

# KEEPING TRACK OF CROSS-BORDER ACTIVITIES

FEM EXPRESS REPORT 2018



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# THE IMPORTANCE OF FLEXIBILITY AND RELIABILITY IN YOUR GLOBAL AUTO POLICY



Today's global business environment has become ever more competitive, and the lines between where and when people work are increasingly blurred. This new report shows that of the organizations that took part in the survey, 60.1% say that they now manage cross-border commuters and workers. So, with such a rapidly changing work environment, it is absolutely vital that companies should be able to trust their service provider partners to facilitate the swift and efficient mobility of their staff.

To that end, companies need to have comprehensive mobility programs that include all of the tools and resources that their global employees need to make life easier, wherever in the world they might be moving. Likewise, investing in the practical needs of the employee can go a long way in contributing to the overall success of a global assignment. A prime example of this is the inclusion of a global auto policy for relocating employees.

When it comes to global transportation solutions, International AutoSource (IAS) has become a trusted partner for many organizations that regularly send their employees overseas. IAS offers car financing and leasing solutions for expats who are moving to a foreign country and don't have a local credit history.

As a true partner to the companies they serve, IAS not only facilitates the

sale and/or lease of vehicles for expat employees, but they also work hand-in-hand with their customers to develop and manage customized global auto policies for those organizations.

Just as a company should maintain a budget for the other components of their mobility program, it is equally important to stay within their monthly and annual allotment for employee transportation costs. It is with this in mind that IAS has developed their programs, which provide maximum cost savings to their customers, based on IAS's current benchmarked data on global vehicle costs.

Whether an organization needs to send only one employee or three hundred employees to a foreign country, IAS works closely with each of their customers to design the right policy and program to meet the unique needs of the organization. And if needed, IAS can even assist an organization with their RFP process.

Having a trusted partner for transportation solutions can be essential to an organization for a number of reasons. First and foremost, it means that companies can trust that their employees aren't overpaying for a vehicle while ensuring that they are taking advantage of the most beneficial program for their particular needs.

It also means being able to rely on that partner to always have the most updated information when it comes to laws and regulations pertaining to licensing, registration and driving in the U.S. and abroad. As these laws and regulations are ever-changing and differ from country-to-country, companies need to be assured that they always have the correct information.

It is also important to have a partner that offers an array of vehicle financing and leasing programs and services that are ideal for both long-term and short-term expat assignments.

At the same time, there should be built-in flexibility options just in case plans change unexpectedly. For example, IAS offers an exclusive industry first Repatriation Protection Plan, which gives expats an opportunity for early termination of their vehicle contract in the event that their international assignment ends earlier than anticipated.

And, as business needs change, service partners need to evolve to meet those challenges head-on. According to FEM's survey results, the number of cross-border employees is likely to continue to rise, which means that many more of them will need vehicles in a growing list of locations. IAS is committed to continuing to expand their footprint and programs to match the growing needs of their customers worldwide.

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# EXECUTIVE SUMMARY

Welcome to the first in a new series of *FEM Express Reports*, where we aim to survey the global mobility community about current and future trends and provide useful snapshots of how the industry is dealing with key challenges.

## The key findings of our survey:

Just under 200 unique individuals from a wide range of industries and regions across the world took part in the survey – the majority of whom are global or regional mobility heads or managers, or hold other senior positions within their organizations.

### Participant demographics:

- The high proportion of senior decision-makers (see p.6) who responded to the survey suggests that the issue of dealing with cross-border activities is one that is becoming increasingly significant to those within the business who have a strategic role.
- North America comprised 42.0% of respondents, Continental Europe 25.2% and UK and Ireland 16.8%. Asia and Australia/New Zealand 10.0% and South America 1.7%.
- Top industries: Technology, IT and Telecommunications (21.4%) Banking/Financial services (17.1%), Manufacturing (12.0%), Energy, Oil & Gas (11.1%), Professional Services (10.3%) and Consultancies/ Agency (9.4%), Retail, Wholesale and Distribution (7.7%) Construction (6.8%) Transport and Travel (6.8%) Health (4.3%) and Media/Entertainment (4.3%).

### Defining your mobile population

- Participants report that their 'informally mobile' population includes: Business travelers (90.9%), Cross-border commuters (60.1%) International virtual workers (34.0%).
- 51.4% of respondents said that visas are the individual traveler's responsibility, while 35.9% say that they have no formal system in place.

Internal checks for tax and social security compliance are made by 46.8% of respondents but 29.8% say that they don't monitor their business travelers for tax and social security compliance.

- In this 2018 survey, 15.0% of respondents reported that they thought their records for tracking business travelers were very accurate (an improvement on those who responded to FEM's 2017 *Policy in Practice Report*, at 13.3%). Fewer people in 2018 thought their records were adequate (42.1%) compared with 45.3% in 2017 and the percentage of those in 2018 who judged their records to be poor has risen from 14.8% in 2017 to 21.4% in 2018 which would at least suggest an increase in focus on the issue.

### Cross-border workers

- Answers to specific questions about cross-border workers point to a high level of awareness among many organizations taking part in this survey (47.3% already have an internal tracking system) and 14.5% say that they have one in development, but 39.1% of the respondents think their organizations' systems are inadequate and another 27.8% say that they don't know. Other answers indicate that this issue is generally seen as a low priority in their organizations and is consequently under-resourced.
- 48.4% said that they are unable to track their organization's virtual workers and another 19.1% don't know. 77.2% indicate a need for a better tracking system, 73.2% say it's necessary to educate the business of the risks, 66.1% need better communication with employees, and 63.8% think the issue requires clear ownership/accountability. 55.1% also think that their organizations need to update their policies and procedures.
- Given that the highest percentage of respondents to this survey (42.0%) have their organizations based in the

USA, where tax regulations vary from state to state it is perhaps not surprising that almost half (43.7%) realize the risks of travel across borders. However, more than half (56.3%) say that their organization is either unaware, or that they do not know if they are aware.

### Tracking and technology

- Answers point to a clear need for improved technology within organizations – and not only that technology tools should give accurate results, but also keep data safe. In a further question, 28.2% asserted that they were able to , keep up-to-date with evolving legislation and integrate the requirements into their reporting processes but 31.5% said they were unable to, and 40.3% didn't know.

