

# SUCCESS STORY



## SERVICES PROCUREMENT MANAGEMENT (SPM): LEADING GLOBAL SUPPLIER OF NETWORKING TECHNOLOGY

### CLIENT SITUATION

A leading global supplier of networking technology, this client has enjoyed the benefits of a successful Vendor Management Services (VMS) program for years. In 2007, several factors including rapid growth, global and dispersed operations, and reliance on outsourced projects/ services drove the client to partner with TAPFIN Process Solutions to initiate a Services Procurement Management (SPM) program. More recently, feeling the pressures of the present economy, this company – like many others – is more closely examining spending in all corners of the organization and vigorously working to extend its SPM program.

From the beginning, the company has aimed to reduce the overall cost of services procurement while maintaining a high level of quality. It has also strived to:

- > Achieve price reductions through competitive bidding, rate transparency, and leveraging of key vendor partnerships.
- > Improve efficiency by allowing managers to focus on business-critical tasks while service procurement specialists manage the administrative aspects of project engagement.
- > Reduce co-employment risk through the utilization of a third-party MSP, technology solution, and standardized processes.

### TAPFIN SOLUTION

The company met its initial goals and has set its sights on much more. In 2007, the first year it partnered with TAPFIN, the company saved 10% of projected spend through a combination of competitive bidding, enforcement of rate cards on project resources, aggressive negotiation and targeted market rate comparisons. Another phase of out-of-market rate assessment yielded an additional 4% decrease. TAPFIN also worked with the vendors to categorize each of the services they provide. Lastly, TAPFIN helped the company standardize and implement on-boarding and off-boarding procedures for all new project consultants.

Today, TAPFIN manages 170 vendors, \$60 million in annual spend, and more than 2,000 SOWs/contracts with a dedicated operations team. TAPFIN handles the RFx process; develops SOWs with 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

- > 10% cost savings in first year
- > Reduced administrative expenses through automation of the RFx, evaluation and selection process
- > Savings obtained through standardized bill rates for services
- > Reduced billing time and inaccuracies by 60% (invoicing time cut from seven hours per billing cycle to one hour)
- > Mitigated risk through increased contract compliance

#### PROGRAM SCOPE

- > Annualized Managed Spend: \$60,000,000
- > SOW Count: 2,000
- > Vendor Count: 170

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## 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

In 2008, the company expanded SPM to three new business units. However, achieving increased cost savings and improved efficiencies requires fundamental process changes and cultural transformation. In this highly decentralized company, every manager is a buyer so the TAPFIN team worked with the company to change how individual managers spend. By late 2008, the company implemented a new process whereby SOWs that did not achieve greater than 10% savings required VP approval. With many managers reluctant to seek senior management sign-off, they worked harder to negotiate contracts and realize savings.

In the future, the company will endeavor to make even greater strides in optimizing their spend by expanding the scope of the program and continuing to change how managers procure resources. Consolidating its pool of vendors to obtain preferred pricing is a likely first step. Finding ways to grow the number of competitively bid projects should also drive significant savings. While cost savings is a critical component of the program, the quality of the services provided is still most important. TAPFIN is working with the client to ensure that quality is not being compromised as costs are reduced.

## CLIENT BENEFITS

- 10% savings (budgeted cost versus actual expenditure)
- Standardized rates for services
- Ongoing, real-time rate comparisons
- Lower incident of inaccurate billings
- One consolidated invoice
- Automated RFx, evaluation, and selection process
- Reduction in rates through simplified competitive bid process
- Electronic entry and approval of fees and milestones
- Increased ownership, responsibility, and accountability required of project managers, improving quality of vendor deliverables and ensuring client is “getting what they paid for”
- Reduced co-employment risks
- Increased contract compliance
- Consistent use of standard engagement templates (SOWs, NDAs)
- Reporting on vendor performance and rate competitiveness (compared to other vendors)
- Shortened procurement and fulfillment cycles
- Dedicated on-site/off-site support to manage and monitor the program

## VENDOR BENEFITS

- Use of an automated system to conduct business
- SOWs now written by client instead of vendor — significant effort no longer required
- Automated billing and payment (done by TAPFIN)
- Quicker payment (net 15 vs. net 30)
- Opportunity to bid on projects that would otherwise have been single-sourced