

# The Beginner's Guide to Vendor Neutral MSP.

Delivering a smarter way to work »



Most large businesses use a diverse range of agencies to fulfil their recruitment needs. But those that engage them mostly at line manager level will likely have limited overall visibility over how agencies are used, as well as a huge variety of rates and terms in use.

In some cases, they may not have any terms in place at all

When any of these factors are present, the business is likely to be suffering from:

- ▶▶ Higher than average recruitment costs
- ▶▶ Time-consuming manual onboarding and invoicing processes
- ▶▶ Increased risk
- ▶▶ Compliance issues
- ▶▶ Restricted control
- ▶▶ Lack of data



Without visibility, the ability to plan your workforce and measure demand (and value) is compromised.

Managed Service Providers and Programmes (both referred to as MSPs) emerged as a solution to this challenge. An MSP assumes the contractual relationship with agencies, ensuring that terms are in place with each, minimising risk for the hiring business, and becomes the centralised point at which contingent talent enters and exits the business.

But with different MSPs working with different models, it can be difficult to know where to start if you're a first-time buyer of MSP services.

In this guide, we explain the features and benefits of the vendor neutral MSP model - and show how it helps one Comensura client bring visibility and value to their recruitment.

**New to MSP?**

Check out our article on the variations of managed service providers, the various service models, definitions and explanations of their complexities and differences.

[Explore](#)



# What does ‘vendor neutral’ MSP mean?

Let’s start with the MSP part. A managed service provider, or MSP, is a workforce solutions partner that takes on the primary responsibility of managing candidate selection for contingent roles - including process and supply chain management.

The very first MSPs were able to offer their clients favourable rates and greater efficiencies by taking complete control of their contingent workforces - essentially creating the master vendor model in the process. The MSP itself, and sometimes its sister companies, fulfilled almost all roles.

However, it wasn’t long before flaws in this model were exposed, most notably the fact that the client’s needs were often overshadowed by the master vendor’s singular desire to maximise their own profits.

The vendor neutral MSP model emerged as a result, because employers wanted better value and visibility from their temporary staffing solutions as their reliance on contingent labour grew.



# So, what is vendor neutral MSP?

Under the vendor neutral model, an MSP partners with an agreed list of suppliers, which are all given a fair opportunity to put forward candidates. This means that, unlike the master vendor model, the vendor neutral MSP model is inclusive - it offers choice.

A Vendor Management System, or VMS, is where the data is held to manage the candidate selection process. This reduces bias as successful candidates are picked solely because they're the best match with a hiring manager's needs.

This fair and transparent model enables organisations to build contingent workforces that best fit their business requirements. What's more, an MSP can rank and award opportunities to suppliers via a tiered system based on a balanced scorecard. Rankings are performance-based and analysed by software to ensure they are completely objective.

Irrespective of size, suppliers are tiered solely on their ability to meet set performance targets. This system also has the benefit of enabling the MSP to identify under-performing agencies, so they can advise where improvements can be made.

*'By establishing neutral rates and neutral agreements, a vendor neutral model creates an objective competitive market that rewards the best performers, irrespective of their size or reputation in the market.'*

**Aaron Wawman**  
Sales Director



## Vendor neutral MSP in action



# What are the benefits of vendor neutral MSP?



When it comes to fairness, transparency and access to talent, the vendor neutral MSP model trumps the more traditional master vendor option. And due to the increased supplier competition that it opens up, vendor neutral MSP can reduce costs substantially.

## Vendor neutral MSP is perfect for fulfilling specialist needs

Companies House data suggests there are now more than 40,000 recruitment agencies in the UK, with no single supplier holding more than 5% of the market. It's quite obvious, then, that no one vendor can deliver everything a client needs.

