

Thought Leadership Series

Everything You Need to Know About Working With Freelancers and ICs
presented by Work Market

Speakers:

David Francis, Research Analyst, Staffing Industry Analysts

Jeff Wald, COO and Co-founder, Work Market

Moderator:

**Bryan Pena, Vice President, Contingent Workforce Strategies and Research,
Staffing Industry Analysts**

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**October 23, 2014
10 am PT/ 1 pm ET**

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Welcome to the Staffing Industry Analysts 2014 Industry Thought Leadership Series

Suppliers Of Staffing Services Share Their Expertise

The Staffing Industry Analysts Industry Thought Leadership Series provides the perspective of the suppliers of staffing services. The views expressed in this webinar are those of the sponsor and not necessarily that of Staffing Industry Analysts.

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Who We Are

Over 1000 client organizations benefit from our international research services

- 80% of the largest 50 U.S. staffing firms and 50% of the world's 75 largest staffing firms are corporate members
- Over 70 buyers of contingent labor are members of our CWS Council, representing over \$100 billion in annual contingent workforce spend
- Customers in more than 80 countries

Founded in 1989

- Acquired by Cray Communications (\$200M equity commitment) in 2006
- Headquarters in Menlo Park, California and London, England
- 30+ years of industry and advisory service experience among executive team

80%
50

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Our speakers today...

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Staffing Industry Analysts**



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Work Market**



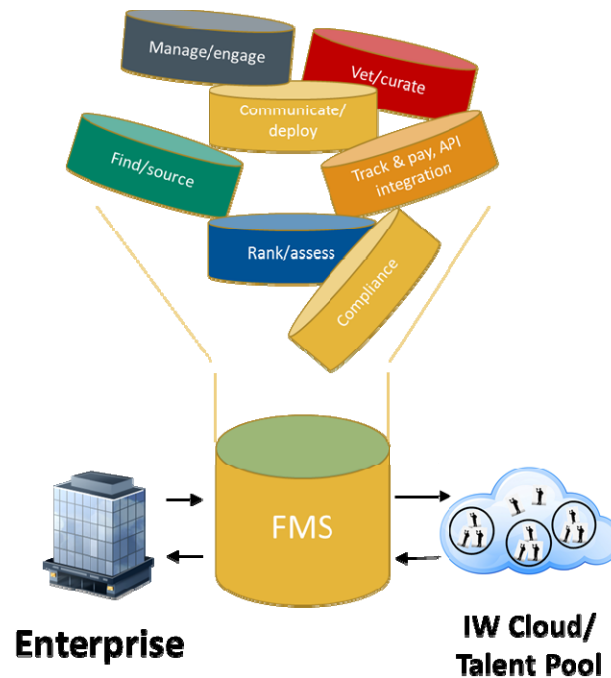
**Moderator:
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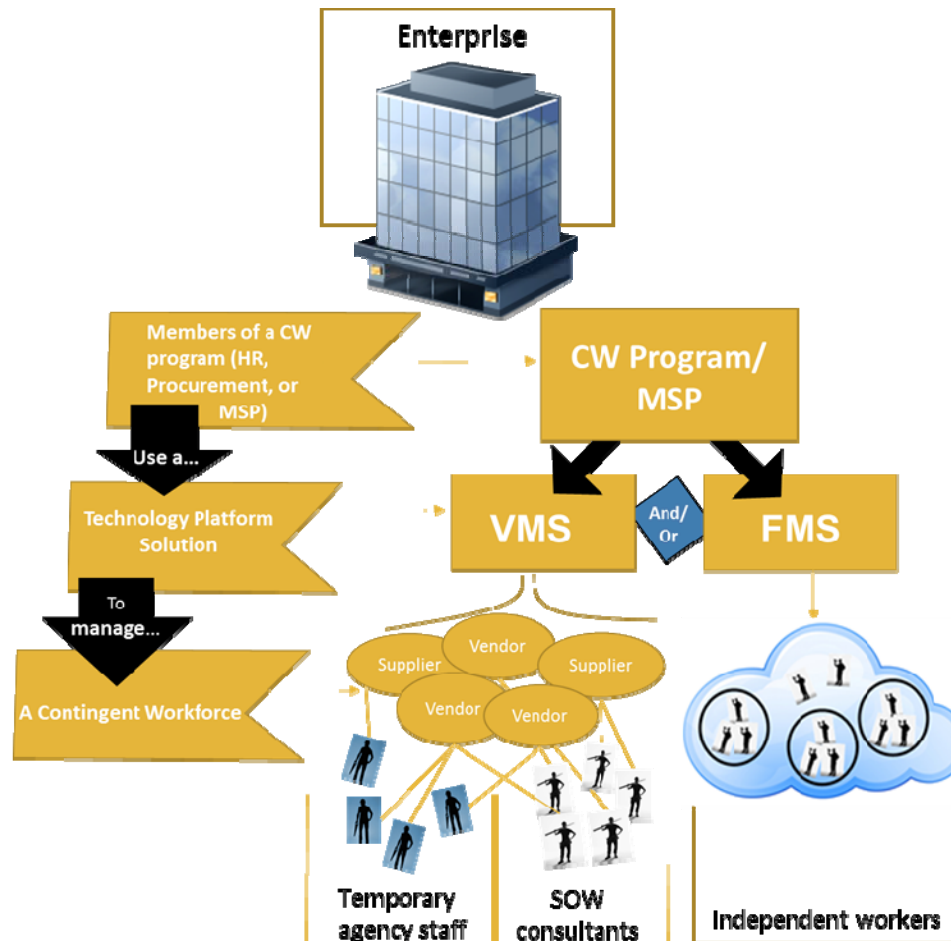
What are Freelancer Management Systems?

