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# The State of Contingent Workforce Management 2018-2019: The Pursuit of an Agile Workforce

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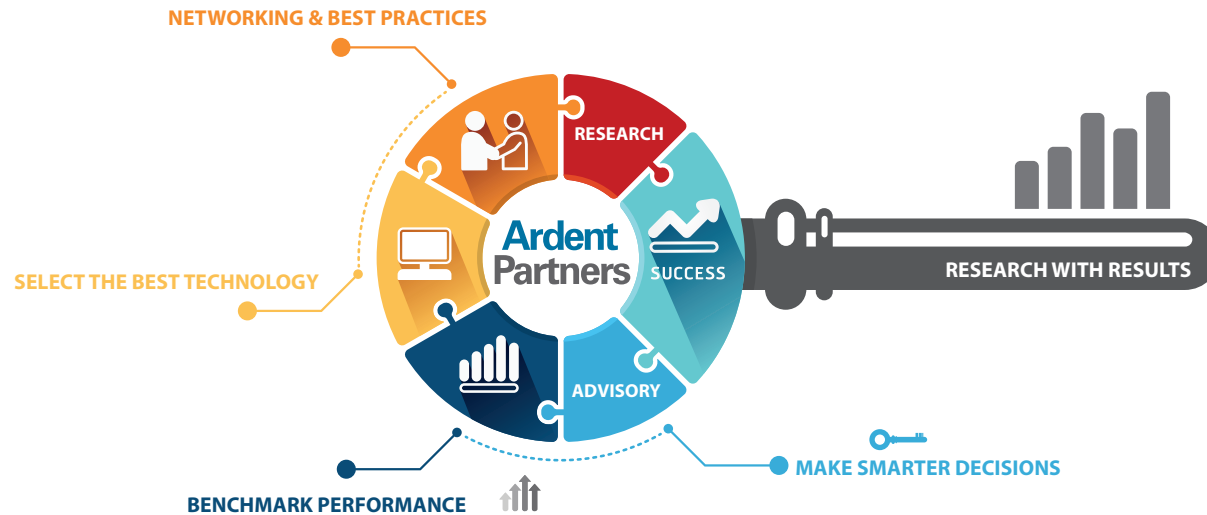
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# Chapter One: The New World of Work

“At the end of the day, you bet on people, not strategies.”  
– Lawrence Bossidy, author and former CEO of GE and Honeywell

## The Changing World of Work

Talent and technology. The two foundations of the modern business can create a lasting competitive advantage, accelerate organizational growth and development, and foster innovative ideas and practices. Without the power of innovation and the strength of top-tier talent, the average enterprise will not keep pace with the market and may not survive perhaps the most innovative era in business history. Over the past decade, new and exciting workforce strategies have emerged to drive the contemporary business to new heights, while the continuous evolution of automation, technology, and innovation push enterprises into an age of “faster, quicker, better.” As businesses plan for the future, the focus will necessarily be on identifying and leveraging the talent and technology that enable it to thrive in changing times and pave a clear path forward. Indeed, the world of work is changing, driven by the need for on-demand intelligence, processes, and, of course, talent. The new world of work is here, enabled by massive advances in talent acquisition, greater workforce management approaches, and the methods that support the execution of

business strategies and heighten the impact on business results. As companies transform their thinking to answer the “How does work get done?” question, one key statement is clear: we live in a new world of work.

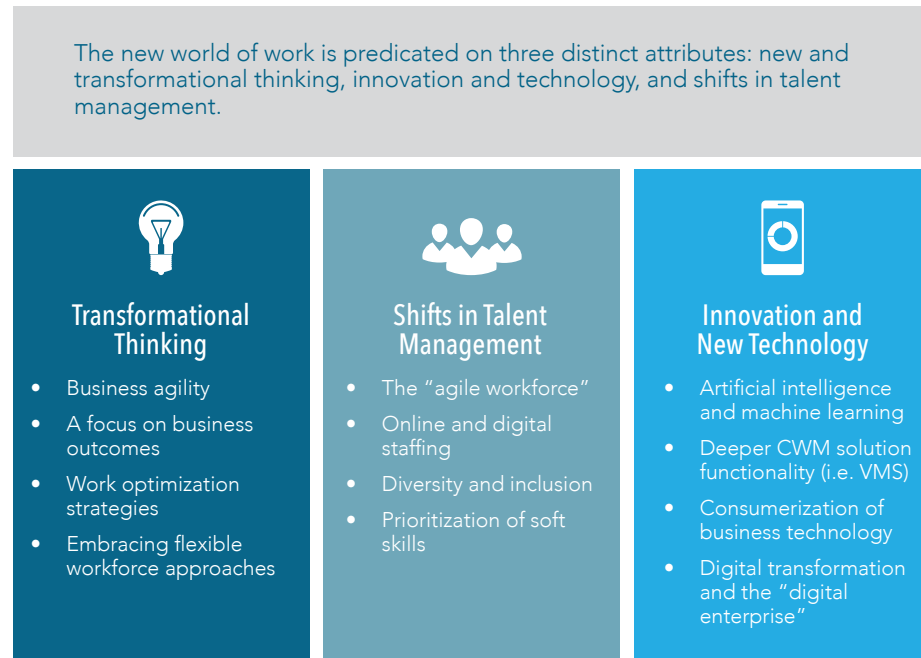
As shown in Figure 1 (next page), advancements and progressions across the scope of talent and work are transforming the “world of work.” Digital staffing and direct sourcing are now as critical as traditional staffing suppliers, supporting the notion of “on-demand talent engagement.” The lines between the consumer and business worlds are consistently blurred, with enterprise executives expecting the same real-time access to information and processes that they enjoy in their personal lives. This is not a minor shift in how global enterprises conduct business... the pursuit of an agile workforce has launched a revolution in talent and technology.

*Non-employee talent should be considered the real catalyst behind the new world of work.*





Figure 1: The Evolving World of Work



## The Contingent Workforce Catalyst

Many of the major shifts in the business world over the past decade revolved around the idea that businesses needed to “do more with less.” A decade removed from an economic downturn that forced enterprises to seek alternative workforce strategies vis-a-vis massive layoffs and organizational restructuring, there is one major fact that resonates with both the business of 2008 and that of 2018: a robust reliance on non-employee talent and contingent

labor. Ardent Partners research shows that **41.5% of the average enterprise’s overall workforce today is comprised of non-employee labor**, a figure that is nearly 2.5-times bigger than it was ten years ago. Thus, in any discussion of the Future of Work or changing business times, the role of the contingent workforce must be considered front-and-center.

And, speaking of the Future of Work: Ardent Partners defines this progressive, forward-looking movement as the ultimate optimization of work via the transformation of business processes, operations, and its workforce through digitization, seamless and holistic solutions, and flexible enterprise thinking. Although the Future of Work is often viewed as being technology-focused [artificial intelligence (AI) and robotics are often the first outlets of innovation that are linked to the Future of Work], the truth is that there is an inherent link between the future state of work and the growth and evolution of the contingent workforce. In fact, non-employee talent should be considered the real catalyst behind the new world of work, as business executives strive to be more dynamic in how work and talent shape the growth and ultimate survival of the enterprise.

In a vacuum, the consistent upward growth of non-employee labor makes absolute sense: it has remained a cost-effective means of leveraging short-term talent to fulfill specific and project-based needs across the greater organization without being anchored to the years-long relationship for a traditional full-time equivalent (“FTE”)



employee. However, dig a little deeper and the true message becomes clear: it is not just a dynamic operation that businesses are currently striving for, but rather a truly agile and intelligent workforce that has the capability to address transformative market pressures and global challenges with top-tier, on-demand skillsets and expertise. As the pathway to the Future of Work becomes clearer, the contingent workforce emerges as the foundational element to work optimization and the achievement of business agility.

### What is “Work Optimization?”

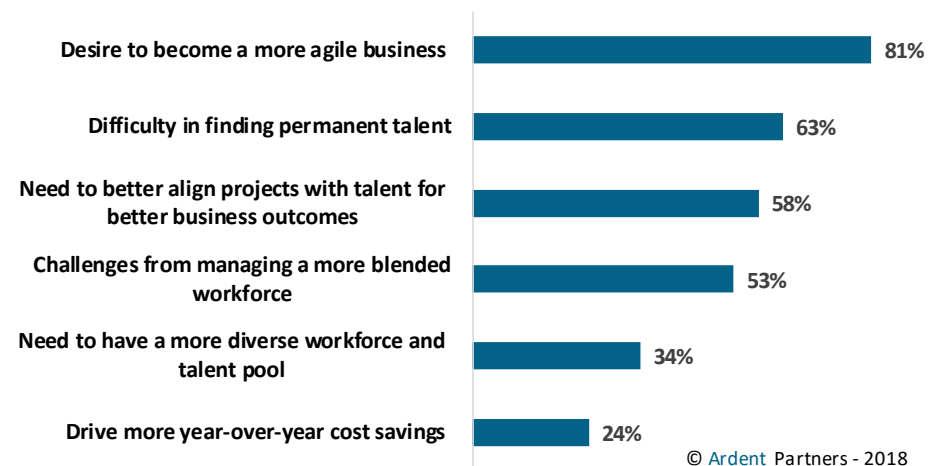
In discussions of the Future of Work, the evolving talent market, and the evolving world of work, the phrase “work optimization” is often leveraged to describe how businesses are now laser-focused on the means behind how they address enterprise projects, the capabilities for supporting these initiatives, and the very talent and workforce that will be utilized to ultimately drive these projects. In this changing world of work, the notion of work optimization can be simply defined as the enhancement and augmentation of talent-led strategies for generating the maximum efficiency, value, and impact in how work is addressed and ultimately completed.

### Agility Meets the Evolving Workforce

Historically, contingent workforce management (CWM) programs were commodity-driven initiatives that promoted more “traditional” approaches such as supplier management and cost reduction efforts. While this structure was effective years ago, the

world of work has changed considerably to be a talent-driven market that endorses dynamic efficiencies. Today’s contingent workforce is markedly different than those commodity-led days, considering the vast scope of talent that now fits into this arena (from freelancers and independent contractors to professional services and “gig” workers). And, as the modern enterprise relies more and more on non-employee talent, the realm of business agility will continue to be the top desired state of the organization. As shown in Figure 2, this desire, as it was in 2017, is the clear leader when businesses are asked about their top challenges within their CWM programs.

