



IT Contingent Labor Program Update

Hubert D. Harris, PMP

Supply Chain Management Division

CIO Council Meeting

May 11, 2010



Agenda

- Program Overview
- Current Situation
- Program Update
- Next Steps – How can you help?
- Q&A



Program Benefits

- Provides flexibility to agencies to acquire IT talent
- Resolves most HR issues by transferring risk to ZeroChaos
- Generates financial savings for agencies
- Promotes competition for IT contingent labor engagements
- Implements best practices for talent and spend management
- Eliminates redundant data entry through eVA-ZC web interface
- Provides technology needed to govern the program effectively

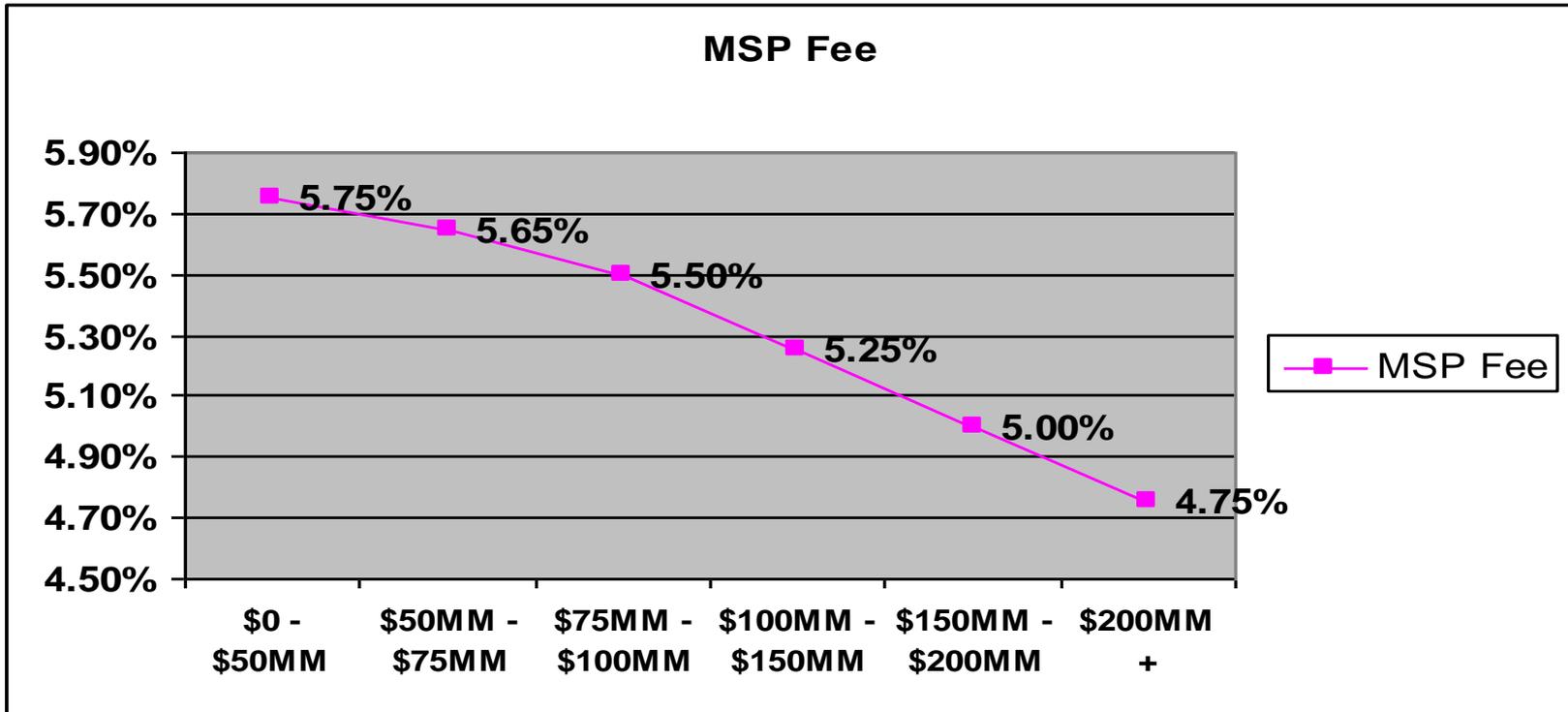


Contract Highlights

- Supports staff augmentation and deliverables-based IT services
- No upfront investment required by COV
- Allows subcontracting, 1099s, and H1Bs
- Ensures agencies compliance with relevant COV and Federal laws
- Benefits for agencies
 - Direct savings of \$3M
 - Overhead fees reduced up to 15%
 - Future direct discounts off invoices
 - Access to higher quality resources
 - More suppliers to choose from for staffing and projects



