

Building the Business Case for a Vendor Management System

Dan Smoker

Director, Extended Workforce Strategy,
Workday

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Executive summary.

In today's dynamic business environment, organizations increasingly rely on contingent workers to fill skills gaps and meet fluctuating demand. However, managing this diverse workforce can be a complex and time-consuming challenge. Workday VNDLY, a next-generation vendor management system (VMS), is a game-changer—empowering organizations to take control of their contingent workforce and unlock their true potential.

Workday VNDLY eliminates the inefficiencies of manual processes and disjointed systems, resulting in more streamlined workflows and optimized costs. By seamlessly integrating with existing human capital management (HCM) and financial systems, Workday VNDLY provides real-time visibility into contingent worker utilization, performance, and spend. This granular data empowers your organization to make informed decisions that optimize resource allocation and maximize your return on investment (ROI).

Workday VNDLY fosters agility and responsiveness, empowering your team to quickly adapt to changing market demands. You can recruit, onboard, and manage contingent talent faster and more efficiently, ensuring that the right skills are available when needed. Our VMS also supports compliance with labor regulations, protecting your organization from liabilities and enhancing its reputation. Additionally, Workday VNDLY facilitates strategic workforce management, enabling a holistic view of your entire workforce—contingent and full-time—as a unified talent pool. This complete view helps you to identify skills gaps, develop targeted talent acquisition strategies, and build a future-proof workforce.

Workday VNDLY is not just a VMS; it's a strategic partner that seamlessly integrates with Workday—and many other vendors—to optimize existing investments. It connects with virtually any system through robust APIs and reporting tools, giving you the flexibility to tailor the solution to your specific needs. We also partner with managed service providers (MSPs) to offer expert support and help ensure you maximize the value of your VMS investment. From day one, Workday VNDLY is a partner that provides the tools and resources you need to elevate your contingent labor program.

Workday VNDLY is not just a VMS; it's a strategic partner that seamlessly integrates with Workday.

Characterizing the background and challenges of the VMS industry.

Assessing industry evolution through the years.

In the '80s and early '90s, the management of contingent workers was largely manual, relying on spreadsheets and paper-based systems. As the 2000s unfolded, the advent of the VMS marked a significant shift, automating processes and providing better visibility into contingent labor. The VMS largely came into play via program management organizations (PMOs) and MSPs looking to improve the efficacy of their programs and to automate many of the tasks they had done over the decades.

The 2010s witnessed the rise of the gig economy, leading to an influx of freelancers and independent contractors. This shift prompted a greater emphasis on compliance and risk management, as organizations navigated the complexities of nontraditional work arrangements.

In recent years, AI and machine learning (ML) have become integral to contingent workforce management. The pandemic also accelerated remote work trends, making remote workforce management a critical component of contingent workforce strategies.



50% of the workforce is expected to be freelancing by 2027.
Forbes



68% of independent workers are not usually accounted for as part of organizational budgeting, planning, and forecasting activities.
Society for Human Resource Management (SHRM)

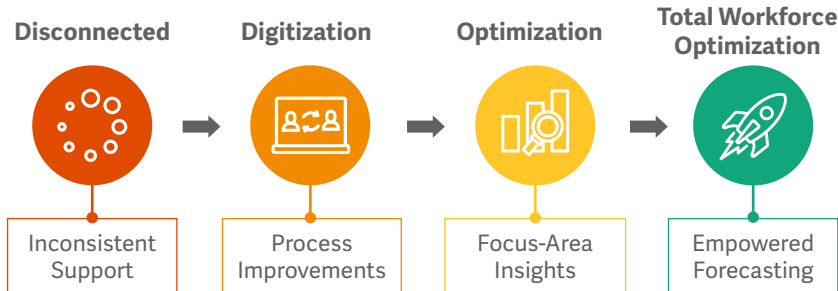
Today, the contingent workforce management space continues to evolve, integrating technologies such as strategic talent sourcing. The focus is not only on cost containment, but also on building agile, adaptable workforces that can respond to rapidly changing market demands.

