



MSP case study: an enterprise-wide contingent talent strategy pays off.

infrastructure services provider adopts organization-wide MSP,
reducing suppliers from 100+ to 17 and saving \$7.5 million AUD

industry/client

An Australia and New Zealand-based infrastructure services provider

goals/challenges

With more than 100 contingent talent suppliers and a lack of consistency and visibility, the company sought to improve efficiency, increase access to talent and achieve cost savings.

solution

A comprehensive managed services program (MSP) was implemented across the company's different sectors, along with supplier rationalization and migration of contingent talent to the SAP Fieldglass vendor management system (VMS).

key results

Since implementation, the company has realized \$7.5 million AUD in savings, built a talent pool of 1,200 contingent workers and achieved a Net Promoter Score of 8 out of 10.

improving access to contingent talent organization-wide

One of Australia and New Zealand's leading infrastructure maintenance companies first implemented a managed services program (MSP) with Randstad Sourceright to better manage its contingent hiring strategy. After being acquired by a larger parent company five years later, this newly expanded infrastructure services provider sought to replicate the success of its recent acquisition and implement an MSP across the entire organization.

The need for improvement was clear; with growing skills shortages, the company not only faced challenges in identifying and engaging qualified contingent workers but also lacked a transparent and consistent process for managing essential workers across multiple business units and sectors.

The internal Procurement team discovered that over 100 suppliers had been operating without standardized rates, processes or technology. Given this decentralized approach, business leaders had little transparency into spend, volumes of workers and areas of business engagement, putting at risk the ability to effectively deploy budget and accurately forecast and plan future talent needs.

Following the recent acquisition, expanding the MSP program organization-wide was a strategic move to introduce process efficiency, boost talent supply chain effectiveness, acquire enhanced talent analytics and achieve cost savings.

supplier rationalization drives competitive advantage, diversity and technology enhancements

Building on the positive results already achieved with one line of business, the company engaged Randstad Sourceright to design, implement and manage the MSP organization-wide.

The first step was to evaluate its talent suppliers. Although the company worked with more than 100 vendors, findings revealed that the majority of its spend was with fewer than 30 vendors.

Working from this list of its most-used vendors, a formal RFP process was created, factoring spend, potential worker volumes, role specialties and geographical coverage. The company also determined the volumes of workers expected in each sector, while assessing current charge rates to ascertain the true supplier mark-ups it had been charged for each worker. Based on the data collected from the RFP process, the company was able to narrow down its list of suppliers to the 17 best positioned vendors and apply standardized rates.

To ensure the supplier strategy is continuously optimized, regular calls with suppliers, quarterly reviews and supplier score cards were introduced to offer stronger oversight, compliance and program improvements.

Optimized supplier strategy not only involves rationalization, it also includes activities that are focused on strategically enhancing diversity and inclusion in the supply chain. Through the supplier rationalization process, the program supports the sourcing, vetting, selection and on-boarding of several indigenous-owned suppliers that also specialize in the recruitment of indigenous Australians, providing the dual benefit of access to a broader range of qualified talent and a further diversification of the supply chain.

Having rationalized the suppliers, Randstad Sourceright began the process of migrating its contingent workers to the SAP Fieldglass vendor management system (VMS) to ensure an efficient and consistent contingent workforce management strategy while making it easier for the company to hire, deploy and compensate its workers.

As part of the effective change management, extensive training for its new processes, including onboarding and adoption of the new VMS, was delivered. Overall, 800 staff members within the company and nearly 250 individuals from its talent suppliers enrolled in a comprehensive onboarding and training module delivered by Randstad Sourceright.

excellent execution leads to cost savings and high satisfaction

Through these efforts, the company has realized significant results. By streamlining over 100 suppliers to just 17 with standardized rates applied across the board, cost savings of \$7.5 million AUD have been recorded since the inception of the program. The company also achieved an estimated \$8.6 million in cost avoidance, and in the last 12 months of 2022, saved \$1.3 million purely on mark-up savings.

While cost savings mark a substantial financial benefit, efficient processes strengthened by compliance and governance have underpinned the program's key achievements. As of late 2022, the program has hit a new milestone with over 1,000 compliant worker timesheets running through the system on a weekly basis, signaling this MSP as one of the largest in the Australian market, and one that consistently achieves a net promoter score (NPS) of 8 out of 10.

To date, the company has a talent pool that now exceeds 1,200 contingent workers in the VMS, enabling speed to hire and agility to manage workforce demands in a competitive Australian market where talent scarcity and skills shortage remain rampant.

Enhanced visibility and data transparency around its contingent talent — from compensation and benefits to tenure and more — has set the foundation for a single source of truth across the organization, empowering strategic business decisions and talent mapping to further direct and shape its workforce strategies.

To view more examples of how we solved workforce challenges, visit: insights.randstadsourceright.com/case-studies