Independent Workforce Engagement FAQs for Cisco Managers

GENERAL PROGRAM INFORMATION

Cisco engages independent professionals—commonly known as contractors, consultants, freelancers, small services providers, and non-employee workers—to deliver specialized services. These independents provide Cisco with workforce flexibility and subject matter expertise that can augment the abilities of its full-time staff.

In short, independent professionals help Cisco compete in the ever-escalating war for talent—and it is critical that Cisco engages them safely and efficiently.

Why does Cisco use a program for engaging independent workers?

A consistent independent workforce engagement program promotes enterprise-wide process consistency, improves productivity, controls costs, increases visibility into provider relationships and spend, and mitigates the risks associated with using independents—most notably, independent contractor reclassification.

Reclassification can occur when the IRS or state tax authorities determine that independents working for a client do not meet the necessary criteria to engage as qualified vendors (or "independent contractors") and be paid on a "1099" basis. These authorities may then **reclassify** them as employees, which frequently results in significant penalties and back-tax payments for the client. Reclassified workers may also try to recoup back-benefits through class-action lawsuits, which could prove very damaging to Cisco and its reputation, brand, and bottom line.

How will this program remove these risks?

The program ensures that only independent professionals who meet all appropriate qualification requirements may engage as vendors. All others must either work with MBO to establish a qualified business or engage as reclassification-safe payrolled employees of MBO Partners.

This eliminates Cisco's reclassification risk entirely and minimizes other risks, such as class-action lawsuits and business liability risk.

Which independents are appropriate for this program?

All professional internally identified independents (i.e., those not recruited or sourced through a staffing company) must engage through this program. This includes individuals and small businesses.

Important: Incorporated entities and former employees are **not exempt** from this program. If you have questions concerning whether a worker you wish to engage is appropriate for this program, please contact arembelo@cisco.com.

Do I need to engage former Cisco employees, who are now contractors, through this program?

Yes. Former employees are no different from any other contractor for the purposes of this program. In fact, former employees working as contractors are often one of the most decisive "red flags" for reclassification in the eyes of the IRS.

Please note that a six-month break in service is required before a former Cisco employee may engage as a contractor. This may be waived if Cisco HR gives approval for the worker to begin before the six-month break is over.

MBO PARTNERS AND ITS SERVICES

Why MBO Partners?

Since 1996, MBO Partners has delivered solutions that make it safer and easier for enterprise organizations and top independent professionals to work together. MBO strengthens relationships, minimizes risk, and maximizes value for businesses like Cisco. Our unmatched experience and industry leadership enable us to operate on the forefront of the independent economy and consistently advance the next way of working.

What services does MBO offer for engaging independent workers?

MBO features three engagement services which together ensure that all independents engage through a compliant program suited to their needs, expectations, and eligibility to operate as independent vendors.

- **Vendor Services**. A business-to-business engagement service for professionals who qualify to engage with Cisco as independent vendors. Businesses interested in engaging through Vendor Services must undergo qualification evaluation during the Cisco / MBO onboarding process to ensure they meet these criteria.
- **Business Services**. A unique engagement alternative for Sole Proprietors and other independent professionals who wish to work as compliant independent business owners (LLCs or corporations) but need assistance meeting and maintaining the appropriate credentials to do so. These workers enjoy the freedom and flexibility of operating an independent business at less cost and with less administration than doing it alone.
- **Payroll Services**. A conventional W-2 payrolling solution for workers who are ineligible for Vendor Services or Business Services due to their requirements, expectations, status as independent businesses, or regulatory requirements.

The table that follows compares these three services side-by-side, or you can click here to see more detailed descriptions.

	MORE LIKE A BUSINESS		MORE LIKE AN EMPLOYEE
	Vendor Services	**Business Services**	**Payroll Services**
Snapshot	Agent-of-record service for qualified vendors; MBO indemnifies Cisco for tax-related penalties of reclassified	Business set-up and management for professionals who need help meeting and maintaining vendor credentials	Traditional payrolling; FLSA applies, including overtime and double-time as per state laws
Who is appropriate?	Professionals who operate as independent businesses and meet vendor requirements	Professionals who see themselves as independent businesses but do not currently qualify as vendors	Workers who do not see themselves or operate as true independent businesses
Vendor-qualified?	Yes	No	No (not evaluated)
Tax status	Independent vendor (1099)	Independent vendor (1099)	W-2 of MBO Partners
Business insurances	Must carry insurances at Cisco-required levels	Covered under MBO's General Liability and Errors & Omissions*	Covered under MBO's General Liability and Errors & Omissions
Rate negotiation	Negotiate a bill rate that already factors in statutory taxes	Negotiate a bill rate that already factors in statutory taxes	Negotiate pay rate that does not factor in statutory taxes
When is the worker paid?	Upon receipt of Cisco's payment based on Net 30 terms	Upon receipt of Cisco's payment based on Net 30 terms	Two weeks after a given work week (or sooner if required by state law)

* Independents may be required to purchase their own GL or E&O insurance to show an investment in their business for compliance purposes.

How does MBO decide which service is best for each worker?

All Cisco-referred independents complete a brief online survey that explores their independent experience, business structure and characteristics, expectations, and vendor qualification status. We also conduct a one-on-one consultation with the worker if necessary. We then have the information we need to select the engagement service that best fits the worker's unique situation.

Please note that we factor workers' wishes into our service determination, but we always ensure that they meet applicable eligibility requirements before onboarding them into the appropriate service. For example, independents wishing to engage through Vendor Services must meet Cisco's qualification criteria and pass a thorough compliance evaluation to qualify.

