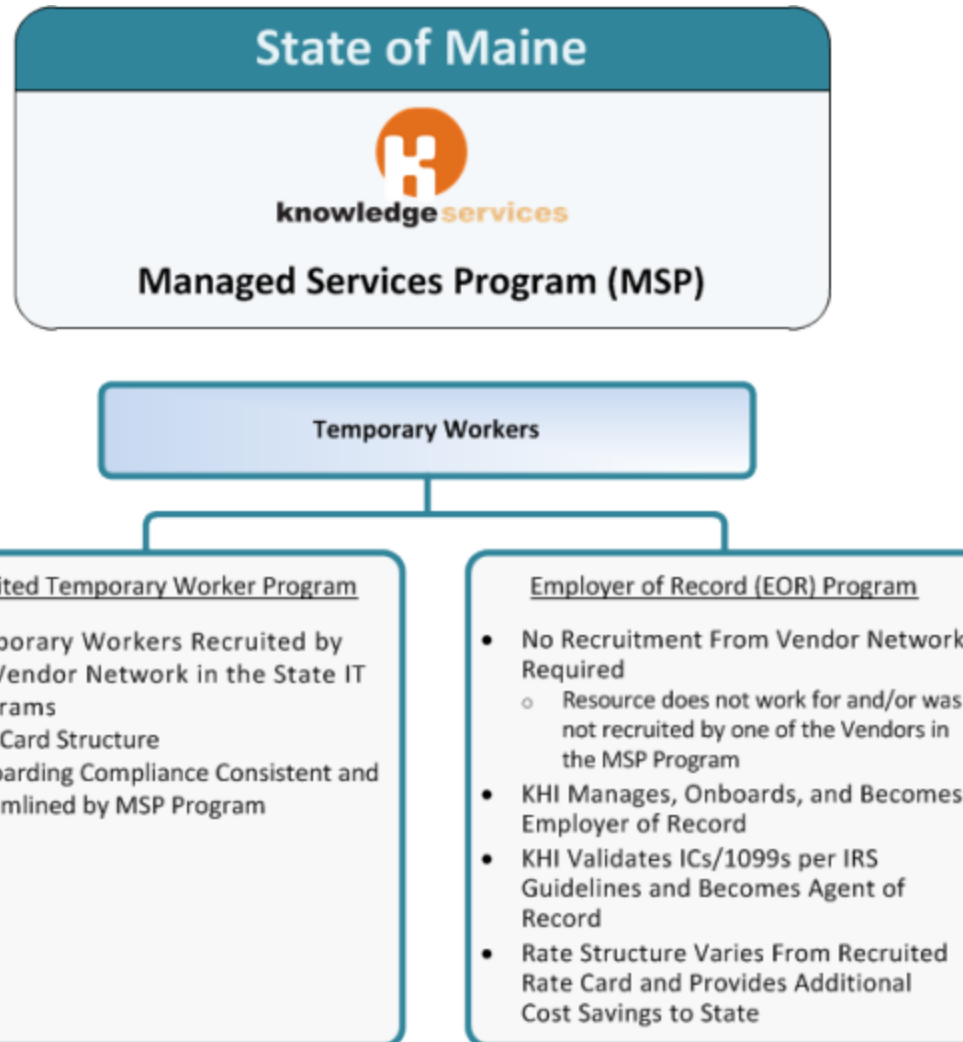# knowledgeservices

State of Maine MSP Program
IT Staff Augmentation

Maine FY2014 Q2
Period of October 1, 2013 to December 31, 2013

Presentation Date

February 19, 2014

Agenda

- Introductions
- Program Overview, Benefits & Accomplishments
- Strategic Objectives, Enhancements
- Program Initiatives & Activities
- Business Intelligence & Analytics
- Service Level Agreement Overview

MSP Program Scope

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Managed Services Program (MSP)

Temporary Workers

Recruited Temporary Worker Program

- Temporary Workers Recruited by the Vendor Network in the State IT Programs
- Rate Card Structure
- Onboarding Compliance Consistent and Streamlined by MSP Program

Employer of Record (EOR) Program

- No Recruitment From Vendor Network Required
  - Resource does not work for and/or was not recruited by one of the Vendors in the MSP Program
- KHI Manages, Onboards, and Becomes Employer of Record
- KHI Validates ICs/1099s per IRS Guidelines and Becomes Agent of Record
- Rate Structure Varies From Recruited Rate Card and Provides Additional Cost Savings to State

Program Benefits

- **Cost Savings**
  - $496,051 Hard Dollar Savings since Program Inception (April 1, 2013)
    - With no capital expenditure to the State

- **Dedicated local Program Manager to support all agencies; at no cost to State**

- **Cradle to Grave Requisition Management**
  - Manager Requisition Forecasting
  - Manager Requisition Consulting
  - Candidate Pre-Screening & Interviewing
  - Existing Resource & Candidate Re-marketing
  - Candidate Cross Indexing

- **Program Pre-Employment Compliance**
  - Risk Reduction
  - W2/IC Validation
  - PPACA

Program Benefits

- **Reduction of State Administrative Burden**
  - Contract Management
  - Single Point of Contact for Managers and Suppliers
  - Paperless Time Entry, Approval, and Invoicing
  - Standardization of agency processes
  - Standard Job Descriptions

- **Management & Mentoring of Vendor Network**
  - Improved Maine-based Vendor Participation
  - Supplier Competition and Participation
  - One on One Meetings and Weekly Call
  - Performance Management

