Field Nation: A Winning Proposition for OEMs

Difficulty Navigating the Challenges of Seasonal Demand

Freelancer Management Systems (FMS) are not just a platform for small and mid-sized Third Party Maintenance (TPMs) companies. While FMS solutions can help these field service companies become more flexible and gain access to new talent, they also provide tremendous benefits to large Original Equipment Manufacturers (OEMs).

Approximately nine years ago, Fujitsu North America, a leading provider of technology solutions and multivendor services, undertook a strategic initiative to mitigate the high cost of field service delivery. At issue, Fujitsu was experiencing a challenge with managing the peaks and valleys of their field service demand, which was being driven by seasonality factors within the retail industry. Typically, Fujitsu had experienced peak demand for project work (e.g., roll-outs, moves/adds/changes, and installations) during a retailers' slow season. While this occurred for obvious reasons, it was too costly for OEMs like Fujitsu to staff based on peak demand and doing so resulted in a money-losing proposition. On the other hand, staffing based on the valleys or average needs resulted in annual monthly demand levels that led to Fujitsu missing SLA targets and losing customers.

Scalable Success

Fujitsu found that it can balance out the peaks and valleys in demand for projects by implementing a Variable Workforce (VWF) model. The company turned to the online marketplace and FMS platform developed by Field Nation to obtain the freelance technicians needed to support this new business model. As a result, Fujitsu could focus its fulltime technicians on emergency demand work.
The Best of Both Worlds

Fujitsu’s success with the platform led them to utilize it for another part of their service business known as Technical Courier. This involves dispatching a freelance technician to a customer site to install and replace parts that have already been delivered via an advanced exchange program. The service was developed from a segment of Fujitsu’s customer base that wished to receive the financial benefits that came from an advanced exchange model. However, the client lacked the on-staff personnel needed to properly replace defective parts and return them back to Fujitsu. Technical Courier services supplied through the Field Nation platform allows Fujitsu to offer its customers the best of both worlds.

Extraordinary Financial Benefits

The financial benefits of using the Field Nation platform for Fujitsu’s project work and Technical Courier services are numerous. According to Ray Caul, Vice President of Retail Managed Services, Fujitsu has been able to reduce their costs by 33% per technician and harbor results in several areas. First, the labor rate of a freelance technician is approximately 50% lower than the fully-burdened hourly rate of a full-time employee. Second, freelance technicians are paid a flat rate per assigned job so Fujitsu does not have to pay freelance technicians for their travel time. As a result, utilization levels are higher and travel costs are non-existent, which has resulted in a 15% cost savings per job. Additionally, Fujitsu is able to sidestep the costs associated with recruiting and interviewing freelance technicians and is no longer tasked with having to finance background checks for new candidates - the individual freelancer is responsible for covering this fee as part of using the Field Nation platform, and research suggests the cost of recruiting a new hire can be as much as $5,000 per person. Finally, the platform functions as sort of farm league system to groom freelance technicians for a full-time role at Fujitsu as positions become available.

The net impact of these benefits is that Fujitsu saves approximately $35,000 per technician. This is representative of the total administrative, direct labor, and overhead costs associated with bringing on new technicians and keeping them on payroll for one year. Caul reports that the average cost for a freelance technician is 34% lower than the cost of a W-2 technician and the economics of using the Field Nation platform acts as a cost avoidance as opposed to a cost savings since they would incur these costs either way. By using Field Nation’s FMS platform, Fujitsu is able to avoid the higher cost associated with maintaining a W-2 workforce, which has proven to be a smart business decision for both the company and their customers.

$35,000 in savings per technician
50% lower labor rates