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The Evolution of Services Procurement: Sourcing Best-In-Class SOWs

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October 5, 2023

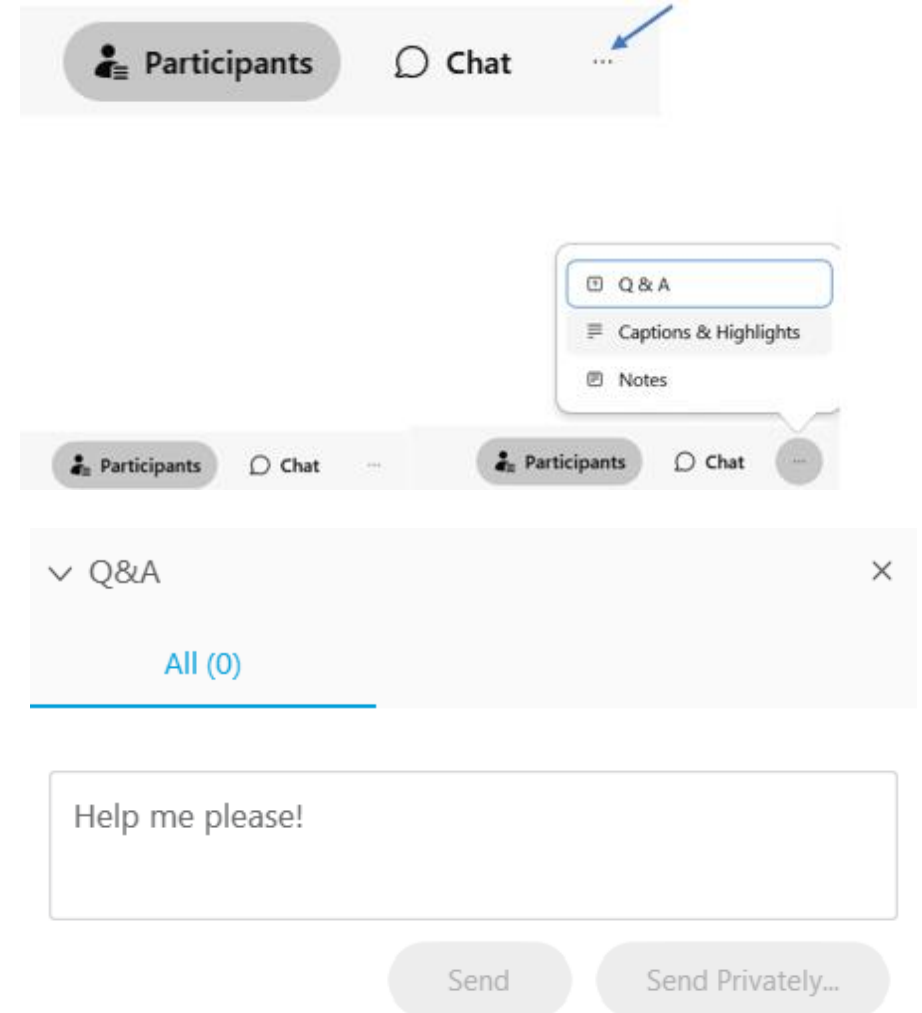
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CWS Council (partial list)