- **Business Intelligence & Analysis**

- **Employer of Record Program**
  - Proactive Risk Reduction

Program to Date Accomplishments

- Successful Implementation Across All Agencies

  - Transitioned without disruption

- MSP Fee Reduced from 7% to 1.87%

  - Decreased Incumbent Bill Rates While Keeping Vendors Whole

  - Allowed vendors to retain quality resources by providing increases

  - Hard dollar savings to State of Maine

- Developed Requisition Timeline Tracking Report

- Improvement in Throughput Time from Inception

- Program Invoicing Improvements

  - Agency Specific Invoice Configuration

  - Funding Sources including State & Federal by Resource

- Implemented EOR (Employer of Record) Program

  - For Maximized State Savings

- Successful Fiscal Year End PO Transition

Program to Date Accomplishments

- Mobile App for Time Approval Launched

- Portal Development

  - Intranet-based Manager Portal – Completed

  - Internet-based Vendor Portal – Completed

- Compiled ME Contractor Residence Data

- Completed High Level Rate Survey

- Assist in Streamlining DO Process

- Developed Requisition Timeline Tracking Report

- Provided Vendors Spend by Title, Manager, Agency Report

- Working to Improve Vendor Performance

Ongoing MSP Program Initiatives & Activities

- Develop and promote local Vendors and Candidates

- Vendor Education and Open Position Status Calls

- SOM Program Operations Manual

- Develop Reporting Needs per Agency

- Weekly In-Person Meeting with High Volume Agencies

Strategic Objectives & Initiatives

Strategic Objectives & Initiatives	2013	2014	Benefit
Vendor Optimization	N/A	September 2014	Better vendor buy in, greater distribution of spend, better quality candidates
Statement of Work Request for Services	N/A	2014	Offer additional purchasing vehicle for State agencies
Market Rate Analysis	N/A	September 2014	
Strategic Supplier Forums	N/A	Planning	Vendor buy in, higher quality resources, State forecasted staffing needs, ensures vendor awareness
W2/IC 1099 Validation	Initiated	On-going	Compliance & Risk Mitigation
Employee Services Agreements	Initiated	On-going	Compliance & Co-Employment Risk Mitigation
IC/1099 Analysis and Review & Supplier Business Compliance	N/A	TBD	IC Misclassification Risk Mitigation & Penalty Prevention
Agency Roadshows	N/A	On-going	Program Awareness & Expansion
PPACA Vendor Survey	N/A	May 2014	Potential impact to State
Manager Roundtable	N/A	July/August	Re-education and overview of program

PPACA Vendor Survey

- Vendors' Employee Headcount broken out by:
  - IC/1099
  - Temporary/Contingent
  - Full Time
- Does the Vendor's current benefits meet PPACA guidelines?
- What are the Vendor's plan for the Employer Mandate?
  - If unknown, when is a decision scheduled to be made?
- Potential Risk Exposure
- Recommendations based on analysis

Industry Best Practices & Recommendations

- Comprehensive PPACA Analysis
- Comprehensive IC / 1099 Analysis and Validation
- Analysis of non-MSP contingent workforce
  - Visibility
  - Governance and Transparency
  - Risk Reduction
- Analysis of non-MSP vendors
  - Visibility
  - Governance and Transparency
  - Risk Reduction

Program Overview

Spend	FY2013 Q4	FY2014 Q1	FY2014 Q2	Total
FY 2013	$2,342,070			$2,342,070
FY 2014		$2,964,128	$2,993,103	$5,957,231
Total				$8,299,302

General	FY2013 Q4	FY2014 Q1	FY2014 Q2	Total
Hours Entered	31,403.06	40,058.27	40,361.89	111,823.22
HC Entering time	86	108	111	

Suppliers	FY2013 Q4	FY2014 Q1	FY2014 Q2
Total Suppliers	50	51	52
Active Suppliers	42	43	46

Program Overview – IT New Positions

Sourcing	FY2013 Q4	FY2014 Q1	FY2014 Q2	YTD
Positions Filled	19	30	7	56
Submissions	347	263	121	731
Submissions / Position	12	8	9	10

Summary of Savings by Quarter

Total Savings for IT Program	New Savings	Onboard Savings	Total Savings
FY2014 Q2	$90,109	$92,377	$182,486
FY2014 Q1	$69,599	$109,294	$178,892
FY2013 Q4	$1,949	$132,723	$134,672
Total Savings	$161,657	$334,394	$496,051

Savings Calculations

- **EOR and Newly Recruited Resources:** (Market Rate – Bill Rate)*Duration = Savings
- **Onboard Savings Calculations:** (CAI Rate – Bill Rate)*Duration = Savings

