Time for Change: The Dos and Don'ts of Integrating SOW Into a Contingent Workforce Program

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14 October 2021

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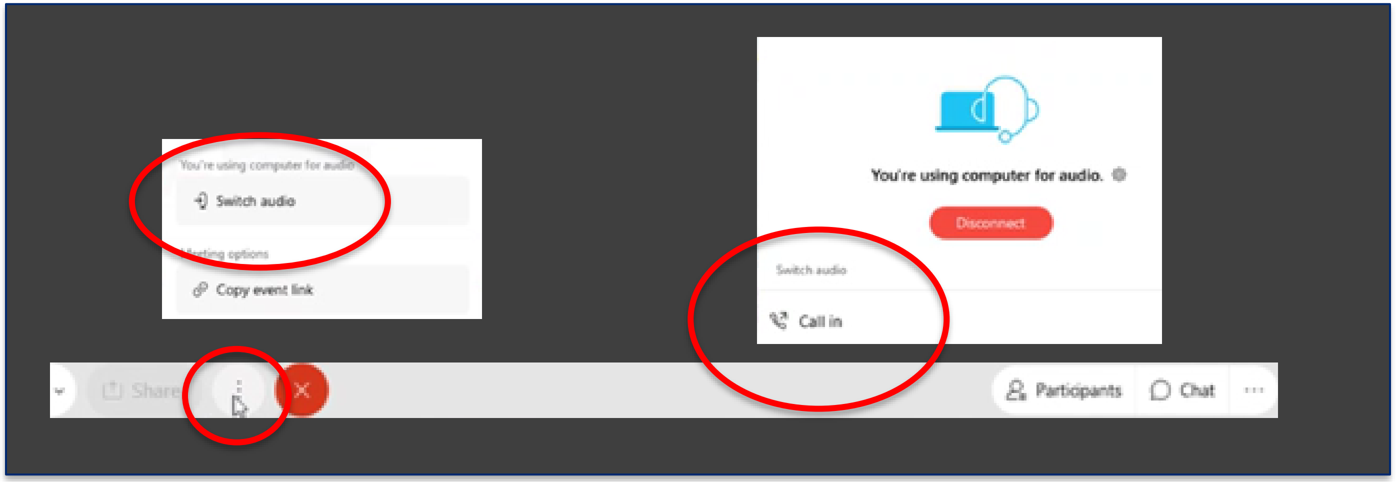

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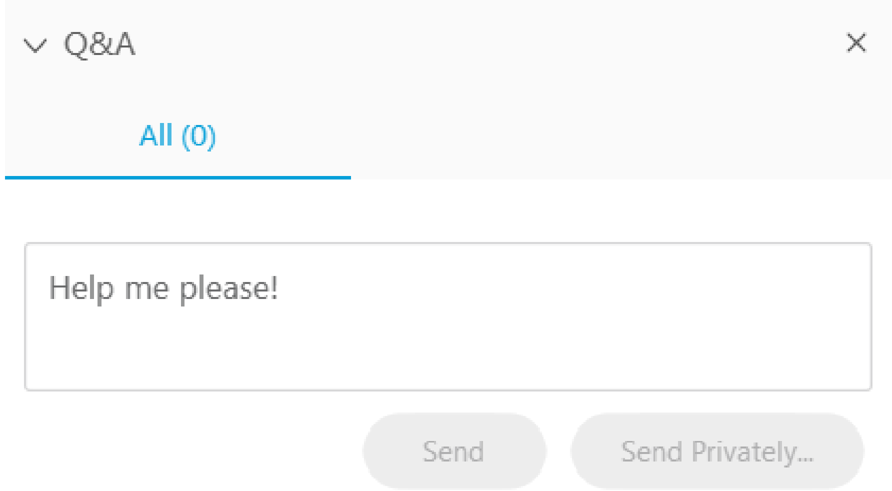

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	Products & Services for Suppliers	Products & Services for Buyers
Research & Advisory	SIA STAFFING INDUSTRY ANALYSTS CORPORATE MEMBERSHIP	SIA STAFFING INDUSTRY ANALYSTS CONTINGENT WORKFORCE STRATEGIES COUNCIL
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Expand Your Expertise in SOW. Now.

