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VMS / MSP Landscape 2016: The State of the Art

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Presented by:

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Staffing Industry Analysts

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Staffing Industry Analysts

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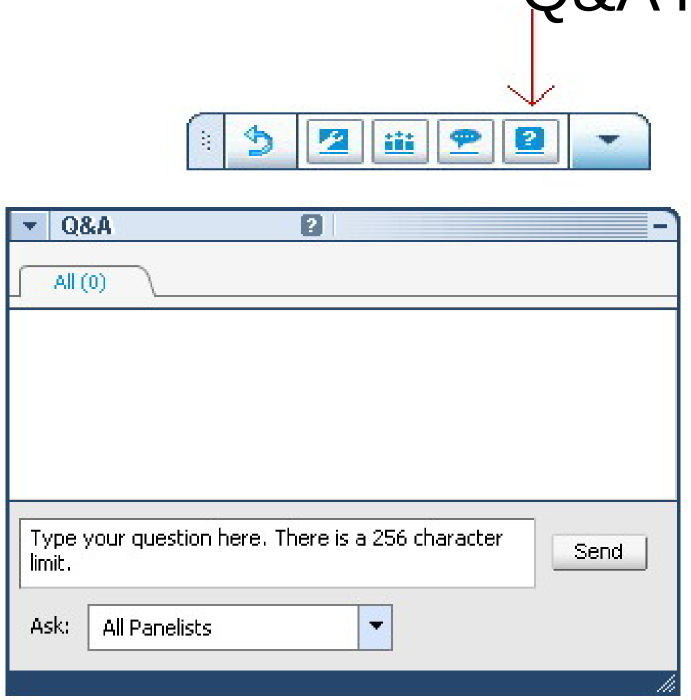

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The Contingent Workforce Strategies (CWS) Council is a business intelligence and advisory service for corporate buyers of workforce solutions.

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- VMS/MSP
- Globalization
- RPO best practices
- SOW management strategies
- Workforce planning and talent management
- Program benchmarking

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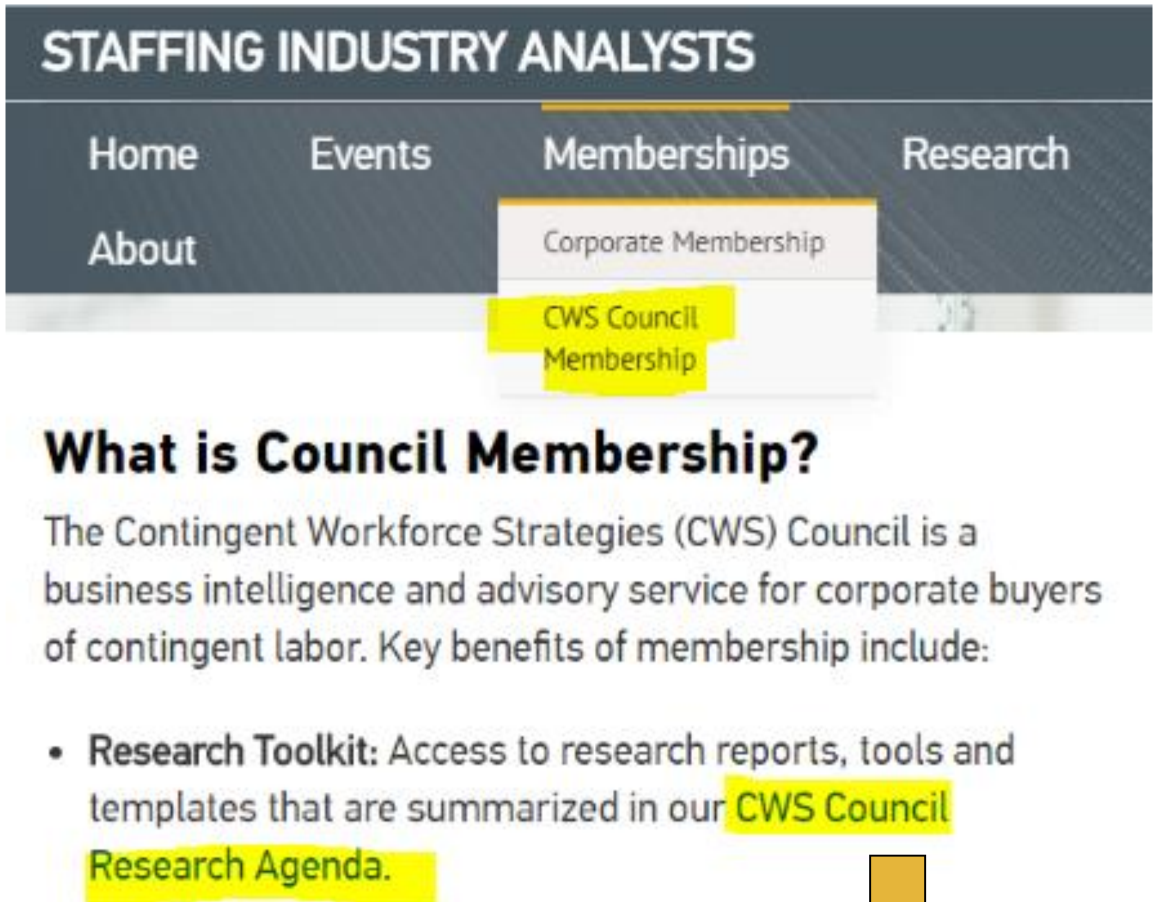
Your Guide to all things Council…..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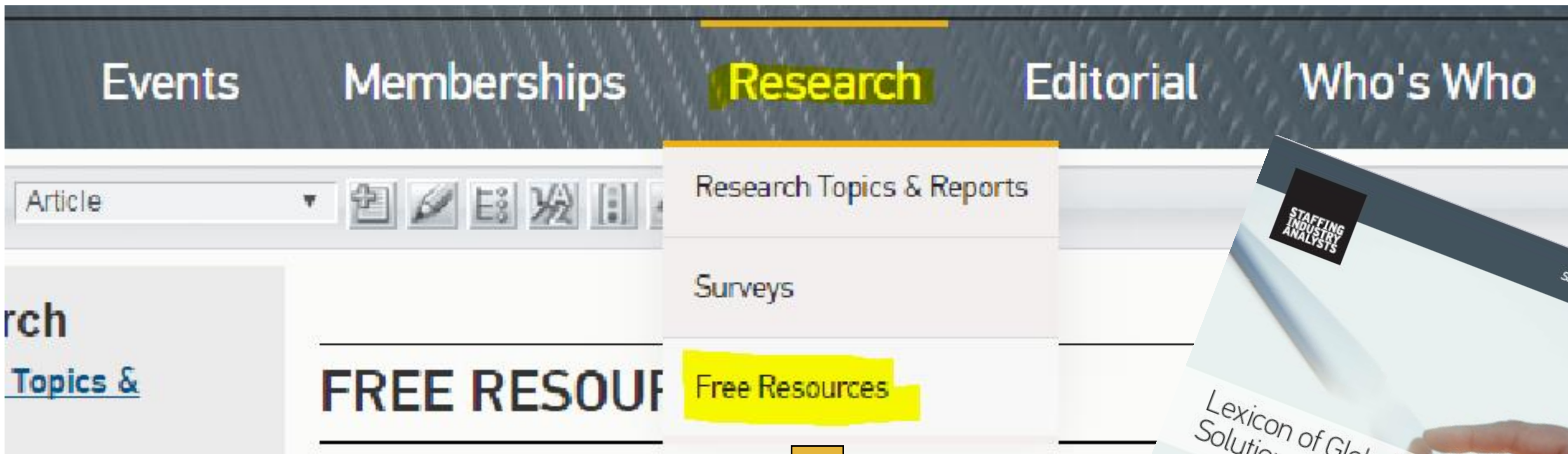

