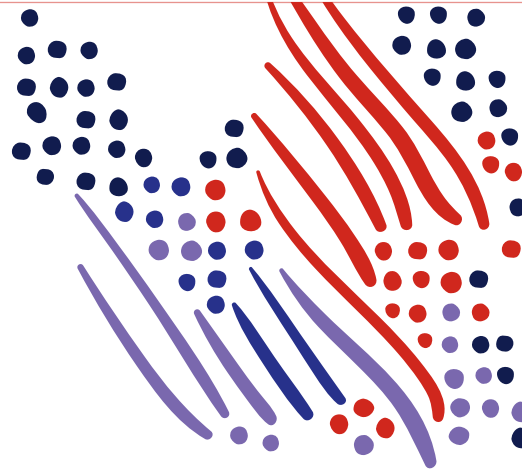


# On-Demand Labor

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?

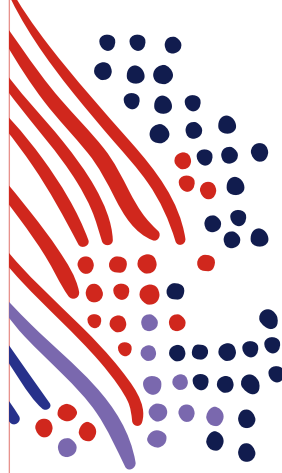
### OUR AGENDA:

- 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”

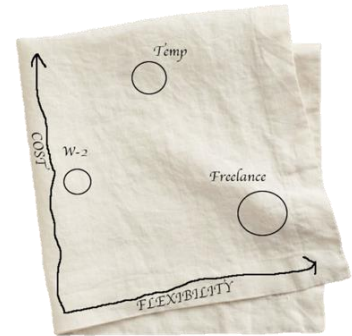
– CONFUCIUS



# The History of On-Demand Labor



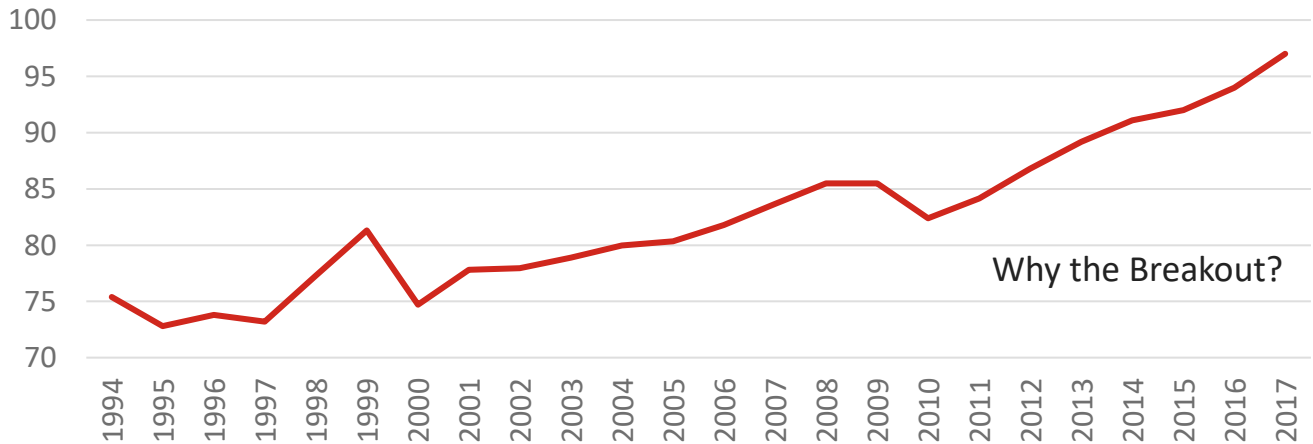
- “Job” is only 200 years old
- Myth of Lifetime Employment Model
- Advent of the Temp by Kelly Services – The Kelly Girl
- Temp vs Freelance – Workers who are NOT W2
- The current explosion of the Gig Economy led by Uber



# The History of On-Demand Labor



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



Why the Breakout?

