

# Subcontractor Management

Extend visibility and ensure compliance beyond your primary contractors



Modern supply chain has become increasingly multilayered in nature. Larger projects, higher resource demands, and specialized skills requirements have made contracting frameworks more collaborative than ever. At least 38% of suppliers in the Avetta network rely on subcontractors for the provision of works and services to their clients. However, it is challenging to know which subcontractors are working on your projects, who are compliant with your requirements, and how your prime contractors are managing them.

## Organizations still have difficulty performing due diligence on key suppliers beyond tier 1

Half of organizations fail to carry out sufficient due diligence on key subcontractors in tier 2

Percentage of organizations who seek to understand the BC arrangements of key subcontractors

Tier	Yes, for some	Yes, for all
Tier 1 subcontractors	<b>49.4%</b>	<b>32.5%</b>
Tier 2 subcontractors	<b>18.5%</b>	<b>32.1%</b>
Tier 3 subcontractors	<b>9.0%</b>	<b>19.2%</b>
Tier 4 and beyond subcontractors	<b>7.6%</b>	<b>10.1%</b>

Figure 1: Risks lurking at lower supplier tiers  
(Source: BCI Supply Chain Resilience Report 2021)

## The source of disruption for non-COVID-related supply chain events in the past 12 months

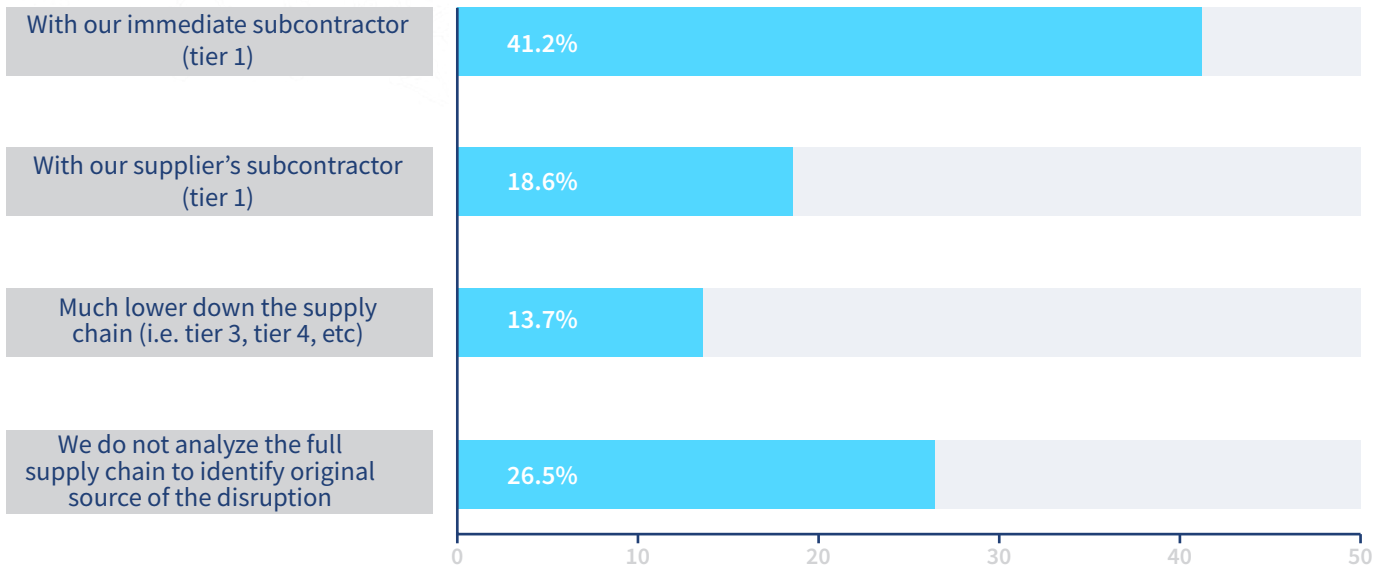


Figure 2: The predominant source of disruptions across non-COVID-related supply chain events in 2020  
 (Source: BCI Supply Chain Resilience Report 2021)

## Subcontractors Risk Profile

With each subsequent tier of subcontractors, operations and associated responsibilities tend to move beyond the visibility scope of hiring organizations. Such circumstances can make it difficult for you to gauge the potential risks arising from your tier 2 and 3 subcontractors, let alone mitigate them. The following are some of the most common risks posed by subcontractors which continue to challenge supply chain resiliency:



### Health and Safety Issues

Increased exposure to safety risks and lack of proper controls can often result in an injury or fatality which can have serious implications for a company.