MSP Fee¹ varies by volume spend



Note: Includes IFA and eVA fees imposed by the Commonwealth

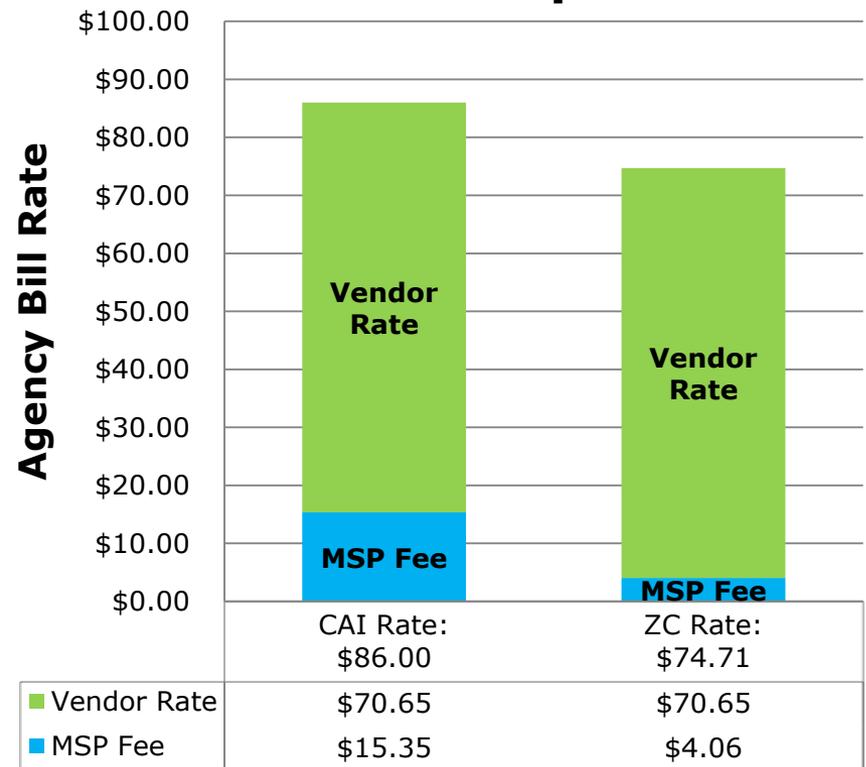
Program saves money

- Agencies cost is reduced for each billable hour
- Supplier is paid the same vendor rate



- Savings obtained through reduced MSP fees
- COV saves \$3 Million over a 12 month period

Rate Comparison





Fear, Uncertainty, and Doubt (FUD)

FUD is being circulated about the IT contingent labor program. To mitigate this VITA has:

- Involved largest customer agencies in discovery workshops to elicit requirements
- Held town hall meetings with agencies and supplier communities; posted meeting materials online
- Sent out answers to frequently asked questions
- Scheduled 20 training sessions to provide instruction on the new process and technology



Implementation Update

- Largest customer agencies have participated in solicitation and implementation phases
- Testing of eVA-ZeroChaos integration underway
- Analysis of census data from suppliers underway
- First round for supplier enrollment will end on May 12 to allow time for review of contract documents and supplier setup.
- Training scheduled for agencies and suppliers
 - Supplier Training: May 17 through May 21
 - Agency Training: May 24 through May 27
 - Contractor Training: June 24 – June 28
- “Go-live” of June 1 for requisitions and July 1 for services
- Supplier Managed Staff Augmentation contract ends Nov 22
 - Major projects remain on SMSA until end of project or termination of the SMSA contract, whichever comes first
 - SMSA invoice discount will take effect on July 1



Supplier Enrollment

- Active headcount 283 contractors
 - 25 contractors assigned to major IT projects
- 94 incumbent suppliers
 - 70 suppliers have enrolled: 195 headcount
 - 13 suppliers are finishing enrollment: 47 headcount
 - 11 suppliers have declined to enroll: 25 headcount
 - 8 suppliers engagements are ending: 9 headcount
 - 3 suppliers did not agree with contract: 16 headcount
- 146 suppliers used in last 2 fiscal years
 - 64% enrolled with ZeroChaos 94 of 146
 - 73% completing enrollment with ZeroChaos 107 of 146
- 3000 suppliers are available through the ZeroChaos network



Next Steps – What you can do to help?

- Utilize the program effectively
- Provide leadership to your IT hiring managers on what the risks are and why we are mitigating them
- Help us get the message out to your staff and contractors
- Allow your staff to attend the training
- Direct questions to the appropriate source:
 - COVPMO@zerochaos.com for supplier questions
 - ITTemporaryResources@vita.virginia.gov for agencies
- Feel free to contact Hubie Harris via E-mail at hubert.harris@vita.virginia.gov if you need additional information



Leadership is required NOW

Known issues jeopardize the reputation and financial stability of the Commonwealth and your agency

- Should suppliers compete for engagements?
- Should we comply with federal tax and labor law?
- Should we risk the value of the VRS retirement fund by engaging in actions that will result in retirement benefits being paid to non-employees?
- Should exception to policy be the norm?
- Should we allow a few suppliers to dictate how the Commonwealth will conduct its business?
- Do we maintain the status quo or act now to resolve these issues?



Where to get more information

- Frequently asked questions are available on the SCM website www.vita.virginia.gov/scm
- Agency and Supplier Town Hall meeting presentations are available on the SCM website
- Contract will be published to the SCM website when the ordering process is finalized NLT June 1
- Register to attend ZeroChaos agency training at <http://www.vita.virginia.gov/registration/Session.cfm?MeetingID=26>
- Send agency questions or concerns to VITA SCM at ITTemporaryResources@vita.virginia.gov
- Ask Suppliers to send their questions or concerns to ZeroChaos at covpmo@zerochaos.com