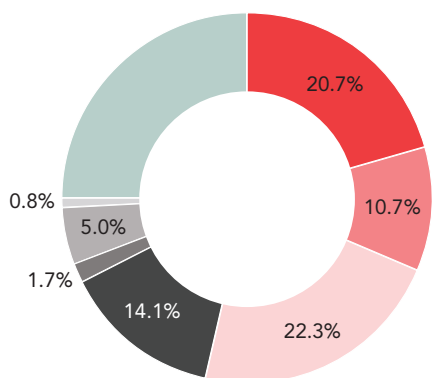
### Plans and strategies

- The overwhelming majority of respondents either have no cross-border investigation plan in place (34.7%) or don't know whether their organization has one (34.7%), while only 11.3% of respondents' report that they have a plan in place and 12.9% say that it is in development.
- Among those that have a plan in place, 32.4% said data privacy issues impacted on checks. A lack of useful data is also a significant obstacle, followed by a surprisingly high percentage (22.5%) of those who found a lack of cooperation from other staff within the respondents' own organization. Perhaps the most striking statistic however, was that 53.2% reported that they had no checks in place at all.
- Our final question clearly pointed towards the issues and challenges associated with cross-border workers becoming more significant in the near future as 49.2% reported that their organizations planned to increase the mobile workforce over the next five years.

# PARTICIPANT DEMOGRAPHICS

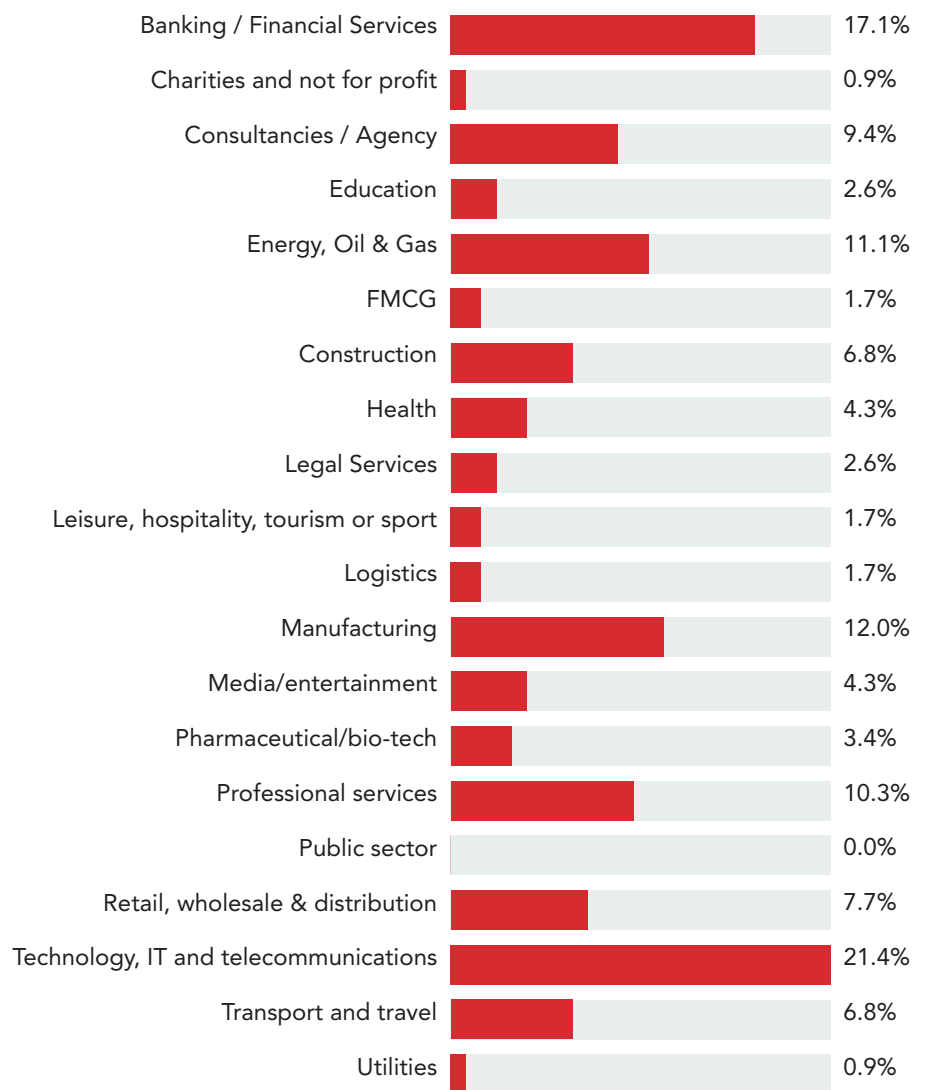
## Which of the following most accurately corresponds to your job title?

The high proportion of senior decision-makers (such as Global or Regional / Country Heads of Global Mobility or Directors of specialist functions such as tax) who responded to the survey suggests that the issue of dealing with cross-border activities is one that is becoming increasingly significant to those within their businesses who have a strategic role.



