The State of Contingent Workforce Management 2017-2018:
The Convergence of Talent, Technology, and the Future of Work

Underwritten by:

SAP Fieldglass
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REPORT OVERVIEW

This annual research report is organized into the following chapters:

Chapter One – The New World of Work: The opening chapter highlights the critical market trends that are shaping the non-employee workforce industry, and details how enterprises are concerned with one major issue: how work is done.

Chapter Two – The Future of Work: This chapter unveils Ardent’s new “Future of Work Framework,” a blueprint for organizations as they traverse this new world of work. Chapter Two also highlights the key innovations and technologies that are helping to bridge today and the future.

Chapter Three – Best-in-Class Performance: This chapter provides contingent workforce management performance and operational benchmark statistics along with a profile of Best-in-Class performers and their distinguishing characteristics and strategies.

Chapter Four – Strategies for Success: This chapter presents a series of recommended strategies and approaches for leaders and discusses the potential future of this industry based on the advances in technology, intelligence, and innovation.
Table of Contents

Chapter One: The New World of Work.................................................................5
   The Brave New World (of Work)........................................................................5
   The Convergence: Talent, Technology, and the Optimization of Work...............6
   The Path to Agility: Talent’s Role in the New World of Work..........................6
   A New Era of Work Begins..............................................................................8
   The Focus on Talent: Improving the Talent Experience.................................9
   The New World of Work, Defined.....................................................................13

Chapter Two: The Future of Work......................................................................15
   The Organization of the Future: Blending Work, Talent, and Innovation........15
   The Evolution of Talent Engagement...............................................................18
   Innovation’s Place in CWM and the Future of Work.......................................20
   Barriers to Work Optimization: The Future of Work Roadblocks..................23

Chapter Three: The Best-in-Class CWM Program ..........................................25
   The Best-in-Class CWM Program, Part I: General Capabilities.....................28
   The Best-in-Class CWM Program, Part II: Big Data, Big Impact....................30
   The Best-in-Class CWM Program, Part III: A Technological Foundation.........31
   The Future of Work: The Best-in-Class Approach........................................34

Chapter Four: Strategies for Success .................................................................36
   General Recommendations for Today’s CWM Programs...............................36
   “Next-Level” Recommendations to Thrive in a New World of Work................38
   The Continued Evolution of Talent, Part I: Resurgence of Soft Skills.............39
   The Continued Evolution of Talent, Part II: The Next Generation of Workers...40
   Conclusion: An Optimized Future State and the Converging World of Work....42

Appendix ..............................................................................................................43
   About the Author.............................................................................................43
   Research Methodology...................................................................................44
   Report Demographics....................................................................................45
Chapter One: The New World of Work

“There are no great limits to growth because there are no limits of human intelligence, imagination, and wonder.” – Ronald Reagan, 40th President of the United States

The Brave New World (of Work)

There is truly no limit to the evolution of the human mind and its impact on the world of global business. Innovation is an accepted and expected component of the everyday lives of billions of people. This notion, fueled by the consistent nature of “on-demand” fulfillment of content, merchandise, and media, has penetrated the business world in such a way that enterprises now operate in a brave new world of work. A world in which core processes and the talent behind them must be managed in near real-time. The relative pace of technology advances, along with the continued ramifications of the Gig Economy and a “consumerized” means of driving business activity, has transformed how work is engaged, addressed, and done. Matching the pace of business technology innovation is the growth and impact of today’s workforce on business results and operations. Talent is the linchpin to the success of any business as it actively assists the drive to grow and thrive in an increasingly competitive, global marketplace.

The foundational elements to this new world of work, beyond the technological advancements fueling business operations, is the mindset behind how talent is engaged, sourced, and managed. Key business projects and initiatives are now addressed in an on-demand manner, and work in conjunction with a literal “talent revolution” in which more and more top-tier, highly-skilled workers are adopting a flexible work-style. The very core of work today is not only instituted on the transformation of enterprise thinking, but also the underlying components of work optimization.

The ultimate concept of the “Future of Work” hinges on one key question that has risen as the main driver of business today: “How will work get done?”
The Convergence: Talent, Technology, and the Optimization of Work

There is a convergence at play today: talent is actively being engaged in new and different ways, work is being optimized via project alignment and skillsets rather than costs and budgets, and, most importantly, all of these attributes are supported by a new range of innovative platforms that drive flexibility, visibility, and the continued consumerization of the global workforce’s operative processes. From artificial intelligence (AI) that can mimic human thinking and machine learning that can transform the power of business data, to the “Internet of Things” developing boundary-less and interconnected networks and devices (while strengthening total talent networks), this convergence of technology and work is creating one of the most exciting opportunities in business history.

Contingent Workforce Management = The Link to Convergence

With all of the discussion around the Future of Work, the Gig Economy, work optimization, and other new and exciting innovations, many may wonder how the traditional concept of contingent workforce management (CWM) fits into this the new convergence of talent, technology, and the means in which work is addressed and optimized. The truth is found in the Ardent Partners’ market research numbers: 40% of today’s total global workforce is comprised of non-employee talent, including independent contractors, freelancers, professional services, and temporary workers. It is important to note that these are not augmentative, supplemental workers, as today’s non-employee workforce plays a critical role in how mission-critical work is handled, addressed, managed, and completed.

The Path to Agility: Talent’s Role in the New World of Work

To run the modern business, executives must enact consistent, real-time thinking in order to respond to the ever-competitive shifts in the global marketplace. For this reason alone, the very concept of “agility” has been making waves as an important enterprise objective for the past few years. With the non-employee workforce doubling in just over seven years, this growth (and the contingent workforce programs that count on these workers to drive more and more enterprise value) has been a prime enabler for operational agility. As shown in Figure 1, the desire to be a more agile business is the top challenge for today’s contingent and non-employee workforce management programs. The ability to react to dynamic...
corporate challenges in a nimble, real-time manner is the very crux of business agility. From supply chain risks to product development issues and key skillset shortages, the contemporary enterprise must have the ability to execute on-demand, educated decisions with a mix of people, technology, and crucial processes. It is no wonder, then, to see that the desire of 71% of today’s businesses to be more agile fall directly as the top challenge in managing non-employee labor. As this workforce has grown, so has the reliance upon contingent labor; freelancers, independent contractors, and other forms of non-employee talent hold incredibly valuable skillsets that are critical in addressing new business challenges. As such, the ability to bring “agile talent” in and out of the organization when needed is a key factor in becoming a truly agile organization.

**Figure 1: Top Contingent Workforce Management Challenges in 2017**

- **Desire to be a more agile business**: 71%
- **Need to better find, engage, and source talent**: 64%
- **Critical skills gaps in current workforce**: 54%
- **Greater need for on-demand talent**: 45%
- **Need to reduce overall labor/workforce costs**: 40%

Similarly, it is not surprising to see the vast majority (64%) of enterprises in this *State of Contingent Workforce Management* research study experience the need to better manage the core facets of talent management: find, engage, and source workers. Talent is the top competitive differentiator for the contemporary enterprise; as such, the “war for talent” continues as organizations continue to seek new and enhanced options to fill both traditional and non-traditional roles with top-tier skillsets required for business growth, expanded development, and, ultimately, enterprise agility.
A New Era of Work Begins

Although the question, “How will work get done?” is not a new inquiry, per se, the new era of work that promotes this question ahead of traditional aspects (such as costs or budgets) reinforces the idea that talent, access to that talent, and the innovations behind work optimization are transforming how work is actually performed. As shown in Figure 2, 73% enterprises today are utilizing new methods of addressing work, including tapping into a growing “total talent” pool of skillsets and expertise.

