

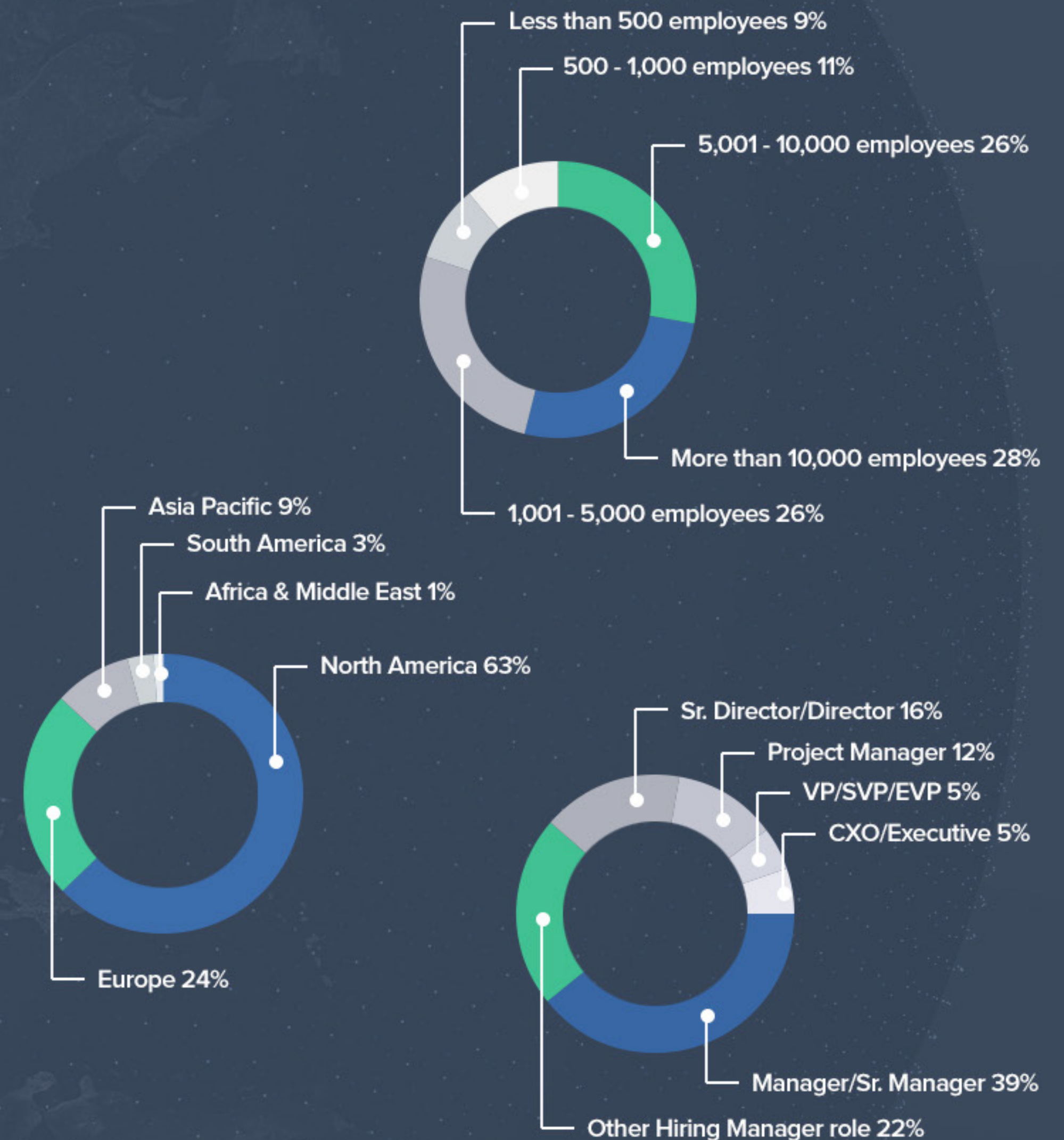


State of the Workforce 2017

How Organizations are Building Virtual Workforces and Using External Talent

Research Methodology

- This study is based on a survey of 1,583 hiring decision makers at global organizations.
- The survey was designed and analyzed by Dr. Jon Younger, author of Agile Talent (Harvard, 2016) and a thought leader in the sharing economy. He is an advisor to Toptal and a regular contributor to HBR.org. In 2016 he founded the non-profit Agile Talent Collaborative. He teaches talent management at the Ross School at the University of Michigan and the Indian School of Business.
- Data was collected by Survey Sampling International who have a 40 year track record in survey research.



Survey participant demographics

Research Goals

1. Quantify the adoption of external talent and the shift towards virtual talent.
2. Understand the benefits of using freelance or independent talent capacity as part of a more blended workforce.
3. Identify obstacles to working with external talent and incorporating them into a traditional 'Full-time & Permanent' talent model.
4. Evaluate virtual teams as a growing organizational model within the workforce.