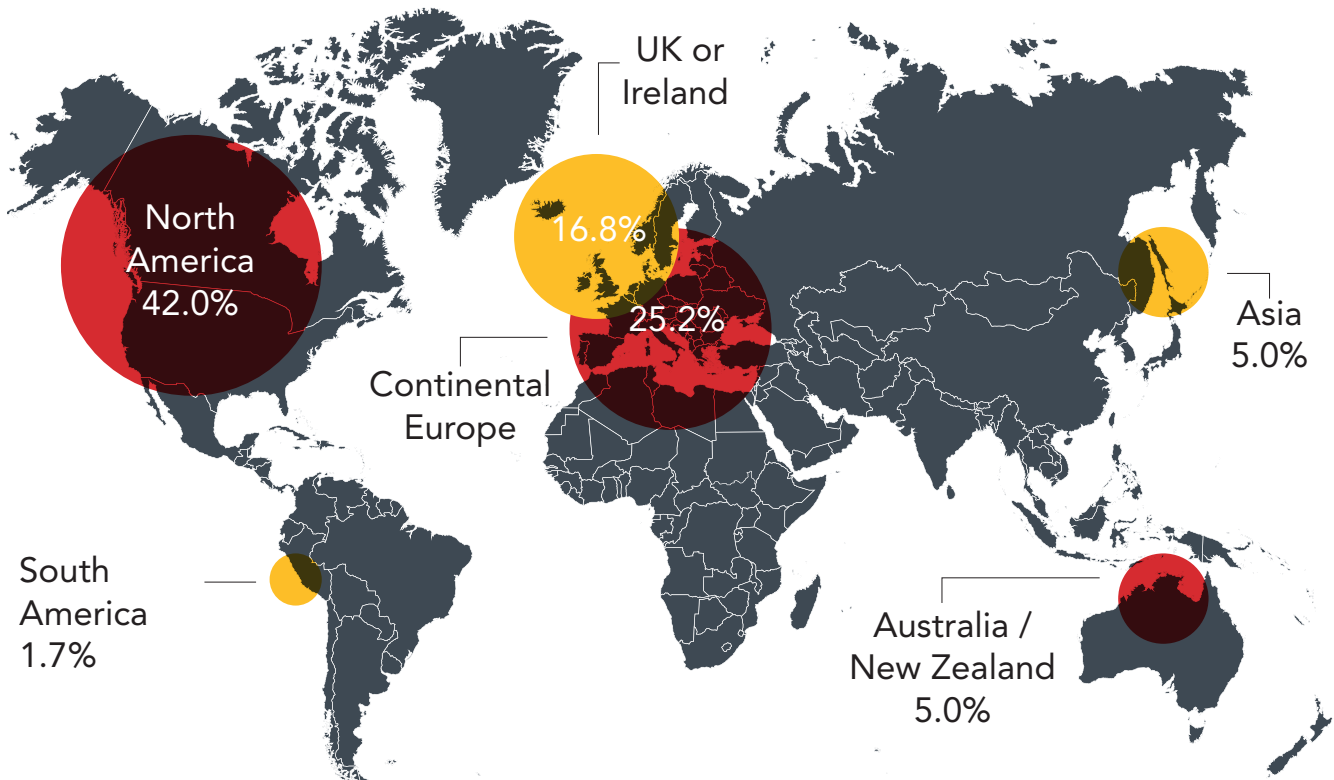
- Global Head of Global Mobility
- Regional / Country Head of Global Mobility
- Global Mobility Manager reporting to Global or Regional Head
- Global Mobility Assistant reporting to Global Mobility Manager
- Relocation / Assignee Manager, Relocation Management Company
- Manager, Destination Services Provider
- Business Travel Buyer
- Other

## In which sector(s) does your organization operate?



While the top five industries represented here comprise Technology, IT and Telecommunications (21.4%) Banking/Financial services (17.1%), Manufacturing (12.0%), Energy, Oil & Gas (11.1%), Professional Services (10.3%) and Consultancies/ Agency (9.4%), the overall results show that professionals from a broad spread of sectors took part. There are also significant percentages from sectors that are most likely to have regular business travelers, and workers for whom travel is an integral part of their job, so for example, we have notable numbers within Retail, Wholesale and Distribution (7.7%), Construction (6.8%), Transport and Travel (6.8%), Health (4.3%) and Media/Entertainment (4.3%).

## Where is your organization headquartered?



The majority of our respondents are from North America (42.0%) and then the next largest groups are headquartered in Continental Europe (25.2%) and the UK and Ireland (16.8%). When combined, the percentage of Asia and Australia/New Zealand based companies is 10.0%. With responses from organizations based in South America at just 1.7%, the overall spread of the responses reflects the general picture of multinational companies concentrated in traditional centers of economic development and trade.

# SURVEY SPONSORS



For over 20 years, International AutoSource (IAS) has placed thousands of expats behind the wheel of their own vehicle. With over 50,000 customers and counting, IAS is the preferred global transportation provider and serves corporate clientele, relocation partners, and customers directly, through a variety of programs and services offered.

For more information about International AutoSource, contact us at [intlauto@intlauto.com](mailto:intlauto@intlauto.com) or +1 516. 496.1816.



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Sterling is the premier global mobility services provider of corporate relocation solutions. From policy development to assignment management, Sterling delivers flexible solutions grounded in expert consultation, compliance and impeccable service delivery. Sterling offers true global capability with industry experts in the Americas, EMEA and Asia Pacific. For further information about Sterling, call us on +44 (0)20 8841 7000 or visit our website [www.sterling.com](http://www.sterling.com)

# SURVEY PARTICIPANTS

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Aon  
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BAE Systems  
Bayer  
Beam  
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Cabot Corporation  
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CBM  
Cerberus  
Chubb Insurance  
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Coca-Cola European Partners  
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Fujitsu General America, Inc.  
Gallagher  
Gap Inc.  
International School of Amsterdam  
J&J  
Jacobs  
Johnson Electric

King  
Koninklijke Vopak N.V.  
Lush Cosmetics  
Marriott  
Melexis  
Methanex  
Micron Technology Inc  
MSI  
MT Højgaard  
Naspers  
NATS  
Natwest Offshore  
Newmont Mining Corporation  
PinnacleART  
Robeco  
Royal Bank of Scotland

Santa Fe Relocation  
Sika  
Solvay  
South32  
Statoil  
Swisscom Ltd  
TheMIGroup  
Trimble Inc.  
Under Armour Inc  
University of Oregon  
Whirlpool Corporation

*Other participants chose to remain anonymous*



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**Viv Mott, Head of Global Mobility, Aviva**

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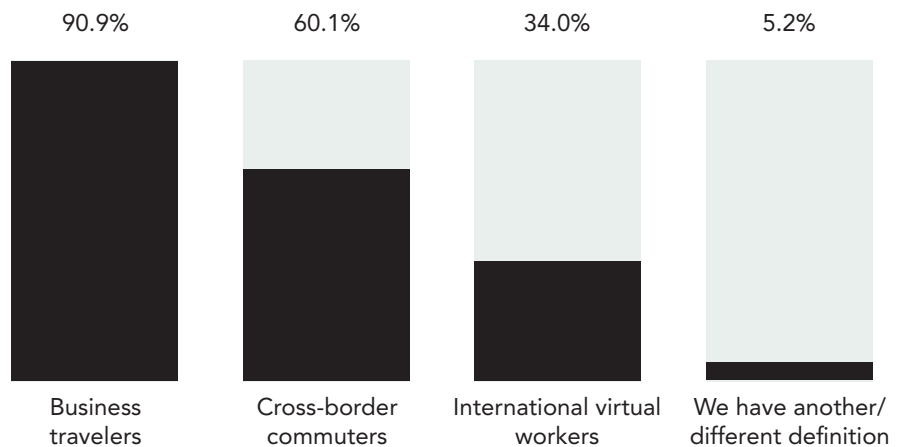