Figure 2: Top Business Decisions When New Projects Are Developed

- Align requirements against total talent pool: 73%
- Leverage online staffing/online talent platform: 56%
- Promote skills needed ahead of costs of talent: 34%
- Utilize design thinking to formulate best mix of talent and technology: 10%
- Leverage innovation to support hiring (i.e. AI, machine learning): 6%

One ramification of the continued impact of the Gig Economy and new world of work is that more work within organizations is becoming project-based, in an effort to compartmentalize goals, objectives, and milestones, achieve enterprise agility, and enhance holistic and seamless corporate competencies. As such, business leaders and hiring managers are taking a crucial approach towards addressing work: creating the best alignment between key project requirements and the skillsets/expertise held within the total talent pool of the greater organization, which can and most often includes traditional full-time equivalents (FTEs), a “talent bench” of past freelancers and contractors, and an extended network of talent across online staffing firms, online talent platforms, and other on-demand talent vehicles. In fact, 56%
of organizations are leveraging these labor automation and online talent platforms as a keystone act when addressing the talent requirements of a new business project.

Online and talent platforms, which serve as real-time networks in which flexible/non-employee workers and businesses can connect, have quickly become a primary means of addressing talent-based needs. Most of these platforms specialize in specific areas or verticals (such as field service, industrial, and blue-collar work), and many utilize unique algorithms to help enterprises determine the best alignment between a project and potential freelancer or non-employee worker. Another interesting concept in this new world of work is the demotion of costs; while spend on contingent labor and traditional talent will always be a top-of-mind concern (no enterprise will fully ignore costs), the fact is that businesses today are actively promoting the talent-based needs and requirements ahead of other factors, including cost and location. The new era of work has begun, and with it, a brand new approach that addresses how enterprises find, engage, and ultimately manage their talent.

**The Focus on Talent: Improving the Talent Experience**

Call it employee engagement, call it the employee experience.... No matter how this topic is broached, it all comes down to one critical factor: all talent, no matter the source, desires to have a positive work experience, including the accommodations of physical and virtual work environments, as well as the culture of the organization. The new world of work, in maintaining its laser-like focus on the continued “war for talent,” promotes the everyday experience of its talent as a critical piece of enterprise operations. As highlighted in Figure 3 (see next page), there are myriad strategies that businesses are currently employing to boost the talent experience.

“Business leaders are taking a momentous approach towards addressing work: create the best alignment between key project requirements and the skillsets/expertise held within the total talent pool.”
The world of work today is much different than years ago in regard to the “physical” attributes of where work is done. While some industries simply do not and cannot support remote work, many of today’s businesses are more open and accommodating when it comes to allowing its talent to telecommute or tap into the enterprise via virtual methods. Of course, for many types of projects that currently leverage non-employee labor, this is the only option at hand, and, many times, business leaders will rethink their mindset on traditional aspects of the work environment if the talent needed is available halfway around the world. As such, this is the top strategy in the talent experience toolbox for the vast majority (81%) of businesses.

Today, it seems that almost all employees experience some level of burnout or fatigue, especially freelancers or contractors that are working on multiple projects at any given moment. As a result, seventy-three percent (73%) of enterprises are actively investing in employee wellness programs to ensure that all talent can benefit from available well-being tools, such as food/snack alternatives, standing desks, improved working facilities, etc. As discovered in last year’s edition of this report, some organizations are also actively leveraging fitness wearables (i.e., FitBit and others) to track and monitor the health and well-being of its permanent workforce.
By providing access to organizational leaders (71%), many non-employees and FTEs alike can satisfy a growing need within the younger generations in today’s workforce (especially millennials): developing expertise. Although mentorship crosses the compliance line in some instances when it comes to co-employment standards, the younger generation of talent is generally interested in improving its knowledge and depth of expertise; the best way for many of these workers to expand their skillsets is by learning from successful leaders wherever they may be contributing work.

Digital learning is another means for today’s talent to improve its vast yearning for knowledge (55%). Providing a deep level of sophistication across new innovations and technologies helps to attract candidates, improve the digital skillsets of existing staff, and position the enterprise to better allure talent when new generational workforces enter the business arena. All of these attributes actively contribute to a new world of work that places the utmost emphasis on the experiences of all types of talent and business workers.

The Balancing Act Continues, Unabated

Contingent workforce management programs have consistently balanced multiple priorities over the years, including cost, visibility, and compliance. The balancing act continues, although the focal areas have shifted considerably in only a year. As shown in Figure 4, today’s CWM programs have four main focal areas for enhancement, improvement, and continued growth/expansion.

Figure 4: Top Four Focal Areas for Today’s CWM Programs

<table>
<thead>
<tr>
<th>Focus Area</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Enhance overall talent engagement strategies</td>
<td>63%</td>
</tr>
<tr>
<td>Improve SOW/services management</td>
<td>60%</td>
</tr>
<tr>
<td>Better harness data and talent intelligence</td>
<td>56%</td>
</tr>
<tr>
<td>Leverage more innovative technology</td>
<td>55%</td>
</tr>
</tbody>
</table>
1. **Enhance overall talent engagement strategies.** Talent engagement, as discussed earlier in this report, is the core area of development for any modern business. Talent is, of course, the average enterprise’s prime competitive differentiator, and, as such, talent engagement strategies must account for developments in online staffing (i.e., online talent platforms), changes in generational workforce culture (i.e. millennials and Gen Z), and the general desire to become a more agile enterprise.

2. **Improve Statement-of-Work (SOW) and services procurement/management.** SOW and services, referred to as “complex contingent labor” by Ardent Partners, often represents the largest “slice” of any company’s total contingent workforce pool (typically by both headcount and dollars). Legal services, financial services, consultants, and other types of services generate a great deal of spend within the average enterprise, and, to effectively gain visibility into this vast arena and better manage the projects associated with such services, businesses are actively attempting to improve this area via technological support [like Vendor Management System (VMS) technology] or outsourced, third-party assistance (like Managed Service Providers).

3. **Better harness business data and intelligence.** Business intelligence and the greater strategy known as “Big Data” have contributed to the data renaissance of recent years. In the world of talent and workforce management, “total talent data” is incredibly valuable to assist organizations in executing better-educated talent-based decisions when new projects or initiatives arise. In fact, the very concept of “total workforce management” hinges on the ability to gain total talent visibility. By harnessing data from various systems, including VMS, RPO, eProcurement, and HRIS, and/or enhancing or augmenting it with machine learning, today’s enterprises will be well-positioned to thrive in the new world of work by tapping into on-demand talent that fits the exact requirements of business projects and initiatives.

4. **Leverage more innovative technology.** Innovation is at hand in nearly every facet of modern business. However, it may be the new world of work that benefits the most from the hottest innovations at hand:
a. **Artificial intelligence** is actively mimicking human thinking, helping to push chatbots into the realm of everyday operational use and transforming enterprises into seamless and holistic machines.

b. **Machine learning**, as discussed in the third bullet above, is enhancing the depth and power of data-led insights across a vast repository of systems within the contemporary enterprise, providing real-time insights, on-demand intelligence, and the necessary data to predict talent shortfalls, develop future scenarios, and help business leaders understand the true depth of their talent pools.

c. **Next-era technologies**, such as augmented reality (AR), which are still penetrating the consumer world, can have tremendous value in the new world of work. AR can help remote workers enhance collaboration with workers at business headquarters, or even help recruiters and hiring managers give prospective candidates a “taste” of the workplace culture, not to mention assisting with onboarding and training.