#1 DRIVER OF INDUSTRY CHANGE AND DISRUPTION

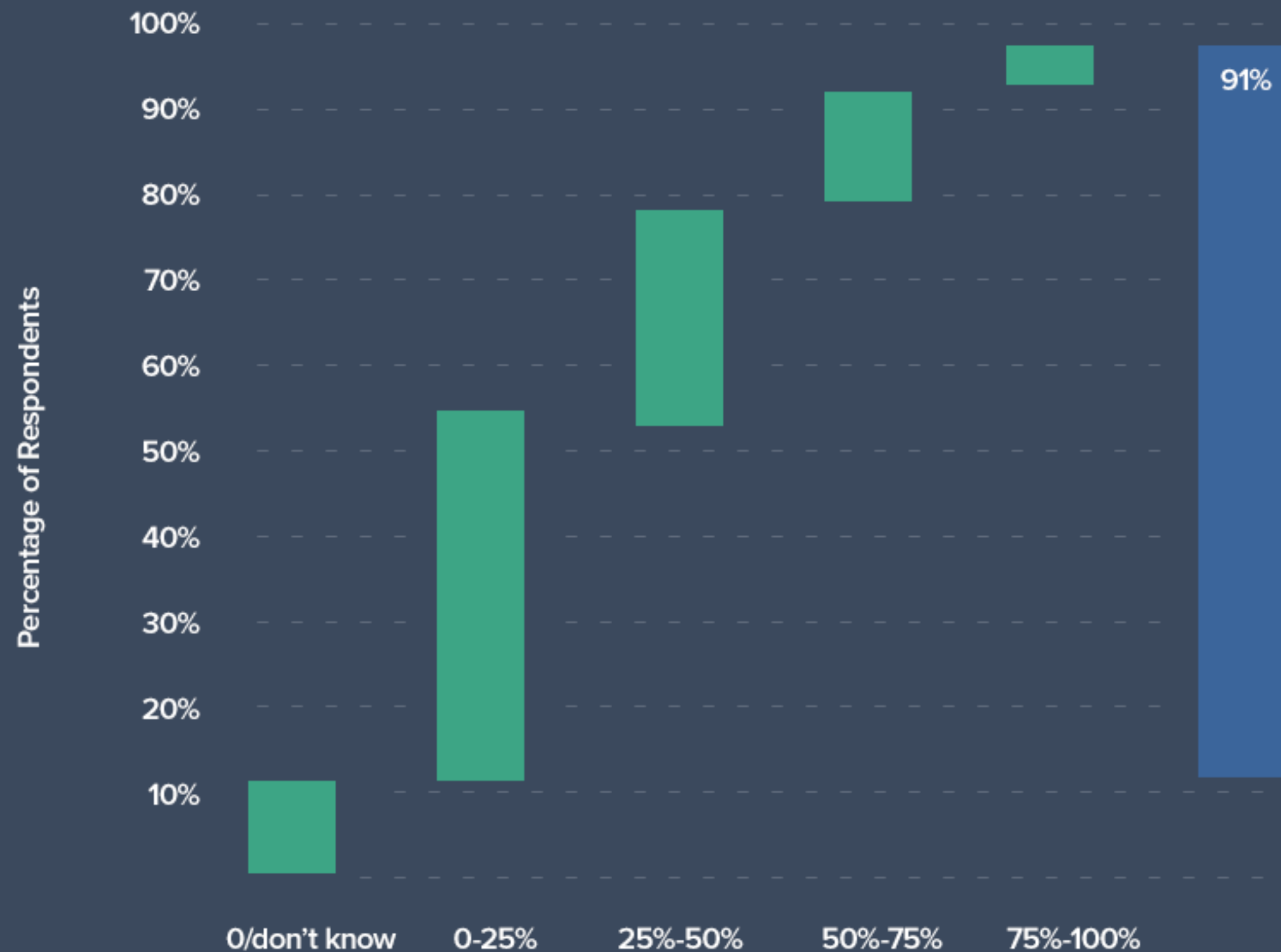
“New Technologies are enabling workplace innovations such as remote working, co-working spaces and teleconferencing. Organizations are likely to have an ever-smaller pool of core full-time employees for fixed functions, backed up by colleagues in other countries and external consultants and contractors for specific projects.”

The Future of Jobs, World Economic Forum



1. Adoption of external talent and the shift towards remote teams

91% of organizations already use outside talent



What percentage of the talent in your organization are currently outside talent (agile talent)?

“Agility is what the market requires today based upon the speed of innovation and the speed of competition.”

L. David Kingsley, SVP of HR Strategy & Operations, Salesforce

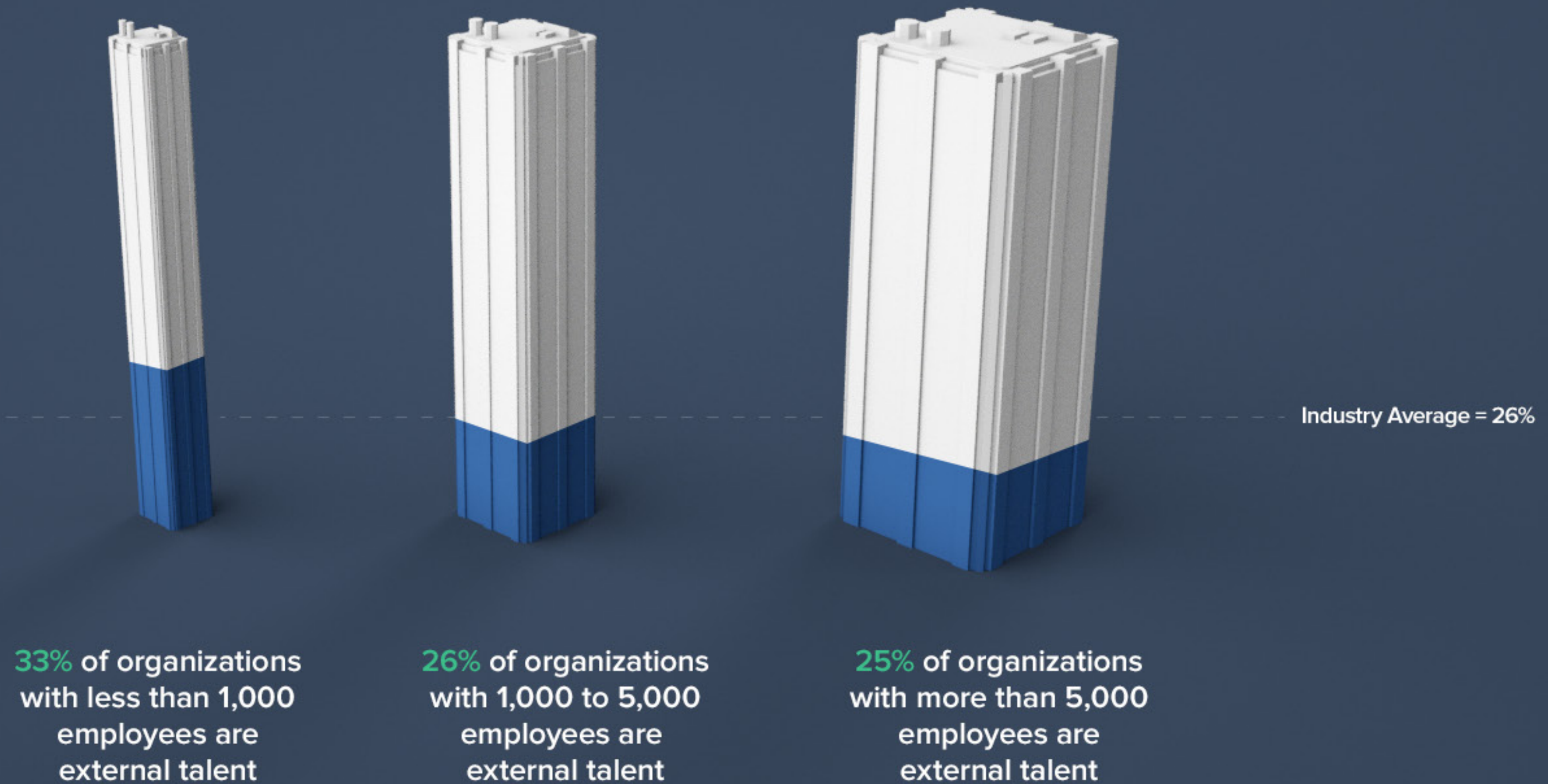
QUOTE TAKEN FROM THE
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Blended workforce development is being seen across all industries but at different rates



