Your Perfect Fit

Selecting the VMS or MSP service model that's right for your business

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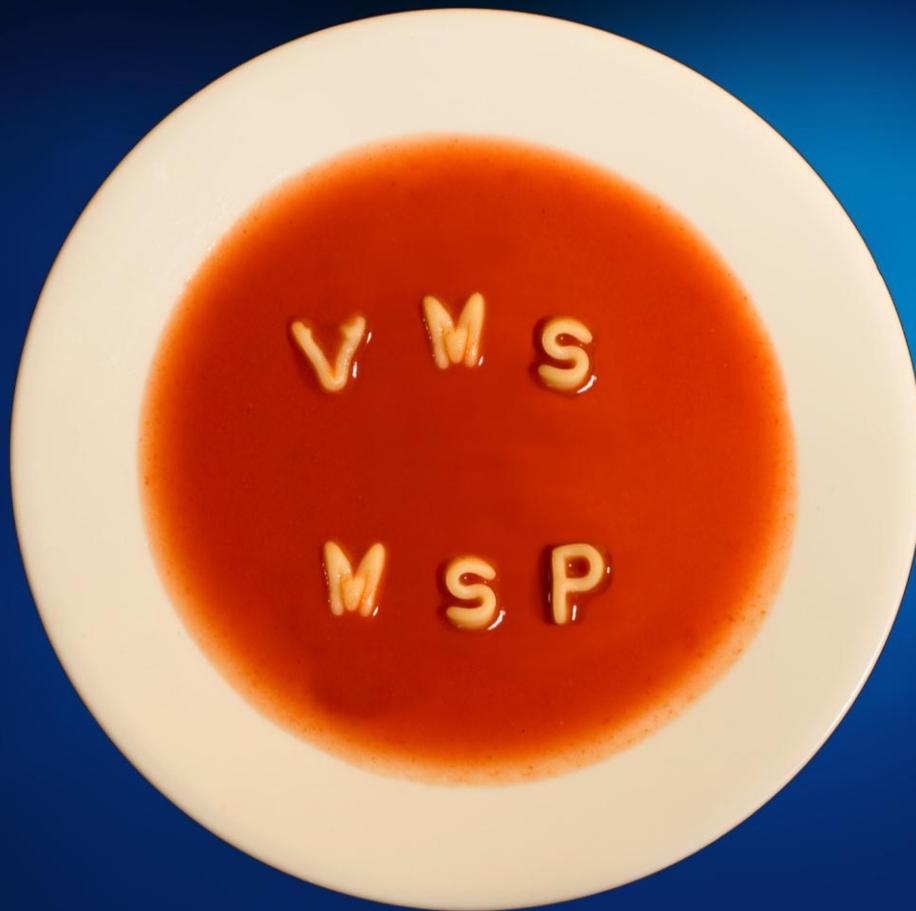
Let's face it, deciding on a vendor management system to manage and track your contingent workforce can be a headache of three-letter acronyms and insider terminology. First there's the daunting task of understanding the services being offered. Compounding the problem is the crowded landscape of options, where an apples-to-apples comparison isn't always possible. To help you on your path to optimizing contingent workforce management, we put together this primer to help you make sense of it all.

Across the VMS/MSP landscape, there are essentially three distinct delivery solutions companies can choose from:

> **Vendor Management System (VMS)** – Primary focus is software
> **Management Service Provider (MSP)** – Primary focus is services
> **A bundled delivery model, combining VMS and MSP from one provider** – Primary focus is on a single point of contact

The VMS

Imagine VMS as a fast moving train, helping customers along a path to successfully managing their contingent workforce. The VMS model is the sturdy tracks and powerful locomotive that gets your company safely to its destination. It's the software, configured for your company's needs, that provides the platform for managing contingent workers, procurement and statement of work processes.

Benefits:

> With the VMS model, you are effectively separating the software (the VMS) from the company that supports and manages the overall service effort (the MSP provider). This may provide more flexibility down the road, should you decide to change VMS platforms. You can do so without affecting existing processes.

