Workspend's Modular Approach for Digital Procurement Solutions

April 2020

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Digital technology is impacting all areas of procurement and sourcing as it allows for greater visibility, process optimization, compliance control, and risk reduction. In tandem with the exponential increase in computing power, one has observed the development of new technologies seemingly sprouting out from every corner of the world – from point solutions to more traditional large stack technologies. By incorporating these solutions, the procurement function in many firms is achieving greater agility, lower costs, and improvements in quality. According to a report by the Boston Consulting Group (BCG)[1], digital procurement's benefits will include an increase in productivity of 30% to 50%, along with significant improvements in innovation, quality, speed, and risk management. Similarly, in a recent survey conducted with Chief Procurement Officers (CPOs) globally by McKinsey & Company, it was found that on an average, CPOs expect to receive a 40% increase in annual savings, 30% to 50% less time spent on

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[1] https://www.bcg.com/publications/2018/delivering-digital-procurement-promise.aspx

transactional sourcing, and a 50% reduction in value leakage[2], as a result of incorporating a successful digital procurement strategy.

Staffing Industry Analysts (SIA), in their report *Staffing Trends in 2019*, noted that technology/automation and procurement sophistication will be two of the top trends in the staffing industry. The strategic and economic benefits of digital procurement are quantifiable, but most companies still use manual processes and do not have a detailed view of their internal data and do not know where to start. A recent research study undertaken by Deloitte has found that 767 companies out of the 924 that were surveyed do not have mature workforce analytics in place, as compared to the highly mature organizations that use advanced talent analytics[3], indicating that most organizations are not equipped to handle the challenges they are facing in their recruitment needs. This is where a managed service provider (MSP) manages the contingent workforce on behalf of a client, adds a lot of value.

Imagine the procurement function of an organization firmly integrated with its supplier base and has all the relevant information like cost, availability, lead times, risk and other related metrics at its disposal. This would enable the procurement function to save cost, predict the right lead times, provide a quality product, and serve as a source of competitive advantage for the organization. At the heart of any digital procurement strategy is the combination of existing IT systems, digital analytics, and the right talent to supply it. The analytics can help firms detect useful patterns in data and help with predictive models: insights that can help organizations make better, more actionable, decisions than they have in the past. To have a successful strategy in place, firms need to be clear about the data foundation, what the levers are and what are the values that they are trying to capture. In a recent report on the benefits of digital procurement, the management consultant firm Bain & Company found that an effective digital strategy requires three key steps: gathering input, deciding the goals to be achieved, and putting a roadmap together to get there[4]. In the same report, Bain & Company highlighted these five digital solutions as the top goals for firms today:

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[2] https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/driving-superior-value-through-digital-procurement
[3] https://www2.deloitte.com/us/en/pages/human-capital/articles/talent-acquisition-analytics.html#
[4]https://www.bain.com/contentassets/72e381c9155b467db6e8e4ac93ee6ac1/bain_brief_digital_procurement_the_benefits_go_far.pdf

1. Inventory management systems
2. Multi-domain master data management
3. Contract life cycle
4. Supplier quality management
5. Spend analysis

An MSP usually manages all of the five digital solutions that the Bain survey found critical. The MSP team keeps track of the contingent workers, manages the contracts with the suppliers, develops a supplier performance scorecard, and analyzes the spend and data related to the contingent workforce. Today, a large number of analytics for a typical MSP program are quite standardized, e.g., number of resumes received per requisition, time taken to onboard a candidate, number of profiles being submitted to the hiring manager, etc. In addition to these, the MSP can help identify levers, areas for improvement, and help implement the same process re-engineering and measure the same with new service level agreements (SLAs) and key performance indicators (KPIs).

Based on the industry, locations, or their talent strategy, requirements from an MSP vary from one firm to another. Some organizations use their pre-existing systems and internal teams to raise requisitions, which are then shared with the MSP to send out to the suppliers. Similarly, a few organizations like to keep the time sheet and invoice management process being managed with their internal Enterprise Resource Planning (ERP) systems like Oracle and Ariba. Whereas with others, due to compliance requirements, onboarding of contingent talent can only be carried out by their internal teams. In a traditional MSP full service model, the MSP usually keeps track of various activities even though they might not be handling them, as their processes do not allow for segmentation of various components and if they skip tasks, it can lead to incomplete data being entered into the vendor management system (VMS) and breakdown of the contingent talent supply chain.

Workspend takes an "a la carte" approach to managed services, allowing a client to select the different components of a traditional MSP solution suite that they need, and either do away with certain segments altogether or keep them in-house. This flexibility is a key advantage that Workspend offers, allowing clients to pick and choose the components that match with their digital procurement strategy. It allows Workspend to tailor the solution specifically for the client in question, and allows for portable data, that can be broken down into actionable items related

to different parts of a program. It further permits the MSP to access, comprehend and act upon; and the parts analysis offers program managers deeper insights into the respective components of their MSP solution suite.

The unique "MSP by Design" approach followed by Workspend allows the MSP solution to be a fit with the client organizations short- and long-term digital procurement strategies. Some organizations prefer going the "self-managed" route once the VMS has been set up and the MSP processes is defined. Workspend's design allows it to be phased-in or -out over period of time, gradually transitioning responsibilities over to the client's' internal teams. Similarly, there might be other tools in the market that the client might like to use along with the VMS. Workspend can accommodate both of these scenarios, without impacting current operations.

As digital technology is now evolving rapidly, and procurement functions that understand and adopt the new digital procurement strategy based on their needs will be able to get a step ahead and help their organizations achieve their strategic objectives. Keeping the individual needs of clients in mind, Workspend offers a flexible, scalable, customizable MSP solution in a vendor-neutral delivery model, using the client's technology of choice. The modular approach of the Workspend MSP Solution allows you to bypass the traditional encumbrances associated with a full-service MSP follows. Workspend offers the combination of real-time collaboration with suppliers, keeping track of metrics and providing market intelligence, giving its clients the ability to utilize contingent talent as a competitive advantage.

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