% of respondent's organizations that is external talent

Smaller organizations have led the shift toward outside talent



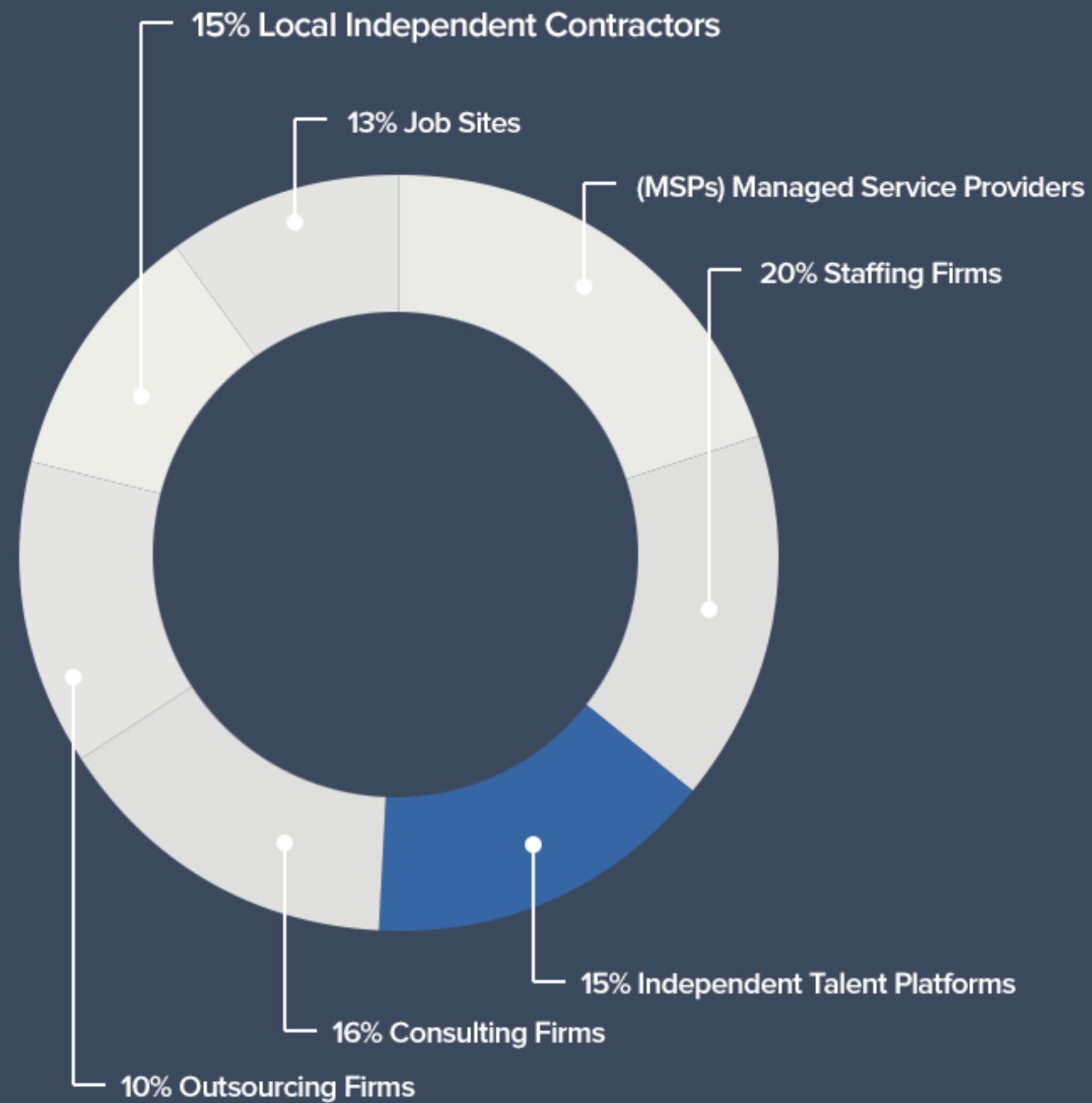
33% of organizations with less than 1,000 employees are external talent

26% of organizations with 1,000 to 5,000 employees are external talent

25% of organizations with more than 5,000 employees are external talent

Industry Average = 26%

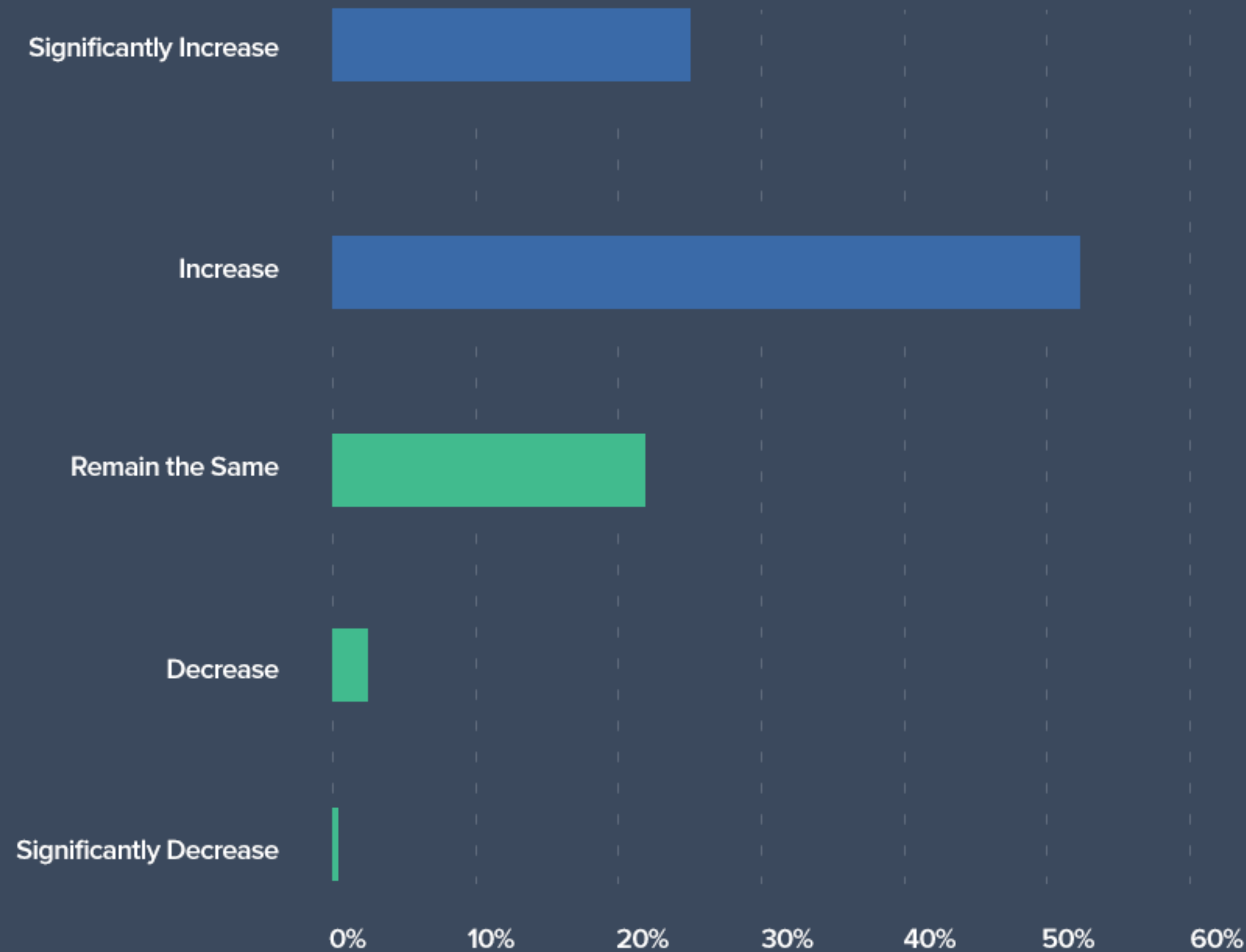
Organizations source external talent from a variety of providers including independent talent platforms