Figure 2: Top Business Pressures in Today’s CWM Programs





Business agility is no longer the veritable “pipe dream” for businesses, but rather a true state of being that promotes real-time and dynamic responses to the new problems and issues that are brought about by the shifting marketplace. Here, an idea blossoms from both the growth of the non-employee workforce and the overarching desire to achieve agility: The path to the future is paved with an agile and mobile workforce that can be adeptly aligned to the evolving needs of the greater business. In fact, nearly 60% of businesses today are prioritizing their work-based requirements with available talent to drive superior business outcomes. Within this notion of looking towards the end result of a project (instead of up-front costs or similar concerns), businesses are pushing a talent-led approach in aligning critical needs across the organization with resources within its talent pool of both traditional and newer outlets of the workforce.

Sixty-three percent (63%) of businesses also face an issue deeply-rooted within the years-long “war for talent”: a scarcity in the permanent and FTE talent pool. Although not the only reason behind this challenge, the so-called “Gig Economy” certainly plays a pivotal role in the major shift in how talented professionals approach their lifestyles. Although many business leaders will immediately associate the Gig Economy to major market disruptors like Uber and Lyft, the truth is that the “side hustle” lifestyle is a real reason why more and more individuals are eschewing traditional employer-employee relationships in favor of greater flexibility. Combined with the sub-movement of “digital

nomads,” who leverage virtual communications to both earn a living and as the basis of their day-to-day lives, the Gig Economy presents businesses with yet another advantage in the war for talent: although the permanent workforce still outnumbers non-employees, the fact that the number of “independents” is rising is more than enough reason for a scarcity within the traditional talent market.

### The Agile Workforce: The Answer to Market Transformation

Businesses sit in an interesting position in 2018 (and on the cusp of the end of another decade): as competition and innovation continue to accelerate at breakneck speed, the very innerworkings of the organization are forced to shift and evolve in order to keep pace. As shown in Figure 3 (next page), there are several key aspects currently changing the approach businesses use to address how work is done, with the biggest pressure a clear reinforcement of why the agile workforce will be a critical piece of the enterprise puzzle in 2019.

*Ardent Partners research shows that 41.5% of the average enterprise’s overall workforce today is comprised of non-employee labor, a figure that is nearly 2.5-times bigger than it was ten years ago.*





Figure 3: Why is the Way Work is Done Changing?



Seventy-one percent (71%) of business leaders state that the pressure to adapt to evolving market and economic conditions is the biggest catalyst to changing how they get work done. It is no secret that the general pace of business, combined with shifting market conditions, is an incredible challenge for the contemporary enterprise. Businesses must contend with many new and frequently fierce competitors. Economic conditions are increasingly volatile and significantly less predictable than a generation ago. The answer to this intricate series of global issues? A mobile, agile

workforce that can be tapped in a dynamic manner and can better align with transformative market shifts.

The rising utilization of contingent workers (64%) is also a major factor in the evolution of work optimization. As discussed earlier, more and more independent professionals are part of this flexible lifestyle, and, in conjunction, businesses have experienced a sharp growth in the quantity of non-employees they have leveraged over the past decade. As the need for business agility increases, enterprises will continue to migrate to where they can find the best skillsets and expertise. Does this necessarily mean that the age of FTEs is over? No. The new world of work revolves around the concept of “alignment” with better business outcomes: which type of worker is the best fit for the project at hand? Which of the deep organizational resources will drive the most value for the current task?

Diversity has also come a long way in the world of work. In a talent-led business arena, culture or gender do not matter; the best talent pool is a diverse talent pool. Over half (53%) of businesses want to diversify their workforce to reinforce this consistent argument of alignment. Openness in the form of inclusive hiring and engagement not only ensures that the organization is open to new voices and new ideas, but is also positioned to be more agile in the deeper skillsets or expertise that are available to address dynamic business challenges.



## “How Should Work Get Done?”

It is the question on the minds of executive leaders across the globe. And, it is an inquiry that forms the basis for a range of strategies and approaches that forward-looking enterprises use to position themselves against global competition. How work gets done is not just a question of the cost, tools, and processes behind a project, but also the underlying talent that will be used to execute the job. How projects and work are performed and delivered hinge on a variety of considerations, including:

- Compliance concerns. Over 90% of businesses cite compliance concerns and independent contractor risks as factors in how work gets done. Although much of the focus on work (and the Future of Work) revolves around innovation and the strategic value of the evolving workforce, businesses are still concerned with how they structure their relationships with independent and freelance talent. No enterprise wants to face a federal audit or be liable for co-employment expenditures.
- Prioritizing talent over cost (the “talent-first” approach). Although project budgets will always be considered when planning a new initiative, cost is not nearly as critical as the actual talent or expertise that will drive the project. In the Future of Work, talent is the preeminent force: nearly 74% of businesses prioritize skills and talent over cost and take a talent-first approach in overall staffing.

- New sources of global talent. Nearly 70% of businesses cite on-demand sources of talent, such as digital staffing platforms and talent marketplaces, as a major catalyst in how work is done. Digital and online staffing presents a new and exciting outlet for the average enterprise; whether the need is for a blue-collar resource or a top-shelf consultant, digital staffing channels are a flexible and on-demand source of talent. As agility remains supreme, these fresh talent sources will continue to grow and expand in the face of the Future of Work.

## The Critical Factors in Work Optimization

Across the spectrum of work optimization, there are myriad critical factors. As the non-employee workforce remains a large source of skillsets and expertise, businesses find that the traditional levers

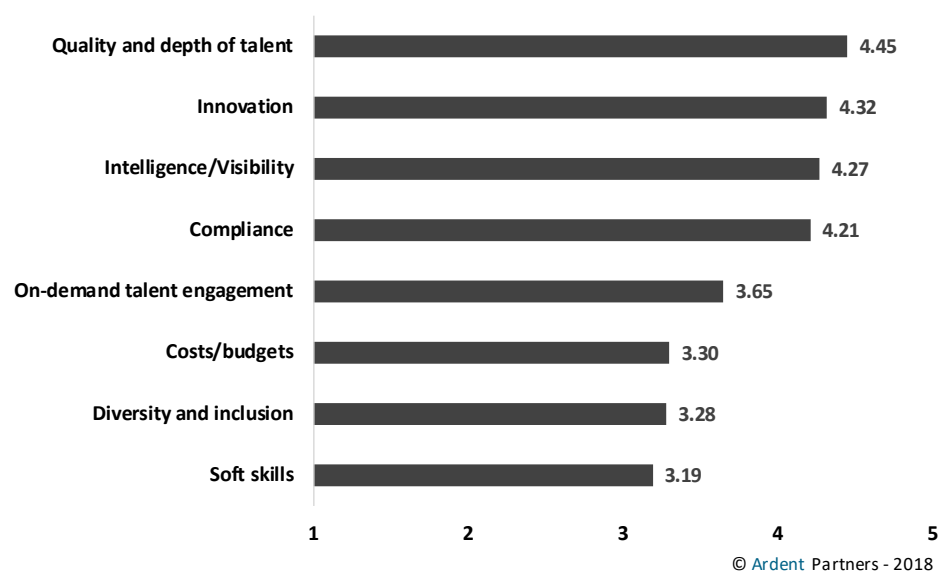
*Ardent’s definition of “contingent labor” includes three distinct categories: traditional temporary labor (via staffing suppliers and vendors), “self-sourced” / “directly-sourced” talent such as independent contractors and freelancers, and “complex contingent labor,” which includes professional services and statement-of-work (SOW)-led projects.*



to success, like supplier management and cost reduction-led strategies, are less important than they were in years past. *The State of Contingent Workforce Management* research survey asked its respondents to rank the major considerations in how they address work.

Several key conclusions can be made from the “elements of work” ranking in Figure 4 shown below. As this annual study has shown since it was first published in 2013, the new world of work runs

**Figure 4: The Top-Prioritized Elements of Work (1-to-5 Scale)**



on talent (4.45 ranking out of 5 where 1 is the lowest priority and 5 is the highest). With the desire to be agile, today’s businesses understand the urgent need to engage the best-fitting, best-aligned talent (no matter the source). Of all the diverse and frequently vast resources at the modern enterprise’s disposal, the pool of talent and workers remains its most critical. And, in the *Future of Work*, talent continues to reign supreme.

Another crucial insight here is the role of innovation in work optimization (4.32 ranking out of 5). While a talent-driven revolution has started in the world of business, progressive technology is an essential component in how talent is engaged and situated and how enterprises derive intelligence, connect systems, and address processes and core organizational operations. From core contingent workforce automation (like Vendor Management Systems) and newer platforms (such as digital staffing) to next-generation solutions (i.e., Blockchain, AI, etc.), if talent defines the *Future of Work*, innovation is the proverbial other side of the coin.

One of the most talked about facets of business today is the role that data and analytics are playing in transforming different businesses and entire industries. While Big Data-led strategies continue to foster innovation and improve performance, there is another factor at work here: the age of intelligence. Big Data-led strategies change how projects are staffed and evaluated; with the foresight and knowledge enabled by reporting and analytics, businesses can better align their total talent (both FTEs and non-



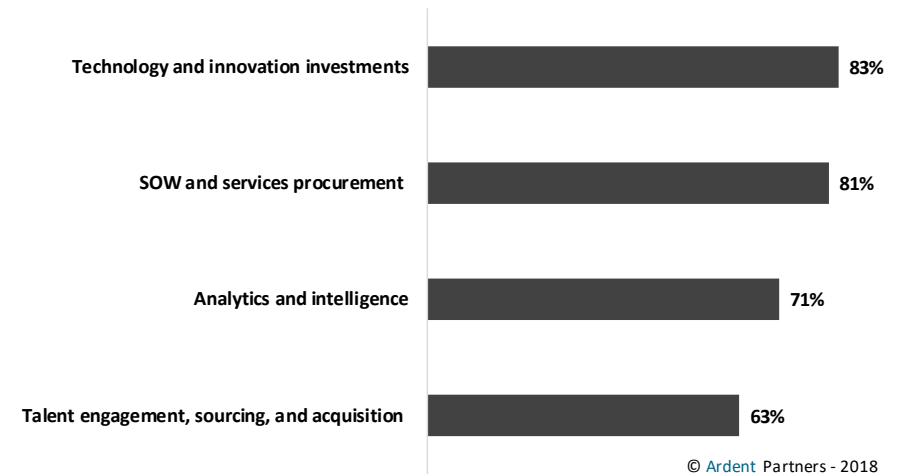
employees) with the initiatives that require specific expertise and skillsets. The ability to react in real-time and the ability to be dynamic in how work is addressed are both vital elements in thriving in the evolving world of work. And, in relation to the typical contingent workforce management program, there are several key areas in which data can be extracted and transformed into valuable intelligence to help the greater organization develop and execute superior business decisions, from supplier and spend information to data related to talent gaps, predictive scenarios to determine the need for future skillsets, and more.

