Rise of the Human Cloud:
How Agile Talent Pools Will Transform Talent Management

Toptal
Saurin Patel
Senior Client Partner
The Future of Work:
The Human Cloud
First, some context
The talent gap is real

Over 70% of CEOs describe talent gaps as a significant impediment to company growth and performance, and 75% believe that a skilled, educated, and adaptable workforce should be a priority.

- PwC’s 2016 Global CEO Survey

77% of companies consider a lack of digital skills to be the key hurdle to their digital transformation.

- Capgemini, MIT Center for Digital Business

78% of respondents consider the ability to add the right talent to be one of the primary risks to their organization.

Toptal Future of Work Survey
Organizational models are changing

For any Exponential Organization, having staff on demand is a necessary characteristic for speed, functionality and flexibility in a fast-changing world.

- Exponential Organizations - Ismail, Malone, Van Geest

Within 10 years we will see a new Global 2000 company with no full-time employees outside of the C-suite.

- Accenture Tech Vision 2016

Toptal Future of Work Survey

Top 5 Drivers of Agile Talent

1. Flexibility (18%)
2. Access to Expertise (15%)
3. Speed (14%)
4. Cost (10%)
5. Innovation (9%)
More talent is moving to independent work

20 to 30 percent of the working-age population in the United States and the EU-15, or up to 162 million individuals, engage in independent work.

- McKinsey Global Institute

By 2020, 50% of the U.S. workforce will be freelancers.

- Forbes
And more work is being done remotely

Between 2012 and 2016, the proportion of Americans working remotely rose from 39% to 43%. The proportion who only work remotely went from 15% to 20%.

- Gallup State of the American Workplace Survey

85% of Millennials want to telecommute 100% of the time.

- Forbes, Flexjobs Annual Survey

5% of respondents expect the use of remote talent in their organization to decrease in the next 2-3 years.

Toptal Future of Work Survey
Now some questions
At the moment, HR is not involved

In the research for the book *Agile Talent*, HR leaders were asked to describe their time investment in agile talent.

95% indicated that they had little to no involvement in managing Agile Talent at their organization.

Source: Agile Talent Collaborative 2017
How many of your HR teams manage outside talent today?
How many don’t manage outside talent, but are thinking about it or moving towards that model?
How many believe that leveraging outside talent effectively is a strategic advantage?
How many believe that your organization actually leverages outside talent strategically?
New challenges and patterns of work are emerging
• Over 1,000 executives and managers participated
• Broad range of functions and industries
• Small, medium, and large organizations represented
• All major geographic regions included
• Conducted by The Agile Talent Collaborative and Toptal
We identified 5 major themes

1. Talent is a critical risk factor across functions, industries, and geographies

2. To help address this gap, organizations are turning to agile talent and a blended workforce

3. Organizations are leveraging a wide range of talent providers, with limited success

4. Maximizing the value of the blended workforce requires new skills, measures, and ways of working

5. Agile talent working remotely offers several advantages and is inevitable, but change is hard
1. Talent is a critical risk factor across functions, industries, and geographies
Finding the right talent is a top concern for the leaders in our survey

Do you consider the ability to add the right talent to your organization to be one of the primary risks to the success of your organization?
This risk is consistent across all areas of the organizations we surveyed.....

Do you consider the ability to add the right talent to your organization to be one of the primary risks to the success of your organization?
Do you consider the ability to add the right talent to your organization to be one of the primary risks to the success of your organization?
2. To help address this gap, organizations are turning to agile talent and a blended workforce
Who Are Agile Talent?

Individuals who:

• Are outside talent, working in collaboration with internal employees to drive outcomes

• Often prefer autonomy and flexibility in determining their workload and work portfolio

• Extend the strategic capability of their client organization through their expertise and experience

• Typically engage in project-based relationships with finite timeframes
Agile talent is a growing source of talent relief

Research by McKinsey estimates that 162 million people in the U.S. and EU-15 engage in independent work, which is 20-30% of the working-age population.

Forbes suggests that 50% of the U.S. workforce will be freelancers by 2020.
Our survey results support the idea that it is already prevalent in business.

What percentage of the talent in your organization are currently agile talent (outside talent)?

91% of the organizations surveyed leverage agile talent.
The view that the use of agile talent is going to increase is not new.

A survey by Deloitte in 2014 asked respondents about their plans for the use of contingent workers over the next 3 to 5 years, with the majority expecting use to increase.
Our research supports that theme, and shows that usage is accelerating.

Over the next 2-3 years, is the use of agile talent in your organization likely to increase or decrease?

76% of the respondents expect their organization's use of agile talent to increase.
Flexibility and access to expertise are the primary drivers of the blended workforce.

