

## The Rise of the Freelancer- Business News

With India home to more than 15 million independent workers, companies, both big and small, are hiring more freelancers than ever.



Nivedita Jayaram Pawar, an editor-turned-freelancer, feels freelance work gives her the freedom to do what she wants to do and she is "a lot more happier and content." (Photo: Rachit Goswami)

After working as a management consultant for 12 years, Sudhanshu Singh felt he wasn't learning much or working to his potential. "I wanted to work in newer areas and on projects I knew I could do best, but an organisational system doesn't give that choice," he says. So, on November 23, 2009 - a day he says he will always remember for regaining control of his life - he bid adieu to his job and turned freelancer.

In these six years, he has had enough projects to keep him busy, earns a decent amount, gets time to read, and is pursuing PhD in hospital management.

# BIG BUSINESS

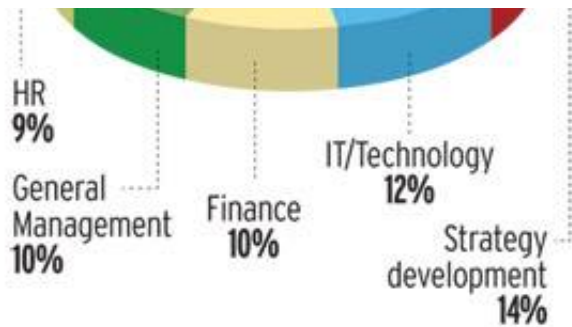
This year, professional services firm PwC launched an online market place, Talent Exchange, for matching freelancers with internal projects.

Professional services firm Ernst & Young has a pool of 300-plus freelancers it hires on a regular basis.

IT firm Microland has outsourced several middle and senior executive roles to independent consultants.

## Top Skill Areas





Pool of 17,000+ consultants; Source: Flexing It

Singh is not alone. In fact, he is part of India's '15-million and growing' freelancer population, according to estimates from Truelancer, an online marketplace for freelancers. This is just after the US, which has 53 million independent workers, as per data from the U.S. Bureau of Labor Statistics. The global market for freelancers is worth \$2-3 billion, of which India accounts for \$1 billion, according to Truelancer data. The global market has been growing at 14 per cent a year for the past few years.

While it is clear that rising internet penetration and use of technology for remote work have given people an opportunity to escape the grind of a regular job, freelancers, it turns out, are not the only beneficiaries of the trend. Companies, even big ones such as Ernst & Young, are also adding tremendous value by giving out specialised jobs not done throughout the year. And for start-ups that cannot afford to hire full-time staff, the trend is nothing short of a godsend.

### **Changing Paradigm**

One reason companies are tapping outsiders for even important work is high wage inflation and rising costs and complexity of training people and providing infrastructure. Compliance, for instance with provident fund and tax rules, is also an issue. "India has had double-digit salary inflation for a long time. The global average is 2-3 per cent. This has steadily increased the cost of doing business," says Padmaja Alaganandan, Partner and Leader, People & Organisation Practice at consulting firm PwC. "Companies are increasingly focusing on non-linear models where the targeted rise in revenue does not translate into a similar increase in the number of full-time hires or the overall compensation cost," she says.

"All companies can outsource 10-25 per cent workforce if they think about the supply chain strategically," says Manish Sabharwal, Chairman and Co-Founder of Teamlease, a staffing company.

Trends suggest things are already moving towards this. "We will see large organisations retain core teams, and potential leadership talent and use external resources in roles that require hyper specialisation and skill sets that are niche and unviable to build internally," says PwC's

Alaganandan.

Take Bangalore-based IT infrastructure and cloud services company Microland, which uses freelancers for senior roles too. Its corporate communications leader, for example, is an independent consultant. "We hire independent consultants when we need specific skills for a short duration. We sign an agreement that they will work only for us during this period. This way we get the best talent to work for us without conflict of interest," says Founder and MD Pradeep Kar. This, he says, works well, as these are experienced people and don't need to be told what they are expected to do.

Edureka, a five-year-old online learning platform, has built its entire business around freelance teachers. It has 500-plus instructors on its platform who moonlight the courses on weekends or in evenings. "We don't have a single in-house instructor. Hiring full time will not work, as in such a case I will have to pay crores in salaries, which isn't viable," says Co-Founder and CEO Lovleen Bhatia. "But I don't have freelancers in my core teams of technology and data security as here the main roles are ideation and business development, which are not clearly defined, due to which there will be practical challenges in delegating and defining the output required," he says.

However, start-ups and smaller companies are giving even their core work to outsiders as they may not be able to afford high-quality talent on a full-time basis. Over 40 per cent companies that have registered projects at the New Delhi-based online freelance marketplace, Flexing It, are start-ups.