What is the value of Business Services?

Traditional providers offer a 1099 / agent-of-record service for qualified vendors—and then force everyone else into a conventional W-2 payrolling service. But this solution poorly serves to the large percentage of independent workers who resist W-2 payrolling yet do not qualify as vendors:

- If the provider engages them through an agent-of-record service, their client's risk and regulatory scrutiny increase dramatically.

- If the provider forces them into payrolling, it will likely lead to discontent, talent loss, and unnecessarily high costs.

Business Services is the only solution for independent business owners who do not meet eligibility requirements for engaging as independent vendors, yet are likely to reject the limitations of traditional payrolling. It lets Cisco better serve—and compliantly engage—the most common types of independent businesses, including corporations (C corps and S corps), LLCs, and Partnerships. Through Business Services, MBO even walks independents through the complexities of setting up their own compliant businesses

Business Services does more than reduce risk and create a better experience for your independents—it also helps control costs. With a mark-up that's up to 70% lower than traditional payroll providers, Business Services can help Cisco **cut overall engagement costs by up to 20%**.

How do I contact MBO Partners?

Cisco managers can contact cisco@mbopartners.com.

Is there a cost for this program?

MBO charges a fee to the independent workers you engage. This fee varies based on which MBO engagement service is appropriate for the worker, and also on whether the worker is Legacy or Core.

ENGAGEMENT PROCESS

Once I identify new independent workers, how do I refer them to MBO?

When you identify a new in-scope worker for an assignment, complete this referral form. The form will ask whether the contractor is CORE (requiring red badge access, network privileges, and/or background checks) or LEGACY (not requiring any of the above). You will also have to create the SOW as explained below.

How do I create a new SOW for a worker who has already enrolled with MBO?

Complete all the red areas of ONE of the following two SOW templates:

- Managed Project (if the project is deliverable-based)
- Managed Service (if the project is SLA-based)

In completing the SOW, confirm the following:

1. Section 1 specifies "MBO Partners, Inc."
2. The SOW does not mention future SOWs or additional SOWs that will follow the current one.
3. There are due dates for all deliverables, if applicable.
4. All dates listed are within the current Cisco quarter and are before the issued PO.
    a. Cisco quarters: Q1 (Aug 1 – Oct 31); Q2 (Nov 1 – Jan 31); Q3 (Feb 1 – April 30); Q4 (May 1 – July 31)
5. Badge access has been granted to those who had a Background Check or signed an NDA.

6. The Project Managers chart in Section 7 reflects the following:

CISCO:	SUPPLIER:
Cisco Manager's Name	Supplier's Project Manager (Not the Account Manager)
Cisco	MBO PARTNERS
170 West Tasman Drive	20405 EXCHANGE STREET, SUITE 301
San Jose, CA 95134	ASHBURN, VA
Phone: (000) 00000000	Phone: (703) 7936000
Fax: (000) 00000000	Fax: (703) 7936070
Email: Cisco Manager’s email address	Email: cisco@mbopartners.com

7. Deliverables in Section 8B add up to the SOW total.

Once you have completed the SOW:

- Send it to the worker and MBO to confirm the SOW’s details. MBO can only sign off on complete and accurate SOWs.
- MBO returns the signed SOW to you. Review it and submit a Purchase Requisition in the iProcurement System (attaching the SOW) for financial approval.
- Once MBO receives the Purchase Order from iProcurement, it activates the order and the worker may begin the project.

Please note: MBO cannot sign an SOW for workers who have not completed their MBO onboarding process.

How long does it take to onboard workers after I refer them to MBO?

Average onboarding time varies by engagement service:

- For workers who engage through **Vendor Services**, typically four to six business days.
- For workers who engage through **Business Services**, typically five to eight business days.
- For workers who engage through **Payroll Services**, typically two to four business days.

These estimates do not factor in the time it takes for the worker to launch and complete the Cisco-required background check. While screenings can take up to five days to complete, they can occur in parallel with other onboarding activities.

Of course, onboarding timing also strongly depends on the worker’s responsiveness to MBO’s onboarding instructions. MBO provides clear instructions and works closely with each worker to improve responsiveness and accelerate the process as much as possible.

As the manager, you have a part to play as well. We recommend that you stress the importance of completing onboarding steps quickly when you’re communicating with an independent worker you intend to engage.

This Engagement Lifecycle Process Summary includes a closer look at the Cisco / MBO onboarding process.

Are background screenings required?

Yes. All new independents must undergo a background check. MBO coordinates these screenings as part of our onboarding process. It is Cisco policy not to allow workers to begin work until the required screenings are complete.

How do I approve time and expense entries?

You'll receive an email notification from Fieldglass each time a worker engaged on your projects submits time, milestones, deliverables, and/or expenses. Follow the instructions in the email to execute the approval.

Please be sure to approve all submissions by COB each Monday. Failure to meet this deadline may delay payments.

How long does it take for workers to receive their payments?

Payment timing varies by the worker's MBO engagement service.

- **Payroll Services**
  MBO pays Payroll Services workers each Friday, two weeks after a given work week (or sooner if required by state law).
- **Vendor Services** and **Business Services**
  MBO invoices Cisco for all workers' approved time and expense submissions each Friday for the previous week's work, and Cisco pays MBO based on Net 30 terms. We then pay workers in the next weekly payroll cycle. As such, independents in these services receive their payments six weeks after a given work week. See the Cisco Payment Calendar for details.

Again, it is very important that you approve your independents' time and expense submissions before the COB Monday deadline each week.