### CWM Priorities for 2019

There is an inherent connection between the evolving contingent workforce and the Future of Work, a link that is founded on the very concept of business agility. The more flexible the CWM program, the increased likelihood of better business outcomes from the agile workforce that it drives. As such, there are several key priorities for businesses when they look ahead to 2019 (as shown in Figure 5) in regard to their contingent workforce management initiatives.

Investments in new technology and innovative platforms are the top priority for organizations as they look ahead to the future of their contingent workforce programs (83%). Innovation is one half of the Future of Work; as businesses scope the months and years ahead, core automation will be a critical and foundational element to how they thrive in an increasingly-competitive and shifting global market. But, enterprises are also planning to seek the adoption of

Figure 5: Contingent Workforce Management Priorities for 2019



new talent engagement platforms (like digital staffing channels) to further the talent-led approach they have taken in recent years, while furthering their investments in core platforms, like VMS to ensure that CWM remains a strategic business asset. Part of this equation is also the outlook for next-generation (or “Industry 4.0”) technologies such as AI and Blockchain, which, while facing low adoption today, will certainly be a harbinger of the continued digitization of the global business.

Statement-of-work (SOW) labor and services procurement may seem like a sharp detour from the recent discussions of the Future of Work, innovation, and transformational enterprise



thinking, however, this sub-category of contingent labor has long been a critical area. Statement-of-work labor and services actually represent the biggest opportunity for the modern CWM program, as it is, when compared with traditional staffing (i.e., staffing suppliers) and self-sourced talent (e.g., freelancers and independent contractors), the largest area of contingent labor spend and volume within the average organization. For mid-sized or enterprise-level businesses, SOW and services can equate to millions of dollars per year without the necessary oversight, control, or visibility to effectively manage it. That businesses have prioritized this for the year ahead indicates that the realm of “knowledge work,” in which critical projects are addressed with top-tier, white-collar talent, is a significant outlay within the contingent workforce.

*It is not just a dynamic operation that businesses are currently striving for, but rather a truly agile and intelligent workforce that has the capability to address transformative market pressures and global challenges with top-tier, on-demand skillsets and expertise.*

In 2018, visibility and intelligence (71%) is viewed as a critical piece of CWM. As organizations continue improving work optimization, the foundational elements of visibility, from spend, performance, and suppliers to talent quality and project milestones, will become paramount to how business leaders make crucial decisions. The idea of building towards better business outcomes is predicated on the depth of visibility and intelligence into various facets of the contingent workforce and other talent-led factors across the organization.

Finally, mastering the many channels of talent acquisition (63%) is a high-level priority for businesses as they move into 2019. It has been said in this report that the world is now talent-driven; therefore, it is important for an enterprise to understand the best alignment between its own needs and the skillsets/expertise that exist within its total talent pool. In the months ahead, businesses have a tall task on the table: determine the best mix of resources, in real-time, for dynamic enterprise challenges and issues. This is why it is critical for CWM leaders, as well as human capital management (HCM) executives, to build and develop a talent acquisition strategy that has the “totality” of enterprise talent in mind.





## Chapter Two: The Evolution of Work

“The world is changing very fast. Big will not beat small anymore. It will be the fast beating the slow.”

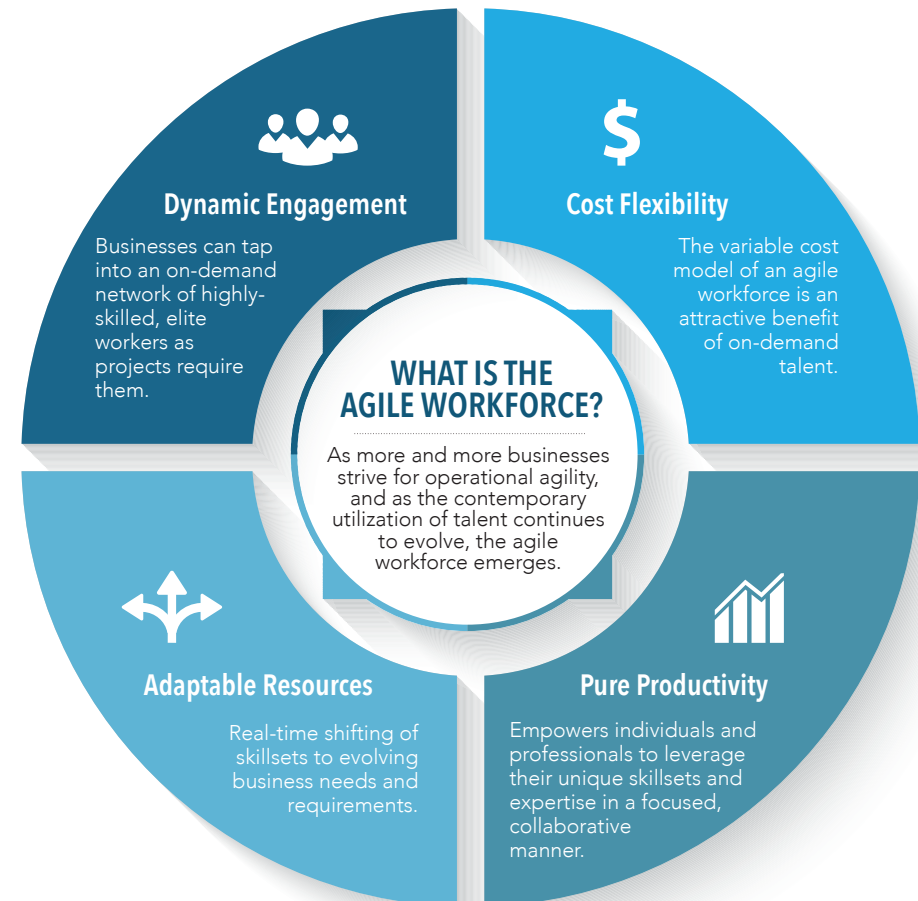
– Rupert Murdoch, Former CEO of News Corp and Current Chairman at Fox News

### Innovation: The Gateway to Agility

The ultimate success of the modern business depends on the way its people, systems, and operations align to meet the dynamic needs of the global marketplace. Talent has long been the top competitive differentiator for businesses as they seek new ways to thrive in changing times. However, the “yin” to talent’s “yang” lies within an organization’s ability to not only leverage core automation to address internal efficiencies, but to also leverage innovative technologies that can help take its business into the future. Too, the drive for an agile workforce, including on-demand insights, better business outcomes, and, of course, work optimization, all preface an evolving business world that promotes the utilization of innovative platforms to not only augment, but enhance, how the enterprise addresses its critical projects and initiatives.

For the second year in a row, the desire for business agility rules the way organizations address talent, technology, and work. This wish permeates how today’s businesses optimize how they engage their non-employee workforce, integrate and align those workers with the projects and endeavors that require top-tier skillsets, and ultimately build superior results. Technology is not only the glue

Figure 6: What is the Agile Workforce?





to the Future of Work, but also a foundational component in how enterprises build, scale, and repeat. Business agility should no longer be a mere pipe dream for the typical enterprise in 2018, as the momentous advancements made in work-based technology (from digital and on-demand staffing to AI and machine learning) have allowed businesses to tap into a real-time network of talent and automation to address how work is done. In 2019 and the years that follow, innovation will not only be the gateway to the Future of Work...it will also serve as the opening to the changing world of work.

### Consumerization = Digitization

The most fascinating aspect of this changing world of work is that it is beginning to reflect the advantages and benefits from the use of technology and online platforms seen in the consumer arena. Stripped down to its core, the notions of business agility and the agile workforce translate not only into “dynamic responses” for corporate challenges, but also the idea that talent, insights, data, and, of course, work, can be managed in an on-demand manner. The average consumer has 24-hour access to a device (i.e., smartphone) that can consume and share content and information, tap into on-demand commerce, and execute real-time communications, all with a few button taps (or swipes). The logical evolution of this handheld, agile power is an extension into the business world. Many of the solutions that were developed for consumers have far-reaching implications in the changing world of work.

Ardent Partners research has found that there are a variety of consumer-led attributes that are directly pushing the world of work into a new era of business optimization (see Figure 7).

Figure 7: Consumer-Led Attributes Changing the World of Work



The items listed in Figure 7 represent the convergence of the consumer and business worlds, and, to a greater extent, the path to real business digitization. The following attributes currently leveraged by consumers are changing the world of work:

- **Globally-connected and cloud-based workspaces (74%).** The main benefit to the “on-demand economy” is the notion of the omnipresent human. No matter where



a person is situated, they have the ability to collaborate, communicate, and deliver insights on a global scale. Although the traditional 9-to-5 workday will never fully fade away, business leaders expect their teams to be available no matter the time of day. Cloud-based workspaces enable professionals to tap into the power of business software in a virtual environment.

- **On-demand marketplaces, such as Amazon and Airbnb (71%).** There is no doubt that Jeff Bezos and the online retailer giant transformed the way consumers think about commerce. Amazon has revolutionized the global economy in such a way that the common shopper will often place a preference on online marketplaces in lieu of heading to the mall. This extension of the on-demand economy is the foundation of digital staffing outlets and talent marketplaces: enterprises today have the ability to tap into freelancer networks and online talent platforms to not only

*Stripped down to its core, the notions of business agility and the agile workforce translate not only into “dynamic responses” for corporate challenges, but also the idea that talent, insights, data, and, of course, work, can be managed in an on-demand manner.*

find the best-fit talent for enterprise projects (many of these marketplaces leverage machine learning-led algorithms to boost the quality of a placement), but also contribute to the dynamic nature of the agile workforce.

