Surviving in a World of VMS
NACCB Conference Presentation
November 2, 2006

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Helping companies achieve higher profitability through the application of sound business principles and disciplined management techniques.

Surviving in a World of VMS

I. This Ain't Your Daddy's Market – The Maturation of IT Services

- What are the Characteristics of a Mature Industry?
  - Buyers are more knowledgeable
  - Growth of market at slower pace
  - Regional differences more pronounced
  - Different types of suppliers – Big Money / Offshore
  - More pressure on rates and margins
  - Much more difficult for marginal suppliers

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II. Key Market Bifurcation Issue – VMS or Non-VMS

- VMS – Eighty Percent of Fortune 500
  - Control / Deny access to decision maker
  - Set rates and/or margins
  - Determine vendor list
  - Determine what candidates get exposure
  - Recruiter-centric environment
  - Large volume potential
  - Low gross margin potential

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- Non-VMS Mid-Market and Some Large Firms
  - Traditional Client/Vendor Relationships
  - More market driven rate structure
  - Less structured buying approach
  - Tend to be more quality oriented
  - Sales-centric environment
  - Lower volume potential
  - Higher gross margin potential

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III. What Do Current Market Realities Mean to Me?

- Requires more sophisticated management going forward
- Must know strengths and weaknesses – personal and corporate
- Each segment needs its own business model
- Done right – either segment can be serviced profitably

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IV. Basics of Each Business Model

- VMS Model
  - Much smaller sales force
  - Less sales emphasis on in-depth client relationship
  - More robust recruiting effort
  - More numbers oriented recruiting effort
  - Pressure to achieve high revenue volume
  - Low cost of delivery essential
  - Emphasis on systems

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- Non-VMS Model
  - Sales emphasis on client partnerships / strong relationships
  - Recruiting emphasis on delivering quality
  - High-touch approach to clients
  - Pressure to deliver high margins through quality
  - Requires training and disciplined management
  - Emphasis on excellence

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v. Conclusions

- Not the gold-rush days of 80's and 90's
- Still a great, exciting business
- Money to be made in both segments
- Will always be a place for well managed boutique firms

Questions ???

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