# ENTER NOW

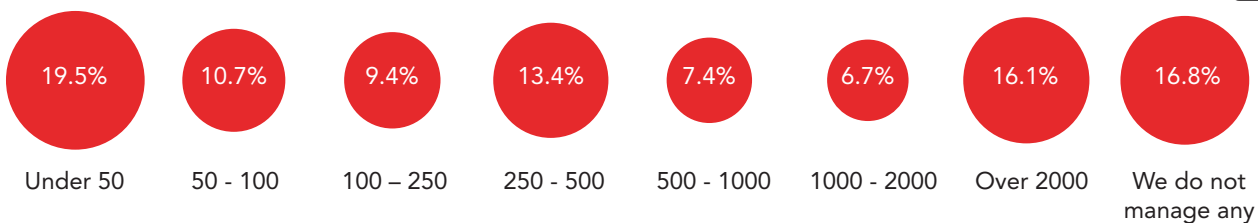
# DEFINING YOUR MOBILE POPULATION

## Does your 'informally mobile' population include:

In this question we asked respondents to select any or all that applied to them, so the percentages need to be viewed with that in mind. Nevertheless, it's not surprising that so many organizations taking part have business travelers among their workforce, but for respondents to also report that 60.1% of them also have cross-border commuters is striking. That 34.0% of them also report that they have international virtual workers seems to suggest that this type of 'movement' is becoming more significant.



## How many business travelers does your organization manage per year?



## How does your organization ensure that all business travelers have the correct visa?



Given the compliance risks, it is surprising that such a large percentage (51.4%) of respondents say that visas are the individual traveler's responsibility and even more striking

is the percentage who say that they have no formal system in place (35.9%). Internal checks for tax and social security compliance are made by 46.8% of respondents – which is similar to

the figure for internal checks for visa issues, but again, it is remarkable that 29.8% say that they don't monitor their business travelers for tax and social security compliance.

**How does your organization track business travel for tax and social security compliance?**

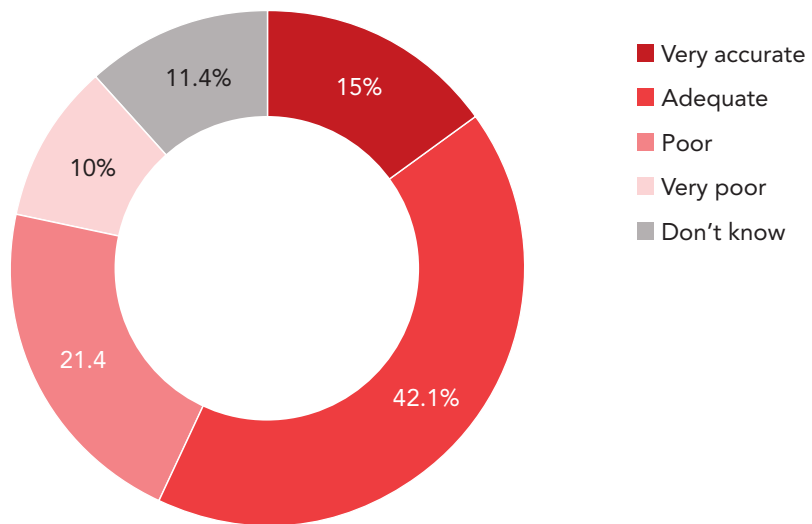


Although the results of FEM's surveys cannot be compared scientifically (our respondents are not exactly the same each time), it is interesting to note how the percentages compare when global mobility professionals were asked the same question in our 2017 Policy in Practice Report: Managing Risk and Compliance in an Uncertain World.

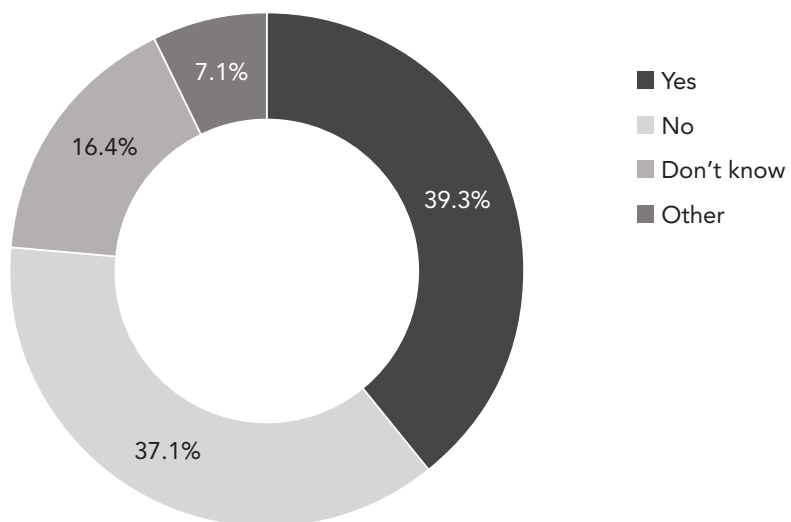
In this 2018 survey, 15.0% of respondents reported that they thought their records for tracking business travelers were very accurate (an improvement on 2017's cohort, when 13.3% thought so), fewer people in 2018 thought their records were adequate (42.1%) compared with 45.3% in 2017 and the percentage of those in 2018 who judged their records to be poor has risen from 14.8% in 2017 to 21.4% in 2018 which would at least suggest an increase in focus on the issue.

