STAFFING INDUSTRY ANALYSTS

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Tailoring Your Program to Global Realities

Moderator:
Subadhra Sriram, Editorial Director, Staffing Industry Analysts

Guest Speakers:
Holly Olszewski, Global Procurement Manager BMC Software Inc.
Lisa Moser, HR Specialist, Qualcomm

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San Diego Hilton Bayfront San Diego, CA

CW RISK FORUM 2012
September 18-19, 2012

CWS SUMMIT SAN DIEGO 2012
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SAVE THE DATE!

CWS SUMMIT LONDON 2012

15-16 May 2012

Lancaster Hotel, London

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Simon Redman – Director of Operations – TAPFIN UK

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STAFFING INDUSTRY ANALYSTS

CW Management
Latin America / EMEA

Holly A. Olszewski
Global Contingent Workforce Manager

Global Procurement
BMC Software, Inc.

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BMC's Global CW Program Management

BACKGROUND

BMC Contingent Workers definition:
- Third parties needing access to BMC's systems and/or a BMC email address

$36 million/year contingent workforce spend
- 42% Staff Aug
- 58% SOW

1,200 Contingent Workers worldwide managed by GP
- Does not include ~800 customer facing professional service CWs

18% of BMC's total workforce

29 countries:
- India - over 50% of CWs
- US -17% of CWs

Global Procurement (GP) Contingent Workforce Team:
- Holly Olszewski – Global Contingent Workforce Program Manager
  - Also manages the Americas
- Karni BerladCohen - Manager, Israel
  - Manages EMEA and Israel
- Santosh Subramanian - Lead Buyer, India
  - Manages India and APAC

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Prior to Fall 2008

- US only program
  - Fieldglass & COMSYS (now Tapfin) managed all staff aug CWs
- All other CWs managed by HR
- Agreements entered into locally by GP or Legal
- CW system access managed by IT

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Fall 2008

- Project "Polaris"

  Massive project to upgrade ERP (Oracle)
  - Deploy Oracle worldwide
  - Integrate ERP with VMS tool (Fieldglass)
  - Deploy integrated ERP/VMS solution(Oracle/Fieldglass) globally

  "Big Bang" Approach

  Moved CW management from HR to GP

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BMC's Latin America footprint

Country sales offices, main sites

- São Paulo, Brazil
- Mexico City, Mexico
- Buenos Aires, Argentina

No local Global Procurement presence

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BMC's Contingent Workforce in Latin America

- 6% of total CWs

- 86% providing "outsourced" services

- 14% staff augmentation
  - Support sales offices

Prior to Fall 2008

- CWs were managed by HR/local Legal
- Agreements were entered into locally
- GP had little insight into spend (no ERP) / CW headcount

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2008 "Big Bang" Challenges

- Supplier acceptance of VMS tool / MSP model
- VMS/MSP maturity
- Language / contracts
- Managing from US
- Relatively few CWs in Latin America
  - Cost/benefit of deploying VMS/MSP

Changed course

- No MSP in Latin America
  - CWs internally managed by GP Americas

- Staff aug CWs
  - GP involvement due to ERP
    - REQ, PO, review of agreement
  - CWs manually on-boarded by GP into ERP (no Fieldglass)

- VMS deployed as planned for SOW CWs
  - SOW suppliers required to use Fieldglass

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Latin America challenges

Difficult to benchmark Staff Aug rates

- Often times the business unit selects supplier
- No MSP/VMS/bidding
- Few Staff Aug of CWs

Staff Aug contracts sometimes in local language

Global Procurement does not have signature authority for Latin America entities

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Latin America SOWs

- Outsourced services

- Primary advantage – "near shore"

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Why Mexico for outsourced services?

- Rich mainframe IT talent pool
  - Quality assurance product testing
- Same hours BMC's headquarters - Houston
- 2 1/2 hour flight – down and back in same day
- Rates (higher that India, less than US)
- Considering expanding this engagement

Why Argentina for outsourced services?

- Local language customer support
  - Product support
- Time zone - 2 hours different than Houston
- Competitive Rates
  - Less than EMEA & US however inflation must be considered and addressed contractually

BMC's EMEA footprint

- International Headquarters in Amsterdam (and Singapore)

- Country sales offices

- Global Procurement representation in all key countries

BMC's Contingent Workforce in EMEA

- 11% of total CWs

- 77% providing "outsourced" services
  - Under SOWs

- 23% staff augmentation
  - In support of headquarters & sales offices

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Prior to Fall 2008:

- CWs were managed by HR
- CW Agreements negotiated by HR /Legal
- Global Procurement (in country) processed the requisitions/POs

"Big Bang" approach challenges:

- Supplier acceptance of VMS tool / MSP model in some countries

- Little leverage - few CWs in several countries
  - Cost/benefit of deploying in all countries