Today's Speakers



- **Dustin Burgess,**
Senior Vice President,
Strategic Advisory ,
Magnit



- **Jen Simon,**
Workforce
Strategies Research
Director, SIA



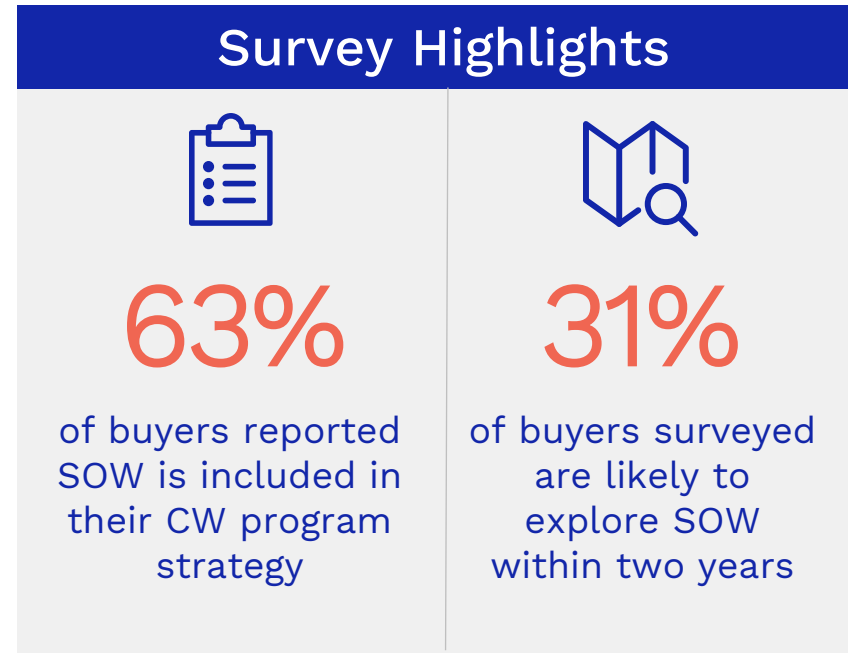
- **Greg Fenton,**
Senior Vice
President, Client
Services, Magnit



- **Lori Telischak,**
Sr. Manager, Contingent
Workforce Strategies
Learning &
Development

