Sponsored by

beeline

Staffing Industry Analysts
CWS COUNCIL

VMS/MSP Landscape -
A Comprehensive Review of 2013

North America

Presented by:

Tony Gregoire
Research Manager
Staffing Industry Analysts

Jason Ezratty
President,
Brightfield Strategies, LLC

Bryan Peña
VP, Contingent Workforce Strategies and Research
Staffing Industry Analysts

December 12, 2013
10 am PT/ 1 pm ET

This webinar is broadcast through your computer speakers via the audio broadcasting icon on your screen. You may adjust the sound volume by using the slide bar on the audio broadcasting icon. If you cannot access the audio, you may dial into the call by dialing 1-650-479-3208 and using access code 661 672 318 Need further assistance? Contact SIA customer service at 800-950-9496.

STAFFING
INDUSTRY
ANALYSTS

North America

Audio for the Webinar

- **Listen through your computer** by turning on your speakers after you log into the event. Sound will be coming through this icon:

- **<u>Do not</u>** close this audio broadcast box.

- **To increase the volume of sound coming through your computer** speakers adjust the sound bar on the audio broadcast box shown above.

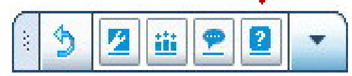
- If you continue to have trouble, please submit your need for assistance in the Q&A section.

This webinar is broadcast through your computer speakers via the audio broadcasting icon on your screen. You may adjust the sound volume by using the slide bar on the audio broadcasting icon. <u>If you cannot access the audio, you may dial into the call by dialing 1-650-479-3208 and using access code 661 672 318</u> Need further assistance? Contact SIA customer service at 800-950-9496.

North America

Asking Questions

Q&A icon

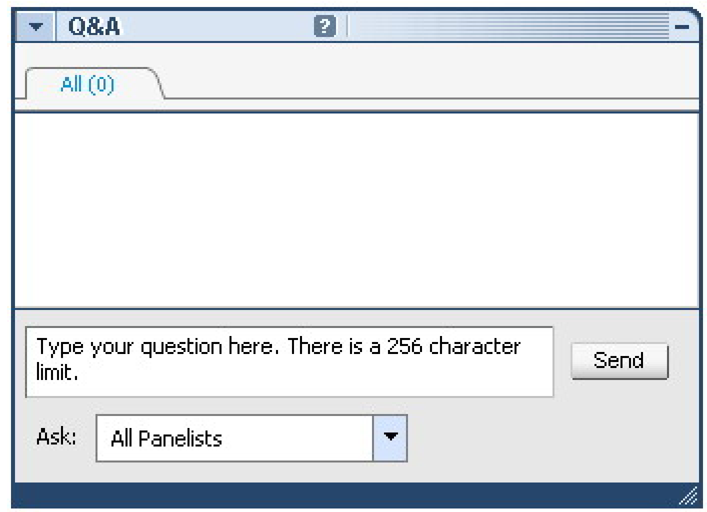


- **Q & A:** To ask questions – use the question function on the webcast control panel

- **Tech Support:** If at any time you are experiencing problems with the webinar, please contact our customer service department at 800-950-9496. ***The webinar is broadcast through your computer speakers, if you are having trouble with the sound, please send a message to the webinar host using the question function.***

- **Slides:** Copies of the slides used will be distributed to all attendees within 24 hours following the webinar

- **Replay:** A replay of the webinar will be available for CWS Council Members at www.staffingindustry.com



This webinar is broadcast through your computer speakers via the audio broadcasting icon on your screen. You may adjust the sound volume by using the slide bar on the audio broadcasting icon. <u>If you cannot access the audio, you may dial into the call by dialing 1-650-479-3208 and using access code 661 672 318</u> Need further assistance? Contact SIA customer service at 800-950-9496.

Over 700 client organizations benefit from our international research services

–35 of the largest 40 U.S. staffing firms and 15 of the world’s 25 largest staffing firms are members

–Nearly 70 buyers of contingent labor are members of our CWS Council, representing over $100 billion in annual contingent workforce spend

–Customers in more than 80 countries

35/40

$100 BILLION

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

Todays Webinar is Brought to You by …

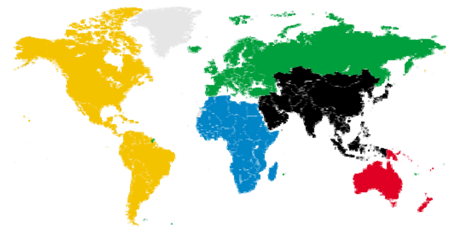
Charter Partners: Agile·1 ONE WORLD. ONE WORKFORCE. ALLEGIS GROUP SERVICES. Strategic Staffing Solutions VOLT Consulting Group randstad sourceright

STAFFING INDUSTRY ANALYSTS

CWS Council Members (partial list)

CWS

CH2MHILL
Google
AstraZeneca
Northwestern Mutual
cisco
bmcsoftware
DELTA
LLOYDS BANKING GROUP
DHL
IBM
Johnson & Johnson
Coca-Cola
Yale University
Statoil
UnionBank
Bayer
MERCK Be well
Bank of America
QUALCOMM
Conoco
Microsoft
3M
bhpbilliton
ESPN
McDonald's
Shell
RioTinto
HESS
The Walt Disney Company
UPS
DELL
Lilly
PNC
Capgemini CONSULTING. TECHNOLOGY. OUTSOURCING
KAISER PERMANENTE
McAfee
SIEMENS
ATK
AMGEN
fiserv.
PHILLIPS 66
Apple
CVS CAREMARK
BEST BUY
TIAA CREF
THOMSON REUTERS
Principal Financial Group
VTA
SOUTHERN CALIFORNIA EDISON An EDISON INTERNATIONAL Company
U.S. Cellular
MONSANTO
CUNA MUTUAL GROUP
Nationwide On Your Side
at&t
UNISYS
STATE STREET
HALLIBURTON
SOUTHWEST AIRLINES
freescale semiconductor
PROGRESSIVE
CORNING



STAFFING INDUSTRY ANALYSTS
CWS SUMMIT LONDON 2014

13-14 May, 2014 |Lancaster London |London, England
CWS Council Meeting 12th May

STAFFING INDUSTRY ANALYSTS
CW SOLUTIONS FORUM 2014

October 6-7, 2014 |Mirage Resort & Casino | Las Vegas, NV
CWS Council Meeting October 6th

STAFFING INDUSTRY ANALYSTS
CWS SUMMIT LAS VEGAS 2014

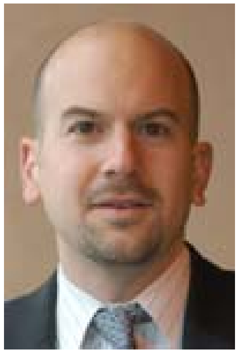
October 8-9, 2014 |Mirage Resort & Casino | Las Vegas, NV

Colleen Tiner
Vice President, Product Management and Marketing

beeline®

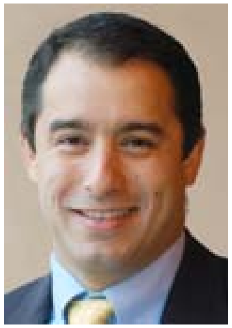
North America

Our Speakers Today



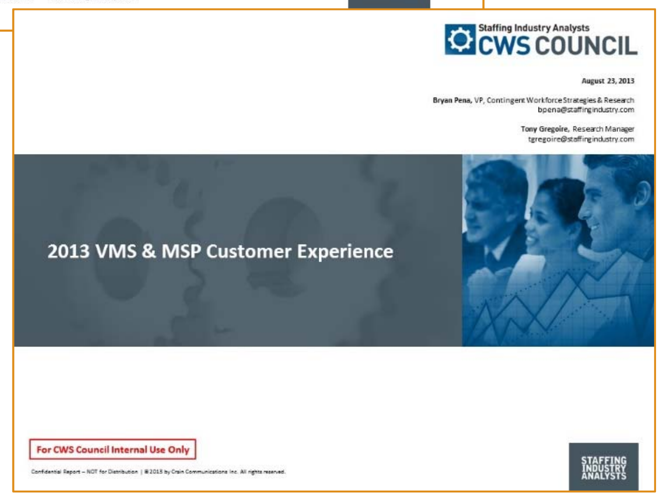
Tony Gregoire
Research Manager
Staffing Industry Analysts

Jason Ezratty
President,
Brightfield Strategies, LLC



Bryan Peña
VP, Contingent Workforce Strategies and Research
Staffing Industry Analysts

A productive year….



Definitions: VMS & MSP

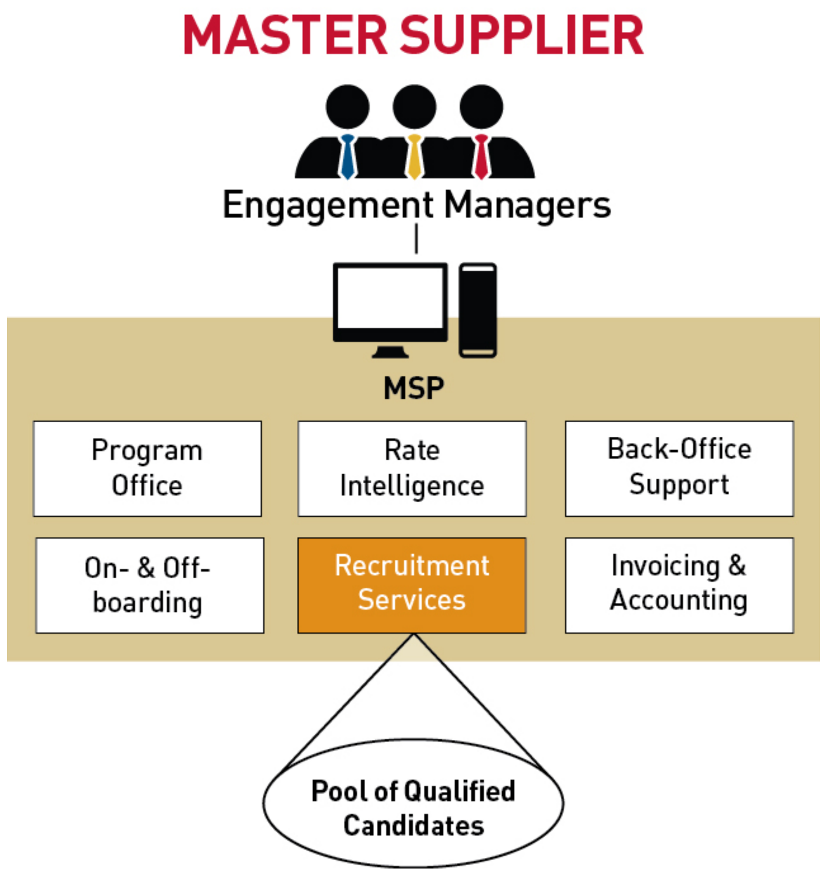
- **Managed Service Provider (MSP)** — A company that takes on primary responsibility for managing an organisation's contingent workforce program. Typical responsibilities of an MSP include overall program management, reporting and tracking, supplier selection and management, order distribution and often consolidated billing.

