

TRENDS

The future of work

BY JENNIFER JACOBS

Having a full-time job and a promising career was once the Holy Grail of professionals who wanted to get ahead in life. Today, they increasingly prefer to be employed on a part-time or project basis. Meanwhile, employers are tired of forking out large amounts of money to train employees only to have them leave for higher-paying jobs elsewhere.

According to Freelancer.com chief financial officer Christopher Koch, the workplace has changed. Instead of hiring full-time employees, more organisations are turning to outsourcing. And individuals prefer the flexibility of picking their own projects and hours rather than having these imposed on them through full-time employment.

This is where Freelancer.com comes in. The platform is effectively an eBay for jobs, says Koch. "We have 20 million users and about nine million projects posted today. By definition, it is the future of work and the marketplace for jobs."

He is quick to point out, however, that it is not another JobStreet.com or JobsDB. "Freelancer.com is a marketplace for work rather listings of full-time jobs. We have about 6,000-odd projects posted on any given day. Those jobs range from A\$10 to tens of thousands of dollars, and there are thousands of categories of work," he says.

Basically, freelancers with expertise in a variety of disciplines can go online and bid for all kinds of work. "It is a pure marketplace so employers post projects or contests and freelancers bid for the work or enter the contests. Typically, an employer will come to our marketplace, sign up and post a project," says Koch.

The project may be something relatively simple such as designing a logo, building a website, doing some translation, copywriting or data entry. Or it may be a little more complex such as coding, compiling, software engineering, research and financial modelling.

"For instance, NASA recently posted jobs to crowdsource component design for the international space station. Freelancers have worked on designing a robotic arm for a free-flying robot that can fly around the space station," says Koch.

That is one part of the marketplace. The other is the freelancers themselves. "Freelancers get on the platform and bid for work. They build a profile page on which they list their skills and perhaps provide a portfolio of their work," he says.

"As they do more work on the platform, their profile page gets inundated with feedback and recommendations, all of which feed into their score. They can do things to show they are payment-verified, so they can build a lot of trust and a safety net in the marketplace."

How does Freelancer.com operate? "I used it a couple of weeks ago to build a simple WordPress website for my mother. She is an academic and a professor of music and I told her that she should have a website. She has a LinkedIn page, but she is not technically skilled enough to build a website. I probably am, but I was short of time, so I posted the project and set a budget of A\$200 for a small to medium project," says Koch.

"Our average project size is under



HARIS HASSAN / THE EDGE



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> **Koch**

US\$160, so that is a typical project for us. About 30 to 40 people bid to do the work I posted. When you bid for work, you are basically introducing yourself and saying what you can do in terms of the price. You can bid with whatever price you want and write a little about why you are qualified to do the work — the same way you would pitch for work or apply for a job."

Freelancer.com ranks the bids based on who it thinks will do the job best, based on their skills and experience. The platform has been around since 2001, so some of the freelancers have a 15-year history with the company.

On the project he posted, Koch says he did not choose the freelancer with the lowest bid. "He was sort of the middle of the field, probably towards the top end actually. I liked his profile page, prior work and his pitch. So, I awarded that person the job and had it all done within 48 hours."

Koch says he probably paid more than the average price for a simple WordPress site, but he liked the quality of the person's work and wanted the website completed quickly. "I paid A\$150 to get all of that done. But how much you pay depends on the quality of the work and how time-sensitive it is."

"Just over two-thirds of the projects posted in our marketplace get a bid within 60 seconds. Something complex like designing a robot arm would not necessarily get a bid that quickly, but work like doing my website or a financial model or research or translation are liquid categories where you get a bid really quickly."

Koch says companies find this an easy way to outsource work. "If you are

a start-up or a founder, and you don't have anyone else with you that is technical, or you need different skills, this is an easy way to get them."

For the freelancer, it is an easy way to get work. "It does not cost anything to sign up or post a project, or bid for work or talk to people. So, we are very low friction. It is a pure and simple marketplace," he says.

How does the platform make money then? "We charge a commission based on the volume of work. If you are awarded a project and you accept it, we charge a small commission. We charge employers 3% and freelancers 10% of the value of the project. That is very low compared with our peers. It is effectively a low-commission model. We want to have a really healthy private marketplace with lots of volume," says Koch.

Has this platform taken off in Malaysia? "It has," he says. "Malaysia is actually one of the top 15 countries in the world and the top six in Asia. We have had really good growth in the past 12 months. We have just under a quarter of a million users in Malaysia and the user base has grown by more than 30% a year."

