

eStaffControl Analytics

Identify and Manage Labor-Acquisition Costs In Ways Not Previously Possible

Turning Global Contingent Work Force Data Into Money-Saving Actions

Executive Summary

Businesses today are under pressure to improve financial performance by lowering costs company-wide. Traditionally, companies have focused on reducing the cost of creating their products, but now realize that contingent work force and labor acquisition costs (not just head counts) need to be placed under the *profit-scope*, as well. In every industry, even companies with world-class purchasing organizations have excess spending. In many companies, spending information is often incomplete and scattered across multiple systems. With incomplete labor-expense information, excess spending remains hidden, and companies are unable to capitalize on these huge savings opportunities.

Human resource professionals need tools that allow them to identify opportunities and target initiatives based on complete and accurate spending information. eStaffControl provides web-based, contingent work force, e-procurement solutions, to enable enterprises to control the largest indirect enterprise expense: *the contingent work force*.

eStaffControl Analytics

gather, organize, analyze and police data to create a company-wide spending profile, which executives can use to identify savings opportunities and create defensible, targeted savings plans. This paper focuses on how spending analytics make HR professionals more effective across the entire labor procurement cycle (i.e. sourcing, purchasing, paying, monitoring and planning). While developing stronger relationships with both internal business units and external staffing suppliers.

eStaffControl Analytics

can also be used to support specific procurement initiatives; such as eliminating rogue spend and planning post-merger integrations. Significantly improving net-

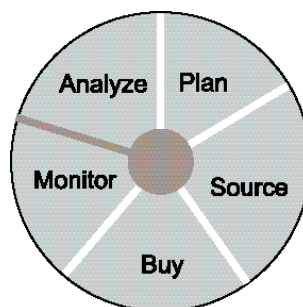
profit margins and cash flows.

Companies in every industry are looking for ways to lower costs to stay competitive. Savings targets are high, and business executives are "feeling the heat" to reach these goals and exceed them as quickly as possible. Due to industry hype around advances in e-procurement and e-sourcing, management in many companies is looking to the HR department to quickly deliver significant cost savings. In many cases savings from these solutions have been disappointing due to long implementation cycles and the inability to track and analyze use. Companies have had a difficult time targeting the right staffing suppliers and spending areas, and then enforcing adoption. Another option for lowering costs is to leverage spend or to renegotiate contracts with key suppliers. However, with every initiative, they face the same challenge of bringing about true change within their organization. So how do HR professionals make the most informed decisions?

Hidden Spending Information

Without a complete understanding of

Procurement Cycle



company-wide costs, it is nearly impossible to create a savings plan or make sound judgments about which initiatives to pursue. This comprehensive picture must combine, high-level "boardroom views" of the largest spending areas with micro-specifics of individual labor engagement costs.

Unfortunately, spending data is often recorded inconsistently with errors; duplications and misspellings, leaving a large amount of unclassified "other" spend. Delphi Group reports that over 60% of invoices are thought to be inaccurate, with over-billing estimated at 3-5%. Internal systems frequently provide limited, ad-hoc analysis using raw AP data to estimate labor cost. With no repeatable process for data collection, *the systems are non-adjustable to the perpetual changes, typical of today's business environment.* They are designed simply to collect "accounting info" not provide procurement intelligence. Complicating matters further, requests for AP data can take weeks to process. HR professionals are forced not only to take the time to reorganize data on their own to make it "purchasing -relevant" but also to wait for the spending information they need *here and now* to make decisions and control costs.

In addressing overspending, the lack of accurate, complete information is a serious problem. It makes it difficult to:

- Analyze and plan high-impact savings initiatives
- Effectively manage suppliers or renegotiate contracts
- Create, enforce, and monitor new hiring policies
- Aggressively monitor and manage contract labor costs in specific

spending areas or business units

- Accurately predict future allocation levels for budgetary purposes.

Additionally, procuring and managing a contingent work force is challenging due

to the dynamic and unique nature of the resources at issue in the human capital marketplace-*people*. These challenges and risks are exacerbated by labor, tax and corporate liability concerns and the magnitude of dollars and information

eStaffControl has the following functional abilities:

- Extract data from all end-users across company
- Present a clean and normalized consolidated data set
- Classify transactional data into a structure that meets the company's unique requirements, including pending areas, business units, suppliers, GL codes and geographies
- Organize information into a purchasing- relevant format, so they can plan and execute initiatives such as strategic sourcing, rogue spending management and rebate programs
- Compare real-time committed cost to allocated cost, while keeping responsible executives informed of important budgetary milestones
- Allow the company to modify the data structure over time to reflect organizational change
- Integrate valuable supplier information such as performance ratings, fee schedules and MWOB status
- Provide scalable technology that supports large volumes of data and complex, multi-dimensional analysis
- Allow for a repeatable process - easy, consistent updates that add new and refreshed data into the system
- Require minimal technical support
- Offer a user-friendly interface through which multiple users can access and analyze data simultaneously
- Capture the details of all corporate spending behavior, who spent what and how much was spent with each supplier

involved. Such mission critical compliance issues include: *

- Tenure monitoring-insuring adherence to your company pension and profit sharing tests
- Supplier insurance
- Co-employment risk
- Pre-employment compliance
- Employee on-boarding and off-boarding logistics
- Form 1099 worker compliance

THE RESULT: MILLIONS OF \$DOLLARS\$ IN LOST SAVINGS!

