

Third Party Labor Service Purchase Management for Large Companies

Business Services Vendor Management System

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Edward Jackson
CEO

BIO:
 Edward "EJ" Jackson brings over 20 years of executive management, technology and entrepreneurship experience to Provade. Prior to founding Provade in 2004, EJ served as a Director for Supplier Relationship Management (SRM) Product Strategy for PeopleSoft. EJ joined the PeopleSoft SRM team when SkillsVillage, a company EJ was the CTO and co-founder of, was acquired by PeopleSoft in 2001. SkillsVillage was one of the first

VMS software companies. Prior to SkillsVillage, EJ served in a variety of capacities of IT and management consulting to Deloitte & Touche, Anderson Consulting (now Accenture), DOE, Baxter Healthcare and Perot Systems.

Company Profile:

Provade has been breaking the mold of "typical" VMS application platforms for large and medium-sized businesses for nearly a decade. Built on Oracle's enterprise platform, Provade VMS helps businesses realize significant benefits in their contingent workforce management and services procurement programs.

Founded in 2004 by a team of industry professionals who saw a market opportunity for more effective contingent workforce management and procurement solutions, Provade has developed applications that are used by the world's largest enterprise technology companies, financial institutions, and manufacturing businesses.

**Interview conducted by:
 Lynn Fosse, Senior Editor
 CEOCFO Magazine**

CEOCFO: Mr. Jackson, what is the focus at Provade?

Mr. Jackson: Provade helps large companies manage how they buy third party labor services. That is about as succinct as I could put it. If you look at any large company today, more and more of their work force is third party resources instead of traditional employees. Twenty or thirty years ago, less than twenty percent of the work force was third party. Today, in most companies, it is thirty to as much as fifty percent. There is even a

study by MIT that projects that by 2015, about half of the modern workforce in America will be a third party rather than a traditional employee.

CEOCFO: How does Provade help?

Mr. Jackson: We provide software that helps our customers manage the process end to end. Also, because they are large companies, they have an enterprise resource planning infrastructure that we also integrate into. Therefore, we are a Software as a Service solution that helps companies engage with suppliers and the resources that the suppliers provide that are typically outside their firewall. We allow companies to collaborate with them, leverage their services and manage them while they utilize these resources.

CEOCFO: What are some of the steps that a person who would use your software would take?

Mr. Jackson: In a high level, req-to-check process, we start with the requisition for services that a manager within a large company would make. When I talk about large companies buying third party labor services, line-level managers do the majority of buying – typically tens of thousands of managers in any Fortune 2000 company procure these resources. We provide the software that gives these managers the ability to request these services and resources, get approval, source and award that request. They can track which suppliers they are working with, for which reason, for what type of skill and ensure compliance. The software also lets the customer tie that to a purchase order in their financial system, on-board these resources and provision them – which is a fairly

long process. It enables that resource to begin rendering their service, provides timesheet and project tracking tools and then generates the invoice on behalf of the suppliers for the enterprise. We also help our companies get visibility into the quality and capability of the resources that they are engaging with, so it is not only a service function but offers a management aspect as well.

CEOCFO: Are many companies aware that they need such a service? When does the realization hit?

Mr. Jackson: I think that today most companies are aware; whether they are addressing it is another matter. One of the challenges that we do have is that there is this phenomenon of large companies who are using third-party resources more and more. This has been happening for a couple of decades, but in an accelerated fashion for the past half decade, more than ever. The challenge that we have is the ownership of it, particularly when you get in to a larger organization. Often there is disagreement about whether the process is CEO-owned or CFO-owned. That is because there is a cross over the line of business. The moment of truth comes when they hit critical mass and have the appropriate leadership to actually take action, with full knowledge that this is a real phenomenon and their existing infrastructure and management style is not going to be sufficient.

CEOCFO: How do you reach potential clients to let them know you exist and let them know they should be paying attention?

