

Thought Leadership Series: Insource or Outsource? A Practical Look at Today's MSP Options



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Bryan Peña, Vice President,
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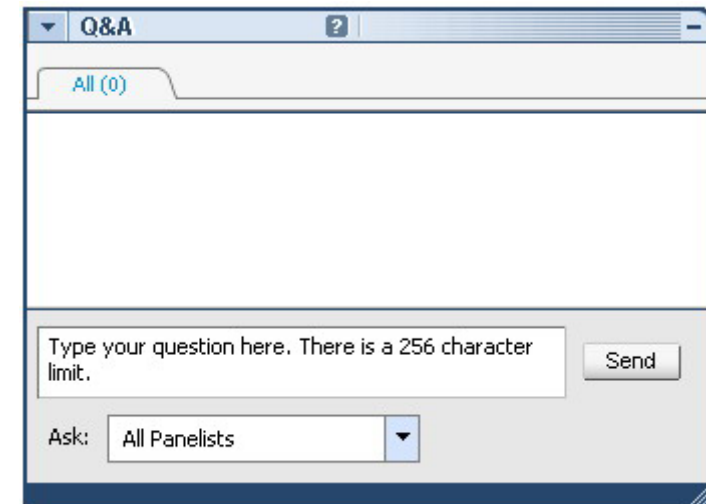
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About Staffing Industry Analysts

Staffing Industry Analysts is the global advisor on contingent work

- **Over 700 firms benefit from our international research services**
 - 19 of the world's 25 largest staffing firms are members
 - More than 55 buyers of contingent labor are members of our CWS Council, representing over \$100 billion in annual contingent workforce spend
 - Customers in more than 25 countries
- **Founded in 1989**
 - Acquired by Crain Communications (\$200M media conglomerate) in 2008
 - Headquartered in Mountain View, California and London, England
 - 80+ years of industry and advisory service experience among executive team

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Thought Leadership Series *Lilly*

Where: San Diego Hilton Bayfront San Diego, CA



**2012 CW RISK
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SAN DIEGO**

September 20-21, 2012

Our Speakers Today



Teresa Creech, President
MSP and Contingent Workforce Solutions
Randstad Sourceright



Moderator:
Bryan Peña

Vice President, Contingent Workforce Strategies and Research
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Jason Ezratty
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Agenda



- Introduction
- Key considerations for driving an effective MSP Program
- Assessing readiness
- Pitfalls to avoid
- Wrap-up Q&A



The many shades of MSP design



In-house



Outsourced

Defining an MSP platform



What does an MSP team do?

- Has responsibility for managing non-FTE workforce in a wrapping up all management activity into a single programmatic approach
- Includes “overall program management, reporting and tracking, supplier selection and management, order distribution, and consolidated billing across program suppliers”*