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



## Why On-Demand?

### FLEX OPERATING MODEL

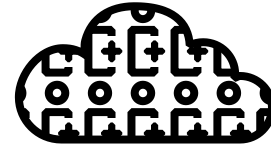
- Expansion by Product/  
GEO/Skill in **low cost** way
- **Increase** SLA and coverage
- 100% **utilization** of labor  
resources

### 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%

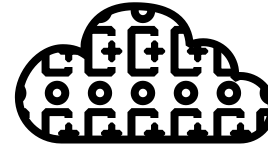
23%

**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**

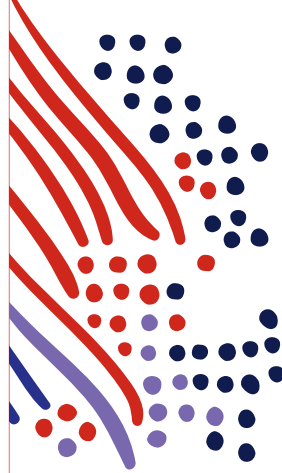
Unemployment  
Workers Comp  
Overtime/Min Wage  
FMLA, ADA, OSHA, CRA



# 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



## **Temp vs Freelance**

*Access to some W2 benefits*

## **Access to UI**

*First time ever...but won't last*

## **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
- 8<sup>th</sup> 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
- 5<sup>th</sup> Report

**37%**

*Increase of 2%*



# Fact vs Fiction

The average length in job is

**4.2 years**

*What was it in 1980?*

*What was it in 1960?*

% of the labor force that is

**Self-Employed**

**7%**

*What was it in 1970?*

% of the labor force that has

**Two+ Jobs**

**5 %**

*What was it in 1990?*

**What %**  
of on-demand workers are  
**happy**



Represents what  
**%**  
of the on-demand labor force?

# 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





# Impediments to The Explosion of On-Demand Labor



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## 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

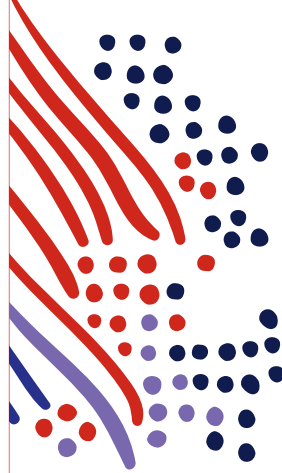
- McKinsey still finds same size as US 20-20% but different mix
- **80% freelance by choice**
- Freelancers are more highly skilled than in the US (52% have advanced degrees)