SOW Management Expert Class will help you:

- Control costs and enhance SOW project/services quality
- Establish and optimise SOW programme management capabilities
- Elevate your knowledge and career

Upcoming Class: 22-24 November 2021 (GMT)

Register Today!

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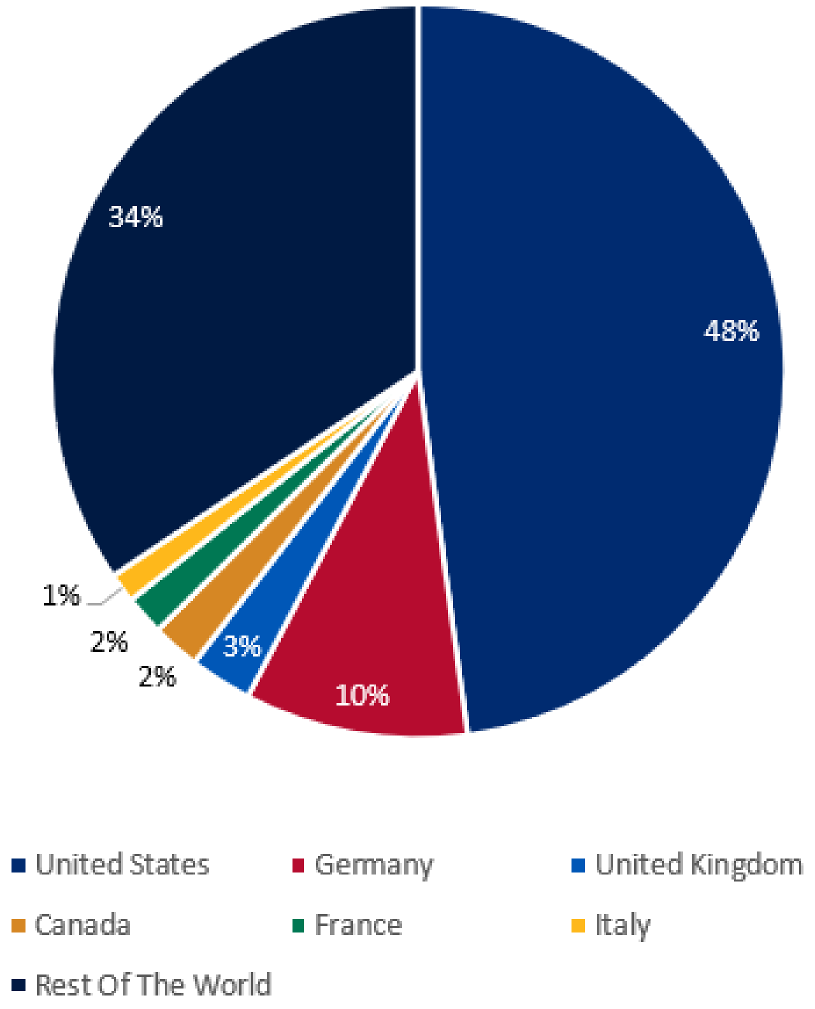
SOW Revenue (%) by Country/Region



United States	$250bn
Germany	$51bn
UK	$14bn
Canada	$11bn
France	$9bn
Italy	$7bn
Rest of World	$180bn
TOTAL	$523bn *(Rounded)*

SIA: The Global Gig Economy (June 2020)

How Will the Following Employee Types Change as a Share of Your Total Labour Force Over the Next 10 Years?

