

May 13, 2009

The Benefits of Services Procurement Management (SPM)

Corporate United
SYNERGY 2009



Agenda

- Evolution of Managed Staffing Solutions
- Services Procurement Management
 - ▶ Logical extension of MSP solutions
 - ▶ How does SPM work?
 - ▶ Benefits
 - ▶ Engagement model
- Summary
- Q & A

Introduction

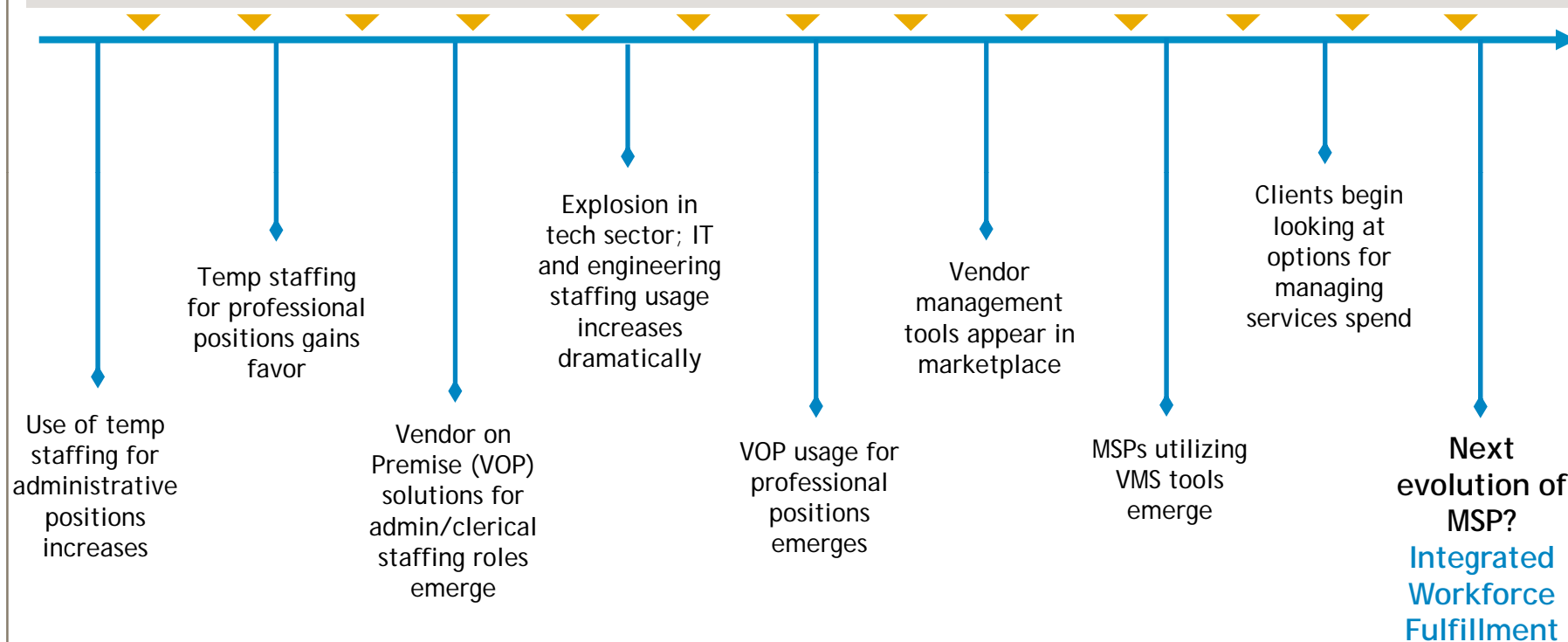
- Kip Wright, President, TAPFIN Process Solutions
 - ▶ Leading provider of holistic human capital solutions that enables firms to build competitive advantage through workforce optimization, recruitment and retention.
 - ▶ Service Procurement Management offering since 2005
- Relevant Experience:
 - ▶ 10+ years experience delivering both project-based, technology solutions as well as enterprise managed staffing solutions to Global 1,000 clients
 - ▶ Member, COMSYS senior management team since 1999:
 - TAPFIN parent company
 - Positions held include Sr. VP of Project Solutions, CFO, and VP of Finance
 - ▶ Prior experience in a range of finance and operations leadership roles with Metamor Worldwide, BSG Consulting, and Ernst & Young
 - ▶ Education:
 - Bachelor's degree in Accounting, Louisiana State University
 - Active C.P.A., 1992 - present

