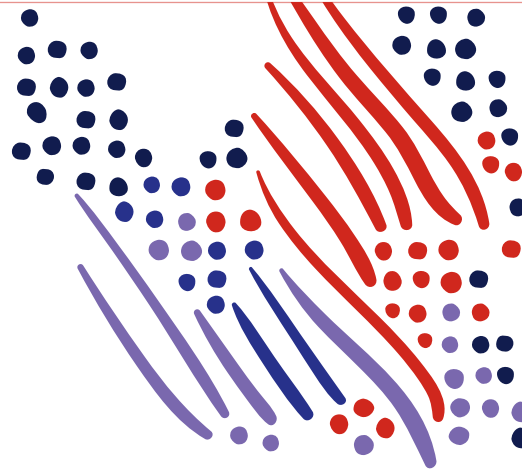


On-Demand Labor

The Past, Present and Future



August 2020 | Service Industry Association



Welcome to The End of Jobs Webinar with Jeff Wald

MEETING LOGISTICS

This broadcast is being recorded and the recording will be made available to you within 24 hours.

Questions: Please send us your questions during the broadcast using the questions panel on the right-hand side of your screen (Q&A).

During the broadcast all attendees will be muted.

We will respond to your questions during the broadcast.

Technical Difficulties: If you encounter difficulties, we suggest leaving the webinar and then rejoining.



Bio



Jeff Wald
*Founder WorkMarket,
an ADP Company
SVP at ADP*

- Founder – WorkMarket
 - \$70 million in VC from Union Square Ventures, Spark Capital and Softbank
 - Sold to ADP in January 2018
- Founder – Spinback
 - Sold to Buddy Media (bought by salesforce for \$800 million) in 2012
- Board of Directors: Steel Connect (NASDAQ: STCN) & CoStar Technologies (OTC: CSTI)
- Former Activist Hedge Fund Manager (Barington), Venture Capitalist (GlenRock) and M&A Banker (JPMorgan)
- Former NYPD Auxiliary Officer
- Author: *The End of Jobs: The Rise of On-Demand Workers and Agile Corporations*
- Harvard University: MBA, Cornell University: MPP and BS
- @jeffreywald

Agenda



Thank you for being here!

What do you want to learn about the On-Demand Labor Market?

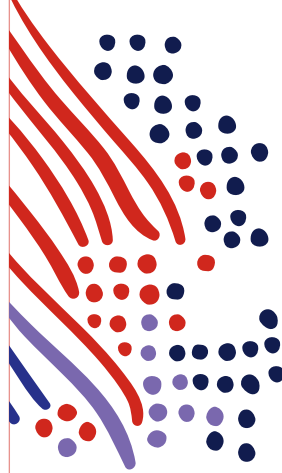
OUR AGENDA:

- The History of On-Demand Labor
- Why Companies Are Looking to Transform Their Operating Models
- The On-Demand Labor Market Today
- Impediments to The Explosion of On-Demand Labor
- The Future of On-Demand Labor
- On-Demand Labor & Your Company

The History of On-Demand Labor

“Study the past if you
would define the future”

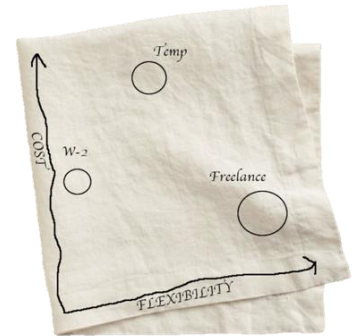
– CONFUCIUS



The History of On-Demand Labor



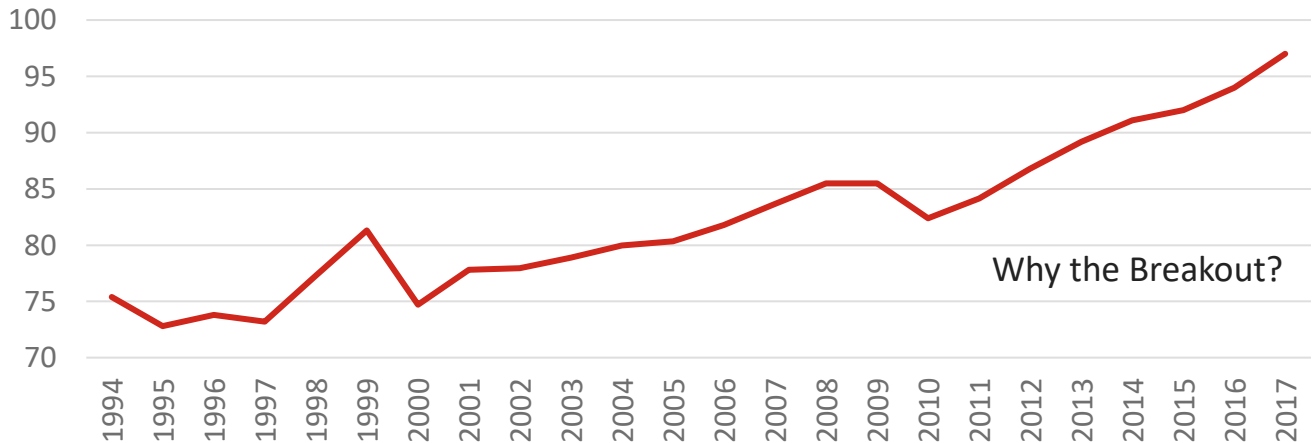
- “Job” is only 200 years old
- Myth of Lifetime Employment Model
- Advent of the Temp by Kelly Services – The Kelly Girl
- Temp vs Freelance – Workers who are NOT W2
- The current explosion of the Gig Economy led by Uber