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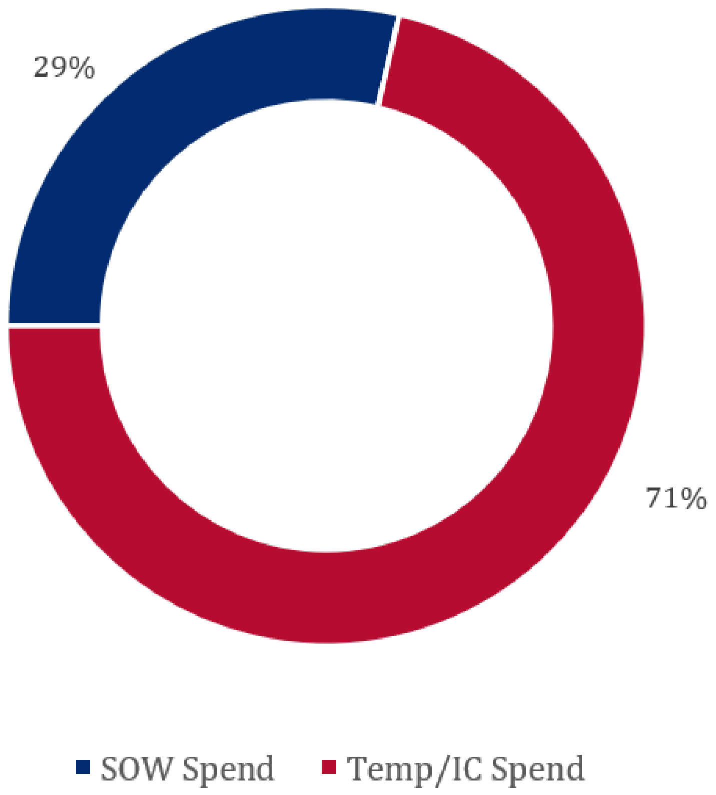
	Regular/ permanent employees	Agency temporary workers	Temporary workers (sourced internally)	Statement-of-work (SOW) consultants	Other independent contractors/ consultants	Workers operating via entirely outsourced vendors on an ongoing basis	Freelancers sourced via internal pool or online staffing platform
Significant decrease in share	11%	2%	4%	4%	6%	4%	4%
Moderate decrease in share	44%	24%	15%	7%	19%	11%	8%
About the same	25%	27%	62%	38%	35%	35%	42%
Moderate increase in share	15%	40%	16%	35%	37%	41%	42%
Significant increase in share	5%	7%	4%	16%	4%	9%	6%
	n = 55	n = 55	n = 55	n = 55	n = 54	n = 54	n = 53
(% “increase”) - (% “decrease”)	-35%	22%	2%	40%	17%	35%	36%

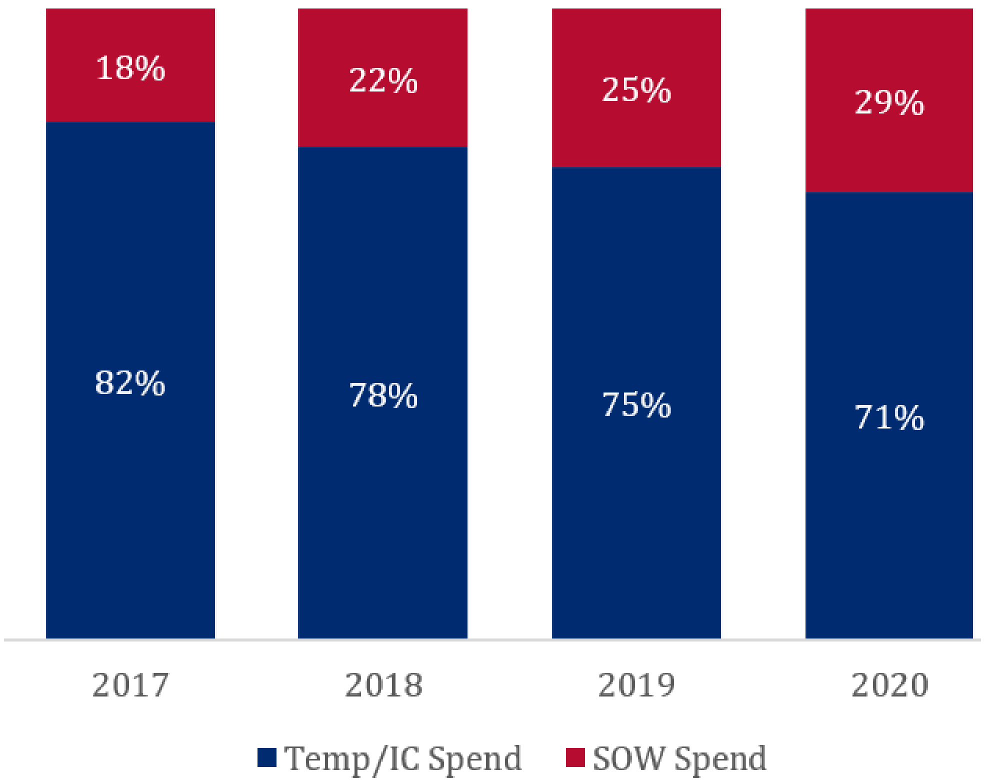
SIA: Workforce Solutions Buyer Survey 2020 (EMEA)