- **Artificial Intelligence-led assistants (65%).** This is perhaps the “hottest” technology innovation related to the Future of Work. Artificial intelligence represents a potential wealth of process efficiencies, analytical benefits, and more. In the world of the consumer, AI-led assistants (such as Alexa, Siri, Google Home, etc.) help people execute “touchless” processes in a real-time manner. Although the business arena is just beginning its foray into the world of AI, many of today’s CWM programs have access to similar AI-led assistants through VMS functionality and other solutions. Key information, such as ongoing projects and assignments, can be accessed with nothing but a voice on handheld devices and tablets (as well as hardware like Amazon’s Alexa).
- **A completely digital experience (61%).** More of a generational attribute than anything else, the digitization of both commerce and consumer content access is a direct result of years of innovation and the desire by millennials and Gen-Z to eschew any manual process that comes their way. From bills and information to media and music, the consumer world is based on the notion that “digital” rules supreme. This aspect is an incredible influence on

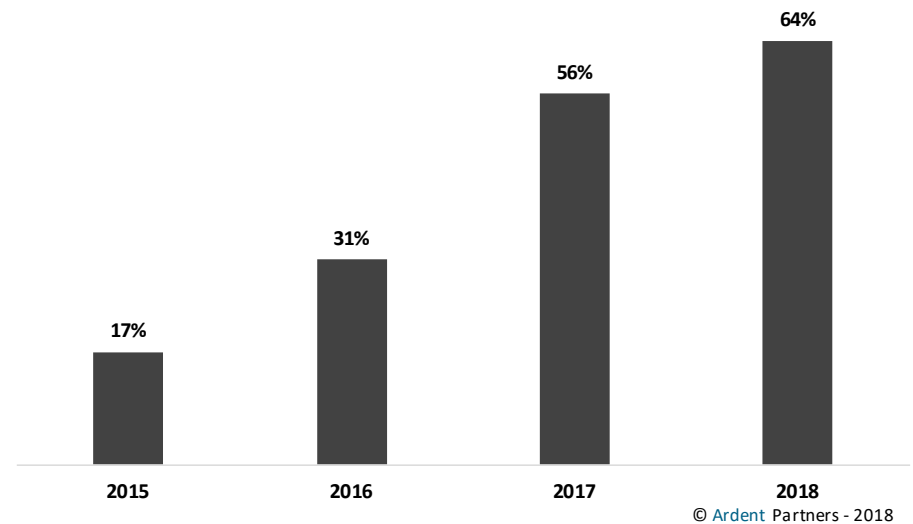


the contemporary business: executive leaders crave the eradication of paper in favor of digitization of key corporate processes. The completely digital experience allows professionals to execute any number of core business capabilities in a real-time, and, of course, agile manner.

## The World of Staffing Goes Digital

Talent acquisition has long been a critical process in the business arena. With talent as a top competitive differentiator, weak staffing initiatives can undermine the greater organization's ability to achieve its core goals and objectives. In 2018, talent is more critical than ever and no business can grow or scale without the right talent in place. As companies prioritize expertise and skillsets when they address work-based needs, it is crucial for businesses to understand the impact that staffing can have on the greater organization. One of the sharp shifts in the world of work, which has been burgeoning over the past few years, is the enterprise's desire to maintain a direct relationship and control over its workforce (both traditional and non-employee). Digital staffing platforms have emerged as a solution in the quest to engage the best-fit talent and maintain control over the acquisition process. In fact, Ardent research has been tracking the utilization of these marketplaces for the past several years and found that usage of digital staffing platforms has increased over threefold since 2015 (see Figure 8).

Figure 8: Adoption of Digital Staffing Platforms



Digital staffing platforms and talent marketplaces have seen their adoption rates explode over the past four years because of several reasons:

- Digital staffing providers facilitate on-demand engagement of top-tier skillsets.** By far the most attractive benefit of these solutions, digital staffing providers simplify the talent acquisition process by providing an e-commerce-like gateway to find the best-fit talent for any given project. Machine learning-led algorithms produce a “percentage match” between project specifications and prerequisites against the skillsets and expertise of freelance



and independent professionals. Users have the ability to engage the best-aligned talent for what they need.

- **These platforms are both flexible and focused in scope.** Flexibility is a core element within the concept of business agility, and digital staffing platforms are built with this attribute in mind. Many providers today have industry-specific capabilities, with networks of talent curated explicitly for certain verticals (these platforms also offer region-specific support). Talent marketplace services also often provide “team-building” offerings that are more consultative in nature; providers that offer these services can assist in developing a flexible pool of talent that can be leveraged to support ongoing projects and initiatives.
- **Talent marketplaces typically offer “enterprise-level” offerings that integrate with core corporate systems.** One of the hallmarks of the digital staffing solution over the past few years has been the availability of the enterprise-level offering. Much like a VMS or HRIS provides a variety of functionality and tools, digital staffing outlets that offer enterprise editions of their software that include analytics, talent gap identification, project management capabilities, and more. And, too, the enterprise editions of digital staffing technology often integrate with larger-scale corporate technology to boost visibility into the business’ total talent pool.
- **Digital staffing providers empower independent professionals.** One of the more interesting aspects of the new world of work is that more and more enterprises are placing emphasis on the “talent experience,” a concept that converges employee engagement and the candidate experience into one idea to reflect just how much a business enhances the overall experience of its workforce. Digital staffing platforms empower the independent worker by not only connecting it to potential placement opportunities, but also allowing them to make decisions of where, when, and how they want to work, no matter their location.
- **These solutions are the gateway to the truly agile workforce.** At the end of the day, agility is paramount. Businesses crave the ability to be dynamic with their processes, operations, and its workforce. The “agile workforce” allows the modern enterprise to leverage top-tier skills when and where they need them, and the emergence of digital staffing outlets are the true gateway to this type of talent.



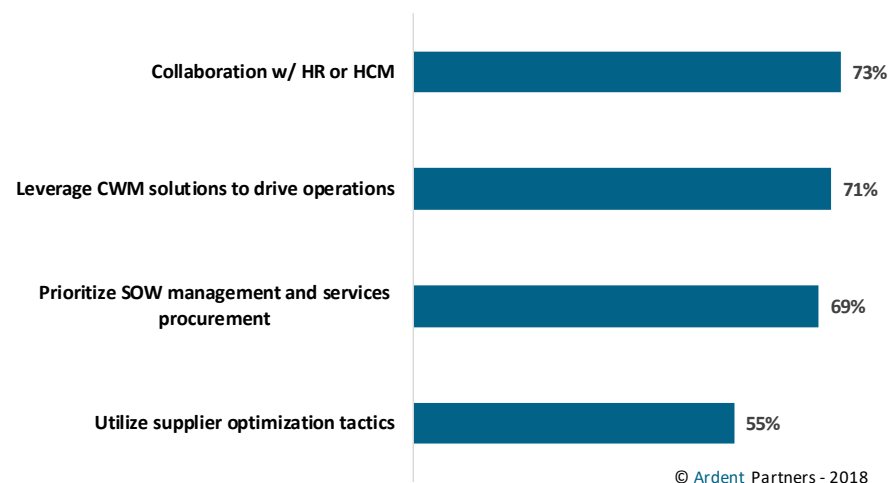


## CWM: The Procurement Purview

Historically, contingent workforce management programs have been led by one of two groups: procurement and human resources (HR). Each of these distinct enterprise functions brings a unique set of capabilities and strategies to the modern-day CWM program. And, even though the contingent workforce arena has undergone a “talent-first” transformation over the past several years, there are still critical pieces of traditional supply management competencies that are required to drive ultimate value.

From the procurement perspective, there are several key approaches that this function has been taking to enhance its management of the non-employee workforce (Figure 9).

**Figure 9: Procurement-Led Approaches to Enhance CWM Operations**



Interestingly, procurement’s top approach to improve its contingent workforce operations is to institute collaboration with the HR and HCM groups (73%). The Chief Procurement Officer (CPO) and the procurement team have made it a priority in recent years to be more agile in how they approach spend management; when it comes to category management, procurement desires to be a strategic force that can add long-term value. The opportunity at-hand for the procurement function is to become entwined in the more complex attributes of today’s staffing models; for example, procurement can be an ideal force in assisting with managing newer talent outlets like digital staffing channels.

Also, for too many years, the commodity-led focus of CWM kept organizations from unlocking the real power of the non-employee workforce; as times changed, however, the talent-first movement forced businesses to adopt more HR- and HCM-approaches. The collaboration between procurement and these groups not only translates into an effective balance of supply management and talent management, it also forms the groundwork for the forward-looking concept of “total workforce management (TWM),” which entails the centralized and standardized series of processes, strategies, and competencies for managing all types of talent, including both FTEs and contingent workers.

Similarly, the efficiencies and visibility derived from the utilization of core CWM solutions (71%), like MSPs and VMS platforms, are an effective means to automate key CWM processes. They can also



drive intelligence and insights into the non-employee workforce, and harness these solutions' next-generation functionality (in the case of VMS, AI and machine learning) to ultimately enhance the overall contingent workforce program.

### The SOW Conundrum

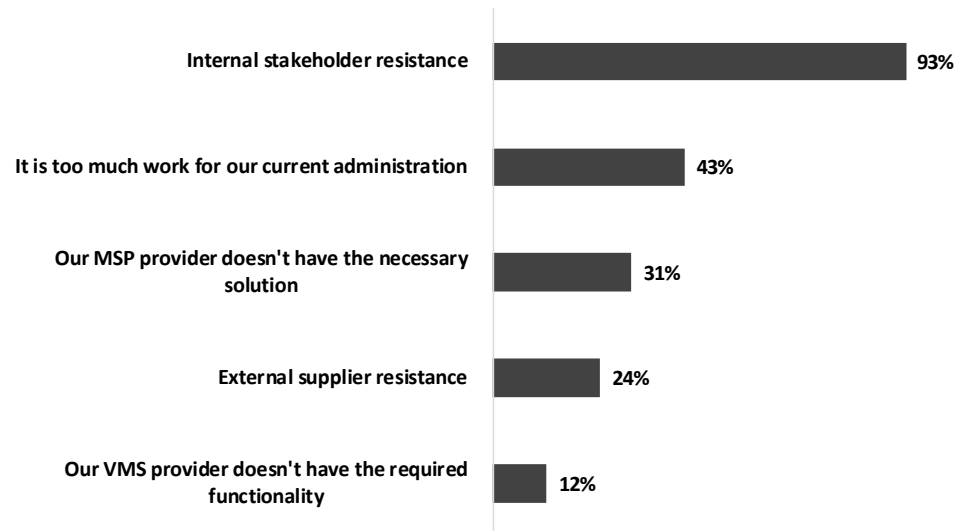
Ardent's definition of "contingent labor" includes three distinct categories: traditional temporary labor (via staffing suppliers and vendors), "self-sourced" / "directly-sourced" talent such as independent contractors and freelancers, and "complex contingent labor," which includes professional services and statement-of-work (SOW)-led projects. Nearly 70% of procurement teams are prioritizing SOW management and services procurement over the next 12 months as a way to improve the overall CWM program. As discussed previously, SOW and services represent perhaps the most intricate of contingent labor due to its propensity for detailed project management, milestone- and delivery-tracking, and the spend/supplier management components required to control the (typical) millions of dollars funneled annually into this CWM sub-area.