** eStaffControl's Standard Service Level Agreement (SSLA) to participating staffing providers mitigate companies exposure to these co-employment risks.*

Better Information Is Needed to Lower Costs

Unlike data warehouses, eStaffControl Analytics was built specifically to monitor and control contingent work force costs. Guaranteeing companies the highest Return- On -Staffing-Investment (ROSI)[™].

With eStaffControl Analytics, companies are armed with the spending visibility and control they need to make informed decisions, saving money immediately and continuously.

View a complete picture of company-wide spending and identify savings opportunities

The first step in developing a savings plan is to identify how much was spent with individual suppliers and by whom within the organization. Detailed analysis uncovers savings opportunities; both significant savings efforts and "quick hits" promote internal buy-in for these initiatives, including:

- Rogue spend elimination: In many instances, employees may be purchasing staffing services off-contract at a significant premium and companies can redirect this purchasing stream through approved, contracted suppliers.
- Supply- chain management: When different business units use labor services in the same or similar job classification from a wide range of suppliers, an opportunity may exist to reallocate demand for better pricing or higher quality services.
- Discount leveraging: Volume or early payment discounts, in areas where spending levels are constant, or higher than previously thought, particularly due to purchases made off-contract.
- Elimination of phantom labor costs: Due to time-sheet fraud, erroneous invoices, and excessive or unauthorized overtime.
- Superior job-order management: How, why and when of requisitioning and fulfillment.
- Contract administration: Automatic surveillance of bill rates, pay rates, mark-ups, permanent fees, guarantee periods, contract- to-hire conversions and stepped-down bill rates on long term assignments.
- Reverse auction analysis: Bid, negotiated and settled price of every engaged contract worker.

Improve supplier relationships

HR professionals have the information they need to approach the contract negotiation or renegotiation process, obtain rebates, or create preferred supplier lists in a more informed way. They can track the performance of a global portfolio of individual staffing vendors. What

Beyond e-procurement to global sourcing



KEY ELEMENTS INCLUDE:

- Three way collaboration in real-time between clients, staffing providers and temporaries
- Personalized work-stations for all participants
- Special recruiter's desktop displays all incoming resumes including salary, skill and compliance requirements
- Status reports on open, closed, and pending requisitions
- Discussion threads that monitor and date stamp all important phases of the interviewing process
- Electronic filing cabinets to replace paper based systems for storage and retrieval of all resumes
- Electronic timesheets group & individual: approved by digital signature
- Route approval for multiple signoffs in minutes
- Electronic invoices and payment
- One consolidated bill with complete req-to-check functionality

labor-services were purchased from each, and other important characteristics.

Note: Buyer/supplier integration

reduces the operating costs of staffing firms up to 10%, while simultaneous building clients employment brand.

Monitor spending ongoing

Companies can use their insight into spending patterns to gain greater control over contingent work force costs, permanently. They can hold business units accountable for spending, quickly addressing compliance problems before they grow. They can track and measure the success of savings initiatives; giving HR strategists an executive scoreboard by which to align their core-processes with key business objectives¹.

Conclusion

Leading companies have begun to understand that spending analytics is essential for maximizing cost savings. But, until eStaffControl, there have been fundamental shortcomings in available solutions.

eStaffControl Spending Analytics Solves the information Problem

Armed with spending analytics, companies have the data and analysis they need to understand their purchasing behavior. They can identify global spending patterns and create and execute high-impact savings initiatives. HR professionals plan programs based on quantifiable and tangible savings opportunities. Lucrative targets of opportunity are viewed and analyzed

according to "size" (e.g., spending area, dollar volume, job classification, or service provider). This valuable information gives HR professionals credibility and leverage with internal business units and external suppliers. eStaffControl helps companies extract greater value from their existing systems. Over time, HR professionals can measure and track the bottom-line impact of their savings programs. Rapid implementation allows companies to quickly harvest the benefits of eStaffControl in a matter of weeks. eStaffControl's flexible, rules based technology uses complex algorithms to create business rules for extracting data, grouping suppliers and mapping a comprehensive picture of spending. Authorized employees can access this information through a user-friendly interface. They can analyze spending, create and implement savings plans, and generate customized reports, all of which serves as the foundation for continuous strategic cost management.

About eStaffControl

eStaffControl establishes corporate web-based, transactional market places for labor acquisition and contingent work force management, converting these highly fragmented manual processes to a completely digital one.

The impact of eStaffControl's solution is stunning and immediate, in reducing both hard and soft costs. Recent installations include a world class bank, a top-tier mutual fund and a leading technology company. Client savings were 15%, 17% and 20% respectively, of aggregate spend the first year. Coupled with quantum

improvements in productivity and associated process efficiencies, companies quickly gain new insight and better management of corporate-wide spending, resulting in improved financial performance, assisting responsible executives to uncover hidden spending and pricing information, build optimal supplier relationships, and enforce compliance.

In sum, eStaffControl's breakthrough technology gives companies new strategic capabilities and budgetary power, saving them huge amounts of cash.

For more information, please e-mail: eStaffcontrol@estaffcontrol.com

¹How companies receive a return on human capital greater than or equal to the cost of economic capital, is one of the key business questions confronting HR executives today, and the subject of a separate white paper entitled: "eStaffControl, Global Sourcing and the Current Talent War."