Work Arrangements

MSP market by work arrangement (% share of spend)



y/y change in share of spend by work arrangement



SIA: MSP Global Landscape and Differentiators, 2021

Supplier Management Strategies 2020

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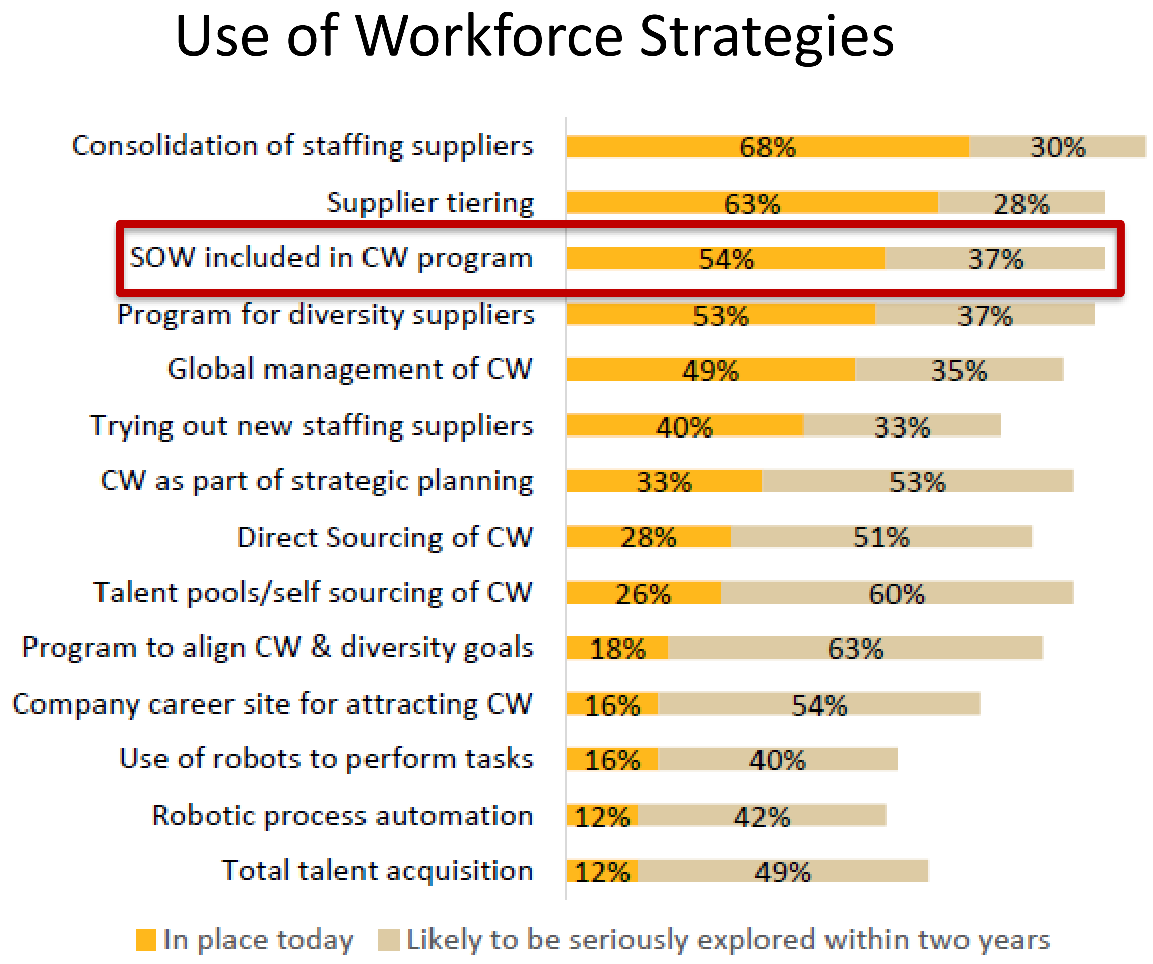