### Workplace Safety Violations

Often companies have little to no insight on the safety standards followed by tier 2 and tier 3 subcontractors.



### Liability Risks

Extended network of subcontractor can often be susceptible to several types of risks in the form of health and safety, cybersecurity, and ESG non-compliance, for which the parent organization is often held liable.



### Legal and Regulatory Violations

Violations stemming from poor management of subcontractors include conflicting material usage, corruption, inhuman working conditions, and data abuse.



### Data and Identity Theft

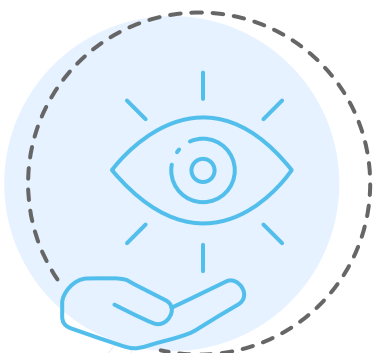
Even companies that manage their own data with the most robust security firewalls may fall victim to hackers if their third-party vendors utilize the information through less secure systems.



### Reputational Damage from Unethical Practices

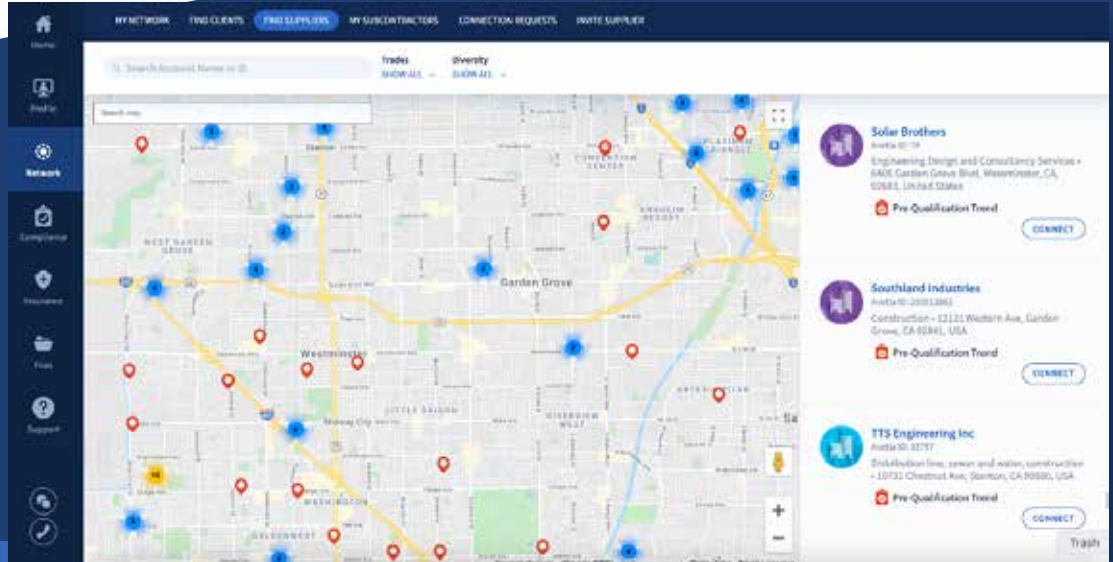
Companies may risk facing costly sanctions or suffer from reputational damage while unknowingly working with subcontractors indulging in unethical work practices.

