

Charting Its Course

The VMS's role in digitizing talent acquisition

By Jason Ezratty and Christopher Minnick

Vendor management software isn't sexy. Sure, the data geeks among us might ogle at a particularly cool dashboard, but the vast majority of end users of VMS applications would rather trim their cuticles than enter a requisition for contingent labor. Regardless of how important the talent need or how high the budget, requisitioning of contingent labor has a more administrative than strategic *brand association*.

SNAPSHOT

- Early systems were custom-coded, time-consuming and costly
- The industry migrated to configurable systems
- Integrating VMS with existing technologies critical
- Reports are the most valuable result of VMS implementation
- No software is perfect; the better companies' products are just less imperfect than others'

For managers of CW programs, understanding the VMS role is important because whether you are buying, using, renewing, or replacing your VMS, failing to comprehend the full scope of what your VMS provider is responsible for leads to soft or incomplete service-level agreements. The value proposition of greater compliance, efficiencies, and hard savings through contingent worker sourcing automation is backed up by a decade's worth of case studies heralding success. However, the horror stories are out there too — folks who wish they knew then what they know now. Let's take a look at how the industry evolved.

ILLUSTRATION BY DOUG ROSS



THE BEGINNING

The VMS software industry started out as one-off custom software development projects seeking to fill an immediate gap for large clients suffering an IT talent drought at the peak of the Y2K-bug hiring frenzy. It was a tech-based value-add to a staffing offering. In this case, the need was to extend reach to multiple suppliers, and some good old-fashioned Web-enablement made real-time vendor-neutral bidding of contract labor feasible for the first time.

The ground was fertile for entrepreneurs, and talent acquisition heralded early success stories for profitable Web business. Enter the age of the online job board, such as HotJobs, Monster and CareerBuilder, where broad and speedy searches provided effective competitive leverage over antiquated position advertising and other costly but targeted candidate attraction methods.

As job boards facilitate communication between recruiters and job seekers, VMS software facilitates communication between hiring managers and

recruiters. Because of the short-duration, high-frequency, and special rules associated with contingent worker transactions, VMS software architects have a number of opportunities to demonstrate value. When prices are at a premium and supply is scarce, smart buyers look to leverage competition among sellers. VMS applications proved an effective means for accelerating recruitment cycles and driving cost savings as a result of competitive bidding rates.

Job boards provide the quantum leap improvement of fishing with a pole to fishing with a net. Accordingly, VMS applications enable large buyers of contingent labor to fish with a fleet of net-fishing vessels. However, early trials of VMS-enabled competitive bidding environments demonstrated that posting a requisition to too many suppliers dilutes the seriousness any one recruiter will give it. Recruiters call it “the black hole” phenomenon. Where once the recruiter’s job relied on their ability to effectively communicate with a hiring manager, now there was a Web page between them spouting generic job descriptions — to them and every other recruiter

within the time zone. Even more frustrating, recruiters were submitting quality resumes to these positions and never hearing anything back in terms of status or feedback.

Clearly there was room for improvement, and improve they have. Today, VMS applications are better looking, more intuitive to use, present fewer bugs and perform faster. Of course, it hasn’t been easy — or cheap. The infrastructure and personnel upgrades required to fully meet the expectations of Fortune 500 users is probably more than VMS suppliers bargained for. For example, software quality was once the responsibility of a tester on a given project. Now that tester has been replaced by a quality assurance department, complete with management layers, testing software, and supporting servers. And those testers, now called “QA analysts,” have a technical background and cost twice as much.

PRODUCT EVOLUTION

Developing quality software is a complex, costly, time-consuming business. Initially, VMS suppliers deployed their software as one-off custom applications. With each new customer, developers would choose which existing customer requirements were most similar to the new customer’s needs and “clone” that code as a starting point.

While this gave greater flexibility to what could be customized on a customer-by-customer basis, custom coding efforts are never fast and often carry greater risk to quality. Additionally, as more and more customers were asking for “plain vanilla” software as a starting point (as opposed to doing their homework), it became clear that custom software projects were eating away at profits due to customers’ constantly changing needs.

The solution became the next trend in VMS marketing terminology: configurability, being able to implement and update software without the need to add or change programming code. VMS developers enable non-technical/business users to make changes to their VMS setup through menu-driven options. The upside was clear: let businesspeople commit business logic directly to the application. As sourcing professionals, skipping-the-middleman is an intuitive strategy.

In theory, shifting from coded to configured logic should improve application quality. While new code always has some probability of containing errors, configuration settings already will have been tested and the user is merely turning them on or off. However, it is a practical impossibility to test every possible scenario of how a configuration setting may be used, especially because many possible configurations are nonsensical byproducts of a more mainstream solution.

In addition, in the era of the configurable VMS software, developers have been further removed from the business realities they are being asked to automate. When designing

features with multiple configuration options, it can be difficult to implement a solution that satisfies each possible option with the same degree of efficacy or elegance. As such, implementation teams may feel it is best to steer customers toward the most robust configuration option as opposed to the option that best suits their business challenge.

What's more, just because software changes don't require knowledge of a programming language doesn't mean a technical background isn't required. Understanding how group structures relate to roles and permissions is still a technical thought process — even if the implementation of the solution is by flipping switches instead of laying code.