Take Gurgaon-based bus aggregator Shuttl, which has been using freelancers for working on the user interface of its app and content creation for marketing. "Using freelancers for creative work helps as they bring fresh perspective," says Co-founder Amit Singh. It had earlier outsourced the development of its iOS app. "The app was to be a replica of the Android version that we had already developed. We outsourced it as we wanted our team to focus on core problems rather than tasks that are fairly standardised." It has a pool of eight freelancers it gives work to regularly.

Even the government has announced that it will hire freelancers to digitise documents under the Digital India Platform. Dipesh Garg, the Founder of Truelancer, says the Singapore government has also contacted them for hiring freelancers.

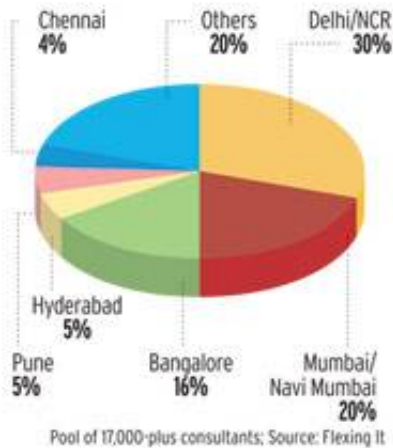
### **Changes Afoot**

Earlier, the freelance model existed mostly in the services industry. Now it is there in all sectors, including fast moving consumer goods and auto, as companies tap external talent, including suppliers, distributors and research experts, says PwC's Alaganandan.

Another big change has been in the nature of work. Earlier, most jobs involved data entry and other low-value work. There was nothing for

executive roles, says Chandrika Pasricha, Founder and CEO of Flexing It.

## TOP CITIES FOR FREELANCERS

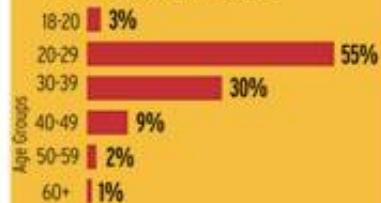


## FACT CHECK

Here are the findings of a survey by global cross-border payments platform Payoneer

→ Men freelancers in India charge an average 11 per cent more than women

→ Most freelancers are in the 20-29 year bracket



→ The average hourly rate (in the 180 countries surveyed) is \$21. The average hourly rate in India is slightly lower (\$19)

→ 55 per cent Indian professionals charge under \$10 an hour, 29 per cent between \$11 and \$30, and 15 per cent over \$30 per hour

Sample size: 23,006 worldwide, 1,973 in



Now, a number of companies are also outsourcing hyper-specialised jobs that are part of high-value projects. Freelancers are no longer perceived as ad hoc workers but professionals who can play a key part in a business's growth. Flexing It has a team of just 17 people and gives executive roles such as Senior HR and Design Head to independent consultants registered on its platform. Public relations, content development and accounting are also handled by outsiders.

Similarly, Truelancer has a core team of seven people for customer support and product development. The rest of the work, content development, graphic design and digital marketing, is done by 10-15 freelancers.

Professional services firm Ernst & Young uses its pool of 300-plus freelancers for projects that require specialised skills. "For project-based work, demand comes in spurts, and so there is merit in working with freelancers, especially on niche projects, as they are experts in their domains," says Sandeep Kohli, National Director, HR, E&Y.

### **Trust Issue**

However, trust remains a concern. "We are uncomfortable using freelancers due to accountability issues. If one day they come and say we are not working on the project, what will we tell our client?" says Parthasarathy N.S., President and COO of Mindtree, an IT consulting firm. Mindtree uses freelancers only for internal and short duration projects.

It is this trust gap that online marketplaces such as Truelancer and Flexing It are trying to fill. Flexing It has developed a patented algorithm, FlexScore, to map skill sets with projects for helping companies find the best talent. It has 17,000-plus freelancers registered with it for management roles.

"The marketplace model brings legitimacy to the space. Trust has been a big issue and these platforms, with their review systems and curation models, are trying to close the loop and organise this very disorganised space," says Ranjan Biswas, Partner, E&Y.

Truelancer has made it mandatory for companies to give feedback on the work done. This helps freelancers build their reputation. Also, at the start of the project, the company has to deposit the entire amount with Truelancer, which pays the freelancer upon completion of the work after charging 10 per cent of the amount as fee, says Garg. Truelancer has 250,000 freelancers on its platform. Of these, 112,000-plus are from India.