SOW Management in CW Programs

Use of Workforce Strategies, 2023



Source: SIA's Workforce Solutions Buyer Survey 2023

SOW Management in CW Programs

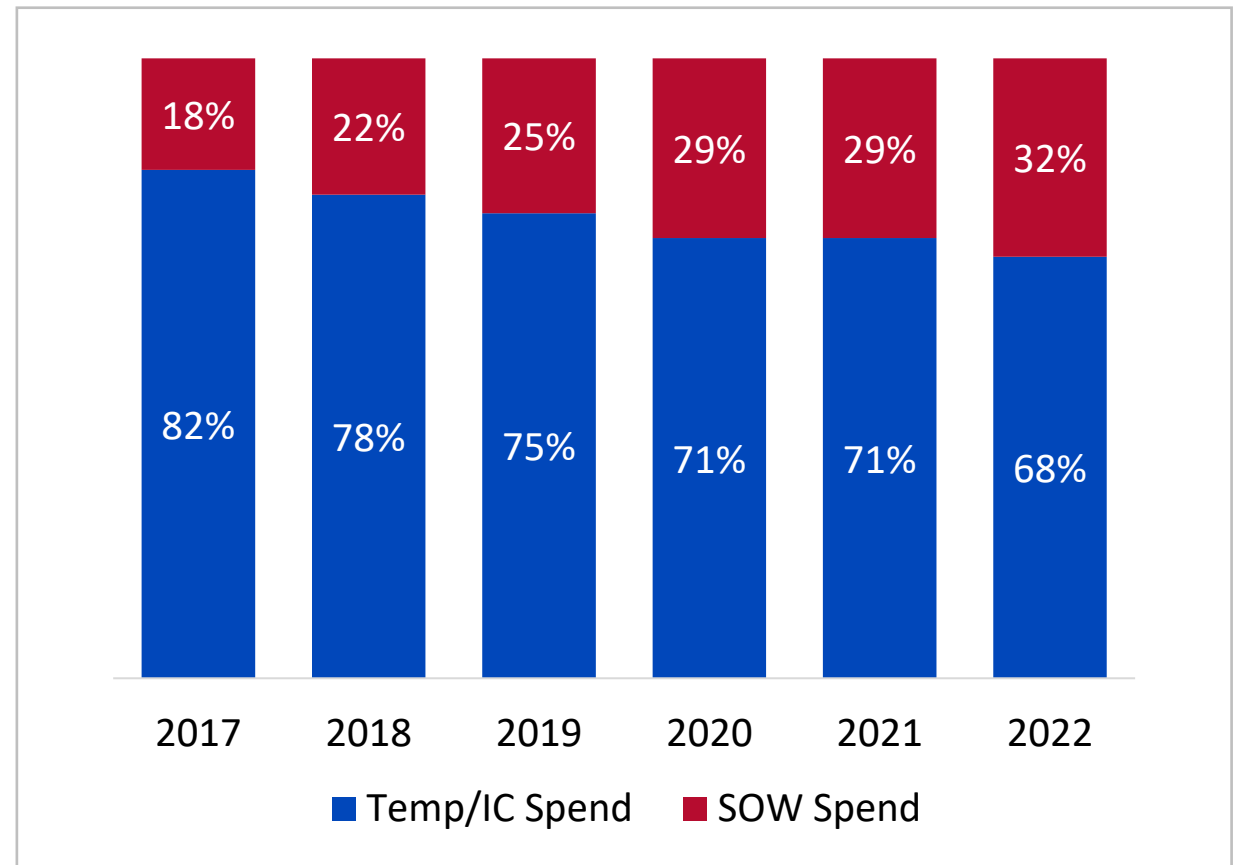
Report Highlight



32%

of global spend within MSP programs
was through SOW arrangements

Y/Y Change in Share of Spend by Work Arrangement



Source: Workforce Solutions Buyer Survey 2023 & MSP Global Landscape and Differentiators

Why is This an Issue?

- **1 out of 3 SOWs have a vague or absent scope**
- **1 out of 4 non descriptive roles**
- **43% of SOWs are misclassified**
- **62% excess cost of misclassification**

Source: Brightfield CWS Summit NA 2023

Unique Approach

What Buyers Need To Consider for SOWs

IDENTIFY

YOUR Talent Supply Chain Needs

- expertise
- cost optimization
- centralization
- transparency
- ability to benchmark



UNDERSTAND

YOUR Current Talent Supply Chain Challenges

- competencies & capabilities
- sourcing times
- misclassification
- skills gaps
- adherence to terms



DESIGN

YOUR Customized Talent Supply Chain

- a trusted ecosystem interacting seamlessly to drive positive outcomes
- vendor catalog of capabilities and performance
- project library