WORKFLOW AND APPROVALS

User experience in a VMS largely depends on workflow and permission settings. Workflow prescribes the steps to be taken to get from beginning to end of any given transaction. Along the steps of the workflow, the rules governing how information is to be collected, viewed and altered are determined by the permissions granted to various user types. For example, a hiring manager can create a requisition from one of the requisition templates available but can't create new templates.

Similarly, while MSP users may be able to see everyone's requisition data, hiring managers should only be able to see data from transactions they are directly involved with.

Workflow and permissions work great as long as reality is willing to bend to the rules governing our software — a feat even the best salespeople cannot convince us of. The thorn in the side of configurable software is exception processing, when the end user says, "I have a special case that requires we do things differently this time... and it requires different approvals... and has different data elements to collect," and so on. Over the past five years of configurable software gaining prominence, most VMS platforms have engineered ingenious methods of dealing with these exceptions. However, as each new country and worker type (i.e. SOW consultants) are added to CW programs, so too are new types of exceptions. It appears the norm is a collection of abnormal cases.

Another challenge with managing workflow through a VMS is integration with existing customer IT systems. Without even getting into the headaches associated with legacy systems, integrations often tend to be a "pain in the req." And, when workflow is dependent upon an integration touchpoint, the potential for malfunction and/or slow response

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times increases substantially. It's one thing to ship data system-to-system in batches every several minutes or so, but when users are waiting for an Ariba punch-out to their VMS PO in order to finish the mundane task they hate doing in the first place, every second counts.

VALUABLE REPORTS

This magazine often reports on the elevation of the contingent workforce function in the corporate hierarchy. Critical to this promotion from tactical to strategic is access to aggregate information. Veteran VMS program managers often say that reports are the most valuable outcome of a VMS implementation. Unfortunately, rookie VMS program managers typically don't anticipate this up-front and often find themselves without a complete set of reports several weeks or months after launch. Here's some free advice: make reports a priority in your VMS implementation.

Designing reports with stakeholders and customers is a great way to truly understand their needs. Have you ever asked someone what they want in a VMS application and they respond, "Uh, I guess I want the typical VMS-type stuff." This is because that question is too basic to engage their thinking in their actual needs. Designing a report, on the other hand, forces them to consider the information they need to do their job and make decisions. It is likely to elicit all kinds of good thinking about the templates that collect these data.

From a software development perspective, the programmers can't write the reports desired until the underlying data model is set. In an ideal world, the data model is defined early on in the process and doesn't need to change during the rest of application development. In the real world, all kinds of headaches come up — not the least of which are changes and additions to customer requirements.

However, this concern is finally waning because the biggest VMS companies are doing a much better job of incorporating functioning standard reports out of the box. What used to trip up reports was the inclusion of customer-specific fields (e.g., budget ID, project code, dept ID) that weren't included in the generic package. Several VMS companies have sufficiently enhanced their reporting architecture to handle customer-specified fields more flexibly without programming, through configuration.

TESTING AND QUALITY ASSURANCE

Software quality is better represented by shades of gray than black and white. As one telecom IT director once said, "Software is only supposed to work most of the time." While that sounds detestable to an end-user, it's a fact. Stuff



happens. The better software companies do a better job of creating applications that are less prone to errors. They identify bugs early on in the process through code reviews with senior programming staff. They have formal testing scripts executing against a well thought-out set of test data.

The better companies have testing automation tools that execute their regression testing to make sure a positive change in one area doesn't negatively impact another. They have load testing and stress testing tools to see how much volume of activity the present setup can withstand before performance deteriorates or the system crashes. But, despite all of these expensive steps, stuff still happens. For better software companies, it simply happens less often and to a lesser degree.

CONCLUSION

VMS companies are more than just software developers — they provide the full experience. It's the difference between buying an album and going to a concert. Whether employing an application service provider or Software-as-a-Service (SaaS) business model, they are responsible for maintaining all the hardware, all of the operating system, database, and VMS application patch updates, and they are taking your end-users' phone calls for support.

VMS companies are serving the world's largest companies — some of them software providers themselves, so expectations from customers and other stakeholders are higher than ever. Fortunately, most VMS applications have accelerated their evolution from where they were five years ago to catch pace with corporate user expectations, and customer satisfaction levels are reflecting this improvement. However, there's still a war between models afoot. Is the VMS technology the value-add to the MSP service or the other way around?

In the 2009 VMS & MSP Competitive Landscape report recently published by Staffing Industry Analysts, the publishers of this magazine, there was a clear delineation between pure-play VMS companies versus those coupling their technology offerings with MSP services. VMS pure-plays are bigger. While only four of the 15 VMS companies surveyed are pure-play, they represent 53 percent of total VMS volume. Where are you placing your bet to win — VMS pure-play or the integrated MSP model? Can they co-exist forever or will one model finally truly dominate? ●

Jason Ezratty and Christopher Minnick consult Fortune 500 companies on contingent workforce strategy initiatives such as program design, VMS/MSP selection assistance, and performance metrics analysis. They can be reached at jezratty@brightfieldstrategies.com or cminnick@brightfieldstrategies.com.