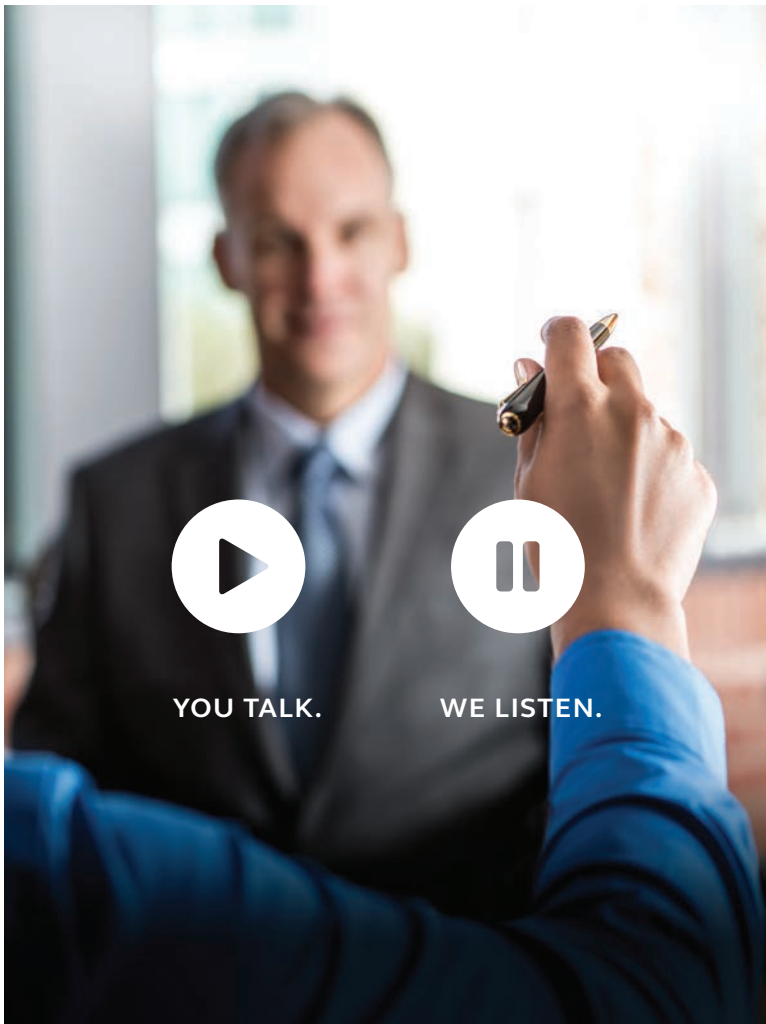
However, the fact that here, 37.1% say that their organization does not know where all its business travelers are at any given time and that another 16.4% cannot say whether it would be known or not points to the necessity for further attention to be given to this.

**How accurate are your organization's records for tracking business travelers?**



**Does your organization know where all its business travelers are at any given time?**





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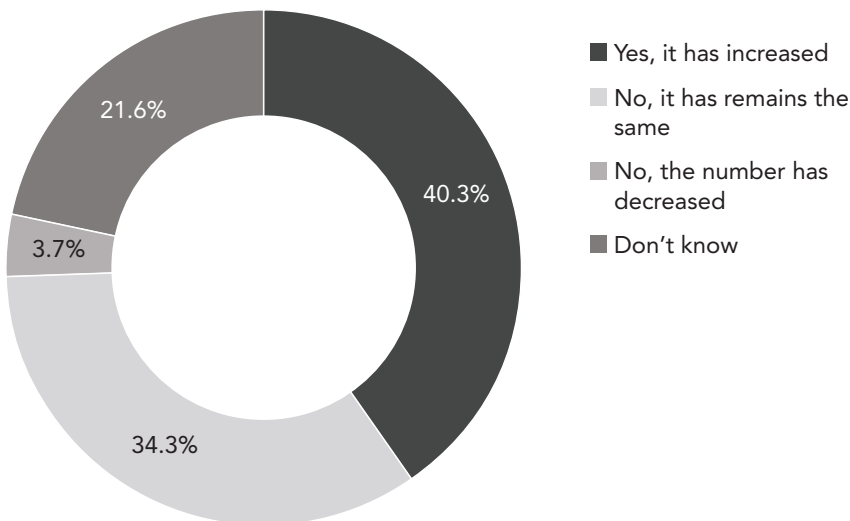
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# CROSS-BORDER WORKERS

The definition of a 'cross-border worker' varies according to location and field (tax, social security etc), but if you follow the European Commission's definition: ie. An employee who works in a different country from the one where they live and but they return to their country of residence daily, or at least once a week, how many such employees does your organization manage?



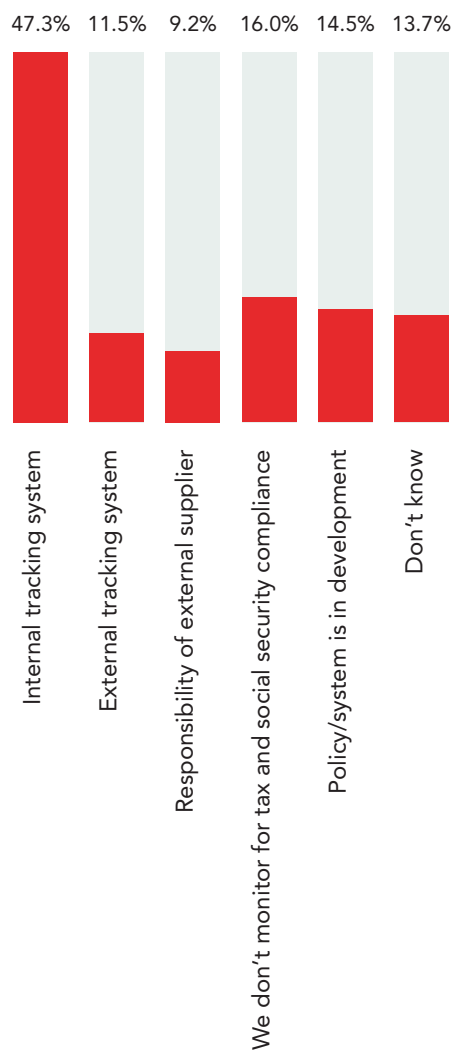
Has the number of cross-border workers in your organization increased in the past 12 months?



Again, these answers point to a high level of awareness among many organizations taking part in this survey. 47.3% already have an internal tracking system and 14.5% say that they have one in development, but 39.1% of the respondents say that they think the systems that their organizations have are inadequate and another 27.8% say that they don't know whether they are or not.