Total Summary of Savings

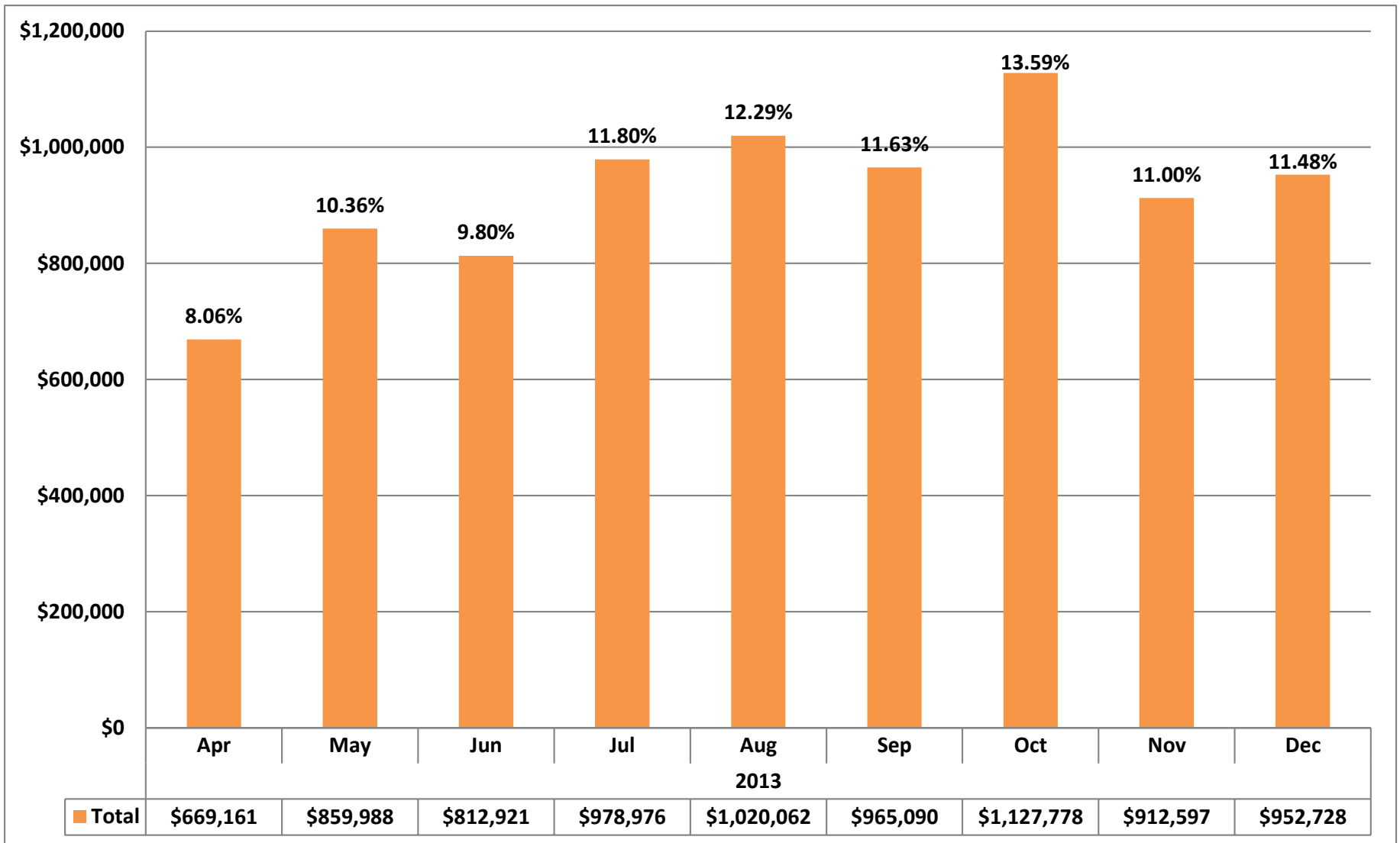| Hard Dollar Savings Realized Total	Description of Savings Mechanism
$161,657	Competitive Bidding with Best and Final Offer (BAFO) for New Positions, Savings from Standard Rate Card
$334,394	Onboarded Bill Rate vs. Current Program Bill Rate multiplied by Hours Worked
$496,051	**Total 2013 Savings**

Agency Approved Rate Exceptions – FY2014 Q2

Job Title	Manager	Market Rate	Actual Rate
Business Analyst 3	Ellis, Charlotte	$58.89	$64.00
Business Analyst 3	Hopkins, Cindy	$58.89	$73.75
Business Analyst 3	Vensel, Ray	$58.89	$68.82
Business Analyst 3	Lazure, Luke	$58.89	$86.62
Programmer 4	Ellis, Charlotte	$75.92	$82.00
Sr. Business SME	Moseson , Marshall	$107.24	$136.04
Sr. Project Manager	Hopkins, Cindy	$120.49	$125.00
Tester 4	Lush, Gregory	$63.46	$90.70
Tester 4	Moseson , Marshall	$63.46	$90.70
Tester 4	Moseson , Marshall	$63.46	$104.45

Monthly Spend

| Total | $669,161 | $859,988 | $812,921 | $978,976 | $1,020,062 | $965,090 | $1,127,778 | $912,597 | $952,728 |

