Using a vendor management system to manage projects and services

Organizations today frequently use outside resources to deliver services across a variety of labor categories. While it’s very common for companies to engage with third-party vendors to provide IT services, they’re also utilizing outside resources to provide financial services, engineering, marketing, advertising, print, construction, maintenance and management consulting, among other sectors.

These engagements are often managed independently of one another with many elements during the process — from requirements and budget, to supplier expectations and milestones — defined and executed on an ad hoc basis. Additionally, with different managers, departments and geographies using inconsistent and disparate processes for management, companies are losing visibility into this growing segment of spend and headcount.

The SAP Fieldglass Vendor Management System (VMS) manages projects and services by automating processes throughout the procurement lifecycle. SAP Fieldglass is used by large organizations around the world to simplify how external service providers are engaged, ensure compliance to safety and security policies, measure the quality of services being delivered, and realize cost savings that can range from 8-12% in the first year.

Non-employee budget

According to recent research from SAP Fieldglass and Oxford Economics, an average of 44 percent of payroll budgets goes to the external workforce — essentially any project governed by an SOW or outsourced to a non-employee.¹

¹External Workforce Insights 2018: The forces reshaping how work gets done by SAP Fieldglass and Oxford Economics. Based on a global survey of 800 senior executives including 50 oil and gas executives in more than a dozen countries, fielded in late 2017/early 2018. One-third of respondents are C-suite executives.
SAP Fieldglass can handle the management of a variety of Statement of Work (SOW) engagements including projects, offshore/offsite, independent contractors, managed programs, business services and BPOs. No matter the engagement type, the SAP Fieldglass VMS simplifies the services procurement process through the following functionalities:

• A multi-bid SOW created in SAP Fieldglass provides the service/bid requirements to the chosen suppliers in a standardized, detailed and complete format. The SOW can be created from a predefined template of questions or by copying a previously used SOW.

• A collaboration mechanism for internal staff to collaborate on the SOW bid criteria before it is released to suppliers for response. Customers and suppliers have the ability to define terms and conditions as well as alternate methods of defining the payment schedules for invoicing purposes.

• A template library for reuse and consistency, collaboration and red lining tools which track changes and edits, as well as approval workflows that ensure terms and budgets are authorized prior to project kickoff.

• On- and offboarding workflows are incorporated into the SOW to ensure that suppliers have completed the appropriate steps prior to beginning work on the project.

• A variety of payment terms that allow flexible invoicing capabilities on supplier agreements. SOW payment terms can be schedule-based, event-based, fee-based and/or team-based.

• The ability to track headcount and equipment, providing visibility into the entire labor workforce. Companies can track re-hire eligibility status, and credential and license management.
### Key components of SAP Fieldglass’ Services Procurement solution

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| Service provider sourcing            | Automate and streamline the process of creating and managing multi-bid SOW and Statements of Work (SOW) — all in accordance with corporate policies | • Provide bid/service requirements to multiple vendors  
• Evaluate one or more supplier responses simultaneously  
• Select best vendor  
• Headcount & equipment tracking and onboarding  
• Time and deliverable tracking  
• Invoicing |
| Service provider collaboration and contract | Collaborate with service providers to define scope of work and contract terms, including negotiated rates, supplier roles and any required conditions | Create templates that incorporate:  
• Conditional clauses  
• Progress reports  
• Consumption-based pricing  
• Legal terms for standard regulatory governance policies  
• Contractual language |
| Services management and evaluation   | Confirm service was provided at negotiated terms and provide feedback to support continuous improvement | Provide performance feedback, based on pre-defined criteria tied to scheduled or ad hoc events at any time throughout contract life |
| Services invoice and approval management | Automate deliverable approval and invoice creation, with pre-set approval groups based on company procurement requirements, establishing a reportable and fully transparent audit trail | • Submit deliverables or time and expenses  
• Approve time and expense or deliverables  
• Create invoice  
• Integrate with accounts payable  
• Pay vendor |
| Spend management                     | Project functionality serves as a wrapper to manage large scale projects that may consist of multiple traditional temp labor | • Provide visibility across multiple services providers and SOWs  
• Roll up all aspects of a service engagement into an overall budget  
• Control the budget from both the project and individual level |

### Learn more

The world of work is changing, and SAP Fieldglass is leading the way with innovative solutions that harness the power of the external workforce in driving the digital economy. Explore additional resources on [www.fieldglass.com/resources](http://www.fieldglass.com/resources) to learn more about the external workforce and the way work gets done.