# Contingent Workforce 2023 Mid-Year Update

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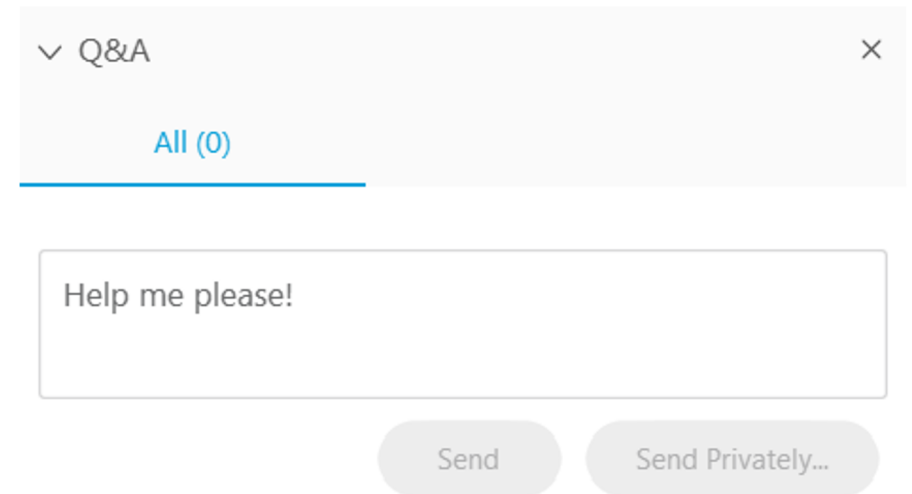
June 1, 2023

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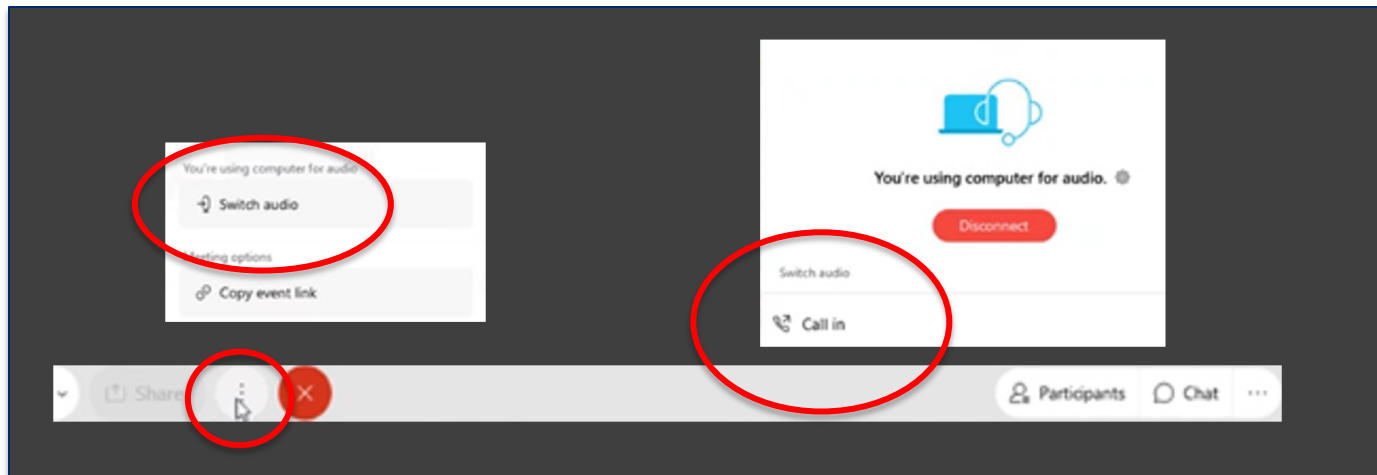
Questions?

- Questions may be submitted at any time.

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Certification & Training	SIA Certified Contingent Workforce Professional	SIA CCWP Statement of Work Expert

CWS Council (partial list)

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Today's Speakers

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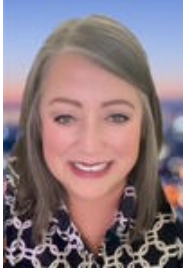
- **Cindy Chunn,** Workforce Solutions Technology Analyst
- **Stephen Clancy,** Senior Director, CWS, Knowledge & Research
- **Frank Enriquez,** Director, CWS Council
- **Dawn McCartney,** VP, CWS Council

- **Matt Norton,** Workforce Solutions Research Director
- **Chris Paden,** Senior Director, CWS Council
- **Peter Reagan,** Senior Director, CWS Council

- **Jenn Simon,** Workforce Strategies Research Director
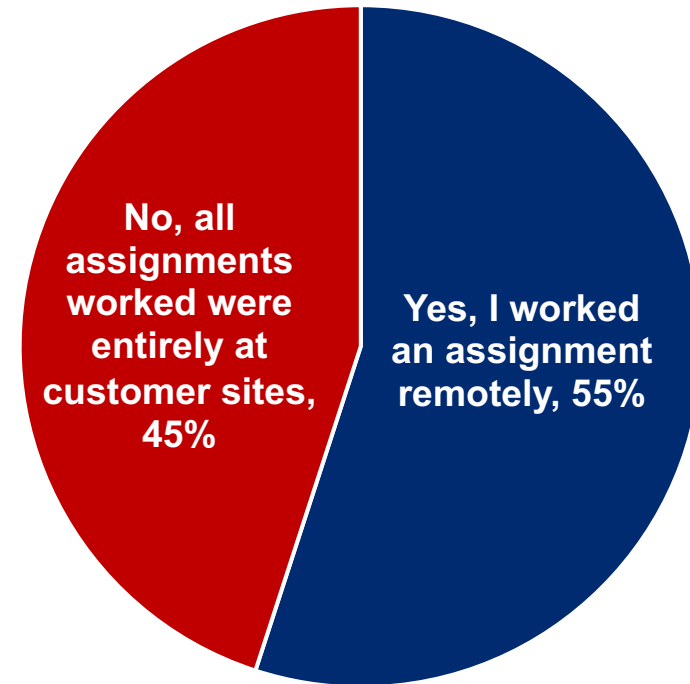- **Lori Telischak,** Senior Manager, CWS Learning & Development

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2023's Most Impactful Trends

#5 Remote Work Best Practices

The Genie is Out of the Bottle; Remote Contingent Work Is Here to Stay

SIA STAFFING INDUSTRY ANALYSTS

Did you work any temp staffing assignments remotely in 2022?

