DATA YOU’VE GOT, BUT IT’S GUIDANCE YOU NEED
A NEW LEVEL OF EXTERNAL LABOR & SERVICES
PROCUREMENT INTELLIGENCE

Any business can gain strategic knowledge and better insights from reports and analytics on their organization’s external workforce operations. But how many can claim that people from across their organization — from senior executives to hiring managers — can integrate current business data directly into work at hand in order to instantly make better decisions and align daily activities with strategic direction?

Not many, because up until now Business Intelligence (BI) systems in the external workforce and services procurement industry have been tools of analysis and planning. It’s the road trip equivalent of mapping out a difficult journey with Google Maps. You can make excellent plans from a map, but once you are on the road you also need a guide to help you deal with changing landscapes and unexpected challenges. You need a GPS.

The unexpected will happen (construction, traffic, car trouble, etc.) on any journey and it’s the GPS system that provides immediate guidance on the situation as it is occurring. It’s that level of instantaneously applicable, GPS-level insight that SAP Fieldglass Active Guidance brings to businesses today.

Able to inform and improve the work of executives and program offices that oversee flexible labor, services and hiring managers, Active Guidance is more than part of the evolution in BI. Moving from scouring through reams of data into real-time advice, Active Guidance evolved out of the pursuit of greater external labor and services intelligence. As this document will explore in detail, Active Guidance is fundamentally changing how procurement and services are executed and optimized.

How Change Changes Business Intelligence Needs

If there is one thing that unifies today’s marketplace, it’s the ubiquity of rapid and significant change. Production life cycles continue to shorten and the time to market accelerates every day. Information, ideas and breaking news have never traveled faster or had wider impact on people and their actions. Add together globalization, technology advances and economic fluctuation and you have an environment in which it’s extremely hard to forecast and make long-term business plans. The Great Recession provides many notable examples of businesses restructuring or disappearing due to change.

In 2007, every U.S. business had strategic plans and roadmaps for growth that look nothing like they do today. They changed in very big ways. Today, regulations — such as health care reform, new worker classification and visa rules — are changing how businesses source and structure their workforce.

It’s this breakneck pace of change that makes it hard for organizations to make good use of the information BI systems provide. By the time data is gathered, analyzed and reports are in hand, needs have often changed again. The new landscape and old data are out of sync.
In external labor and services procurement, businesses will pay a very high price when key workforce decisions are made based on outdated knowledge. This was the case for many businesses that rashly let dozens, hundreds or even thousands of workers go at the height of the Great Recession. Only a few months later, many of those same businesses were investing significant funds in recruitment and hiring to refill those positions. The cost of reactive workforce management was not factored into their decision making processes.

The consequences of not understanding the workforce as it relates to evolving government regulations can also be costly. Take for instance the well known Vizcaino versus Microsoft case. Microsoft classified its freelance workers as independent contractors, but the IRS did not agree, which left Microsoft with an unanticipated $97 million talent bill. Though businesses like Microsoft have the knowledge of new or changing regulations somewhere, the ability to immediately apply that knowledge to emerging situations and unexpected changes weaken a business’ competitiveness and performance.

From Automation to Action — It’s Time to Go Farther

The processes and tools supporting external labor and services procurement have evolved quickly. At one time, ad hoc systems were the norm for managing flexible talent sourcing and spending. The advent of Vendor Management Systems (VMS) and their widespread adoption in the late 1990s and 2000s, brought a new level of automation and relieved procurement and/or HR teams of tedious processes. Managed Service Providers (MSP) then took shape to help companies formalize and manage programs.

With solid programs in place and VMS automation delivering Return on Investment (ROI) through visibility, efficiency and cost savings, organizations are now focusing on gathering data through BI solutions to derive even more value. Leading programs use BI to control costs, make forecasts and set new goals and measure them. Businesses are undoubtedly smarter for the intelligence they gather, but one challenge remains: turning valuable knowledge into direct action.

While BI reports, analytics and benchmarking tools are essential to understanding the full profile and performance of the non-traditional workforce, the intelligence they provide is always historic. As SAP Fieldglass developed and launched its BI solution, one gap became clear. The intelligence of right now. How can a business apply external workforce data to the immediate decisions they are making and actions they are taking? How can a business remain continuously connected to that flow of data in order to identify important opportunities to increase efficiency or better leverage resources?

For SAP Fieldglass, the answer is Active Guidance, a system that proactively delivers advice and alerts to stakeholders across the external labor and services procurement spectrum. The GPS of flexible labor and services, Active Guidance goes beyond static reporting and even drill-down analysis. It interjects up-to-the-minute intelligence into the ongoing work days of hiring managers, program offices and senior executives.
Guiding Users to Better Decisions

The primary goal of Active Guidance is to operate in real-time as a strategic guide to the program offices and business leaders who oversee external labor and services procurement, as well as to hiring managers who are the ultimate end users.

