

SUCCESS STORY



SERVICES PROCUREMENT MANAGEMENT (SPM): FORTUNE 50 PHARMACEUTICAL COMPANY

CLIENT SITUATION

Due to continued growth through acquisition, international presence, dispersed operations, and heavy use of outsourced projects/services – and building off of their successes with their TAPFIN VMS program for contingent labor – this client decided to grow the TAPFIN partnership by adding a Services Procurement Management (SPM) component to manage their preferred vendor program and non-preferred vendors, to begin tracking and quickly gain control over their projects/services spend, and to reduce the overall cost and administrative expense of the project/services procurement process.

Additionally, their business objectives were to:

- > Drive additional business to preferred vendors to realize price savings through favorable preferred vendor pricing.
- > Standardize processes and ensure consistent use of best practices that had previously been inconsistently followed.
- > Offload procurement activities from client managers, allowing them to focus on delivery issues.
- > Offload administrative aspects of the procurement process from procurement personnel to allow them to manage business critical tasks.
- > Formalize and automate the RFP process.
- > Promote growth of competitively bid projects.
- > Implement rate cards to ensure resources provided through projects/services were at market-attractive rates.

TAPFIN SOLUTION

The client awarded TAPFIN an SPM contract in 2006. A dedicated operations team manages the full procurement lifecycle for competitively bid projects and single-sourced engagements. TAPFIN manages the RFX process, develops SOWs with assistance from the project manager and the selected vendor, facilitates the tracking and completion of fees and milestones, and manages the entire PO/invoicing/payment process.

FAST FACTS

CLIENT BENEFITS

- > Standardized procurement process across annual managed spend of \$30M in 2007 and \$42M in 2008
- > Increased visibility, greater cost control and a fully managed procurement lifecycle related to services spend
- > Administrative burden removed from company employees
- > 18-20% quarterly savings through negotiation, rate adherence, competitive bidding

PROGRAM SCOPE

- > Average of 10 RFPs per year, averaging \$500K per engagement
- > Average of 450 SOWs per year (average of \$100K, 10 distinct milestones/ deliverables per engagement)

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UPDATED 10/20/09

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With several years of critical experience with this client, the team has valuable expertise that continues to grow. This knowledge of the client's processes, business rules, systems, and culture is heavily leveraged to ensure that every engagement runs as smoothly as possible. Lessons learned are continuously used to improve the process and the effectiveness of the program. The client also benefits in having their personnel gain important expertise in procurement best practices that can be applied to other engagements.

TAPFIN continues to manage the program. Annual managed spend was approximately \$30 million in 2007 and \$42 million in 2008.

CLIENT BENEFITS

Standardized rates for services

Awareness among client personnel of the importance of best practices in managing the RFP and SOW process, leading to improved engagements that result in the client getting the desired results at the best possible price.

Automated RFx, evaluation, and selection process

Electronic entry and approval of fees and milestones

Reduced co-employment risks

Increased contract compliance

Consistent use of contract language

Access to usable, real-time data

Dedicated on-site/off-site support to manage and monitor the program

18-20% savings (budgeted cost versus actual expenditure)

Significant improvements in spend with diverse suppliers

VENDOR BENEFITS

Use of an automated system to conduct business

Improved client responsiveness during RFP process

Improved quality of RFPs

Improved interactions between client and vendors, starting with a SOW that is better constructed and adequately detailed – which increases the likelihood of the vendor understanding what has been requested and how it is to be delivered

Automated billing and payment (done by TAPFIN)

Quicker, more consistent payment

Increased revenue and business share for preferred suppliers, some by as much as 25%

Opportunity to bid on projects that would otherwise have been single-sourced

ABOUT TAPFIN

- > First to offer an integrated solution for acquisition, management and optimization of human capital and contracted services
- > Customized services to meet the unique needs of clients in industries ranging from technology and financial services, to life sciences and telecommunications
- > One of the largest, most financially stable providers of resource management services in the industry
- > A history of process and technology innovation since the inception of resource management process outsourcing
- > The only provider to have achieved ISO 9001:2008 quality management system certification
- > Publicly-traded parent company (NASDAQ: CITP)
- > Billions in managed spend under contract
- > Over 65 programs active today
- > 16 Fortune 500 programs
- > Over 4,100 supplier contracts negotiated

BEST PRACTICES: SOWs

As the key document that defines the client/vendor relationship, terms and conditions, and deliverables for a project, it is critical that the SOW be of the highest possible quality.

The TAPFIN program and the team's procurement expertise ensure that SOW templates are used for consistency and that the details of the SOW are sufficient to effectively define and manage the engagement. Inadequate, vague, and indefinite SOWs are a thing of the past.

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