SIA: Workforce Solutions Buyer Survey 2020 (EMEA)

What’s in Scope?

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Speakers:

- **Laurence Kirk**, VP, EMEA APAC, PRO Unlimited

- **Ann Stokes**, Director of Procurement, MUFG

- **Neil McGrail**, Sr. Director Services Procurement, PRO Unlimited

- **Peter Reagan**, CCWP, Senior Director, Contingent Workforce Strategies & Research, SIA

BACKGROUND INFORMATION By Laurence Kirk

Global Services Market and Talent Acquisition Landscape: Key Changes

MSP Industry Challenges

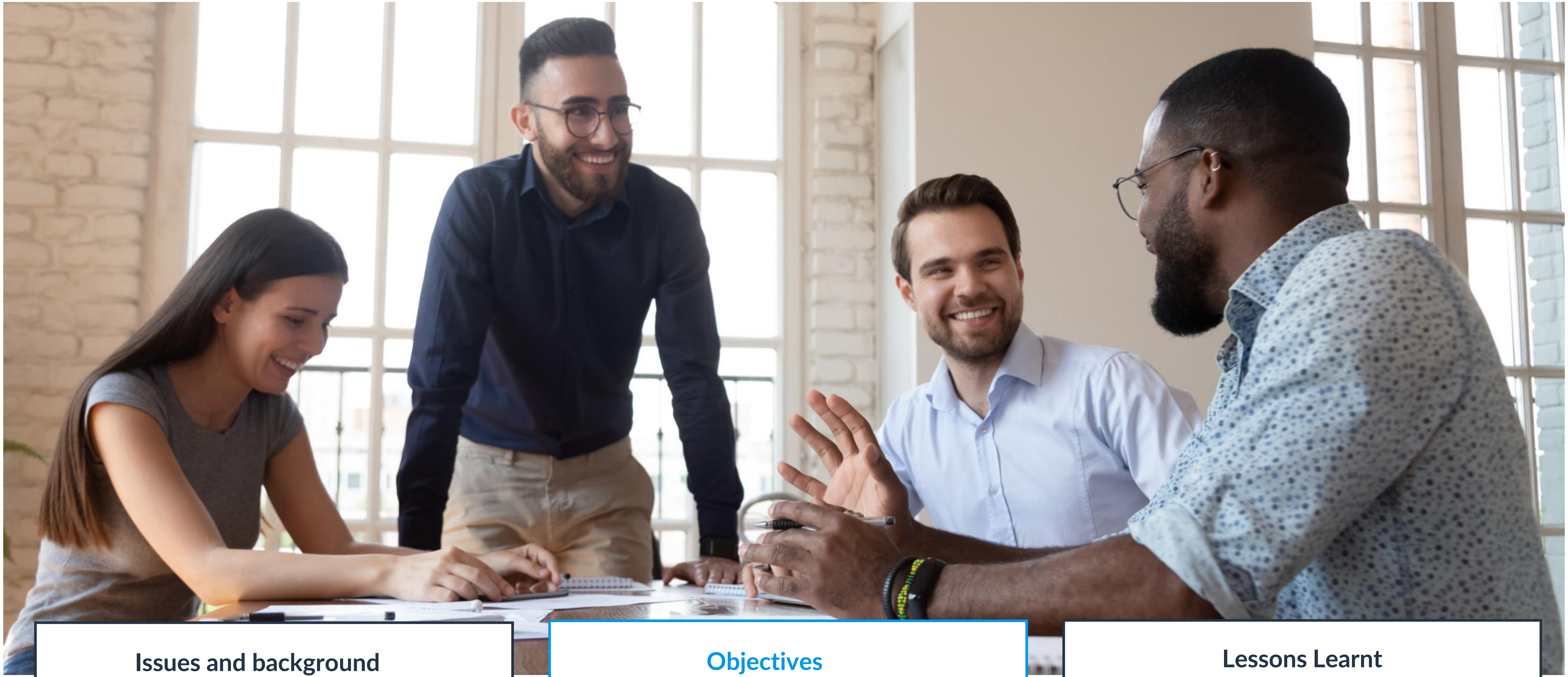
What's the Impact on SOW?