Mr. Jackson: We take a “block and tackle” approach through channel partnerships and thought leadership. We have a very significant channel partner in Oracle, and we go to market strategically with them. We also have a channel relationship through other parties that provide business services to companies to manage their spend. As I mentioned earlier, the first step is getting companies to act, and the easiest way to do that is to outsource this function. We have five partners that make up

eighty percent of the outsourcing market, and then one or two customers who will actually outsource the functions directly and try and manage it themselves. We also are very focused on defining Provade as a thought leader and taking the lead in active conversations that are going on via the web or blogging, and trying to stay in the forefront by actively participating in the marketplace.

CEOCFO: Are there many companies in this space where they focus the way that Provade does?

Mr. Jackson: Yes. There are a number of companies in this space. But are there any others who approach this space the way that we do? I would say no. Our approach comes from an enterprise perspective. I used to be in Oracle Strategy, and I have a very holistic view of how a large company manages spend and buys things at a high level. While this is a very simple

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– Edward Jackson

statement, it can translate to a very complex process that comprises thousands of categories and multi-billions of dollars of spend for any Fortune 2000 company. To enable this, there is an eight to nine figure investment just in the technology infrastructure alone. Provade’s differentiator is that we approach it from the enterprise perspective. We value that our customers have made this substantial investment in their technology infrastructure. We deliver this cloud solution with the intent to leverage that massive investment they have to “plug and play” into their procurement infrastructure. My competition tends to tackle this more as a stand-alone. They try to promote the value of operating a stand-alone, because that is how they have engineered their offering, rather than being collaborative and integrative. This is what we see as our gift. We take a very holistic view of how our customers conduct business, understand the investment that they

made and act as an extension to leverage that investment; not for them to go and do something completely different that stands alone.

CEOCFO: Does anyone really believe that a stand-alone is better these days?

Mr. Jackson: You would be shocked. Our competition has blogs and white papers and has hired consultants to prove these points. They promote the concept of what they call “fit to function.” As an example: I strongly believe that as a large enterprise, when you buy something, you should have a purchase order for it. That is a very basic premise. There should be basic approval for the items you buy, and this should be tied to accounting. That is what a purchase order is. My competition is actually saying that purchase orders are outdated – that they are from the legacy of bid systems, managed services and “fit to function.” They say, “You should take that spend out of your ERP system and put it into ours.” I think that is crazy, but my competition tries to build a very colorful and creative approach of why customers should move their spend out of their ERP systems – and people buy it.

CEOCFO: You founded the company in 2004. Was this the concept back then and if so what gave you the idea so early on?

Mr. Jackson: Before I started Provade, I founded a SaaS company that was ultimately sold to PeopleSoft. The term “Software as a Service” didn’t exist back then – it was just called ASP. After the acquisition, we shut down the cloud offering and went to the traditional licensed model. We were too early to market with our SaaS approach, but had tremendous success selling this product in the traditional manner. In 2004, the market was ready for Software as a Service. We were able to recognize that now was a better time to approach the market with this SaaS/cloud offering.

A few other shifts have happened in the software world since 2004. The big trend today is big data, with

mobility and social collaboration. To be a competitive player and to evolve you have to have capabilities that support this – and this has become even more important over the last two years. Our customers, from a management standpoint, are really demanding solutions that leverage big data and enhance how they manage the spend. We are investing heavily in mobility, because ninety percent of our users are working from their mobile devices. Social collaboration is part of mobility, and while many users don't think of these key business tasks as "social collaboration," it truly is. We

deal with the hiring managers, the suppliers' salespeople, the actual workers and the program managers within the company. If they outsource the function to a third party, there are a number of players that come in to facilitate this process. That is all the more reason to enable social collaboration within our solutions – to make this process more efficient.

CEOCFO: Why should investors and people in the business community pay attention to Provade?

Mr. Jackson: Provade is very well-positioned to take a leadership role in one of the largest categories of spend in the world. There is an estimated twenty trillion dollars in labor spend. A major percentage of that is in third party services vis-à-vis a traditional employee. Therefore, I think Provade has the strategic and technological foundation to really help large companies tackle this and get their spend under management from an enterprise perspective.



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