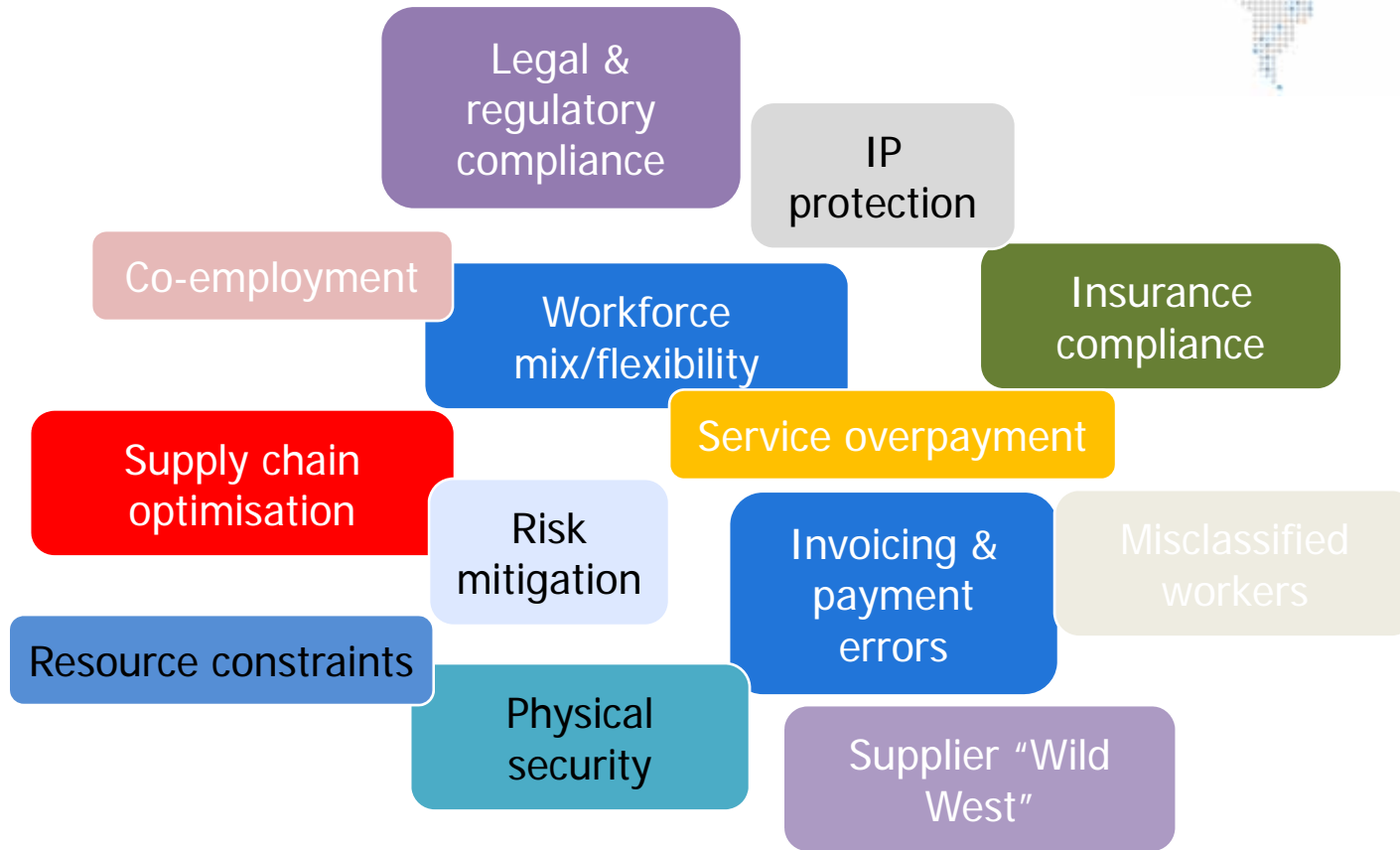
The MSP concept delivers enhanced:

- Compliance/risk
- Financial control
- Transparency
- Business intelligence
- Supplier management
- Quality
- Process consistency/optimization

*From the SIA 2012 VMS and MSP Supplier Landscape Report



Key drivers



Resource Investment

Management

- Program management
- Change management and marketing
- Ongoing education, market monitoring (e.g. updates on changing regulations and innovations)

Operational needs

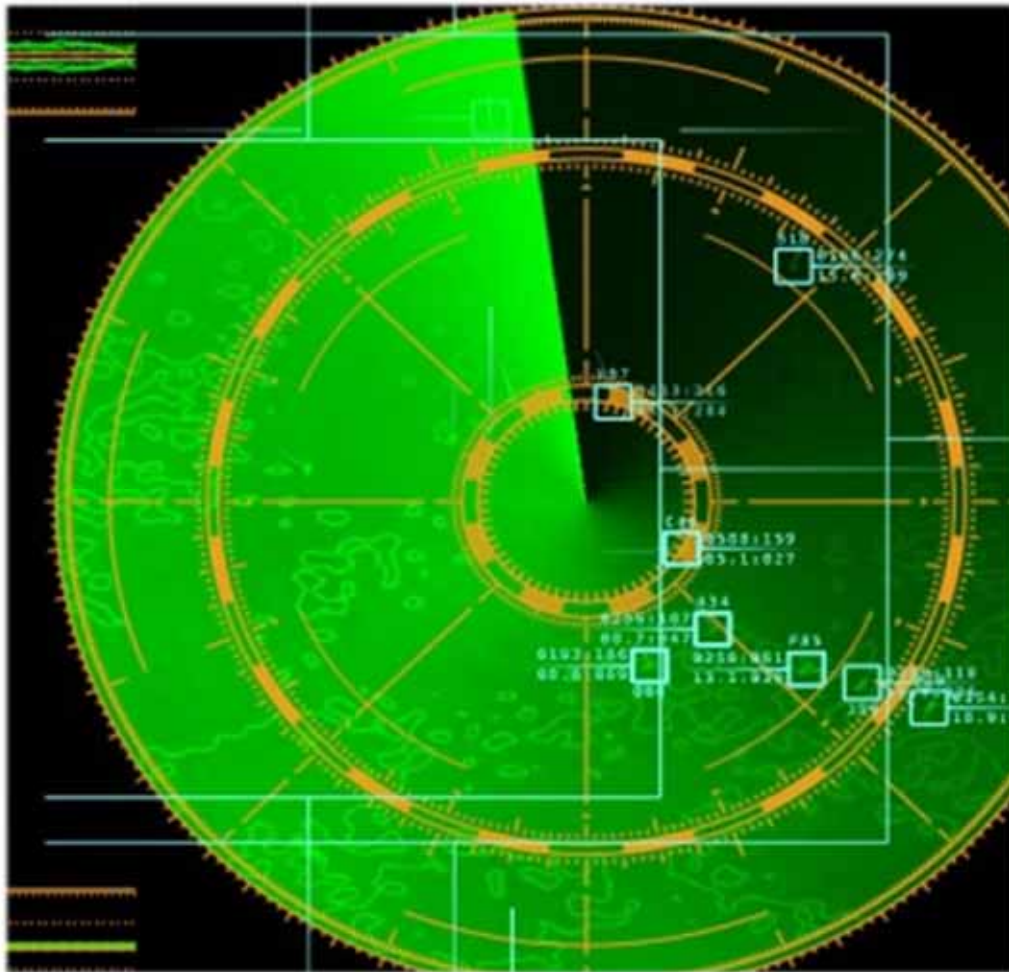
- Contracts administration
- Supplier management
- Invoicing and payment
- Metrics reporting (also a technology need)