SOW Requirements: Focused, Consistent Procurement Processes

MUFG Bank is Japan's largest bank and one of the world's largest, with offices throughout Japan and in 40 other countries. We build long-term relationships with our customers, promote real economic growth, and contribute to orderly capital markets that serve society. The welfare of our customers and employees is always top of mind. Learn more through these links.

MUFG holds assets of around US$2,459 billion as of 2016 and is one of the "Three Great Houses" of the Mitsubishi Group alongside Mitsubishi Corporation and Mitsubishi Heavy Industries.

MUFG: THE IMPACT OF SOW



Issues and background

Objectives

Lessons Learnt

THE IMPACT OF SOW

MUFG

Issues and background for transition to MSP :

- Integration of MUFG Bank and Securities in 2017 saw the population of SoW requests to Procurement increase substantially, under resourced to manage this
- SoW requests always urgent, constant reaction to requests
- Lacking skills in benchmarking costs meant we were unable to benchmark costs effectively
- No tools to actively manage spend
- Lacking tools to manage resourcing correctly, constantly enhancing a contract system to capture all requirements from the business e.g. day rates
    - Asked to capture "individuals" in the contracts database for Security reasons, goes against the grain of SoW
    - Need to onboard suppliers and undertake adequate due diligence
    - No consolidation on invoicing – numerous invoices received within the AP team
    - SOWs were often agreed directly with the business and supplier – Procurement were transacting requests
    - Managers making decisions on behalf of Procurement and agreeing into terms that were not always beneficial to MUFG

Objectives:

Cost savings, supplier reductions, risk mitigation, improved technology, improved reporting, efficiencies

THE IMPACT OF SOW

To Achieve This:

- We transitioned the SoW population to an MSP
- Cost neutral to us
- All requests go through our MSP tracking system – visibility
- All costs are managed through our MSP – business can view costs at any time
- MSP undertake benchmarking on resources – more expertise within their team
- Reporting at the click of a button
- Supplier due diligence undertaken by MSP – we still have control of the supplier population via Supplier Relationship Management in the business
- Consolidated supplier invoicing
- Process efficiency for our business users – one point of contact rather than multi team's involvement

Lessons Learnt:

- Be aware of offshoring requirements on invoicing – tax
- Be prepared for challenges from suppliers transitioning to a new model
- Communication – a more collaborative approach to involve the SRMs sooner and sent comms to the managers first instead of suppliers
- Transition of suppliers – would be better to move in one go rather than in stages, as this can cause gaps and potential duplicate billing

WHAT IS SOW?