Evolution of Managed Staffing Solutions



The Evolution of MSP Solutions

Evolution of Contract Labor and Vendor Management

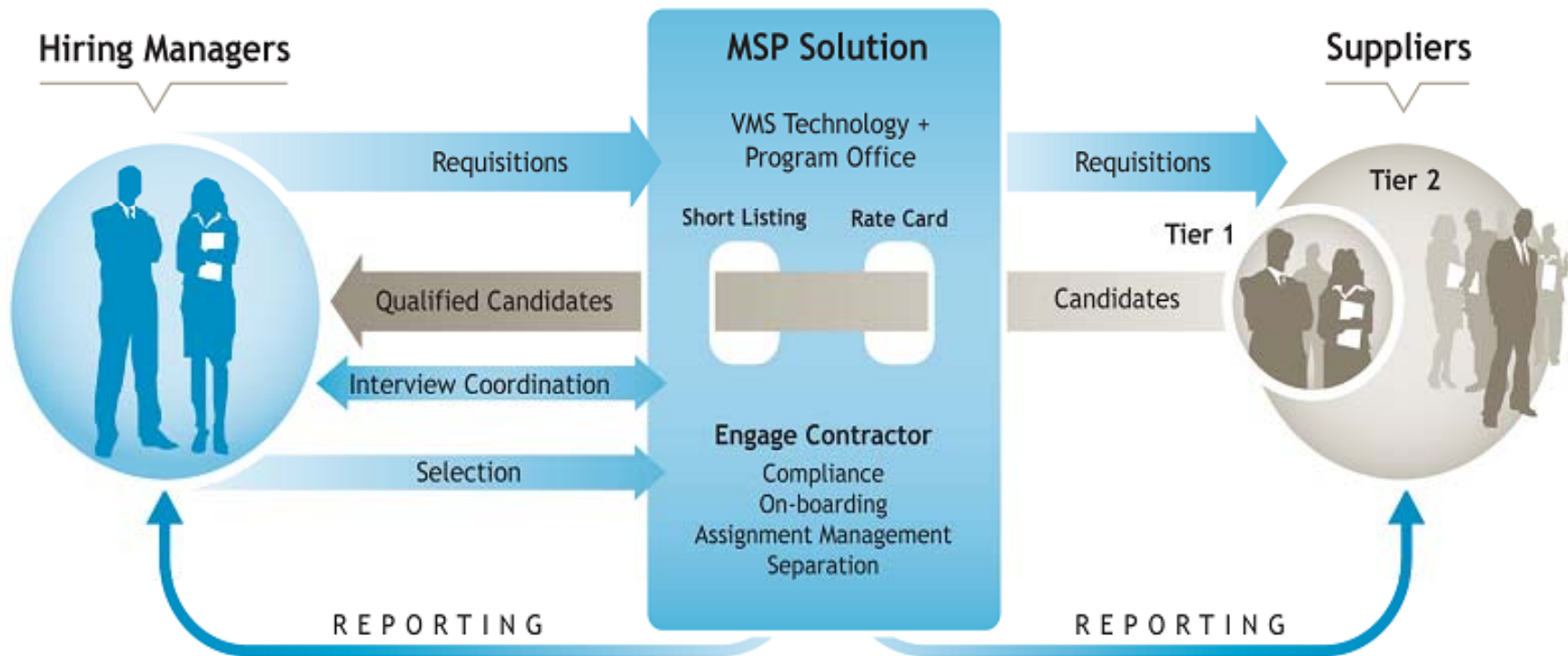


Today - MSP Solutions Deliver Value

- Enterprise contingent & contract labor management that delivers:
 - ▶ Corporate Compliance
 - ▶ Repeatable Management Process
 - ▶ Centralized Program Administration
 - ▶ Significant Cost Savings

**A high performing MSP Solution is a combination of
People, Process & Technology**

Today's MSP - How It Works



MSP - A Technology-enabled Solution

Key VMS Modules & Traits:

- Job requirement builder & templates
- Automated workflow & approval process
- Manages all skill sets
- Vendor management
- Assignment management
- Integrated electronic time & expense capture
- Highly configurable based on client business rules
- Consolidated electronic billing
- Ad-hoc & standard reporting
- Integration/interface capabilities at little or no cost

Key MSP Functions:

- Manage HR and administration for contractors more efficiently
- Provide means to identify and manage all contractors
- Maintain current quality and performance while meeting cost saving mandates
- Standardize policies and procedures
- Consolidate billing
- Develop custom reporting
- Implement technology for requisition creation and tracking

Traditional MSP Benefits

Cost Savings	Process Efficiencies	Quality Improvements
<ul style="list-style-type: none"> • Standardized rate table • Reverse Auction Capability • Lower incidence of inaccurate billing • Overtime management • Reduced client administration costs • Lower vendor sales & administration costs results in client savings • Results in significant overall savings – historically 6-12% 	<ul style="list-style-type: none"> • Standardized and scalable processes and vendor contract • Automated requisition, evaluation, and selection of contingent staff • Electronic entry and approval of timesheets • Consolidated billing on a single invoice • Results in increased productivity of both client and vendor resources 	<ul style="list-style-type: none"> • Reporting on vendor and contingent staff performance • Useable, real time data • Dedicated onsite support to manage and monitor program • Improved cycle times and higher fill rates • Risk reduction through compliance management • Results in improved vendor and contingent staff performance

Trends Driving Staffing & MSP Usage

- Contingent staffing usages continues and is projected to grow
 - ▶ Up to 13.1% in 2008 from 12% in 2007. That's 13.1% of a company's workforce.
 - ▶ 2010 is likely to see that number to climb to 14.3%
 - ▶ 1 in 5 buyers rely on contingent workers for 21%+ of their workforce.
 - ▶ Contingent and contracted labor is one of the largest indirect commodity categories for most firms.
- MSP Trends
 - ▶ In 2008, VMS (technology only) usage rose to 51% from 34% in 2007. Usage as high as 71% is predicted for 2010
 - ▶ In 2008, MSP usage rose to 38% from 34%. An additional 17% of company's have plans to explore managed services programs.
 - ▶ In-sourced MSP programs have the lowest satisfaction level, while out-sourced MSP programs have the highest satisfaction level

Where will future savings come from in this category?

