

# As Job Growth Lags, Companies Outsource Work To Freelancers Through The Cloud

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This a guest post by [Elena Kvochko](#), an information communications technologies specialist.

Updated Sept. 6, 2013. In the face of the [latest disappointing jobs report](#), a growing number of companies are outsourcing jobs to online freelancers as a way to cut costs and gain greater flexibility. For a variety of reasons, this trend is likely to accelerate and transform the way we work, requiring employees to improve their skills and adapt to the changing job market

Using the online marketplace, which connects jobs seekers and employers, companies ranging from startups to the Fortune 500 are finding everything from IT specialists to personal assistants in the cloud. The size of the global online work industry, currently estimated to be between \$1 billion and \$2 billion, is expected to grow to \$5 billion by 2018.

Marketplaces include Elance, Guru, Freelancer.com and oDesk—one of the biggest, with 1.5 million jobs posted on its platform last year, performed by 3.5 million contractors. This month, oDesk announced that over [\\$1 billion](#) worth of work has been done through its platform since 2005.

[Gary Swart](#), the company's CEO, says oDesk sees demand for just about any job that can be done in front of a computer, including lawyers, accountants and strategic consultants. Online job marketplaces are a major disruptor in the world of work, says Swart, who estimates that by 2020, one in every three workers will be hired online.

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In 2005, when the first platforms were launched, most jobs required basic skills, such as data entry, simple coding and other tech tasks. Some companies, such as Samasource, Amazon Mechanical Turk, CloudFactory, CloudFlower, 99designs, Microtask, and MobileWorks, deliberately focus on routine tasks performed by low-income workers, who are ready to take assignments at a rate starting from a few cents to a couple of dollars per task.

But that's clearly changing. During the past year, some of the categories in hottest demand were social media marketing, academic writing, research, design, data analysis, infographics, virtual assistants, translations, and IT. On Elance, the average hourly rate was \$28 - almost four times more than the federally mandated minimal wage. Still, critics note, online jobs marketplaces relieve companies from the minimum wage, maximum working hours, health insurance and other commitments.

U.S. companies are the biggest users of Elance, reflecting \$166 million in revenues for the company, but the demand from non-U.S. employers is the fastest growing segment. Americans have obvious advantages, such as knowledge of the language, culture, and context; and possess a wide range of advanced skills. But since jobs are open for worldwide bidding, U.S. freelancers face [competition](#) from many other nations, including India, Pakistan, the Philippines, the UK, Canada and Bangladesh.

Although the U.S. is among the top countries profiting from online job marketplaces, industry leaders say their



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platforms do not transfer jobs from the U.S. to other markets, but rather add additional work opportunities. According to the University of California, Irvine, in 2010, [57%](#) of workers registered on Amazon Mechanical Turk came from the U.S. In 2007, U.S. employers represented 78% of dollars spent on oDesk, and by 2012 this number fell to 60% suggesting that non-U.S. employers can also create jobs for Americans. Currently, U.S. workers are ranked third by the amount of dollars earned on oDesk. Only 17% of oDesk's clients say they would hire locally if online freelancers were not available, Swart says.

In emerging economies, job creation via the Internet is a catalyst for growth and a part of government-supported efforts. Governments in developing countries and the largest development institutions, such as the [World Bank](#), are adopting the online work approach as a catalyst for job creation for disadvantaged populations. [Nokia partnered](#) with the World Bank to offer cash prizes for the best mobile microwork solutions. Online workers have no guarantees of being paid for their work, but for many people, including unemployed young professionals, it is the only way to have a job.

Thanks to technology, companies are able to tap into "brainpower all over the world," says Samasource CEO, [Leila Janah](#). "We go into places that are full of very low income individuals, give people access to Samasource jobs, and train them how to do those jobs," says Janah. "These people don't normally have access to that sort of training and those types of opportunities." Samasource is now scouting for talent from India, Northern Uganda and Kenya, and is contemplating expanding into Latin America, she says.

In the future, the world of work will be comprised of blended teams consisting of workers on premise, local temporary workers, partners and temporary workers that come to work via the Internet, Swart says. As the Internet flattens the job market, employers can select workers from a global pool of candidates without opening branches in other regions.

There will also be fewer full-time jobs. Americans between 18 and 29 are [more likely](#) to end up with a part-time job, regardless of their education. Employees will need to invest more in their skills and professional profiles to remain competitive. Samasource launched SamaUSA, which helps teach U.S. students to be successful in online work.

The key for employees is to maximize opportunities by improving online "signals of excellence," says [Michael Fertik](#), CEO of Reputation.com. Online profiles, ratings and recommendations can all help you create more pricing leverage.

The continued growth of online job marketplaces will create pressure on both employees and businesses to become more flexible and efficient. While online workers cannot perform all jobs, these platforms have demonstrated that companies can leverage the talents of millions of literate and skilled individuals located throughout the world. Already, this trend is changing the perception of employees and the composition of work teams. As it accelerates in the years ahead, it may radically alter the way many of us work.

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