The listing model of these platforms also helps the freelancer and the companies know the going rate for particular projects and skills, making the process transparent. Flexing It has developed a fee benchmarking tool, Feebee, that helps companies and workers arrive at the



price, says Pasricha. With such tools, one can check the price and know projects for which there is high demand. Earlier, the price used to be determined by negotiations, and it was a big grey area.

## **Happy Users**

Freelancers also use several globally popular sites such as Elance, Upwork and Freelancer.com. Survey after survey has shown how people, even the ones with no experience, want flexible working hours. Around 58 per cent Indian freelancers are less than 30 years old, according to Truelancer data.

Take Rahul Rakesh, 25, who turned freelancer after doing BBA. "Since childhood I was clear that I would not work under someone," he says. He has been writing extensively under a pseudonym. He used his articles published during his school days to get content writing and statistical research work in the beginning. Now, he has a network of freelancers he gives projects to if he is not able to handle the workload.

"A regular pay check is not a big priority for today's workforce compared to learning new things and making full use of the available growth opportunities. Job security anyway is a myth and employment has shifted from being a lifetime contract to a taxicab relationship. In fact, after the move to cost-to-company that monetises all benefits, there is not much difference between freelancers and salaried folks," says Sabharwal of Teamlease.

Nivedita Jayaram Pawar, 41, an editor-turned-freelancer, however, feels that this freedom comes at a cost. "You have to get the pipeline of projects right to manage the cash flow well. There are months when I can do more but don't get much work." She was Bureau Chief at Images Multimedia, a publishing house, before she called it quits in 2013 to spend more time with her daughter. But the work, she says, has several positives. "I'm writing a lot more, which is what I wanted to do. In the editorial role, I used to spend most of my time delegating work and ensuring that the magazine hits the stands on time. I am a lot happier and content with my life now."

Not that all this is easy. Freelancers are, after all, micro-entrepreneurs, responsible for getting work, managing clients, networking and promoting themselves. "You have to set personal targets. I contact at least two new publishing houses every month. I also maintain a blog and am active on Twitter," says Pawar.

"The most important thing is discipline. You have to have a time table and an absolute commitment to deadlines. Only then can you get repeat clients," says Devraj Lahiri, 36, an IT analyst. He juggles between photography, writing and teaching quantitative aptitude. He says he earns one-third of what he used to but "will never go back to his banking job".

Truelancer data say content writing is one of the most lucrative areas along with software development, digital marketing and graphic

design. India is still not a mature market for freelancers and is evolving. But like it or not, the freelancers are here to stay, and their number will only increase in the days to come. ~



Under **John T. Chambers**, the CEO for 20 years till 2014/15, Cisco grew its revenues from \$1.2 billion to \$47 billion. After making the company the global leader in network hardware, Chambers last year moved into the role of executive chairman and advisor to the new CEO, Chuck Robbins. Chambers, who nowadays tours the world building relationships with governments and helping countries digitise, is excited about the NDA government's Digital India initiative that he says is "beginning to take off". In Visakhapatnam to inaugurate the first phase of the Andhra Pradesh government's project to provide broadband in all 13 districts, he talked to **BT's E. Kumar Sharma** about plans to help India digitise and the future of **Cisco**. *Excerpts from the interview:*

**In spite of your considerable backing and optimism, Cisco's India operations contribute a little over 2 per cent to revenues. How do you see this?**

We focus on company transitions. Our transitions moved from switches and data centres to mobility and security to business outcome in digital companies/countries. If we make that (last) transition more effectively than anybody else, we will grow more dramatically than peers. In most countries where we have major digital programmes, we have grown two times, even three times the normal growth rates. For instance, our France business grew in double digits last quarter. India grew over 20 per cent in the last two quarters.

Coming to your point, the largest democracy in the world has to account for a much larger share of our business. We have set a goal of 4 per cent revenues from here by 2020 and 10 per cent in the longer term. So, by 2020, the revenue from India will double from 2 per cent to 4 per cent of the total. That's not all. The real goal is to partner with India, with Start-up India, with governments, with cities, and with the ecosystem in India. That would be a win-win for the country, for the business, and for CSR (corporate social responsibility). If we do that, business growth will be much more (than projected).

**What will drive this growth?**

Digitisation, of every state, every company, and every household. Why are we so interested in Andhra Pradesh? It is largely due to the whole environment and not just a single metropolitan area. It is about bringing this capability to every citizen in the state and it starts with this digital highway (that Andhra is setting up to take broadband connectivity to all districts by the end of July).