Market Trends Impacting the Client

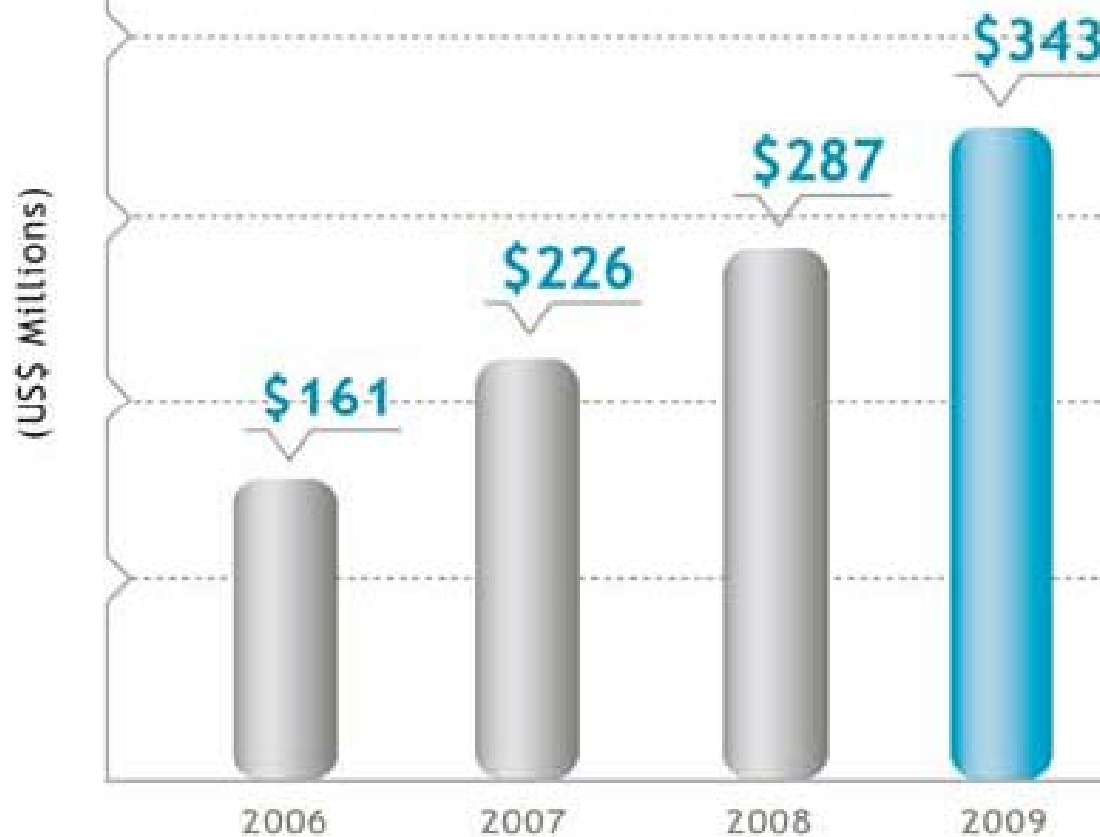
- Economic & Demographic Trends
- Trends in MSP
 - ▶ Basic T&M MSP solutions will be replaced by broad services procurement MSP solutions
 - ▶ Migration towards integrated resource fulfillment
- Trends in rate structures
 - ▶ Significant margin erosion among staffing firms
 - ▶ Rate reductions being passed on to consultants
 - ▶ Recovery in 2010 will result in rate inflation
- Emergent trends
 - ▶ Management of project, deliverable, and milestone-based services
 - ▶ RPO-based payrolling
 - ▶ Discrete management of non-preferred suppliers
 - ▶ Task-based outsourcing (via captive centers)

Staffing Supplier Management Trends

- According to Forrester, total revenues for Service Procurement solutions (software and MSP) will grow by 20% in 2009
- Growth factors include:
 - ▶ Expanded use of SPM tools by client companies for categories of services beyond the traditional area of temporary workers and contractors
 - ▶ Increased number of VMS vendors moving into SPM
 - ▶ Increased internal pressures for client companies to cut costs and use SPM tools to manage the purchases of consulting and outsourced services, not just temporary workers
- According to Aberdeen, 52% express need to increase spend visibility for contract labor while 60% look reduce labor costs

Staffing Supplier Management Trends

SERVICES PROCUREMENT SOLUTIONS
REVENUE GROWTH



Source: Forrester Research, Inc. 2009

Enterprise Sourcing Implications

- Market-centric management solutions offer greatest reach
- Sourcing, selection and management of professional resources will present greatest challenge
- Reliance on legacy business practices is not enough
- Innovative talent acquisition models are required

Services Procurement Management



Why Deploy SPM?