As we look ahead, the contingent workforce management landscape will likely be shaped by continued innovations in technology, compliance challenges, and the ongoing quest for workforce flexibility and efficiency. This journey over the past 30 years reflects the dynamic nature of the modern workforce and its profound impact on the way organizations manage contingent labor.

The focus is not only on cost containment, but also on building agile, adaptable workforces that can respond to rapidly changing market demands.

Exploring the technology maturity model.

Technology adaptation tends to be a gradual process in the contingent labor space. The following technology maturity model shows how companies tend to evolve over time:



- 1 Disconnected:** In this initial phase, companies have seen the value of and found a need for a contingent labor program, but they may find themselves in a “disconnected” state, characterized by fragmented processes, a heavy reliance on manual labor, and the use of rudimentary spreadsheets as their primary toolset rather than leveraging advanced technological solutions.
- 2 Digitization:** In the subsequent phase, some organizations are transitioning toward a more “digitized” state. They might begin by incorporating digital tools in an attempt to harness their HCM systems to support contingent labor programs. While this approach may suffice for small-scale, less-complex programs, it’s crucial to bear in mind that HCM platforms are fundamentally designed to cater to the needs of full-time employees. They may lack the comprehensive features required for effective end-to-end management of contingent labor, including invoicing and the complexities associated with multiple vendors in a growing contingent labor ecosystem. To truly optimize contingent workforce utilization, a specialized technology designed for this specific purpose becomes indispensable.
- 3 Optimization:** Next, companies transition into the phase of contingent labor “optimization,” where the integration of a next-generation VMS takes center stage. An advanced VMS empowers businesses to oversee their program through a single global instance, establishing the essential framework for continuous innovation—unlocking the full potential and value of contingent labor initiatives. Depending on the scale and complexity of the program, the introduction of an MSP partner becomes a strategic consideration, propelling management practices to an elevated realm, enhancing program efficacy and outcomes.

“

[Workday] VNDLY finally gave us the chance to onboard, manage timesheets, manage statements of work all in the same system, simultaneously, and then see (and get) the request back from the stakeholders.

Travis Spruill

Vice President of Procurement and Properties,
Shipt
2023 Workday Rising

- 4 Total workforce optimization:** At the top tier, businesses are equipped with everything they need to take a strategic total workforce approach. All workers are accounted for and viewed as equally valuable within the overall makeup of the workforce. In this total workforce view, a seamless and connected experience between the VMS and HCM empowers businesses. As mentioned, both systems are fundamentally designed to support the management of different segments of the workforce, but this connectivity provides companies with one view of the workforce and, where appropriate, enables businesses to tap into other aspects of their current workforce technology stack to the benefit of their contingent labor program.

Understanding the role of MSPs.

While many organizations choose to self-manage their contingent labor program as they add new technology, others opt to involve an MSP to provide a variety of services—from consulting to analytics—that can help support and optimize a company's extended workforce management program. These partners bring specialized industry expertise and experience to the table, which is particularly crucial in the management of contingent workers, where niche software and the demands of global operations can create significant complexities.

A major value of an MSP partner is the ability to efficiently handle the recruitment, onboarding, and management of temporary, contract, or freelance workers—ensuring that the right talent is available at the right time. This not only saves the client company valuable time and resources, but it also enhances the quality of the contingent workforce, ultimately leading to improved productivity and performance.

Furthermore, pairing an MSP with a well-implemented VMS, often provided and managed by the partner, streamlines the entire contracting process and offers transparency and visibility into contingent worker utilization, compliance, and costs. This data-driven approach empowers the client company to make better-informed decisions, optimize its workforce, and control expenses. The synergy between the MSP and VMS allows the client company to focus on its core business activities while leaving the intricacies of contingent workforce management in the capable hands of experts. In this way, the combination of an MSP and a VMS contributes to increased efficiency, cost savings, and strategic workforce planning.

Pairing an MSP with a well-implemented VMS streamlines the entire contracting process, offering transparency and visibility into contingent worker utilization, compliance, and costs.

PMO vs. MSP: which is right for your organization?