The top five most common skills among freelancers in Malaysia are data entry, Excel, typing, data processing and copywriting. The most popular project types awarded in the last 12 months have been graphic design, PHP, data entry, software architecture, Excel, translation, mobile phone and android-related work, and logo design.

Most of the employers who hire Malaysian freelancers are in the US, the UK, India, Australia and Malaysia.

The majority of local users are in Kuala Lumpur (about 20,000) while the rest are from places such as Petaling Jaya, Shah Alam, Klang, Kota Kinabalu and Johor Baru.

A lot of work comes out of the US, the UK, Canada, Australia, New Zealand and Western Europe, where as Koch points out, "...employment friction is high and costs are generally higher". This work generally finds its way to Asia, particularly Southeast Asia.

"Freelancing generally followed internet connectivity. In the early 2000s, it was really strong in Eastern Europe and then it started to move east, focusing on Southeast Asia, particularly Malaysia, Indonesia and the Philippines. So, it is really the ability to get online that has changed the future of work," he says.

Freelancer.com has partnered Malaysia Digital Economy Corp Sdn Bhd (MDEC) for about three years now to help instruct potential freelancers in the country on how to get on the platform, use the various tools and make the most of it.

It is the age of freelancers — anyone can get online and find excellent content that teaches them skills, which they can subsequently sell in the marketplace, says Koch. "If you want to learn a language, how to code or Photoshop, or any kind of skill, you can find it online from a really high quality content provider for free. People who come online for the first time are not looking to buy a new phone or pair of shoes. They are looking for ways to skill up and monetise those skills in the marketplace."

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Teaching entrepreneurs to think differently

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a partnership with Canada-based Toon Boom Animation, one of the largest 2D animation software companies in the world.

"We have never positioned ourselves as an animation company. We have always been an edutainment company. We didn't want to go into the animation space like BoBoiBoy. For us, animation and gaming are just learning tools for children," says Nadira.

"But one day, Toon Boom came knocking and suggested that we use our tools to create content for education. I agreed and Nadi-Ayu became its education partner."

CHANGING THE ENTREPRENEURIAL MINDSET

The company also helps Toon Boom look for outsourcing partnerships with parties that can work with the big players such as Disney and the Cartoon Network. Although there are several successful animation companies in Malaysia, such as Animonsta Studios and Les' Copaque Production, the outsourcing market in the animation world — which is worth billions — is very small.

"We became very frustrated so we took it upon ourselves to work with Toon Boom and myNEF [the New Entrepreneurs Foundation] to create a programme called Launchpad to help build animation skills," says Nadira.

The company subsequently established Idea Academy — a creative technology company that grooms talent for local or international companies. Nadira and her team also looked for school dropouts with a talent in art to participate in the programme.

"We did a nationwide roadshow. If you are artistic, you probably find it hard to succeed in a normal school curriculum and environment. So, we took in 50 students, all dropouts," she says.

"All year, they draw, animate, attend intensive English classes ... at the end of the programme, we will be able to place them with big industry players. We have a few 'graduates' working with the Cartoon Network and Disney. We have many more working with the big animation companies here in Malaysia and in the region."

The first round of funding for Idea Academy was provided by Yayasan Peneraju Pendidikan Bumiputera. Later, the programme was funded by corporate social responsibility (CSR) programmes.

Nadi-Ayu has been asked to curate the fourth

Nadi-Ayu is the education partner of Canada-based Toon Boom Animation, one of the largest 2D animation software companies in the world



edition of the 1Malaysia Entrepreneur (1MET 4.0) programme, an initiative of the National Entrepreneurship Development Office, which comes under the Ministry of Finance. "What we are doing with 1MET is to help develop entrepreneurs from the grassroots," says Nadira.

"While creating a business is easy, growing and sustaining it is very difficult, and I have personally experienced this. We want to teach entrepreneurs to take the blue ocean approach, to keep innovating and bring value in different ways. At 1MET, we teach you to think differently, guide you to ask the right questions and get you to find the answers."

Nadira is involved in the Gender-Responsive Economic Actions for the Transformation of Women (GREAT Women) project, organised by women entrepreneurs in Asean. Malaysia is in charge of lifestyle products, so the entrepreneurs work with skilful women in underserved communities to produce something of high value that will help them move up the value chain.

"We look for artisanal communities in rural areas that are experienced in weaving. Instead of using normal materials, we get them to work with innovative textiles such as the abaca fibre [which is the strongest of all natural fibres and highly sought after]," says Nadira.