Ardent's research has discovered that only 48% of businesses today have centralized the management of the SOW/services category to fall under the overall contingent workforce program. This indicates that, as far as evolution takes the world of work into new and exciting territory, there are still core and traditional CWM

attributes that many enterprises have not yet mastered. However, while less than half of companies today currently manage SOW and services within their contingent workforce program, nearly 40% of businesses expect to integrate it into CWM within the next few years.

For those organizations that do not currently centrally manage SOW / services, there are a variety of reasons why, as detailed in Figure 10.

Figure 10: Why is SOW Not Part of Your CWM Program?



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The vast majority (93%) of businesses cite a simple reason as to why SOW and services remains a rogue area of CWM spend: internal stakeholder resistance. One of the primary issues with this complex arena of contingent workforce is that it “sits” across nearly every function and group across the average enterprise. Nearly every department leverages some form of professional services, and not every contract, agreement, or assignment is properly vetted and bid by either the procurement team or the central contingent workforce program. Internal business stakeholders may be stuck in archaic attitudes towards services-based spending, choosing not to include it as part of the non-employee talent pool (which, in turn, results in its omission from the greater CWM program). Worse yet, many organizations simply ignore the fact that this intricate category requires a controlled hand to mitigate project-based risks (like going over budget or outside of scope).

Forty-three percent (43%) of companies believe SOW management is “too much work” for the CWM program’s administration; this is an eye-opening perspective into why so many organizations have failed to centralize the management of their SOW and service workers. Although this contingent workforce category may seem like a daunting task to manage, the truth is that the vast majority of uncontrolled non-employee labor spending lies within SOW and services. From IT and legal services to maintenance and accounting, there are possibly dozens (even hundreds for larger organizations) of service types that are being engaged and leveraged across

nearly every function across the greater organization. A failure to control this spending keeps many CWM programs from realizing their true value.

### CWM: The Human Capital Perspective

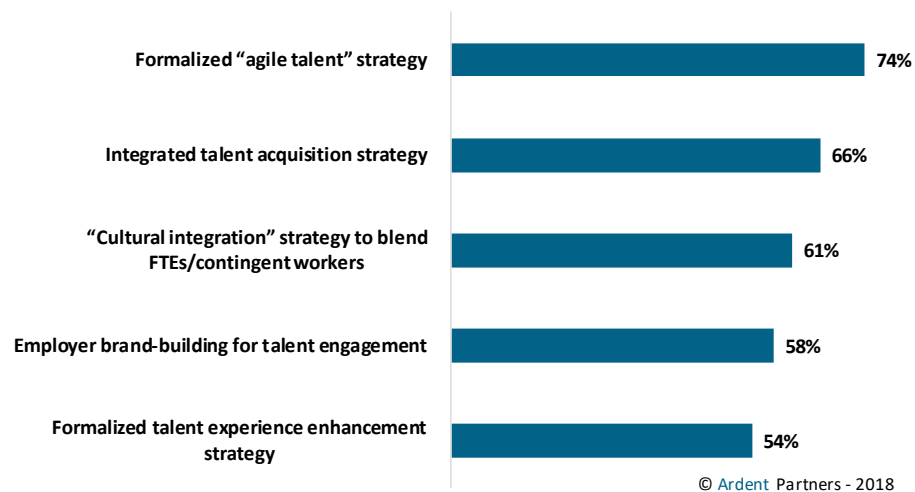
Back in 2014, Ardent’s research discovered that the contingent workforce market was becoming more “talent-led” than “commodity-led,” translating into the need for CWM programs to effectively balance the financial and procurement aspects (that they had been leveraging for so long) with the necessary human capital strategies and approaches that were better fits for “people management.”

As shown in Chapter One, the depth and quality of talent remains the number-one element in this evolving world of work. Combined with the continued focus on how talent is engaged and acquired, it makes perfect sense that the HR and HCM functions play pivotal roles in how the contingent workforce is globally managed. In fact, businesses today already anticipate an uptick in the use of “advanced” CWM capabilities that fall within the HR purview (see Figure 11 on the next page).

The capabilities highlighted in Figure 11 all revolve around the key element in the changing world of work: talent. In fact, these advanced, human capital-led competencies are planned to be leveraged to not only improve how the modern business engages



**Figure 11: HR-Led CWM Capabilities: Plan to Implement Within Two Years**



and sources its workers, but also how it integrates that talent into the greater organization:

- A formalized "agile talent" strategy (expected to be leveraged by 74% of businesses in two years) is the precursor to building a truly agile workforce, and entails engaging multiple key stakeholders across the organization in an open discussion of their needs, requirements, and expected/planned utilization of specific skillsets for upcoming projects. The agile talent strategy is built from these

collaborative efforts and is a robust means of developing the best-fit plan for which staffing suppliers to leverage, the digital options available (i.e., online staffing providers), and how knowledge workers may be integrated in and out of the organization in a flexible manner. The real pursuit of the agile workforce begins with this basic understanding and is strategically developed into a realm of talent can be leveraged dynamically.

- An integrated talent acquisition strategy (planned to be in place in 66% of organizations), which is a formulaic foundation to the concept of total workforce management, involves the standardization and centralization of enterprise-wide talent engagement approaches to facilitate superior control and visibility into the totalized business workforce. This integrated talent acquisition strategy (which shares the

*Combined with the continued focus on how talent is engaged and acquired, it makes perfect sense that the HR and HCM functions play pivotal roles in how the contingent workforce is globally managed.*



same blood as what is commonly known as “total talent acquisition”) is ideal for those organizations that desire true agility in how they leverage their total talent pool for critical business objectives. This strategy is crucial in executing the best-possible match between a new project and the ideal talent-based resource.

- The concept of “culture” is a pivotal idea in the changing world of work. One of the underscored benefits of the Gig Economy is the notion that more and more independent professionals are sought-after to address project-based needs. Thus, it is crucial that businesses not only embrace the external workforce, but also attempt to blend these workers into the very cultural fabric of the organization (as 61% of businesses plan to do over the next two years). In an age when collaboration and quality of work are top-of-mind, this forward-looking concept is important in ensuring that both FTEs and non-employee workers coordinate their efforts in a “team-based” manner for the good of projects and initiatives.
- In the “warfortalent,” businesses are reimagining their brand (58%) to appear more attractive to potential candidates (both traditional and non-employee). As professionals, especially independent workers, judge their next short-term engagement, aspects such as an employer’s brand,

its cultural impact, and public perceptions/personas play essential roles. Organizations must think about aspects like its social media presence, how it portrays and promotes its workforce culture, and how diverse and inclusive its hiring processes are.





# Chapter Three: Best-in-Class Contingent Workforce Management

“Great vision without great people is irrelevant.” – Jim Collins, author of *Good to Great*

The tide has been turning for several years now. The world of contingent workforce management has transformed from its cost-focused roots into a strategic business imperative that drives value from the quality, depth, and overall impact of non-employee talent. As enterprises continue to focus on the realm of business agility and the role of talent in enabling it, more emphasis will be placed on the very innerworkings of CWM programs in progressing into a new generation of work optimization. As the strategic importance of these programs continues to grow, CWM managers and stakeholders will face greater pressure to drive high-quality work while maintaining visibility and financial performance across all aspects of contingent workforce management.

The contingent workforce benchmarks listed in Table 1 represent the current performance of global CWM programs.

- Visibility remains a challenging area for today's organizations.** Although it is a near-12% increase over last year, the average business still only holds visibility into slightly more than half (52%) of its non-employee talent. As explained in the previous edition of this research study, maintaining strong visibility into the contingent workforce remains a challenge due to the massive changes occurring in the space, from the spike in volume of non-employee talent to the general lack of centralized programs.
- Less than half (41%) of the average enterprise's non-employee talent would be reengaged for future projects.** One of the negative ramifications of the Gig Economy and overall embrace of independent professionals is that there is just a larger number of available non-employee workers out in the field, including freelancers, independent contractors, etc. There is no doubt that the traditional benefits of the contingent workforce are still viable; the question is whether

Table 1: The 2018 Contingent Workforce Management Benchmarks

| Metrics   | Average |
|---|---------|
| Percentage of the total non-employee workforce that is accounted for in corporate budgeting, planning, or forecasting | 52%     |
| Percentage of accounted-for non-employee talent that would be rehired for future projects or initiatives              | 41%     |
| Total compliance rate   | 71%     |
| Year-over-year cost savings   | 4.1%    |



or not businesses are doing a good enough job of tapping into the right resources for the talent they need. Is the issue the source of labor or how it is qualified and managed?

- **The average compliance rate (71%) is not perfect, but continues its upwards trajectory.** Many of today's businesses maintain a strong focus on their relationships with independent contractors and freelancers. As often intended to "scare" enterprises, the constant threat of co-employment or federal audits can find a business liable for back taxes, Social Security, or even benefits; with this in mind, more businesses are focusing their energy on ensuring that employer-talent relationships meet regulatory contractor compliance criteria.
- **Year-over-year cost savings fall by nearly 30%.** Although cost savings are not the "hot" performance benchmark anymore, they are still important to the hardline procurement executives that are responsible for managing the contingent workforce program. Thus, it is a bit worrisome to see the average business lose nearly 30% of its savings over the past 12 months. This sharp drop can be attributed to the idea that procurement has possibly exhausted its traditional supplier management and supplier optimization strategies within its CWM programs. Too, the realm of SOW and services, which still fall under "wild west" territory in regards

to being captured and controlled, could be a critical factor in just how much procurement's cost-reduction efforts have gone over the last year.

Table 2: The 2018 Best-in-Class Procurement Framework

| Metrics  | Best-in-Class | All Others |
|--|---------------|------------|
| Non-employee labor that is actively accounted for in corporate budgeting, planning, or forecasting | 86%           | 44%        |
| Percentage of non-employee talent that would be re-hired for future projects or initiatives        | 83%           | 39%        |
| Total compliance rate  | 87%           | 67%        |
| Year-over-year cost savings  | 7.7%          | 3.4%       |

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## Best-in-Class CWM Performance

Ardent Partners' research has identified Best-in-Class enterprises as the top 20% of performers across a series of key contingent workforce management metrics, including visibility, quality of talent, total compliance, and year-over-year cost savings. As outlined in Table 2, Best-in-Class businesses enjoy a distinct performance advantage over their peers (all others) within the scope of modern non-employee workforce management.