CONSIDERATIONS	SELF-MANAGED PMO PROGRAM	MSP-MANAGED PROGRAM
Contingent workforce program size	Small	Medium, large
Primary project type	Statement of Work (SOW)	Wide variety, including SOW
Internal program management expertise required	High	Low
Internal change management expertise required	High	Low
Risk level	Greater comfort assuming internal risk	External accountability and support required to mitigate risk

73% of Workday VNDLY customers leverage an MSP.

Quantifying benefits and ROI.

Defining the value of a VMS.

Implementing a VMS represents a pivotal step forward for companies with a growing contingent labor program. The primary value of a VMS is its ability to centralize and streamline contingent workforce management. By offering a unified platform, a VMS grants organizations an unprecedented level of visibility and control over their entire contingent labor ecosystem. This enhanced transparency empowers businesses to:

- Make data-driven decisions
- Optimize workforce costs
- Support compliance with labor regulations, mitigating risks associated with workforce management

Furthermore, a VMS is instrumental in promoting operational efficiency. Through this solution, organizations can:

- Automate and standardize many labor-intensive processes, reducing manual workloads and the margin for error
- Free up valuable time and resources that can be redirected toward strategic initiatives
- Access robust reporting and analytics tools to gain insights into workforce performance, supplier performance, and cost allocation

By maximizing data insights—and minimizing labor-intensive tasks—organizations are able to fine-tune their contingent labor strategies, adapt to evolving business needs, and drive productivity improvements, ultimately fostering a more agile and competitive organization. In essence, the adoption of a VMS marks a pivotal step toward optimizing contingent labor management, unleashing the full potential of a company's workforce and resources.

Benefiting from a vendor-funded model.

The choice between a self-managed or an MSP-run program also influences the value of a VMS. In a vendor-funded operating model, you will pay the full bill rate to the MSP for managing your contingent workforce. The MSP, in this arrangement, serves as the pay agent, handling various aspects of contingent worker management including payroll, benefits, compliance, and more.

Negotiated fees, which can encompass various components like technology solutions such as Workday VNDLY, are withheld from the payments you make to the vendor. The MSP then manages these fees, ensuring that the necessary services and technology are covered.

The MSP, acting as an intermediary, pays the vendor on your behalf, simplifying your payment process and reducing administrative burden. Any surplus funds or remaining fees collected by the MSP are often rebated back to you, which can provide a cost-savings benefit and increased transparency in the contingent worker management process. This model helps streamline contingent worker management, improve financial efficiency, and ensure that you receive the services you need while optimizing your costs.

Estimating expected ROI.

When selecting a VMS, estimating your expected ROI is critical. If you're specifically considering the Workday VNDLY VMS, our Value Management team is your trusted partner in unlocking the true ROI of your contingent workforce program. Our team members have the expertise and insights required to guide you beyond mere cost savings and delve into the hidden metrics that truly drive your bottom line.

Uncovering the bottom-line impact.

With a deep understanding of your contingent workforce management processes, the Value Management team meticulously analyzes your annual spend under management (SUM) for contingent workers. It also dissects the operational costs associated with your current patchwork of disjointed systems, identifying areas where automation and process optimization can significantly reduce expenses.



We were able to reduce the time to get workers into Workday from three days to less than one day. We were able to have visibility across 100% of our workforce, which we had never had before.

Kerry Kiley

Head of Extended Workforce Program Management, Workday

Quantifying the impact of manual processes.

The Value Management team carefully quantifies the IT hours expended on maintaining disparate systems, the internal headcount dedicated to supporting manual processes, and the productivity losses stemming from protracted time-to-fill and onboarding bottlenecks. By shining a light on these hidden inefficiencies, you'll gain a clearer picture of your contingent workforce's true cost.

Leveraging Workday VNDLY for tangible improvements.

Equipped with this comprehensive understanding, the Value Management team expertly maps how automation, streamlined workflows, and enhanced visibility can translate into tangible improvements, including:

- **Accelerated time-to-fill:** Expedite the recruitment and onboarding process, ensuring you have the right talent when you need it.
- **Increased efficiency:** Eliminate the inefficiencies and redundancies of manual processes and disparate systems, driving down the overall cost of managing your contingent workforce.
- **Improved workforce productivity:** Build a well-managed contingent workforce that contributes significantly to your overall productivity by providing necessary skills and expertise as required.
- **Reduced total cost of ownership (TCO):** Consolidate technologies in a single platform, while streamlining ongoing IT maintenance costs.
- **Optimized program spend:** Take advantage of preferred rate cards and supplier strategies that help increase spend visibility and transparency, ensuring that spend is appropriately and competitively sourced.
- **Improved program compliance:** Proactively manage your non-workers with up-front, proper classification and easy reporting access to all information for auditory needs.

