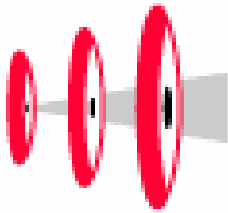


# Workforce Services Procurement: Redefining the Process

## *A Case Study*



F I E L D G L A S S

Jai Shekhawat  
Fieldglass  
Co-Founder & CEO



Bob Stellato  
AIG, Assoc. Director,  
Global Sourcing

# Presentation Overview

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- Introductions
  - Global Sourcing Strategy
  - Technology Strategy
  - The Discovery Channel
  - Partner with the Business
  - Selection Criteria
  - The Solution
  - Implementation Process
  - Benefits
  - Current State
  - Next Steps
  - Keys to Success/Lessons Learned
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# Fieldglass, Inc.

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- Services procurement software firm
- Contract labor & consulting services
- Vendor neutral
- Buyer focused, Supplier embracing
- Management team with blended skills
- Cuts costs, streamlines processes
- Highly configurable with limited need for customization
- Full-featured application with workflow ("req to check")

# American International Group

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- Leading U.S.-based international insurance and financial services organization
- Largest underwriter of commercial and industrial insurance in the United States
- Wide range of commercial, personal and life insurance products in about 130 countries and jurisdictions throughout the world

# American International Group

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- Businesses also include financial services and asset management
  - Aircraft leasing
  - Financial products
  - Trading and market making
  - Consumer finance
  - Institutional, retail and direct investment fund asset management
  - Real estate investment management, and retirement savings products
- Common stock is listed on the NYSE, plus exchanges in London, Paris, Switzerland and Tokyo

# Bob Stellato

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## Associate Director, Global Sourcing

- Design, configure, and implement Global Sourcing project initiatives
- Work with users, Commodity Managers, key suppliers and external consultants to develop business rules and integration requirements
- Develop key metrics/measurements to track savings/improvements
- Develop methods of tracking these metrics on an ongoing basis

# Global Sourcing Strategy

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- Leverage the buying power of the enterprise - save money
- Improve the process for requesting, tracking, monitoring, and reporting
- Reduce the number of suppliers
- Work with smaller number of preferred supplier or single source
- Increase “on contract” buying - reduce “maverick” spend
- Automate the routine
- Leverage technology when possible
- Focus on Total Cost of Ownership

# Technology Strategy

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Use technology to enable programs, process and people.

- Increase productivity
- Better compliance to corporate programs
- Connect people to information
- Connect people to programs
- Connect people to business processes
- Anytime, anywhere while creating a real-time enterprise



# The Discovery Channel

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## Key Stats - American General Temp Labor

- Variety of categories
  - Accounting/Finance
  - Technical support
  - Insurance operations
  - Administration support
  - Culinary services
  - Branding
  - Media services
- 1999 Temp Labor Spend: 50% over budget

“Proof Points”

