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The State of Contingent Workforce Management 2020

Navigating Disruption and Uncertainty with an Agile Workforce

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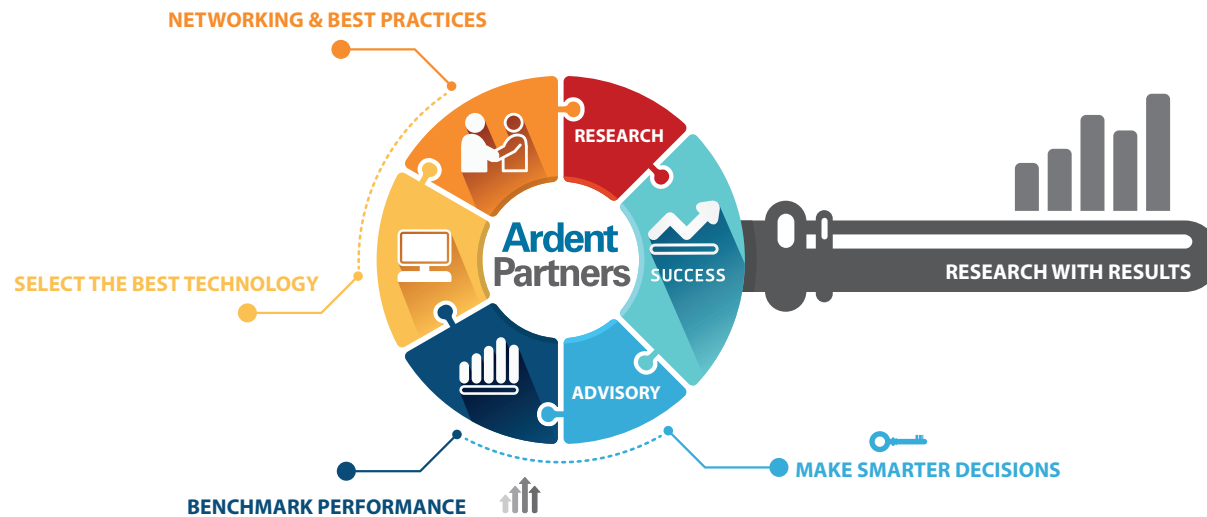
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Chapter One: The State of the Contingent Workforce

“Every single industry is going through a major business model and technology-oriented disruption”
– Aaron Levie, American entrepreneur and CEO/founder of Box

When this research study began, the idea of business continuity was not top-of-mind; today, it is a business imperative. As the COVID-19 pandemic sweeps the globe, maintaining consistency across operations has become a crucial goal for enterprises across the world. Businesses that had some level of agile and flexibility strategies in place well before this outbreak began, such as weekly “work-from-home” days, or a regular reliance on unified communications to augment standard operations, will be the ones that are able to persevere and survive in these uncertain times.

As businesses evaluate (and reevaluate) their options during this pandemic, its most valuable asset remains its depth of talent and expertise, and the way its agile workforce can help optimize how work is done during these uncertain times. The “smart” strategies in achieving workforce agility, such as mandating remote work, boosting virtual infrastructures, understanding true total talent intelligence, and developing access to deep talent pools, will become universal in the latter half of 2020. The power, value, and expertise inherent in agile talent, as well as the productivity that

results from flexible enterprise thinking (such as virtual/remote work), will help businesses effectively survive the troubling times ahead.

The contingent workforce has been the major talent innovation of this millennium and has culminated in a large, growing, and strategic part of the global economy. In the 2010s, the contingent workforce narrative was one of growth in both size and strategic impact. A decade ago, Ardent Partners’ research determined that 20% of the average enterprise’s overall workforce was considered “contract,” “contingent,” or “non-employee,” built on freelancers, independent contractors, professional services, and traditional temporary workers (sourced via staffing suppliers/agencies). Today, that percentage **has more than doubled to 43%**, showing that the contingent workforce has become a driving business force and a genuine revolution of talent, technology, and work, by becoming a foundational element in the way work is done -- the Future of Work movement.

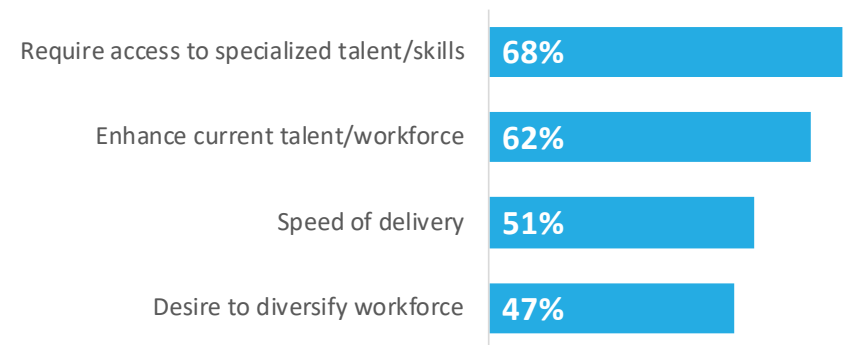


Because of the positive net impact created by this workforce, including access to top-tier skillsets and better alignment to key projects and goals, nearly 80% of enterprises experienced an increase in the utilization of contingent talent over the past 12 months. For any business that plans to achieve greater results and endeavors to be competitive in a changing business landscape, there should be no limitations placed upon the sources of its core skillsets and expertise. At its heart, the non-employee workforce enables and drives a new world of skills and productivity (see Figure 1 to the right).

A talent acquisition strategy without geographic constraints represents the new world of talent and labor. In fact, Ardent Partners research has discovered that the top reason businesses use contingent labor is access to highly-specialized skills (68%). The contingent workforce of 2020 has become a dynamic, flexible means of tapping into a new generation of skills, as well as an agile source of talent that can spark productivity, innovation, and deep organizational value.

Ardent Partners defines the Future of Work as the optimization of work, accomplished via the transformation of business operations, talent, and seamless and holistic solutions, as well as flexible enterprise thinking.”

Figure 1: The Top Reasons Businesses Use Contingent Labor



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Today's contingent workforce also promotes other positive developments, including overall workforce enhancement (62%) and the diversification of an organization's total talent pool (47%). When hiring managers (and functional leaders) have on-demand access to a deeper pool of expertise, it creates an incredible opportunity to enhance and expand the overall range of skillsets across a business' workforce. The obvious next step is for these leaders to successfully capitalize on it.

Diversity (47%) has also become one of the top priorities of the Future of Work movement and business leaders today. Diversity and Inclusion (D&I) initiatives help businesses promote new and innovative voices from a wider pool of potential candidates and workers.



Contingent Workforce's Link to the Future of Work

As noted, Ardent Partners has found that 43% of the average organization's total workforce is comprised of non-employee labor, a figure that has more than doubled over the past decade. Compounded by the need for an "agile workforce" that can be engaged and leveraged dynamically, as well as the continued effects of the Gig Economy, today's talent is a key attribute of the Future of Work. Businesses today require scalability, top-tier expertise, and an on-demand workforce that can deliver in an efficient, effective, and cost-savvy manner.