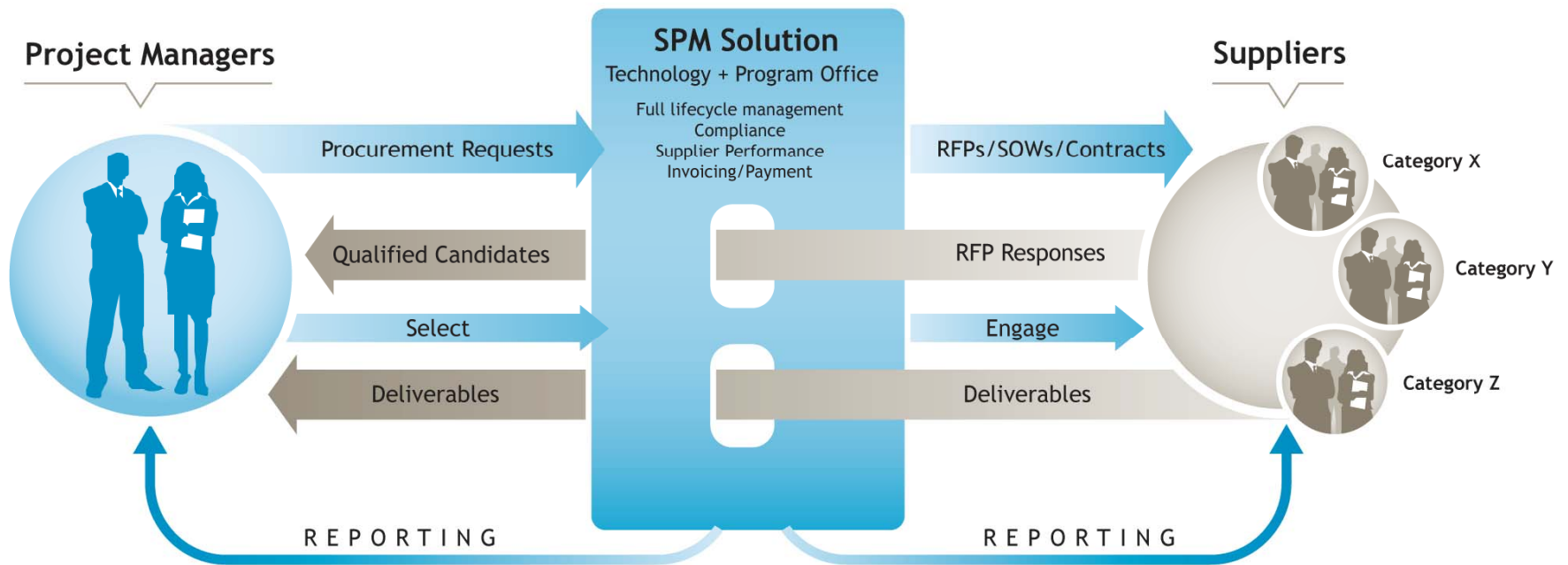
Services Procurement Management (SPM) provides clients with more information and empowerment by extending traditional vendor management services from the staffing world into the project / services arena

- **F**ull visibility into the similarities and differences of competitive bidders for service opportunities
- **O**nline tracking of key commitments during the initial proposal process
- **C**ost savings and value add through accountability and validation of the delivery process for all suppliers
- **U**niform validation of delivery against commitments (SOW/SLA) and the evaluation and selection process
- **S**upplier reporting, information intelligence and vendor performance

Why Deploy SPM?

- To get answers!
- Today, are you able to:
 - ▶ tell how many projects that leverage a particular skill were commissioned last year? (enterprise wide, by business, etc.)
 - ▶ identify top suppliers by expertise?
 - ▶ identify which suppliers had 100% on time deliverables for revenue generating projects?
 - ▶ determine how much was spent on project extensions?
 - ▶ calculate the cost of project overages?
 - ▶ ensure on-boarding compliance of project-based resources?
- What is the value of getting answers to these (and other similar) questions?

SPM - How It Works



SPM Workflow for Projects & Services



STEP
1

Develop RFx/Solicit Bids

- > RFx developed
- > Evaluation committee established (as applicable)
- > Electronic approval
- > RFx distributed to approved and niche/minority suppliers as required

STEP
2

Supplier Submittals

- > Suppliers receive RFx
- > Develop solution/response to RFx
- > Submit thru system
- > Client/TAPFIN receive responses

STEP
3

Evaluate/Select

- > RFx distributed to client evaluation team
- > Evaluation team/committee evaluates and scores
- > Final rankings displayed
- > Client makes final selection /offer

STEP
4

Contracting Work Order

- > Key commitments and deliverables captured
- > Converted into SOW/SLA contract document
- > PO issued thru system
- > Services contracted

STEP
5

Performance Information

- > Timesheet & Expense Reports gathered and approved electronically
- > Key deliverables and/or SLAs tracked
- > Supplier performance recorded

