Hello and welcome to this eLearning.
At the end of this session, you will be able to:

- Discuss general SAP ERP localization topics for Ukraine
- Explain the key Ukrainian localization features of SAP ERP Human Capital Management

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- Outline the Ukrainian localization features of SAP ERP Human Capital Management
This is our agenda:

- First, we will introduce the Ukrainian country version and provide you with an overview of SAP’s business activities in the Ukraine. We will also discuss the Ukrainian legislation. This will give you some background to help you better understand the Ukrainian market complexity.

- Next, we focus on general questions, such as:
  - What is the delivery model for Ukrainian localization?
  - How can you align the Ukrainian country version with a company’s global template?

- We will then present the solution map of Ukrainian localization for SAP ERP Human Capital Management.

- Finally, we provide you with some sources of information for the Ukrainian localization.
SAP has a well-established infrastructure and business in the Ukraine.

In 1992, SAP appeared on the CIS market and was acting as a representative office until 2002. As of 2002, we have a fully operational local subsidiary in Kiev that acts as an operational basis of SAP for the Ukraine.

The CIS organization has always demonstrated good performance, being in the top 10 markets for the last several years and moving steadily towards the top 3.

It is particularly remarkable that CIS has always shown excellent margin performance, comparable to top-performing SAP countries.

- Present on the market for over 18 years
- Within the SAP world, SAP CIS became the 5th top market in 2010 up from the 9th place in 2009.
- Customer network of over 1,100 companies
- Estimated number of SAP users in CIS: Approximately 450,000
- Largest customers are RZD (about 160,000 users), Gazprom (60,000 users), and Rosatom
- 600 employees, distributed over 8 office locations
- 120 service partner companies; 5,000 to 6,000 SAP consultants
SAP has dominated the entire CIS ERP market segment with over 50% annual share.

SAP has a well-established infrastructure in Ukraine. SAP does not only have a representative office, located in Kiev, but also an established development and support infrastructure for Ukrainian country versions.

The Ukrainian country version is produced by SAP Globalization Services and is represented by a team of approximately 50 employees, mostly located in Kiev and Moscow. SAP Active Global Support, production, and validation teams also have their representatives in the Ukraine.

This helps SAP to ensure that all parts of the development and maintenance cycle are represented for Ukrainian country versions in the Ukraine, and close to the customer:

- Product/solution management
- Development
- Knowledge management
- Quality assurance
- Validation and Production
- Primary and second-level support and development support
SAP established a solid country version development infrastructure because of the complexity of Ukrainian legislation in the HR area.

The key difference between Ukraine and other countries is the depth of legal regulations. All steps in HR processes are regulated by the legislation and require that SAP provide the corresponding functionality in the country version to help customers to run their businesses in compliance with the law. In the Ukraine, we now have hundreds of active legal acts and authorities’ statements that are relevant for HCM processes.

More than 20 completely new normative legal acts affecting Human Capital Management were established in 2011. This figure dramatically increased in 2012.

After years of relative stability, Ukrainian labor laws are now going through many changes.

The central process that unifies all HCM activities is payroll. Legal compliance is necessary at all steps of this process, from source data to official reports. Some legal requirements affect the maintenance of master data about employees, especially their personal data, which is protected by specific federal laws. The law defines forms of related documents, for example the labor book for employees.
Data from primary sources of information is processed according to complex mathematical and logical formulas during the payroll process. Payroll consists of two parts: calculation of payments (gross) and deductions (net). Non-regular payments are realized with off-cycle functionality. Payments to different recipients are the next step after gross and net calculation. All of these activities are strongly regulated by law. Different cases require different tax rates, different additional payments, and so on.

Many state reports and other documents serve to check the consistency and correctness of all calculations. Complex reporting templates accumulate data from previous stages of the process. Keep in mind that legal templates change frequently.

Such a complex legislation structure is faced with a high frequency of legal changes:

- Up to 10 per week: Relevant for different areas of HCM processes; can be solved by changes in Customizing or changes in HCM processes.
- Up to 3 per month: Legal changes require the corresponding adjustments in the functionality of the country version.
- Up to 5 per year: Dramatic legal changes require a lot of development effort for the country version.
The Ukrainian country version is delivered as an add-on for the standard SAP software.