The History of On-Demand Labor



Annual IRS Form 1099-Misc Filings (1994-2019)



VMS/FMS | Psychographics | Gig/Worker | Moonlighting | Gray Market

Firms Transforming The Operating Model



Why On-Demand?

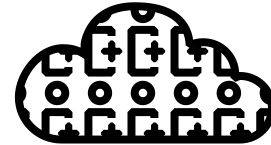
FLEX OPERATING MODEL

- Expansion by Product/
GEO/Skill in **low cost** way
- **Increase** SLA and coverage
- 100% **utilization** of labor
resources

WINNING THE WAR FOR TALENT

- Meeting **talent** where they are
- **Staying competitive**
- Certain industries and work
streams have already
converted...

FTE vs Freelance



Coverage

1

14

Utilization Rates

60%

100%

CSAT Scores

78

94

On-Time Deliverables

83%

97%

Worker Engagement

16%

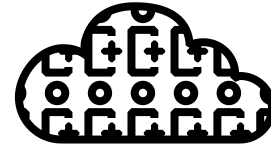
23%

Hourly Rates

\$29

\$38

FTE vs On-Demand



Demographics

same

same

Age

same

same

Education Levels

same

same

Healthcare Coverage

84%

70%

Retirement Plan

50%

20%

Social Safety Net/ Regulations

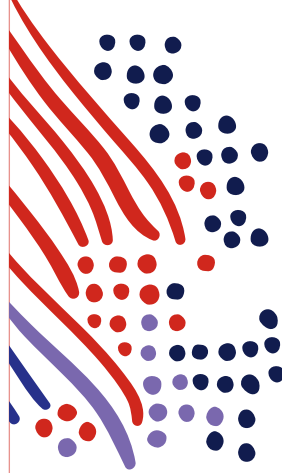
Unemployment
Workers Comp
Overtime/Min Wage
FMLA, ADA, OSHA, CRA



So Where are We Now?

“Trust in God. Everyone
else bring data”

– W. EDWARDS DEMING



The On-Demand Labor Market Today



\$600B – \$1T

Estimated Spend

25% - 30%

Estimated % of Labor Force

Largest Answer in Surveys:
“I don’t know”



60%

Unaccounted

On-Demand and COVID



Access to UI

First time ever...but won't last

Temp vs Freelance

Access to some W2 benefits

Silver Linings?

MedTech, Education, Changing LT Focus?

Decreases in Work

60-70% in March/April

30% increase today

Travel Restrictions

Enable local Freelancers

The On-Demand Labor Market Today



21 million

Agile Workers

- **5.9 million** contingent
- **10.6 million** IC
- **4.9 million** Other Agile
- **60,000** respondents
- Last Study in 2005

14%

Decrease of 1%



42 million

Independent Workers

- Full time: **40%**
- Part time: **29%**
- Occasional: **31%**
- Satisfied w/ employment: **77%**
- **16,000** respondents
- 8th Report

27%

Roughly same size



31 – 46 million

Independent Workers

- **30%** Happy full time IW
- **14%** Unhappy full time IW
- **40%** Happy moonlighters
- **16%** Unhappy moonlighters
- **8,000** respondents

20 – 30%



57 million

Did Independent Work

- **47%** of those that freelanced are millennials
- **69%** of freelancers prefer to traditional employment
- **6,000** respondents
- 5th Report

37%

Increase of 2%



Fact vs Fiction

<p>The average length in job is</p> <p>4.2 years</p> <p>What was it in 1980?</p> <p>What was it in 1960?</p>	<p>% of the labor force that is</p> <p>Self-Employed</p> <p>7%</p> <p>What was it in 1970?</p>	<p>% of the labor force that has</p> <p>Two+ Jobs</p> <p>5 %</p> <p>What was it in 1990?</p>	<p>What % of on-demand workers are happy</p>	<p>Uber</p> <p>Represents what % of the on-demand labor force?</p>
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Impediments to The Explosion of On-Demand Labor



The term employee means any individual that is employed by an employer – FLSA



10 Billion

Annual Tax Gap Drives
More Regulations

ABC Tests

100's of definitions of
employee vs IC
AB5!!!