- **Vendor Management System (VMS)** - An Internet-enabled, often Web-based application that acts as a mechanism for business to manage and procure staffing services (temporary help as well as, in some cases, permanent placement services) as well as outside contract or contingent labour. Typical features of a VMS include order distribution, consolidated billing and significant enhancements in reporting.

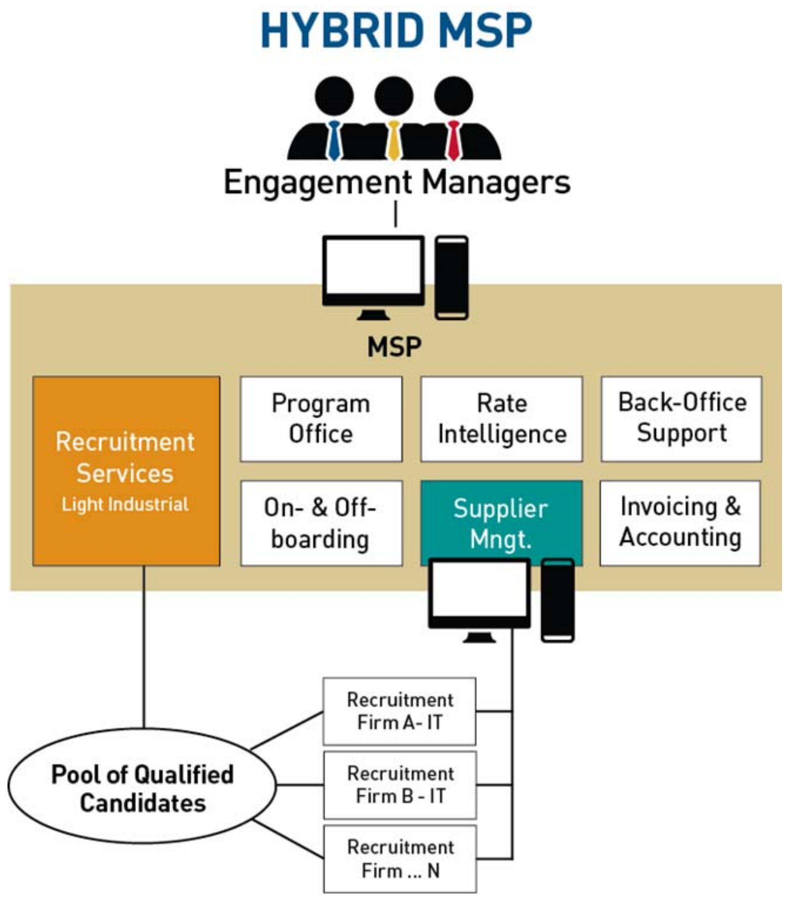
MSP Models

- Master Supplier
- Hybrid
- Vendor Neutral
- Internally Managed

Master Supplier

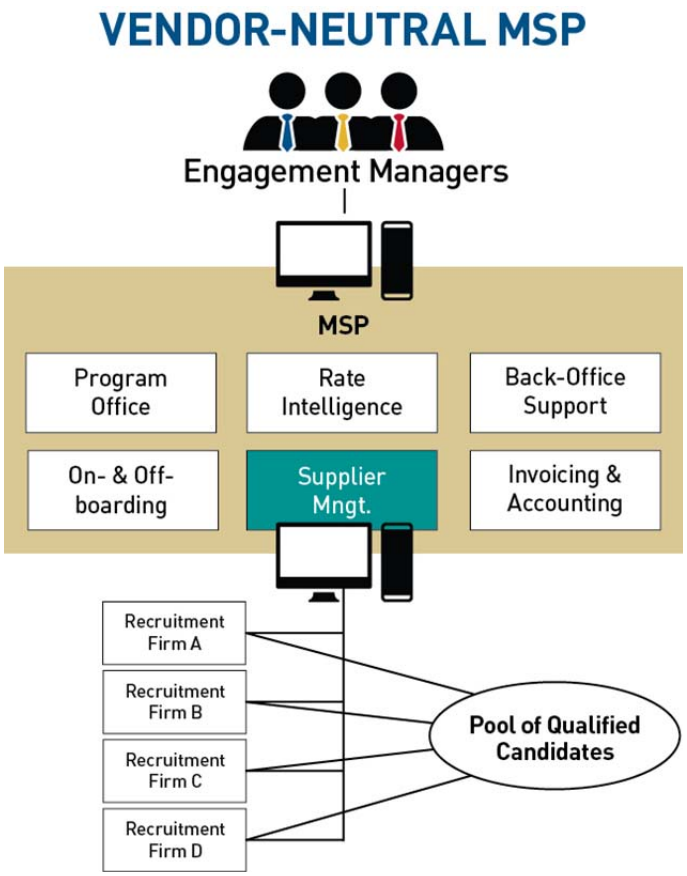


Hybrid MSP

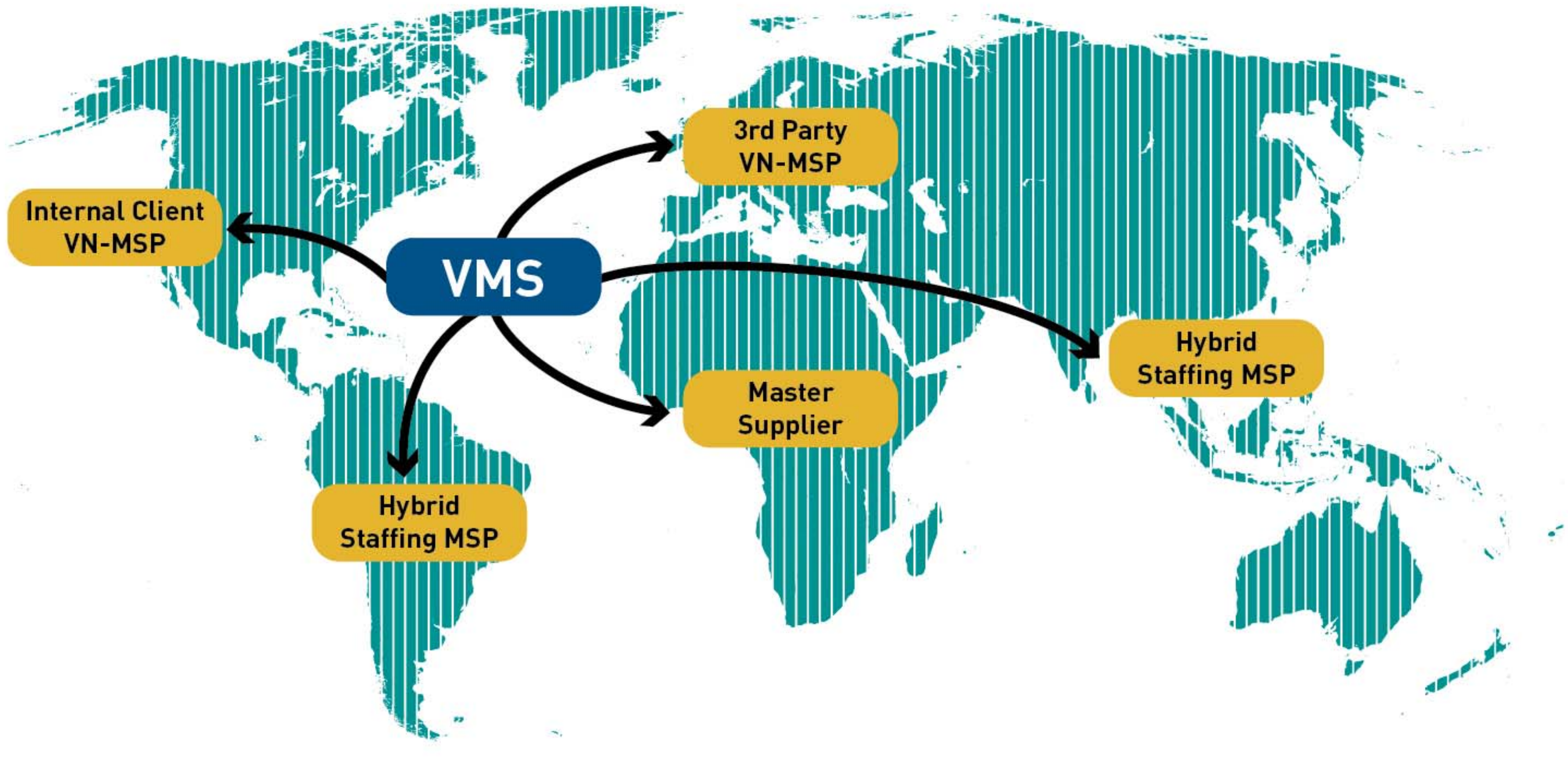

HYBRID MSP
Engagement Managers
MSP
Recruitment Services
Light Industrial
Program Office
Rate Intelligence
Back-Office Support
On- & Off-boarding
Supplier Mngt.
Invoicing & Accounting
Pool of Qualified Candidates
Recruitment Firm A- IT
Recruitment Firm B - IT
Recruitment Firm ... N

STAFFING INDUSTRY ANALYSTS

Vendor Neutral MSP



One size doesn't always need to fit all…..