“A freelancer management system (FMS) is a category of contingent workforce management technology that enables enterprises to self-manage their engagements with independent workers and freelancers. To fall within the FMS category, a solution provider must provide a complete, end-to-end technology system that can allow users in an organization to search for and find a particular worker and activate, complete, and pay for the work engagement within the system. At the core of these FMS model offerings is a viable platform technology (an enterprise/SaaS system) that a business can use to initiate, manage, complete, track and analyze engagements with individual independent workers who can be identified through their profiles on the system as approved members of that business’ (independent worker) talent pool.”

What are Freelancer Management Systems?



How do Freelancer Management Systems fit in?



Speaker Information

Jeff Wald, Co-founder, COO & CFO of Work Market



 @jeffreywald

- Co-Founder of Spinback - Sold to salesforce.com
- Managing Director of Barington Capital - Activist Hedge Fund
- Vice President of GlenRock - Israeli Venture Capital Firm
- M&A Investment Banker with JP Morgan
- MBA - Harvard Business School, MS/BS - Cornell University
- Boards - ModusLink (NASDAQ: MLNK), Costar Tech (OTC: CSTI)
- Former member of New York Police Department
- Producer - 2014 Tony Award Winner Best Musical - *A Gentleman's Guide to Love and Murder*

Everything You Need to Know About Working with Freelancers & Independent Contractors