In the wake of the COVID-19 pandemic, Ardent Partners expects the strategic impact of the contingent workforce to accelerate in the short-term. Ahead of an eventual return to normalcy, businesses will be hesitant to ramp-up their hiring with permanent investments and most aspects of non-employee talent will firmly come into play. Short-term engagements, quick access to skillsets, and the ability to onboard quickly have been value-drivers in the 2010s; they will be fundamental staff characteristics in the 2020s.

Today, it is quite clear that the evolution and growth of contingent labor have played crucial roles in how businesses reimagine how work is addressed and done. Organizations are no longer beholden to the same processes they leveraged previously; they now have myriad resources to align the greater requirements of any initiative or project against a breadth of talent access unseen before in business history. As described in Ardent's annual *Future of Work Compendium* research study, "the realm of 'agility' has

cascaded into the way businesses structure their workforces. In the years ahead, businesses will continue to strive for an agile and intelligent workforce that has the capability to address shifting market pressures and global challenges with top-tier, on-demand skillsets and expertise. As focus on the Future of Work becomes clearer, the shifts happening in today's workforce emerge as the key elements to work optimization and the achievement of business agility."

The way businesses continue to optimize how work is done is dependent on the symbiotic relationship between themselves and the myriad of talent sources around it. The non-employee workforce has moved beyond its mere tactical/augmentative past and into truly strategic territory; in fact, 98% of businesses today state that their non-employee workforce is critical in "getting work done." The Future of Work operates on an agile mindset, and, to a higher degree, an agile workforce.

The Decade of the Agile Workforce

Agility in its rawest form (*the ability for businesses to respond dynamically to real-time pressures and challenges*) has dominated business discourse for several years now, forcing executive leaders to consistently reevaluate the myriad means of addressing both internal-facing and external processes, strategies, and overall corporate operations. Put another way, business agility is the power to harness talent, operations, and systems to overcome the obstacles that rise in an increasingly globalized business world.



A company's talent is what most often sets it apart from the competition. The enterprises with the sharpest brainpower and most robust and innovative voices are the ones that ultimately succeed (and, more importantly, *thrive*). The continued growth of the contingent workforce translates into more and more businesses blending various sources of talent to address critical projects and initiatives, while developing an agile culture that promotes more fluid and dynamic measures regarding its total workforce. In fact, the shift towards a more agile culture is now the *top* reason for businesses to focus on enhancing how they manage the contingent workforce.

Figure 2: The Top Reasons to Focus on Contingent Workforce Management



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The decade ahead presents businesses with major opportunities, considering the innovations in technology and overall corporate strategy, particularly the shift towards a more agile culture (78%), which revolves around new and dynamic strategies, tools, and, critically, the transformation of the *workforce*. The previous edition of this *State of Contingent Workforce Management* research study heralded the pursuit of an agile workforce as the contemporary organization's foremost challenge, owing the journey to cost/budget, productivity, and ease-of-engagement benefits.

In essence, the agile workforce embodies all the advancements achieved within talent management: the rise of digital and on-demand staffing technology, the shifting attitudes around remote/virtual work, and, most importantly, the evolution of skillsets and expertise.

The "skills factor" cannot be overlooked: 73% of enterprises today require higher-quality and deeper skills and expertise in order to get work done. Very few businesses in 2020 can safely state that they will always be prepared for new challenges and issues given the range of skillsets across its current talent pool. Most enterprises will eventually experience a sharp need for enhanced expertise, as globalization, continued innovation, and uncertain economic times may force them to reevaluate their current skills



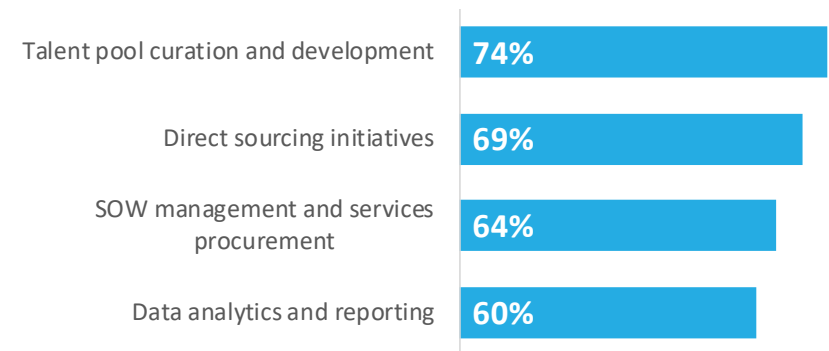
hierarchy. In fact, over half (52%) of businesses will require new skills and competencies (see Figure 2 on previous page). Thus, the non-employee workforce will continue to grow in the months and years ahead and critically impact how work is done due to more and more businesses tapping into alternative labor sources for as-of-yet-unknown expertise.

As Figure two on the previous page shows, data and intelligence are vital to the total workforce in 2020 (56%). As stated across various Ardent Partners research pieces, the modern business is living in an “age of intelligence,” in which data and information are among the most powerful forces within the average organization. Although many of today’s contingent workforce management (CWM) programs already collect, analyze, and leverage data regarding their workers, services, and suppliers, the age of intelligence ushers in a new era in how data can help better anticipate the future, and more importantly, how executives can harness this intelligence to enhance their decision-making.

CWM 2020: The Continued Balancing Act

Today’s CWM programs are not representative of those of the distant past, which primarily relied on cost savings as their core performance measurement metric and staffing suppliers/agencies as their fundamental focus. Given the many innovations occurring within technology, services, and talent engagement, the contingent workforce program of 2020 must effectively blend the strategies that reflect the dynamic nature of this evolving workforce (see Figure 3 to the right).

Figure 3: Top Areas of Focus for the Next Two Years



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Historically, contingent workforce programs faced a challenge in how they operated: fill short-term roles across the organization while generating cost savings and maintaining both spend visibility and labor compliance. Its relative lack of complexity allowed many CWM programs to run in a streamlined manner through a simple blend of strategy, rigor, and solutions. Times have changed, however, and not only is today’s non-employee workforce the largest it has ever been, it is also at its most strategic and valuable dimension. The contingent workforce of the new decade has the power to transform how businesses get work done.

