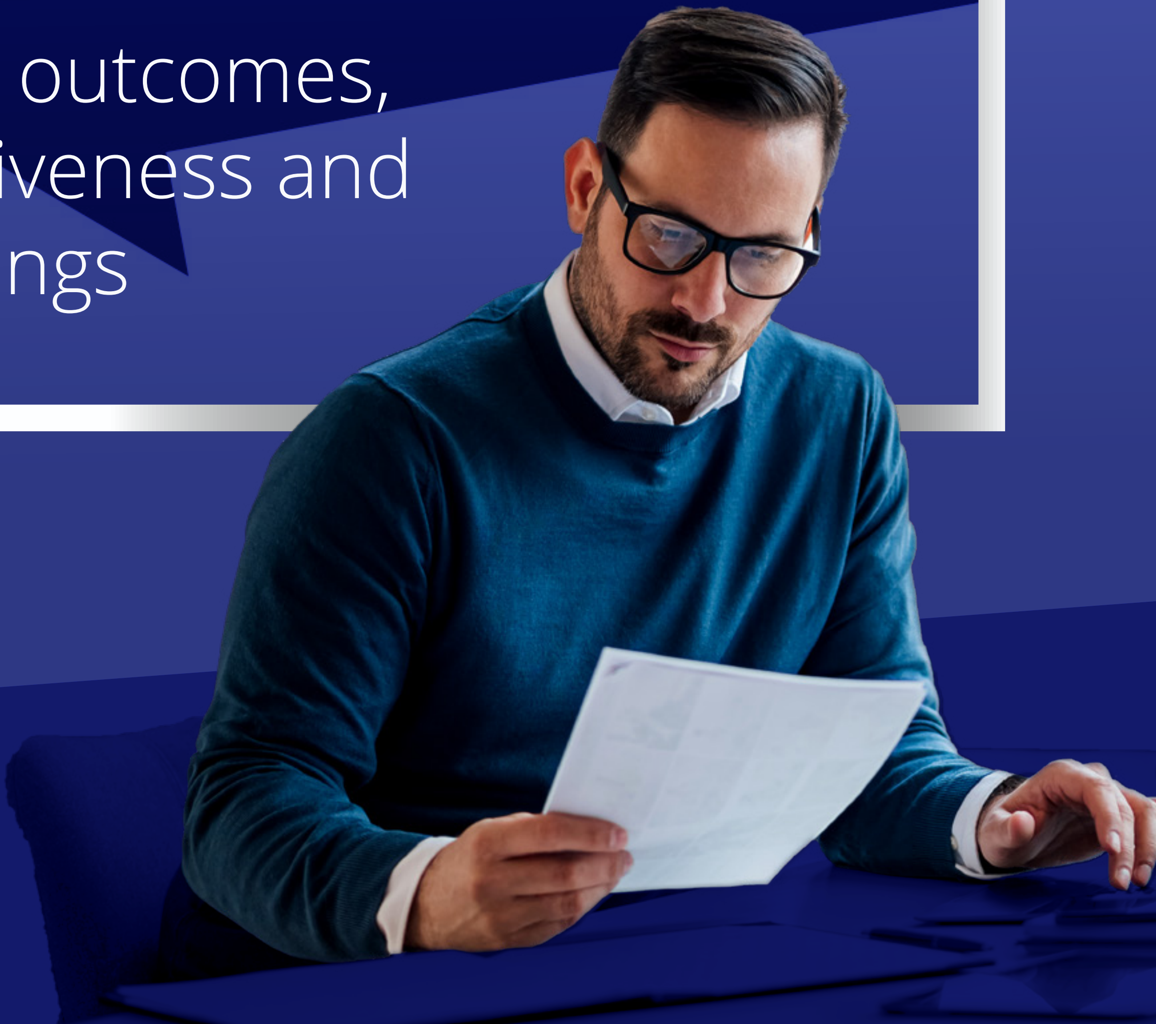
FIELD GUIDE

Evaluating Outsourced Labor: Third Parties vs. Labor Marketplaces

Improve outcomes, responsiveness and cost savings



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Service organizations aim to build a blended workforce to drive growth

Elasticity is the name of the game for field service organizations today. Nearly every service organization — from traditional managed service providers (MSPs) to service organizations within larger OEMs — is working to build out a broader, more flexible field services network. The goal is to capture opportunity by better aligning the supply of skilled talent with the dynamic demand for field services. But service organizations need to hit that target without sacrificing quality or margins; they need to protect their brand and their profitability.

Supplemental labor is critical to service agility

The conventional full-time employee model simply can't deliver the coverage, flexibility, or cost-efficiency needed to achieve these goals. This has traditionally left service organizations to fall back on third parties. But today, on-demand labor is rapidly gaining adoption. Service organizations need to look closely at the pros and cons of each model to determine how to best leverage these resources and power their forward-thinking service strategies.

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Traditional framing: Risk & Responsibility

Historically, service organizations have evaluated labor models on the basis of risk and responsibility: Which party ultimately assumes accountability for different aspects of service delivery? With this framing, the appeal of the third-party model is that the service organization can mitigate much of the risk and responsibility around service delivery. This has typically made the third-party model more appealing than the on-demand model, where the service organization would retain more of the risk and responsibility traditionally associated with the full-time employee model.