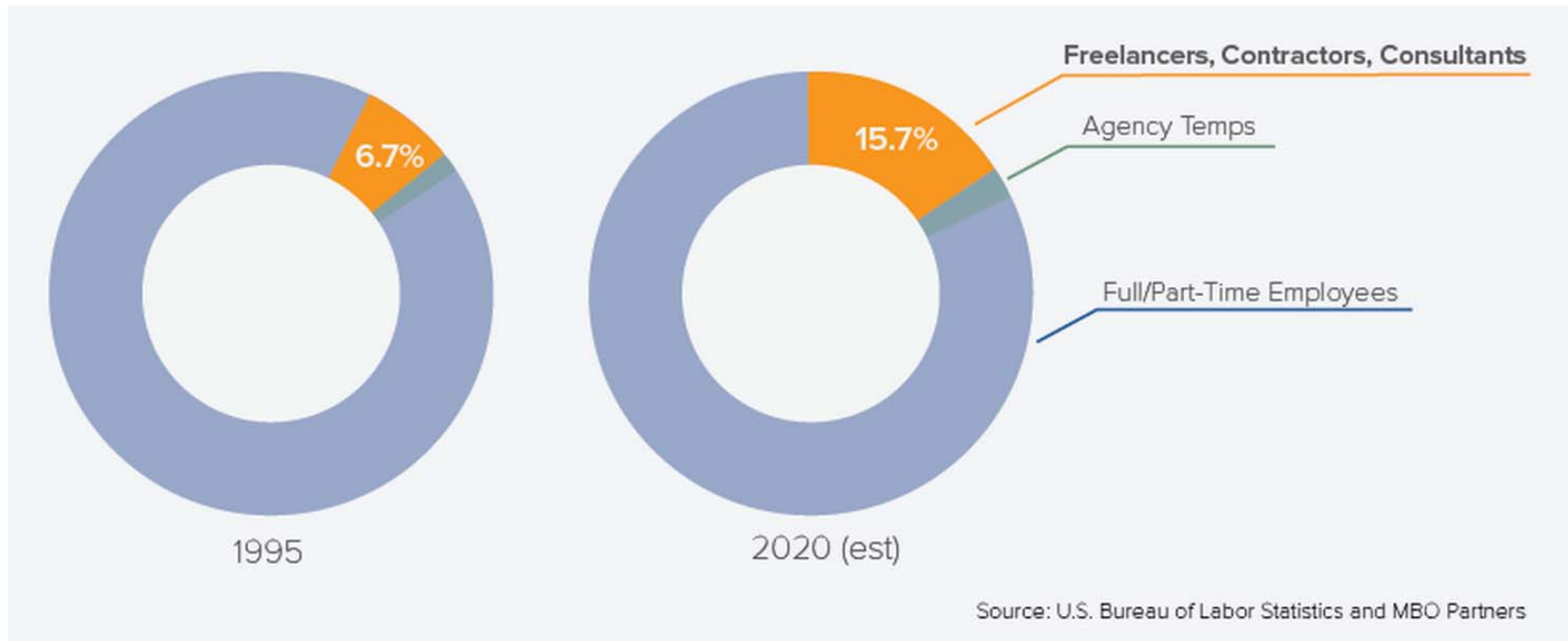
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Agenda

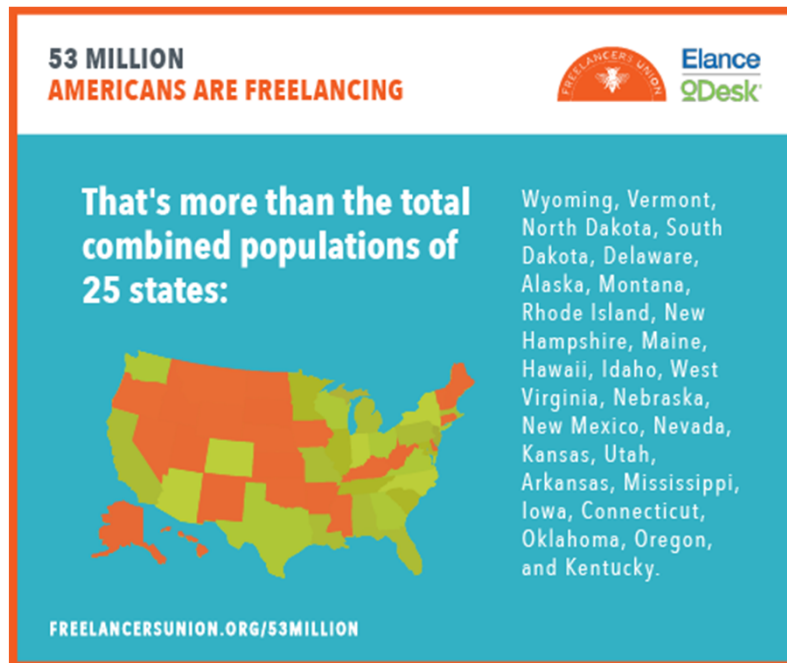
- The Rise of the Freelancer
- Classifications of the “Contingent Workforce”
- Benefits of Using Freelancers/ICs
- Technology for Managing Freelancers/ICs
- Best Practices
- Case Study

The Rise of the Freelancer

Rise of the Freelancer



Rise of the Freelancer



“The old way of working isn’t working, More than 53 million workers are showing a new way -- and tens of millions more will likely follow.”