Consequently, contemporary CWM programs face a continued “balancing act” that involves the facilitation of unique and distinct pieces of its overall success:



- **Talent pool curation and development (74%).** Talent pools, which are specific groups of top-tier talent (both FTE and non-employee) coded by job role/position, provide businesses with quick access to “already known” talent. Some organizations create talent pools comprised solely of freelancers and contractors as an on-demand “bench” when the need for specific expertise is required. Curating and developing “talent pools” involves the sifting and sorting of candidates based on skillsets via automated portals and maintaining these pools as candidate profiles are updated. Talent pools are not remotely new; but in 2020, they have become such a crucial piece of a company’s overall talent acquisition/talent engagement strategy. That “talent pool curation and development” is the top focal area for businesses today in regard to CWM indicates that, above all else, the “agile workforce” is fully embedded in the strategic business plans of most enterprises.
- **Direct sourcing initiatives (69%).** Direct sourcing has become one of the hottest topics in the distinct global worlds of talent and work. Also known as “self-sourcing,” direct sourcing is simple: leverage the company’s overall brand and power to attract various types of candidates (e.g., silver medalists, alumni, freelancers, etc.) as part of its overall talent-pool strategy. Direct sourcing offers, amongst others, two main benefits: 1) lower “hard” recruitment costs based on the sheer volume of hiring that is expedited via on-demand talent portals, and, 2) significant increases in time-to-fill rates, overall talent productivity, and faster onboarding. Direct sourcing will be a gamechanger in 2020 for those businesses that choose to invest the time and resources behind such a formidable talent strategy.
- **SOW management and services procurement (64%).** Once billed as the “next frontier” for businesses seeking to enhance total control and visibility over their non-employee workforce, statement-of-work (SOW) management and services procurement remain top priorities for businesses. SOW/services are often considered the largest area of contingent labor spend and volume for most organizations. For mid-sized or enterprise-level organizations, SOW and its related services can equate to millions of dollars per year. And, a majority of these organizations lack the necessary oversight to ensure cost control and compliance on what is considered the largest part of their contingent labor spend. Organizations ignore the impact of SOW optimization at their peril. That businesses have prioritized this for 2020 indicates that “knowledge work,” in which critical projects are addressed with top-tier, white-collar talent, is a significant component of the Future of Work for the contingent workforce.



- **Data analytics and reporting (60%).** The “age of intelligence” is for real: the underlying power of data can transform the way a business plans for both the short- and long-term. As analytical and business intelligence functionality (within core contingent workforce solutions, such as Vendor Managed Systems, or other solutions that link directly with workforce/talent management technology) continues to evolve, companies will have even more power to model how their workforce may look in the years ahead. As generational shifts continue to impact the total workforce of 2020, businesses can leverage the power of today’s data to paint a vivid picture of tomorrow.



Chapter Two: Work, Reimagined

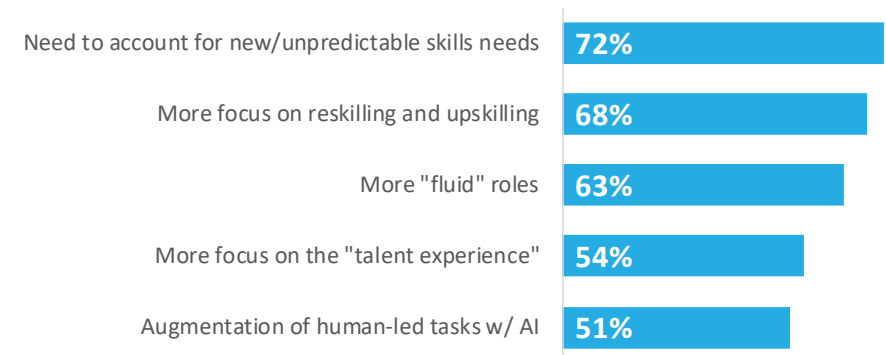
“Transformation isn’t about improving, it’s about re-thinking.”
– Malcolm Gladwell, author and strategist

In 2020, talent, technology, and work are converging to transform the way businesses find, engage, and source the workers they need. This convergence is shifting the very foundation of how work is done. The non-employee workforce of 2020 demonstrates four key elements of change:

- **The laser-like focus on skills, expertise, and how the business will react to unpredictable market shifts.**
- **The impact of next-generation technology on how talent aligns with work.**
- **Business agility, and the role of the agile workforce.**
- **The continued impact of the talent experience and worker empowerment.**

In fact, Figure 4 to the right highlights how these major attributes are top-of-mind for executives and business leaders in 2020 and the major market shifts that are ushering in a world of change in the labor market.

Figure 4: Market Shifts That Will Transform the Way Work is Done



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That the vast majority (72%) of companies are focused on new and unpredictable skillsets is telling, as the contingent workforce of the future will surely be a relied-upon source of talent. This is despite the fact that potentially half of all jobs a decade from now do not exist today – a fact that seems more science fiction than reality. And, as the pace of technology progression, coupled with



the major economic, political, and social shifts in how businesses operate, presents a frightening scenario for even the Best-in-Class organization: that they will be woefully unprepared from a workforce and talent perspective in how they address future skills gaps and unpredictable needs for volatile expertise requirements. Since the non-employee workforce has long been a core strength for those organizations that need unique and on-demand skills in short order, it will be even more vital to those organizations in the years to come (especially in a post-COVID-19 economy).

The need for reskilling and upskilling (68%) is another indicator of just how much the greater talent market has shifted. The ability for businesses to adapt is more critical today than it has ever been, as businesses that do not hold the necessary expertise required to thrive today must figure out a means to quickly re-skill and upskill their workforce. As the “digital enterprise” becomes a reality in 2020 and as the virtual workforce becomes a necessity, enterprise leaders are starting to realize that they may not have the top-tier skills needed to effectively deploy new technology. This disruption is fueling the average organization’s laser focus on developing skills within its total workforce.

The shift towards more fluid roles (63%) demonstrates how businesses are transforming how work is addressed. Fluid roles work hand-in-hand with a distributed workforce; although most businesses will never experience the complete eradication of traditional job roles and functions, they *will* benefit from harnessing

the power of unified communications and specific skillsets to shift both FTEs and freelance/independent talent into the projects and initiatives that are best-aligned for their expertise.

Over the past several years, Ardent Partners has focused on highlighting the importance of the “talent experience” in engaging and managing the workforce. The talent experience includes human capital management (HCM) and HR-led strategies such as employee engagement and the candidate experience, as well as the expansion of these ideas to include the non-employee workforce. The talent experience, at its core, is leveraged to reflect the specific perceptions and insights gleaned from a job role or project. Workers that have a positive talent experience are more likely to re-engage with the business on future initiatives, and they are (typically) open to becoming part of the organization’s total talent pool. Worker empowerment (which could include giving more responsibility to workers, or, allowing them more decision-making power in lieu of traditional compensation increases), paying freelancer invoices timely, and offering an inclusive workplace culture are all means of boosting the overall talent experience. As specific skillsets become more difficult to find and engage, the workers that have had positive experiences will be the ones willing to lend their special expertise to a business in need.



What Does “Change” Mean for the Contingent Workforce?