All of the country-specific functions for Ukraine are supplied as a part of the add-on. To use the country-specific features delivered by SAP for Human Capital Management, you need to do the following:

- Install the UA add-on.
- Activate country **UA** for the new company code.
- Install **SAP Library Ukraine**.

The lifecycle of the Ukrainian country version is similar to other standard localizations delivered by SAP:

- SAP delivers legal changes, as a first-priority task, through SAP Notes available for download from the SAP Support Portal.
- Legal changes per country are shipped via CLC (Country Legal Changes) Packages.
- Accumulated legal changes and minor functional improvements are delivered via Support Packages (for SAP_APPL package).
- New functionality, which improves both the scope and flexibility of the country version, is added through enhancement packages.
Before we dive into the SAP ERP HCM solution map, let's have a glimpse at the legend:

- **Standard delivery**: The country-specific functions are directly implemented in the software, and do not constitute separate applications. All the standard functionality – including bug fixing and legal changes relevant for already delivered functionality – is maintained by SAP according to a customer maintenance contract. The delivery of new legal requirements for new forms, functions, and taxes depends on the data availability in the system, LC complexity, and the relevance to already delivered country version functionality.

- **Best Practices**: Country-specific functions are available in SAP CIS Consulting as consulting SAP Notes or as SAP CIS consulting services (paid by customers). These country-specific functions are provided as Best Practices due to the high dependency on the customer’s business or the customer’s HCM policy, or due to unstable HCM legislation. Best Practices are not supported within the maintenance contract framework. Because the Ukrainian country version is continuously improved, SAP may add some best-practice solutions to the country version roadmap.

- **Limitations** refer to absent functionality for separate country-specific legal requirements. In most cases, limitations can be classified as follows:
  - Requirements cannot be automated due to the absence of the corresponding data in the system.

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− Limitations can be solved outside the SAP system at much less cost to the customer. Mandatory employee appraisals are a good example. Of course, SAP might be able to develop an automated solution, but it would be very complex and would result in high implementation costs for the customer. These costs would be much higher than the cost of performing the required procedures manually. Therefore, SAP does not include an automated solution in the country version.

− Some limitations are planned to be included in future releases according to the country version portfolio planning.

In this session, we will pay attention to how customers can identify limitations in their own business and close these limitations during the implementation phase of the project.
In addition to the international processes that apply to all countries, Ukrainian HCM localization covers the specific functions related to the local legal environment. This solution map does not cover the generic functions of SAP software, but focuses on local market requirements only.

The complexity of this solution map correlates with the complexity of Ukrainian legislation. This affects almost all components of Financials and Logistics. The most important areas for managing the daily business are already delivered by SAP; however, SAP expands the Ukrainian country version from release to release to provide tailored (localized) functionality for more specific business areas in the Ukraine.

The SAP ERP HCM country version includes specific functionality in different components like Personnel Administration with Time Management or Organizational Management. From a process point of view, the Payroll component is the liaison between all parts of SAP HCM, because it gathers data from each component and transforms the data into results for both legal reporting and activities such as payments.
Employee Self-Service is an effective toolset by means of which employees can manage their own labor processes.

The Reporting component is used to prepare regulatory and tax reports required by the authorities. This component allows you to evaluate payroll data and to ensure legal compliance.

The standard system comprises reports in the following areas:
- Organizational Management
- Personnel Administration
- Payroll
- Pension Insurance
- Time Management

Wage Type Reporting is a multipurpose tool for preparing a large number of other reports.
The purpose of Payroll is to calculate the remuneration for work done for each employee.

However, Payroll does not just involve the calculation of remuneration; it also consists of a variety of processes that are becoming increasingly important due to the employer’s increased obligation to supply benefits and medical welfare. These benefits are products of labor laws, tax laws, civil laws, reporting laws, and information laws.

