



WORKMARKET

Navigating the Perfect Storm

HOW TOP IT SERVICE PROVIDERS ARE
SURVIVING IN A TURBULENT MARKET

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BUILDING AN ON-DEMAND SERVICE WORKFORCE FOR AN UNPREDICTABLE WORLD

Life for today's service providers has grown incredibly complicated. Many players in the ecosystem, including value-added resellers (VARs), managed service providers (MSPs) and system integrators (SIs) are facing the fight of their lives. The highly competitive terrain is inundated with thousands of businesses looking to establish their position in the market and ensure their future. The key to survival? Building an agile and responsive workforce that can adapt to unpredictable market conditions in real-time.

Speed is essential in today's hyper-responsive market, and an on-demand workforce can help businesses quickly overcome the challenges inherent in today's chaotic service world. This report outlines how today's IT service providers can arm themselves with the tools and talent needed to re-engineer their workforce and prepare for success in a modern world.



THE PERFECT STORM IS FORMING

Shrinking margins. Rising costs. Intensifying competition. The current tech services landscape resembles that of a perfect storm. Service providers are fighting battles on every front and must find ways to adapt in a rapidly evolving market. The most notable market forces at play include:

Customer Pressures

Most businesses today are looking to consolidate relationships with their vendor partners. The fewer partners, the better they can control service quality, costs and the customer experience. As a result, they're asking and expecting their service partners to add new capabilities so they can further centralize their service efforts. They're also demanding lower costs, which puts further pressure on their service providers to adapt while still maintaining quality.

Shrinking Margins

As margins for hardware and software continue to shrink, businesses are looking for new ways to improve profitability and grow the bottom-line. One way to do that: selling more services, where margins are much more flexible. Hardware VARs serve as a good example. With razor-thin margins for today's hardware, these companies are shifting their business towards a service model in order to remain competitive and ensure their future.

Vendor Requirements

Service executives are also grappling with tough mandates from their original equipment manufacturer (OEM) partners. Companies such as Cisco, HP, Samsung, and IBM are increasingly shifting towards higher margin products while still looking to control the end-user experience as closely as possible. As a result, they set rigorous installation requirements and mandate extensive training from their certified partners. This can be quite the challenge for service providers without the proper tools to administer and validate the training certifications.

Competitive Threats

The tech services market is quickly becoming overwhelmed with new companies seeking to establish their place in the ecosystem. Everybody is competing for the same business and newcomers are looking to displace incumbents by any means necessary. Everyone is looking for an edge and trying to stay relevant in a quickly changing world.

Talent Shortages

Human capital is the driver of economic value within every service organization and many are finding that they don't have enough, or the right, talent in place to successfully compete. A talent shortage is hindering businesses from addressing their coverage gaps. A recent Service Council survey found that 71 percent of respondents expect to face a field service talent shortage in the next 10 years.



BATTLING TODAY'S STORM WITH YESTERDAY'S ARMOR

How are today's service providers battling this storm? What types of tools and tactics are they using to stay above the fray? Let's take a look at some of the strategies being employed by today's VARs, MSPs and SIs, and why they aren't sufficient in today's complex environment:

Legacy Workforce Models

A number of service firms still rely heavily on a W-2 workforce to run their field service operations. That typically entails flying these traditional employees around the country to service customer sites. Payroll and unemployment tax, among other things, make running a W-2 team very expensive. A large, fixed-cost workforce can also limit financial flexibility and prevent businesses from being ultra-responsive to customer and market opportunities.

Manual Processes

Other service firms still use spreadsheets and phone calls and to track their contractors. These practices and processes are costly, time-consuming and susceptible to human error. By not taking a modern approach to field services, these companies are missing out on valuable opportunities to increase efficiencies, streamline operations and save hours of time.

Fragmented Technologies

Some progressive service firms have embraced a modern approach and are using technology to automate parts of the service delivery process. Unfortunately, most of them are using a fragmented approach. They use one software to recruit talent, another to manage it, and even a third for bookkeeping. This approach is complex, time-consuming and inefficient. Moreover, not having all their operational data easily accessible from a single platform prevents them from being able to conduct the comprehensive analytics needed to uncover valuable insights.

Partner Networks

In an effort to access new markets and grow their footprints, many service providers joined partner networks with regional service and staffing companies. Despite this, they were still experiencing a lack of visibility and control in terms of who showed up to do work at client sites. While the partner networks seemed convenient, many of the service providers still found themselves managing a majority of the service event anyway. Over time, the partner ecosystem grew increasingly crowded and the value chain so tight that margins began to evaporate. Factor in rising service costs and the partner model slowly became cost-prohibitive. The only way to survive was to do something they'd never done before: go directly to the source of talent.



THE NEW FACE OF SERVICE: ON-DEMAND TALENT

Over the last 5 years, the convergence of mobile technology, labor forces and changing societal habits have radically altered how services are delivered and consumed. This has given rise to what experts are now calling the on-demand economy, which has been dominated by several popular consumer apps such as Uber, Lyft, and others.

The on-demand economy isn't just changing consumer behavior though; it's also changing how businesses approach service delivery. The emergence of on-demand "work markets" is allowing businesses to synchronize labor supply and demand in real-time.