Some businesses may not embrace the transformative shifts happening in the market. Some may even choose to eschew the many progressive ideas that are driving transformation across the greater world of work. However, the very idea of “change” is not occurring today for the sake of transgression, but rather because the market *demands* it. The evolution of talent and the Future of Work movement mandate significant consideration for how the typical non-employee workforce is managed. Over the next several years, the following strategies will be leveraged to further link the contingent workforce and the desires for work optimization and business agility:

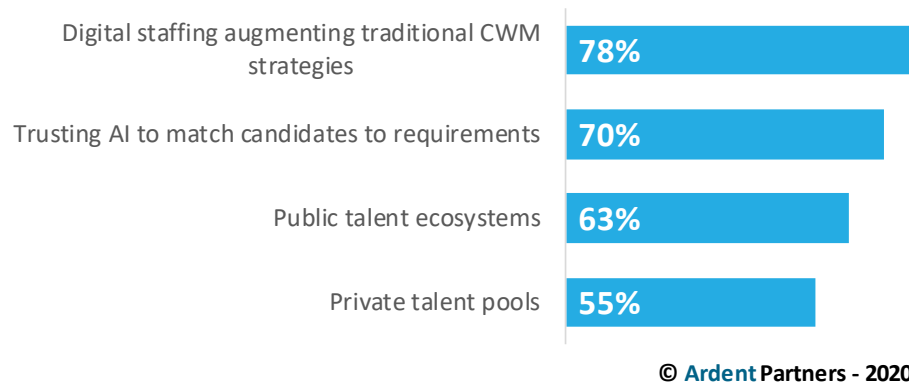
- **Nearly 62% of businesses expect to implement an “integrated talent strategy” into their CWM programs over the next two years.** Industry speak for “total talent,” an integrated talent strategy encompasses the strongest components of both the procurement and HCM/HR functions and blends them into a standardized and centralized initiative. Integrated talent strategies are the ideal means for putting “skills first” and leading new project development with a simple question: who or what is the best-fit talent for this specific initiative? No matter the source (whether it is freelance, professional service, FTE, etc.), an integrated talent strategy is a strong indicator of how businesses are prioritizing the development of critical skillsets and expertise.
- **58% of companies plan to fuse agile talent strategies into their greater contingent workforce initiatives.** For too many years, the contingent workforce was never a dynamic force, but rather a secondary workforce strategy. Today, with the realization that many outlets of unique expertise “live” within the contingent workforce, more and more businesses understand that, in order to react to new and unexpected global challenges in a dynamic manner, they must tap into an agile pool of talent. The agile workforce is the natural evolution of the contingent workforce, and, over the next two years, the majority of enterprises will fuse more agile thinking into how they structure their total workforces.
- **58% of businesses expect to integrate artificial intelligence (AI) into their talent acquisition programs over the next two years.** AI is by no means a perfect blend of technology and science. Developed to effectively “mimic” the human mind, there are concerns that AI-led talent acquisition technology can still carry the unconscious bias inherent in human-led hiring. However, the fact is that more and more businesses trust AI (and AI-led models) to assist in finding the best-fit talent and workers for a given position, role, or project. Nearly 70% of businesses believe trusting AI to match candidates to project/organizational requirements will transform recruitment and talent acquisition in 2020. This “trust” component is critical: AI has the potential to revolutionize the way businesses structure their talent acquisition initiatives.



Talent and Technology: The Convergence

As stated in Ardent's annual *Future of Work Compendium* research study, the Future of Work movement is not founded solely on technological principles, but rather in three distinct areas: (1) the continued evolution of talent engagement, (2) the progressions of innovation, and (3) the transformation of business strategy. These business drivers intersect to create the Future of Work movement, which drives the very concepts behind optimizing how work is addressed and done from various perspectives. As Figure 5 below illustrates, the convergence of talent and technology will transform the fundamental tenets of the non-employee workforce.

Figure 5: Outlets That Will Transform How Talent is Engaged



Digital (and on-demand) staffing solutions (78%) represent the most direct technological means to transform the core of any

CWM program. These platforms were designed and built with one major goal in mind: provide users with an on-demand experience that allows them to dynamically engage and source high-quality talent. The utilization of digital staffing technology has increased by *350% over the past five years*, a figure which reflects the value that these platforms can deliver. Digital staffing platforms originally offered a straightforward approach for their users, enabling them to find and engage freelancers and independent contractors via simple search-and-select functionality. While this type of offering was crucial in the technology's early days, today's platforms drive value much more broadly today — from workforce planning and skills gap analysis to automated talent pool curation and SOW/ services procurement functionality.

Artificial intelligence can help businesses not only augment their decision-making regarding talent engagement, but also transform how they evaluate their current, and future, skills gaps. Many of the major industries and verticals are forecasted to face significant skills shortfalls in the decade ahead, leaving hiring managers across the globe with a critical choice: continue to pump significant resources into finding the best active candidates as a top talent acquisition strategy, or, balance the active candidate approach with a more robust outreach to passive candidates. That 70% of businesses now trust AI to effectively match the total talent pool (active and passive candidates, non-employee workers, FTEs, services, etc.) is a harbinger for digital workforce transformation.



In 2020, the way to achieve this “balance” is by harnessing the power of AI to nurture passive candidate outreach in a more predictive and proactive manner, which will help hiring managers better understand which approaches are working...and which ones are not. Combined with the viability of self-sourcing tools, the convergence of artificial intelligence, predictive analytics, and self-sourcing will almost surely transform the way businesses find and engage the talent they need to thrive in the new decade ahead.



Chapter Three: The Best-in-Class CWM Program

“To win in the marketplace you must first win in the workplace.”

– Douglas Conant, bestselling author and speaker, former CEO of Campbell Soup Company

In the face of change, contingent workforce management programs across the globe must embrace the major shifts happening within the greater market and link their core processes with work optimization. As the agile workforce becomes more of a reality, and, as technological innovation impacts the core ways in which enterprises conduct business, it will be critical for today's CWM leaders to embrace change and propel CWM forward into this new decade *and* this new era.

Table 1: The 2020 Contingent Workforce Management Benchmarks

Metrics	Market Average
Non-employee workforce that is captured in corporate budgeting, planning, or forecasting	38%
Non-employee talent (accounted-for) that would be rehired for future projects or initiatives	57%
Total compliance rate (independent contractor, federal, etc.)	73%
Year-over-year cost savings	9.2%

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The 2020 CWM benchmarks detailed in Table 1 to the left reflect the average performance of global contingent workforce programs in a series of key areas:

- **Visibility remains an issue for the average contingent workforce program.** Visibility is a hallmark of any top-performing CWM program; as such, the average rate of visibility (noted here as the “percentage of the total non-employee workforce that is captured in corporate budgeting, planning, or forecasting”) has dropped nearly 20% since late 2018 (**from 45% to 38%**). Given the many sources of non-employee talent today, compounded by the utilization of various new approaches and tools to engage and acquire talent, this figure should not be a surprise. As businesses adapt to the changing world of work (and, as more rigor is applied to operational aspects concerning the way new talent strategies are integrated into the greater program), visibility will improve.