Is the VMS model right for your company?

The VMS-only model is often suitable for enterprises that must manage a large volume of contingent workers and can benefit from the process automation a VMS offers. Companies in this scenario possess sufficient resources in-house to manage such a workforce on their own, and don't require external help from an MSP provider.

The MSP

While the VMS model puts contingent workforce management on the right track, it's the MSP model that provides the resources and expertise to make it all run smoothly. Like engineers and conductors responsible for making a train go, the MSP model emphasizes hands-on involvement and the ongoing management of your company's contingent workforce.

An MSP model provides customers with dedicated onsite or offsite support and offers the experience and expertise necessary for a more personalized level of service. This allows HR and Procurement managers to focus on what really matters: meeting strategic and day-to-day business goals.

Benefits:

> With the MSP-only model, the software (VMS) is not required. This means service is the greater focus in the MSP version, including access to dedicated resources. The devoted staff increases the bandwidth of the MSP, service levels during implementation, training, handling of suppliers, problem resolution, and full oversight of contingent workforce and labor acquisition.

> The MSP model also offers consolidated billing, because it has the capacity to manage all suppliers through a single invoice and billing system. The supplier pays the MSP for all approved contractor time and expenses, and the MSP then pays the suppliers. Consolidated billing saves companies money and results in consistent and timely payment to suppliers.

Is the MSP model right for your company?

The MSP model makes the most sense for companies that seek cost savings and process efficiencies, but have a lower level of contract labor usage and don't require automation. Companies in this situation also lack the internal bandwidth or expertise to manage the contingent workforce on their own, so they turn this over to the dedicated MSP provider.

The Bundled VMS and MSP

The VMS/MSP bundled model combines the two approaches above, with both the software and services provided by a single company. In this service delivery model, an onsite or offsite program team is dedicated to managing and administering all elements related to the contingent labor supply chain. In railroad terms, it's the tracks, trains, engineers and all station staff working together from the same company to bring the train in on time with maximum efficiency, while also sharing insights gleaned from other railroads they own.

The emphasis with the bundled model is on a single point of contact from one company, making it easier to manage a high volume of contingent workers and, at the same time, consolidate best practices, data, processes and workflows from a dedicated team of program experts.

Benefits:

> With the bundled VMS/MSP model, a single provider, like Superior Group, delivers the VMS platform as well as the MSP services. This gives the customer the benefit of a single point of contact to optimize not just the VMS software, but also the full range of workflow processes that make up effective contingent workforce management.

> Because the VMS is developed and supported by the MSP provider, they have an intimate knowledge of the system and how it can be optimized to support service delivery. As a result, aspects such as system deployment, configuration and support are quicker and more seamless, due to the expertise the provider has around their own systems. Also, vendor neutrality is an option with the bundled model, depending on customer requirements.

Is the bundled VMS/MSP model right for your company?

The bundled MSP/VMS model is ideal for a company that 1) has a high volume of contingent workers; 2) wants to automate processes; and 3) welcomes the hands-on guidance they can only get from a dedicated MSP provider.

Separating the Models

Another option is to unbundle the models. Doing this separates the VMS from the MSP, with each provided by different organizations. This offers customers the ability to easily transition away from one service provider, should they become dissatisfied with the level of service, but retain the other. If customers fall out of love with one model, they can still keep the other wholly intact. However, you'll want to note that many bundled service providers will accommodate such requests as well, either offering to continue providing a licensed VMS should a transition away from the MSP occur, or engaging an alternate VMS provider.

The drawback of unbundling? With two competing providers, it can be difficult to manage accountability. As a result, customers can find themselves stuck in an unfortunate position: caught in a game of finger pointing and blame, particularly when questioning the timeliness of support. Unbundling can also be detrimental to service quality, because providers are often less knowledgeable working with systems they didn't develop on their own. When providers have to work with systems outside their capabilities to configure, unforeseen problems are more likely to occur. And that can bring customers back to where all of this started—with a headache.

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