

Helma International Newsletter – April 2014



EDITORIAL

Crisis and International Mobility

Europe has been experiencing a series of serious crises over the last 3 years and the signs of recovery are still unclear.

Will they have an impact on companies' international mobility?

For many years now the search for cost-saving solutions has become constant, of which we can distinguish different forms:

- Decrease in the value of packages with reduced benefits (deletion or decrease of mobility premiums, reduced housing budgets, decrease of benefits over time,...).
- Price pressure on suppliers (moving, benefit taxation, relocation ...)

Purchasing Departments, not that present in our business a few years ago, are now much more involved in purchasing relocation services and negotiating prices.

Following this logic, companies in certain sectors (like the banking sector) even tend to reduce their number of expatriates. However, according to a recent study (Brookfield - 2013 survey report) 52% of companies in 2013 continued to increase their number of relocated employees, when only 13% reduced them.

What better way to find growth through international expansion, as a sort of salvation for the years to come?

Countries are not affected in the same way by these evolutions. France, which is very attractive to students (Paris is the favorite destination in the world, according to the international ranking of the universities' office of British studies QS) suffers a dramatic decrease in foreign investment (-77 % of FDI - Foreign Direct Investment), especially large U.S. companies, probably frightened by recent announcements of record taxes.

In the rest of the world, the crisis is not felt in the same way. Asian countries continue to show enviable growth rates (8 % for China, 5% for Malaysia) and are always in demand of a highly qualified workforce. They continue to attract many expatriates. International mobility is a lever that fuels the growth in developing countries and provides career opportunities for qualified people from European countries in crisis. Let's try to see the glass half full rather than the glass half empty half.

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HELMA Relocation department Manager

EXPERTS SPEAK

Global Mobility Outsourcing : GECs, Hubs, SSCs- A varied range of solutions

Do most of your expatriates have a different nationality than that of your Company's headquarters ? Are they, for the most part, *TCNs** - assignees whose country of origin and country of destination are different from that of your Company's HQ ? Have your global mobility policies become more regional or zone-oriented lately (eg : Latin America, Asia-Pacific,...) in order to better address regional talent retention issues within each zone ?

If the answer to one of the above questions is yes, then you may have heard of *Shared Services Centers (SSCs)*, *Global Employment Companies (GECs)* or *Hubs*. All of these terms address global mobility outsourcing aspects, at various levels of complexity. Why pick one or the other solution?

I am sure your Company has already outsourced part -or all -of your expatriate administration and package calculations through an external provider, HELMA International being one of them. Going up one notch on the outsourcing scale would be to open a *Shared Services Center (SSC)*, operated by in-house employees located preferably in one of your subsidiaries where labor costs are advantageous (eg. Romania). The SSC's mission would typically be to manage all administrative aspects as well as package calculations, whichever the nationality of the contract, the country of origin or the country of destination is. Compared to the SSC solution, another (full-scaled) mobility outsourcing solution is to create a specific subsidiary dedicated to mobility management called *Global Employment Company (GEC)*, also known as *hub*, whose operations can be delegated to an experienced supplier with a dedicated team and in-depth expertise in global mobility, ensuring an equivalent mission to that of a SSC. However, the *GEC's* specificity lies in the domicile of the mobile workforce's home country work contract, which is being relocated centrally to the GEC, whether in Switzerland or Singapore, where legislation and tax regulations are optimal.

There are several advantages to these solutions, often combined :

Professionalization of mobility management

Global mobility files are handled by mobility professionals with in-depth expertise. The supplier adapts its workforce to the volume of services to be rendered and compensates for the potential lack of resources or ad hoc in-house skills in a flexible manner;

Cost optimization and enhanced access control and governance

When a SSC is being established in a country where labor costs and social and income taxes are lower (eg . Romania), or when all of your mobile workforce's work contracts are domiciled in a single country (eg . Switzerland or Singapore where the legislation is favorable) and managed centrally, like in the case of a *GEC* or *hub*, the global mobility cost will decrease. This is the result of combined factors such as lower social and income taxes, as well as "bulk purchase" arrangements with vendors that only a central point of management can offer. In addition, the centralization of data and skills associated with global mobility enables international groups to make wiser decisions in terms of finance, logistics,...