- **A slight increase in “talent quality” sparks discussion around alignment.** More businesses are experiencing an uptick in the number of non-employee workers that they would reengage for future projects and initiatives (57%, a near-20% increase since late 2018). A strong indicator of this change is that CWM programs have more access to the necessary solutions (such as digital staffing and AI-fueled talent acquisition tools) to create better “matches” between job/project requirements and available talent.
- **Procurement has its strongest impact on CWM in years.** Procurement is still a driving force behind contingent workforce programs, bringing its supplier management prowess to perhaps the largest of the complex spend categories. However, as the focus on cost savings has faded (in favor of agility, talent quality, etc.), procurement’s impact has been felt most in how it tackles the SOW/services sub-category of CWM. Entering a new decade, procurement is experiencing a renaissance of sorts in relation to the CWM arena: cost savings have nearly doubled since late 2018, indicating that procurement is acutely aware of “where” it needs be and how it can best make an impact on the growing and evolving contingent workforce. Given the level of geopolitical and economic uncertainty today, we expect a renewed focus on savings to start almost immediately.

- **Compliance remains static in the face of new legislative measures.** As more and more states across America begin to introduce legislation regarding freelancers and contractors (such as AB5 in California), the average rate of total contractor compliance has remained static over the past 16 months. This may change as the laws concerning misclassification begin to shift in 2020 and beyond.

The 2020 Best-in-Class CWM Program

For years, Ardent Partners has utilized this CWM Best-in-Class Framework (see Table 2 on the next page) so contingent workforce program managers can effectively gauge their group’s performance, understand how they can improve, and model both their operations and technology utilization to reach a Best-in-Class level of CWM success. Ardent’s analysis in this report determined Best-in-Class CWM performance by identifying the top 20% of performers in “visibility” and “talent quality” metrics. The figures in Table 2 highlight the distinct performance advantages Best-in-Class companies have when compared to the rest of the market.



Table 2: Ardent Partners' 2020 CWM Best-in-Class Framework

Metrics	Best-in-Class	All Others
Non-employee labor that is actively accounted for in corporate budgeting, planning, or forecasting	88%	46%
Non-employee talent (accounted-for) that would be rehired for future projects or initiatives	87%	42%
Total compliance rate (independent contractor, federal, etc.)	84%	69%
Year-over-year cost savings	12.4%	7.4%

Best-in-Class enterprises have achieved a variety of performance benefits over their peers, including:

A 52% higher percentage of non-employee talent that would be rehired for future projects or initiatives, a reflection of the Best-in-Class dedication to evolving talent acquisition and staffing tools.

A nearly 50% higher rate of overall contingent workforce visibility than all others, owed to their stark capability, technology, and operational advantages.

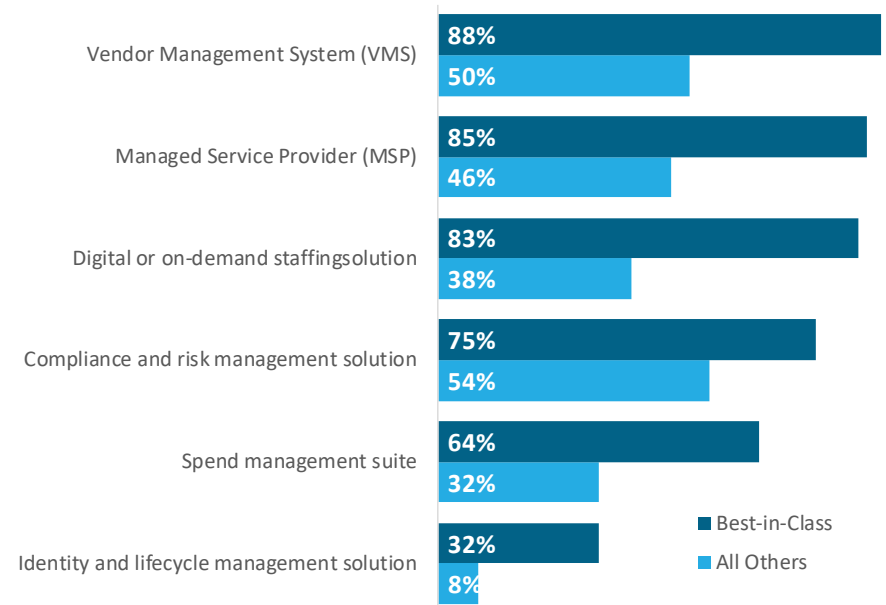
A 40% higher rate of year-over-year cost savings, which represents the Best-in-Class reliance on core procurement and sourcing principles, and;

A nearly 20% higher rate of total compliance than all other businesses, which reflects their understanding of core misclassification risks.

The Best-in-Class CWM Program in 2020, Part I: The Technology Advantage

Contingent workforce programs thrive on operational efficiency. From supplier performance measurement and staffing supplier optimization to onboarding, offboarding, and SOW project management, the Best-in-Class CWM program runs on a plethora of high-octane technology and scalable processes. To achieve this desirable level of effectiveness, these top-performing enterprises continue to turn to contingent workforce solutions for wide-scoping automation and supreme program support (see Figure 6 below).

Figure 6: Best-in-Class CWM Solution Utilization, Best-in-Class vs. All Others



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Vendor Management Systems (VMS) have long been the technological link between CWM programs and operational efficiency. A solution that, decades ago, was originally conceived as “eProcurement for staffing” has evolved to the point where businesses are developing top-tier programs because of the scalable automation and rigorous support that VMS tools provide. They are also enabled with the necessary functionality to truly optimize how work is done. Today’s VMS tools (in place in nearly nine out of ten Best-in-Class enterprises versus 50% of all others) provide Future of Work-era offerings, like AI-fueled skills matching and next-generation SOW management, to the businesses that centralized their programs through the platform.

Managed Service Providers (MSPs) are outsourced agencies that manage the CWM programs of client companies by handling their staffing supplier operations, procurement activities, compliance and risk mitigation, staff augmentation, direct sourcing initiatives, SOW management, workforce intelligence/analytics, and more. Over the past three decades, MSPs have been the most mature and widely-adopted solution in the CWM industry. The MSP model has long been a go-to solution for businesses seeking a business process outsourcing (“BPO”) approach towards its contingent workforce, with MSPs actively managing a wide variety of CWM processes. That 85% of Best-in-Class businesses (compared to only 46% of all others) are leveraging these solutions today is a testament to the decades of value provided by the MSP model.