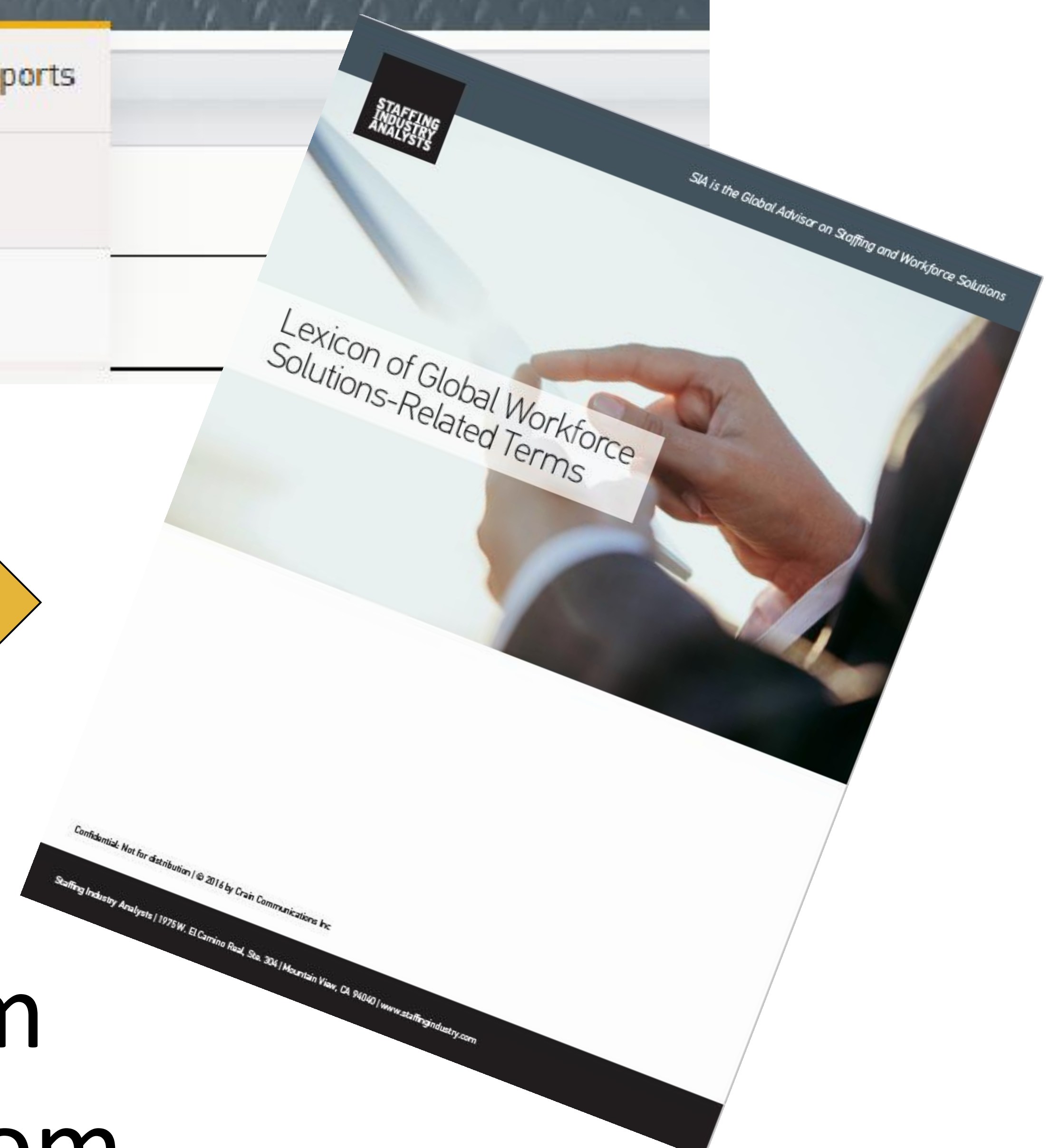

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Who We Are

Staffing Industry Analysts is the global advisor on staffing and workforce solutions

- Our members comprise many of the largest regional, U.S. and global staffing firms in addition to representatives from all parts of the workforce industry.
- Our CWS Council membership represents over $100 billion in annual workforce spend.
- We are a trusted advisor providing objective research within the workforce ecosystem.

Founded in 1989

- Acquired by Crain Communications ($200M media conglomerate) in 2008, headquarters in Mountain View, California and London, England
- Comprehensive and vast industry and advisory service experience among executive, advisory and research team

Today's speakers…

Bryan Pena, CCWP
SVP, Contingent Workforce Strategies
Staffing Industry Analysts

Elizabeth Rennie, CCWP
Global Workforce Solutions Research Director
Staffing Industry Analysts

Bronwen Fitzroy-Ezzy, EVP, Asia Pacific Region, Beeline

Questions

Before we get started.....

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.

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.

Not to be confused with…

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A brief History of VMS

- **Vendor Management Systems** emerged in the late 80s early 90s from the VOP – Vendor On Premises concept
- With the advent of the internet more purchasing spend was managed through e-business and online auctions
- **PeopleNet** at Ford Motor Company was the first true VMS, circa 1995