<table>
<thead>
<tr>
<th>Top 5 Drivers of Agile Talent Use</th>
<th>% of Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flexibility</td>
<td>18%</td>
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<td>Access to Expertise</td>
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<td>14%</td>
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<tr>
<td>Cost</td>
<td>10%</td>
</tr>
<tr>
<td>Innovation</td>
<td>9%</td>
</tr>
</tbody>
</table>
3. Organizations are leveraging a wide range of talent providers, with limited success
There is no clear dominant provider category for agile talent

When you seek agile talent to complement your full-time employees, which of the following providers are most regularly used by your teams?
Customers aren’t happy with the status quo

How satisfied are you with the processes by which you currently add agile talent to your teams?

Less than half of our respondents (44%) are satisfied with their current processes to add agile talent.
Quality is almost twice as important as cost when choosing a provider

When you engage agile talent providers, what are the 3 primary factors that drive your selection of provider?

<table>
<thead>
<tr>
<th>Criteria</th>
<th>% of Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of talent</td>
<td>27%</td>
</tr>
<tr>
<td>Experience level of talent</td>
<td>18%</td>
</tr>
<tr>
<td>Cost</td>
<td>15%</td>
</tr>
<tr>
<td>Speed (time to fill)</td>
<td>11%</td>
</tr>
<tr>
<td>Reputation of talent provider</td>
<td>8%</td>
</tr>
</tbody>
</table>
4. Maximizing the value of the blended workforce requires new skills, measures, and ways of working
Setting clear expectations with the best possible talent drives success

In your experience, what are the top 3 success factors for using agile talent effectively?

<table>
<thead>
<tr>
<th>Top Success Factors</th>
<th>% of Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Set expectations</td>
<td>18%</td>
</tr>
<tr>
<td>Find the best possible talent</td>
<td>15%</td>
</tr>
<tr>
<td>Rigorous performance measurement and feedback</td>
<td>11%</td>
</tr>
<tr>
<td>Ongoing communication</td>
<td>11%</td>
</tr>
<tr>
<td>Ensure cultural fit</td>
<td>11%</td>
</tr>
</tbody>
</table>
As the blended workforce grows, concerns follow

What are the top 3 concerns you have about working with agile talent?

<table>
<thead>
<tr>
<th>Top Concerns</th>
<th>% of Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of talent</td>
<td>15%</td>
</tr>
<tr>
<td>Onboarding time to productivity</td>
<td>13%</td>
</tr>
<tr>
<td>Cultural fit</td>
<td>12%</td>
</tr>
<tr>
<td>Security of proprietary information</td>
<td>10%</td>
</tr>
<tr>
<td>Time and effort required to source agile talent</td>
<td>9%</td>
</tr>
<tr>
<td>Availability of suitable talent to meet our needs</td>
<td>9%</td>
</tr>
<tr>
<td>Cost of agile talent</td>
<td>8%</td>
</tr>
</tbody>
</table>
Quality is always the top concern, other concerns vary by company size

<table>
<thead>
<tr>
<th>Company Size</th>
<th>1 (Top Concern)</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 500</td>
<td>Quality</td>
<td>Cultural fit</td>
<td>Time to onboard</td>
<td>Availability</td>
<td>Security</td>
</tr>
<tr>
<td>500-1000</td>
<td>Quality</td>
<td>Cultural fit</td>
<td>Security</td>
<td>Time to onboard</td>
<td>Provider service</td>
</tr>
<tr>
<td>1000-5000</td>
<td>Quality</td>
<td>Time to onboard</td>
<td>Cultural fit</td>
<td>Security</td>
<td>Availability</td>
</tr>
<tr>
<td>5000-10000</td>
<td>Quality</td>
<td>Time to onboard</td>
<td>Cultural fit</td>
<td>Security</td>
<td>Sourcing time/effort</td>
</tr>
<tr>
<td>Over 10000</td>
<td>Quality</td>
<td>Time to onboard</td>
<td>Cultural fit</td>
<td>Availability</td>
<td>Security</td>
</tr>
</tbody>
</table>
For senior leaders, culture matters - at the team level, it’s all about productivity

<table>
<thead>
<tr>
<th>Level/Role</th>
<th>1 (Top Concern)</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>Quality</td>
<td>Cultural fit</td>
<td>Time to onboard</td>
<td>Security</td>
<td>Provider service</td>
</tr>
<tr>
<td>VP</td>
<td>Quality</td>
<td>Cultural fit</td>
<td>Time to onboard</td>
<td>Security</td>
<td>Availability</td>
</tr>
<tr>
<td>Manager</td>
<td>Quality</td>
<td>Time to onboard</td>
<td>Security</td>
<td>Availability</td>
<td>Sourcing time/effort</td>
</tr>
</tbody>
</table>
5. Agile talent working remotely offers several advantages and is inevitable, but change is hard.
Agile talent work is frequently remote, offering both benefits and challenges

How much of your agile talent works outside of core company locations (remotely)?