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# The Discovery Channel

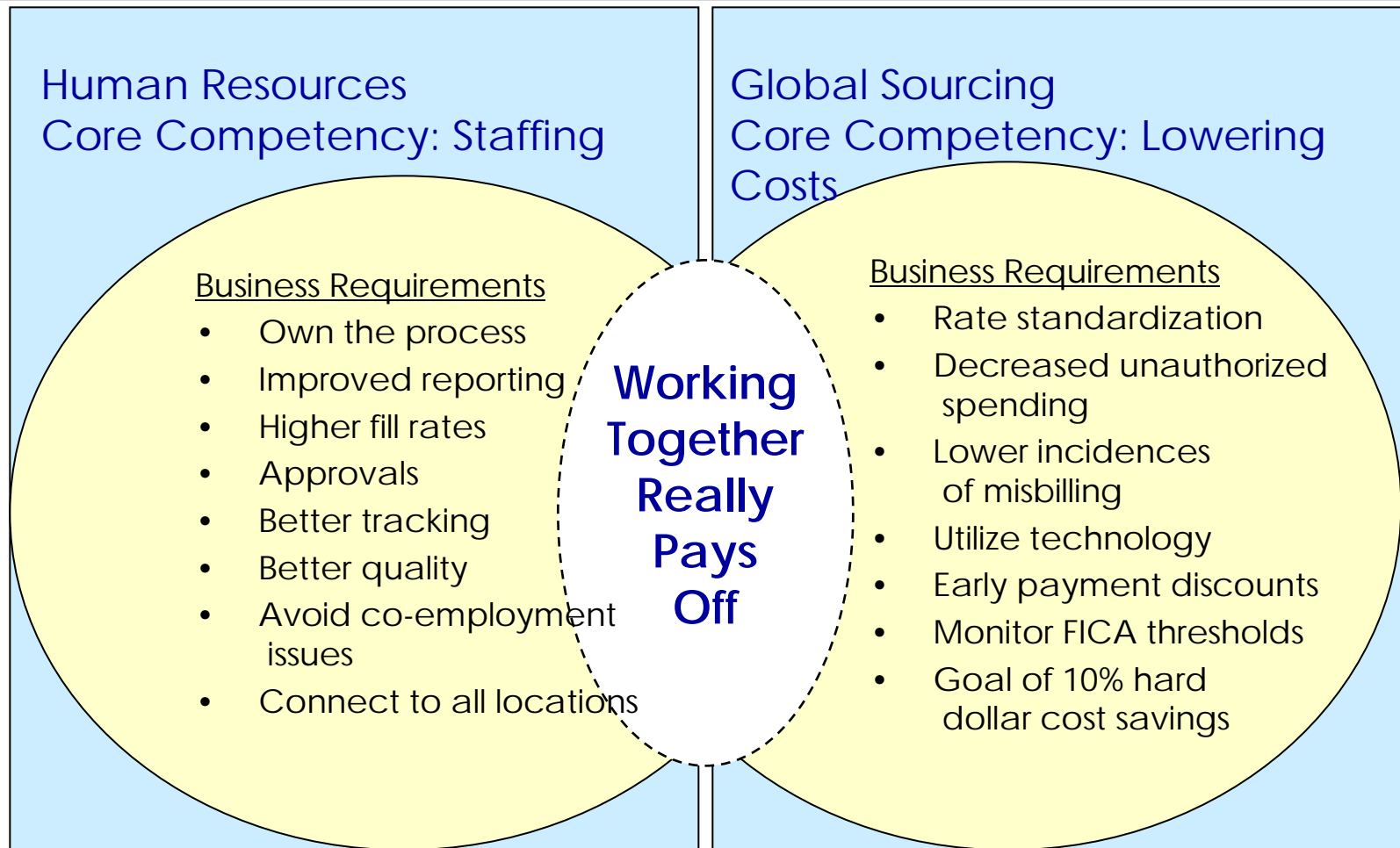
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- 1Q00 variance = \$1.7 million
- 641 Temp position extended past 90 days
- Unable to determine exact length of assignments  
- co-employment
- In 1999 & 2000, over 200 suppliers were used
- Mark up rates ranged from 35% to 68%
- Average annual spend is \$15 million
- Existing approach was inadequate, expensive, and neither repeatable or scalable.

“Proof Points”

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# Partner with the Business



# Selection Criteria

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- Connect employees to the right information, right person or right system.
- Closely link workflow systems.
- Facilitate collaboration between users.
- Speed up business processes.
- Vendor-neutral
- Single point of access
- Integration