The component allows you to perform the following functions:

- Generate and evaluate an employee’s net pay
- Calculate contributions and taxes
- Create reports for different Ukrainian funds
- Process garnishment payments and corresponding reports
- Create remuneration statements
- Prepare data for the Ministry of Statistics
In addition to regular gross and net payroll, you can use off-cycle payroll for irregular activities such as:

- Vacations
- Temporary disability payments
- Bonuses (for example, Women's Day or New Year)
- Correction calculation (for example, in the case of incorrect payments for the previous month, recalculation for previous month without changing the calculation of the current month)

The system calculates the gross and net pay, which comprises the individual payments and deductions that are calculated during a payroll period and are received by an employee. These payments and deductions are included in the calculation of the remuneration using different wage types.

After the remuneration payroll, you can perform various subsequent activities. For example, you can see to remuneration payment or the creation of various lists, and make evaluations.

The payroll results contain information that is relevant for accounting, so Payroll Ukraine is integrated with the Financial Accounting and Controlling components. This allows you to pay your employees and evaluate payroll results.

Country-specific master data Customizing for Payroll includes, for example, additional payment rates for work in extreme northern regions.

Different reports are created on the basis of Payroll. Only tax ledger is not supported. There is no single legal form of the tax ledger document.
Ukrainian Personnel Administration is subject to legal regulation on all levels, including master data and Customizing, business logic, and reporting. With respect to the system architecture, this means many specific settings, tables, fields, infotypes, and report templates.

Some differences compared to the international version are simply due to the Ukrainian business culture, for example, use of patronymic names, local education degrees, and titles. However, most of the specific objects are a direct consequence of legal requirements and common business practices.

Country-specific personnel actions are used to meet the requirements for storing employee data in the Ukraine. Because Ukrainian legislation stipulates that you store (orders have to be stored for 75 years) and print a special document to record personnel actions, you must add the Personnel Orders infotype (0298) to all personnel actions.

To enable the system to correctly process personnel actions for hiring, leaving, and rehiring, you must specify the reason behind a particular personnel action type.
Time Management tools allow you to structure working times for your enterprise. You can define work schedules with flextime models or rotating shifts for particular organizational units. You can also set up legislative regulations, collective agreements, and internal company policies that stipulate employee working time in your system.
Some important functions are not included in the basic payroll and personnel administration processes, and deserve individual attention. These are the following: Employee Self-Service, Travel Management, state statistical reporting, and Organizational Management.

“Detached structural divisions”, defined in the tax code, are a specific feature of Ukrainian Organizational Management. Legal forms for the company should be sent for particular inspections according to the organizational structure.
Employee Self-Service (ESS) allows employees to maintain their own personnel information.
For more information on the topics discussed in this lesson, see the following references:

- Country information in [Globalization knowledge database](#)
- Country contacts: [Ukraine Country contact](#)
- Legal changes: [Ukraine HCM](#)
- Available documentation:
  - SAP Library [SAP Help Library](#)
  - SAP Service Marketplace [HCM Documentation for Ukraine](#)
- SAP Best Practices: [Link to Best Practices](#)
We recommend that your implementation team subscribes to the Support Spotlight News for the CIS/Ukraine region to be informed about significant changes in the country version, such as urgent legal change deliveries, announcements about workshops, or knowledge transfer sessions for Ukrainian localization.

To see the CIS/Ukraine news on the portal, you need to check your portal’s profile settings. If CIS/Ukraine is not displayed in the Countries according to my installation section, expand the Additional countries selection and select the CIS/Ukraine region check box.
To establish a direct connection with our customers, Globalization Product Management created a Collaboration Workspace at cw.sap.com. Here, you can share your experience about Ukrainian localization, ask questions to the development team, and get the latest information about new functionality.

How to register:
1. Register at cw.sap.com. Enter your s-user ID during the registration (provided you have already obtained it from SAP).
2. After the registration process at cw.sap.com, send the user name you specified, the name of your company, and the customer or partner status to the Ukrainian GPM team mailbox (pm.cis@sap.com) to complete the registration process.
Lesson Summary

You should now be able to:

- Discuss general SAP ERP localization topics in the Ukraine
- Explain the key Ukrainian localization features for SAP ERP Human Capital Management

You should now be able to describe general topics of the SAP country version for Ukraine and describe the key localization issues for SAP ERP.
Thank you!

Contact information

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