## Gain complete visibility of your extended enterprise with Avetta's Subcontractor Management solution

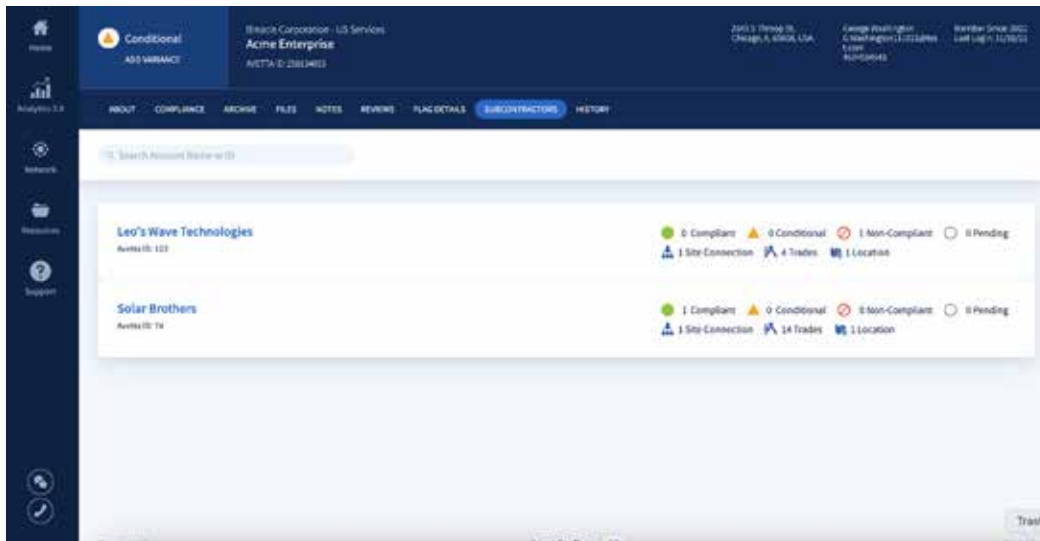


With Avetta's Subcontractor Management solution you can gain complete visibility into your connected suppliers' subcontractors. The solution allows clients to view a supplier's subcontractors' compliance status and manage their compliance status through variances. Suppliers can search for and add subcontractors to their network in the Avetta Connect™ platform to source them for their clients' jobs. Suppliers who have subcontractors connected to them in the Connect platform are referred to as "Prime Contractors" to indicate that they manage subcontractors versus those suppliers that do not.

# Solution Dynamics

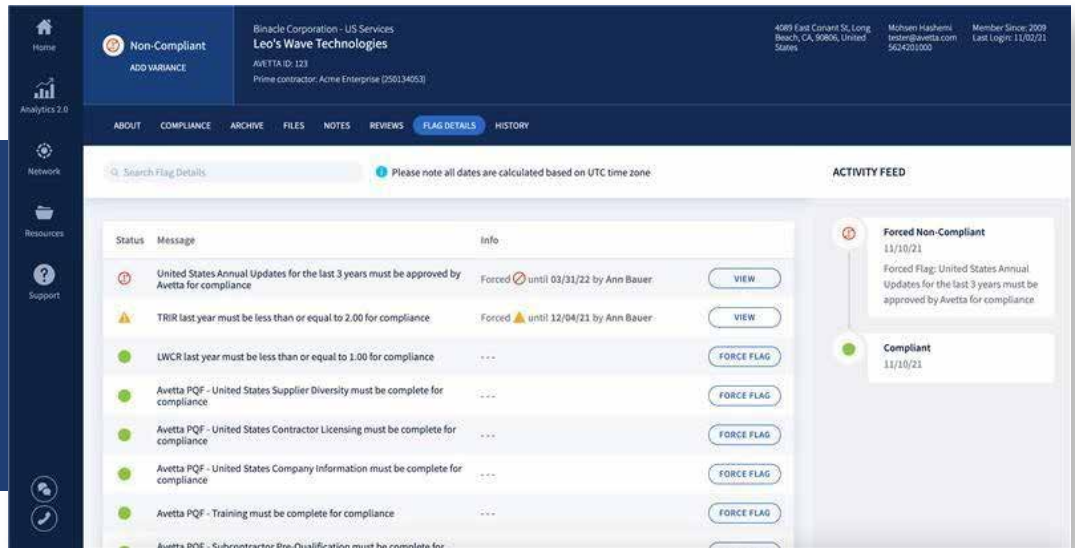


Prime contractors use the same location and filter-enhanced search as clients do to find subcontractors across the globe