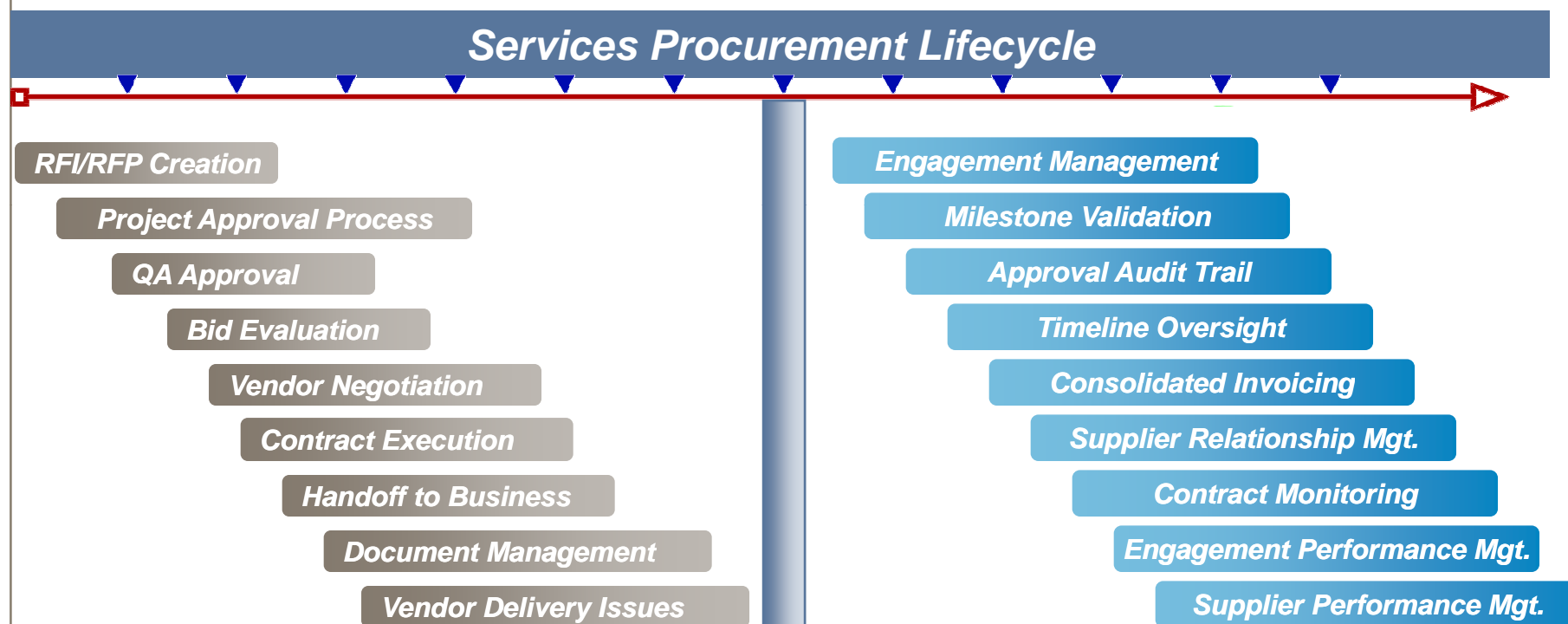
STEP
6

Invoicing/Payment

- > Supplier request for payment
- > Validation of delivery against SOW/SLAs
- > Invoices approved by client
- > Payments made to TAPFIN
- > TAPFIN pays suppliers

SPM Provides Post-Award Visibility...