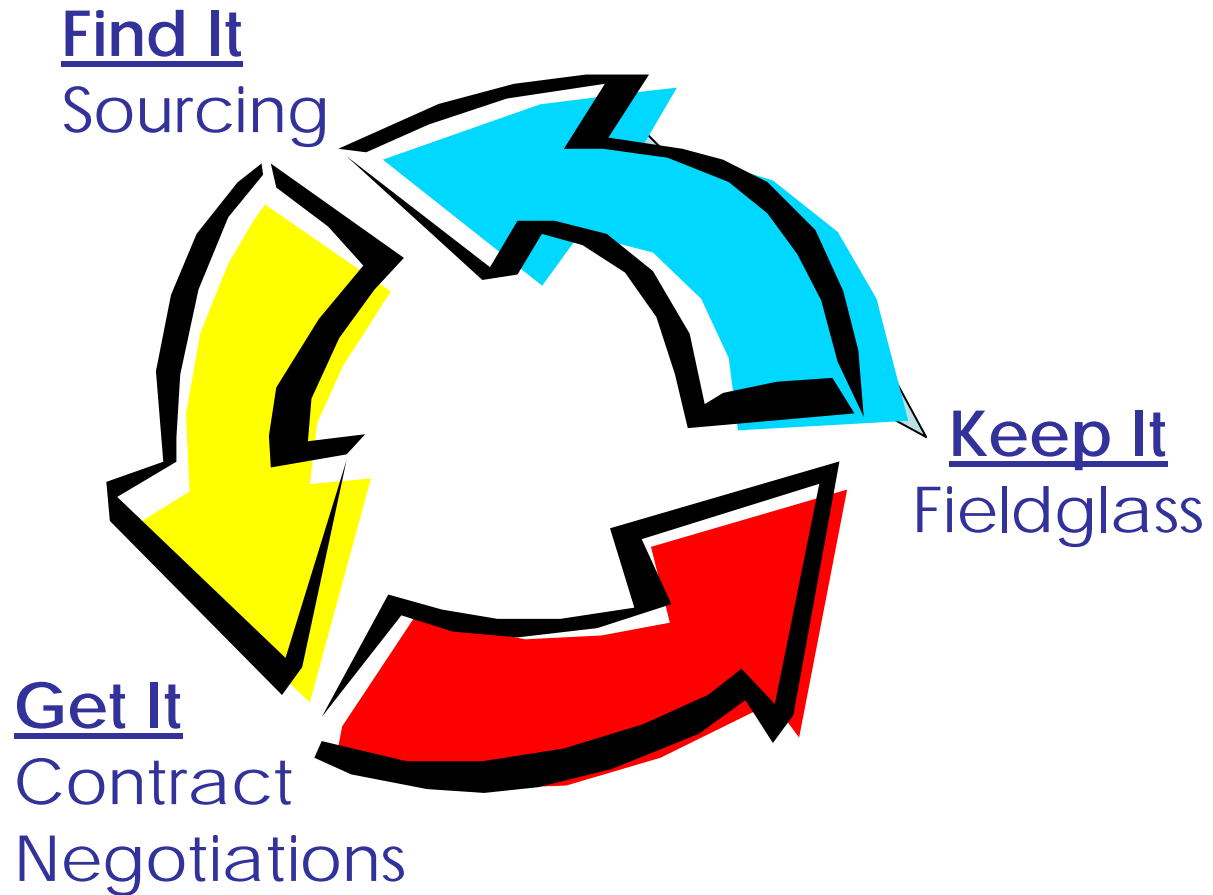
# Selection Criteria

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- Knowledge management
- Content management
- Personalized access
- Security
- Scalable
- User-friendly

# The Solution

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# Implementation Process

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- AIG cross-functional team:
  - IT, Accounting, Human Resources, Global Sourcing, Model Office and Communications
- Fieldglass project plan:
  - Needs Analysis
  - Software Functional Assessment
  - Data Gathering
  - End-User Communication Plan
  - Configuration Documentation
  - User Acceptance Testing
  - Launch Plan

# Fieldglass Benefits

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- Creates a secure private marketplace via the Internet
- Interacts with preferred staffing suppliers
- Streamlines the entire process
- Built in workflow and approvals
- Allows users to conduct side-by-side comparisons
- Meets Human Resources business requirements
- Meets IT business requirements
- Meets Global Sourcing business requirements



# Hard Dollar Benefits

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- Rate reductions - lower mark ups
- Early payment discounts
- Volume thresholds
- Longevity discounts
- FICA thresholds
- Eliminate inaccurate billing
- Reduced maverick spending
- Bonus
  - Improved process
  - Data warehouse
  - Scalable

# Current State



## Utilization Summary\*

- 9 locations
- 3 different companies
- 2 types of services
  - Temp Labor (non-IT)
  - IT Consultants
- 92% reduction in suppliers
- More than 1100 Total Workers
- \$6.7 million invoiced
- \*as of Sept. 26, 2002

# 2002 - 2003 Schedule

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	AG	AIG	SunA
Temporary Workers	Completed	1Q 2003	Completed
IT Contractors	TBD	4Q 2002	Completed

An enterprise-wide contract was signed by AIG in November 2001 allowing all AIG companies and their affiliates access to the favorable pricing structure outlined in the contract.

# Keys to Success/Lessons Learned

- Build your case and document proof points - **“Find It”**
- Create cross function team
- Supplier on-boarding, supplier negotiations - **“Get It”**
- Phase and targeted deployment approach
- Communication and Training

# Keys to Success/Lessons Learned

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- Create an repeatable and scalable process - **“Keep It”**
- If using technology, properly test application
- Business rules built into system
- Automate the payment process - method of payment
- Request feedback and on-going training

# For More Information

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