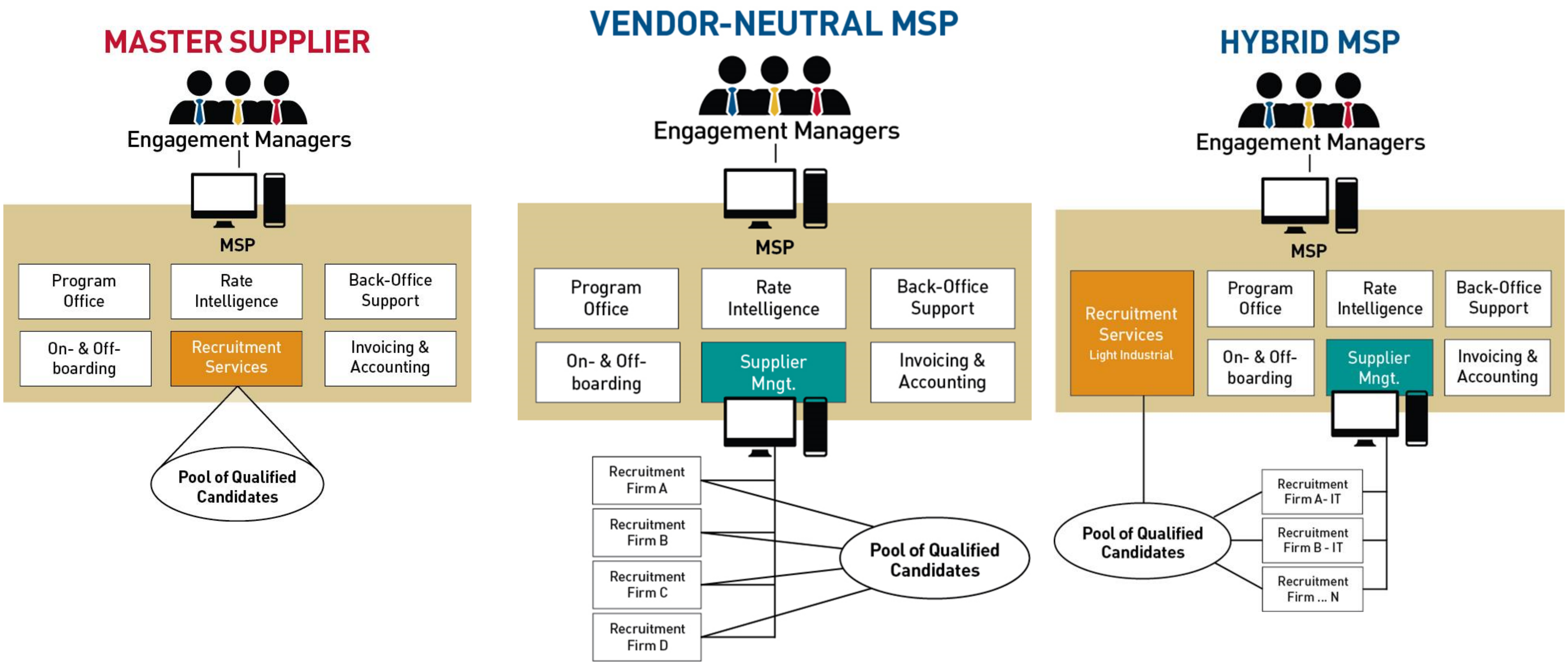
VMS Options

- Own VMS
  - Proprietary in-house built technology
- Third-party VMS
  - Either directly from a VMS Vendor or via an MSP that utilizes a VMS
- Other Technology
  - Existing Infrastructure(s) that provide VMS like functionality but not robust enough to be classified as a VMS
- No Technology
  - Paper, pdfs
  - Spreadsheets

MSP Part 1: Drivers, Innovations & Geographical Capability

Evolution: Sourcing Leveraging Scale | Sourcing through Neutral Models | Sourcing for Work

1990-1999	2000 – 2008	2008-2016	2014- and beyond
• Maximizing scale and volume discounts through Master Vendor approaches • Emergence of SOW • On/off boarding processes • Risk mitigation through automation	• Growing globally • Emerging analytics • Worker tracking introduced • Rise of Vendor Neutral MSP enabled by VMS technology	• Levelling the playing field for strategic suppliers • Increasing supplier visibility of performance • More benchmarking across suppliers • Emergence of centers of excellence and training programs to support MSP program managers in contingent workforce solutions	• Market wide benchmarks across all worker types (SOW, FMS, direct hire) • Better decision making with focus on analytics • Candidate pooling • Incorporation of digital sourcing solutions that include FMS offerings • Direct sourcing for work to, where possible, squeeze out margins • Increasing MSP value through offering more strategic TTA • Supplier partnership and success strategies over vendor neutrality


MASTER SUPPLIER
Engagement Managers
MSP
Program Office
Rate Intelligence
Back-Office Support
On- & Off-boarding
Recruitment Services
Invoicing & Accounting
Pool of Qualified Candidates
VENDOR-NEUTRAL MSP
Engagement Managers
MSP
Program Office
Rate Intelligence
Back-Office Support
On- & Off-boarding
Supplier Mngt.
Invoicing & Accounting
Recruitment Firm A
Recruitment Firm B
Recruitment Firm C
Recruitment Firm D
Pool of Qualified Candidates
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

AGENDA

- Revised Report Approach
- VMS Report Highlights
- MSP Report Highlights
- Feedback & Questions

Revised VMS/MSP Report Structure

2015 FROM:

VMS & MSP Landscape

- Covering 23 VMS vendors
- Covering 28 MSP vendors

VMS Differentiators Report

- Covering 15 VMS vendors

MSP Differentiators Report

- Covering 15 MSP vendors

2016 TO:

VMS Market Developments

- Part 1: Drivers, Innovations & Geographical Capability *Q1*
- Part 2: Market Sizing *Q2*
- Part 3: Market Differentiators *Q4*

MSP Market Development

- Part 1: Drivers, Innovations & Geographical Capability *Q2*
- Part 2: Market Sizing *Q3*
- Part 3: Market Differentiators *Q4*

Total Talent Supplier Landscape ***NEW***

RPO Landscape and Service Developments ***NEW***

Release Dates:

2016:

	VMS Market Developments	
LIVE	Part 1: Drivers, Innovations & Geographical Capability	*Q1*
LIVE	Part 2: Market Sizing	*Q2*
Planned Nov	Part 3: Market Differentiators	*Q4*
	MSP Market Development	
LIVE	Part 1: Drivers, Innovations & Geographical Capability	*Q2*
LIVE	Part 2: Market Sizing	*Q3*
LIVE	Part 3: Market Differentiators	*Q4*
LIVE	**Total Talent Supplier Landscape** ***NEW***	
Planned Dec	**RPO Landscape and Service Developments** ***NEW***	

Part 1: Drivers, Innovations & Geographical Capability

1. Drivers and Benefits
2. Vendor Landscape and M&A Activity
3. New Offerings
4. Geographical Capability and Targeting
5. Vendor Profiles

Part 2: Market Sizing

Market & Vendor Breakdowns:

1. Size and Growth
2. Size by Region
3. Size Spend by Sourcing Model
4. Size by Program Type
5. Technology Adoption
6. Funding & Pricing Models
7. Size by Buyer Market Size & Spend Size
8. Size by Industry
9. Size by Occupational Classification

Part 3: Market Differentiators

Heatmap view (with scoring scales of 1-5 or 1-3) based on:

- Maturity of Service Offering
- Ability to Scale and Geographic Reach
- Strategic Alignment to Wider Business
- Market Success and Collaboration