- *The Freelancers Union*

Classifications of Contingent Workers / Benefits of Using Freelancers

Types of Contingent Workers

Type	Freelancers/ICs	Statement Of Work (SOW)	Temp
What they do	Perform services onsite or offsite, not as an employee, but as a contractor	Considered a “benched resource” - typically given a salary & continue to receive the salary when off projects	Work is performed for a fixed duration
Source	Sourced by Freelance Management Systems or word of mouth	Typically employed by consulting firms	Hired direct OR through staffing agency

Poll #1

What percentage of your operational spend is on freelancers or independent contractors?

- a) 0%-20%
- b) 20%-40%
- c) 40%-60%
- d) Over 60%
- e) I don't know

Benefits of Using Freelancers

- Manage thousands of workers at scale with intuitive automation and bulk tools
- Improve financial flexibility by embrace a variable cost model
- Curate a robust talent pool of highly skilled contractors and freelancers
- Improve quality
- Acquire geographic, skill and time coverage
- Leverage subject matter experts

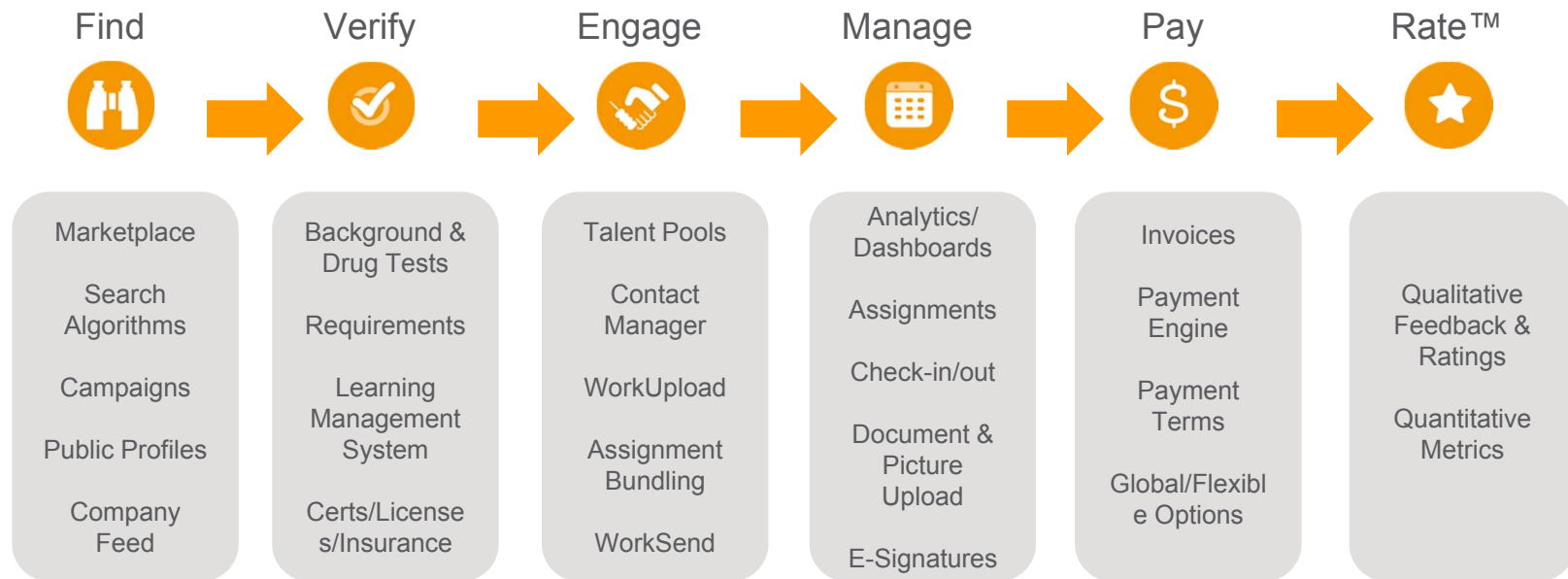
Technology for Managing Freelancers and Independent Contractors

Technology: Freelance Management Systems

Current freelance management methods being employed in lieu of an FMS:

- Companies attempt to manage freelance workforces by **piecing software together**
- Contractors are sourced and onboarded from **various agencies and databases**
- Time tracking, location tracking, and invoicing is done by **word of mouth**
- Contractor data and onsite work performance is managed by **unwieldy spreadsheets**

Technology: Freelance Management Systems



Best Practices

Poll #2

What would you say is your biggest pain point when it comes to leveraging an freelancers/independent contractors?

