

 UNLOCKING TRUE VALUE IN CONTINGENT

LABOR PROCUREMENT

WHY SPEND AGGREGATION ALONE ISN'T ENOUGH



sapience
workforce intelligence

The Value Proposition of Sapience Workplace Intelligence

As organizations increasingly depend on contingent labor and third-party services to augment and scale their workforce, gaining clear visibility into labor spend has become an essential business priority. To address this challenge, many enterprises are developing a centralized labor spend database—a “super database”—to aggregate and analyze third-party labor costs. Such investments promise significant benefits by offering enhanced spend visibility, improved negotiation leverage, and stronger category management.

However, while spend aggregation is an important step, it addresses only part of the external labor workforce problem. The underlying data feeding this database primarily consists of self-reported hours submitted by suppliers and approved by managers with limited validation. This fundamental reliance on unverified inputs creates a hidden vulnerability that risks undermining the entire initiative’s value. Without simultaneously addressing this data blind spot and the accuracy of labor hours, companies risk basing strategic decisions on incomplete or inaccurate data.

At Sapience, we believe the greatest and fastest path to unlocking transformative value lies in closing the gap between self-reported time and actual time worked. Our SapiencelQ platform complements existing spend database initiatives, and delivers faster, deeper, and more sustainable cost savings.

The Promise and Limitations of a Labor Spend Database

A comprehensive labor spend database is a strategic move that aligns with industry best practices. By centralizing fragmented spend data from multiple suppliers, business units, and regions, companies gain a powerful tool to analyze total contingent labor expenditure, identify savings opportunities, and better manage supplier relationships. This visibility forms a vital foundation for improved procurement strategy and compliance oversight.

Yet, this database’s value is ultimately constrained by the quality of its inputs. The reported hours - approved within a Vendor Management System or similar platforms—are predominantly self-reported by suppliers. While manager approvals are intended as a checkpoint, the reality is that approval processes often lack rigorous verification due to managerial bandwidth constraints, limited visibility into day-to-day supplier activities, and the routine nature of timesheet sign-offs. The systems facilitating this workflow were not designed to validate time, only to collect and record it.

Consequently, the data feeding a super database of this information is vulnerable to inaccuracies such as inflated hours, unproductive time, or misaligned work efforts. When strategic decisions or cost-saving initiatives rely on this imperfect foundation, leaders risk overlooking significant waste and inefficiency within their total contingent labor spend.

How The Sapience Platform Works

SapiencelQ is a non-invasive, enterprise-grade platform that passively collects activity data from endpoints such as laptops, virtual machines, and desktops used by third-party labor. The system captures signals such as active application usage, mouse and keyboard interactions, and time spent in work-relevant tools to build a comprehensive picture of how work is being performed.

The data is aggregated, anonymized where necessary, and visualized through dashboards that give procurement teams, operations leaders, and supplier managers a fact-based view of work patterns, productivity trends, and time utilization. SapiencelQ is designed to empower organizations with accurate, privacy-conscious data to make better business decisions. The platform can integrate seamlessly with existing VMS and project management systems, and enhance current workflows. SapiencelQ enables organizations to validate reported time, improve supplier accountability, identify high-performing vendors, and uncover hidden productivity losses. As a result, companies are able to realize measurable cost savings - often exceeding 30% - within months of deployment.

MEASUREABLE COST SAVINGS OPPORTUNITIES



A Roadmap to Unlocking Full Value

Deploying activity-based monitoring and validation solutions allows companies to assess the integrity of reported hours and identify real-time discrepancies. To maximize the return on investment in labor spend management, consider SapienceIQ to objectively assess labor hours in high-spend categories and drive immediate cost savings.

By investing in time validation tools that measure employee engagement, application usage, and work patterns, leaders can correlate supplier-reported hours with actual labor activity. These insights enable swift identification of anomalies and potential over-billing, as well as support continuous supplier performance improvement.

