

Freelancing platforms want to become agile channels to attract large corporations



Over the last decade we have seen the birth of an entirely new industry of freelancing platforms – such as Upwork, Freelancer or Gigster — that match the talent available in both domestic and global markets with the pressing demand for digital skills. Compared to traditional hiring channels, freelancing platforms dramatically improve a company's agility in matching its needs to the supply.

The benefits are significant: access to thousands of profiles and skills; accelerated speed of talent engagement and deployment on projects (from months to days); increased elasticity to manage demand peaks reducing fixed costs; more affordable billing rates (compared to vendors) due to direct talent engagement and the flexibility to source talent anywhere, including in lower cost locations.

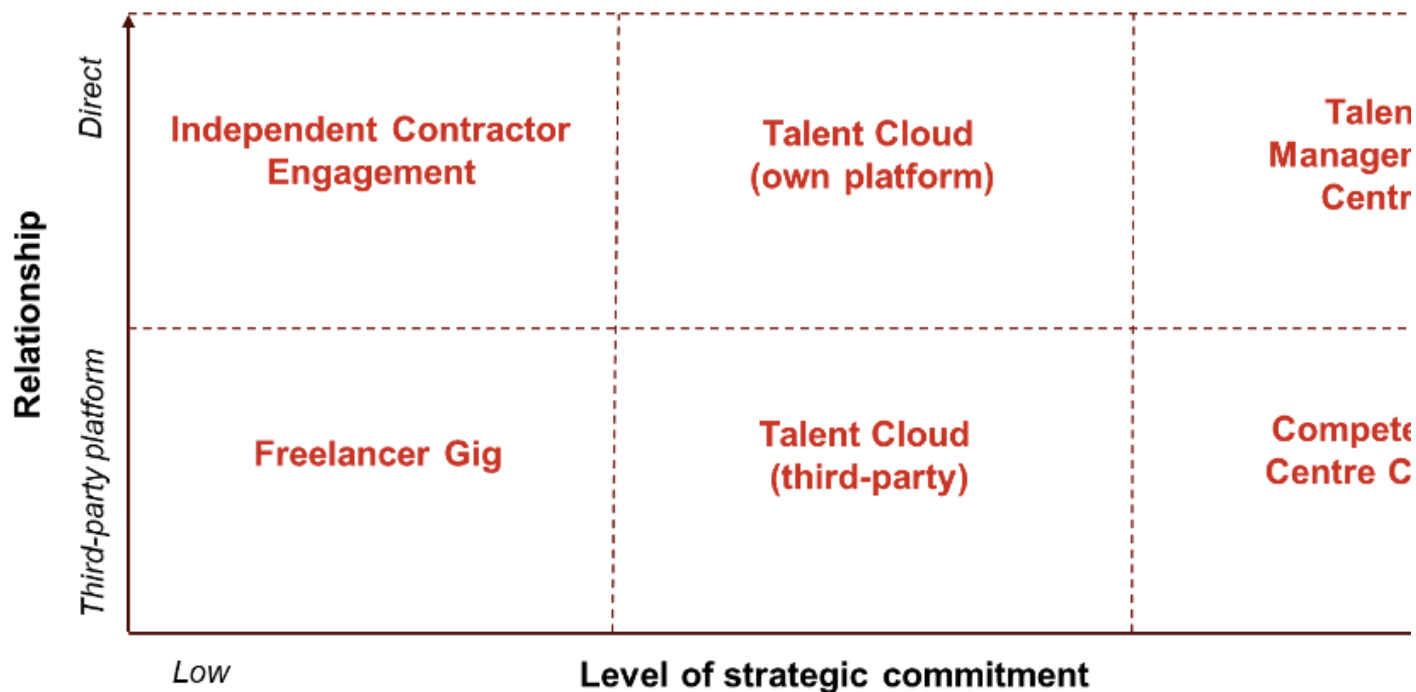
Little wonder then that the freelancing platform market is expanding fast. In fact, it is predicted to [more than double](#) in the next three years reaching almost \$20 billion. This accelerating growth is being fuelled by economic, demographic and technology drivers. First, the 'platform business model' has transformed multiple industries enabling the matching of dispersed supply and demand with unprecedented speed and efficiency. Second, companies are experiencing a permanent talent shortage for digital capabilities that can be difficult to source locally on a timely basis and at an affordable cost. Third, a socio-demographic shift to independent work, with millennials more likely to look for freelance gigs and project work compared to their parents' generation. Last but not least, much more reliable technologies for remote work and collaboration. In the last few months in particular the Covid-19 pandemic has accelerated the adoption and penetration of remote working practices, facilitating the engagement of freelance talent with the right skills wherever they may be located.

So far, large enterprises are typically using freelance platforms to staff small projects and to execute focused tasks, with limited scalability in terms of scope and complexity. To enable greater adoption by large enterprises, some of the leading freelancing platforms have recently launched new 'enterprise' offerings that provide end-to-end support and programme management, as well as full compliance to IP and work classifications. As a result several Fortune 500 companies in the US have started to expand their use of freelance platforms and some European companies are now following suit.