When asked for further detail on these questions, respondents reported that among other issues, they had a "lack of correct classification of workers"; "lack of resources to manage the process"; "poor sensitization and no department took responsibility" and [the system] "doesn't capture everyone for social security and tax – the main focus is tax". A significant number of other responses revealed that record-keeping was often carried out manually, retrospectively – and that it was difficult to ensure accuracy because of self-reporting. Overall, the impression given by the 44 individual answers is that this is generally seen as a low priority in their organizations and is consequently under-resourced.

How does your organization track cross-border workers for tax and social security compliance?



# ABOUT INTERNATIONAL AUTOSOURCE

For over 20 years, International AutoSource (IAS) has placed thousands of expats behind the wheel of their own vehicle. With over 50,000 customers and counting, IAS is the preferred global transportation provider. Whether relocating to the Americas, APAC or EMEA, IAS provides car leasing, financing, purchasing and all-inclusive rental solutions without an established credit history or driving record.

Through IAS, assignees save valuable time, money and resources, while our

culture of service excellence helps ensure a more seamless transition. Expats are supported throughout the entire car buying experience with high-touch support from the vehicle selection process, finance application, to the completion of registration and delivery.

IAS serves corporate clientele, relocation partners, and customers directly, through a variety of programs and services offered. We strive not only to educate assignees on the transportation challenges when they

relocate but also how IAS can help simplify the process. For companies, we offer a variety of consultative services such as corporate benchmarking, car allowances, global vehicle solutions, car rental management and more to ensure assignees are happy and productive upon their relocation.



For more information about International AutoSource, contact us at [intlauto@intlauto.com](mailto:intlauto@intlauto.com) or +1 516. 496.1816.

**IAS** INTERNATIONAL AUTOSOURCE

**In your opinion, are the systems that you have in place to track 'cross-border workers' for tax and social security compliance adequate?**

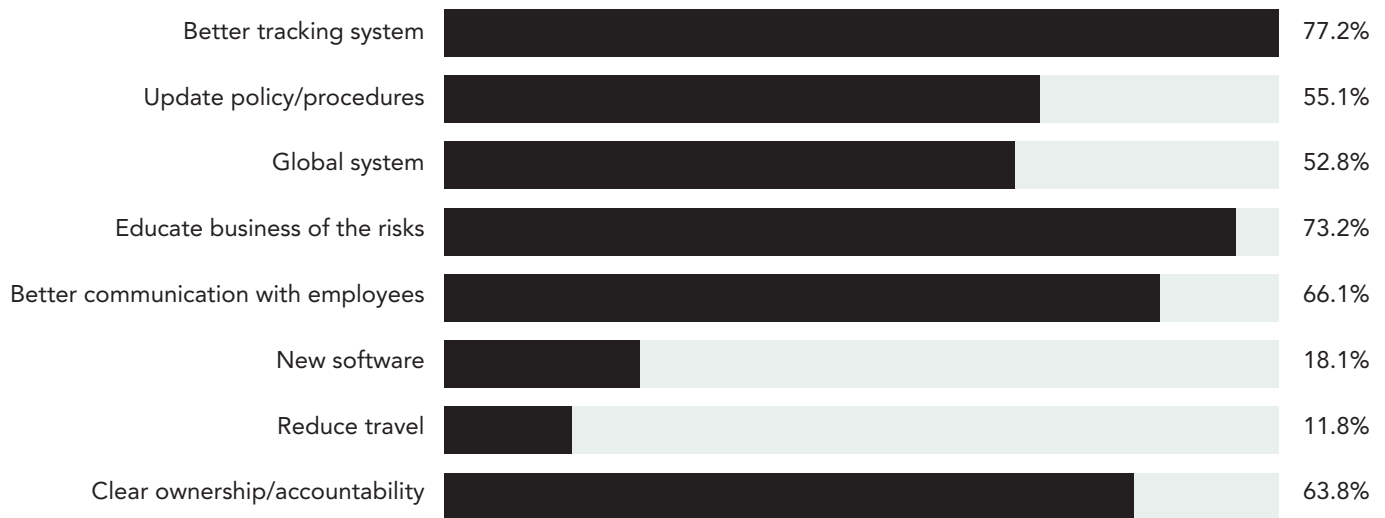


**Are you able to track your organization's international virtual workers?**

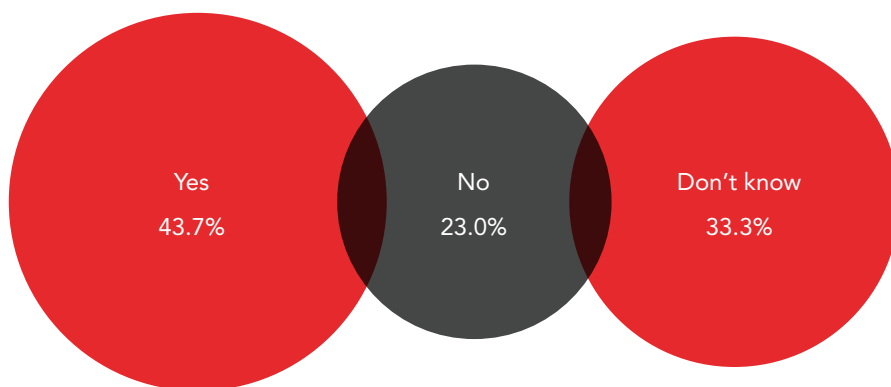


48.4% said that they are unable to track their organization's virtual workers and another 19.1% don't know. The question that followed shows that respondents feel strongly that they need a better tracking system (77.2%); that it's necessary to educate the business of the risks (73.2%); that they need better communication with employees (66.1%) and that it also requires clear ownership/ accountability (63.8%). More than half the respondents (55.1%) also think that their organizations need to update their policies and procedures.