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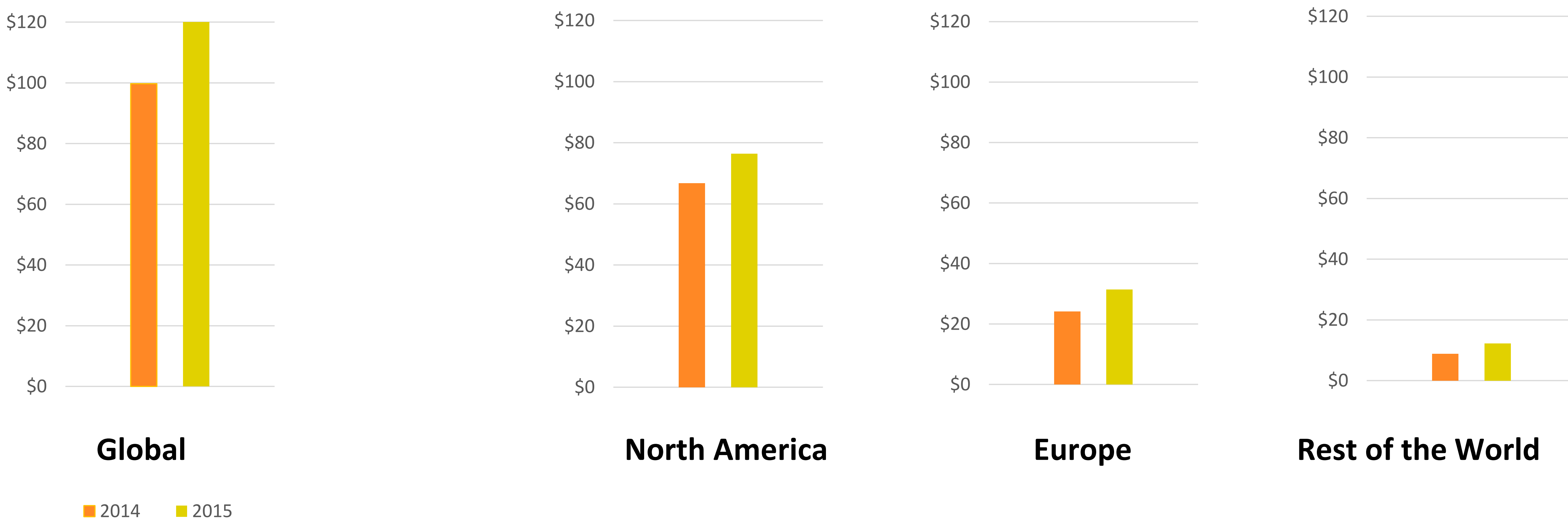
VMS Part 2: Market Sizing

VMS Global Market Spend by Region 2015 (billions)

Annual Growth +20% ***+15%*** ***+30%*** ***+59%***



VMS Part 1: Drivers, Innovations & Geographical Capability

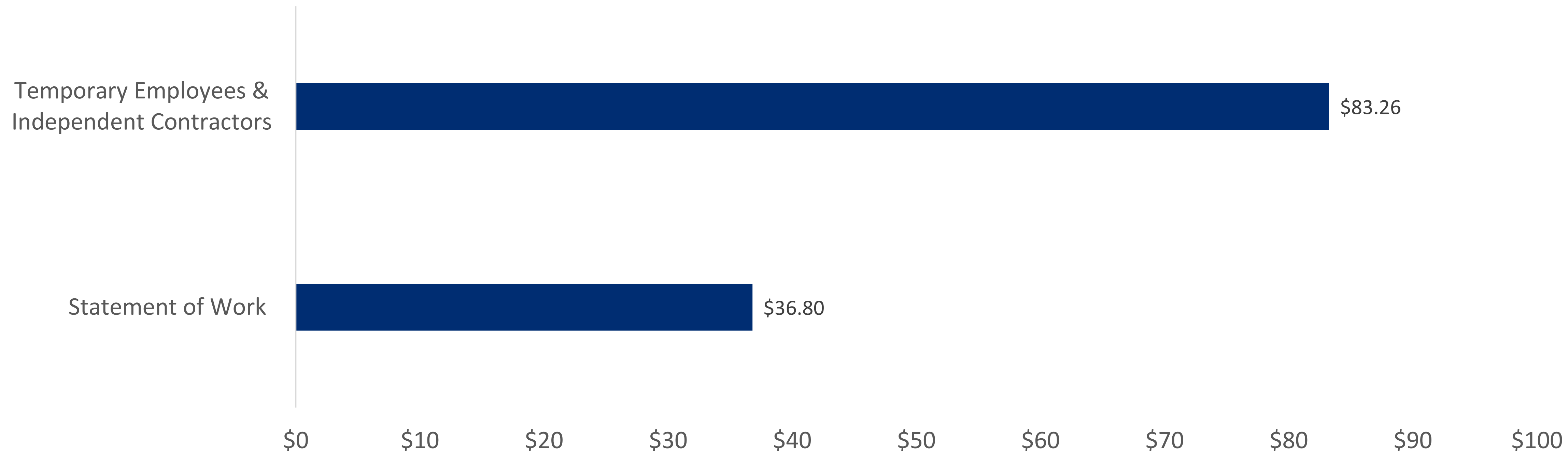
Evolution:

FOCUS: Supplier Centric → Talent Centric → Marketplace Centric

1990-2006	2006 – 2010	2008-2016	2014- and beyond
• Supplier scorecards • Preferred Supplier Lists (PSL) • Rate cards • Emergence of SOW • On/off boarding processes	• Increasing global capability • Beginning analytics • Worker tracking introduced	• Talent pooling • Onboarding processes for direct sourcing • More benchmarking across workforce segments	• Open architecture with API's • Market wide benchmarks • Better decision making with focus on analytics • Increased functionality to decision tree sourcing • FMS integrations • Total Talent Management delivered with improved integration with or adoption of ATS type functionality

