Modern supply chains have become increasingly multi-layered in nature. Larger projects, higher resource demands, and specialized skills have made contracting frameworks more collaborative than ever. At least 38% of suppliers in the Avetta network rely on subcontractors for the provision of services for 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 business continuity arrangements of key subcontractors

<table>
<thead>
<tr>
<th>Tier</th>
<th>Yes, for some</th>
<th>Yes, for all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1 subcontractors</td>
<td>49.4%</td>
<td>32.5%</td>
</tr>
<tr>
<td>Tier 2 subcontractors</td>
<td>18.5%</td>
<td>32.1%</td>
</tr>
<tr>
<td>Tier 3 subcontractors</td>
<td>9.0%</td>
<td>19.2%</td>
</tr>
<tr>
<td>Tier 4 and beyond subcontractors</td>
<td>7.6%</td>
<td>10.1%</td>
</tr>
</tbody>
</table>

Figure 1: Risks lurking at lower supplier tiers
(Source: BCI Supply Chain Resilience Report 2021)
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 the hiring 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.
Just like clients, prime contractors utilize the location and filter-enhanced search tools to find subcontractors across the globe.

Get a quick snapshot of all the subcontractors working for a specific prime contractor.
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
In just a few clicks, you can 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 upcoming projects.

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

Benefits

Faster Time to Value
Subcontractors not in Avetta can view requirements and comply prior to working which reduces the admin burden for the client. Additionally, 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
In just a few clicks, you can 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 upcoming 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
- Allow Clients to select 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
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.