No, all assignments worked were entirely at customer sites, 45%

Yes, I worked an assignment remotely, 55%

61%

of temporary workers rate remote work as highly valuable

Source: SIA NA Temporary Worker Survey 2023

Remote Work in High Demand From Workers

LinkedIn Share of Job Postings/Applications for Remote Work
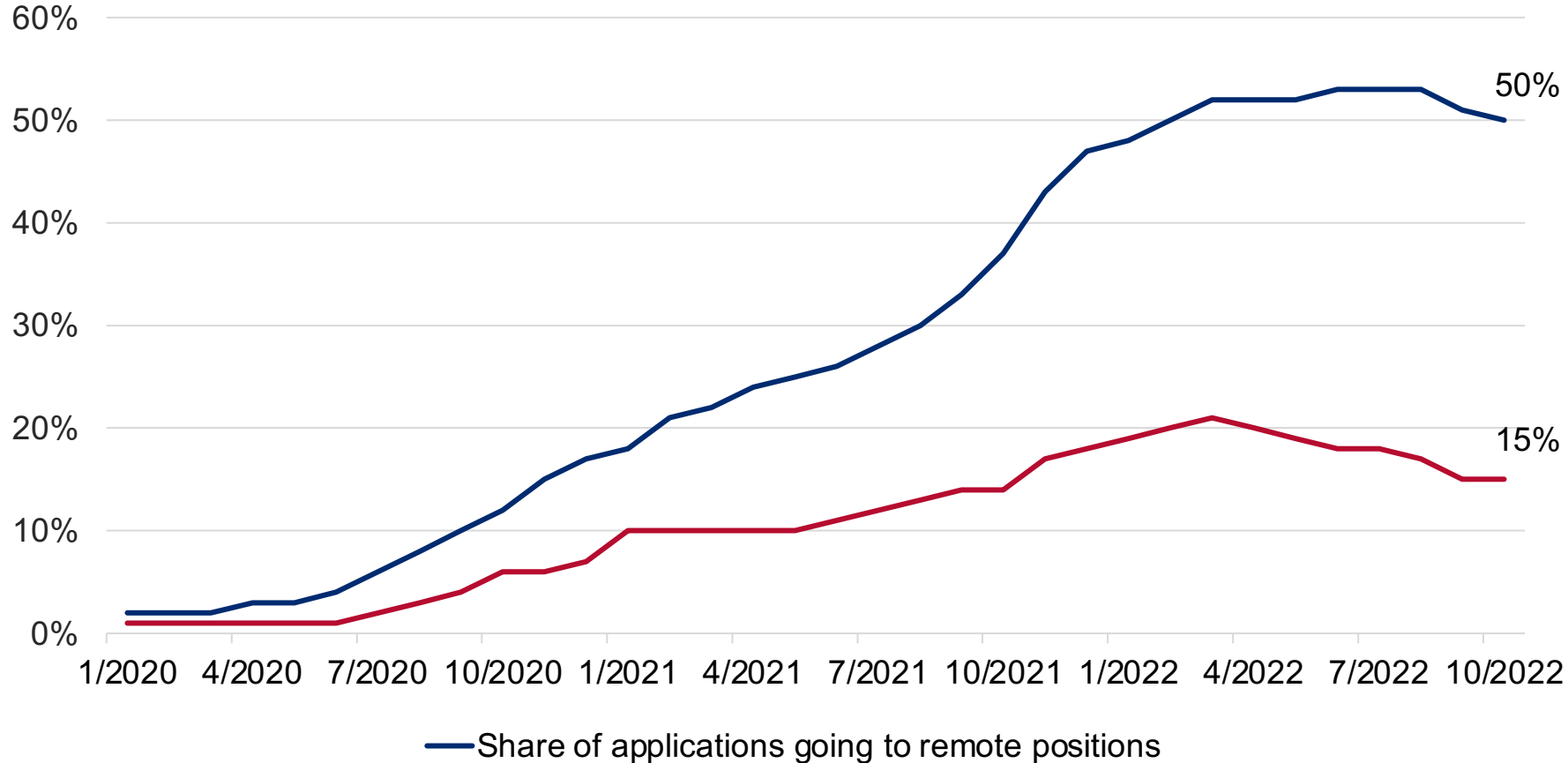
50% of job applications are submitted for remote positions, which make up just

15% of job listings!

Share of applications going to remote positions

Remote Worker Benefits

- Reduced Commute Time

- Reduced Interruptions

- Maximize Work Effort

- Cost Savings

- Increased Satisfaction with Work/Life Balance

- Virtual Meetings via Video Conference Reduces multitasking

- Virtual Offices can be Anywhere in Any City:

- Home Office

- Coffee Shop

- Co-Working Space

To Meet Contingent Worker Needs....

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Build trust

Establish clear expectations and deadlines

Schedule regular cadence for check-ins

Increase transparency and visibility

Equip workers with the right tools

Enhance recognition

Best Practices for Managing a Remote Workforce

SWEATPANTS MONDAY

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Source: Forgetting Sarah Marshall

Best Practices for Managing a Remote Workforce

SWEATPANTS TUESDAY

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Best Practices for Managing a Remote Workforce

SWEATPANTS WEDNESDAY

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Source: Forgetting Sarah Marshall

Best Practices for Managing a Remote Workforce

SWEATPANTS THURSDAY

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Source: Forgetting Sarah Marshall

Best Practices for Managing a Remote Workforce

SWEATPANTS FRIDAY

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Source: Forgetting Sarah Marshall

New Language to Understand and Manage

Hotel Office Spaces
Bring Your Pet To Work
Hot Desking
Digital Nomads
Flex Schedule
Virtual Workforce
Open Concept Workspace
Virtual Meetings
9/80 Schedule
Bring Your Kid To Work
Telecommute

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Who is Working Remotely?

	Internal Employees Remotely Currently	Internal Employees Remotely in 2 Years	Contingent Workers Remotely Currently	Contingent Workers Remotely In 2 Years	N
Number of employees					
1,000-9,999	75%	75%	50%	60%	14-15
10,000-99,999	30%	33%	30%	50%	22-26
100,000+	35%	25%	30%	50%	10-12
Primary industry					
Technology/Telecom	75%	75%	80%	70%	13
Contingent share of workforce					
Less than 10%	60%	50%	50%	50%	11
10%-20%	35%	35%	30%	50%	18-23
More than 20%	18%	10%	45%	50%	17-18
VMS/MSP usage					
Uses VMS or MSP	30%	40%	30%	50%	37-42
Does not use VMS/MSP	33%	30%	50%	40%	9-10
Leaders/Laggards					
Leaders	45%	45%	50%	55%	22-26
Laggards	30%	30%	30%	40%	16-17
All buyers	**30%**	**40%**	**30%**	**50%**	**47-53**

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Source: Workforce Solutions Buyer Survey 2023 Europe Results

Remote Worker Client Benefits

- Reduced Overhead Costs

- Increased Productivity

- Sourcing Without Borders

- Engage the Best at a Lower Cost

- Inherently Increased Communication & Collaboration

City	Avg Yearly Cost to Rent Office Space (per employee)
New York	$14,800
San Francisco	$13,032
Washington, D.C.	$10,522
Chicago	$7,000
Los Angeles	$6,702
Miami	$6,630
Seattle	$6,420
Boston	$6,080
Houston	$5,668
Dallas	$4,618
Atlanta	$4,194

Source: Square Foot

Operational Management Best Practices

- Establish a Policy

- Establish a Payroll

- Determine Compensation

- Put a System in Place

- Conduct a Risk Assessment

- Conduct a Data Privacy Audit

Operationalize A Legal Check List

- Remote Worker is an evolving standard operationally and legally with new technologies, methods and innovations are constantly emerging

- ... also new risks are evolving with the mass and rapid adoption of global remote work