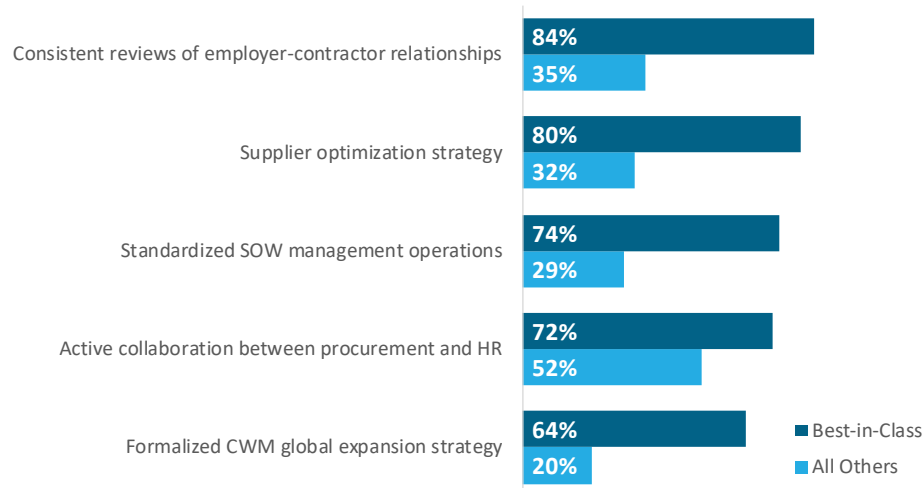
Digital staffing solutions (leveraged by more than twice as many Best-in-Class businesses than all others – 83% versus 38%), highlighted several times throughout the *State of Contingent Workforce Management* research study, are expected to hit their collective tipping point in 2020. In 2020, organizations will execute more due diligence around the key value propositions of digital staffing technology, and, ultimately, determine how they can play a more pivotal role in finding, engaging, and acquiring top-tier talent around the globe. Today, there is sizable value in leveraging digital staffing solutions: businesses require any competitive edge possible, and talent is the way to get there. This major progression in talent acquisition technology has allowed businesses to tap into talent in near real-time, helping to find independent workers that are well-aligned to the projects and initiatives that require their unique skillsets and expertise. In due time, digital and on-demand staffing platforms will be just as critical as traditional enterprise systems (this is already apparent in the Best-in-Class contingent workforce program).

The Best-in-Class CWM Program in 2020, Part II: Core Capabilities

Technology may steal headlines for driving contingent workforce program success; however, the very foundation of the Best-in-Class CWM program is built upon core capabilities and competencies that span the wide scope of contingent workforce operations (see Figure 7 on the next page).



Figure 7: Best-in-Class CWM Capabilities, Best-in-Class vs. All Others



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The core CWM capabilities highlighted in Figure 7 reflect just how efficient the Best-in-Class program can be:

- Best-in-Class companies are **1.4-times more likely** to conduct a consistent review of employer-contractor relationships, a capability that surely contributes to their top-tier rate of overall contract/labor compliance.
- Best-in-Class companies are **1.5-times more likely** to leverage a supplier optimization strategy. This competency is a core reason why Best-in-Class programs are able to, year-over-year, generate significant cost savings on total contingent labor spend.
- Best-in-Class businesses are nearly **1.6-times more likely** to have standardized SOW management operations. These are critical capabilities for organizations (as highlighted in the previous chapter). While strategies such as talent pool curation and direct sourcing have shot up the priority list for today's contingent workforce programs, SOW management and services procurement collectively remain a focal point due to 1) their significant cost and budget implications, 2) their link to the ultimate success of crucial projects that leverage professional services, and, 3) the fact that mismanagement of SOW and services has ramifications across quality, spend visibility, and overall workforce performance.
- Top-performing companies are also **40% more likely** to institute collaboration between procurement and HR, which speaks volumes about "total workforce management" (TWM, also known as "total talent management"). As the contingent workforce threshold continues to rise (43% of all talent today is considered non-employee), TWM initiatives will become critical. Indeed, more and more business leaders will understand that total talent visibility, total talent acquisition strategies, and integrated procurement/CWM/HR technology and processes are all significant factors in developing the best alignment between an open role/job/project and the total talent pool.



The Best-in-Class CWM Program in 2020, Part III: Innovation Abound

It is clear that innovation is a critical element to a Best-in-Class contingent workforce program's ultimate success in the decade ahead. Innovation, in this instance, does not strictly refer to technological progressions; it also refers to a reliance on a unique blend of next-generation solutions, market-shifting strategies, and dynamic talent management initiatives:

- **Best-in-Class companies have directly sourced 25% more of their talent than all other businesses.** "Direct sourcing," as described earlier, is not an emerging strategy, but rather a more streamlined means of curating "known," high-quality talent. However, it has become a hot topic in today's market due to the fact that direct sourcing can reduce operational costs related to talent acquisition whilst driving softer benefits (like quicker time-to-fill and better talent-to-project alignment). In 2020, Best-in-Class businesses are embracing the art of direct sourcing.
- **Top-performing companies are 33% more likely than all others to include diverse hiring strategies as part of their overall talent acquisition programs.** "A diverse talent pool is the deepest talent pool." A diverse and inclusive ("D&I") hiring culture can result in the greater business having better access to new and innovative voices

and skillsets. There is a reason that D&I is perhaps the most critical of the non-technology avenues of the Future of Work: it opens a business up to a new world of expertise.

- **Best-in-Class businesses are nearly twice as likely than all other companies to leverage AI in talent acquisition and talent pool curation.** These two operational strategies are critical in developing the deepest possible pools of top-tier talent. As such, Best-in-Class companies are embracing the power of AI to comb through profiles, resumes, historical data, social media, and other sources to assist in aligning job and project requirements with available skillsets.
- **Best-in-Class companies are nearly 2.5-times more likely than all others to leverage integrated total talent data in greater workforce planning.** This is perhaps one of the strongest harbingers of total workforce management; utilizing both non-employee (including freelancer, contractor, professional service, gig worker, etc.) and FTE data means that Best-in-Class businesses are better equipped with deeper intelligence on the very makeup of their workforce. This information endows them with the necessary insights to execute more educated talent-based decisions and conduct more rigorous and powerful workforce planning.



Chapter Four: The Future of the Agile Workforce

“Perseverance, secret of all triumphs.”
– Victor Hugo, French poet, novelist, and writer

To say that the business world in 2020 has been disrupted is a vast understatement. The COVID-19 pandemic has forced enterprises across the globe to reorganize their workforce in direct response to the crisis. In the face of critical supply chain disruptions, massive concerns over short-term revenue, customer and client anxiety, and an uncertain future, the way businesses operate will shift dramatically in the weeks and months ahead. When the business world moves back to a steady state, businesses will not just reevaluate the roles of technology and talent in getting work done but will also effectively *reimagine* the very idea of work optimization.

Well over a decade ago, the contingent workforce proved to be an incredibly valuable lever in economic recovery and business survival, helping organizations pivot from “survival mode” to “revival” quickly and efficiently.

Today’s uncertainty is wreaking havoc on the global economy; however, when these tough times pass, Ardent Partners expects that most businesses will pursue on-demand sources of talent to help them emerge as the demand for their products and services return to pre-pandemic levels.

As such, the contingent workforce of the new decade follows a dynamic shift in how talent and work converge, propelling non-employee skillsets into the forefront as a truly agile workforce that can drive significant work optimization. As businesses understand the foundational elements of the Future of Work movement, the relative criticality of the evolving, growing contingent workforce comes to light. For enterprises to thrive in changing times, the year ahead must bring about revolutionary attitudes in how the totality of talent can play a pivotal role in succeeding within a globalized, fast-paced marketplace.