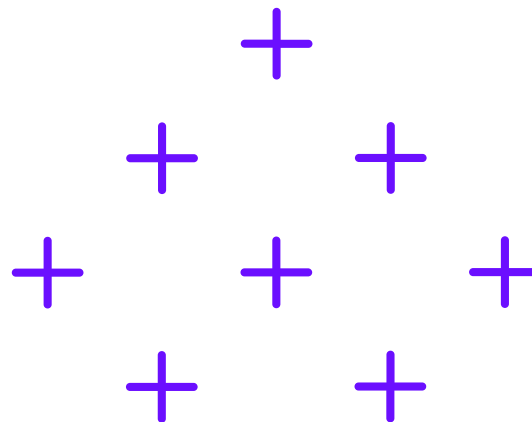
The neutral vendor model was specifically designed for organisations with more complex requirements - those with a mix of multi-site and multi-role needs in one area of the business, and niche requirements in another, for example. Smaller, specialist suppliers are used alongside larger suppliers to fill these specific needs.

We'll look at cost savings in the next section, so let's look here at two crucial benefits of recruiting with a vendor neutral programme.



' Search for a blue t-shirt on the M&S website, and you're likely to find one. You may not like it and it may not suit your needs however. But search for a blue t-shirt on ASOS and the breadth of offerings from a large, diverse supply chain of partners means you'll find one that fits your requirements exactly. In its simplest terms, vendor neutral MSP is shopping at ASOS. '

**Aaron Wawman**  
Sales Director



## Vendor neutral MSP ensures objective decisions are made

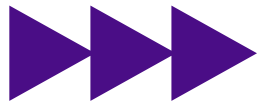
Decisions are based purely on performance and candidate fit, rather than personal relationships. As a result, the best person for the job is identified every time. No one supplier is given preference based on human intervention or bias; jobs are opened up to each tier on a staggered basis that is fair to the entire supply chain.

The system also selects candidates based on how well they match against set criteria, with software managing the pre-screening so that decisions are made without subjective influencers.

## The master model has its place, but neutral opens up choice

Of course, for some hiring managers in certain sectors, master vendor providers may be able to offer enough to meet their needs.

However, for those who value access to a deep and wide talent pool alongside the other benefits a competitive market brings, vendor neutral MSP is likely to be their best option.



# How vendor neutral MSP reduces costs.

Since the vendor neutral model surfaced, many procurement managers have asked the question: “Why would I pay a vendor neutral MSP to manage a network of suppliers I could just work with directly? Surely this model just adds an additional layer of ‘management’ costs?”






Well, both master vendor and neutral vendor providers use agencies to provide the workers their clients need. The difference is that master vendors buy from their own organisation and external recruitment agencies, whereas vendor neutral providers only buy the services of external recruitment suppliers.

And the reality is vendor neutral models often work out less expensive than master vendor services. Here's why.

## The component costs of MSP services

The actual supply of labour is just one component cost of any MSP service. All managed service pricing is typically made up of three parts:

- 
**1 Procurement and Management**  
 The procurement and management of the supply chain of recruitment agencies that provide the workers.
- 
**2 Technology and People**  
 The technology and people that provide the interface between the end user and the supply chain, managing the transaction.
- 
**3 Contract Management**  
 The contract management required to ensure the service is delivered, the supply chain performs, and that the client gets what it needs.

Let's look at each type of cost in turn.



## Procurement and Management

Vendor neutral providers price either on an expected number of hours running through the contract per annum, or spend level. Pricing is usually presented as a separate element to agency charges and buy rates, which is why some people perceive this as an 'additional layer' of cost.

Master vendors operate by applying a margin percentage to the buy rates offered by their affiliate recruitment brands, to cover their contract management and transaction management costs. These costs are often presented as a single rate. The 'additional layer' is still there, it's just hidden within rate charges.



## Technology and People

Automation invariably brings cost and process efficiency. So it's unsurprising that all models use some form of technology to manage transactions. The costs of this technology are normally absorbed within a management fee or a percentage of the overall margin.