Spend By Department – Top 10
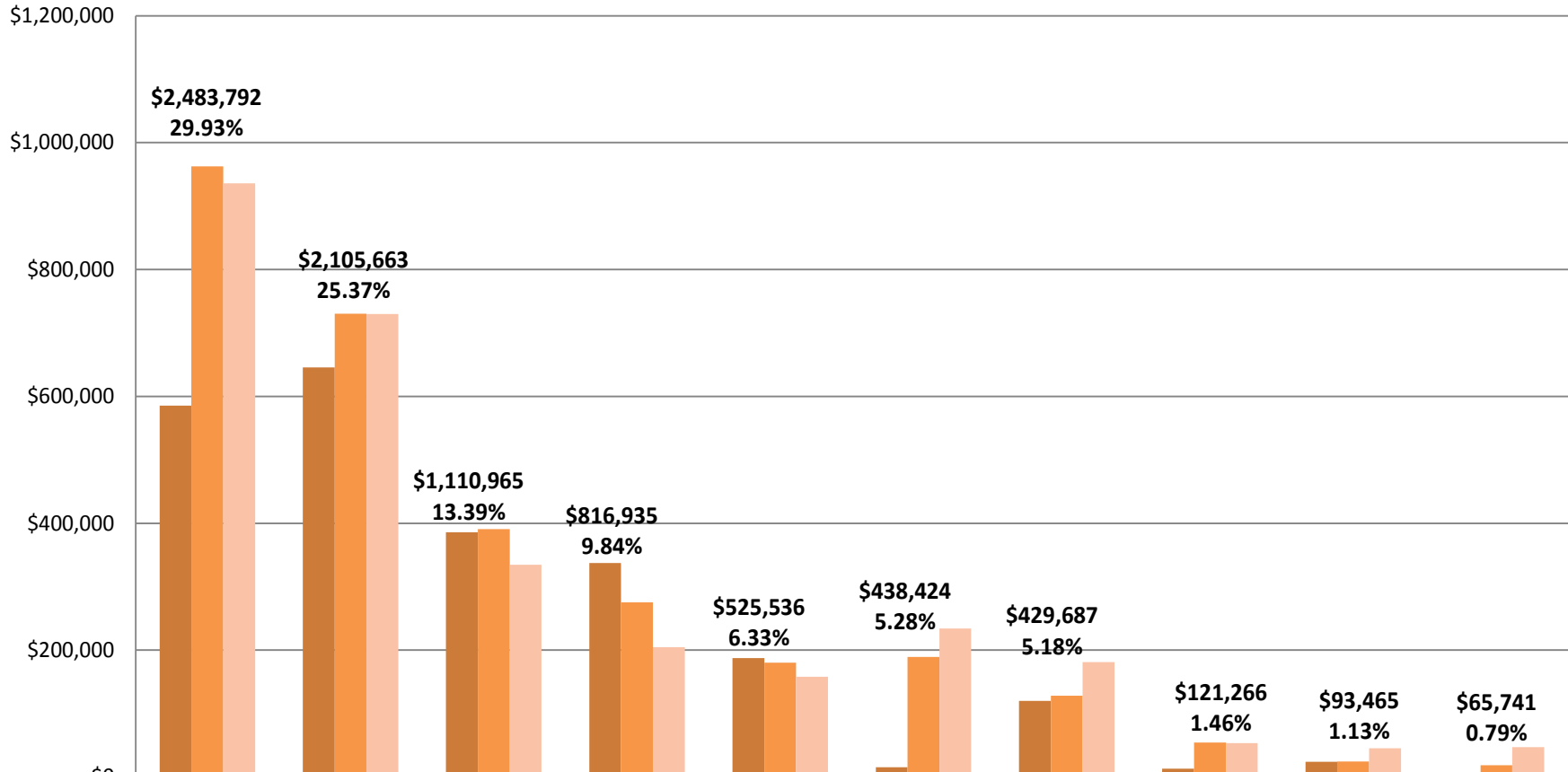
	DHHS	DOL	DOE	DAFS	SoS	OIT	DOT	Dirigo Health	MRS	BIS
FY2013 Q4	$585,195	$645,766	$385,903	$337,255	$187,507	$15,309	$120,143	$13,325	$23,838	
FY2014 Q1	$962,721	$730,129	$390,562	$275,235	$180,025	$189,187	$128,306	$54,307	$24,293	$18,593
FY2014 Q2	$935,876	$729,768	$334,500	$204,445	$158,004	$233,929	$181,239	$53,635	$45,334	$47,149

Chart labels:
- DHHS: $2,483,792 — 29.93%
- DOL: $2,105,663 — 25.37%
- DOE: $1,110,965 — 13.39%
- DAFS: $816,935 — 9.84%
- SoS: $525,536 — 6.33%
- OIT: $438,424 — 5.28%
- DOT: $429,687 — 5.18%
- Dirigo Health: $121,266 — 1.46%
- MRS: $93,465 — 1.13%
- BIS: $65,741 — 0.79%

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Spend by Job Title – Top 10

	Programmer 5	Programmer 4	Architect / Sr.	Architect / Jr.	Database Administrator 4	Sr. Project Manager	Business Analyst 3	Tester 4	Sr. Business SME	Project Manager 3
FY2013 Q4	$603,510	$489,989	$246,631	$130,409	$122,819	$104,269	$75,339	$26,543	$35,281	$42,523
FY2014 Q1	$568,918	$498,295	$313,509	$216,955	$146,823	$189,168	$151,608	$122,778	$129,500	$82,260
FY2014 Q2	$618,162	$458,821	$245,440	$203,287	$195,768	$162,019	$113,643	$166,206	$139,703	$118,139

Chart values:
- Programmer 5: $1,172,428 / 14.13%
- Programmer 4: $988,295 / 11.91%
- Architect / Sr.: $560,140 / 6.75%
- Architect / Jr.: $347,363 / 4.19%
- Database Administrator 4: $293,437 / 3.54%
- Sr. Project Manager: $269,642 / 3.25%
- Business Analyst 3: $226,947 / 2.73%
- Tester 4: $164,780 / 1.99%
- Sr. Business SME: $149,322 / 1.80%
- Project Manager 3: $145,584 / 1.75%

Spend by Job Title - > 1% of Spend – FY2014 Q2

| Position Title	# Resources	% of Spend	Total Spend
Programmer 5	21	20.65%	$618,162
Programmer 4	15	15.33%	$458,821
Architect / Sr.	8	8.20%	$245,440
Architect / Jr.	5	6.79%	$203,287
Database Administrator 4	5	6.54%	$195,768
Tester 4	4	5.55%	$166,206
Sr. Project Manager	4	5.41%	$162,019
Sr. Business SME	3	4.67%	$139,703
Project Manager 3	4	3.95%	$118,139
Business Analyst 3	6	3.80%	$113,643
Client Technologies Specialist 1	11	2.86%	$85,469
Project Manager 1	3	2.83%	$84,578
Programmer 3	4	2.28%	$68,241
Project Manager 2	2	1.51%	$45,310
Functional Architect 4	1	1.22%	$36,656
Technical Architecture Specialist 3	1	1.03%	$30,936