Providers used most regularly by respondents to meet external talent needs

- McKinsey states that up to 162 million individuals in the United States and the EU currently engage in independent work.
- At least 30% of independent talent are high-end professionals who actively prefer this employment model as their primary source of income.

Use of external talent as part of a blended workforce is set to increase over the next three years



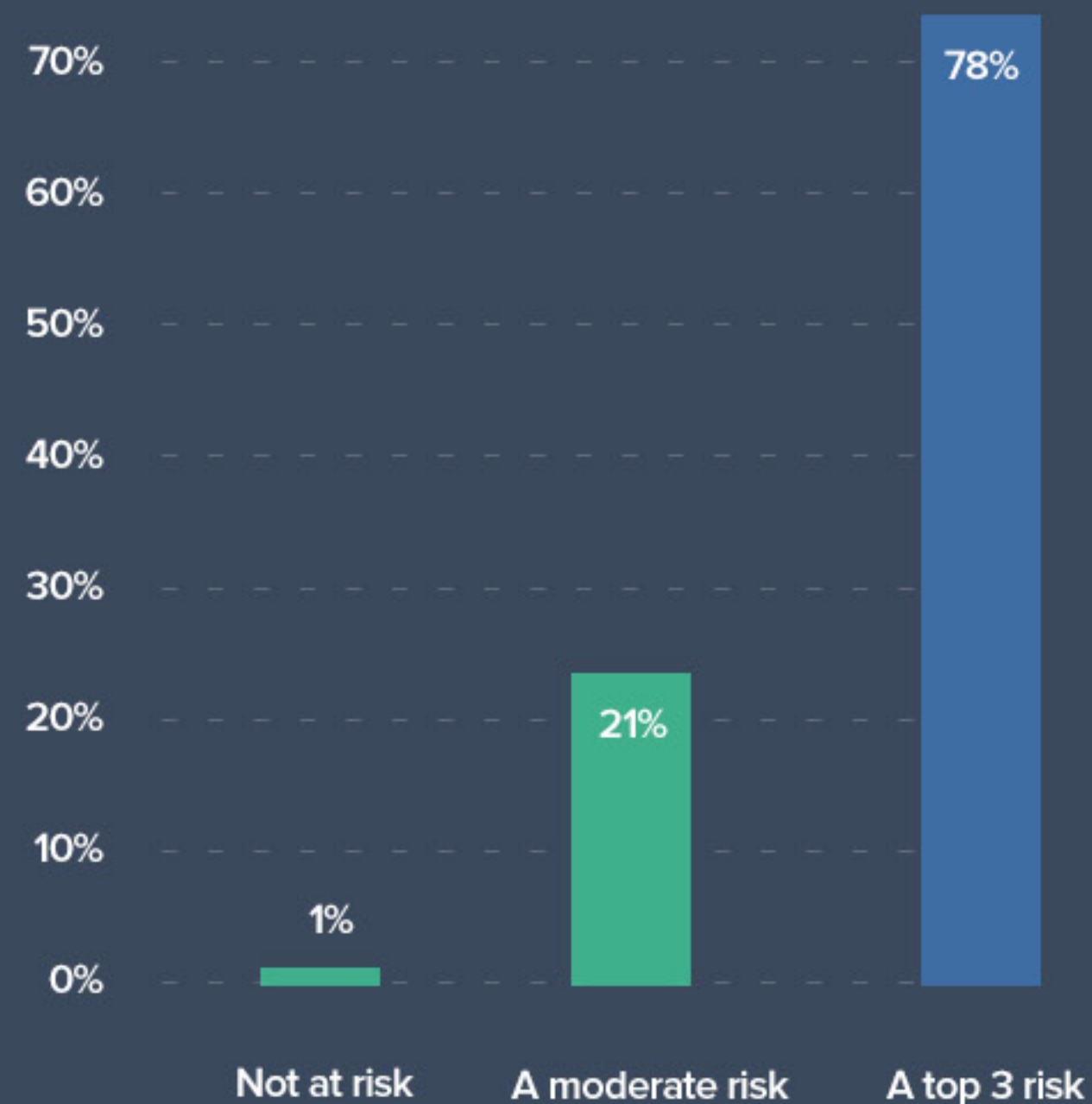
Likelihood of external talent usage at respondent organization increasing or decreasing over the next 2-3 years

- 76% of the respondents expect their organization's use of external talent to increase.
- Demand from organizations for external talent has historically grown 20% year-on-year and we expect this to accelerate as we move up the adoption curve.
- If all workers in the US and EU pursued their preferred working model then McKinsey estimates the independent talent workforce will grow by 100 million.