Get a quick snapshot of all the subcontractors working for a specific prime contractor

Drill down into a subcontractor to view all account and compliance details



## Benefits



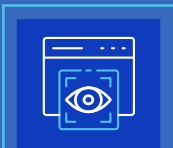
### Faster Time to Value

The subcontractor doesn't get turned away from performing the work because they are not in Avetta and can comply prior to working which reduces the admin burden to the client and suppliers can readily see which subcontractors meet the requirements upon connection.



### Simple User Interface

Avetta's subcontractor management solution exists behind a feature toggle. Turn it on and it's done. No one-off configurations needed.



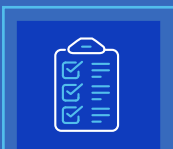
### Deeper Visibility

View connections, trades, location, and compliance information for all the subcontractors.



### Streamlined Subcontracting Process

Primary suppliers can easily discover, INVITE, and connect with new subcontractors to work on your projects.



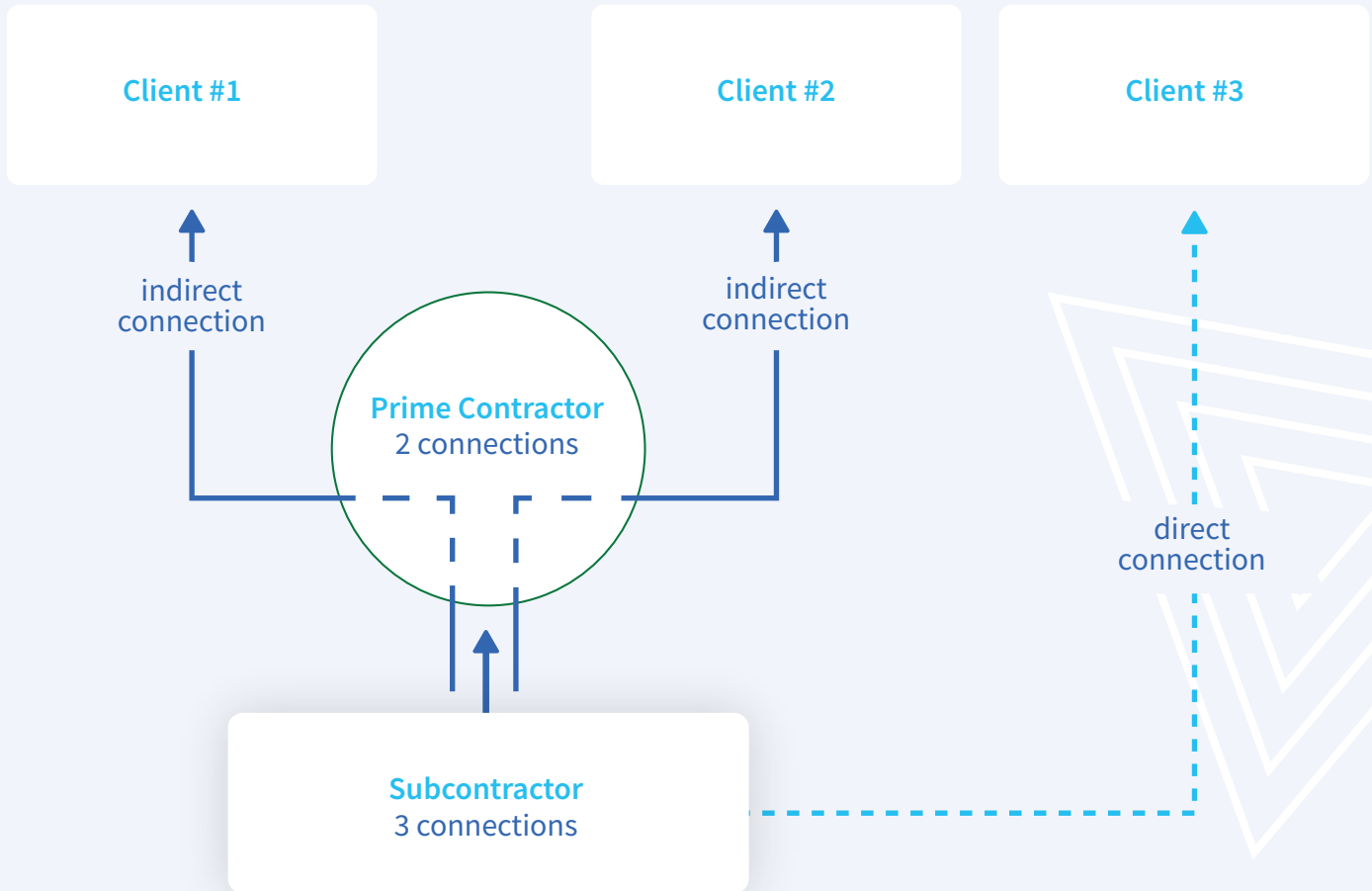
### Consistent Compliance Adherence

Subcontractors go through the same level of prequalification and compliance requirements as your prime contractors, ensuring consistency.

**The scenario below shows an example of how subcontractors are billed by the number of client connections that they have.**

## Sub to Sub Relationship

Prime Contractor connected to 3 clients

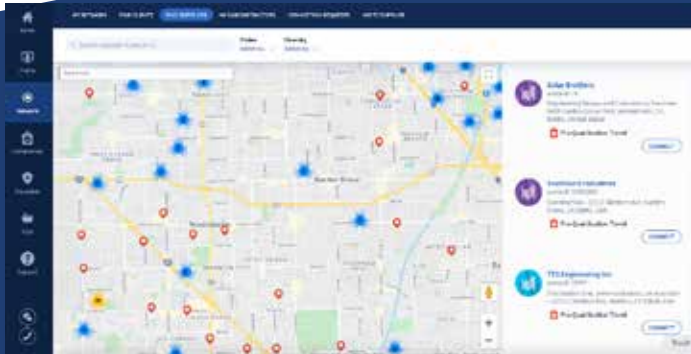


In this scenario, the Subcontractor is connected to three client sites. Despite the connections with Client #1 & Client #2 being through the Prime Contractor, the Subcontractor is still responsible for all 3 connection fees to Avetta clients (Client #1, Client #2, and Client #3).