The Best-in-Class enterprises have distinguished themselves by 1) understanding and embracing the transformation of the world of work, 2) relying on both traditional and next-generation CWM approaches, and 3) leveraging core and innovative contingent workforce and related solutions to drive agility and value. These top-performers have achieved:

- **A nearly two-times higher rate of visibility into the non-employee workforce.** In this changing world of work, visibility is paramount. No enterprise can fully develop and execute dynamic responses to new global challenges without the best intelligence and insights behind them. Best-in-Class businesses are the ones that leverage their vast intelligence to understand the current and future impact of talent...and leverage that knowledge for the greater good of the organization.
- **A talent quality rate that is over two times higher than that of all other organizations.** As detailed earlier, the depth and quality of talent is by far the most critical element in the new world of work. As such, it is imperative that businesses develop a formidable CWM strategy that leverages various talent sources and utilizes specific intelligence to better align candidates and independent professionals with critical enterprise projects and initiatives.
- **A 23% higher rate of total compliance.** Compliance is an oft-understood element of CWM; while most organizations are doing what they can to mitigate risks, it is not necessarily a top-of-mind concern vis-à-vis more exciting endeavors (like promoting the advancements in talent engagement and acquisition). Best-in-Class businesses have struck the right balance when it comes to compliance, as they maintain the proper relationships with their independent workers without exhausting their power by “over-focusing” on it.

As detailed in the remainder of this chapter, there are several key distinctions that have allowed Best-in-Class organizations to build and develop highly-successful contingent workforce programs that are both valuable and agile.

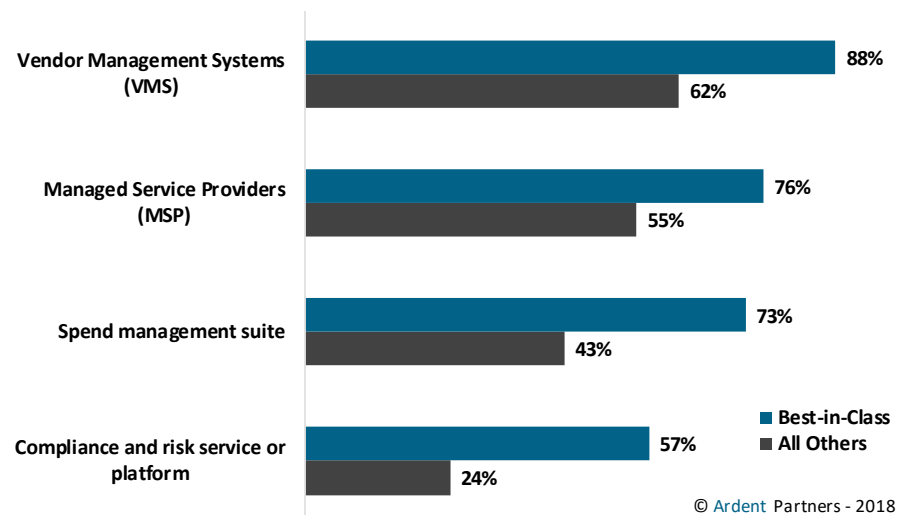
*The world of contingent workforce management has transformed from its cost-focused roots into a strategic business imperative that drives value from the quality, depth, and overall impact of non-employee talent.*



## The Best-in-Class Technology Advantage

There are many facets of the Best-in-Class contingent workforce management program that reinforce these leaders' advantages over all other organizations. However, the crux of the Best-in-Class CWM initiative lies within its ability to use core contingent workforce technology and solutions to create opportunities to support operations, drive talent engagement, and provide dynamic intelligence (see Figure 12).

Figure 12: CWM Solution Utilization, Best-in-Class vs. All Others



VMS platforms have long been a boon for those enterprises that consistently utilize them to drive a large part of, if not all, contingent workforce operations. Today's VMS solutions are a far cry from the "eProcurement lite" technology they offered just a few years ago; in fact, the leading VMS providers in the market not only address the core competencies and processes of CWM programs (like requisition management, interactive dashboards, supplier management capabilities, etc.), but also more dynamic capabilities, such as deep intelligence (via machine learning-led analytics), mobile portals and applications, SOW and services procurement, and AI-infused virtual assistants. Best-in-Class businesses are 30% more likely than all others to leverage this platform.

Similarly, Managed Service Providers (MSPs) have provided businesses with incredible value for decades in regard to contingent workforce management, helping to handle day-to-day CWM operations while serving as robust conduits for staffing suppliers and vendors. Managed Service Providers have, too, reimagined their value proposition in recent years by offering deeper capabilities related to SOW/services and flexible workforce management programs (in addition to solutions like Recruitment Process Outsourcing). Best-in-Class enterprises are 28% more likely to utilize MSPs to manage their contingent workforce programs.



Best-in-Class organizations are also incredibly reliant on spend management suites (73% vs. 43%) to supplement their CWM efforts; the utilization of these procurement-focused platforms actively assists top-performing organizations with managing the supply management-heavy attributes of contingent workforce management, like SOW and services procurement. Also, the Best-in-Class are over twice as likely to look to outsourced compliance and risk mitigation services, which is a strong reason why these top-performers have the ability to leverage independent talent without the fear of federal and state regulations.

### The Next Era of Managed Service Provider Value

MSPs have long been a trusted solution for contingent workforce management programs around the globe, helping these initiatives manage the wide scope of day-to-day CWM operations, as well as facilitating talent acquisition on all non-employee fronts. The MSP model, however, varies greatly than the “directly-sourced” concept now enabled by digital staffing outlets. Although businesses are certainly integrating more “self-sourced” staffing models into their CWM programs, the truth is that MSPs continue to support both small- and large-scale non-employee workforce initiatives (and, as just discussed previously, Best-in-Class companies are still actively leveraging these solutions as part of their solutions arsenal).

The “next era” of Managed Service Provider value is extracted from its multifaceted solution set: as the contingent workforce continues to grow, organizations will find inherent value in leveraging these

providers to tackle aspects such as high-volume staffing, scalability for bringing agility into utilization of talent, and consulting services to help provide guidance on how to thrive in the evolving world of work. Too, the MSP model has two (amongst others) features that will see its value “reimagined” in 2019: the Recruitment Process Outsourcing (RPO) capabilities that can support FTE talent acquisition (as well as contributing to the “traditional talent” side of total workforce management programs), and, its effectiveness in assisting organizations with managing SOW and services, which is often considered the biggest “piece” of contingent labor today.

### The Visibility Quotient

Visibility remains a critical enabler of Best-in-Class performance within the changing world of work. Visibility drives superior decisions and is what supports better business outcomes. The organizations that can rely on deep intelligence related to talent, spend, suppliers, and projects will be the ones that can achieve optimal business agility. Best-in-Class businesses deploy a variety of analytical capabilities to ensure that the data they have can be transformed into real-time corporate intelligence:

- Top-performing businesses are 75% more likely than all others to leverage cognitive intelligence capabilities (such as machine learning) to drive knowledge into a variety of aspects within CWM. After several transactions, machine





learning-led analytics build knowledge in a near-automated manner from being fed consistent data and information; this is especially crucial for identifying CWM aspects like skills gaps, talent shortages, differences in labor rates, etc.

- Best-in-Class enterprises are 53% more likely to utilize predictive analytics and scenario-building tools, which reinforces the agility of having the necessary (read: the best-aligned skillsets and expertise) talent at hand as demand expands or contracts. Leveraging variables such as region, cost, skillsets, etc., businesses can view what their future workforce may look like and make necessary, real-time decisions based on this intelligence. For the Future of Work, this type of foresight is critical.
- Best-in-Class organizations are nearly 50% more likely than all others to integrate their FTE and contingent worker data – a crucial element within the scope of total workforce management (to be addressed in the next section of this chapter). Integrating talent data entails the centralized management of all enterprise talent no matter its source; it is often the first step in understanding how both sides (FTE and non-employee) of an enterprise's talent pool impact business growth and success.
- Top-performing businesses are nearly 30% more likely to have real-time visibility into SOW and services, which

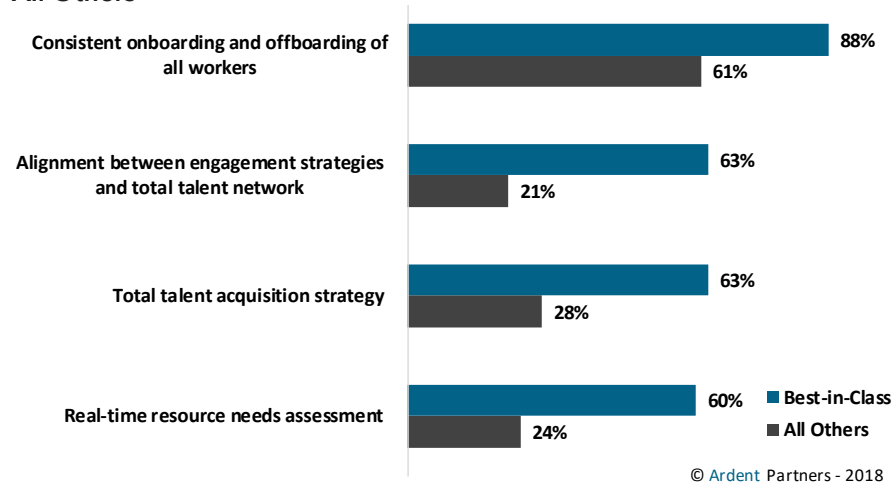
speaks directly to the Best-in-Class CWM program's affinity for complex contingent labor and its place in the enterprise pantheon. The importance of managing SOW/ services effectively can never be understated, as the average organization annually funnels millions of dollars into its professional services. The Best-in-Class path? Drive enhanced visibility into this contingent workforce sub-category and truly understand its impact across the greater organization.

### The Path to Total Workforce Management

With 41.5% of the world's total workforce now considered non-employee (according to Ardent Partners), the thought of a blended enterprise workforce has become a reality. Combined with many other factors contributing to the evolving world of work, the time is now for businesses to adopt a total workforce management strategy. Ardent Partners defines TWM as the standardized and centralized program for engaging, acquiring, sourcing, and managing all types of talent via linked procurement and human capital processes, integrated contingent workforce management and human capital management systems, and utilization of total talent intelligence. Best-in-Class businesses embrace the benefits of a TWM strategy and have implemented a series of capabilities and strategies for centrally managing both their traditional and non-employee workforce (see Figure 13 on the next page).