- A Remote Worker, Onboarding Check List is becoming a requirement

- ***SIA Member's Remote Worker Legal Check List***
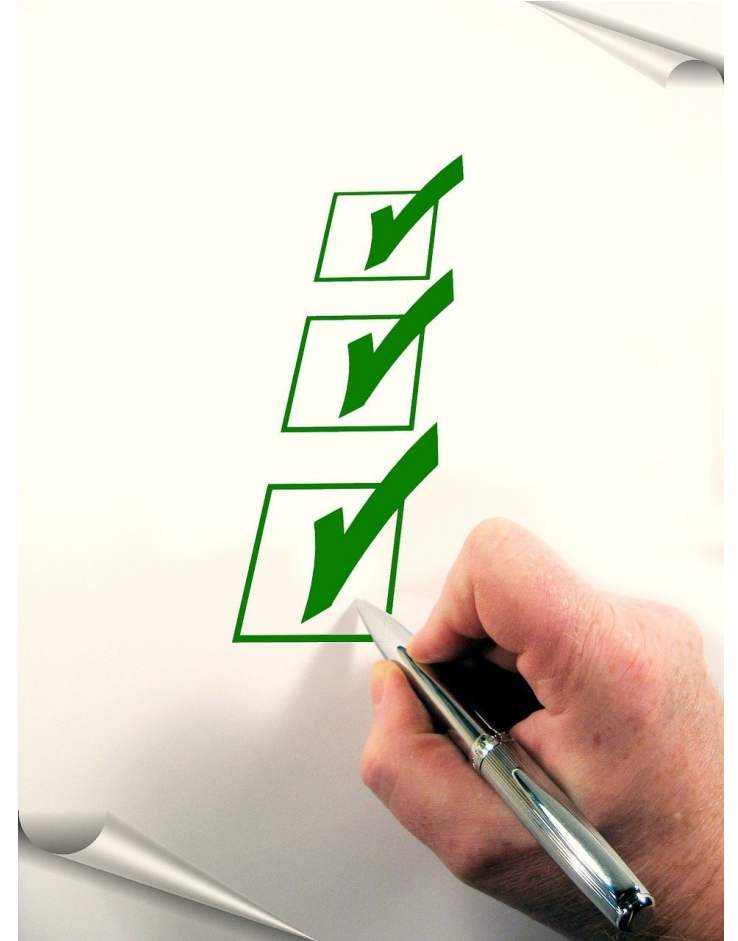
Key Legal Remote Work Items of Focus

- Global Remote Talent Engagement Compliance
  - Wandering Talent
- Asset Management and Financial Responsibility
- IP Protection
- Ghost Terminations/Immigration Scam
- Hybrid/Office Duty

#4 Technology Acceleration
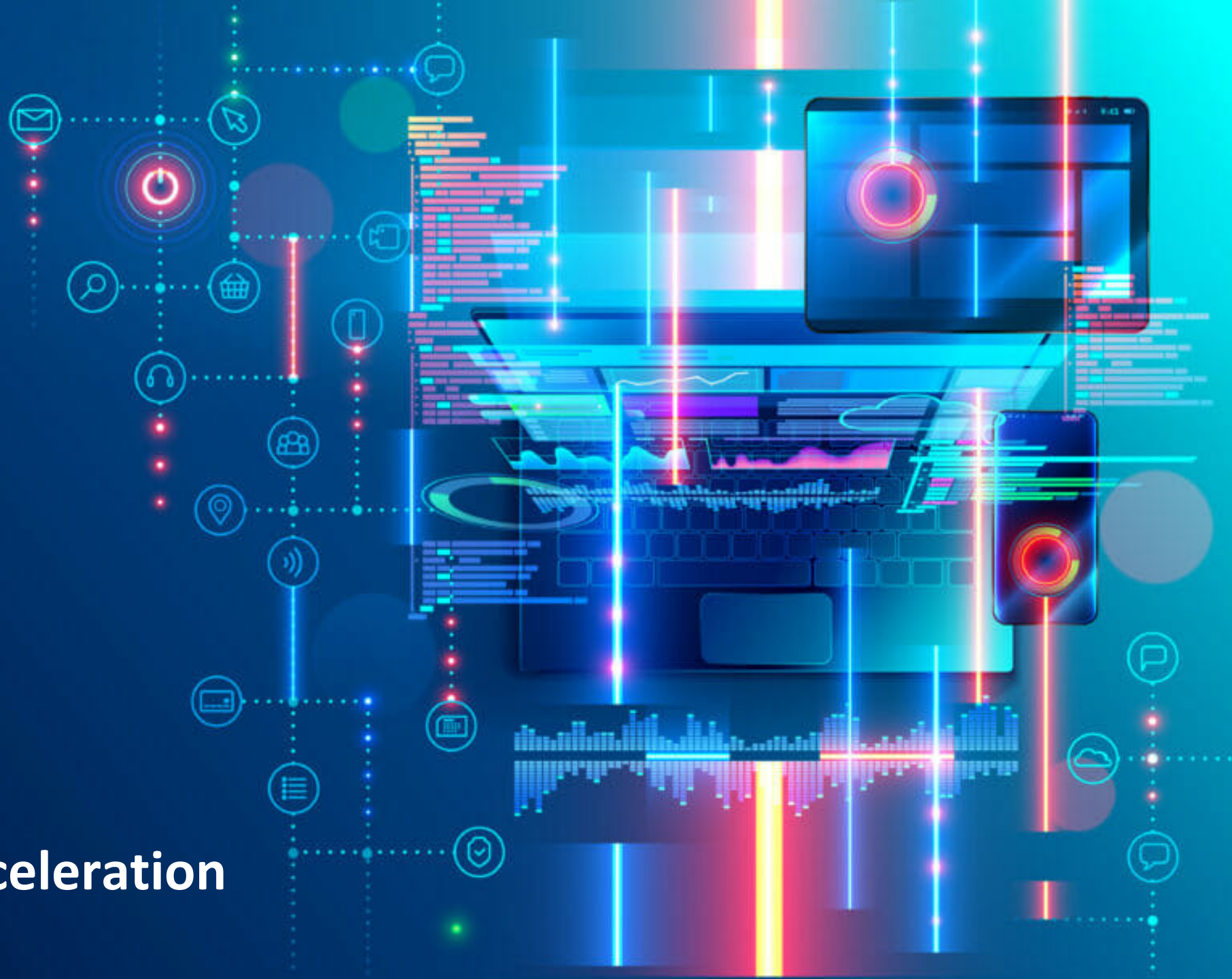
Technology Driving Efficiency