**What do you think can be done to minimize compliance risks?**



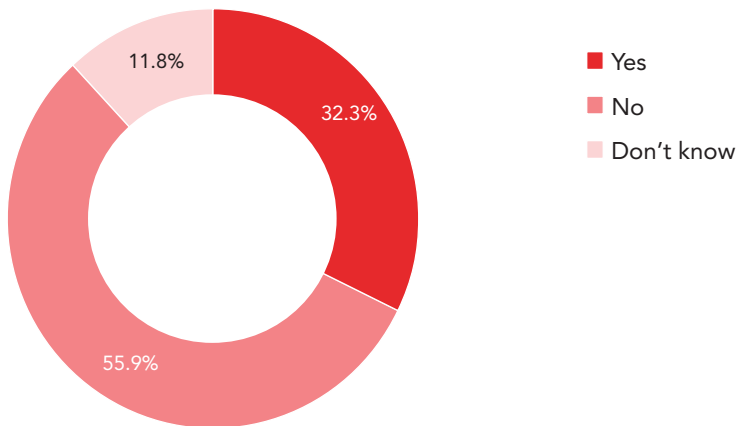
**Is your organization aware that if business vehicles are used in cross-border situations, for example between EU countries, there can be an impact in terms of risks related to customs, VAT, direct tax or vehicle registrations?**



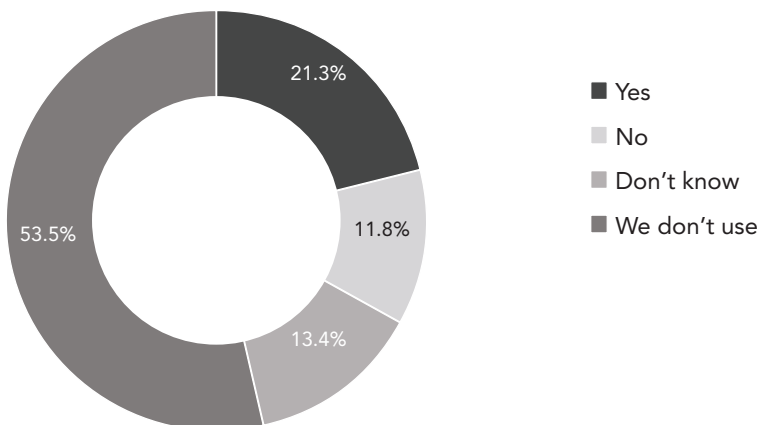
Given that the highest percentage of respondents to this survey (42.0%) have their organizations based in the USA, where tax regulations vary from state to state it is perhaps not surprising that almost half (43.7%) are aware of the risks. However, more than half (56.3%) state that their organization is either unaware of the risks, or that they do not know whether they are aware, which suggests that it is necessary to more fully educate the wider business about the risks.

# TRACKING & TECHNOLOGY

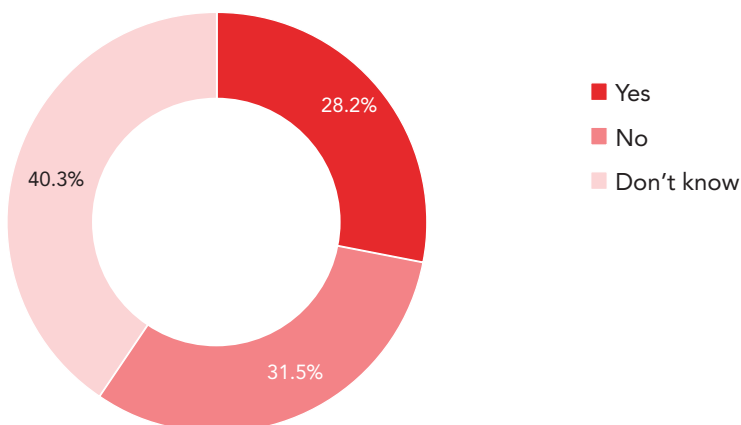
17. In your opinion, is the technology that you use to track business travelers and cross-border workers sufficient for your purposes?



18. If your organization uses mobile technology to track its mobile workers, are you confident of being able to keep your employees' data secure?



19. Are you able to keep up-to-date with evolving legislation (for example FATCA and CRS) and integrate the requirements into your reporting processes?



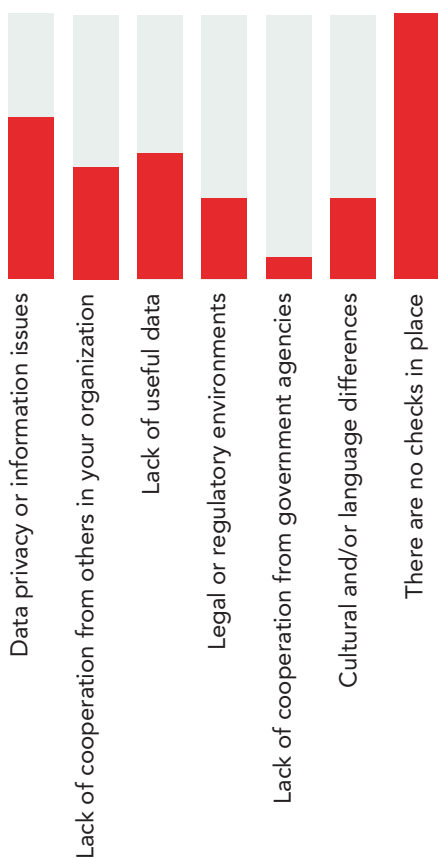
The answers here point to a clear need for improved technology within organizations – and that not only should it give accurate results, but that it should keep that data safe. In a further question, where we asked whether respondents were able to keep up-to-date with evolving legislation (for example with FATCA and CRS) and integrate the requirements into their reporting processes, the results were striking: 28.2% asserted that they were, but 31.5% said no, and 40.3% didn't know.

# PLANS AND STRATEGIES

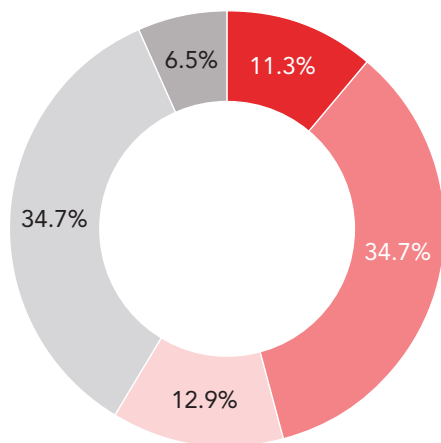
If you have carried out checks on cross-border reporting, which of these challenges have impacted on your review?

