UNLOCKING THE NEXT WAVE OF INNOVATION IN SUBCONTRACTING

Read more about subcontractor management

Rapid advances in technology are enabling a new framework for productivity and value creation in the waste and recycling industry. This framework is the driver for a new wave of innovation in how waste operations are structured and managed.

Alongside this, the commercial pressure to run a more agile business has resulted in the emergence of a new brokerage business model, that of, connected subcontracting. With this approach, the waste operator is closely networked to the subcontractor for the exchange of real-time information allowing a more responsive data-driven working relationship.

Emerging Trends

Connected subcontracting is made possible by several underlying industry and technology trends.

The Agility Imperative

The waste and recycling industry is constantly under pressure to produce more with less people and less expense. This increasingly means that waste operators need to be more responsive to change, and agile in their business processes. This drives the adoption of new automation technologies and the business models that they support.

Data-Driven Decision Making

Traditionally in the waste industry, work is often subcontracted based on informal employee relationships with suppliers. It is generally done in an unstructured way were known or referred suppliers are asked to quote and then, based on a 'gut feel' assessment of quality against price a subcontracting decision is made.

With this approach, the level of subcontracting an operator can support is closely linked to their employee headcount. It holds back growth and stifles continuous improvement. It also results in un-auditable decisions being made which effectively mean that the organization can't learn from previous mistakes or previous successes.

The emerging approach is to restructure this decision-making process and make it instead based on recorded data. The first step in this process is to put mechanisms in place to capture and store 'pillar' data for; supplier service profiles, pricing and quality.

With a data-capture process in place, performance metrics are then established from which scoring mechanisms can be derived. These are typically based on response times and the proportion of jobs successfully completed.

The data driven approach now facilitates a structured approach to awarding contracts which encompass both pricing and a comprehensive assessment of supplier risk. It is a scalable approach that supports long term growth by the waste operator, independent of employee headcount.

Cloud Enablement

The delivery of agile data-driven decisions is only enabled by the emerging shift to cloud-based services. Every waste operation and every driver is now a data-capture channel that feeds into decision making and process improvement.

The cloud is also an enabler for real-time data sharing between trading partners. Where, in the past information was shared using paper, emails or phone calls, now data can be moved between partners in near real-time. This capability is the cornerstone of connected subcontracting.

CONNECTED SUBCONTRACTING

Enabling Innovation

To achieve connected subcontracting a number of technology led building blocks need to be in place. These building blocks are the enablers to supporting real-time transactions and data driven decision making.

The Procurement/Supplier Network

With connected subcontracting, trading partners are treated as a single dynamic network of waste operators. Links are then formed between the primary operator and the subcontractors in the network with attributes such as 'trust levels' assigned to each linkage.

The formation of a network becomes the backbone of the data driven connectivity and supports the rapid exchange of data in a secure and structured manner. It also builds modern due diligence practices into the very foundation of the network.

This form of responsive trading enables zero-touch procurement. For example, if a new customer is recorded on the operations software of a waste operator, it can be automatically assigned to a subcontractor based on the stored profile, the work can then be completed and finally invoiced before further human interaction is required.

The Marketplace

With a supplier network in-place between the waste operator and subcontractors, the objective then becomes to reach an efficient free-market for waste services. This free market increases competition between subcontractors and drives greater productivity for all parties.

Because decision making is data-driven and due-diligence is baked into the supplier network itself, the overall velocity of transactions can increase safely, to much higher levels.

This can be achieved, for example, by implementing dynamic reverse auctions for waste services among the subcontractor network. In these auctions subcontractors bid for the waste operators business, with the lowest price (at the defined quality level) winning.

Enterprise Social Network

There is always a proportion of activity that resists automation. This is the portion made up of exceptions and complex problems that inevitably require human intervention.

To support this activity and bring it into the data-driven framework a communications platform needs to be established where the problem solving occurs in a structured auditable manner, allowing potential future learning and streamlining.

In practice, this involves setting up a supplier contact center to manage supplier interactions. In much the same way that customer contacts are logged, tracked and managed, supplier contacts should also be managed.

With this more structured approach, in time, the proportion of jobs requiring human intervention will fall even further. In this manner waste operators can leverage people to drive greater levels of productivity.

Connected Subcontracting in Practice

With the building blocks in place, delivering connected subcontracting requires change to the overall subcontracting process.

The first stage is profitability analysis. This is where the service or job is analysed based on previous performance to determine if it should be subcontracted and if so how. Ideally this stage should include analysis of the job against route planning data to determine profitability in the wider context of other nearby or related jobs.

With a subcontracting decision made, the next stage is selection of the appropriate subcontractor. This can either be done by selecting a subcontractor based on a quality/price determination or by conducting a competitive auction for the business.

The relationship management stage is the mechanism by which the waste operator communicates with the subcontractor and overall contractual terms are agreed. As before, this stage should be auditable and data-driven with as little unstructured (email/phone) communication as possible.

With a working relationship established, the emphasis now moves to day-to-day operations. This includes allocating work orders out to subcontractors and receiving confirmations back. This is the stage where integration of software systems and processes between the two parties becomes critical.

The last stage in the process is supplier invoicing. These invoices should be generated from the source work orders by the subcontractor. In this way, they are fully matched invoices from the point of creation. If the subcontractor needs to deviate from the work order terms then this should be an exception to the process, resulting in an unmatched invoice requiring manual intervention. The number of unmatched invoices should be minimised wherever possible and should be treated as the exception rather than the norm.

Connected Subcontracting With AMCS

To achieve connected subcontracting a number of technology-led building blocks need to be in place. These building blocks are the enablers to supporting real-time transactions and data-driven decision making. These solutions facilitate the exchange of information into and out of waste operator operations software. For subcontractors, they support receiving and sending information in a wide variety of ways including from their own software systems to mobile devices, file transfer and web portals.

Subcontractor Portal

The AMCS subcontractor portal is a web-based management tool for subcontractors to receive jobs from waste operators. It includes support for self-service subcontractor pricing and profiling where the burden of maintaining this information is transferred to the subcontractor.

It also includes full support for auctions where subcontractors can bid for your business. This approach has been shown to result in up to 20% cost savings on subcontracted work and up to 60% savings on job processing activity.

AMCS Mobile

Smaller waste operators often do not have the necessary in-cab technology to support connected subcontracting and to that end AMCS provides the AMCS Mobile solution which is an Android based app that facilitates receiving and completing jobs on a handheld device.

Data Exchange

The AMCS data exchange facilitates real-time exchange of data between the backend systems of waste operators. This allows the real-time, hands-free, transfer of jobs out to subcontractors and the real-time receipt of confirmations and invoices back. The use of the data exchange results in a dramatic reduction in job and invoice processing costs.

About AMCS

AMCS is the leading supplier of integrated software and vehicle technology for the waste, recycling and material resources industries. We help over thousands of customers to reduce their operating costs, increase asset utilization, optimize margins and improve customer service. Our enterprise software and SaaS solutions deliver digital innovation to the emerging circular economy around the world. AMCS solutions reduce the paperwork, time and costs of operating waste, resource management and recycling businesses. We optimize transportation, assets, back office and processing operations with clear visibility mobility and decision support

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