Spend by Manager – Top 10
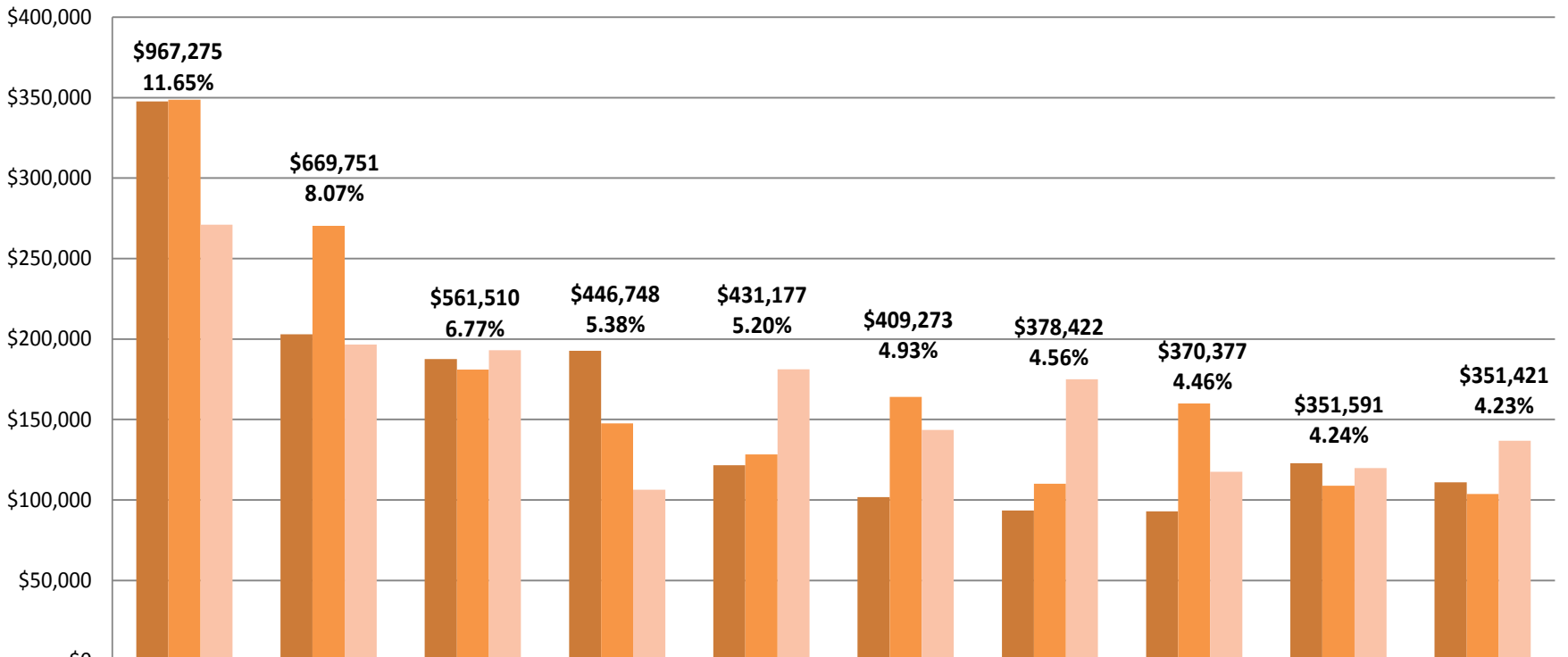
|	Ellis, Charlotte	LeBlanc, Rene	Wakefield, Jayne	Daigle, Dana	Guerrette, Brian	Vensel, Ray	Wilkinson, Leigh	Hopkins, Cindy	Bizier, Paul	Coffin, Darcy
FY2013 Q4	$347,625	$202,875	$187,507	$192,678	$121,632	$101,760	$93,432	$92,887	$122,819	$110,924
FY2014 Q1	$348,693	$270,303	$181,037	$147,601	$128,306	$164,055	$110,036	$160,040	$108,937	$103,670
FY2014 Q2	$270,958	$196,573	$192,966	$106,469	$181,239	$143,459	$174,955	$117,450	$119,836	$136,828

Spend by Manager - > 1% of Spend – FY2014 Q2

Manager	# Resources	% of Spend	Total Spend
Ellis, Charlotte	11	9.05%	$270,958
LeBlanc, Rene	6	6.57%	$196,573
Moseson , Marshall	4	6.56%	$196,266
Wakefield, Jayne	6	6.45%	$192,966
Guerrette, Brian	7	6.06%	$181,239
Wilkinson, Leigh	5	5.85%	$174,955
Vensel, Ray	6	4.79%	$143,459
Coffin, Darcy	4	4.57%	$136,828
Bizier, Paul	3	4.00%	$119,836
Stevenson, Hazel	4	3.94%	$117,961
Hopkins, Cindy	4	3.92%	$117,450
Richmond, April	4	3.71%	$111,012
Daigle, Dana	7	3.56%	$106,469
Irish, Dale	3	3.17%	$95,008
Harrison, Cathy	2	2.73%	$81,621
Nadeau, Stefanie	1	2.61%	$78,177
Marquis, Nick	10	2.38%	$71,373
Horne, Sharon	2	1.80%	$53,784
Smith, Laurie	1	1.79%	$53,635
Cyr, Robin	3	1.60%	$47,785
Boudreau, Chris	1	1.50%	$44,876
Jordan, Jeff	1	1.47%	$43,889
Armington, Scott	1	1.46%	$43,770
Lush, Gregory	1	1.45%	$43,536
Lazure, Luke	1	1.25%	$37,550
Hawkes, John	1	1.06%	$31,597