**The New World of Work, Defined**

At the end of the day, the modern foundational components of work should revolve around 1) a holistic, seamless series of enterprise processes and capabilities, 2) a cultural, diverse network of talent and skillsets, 3) technologies that represent the continued consumerization of business, and 4) a groundswell of intelligent decision-making that is driven by innovative enhancements to work optimization systems. As highlighted in Figure 5, there are several distinct elements that are actively converging to create this brave new world of work.
The continued “consumerization” of business, in which many of the technological and on-demand advantages of the consumer arena cross over into the world of business, is actively driving this new world of work. Combined with transformative and flexible thinking (embracing the Gig Economy), and the technological advancements in both core CWM technology (such as VMS) and Future of Work innovation (like AI and machine learning), today’s businesses are now, more than ever, enabled with the necessary tools and concepts to thrive in new era of business history. With a “boundary-less” and interconnected network of systems and platforms at their disposal, as well, the time is now for the Future of Work to revolutionize how work is done.
Chapter Two: The Future of Work

“Once we rid ourselves of traditional thinking, we can get on with creating the future.”
- James Bertrand, author

The old ways of work may not be dead, but they are quickly being revolutionized for the greater good of today’s businesses. The Future of Work is real and will eventually consume the traditionalists that hold onto archaic processes like dying mantras. Yesterday’s successes will not always be repeatable and scalable; the very foundational concept behind “agility” is proactivity, and, contemporary businesses must seek new ways to thrive in a new world of work that demands transformational ideas and innovative solutions. The better line of thinking for business leaders is to transform legacy organizational strategies from the shop floors to the executive boardrooms, adapt to the new ways of addressing work, adopt the work optimization tools and outlets of innovation that are actively making waves, and, most critically, revolutionize how talent is engaged and utilized. This...this is the Future of Work.

The Organization of the Future: Blending Work, Talent, and Innovation

To actively thrive in the new world of work, enterprises must adapt their line of thinking across various facets of their organization and buy into the evolution and innovation happening across the business landscape. The organization of the future follows several key principles:

- **Networked and interconnected from technological perspectives.** The “Internet of Things” is not a business fad, but rather, it is a technological revolution that promotes the interconnectivity of business systems, networks, and devices. This near-endless loop of feedback, intelligence, and communication optimizes how work is addressed, managed, completed, and reconciled from all fronts.

- **“Boundary-less” on all work fronts.** The organization of the future will see few to no “boundaries” when it comes to the ultimate optimization of work. Physical locations, adoption of new technology, and access to valuable skillsets across the world...these will not become boundaries to the organization that seeks to thrive in the new world.
of work. The transformation of executive thinking is a critical factor in developing a boundary-less organization that will adapt and adopt what it needs to move beyond the outdated and traditional means of work.

- **The limitless potential for growth and innovation.** If the human mind can be allowed to pursue its potential, there is limitless growth on the innovation that helps the contemporary business move into the future. Adoption of AI, machine learning, AR, blockchain, and other platforms are just the beginning of what can be a fantastic array of innovation that propels the enterprise into the Future of Work.

Ardent Partners has developed a first-of-its-kind Future of Work Framework in which all organizations can leverage to adapt to a new world of work, adopt the strategies and solutions that will help them prepare for the Future of Work, and ultimately, reach a stage of comprehensive business agility.

**Figure 6: The Ardent Partners Future of Work Framework**

<table>
<thead>
<tr>
<th>The Future of Work FRAMEWORK</th>
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<tbody>
<tr>
<td><strong>1. ADAPTATION</strong></td>
</tr>
<tr>
<td>Transform thinking</td>
</tr>
<tr>
<td>Change organizational culture</td>
</tr>
<tr>
<td>Tear down technology barriers</td>
</tr>
<tr>
<td>Be open to new innovation</td>
</tr>
<tr>
<td><strong>2. ADOPTION</strong></td>
</tr>
<tr>
<td>Augment with AI and machine learning</td>
</tr>
<tr>
<td>Institute Total Workforce Management</td>
</tr>
<tr>
<td>Balance traditional and new technologies</td>
</tr>
<tr>
<td>Optimize how work is done</td>
</tr>
<tr>
<td><strong>3. AGILITY</strong></td>
</tr>
<tr>
<td>&quot;Smart&quot; talent engagement</td>
</tr>
<tr>
<td>AI-driven indicators</td>
</tr>
<tr>
<td>Boundary-less, holistic work optimization</td>
</tr>
<tr>
<td>Innovation across every function</td>
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The Future of Work Framework, Defined

The new Ardent Partners Future of Work Framework was developed and designed to facilitate the adaptation, adoption, and achievement of ultimate work optimization by presenting strategies, capabilities, solutions, and recommendations that not only embrace the new world of work, but also prepare enterprises for a future agile state:

- **Adaptation.** Most organizations fall into the initial stage of the Future of Work Framework, “Adaptation.” Last year’s State of Contingent Workforce Management research study highlighted the key strategies employed by businesses that are beginning to adapt to a new world of work. These strategies, enhanced by the continued progression of work optimization technologies, are all linked back to the transformation of enterprise thinking.
  - Transform the thinking of how talent is found, engaged, and sourced, and liken this progression to the “on-demand” nature of the consumer world.
  - Change the organizational culture to accommodate, accept, and embrace the shifts that will take place over the course of several years in regards to talent management and how work will be performed and optimized.
  - Tear down the barriers to technology adoption by communicating key concerns, addressing lack of budget or resources, and developing a plan to implement both strategic contingent workforce management technology (like VMS) and new platforms (a la digital staffing).
  - Begin to embrace the innovation happening in the new world of work by beginning to think about how transformational platforms like AI, machine learning, and AR could impact how work is done.

- **Adoption.** The second stage of the Future of Work Framework, “Adoption,” follows the path tread in the “Adaptation” phase, and outlines how organizations can thrive in the new world of work by extending technology usage, expanding the boundaries of collaboration, and optimizing critical aspects of work.
  - Augment core CWM technology with new innovations, particularly machine learning (to enhance analytics and total talent data) and AI (to optimize processes and develop holistic work optimization capabilities).
  - Institute a total workforce management strategy by encouraging
procurement, HR, and human capital management (HCM) collaboration, integrating core HCM and CWM systems (i.e. RPO, HRIS, VMS, etc.), and developing a total talent network.

- Balance traditional talent engagement with newer sources of expertise and skillsets, such as online talent platforms, social media and social networks, etc.
- Focus on optimizing critical elements of work by automating key enterprise processes, driving enhanced visibility into projects and the talent behind them, and facilitating better alignment between enterprise talent pools and corporate initiatives.

• **Agility.** The final stage of the Future of Work Framework, “Agility,” ultimately builds on the elements of the first two stages and builds to an ultimate goal: attaining true business agility:
  
  - “Smart” talent engagement that is facilitated by machine learning algorithms, predictive analytics, and scenario-based intelligence.
  - Artificial intelligence-led “indicators” that can detect critical skills gaps, talent shortfalls, and future instances in which specialized talent is required.
  - Boundary-less, interconnected enterprise systems and devices that facilitate supplier, employer, talent, and project communication and transparency, and augment total visibility into enterprise initiatives.
  - Innovation that touches nearly every function across the entire organization, with AI, machine learning, blockchain, augmented reality, and other new solutions actively supporting key corporate endeavors within strategic enterprise departments.