**Figure 13: Total Workforce Management Capabilities, Best-in-Class vs. All Others**



When discussions of the Future of Work are in play, much of the conversation revolves around the technologies and innovations currently helping the business progress into new and exciting territory. However, what is often lost in this discussion is how talent-led strategies should be considered “innovative.” Total workforce management is by far the most innovative of human capital-led approaches in that it promotes the active, centralized, and standardized management of all enterprise talent no matter where it is situated. By funneling all workers and resources under one banner program, the greater enterprise is afforded superior visibility into which talent is the best fit for a given project at any given time.

Best-in-Class businesses are three times more likely than all others to have an alignment between their enterprise engagement strategies and its total talent network. Essentially, this translates into superior efficiency in optimizing how work is done; if a business aligns its engagement/acquisition strategy with all of its suppliers (staffing, digital, private talent pools, etc.), it will more often than not have greater success in developing an ideal fit between project and worker. As organizations continue to focus on the notion of “business outcomes,” leveraging a total workforce management strategy allows an enterprise to understand how to achieve those outcomes by leveraging the right talent for the right initiatives.

Similarly, Best-in-Class organizations are over twice as likely as all others to have a centralized total talent acquisition strategy in place. As detailed in Ardent’s 2017 *Total Workforce Management* research study, this is the foundational element in building a TWM program, as the acquisition of all talent, including via traditional recruitment means, social recruiting, staffing suppliers, online talent platforms, etc., must be centralized for a truly successful TWM initiative.

### The Best-in-Class Innovation Angle

Within the idea of the Future of Work, innovation is the most prominent factor. The idea that all facets of “work,” like talent acquisition, project management, project alignment, process orientation, etc., must be optimized in order to thrive in changing business times is the foundation to how the future enterprise will



eventually operate. There are an incredible number of innovative outlets, both technological and talent-led (like TWM), that will ultimately decide the future state of work. With this in mind, it can be stated that Best-in-Class businesses embrace the pure power of next-generation technology and harness its influence to not only optimize work, but also improve intelligence and talent engagement:

- Best-in-Class enterprises are 37% more likely than all others to leverage AI, a factor which reinforces these leaders' foray into the Future of Work. Artificial intelligence is currently one of the world's "hottest" innovations, and a major catalyst for the Future of Work. Artificial intelligence outlets include automated, data-driven, and "smart" systems that are predictive, proactive, conversational, and analytical. They represent the convergence of a half-dozen composite elements – Big Data, algorithms, machine learning, natural language processing, speech recognition, and robotic process automation – that when combined, has the "look and feel" of a system that mimics human cognition and communication. Other AI outlets, like chat bots, are driving process efficiencies in Best-in-Class organizations.
- Best-in-Class businesses are over 80% more likely than all others to leverage 3D printing (or additive manufacturing), which represents a "next-level" Future of Work innovation that can dramatically transform how an organization

manages its supply chain and direct materials. This could impact how businesses distribute their workforce in the years ahead as they experience additional efficiencies from next-generation manufacturing innovations.

- Best-in-Class companies are 35% more likely to utilize Blockchain technology to augment how work is done. Setting aside its original purpose in streamlining cryptocurrency, Blockchain can be leveraged to store documents (such as legal and accounting records), lock down intelligence, and, in the futuristic possibility of being connected to the Internet of Things, be utilized to run enterprise processes in real-time with just a few clicks. In the world of talent and workforce management, Blockchain could represent incredible advancements in quickening payroll processes, providing real-time access to learning, organizational, and HR-led worker information, and ultimately streamlining a professional's "data network" regarding his or her employment history and certifications (as well as degrees).

There is another technological element at play here, as well: digital transformation. The new dialogue around "digital transformation" finds that businesses can be enabled with the cloud-based, digital tools to not only enhance existing corporate processes, but also develop real-time abilities to address dynamic market challenges. From the talent and workforce management perspectives, the "digital enterprise" is one that leverages the power of both



traditional and innovative systems while providing functional stakeholders with a real, digital experience in regard to process orientation, flow of data and intelligence, and access to resources (including talent).

Best-in-Class enterprises are also nearly 75% more likely than all other organizations to promote an “innovation-ready” culture that embraces new systems and platforms, a factor which illuminates just how critical the next generation of technology is in the ultimate quest for CWM success and the optimization of how work is done.

Ardent Partners defines Total Workforce Management as the *standardized and centralized program for engaging, acquiring, sourcing, and managing all types of talent via linked procurement and human capital processes, integrated contingent workforce management and human capital management systems, and utilization of total talent intelligence.*



## Chapter Four: Strategies for Success

“Innovation has nothing to do with how many R&D dollars you have. It’s not about money. It’s about the people you have, how you’re led, and how much you get it.” – Steve Jobs, Founder and Former CEO of Apple

The ultimate goal of work optimization is the culmination of next-generation strategies, solutions, and innovations that converge together to reimagine how a business engages and acquires its talent and addresses how work is done. The continued impact of consumerization on corporate processes and capabilities, combined with the cultural embrace of the Gig Economy and the pursuit of a new, “agile” workforce, is pushing the contemporary business into an exciting new era. The Future of Work is here, and it is predicated on the dynamic advantages of agility-led business models.

### General Contingent Workforce Management Recommendations

To effectively harness the inherent power within the Best-in-Class CWM program, businesses must enact a series of approaches that combine a relative balance of strategies, solutions, mindsets, and competencies. As organizations continue on the road to the Future of Work, the following recommendations will drive productivity and value across all facets of CWM:

- **Establish a culture of enterprise flexibility.** Although the new world of work runs on innovative approaches to both

talent and technology, the minimalist method to prepare for the Future of Work is simply establishing a culture of “flexibility” across the organization: flexible thinking at the executive level when it comes to how work is done, flexible talent engagement that promotes depth and quality over costs/budgets, and flexible insights that support agile decision-making.

- **Educate key internal stakeholders on the value of centralized SOW and services management.** The world of work may be evolving at a breakneck pace, but the realm of SOW and services has not changed. While it is true that talent-led CWM programs rule the day, enterprises are doing themselves a great disservice by allowing internal stakeholder resistance and a general lack of administrative focus derail the significant cost and visibility benefits of proper SOW/services management. Those that resist putting SOW and services under the banner CWM program cannot properly monitor and track project-based spend or key delivery dates and milestones. But above all, they will find themselves in the most undesirable position of being



at the mercy of consultants, lawyers, and other service providers.

- **Embrace the business-shifting changes of the new world of work.** It can be incredibly simple for the hardline, veteran business leader to ignore the major changes happening in the global arena. While it is true that not every new strategy or new platform pans out, the hard truth for these executives is that this new world of work is founded on transformational thinking and innovative technology. From the empowered independent professionals in the Gig Economy to the advancements in work optimization technology (like AI and machine learning), the progressive view of work is that the ability to manage the convergence of agility, talent, and technology can drive better business outcomes.
- **Promote agility as a major dividend from an enhanced CWM operation.** “Agility” has become just as popular as other hot-button business lexicon like the Gig Economy and Big Data. However, the drive for agility is real: 81% of today’s businesses hold the desire to be a more agile enterprise. Contingent workforce management today has the potential to drive true strategic value, as enhancements made to talent engagement strategies (whether through the introduction of digital staffing or total talent acquisition

approaches), analytics and reporting, and its utilization of repeatable and scalable processes and capabilities, will all allow for greater planning, control, and visibility. The end result: the ability to make dynamic business decisions.

- **Understand that any CWM transformation project requires a multi-phased approach.** It can be thrilling for businesses to study the Future of Work and envision the impact of new technology and new solutions. However, a big piece of the work optimization initiative is to first master the more traditional elements of CWM, such as staffing supplier management and SOW/services management. After enterprise-wide education of how potential changes could impact day-to-day contingent workforce operations, CWM leaders can then begin to slowly develop a plan to integrate next-generation technologies like AI, Blockchain, and machine learning.

### Next-Level Recommendations

The businesses that have adapted to the new world of work and its core attributes are ready for what the future has in store. The following pieces of guidance will assist these organizations in attaining a more agile workforce and enabling it through work optimization:





- **Develop a long-term talent acquisition strategy that accounts for an increased use of digital staffing.** The utilization of online and digital staffing platforms has increased threefold over the last several years for one critical reason: it allows the average business to directly source top-tier talent while maintaining control over the engagement and alignment processes. In a talent-led economy, this is by far the top benefit of talent marketplaces. Businesses must account for the growth, impact, and expansion of these platforms within their longer-term talent acquisition strategies and configure the best-fit plans that allow more workers to be sourced from these digital outlets.
- **Plan for near or complete digital transformation within a three-year window.** As discussed in Ardent's 2018 *Future of Work Compendium* report, digital transformation should revolve around "an organization's ability to penetrate even the most archaic of enterprise processes with automation and innovation, then expand from simple process automation across specific functions to adopt new and exciting solutions." The three-year window makes sense for innovation-ready businesses for two reasons: 1) it allows time to identify the necessary functional areas and systems that require not just enhancement, but transformation, and, 2) it allows more "market time" for businesses to understand exactly how

next-generations solutions (like AI, machine learning, augmented reality, Blockchain, etc.) will impact the global marketplace.

- **Prepare for "moderate" utilization of artificial intelligence.** Although AI still faces low adoption rates (regardless of the massive and frequent discussions of this technology, less than 20% of organizations today actually use it), it is clear that the progressions within the AI landscape will make it easier for businesses to deploy and integrate its functionality into everyday operations. The year ahead is crucial for companies already leveraging AI in some capacity, as the move from "light utilization" to "moderate utilization" can translate into major gains for operational efficiencies (beyond chat bots) like converged software infrastructures, recruitment and staffing automation, and next-generation scenario building.
- **Develop a five-year "innovation wish-list" that includes more intricate technologies, like edge and quantum computing.** There are Future of Work-era innovations, and then there are truly futuristic technologies that are not even on the radar of most businesses. Quantum computing can process and manipulate information and data exponentially faster and more powerfully than standard systems. This represents a way for the business of the future to optimize how AI and machine learning

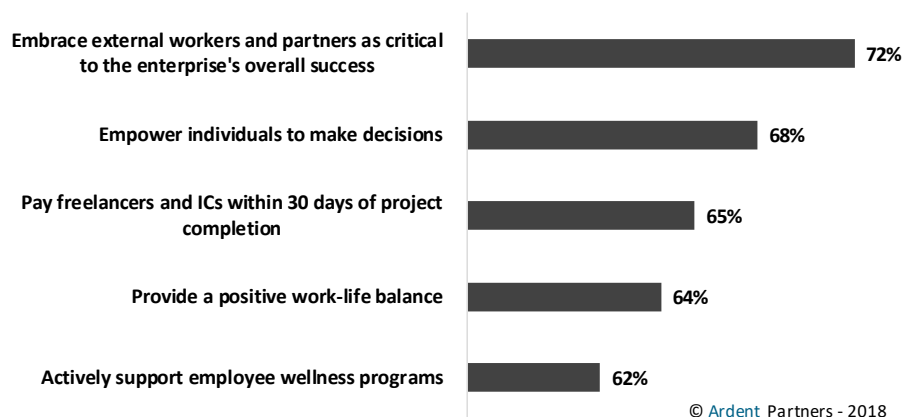


address both tactical and strategic tasks and processes, or even accelerate how enterprises solve dynamic business problems in a much, much more efficient manner. Technologies like quantum computing should be nothing more than a cursory “peek” in 2018, but in five years, it should be on the innovation wish-list.

