



By Bridget Mintz Testa

FINDING TALENT THROUGH CROWD SOURCING

STAFFING MEETS OPEN SOURCING

Crowdsourcing, as a term, was invented by writer Jeff Howe in the article, “The Rise of Crowdsourcing,” published in *Wired* magazine in June 2006. Here is the way Howe formally defines it: Crowdsourcing is the act of taking a job traditionally performed by a designated agent (usually an employee) and outsourcing it to an undefined, generally large group of people in the form of an open call. And here is his “soundbite” definition: The application of Open Source principles to fields outside of software. Howe doesn’t say that this “undefined, large

group of people” is usually, but not always, volunteers, but that is frequently the case with open source. This is how the Internet was built. The Linux operating system that’s now challenging Windows is also a prime example of the open source model.

Howe, of course, didn’t invent the crowdsourcing notion. He simply, but cleverly, coined the term and pointed out some interesting ways the open source model of creating software is being applied elsewhere.

This brings us to staffing, where crowdsourcing takes on a different meaning. It’s no longer about using volunteers to provide products and services. Instead, it’s about putting clients and talent together in new ways, sometimes directly, through more

open marketplaces. The products and services are there, but no longer on a volunteer basis.

Within the staffing industry, the concept is very new and, for some, still fairly threatening. As we’ll show, however, crowdsourcing offers many benefits for staffing companies.

Aquent was among the first staffing companies to try out a limited form of crowdsourcing in the late 1990s, and it’s still doing so. MyBizOffice and especially oDesk are closer to being true crowdsourcing companies, since they allow talent and employers to interact directly. The two companies’ business models have nothing in common, however, and neither one makes a dime from matching candidates and jobs. Let’s see how these three companies have adapted the crowdsourcing approach to their business model.

Aquent: Letting Clients In

Founded in 1986, headquartered in Boston and operating out of 72 offices in 17 countries, privately owned Aquent is not afraid to re-invent itself when necessary, demonstrating that the usual industry business model can be just as flexible as the talent is. Aquent started its re-invention back in the late 1990s when it tweaked the conventional get-a-job-requisition-and-send-back-resumes staffing process.

Aquent did this by letting clients get direct information on creative associates via a first-name-only portfolio section of its Web site. What made this crowdsourcing was that it allowed clients to have direct access to all the creative associates' profiles and portfolios. What made it a limited version was that it didn't allow direct client-associate con-

tact. Aquent's business model, like that of every staffing company's, requires that it be in control of those contacts. This limited version of crowdsourcing was quite successful and shows that it can work, even within the conventional staffing business model.

Through still images, video, photos and writing samples, the portfolios showcased thousands of associates' talents in 37 categories, such as architectural illustration, television and film graphics, and marketing/communications writing. Clients could also read a short description of an associate's training, past work and skills. Some portfolios even included links to an associate's professional Web site.

All this is about to change, however, because Aquent is re-inventing itself again. "Our business has

evolved in the last six years from creative to marketing," says Ann Webster, president of Aquent North America. "Marketing people don't have portfolios. We have a big project underway to transform to the current marketplace."

With an expected completion by the end of the year, this project will be a new online interactive community or "talent portal" driven by the marketing talent itself. Associates' profiles will be the portal's primary feature. Aquent will use the same limited version of crowdsourcing, maintaining control of the client's access to associates, but again allowing clients to view profiles just as they could view portfolios. Creative associates' portfolios will still be available, but will offer bigger images, Flash files and other technical enhancements. Many of the portal's facets – such as blogs, message boards and moderated communities on specific marketing areas – will be for the associates.

MyBizOffice: Solving the 1099 Dilemma

We first wrote about Herndon, VA-based MyBizOffice.com last year in *SI Review*, but since then, the company's synergy with the staffing industry has emerged as a compelling story. That synergy owes much to MyBizOffice's intrinsic use of crowdsourcing for consultants.

MyBizOffice's business model is that of an employer-of-record for independent contractors, consultants, freelancers and other free spirits who don't want a normal job but whose clients worry about the liabilities of 1099 work. The company provides "an alternative to consultants having to self-incorporate and have all the headaches of running a business of one," says president and CEO Gene Zaino. "We provide all the infrastructure to let them do what they want to do and get work they wouldn't otherwise be able to get."

That infrastructure includes a com-

OTHER MODELS TO WATCH

New business models such as crowdsourcing don't exist in vacuums. Thanks to technology and globalization, novel ideas for bringing people and work together keep popping up. Here are just a few examples that staffing companies might want to watch.

CollabNet – It's a software company that's developed a Web-based platform where geographically distributed teams can collaborate on projects just as if they were in the same office. Staffing companies could use CollabNet for their own needs, to assemble teams of developers for client projects or as a model for other types of collaborative work.

