

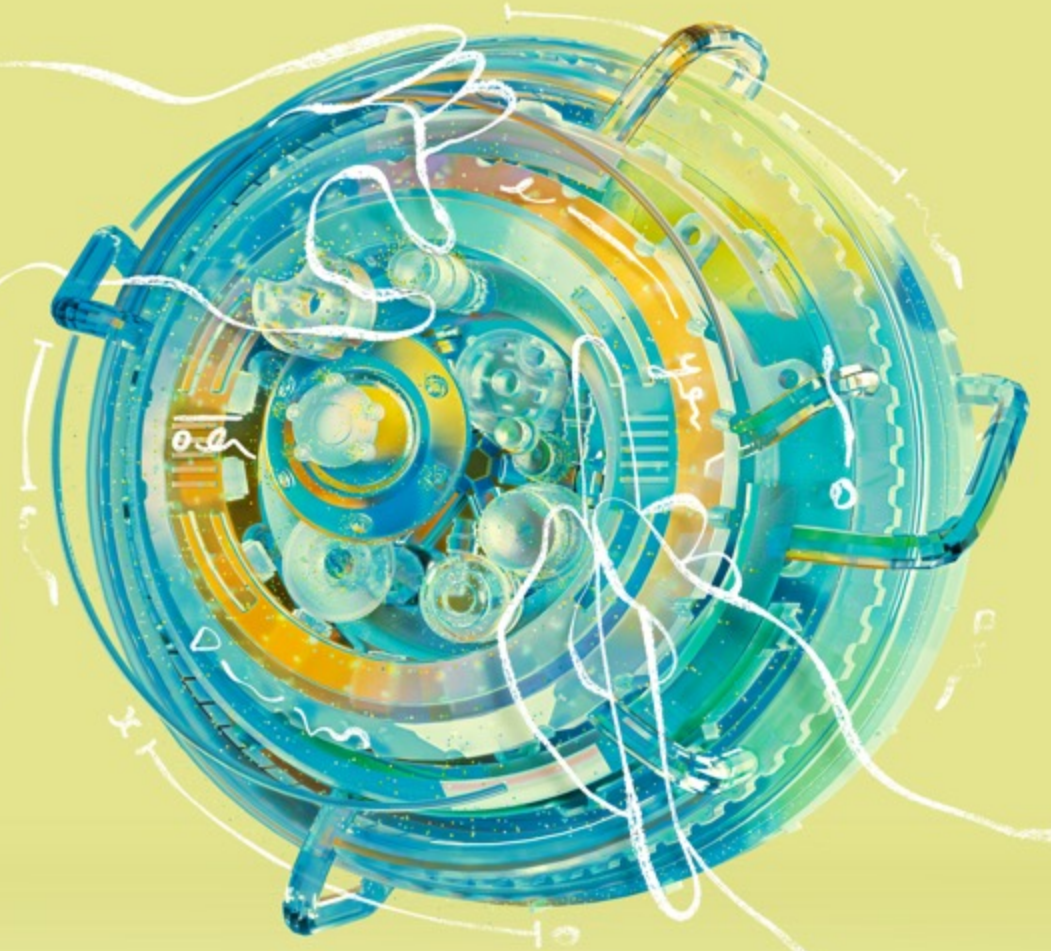
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# Contingent Workforce Client Insights

Deloitte Global Employer Services

**Deloitte.**

**Ventures**



The use of contingent workforces has grown significantly but many companies continue to face many challenges in its management

# Contingent Workforce Client Insights - Background

Deloitte Tax Ventures and Deloitte Global Employer Services teams conducted interviews with key global clients during March 2021 to better understand the needs and challenges around the management of Contingent Workforces

## Client Profiles

- A mix of 8 global clients from technology, entertainment, banking, information services, and automotive industries
- The clients interviewed differed in their approach to management of their contingent workforce
- There is a mix of in-house and outsourced management, reflecting each individual company's strategic imperatives, use of contingent workers, and maturity of management experience

## Areas explored

- Priorities for contingent workforce
- Challenges
- Compliance management processes
- CW platforms and service providers
- Future outlook

# Contingent Workforce Client Insights – Priorities for Contingent Workforce

Clients have told us that their contingent workforce priorities broadly fall under five broad categories