2. Benefits of using external talent capacity as part of a more blended workforce

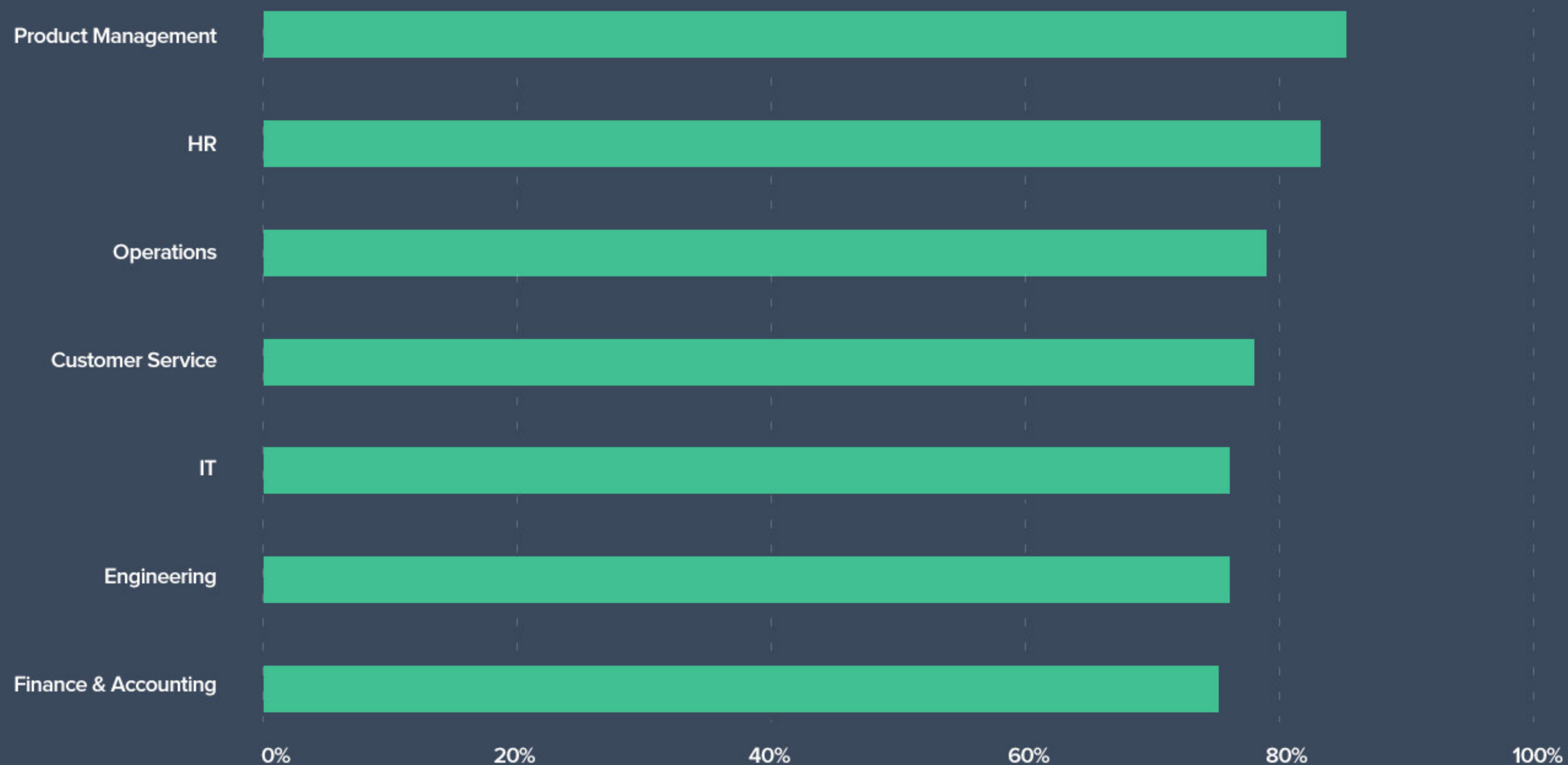
External talent is being used to mitigate the top risks leaders identify for their organizations



- The war for talent is real and 78% of respondents consider the ability to add the right talent a primary risk to their organization's success.
- External talent provides a turnkey solution to mitigating this risk.

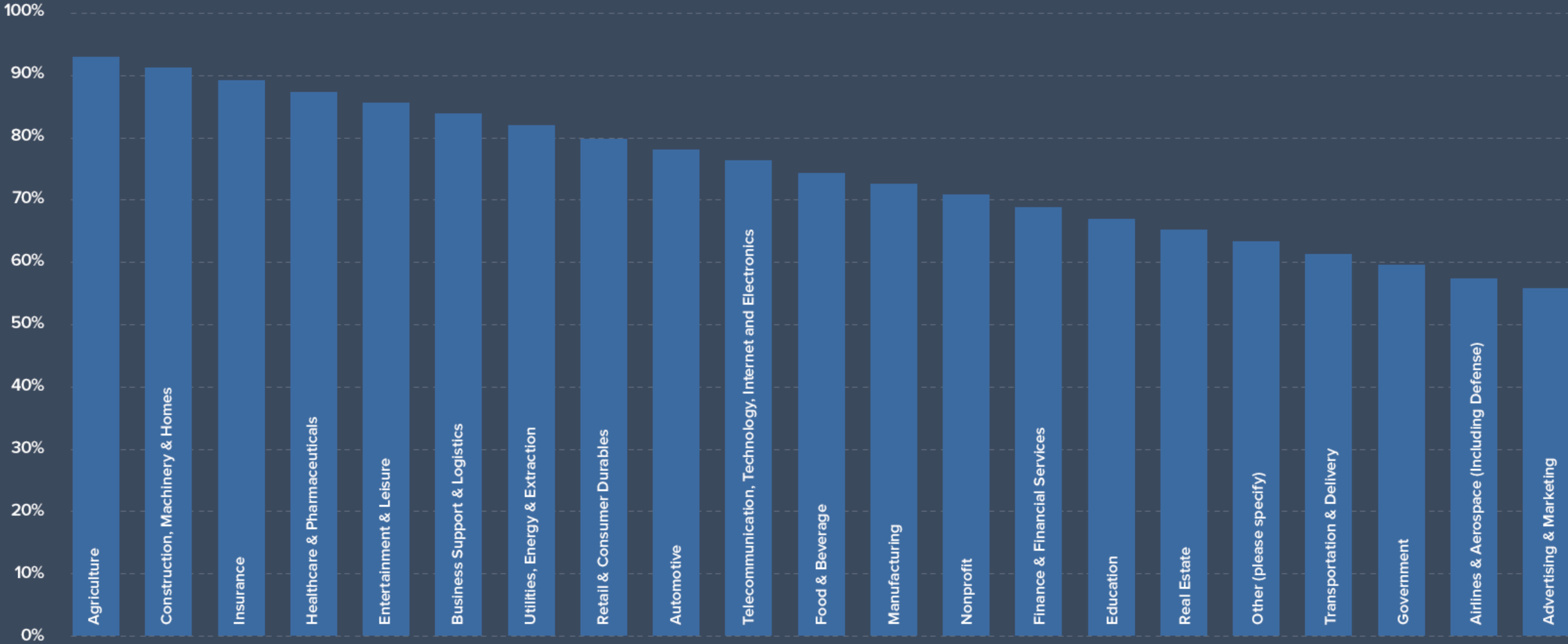
Extent to which the ability to add the right talent to your organization is a risk to the success of your organization

The need for the right talent exists across all functions...