The answers here perhaps explain why respondents whose organizations have a plan in place said that it took into consideration data privacy laws: 32.4% said that such issues had impacted on their checks. A lack of useful data is also a significant obstacle, followed by a surprisingly high percentage (22.5%) of those who found a lack of cooperation from other staff within the respondents' own organization. Perhaps not surprisingly, legal or regulatory environments and cultural and/or language differences were each also cited by 16.2% of respondents, but the most striking statistic was that 53.2% reported that they had no checks in place.

32.4% 22.5% 25.2% 16.2% 4.5% 16.2% 53.2%

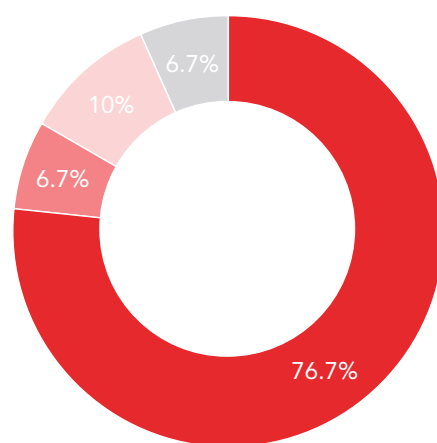


Does your organization have a plan in place to deal with a cross-border investigation?



- Yes
- No
- Plan is being developed
- Don't know
- There is no need

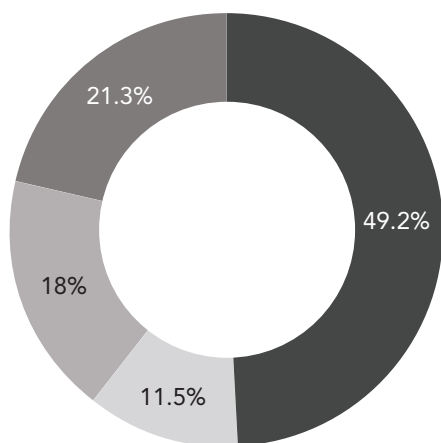
Has the plan taken into account the differences in data privacy laws? (For example between the USA and EU countries?)



- Yes
- No
- Don't know
- No plan in place

The overwhelming majority here either have no plan in place (34.7%) or don't know whether their organization has one (34.7%), while only 11.3% of respondents report that they have a plan in place and 12.9% say that it is in development, though somewhat surprisingly, 76.7% of those who say they have a plan in place say that it does take into account data privacy laws.

Does your organization plan to increase your mobile workforce in the next 5 years?



- Yes
- No
- Under review
- Don't know

The answers to our final question clearly pointed towards the issues and challenges associated with cross-border workers becoming more significant in the near future as 49.2% reported that their organizations planned to increase the mobile workforce over the next five years.

# CONCLUSION

This is the first in a new series of *FEM Express Reports*, where we aim to survey the global mobility community about current and future trends and publish the results immediately.

This topic was selected because following our 2017 *Policy in Practice Report: Managing Risk and Compliance in an Uncertain World* it became clear that the definition of what constitutes a 'mobile population' is still evolving and that the practice of 'commuting' between countries rather than just states or counties is growing.

When we profiled our participants, the results revealed a high proportion of senior decision-makers (such as Global or Regional / Country Heads of Global Mobility or Directors of specialist functions such as tax) which suggests that cross-border activities are becoming increasingly significant to those within their businesses who have a strategic role.

We fully expected to find a large proportion of business travelers within the organizations taking part, but we were struck by the fact that 60.1% of them also have cross-border commuters among their workforce. That 34.0% of them also report that they have international virtual workers seems to suggest that this type of 'movement' is becoming more significant.

Given the compliance risks of such activities, it is surprising that such a large percentage (51.4%) of respondents told us that visas are the individual traveler's responsibility and that 35.9% have no formal system in place. Internal checks for tax and social security compliance are made by 46.8% of respondents – which is similar to the figure for internal checks for visa issues and what might be expected, but

again, it is remarkable that 29.8% said that they don't monitor their business travelers for tax and social security compliance.

Although our surveys cannot be compared scientifically (we rely on voluntary responses), it is interesting to note how the percentages compare when global mobility professionals were asked the same questions in our 2017 *Policy in Practice Report: Managing Risk and Compliance in an Uncertain World*. So while 15.0% of respondents in 2018 reported that they thought their records for tracking business travelers were very accurate (an improvement on 2017's cohort, when 13.3% thought so), fewer people in 2018 thought their records were adequate (42.1%) compared with 45.3% in 2017 and the percentage of those in 2018 who judged their records to be poor has risen from 14.8% in 2017 to 21.4% in 2018. All these figures at least suggest that these issues are being examined more critically.

When asked for further detail, 44 individuals reported a range of difficulties, but a common thread was poor or inadequate data reporting, a lack of clarity over which department should take responsibility, and insufficient resources – in other words, the impression given was that it seemed a low priority for many organizations.

Our respondents seemed to feel strongly that organizations need better tracking systems (77.2%); that it's necessary to educate the business of the risks (73.2%); that they need better communication with employees (66.1%) and that to deal with the issue also requires clear ownership/accountability (63.8%). More than half the respondents (55.1%) also said that their organizations need to update their policies and procedures.

Given that the highest percentage of respondents to this survey (42.0%) have their organizations based in the USA, where tax regulations vary from state to state it is perhaps not surprising that almost half (43.7%) are aware of the risks of traveling across borders by road vehicles. However, more than half (56.3%) state that their organization is either unaware of the compliance risks, or that they do not know whether they are aware, so educating the wider business about the risks is clearly essential.

When asked about plans (to prepare for checks and investigations), the overwhelming majority either said they had no plan in place (34.7%) or didn't know whether their organization had one (34.7%), while only 11.3% reported that they do have one in place.

Of those whose organizations that do have a plan, 32.4% said that data privacy issues had impacted on their checks. A lack of useful data was also a significant obstacle, followed by a surprisingly high percentage (22.5%) of those who found a lack of cooperation from other staff within their own organization. Legal or regulatory environments and cultural and/or language differences were each also cited by 16.2% of respondents, but the most striking statistic was that 53.2% said they had no checks in place.

Our final question clearly pointed towards the issues and challenges associated with cross-border workers becoming more significant in the near future as 49.2% reported that their organizations planned to increase their mobile workforce over the next five years.

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