What does the data say?


November 21, 2013

Theo Vadpey, Research Associate
tvadpey@staffingindustry.com

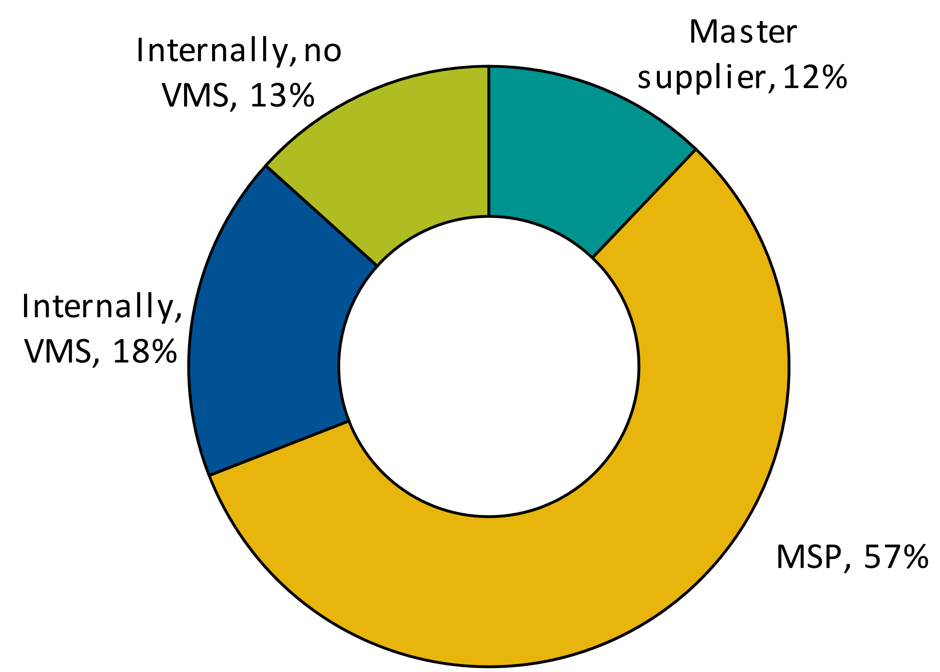
North America

2013 Contingent Buyers Survey:
Insights Into Supplier Management Practices, Plans and Key Decision Drivers
& Cumulative Index to 2006-2012 Surveys

Confidential Report – NOT for Distribution | ©2013 by Crain Communications Inc. All rights reserved.

STAFFING INDUSTRY ANALYSTS

Primary model used to manage contingent workforce program



Source: Staffing Industry Analysts

Percent of buyers primarily using selected primary model, as a function of buyer CW spend

	<$20 mm	$20-$49.9 mm	$50-$99.9 mm	$100-$199.9 mm	$200-$399.9 mm	$400 mm+
Master supplier	33%	9%	19%	0%	5%	6%
Internally, no VMS	20%	18%	10%	10%	0%	6%
Internally, VMS	7%	12%	24%	14%	14%	29%
MSP	40%	61%	48%	76%	82%	59%

MSP Internally, VMS Internally, no VMS Master supplier

Source: Staffing Industry Analysts

Primary model used				
Industry	**Master supplier**	**MSP**	**Internally, VMS**	**Internally, no VMS**
Finance/insurance	7%	60%	23%	10%
Manufacturing	30%	50%	10%	10%
Mining, extraction and utilities	13%	69%	19%	0%
Pharma/biotech/med	6%	78%	11%	6%
Tech/telecom	4%	60%	20%	16%
Majority skill				
Engineering/design	20%	40%	20%	20%
Industrial	29%	48%	14%	10%
IT	3%	60%	22%	14%
All respondents	**12%**	**57%**	**18%**	**13%**

n=165

2013 Landscape

Staffing Industry Analysts
CWS COUNCIL

2013 VMS and MSP Supplier Competitive Landscape

Bryan T. Peña
VP, Contingent Workforce Strategies and Research
bpena@staffingindustry.com

Tony Gregoire
Research Manager
tgregoire@staffingindustry.com

Confidential: Not for distribution | © 2013 Crain Communications Inc | www.staffingindustry.com

STAFFING INDUSTRY ANALYSTS

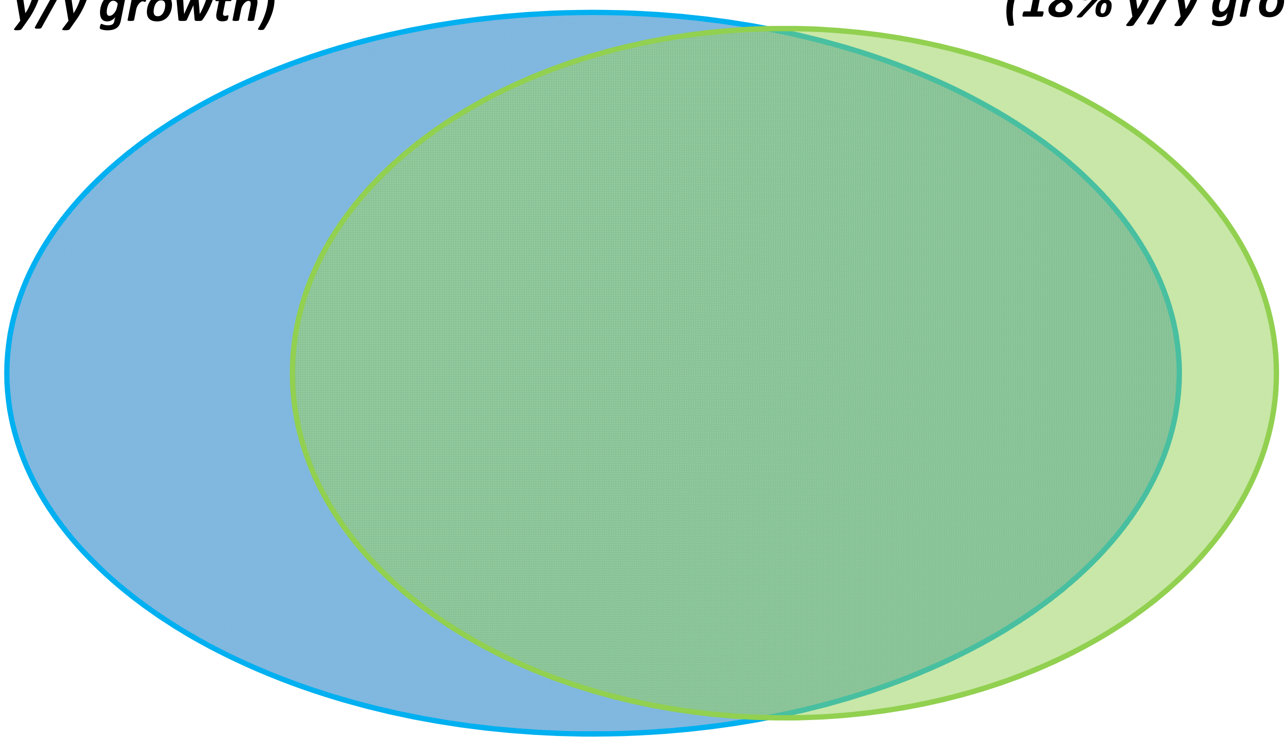
2012 Global VMS/MSP Spend Among Respondents

STAFFING INDUSTRY ANALYSTS

VMS/MSP: $100 Billion

VMS: $88.3 Billion
(21% y/y growth)