COMPANIES IN THE HEADLINES



NETFLIX



Impediments to The Explosion of On-Demand Labor



Challenges they all face:

how they **organize, manage, & pay**
their freelancers and contractors at scale

On-Demand in Europe



What is different in the EU?

LABOR LAWS

- Much less flexible on hiring/firing than the US
- Much **larger** temp market but stagnant
- Much **smaller** freelance market but growing much faster

OPERATING MODELS

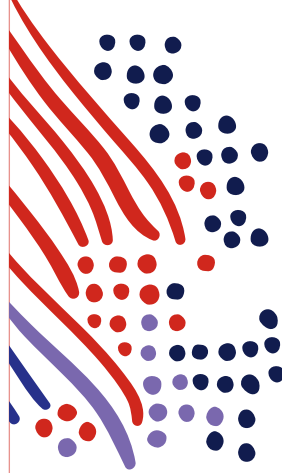
- McKinsey still finds same size as US 20-20% but different mix
- **80% freelance by choice**
- Freelancers are more highly skilled than in the US (52% have advanced degrees)

An example of what is to come in the US?

What Drives the Future of On-Demand Labor?

“The future depends
on what you do today”

– G A N D H I



Platforms



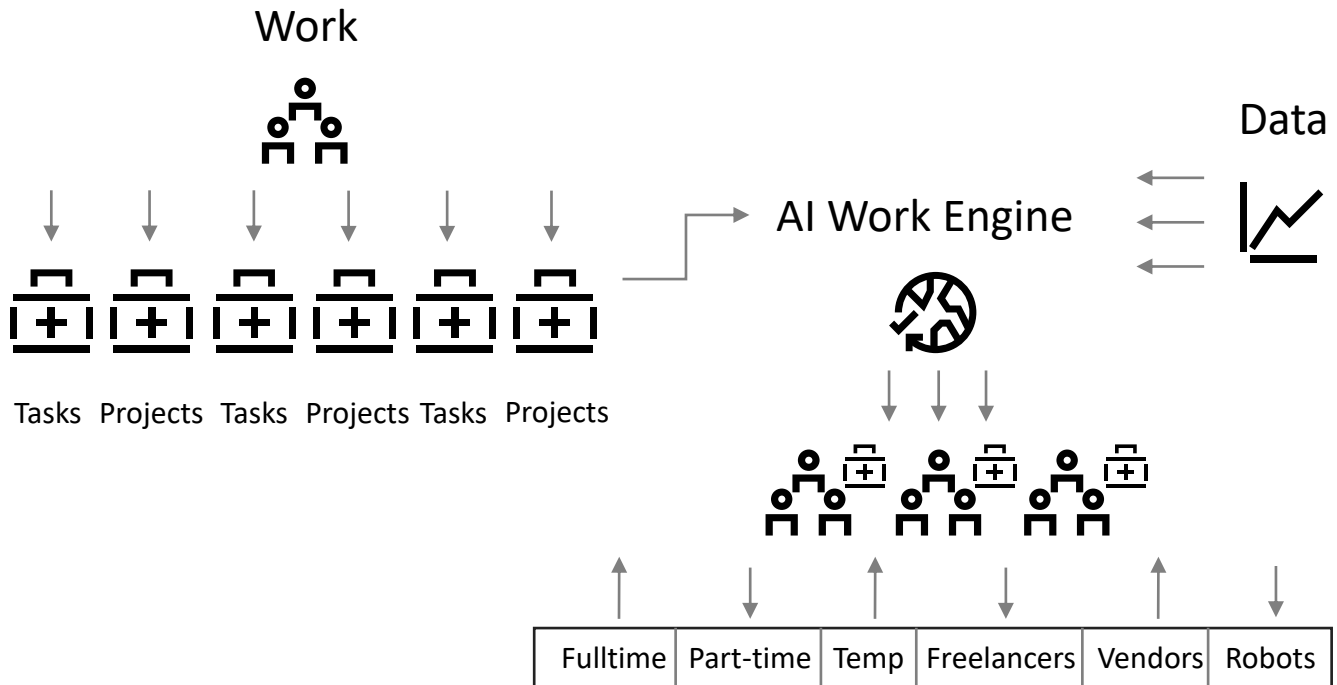
248

30%

\$250B

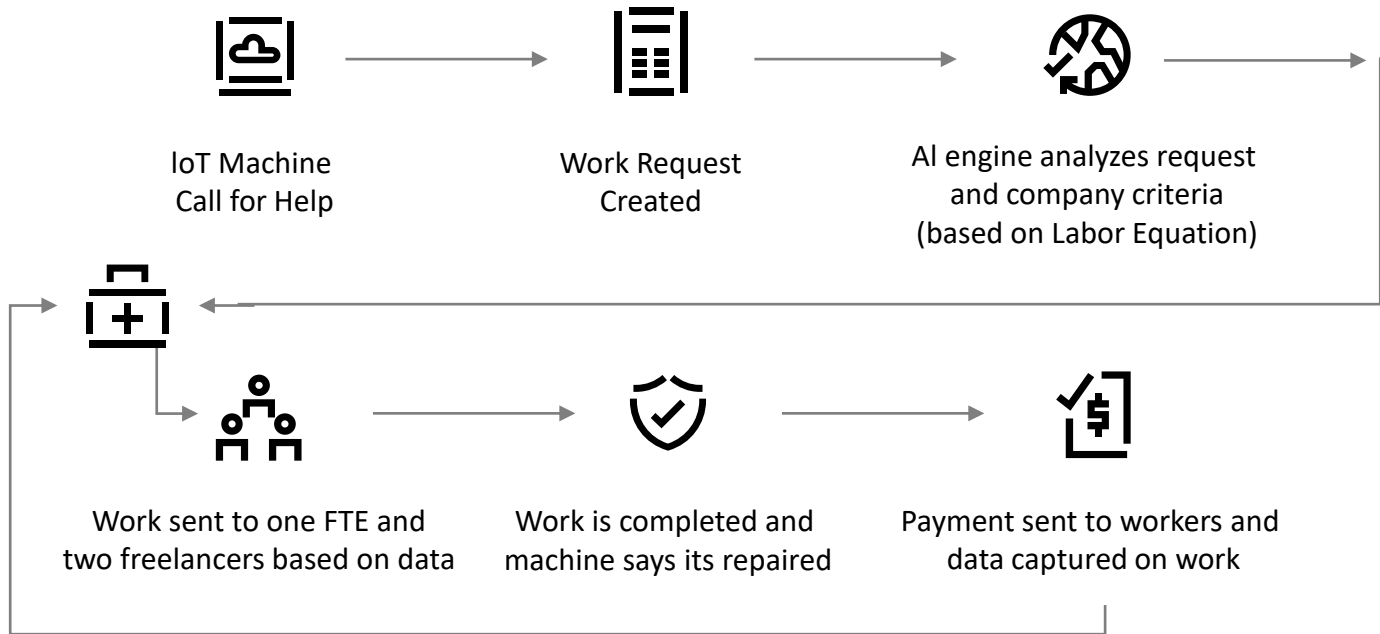
Freelance MS → Moving to SOW
Vendor MS → Moving to direct
Marketplaces → Dying or Enterprise

The Future of On-Demand Labor: Total Talent Management

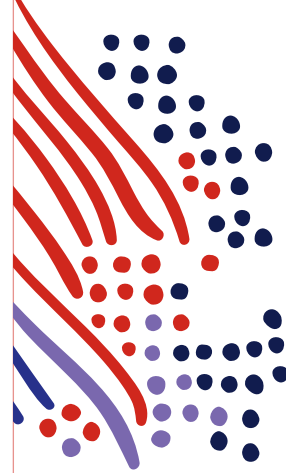


The Future of Work

“The future is already here, it’s just not evenly distributed” – WILLIAM GIBSON



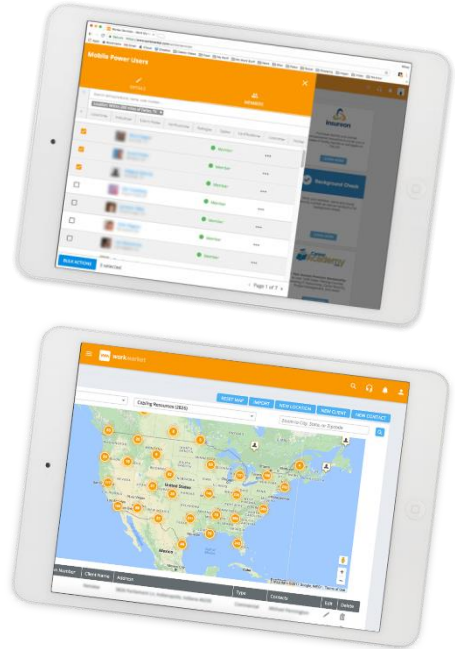
What Should My Company Do Today



What to do TODAY!