"When we sell the finished products, we also tell their stories. So, when you buy them, you know you are making a difference to these women in rural areas. We sell these products to the US, Europe and Japan at a premium simply because they are of very high quality and innovative, and provide the artists with extra income."

As someone involved on both the local and regional entrepreneurial scene, Nadira can testify that the journey of an entrepreneur is not easy one. But entrepreneurs should not be discouraged by challenges or give up when things do not work out, she says.

"Sometimes, you make a lot of wrong decisions, you lose a lot of money and things like that. But eventually, it will lead you to better things." ■

'The more you put in, the more you get out of it'

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Freelancer.com is a very open and flexible marketplace, he points out. "There are no minimum requirements and you control your online presence, how you present yourself and your skills, your feedback and how you attract people. You also decide on the portfolio of work you want to show. So, you really have every opportunity to get online and access a market full of work which was not previously available."

Koch says it is not just connectivity that allows people to freelance but also access to cheap and effective hardware. With the fall in the price of handheld devices, all someone needs is a browser to sign on. "With Freelancer.com, if you can get online, sign up and fill out your profile page. You can be bidding for work in 10 to 15 minutes," he adds.

He also says becoming a freelancer has changed the lives of many people. "There are some really amazing stories about people who have fundamentally changed their lives by being able to access the platform — people who went from US\$10 a day to US\$10 an hour, who are able to set their own terms on where and when they want to work."

Koch says people can be disenfranchised or not in a position to enter the domestic labour market for whatever reason. But as long as they have a device and can get online, they can work from home.

Naturally, with so many projects posted in the marketplace, there has to be some sort of matchmaking algorithm to alert freelancers when a job that matches their skillset comes up.

"Matchmaking is really important and we do it algorithmically. We look through and pass the text of a project description. We look at the skills when you tag a project and we look at a very rich library of information that we have on our freelancers — all the work they have done, their rankings, whether they are good at PHP versus HTML, their skills and their portfolio," says Koch.

"We blend in a huge number of things so if you are an employer and post a project and you get 50 bids, they can be ranked according to suitability. They have to be ranked in descending order and we try our very best to rank them in terms of who will do a great job on the project."

Freelancers do not want to spend hours looking through thousands of projects to figure out what they should apply for. "If you have WordPress web development, graphic design or Photoshop skills, you want to set up your filters or notifications, or perhaps only get notified of work that you really want to do," he says.

How can freelancers make the most of the platform? First, Koch says, they have to create a great profile page. There are articles on the website on how to do this. Second, they need to upload a portfolio of work so that a potential

employer can evaluate the quality of their work. And third, they need to interact with the marketplace and be responsive in their messages.

"When you bid for a project, sometimes an employer will send a message or open a chat window and say, 'Hey, I am thinking about this project. What do you think about this or that?' Be active, be engaged; it is a very free and open marketplace. You get more out of it when you put more in," he says.

Employers will get more out of the platform if they are more thoughtful and explicit in their project descriptions. "For instance, 'build my website' is pretty abstract. It would be better to provide the vertical or design theme and help people really understand what you want to do," says Koch.

It is also important for employers to respond to messages and chat windows and talk to people. "Finally, award your project. Don't leave people hanging," he says.

Freelancer.com encourages employers and freelancers to use milestone payments for projects. "If we are going to do a US\$400 project to build a reasonably complex website, it would be great for everyone if you could set up four milestone payments," says Koch.

"The first milestone payment might be after you have the design theme or colour boards or whatever the design might be about. The second could be about having a wireframe draft of

the whole thing, and the third could be after all the code has been written or website has been structured. The final payment could be made after the bugs have been sorted out or the quality assurance or user acceptance testing or whatever you might do.

"We find that being really transparent about the key milestones in a project is great for both the freelancer and employer. Milestone payments help because employers don't want to pay freelancers before the work is done and freelancers want to know that they will be paid if they do the work."

Have there been people who have abused the system? Rarely. "We have a very low tolerance for people who do not want to be a good marketplace participant and we have a whole bunch of feedback mechanisms. There is also a dispute resolution process," says Koch.

"We want to provide our freelancers with projects and contests from good employers who want to award the work and keep working with them. And similarly for employers, we want a wide pool of freelancers who are really keen to work."

"In a sense, our marketplace is really self-curated. It is a community of users who will flag or escalate things that are not done right or conduct that isn't okay. We are active about that because it is in everyone's interest to have a high degree of trust in the marketplace." ■