



VMS Buyer's Guide

The Rise of VMS



In today's increasingly complex labor marketplace, it is no longer a question of *if* you should move toward a vendor management system (VMS), but *when* you should make the move and how you will structure your VMS to best meet the needs of your unique organization. The world is embracing VMS, with global market spend for VMS at **over \$80 billion (USD)** and rising. In fact, the largest the increase in spend (59 percent) is being attributed to markets outside of Europe and North America.¹

The misconception that a VMS is only for large employers (500+ employees) is also being challenged. While it is true that VMS use by this group has steadily increased over the last decade, from 16 percent in 2006 to more than 70 percent in 2016², small and mid-sized companies are increasingly turning to a VMS to provide them with the **control, process efficiency, and analytics** they need to stay competitive.

There are a wide range of factors driving the adoption of VMS, but none is more urgent than the need to source hard-to-fill skill sets amid shifting worker demographics and an increased reliance on a wide range of workers. By 2026, 29 percent² of your workforce could be comprised of several types of workers that must be properly classified and managed. So the question is this: **Will your HR team have the tools they need to meet these challenges now, and in the decade to come?**

This guide will map out the many benefits of implementing a VMS, and give you insight that will help you choose the right VMS to give you the competitive edge you need to be successful. Not all technologies are created equal, and the same goes for a VMS. By knowing what features to look for and why, you will be better equipped to select a VMS that is flexible enough to grow as you grow.

1 | VMS/MSP LANDSCAPE 2016: THE STATE OF THE ART, STAFFING INDUSTRY ANALYSTS CWS COUNCIL

2 | SIA 2016 CONTINGENT WORKFORCE BUYERS SURVEY, STAFFING INDUSTRY ANALYSTS

VMS Overview



A vendor management system (VMS) is an internet-enabled application that allows businesses to procure and manage workers of many types - **temporary workers, independent contractors, freelancers, interns, payrolled, and statement of work (SOW) consultants**. A VMS automates all, or part, of the talent acquisition lifecycle including requisitioning, sourcing, selecting, on-boarding, managing and off-boarding. This single repository of program data gives your human resources/procurement teams the ability to make data-driven decisions that support overall company strategies.

There are many important business reasons to implement a VMS. In this buyer's guide we will focus on the following benefits:

- Cost Control
- Visibility
- Compliance
- Quality
- Processes



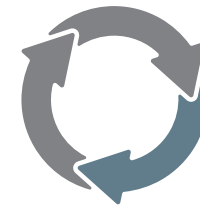
COST CONTROL



VISIBILITY



COMPLIANCE



QUALITY



PROCESSES

Control Your Costs, Control Your Program



The foundation of a well-oiled workforce is the ability to control your labor costs. Implementing a VMS is the first step to getting you arms around what is likely your largest biggest expense: people. Controlling pay rates at the worker level is a good place to start. With a VMS, you gain the ability to set maximums, establish rate caps, and define rate parameters based on specific job descriptions. Not sure where to set a rate? Make sure your VMS includes **market rate advisory data** to analyze trends and ensure you are paying market rate for talent. Extra points for a VMS that is able to capture **wage and bill rate data** so you can **analyze your spend** and **make projections**.

Vendor related costs and mark-up represent a significant chunk of your budget. With a VMS you are able to **establish procurement standards** and processes that significantly **reduce hard and soft workforce costs**. Further, the competition created when all suppliers are operating on a **level playing field** means program participants are strongly motivated to offer value-driven rates.

Actionable data around contingent worker costs are another area where a VMS distinguishes itself as a critical, strategic business tool. Workers enter time sheets and expenses directly into the VMS using a worker portal. This **online, up-to-the-minute data** capture gives leadership a real-time view of contingent labor costs so they can better manage expenses and forecast budgets.

You Can't Manage What You Can't See



With so many different types of workers, in so many places, visibility has never been more challenging or more important. Diverse locations, conflicting country regulations, and a wide range of worker classifications demand an automated solution that will not only **capture** the data you need, but **organize** it into real-time, visual **overviews** that sift through the noise to give you the critical business information you need, when you need it.

All the data in the world won't matter if it is poorly presented, missing critical information, or outdated. To ensure the most actionable data possible, add real-time, end-to-end program metrics, executive dashboards, and on-demand custom reporting to your VMS wish list and don't settle for less. If you are considering a VMS vendor, make sure the process of creating custom reports and dashboards is easy and intuitive. Test drive these features carefully because their effectiveness will determine the success or failure of your efforts. **Good data leads to good decisions; bad data can lead to disaster.**





In 1997, hiring an employee was a fairly straight forward process: a job to do, compensation to offer. As the world has become smaller, regulations have gotten bigger, and today's employment landscape is fraught with potential dangers that can result in **lawsuits, fines, and legal risk**.

A well-managed VMS can reduce the risk associated with managing your workforce by standardizing processes and capturing documentation throughout the employment process. A secure repository for relevant documentation ensures that everything is up-to-date and readily accessible in the event of an audit.

The addition of a payrolling provider adds an extra layer of **separation** between your business and your workforce. Ask your VMS vendor if payroll services can be easily-integrated into any system you are considering. Even if payrolling is not a part of your current program architecture, the ability to easily add it means your business is more flexible and better prepared to mitigate risk, no matter what the future might bring.