Spend by Vendor Location
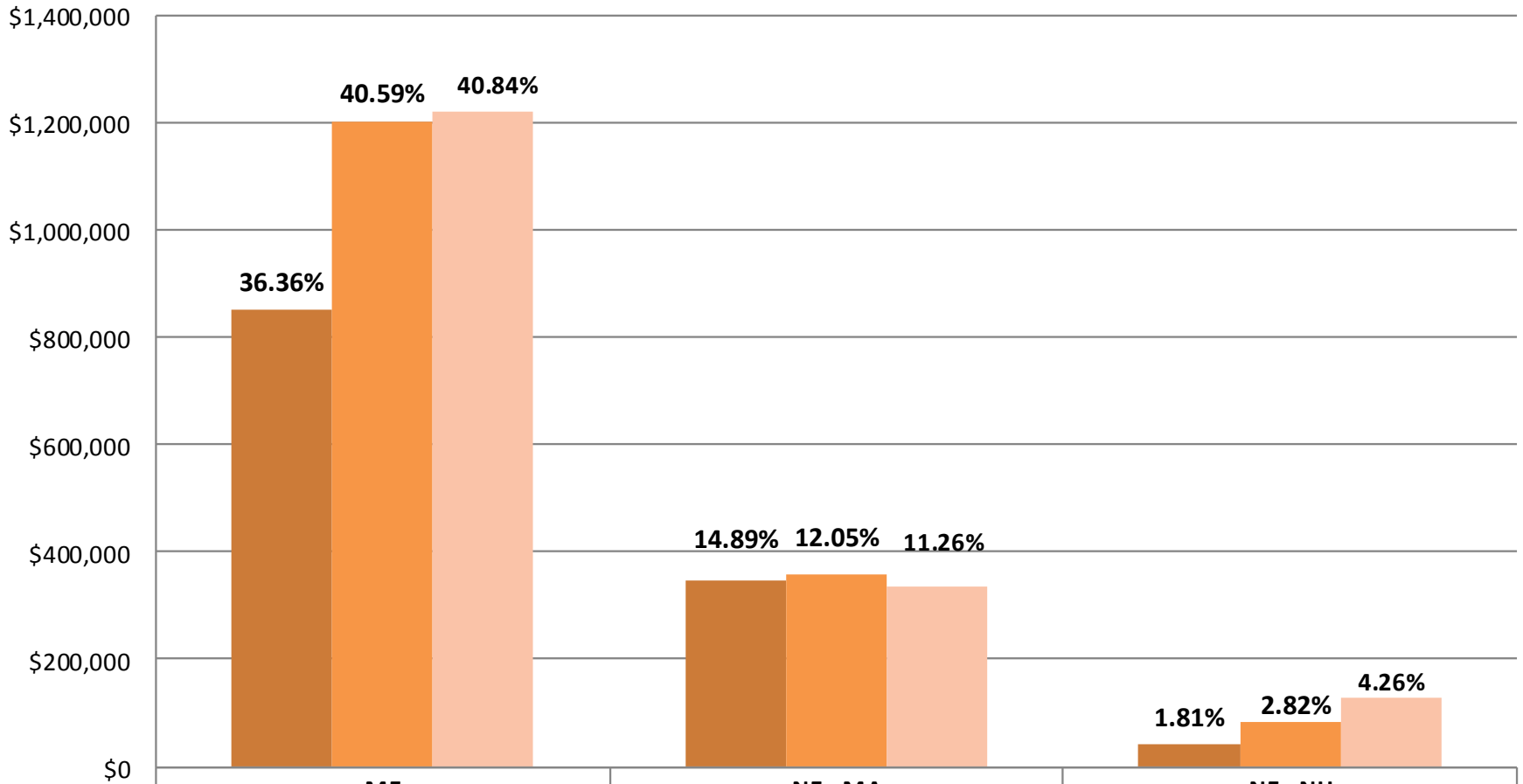
	ME	NE - MA	NE - NH
FY2013 Q4	$851,544	$348,770	$42,299
FY2014 Q1	$1,203,119	$357,280	$83,717
FY2014 Q2	$1,222,364	$337,165	$127,457