### The Evolution of Talent Engagement

Many businesses may face confusion upon “catching up” to what is actively happening in the market. These organizations, at the core, must grasp that the expansion of the global contingent workforce, along with specific economic drivers (i.e., the Gig Economy) that enabled more and more skilled professionals to adopt a flexible working lifestyle, what essentially sparked a new era of work. And, as shown in Figure 7, there are a host of new strategies, solutions, and outlets that enterprises are actively tapping into to enhance their workforce.
As highlighted earlier in this report, online talent platforms (which also include labor automation systems) have transformed the way businesses find and source the talent by offering real-time engagement, augmenting engagement efforts by also aligning freelancer skillsets to the enterprise projects at hand. In a similar fashion, some VMS technologies have this functionality baked directly into their solution to enable direct- or self-sourcing. This feature allows VMS users to directly integrate data from this self-sourcing functionality into greater VMS reporting structures while also gaining enhanced visibility and control over non-employee talent.

Another driver in the consumerization of business is the crossover of social media and social networks. Although not quite as formalized and aligned as online talent platforms or other engagement modules, social networks (i.e., LinkedIn) allow business executives to maintain relationships with past colleagues, which can be a fantastic source of talent for incredibly complex enterprise projects. The vast majority (76%) of businesses actively leverage this common consumer tool to find, engage, and source talent. An interesting benefactor of the “war for talent” and the improvement of the “talent experience” is that more and more
enterprises actively leverage the power of their brand (51%) to attract new candidates. While employer branding is often a bigger issue for the modern business than its link to attracting talent, the fact remains that specific perceptions related to a business’ brand (sustainability, charitable causes, work conditions, etc.) can sometimes be appealing when engaging new talent.

Innovation’s Place in CWM and the Future of Work

Nearly every revolutionary era in business history can be traced back to some form of innovation, be it two centuries or two years ago. Today’s new world of work, and the very foundation of the Future of Work, is built on the alignment between business progression and the new innovations and technologies that spark fresh thinking. In regards to both CWM and its place in the Future of Work, innovation boils down to the new platforms that can not only push non-employee labor and new types of talent into more critical enterprise endeavors, but also transform the very means in which the work managed by these workers is optimized by groundbreaking solutions.

Artificial Intelligence and Machine Learning

Across the range of Future of Work-era innovations, none are discussed in today’s landscape more than AI and machine learning, two technologies that not only spark the ultimate optimization of work, but also represent the limitless potential of the human mind:

- **Artificial intelligence** has long been a sought-after innovation in the consumer world; however, over the past few years, the rise of “smart” assistants, mobile devices, homes, and other everyday systems has made a fictional world more of a reality than ever before. Artificial intelligence is represented in the world of work by mimicking human thinking in such a way that it not only augments everyday processes, it can, in some cases, outright replace traditional capabilities and workers. Chatbots are actively helping businesses interact with prospects without human intervention, while also assisting recruiters with screening candidates and engaging talent. From transforming the tactical components of talent engagement (screening, assessing, etc.) to leveraging humanlike thinking to automatically find new skillsets and
expertise, it is clear that AI can be a true gamechanger in the new world of work.

- **Machine learning** may be linked to AI in specific aspects, but its role is more clearly-defined: enhance the total visibility held by today’s talent management executives and deliver transformational intelligence that can be utilized in vastly-improved decision-making. Machine learning technology is a boon for today’s talent management and CWM managers because it not only augments their ongoing data collection efforts, it adapts to enterprise behavior to paint more vivid, and holistic, pictures of a company’s total talent pool (including both traditional and non-employee workers). The intelligence built by machine learning algorithms can revolutionize how both types of workers are engaged; deeper data means executives can learn the true qualitative impact of its workforce. Similarly, scenario-building via machine learning can help pinpoint future gaps in projects and which specific skillsets or expertise may be required months (or years) down the road.

**Figure 8: The Perception of AI and Machine Learning**

- Currently utilize AI and machine learning
- Plan to implement these within 12-to-24 months
- Believe they can help us, but not yet ready to use within 12-to-24 months

From major magazines and news outlets to key industry-specific publications, all industries are currently bombarded with a swath of news, recommendations, and outlooks for the
utilization of AI and machine learning. However, while the conversation remains hot, adoption of these two innovations is lukewarm at best: only 13% of enterprises today currently augment their work optimization efforts with AI and machine learning, however, the outlook for the future (49% of businesses planning to implement these innovations within the next two years) is much brighter.

**Robotics and Robotic Process Automation (RPA)**

The “rise of the machines” theory lives in both fiction and the real world: more and more professionals live in fear that, one day, a robot will replace them in their current role. While this may be true for truly menial and back-office tasks, the reality is that robotics and robotic process automation (RPA) were designed to augment, not replace, the current workforce; in fact, the goal of many RPA software systems is to alleviate the time pressures of manual, repetitive tasks and allowing workers to focus on more creative and strategic activity.

True, cognitive robotics that perform both digital and physical tasks may be a reality in the years to come; however, just like with the flesh-and-blood editions of workers across the globe, questions arise regarding maintenance and the total cost of ownership. Too, the major concerns around robotics revolve around ethical guidelines (are they or are they not considered “workers”?) and whether these mechanical augmentations can effectively mimic the more design-led, creative aspects of human thinking.

*The State of Contingent Workforce Management 2017-2018* research study finds that:

- Nearly 70% of enterprises believe that robotics will enable more resources within their workforce to focus on strategic activities and potential business growth opportunities.
- Sixty-seven percent (67%) of businesses state that robotics and RPA will assist them in eradicating manual tasks and tactical operations within their workforce, and;
- Fifty-nine percent (59%) of enterprises believe that robotics will boost the creative and design-led skillsets of its workforce.
Barriers to Work Optimization: The Future of Work Roadblocks

Thriving is not easy: while there is much chatter around the Future of Work, not every organization is buying into the hype. There are several considerable roadblocks to boarding the work optimization train; while many business leaders understand the benefits of enhancing CWM and developing Future of Work-led strategies, businesses today struggle with some major concerns over how to move ahead with their peers.

Figure 9: Barriers to Adopting New Work Optimization Technology & Strategies

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<tr>
<th>Barrier</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational culture does not allow us to embrace new work optimization technologies or strategies</td>
<td>72%</td>
</tr>
<tr>
<td>Lack of budget for new technologies and innovation</td>
<td>65%</td>
</tr>
<tr>
<td>Lack of awareness to what is happening in the market</td>
<td>51%</td>
</tr>
<tr>
<td>Executive team maintains traditional/outdated thinking</td>
<td>38%</td>
</tr>
<tr>
<td>Lack of human capital resources</td>
<td>32%</td>
</tr>
</tbody>
</table>

“When we synthesize and invent and leap, we create a rare sort of value,” says blogger and marketing guru, Seth Godin. While there is inherent value in taking risks and jumping into innovation and work optimization, there are many barriers that prevent organizations from taking the leap. In fact, the main barrier to adopting new work optimization technology and strategies is organizational culture (72%): for too many enterprises, both professionals and leaders alike live day-to-day with the reality that what is “new” is not always is beneficial for the company. From next-level innovations (like AI) or even being open to online staffing, some organizations are reluctant to follow the pack.