Total output per hour per year across the US and UK indexed from 1760
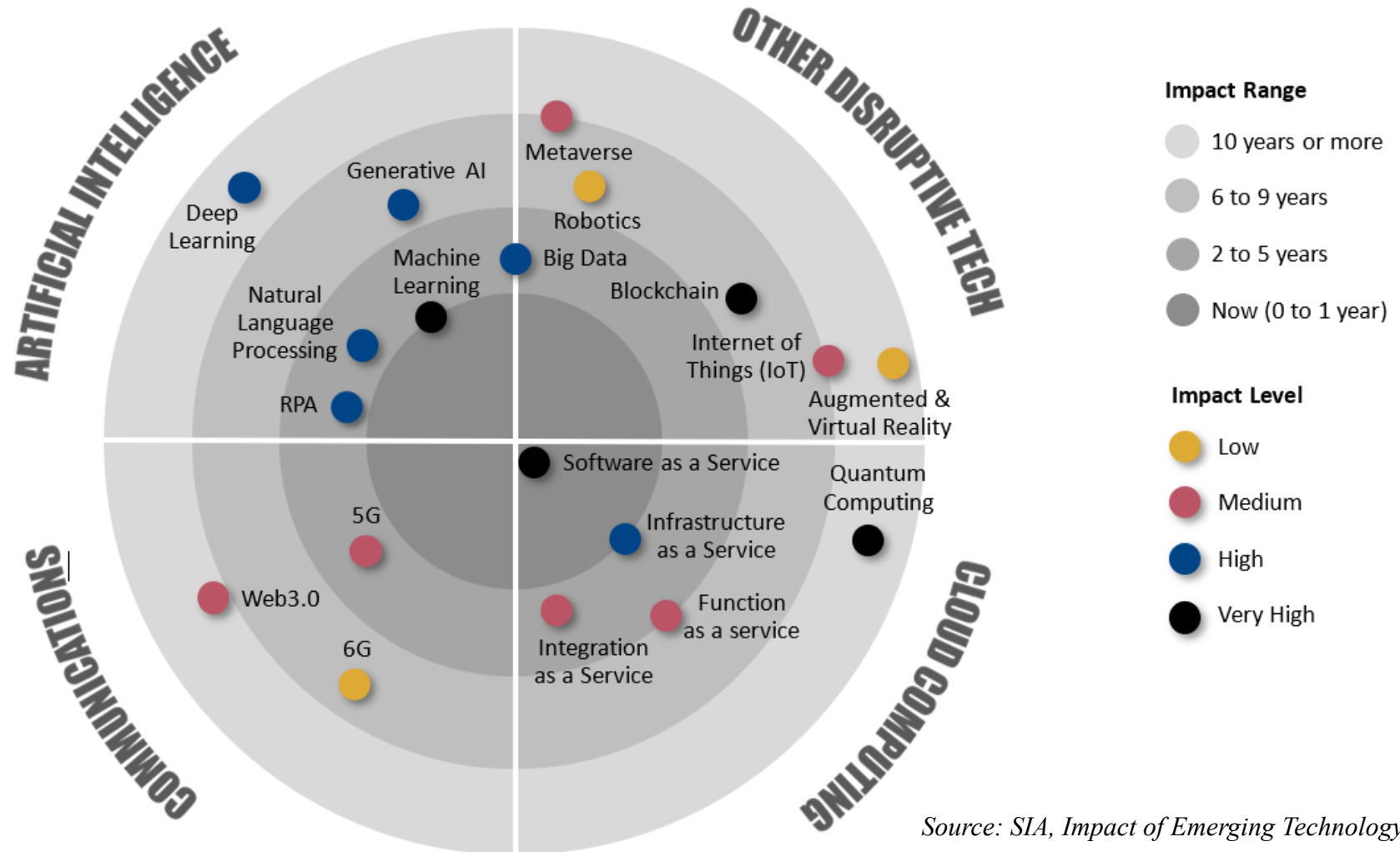
Output per Hour (1760 = 100)

World War I

World War II

3,000

2,000

1,000

0

Steam Engine

Polyethylene /Plastic

X-Ray

Penicillin

Nuclear Fission

Hard Disk Drive

Laser

ATM

Email

Mobile Phone

World Wide Web

Amazon

Google

Bitcoin

1440   1760...1890   1910   1930   1950   1970   1990   2010   2030

Source: Barclays Equity Guilt Study, 2018
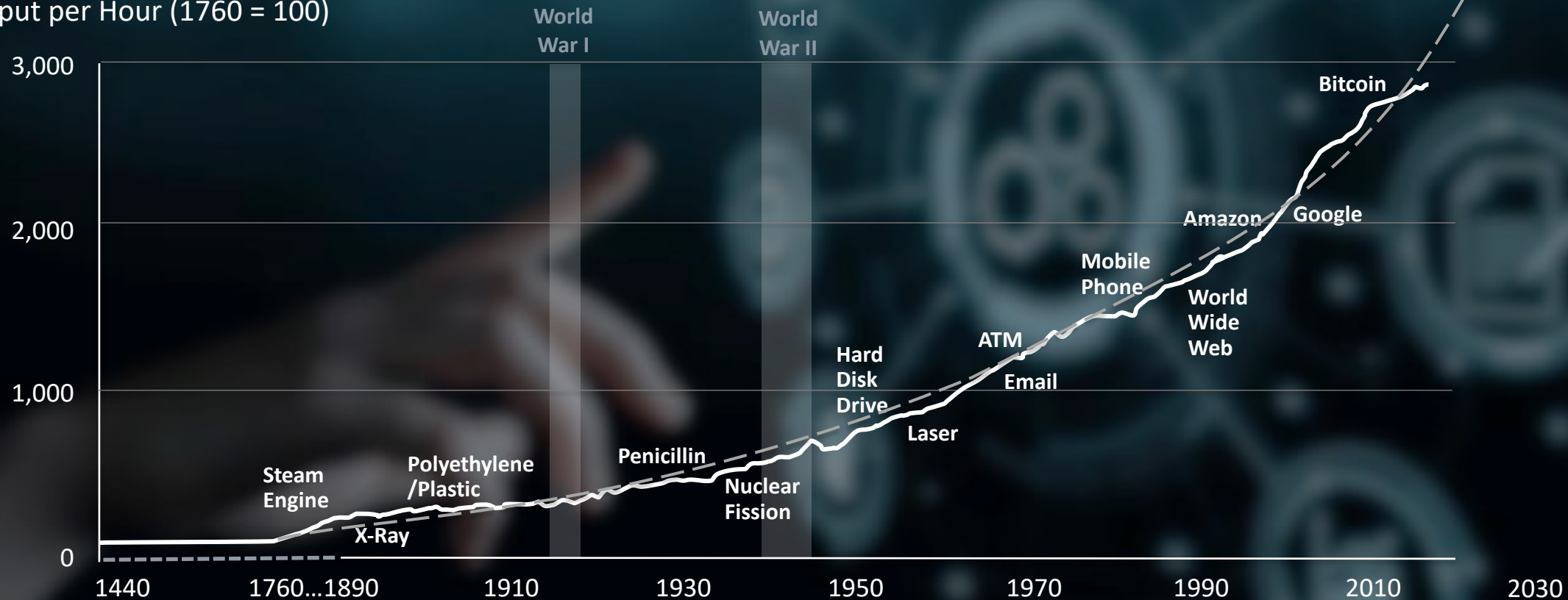
Technology Change vs. Human Adaptability

Rate of Change

World War I

World War II

Technology

SKILLS GAP

Human Adaptability

1440   1760...1890   1910   1930   1950   1970   1990   2010   2030
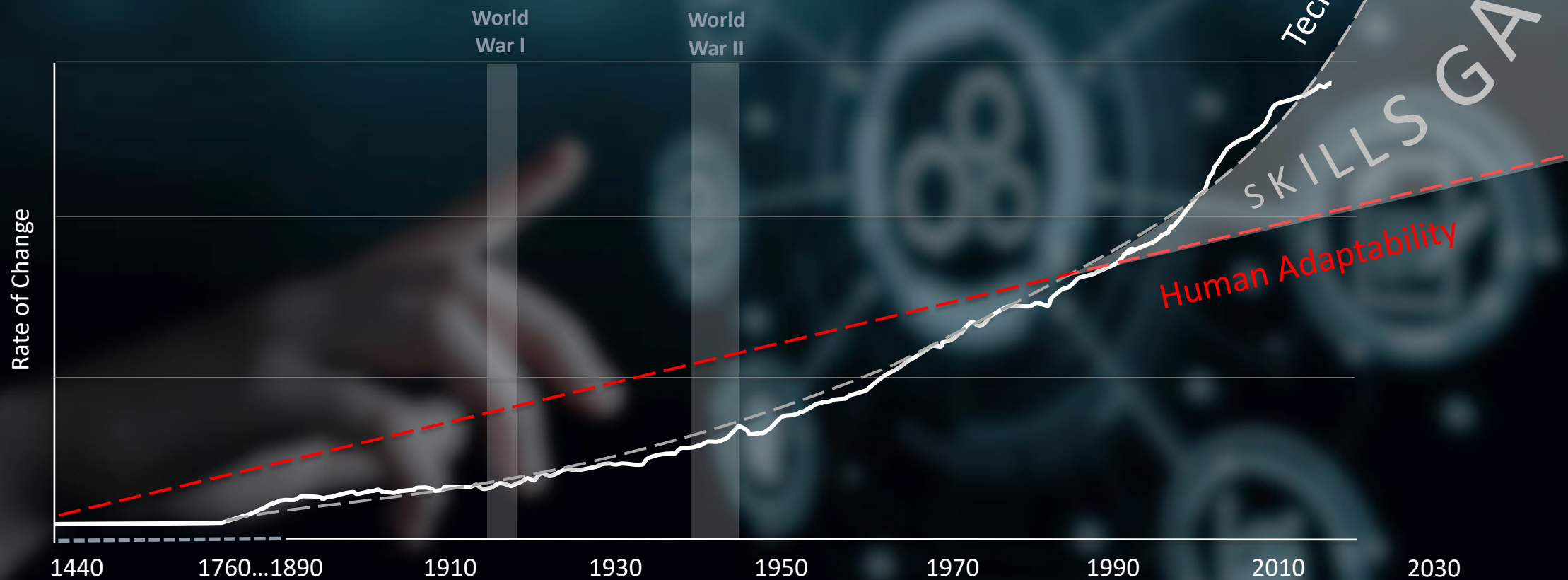
Source: Barclays Equity Guilt Study, 2018 and adaptation from Thomas Friedman's Thank You for Being Late