Active Guidance Insight & Input Continuum

As the diagram illustrates, Active Guidance benefits from the BI system that continuously collects and analyzes the company’s own transactional data in combination with industry market data and the vast data stored within the SAP Fieldglass ecosystem (i.e. customer database).

Using that expanded universe of intelligence, program managers and executives establish business objectives that set the course for the Active Guidance engine. Active Guidance then provides each of the following users with updates and alerts through the course of their work days in order to steer them towards more efficient, productive external workforce and services procurement management.

Hiring Managers

One of the most common roadblocks to running a successful program is getting hiring managers to think past their immediate, tactical needs and recognize the broader business strategy and goals. Active Guidance bridges that gap by serving up insights on the transactional level that automatically steer the hiring manager to make decisions that are in line with the organization’s strategic objectives. One example is the way in which Active Guidance helps hiring managers make more cost effective pay rate decisions. The rate guidance tool gives hiring managers a view into past rates paid for a particular position as they source similar workers or project teams. Another example is the Decision Wizard’s guided question and answer process. Bridging resource, cost and strategic objectives, the tool helps hiring managers select the right engagement type for a project (contingent worker, consultant or team through an SOW, contract to hire, etc.).
**Program Managers (PMO)**

For program managers, Active Guidance tools enable real-time vigilance when it comes to spend, cost and quality. For example, Active Guidance will send an alert if it sees that an employee’s pay rate is fixed at amounts much higher than the current market rate. Or, if an SOW position is nearing its committed spend, Active Guidance will send out a notice so program managers can work proactively with business teams to ensure the project will be completed on time or that additional budget funds are secured and approved in advance.

Active Guidance also offers a real-time snapshot of urgent tasks that otherwise would have required the program managers to run various reports or look at numerous list views. Giving the program managers the ability to be more efficient and proactive in their communications with hiring managers and suppliers, the Program Office (PMO) Dashboard within Active Guidance provides an up-to-the-minute feed of transactional activities across the lifecycle that require immediate attention, including:

- Job postings with few or no candidates
- Timesheets
- SOWs that have been awaiting approval longer than normal
- SOWs that have been in the collaboration stage longer than average

**Senior Business Leaders/Sponsors**

Executive sponsors can establish various thresholds to monitor trends and anomalies through Active Guidance. For instance, senior managers may decide that they want to be notified if spend thresholds have been exceeded or to receive an alert when early signs that a project might be in jeopardy appear. By feeding specific frontline external labor and services data up to the senior management, Active Guidance gives business leaders immediate insight into current performance and operations and increases their opportunities to guide teams to more profitable and strategic choices.

**The Three Tenets of Active Guidance: Data, Action and Access**

What makes Active Guidance a fundamentally different external workforce and services procurement optimization tool is the combination of data, action and access.

**A Source of Rich Data**

As the diagram illustrates, the extensive data gathered by BI systems on the backend is continuously fed through Active Guidance. On top of that, Active Guidance is also collecting data on the current activities and actions of key stakeholders, including hiring managers, business executives and program managers. As a result, Active Guidance has real-time and historical data fueling the insights, alerts and advice it sends out to users.
A Tool for Action
Active Guidance is not a tool for reflection and planning. It’s a tool designed to inform and stimulate immediate action. The input and alerts Active Guidance feeds to its users are designed to encourage actions that:

• Reduce excessive bill rates
• Keep project budgets in check
• Address outstanding approvals that can trigger a backlog
• Ensure workers are offboarded on time or a work order is revised before running into tenure compliance issues

Access to Specific Users/Roles
Active Guidance insights and alerts are role based and understand the responsibilities and daily decisions its users confront. Hiring managers receive different guidance and insights compared to the alerts and advice program managers and senior executives get. This added audience intelligence ensures the utmost efficiency; users are receiving information relevant to them to make the very best choices.

This unique combination of data, action and accessibility means users across the external workforce and services procurement life cycle are constantly receiving input and alerts that help them do their jobs better, and more effectively align with budgets and strategic business goals. It also allows the entire business to better manage change and adapt. Users now have a tool that reads the current environment and feeds them advice that addresses business issues exactly as they are, rather than how they were predicted to be. It’s a new level of adaptability that ensures organizations are not merely reacting to change but instead absorbing and strategically managing it.

Because Insight Plus Action Equals Better Results
External labor and services have always offered companies a gateway to greater efficiency and flexibility. As the pace of change continues to accelerate and the volume of data flowing into businesses explodes, identifying the best choices becomes increasingly difficult.

The challenge today is not just to increase intelligence but to put it to valuable use. With Active Guidance feeding stakeholders vital, actionable insight from inside the heart of flexible labor and services operations, a business not only becomes smarter, it acts smarter too. And those well-informed actions result in better external workforce operations, services, performance and efficiency.