A lack of willingness, however, is much different from a lack of awareness (51%). Some executives may be too busy to see the progressing world of work; for even the most harried
business leader, it is critical to stay in tune with the evolution of talent, work, and technology and take appropriate action when resources are available to enhance operations. And, regarding resources, a lack of technology budget is always a crucial barrier to overcome (65%); for these enterprises, not only do traditional technology business cases make sense to be built, but it also in their best interests to calculate both the quantitative (operational cost reductions) and qualitative (improvement in quality of talent) benefits from work optimization.
Chapter Three: The Best-in-Class CWM Program

Contingent workforce management is inherently linked to the Future of Work in myriad ways: from the influx of agile and on-demand talent to the work optimization benefits of CWM-led technologies, CWM programs today hold incredible value to the greater organization particularly if it can leverage Best-in-Class capabilities and competencies that deliver operational benefits to the greater organization via top-tier talent. Best-in-Class contingent workforce management programs are known for their high level of performance across a spectrum of CWM activities and the core programmatic, analytical, and technological processes that aid these leading organizations. Due to the continued evolution of work and talent, today's CWM programs are now linked to a wide variety of performance metrics that span from traditional areas (such as cost savings and compliance) to deeper attributes, like quality and visibility. The 2017 CWM benchmarks are highlighted in Table 1.

Table 1: The 2017 Contingent Workforce Management Benchmarks

<table>
<thead>
<tr>
<th>Metrics</th>
<th>Market Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-employee labor that is actively accounted for in corporate budgeting, planning, or forecasting</td>
<td>32%</td>
</tr>
<tr>
<td>Percentage of non-employee talent that complete projects on-time/on-budget</td>
<td>52%</td>
</tr>
<tr>
<td>Percentage of non-employee talent that would be rehired for future projects or initiatives</td>
<td>49%</td>
</tr>
<tr>
<td>Total compliance rate</td>
<td>68%</td>
</tr>
<tr>
<td>Year-over-year cost savings</td>
<td>7.1%</td>
</tr>
</tbody>
</table>

The wide range of contingent workforce management performance in 2017 is defined by the average organization's ability to account for its total global workforce while maintaining a veritable "balancing" act across several key areas:

- **The visibility quotient:** accounting for non-employee labor in corporate budgeting, planning, and forecasting. The very notion of "visibility" is somewhat ambiguous; for
most organizations, maintaining visibility into a specific area is a dream rather than reality due to the continuous expansion of networked and interconnected enterprise systems and devices...both of which are linked to today’s contingent workforce. On average, 68% of all non-employee labor and talent is unaccounted for in the average enterprise’s budgeting, planning, and forecasting. This sharp drop (nearly 10%) in visibility from 2016 can be explained by the uptick in utilization of new sources of talent and skillsets that may not be integrated with key enterprise systems.

- **The quality of talent remains mediocre.** Only 52% of today’s non-employee talent complete projects and tasks on-time and on-budget. Worse yet, the average enterprise would only rehire 49% of its non-employee workforce for future engagement, projects, and initiatives. This level of mediocrity within today’s non-employee workforce signals a critical issue: the “war for talent” is raging on, even in a world in which on-demand talent is becoming the norm. As more and more professionals adopt a flexible work environment, a negative ramification may be the “dilution” of the global talent pool. And, too, enterprises may not be aligning their critical projects with the necessary skillsets to create true value from its non-employee workforce.

- **Traditional performance areas hold steady.** In the areas of compliance (independent contractor compliance, compliance with regulatory guidelines, etc.) and cost savings, organizations maintain a steady pace for one key reason: consistency. Procurement’s helping hand is obviously an advantage in reaping continued cost savings on contingent workforce spending (as further explained in this chapter, supplier optimization is a key Best-in-Class CWM capability), while the negative ramifications of non-compliance (from co-employment to negative press and federal audits) have been striking enough fear into enterprises to take consistent measures to align with federal regulations.

**The Best-in-Class CWM Performance Advantage**

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.
Table 2: CWM Performance Comparison, Best-in-Class vs. All Others

<table>
<thead>
<tr>
<th>Metrics</th>
<th>Best-in-Class</th>
<th>All Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-employee labor that is actively accounted for in corporate budgeting, planning, or forecasting</td>
<td>89%</td>
<td>45%</td>
</tr>
<tr>
<td>Percentage of non-employee talent that completes projects on-time/on-budget</td>
<td>81%</td>
<td>44%</td>
</tr>
<tr>
<td>Percentage of non-employee talent that would be rehired for future projects or initiatives</td>
<td>84%</td>
<td>39%</td>
</tr>
<tr>
<td>Total compliance rate</td>
<td>86%</td>
<td>62%</td>
</tr>
<tr>
<td>Year-over-year cost savings</td>
<td>11.9%</td>
<td>5.9%</td>
</tr>
</tbody>
</table>

The Best-in-Class enterprises have established themselves by 1) embracing the new world of work, 2) leveraging a variety of core and next-generation contingent workforce management competencies, and 3) adopting both traditional and innovative platforms to push for agility and work optimization. These leaders have achieved:

- **A nearly two-times higher rate of visibility into the non-employee workforce.** In the new world of work, visibility is paramount because it allows executives to understand the impact of its talent pool and pinpoint (with laser focus) areas that need to be enhanced with an infusion of new skillsets. Best-in-Class organizations are actively driving insights and maintaining visibility into their talent by integrating total talent data (from various systems) and tapping into the power of machine learning to gain valuable intelligence into their workforce.

- **Over double the rate of non-employee talent that would be reengaged for future projects or enterprise initiatives.** “Quality” is an area that is confounding to many of today’s business leaders, especially in regards to measuring the relative quality of a human workforce. Best-in-Class businesses are actively leveraging higher-quality talent than its peers for a multitude of reasons, including superior alignment between new projects and open talent within workforce pools, as well as maintaining clear visibility into the status of projects as a means of stepping in and rectifying potential negative scenarios.

- **A 40% higher rate of compliance than all other organizations.** In last year’s *State of Contingent Workforce Management* research study, compliance ranked as the top focal point of CWM programs across the globe. Although the pressure to improve compliance is not nearly as strong as it was a year ago, organizations must, especially...
in an era when real-time talent is at its fingertips, maintain adherence to federal and regulatory guidelines concerning the usage of freelancers and contractors. Best-in-Class CWM programs continue to lead the pack in regards to compliance management and continued compliance education within its workforce.

The Best-in-Class CWM Program, Part I: General Capabilities

While the interest in today’s contingent workforce programs gravitates towards the “hot” innovations and technologies ruling the day, the truth is that there are a variety of foundational capabilities that every CWM program should implement in order to optimize how work is addressed. Best-in-Class contingent workforce management programs are built on these competencies, as shown in Figure 10.