Impact of Emerging Tech on Staffing Services

Source: SIA, Impact of Emerging Technology on Staffing

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Application of AI

Types of AI	Application
Machine Learning - subset of AI that enables machines to learn from data and improve their performance without being explicitly programmed.	• Improved candidate matching • Automation of repetitive tasks • Better decision-making through insights into candidate performance, skill levels, and potential cultural fit
Deep Learning - emulating the learning approach that human beings use to gain certain types of knowledge.	• Handling complex data which neural networks can learn without programming or domain expertise • Achieving a high degree of accuracy • Scalability across multiple machines in parallel
Natural Language Processing (NPL) - enables computers to comprehend, generate, and manipulate human language. It is the ability of a computer program to understand human language as it is spoken and written.	• Optimized job descriptions using key words to improve candidate attraction and eliminate gender-bias • Improved analysis of job descriptions and resumes for suitable job matches • Automated and streamlined communication throughout the candidate engagement process, including interview scheduling • Real-time analysis and insights into candidate responses during interview
Generative A.I. - produces various types of content including text, imagery, audio, and synthetic data. Generative AI algorithms automatically produce content in response to a prompt that could be in the form of a text, an image, a video, a design, musical notes, or any input that the AI system can process.	• Automated resume screening/scanning • More sophisticated candidate matching • Interview scheduling • More personalized candidate experience • Revision of the recruiter role with more focus on building relationships with candidates

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Source: SIA, Impact of Emerging Technology on Staffing

The Rise of Recruitment Chatbots

- Menu/button-based chatbots

- Linguistic (rule-based) chatbots

- Keyword-recognition-based chatbots

- Machine Learning chatbots

- Hybrid Models

- Voice bots

Hey there! Have any questions? We're here to help!

What's Next?

Technology	Implications
5G & 6G	Internet everywhere, all the time
Web3.0	Emergence of new competitors based on DAO
AI	More automation, better matching, more personalized services
Big Data	Real-time data analysis with improved insights
Cloud Computing	More remote working, lower costs and improved efficiency
Quantum Computing	Super-charged AI with more use-cases for automation
Blockchain	Disruption to credentialing and payrolling
AR & VR	Immersive training and interviewing
Metaverse	Less constraint by physical location with virtual simulations to assess candidates, onboard and train

Source: SIA, Impact of Emerging Technology on Staffing

#3 Going to Market

Dealing with Talent Shortages

Actions taken to address talent shortages, last 12 months

Action	Percentage
Raised pay rates	66%
Allowed more flexibility in use of remote contingent workers	56%
Changed vendors (staffing firm, MSP, talent platform, job board, or other workforce intermediary)	47%
Raised margins/markups	26%
Extended assignment limit	26%
Changed focus on type of contingent worker	23%
Other	13%
No actions	10%
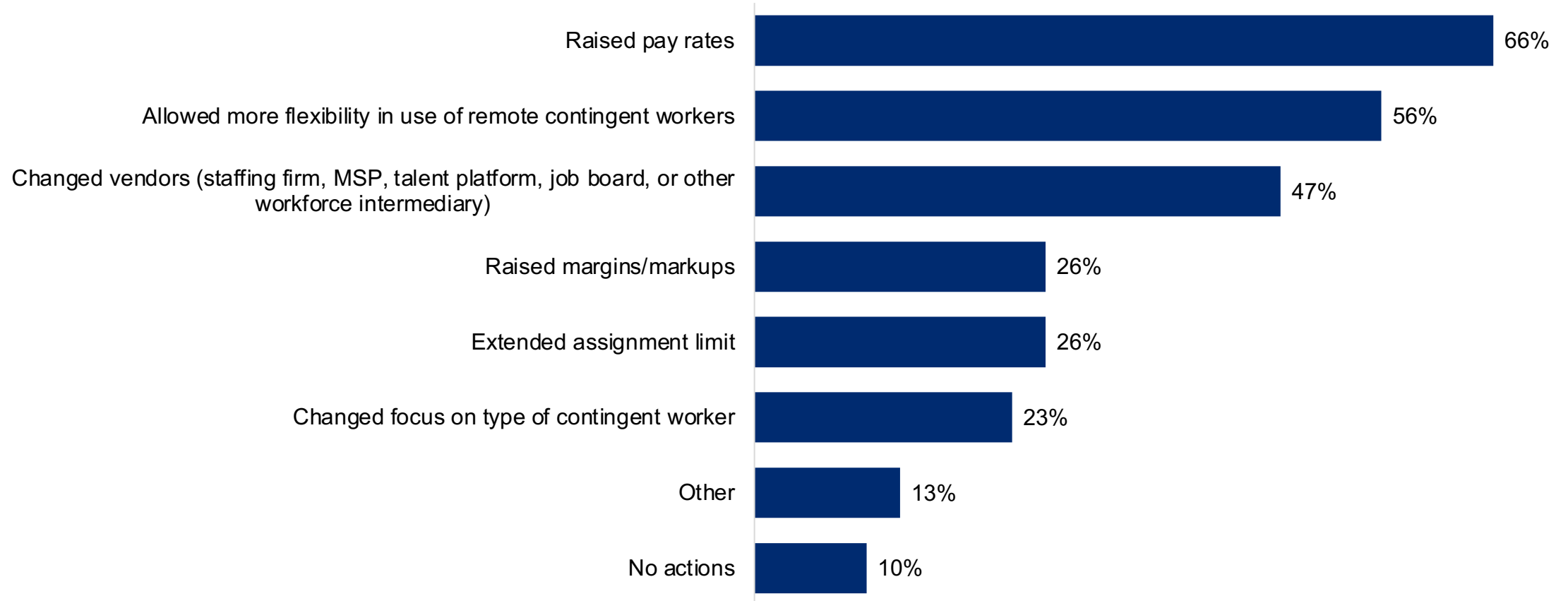
Source: SIA Workforce Solutions Buyer Survey 2023

Clients are Underwhelmed

How likely are you to recommend your supplier(s) to a friend or colleague?

