring, promo, term)



- Females exceed males on these 3 metrics for the U.S. and each location
- NY Tri-State metro has the highest female hiring (32.6%), but also the highest turnover (12.9%)

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Source: Mercer | Comptryx

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Feedback Polls

Please help us prioritize our product initiatives!

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Q&A and open Forum

Open Forum

Please type your questions into the Q&A panel at the bottom of your screen at any time!

Raise your hand if you want to ask a question or share your viws – we will unmute you!

Use the chat to share your views – select “chat to everyone” so all can join in!

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welcome to brighter