Talent	Cost Reduction	Compliance	Data & Visibility	User Experience
<p>The contingent workforce is tied to access to talent (quality, price, diverse skillsets and speed of access).</p> <p><i>“The talent lens is the key driver, rather than cost or compliance lens compared to other companies. Primary driver is top talent.”</i></p> <p><i>“The quick access to talent will be a long term challenge.”</i></p>	<p>Management of cost is a key focus for organisations.</p> <p><i>“To get the best possible talent at the best possible price.”</i></p> <p><i>“Contingent worker recruitment is led by procurement”</i></p>	<p>Compliance was a key concern due to the risks involved in getting it wrong &amp; the evolving regulations on a global level.</p> <p><i>“Our top priorities are cost and compliance.”</i></p> <p><i>“Compliance with local laws and regulations”</i></p>	<p>Visibility (reporting and accurate numbers) is a key need and is linked to compliance.</p> <p><i>“Top priority – how many, what we’re spending, where they are – generic priorities. We know who they are and where they are based on PO. During covid it was really hard to work out who’s on the platform and where they are.”</i></p>	<p>Improving the contingent worker user experience is also a common priority.</p> <p><i>“We’re trying to reduce costs but remain compliant while keeping a good workforce experience at the top of the agenda.”</i></p> <p><i>“Primary indicator of success is talent is strong, and helps hiring leaders bring moments of joy.”</i></p>

# Contingent Workforce Client Insights - Challenges

Clients face a number of common challenges in the management of their Contingent workforce, focused on four categories

## Talent

- 1 Access to Talent
- 2 Access to Talent Platforms

## Processes & Systems

- 3 Time to Hire
- 4 Disjointed Systems and Processes



## Compliance

- 5 Evolving Compliance
- 6 Remote Worker Uncertainty

## Data & Visibility

- 7 Data & Visibility
- 8 Organisational Focus on CW

# Contingent Workforce Client Insights - Challenges

Clients face a number of common challenges in the management of their Contingent workforce, focused on four categories

## Talent

1

### Access to Talent

There is more competition to access the most in demand talent, and a growing need for diverse talent

Clients are looking at alternate sources of talent including direct sourcing and talent pools to address their access challenges

*"Finding individuals is hard so looking more to candidate pools and nurturing talent"*

*"Direct sourcing is not easy for us than others with bigger brand."*

*"Starting to see demand to include voices around the world, inclusion & diversity. Getting different markets, voices, and lived experiences is increasingly important. "*

2

### Access to Talent Platforms

Compliance requirements and long time frames prevent the use of online talent platforms (especially for regulated industries)

*"I'd love to solve gig economy work - would need to solve patchwork of tech - there's not 1 problem but there's 100 other things to deal with and all interlinked"*

*"Banks can't access gig economy - because they have to screen them and time to hire is long. Pre-employment screening takes a week and there's no getting out of it. That means accessing gig economy is impossible,"*

## Processes & Systems

3

### Time to Hire

Speed of hiring is affected due to compliance requirements (background check, pre-employment screening, onboarding). Poor user experience and long time frames affect take up of CW

*"How do you join all these lifecycle together - sourcing and onboarding."*

*"Time to offer - from hiring manager hitting go to hiring, used to be in days time to offer but now it should be hours."*

*"We have a lot of screening ...there might be human error and it takes time to do, and may increase the onboarding time which has a higher cost"*

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### Disjointed Systems and Processes

There is a patchwork of systems and suppliers creating disjointed experiences.

Infrastructure not set up to enable global talent pools (contracts, compliance, payroll, etc)

*"I would like on demand global readiness, and work with 3rd party with one point of contact and have infrastructure ready."*

*"Our agency recruitment process is not agile... The whole process is complicated - mainly the onboarding. Quite clunky things that operate in separate tech areas and as a result it's waterfall not agile (setting up computers, access, etc)"*

# Contingent Workforce Client Insights - Challenges

Clients face a number of common challenges in the management of their Contingent workforce, focused on four categories

## Compliance

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### Evolving Compliance

Issue of evolving compliance is exacerbated by a piecemeal approach, with most lacking a single owner or consistent processes. Clients often outsource compliance & require indemnities and adherence to policies from 3rd party providers.

*"Landscape is evolving (e.g. legislation, changes, no single resource that tells you what you need to know to engage someone in new country)"*

*"We need to be aware of evolving risk. The integration and config and business rules that are applied in system are what our team needs to monitor and change."*

*"Compliance should be a primary focus. In the future I would always make sure we are good on compliance front while tackling operational aspects."*

6

### Remote Worker Uncertainty

Uncertainty around application of rules globally, especially around remote workers, which has been a trend that has accelerated during the Covid-19 pandemic.

*"Remote work has thrown up challenges - compliance challenges that nobody has really thought about it."*

*"The big challenge is knowing the lines and where you can operate with them - and I don't think there are many good answers out there because there is a lack of precedents."*

## Data & Visibility

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### Data & Visibility

Data and visibility of CW is often fragmented or missing. There is also a fear of human error within the process.