**Figure 10: General CWM Capabilities, Best-in-Class vs. All Others**

<table>
<thead>
<tr>
<th>Capability</th>
<th>Best-in-Class</th>
<th>All Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplier optimization strategy</td>
<td>54%</td>
<td>41%</td>
</tr>
<tr>
<td>Active collaboration between procurement and HR</td>
<td>38%</td>
<td>35%</td>
</tr>
<tr>
<td>Standardized SOW management operations</td>
<td>28%</td>
<td>25%</td>
</tr>
<tr>
<td>Consistent education, reviews, and awareness of employer-contractor relationships</td>
<td>35%</td>
<td>30%</td>
</tr>
<tr>
<td>Formalized “agile talent” strategy</td>
<td>13%</td>
<td>17%</td>
</tr>
<tr>
<td>Comprehensive compliance management strategy</td>
<td>41%</td>
<td>40%</td>
</tr>
<tr>
<td>Customer-led culture integrated into the workforce</td>
<td>25%</td>
<td>20%</td>
</tr>
</tbody>
</table>

The Best-in-Class contingent workforce management capabilities shown in Figure 10 are not just considered foundational elements to success; these are mission-critical, every day and operational “guidelines” for thriving in a new world of work:

- **Supplier optimization.** The traditional stream of staffing suppliers is slowing due to the advent of real-time talent engagement; however, the fact remains that, for many
organizations, pure staff augmentation via high-volume staffing is the norm. As such, supplier optimization strategies (89% vs. 54%) are a key Best-in-Class capability in ensuring that the optimal mix of suppliers is leveraged in the face of cost, quality, talent, and visibility.

- **Collaboration between procurement and HR.**
  Sixty-seven percent (67%) of Best-in-Class organizations (vs. 38% of all others) institute active collaboration between procurement, human resources, and HCM. As discussed in the previous chapter, this type of collaborative union is not only essential to set the building blocks of total workforce management, it is also a key component within the “Adoption” phase of the Future of Work Framework. In order to truly drive holistic visibility into total talent and make real-time decisions, these two units must work together to drive enhanced management of all sources of talent.

- **Standardized SOW management operations.** Just as staff augmentation and high-volume staffing remain critical pieces of CWM, statement-of-work (SOW)-based projects and professional services (colloquially known as “services procurement” to some businesses) are crucial extensions of CWM programs today. Sixty-five percent (65%) of Best-in-Class businesses leverage standardized SOW management capabilities (vs. 28% of all other companies) to drive visibility into projects that leverage SOW-based labor, keep tabs on key budgets and financials related to these projects, and ensure that SOW-based projects remain on-time and on-task.

- **The consumerization of talent.** Fifty-two percent (52%) of Best-in-Class enterprises are integrating consumer-led thinking into their workforce. This radical capability, which follows the “consumerization” of business and talent, encourages the total workforce to leverage consumer-based tools and thinking in how work is aligned, addressed, and completed. The new world of work knows no bounds, and this interesting new competency is a pure representation of this line of transformational thinking.
The Best-in-Class CWM Program, Part II: Big Data, Big Impact

Nearly a decade ago, as the beginnings of “Big Data” strategies made their way across the global business landscape, many executives and pundits pegged it as a fad without much future impact. However, in 2017, data is one of the most valuable assets within the contemporary enterprise. For many organizations today, maintaining data, information, and insights into various components of its talent and workforce translates into the greater ability to thrive in a new world of work. The typical executive lives in an on-demand world and expects on-demand results. The intelligence gleaned from the wide range of systems in use today (from VMS to machine learning tools) allows Best-in-Class organizations to leverage real-time insights in educated, talent-based decision-making (see Figure 11, next page).

Figure 11: Analytical Capabilities, Best-in-Class vs. All Others

Real-time visibility is a powerful enabler: 67% of Best-in-Class organizations (vs. 38% of all others) are actively driving real-time talent rate and cost data, which allows them to better align the budgetary and cost attributes of contingent workforce management, while 64% (vs. 7% of all others) of these leaders hold this same level of visibility into crucial, SOW-based labor and projects, which, as discussed earlier in this report, is a critical area for even the most basic CWM program. These on-demand realms of intelligence help Best-in-Class
companies drive cost savings, higher rates of compliance, and keep the quality of their talent at a top-tier level.

Integrated FTE and contingent worker data (59% vs. 25%) is a critical cog in the total workforce management machine, supporting the powerful concept of “total talent intelligence,” which can be used to best determine the type of worker and exact skillset needed for a particular job or project. “Next-generation” analytics, via predictive analytics (53% vs. 15%), scenario-building capabilities (49% vs. 5%), and machine learning (48% vs. 7%), represent a “Big Data revolution” within the new world of work: these new tools are transforming what is possible with information, and actively augment how Best-in-Class companies dig deep into the specifics of their talent pool, develop future scenarios to make better decisions today, and how machine-based algorithms continually drive new and exciting insights as to the true optimization of talent and work.

**The Best-in-Class CWM Program, Part III: A Technological Foundation**

Technology has long been a foundational element in the ultimate success of contingent workforce management programs around the world. No matter the structure of the CWM program (internally-managed, outsourced, etc.), automation plays an incredibly valuable role in how not only non-employee talent is found, engaged, sourced, and managed, but also how contingent labor fits in the concept of the Future of Work. As shown in Figure 12, Best-in-Class companies leverage a number of solutions to support their CWM programs.
VMS platforms, currently leveraged by nearly twice as many Best-in-Class organizations as all others, remain the relative “nexus” of contingent workforce management. Many of the facets of today’s CWM programs, from requisition management, SOW management, compliance management, and project management, to direct- or self-sourcing of talent, are in place in many of today’s VMS platforms. They are the center of the talent management technology ecosystem, and, as such, are central to the success of top-performing businesses. VMS platforms continue to evolve in line with the world of work, with some integrating into core HCM platforms to formulate the foundation of total workforce management, with others adopting new functionality (such as gamification and machine learning) to support the Future of Work.

Online talent platforms (70% vs. 55%) and mobile talent engagement apps (23% vs. 9%) are actively assisting Best-in-Class organizations in engaging new talent pools (which can be linked to their top-tier level of non-employee workers), while gamification modules (21% vs. 7%) as part of VMS platforms add an additional “layer” of innovation to talent networks.

Best-in-Class companies still rely on Managed Service Providers (MSPs, 73% vs. 55%) as a steady means of outsourced contingent workforce management. Although the technological
advancements within VMS and other platforms may outshine some of the traditional capabilities of MSP services, the truth remains that, for both small- and large-sized organizations, these solutions remain a valuable source of expertise and management of day-to-day operations. Too, their partnerships with VMS platforms remain an attractive model for those organizations that want both automation and services managed by a third party.

*The Realm of Integration: Traversing the Human Capital Line*

It is no secret that the two “worlds” of talent are converging: with over 40% of the average company’s total workforce considered non-employee according to Ardent’s research, today’s total talent pool is markedly different than in years past. Freelancers work alongside traditional FTEs, a “blended” workforce that is contributing to a revolution of work. While HCM technology has long been the crux of managing the multifaceted nature of the permanent/traditional workforce, it is within the integration of these systems with core CWM solutions that helps to transform total workforce management *(see Figure 13, next page)*.

**Figure 13: Systems Integrated with Core CWM Solutions**

<table>
<thead>
<tr>
<th>System</th>
<th>Best-in-Class</th>
<th>All Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human capital management (HCM) suite</td>
<td>74%</td>
<td>12%</td>
</tr>
<tr>
<td>Screening or background check system</td>
<td>65%</td>
<td>41%</td>
</tr>
<tr>
<td>Learning management system</td>
<td>63%</td>
<td>21%</td>
</tr>
<tr>
<td>Talent management or talent acquisition platform</td>
<td>61%</td>
<td>20%</td>
</tr>
<tr>
<td>Recruitment Process Outsourcing (RPO)</td>
<td>42%</td>
<td>18%</td>
</tr>
</tbody>
</table>
Best-in-Class businesses embrace the integration between core CWM technology, particularly VMS, with HCM solutions and systems:

- Integration with HCM suites (74% vs. 12%) represents the best of both “worlds”; that is, this type of integration not only paves the way to build the technological foundation of total workforce management programs, but also provides executives with the total talent data to develop such a program and execute real-time decisions regarding talent. HCM and VMS integration enables its users with the power to apply key HCM principles, such as learning, development, and screening, to the non-employee workforce.

