

TOTAL EXTENDED WORKFORCE VISIBILITY WITH SOW OVERSIGHT

BEGINNING STATE

A large healthcare organization already had an MSP program with nextSource that successfully delivered structure and oversight for temp labor, but executives recognized a significant blind spot in their SOW engagements.

SOW engagements ranged from hourly labor to milestone-based projects in IT, clinical support, and operations. Historically, these were easy to onboard with little oversight, often executed locally by managers outside of procurement. Over time, this approach led to cost overruns, compliance gaps, and inconsistent supplier performance.

Despite recognizing the risks, leadership hesitated to act. Two main concerns held the client back:

- **Manager Access to Suppliers:** Engagement managers, particularly in Operations and Technology, resisted the idea of an MSP layer between them and their vendors. They feared losing direct control of supplier relationships and worried that a central process would slow projects down.
- **Lack of Reliable Data:** Without clear SOW spend, misclassification, or supplier performance data, executives couldn't justify change—they saw risks but couldn't measure them.

The client asked nextSource, to conduct a Readiness Assessment of SOW activity.

BUSINESS CHALLENGES

- **Unmanaged SOW spend:** Millions in labor costs were routed through loosely defined SOW agreements, often duplicating staff augmentation roles at higher rates.
- **Compliance risks:** Onboarding lacked consistent vetting, exposing the organization to worker classification errors, security risks, and regulatory scrutiny.
- **Inconsistent agreements:** Managers used a patchwork of contracts with vague deliverables, making it difficult to track outcomes or hold suppliers accountable.
- **Limited visibility:** Finance and HR had no consolidated reporting to show how much was spent on SOW, who was engaged, or whether the work was tied to outcomes.
- **Manager resistance:** Engagement managers wanted to keep their vendor relationships intact. They were skeptical of introducing an MSP structure they thought would take control away from them.

SOLUTION

SOW Readiness Assessment: nextSource reviewed every SOW engagement across the enterprise, analyzing agreements, spend, supplier performance, and classification. The assessment uncovered:

- Misclassified staff aug roles being billed as SOW at higher rates.
- Hourly-based SOWs with no link to deliverables or milestones.
- Suppliers paid without documented outcomes or measurable success criteria.
- Wide variation in rates across similar roles and categories.

For executives, the Readiness Assessment was eye-opening. It translated vague concerns into hard data that quantified cost exposure, compliance risks, and opportunities for savings. This gave leadership the evidence they needed to move forward with change.

- **Standardized Framework:** nextSource introduced contract templates with clear milestone and deliverable definitions, along with structured onboarding requirements for all SOW resources.
- **Centralized Visibility:** All SOW engagements were folded into the same governance and reporting structure as contingent labor, providing enterprise-wide insight into costs, resources, and performance.
- **Supplier Accountability:** Suppliers were required to submit milestones, documentation, and progress updates into the platform. Payments were tied to deliverable completion rather than loosely defined hours.
- **Maintaining Manager Control:** To address manager resistance, nextSource designed a process that did not eliminate or minimize supplier access. Managers continued to engage directly with their vendors, while nextSource wrapped structure and governance around the engagement. This allowed managers to retain relationships, while ensuring outcomes were measurable and compliant.
- **Market Rate Intelligence:** Before new SOWs were approved, nextSource applied market rate benchmarking. This gave executives confidence that pricing was competitive and helped achieve a 15% reduction in costs.
- **Hands-On Program Team:** The program team guided managers through the new process, providing training and hands-on support to ensure adoption. This white-glove approach reduced resistance and built trust across the organization.

RESULTS

- **Comprehensive Visibility:** For the first time, executives had enterprise-wide visibility into SOW spend, resources, and performance.
- **Total Extended Workforce Visibility:** With SOW oversight added to the MSP, leadership gained a complete view of the entire extended workforce, not just staff augmentation. This included contingent labor, SOW engagements, and associated costs, creating a single source of truth for workforce strategy.
- **15% Cost Savings:** By leveraging market rate analysis before SOW engagement, the organization reduced overall costs by 15%. Additional savings came from reclassifying staff aug roles billed at inflated SOW rates.
- **Improved Compliance:** All SOW workers were vetted for eligibility, security access, and proper classification, closing longstanding compliance gaps.
- **Supplier Accountability:** Milestone-based contracts ensured vendors were held to outcomes. Payments were tied to deliverables, improving performance management.
- **Manager Alignment:** Engagement managers retained direct access to suppliers, addressing their biggest concern. With nextSource providing structure instead of replacing communication, managers adopted the program with confidence.
- **Data-Driven Decision-Making:** Executives gained data they never had before which vendors were delivering, what categories drove the most spend, and where future savings could be achieved.

CONCLUSION

By expanding its MSP partnership to include SOW Management, the healthcare organization closed a key workforce gap—improving compliance, supplier accountability, and cost control without disrupting manager oversight. A pivotal Readiness Assessment provided the data executives needed to move forward. With nextSource offering governance and market insights, the organization now has a sustainable model for managing both contingent labor and SOW work.