Achieving lasting interoperability.

If you're already using an HCM system or similar technology to manage full-time workers, Workday VNDLY can integrate with your existing technology stack, helping your organization eliminate silos, improve accuracy, and remove manual effort by connecting the teams and systems that source and manage your external—and full-time—workforce.



We were able to save an estimated \$250,000 in hidden costs and development fees for our global expansion.

Kerry Kiley
Head of Extended Workforce
Program Management,
Workday

Financials.

Workday VNDLY streamlines your accounts payable process by integrating seamlessly with your current financial systems, including industry leaders such as Workday and many other ERP systems. This deep integration eliminates manual data entry and reconciliation, saving your team valuable time and resources. Our VMS pushes invoice data directly to your ERP or procurement platform, automatically populating the payment workflow with accurate and preapproved information. This reduces errors and ensures timely payments to your vendors, keeping your financial operations running smoothly.

Provisioning.

Workday VNDLY offers the flexibility to seamlessly integrate with existing provisioning systems such as Okta—utilizing its System for Cross-domain Identity Management (SCIM) capabilities for automated user creation and management—as well as the ability to leverage your current HCM’s [provisioning infrastructure](#). This frees you to choose the approach that best aligns with your existing technology stack and preferences. Whether you want Workday VNDLY to act as the single source of truth for user provisioning that pushes data to Okta, or you prefer to piggyback off your HCM’s established processes, our solution adapts to your needs, ensuring a smooth and efficient onboarding experience for all workforce segments.

APIs.

The robust APIs and reporting engine built into Workday VNDLY go beyond prebuilt connectors, empowering you to integrate with virtually any system your business needs. The platform’s open architecture allows for seamless data exchange. Whether you’re looking to pull contingent workforce cost data or push worker headcount into another system, you can utilize the Workday VNDLY reporting engine to create an API that seamlessly connects to these downstream systems. This flexibility ensures our VMS scales with your evolving needs and remains a central hub for managing your total talent ecosystem, even as your technology landscape grows and adapts.

Workday integration.

Already using other Workday products? The Workday VNDLY prebuilt connector simplifies the integration process, saving you time and decreasing TCO. Our click-to-configure integration model significantly reduces implementation time and requires no development effort from customers. Using our native APIs to connect to Workday Human Capital Management (HCM) offers major benefits, including a reduction in implementation time, minimized IT resources, reduced maintenance costs, and increased visibility across your entire workforce. You’re set up to leverage your Workday investment for the total workforce.



We reduced the number of systems requiring duplicate data entry. We, at times, were using seven different systems to enter data and now we have just one.

Julie Ann Alvarado-Dubek
Executive VP, CHRO,
Banner Health
2023 Workday Rising

Based on the experiences of our clients, we've found that using the Workday prebuilt connector saves companies more than 1,400 hours on average during the integration configuration and testing process. When factoring in hourly rates for development and configuration, that translates to a total cost savings of approximately \$500,000.

Estimated total hours for Workday integration configuration and testing:

	MASTER DATA	TRANSACTIONAL DATA
	Total Hours	
Using Workday VNDLY native APIs	40 hours of configuration and testing	80 hours of configuration and testing
Developing a custom integration/using a legacy integration model	496 hours of configuration and development	1,050 hours of configuration and development

Customer examples.

Technology organization.

Background: A notable technology company was struggling with disjointed systems and manual, disconnected processes that hindered efficiency and collaboration across various departments.

Goal: The organization decided to adopt Workday VNDLY VMS to establish a centralized, cross-functional experience.

Results: Workday VNDLY provided a unified platform that streamlined resource lifecycle management and allowed for seamless collaboration between teams. This integrated approach to system access and provisioning was a game-changer for the company, as it eliminated silos and fostered a more collaborative and efficient work environment.