Extends Procurement & Finance Visibility

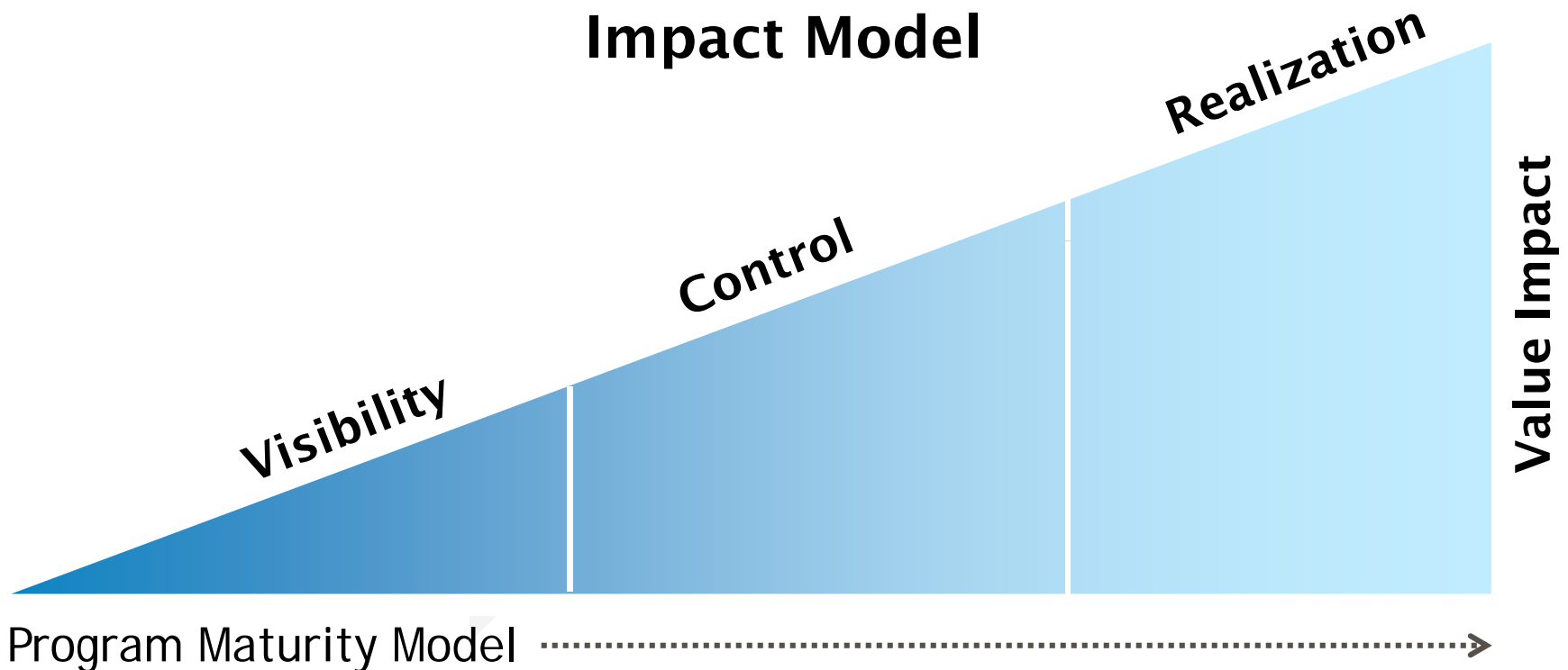


SPM provides performance and financial information – visibility at the project, division and enterprise level...

SPM Timeline: Stabilize, Optimize, Realize, Predict



Impact Model



Adoption/Maturity Curve

SPM Engagement Models



SPM - Role of Technology

- Automate the procurement lifecycle to drive efficiencies and manage risks - from RFP to Payment Management
 - ▶ Facilitate electronic approvals
 - ▶ Ensure consistent use of RFP, SOW, contract templates
 - ▶ Provide contract management
 - ▶ Enforce business rules
 - ▶ Enforce rate cards
 - ▶ Enforce application of SLAs
- Gather and provide:
 - ▶ Analytics to enable effective management of project-based spend:
 - What's being spent and with whom
 - Is adequate ROI being realized
 - Where can savings be realized
 - ▶ Business intelligence:
 - To enable clients to make more informed, more successful RFP decisions (who should RFP be sent to, who should be awarded the business)
 - To drive Vendor Performance Management

Range of SPM Engagement Models

Attribute	Turnkey	Consultative
Business Process Reengineering	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Resource Strategy Planning	<input type="checkbox"/>	<input checked="" type="checkbox"/>
As-Is to To-Be Process Analysis, Design, Rollout	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
RFP Management	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Contract Management	<input checked="" type="checkbox"/>	<input type="checkbox"/>
PO Management	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Invoice/Payment Mgmt	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Vendor Performance Mgmt, Optimization	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Scope of SPM Program

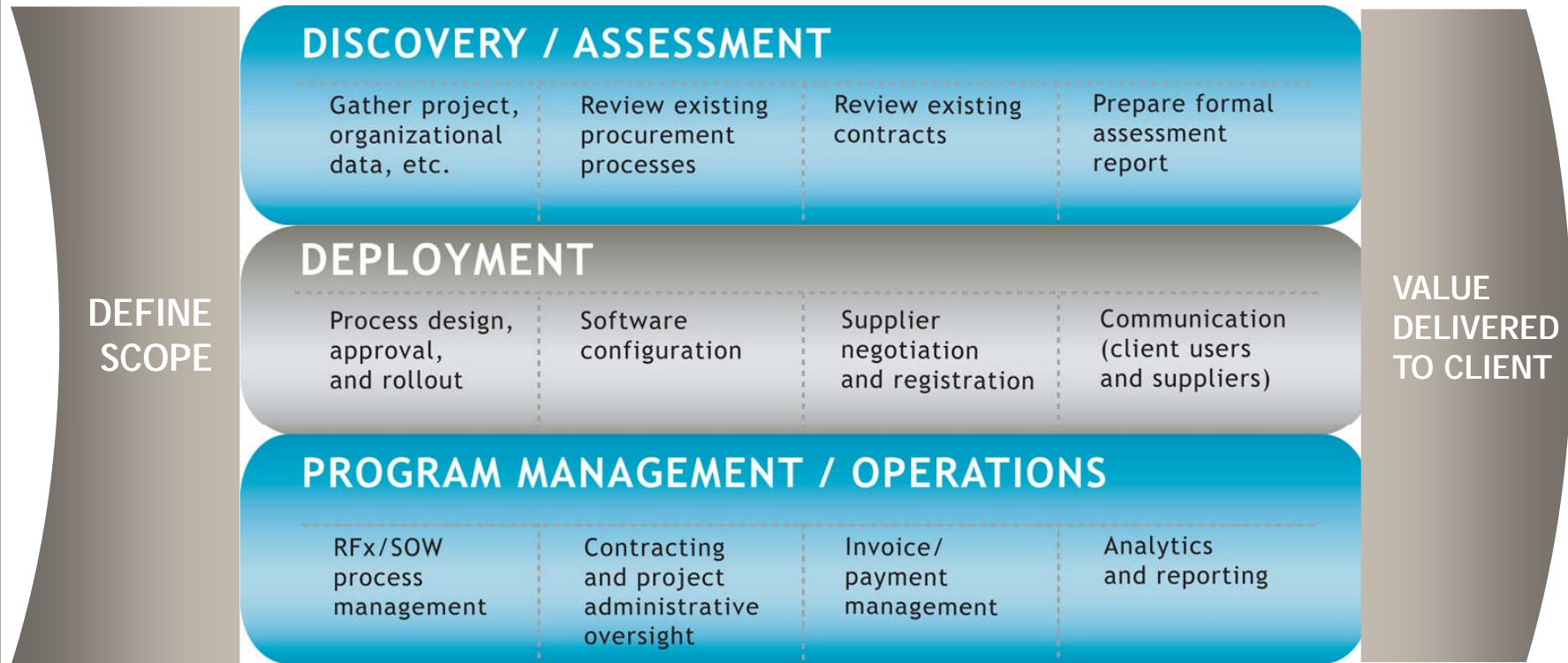
The MSP will:

- Supply technology to execute solution
- Monitor and measure suppliers to ensure consistent service levels (as defined by the Client)
- Require access to appropriate the Client resources and systems to execute duties
- Monitor and measure supplier performance to ensure the Client is obtaining services as contracted
- Manage compliance to critical requirements (as defined by the Client)

The MSP will not:

- Displace the relationship the Client has with suppliers
- Assume ownership of project management & related services
- Negotiate business terms without the Client input/guidance
- Award business on behalf of the Client
- Provide business domain expertise or quality assurance for specific project SOWs

SPM Approach

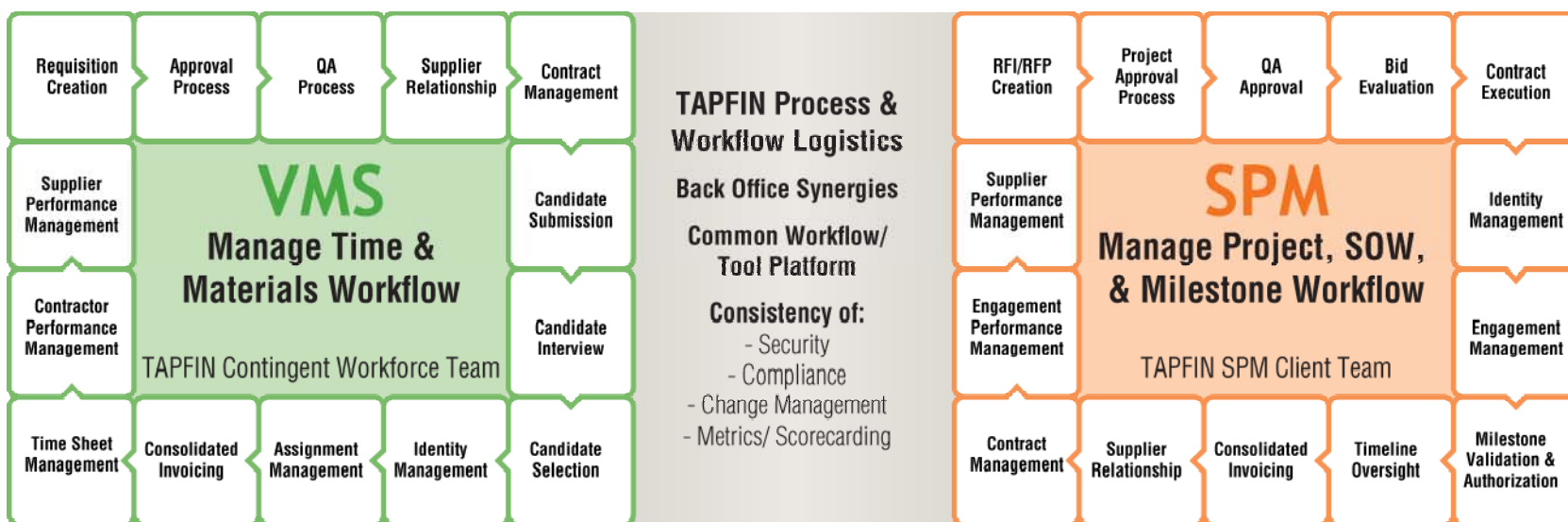


Case Study - SPM Client

- Scope:
 - ▶ Services Procurement Management (SPM)
 - ▶ Supported in USA since July 2007
 - ▶ Supported in EMEA June 2008
 - UK, Netherlands, Belgium and France
- Management:
 - ▶ TAPFIN manages the Technical Services SPM on a global basis in order to have complete visibility into its ongoing engagements.
 - ▶ Focused on SOW (as opposed to time and materials)
 - ▶ Supplier-neutral, complete client visibility
 - ▶ TAPFIN transitioned 9 project solutions suppliers in 18 days
- Anticipated 2009 volume:
 - ▶ In excess of £10,000,000 in EMEA
 - ▶ In excess of \$100,000,000 in US