# The Value Add

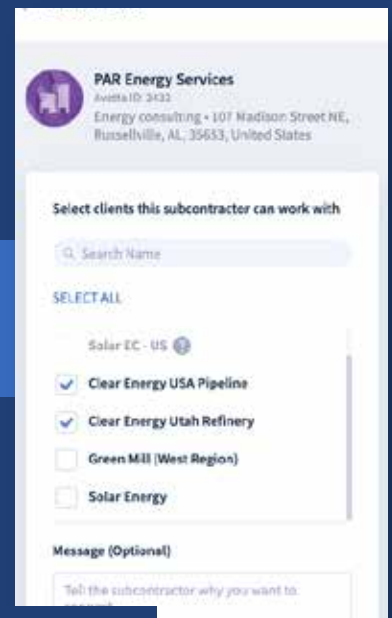
## For Suppliers

Level up capabilities by discovering and managing subcontractors

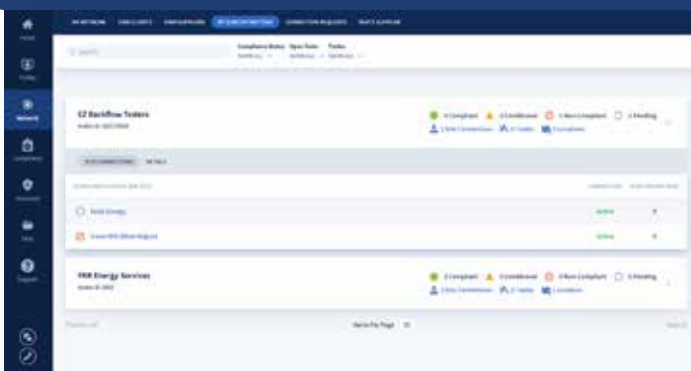


Discover new subcontractors

Select the Clients to assign to the subcontractor. Client requirements are automatically configured once the connection is made



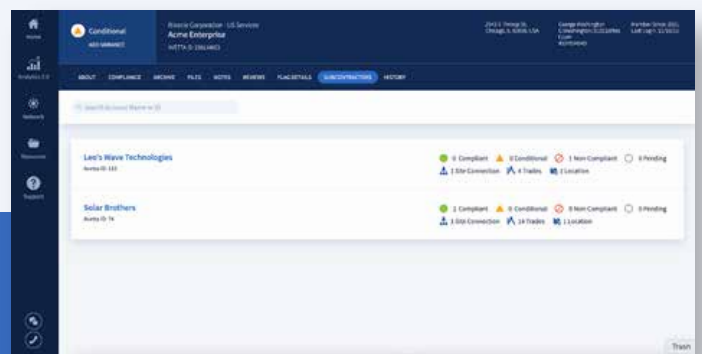
Centrally manage all subcontractors

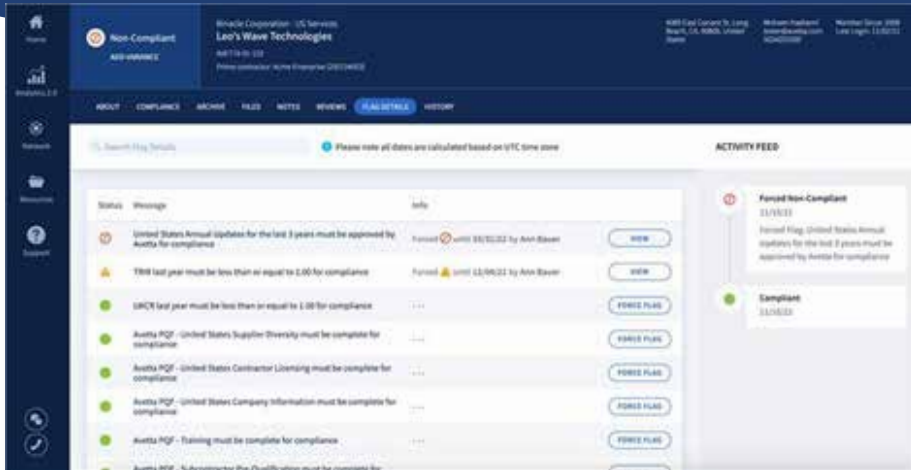


## For Clients

Gain complete visibility at the Subcontractor level

View subcontractor information across supply chain





Track and ensure compliance for every subcontractor

## Gain Visibility Down to the Subcontractor Level with Avetta Subcontractor Management

[Request a Demo Today](#)

### About Avetta

The Avetta SaaS platform helps clients manage supply chain risk, and their suppliers, to become more qualified for jobs. For the hiring clients in our network, we offer the world's largest supply chain risk management network to manage supplier safety, sustainability, worker competency and performance. We perform contractor prequalification and worker competency management across major industries, all over the globe, including construction, energy, facilities, high tech, manufacturing, mining, and telecom.

For suppliers in our network, our audit and verification services help lower their safety incidents rate by 29%. As a result, more than one-third of members find additional job opportunities within the first year of joining. In addition, our suppliers receive privileged access to the Avetta Marketplace, where dozens of partners offer special discounts for business services like insurance and work gear. Avetta serves more than 500 enterprise companies and 125,000 suppliers across 120+ countries.