- Integration with screening systems (including video and virtual screening tools) allows Best-in-Class organizations to conduct more thorough discovery on potential candidates, even those applying for contract roles. From simple background checks to virtual/augmented reality interviews, this type of integration truly signals the Future of Work, as businesses are able to gain extensive knowledge about their potential workers and upload this data directly into core CWM and HCM systems.

- Learning management integration is a crucial step in expanding the skillsets and expertise of the total talent workforce. In an age when digital skills are more prevalent than ever, it is critical that these elements that reside comfortably in the HCM world are also applied to the world of non-employee talent. As a direct result, Best-in-Class businesses are actively extending engagements with non-employee workers, boosting overall talent skillsets, and, of course, ultimately optimizing how work is done.

The Future of Work: The Best-in-Class Approach

There are many ways to approach the concept of the Future of Work: from organization to organization, the best approach is to embrace a specific level of cultural change and then develop the technological capabilities that are paving the way for ultimate work optimization. While the “future” is just that, no single enterprise leverages all facets of the Future of Work model, instead choosing to develop certain capabilities and building towards a desired future state. For Best-in-Class companies, the approach to the Future of Work is simple: tap into several key platforms now, but look to implement others
in the short term (twelve months). The *State of Contingent Workforce Management* research study finds that:

- Nearly 90% of Best-in-Class organizations prioritize the support for co-working spaces, remote work, and virtual commuting for both their traditional and non-employee workers.
- Nearly 80% of Best-in-Class businesses implement cultural and demographic diversity, as well as inclusion, as part of their overall talent engagement strategies.
- Sixty-five percent (65%) are prioritizing digital learning as part of “reskilling” their workforce; this attribute certainly speaks to the Best-in-Class desire to be more agile. As more and more digital tools become available, it will be critical that all types of workers understand their impact and inner-workings.
- Nearly 50% of Best-in-Class enterprises have undergone a “transformation of thinking” in how work is addressed. This facet, the very foundational layer of the new world of work, is crucial to developing next-level Future of Work capabilities, technologies, and innovations.
Chapter Four: Strategies for Success

“Change is not a threat, it is an opportunity. Survival is not the goal; transformative success is.” – Seth Godin, speaker, author, blogger, marketing guru

The new age of work is here, and with it, enterprises must adapt, adopt, and become more agile in the quest to optimize how work is completed. From next-level automation and innovative platforms to radical shifts in how the greater organization aligns its projects with its total talent pool, there are a number of “strategies for success” that must be employed to not only survive in this new world of work, but to also thrive. To progress in this new and confounding world, it is critical that businesses understand the market landscape, current innovations, and how their organizations will benefit from transformational strategies. This chapter unveils a variety of tools, solutions, and strategies for all organizations to leverage as they embark on a journey of answering the prime question of 2017: How will work get done?

General Recommendations for Today’s CWM Programs

To thrive in this new world of work, there are a fundamental set of strategic actions that must be leveraged to not only follow the Best-in-Class path to success, but to also reach a desired state of work optimization and enterprise agility. The following recommendations will help organizations build and develop CWM programs that are designed to transform how work is done:

- From the top down, embrace a culture of change, transformation, and discovery. It truly is a brave new world of work; from online talent platforms to artificial intelligence and next-generation contingent workforce management technology, business executives must not only be prepared for an era of change, but also one of transformation (of traditional lines of thinking) and discovery (of new ideas and solutions) in relation to work optimization. HR and procurement leaders must embrace the new world of work, shift how talent engagement strategies address core organizational needs, and develop the building blocks to an agile future state.
• **Prioritize the near-term development of Future of Work-era technologies, tools, and drivers.** No one expects radical change overnight. As such, it should be expected that within a two-year window, the greater organization will start tapping into Future of Work-era technologies and innovations and integrate these into a high-level corporate strategy. For starters, the application of consumerized thinking to talent engagement can be a first step, followed by embracing more and more complex attributes (such as support for remote work or the utilization of design thinking in talent engagement strategies).

• **Embrace Vendor Management System technology as an outlet of enterprise software and not just a pointed tool for contingent workforce management.** Today’s VMS systems are even a far reach from where they were just a few short years ago. Although they are the “nexus” of CWM, progressive VMS platforms can also facilitate self-sourcing of external talent (such as freelancers or independent contractors), integrate with HCM software to build deeper viewpoints of enterprise talent, and help enterprises tap into new outlets of AI to drive learning and development. Businesses should strive to capture all sources and types of non-employee labor, from staffing suppliers to SOW-based labor and freelancers, in a VMS-enabled contingent workforce management program.

• **Standardize the initial steps (enterprise-wide) for when the need for talent or expertise arises.** Whenever a new project, job, or initiative that requires talent arises, there should be a standardized means for addressing it. Today’s total talent pool consists of a variety of skillsets: independent contractors, freelancers, professional services, “gig” workers, robotics, and, of course, traditional/permanent workers. A perfect alignment between an open job/project and the internal or external skills within the enterprise talent pool is the ideal way to address work.

• **Ensure that traditional CWM aspects, such as SOW management, are not lost in the shuffle.** While this report leans on the excitement of work optimization tools and the impact of Future of Work concepts, the truth is that organizations cannot lose sight of
the original goals of contingent workforce management: engage the right talent, at the right price, and manage it effectively. SOW management is a key aspect that falls within this frame of thinking; for many organizations, it is their largest “category” of contingent workforce spending. As such, it needs to be addressed with the same rigor as any future (read: more exciting) endeavor to optimize how work is addressed.

“Next-Level” Recommendations to Thrive in a New World of Work

For some organizations, the previous recommendations may seem like “basic” steps to success. For these enterprises, the following “next-level” recommendations will help to thrive in a new era of work:

• **Look to design thinking as a means of building a next-generation talent engagement strategy.** Design thinking follows the pattern of product development-led thinking in non-traditional arenas, like recruitment and talent engagement. Problem-solving skills can be leveraged from within, and, just like a product development executive might tap into his or her creativity to design a component or piece of a product, these same approaches can work effectively for talent engagement and non-employee workforce management. From advocating for change across the organization in regards to a specific function, to “collecting” the necessary skillsets to address a variety of enterprise problems, design thinking principles (which also include logic, reasoning, and other “soft” skills) are central in addressing how work is optimized.

• **When it comes to artificial intelligence, look for immediate gaps first, then address larger implementations over the long-term.** Some forms of AI, such as chatbots, can be implemented immediately and deliver simple ROI in a matter of weeks; these outlets of AI are typically added-on functionality to existing suites or systems. “Deeper” platforms that offer artificial intelligence functionality, such as AI for recruitment and talent engagement, can and should be implemented slowly. Artificial intelligence can drive tremendous value by mimicking human recruitment processes, such as assessments, interviewing, diversity efforts, etc., however, it needs to be properly integrated into an existing talent engagement strategy over time to truly be effective.
- **Extend the reach of total talent intelligence with machine learning.** The biggest factor, by far, of total workforce management programs is “total talent intelligence.” By combining FTE and contract worker data, executives and managers can begin to piece together the exact makeup of their total talent pool. This information, when augmented with machine learning, can spark real-time and more-informed decision-making by building future scenarios, extending current data to “show” other avenues of talent, and help hiring managers and other business leaders harness cognitive intelligence to continually drive insights into how work is currently being addressed and how it *should* be addressed in the future.