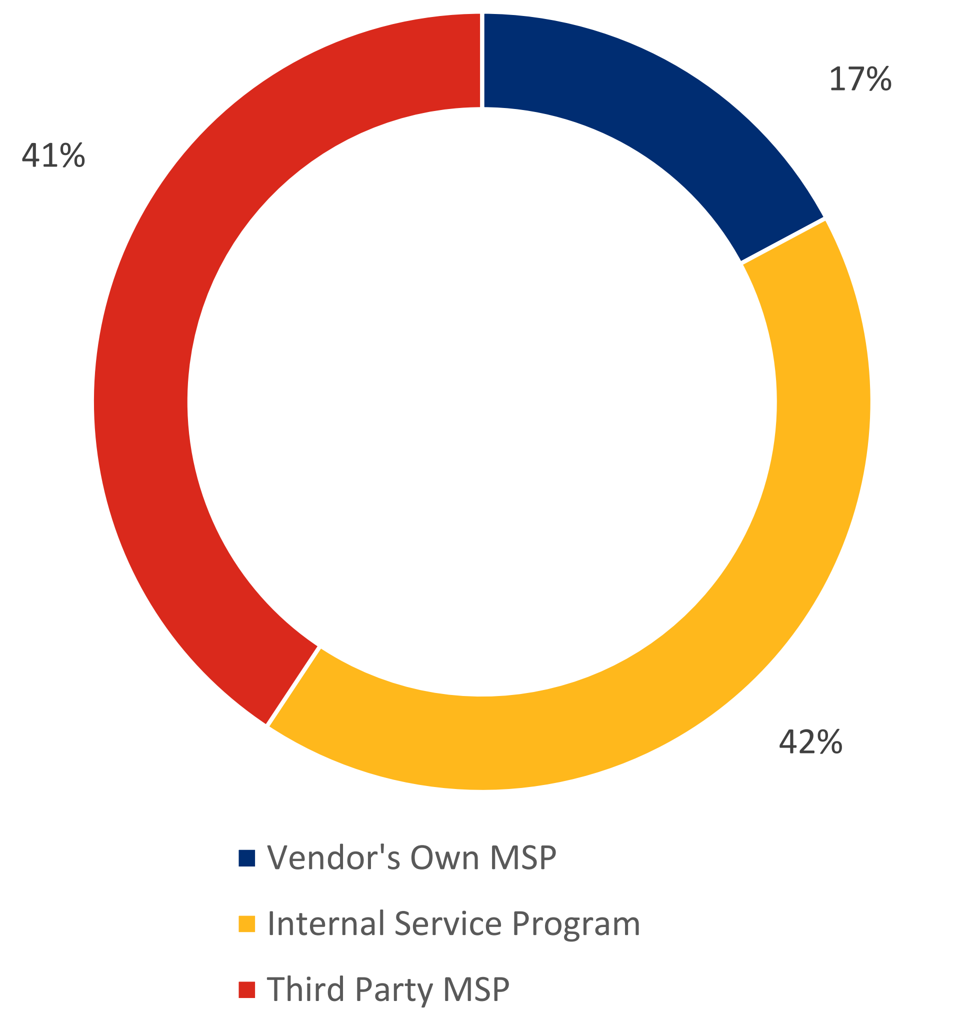
VMS Part 2: Market Sizing

VMS Global Market Spend Work Arrangement 2015 (billions)



VMS Part 2: Market Sizing

VMS Market by MSP Service Model (%)



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VMS Part 1: Drivers, Innovations & Geographical Capability

Organizational Challenges	***VMS Focus***
Minimising Risk of Non Compliance	On/Off Boarding with Worker Classification and Rate Visibility
Increasing Costs	Strategic Sourcing Insights
Increasingly Complex Operations and Supplier Relationships	Improved Supplier Management & Optimization and Process Efficiency
Speed of Change	Better Decisions with Supplier and Requisition Optimization

Predictions:

1. Availability of **analytics** across different worker types (Temp vs perm vs IC etc.) with greater data aggregation across multiple client bases for benchmarking
2. Greater **integration** across different platforms to better support sourcing decisions across worker types
3. **Supply and demand** being embedded in workforce planning programs for proactive forecasting
4. **Marketplaces** developed across SaaS platforms to streamline processes
5. **Direct sourcing** functionality alongside the supply management
6. **Talent pools** for contingent workers to increase with improved marketing
7. Functionality to support employee referrals and recommendations.
8. **Mobile** apps for workers and managers to support entry of data and approvals as well as increased use of automated invoices and electronic invoices
9. Program growth in existing clients
10. **RFX capability**

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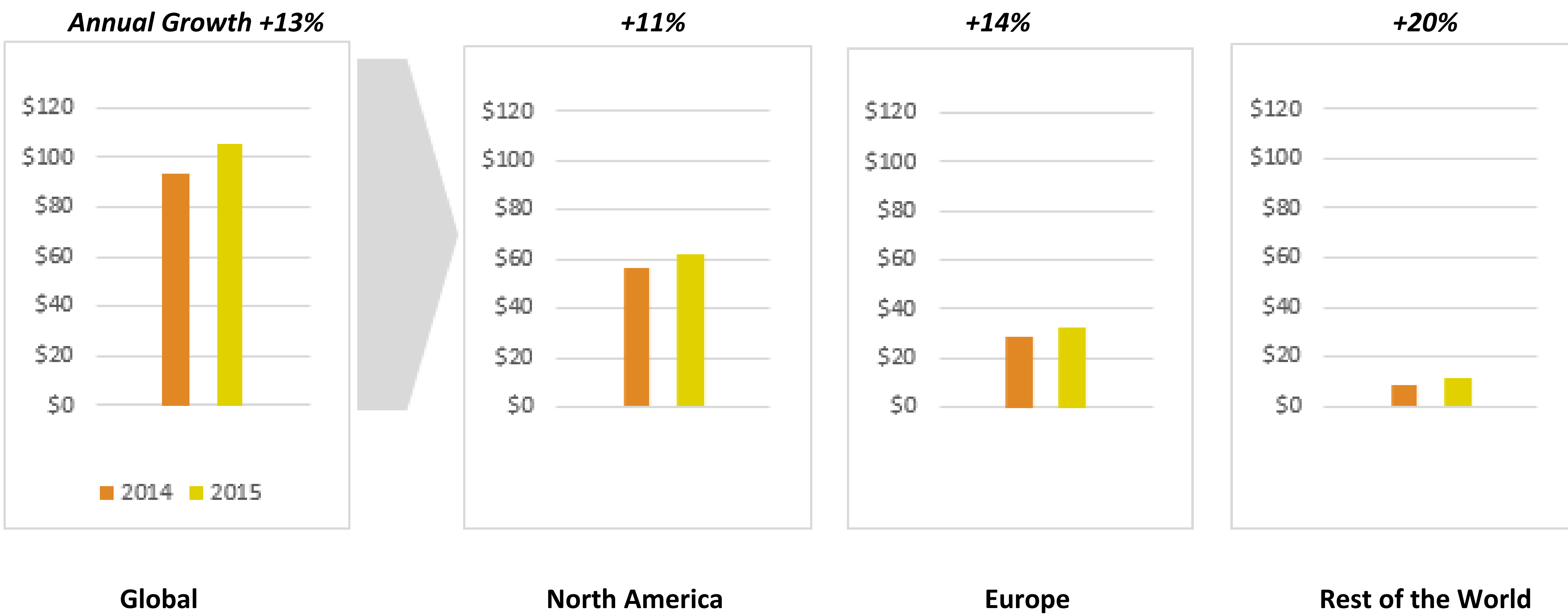
New Definitions

- **Contingent RPO** is a type of Managed Service Provision (See Managed Service Provision) whereby the supplier sources contingent labor through client-dedicated recruiters in an outsourcing mode. These recruiters are trained on the company business and employer brand to attract candidates and any candidate data derived as part of the sourcing process are owned by the client. As such, the candidate database is the IP of the client which is returned at the end of a contract. Also, unlike traditional Master Vendor MSP models, the candidate databases are not shared with other clients and candidates are not offered roles in other companies. The majority of activity for the Contingent RPO supplier relates to performing services that deliver a high percentage of direct sourcing through this model, rather managing and sourcing suppliers which strongly features in a Vendor Neutral MSP model. Further, unlike other MSP models, Contingent RPO pricing is typically volume based, with a price per candidate placed, rather than being based on spend. This model is closer to a Direct Sourcing model (See Direct Sourcing) except that the service is outsourced to a third party.
- **Worker Tracking** is where contingent workers are logged and tracked (location, time) in the VMS, but invoicing is not in scope. The rationale is to increase visibility of contingent workers and support compliance to onboarding/off boarding processes but invoicing may not be practical to include in scope because of other factors such as volumes, system capability or local regulations.