- Use Systems to Manage!!!
- Compliance and Efficiency and Prepare for TTM
- If no ODL program start now – you are missing out on talent and corporate agility
- Alumni Labor Clouds and Retiree Labor Clouds



Be an Employer of Choice in On-Demand



Pay On Time



Clear Scope
of Work



Responsiveness

On-Time
Approval



Reasonable Work
Requirements



Include them in culture
where you can



Risk Mitigation Strategies for Engaging ICs



The 3Ds



Determine

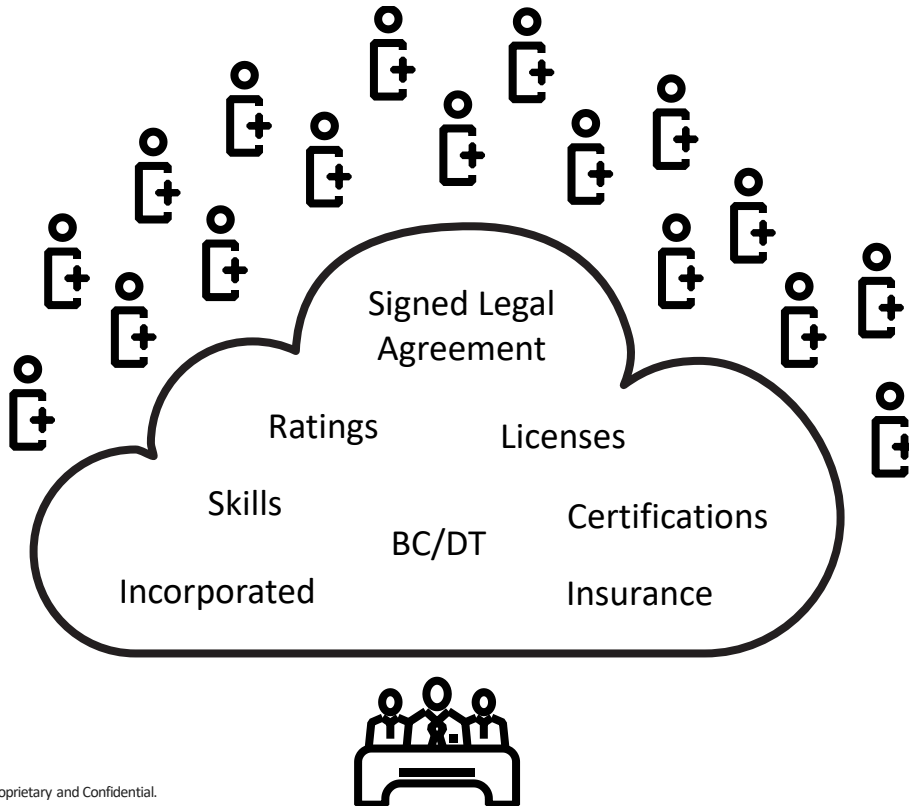


Document



Deliver

Who You Work With



How you work with them



Work with an IC



- Hour limits
- \$ limits
- % income limits



- Off site
- Not in certain states
- Not set work hours



- No hourly rates
- No expense reimbursement
- No direction
- Can subcontract

Field Services Leads the Way



Large Retailer

400 + 8,000

FTES Covering
Stores

28%

Increase in
Store Satisfaction

22%

Decrease in Costs

Technology Expanding the Market



Large Media Company

3, 000

ICs Managed
on Spreadsheets

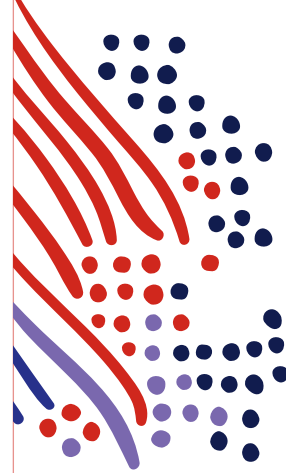
52

Assignments/
Year
Legal/HR/
Procurement

100%

Days Without
a Violation

Thank you & Questions!





FREE Webinar

SIA Members



Support Organization Evolution

Break Fix Support to Customer Experience: Where is the Money?

When:

Tuesday, September 22nd

Time:

10AM to 11AM EST

Speaker:

Rob Brothers, Program VP Datacenter & Support Services

Rob Brothers