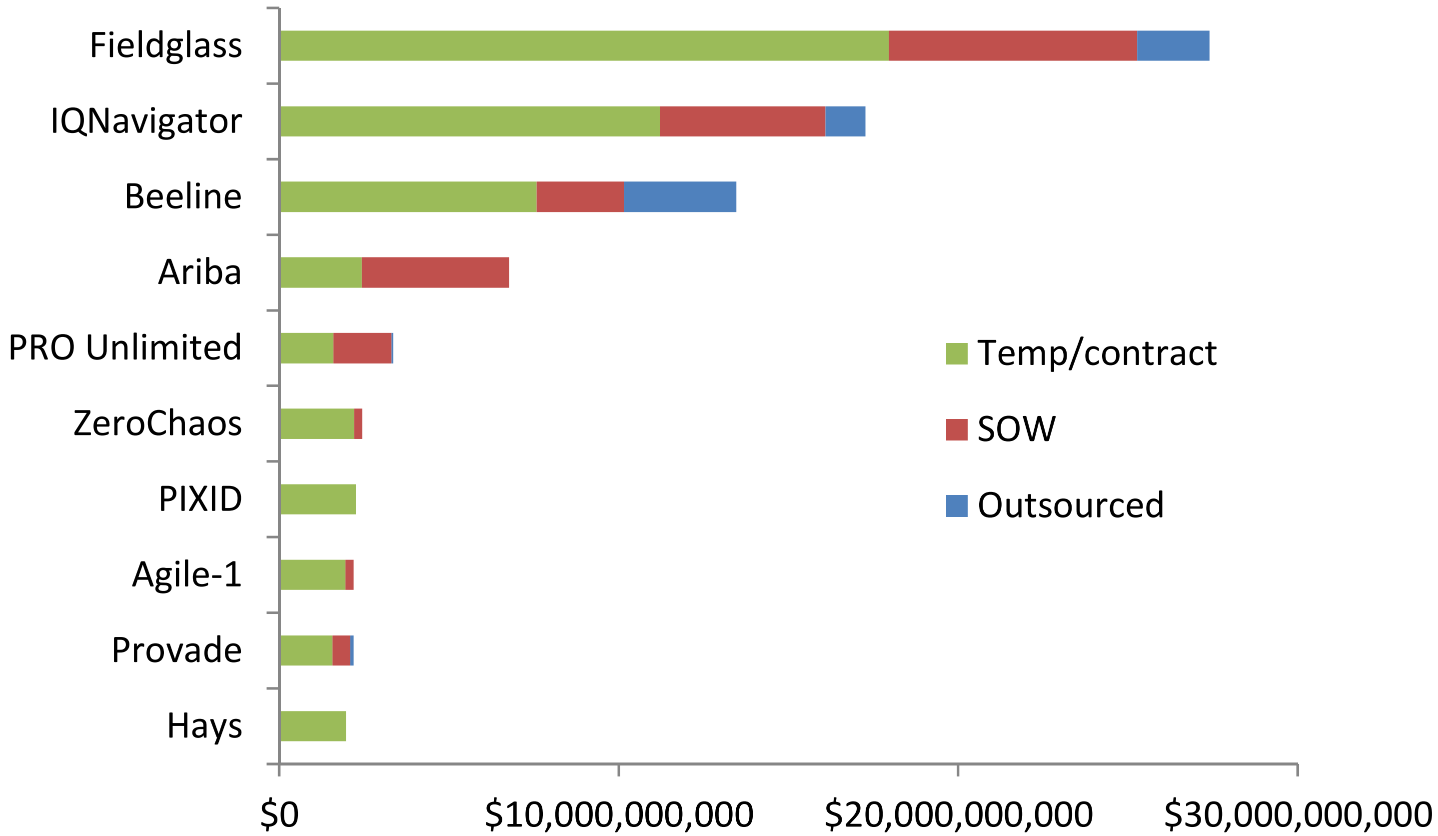
MSP: $62.5 Billion
(18% y/y growth)



Source: SIA 2013 VMS/MSP Competitive Landscape Report

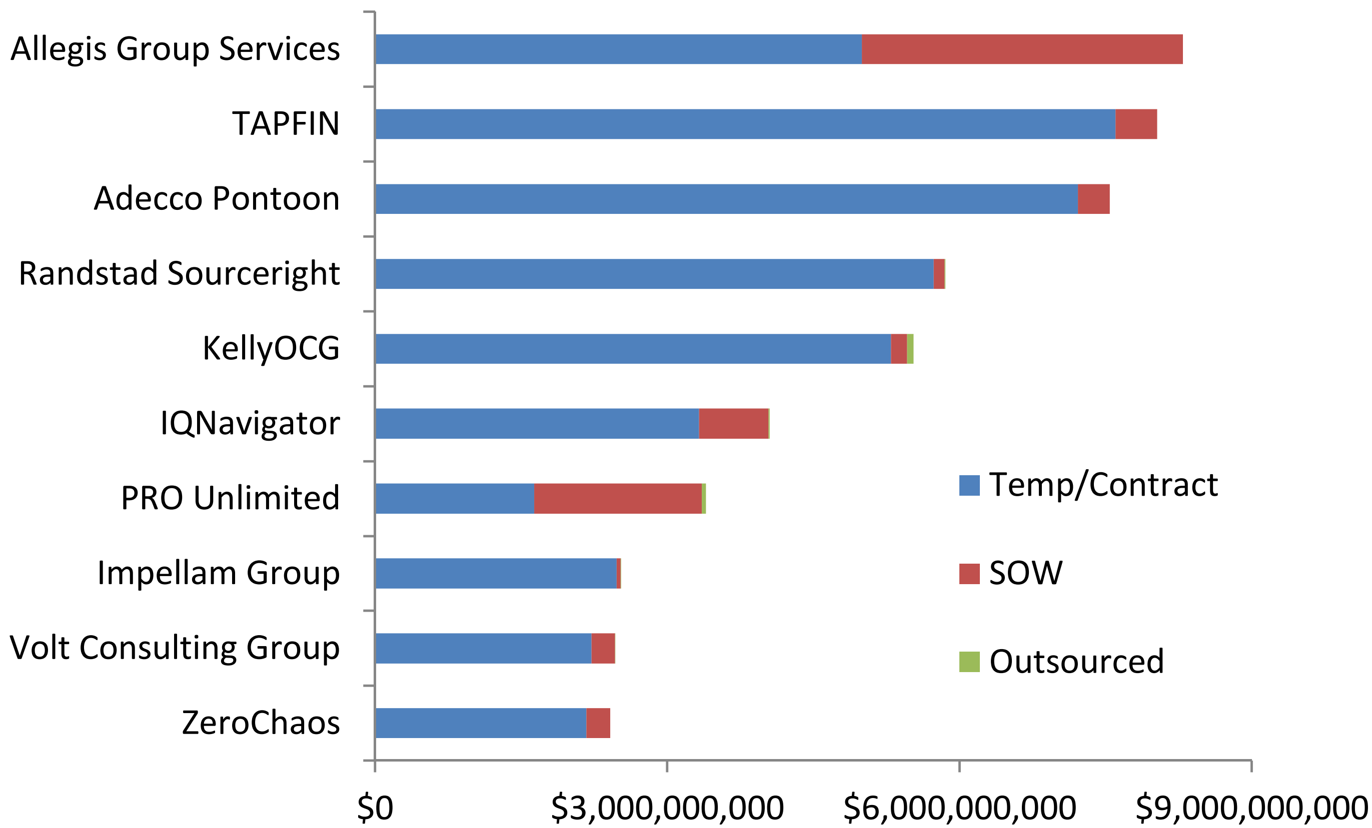
Staffing Industry Analysts CWS COUNCIL

Largest 10 VMS providers by 2012 global spend



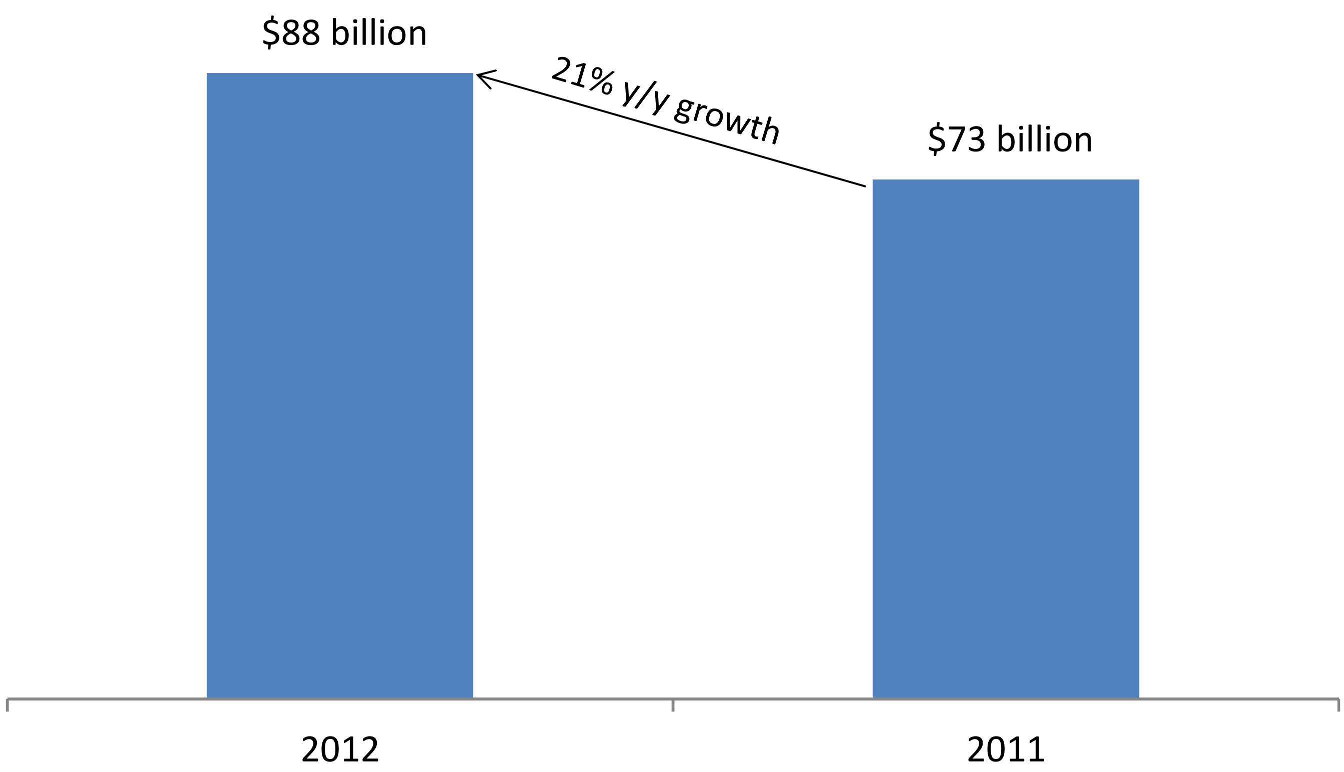
Source: SIA 2013 VMS/MSP Competitive Landscape Report