MSP Part 2: Market Sizing

MSP Global Market Spend by Region 2015 (billions)



MSP Part 1: Drivers, Innovations & Geographical Capability

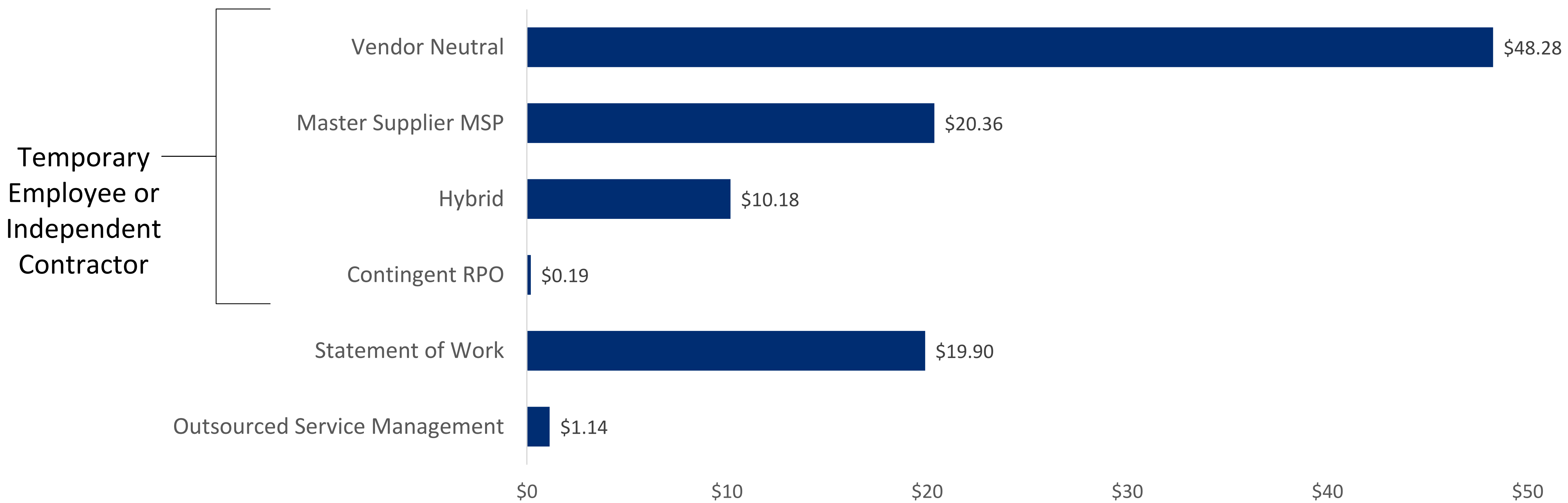
Organizational Challenges

MSP Focus

Organizational Challenges	MSP Focus
Minimising Risk of Non Compliance	On/off Boarding with CW Audits and Rate Compliance Visibility
Unmanaged costs Relating to Significant Spend	Cost Control
Drive for Cost Efficiencies and Improved Performance	Closer Supplier Management with access to Benchmark Rates
Sourcing Hard to Find Talent	Developing New Sourcing Models
Speed of Change and Large Ramp ups of Worker Volumes	Agility to Support Peaks and Troughs of CW needs
Increasingly Complex Operations	Sourcing Optimization to support Diverse needs & Business Process Streamlining
Managing VMS Technology and Integrations	Service and Technology Support across the CW Delivery

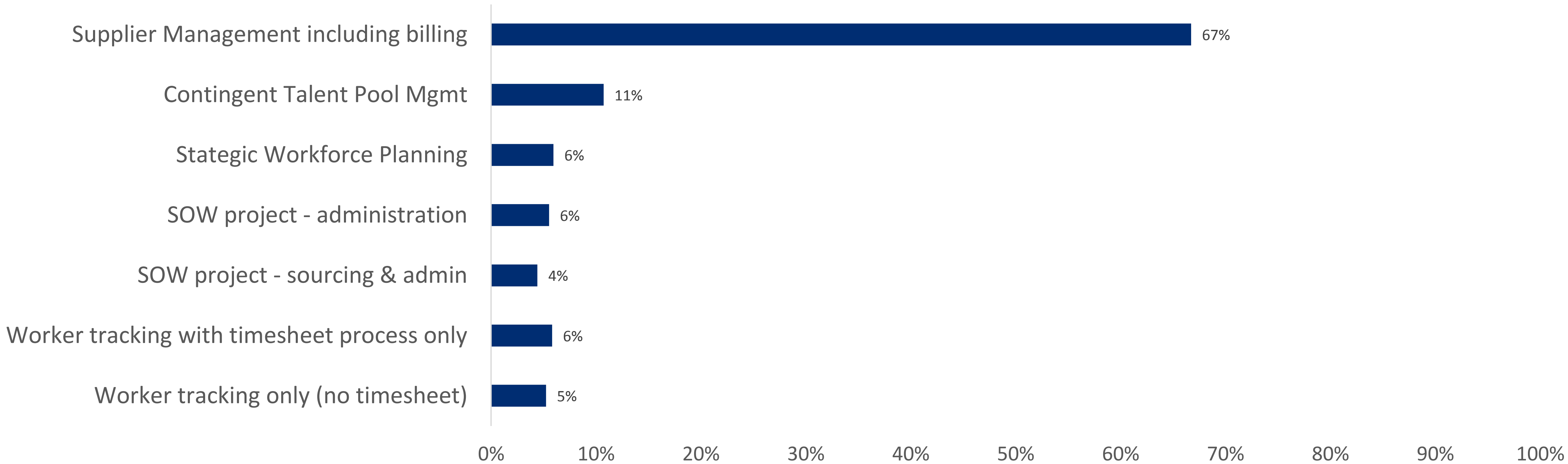
MSP Part 2: Market Sizing

MSP Global Market Spend Work Arrangement and Sourcing Model 2015 (billions)



MSP Part 2: Market Sizing

MSP Service Adoption across Buyers (measured by % share of workers)