- a) It is too expensive
- b) Lack of quality/control
- c) Compliance
- d) Expanding contractor talent pool
- e) No solution/process in place

Best Practice: Avoiding Misclassification

- Every year, your company must **distribute, collect and verify W9s** as well as issue and file 1099s
- The **IRS fines** and penalizes companies for misclassifying workers as 1099s
- All of the information regarding your 1099 engagements must be accessible and easy to produce **in the event of an IRS audit**

There are two steps you must take to avoid misclassification penalties:

1. Follow IRS guidelines around how to engage with ICs
2. Properly track and report independent contractor usage

Best Practice: Avoiding Misclassification

Behavioral Controls	Financial Controls	Operational Controls
<ul style="list-style-type: none">- SOW w/defined deliverables- Client does not train- Unique skills, not core to client- Use own materials/equipment- May use sub-contractors- Not required to be on-site- No scheduling requirements	<ul style="list-style-type: none">- Milestone or deliverable payments- Carries Business Liability and other insurances- Covers own expenses- Business Risk: Responsible for profit/loss- Has made significant business investment	<ul style="list-style-type: none">- Markets services to public- Multiple clients- Established place of business- History of similar services for one year or more- No W-2 and 1099 in same year- Use TIN rather than SSN - incorporated- Contract states contractor relationship

Best Practice: Delivering Quality Work

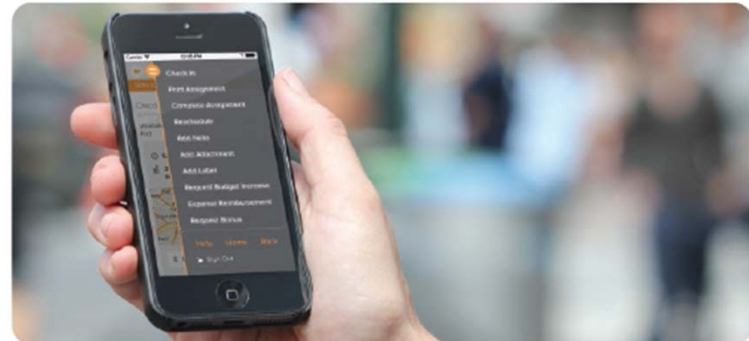
Current challenges faced today:

- Finding **the right freelancers** for the right work, and at scale
- Knowing **who you're working with** - their skills, their location and more
- **Extending company culture**, sharing best practices and setting expectations
- Huge difference between a database and a **marketplace**

Best Practice: Delivering Quality Work

Freelance Management Systems (FMS) Help Deliver Quality Work:

