

Vendor Consolidation through Procom's Contractor Payroll Program

Industry: Telecommunications

Our client is a publicly traded, global telecom and data networking equipment manufacturer. They were one of North America's first established technology companies, producing large volumes of equipment for the telecommunications industry. At their peak, they were the ninth most valuable corporation in the world and employing over 94,000 people.

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

The client was seeking to consolidate its \$125M contract workforce from over 350 vendors to 19 approved suppliers. The client selected Procom's Contractor Payroll Program to ensure a smooth transition by minimizing turnover and managing risk.

Working with Procom, the client was able to:



Complete the transition in less than six months.



Enjoy a first year savings of over \$1.2 million.



Completely mitigate unexpected turnover and pseudo employment liability.



Preserve critical knowledge and skills within its contingent workforce resources.

The Bottom Line

Our client faced co-employment and misclassification risk. They had huge variation across business groups and staffing counterparts, shifting tax legislation and unclear risk should the contract workforce be classified as employees for tax purposes.

The Solution

Procom recommended that our client utilize our Contractor Payroll Program to mitigate its independent contractor risk and to use our Subvendor Management capabilities to streamline and standardize the 350+ vendors that had resources engaged at the client.



Streamlined Program



Contractual Compliance



\$1.2 million Savings

No Workforce Disruption

The cost of turnover for the client was deemed to be a large risk, both from a financial perspective but also from an intellectual property viewpoint. Procom's target was to convert 100% of the client's contingent workforce to our program within 6 months of launch, with a focus on retaining the workforce.

Structured Implementation Plan

Working with the client, a statement of work was developed to document the activities and outcomes expected during the transition of the 350+ vendors and hundreds of direct billing contractors. Procom provided the client with a formal communication plan, a change management plan and an aggressive timeline to complete the project within.

Transitioning all of the direct billing contractors was going to be accomplished within a 6 week period and migrating all of the 350+ vendors into the program was completed in a phased approach and completed within 6 months.

Introduced a Rate Negotiation Process

Leveraged a version of our Subvendor agreement to ensure that all relevant terms and conditions from the client's program were incorporated into the agreement. This would be a critical step to ensure that the client's vendors were bound by the organization's desired terms and conditions.

Procom's Contractor Payrolling and Subvendor Management Programs contain specific requirements that are established from our business process requirements as well as the results of our implementation planning with the client. The migration of the suppliers and the contractors to our program will provide our client with a compliant and fully documented outcome to help with the goal of risk avoidance.

Key Improvements

Procom's Contractor Payroll Program and Subvendor Management Program was a complete success: The program helped to reduce the 350+ vendors down to 19 and provided the client with a standardized supply chain. This reduced the client's exposure to co-employment and misclassification risk.

The program delivered a savings of over \$1.2 million in its first year, based on our client's estimates of the savings achieved from the reduced headcount in managing the program and costs avoided from unplanned turnover as a result of the transition.

Procom's Contractor Payroll Program was deemed a crucial part of the client's efforts to reshape its contingent workforce. As a result, the client awarded Procom its annual Innovation Award for a Services Supplier for the success of the payrolling 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.