*"The data is not as accessible as we like it to be and for us to report on the same metrics we have on perm (time to hire, pain points in recruitment processes)"*

*"We struggle to get & maintain accurate data. We strive to have a single provider - but as soon as we get additional providers of workers we lose control and visibility of the data."*

*"Having a system in place that allows you to centralise all your contingent worker data."*

*"We'd rather a process stop and we intervene rather than someone putting in an error in the name and register a different person. Bots take out the fear that names are entered differently across 2 platforms."*

8

### Organisational Focus on CW

Mindset that contingent work is not as highly valued as full time employment work, and the allocation of CW work for core vs non-core activities.

*"The segregation of calling them CW should be phased out. It shouldn't matter who you are and terms of engagement - it's the work you are doing or the value you bring. That label may introduce bias"*

*"There is a question as to if core work should be done by contingent workers"*

# Contingent Workforce Client Insights – Compliance Management Processes

The management approach to compliance for the majority of clients is very piecemeal and fragmented, and clients use a combination of internal and external providers

## Nascent capability in compliance

*“We need to put more processes and policies in place”*

*“The whole thing with contingent is that it's difficult to assign people to navigate and take responsibility.”*

## Approach differs in each location

*“How we manage compliance depends on the location. In the UK we work with the third party partner.”*

## Reliance on 3<sup>rd</sup> parties (MSP & experts)

*“We farm compliance out to MSPs as much as possible (worker classification, hiring, etc). We want a MSP to do as much of the internal role, they underwrite it if it goes wrong”*

*“We look to supplier partners for statutory requirements. Then look to our own employment legal team who also have outside counsel as well.”*

## Need for in house expertise

*“Compliance of lines of defence we can't push that off – ensure it is done – checks PES, recs, cross checking done by us, but process is done. We can't outsource this.”*

## Current technology lacking compliance integration

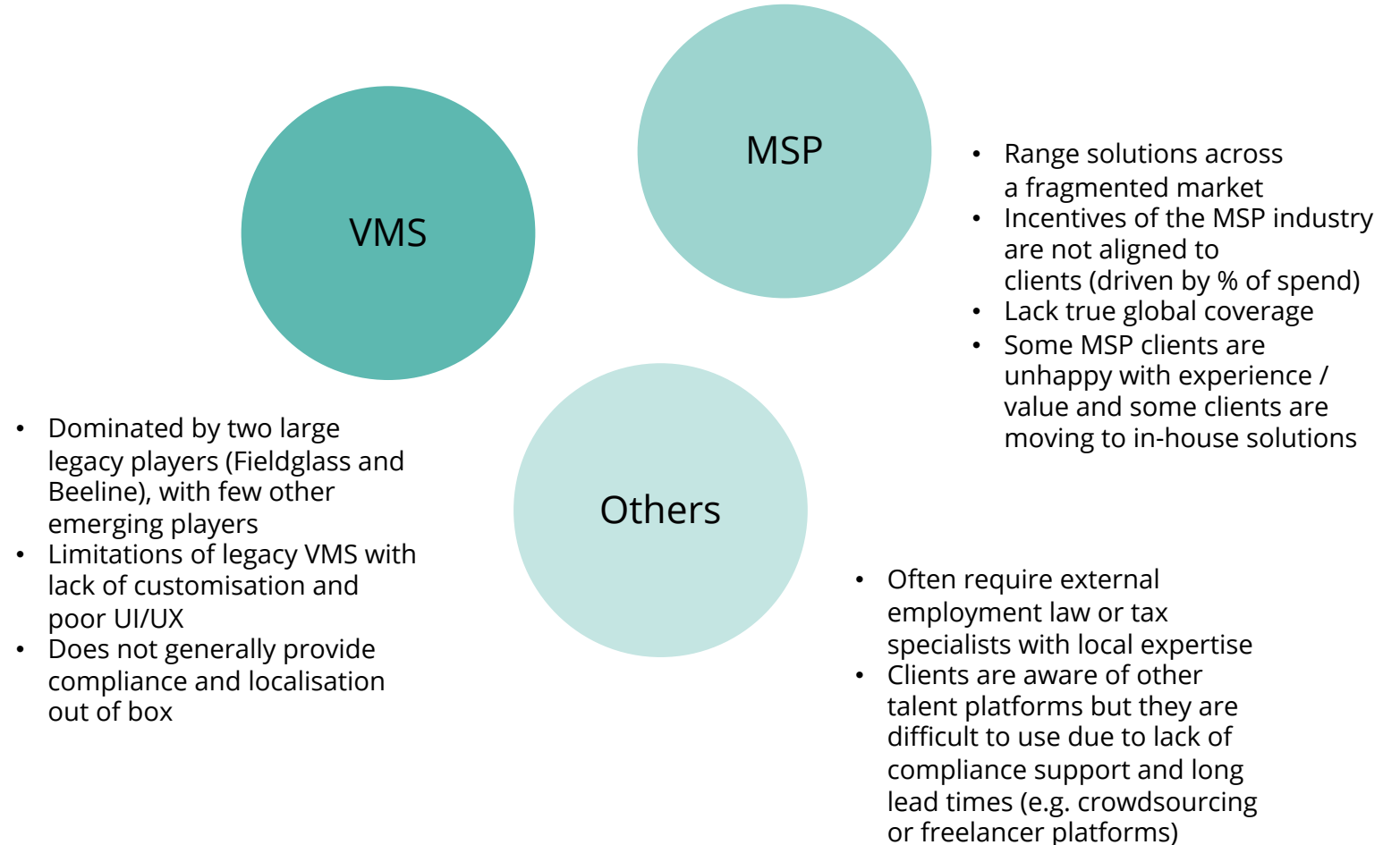
*“If I had a magic wand, it would be a technology that could do it all and bring all the layers together. [Our VMS] does do some things but there are gaps. Control and audit around legislation would be good.”*