- SOW for projects and services
- SOW versus staff augmentation
- SOW lifecycle
- Main objectives
- Skills needed to make SOW programme successful

POLL 1

What is your **most important** objective for service procurement?

A. Cost Savings

B. Quality

C. Risk

D. Compliance

E. Visibility

F. Other

COMMON CHALLENGES

- What should be in scope for SOW?

Challenges:

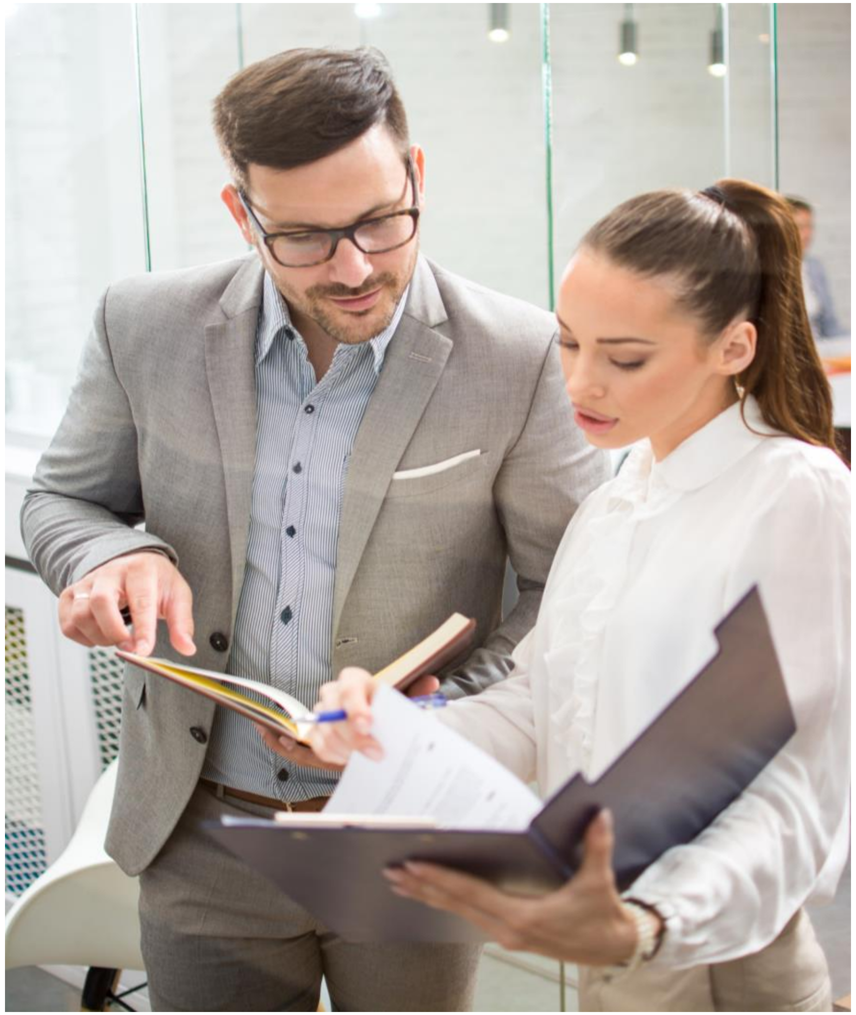
- Ineffective governance framework
- Lack of transparency and actionable data
- Reliance on traditional (contingent worker programme) commercial terms
- Insufficient due-diligence and availability of all required metadata

- **Lessons learned:** successes and failures

POLL 1: What is your most important objective for service procurement?