With 43% of the average company's overall workforce considered "non-employee," now is the time to embrace the seismic shifts that have come to bear as a direct result of innovation, business strategy transformation, and the Gig Economy. It is also time for businesses to apply these shifts to what should be considered an incredibly valuable component of the typical enterprise. The real Future of Work follows the path tread by the progressive "future of talent," with attributes such as reskilling/upskilling, diversity and inclusion, and the radical advancements made in how workers are found, engaged, and sourced.

General Recommendations for Action

In order to derive full value from a contingent workforce management program in today's shifting business climate, it is imperative that businesses undertake the following actions to spark the development of transformative capabilities and strategies:

- **Understand how direct sourcing strategies can impact the talent-led initiatives of the greater contingent workforce program.** Direct sourcing may not be a new strategy, but it is surely capturing the attention of the business world in 2020. Direct sourcing strategies can revolutionize how an enterprise builds top-tier talent pools by harnessing the power of the company brand and the reach of its total talent network; both the "hard" and "soft" benefits of such a strategy is a way to improve the alignment between open positions/projects and talent,

while significantly enhancing the productivity of the total workforce. As the "war for talent" rages on, direct sourcing will become a top means of securing critical skillsets and expertise.

- **Conduct a deep analysis of which CWM areas are ready for digital transformation and fill those gaps with the best-fit platforms.** Digital transformation is a work in progress, and not every business fully understands (yet) the proper architecture of digitization across its organization. Businesses should take a deeper look at its contingent workforce operations and identify which areas are ripe for digital transformation. Once identified, these gaps can be addressed via evolving VMS functionality (such as AI-enabled skills matching, SOW automation, vendor communications, etc.), digital staffing (on-demand talent acquisition, skills gap analysis, etc.), and next-generation technology like AI (predictive analytics and workforce scenario-building).
- **Build a long-term plan for the enhancement of SOW management and services procurement.** Over the years, SOW management and services procurement have never been top CWM priorities, but they have, nevertheless, remained an impactful component. Businesses understand the spend, budget, compliance, and overall project management implications of this contingent workforce subcategory and are working towards the same mastery



of this arena as that of traditional temporary labor (i.e., staffing suppliers and agencies). Contingent workforce management programs require the proper balance between process rigor, operational automation (i.e., supplier communications, sourcing, etc.), and attention to SOW/services analytics. SOW/services procurement may never be the “hottest” topic in the eyes of today’s procurement, HR, and talent acquisition leaders, but it will always be a high-impact category of the greater non-employee workforce.

- **Develop the foundation for the next era of the contingent workforce...the agile workforce.** The core elements of the agile workforce revolve around two key areas: perception and engagement. As businesses intensify their view of the non-employee workforce as critical-value talent and perceive its ultimate impact, the dynamic measures of agile engagement can be fostered, such as recurring utilization of specific non-employees/freelancers based on their unique skillsets and expertise. Like the evolution of the contingent workforce, talent and skillsets are prioritized in talent engagement, with an additional focus on cost flexibility and productivity. The 2019 edition of the *State of Contingent Workforce Management* research series stated, “This wish [for business agility] 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.” This could not be more true one year later.

The Path Ahead: What to Expect in 2020 (and Beyond)

Contingent workforce management has recently and rapidly undergone critical changes. It is crucial that all businesses understand how the Future of Work will push the non-employee workforce into new places, and comprehend the technological, strategic, and cultural transformations that will impact them in the decade ahead:

- **Artificial intelligence may face slow adoption in the short-term, but over time, will be a trusted driver of innovation for a majority of CWM programs.** The adoption of AI will grow tremendously in the years ahead (four-to-five times what it is today). However, in 2020, many businesses are still mired in the “education phase” of AI adoption as they try to understand “where” it can fit within the current contingent workforce structure. Artificial intelligence has tremendous potential in the worlds of talent and work, especially in regard to how businesses find and engage active and passive candidates using “nurture-based” and automated communications (for both FTE and project-based roles), as well as building future workforce scenarios based on current and modeled talent-based data.



- **Digital staffing platforms represent the future of talent engagement.** The traditional structure of digital staffing platforms followed simple “search-and-select” functionality, helping businesses directly connect with available independent talent. Today’s digital staffing platforms build on that classic functionality to offer more than just on-demand access to top-tier workers, including automated talent-pool curation capabilities, SOW management and services procurement, workforce analytics, and integration into key workforce management systems [like VMS and Human Resources Information Systems (HRIS)]. Ardent expects that, within the next several years, digital staffing solutions will be just as prevalent as their enterprise software brethren.
- **Skills development (and an overall focus on skills/expertise) should be a high-priority item.** Talent is undeniably a business’ top competitive differentiator. Full stop. As such, a company’s workforce should drive innovation, spark business development, and spur organizational evolution. In today’s talent-led climate, the very concept of “skills” means something different than in years past: as technology progresses, there will be an increased need for complex expertise that is not necessarily readily available within the walls of the typical business. Organizations must do whatever they can to tap into next-level skillsets and expertise, whether it is by expanding talent

pools, reskilling or upskilling staff, or transforming talent engagement strategies to include younger generations.

- **Total workforce management will become a necessary strategy.** With 43% of the average organization’s overall workforce considered contingent or non-employee, companies are running out of excuses to develop strategies related to TWM. Although it can seem (on the surface) daunting to merge procurement and HR competencies, the value is there: businesses that have developed TWM programs can gain the best possible visibility into the total workforce, allowing them to execute real-time decisions when talent-based needs arise. These organizations have the ability to “see” the long-term makeup for their total talent pool, being able to account for retirement, generational shifts, gaps in skills or expertise, and so on.

The Fallout From the 2020 COVID-19 Pandemic

As of April 2020, the business world faces uncharted waters. Organizations are temporarily shutting down or reducing the scope of their operations due to lockdown and quarantine orders. The COVID-19 pandemic is actively disrupting both families and businesses, forcing many indoors and disturbing the normal flow of enterprise operations from productivity and workforce perspectives. All of this will certainly affect both sides of the contingent workforce, including the businesses that regularly rely on this talent, as well as the workers themselves.