Revised plan – staff aug

- Target deployment in countries with:
    - VMS/MSP maturity
    - Largest CW population
        - UK
        - The Netherlands
        - Ireland
- All other staff aug CWs managed internally by GP Manager in Israel

EMEA staff augmentation

Ability to benchmark rates

- MSP managing staff aug in 3 countries
- MSP provides rate guidance in other countries where no bidding through VMS tool

EMEA staff aug challenges

- Deploying in other EMEA countries

  - Project to deploy in Germany taking many months

- Time required to manage staff aug resources in the 5 other countries

- Consolidating suppliers under global agreements

- Ability to leverage spend

- Legal support / local labor laws – AWR

SOWs in EMEA

VMS deployed as planned for SOW CWs

- SOW suppliers required to use the VMS tool
- Internally managed by GP Manager in Israel

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EMEA SOWs - outsourced services in support of Sales Offices

– Travel agents

– Facilities management

– Receptionists

– IT support

EMEA SOWs - outsourced services in support of business

Eastern Europe (Ukraine)

- Product development & support
  - Vast IT talent pool
  - Low inflation
  - Viable alternative to India
  - Expanding these engagements

Qualcomm

CWF INDIA

Fun Facts

❖ **Population**

    - Over 1.21 billion people (2011 census)
    - Second most populated country in the world
    - Population reaching 1.6 billion by 2050

❖ **Main Cities**

    - Major cities include New Delhi , Mumbai, Kolkata, Bangalore and Chennai
    - Hindi and English are India's official languages

Qualcomm CWF – Who are we?

Qualcomm CWF (Self Managed Program)

❖ **How our team is set up**

- An internally Managed Service Provider as a result of the successful US rollout

- 5 in India and 2 US based team members

- In country focus on Sourcing/Operations/AP

- Majority oversight and direction coming from US

- Why it works for us

Qualcomm CWF – Who are we?

❖ **Time Frame**

- CWF assisting in India for 3.5 years
- CWF has had physical presence since the past 2 years

❖ **Responsibilities**

- As in the US, we manage the full life cycle of CWF responsibilities
- Sourcing focuses on requisitions, requirements, sourcing, supplier management, identifying suitable candidates
- Operations responsible for entire temp life cycle
- Importance of Manager training – they don't understand CWF
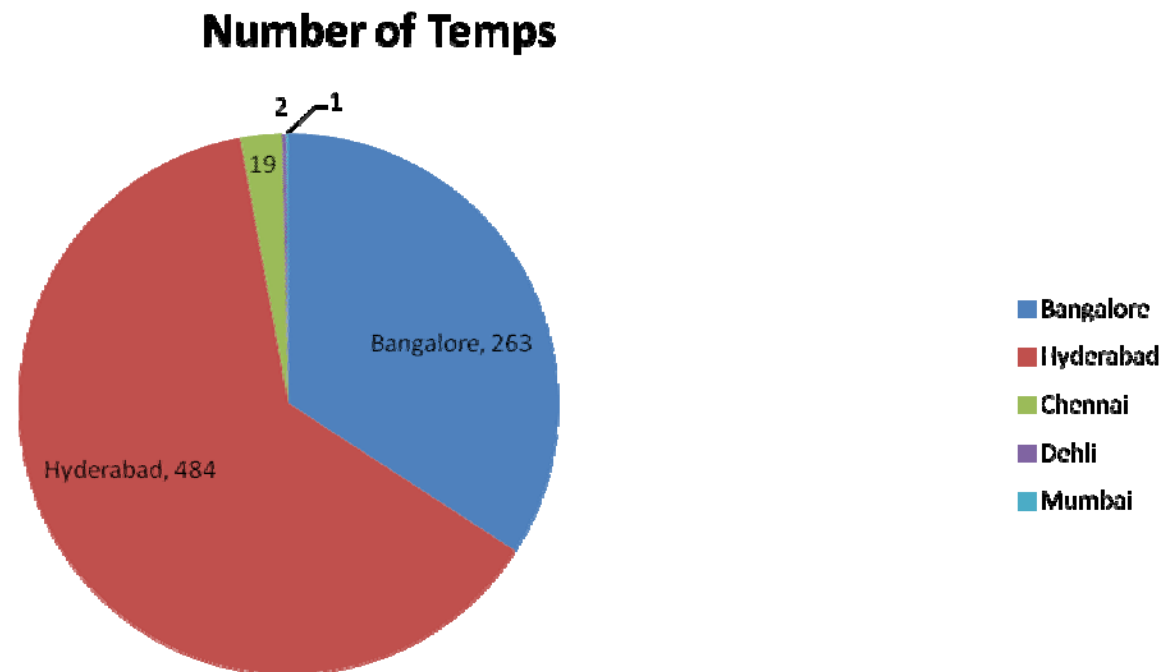
CWF India Landscape