DELIVER OUTCOMES



Visibility



Cost Savings



Process Speed & Efficiencies



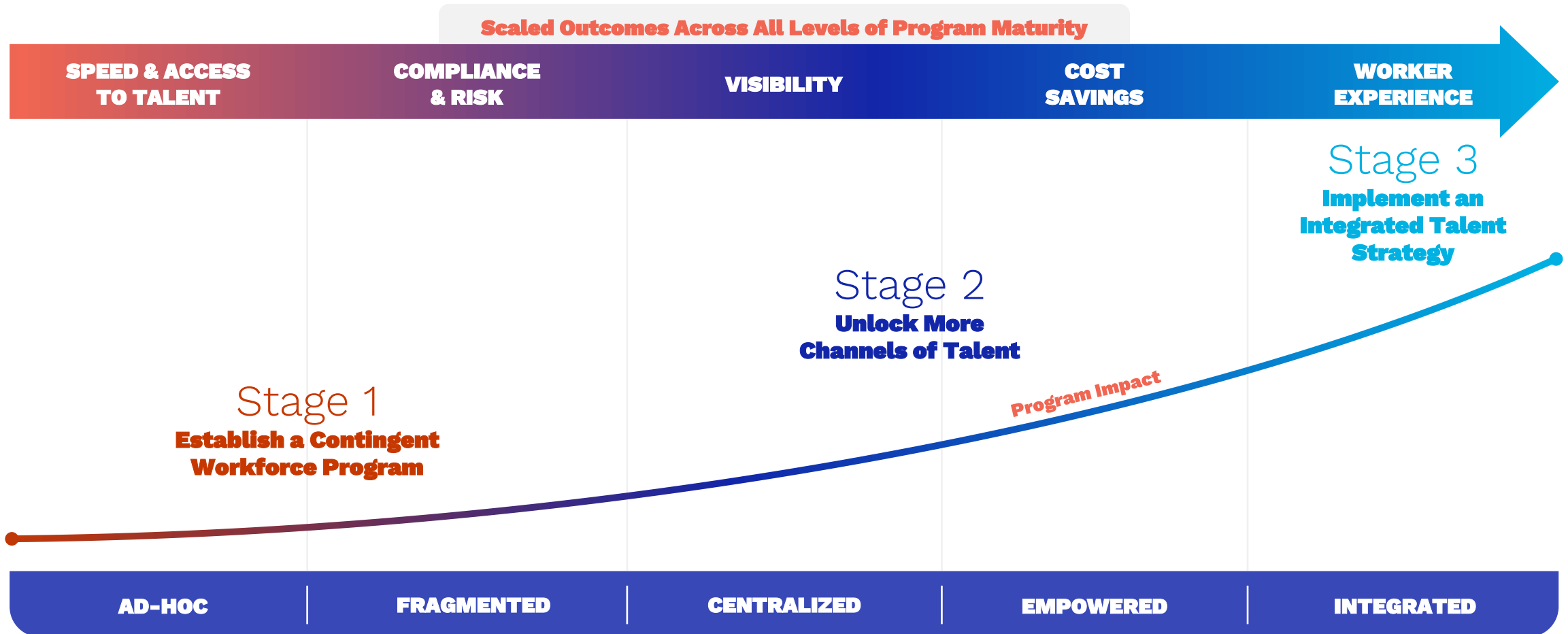
Compliance & Risk Mitigation



Engaged Vendors

The Integrated Workforce Management Maturity Curve - SOW

Stages for Your Services Procurement Optimization Journey



How We Think About Your Maturity

Key Questions To Help Determine Where You Are In Your Journey

CENTRALIZED

EMPOWERED

INTEGRATED



- How many projects are we managing across clients and geographies?
- How many projects are competitively bid vs. single sourced?



- How much money are we saving per SOW? On all SOWs?



- Who are our preferred vendors when implementing a new SOW program?
- What vendors service both SOW and Staff Aug?



- What skills are we seeing emerge?
- What jobs do we see cross over from SOW to Staff Aug?
- How do rates trend and fluctuate in project work?



- How can we better predict when SOW projects will be needed at an organization?



- Which Staff Aug positions get opened, canceled, and re-opened as SOW?



- What savings can we generate from these when captured and corrected?



- What vendors are successful on various types of projects?



Technology & Data



Early Stage Program



- Could be internally run, or through first-gen MSP
- Doing headcount tracking and billing
- Limited visibility to benchmark data
- No SOW templates means no consistency across details of SOWs
- Focus typically on large projects, strategic vendors with long tail of smaller vendors/projects not being optimized
- Managers use SOW to avoid Staff Aug controls

Middle Stage Program



- VMS technology deployed with integrations into other systems
- Procurement focuses on large projects/strategic vendors
- MSP or other third party focuses on tail spend vendors under certain dollar threshold
- Benchmarking data used by all parties for optimization of SOW terms, cost, etc.
- "Rogue" staff augmentation identified and properly routed
- Program drives cost savings

Fully-Optimized Program



- High level of trust between internal stakeholders and MSP for SOW management
- Program drives material cost savings for the business
- Full program visibility to spend, projects, and vendor performance via real-time data
- Vendor catalog exists with capabilities as well as performance



Services



What Makes SOW Labor Different?

Key Characteristics of SOW Sourcing Difficulties



Source: Magnit, Sourcing Best-in-Class Statements of Work, 2022

Poll 1

What Is The Most Important Element of a Best-In-Class SOW Program?