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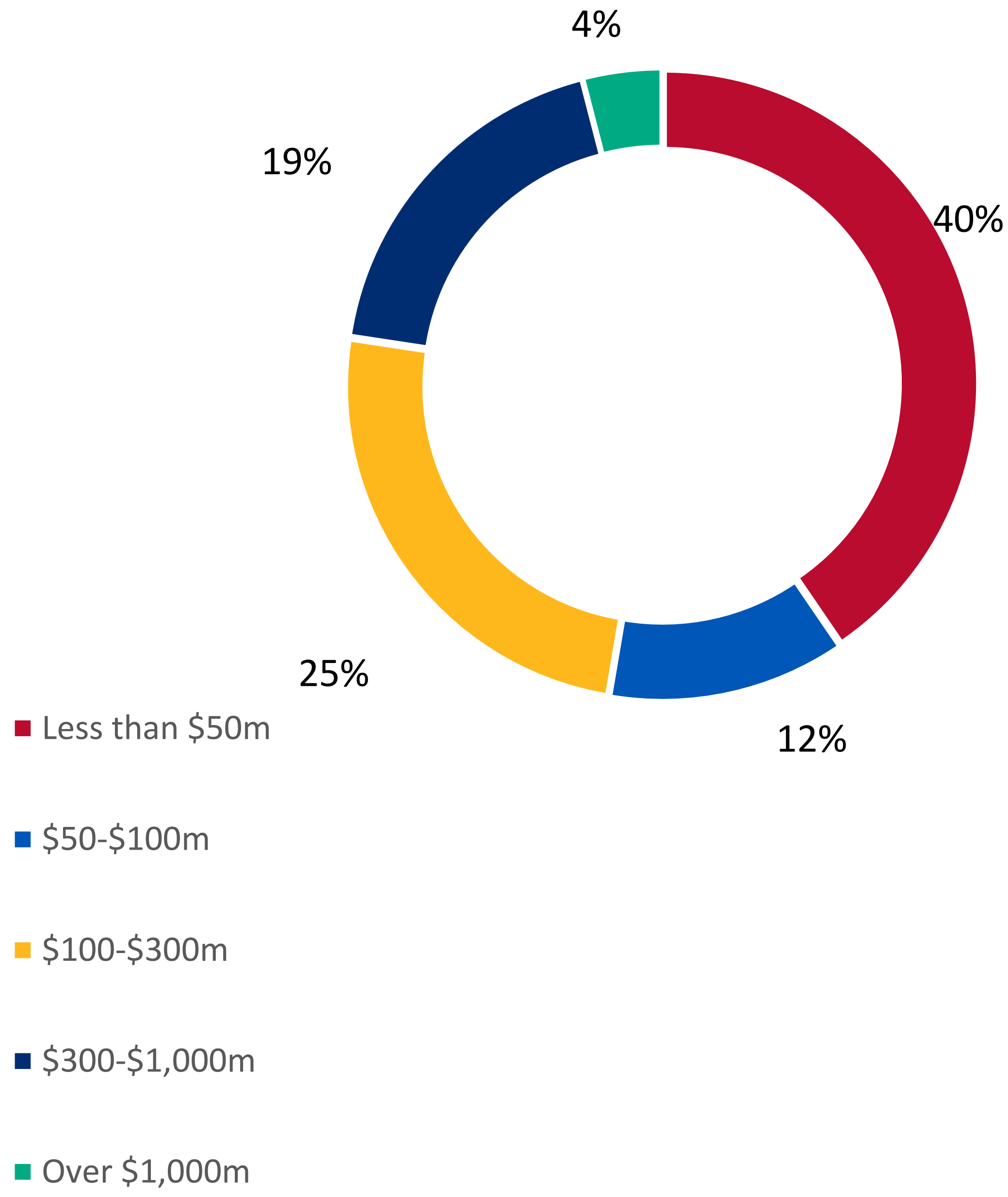
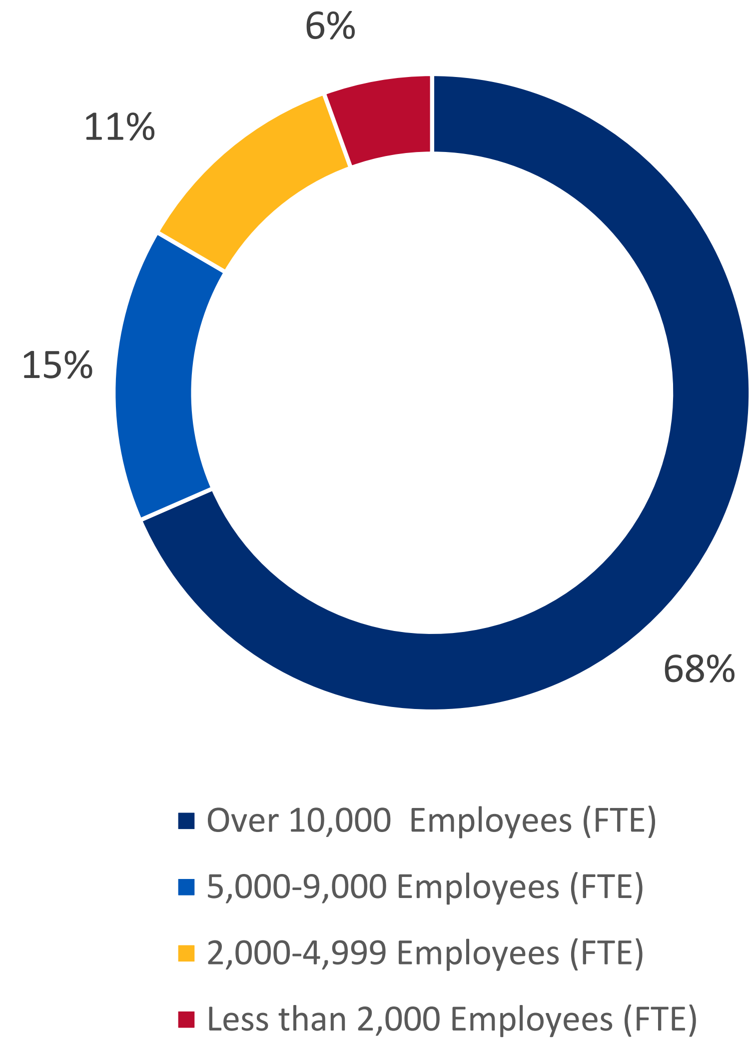
MSP Part 2: Market Sizing