In vendor neutral models, many processes are automated with all suppliers treated equally, and controlled using uniform steps. However in master vendor models, where a second tier of agencies is used to support capacity, there is a higher level of manual intervention - and therefore a higher cost.



## Contract Management

Typically, a vendor neutral provider will have lower contract management costs as the model uses technology to automate processes and all workers are sourced by suppliers, which means account managers simply have to focus on ensuring the contract delivers on an operational and transactional basis.

By comparison, a master vendor model is likely to come with a higher contract management cost because the MSP favours regular manual interventions to maximise its ability to fill roles through its own suppliers.



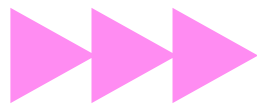
' The 'additional layer of cost' is a myth. There are costs associated with the resources, technology and infrastructure required to deliver any managed service which, one way or another, have to be covered. But thanks to the neutrality and use of tech to drive efficiency, a vendor neutral service is often the more cost-effective option. '

Jon Milton Director



# How vendor neutral MSP gives Allianz visibility and control over expenditure and contractors.

Allianz Insurance, one of the largest general insurers in the UK, employs over 4,200 people and offers a full range of commercial insurance products for sole traders, large commercial organisations, and everyone in-between - as well as musical instrument insurance, legal protection and pet and equine insurance.



## The problem

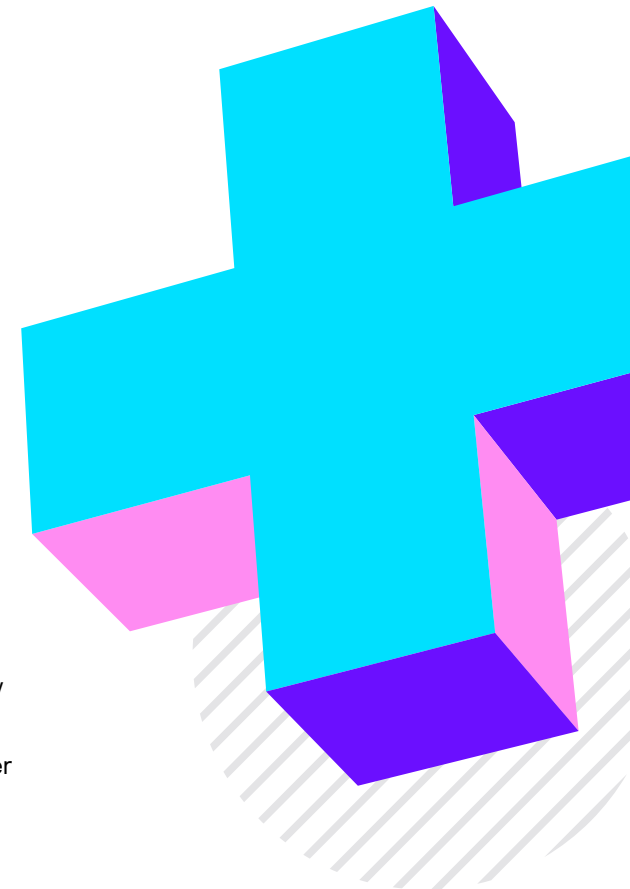
Allianz Holdings, which owns the principal insurance operations of Allianz SE in Great Britain, needed a payroll services provider to help mitigate its employment and IR35 risks, and implement an approach that could be consistently applied throughout all areas of its operations.

The business also wanted to evaluate ways of gaining greater consistency and visibility of fees charged by its preferred supplier list and control of this area of expenditure.

## The solution

Allianz Holdings, which owns the principal insurance operations of Allianz SE in Great Britain, needed a payroll services provider to help mitigate its employment and IR35 risks, and implement an approach that could be consistently applied throughout all areas of its operations.

The business also wanted to evaluate ways of gaining greater consistency and visibility of fees charged by its preferred supplier list and control of this area of expenditure.