Who 'Owns' the Risk & Responsibility?	Third-Party Model	On-Demand Model
Tech Selection/Vetting	Third Party	Your Organization
Work Management	Third Party	Your Organization
Service Quality/Outcomes	Third Party	Your Organization
Employment Risk	Third Party	Your Organization
Cost	Third Party	Your Organization

Offloading and outsourcing — but at what cost?

There's one major fallacy in the evaluation above: You can never truly outsource responsibility and risk around service quality and outcomes. Your customer likely doesn't know that a third party is representing your brand. The truth is that handing ownership of service delivery to a third party means giving up control over service quality. But it's still your brand, your reputation and your customer relationship that's at risk.

Modern perspective: Control

The traditional risk-based framing grew out of the outsourcing trend, where the question was chiefly, "How can we make our current business more cost effective?" But the current situation is much different. Service organizations are targeting expansion and growth. The most apparent need is coverage. But the deeper priority is control: Service organizations need to control service quality and costs in order to protect their business and maintain margins. And while both the third-party and on-demand models deliver broad, flexible coverage, they differ greatly in terms of control.

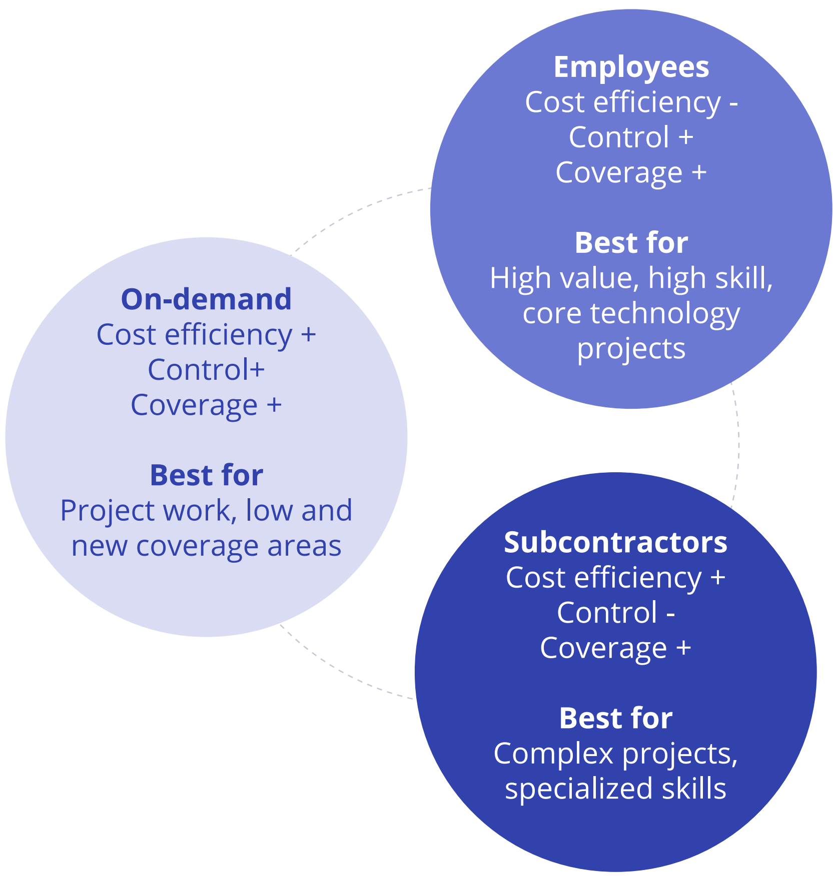
Who's in control?	Third-Party Model	On-Demand Model
COVERAGE	Third Party	Your Organization
QUALITY	Third Party	Your Organization
COST	Third Party	Your Organization

Why control matters

Third-parties are facing the same unprecedented labor challenges as all other organizations. In fact, these companies are increasingly turning to on-demand labor to fill their own coverage gaps. But that leaves the service organization without any visibility or control into exactly who is going on-site to represent their brand. The on-demand model removes the opacity of the third-party model. Your service organization has full control of who represents your brand — which means you can ensure consistent outcomes and protect your brand's reputation. The on-demand model also makes the true service costs fully transparent. This cost visibility ensures your organization isn't losing profitability to a third party's margins (or the margin stacking of those third parties subcontracting). It also provides greater predictability for planning and competitive pricing, so you can win bids and ensure profitability.

Matching the labor model to the service demands

The reality is that each labor model has distinct strengths — and there's no need for service organizations to go all-in on a single model. Rather, they can realize the best of all worlds by taking a blended workforce approach that aligns the labor strategy to the type of service work:



Full-Time Employees	Third Parties	On-Demand Labor
There's still a tremendous need for full-time employees to power core services. The service lines and technology projects that are most essential to the core business demand the high skill and maximum control that only the employee resource can provide.	Third parties can be an ideal fit for particularly complex projects or those that require technicians with extremely specialized skillsets. The relatively short-term nature of these projects make them a poor fit for full-time employees. Service organizations can find third parties that are fully focused on a particular type of complex work and already have a workforce of field service technicians with the required, highly specialized skillset.	For the growing volume of project work, as well as service organizations' strategic expansions into new geographic areas and new service lines and skillsets, success depends on control of service quality and service costs. In these situations, on-demand labor can provide a powerful resource for rapidly expanding and scaling coverage, while retaining control over service quality and visibility into costs to protect brand and profitability.

Start building your on-demand workforce today.

See how Field Nation is unlocking the powerful, agile advantages of the on-demand workforce to drive modern field service strategies. Visit fieldnation.com to learn more.

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