**But then, connectivity alone is not enough. What stops Cisco from taking ownership of the bundling of solutions as well?**

Yes, the key to me is not connectivity. It is how can you help people participate. It is how do you re-skill the state for jobs of the future. It is about how you build smart applications. We will do it in combination with the ecosystem and with partners. This world is about creating multiple winners and we as a company are different from some of our peers. We always move with an ecosystem of local companies and partners. That way you are skilled better and create a win-win environment. It is also the right thing to do because we want to help a whole generation of start-ups. I am not talking hundreds but tens of thousands of start-ups in this country which we and others will be able to partner with in this ecosystem of digitisation.

**In India, how are you working with start-ups? You had a \$200-million venture fund that invested in a number of companies. Tell us about it and the portfolio of Indian companies in it.**

I spend almost a third of my time with start-ups. In India, since 2005, Cisco has announced a cumulative allocation of \$240 million for investing in early-stage and growth-stage companies. Cisco has invested in 25 companies in India so far. On March 18, it announced an additional allocation of \$40 million, taking the total to \$280 million. It will go up. Twenty five companies is not a big number if you look at the

opportunities. India can become a start-up nation but for that you have to create the right environment for start-ups and re-skill your workforce. In Andhra Pradesh, you will see how dramatically we expand skill sets through network academies that are training people for areas where jobs are and in partnerships with universities around key areas (For instance, Cisco intends to set up the Internet of Everything Innovation Centre in Visakhapatnam. In addition, it is investing in an advanced Technology Center of Excellence and Research Lab at Institute of Digital Technology in Tirupati that will be focused on cyber security, smart city and manufacturing solutions. The centre will train graduate engineers in advanced digital technologies, among other things. Cisco also plans to sponsor a 12-month research programme at the Andhra University in Visakhapatnam to explore the possibility of developing and customising digital technologies and solutions for rural Andhra Pradesh).

**You have been talking about 500 billion connected devices by 2030. Where are these numbers coming from?**

We probably have been the best company in the world in anticipating the number of connectivities. For a business person, the power of a network is the number of devices connected or people connected squared. So, when you talk about where the power of the network is coming from, the numbers I talked about would probably be conservative as you move towards 500 billion devices. This will be up from the 14 billion devices today and from just 1,000 connected devices when Cisco started in 1984.

**What do you have to say about the argument that Cisco is a bit late to the hyper converged infrastructure play? For example, companies such as Nutanix or Simplivity probably have a headstart. How can Cisco catch up or take a lead?**

We are not playing catch-up. Let's be very direct, and I can give you the numbers. We are No. 1 in terms of market share in 12 out of our 18 product families. We have moved in areas such as security, where we were transactional players, to the No. 1 position. You talk about convergence. We know how to do that well. Hewlett-Packard said it would be out of data centres but we said we will go there. They said "John you don't understand data centres, you are going to be out in a year". Well, we ate their lunch. We are also good at acquiring companies to accelerate our transition and to complement what we are doing. So, you will see us in areas you just alluded to through internal development, strategic partnerships and acquisitions. We do it better than anyone else in the world. By the way, how many companies you just mentioned will be around in 10 years? Look at some of our competitors 15 years ago. None of them exist today.

**You are also the chairman of the US India Business Council (USIBC). In its representation to the USTR on Special 301, USIBC claims the Indian government has privately assured that it will not use compulsory licences for commercial purposes (we have seen this being applied in the pharmaceutical sector). Who has assured you? Tell us about this.**

I am not going to talk about the specifics, but on issues that are very important to India, a part of my job is to represent that very effectively across all levels of governments in the US and India. If there are two countries whose goals should be aligned, it should be the US and India, and I believe it will happen. This is why I believe in your prime minister, this is why I believe in your enterprises here. There will always

be a couple of bumps in terms of the areas of importance. We handle this very carefully at the US India Business Council. We did not take a position on intellectual property. We actually saw the government making progress on this. So, you will always have points where there will be a little bit of give and take but the end result is strategic for both countries and their businesses.



John T. Chambers, Former CEO and current executive chairman, Cisco

**What do you find most attractive about India?**

The energy levels here are so exciting. What I love about India is the people. In Silicon Valley, there are 250,000 people from the Indian diaspora and probably 40 per cent of our engineering workforce in the Valley has Indian background. I love many things about India.

**As a former CEO of Cisco and its current executive chairman, what do you have to say about the directional change under the current CEO?**

One of the most exciting things about our new CEO is that he will take Cisco to the next level, which is to make it the No. 1 IT company in the world. I think it is in our grasp. Chuck was carefully selected over a period of over three years and is doing a great job. It is much like a family. Cisco is my family, and like you would want your younger brothers and sisters and kids to do better, I want Cisco to do better after I move on to the executive chairman position than it did when I left it (as CEO).