



zerochaos

{ Customer:
Social Media Company

Corporate Profile:

3,200 employees worldwide
Headquartered in United States

THE ZEROCHAOS THEORY:

A global payroll solution for engaging workers around the world

The ZeroChaos Theory Results

Through our global payroll service delivery team and our international network of payroll service providers, companies are able to engage pre-identified workers in 99 countries

- Single point of contact
- Improved economics
- Decreased risk
- Greater transparency into all aspects of the contingent workforce
- Appropriate levels of control
- Streamlined workflow processes

Background:

In 2009 the customer selected ZeroChaos to provide an integrated vendor-neutral Managed Services Program (MSP) and Vendor Management System (VMS) to manage their growing utilization of contingent workers in the United States. The initial scope of this program included:

- ▶ Full lifecycle management of all temporary workers sourced through third party staffing suppliers
- ▶ Employer of record payroll solutions for self-identified contingent workers
- ▶ Independent contractor evaluation and validation services to protect the company from the risks associated with worker misclassification

Due to the company's vast popularity and rapid growth of users around the world, the company quickly realized the need to expand the program to a global solution to support the management of contingent workers throughout EMEA and APAC.

The Challenge:

Without a global contingent workforce management program in place, hiring managers were free to source workers from suppliers of their choosing outside the United States. This was often done without any vetting process or formal contracts in place, and exposing the organization to a wide range of employment and financial risks along with escalating costs. As the customer began to centralize recruiting activities for both direct hire recruitment and sourcing of global contingent workers, the recruiters were often unfamiliar with the local legislative requirements and tax laws governing the employment of workers in rest of world countries. Because there were no systems in place to track the employment of contingent workers outside the US, there was poor visibility into usage and no control over the potential risks to the organization.

“ This initiative resulted in a 26% cost reduction in the US and a 59% cost reduction outside the US. ”

ZeroChaos Solution:

Working with our HR business partners, we identified that the largest users of contingent workers outside the US were located in Ireland and the UK. We established an on-site program manager in Ireland who initially worked with the hiring managers and supplier community to on-board them as part of our Managed Services Program, utilizing our technology to track the requisition lifecycle activities and to ensure compliance with all on- and off-boarding requirements. While there were contingent workers located in approximately 13 different countries throughout EMEA and APAC, there was not sufficient volume to make it economically viable to have on-site dedicated resources in each country. Therefore, we established a centralized delivery model that supports the acquisition and management of all contingent workers through the program management office in Ireland.

Once we had visibility into the entire contingent workforce population, we were able to identify that a vast majority of the workers had been pre-identified by hiring managers and referred to the various suppliers they were utilizing for purposes of payrolling these workers. The mark-ups being charged by these suppliers were grossly inflated with no transparency into the cost components which comprised the mark-ups. As a result, we launched our global payroll services program in partnership with our international network of professional payroll service providers offering our customer the flexibility of engaging pre-identified contingent workers in 99 countries throughout the Americas, EMEA, and APAC.

The following outlines our streamlined requisition process:

- The manager submits a pre-identified talent requisition.
- Our program manager qualifies the scope of the position and requirements with the manager and engages with the worker to explain our relationship and the engagement process.
- Because the costs associated with engaging a worker varies by country/location and position type, our program manager works in partnership with our in-country partner to draft the employment agreement and to advise the manager of all costs and in-country legislative and tax requirements.
- Once the rate has been approved, our program manager facilitates the pre-employment screening, on-boarding and provisioning processes of the worker including the execution of the employment agreement.
- The program manager facilitates the new hire orientation process with the worker.
- For workers in Ireland, UK and India, the worker submits timesheet electronically through our VMS System which is routed to the hiring manager for approval. In rest of world countries, paper timesheets are completed, approved and tracked by our program management team.
- The worker is paid by either by ZeroChaos or through the in-country payroll partner serving as the employer of record and facilitating all tax withholdings and payment.
- All invoices are reviewed by our team and then consolidated by country for payment in local currency.
- Throughout the engagement we monitor the performance of the worker and satisfaction with the hiring manager.
- We notify managers prior to the engagement's scheduled end and facilitate extensions where required as well as the off-boarding requirements at the conclusion of the engagement.

The Results:

By freeing internal resources to focus on recruitment activities and leveraging their internal employment brand to source contingent workers, 89% of their contingent workforce consists of payrolled workers vs. the alternative of sourcing through third party staffing suppliers. This initiative resulted in a 26% cost reduction in the US and a 59% cost reduction outside the US from the prior year.