# Contingent Workforce Client Insights – Platforms and Service Providers

The ecosystem of contingent workforce technology platforms and service providers is complex and fragmented across multiple parties

## Contingent Workforce Ecosystem



# Contingent Workforce Client Insights – Future Trends

Despite the current challenges, clients still forecast growth in their use of contingent workforces and recognise the need to better leverage technology to improve sourcing of talent, management of evolving compliance and gain better data and visibility over their workforces

## Contingent Workforce to grow

*“The contingent work market is huge, and growing in volume.”*

*“We expect it to continue grow in short term as we rebalance our workforce. Continue to support our short term needs and grow scarce skills more quickly.”*

## Tech trends

*“If you look at the start-ups, something that used to take four clicks now takes one. From backend and configuration, the API and integration points needed for finance, HR, it’s much easier now. Much easier to integrate with cloud products with APIs now.”*

*“Improved automation / AI / ML, chatbots”*

## In-house / Direct sourcing

*“Seeing a trend of direct sourcing. See this as evolution of more companies to source directly. Challenge will be how will work get prioritised between full-time vs CW roles as full-time may be more important”*

*“Questioning value of supplier partners to bring in talent vs doing in-house”*

*“You are in two camps – continue to outsource or do it yourself to control your own talent pools. That’s ultimately the direction of travel to in source. If purely on price – outsource. If looking at retention, quality, etc then in-house.”*

## Evolving Global Compliance

*“Interesting seeing the divergence of what governments want vs. what contractors want”*

*“A strong consulting company in this space would solve the problem for multiple enterprises using the same infrastructure – e.g. Solve evolving compliance requirements for all enterprises.”*

## Total Talent Visibility

*“Total Talent - look at contractors the same as employees. Reporting, analytics, etc. We tried to do it but for most companies it’s been kept separate. And mindsets need to change. It makes sense to me. If you’re CFO, it shouldn’t matter if it is a contractor or an employee in terms of spend.”*

*“Future vision for us - have everything centralised provide access to all types of talent in a compliant way”*

*“Consolidation of tools in this space – too many sources of truth. How do we create 1 platform or overlay that the whole company works in, powered by other suppliers but employees don’t see this”*

# Contingent Workforce Management – Summary of Findings

Speaking to a small selection of our global clients, representing a broad mix of industries, we have identified some key themes around the priorities and challenges faced in managing a global contingent workforce.

This research has highlighted key gaps in the market around the effective management of contingent workforces, especially in the areas of:

- Compliance
- Integration of technology across different service providers and solutions
- Talent sourcing and management; and
- Better data and visibility of contingent workforce

## Continent Workforce Management Priorities

- **Compliance** – significant risks involved in getting it wrong, across multiple jurisdictions
- **Talent** – ensuring quality, price, diverse skillsets and speed of access
- **User experience** – creating good talent experiences that bring moments of joy
- **Data & visibility** – crucial in enabling effective management of contingent workforces
- **Cost reduction** – achieving cost savings on one of the biggest buckets of spend on talent



## Continent Workforce Management Challenges

- **Compliance** – difficulty in staying on top of ever evolving global compliance requirements, and uncertainty relating to remote workers
- **Talent** – high competition for talent & the need to find alternatives including direct sourcing
- **Processes and Systems** - disjointed systems and processes creating poor user experiences and slow speed to hire
- **Data & visibility** – often fragmented or missing, with a fear of human error in process

## Compliance Management Processes

- The management approach to compliance is very piecemeal and fragmented, and clients use a combination of in-house resources and external providers to stay on top of a myriad of ever evolving global compliance requirements

## Platforms & Service Providers

- The ecosystem of contingent workforce technology platforms and service providers is complex and fragmented across multiple parties (VMS, MSP, and other providers)

## Future Outlook

- Despite the current challenges, clients still forecast growth in their use of contingent workforces and recognise the need to better leverage technology to improve sourcing of talent, management of evolving compliance and gain better data and visibility over their workforces

# Thank you.

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