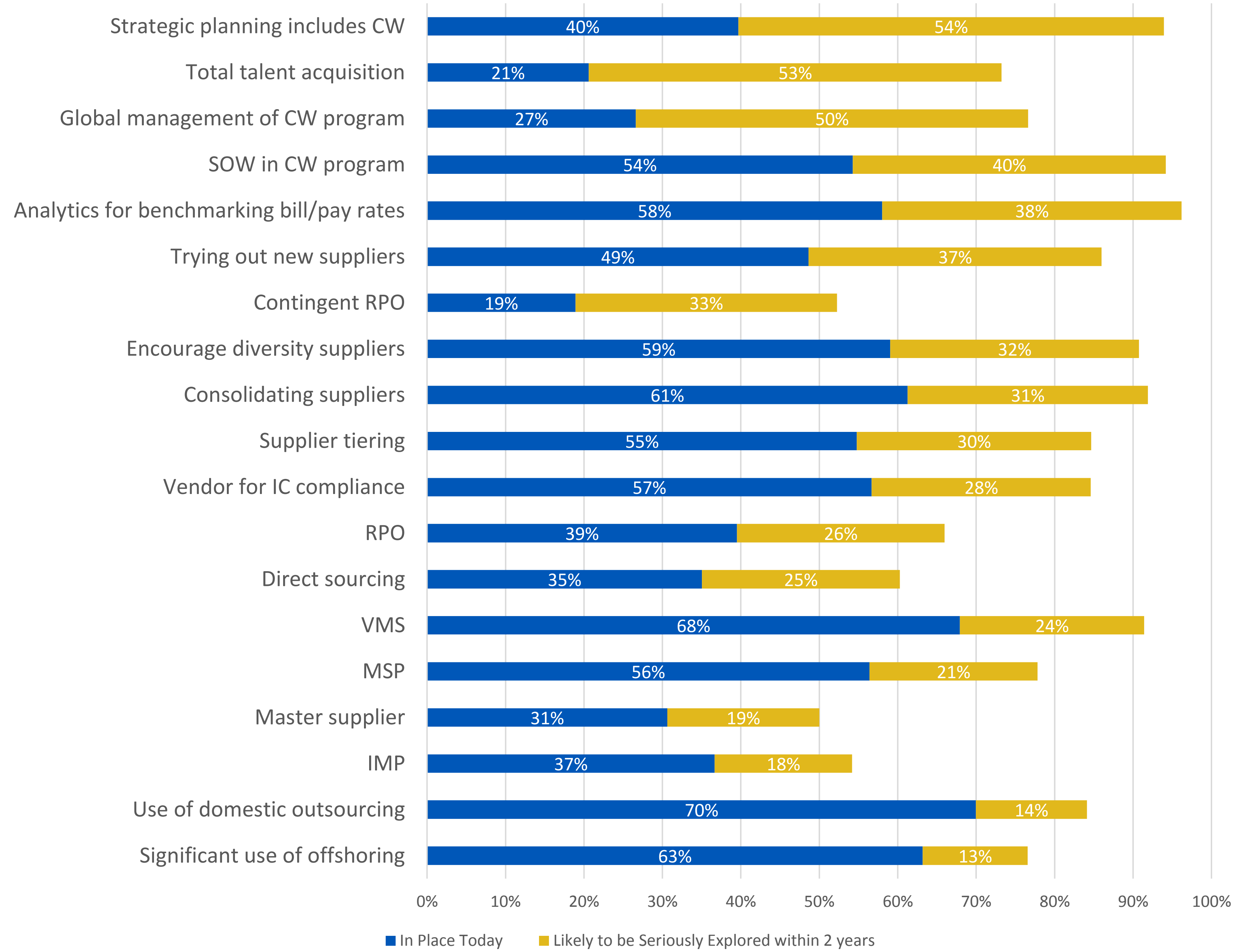
MSP Spend by Buyer FTE Headcount Size and Buyer Spend Size (%)





MSP Part 3: Differentiators

Listening to what is important to buyers:



MSP Part 3: Differentiators

Core Scale

1	No demonstrated capability
3	Emerging business, evidence of a couple of clients and supported by local delivery
5	Established business. In a geographical context, this represents a supplier with more than five clients in a number of core supported countries who have been operating for more than one year and supporting multiple countries in the region

Expanded Scale

1	Limited capability or no evidence
2	Developing capability
3	Moderate capability
4	Strong capability
5	Best Imaginable capability

Custom Scale: Geographical Reach

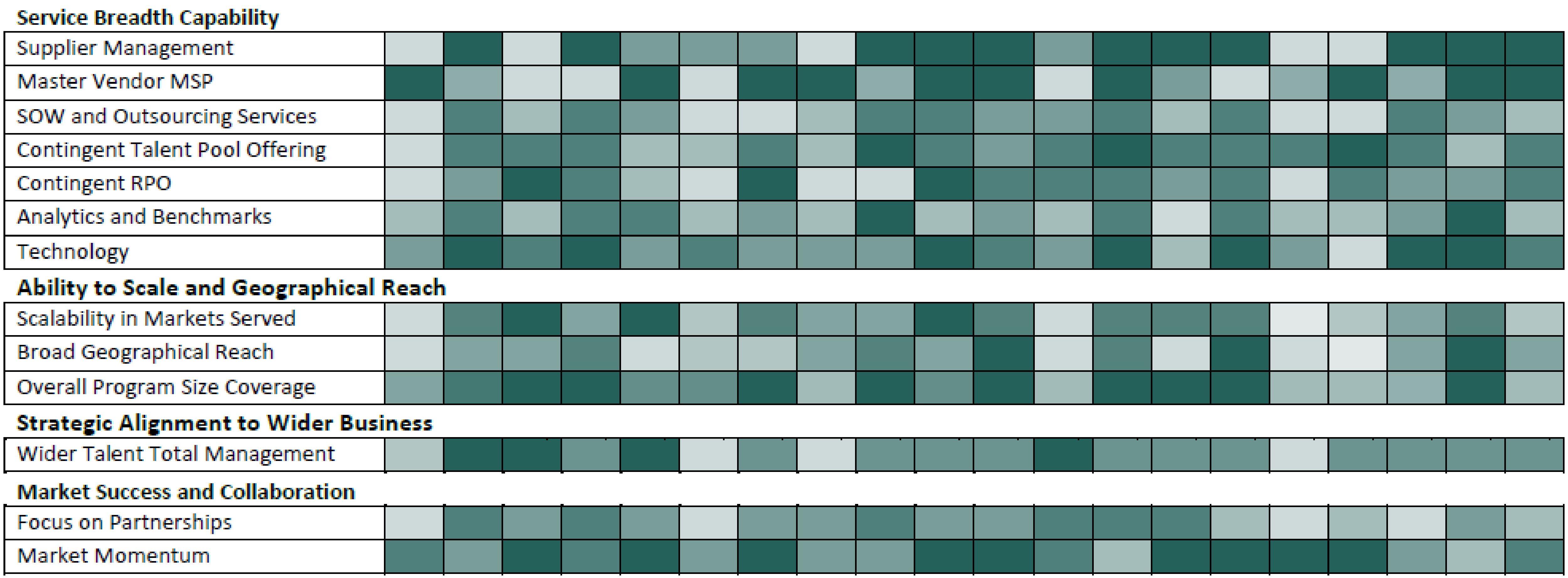
1	Operating MSP services in one or two countries
2	Operating MSP services in up to 3 or 4 countries
3	Operating MSP services in 5 to 25 countries
4	Operating MSP services in 26 to 50 countries
5	Operating MSP services in over 50 countries

Custom Scale: Market Momentum

1	Growth is significantly below market growth
2	Growth is moderately below market growth
3	Growth is on par with market (+/- 2%)
4	Growth is moderately above market growth
5	Growth is signficantly above market growth

MSP Part 3: Differentiators

MSP Service Capability and Maturity:



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Time for your questions…

Thank you to our sponsor…

For a list of resources that highlight a few of the key discussions that took place during this webinar, please visit –

http://info.beeline.com/l/32512/2016-11-03/7t7cf3

We hope you find these resources valuable as you plan for 2017.

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8 December **Leveraging the Flexible Workforce: Buyer Perspectives on the Promise of Total Talent Management**

14 December **Contingent Workforce Policies That Stick**

- 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 the webinar will be available for CWS Council Members at www.staffingindustry.com


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