Largest 10 MSPs by 2012 global spend



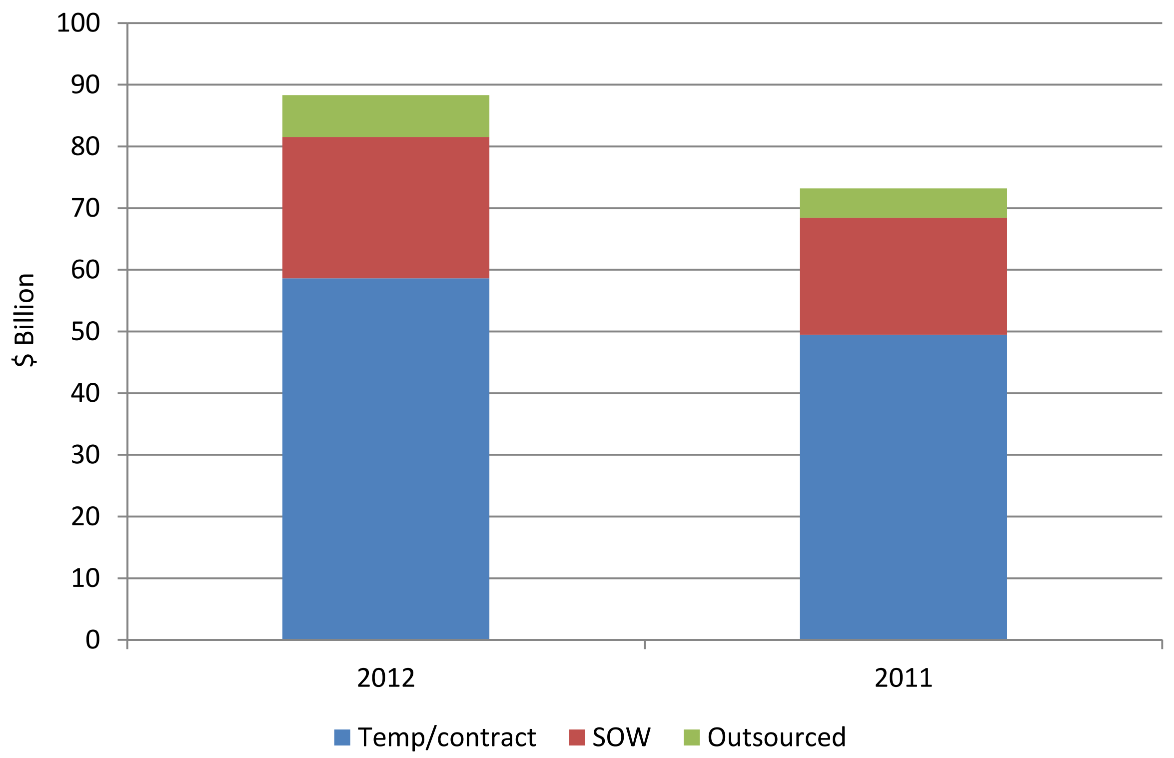
Source: SIA 2013 VMS/MSP Competitive Landscape Report

21% growth in global VMS spend among participating providers



Source: SIA 2013 VMS/MSP Competitive Landscape Report

Global VMS spend by work arrangement



- Temp/contract: 18% growth
- SOW: 21% growth
- Outsourced Service: 40% growth

Source: SIA 2013 VMS/MSP Competitive Landscape Report

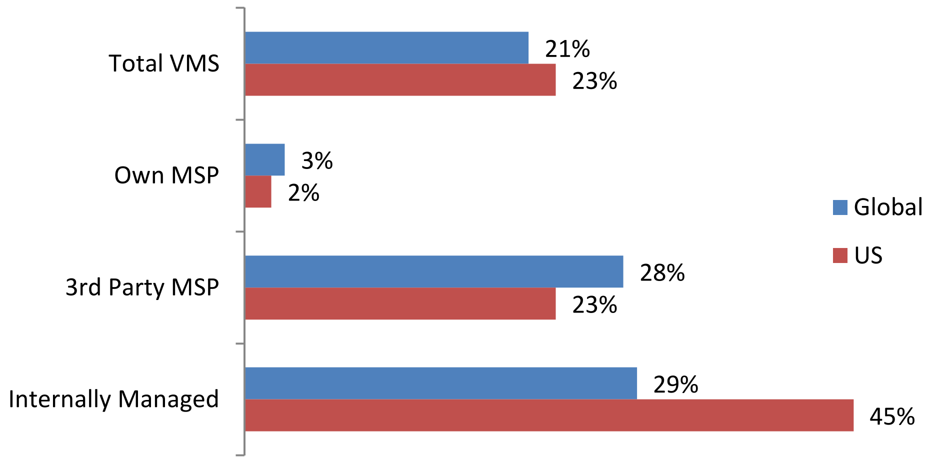
STAFFING INDUSTRY ANALYSTS

Growth in SOW tied to other trends in VMS

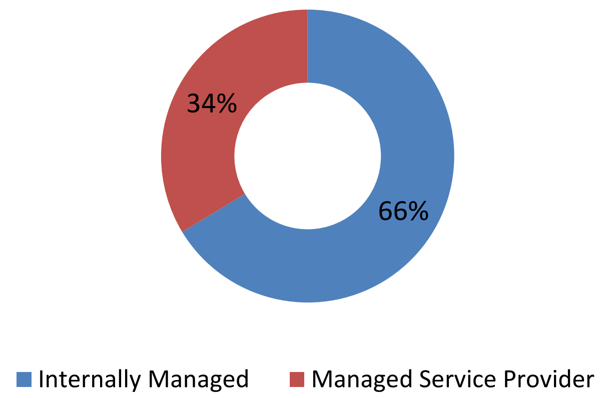
- Internally managed programs
- Mega-programs
- Geographical expansion

Internally managed spend

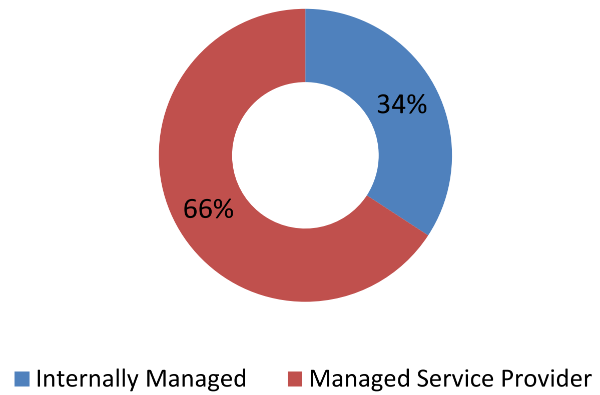
2012/2011 Growth in Global VMS Spend



SOW - 2012 VMS Spend

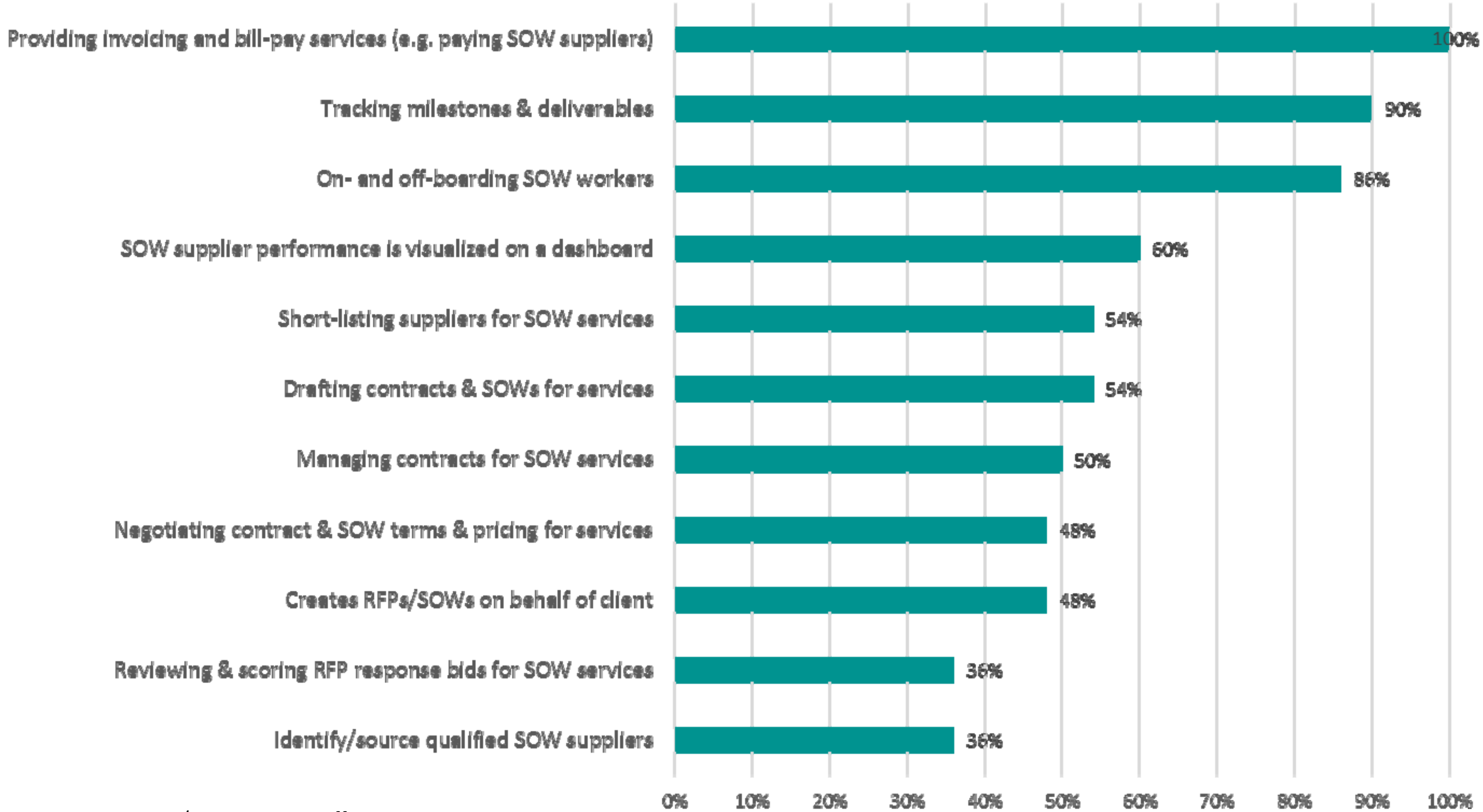


Temp/contract - 2012 VMS Spend



Source: SIA 2013 VMS/MSP Competitive Landscape Report

Evolving SOW Services - MSP



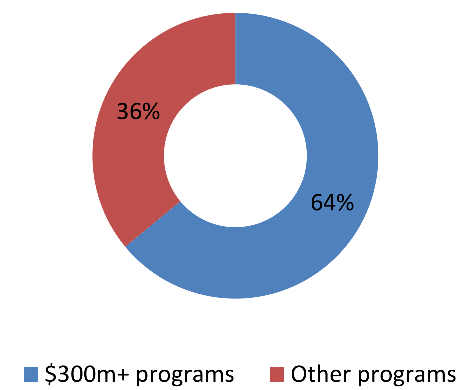
Source: SIA 2013 VMS/MSP Services Differentiator Report