The current global crisis highlights the importance of workforce agility and its link to business continuity. In the short-term, businesses know that a drop in customers, shortened office hours, and across-the-board disruption will occur. However, the longer-term projections are not so clear. The following are possible scenarios of fallout from this pandemic:

- **A global economic downturn.** Two straight quarters of negative economic growth is not out of the question at this point in 2020, signaling the early stages of a recession. Much like the downturn of the late aughts, this crunch could cause global businesses to lay off workers, re-imagine their 18-month plans, and convene around the idea of “doing more with less” to survive.
- **Increased reliance on remote workers and freelance talent.** The last economic downturn caused a “perfect storm” in which 1) businesses found incredible value in contingent labor beyond augmentative and tactical measures, and, 2) talented business professionals transformed their careers to match more flexible “work-style” environments. The COVID-19 pandemic may cause a short-term outage of traditional talent, forcing businesses to leverage more project-oriented work supported by non-employee workers.
- **Unified communications become one of the most critical tools for global business.** Industry tradeshow have been canceled or postponed. Procurement and HR conferences have followed suit. The world relies on in-person activity, helping to foster relationships, drive new business, spark new ideas, and share best practices. Collaborative and virtual conferencing tools are more important now than ever before as businesses across the world seek to maintain a level of communication without the advantage of live, in-person connections.
- **Businesses develop a stronger relationship with their internal talent pools.** In times of need, businesses turn to their “known” talent to get work done. During the challenging moments of this pandemic, businesses will develop a stronger relationship with the key workers in their talent pools, including freelancers, contractors, retirees, etc. as a robust means of better aligning short-term needs with the best-fit, best-aligned talent available. The fact that these workers were curated based on skills, expertise, and trust translates into a reliable backstop for businesses that understand that “work still needs to get done.”

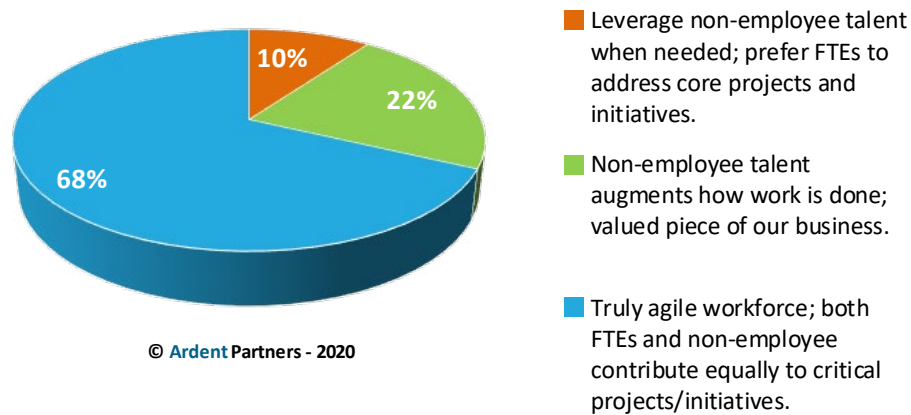
The Agile Workforce Takes Shape

As stated earlier in this report, the vast majority of businesses cite the “shift towards an agile culture” as their top priority in 2020. Business agility as a desired state is entirely warranted; as business



leaders strive to respond dynamically to real-time pressures and challenges. In regard to talent and work, this “agile culture” follows the ultimate convergence of new technology tools, innovative ideas and strategies, and, yes, a truly agile workforce that can be leveraged dynamically as unique needs arise.

Figure 8: The Agile Workforce: A Three-Year Outlook



Over the next three years, the vast majority (68%) of businesses expect their total workforce to be truly “agile” in nature, with both traditional full-time workers and non-employees contributing equally to critical projects and initiatives (see Figure 8 above). This encouraging outlook takes into account the various shifts happening in the world of talent. While there are still enterprises today that believe the contingent workforce will always be “augmentative” in scope, the truth is that the many economic, social, political, and cultural transformations occurring in the

greater business landscape are developing the necessary dynamics for independent workers to thrive in changing times. Health care reform, virtual and unified communications, distributed enterprise teams, the laser-like focus on skills...these are all powerful omens that the agile workforce will become a dominant business legion in the decade ahead.

Conclusion: A Paradigm Shift for the New Decade

The contingent workforce is in the midst of a paradigm shift, especially considering the ramifications of the current global pandemic. Already in a revolutionary state, today’s non-employee workforce will prove invaluable during the uncertain economic times ahead for businesses that not only want to effectively react to market conditions, but also as they prepare for the second half of 2020 and a return to traditional demand for core products and services.

And, as the realm of non-employee talent continues its decade-long trajectory of growth, impact, and value, its criticality to the greater Future of Work movement is crystal clear: serve as a deep source of top-tier skillsets and expertise, whilst providing flexibility and real business agility in how work is addressed and done. As businesses develop the foundational components of human capital- and technology-led strategies for optimizing how work is done, the contingent workforce will continue to serve as a trusted and relied-upon resource in which to address current and future skills gaps.



Appendix

About the Author



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

For the past 15 years, Christopher J. Dwyer has been the industry's preeminent contingent workforce management (CWM) analyst and an early Future of Work evangelist. His research focuses on the application of innovative workforce and technology strategies that help businesses around the world optimize how work is done. Dwyer is the author of hundreds of research studies and briefs related to CWM, talent acquisition, human resources, and supply management, and the underlying technologies that enterprises can utilize to improve how talent is engaged and managed. This research has enabled thousands of organizations make smarter technology investment decisions related to their talent and workforce needs.

As the Vice President of Research at Ardent Partners, Dwyer oversees all research programs related to talent and workforce management. His research and consulting in the digital/on-demand staffing space have helped revolutionize how businesses source talent and labor.

Dwyer is the also voice behind [Contingent Workforce Weekly](#), the industry's first podcast dedicated to the contingent workforce industry. Now in its fourth season, the podcast is one of the top Future of Work-oriented shows across all major podcast platforms.

Dwyer has been quoted/featured in *USA Today*, *Staffing.com*, *The Christian Science Monitor*, *Forbes*, *CNBC*, *The Recruitment Innovation Exchange*, and other major business publications. He has been honored multiple times by *HRO Today* (2013, 2014, 2015, and 2016) as an "Analyst and Advisor Superstar" and was twice recognized as a "Pro to Know" by *Supply and Demand Chain Executive Magazine* (in 2014 and 2019). And, in 2018, he was named as a "Top 100 Future of Recruitment Influencer" by Onalytica. He welcomes your comments at cdwyer@ardentpartners.com or 617.752.1624. Connect with him on LinkedIn (www.linkedin.com/in/christopherjdwyer) and follow him on 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/.

Research Methodology

Ardent Partners follows a rigorous research process developed over years spent researching the contingent workforce and staffing markets. The research in this report represents the web-based survey responses of nearly 275 procurement, human resources, talent acquisition, and other business leaders captured from September 2019 to January 2020. 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 275 respondents representing the following demographics:

Job Function: 48% human resources (HR); 34% procurement, 16% talent acquisition, 3% other

Job Role: 56% VP-level or higher; 32% director-level; 10% manager level; 2% staff-level

Company Revenue: 45% Large (revenue > \$1 billion); 37% Mid-Market (revenue between \$250 million and \$1 billion); 18% Small (revenue < \$250 million)

Region: 54% North America; 31% Asia-Pacific, 15% EMEA

Industry: More than 25 distinct industries are represented. Financial services, health care, pharmaceutical, hi-tech, 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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