## The Talent Experience

One of the byproducts of the talent-first world of work is that enterprises must leverage new strategies to attract and allure both traditional and non-employee workers. As the population of independent professionals continues to grow (along with their desire for true lifestyle flexibility), businesses must do what they can to not only improve the human capital-led notions of the candidate experience and employee engagement, but converge these two ideas into the “talent experience” (see Figure 14).

**Figure 14: Strategies for Enhancing the Talent Experience**



One critical aspect that helps create a positive workplace culture is the embrace of non-employee workers and independent professionals as important to the enterprise’s overall success (72%). This is an element that promotes the work that the contingent workforce addresses for the greater organization and positions these resources for future project reengagement. Workers that feel that they are “wanted” will typically be open to future assignments with the same organization. Similarly, in regards to the total talent pool, empowering individuals to make decisions (68%) is an ideal psychological way to boost worker performance (for both traditional and non-employees) by allowing them to make creative decisions and share information and intelligence. Employee empowerment is also a fantastic means of sparking innovative thoughts and new ideas for product development.

On a more tactical note, the realm of financial operations for contingent workforce management is an oft-overlooked aspect. The vast majority (if not all) of freelancers and independent talent depend on regular, consistent income even though the basis of their lifestyle is flexible. This can create enormous personal pressure in the event that businesses are late or delayed in making payments to these workers for work done on projects and other initiatives. Sixty-five percent (65%) of businesses are dedicated to paying their freelancers and independent contractors within 30 days of project completion. Although there are still many enterprises that take longer, this is a heartening progression for freelance talent. In fact, some major legislation across the United States aims to curb

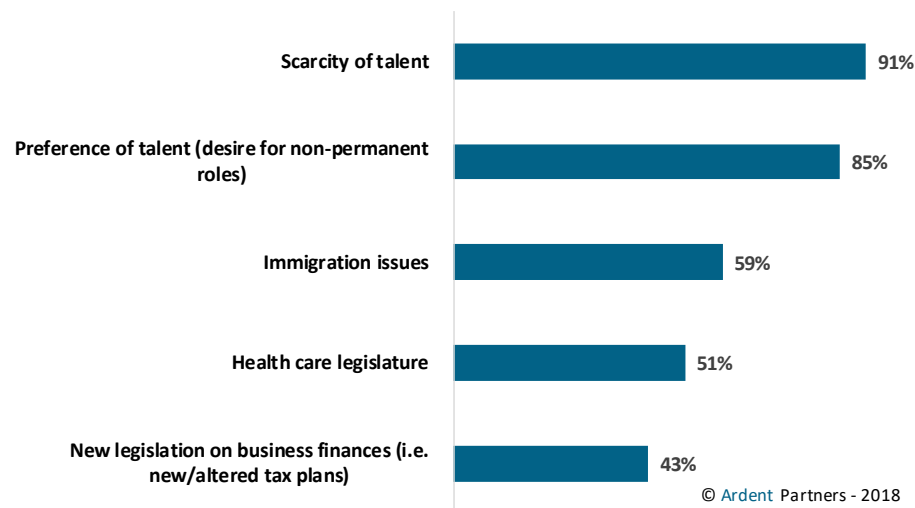


delayed payment behavior by enterprises; in 2017, New York City passed the “Freelance Isn’t Free” Act, which forces businesses to pay their independent workers on-time.

## External Factors Impacting the World of Work

The world of work is certainly changing, and it is not just the business realm that is impacting how businesses engage talent and address how work is done. There are several major issues across social, cultural, and political boundaries that are shaping specific elements of the changing world of work (see Figure 15).

**Figure 15: Social, Cultural, and Political Issues Impacting the World of Work**



The general scarcity of talent (91%) is not a new global issue, but it undoubtedly is the strongest of socio-economic issues plaguing the business world. It is often said in Ardent’s research that talent is the number one competitive differentiator from enterprise to enterprise; because of this, and the continued focus on business agility, enterprises are finding it harder and harder to find the talent they need to spark innovation, product development, and business growth. This talent scarcity is what actively drives (as noted in Chapter One) the priority on talent quality and depth as the top attribute in how work is done. Similarly, 85% of organizations believe that the very preference of how talent is situated is a relative game-changer for the evolving world of work. Agility is the key here; if enterprises hold the desire to be more dynamic in how they respond to new business challenges, the notion of the agile workforce is the answer. Short-term engagement, top-tier talent, and the ability to reengage when needed: the realm of agility finds its way into the contingent workforce.

On the political end of the spectrum, major items such as immigration issues (59%) could affect how businesses engage specific types of labor across their North American locations (and could also result in the loss of various workers that may face problems with visas and similar permits). Recent health care legislation (51%) could potentially have significant ramifications on how independent and “gig” workers address their own personal health. These political issues could present critical challenges for businesses as they continue to grow and rely on their non-employee workforce. In



In addition, the recent controversy surrounding “Brexit” also draws serious cause for concern in relation to immigration issues related to talent engagement and staffing. UK-based enterprises are actively focused on strategies such as retention to ensure existing staff remains a critical component of the greater organization, as well as enhancing communications to all types of talent to better facilitate understanding of how Brexit will affect business, projects, etc.

### **Conclusion: Agile Workforce, Agile Business**

The world of work will never be the same. Increasingly consumerized and digitized, the modern enterprise must leverage the wealth of new tools and technologies in conjunction with the pursuit of agile talent to effectively optimize how work is done and drive superior business outcomes. The key elements of the Future of Work, such as innovation, the agile workforce, and transformational enterprise thinking, will push businesses into a new era that promotes agility, as well as enabling better alignment with the dynamic shifts in the business world. The link between contingent workforce management and the evolving world of work is tangible, forcing enterprises across the globe to reimagine the current and future state of work optimization through innovative strategies for talent engagement and acquisition, business intelligence and analytics, and day-to-day operations. As the world of work continues to progress in the months and years ahead, the influence of business agility and the agile workforce will become the gateway to consistently superior business outcomes.



# Appendix

## About the Author



### Christopher J. Dwyer, Vice President of Research, Ardent Partners

For nearly 13 years, Christopher J. Dwyer has been one of the world's foremost spend management experts and leading authorities on contingent workforce management (CWM). He is a premier thought leader in the contingent workforce industry, authoring hundreds of research studies and evangelizing the evolution of the non-employee workforce and its associated technologies and solutions. Dwyer is the voice behind [Contingent Workforce Weekly](#), the industry's first (and only) [weekly podcast](#) dedicated to this space, and is looked to as an expert on the Future of Work, Gig Economy, and the innovation behind the "new world of work." Dwyer has been a prominent analyst voice for well over a decade, previously leading the Aberdeen Group's Global Supply Management practice and contributing innovative research and insights regarding the global supply management industry. Dwyer joined Ardent Partners in 2013 as a Research Director and currently leads the firm's coverage on "complex spend management," which includes non-employee talent, business travel and expense management, meetings/events management, and other key indirect spend categories. Dwyer and his work have been quoted/featured in USA Today, The Christian Science Monitor, Forbes, CNBC, and other major business publications. Dwyer was recognized as a "Pro to Know" by Supply and Demand Chain

Executive Magazine in 2013, has been honored four times (2013, 2014, 2015, and 2016) by HRO Today as an "Analyst and Advisor Superstar," and actively contributes thought leadership and insights to not only help procurement, human resources, and human capital management executives better find, engage, source, and manage talent, but also thrive in the new world of work. In his tenure as an industry analyst, Dwyer has also developed research projects and studies on e-payables, spend analysis, e-procurement, strategic sourcing, contract lifecycle management, and financial operations. He welcomes your comments at [cdwyer@ardentpartners.com](mailto:cdwyer@ardentpartners.com), on LinkedIn ([www.linkedin.com/in/christopherjdwyer](http://www.linkedin.com/in/christopherjdwyer)), or Twitter ([@CJD\\_Ardent](https://twitter.com/CJD_Ardent)).



## About Ardent Partners

**Ardent Partners** is a Boston-based research and advisory firm focused on defining and advancing the supply management strategies, processes, and technologies that drive business value and accelerate organizational transformation within the enterprise. Ardent also publishes the [CPO Rising](#) and [Payables Place](#) websites. Register for exclusive access to Ardent Partners research at [ardentpartners.com/newsletter-registration/](https://ardentpartners.com/newsletter-registration/).

## Research Methodology

Ardent Partners follows a rigorous research process developed over years spent researching the supply management market. The research in this report represents the web-based survey responses of nearly 270 procurement, human resources, talent acquisition, and other business leaders captured from August to October 2018. These participants shared their strategies and intentions, as well as their operational and performance results to help us define Best-in-Class contingent workforce management (CWM) performance and understand what levers the leading groups pull to obtain their advantage. This primary research effort was also informed by the experience and analysis of the report author and the entire Ardent Partners research team. Complete respondent demographics are included to the right.

## Report Demographics

The research in this report is drawn from nearly 270 respondents representing the following demographics:

**Job Function:** 42% procurement; 30% HR and human capital management, 20% talent acquisition, 8% other

**Job Role:** 42% VP-level or higher; 38% director-level; 16% manager-level; 4% staff-level

**Company Revenue:** 62% Large (revenue > \$1 billion); 22% Mid-market (revenue between \$250 million and \$1 billion); 16% Small (revenue < \$250 million)

**Region:** 84% North America; 11% EMEA; 5% Asia-Pacific

**Industry:** More than 25 distinct industries are represented. Pharmaceutical, hi-tech, financial services, and manufacturing are the largest industries in the survey pool; no industry represents more than 15% of the overall survey respondents.



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