We believe that modern enterprises can no longer overlook this new agile channel to access and engage talent. The freelancing platforms are effectively an extension of the workforce and a new enabling capability with distinct advantages in terms of agility, cost and access over traditional talent acquisition channels, making their use a competitive consideration.

To help companies deploy this new capability we have developed a framework (see figure 1) organised on two dimensions: the vertical axis represents the type of relationship between enterprise and talent – direct and strategically controlled or intermediated by third party platform; while the horizontal axis shows the level of strategic commitment of the company for this new capability sourcing channel.

Figure 1. Enterprise-talent relationship framework



The first two models on the left represent the basic approach in which the company engages a contractor or a supplier for project work, or engages a freelancer for a simple “gig” via a freelance platform.

For example, injecting skills in an agile project, where the freelancer works with the internal team and contributes to the delivery of selected tasks. This model is typically the initial step companies take when they want to start experimenting with freelancing platforms on a small number of projects.

If working with a freelancer online proves successful, the enterprise typically increases its strategic commitment by assembling a talent cloud, a pool of pre-vetted and pre-onboarded freelancers who proved reliable in order to retain and engage them more systematically when a need for their skill arises. Some of the largest freelancing platforms offer talent cloud features and services, supporting the company in building and managing this pool of talent with services such as screening and qualification, verification, on-boarding and compliance with local laws. For example, the South Korean tech conglomerate Samsung ran a successful pilot phase and then established a permanent talent cloud containing several skills. Samsung also committed to the success of its talent cloud by appointing a [“head of on-demand talent”](#), who develops and curates the community of freelancers and aggregates internal demands for staffing with freelancers sourced through Upwork, their talent cloud platform partner.

Alternatively, companies wanting to supplement their workforce with freelancers and contractors can choose to invest in developing the technology and acquiring the capabilities to build and manage their talent clouds on their own, without partnering with a third-party freelancing platform. For example, Philips launched [Philips Talent Pool](#), a proprietary platform to engage independent contractors and freelancers. This platform emulates some of the functionality of a third party freelance platform with the key difference that a centralised Philips team is responsible for managing the technology platform and the talent pools, while Philips business units have direct relationships with the freelancers with whom they engage. Freelancers can create their own profile on the Philips platform and join a preferred talent pool (e.g. digital design and usability engineering). When a Philips business unit posts a new project, the freelancers are contacted and asked to submit a quote. Or, they can search on the platform to find available projects. The selected freelancers join the projects, and the business units are responsible for contracting them according to local legislation.

Although the cases of Samsung and Philips are remarkable, other companies are starting to go even further by building an entire **competence centre cloud**. In this case the platform helps the company identify, pre-screen and nurture a virtual community around a single, strategic area of competence. Let's take the case of Deloitte and [Experfy](#), a specialised talent platform with more than 30,000 AI and machine learning experts. They recently established an [alliance](#) whereby Deloitte guarantees a certain amount of volume sourced from Experfy and the platform provider guarantees that elite members of its community reserve some of their capacity for AI and machine learning jobs requested by Deloitte. By reserving capacity in a competence centre cloud, Deloitte can more quickly and reliably access a qualified AI workforce that is always in high demand.

Another advanced and complex model is the **talent management centre**, an aggregator of demand and supply that acts as a shared staffing service for large corporations, matching project requests with the best available resources across all capability sourcing channels, either internal (employees) or externals (freelancers through external platforms, or traditional vendors). One example of this model is [GE's GeniusLink](#), a GE unit that receives notifications of demand from other GE divisions to staff projects and then matches the needs with the supply side, looking at the best fits of the alternative capability sourcing channels. GeniusLink has enabled more than 700 projects in areas like product design and engineering, process automation, software development and machine learning.

As more people work online and skills in demand continue to change, companies are experimenting with and investing in new ways to build and access blended workforces along the continuum we identified in our framework. While not all companies will move all the way to the right quadrant, we expect an acceleration of the shift towards a blended workforce due to the socio-economic, demographic, technology and remote working trends every company is experiencing. The US will likely lead the course, as it has a higher penetration of freelancers in the population, a more fluid labour context, and is the home base of most freelancing platforms. Regardless of geography, however, a company's competitive advantage will depend more and more on its ability to source the best talent in the most agile and rapid way. The battle for the best creative and the hottest technical talents, including AI and data science, is fierce. Supply is short and projected to become even more inadequate in the future. Meanwhile, the cost to hire such scarce talent is continuing to increase.

Enterprises can no longer overlook these modern talent acquisition models. Now is the time to experiment with and start building blended workforces by integrating freelancing platforms into your workforce planning models and harness the benefits of access to in-demand talent through the freelancing economy.



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