

Driving Cost Savings with Procom's Subvendor Management Program

Industry: Telecommunications

Our client is a major Canadian communications and media company operating in the field of wireless communications, cable television, telephone, and internet connectivity. Founded in 1960, it's the 19th largest telephone operating company in the world.

The Challenge at a Glance

After years of explosive growth and acquisition, our client found itself with \$125 million in contingent worker spend mixed among 350 staffing vendors and a significant number of Independent Contractors billing directly.



The client lacked standardized terms and conditions due to their decentralized supply chain. They had no confidence that proper worker classification was in place with the direct billing resources.



The client wanted to reduce the complexity associated with managing such a large number of vendors and to provide an enterprise view of its contingent workforce hiring process and spending patterns.



Consolidating presented significant risks as there was concern existing vendors would terminate CW contracts early resulting in loss of operationally critical knowledge.

Quick Facts



Established a formal process for approximately 250 pre-identified contractors to ensure compliance through proper classification.



Transitioned 193 non-preferred vendors into our Subvendor Management Program.



Negotiated rates with pre-identified contractors and non-preferred vendors to rate card.



\$2 million in savings in first year of program.



Upwards of \$10 million in cost savings to date, equating to annualized savings of more than 18% a year on their overall contingent workforce spend.

The Bottom Line

Our client was vulnerable to ever-increasing vendor costs and had a great deal of exposure to unnecessary risk.

The Solution

To reach these goals, Procom recommended that the client implement our Contractor Payroll Program for its pre-identified contractor population and to leverage our Subvendor Management Program for the large number of vendors that had accumulated over the years.

The first step for the client was to conduct a vendor selection exercise where it identified 20 preferred vendors out of the 215 that were providing services. From there, Procom worked with the client to develop a Statement of Work (SOW) which outlined how our program was going to engage the remaining 195 non-preferred vendors and the pre-identified workers that the client had been engaging directly.

Procom also helped our client develop a market rate card that could be used to negotiate with adding cost integrity to their sourcing program and facilitating the client's savings goals.

Information Audit

In support of the transition to our service, Procom identified and located missing, yet critical, information from hiring managers, subvendors, and accounts payable in order to ensure accurate and up-to-date data.

Subvendors Resisting MSA Clauses

Procom negotiated on clauses that had flexibility, but we stood firm on those that our client required (i.e. deal breakers), resulting in 193 out of 195 subvendors signing up with the program.

Subvendors Resisting Rate Reduction

Procom negotiated in good faith and made concessions based on resource criticality and reasonable acceptances with the support of a client escalation process when resource skills warranted it. With the introduction of Procom's services and this structured approach, the client saw an opportunity to optimize what was approximately a \$50 million annual spend on contingent workers through the aggregation of vendors and pre-identified contractors, implementation of centralization and standardization processes, and enforcement of a new rate card for nonpreferred vendors and pre-identified workers.



Key Improvements

Through Procom's Contractor Payroll and Subvendor Management Program, we were able to establish a centralized platform to address all our client's compliance and process concerns, while achieving immediate cost savings within the first month of implementing our services.



Procom completed the transition of over 250 pre-identified contractors and 193 of the 195 non-preferred vendors that remained after the preferred vendor selection within 90 days of us kicking off the transition.



With the 193 non-preferred vendors, we signed new MSAs that contained specific flow-down clauses from our client's MSA. We successfully negotiated the rate for each contractor to a published rate card.



Procom's Subvendor Management Program addressed all our client's compliance and process concerns, while saving them over \$2 million through contractor rate reductions after the first year of launching the program.

About Procom

Procom is one of North America's leading staffing and contingent workforce management providers. Our business succeeds because we are reliable, our clients trust us, and we work hard to earn that trust by providing key insights and a commitment to transparency.