Technology

- Technology support
- Solution architecture and deployment



Market Intelligence



- Benchmarking
- Regulatory compliance
- Risk mitigation
- Employment trending & demographics
- Diversity initiatives
- Global mobility (workforce movement)
- Supplier intelligence
- Non-employee category trends
- Best practices

Resident Capabilities



The process of assessing the existing and potential effectiveness of insourced service capability

- Quality
- Responsiveness
- Innovation
- Technology familiarity and access
- Fluency in industry and legislative/regulatory
- Highest usage of internal resource base?
- Is the function core?
- Ease of integration with other talent acquisition, on/offboarding and strategic sourcing functions
- Strategic alignment as an internal party

Culture



Is your organization ready to outsource certain business process functions?

- Prevalence of outsourcing as a business strategy in organization
- Organizational perception of value and necessity of outsourcing
- Executive fluency in current state
 - Ownership and support culture
- Trust: a successful outsourced relationship requires a high level of trust in, and empowerment of, the provider.



Readiness



- **Key business drivers – the problem(s) being solved**
- **Build v. buy**
 - Cultural assessment
 - Resource availability
 - Cost analysis
 - Organization skill inventory
 - Priorities
- **Sponsorship/internal business case**
- **VMS technology**
- **Competing priorities**
- **Organizational impact**
 - People
 - Processes & Systems
- **Regulatory & compliance**
- **Governance & accountability**

Pitfalls to avoid: MSP providers



- Failure to assimilate to client culture – relationships and empathy
- Program staff turnover
- Not up skilling and growing staff
- Reacting v. looking around the corner for issues and opportunities
- Not having an opinion and advising client



Pitfalls: in-house managed programs



- **Settling for the status quo:** tactical execution with no real program vision
- **Resource issues:** problems with resource availability and skill alignment
- **Supplier mismanagement:** Not understanding the motivation of the supplier and partnering
- **Undervaluing contingents:** Contingents are a source of future employees (and customers). Avoid treating them as a “necessary evil” or “commodities”
- **Musical stakeholders** – executive sponsorship changes
- **Inflexibility:** Unwillingness to consider a different way – entrenched interests in the status quo

In-house or Outsourced: access to support is critical



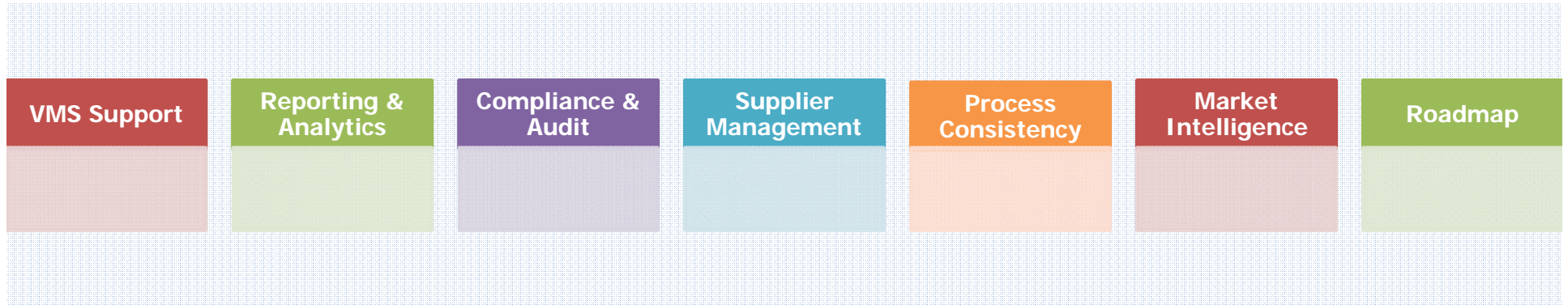
- Vision for identifying needs and opportunities
- Market Expertise
- Best practice knowledge
- Objective perspective for shaping strategy
- Consultants, industry forums etc.

