

Compliance & VMS Technology: Clients Identify Areas Where MSP Vendors Need to Improve

posted on **Jul 28, 2017** by Gary Bragar, HR Services Research Director.
 You can view this article online [here](#).

NelsonHall recently published its 2017 *Managed Services Programs (MSP)*¹ market analysis and NEAT vendor assessment, as part of which we interviewed the clients of leading MSP vendors to ascertain satisfaction levels across a range of MSP service criteria. And while we found that MSP is largely meeting or exceeding client expectations, there are a few areas that fall short of expectations and should be the focus of attention for MSP vendors.

We interviewed MSP vendor clients in North America, Europe, and Asia Pacific, looking at ~50 specific MSP service criteria. We ascertained importance and satisfaction levels, plus a measure of future importance. Below is a small selection of potential benefits from MSP, showing the levels of importance and satisfaction for each.

Potential Benefit	High Importance (%)	Client Satisfaction (%)	Difference (%)	Future Importance (%)
Improved compliance & risk mitigation	90	84	-6	98
Ability to apply VMS technology to streamline/improve processes	88	78	-10	92
Improved management of agencies	84	86	+2	86
Reduced cost of contingent workforce	84	80	-4	86
Ability to benchmark	84	78	-6	88
Rationalization of agencies & elimination of poorly performing agencies	82	82	0	88
Improved attraction of contingent workforces including ability to attract specialized talent	76	76	0	88
Application of tools to track worker visibility/value	74	82	+8	80
Improved ability to support high volumes and better manage resourcing peaks & troughs	72	84	+12	78
Reduced time to fill posts	70	78	+8	80
Reduced turnover rates	62	80	+18	66

MSP Client Importance & Satisfaction Levels

Areas where vendors are underperforming against client expectations include ability to apply Vendor Management System (VMS) technology to streamline and approve processes, improved compliance and risk management, benchmarking ability, and reduced cost of contingent workforce.

Improving compliance and risk mitigation and streamlining and improving processes via VMS technology are the two biggest challenges for MSP vendors, scoring #1 and #2 respectively in current and future importance. While client satisfaction is fairly good at 84% and 78%, it still falls -6% and -10% short of the importance placed on this performance measure (and -14% short in terms of future client importance on both criteria). Our latest research identifies compliance, including local/global compliance to minimize organizational risk (legal, financial, industry-specific, etc.) as one of the top client drivers for companies outsourcing MSP today, and this has become one of the biggest challenges for MSP vendors.

Comments from vendor clients regarding ability to apply VMS technology to streamline/improve processes included:

“We don't dictate the pace on technology, it is for the vendor to do that themselves. If they use technology to support it or not, I don't necessarily mind. As long as the service is being delivered, they could have a thousand people working behind the scenes, or they could be providing it through technology – I don't really mind. There is low visibility, but it is for the vendor to get the balance.”

“They have still got some further improvements to do.”

“We've heard (from the vendor) that when we bring the new Beeline tool in, our efficiency improves 40% because we're doing that much manual labor. So, they need to put up or shut up on that when we get the tool.”

“When we went live in 2010, we launched the VMS, coupled with the vendor as our MSP, so it was done collectively. I think it was important that we were very efficient in leveraging the VMS tool. I would put the onus on the tool, Fieldglass, as much as on the vendor.”

Comments regarding compliance included:

“That will become more important as we continue to get hit with regulatory stuff.”

“That is front and center... that’s most important to us. Being in financial services, there is no way that cannot be rated 5 for the future importance.”

Vendors are exceeding client expectations by a healthy margin in the areas of reduced turnover rates; improved ability to support high volumes and better manage resourcing peaks & troughs; application of tools to track worker visibility/value; and reduced time to fill posts. Additional areas where clients gave high satisfaction marks to MSP vendors included:

- Strength of partnership: 90%
- Value for money: 88%
- Diversity management: 86%
- Day-to-day administration/management of contingent workforce: 86%.

In summary, client satisfaction with MSP across a range of service criteria is holding up well, and exceeding expectations well in some cases. However, as continuous improvement is important for clients outsourcing MSP services, it is wise not to become complacent in areas where they are doing well. In the meantime, focusing on those areas showing a significant delta between expectation and performance must be the priority for MSP vendors.

NelsonHall’s NEAT comparative vendor assessments look in detail at vendors’ ‘ability to deliver immediate benefit’ to their clients, and their ‘ability to meet future client requirements, and assist strategic sourcing managers in assessing vendor capability while cutting the time and cost associated with their sourcing projects.

The MSP NEAT shows how MSP vendors are positioned overall in terms of their ability to deliver MSP services, as well as within three distinct market segments (i.e. areas of focus designed to meet specific MSP requirements): these are Strategic Talent Sourcing Focus, Talent Analytics Focus and Multi-Country Focus. The NEAT online tool also enables buy-side organizations to input their own weightings and tailor the MSP dataset to their specific requirements across over 50 individual vendor evaluation criteria. In this way, sourcing managers can configure the NEAT evaluations in accordance with their own priorities and business requirements for service offerings, delivery capability, customer presence, benefits achieved, and other criteria. To find out more, contact [Guy Saunders](#).

¹ *NelsonHall defines Managed Services Programs (MSP) as the sourcing and management of contingent workforce supply for organizations by a third party supplier, for a minimum of a one year term. This can be directly and/or indirectly through the management of staffing agencies.*