Mega-programs (programs with $300m+ VMS spend in 2012)

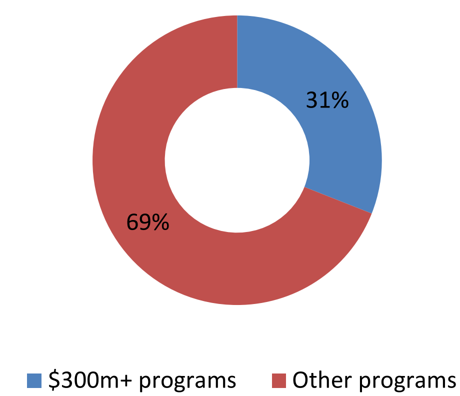
<u>Number of mega-programs:</u>
2012 Landscape Report: 40
2013 Landscape Report: 62

*8 programs from new participants, adjusting for these 8 gives same-provider y/y growth from 40 to 54 (35%) in number of mega-programs.

SOW - 2012 VMS Spend

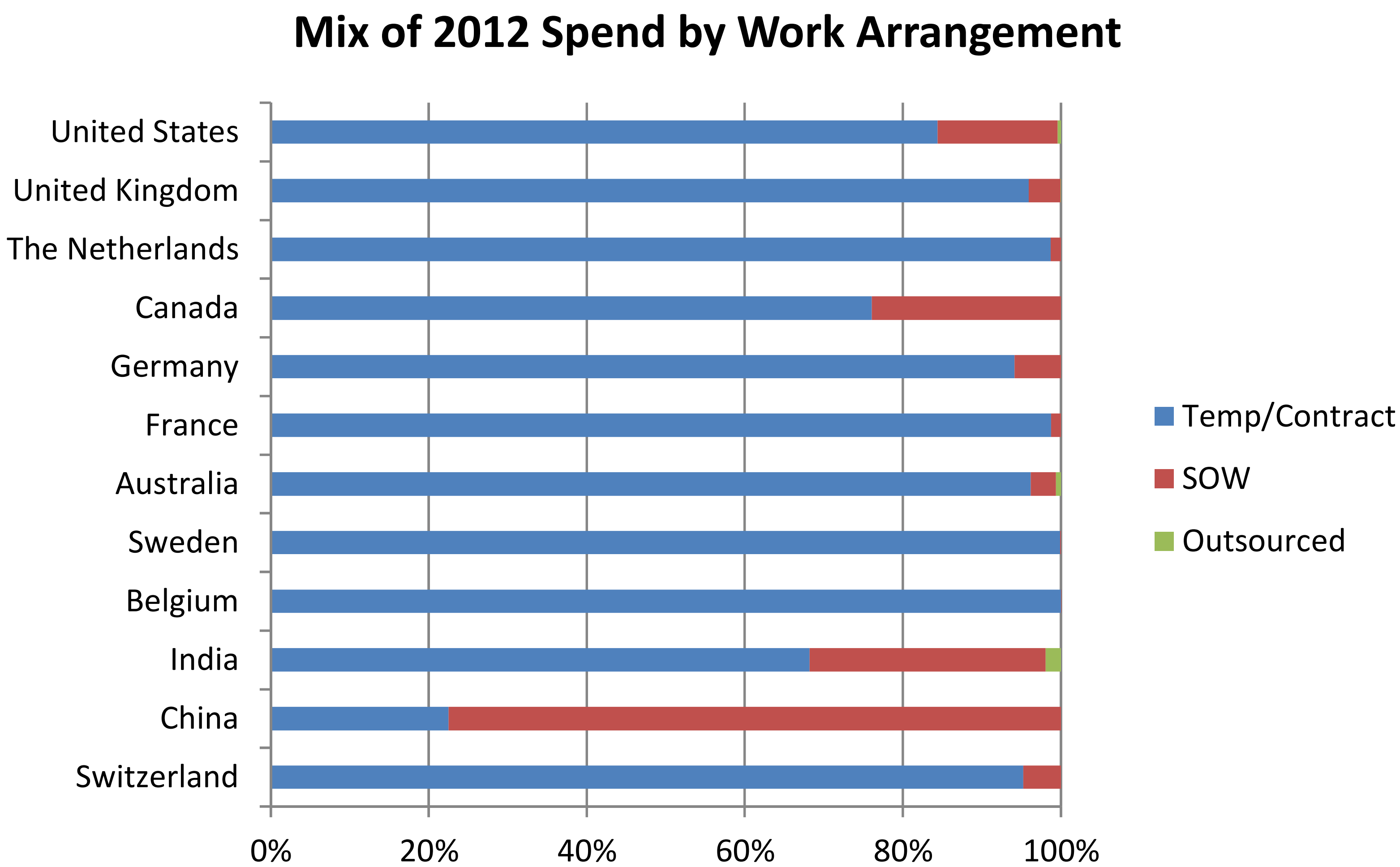


Temp/contract - 2012 VMS Spend



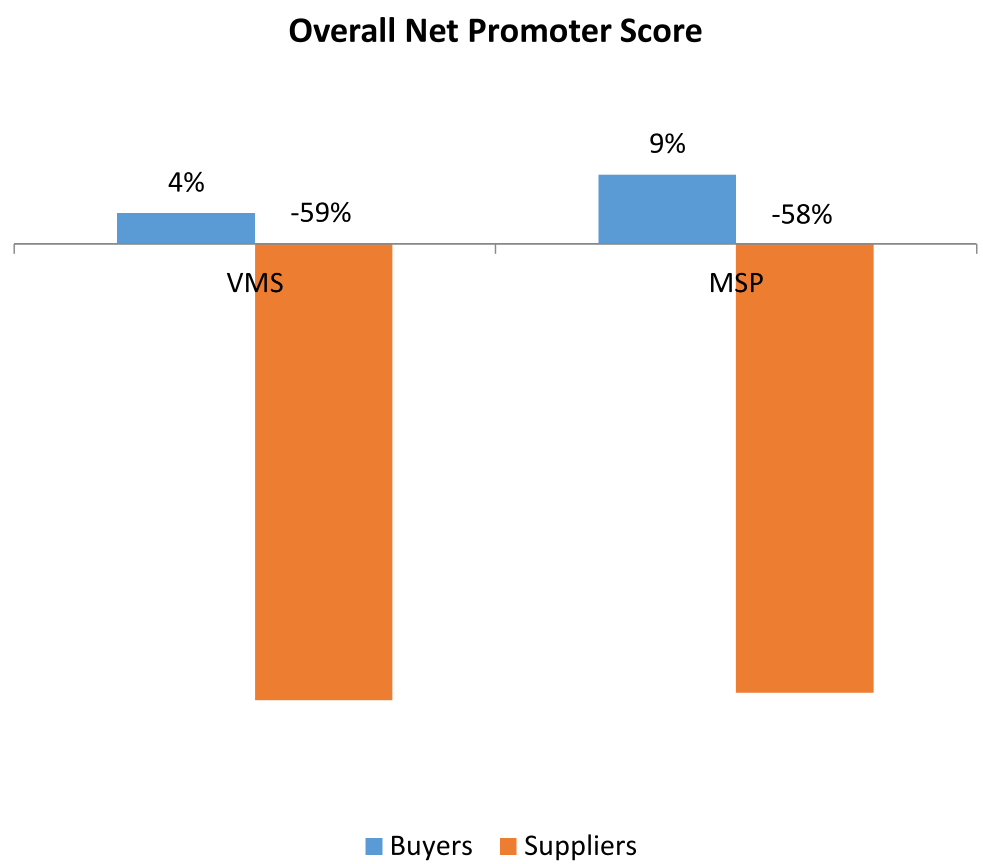
Source: SIA 2013 VMS/MSP Competitive Landscape Report

Twelve largest markets based on reported 2012 MSP spend



Source: SIA 2013 VMS/MSP Competitive Landscape Report

Overall Net Promoter Scores – Buyers and Suppliers



Source: SIA 2013 VMS/MSP Customer Experience Report

Why is it called a *Vendor* Management System?

So much more R&D attention is given to the internal workings within the buyer's walls…

- Approval scenarios, flows, chains, & triggers…
- Special users
- Conditional workflow exception management
- Integration set-up & maintenance
- Onboarding and offboarding

What is the genetic ancestor of the VMS… HR tools or Sourcing tools?

Both.

- e.g. IQN = Procurement tool
- e.g. PeopleFluent = Talent Acquisition tool
- Most VMS companies claim to be "both" and then some (e.g. contract management, catalog procurement, ATS)

What differentiates one VMS from another, don't they all do the same thing?

No. Well, sort of… but no.