A. Cost savings
B. Quality
C. Risk
D. Compliance
E. Visibility
F. Other

BEST PRACTICES FOR SCOPING, BIDDING AND AWARDING SOW



At A Macro Level:

- Top-line sourcing strategy and detailed category plans to help prioritise & quantify opportunities within the supply base
- A vendor segmentation strategy to determine which suppliers provide high-risk/strategically important work products
- Leveraging the sourcing process to develop preferred supplier lists (PSLs) with robust taxonomy

BEST PRACTICES FOR SCOPING, BIDDING AND AWARDING SOW

At A More Tactical Level:

- Creating a unified intake process with business stakeholders:
  - Drive early engagement and reduce “churn” in end-to-end process
- Use of decision trees or guided buying to simplify process for business users
- Standardisation of contract templates & related artifacts:
  - Reduce total contract lifecycle and systematically eliminate risk

POLL 2: WHAT ARE YOUR BARRIERS TO SOW ADOPTION

A. Lack of meaningful value proposition

B. Stakeholder alignment

C. Supplier maturity

D. Visibility of spend

E. Other

DATA TO OPTIMISE THE SERVICES PROCUREMENT STRATEGY

Data is essential to:

- Creating a baseline
- Identifying potential cost savings opportunities

Combining quality data and unified technology platform provides:

- Critical visibility into services spend
- Qualitative insight into contract terms & specific phrases clauses
- Risk reduction
- Standardisation & efficiency in the contract lifecycle management process

POLL RESULTS

Poll 2: What are your barriers to SOW adoption?

A. Lack of meaningful value proposition
B. Stakeholder alignment
C. Supplier maturity
D. Visibility of spend
E. Other (please type in chat)

KEY SOLUTION DIFFERENTIATORS TO CONSIDER

To help make more informed SOW decisions, you should consider:

- Identification and capture of rogue spend
- Reduction of misclassified labour
- Sourcing optimisation across all external labour types.

As new, **innovative technologies** emerge, buyers should anticipate a transition to:

- **Hybrid-based pricing** (with fixed service components, licenses, etc.) or
- Time-series pricing where **fixed costs transition** to supplier funded over time

DO'S AND DON'TS OF INTEGRATING SOW

PURSUE

- Provide holistic solutions that maximise sourcing optimisation across all labour channels
- Generate data-driven insights into all the spend categories within their clients SOW portfolios
- Integrate real time market intelligence into the buying process

AVOID

- Fragmented and disparate system in place to capture elements of engagement
- Lack of transparency when it comes to bench-marking or applying real-time market intelligence for costs related to project-based work
- Lack of or inefficient processes that lead to difficulty in assessing vendor performance for projects
- A high degree of variability across spend categories

DO'S AND DON'TS OF INTEGRATING SOW

PURSUE

- Perform due diligence and availability of all required metadata to validate programme scope & implementation strategy
- Create a vendor segmentation strategy to determine
  - Which suppliers provide high-risk or strategically important work products
  - Which are more tactical/"commodified" & have a more repeatable/ubiquitous work product
- Leverage the sourcing process to develop preferred supplier lists (PSLs) with robust taxonomy

AVOID

- Lack of resources and capacity within the Procurement organisation to manage truly strategic & high-risk areas
- Not having full visibility, governance and/or compliance support for Professional Services engagements
- System breakdowns that lead to misalignment between business stakeholder needs and goals
- High degree of labour misclassification (sourcing continent workers via SOW outside of well-governed, competitive process)

Time for your questions…

Thank you for your sponsorship…

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SIA MEMBER & NON-MEMBER RESOURCES

STAFFING INDUSTRY ANALYSTS

- The Global Gig Economy, June 2020
- SIA Workforce Solutions Buyer Survey 2020 EMEA
- MSP Global Landscape and Differentiators, 2021
- CCWP SOW Management Expert Certification Training
- SIA Lexicon of Terms

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- Copies of the slides and a link to the audio recording will be distributed to all attendees within 48 hours following the webinar.
- A replay of this webinar will be available for our CWS Council and Premium Corporate members at: www.staffingindustry.com/webinars-buyer

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Known for our award-winning content, data, support tools, publications, executive conferences and events, we help both suppliers and buyers of workforce solutions make better-informed decisions that improve business results and minimize risk. As a division of the international business media company, Crain Communications Inc., SIA is headquartered in Mountain View, California, with offices in London, England.
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