

Workforce 2020: The Enterprise Imperative for the Digital Transformation of Work

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Introduction

The world's biggest companies are undertaking digital transformation projects, and many have chosen 2020 as their deadline.

To understand the drive behind these initiatives, look no further than the New York Times. In its publication [Journalism That Stands Apart](#) a team known as the "2020 Group" lays out the Gray Lady's plan for a digital future. No small part of the report – more than a third of it – centers the paper's digital transformation around perhaps its most important (and expensive) asset: its staff.

To be sure, there are many other changes the New York Times intends to pursue in order ensure its sustainable financial future. Yet this considerable space spent analyzing its workforce and the way the organization gets work done teaches a valuable lesson. A digital transformation is about far more than just digitizing communications and back-office tasks; the business' approach to arranging and managing work must become digital, as well.

To follow through on any 2020 digital initiative, an enterprise must fully update its digital workforce strategy – call it Workforce 2020. Contingent workforce and services procurement (CW/S) practitioners thus need to prepare for this new workforce paradigm and fully understand the digital platforms that will enable it.

What is Workforce 2020? A New Digital Paradigm of Work

The workforce of 2020 is one that is empowered by digital capabilities, including broader access to data, effective search and, of course, mobile. To understand this shift, one need only look at the proliferation of smartphones. Within the last six years, the share of Americans that own smartphones rose to 77%, up from just 35% in Pew Research Center's first survey of smartphone ownership, conducted in 2011. Since so many people live with a networked device, they are connected and available to work through new, digitally intermediated channels.

But mobile is only the access point. The underlying infrastructure of the cloud, as well as the growth of social media platforms and data available through advanced analytics, has revolutionized the management of work across digital platforms.

In fact, work arrangements and work assignment execution are optimized by technology. Bringing external talent – whether through freelancers, staffing vendors or any other source – into the enterprise through a digital platform allows organizations to compliantly dissolve barriers between employees, contingent workers and external vendors, providing a blended workforce that is more nimble, specialized and responsive to the work that needs to be done.

“Digital transformation of the enterprise does not just mean adding more technology to organizations,” says Andrew Karpie, research director for labor and services procurement at Spend Matters. “It means radically changing how the enterprise operates.

“There can be many manifestations of digital transformation, including using ubiquitous, real-time data and algorithms to processes flexible and autonomous workers. Another manifestation can be an increasingly 'borderless enterprise,' where external resources and services can be deployed on-demand and even meld with internal resources to achieve a firm's objectives with clients in the marketplace.

“Accordingly, digital transformation also means a radical transformation of work and the management of work. Work can be algorithmically broken down and assigned to the optimal human resources – whatever form they take. Labor and talent resources, whether internal or external, and outside service providers can be leveraged in much more efficient ways as disconnected processes become seamless. Plus, customer needs are satisfied faster and more precisely with fine tuning.”

Enterprises + Workforce 2020 = Strategic Advantage

As the economy continues to recover from the Great Recession, the ratio of unemployed people to available jobs has narrowed considerably, falling to 1.5 workers per job in 2016 from 5 workers per job in 2010. Despite this strengthening labor market, there is also growing gap between the number of jobs available and the number of hires. Economists have proposed that a skills gap is plaguing businesses, meaning the supply of available workers is unqualified to complete the work that companies need done.

To compensate for this dearth of qualified talent, companies will have to increase workforce efficiency and agility to find the people who can do these jobs. Integrating Workforce 2020 into the enterprise is thus no mere corporate exercise. By finding the skills and specializations they need at the agile pace required by the digital business environment, firms can secure new competitive advantages. Just as the NYT's plan for 2020 demonstrates, business transformation starts with transforming your workforce.

As businesses seek to eliminate bloated costs and embrace more sustainable and competitive cost structures, an on-demand labor model based on digitally intermediated, analytics-enhanced work arrangements will become a critical enabler to those goals.

Yet to date, available workforce solutions have reflected legacy operating models and mentalities about how to handle talent. HCM, VMS and related technologies were not designed to handle Workforce 2020, and as businesses begin to adopt more automated, agile labor programs, these solutions may begin to produce negative marginal returns on investment.

To take advantage of Workforce 2020 – a strategic imperative – new technology-based solutions must be adopted within given enterprises. As such, when contingent workforce is referred to today, it tends to mean large amounts of spend on temp workers from staffing suppliers, a trickle of spend on a relatively tiny number of independent contractors engaged directly and in past years a fast growing and now large amount of spend on statement of work (SOW).

The Path to Workforce 2020 Starts Here

Despite the emerging disconnect between previously available workforce solutions and the requirements for enabling Workforce 2020, many contingent workforce and services (CW/S) practitioners are unaware of new, technology-based workforce solutions designed and developed in anticipation of this new paradigm.

This awareness gap has, in part, been fueled by the availability of solutions that address some but not all of the challenges presented by Workforce 2020. The [rise and fall in popularity](#) of the moniker “freelancer management system” (FMS) illustrates this nicely. The FMS model proved attractive and interesting to enterprises, but it also led to many questions by prospects around how and from where workers were sourced into talent pools, how compliance requirements would be met and why organization should adopt a solution solely for managing freelancers, which are only one part of the whole labor pie.