(choose best answer)

A

Clear
Objectives/
Transparency

B

Competitiveness

C

Longevity

D

Cost Savings

E

Data &
Intelligence

F

Compliance

Key Characteristics of Effective SOWs



Source: Magnit, *Sourcing Best-in-Class Statements of Work, 2022*

Poll 2

What is Your Biggest Challenge In Making More Strategic Services Procurement Decisions?

(choose best answer)

A

Opportunities
for Cost Savings

B

Anticipating
Business Needs

C

Improving
Supplier
Selection

D

Monitoring
Supplier
Performance

E

Making Better
Decisions

Key Steps for Strategic SOW Sourcing

Prototyping & Baselineing

Using past project documentation:

- Total cost spent
- Resources
- Time records
- Locations

RFP Design

- **Top-Down:** All-in price for each prototype
- **Mid-Tier:** Task, milestone, or portfolio pricing based on intermediate products
- **Bottom-Up:** Cost-Plus with rates, job descriptions, hours, etc.

Management

- Choosing the Procurement & Resource Management System
- Consider complex pricing

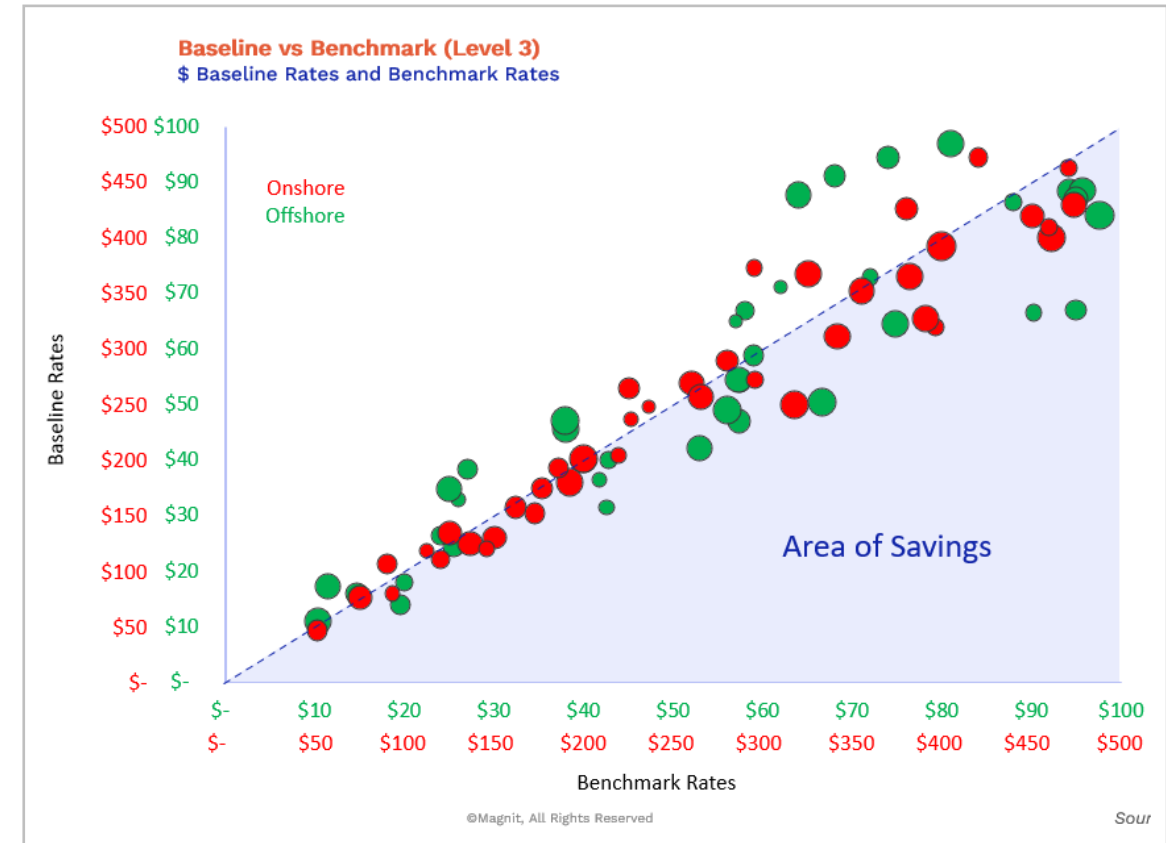
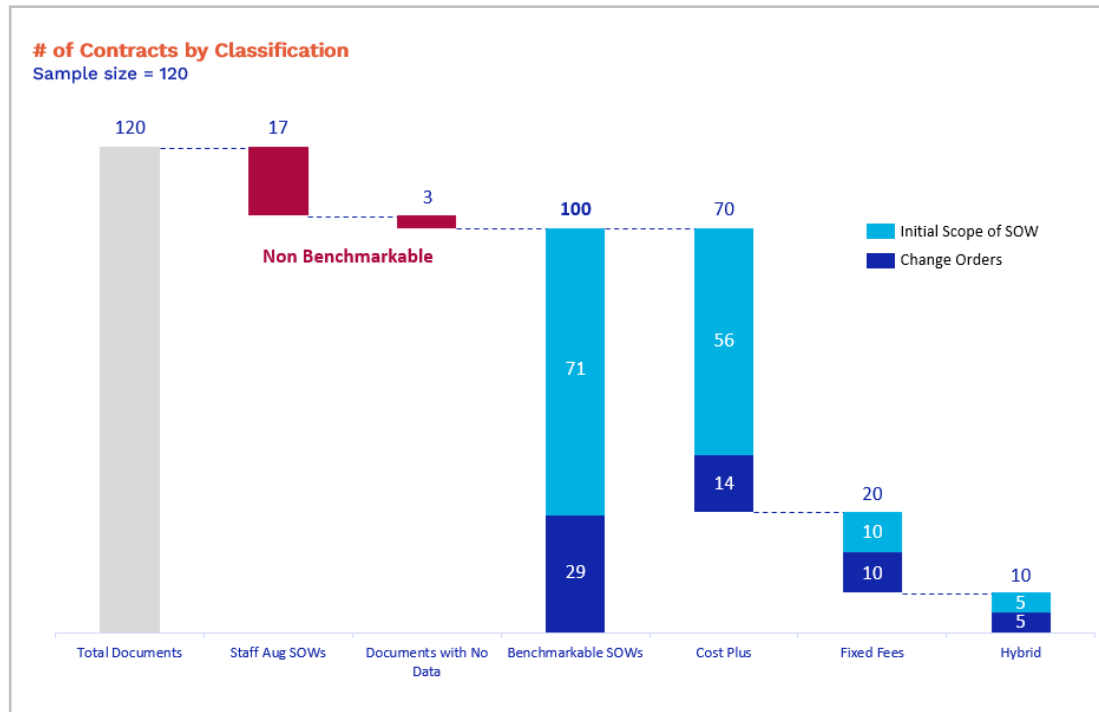
Analysis & Negotiation

- Data integrity is key for baseline and bids
- Different levels of data
- Target rate card

Data & Insight

Impact on Procurement Decision Making

- Access to trustworthy benchmark data is key
- Best practices ensure individual SOWs can be benchmarked and optimized
- SOW Optimization drives better decision making and material cost savings



Tips and Takeaways

Sourcing Best-In-Class SOWs

-  1 Set clear goals and objectives
-  2 Demonstrate the value of the program
-  3 Get buy-in from key stakeholders
-  4 Communicate effectively
-  5 Measure and track results

Time for your questions...



Thank you to our sponsor...



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- [MSP Global Landscape 2022](#)
- [Workforce Engagement Decisioning Tool](#)

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