Understanding the Hidden Gap: Why Self-Reporting Time Can Be Misleading. The Reality of Time Validation Today

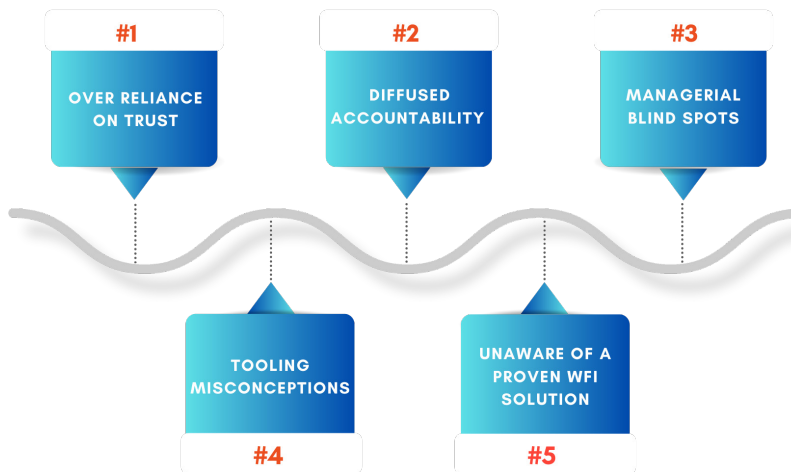
Most labor-based services rely on supplier self-reporting and manager approval to validate time – a process riddled with risk. In many organizations, the process looks like this:

- A contractor enters their hours in a Vendor Management System (VMS)
- A manager approves the time based on a general sense of the work done
- The invoice is paid, often without deeper scrutiny

This approach assumes trust but lacks objective verification. The tools and processes involved are designed for tracking and automation – not authentication. Despite an awareness of this vulnerability, the vulnerability persists due to:

- Over reliance on trust – supplier relationships are often long-standing and trusted, leading to a reluctance to independently verify time entries other than the manager with only a general sense of the contractor workdays
- Diffused accountability – procurement, business units, and finance all play a role; but none clearly responsible for validating time
- Managerial blind spots – managers lack tools, time, and an independent reliable data source to verify time cards and as a byproduct, approvals become routinely automatic
- Tooling misconceptions – many companies believe their VMS or ERP system is enough, mistaking workflow automation for oversight
- Not aware there is a proven workforce intelligence solution like Sapience that has delivered hundreds of millions of dollars of direct value to many of the world's largest companies

VULNERABILITIES OF TODAY'S TIME VALIDATION APPROACH



The core challenge is that supplier self-reporting, combined with manager approval, does not guarantee that billed hours equate to hours actually worked or value delivered. Suppliers often operate under hourly billing models that create inherent incentives to maximize logged hours. Meanwhile, managers tasked with approving timesheets typically lack real-time insight or objective data to validate whether the recorded hours truly reflect productive effort – and in too many cases, whether billed work occurred at all.

Without the right tools and approaches, validation efforts become either superficial or resisted, leaving the approval process a procedural formality rather than a meaningful control. Ignoring this gap exposes companies to financial risk through overpayment for unworked or under-delivered time, contract overruns, and diminished supplier accountability. It also hampers the ability to shift procurement models toward outcome or deliverable-based agreements, which represent a growing best practice for managing contingent labor.

Why Addressing Time Validation is the Bigger Opportunity

While a labor spend database delivers valuable insights into what is being spent, validating how that money is earned through verified actual labor reporting is the critical missing piece that unlocks greater and more immediate savings. The ability to objectively measure and confirm time worked enables organizations to detect and eliminate over-billing, hold suppliers accountable for performance, and improve contract compliance and negotiations with data-backed evidence.

Furthermore, time validation empowers managers with the tools to make more informed approval decisions, moving beyond routine acceptance to critical review. It also facilitates the transition to hybrid or outcome-based contracts that focus on deliverables rather than hours logged, fostering a more collaborative and results-driven relationship with suppliers.



About Sapience Workforce Intelligence

See how work really happens — across your entire workforce.

Sapience Workforce Intelligence provides enterprise leaders a continuous, objective view into how work gets done — across all workforce types, including full time, contingent, onsite, remote, and hybrid teams.

Our privacy-first platform, **SapiencelQ**, translates digital work signals into actionable insight — helping organizations align workforce resources more effectively, optimize labor costs, improve performance management at scale, and prepare for the AI economy.

Trusted by global leaders in banking, insurance, financial services, technology, healthcare, energy, and more,

SapiencelQ brings clarity to workforce strategy in today's most complex environments. Explore more at **sapienceanalytics.com**