“The right technology is key to achieving this transformation of work, workforce and outcomes,” says Karpie. “Just several years ago, freelancer management systems appeared on the scene, but they were effectively just holding tanks for the independent workforce and did not do the job. The next generation of work platforms, now emerging, has the digital capabilities needed to act as engines of work and workforce transformation to optimize the highly efficient assignment and management of work across a wider range of resources than can be done today.”

As Karpie explains, a new generation of solutions has begun to emerge that offer technologies for just these problems. And rather than wait for competitors to prove these solutions’ effectiveness, the time for CW/S to start becoming familiar with and adopting these solutions is now.

3 Essential Concepts that will Enable True Workforce Transformation

As businesses gear up to enact company-wide digital transformations, many firms are realizing that these strategies must first [start with their workforce](#). But now that the foundation for this new approach is clear, the next question is how to execute these initiatives.

The answer lies in the impetus for digital workforce transformation itself: the newly available technologies purpose-built for sourcing and managing workers of all kinds. Businesses are starting to update their digital workforce strategies because the technology needed to complete this transformation is finally up to snuff. Digital transformation begins with a plan focused on people, but it is carried out with a plan enabled by the technologies that give digital its name.

To craft a successful digital workforce strategy, then, you’ll need to fully understand the tools with which you’ll execute it. Here are the three essential technology concepts you need to know about – and how they’re already changing the way businesses source and manage work.

1. Labor Clouds

Labor clouds are curated networks of talent that can consist of freelancers, full-time employees and even vendors. They can be organized by any set of criteria that matters for your business, including location, skill, experience and certification. Companies can build a labor cloud for any department or function they’d like to augment or optimize: their field service workforce, their editorial team, their retail store operations and so on.

What makes a labor cloud different from previous workforce management approaches is that everything is controlled through a single platform. Labor clouds allow companies to optimize the deployment of all available labor resources – from freelancers to FTEs to vendors – for any specific task so they have the right person, at the right place, at the right time.

Based on the criteria that matter to your business, algorithms powering the labor cloud can decide to provision work to one of your contractors, one of your employees or even to a third-party vendor to produce the desired outcome. Retailers like Walgreens, for example, use labor clouds to augment their traditional staff for store operations, allowing them to adjust their workforce for periods of high and low demand as needed.

The reason labor clouds are an essential technology for the digital workforce transformation comes down to one word: productivity. As the labor market continues to become disrupted and fragmented, companies are looking for new ways to improve the productivity of their most expensive and important asset: their workforce. Labor clouds allow them to depart from traditional labor models – predominantly W-2 heavy, fixed-cost intensive – and leverage a highly skilled, flexible workforce to increase productivity, boost customer satisfaction and improve the bottom line.

2. Integration and APIs

Digital transformations aren't starting from scratch. Over the last several decades, enterprise software has crept into the workforce and, to be sure, yielded many beneficial results. But the huge investments companies have made in legacy technologies won't be going away anytime soon. Thus, as businesses look to digitally transform their workforce with new platforms specifically designed for that purpose, they need to be able to connect new technology systems they use within their organization (e.g., ERP, CRM, VMS, HCM, etc.).

One major reason for this is that it enables inter-technology cohesion between different functions. Many legacy technology investments still represent critical components of the enterprise IT ecosystem. Integration through APIs enhances interoperability across the entire enterprise, allowing managers to allocate resources in the most efficient and effective manner possible and creating a single source of information about their workforce.

But the benefits of integration go beyond just communication and efficiency. By creating connectivity between new workforce management platforms and CRM, HCM, ERP, billing or other mission-critical enterprise applications, businesses can facilitate the transition from fixed operating models to higher-performing variable models. And since labor is the biggest line item for most organizations, integrating the technology used to manage that labor in a seamless and intuitive fashion can pay big dividends for companies down the line.

3. Direct Worker Engagement Through Mobile

Just as integrations increase the interoperability of critical enterprise technologies, engaging talent through native mobile apps will connect your digital strategy with today's workers where they live. Companies looking to modernize their workforce and embrace a digital transformation need to be able to empower their people with the ability to collaborate on the go and wherever they may be.

More than ever before, mobile applications are playing an integral part in the growth of today's leading service organizations. Mobile connectivity is now a cornerstone to successful business execution, particularly for service firms that deploy a team of independent contractors in the field.

Consider the possibilities. Insurance adjusters can be sent to the location of a claim and report back to headquarters. Media organizations can send assignments to news photographers who, based on the GPS built into their phones, are already in range to get material they need, all while uploading work deliverables on the go and submitting expense reports through the same interface.

As work becomes increasingly detached from traditional employment models and independent workers report in from anywhere, businesses will increasingly rely on mobile solutions to support their field operations and empower their workforce. With additional functionality built from the get-go to fit a mobile UI, businesses will be able to empower their entire team – both internal and external – and drive better results.