Retention of talent

Some groups have already opted for the creation of several hubs, by region (such as Latin America, Asia Pacific,...)- i.e. closer to the market - enabling them to better attract and retain critical skills.

Should above described solutions appear to you as the answer to part, or all of your global mobility issues, one should not however underestimate the difficulties and risks associated with each configuration (rebilling issues between entities, litigation in connection with the domicile of the work contract, risk of permanent establishment ...) Therefore, the choice of a particular global mobility management configuration should be carefully and rigorously planned, together with the full participation of all company stakeholders (HR, tax, accounting, legal, ...)

* *TCN : Third Country Nationals ; for example, an employee of the German subsidiary of a French group , expatriate in Brazil*

TESTIMONIAL

IN VIVO – Food Processing Engineering Company is sharing their experience with HELMA International

HELMA International has been our international mobility partner for three years now. Day in, day out, they have been able to provide IN VIVO with pragmatic answers to our global mobility questions. We came to HELMA International because they had just the expertise in international mobility administration, package calculation - in addition to consultancy capability in tax, labor law,... - we were looking for, prior to outsourcing our global mobility. Their teams are multi-disciplinary, but we only have one single point of contact – we believe this is a competitive advantage that HELMA International has over their competitors.

MUST KNOW ...

1) On 17th of February President François Hollande invited several foreign investors and companies already settled in France to the Palais de l'Elysee. On that occasion he presented different measures destined to increase France's attractiveness for Foreign Direct Investments.

Among the measures introduced, the most important are :

- **Launching of a new Business Visa for investors, capital partners and business developers** from Emerging countries. This visa would have a validity of 5 years and it should be possible to obtain it within 48 hours.
- **Specific Residence Permit for scientists and students:** they should benefit from a new Residence Permit with a validity period that would equal the duration of their secondary education. So instead of applying for a new RP each year, students and scientists would have an RP whose length matches their curriculum.
- **A single point of contact for start-up investors** as well as assistance on administrative formalities.
- **Merger between France's international Investments agency (AFFI) and UBI-France** (Organization in charge of developing French exportation)
- **Launching of a Talent Residence permit** with a 4 year validity : this passport should help attract business creators and young professionals to France. However it is not yet certain how this professional immigration tool would complete the existing immigration solutions.

2) A circular dated on January 3rd, 2014 also simplifies obtaining a residence permit for foreigners

In the future applicants for a Residence Permit will receive a temporary Residence permit (called *récépissé* in French) with a validity of 6 months. This is to avoid Foreigners having to present themselves repeatedly at the administration offices during the application process.

INTERNATIONAL MOBILITY EVENTS



- **19th of June:** HELMA International breakfast – Presentation of results: Benchmark of current practices in International Mobility
- **26th of June:** 7th International Mobility Summit organized by Humanis International at the Pré-Catelan, Paris.
- **26th of October:** HELMA International birthday (10 years)

PROFILE



Blandine VALLA
HELMA Relocation department Manager

A graduate from EDHEC Business School, Blandine began her career as a buyer and event-consultant.

Before joining the business of Relocation, she spent 15 years as an expatriate in Italy (Milan), New York and Chicago.

Within her 10 year experience in the Relocation business, Blandine has held various positions. She started as Account Manager, was then offered a position as Sales Manager, before becoming Office Manager.

Blandine joined the company in December 2010 as Relocation Chief Operating Officer. She managed the teams in charge of delivering Relocation services in France, she also set up and into motion an array of procedures, as well as managed external service providers.

Further to the acquisition of Brookfield France by HELMA International in July 2013, Blandine is now responsible for one of our major departments: Relocation services. She manages the Global Account Managers (GAM) who assist assignees with their home & school search, house hold goods move, and settling-in in their new host country. Blandine supports GAM in their relations with our clients. She also ensures that they have the right tools and the necessary training to provide our customers (both assignees & Companies) with the best quality of service, while complying with International mobility policies in force in client companies.

She ensures that our services are in line with our customer contracts and may suggest, together with our Sales Department, additional services based on the regular feedback she receives from our customers.