❖**Locations**

-Chennai (SW Engineers), Hyderabad (SW Engineers) and
 Bangalore (HW Engineers & IT)

CWF India Landscape

❖ **Total headcount and headcount in each location**

- Bangalore , Chennai, and Hyderabad
- Program grew from 40-50 temps to now total headcount

Number of Temps

Pie chart legend:
- Bangalore
- Hyderabad
- Chennai
- Dehli
- Mumbai

Chart labels: 2, 1, 19, Bangalore, 263, Hyderabad, 484

CWF India Landscape

❖ **Supplier Usage**

- 16 for Bangalore, 5 for Chennai, 15 for Hyderabad with some overlaps
- Majority of these vendors are larger Indian suppliers – Tier Ones
- Finance and Management prefer to work with larger known suppliers
- Result of relationships, managers don't have the time or desire to get to know smaller suppliers

❖ **Challenges of managing program from US**

- Time difference
- Cultural difference – more business direct in US

CWF Policy

❖ **Definitions are similar in US and India**

- Temp – Time/material, direction from QC Manager, works on site (Staff Augmentation)
- Consultants – SOW (Statement of Work), finite project with deliverables and milestones

❖ **Challenges**

- Above definitions used in India but suppliers not familiar with Staff Augmentation model

  ▪ Vetting is conducted by CWF when classification is in question

Supplier Landscape

❖ **Types of Suppliers**

- Mainly Engineering and IT suppliers are being utilized for our India locations

- Previously, Qualcomm usage was mostly larger consulting companies

- Now shifting towards more diversified mid sized companies

  ▪ More adaptable and understand Staff Augmentation model and the needs

  ▪ Seem to be getting better quality of temps, helps to bring mid size companies exposure

Supplier Landscape

❖ **Rates and Labor Trends**

- Fixed bill rates based on technology, location and years of experience
  - Markup misunderstood
  - How we initiated this

- Payrolling is a newer concept
  - Some suppliers don't understand
  - Due diligence should be conducted by suppliers

Supplier Landscape

❖ **Rates and Labor Trends continued...**

- Many suppliers prefer no rollover and non solicit
  - Managers want this option
  - Setting standard that rollover is necessary
  - Watch out for employment contracts

- Notice period requirement and candidate back out
  - 2-3 month requirement
  - Back outs are an issue – 20% just in area of IT

- Mostly focused on title and pay

Supplier Contracts

❖ **Contracts**

- Supplier Selection process
  - Referrals from managers
  - Result of previous consulting firms and conversions
  - Checklist
    - Pre Screen - Niche, locations, pricing model, rollover, etc.
    - Contracts Checklist - Insurance, NDA, Export Clearance, etc.

Supplier Contracts

❖ **Contracts continued…**

- Putting the Contract Place

    -Clearance on liability items - Insurance, NDA, Export

    - Suppliers in India tend to not meet our limits which causes delays

    - Sister companies

    - Suppliers try to put a cap on confidentiality, etc.

Supplier Contracts

❖ **Requirements**

- Contracts are tailored to meet India Labour Law

  - Protection of workers rights, Minimum Wage, Health and Safety, Anti-Discrimination, etc.

  - Guidance and partnership with HR Team and outside Legal Counsel

- Contract Labor License

  - Ensures fair working conditions

  - Requirements based on locations

  - Process

Break in Service Policy

❖ **Break in Service Policy**

- Purpose

- How does it work

- Challenges

Supplier Payments

❖ **Payments/Taxes**

- Monthly Billing

  - Set up

  - Challenges

    ▪ Inefficient

    ▪ Time Consuming

- Transition to daily rate model to India

  - Did it work

  - Benefits

Supplier Payments

❖ **Payments/Taxes continued...**

- Semi Direct pay

  - What is it

  - How does is work

  - What are the benefits

- Service Tax

  - How it's set up

Moving your Program Forward

❖ **Self Managed or Not**

- Is your team prepared and equipped
- Will you have team local to India, in the US, or elsewhere
- Does your team have the flexibility for the time commitment
- Consider what is important and the pro's and con's

Moving your Program Forward

❖ **Identify your Sourcing Partners**

-Will you use the Tier 1's or the smaller suppliers
- Consider the needs of the management team
- Do they have referrals
- Will they need rollover option
- Quality vs. volume
- Is service and accessibility of supplier important

❖ **Secure Legal Counsel/Partner**

- Benefits of having
- Offers peace of mind
- Obtaining guidance

Q & A

Simon Redman – Director of Operations – TAPFIN UK

Upcoming webinars:

Thursday, January 19, 2012

Getting Ready for 2012

Wednesday, January 25, 2012

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Thursday, February 16, 2012

Legislative and Regulatory Update