Supplier Type	Net Promoter Score*
Staffing Agency Supplier	-6
MSP	-19
HRIS	-37
VMS	-39
Job Board	-48
ATS	-62
Talent Platform	-65
ERP	-69
RPO	-72

*Net Promoter Score as developed by Fred Reichheld at Bain & Co

Source: SIA Workforce Solutions Buyer Survey 2023

Not as Easy as R, F, P

- RFPs are time-consuming

- Require trust and transparency

- Must be serious about the RFP (can't be a window-shopping exercise)

- They have costs associated with them
  - Time
  - Travel and Expenses

- Require more than just the Contingent Workforce Program Team
  HR, Procurement, Legal, IT, Finance, Security, Stakeholders, etc.

Not the Usual Things to Consider

- Before starting the RFP – meet with suppliers to answer questions and provide additional insight

- Provide All The Data You Can
    - This will ensure that an accurate service offering can be provided and accurate pricing
    - Ensure you understand standard services v. non-standard services and pricing variances

- If possible, allow providers to pick and choose where they want to participate

- Create a supplier portal where questions can be asked and answered for all to access

- Alignment of attitude (here to push boundaries with us or to push back and keep doing it the way you do it)

- Provider side - Require an Ops person to join the second round & someone that can make decisions

- If possible, have finalists meet with C-suite to show their support and interest

- Be sure to ask what if something changes with your service offerings or locations (by the time you reached a country/location)

MSP, VMS and Direct Sourcing RFPs

- General Information
- Preparing and Submitting a Proposal
- Proposal Selection and Award Process
- Mandatory Requirements
- General Organizational Requirements
- Features & Capabilities
- Cost Proposals

Direct Sourcing RFP Template

September 2, 2022 | Jenn Simon, Workforce Strategies Research Director | jsimon@staffingindustry.com
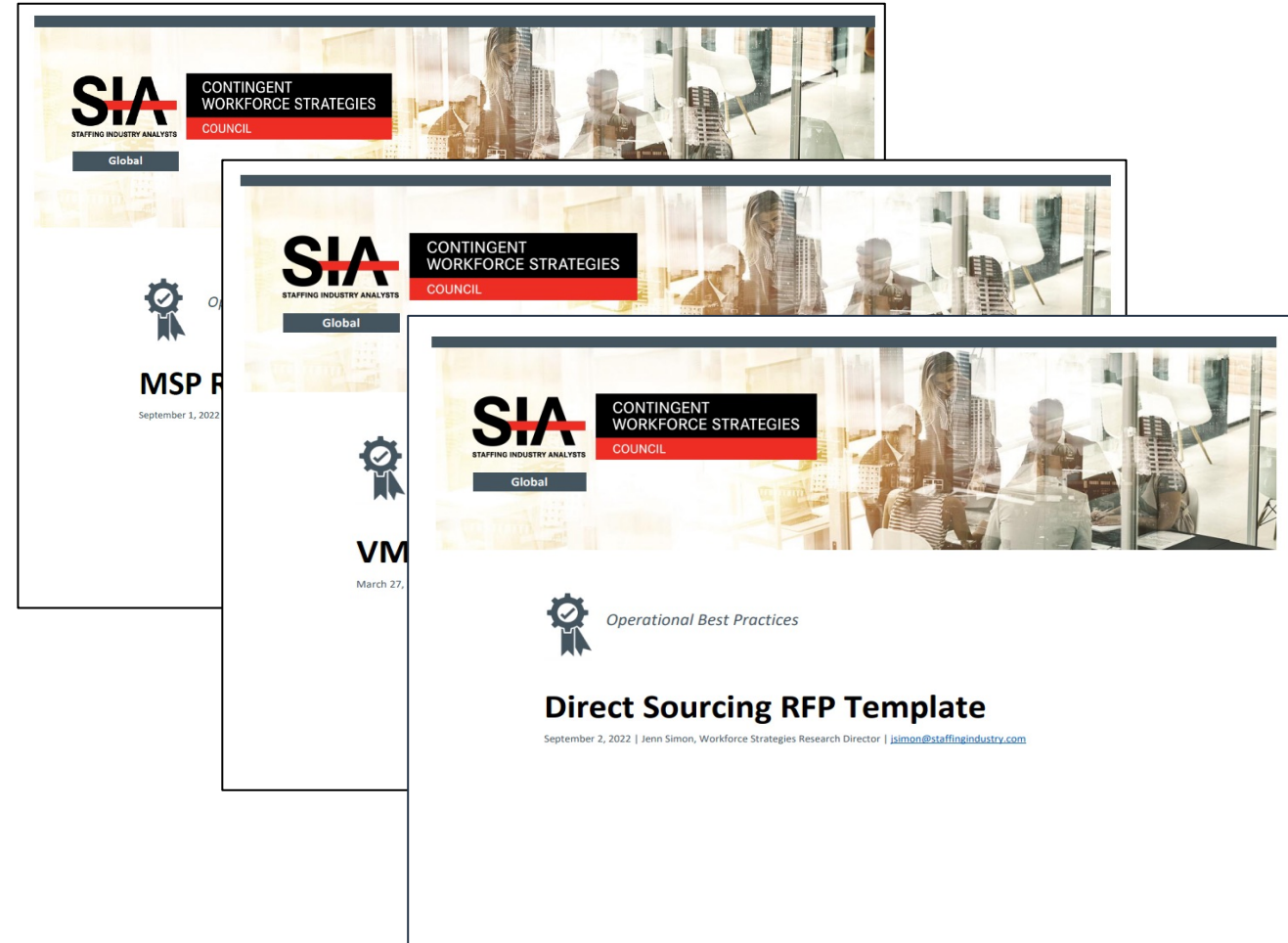
#2 Cost Savings

Common Cost Savings Strategies

- Standard Margin Capture Discounts

- Behavioral Incentives (Optimization)

- Alignment to Market Trends & Cost Management Requirements

- Compliance Requirements

- Scalability Leverage to meet Organizational Demand

- Hard & Soft Cost Savings as Dictated by Financial Leadership
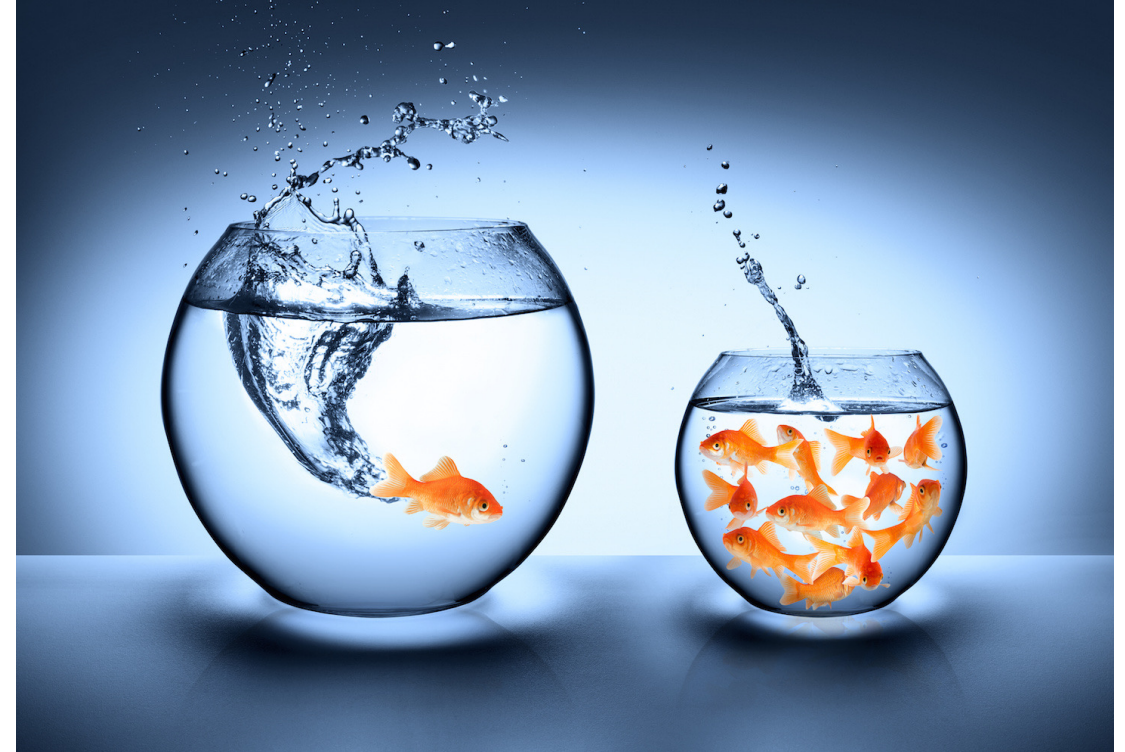
Key Indicators of a Broken Cost Savings Strategy