Linked In, Downtown Women's Club – Social networking sites such as these offer staffing companies places to find professionals with highly desirable skills, expertise and experience. By directly interacting with individuals and reading their blogs and message board postings, staffing recruiters can assess a person's capabilities. It's overkill for most positions, but for finding top candidates, it's another avenue to consider.

Amazon Mechanical Turk – Generally paying a few cents per completed human intelligence task (HIT), this site allows software developers to take tasks that computers can't do and distribute them globally via the Internet to take advantage of human intelligence. A common type of task is the identification of an object in a photo or the selection of the best image in a group. These are tasks that computers can't do at all, but humans do well. Still an experiment right now, this subsidiary of Amazon.com takes crowdsourcing to its limits. Its evolution could be a leading indicator for outsourcing. **SI**



plete group insurance benefits package, a 401(k) retirement program, a billing and payment system, pre-tax expense reimbursement, access to contractual advice, a complete online marketing "Connection Center," access to other MyBizOffice employees for creating project teams, and even help for consultants in forming their own firm affiliated with MyBizOffice. Consultants, as MyBizOffice employees, find their own clients and set up their own payment terms. The company provides the marketplace, and consultants joint up – crowdsourcing occurs naturally.

Companies that want to hire consultants also use MyBizOffice. "Clients come to us to 'give' us their people," Zaino says. The company has built an online process around 1099s that determines if a client's use of consultants is fully compliant with the law. If so, then the client can hire on a 1099 basis. If not, then the client "comes to us to aggregate all the different consultants and freelancers, who become employees of MyBizOffice." Companies trying to hire consultants who don't want "real" jobs find that MyBizOffice serves as a recruiting tool for those recalcitrant souls.

Once a client hires consultants through MyBizOffice, it can create an online talent pool through the company's site that no other client can access. All its MyBizOffice consultants' information is consolidated at that one location. The client can then post contract assignments to this group.

This is true crowdsourcing for both the employer and the independent, although from the employer's viewpoint, the crowd is limited to the consultants in the employer's talent pool. It's an ever-growing pool, however, since clients

hire new consultants every day, and consultants regularly acquire new clients, and all of them can come together on MyBizOffice.com.

Some staffing companies see this full-bore direct client-to-consultant crowdsourcing as competition, but Zaino says, "MyBizOffice does no matchmaking and probably never will." The company does absolutely no job recruiting or project posting. Consultants find their own clients, and clients only post jobs to their own MyBizOffice talent pools. MyBizOffice's operating revenue comes from a 5% commission on the providers' fees.

Indeed, MyBizOffice's relationship with staffing companies is complementary rather than competitive at this point. The proof is that more than 200 staffing companies all over the United States use MyBizOffice, and Zaino says that's one-third to 40 percent of the company's business. "We have master agreements in place with all the big staffing companies and many small and medium ones," he says.

Staffing companies use MyBizOffice's crowdsourced talent just as any other company would. When a staffing company wants to

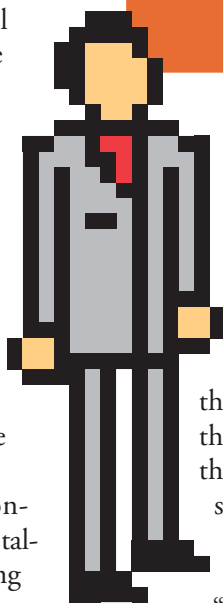
ing work and matching resources and talent with projects," Zaino says. "We give them more creative ways to access talent they wouldn't otherwise be able to access. We are providing the enabling infrastructure to let people operate more transiently, and that will feed the talent pool for the staffing industry. We make it easier for talent and staffing companies to work together."

oDesk: Building Trust At Any Distance

Founded in 2004 and headquartered in Sunnyvale CA, oDesk is a start-up technology company. It's also a crowdsourcing company, because it lets buyers – those who have the work, and providers – those who do the work – match up directly through open calls.

oDesk goes beyond just direct contact, though. It adds a high-tech Web-based management system to the crowdsourcing basics, making it easy for buyers to keep tabs on providers, no matter where each party is in the world. oDesk's Web-based platform provides a unique virtual environment in which buyers can manage remote teams, keep tabs on work and productivity, track hours and pay providers.