**The Continued Evolution of Talent, Part I: Resurgence of Soft Skills**

As part of this “Strategies for Success” chapter, it is critical to note that there are two major avenues in which talent engagement has evolved that must be addressed: the sudden “soft skills” renaissance, and the impact of millennials and newer generations of workers in today’s talent pool. As shown in Figure 14, the following soft skills are currently being prioritized when companies are engaging new talent.

**Figure 14: Soft Skills that are Prioritized When Engaging New Talent**

<table>
<thead>
<tr>
<th>Soft Skill</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive attitude</td>
<td>81%</td>
</tr>
<tr>
<td>Critical thinking (problem-solving) abilities</td>
<td>76%</td>
</tr>
<tr>
<td>Leadership abilities</td>
<td>72%</td>
</tr>
<tr>
<td>Collaboration/communication competencies</td>
<td>63%</td>
</tr>
<tr>
<td>Emotional intelligence</td>
<td>53%</td>
</tr>
<tr>
<td>Cultural intelligence</td>
<td>44%</td>
</tr>
</tbody>
</table>

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What is most interesting about the resurgence of soft skills in today’s new world of work is this: at their core, soft skills are the traits in which talented professionals leverage to communicate and collaborate with others, yet, this new business era touts interconnected systems and devices as a means of eliminating the reliance on live, in-person interactions. However, this stimulating notion is more than it seems at the surface, as communication competencies (63%) and positive attitudes (81%) are incredibly helpful in augmenting project-based work no matter the physical distance between parties (another arena in which the Future of Work is becoming more impactful: 56% of organizations plan to implement augmented reality (AR) to support their enterprise collaboration).

Critical thinking (76%) is perhaps the most crucial tool in the soft skills arsenal; many of today’s projects and initiatives that leverage specific expertise and skillsets are deep and complex. Thus, the ability to leverage strong problem-solving capabilities is an excellent soft skill to present to the organization. Furthermore, while emotional (53%) and cultural (44%) intelligence may seem like skills that are adaptable to the personal lives of workers, the fact is that, in a new world of work that craves agility and dynamic talent, these are two soft skills that position talent as “flexible” in regards to working within different groups, functions, and with various internal stakeholders that all have varying needs and processes. The primary reason that soft skills are fast-becoming a core prerequisite for new talent is that the new world of work is dependent on change; the creative, emotional, and problem-solving skillsets of key workers ensures that, as technology progresses and businesses seek new avenue of growth, an enterprise’s total talent base is adaptable and agile for an uncertain future.

The Continued Evolution of Talent, Part II: The Next Generation of Workers

The Future of Work begs many questions, several of which are addressed throughout this research study. Beyond the technological and strategic, however, is one major aspect that is also making waves: the burgeoning general gap between workforces. Within the next few years, it is widely expected that millennials, a group that was raised in a digital age, will become the largest generation within the global workforce.
Figure 15: Strategies to Attract a Newer Generation of Workers

- Providing a flexible work environment: 74%
- Making workplace more social/fun: 70%
- Promoting a culture of learning and development: 69%
- Inviting them to provide new ideas: 66%
- Improving the overall "talent experience" (i.e. employee experience) for these workers: 52%
- Providing consistent feedback and recognition: 48%

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Millennials are currently the most sought-after group of workers from a general talent engagement perspective. These professionals were primarily raised in a digital age, and, as a result, expect to have access to a variety of modern tools and new innovations. And, by consistently being exposed to a consumerized and “on-demand” world, engaging these younger professionals requires varied set of strategies. The majority of enterprises (74%) believe that providing a flexible working environment (enabling remote work or virtual collaboration) is the main measure to attract millennials. This notion goes hand-in-hand with their constant access to new and digital communication and networking tools and systems.

Secondly, in addition to presenting a more “fun” and social environment for this generation of workers (70%), businesses also want to ensure that their younger workforce (both traditional and non-employee talent) are retained and are able to be reengaged. As such, by...
promoting a culture of learning and development (69%), millennials are able to boost their skillsets, learn from business leaders, and enhance their overall business acumen. This is a critical factor in their engagement levels with their current employers (or, for independent talent, key clientele). Similarly, 52% of enterprises today are attempting to improve the overall “talent experience” for their workforce in order to create engaging employee experiences; in the ongoing war for talent, anything a company can do to ensure its workforce is happy, engage, satisfied, and actively developing is critical to its ultimate success. In the very near future, there will be five total generations in the global workforce (with the newest, Generation Z, already bringing about worries for those businesses without supreme digital skillsets); moving into 2018, businesses must do what they can to ensure that the two newest generations within their workforce are provided with the necessary tools, experiences, and skills.

**Conclusion: An Optimized Future State and the Converging World of Work**

The new world of work is here, fueled by two major forces: talent and innovation. Innovation is driving an era of convergence and change, contributing a vast array of tools and solutions to optimize how work is done. The very evolution of talent has ignited the most transformative shift in the labor market in modern business history. This convergence of talent and technology is real, and the businesses that embrace the seemingly-radical new ways of thinking will not only survive in this new world of work, but thrive in the Future of Work. Work is being optimized by a radical change in executive thinking and the outlook of innovation and enhancement to existing talent-led strategies. With the continued consumerization of talent and work, the interconnected nature of today’s enterprise systems, the progression of non-employee labor, and the innovation pushed by Future of Work concepts, the converging nature of these trends and strategies continue reshape and remodel the very core of how work is done.
Appendix

About the Author

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For over 12 years, Christopher J. Dwyer has been one of the world’s foremost spend management experts and leading authority 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, on LinkedIn (www.linkedin.com/in/christopherjdwyer), or Twitter (@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. Ardent Partners also hosts the annual “CPO Rising” Summit and executive symposium. Register for exclusive access to Ardent Partners research at ardentpartners.com/newsletter-registration/.

Research Methodology

Ardent follows a rigorous research process born from years of market research experience conducted in the contingent workforce, talent management, and non-employee workforce management markets. The research in this report represents the web-based survey responses of nearly 285 business professionals and includes interviews from several executives. These 285 participants shared their strategies and intentions, as well as their operational and performance results to help us define Best-in-Class performance and understand what levers the leading groups use to obtain their advantage. This primary research effort is based upon the survey responses, interviews, and the experience and analysis of the report author. Complete respondent demographics are included below. To purchase reprints of this report, please email research@ardentpartners.com. For more information on this and similar topics, please visit the research library at www.ardentpartners.com.
Report Demographics

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

**Job Function:** 42% procurement; 38% HR; 11% finance; 5% operations, 4% other

**Job Role:** 31% VP-level or higher; 27% director-level; 34% manager-level; 8% other

**Company Revenue:** 56% Large (revenue > $1 billion); 23% Mid-market (revenue between $250 million and $1 billion); 21% Small (revenue < $250 million)

**Region:** 64% North America; 27% EMEA; 7% Asia-Pacific; 2% South America

**Industry:** More than 25 distinct industries are represented. Energy/Utilities, Hi-Tech, Financial Services, Manufacturing, and Retail are the largest industries in the survey pool; no industry represents more than 15% of the overall survey respondents.