- They do things differently to arrive at similar outcomes (e.g. a requisition)
- The ***best*** VMS is the ***right*** VMS
  - a function of fit more so than market size
  - based on ***real requirements*** that have been thought through with end users and other stakeholders

STAFFING INDUSTRY ANALYSTS

Staffing Industry Analysts CWS COUNCIL

Bryan T. Peña
VP, Contingent Workforce Strategies and Research
bpena@staffingindustry.com

Tony Gregoire
Research Manager
tgregoire@staffingindustry.com

STAFFING INDUSTRY ANALYSTS

Did things a little differently….Scenario's

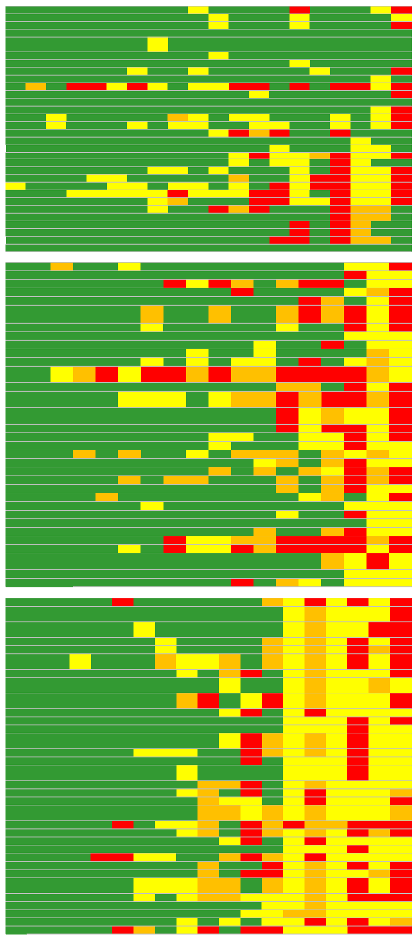
	Scenario Summary				
Scenario Attributes	**Scenario 1** Manufacturing/LI	**Scenario 2** Professional Services & SOW	**Scenario 3** Global & Diverse Workforce	**Scenario 4** Small Program	**Scenario 5** Healthcare
Number of Suppliers	15+	50+	150+	15	20
Spend	$50+ million	$500 million	$200+ million	$15 million	$125 million
Average Active Headcount	5000	2,000 / 50 projects	1,000	150	1,500
Single/Multi-National	Single	Multi-National	Multi-National	Single	Single

VMS Capability Heat Maps

General Capabilities

Manufacturing & LI

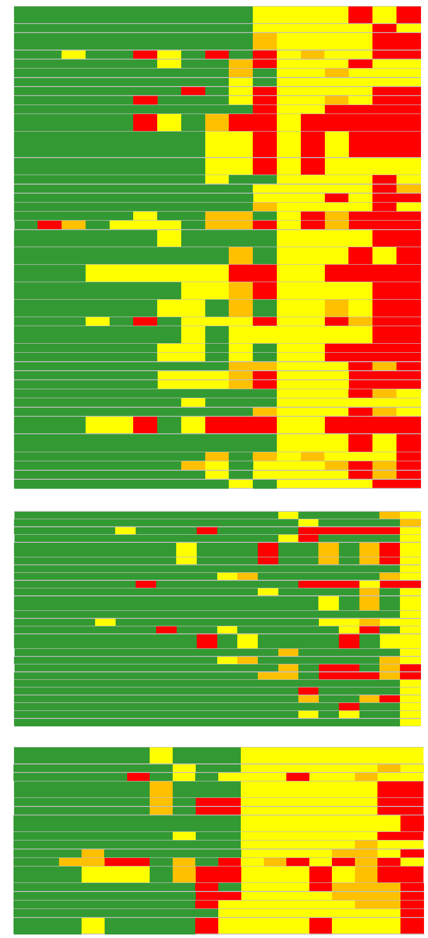
Professional & SOW



Global Program

Small Program

Healthcare

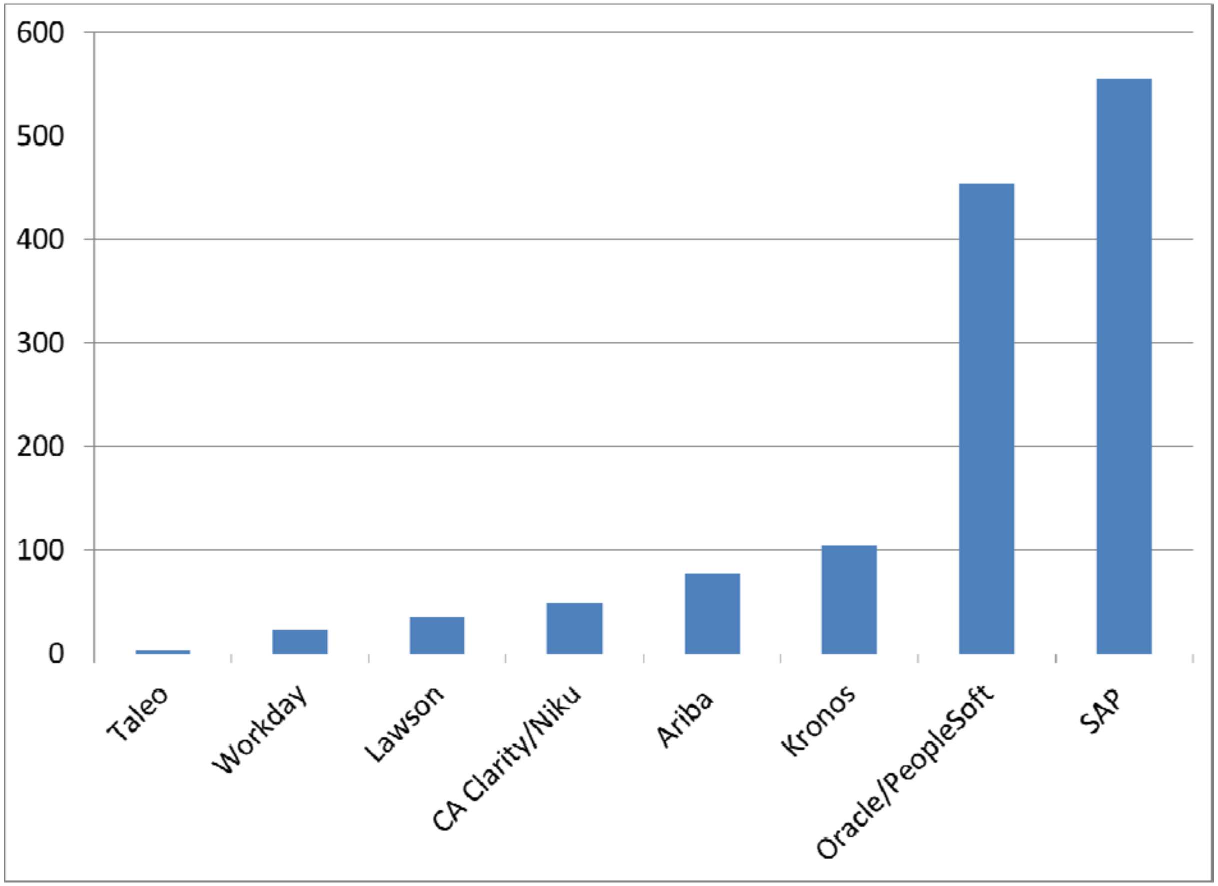


The quest for flexible reporting is over.

And yet the business needs reporting promises to fill remain unmet.

- Users say they want more flexibility, but really want less (e.g. dashboards)
- Claim to want more granularity, until they get it, and regret it
- <u>The need</u>: **to intuitively derive alerts and insights from the aggregation and summary of data**

Aggregate View of VMS Integration Touch-points



Staffing Industry Analysts CWS COUNCIL

Forget about "what IS a MSP," What ISN'T it???

- Led / dragged by customers into many functions
- As expectations rise, MSPs struggle to find and keep top talent at the program level
- Assuming a variety of risks & obligations
- All at modest margins getting smaller…..