- High Turnover Costs

- Lack of Supplier Participation (Limited Partnership Structure)

- Poor Candidate & Worker Quality

- Extended time to fill

- Pricing Misalignment with the Market

- Limited Automation

- Ease of Use is Poor
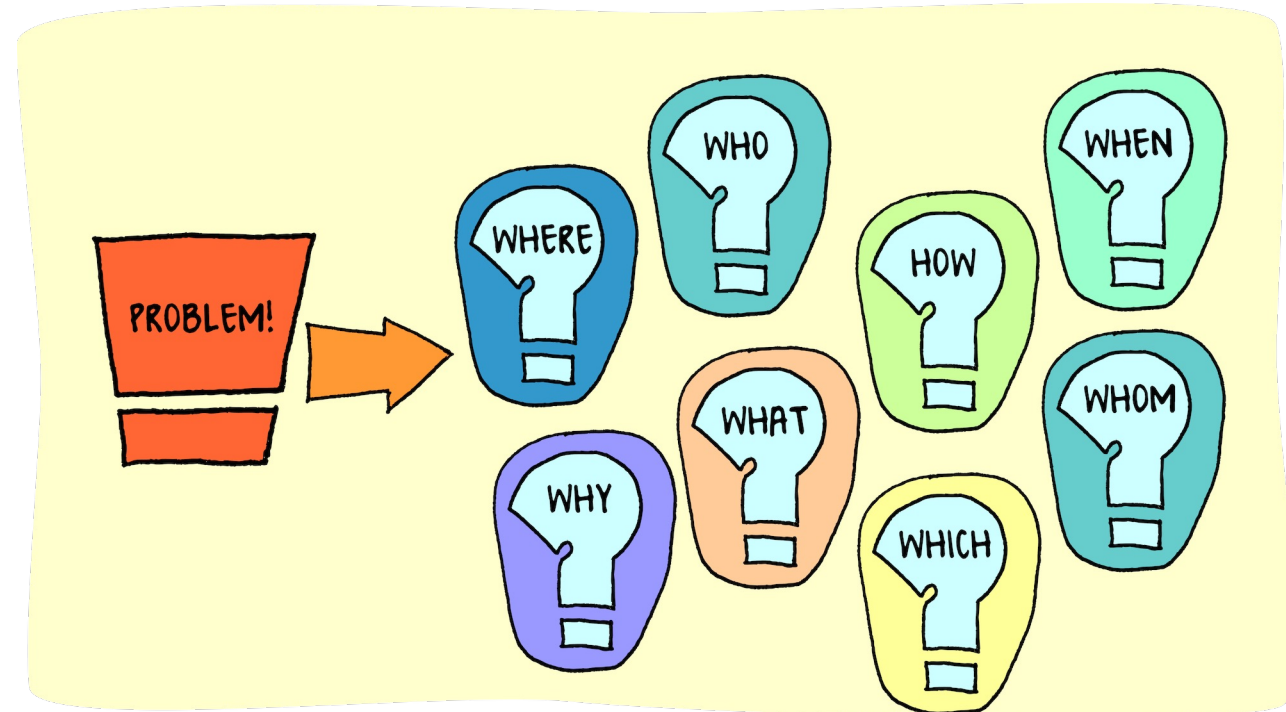
Advanced Cost Savings Strategies

- Operational Automation, Easier, Faster

- Leveraging AI & Bots

- Focus on TCO Management

- Appropriate Consistent Presence of Competition

- Measuring ROI based on finding the right skills, on time & at the right price

#1 Economic Uncertainty

Global Staffing Market Growth Projections

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AMERICAS   **EMEA**   **APAC**

Legend: ■ 2022 ■ 2023 ■ 2024

Categories: Canada, USA, Belgium, France, Germany, Italy, Netherlands, Switzerland, UK, Australia, China, India, Japan

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Source: Source: SIA Global Forecast, May 2023
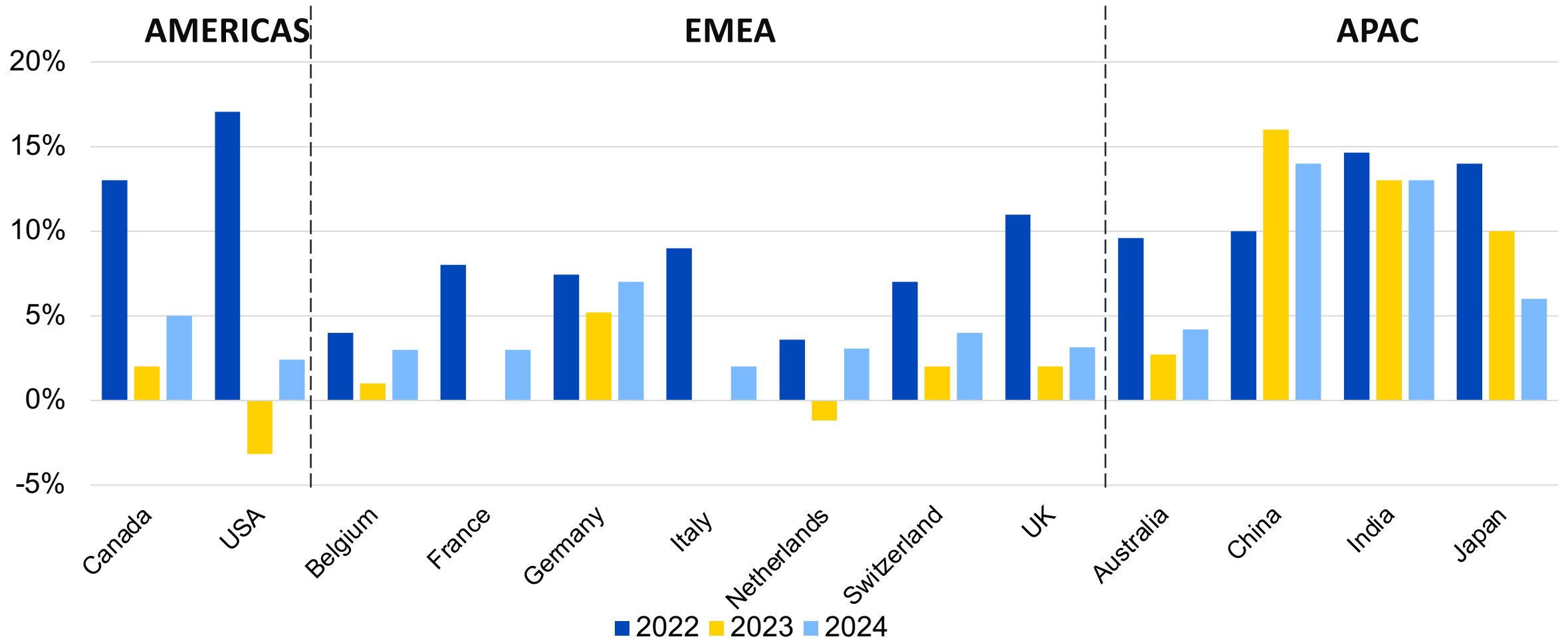
What's Causing Uncertainty?