Extent to which the ability to add the right talent to your organization is a top 3 risk to the success of the organization

...and industries



Extent to which the ability to add the right talent to your organization is a top 3 risk to the success of the organization

Flexibility, access to expertise and speed are the primary drivers of using external talent

Top 5 Drivers of External Talent Use



Flexibility

18%



Access to Expertise

15%



Speed

14%



Cost

10%



Innovation

9%

% of Responses

3. Obstacles to working with external talent and incorporating them into a traditional 'Full-time & Permanent' talent model

Adoption of external talent faces four key hurdles:

Quality

Talent quality is the number one concern respondents identify with using external talent and is consistent across organization size and level.

“Access to the best talent out there, is not easy to find... being highly responsive, always online, etc. is what makes life really easy for us.”

- Thierry Jakircevic, General Manager - Digital Solutions, Bridgestone Corporation

QUOTE TAKEN FROM A TOPTAL INTERVIEW

Adoption of external talent faces four key hurdles:

Process

Less than 45% of respondents are satisfied with the process by which they currently add external talent to their teams.

“You have to have processes and infrastructure to integrate freelancers. I think technology will increase the workforce at home.”

- Maja Vujinovic, CIO of New Technologies and Future of Work at GE Digital

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TOPTAL FUTURE OF WORK CONFERENCE

Adoption of external talent faces four key hurdles:

Speed

For 63% of respondents it takes weeks and months to fill external positions.

“When you have a brilliant business initiative you want to act on it! You want to hire people and get the team ready to start executing, but what if you don't have the talent? You have to take time to hire and hiring can be very slow.”

- Jerry Li, Director of Engineering, Global Payments, Groupon

QUOTE TAKEN FROM THE
TOPTAL FUTURE OF WORK CONFERENCE

Adoption of external talent faces four key hurdles:

Culture

Culture is a top concern across all sizes of organizations and a top concern for senior leaders.

“The tools we build need to help organize the teams. Teams are becoming even smaller and more distributed and culture is becoming even more important as it becomes distributed culture.”

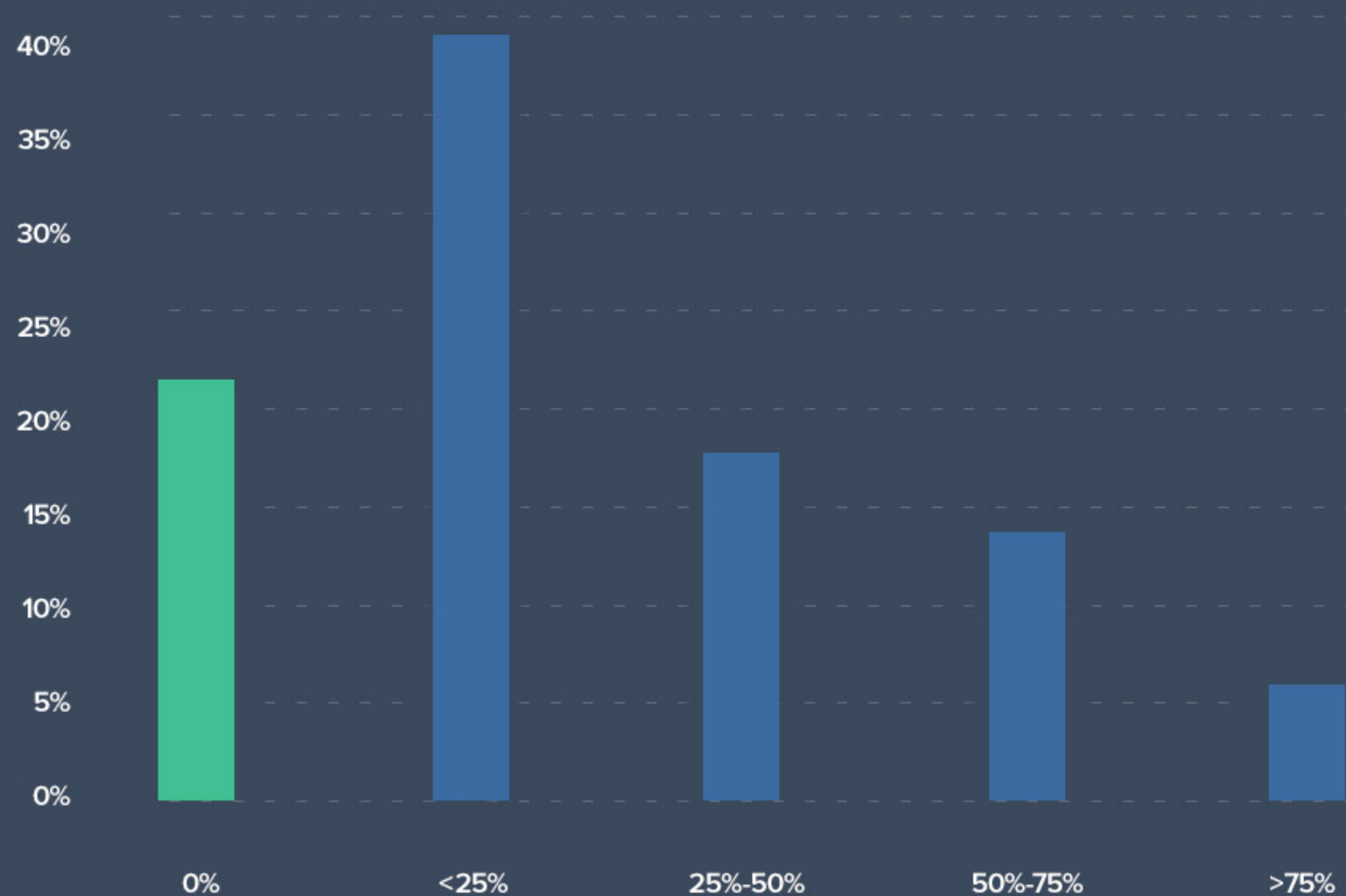
- Sri Viswanath, CTO Atlassian

QUOTE TAKEN FROM THE
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4. Virtual teams as a growing organizational model within the blended workforce