CROWDSOURCING IS THE ACT OF TAKING A JOB TRADITIONALLY PERFORMED BY A DESIGNATED AGENT (USUALLY AN EMPLOYEE) AND OUTSOURCING IT TO AN UNDEFINED, GENERALLY LARGE GROUP OF PEOPLE IN THE FORM OF AN OPEN CALL.



bring in consultants who don't want to become staffing company associates, those consultants can either become MyBizOffice employees or subcontractors to MyBizOffice on a 1099 basis. "We become a recruiting tool for staffing companies who can use these people through us without all the headaches," Zaino says. In fact, the entire staffs of some 20 or 30 small recruiting or staffing companies throughout the country are MyBizOffice employees. "Staffing companies are great at find-

Buyers can do all this almost as if they're in the next room instead of hundreds or thousands of miles away from the providers.

oDesk doesn't recruit talent. Providers join up free just as they would on an Internet job board. They don't immediately get to hook up with buyers, though. "We test our providers to demonstrate their technical capabilities, plus we use a ranking system in five or six categories," says Gary Swart, CEO. "So when a buyer hires a provider, they can see the provider's test scores, rankings, pay,

historical pay rates, skills, resume and entire work history. There is a fact-based profile for every buyer.” Providers can see similar information about buyers, so it’s an open and honest marketplace for both sides of the exchange.

Buyers post jobs or project requirements on oDesk, also at no cost, and they can either scan existing resumes or wait for applicants. Buyers conduct interviews with applicants via oDesk’s instant messaging system. According to Swart, each posted job gets an average of 12 applicants, and an actual hire takes an average of three days from the time the job is posted. oDesk does not mediate the matchups in any way; buyers and providers handle all negotiations themselves.

Once the hire is made and the work begins, oDesk’s virtual management environment comes into play. “We want the buyer to manage by walking around even though the worker is remote,” Swart says. To create the virtual environment, the buyer installs software on his computer that creates a Web-based “team room.” The provider logs into the team room with a Web browser, and all work is done there. Buyers can log in, see if the worker is logged in, what he or she is doing and chat. Screen sharing lets the buyer see exactly what the worker is working on. Each team room has a source code repository that tracks all new uploads and keeps them separate, so again, the buyer can see what’s being done and review the work.

Providers use the system’s automatic task-tracking software to check off tasks, and buyers can verify task completion because they have the uploaded code. Because buyers obviously don’t want to spend all their time sharing screens and watching what their remote staffers are doing, oDesk’s system snaps six screen shots an hour at random intervals. Thus, buyers can check any time to make

sure providers aren’t playing games, surfing the Web or chatting with significant others on the buyer’s time. oDesk can also install a Webcam on the worker if the buyer wants – and 60% of providers have Webcams because buyers do want them. It may sound a bit like Big Brother, but many buyers also have Webcams on them, too, so everyone can see each other when they chat and discuss the work. “The system helps build and maintain trust in remote relationships,” Swart says. “This is the biggest issue is such relationships.”

Payment is a snap through oDesk’s platform. Providers’ working hours are automatically tracked, and the buyer can audit those hours with the screen shots and code uploads. Once a buyer signs off on the number of hours, the system automatically pays the provider. No invoicing is necessary.

Neither buyers nor providers pay to sign up on oDesk, and the virtual management environment is free, too. The company’s revenue comes from a 10% markup on providers’ chosen hourly rates, payable when the job is finished. Although the percent is fixed right now, oDesk is looking at other pricing options. “It is free to post, free to hire, you only pay for hours worked and that is how we and the providers make money,” Swart says. “We also charge a 10% fee for fixed-price assignments at the time of completion and acceptance of the work. Customers see value in the manage and pay aspects of our solution.”

Though some might see oDesk’s model as a competitor for staffing companies, Swart insists it isn’t. “We have staffing companies that come to us for people,” he says. “They keep the relationship with their client, which oDesk doesn’t want.” Staffing companies can pre-screen and interview job applicants through oDesk and recommend the best to their clients. “The markup on remote

applicants can be more than with local applicants, where oDesk does all the work of finding and ranking them. We can add significant value to staffing companies. We want to work with them, not displace them.”

Also, oDesk’s globally crowdsourced access to remote talent can be particularly beneficial to small- or medium-sized staffing companies. Swart cites one small staffing company that had considered going to the trouble and expense of setting up a shop in India. “They chose to use oDesk instead,” he says. “We can make a small, local staffing company into a global one.”

Accepting Crowdsourcing

Crowdsourcing, in terms of staffing, is a rapidly evolving method of matching talent and clients. Aquent’s limited version of the technique – allowing clients to view associates’ portfolios and profiles directly – demonstrates one way that established staffing companies can adapt the method to their needs. Through MyBizOffice.com, crowdsourced independent consultants can get work from 1099-shy clients through the company’s employer-of-record status. Clients can crowdsource from their own MyBizOffice pool of consultant talent. And staffing companies can use the company as a recruiting tool for consultants who don’t want to become staffing associates. oDesk’s buyers and providers crowdsource themselves to each other, and the company’s Web-based platform enables buyers to manage their remote workers with the same level of trust as if they were in the next room. Staffing companies can adapt crowdsourcing to their operations, use it as an adjunct of their business or find their own unique way to take advantage of it. **SI**

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