Within the first six months of implementation, the company witnessed a remarkable 25% reduction in spend—which demonstrated the platform’s cost-saving capabilities. Moreover, the company experienced a significant reduction in invoice handling and approval times, which were previously cumbersome and time-consuming processes that took days to complete. With Workday VNDLY, these processes were streamlined down to a matter of hours, allowing for faster decision-making and more agile resource management. This successful transition not only improved the organization’s operational efficiency, but it also delivered tangible financial benefits, making Workday VNDLY a strategic and cost-effective choice.

Within the first six months of implementation, the company witnessed a remarkable 25% reduction in spend, which demonstrated the platform’s cost-saving capabilities.

Manufacturing organization.

Background: A prominent manufacturing company's contingent workforce systems lacked the flexibility it needed to meet evolving needs and organizational growth.

Goal: The company adopted Workday VNDLY to establish a genuine partnership model with a VMS provider that would support scalability and growth.

Results: Workday VNDLY not only provided a solution for immediate interoperability concerns, but it also unlocked broader system integration capabilities and functionality, empowering the company to streamline operations and enhance its long-term strategic vision.

The value realized through the VMS adoption was substantial. The company successfully managed over \$100 million in program spend, comprising more than 5,000 workers across 50 global sites. On average, the company onboarded over 200 workers per week, a testament to the platform's scalability and efficiency.

One significant improvement was the elimination of time-consuming manual data entry and processes. The integrations prebuilt into Workday VNDLY seamlessly integrated with Workday HCM, enabling workers' data to be stored efficiently within the system. Additionally, the company directly integrated its badging system with Workday VNDLY, adding an incremental layer of security and control, which was crucial for operations. This transformation not only enhanced workforce management capabilities, but it also positioned the organization for future growth and success in the manufacturing industry.

Healthcare organization.

Background: A healthcare company's existing workforce management processes were inefficient and cutting into the organization's bottom line.

Goal: Replace its disconnected contingent workforce management system, which could no longer scale with the organization's growth.

Results: By switching to the Workday VNDLY VMS, the company realized substantial cost reductions, saving an impressive \$300,000 by eliminating the need for reverse invoicing and reconciliation alone. Moreover, adopting the VMS resulted in a remarkable 5x reduction in time spent on duplicate data entry—a tedious and error-prone task that had previously taken up valuable resources.

On average, the company onboarded over 200 workers per week, a testament to the platform's scalability and efficiency.

\$300,000 saved

by eliminating the need for reverse invoicing and reconciliation.

The impact of Workday VNDLY extended beyond cost savings to streamlining operational efficiency, dramatically reducing the time required for managing its workforce data. Tasks that previously required an average of 30 minutes across 7 different systems to complete now took fewer than 6 minutes within the single Workday VNDLY system. The streamlined processes also led to a 75% decrease in turnaround time, ensuring faster decision-making and more agile resource management.

Onboarding time saw one of the most notable improvements—the company managed to shorten the onboarding period for contingent workers from 14 days to 7. This efficiency boost not only improved the bottom line, but it also enhanced the organization’s ability to deliver quality healthcare services more swiftly and effectively.

Tasks that previously required an average of 30 minutes across 7 different systems to complete now took fewer than 6 minutes within the single Workday VNDLY system.

Calculating the value of Workday VNDLY for your organization.

Wondering what the power of Workday VNDLY can do for your organization? Consider the following questions:

- Do you have a full view into your contingent workers by spend and headcount?
- Are you leveraging consistent rates across categories of non-employee workers?
- Do you have governance in place to ensure worker populations have access to the right data and facilities?
- Are you able to accurately plan for future contingent workforce needs?
- Are you keeping costs related to contract workers under control?

If you can’t confidently answer yes to these questions, consider requesting a value assessment from your assigned AE. In this free, personalized evaluation, we calculate the value Workday VNDLY can offer your organization—and help you build the business case for adopting a VMS.



+1-925-951-9000 +1-877-WORKDAY (+1-877-967-5329) Fax: +1-925-951-9001 [workday.com](https://www.workday.com)

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