New Positions by Vendor Location
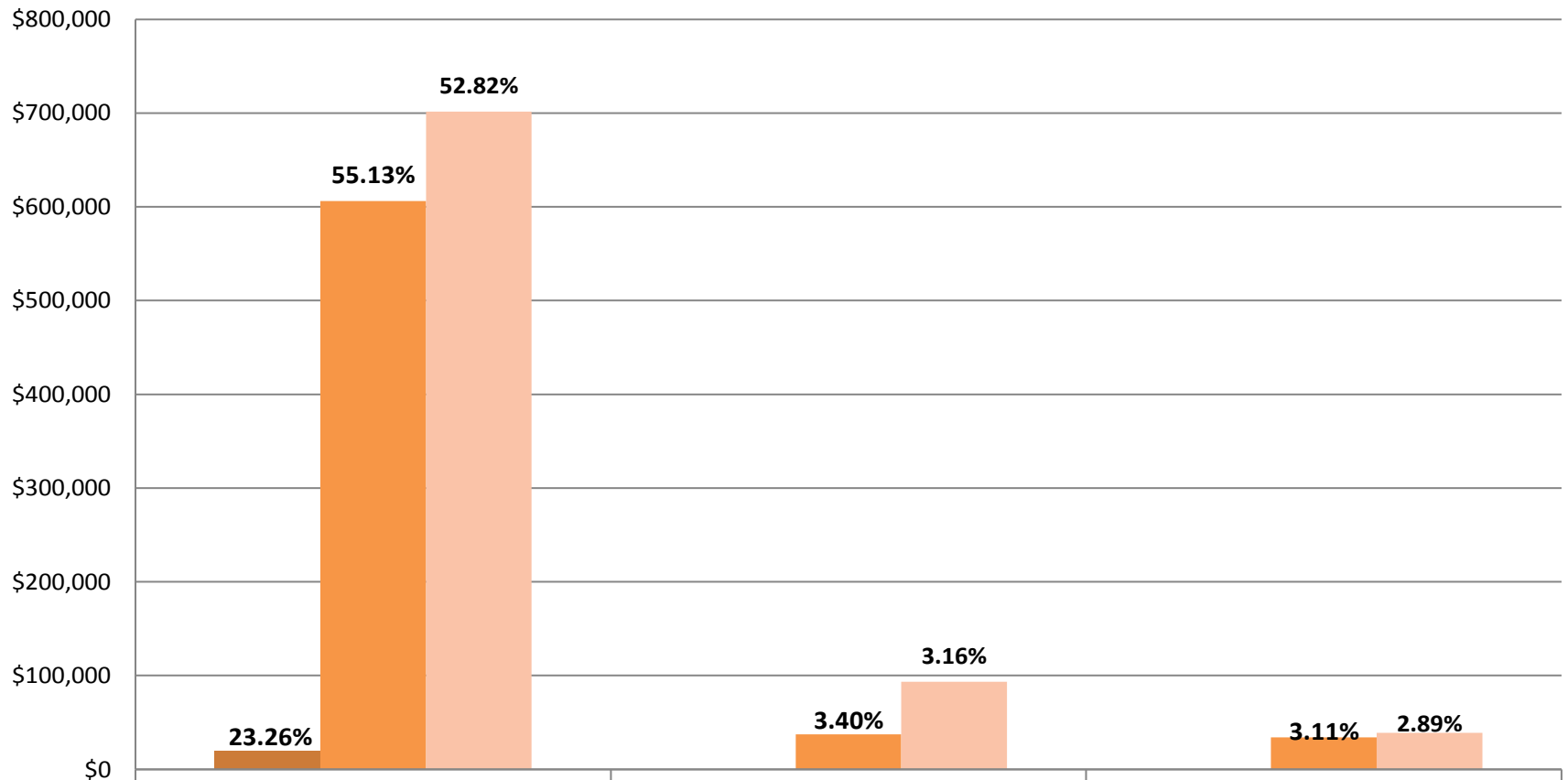
	ME	NE - NH	NE - MA
■ FY2013 Q4	$19,947		
■ FY2014 Q1	$606,029	$37,406	$34,225
■ FY2014 Q2	$701,460	$93,331	$38,968

Spend by Local/Regional Supplier – Top 10

	Abilis	Randstad	NTT Data	iCST, LLC	Pro Search, Inc.	Tilson Tech	Atlantic Staffing	Compunnel Software Group	Nebula Software Systems	Complete Computer Services
FY2013 Q4	$90,696	$181,916	$193,644	$109,030	$41,559	$90,434	$65,770	$79,390	$64,530	$52,923
FY2014 Q1	$311,529	$226,780	$219,681	$115,633	$106,856	$90,622	$77,131	$53,683	$65,775	$65,861
FY2014 Q2	$362,959	$252,656	$187,440	$80,323	$132,665	$88,897	$72,144	$57,040	$54,936	$64,071