Another factor in the on-demand evolution: the changing workforce. According to a 2016 study from Ardent Partners, freelancers and independent contractors currently make up about 32% of the U.S. workforce. That number is expected to balloon to nearly 50% by 2020. The meteoric rise of the independent workforce has forced many service firms to reconsider their approach to non-traditional talent.

A recent study by Oxford Economics found that 83 percent of service executives are planning to increase their use of independent workers. That's no surprise, especially considering how valuable an on-demand workforce can be in today's unpredictable service world. Some of today's top service companies are adopting an on-demand approach to:

Lower Service Costs

- Embrace a variable cost model which enhances financial flexibility
- Reduce W-2 workforce expenses; boost margins by sourcing talent directly
- Automate key management processes to save time, which saves money

Expand Market Coverage

- Build an on-demand workforce of qualified contractors around the country
- Benefit from access to new local/regional markets to drive growth
- Close skill gaps and offer new & different services to grow service revenue

Increase Service Revenue

- Up/cross sell existing customers with newly acquired skill sets and capabilities
- Build "work markets" within high-volume OEMs using on-demand talent pools
- Aggressively bid on lucrative contracts with enhanced workforce infrastructure

Shorten Response Times

- Use intelligent routing and a nimble workforce to reduce response times
- Boost customer satisfaction and generate new business from referrals
- Win new service contracts with aggressive SLAs and outperform competitors

86% THE MOBILE REVOLUTION

The on-demand economy owes much of its success to the recent proliferation of mobile apps and smartphones. In 2016, apps dominated the mobile web, accounting for 86% of mobile usage. Mobile apps help power the instantaneous matching of supply and demand required for success in the on-demand economy. Source: Flurry Analytics



GETTING STARTED WITH AN ON-DEMAND WORKFORCE

Fortunately, making the transition to an on-demand workforce isn't as overwhelming as you might think. Whether you've got an aggressive timetable or are opting to take a more conservative approach, we've crafted a simple framework that you can follow to make sure your organization has considered every aspect of building an effective on-demand workforce.

Identify Coverage Needs

What is your existing market coverage? What are your biggest coverage gaps and in which regions are you looking to expand? Where are the biggest market opportunities and do you have a team in those cities? These are all questions you'll need to explore when crafting your plan to transition to an on-demand workforce.

Determine Talent Requirements

Now that you've determined your coverage needs, it's time to turn your attention to talent. What types of workers are you looking for? What types of skills do they need? Are certifications and insurance required? These are some of the things you'll need to think through when evaluating talent needs. Fortunately, you may be able to use some of your existing onboarding material to help facilitate this process.

Implement Compliance Controls

Businesses using an on-demand workforce of 1099 contractors need to remain cognizant of state and federal labor guidelines. Do you have proper reporting in place? Will you be able to access up-to-audit trails should you need them? You can greatly mitigate your company's compliance risk by implementing rigorous controls to make sure your workers are properly classified.

Ensure Process Alignment

What new processes will you be creating to facilitate the management of your on-demand workforce? Dispatching? Payment? Onboarding? You need to determine the roles and responsibilities of key stakeholders to ensure proper process alignment.

Formulate Execution Plan

When you're ready to put your plan in action, you'll need to ensure you've defined how you will measure success. What cost and value metrics will you report on? Be sure to conduct weekly and monthly reviews to gauge the progress of your roll-out and measure success. Use data generated from your workforce software to identify areas of improvement and refine tactical execution.

Choose the Right Technology (& Partner)

Now that you've fully formulated your strategic and tactical plans, you'll need to look for a technology solution that can seamlessly enable your transition. Naturally, you'll want to find a SaaS platform so you can benefit from a quick, easy and affordable solution. It's also helpful to enlist the help of workforce experts who can walk you through the process, prepare your team and provide best practices on making the transition to an on-demand workforce.



WHY USE ON-DEMAND WORKFORCE TECHNOLOGY?

Businesses are finding that on-demand workforce technology is helping them revolutionize every aspect of their service operation, all the way from recruitment and onboarding to training and dispatching.

The powerful, but easy-to-use technology addresses every component of the on-demand framework referenced above (coverage gaps, talent needs, compliance requirements, process alignment) and is helping service companies prepare for success in a modern world.

GAIN
WORKFORCE
VISIBILITY

ENHANCE
WORK
QUALITY

OPTIMIZE
LABOR
COSTS

DRIVE
OPERATIONAL
EFFICIENCIES

MANAGE
LABOR
COMPLIANCE



POWERING A WORK REVOLUTION

At WorkMarket, we're on a mission to power the future of work. Our labor automation platform helps businesses find, manage and pay their contractors from a single dashboard. We're revolutionizing how businesses approach service delivery in a modern world.

Our SaaS platform allow businesses to self-manage their on-demand workforce, all the way from procurement to payment and everything in between. WorkMarket provides the tools, talent and technology needed to build an on-demand workforce and thrive in a turbulent service world. A perfect storm is forming and it's only a matter of time before it hits close to home. Service organizations are facing the fight of their lives. The harsh reality? Some will survive, others won't. Will you be ready?

“ Contingent workers enable companies to respond to upturns and downturns more quickly, so they have more flexibility and versatility to respond to rapidly changing market conditions. ”

– Deloitte's 2016 Global Human Capital Trends Report





Take the First Step in Building Your On-Demand Workforce

Contact sales@workmarket.com or call 877-654-WORK
to talk to one of our workforce experts.

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