

GAINING CONTROL OF EXTERNAL PROJECT RESOURCES

BEGINNING STATE

An international provider of computing equipment with R&D and manufacturing centers in eight countries was struggling with fragmented project management. More than 100 vendors were being used to manage outsourced projects, often without centralized oversight. Each engagement was initiated and managed by individual line managers, resulting in inefficiencies, compliance risks, and overspending.

PAIN POINTS IDENTIFIED

- Over \$40 million spent in a single year across 100+ vendors with no centralized control
- High risk of worker misclassification and non-compliance with IRS guidelines
- Off-contract purchasing that drove overpayments and inconsistent vendor terms
- Limited visibility into project performance and cost across the enterprise
- More than 50 “one-person” project teams, many of which were former employees rehired at inflated rates
- Projects routinely exceeding budget and schedule due to lack of standardized oversight

SOLUTION

nextSource partnered with the client to establish an enterprise-wide program that standardized processes, improved compliance, and enhanced visibility into project performance. Working with Procurement, nextSource designed formal processes for sourcing, engaging, and paying external resources. All existing projects were risk-rated, with high-risk engagements restructured under new terms and rates. Independent contractor screenings were conducted, ensuring compliance with IRS classifications. A communications officer worked directly with hiring managers to educate them on risks and secure buy-in.

Using a Vendor Management System (VMS), nextSource managed vendor onboarding, contract compliance, consolidated invoicing, and program reporting. The procurement team retained the ability to source providers, but nextSource orchestrated the RFx process and ensured market-based rates, governance, and efficiency.

CONCLUSION

Through its structured approach, nextSource helped the client gain control over its fragmented project services environment. By reclassifying misaligned projects, eliminating compliance risks, and instituting a standardized governance framework, the company achieved significant cost savings, improved efficiency, and stronger alignment with corporate objectives. The program not only reduced risk but also enabled the client to complete more projects on time and within budget.

RESULTS

- **\$4 million** saved within the first 8 months through project reclassification
- **10% decline** in bill rates achieved within the first year
- **65% to 84% increase** in projects completed within original budgets over two years
- **Greater than 20% improvement** in project completion rates within the first two years