42% of respondents report significant remote work by agile talent.
Growth of remote work is inevitable, despite the challenges

Over the next 2-3 years, is remote or distributed work in your organization likely to increase or decrease?

The majority of respondents expect the amount of remote work to increase, and only 5% expect it to decrease.
Surprisingly, the most significant barrier to remote work is manager training.

What are the top 3 barriers preventing your teams from better leveraging remote agile talent?
A new way to engage talent: The Human Cloud
History offers a window into the future

**Factories** used to have their own sources of power before we developed power distribution at scale, providing reliable power on demand.

**Software** was once purchased and installed on corporate servers or personal computers, but now most of our software is purchased as a service, available on demand.

**Technology infrastructure** was built on expensive, hosted, inflexible infrastructure before computing power was moved to the cloud, available as needed and on demand.

Why would talent be any different?
Enter the Human Cloud

Current employment and organizational structures, which are slow, rigid, and cumbersome, are unable to keep up with the pace of change in business and society.

The Human Cloud allows organizations to engage exactly the talent they need, exactly when they need it, to build teams on demand.
Models must change to support this shift

For organizations to engage on-demand talent at scale, models must change to reduce friction, improve certainty, and increase speed.

- Discovery
- Speed
- Cost
- Validation
- Administration
- Quality & Fit
- Flexibility
- Visibility
What is driving the shift to on-demand talent?

Increased demand for skilled individuals, coupled with an increase in the pace of change in business, is driving this shift.

However, key developments, particularly in technology, have enabled this trend to accelerate:

**Cloud-based Software** allows teams to easily collaborate, scale, and work from anywhere.

**Cloud-based Infrastructure** allows individuals to work independently on common environments, while compartmentalizing access, increasing ease of distributed use, and enabling consistency.

**Improved Collaboration Tools** allow teams to collaborate easily from anywhere, in real time.

**Improved Work Management Tools** allow managers to set tasks and track progress, and allow teams to share work products and work cross-functionally, from anywhere in the world.

**Increased Broadband Penetration** allows people to work effectively from anywhere, leveraging the enhanced technologies to collaborate in real-time.
We are in the early stages, with many models

Human Cloud Categories - Staffing Industry Analysts (SIA)

Global Talent Platforms - Staffing Industry Analysts (SIA)

Staffing Industry Analysts estimates that the total revenue generated by Human Cloud companies globally was $46B - $51B in 2016, doubling in size in one year.
Flexible work patterns will continue to grow, especially as a new generation of talent enters the workforce.

But that doesn’t mean we will all work in the “Gig Economy”
## The two gig economies

<table>
<thead>
<tr>
<th>Gig Economy</th>
<th>Talent Economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>The platform is the differentiator, the talent is an enabler</td>
<td>The platform is an enabler, the talent is the differentiator</td>
</tr>
<tr>
<td>The work is commoditized</td>
<td>The work is differentiated</td>
</tr>
<tr>
<td>Talent is commoditized</td>
<td>Talent is the central value point</td>
</tr>
<tr>
<td>Downward wage pressures are high</td>
<td>Skill gaps are high</td>
</tr>
<tr>
<td>The platform controls the talent’s experience</td>
<td>The talent controls their experience</td>
</tr>
<tr>
<td>Limited growth potential for the individual</td>
<td>High growth potential for the individual</td>
</tr>
</tbody>
</table>
For organizations, on-demand teams will be critical.

Building flexible, on demand teams that are a blend of internal and external talent must become a core competency of leading, innovative, nimble organizations.
What does this mean for HR?
Get Involved
Agile Talent is leading to new workforce models

**Traditional**
- Agile talent is limited and discretionary
- Organizational preference for traditional employee relationships

**Strategic**
- Agile talent is core
- Expansive use of agile talent to augment internal strategic work

**Transformative**
- Agile talent is base
- Few internal resources - organization is assembled from agile talents

Source: Agile Talent Collaborative 2017
How do we build and manage blended teams?

1. Communicate a **clear vision** of the blended workforce you are creating
2. Enact the blended workforce as a **core competitive advantage**, not a one-off tactic
3. Establish a **compelling employer brand**
4. **Focus on outcomes** and performance management
5. Develop a **strong network of partnerships**
6. Architect organizational **readiness and alignment**
7. Invest in strong and aligned **leadership skills**
8. **HR must be in the game** and play a strong leadership role
Presenter

Toptal
Saurin Patel
Senior Client Partner
saurin@toptal.com
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