Chart data labels:
- Abilis: $765,184 — 9.22%
- Randstad: $661,352 — 7.97%
- NTT Data: $600,765 — 7.24%
- iCST, LLC: $304,987 — 3.67%
- Pro Search, Inc.: $281,079 — 3.39%
- Tilson Tech: $269,953 — 3.25%
- Atlantic Staffing: $215,044 — 2.59%
- Compunnel Software Group: $190,113 — 2.29%
- Nebula Software Systems: $185,241 — 2.23%
- Complete Computer Services: $182,855 — 2.20%
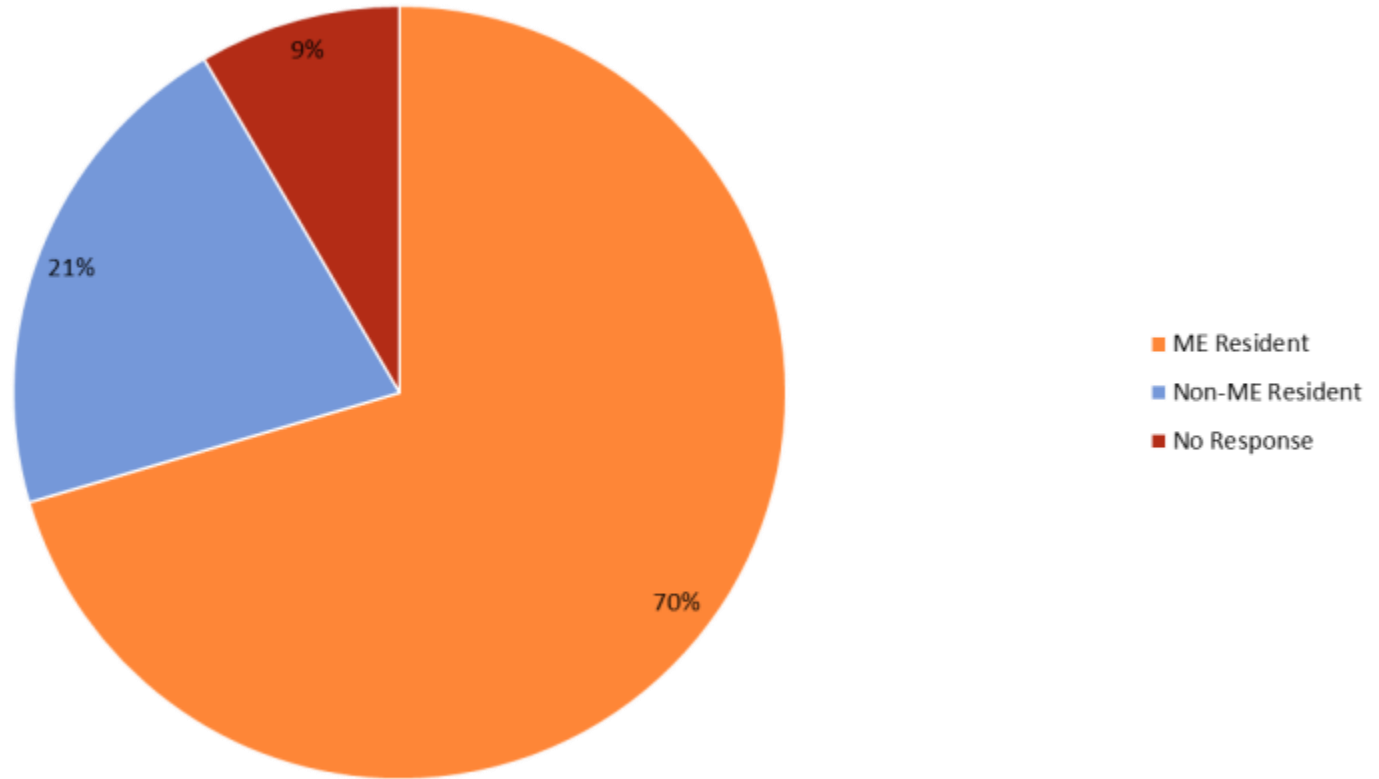
Spend by ME/NE Vendor - > 1% of Spend – FY2014 Q2

ME NE Supplier - 54.40% Total Spend	# Resources	% of Spend	Total Spend
Abilis	8	12.13%	$362,959
Randstad	6	8.44%	$252,656
NTT Data	6	6.26%	$187,440
Pro Search, Inc.	4	4.43%	$132,665
Tilson Tech	2	2.97%	$88,897
iCST, LLC	4	2.68%	$80,323
Amplify Systems	2	2.49%	$74,588
Atlantic Staffing	4	2.41%	$72,144
Complete Computer Services	2	2.14%	$64,071
Compunnel Software Group	2	1.91%	$57,040
Nebula Software Systems	1	1.84%	$54,936
Cape Code Inc	3	1.67%	$50,065
tCognition	1	1.49%	$44,724
MapIT LLC	1	1.43%	$42,806
Drew Moore LLC	1	1.17%	$35,109
Compass Systems & Programming, Inc	1	1.14%	$34,126

Maine Residents vs. Non-Maine Residents

Legend:
- ME Resident
- Non-ME Resident
- No Response

Pie chart: 70%, 21%, 9%

Opportunities for Additional State Program Savings
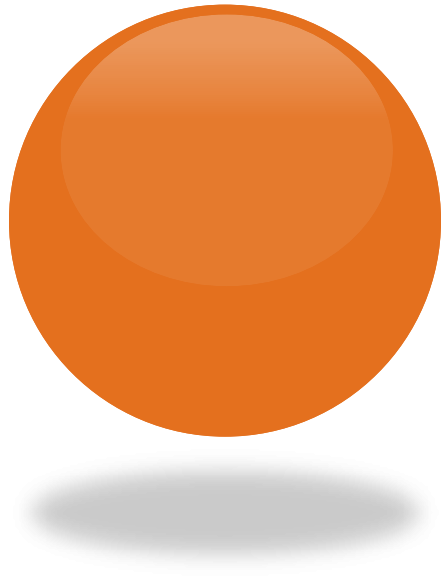
- **Quasi State Agencies and Cooperatives**
  - Maine Public Employees Retirement System – Discussions underway
  - University of Maine – Implementation underway

- **Workforce Initiatives**
  - Project/Statement of Work
  - Professional Services Agreements
  - Direct Hire
  - Employer of Record

Service Level Agreement Summary

- KPM 1 : Requisition Confirmation
  - 100% of Requisitions were confirmed within 4 business hours of receipt
- KPM 2 : Requisitions Receiving Resumes within 48 Business Hours
  - 100% of Non-Urgent Requisitions received resumes within 48 business hours
- KPM 3: Engagements resulting in first round of resumes
  - 86% of engagements were filled with first round of resumes
- KPM 7 : Unwanted Attrition
  - 1% Unplanned Attrition
- KPM 8 : Performance Attrition
  - 3% Attrition due to Performance
- KPM 13 : Payments Made Within Contract Terms
  - 100% of Vendor Payments Processed on Time

DISCUSSION AND QUESTIONS

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