MSP Capability Heat Maps

General Capabilities

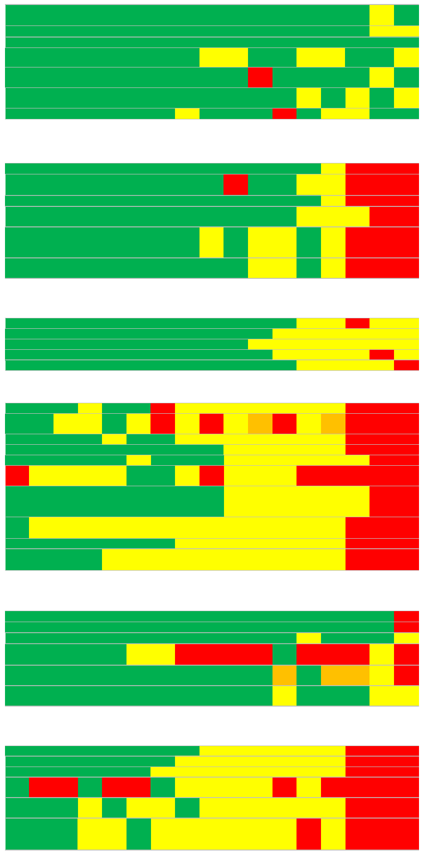
Manufacturing & LI

Professional & SOW

Global Program

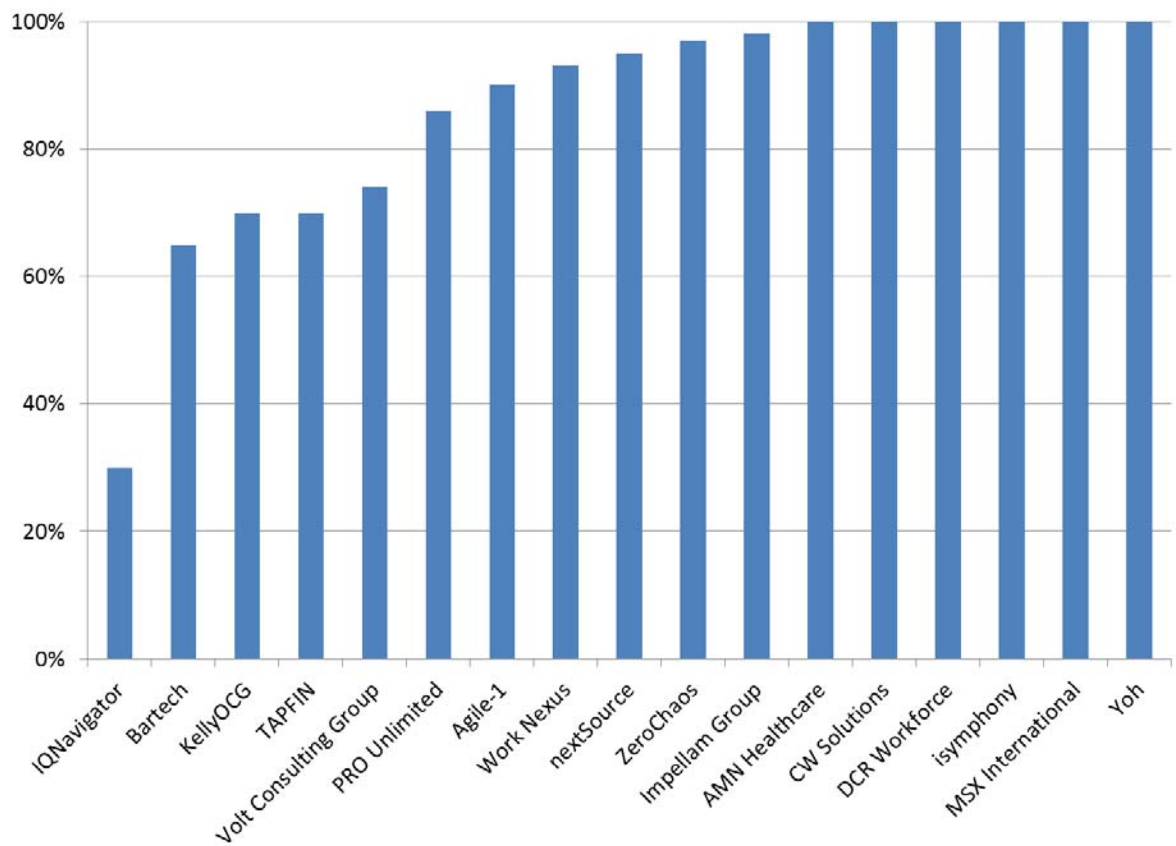
Small Program

Healthcare



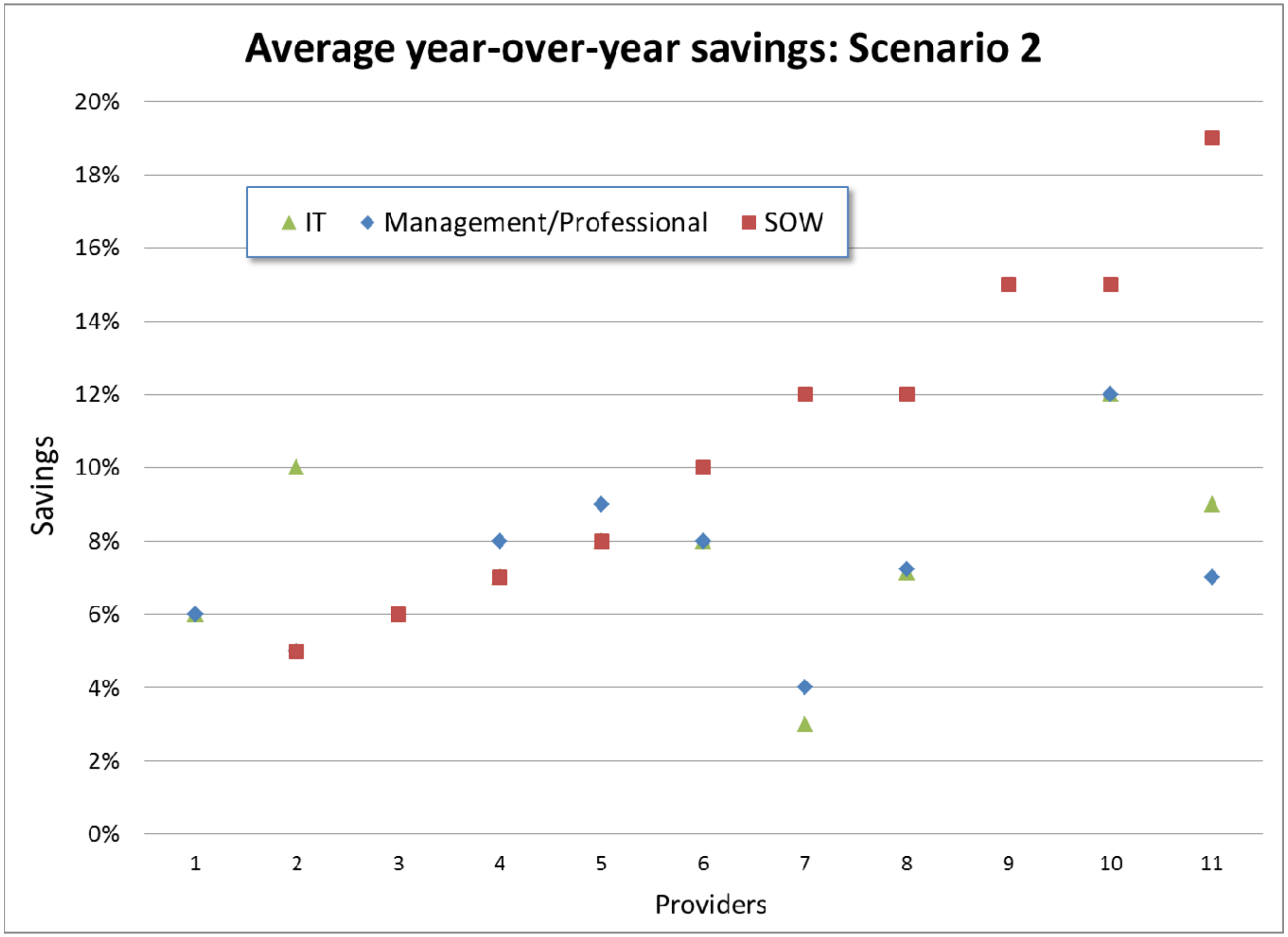
Percentage of programs where MSP holds supplier contracts

Percentage of programs where MSP holds supplier contracts



Staffing Industry Analysts CWS COUNCIL

The Million Dollar Question…



Staffing Industry Analysts CWS COUNCIL

North America

Time for Your Questions

CWS

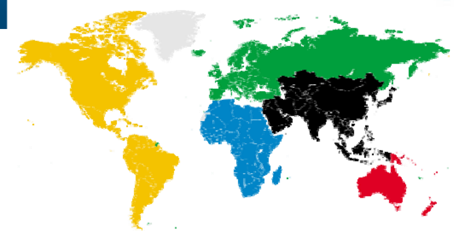
Staffing Industry Analysts
CWS COUNCIL

North America

Thank you to our sponsor

Colleen Tiner
Vice President, Product Management and Marketing

North America



STAFFING INDUSTRY ANALYSTS CWS SUMMIT LONDON

13-14 May, 2014 |Lancaster London |London, England

CWS Council Meeting 12th May

STAFFING INDUSTRY ANALYSTS CW SOLUTIONS FORUM

October 6-7, 2014 |Mirage Resort & Casino | Las Vegas, NV

CWS Council Meeting October 6th

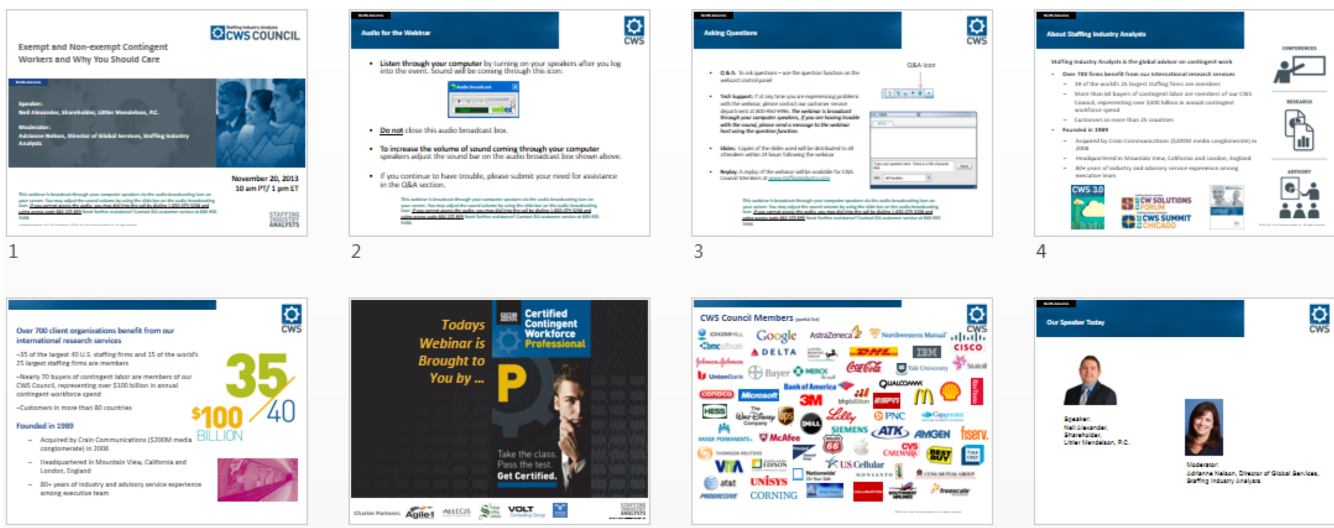
STAFFING INDUSTRY ANALYSTS CWS SUMMIT LAS VEGAS

October 8-9, 2014 |Mirage Resort & Casino | Las Vegas, NV

North America

Slides and Audio

- Copies of the slides and a link to the audio recording will be distributed to all attendees within 24 hours following the webinar
- A replay of the webinar will be available for CWS Council Members at www.staffingindustry.com



THANK YOU!