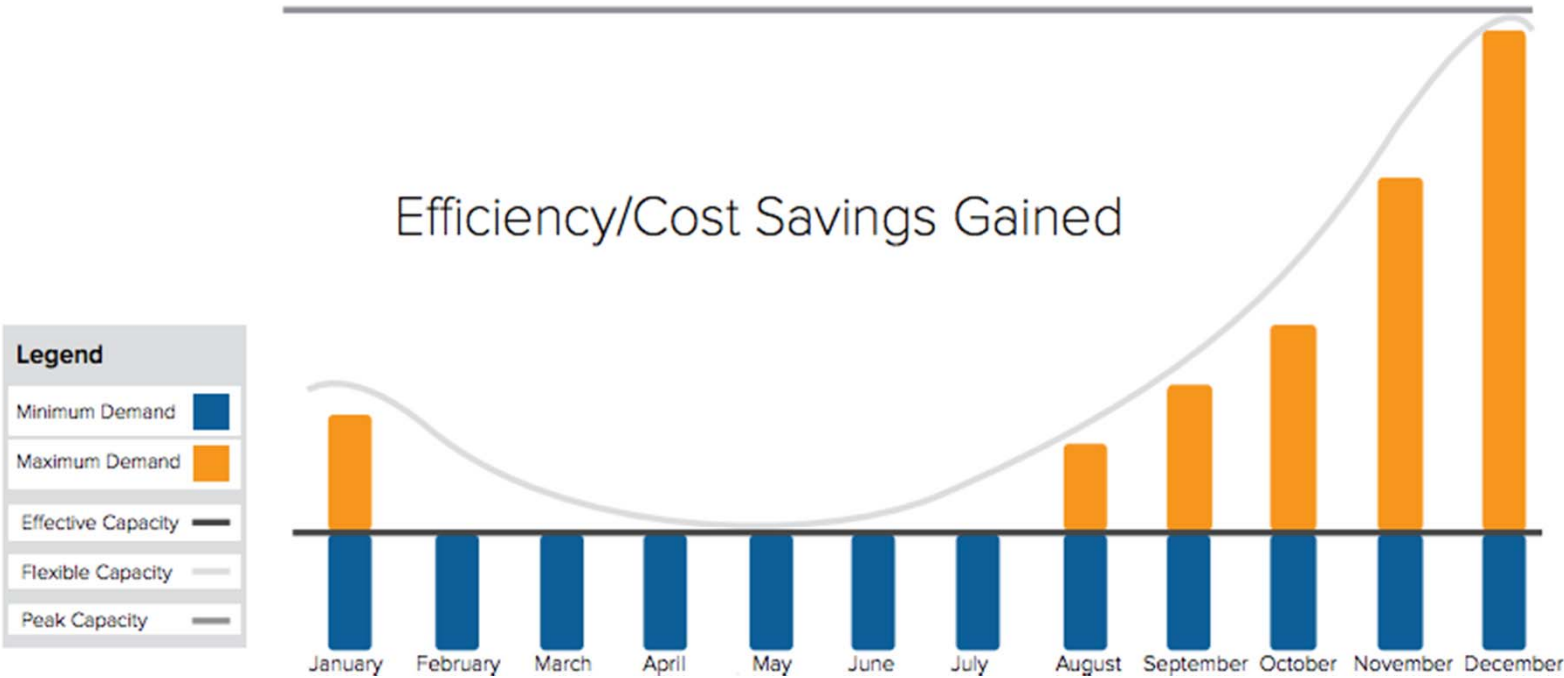
- Enhance visibility
- Boost workforce quality
- Motivate freelance workers
- Improve worker communications



Best Practice: Driving Cost Efficiency

- Review year's labor peaks and demands
- Staff to the lowest effective workforce capacity
- Utilize freelancers to meet the gap in peak demand
- Benefits:
 - You can shift a % of labor costs to variable cost model
 - Enables you to react quickly to changing business needs
 - Drive down your cost per employee
 - Reduce travel costs
 - Resolve problems before they escalate
 - Improve your margins

Best Practice: Driving Cost Efficiency



Best Practice: Getting Real Visibility

FMS help arm businesses with visibility into their extended workforce and can provide intelligence around:

- Worker classification and labor compliance standards
- Work quality, contractor performance and more
- Geographic market coverage and workforce gaps
- Annual labor spend and 1099 contractor costs
- Audit trails drive internal and regulatory compliance

Case Study

The Situation

Shopguard is a merchandising security company that provides tailor-made shop security, display merchandising and interactive in-store media solutions to retailers all over the world.

The Problem:

- Limited geographic coverage
- Sub-par installation quality
- Finite, static resource pool
- Lengthy installation cycles