The Quest for Quality Talent



Demand for highly-skilled talent is on the rise. Rapid demographic shifts and new technologies have forever changed the way we find, connect and engage workers of all kinds. These new realities mean that your VMS will need to do more than ever before so you can stay ahead of the changes that are yet to come.

Staffing suppliers will continue to play an important part in your recruiting strategies – regardless of employment type. Managing those suppliers is where a VMS really shines. A robust VMS will allow you to **set supplier standards**, and then **measure performance** against them. Knowing where your best-performing talent is coming from will help you allocate resources to the suppliers that are most likely to get results.

Reviewing potential candidates to find the best fit, is another way that a VMS can drive the quality of talent you engage. **Relevancy rankings** prioritize candidates with the skills you need above less-qualified choices. This ability to sort candidates based on measurable data, makes it less likely that **great candidates** will fall through the cracks.



Process Excellence Breeds Success



Automation creates consistency and efficiency. Instead of a series of fragmented steps, a VMS streamlines almost every procedure governing your workforce. From **requisitions to invoicing**, processes that used to take ten steps now take three, freeing staff members to focus on business-critical tasks.









When choosing a VMS, look closely at the repetitive tasks associated with engaging workers. Staff should be able to create a requisition, or get approvals, without reinventing the wheel. **Customizable**, drop-down values and pre-defined templates make processes easy and intuitive. Now, you can create requisitions, manage suppliers, track timekeeping, and access invoicing all from a **single application**.

Integrated into each task is a layer of communication. From automated updates that keep everyone informed to the ability to initiate correspondence within the tool, make sure any VMS you consider has **communication** integrated into it's DNA.



Platform Capabilities Checklist



-  **Scalable and Configurable**
Flexible configuration supports individual department or enterprise-wide talent acquisition management to plug and play with existing screening, billing, HRIS and ERP systems.
-  **Seamless Implementation**
Dedicated teams and detailed plans ensure new technologies are executed with no interruption to your work flow and in phases that make sense to your organization.
-  **Training and Support**
Reference manual and dedicated help desk are available to support your staff through every step of the process including customized manager and vendor training supported by robust online guides and tutorials.
-  **Dynamic Analytics**
Get real-time, visual overviews of end-to-end program metrics with executive dashboards or on-demand custom reports.
-  **Cyber Security**
Data is protected with a multi-layered security approach that leverages unique databases, encryption, password -protection and an effective restore and back-up systems. Systems should be SOC-1/SSAE-compliant. Companies doing business internationally should confirm ISAE3402 compliance.
-  **Global Reach**
Accommodate foreign and domestic recruitment needs including local languages, tax laws, pay policies and recruitment process requirements.
-  **Learning Management Systems**
A training platform integrated into the VMS platform organizes education and provides unlimited access to learning materials.
-  **Talent Community Management**
A talent community database gathers existing candidates from all sources into a single, searchable repository so your company can maintain two-way relationships, access candidates for future openings, and engage them at lower rates.

Next Steps



Socialize the concept of implementing a VMS solution with key stakeholders

Define the scope of issues to be addressed by a VMS

Create a VMS project team (HR, Procurement, Operations, Accounting, etc.)

List the internal/external resources needed to support change management

Map current/future workflows to identify bottlenecks and broken systems

Collect data related to job titles/descriptions, skills, and qualifications

Gather supplier data (quantity, specialties, and geographies)

Pinpoint the technologies and teams (A/P, HRIS, ERP, LMS, ATS, timekeeping) that will work in concert with a VMS

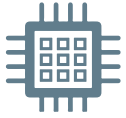
Research competing initiatives that could delay implementation

Identify three to five VMS vendors with the resources to meet your current and future workforce needs

Contact AgileOne to get more information on how our VMS meets, or exceeds, the requirements laid out in the document



Single Vendor, Suite of Solutions



AgileOne's award-winning technology and service modules can be blended together to create a total workforce solution that adapts to meet your changing needs.

Technology Solutions

VMS (Vendor Management System)

ATS (Applicant Tracking System)

SOW (Statement of Work)

ICC (Independent Contractor Compliance)

Talent ETL (Talent Communities)

Service Solutions

MSP (Managed Services Program)

RPO (Recruitment Process Outsourcing)

PPS (Payroll Services)

Direct Sourcing (Talent Communities)



Have questions? We have answers.



When you find a company that understands the way you do business - your culture, your challenges, your goals - it makes sense to build on that foundation of trust and success. By bringing your entire workforce program under a single umbrella, you gain greater visibility, efficiency, and cost controls. Explore how AgileOne's total talent management solution can provide your company with strategic business value that is greater than the sum of its parts.

AgileOne's consultative approach solves workforce challenges by combining innovative talent procurement technologies and programs with experienced industry professionals to deliver a suite of total workforce solutions. *We maximize the value of your workforce by decreasing the liability and overhead associated with human capital management.*

To find out more about AccelerationVMS, AgileOne's vendor management solution, or any of our other solutions, please visit our website at agile-one.com or call us at 1-855-924-4531.