Clear signs that a company should outsource to an MSP

- Tactical focus
- Lack of staff availability
- Lack of industry knowledge
- Weak data analytics
- Current program in chaos – crisis of confidence
- Inability to rationalize supply base and rate structures
- Competing priorities
- An established culture of outsourcing



Is there a middle ground between in-house programs and MSP?

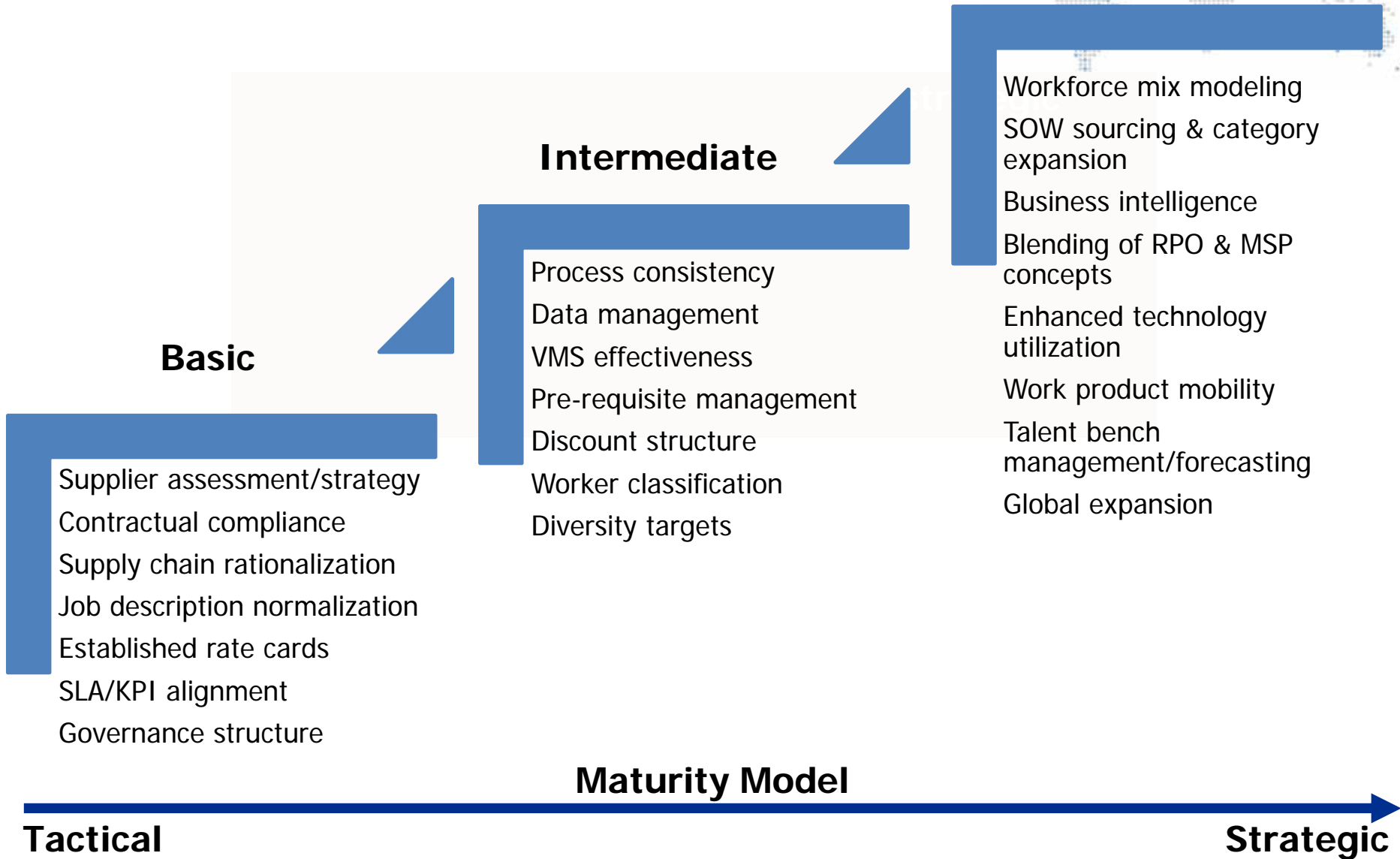


Spectrum of service varies with business need

Active involvement is essential

Whether in-sourcing or outsourcing, companies (MSP "Customers") have an active role to play in order to succeed.

Maturity and modeling are linked...



Your Questions...



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