New research from SAP Fieldglass and Oxford Economics shows significant reliance on contingent labor in today’s modern workforce to get work done.

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New research from SAP Fieldglass and Oxford Economics shows significant reliance on contingent labor in today’s modern workforce to get work done. Yet, the lack of adequate management rigor prevents organizations from reaping the full value of contingent labor and creates risks in security, compliance and more. Highlights from the report, Contingent Workforce Insights 2019: Expertise in Full Force, will be shared today at CWS Summit North America taking place at the Manchester Grand Hyatt San Diego in San Diego, California.

According to the research, the external workforce, including contingent workers and services providers, is key to helping organizations achieve a broad range of business goals from boosting organizational agility as cited by 63% of respondents, to increasing speed to market (61%). It also acts as a vital source of skills as 62% of executives say their external workforce is important or extremely important in meeting business needs for specialized new IT and digital skills. On average, 42% of total workforce spend is on the external workforce, and more than half of that is on contingent labor.

Wendy Stenger, Global Lead, External Workforce Programs, Thomson Reuters, explains, “We are on a journey to better manage our external workforce, which is a vital source of the skills we need to compete in the digital era. With SAP Fieldglass, we have clearer visibility as to the basics of who is doing the work, which of our internal systems they can access, and their quality of work. That helps us make better decisions about things like governance and who we re-engage – and ultimately and most importantly, better serve the lines of business in getting work done.”

A global shift in the way work gets done is well underway. Two converging forces are driving this – companies seeking talent with highly specialized skills and individuals who increasingly choose to pursue more flexible options. As Cynthia Moore, sourcing lead consultant & procurement solutions at Allstate, observes, “People want to be engaged the way they want to be engaged, meaning it’s not always going to be the traditional FTE.” Non-payroll talent works across the enterprise – from corporate staff to field services and more. And, many people with industry-specific skills choose contract work such as nurses, offshore oil and gas workers, and insurance claims handlers.

“Contingent workers play critical, high-value roles operating at the heart of the enterprise to deliver value to customers and drive business success,” said Arun Srinivasan, newly appointed general manager at SAP Fieldglass. “Our research confirms this, but it also reveals the significant need to better manage this sizable workforce to maximize value and minimize risk.”

Cause for Concern
Contingent labor provides much needed skills to enable companies’ success and has become increasingly important across industries and geographies. Yet in spite of their importance, contingent workers are frequently under-managed. For example, as the report indicates, only 47% of executives are highly informed about non-payroll workers’ contract terms, and just 31% are highly informed about their quality of work. With such limited insight into the contingent workforce, it’s difficult for executives to manage it effectively and have confidence in value delivered.

Beyond maximizing value, this lack of sufficient management is cause for other concerns including security and compliance issues. For example, 47% of executives report digital security breaches with
non-payroll workers sometimes, frequently or nearly every engagement. Forty percent say the same for compliance issues, and 36% for worker misclassifications.

**New management strategies required**
The SAP Fieldglass report presents four key actions organizations should take to better manage non-payroll workers. These actions can help companies maximize the value of these important resources, achieve better business outcomes and reduce risk.

Many companies recognize the need for tighter management of the external workforce. In fact, Thomson Reuters’ Wendy Stenger will discuss their strategy for managing their external workforce in a session at CWS together with Brian Cicirello, senior consultant, SAP Fieldglass, on Tuesday, September 10 at 10:45 a.m. The session will explore key findings from the sister report, *Services Procurement Insights 2019: The Big Reveal*, which focuses on services providers – the other half of the external workforce.

**About the research**
More than 1,000 senior executives in 24 industries across 21 countries were surveyed to understand the role of the external workforce in getting work done, how they are managed and their impact on business performance. To download a copy of the research and see the four actions companies should take to better manage their contingent workforce, please visit: https://www.fieldglass.com/resources/research/contingent-workforce-insights-2019/download.

**About SAP Ariba and SAP Fieldglass**
SAP Ariba and SAP Fieldglass enable companies to connect, get business done and spend better. With SAP Ariba and SAP Fieldglass, businesses can manage the buying process across all categories of spend – from direct and indirect goods and services to external workforce. On the Ariba Network, buyers and suppliers from more than 4.2 million companies and 190 countries discover new opportunities, collaborate on transactions, grow strong relationships, and build healthy supply chains. It’s where more than $2.9 trillion in commerce gets done every year. SAP Fieldglass is used by organizations in more than 180 countries to find, engage and manage flexible workforces that include non-payroll workers and service providers. With SAP Ariba and SAP Fieldglass, companies are transforming how they manage all categories of spend with improved operational efficiency and compliance, increased agility and accelerated business outcomes. To learn more visit www.ariba.com and www.fieldglass.com.

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