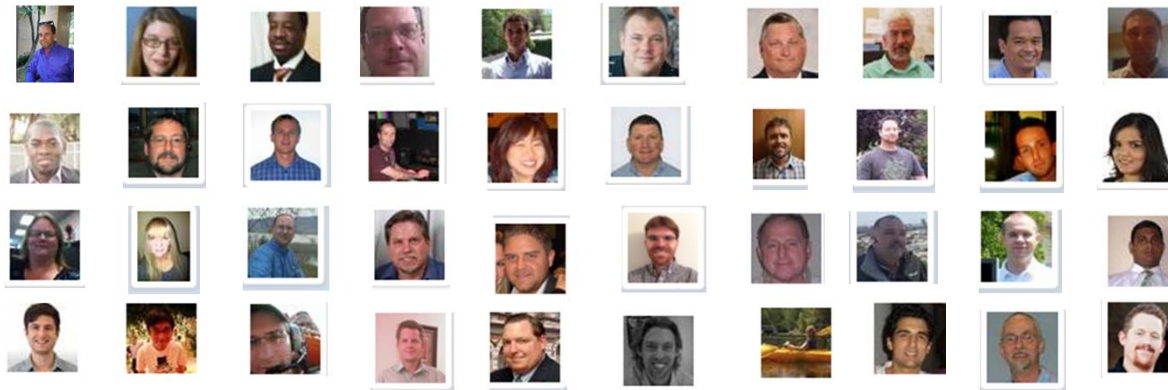
The Solution: Crowdsourcing

Scorecard		
	3 Mo.	All
Assignments	65	1,139
On-Time %	100	99.4
Deliverable On-Time %	100	87.5
Worker Cancelled	0	2
Less than 24 hrs notice	0	2
Late	0	3
Abandoned	0	2
Satisfaction		
Overall %	99.1	98.5
Quality %	96.7	97.6
Professionalism %	100	100
Communication %	100	99.4
Learn more »		

Crowdsourcing work addressed:

- Visibility into the work a contractor person does for other companies
- What the quality of work they provide is from job to job
- How reliable the person is
- Illegal activity, misconduct, etc. things that could get someone eliminated from a marketplace

The Solution: Curating a Talent Pool

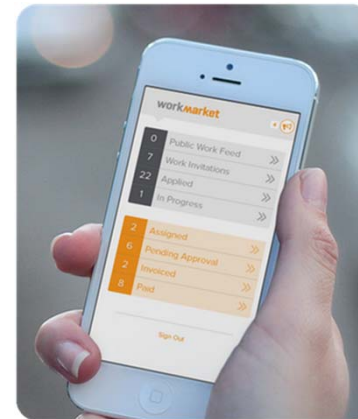


- Shopguard curated its own freelance workforce, without using a third-party service provider
- Reduced service visit costs by more than 10%
- The company was able to reduce the time it took to assign work by more than 50%

The Solution: Mobile

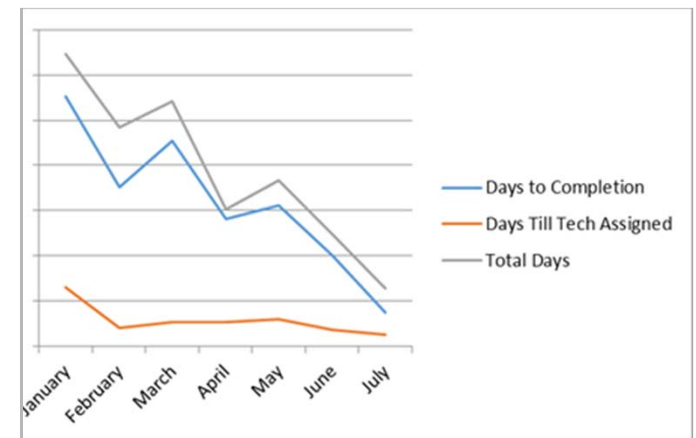
Freelancers used mobile devices to:

- Find work
- Check in to work assignments
- Send invoices
- Sign completion orders
- Upload proof of work
- Obtain signatures



The Results

- Slashed response times by more than **75%**
- Cut service visit costs by more than **10%**
- Reduced the time it took to assign work by more than **50%**
- Reduce reliance on unvetted third-parties
- Curate its own reliable and highly skilled workforce of technicians
- Manage quality much more closely



“We’re saving so much money that we’re planning to reduce our hourly rates to our customers.”

About Work Market

An end-to-end Freelance Management SaaS solution to help companies manage the entire *independent contractor workflow*

We help companies *find, curate & manage* a high-quality freelance/independent contractor workforce

This allows companies to better *scale* their businesses, drive *efficiency*, stay *compliant* and enable *quality work* outcomes

Questions?



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To learn more, contact us at info@workmarket.com.

For white papers and case studies visit
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