Enabling Workforce Transformation: Why WorkMarket is the Solution for your Organization

With the understanding that digital transformations must be firmly rooted in modernizing their workforce and an awareness of the essential technological capabilities that enable that effort, businesses should now be ready to embark on their digital journey with a trusted technology partner that can enable this enterprise transformation. In this fragmented and rapidly changing technology sector, WorkMarket has emerged for many as the ideal fit for this need.

Company Background

New York City-based WorkMarket is a cloud-based online work intermediary that empowers businesses to build and scale a flexible workforce. Representative of a new generation of platform-based intermediaries, WorkMarket gives organizations the ability to manage the full spectrum of their flexible workforce – from freelancers to full-timers to vendors – all in a single platform. WorkMarket’s state-of-the-art, mobile technologies handle the whole spectrum of workforce sourcing, management and payment, including prospect vetting and onboarding, project management and deliverable evaluation, and compliance and payment capabilities.

WorkMarket is what it calls a “labor automation platform,” and its functional focus has expanded to encompass all work categories that an enterprise needs to organize and manage in the emerging world of work. What started out, in 2010, as an online marketplace in the field tech services contractor space has evolved into an enterprise-grade software platform that includes advanced security, compliance and integration capabilities, and is designed to help large enterprises manage both their vendors and their entire flexible workforce (W-2 and 1099) from a simple and intuitive platform.

While the platform does function in specific ways to enable enterprises, it also remains a multisided platform with marketplace characteristics, providing access and services to workers and as well as ecosystem partners. The platform facilitates “frictionless exchange” between organizations and external and internal workers.

What’s more, it seems to be gaining traction. WorkMarket boasts a client base of more than 1,000 customers across the technology/IT, media, retail and insurance industries, with customers including Walgreens, Yahoo!, Staples, Warby Parker, Bloomberg and the New York Times.

Solution Overview

WorkMarket goes to market today with a comprehensive platform that is undergoing continuing development and evolution. Today, the solution’s capabilities include the ability to:

- Host rich, dynamic digital profiles of individual “affiliated” workers (whether external nonemployees or internal employees) in talent pools that are distributed across wide geographies and mobilized to be assigned and performed work in specific locations, if required
- Test for initial and ongoing identity management/compliance: background checks, drug screening, licenses, certifications, insurance, etc.
- Utilize labor-related legal compliance engine, engagement rules and audit trails to mitigate compliance risk
- Build and maintain the organization’s own talent pools (whether private/exclusive or shared with other organizations)
- Onboard workers into different talent pools by requirement, skill, location, etc.
- Auto-manage talent pools (using user-defined rules and algorithms) to ensure all members currently meet the pool membership requirements
- Access a broader worker population profiled on the platform for “spot buys” or for recruitment into an organization’s managed, curated talent pools

- Find suitable “affiliated,” pre-vetted workers or “spot” workers; offer and assign work; and pay for completed work with mobile-enabled invoicing and payment capabilities
- Expose APIs and integrate with other enterprise systems (e.g., HCM, VMS, ERP, CRM, etc.) or with ecosystem partners’ solutions in a highly secure technology environment to mitigate cyber-risk
- Access and leverage vast and deep data reservoir with various analytical tools and executive-level dashboards and to feed matching and other algorithms

Final Commentary

WorkMarket is a unique and formidable contender in the new game of providing organizations with a technology/platform solution that will take organizations from the long-standing workforce management status quo (focused on full-time and part-time employees and both enabled and constrained by partitioned, transactional systems) to a new paradigm of total, integrated workforce management (supported by state of the art technology, architecture, and functional platform models).

WorkMarket is well backed financially, has made significant investments in its platform and has reconstituted its management team with experienced, enterprise executives. Through clarity of vision and increasing traction with prominent organizations, it is now demonstrating that it should be a serious contender for any business’ digital workforce transformation. ■

About Our Sponsor



WorkMarket, the OS for work, helps businesses automate work to build and scale an agile workforce. Our cloud-based work automation platform helps businesses unlock new levels of productivity, engagement and growth by managing their entire mosaic of labor – from freelance and full-time to everything in between – all from a single platform. WorkMarket seamlessly integrates into the cloud-based business apps – Oracle, Salesforce, SAP, ServiceNow, and Workday – trusted by today’s biggest enterprises. To learn more, visit www.workmarket.com.

About Andrew Karpie



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Andrew Karpie is a Research Director at Azul Partners/Spend Matters, where he covers technology and innovation in the contingent workforce management and services procurement space. He is one of the leading analysts focused on the digitization of the contingent workforce supply chain/ecosystem, in particular the emergence of online work intermediation platforms. Prior to joining Spend Matters, Andrew was a research analyst at Staffing Industry Analysts (SIA) where he covered the presence and evolution of information and communications technology (ICT) in the staffing industry supply chain. Andrew holds Master of Science degree in Quantitative Policy Analysis at Carnegie Mellon University, and he is located in the San Francisco Bay Area.

His recent writing can be found at: <http://spendmatters.com/author/andrew-karpie/>.

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