**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”

– GANDHI



# Platforms



248

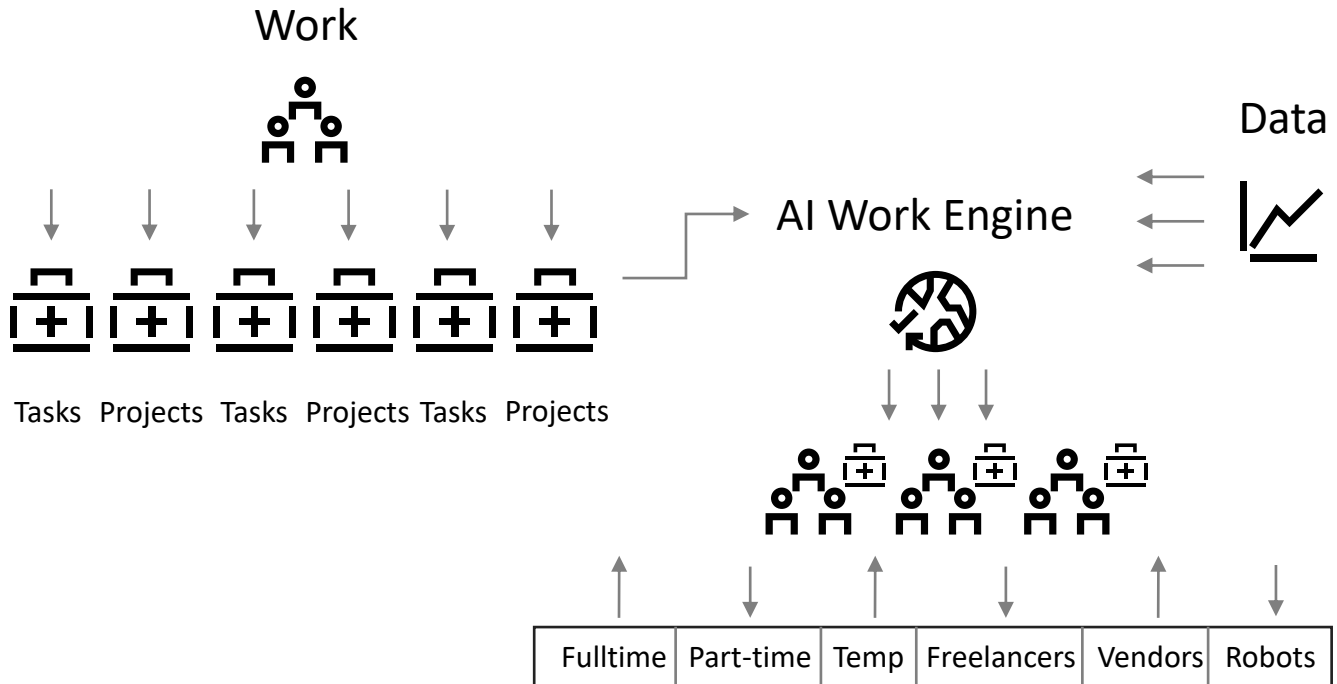
30%

\$250B

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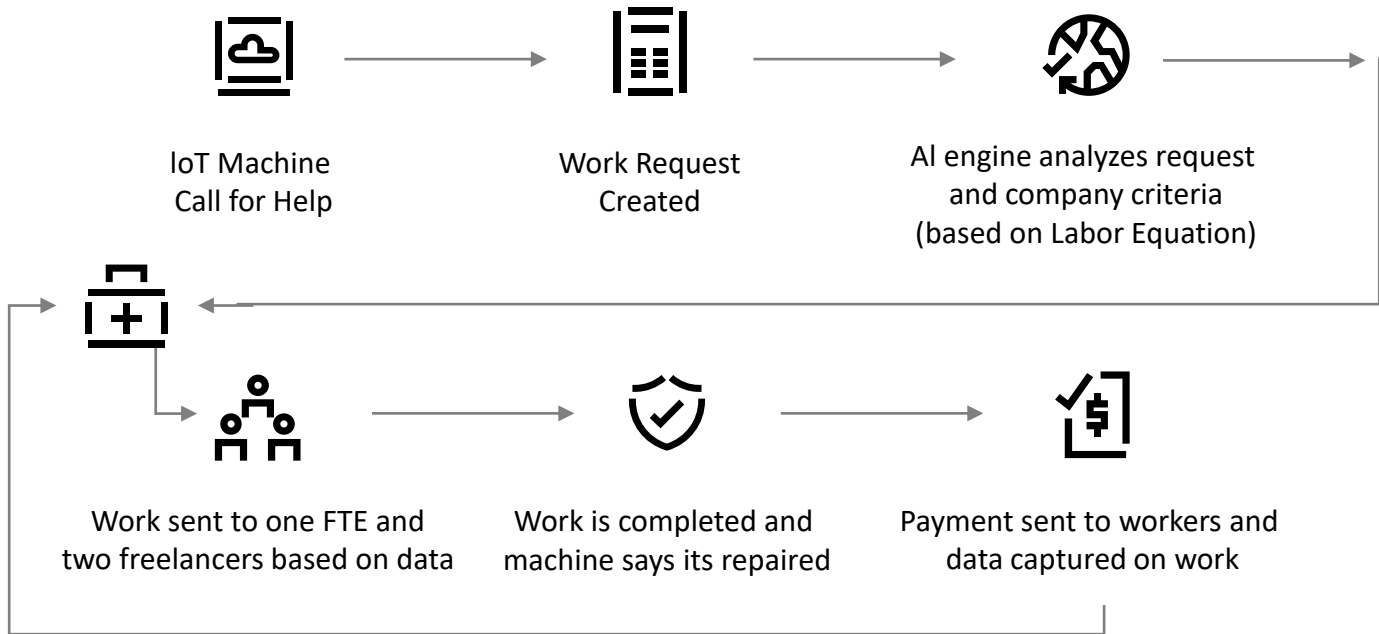
Freelance MS → Moving to SOW  
Vendor MS → Moving to direct  
Marketplaces → Dying or Enterprise