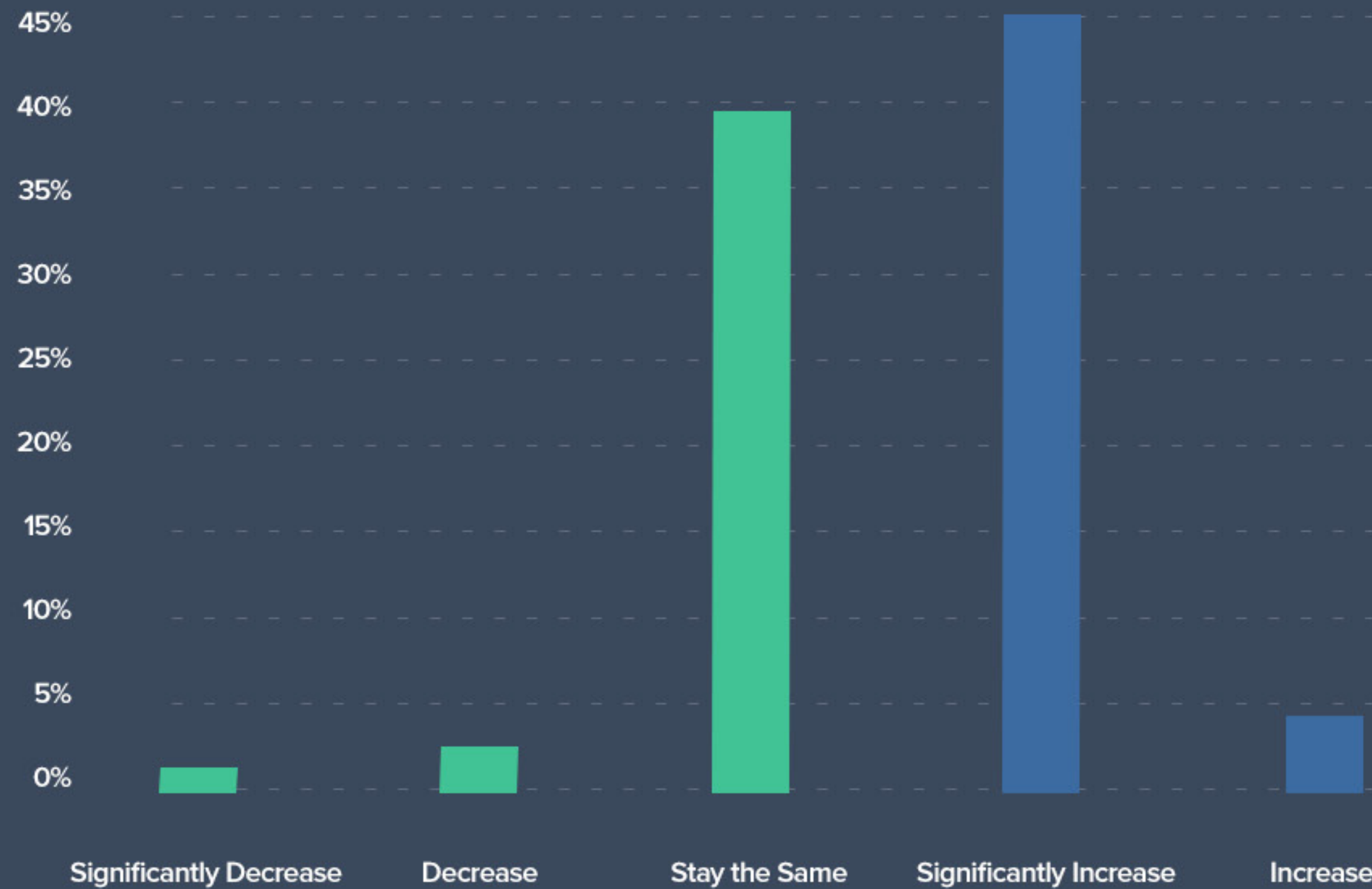
Virtual/remote teams are a rapidly growing segment of the blended workforce



78% of respondents use external talent that work remotely

How much of your external talent works outside of core company locations (remotely)?

Use of virtual teams and talent looks set to increase over the next few years



The majority of respondents expect the amount of remote work to increase, with only 5% expecting it to decrease.

Over the next 2-3 years, is remote or virtual work in your organization likely to increase or decrease?

Macro Trends: Improvement in remote working technology will accelerate

Technology

Cost of living

Globalization

Worldwide Spending on Public Cloud Computing, 2015-2020 (\$B)



Source: Salesforce Economy Study 2016: Rapid Growth of Cloud Computing, 2015-2020

