

Sarbanes-Oxley

COMPLIANCE JOURNAL

Contingent Workforce Management Trends

November 2005

Taleo Corporation (Nasdaq: TLEO), the market leader in global on demand talent management solutions, has released a research report that analyzes the contingent workforce management trends of a cross-section of the Fortune 500.

Findings of this study indicate that contingent workforce management remains an increasingly complex and unmonitored area of expense throughout large organizations.

“The Contingent Workforce Management Trend Report” was compiled and released by Taleo Research, the research division of Taleo. The Taleo Research study reveals that many organizations could not answer critical questions about the use and impact of contingent labor on their organizations.

According to Taleo Research, large enterprises are spending an average of seven percent of overall company revenue on contingent labor, typically representing hundreds of millions of dollars. The findings indicate that major opportunities exist for organizations looking to achieve greater returns on contingent labor by leveraging centralized contingent workforce management technology.

Overall, the report concludes that contingent workforce management practices vary greatly throughout organizations. A number of common themes were also evident in the report, including the fact that the contingent workforce can be extremely problematic and expensive if not managed properly.

Other key report findings of the survey respondents include:

- 92 percent cite inconsistent costs and a lack of price control a primary “pain point” with their current contingent labor workforce.
- 69 percent are highly concerned about their organization’s compliance with industry regulations such as Sarbanes-Oxley, SEC, FDIC, etc.
- 66 percent are highly concerned about employee misclassification and co-employment risk.
- 50 percent do not know if their company has ever defended itself against a lawsuit associated with contingent labor.
- 33 percent could not report which, if any, department holds primary responsibility for minimizing their company’s risk and liability as it relates to contingent workforce management.
- 21 percent could not estimate their company’s current annual spending for contingent labor in the U.S.
- 18 percent could not estimate the number of suppliers currently providing contingent labor to their company.



Yves Lermusiaux
Founder and President
Taleo Research

Companies in the survey who had implemented a contingent workforce management solution cited reasons including cost/bill rate reduction (32%), visibility and process control (31%) and risk reduction (21%) as key catalysts in their decision to automate the process.

In fact, earlier studies conducted this year by Taleo Research have shown annual savings of more than 20 percent enterprise-wide, through the use of a comprehensive contingent workforce management program, underpinned by technology solutions. According to Taleo Research Founder and President Yves Lermusiaux, "The findings in this report are further proof that significant opportunities exist for organizations to gain control of contingent labor throughout the enterprise.

The impact of improved contingent workforce management can be substantial when supported by comprehensive technology solutions that provide control and visibility into the process." He continued, "Now, more than ever in an area where Sarbanes-Oxley reigns, it is critical that responsible corporations establish comprehensive, well-designed, contingent workforce management strategies."

This survey was conducted in 1H 2005. The key findings in this report are the result of in depth interviews with 25 Fortune 500 companies about contingent workforce management (CWM) programs and management. Companies interviewed represent a broad range of industries including health care, financial services, manufacturing, defense, agriculture and technology.

Taleo Corporation (NASDAQ: TLEO) delivers on demand talent management solutions that enable organizations of all sizes to recruit, assess and manage their workforces for improved business performance.

Taleo's customers use its suite of solutions to improve their talent management processes to reduce the time and costs associated with these processes and to enhance the quality, productivity and satisfaction of their workforces. Taleo currently has more than 300 corporate customers with approximately 475,000 registered users who use Taleo solutions to fill positions in almost 100 countries.

Taleo Research analyzes the best practices and economics of talent management for organizations of all sizes, worldwide. The specialty research practice focuses on business analytics that tie talent management technology and process improvements to financial results. Taleo Research conducts primary research on critical issues of talent management and maintains a valuable library of talent management resources.

Published reports and studies include Quality of Hire, Internal Mobility, Economics of Candidate Relationship Databases, Corporate Careers Site Value Creation, Jobseeker Surveys, and many others. Founded in 1997 as iLogos Internet Intelligence, Taleo Research is the talent management research division of Taleo.