## The solution

Comensura provides the Allianz Insurance, LV= General Insurance and L&G General Insurance brands with a vendor neutral service that manages the supply of contingent workers supplied through agencies - and also handles the payrolling of directly engaged contractors.

Our vendor management system, c.net5, supports the standardisation of recruitment tasks and contractor on-boarding processes across the brands, providing a simple route to market for each brand. Implementation was carried out in three phases, over three months.

For each brand, our team onboarded all direct hire contractors, enrolled recruitment suppliers, and ensured that assignments were created within c.net. We also provided advice and support for the planned IR35 reforms, to ensure compliance and determinations would be managed for their regulatory arrangements. As a result, line managers across all three entities are now able to place orders for new employees online or via our team, and manage their existing contingent workers via our c.net technology.

Each brand's policies and governance requirements have been embedded in the system, to ensure full centralised visibility and control is in place - but without compromising line manager autonomy. Their teams have direct access to a wide range of management information, and three detailed consolidated invoice files for each of the three distinct business entities.



Our account team provides full support for line managers, working closely with specialist recruitment agencies to source highly skilled contractors for a variety of contingent contract requirements across categories such as IT, Project and Change Management, HR, Accounting and Finance, and Actuarial.



*' We really feel we have had an excellent experience and would recommend the services to anyone considering a managed service for contingent labour. We have been highly impressed by the professionalism, support and expertise and customer care '*

**Sarah McKee**  
Allianz Insurance

## The results



Complete visibility and control of all contractor activity (directly engaged and agency supplied) and costs across three business entities.



Effective management of IR35 / other employment risks.



Single point of contact (online and offline) to source requirements, with 100% fulfilment.



20% reduction in agency margin costs.



Process efficiency, including electronic time-sheeting, consolidated invoicing per business entity, and instant access to detailed management information.



Dedicated support of our account management team.



Previously hidden non-permanent headcount from consultancies and system integrators has been highlighted and addressed.

## About Comensura

Comensura is obsessive about delivering a smarter way to work for customers with complex resourcing requirements. We give them access to the contingent and permanent labour they need through a network of specialist recruitment suppliers. Our independent approach helps them resource all their staffing requirements, with efficiency and control at every step.

---

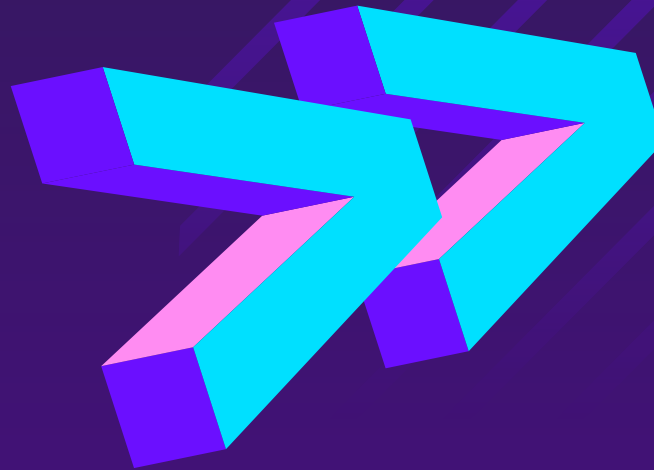
Comensura is a supply management specialist who manages the supply of temporary, permanent and consultant labour into large organisations in the public, private and not for profit sectors.

Comensura Limited, a wholly owned subsidiary of Impellam Group Plc.

Comensura Ltd, 800 The Boulevard, Capability Green, Luton LU1 3BA

This Comensura publication provides information on issues and developments of interest to our clients and friends. The material is not a comprehensive treatment of the subject matter covered and is not intended to provide legal advice. Readers should seek specific legal advice before taking any action with respect to the matters discussed in this publication.

The information contained in this document is for general guidance of matters of interest only. While we have made every attempt to ensure that the information contained has been obtained from reliable sources, Comensura is not responsible for any errors or omissions or for the results obtained from the use of this information.



comensura