US Jobs Gap

Mar-23
9.6

3.8 million

Mar-23
5.8

Job Openings ——— Unemployed but seeking work
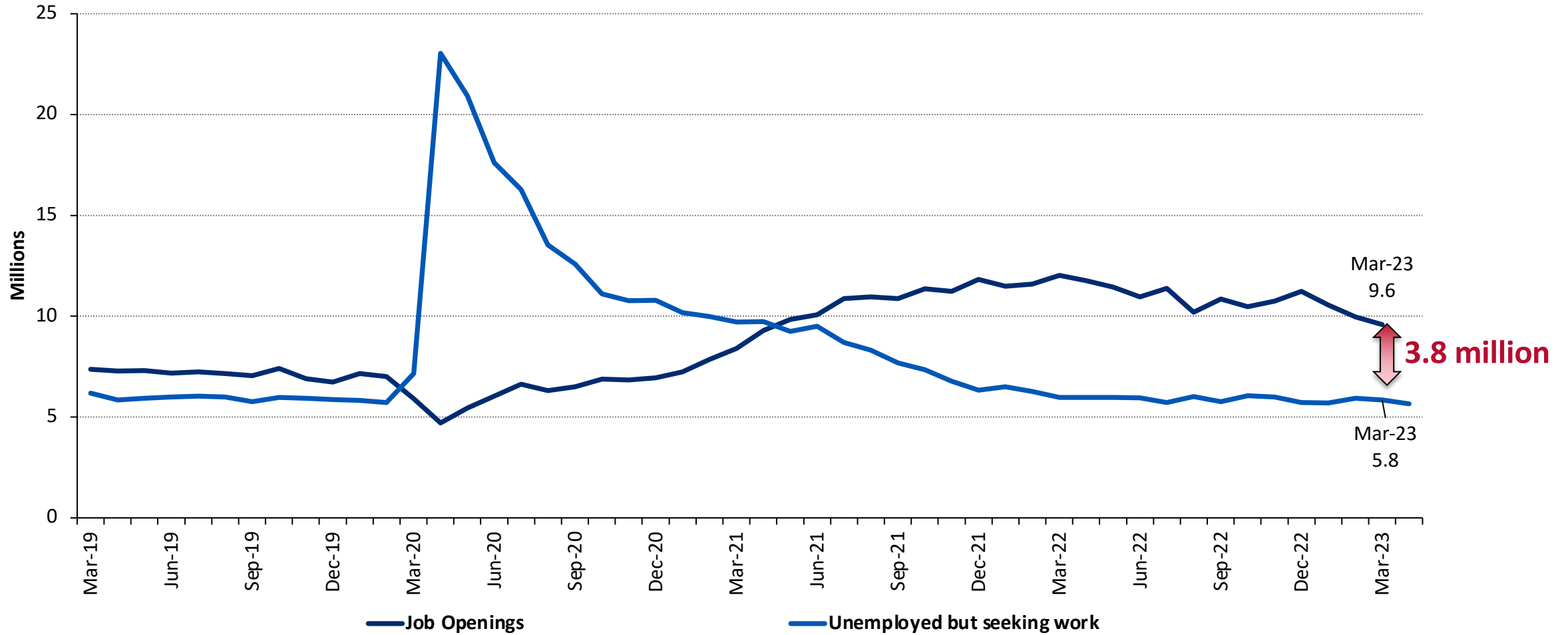
Source: *SIA US Jobs Report*

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It was the best of times, it was the worst of times.

Charles Dickens

What Does This Mean for Contingent Workforce Programs

The Work Did Not Get Laid Off

Recent News Stories

SIA STAFFING INDUSTRY ANALYSTS

20th February 2023
As layoffs bite, teams are becoming smaller – and fewer resources mean remaining employees are spread thin and overburdened.
Worklife (bbc.com)

FORBES LEADERSHIP CAREERS
The Workers Who Escaped Layoffs Are Burdened With More Work And Face Fear And Anxiety

What's more, if your team's headcount decreases, that could mean your workload increases.
Insider February 27, 2023

It's not uncommon for employees who survive mass layoffs to have to absorb abandoned projects, pick up extra responsibilities, and even learn new skills in order to fill roles left empty by job cuts.
- 501c Services

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Insider, Worklife (BBC.com, Forbes, 501c Services

THE WAR FOR TALENT

2023 Fortune Deloitte CEO Survey

How will your organization prioritize investments over the next year?

Percent of CEOs choosing each area as one of their top three priority investment areas (i.e., ranked 1st, 2nd, 3rd)

Investment Area	Percent
Core business transformation	67%
Talent acquisition/transformation	67%
Other new product/service/market innovation	62%
AI (e.g., generative AI. Conversational AI, Computer vision AI)	28%
Advanced technology other than AI	21%
Climate and sustainability	15%
Social inequality (e.g., financial equity, health equity, access to education)	10%

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Source: 2023 Fortune Deloitte CEO Survey

⚠ The biggest challenge I face as a CEO today is:

The talent equation—absolutely critical for our growth and execution going forward.

Navigating inflationary pressures and a more challenging economic environment.

Keeping talent and finding more

Managing the rapid pace of internal change necessary to transform the organization while reacting to macro economic/political conditions/ developments that are outside our control.

Ensuring that we maintain a rapid pace of innovation even as we incorporate new knowledge domains into our healthcare technology portfolio.

Source: 2023 Fortune Deloitte CEO Survey

'Back to the Future'

We've been here before!

Pre-Recession Prep Tips

- Conduct partner risk assessments including financial stability

- Establish/Maintain a well-managed supply chain

- Leverage technology to weather the recession

- Plan!

- Understand why pinching pennies isn't always best

Pre-Recession Prep Tips

- Review contract language

- Right sourcing/right sizing

- Prepare for boomerang

- Focus on opportunities

- Document lessons learned – this will happen again!

Time for your questions…

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SIA MEMBER RESOURCES

- **Workforce Solutions Buyer Survey: 2023 Americas Results**

- **Workforce Solutions Buyer Survey 2023-Europe Results**

- **Global Staffing Market Estimates and Forecasts May 2023**

- **Best Practices in Contingent DEI**

- **Developments in Data Privacy: 2022 Global Update**

- **Global Pay Transparency Laws**

- **Workforce Engagement Decisioning Tool**

- **CW Program Business Case Template**

- **VMS RFP Template**

- **MSP RFP Template**

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- A replay of this webinar will be available for our CWS Council and Premium Corporate members at: www.staffingindustry.com/webinars-buyer

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Known for our award-winning content, data, support tools, publications, executive conferences and events, we help both suppliers and buyers of workforce solutions make better-informed decisions that improve business results and minimize risk.
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