



## DIRECT & COST - AVOIDANCE SAVINGS SOLUTION CASE STUDY

### CLIENT PROFILE

A leader in the manufacturing industry

### CHALLENGE

Needed to realize aggressive cost-savings from the start of the MSP program

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Over the past few years, one of Allegis Global Solutions' (AGS) clients, a leader in the construction machinery and equipment industry, tasked us with helping them realize aggressive cost savings goals. Starting with a \$6 million goal in 2012, their target goals climbed substantially to \$10.8 million and \$10.7 million in 2013 and 2014 given global economic conditions were directly impacting their inventory. As such, AGS needed a way to calculate cost savings, beginning from when the managed services program (MSP) went live to its current state, in order to determine how to sustain cost savings throughout the life of the program.

### SOLUTION

By working closely with our client, AGS was able to develop five methods for controlling costs. From there, each savings methodology was classified as either a direct savings initiative or a cost avoidance one.

### PAYROLL SAVINGS

- Negotiated lower payroll mark-ups, resulting in 1 decreased MSP fee for all payroll workers

### CONVERSION FEE ADJUSTMENT

- Implemented decreased conversion fees for workers who transitioned to permanent roles

### OVERTIME MULTIPLIER REDUCTION

- Decreased the overtime multiplier from 1.5 to 1.38
- Reduced the double-time multiplier from 2 to 1.78.
- Workers that had a bill rate of over \$50 an hour were not eligible to submit at an overtime rate, reducing the money suppliers could bill to our client when workers worked extended hours

## RESULTS

- Exceeded cost-savings goal by \$12 million dollars
- Maintained cost savings over the past three years

## BUDGET WORKFORCE

- Used budget workforce end code in VMS to distinguish the numbers of hours worked between contractors' actual end-date versus the planned end-date, which led to financials our client did not have to pay

## DRUG & BACKGROUND SCREENS

- Transitioned screening cost responsibility to suppliers resulting in a lower cost-per-hire

## RESULTS

By implementing these various cost savings approaches for our client, AGS was able to sustain costs over a three year period resulting in nearly \$40 million saved, exceeding our client's cost savings goals by \$12 million dollars.



### ABOUT ALLEGIS GLOBAL SOLUTIONS

Allegis Global Solutions is founded on a culture that is passionate about transforming the way the world acquires talent by delivering client-focused solutions that make a difference for businesses worldwide.