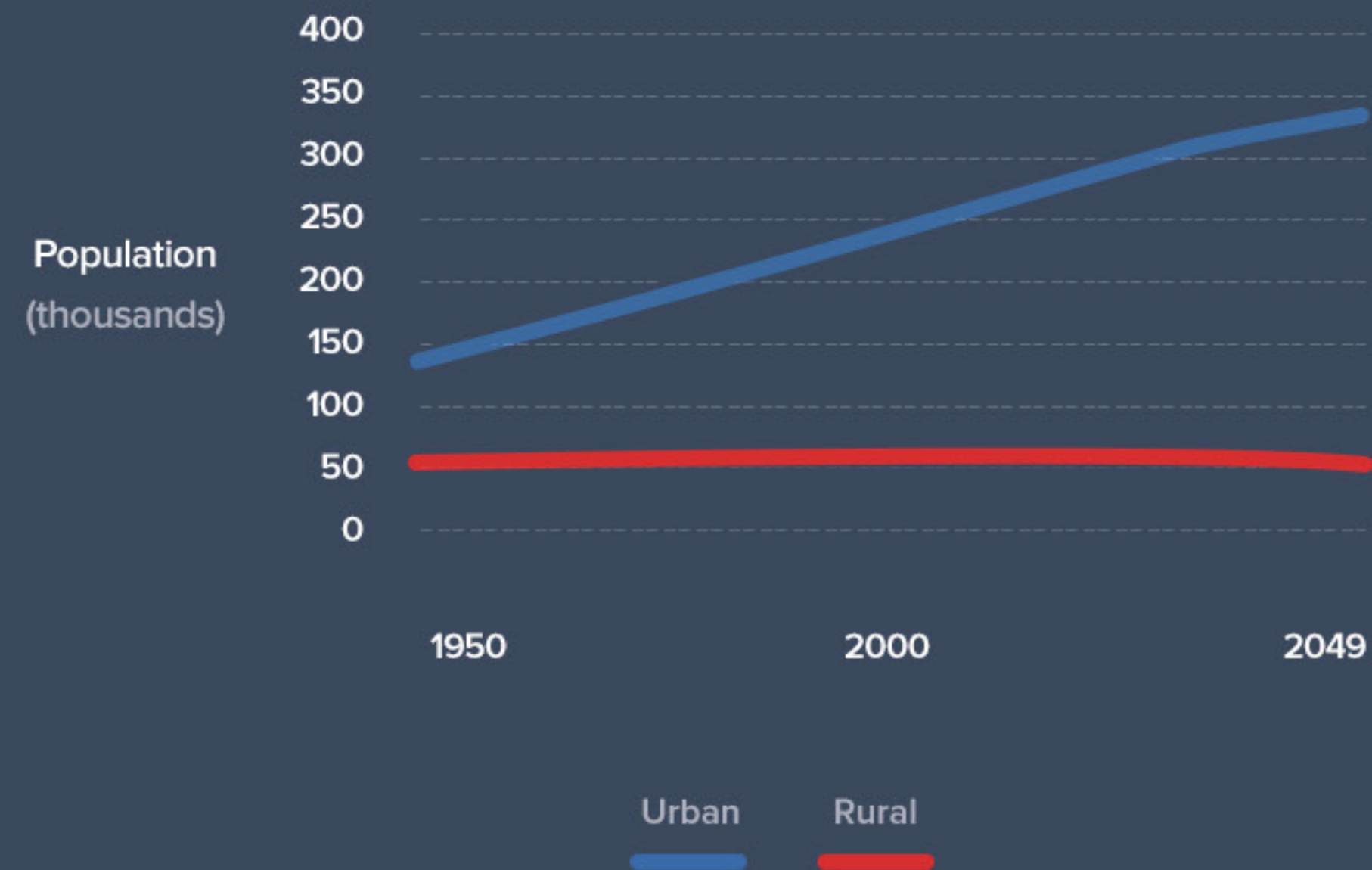
Macro Trends: Rising urban living costs will push up local hiring expenses

Technology

Cost of living

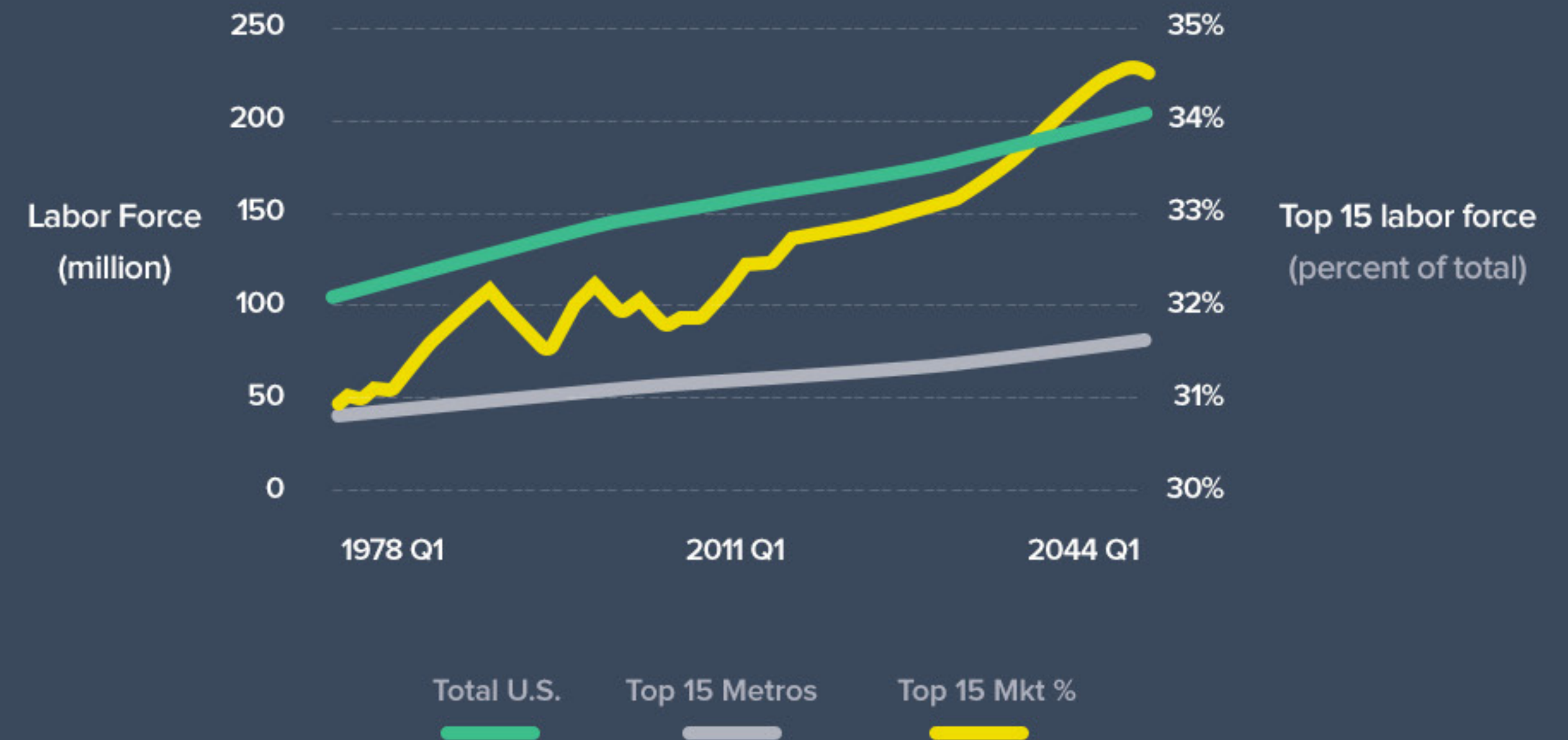
Globalization

The U.S. urban population will continue to grow



Source: United Nations

The largest metros will account for a higher share of future U.S. job growth



Macro Trends: Workforces need to be increasingly global

Technology

Cost of living

Globalization

Trade in goods and services forecast



Source: OECD Economic Outlook, Statistics and Projections

Organizations and service providers will need to work hard to overcome the barriers



% of respondents identifying this as a top 3 barrier preventing their teams from better leveraging remote external talent

“Managing a distributed workforce is one of the future competencies. Ten years ago, it was managing virtual teams.”

- Courtney Abraham, SVP of Talent Management, Adecco

QUOTE TAKEN FROM THE
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