# The Future of On-Demand Labor: Total Talent Management

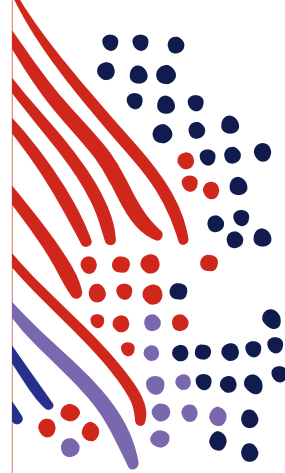


# The Future of Work

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



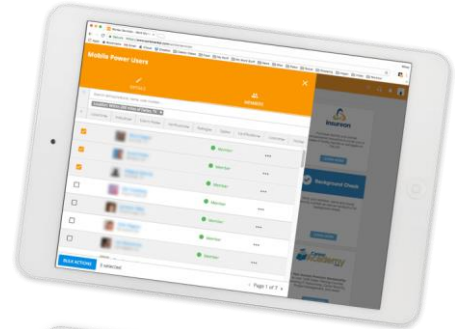
# What Should My Company Do Today



# 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

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On-Time  
Approval



Reasonable Work  
Requirements



Include them in culture  
where you can



# Risk Mitigation Strategies for Engaging ICs



## The 3Ds



Determine

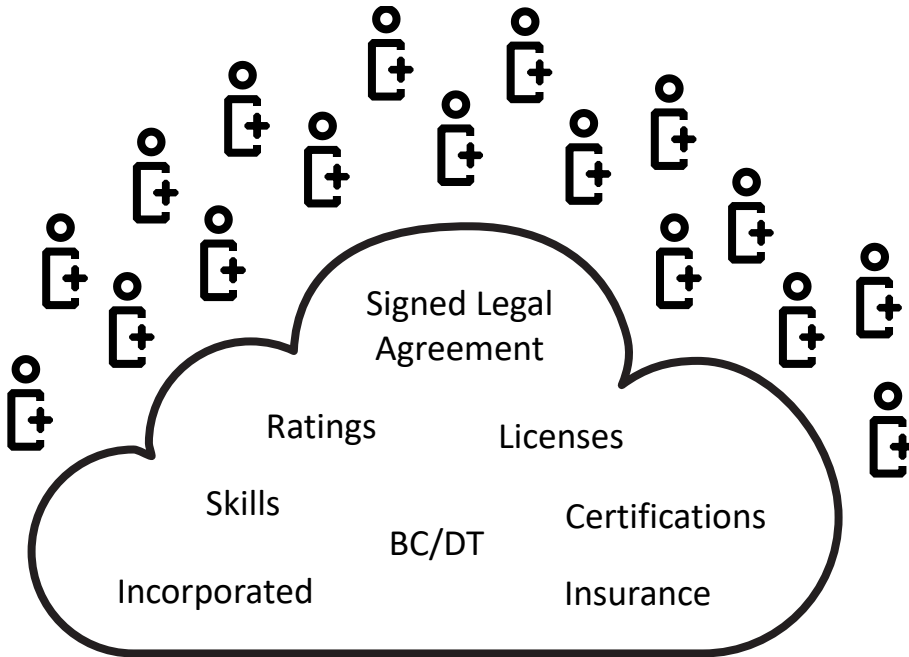


Document



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

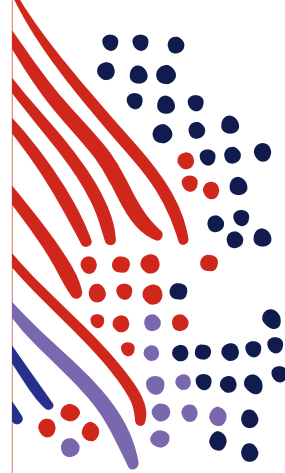
**52**

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**