Integrated Resource Fulfillment

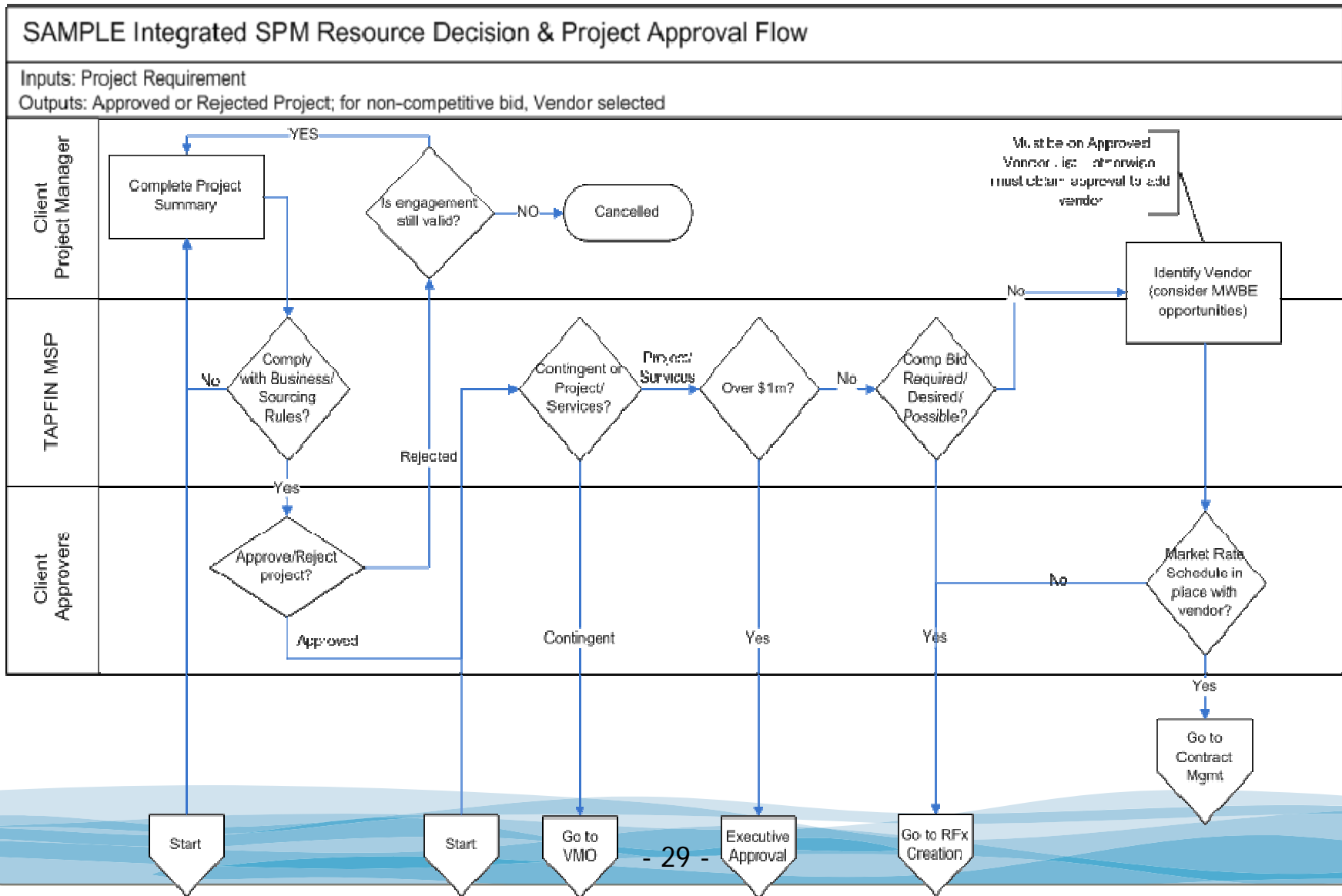
Comprehensive solution that complements and enhances core VMS processes, extends management benefits, reduces risk, and eliminates program leakage.



- Commonly available skill sets delivered on a T&M basis
- True staffing services
- Development & support services
- Work executed at the direction of the client

- Scarce expertise
- Higher value consulting services delivered on a T&M basis
- Bundled services with SLAs attached
- Work executed at the direction of the solution provider

Sample SPM Decision Support Model



Benefits of SPM

- **Demand Management** - reduce unnecessary expenditures
- **Visibility** - to data during decision making processes
- **Accountability** - of business partners for expenditures
- **Risk Mitigation** - via standardized terms & conditions
- **Centralize** - contract administration & supplier management
- **Audit Capabilities** - bring process & rigor to operations
- **Consolidated Invoicing** - reduces A/P processing costs
- **Leverage:**
 - ▶ Expenditures with top suppliers for volume discounts
 - ▶ Route more business to your top quality suppliers
 - ▶ Existing investments more effectively (e.g., IT)

Summary



Summary

- Talent Acquisition trends:
 - ▶ A holistic view of talent acquisition is becoming more prevalent
 - ▶ HR and Procurement both will play a significant role in talent acquisition
- Traditional MSP programs:
 - ▶ Offer a strong base value proposition
 - ▶ Are established and have significant penetration of the Fortune 500
 - ▶ Do not address the project-based expenditures that represent a large and growing portion of total category spend
- SPM programs:
 - ▶ Leverage the proven MSP approach to category management
 - ▶ Represent the greatest opportunity for savings within the contingent labor/services category
 - ▶ Are a necessary complement to MSP programs to effectively eliminate program leakage
 - ▶ Enable firms to manage risk more effectively via an integrated resource

TAPFIN

Thank you...

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