

Fractional Work

The unit of work is no longer a whole job

Abstract

This article is adapted for Customer Management Community, and is derived from extracts of the author's forthcoming book, **Winning by Sharing. A New Way of Working. A Different Way of Doing Business**. Published by Business For Good. www.winningbysharing.net



Peers rule ok?

It's been said recently that there is a spectre 'haunting' mankind, the spectre of peer to peer. It's certainly haunted the music industry in the last seven years. Napster first and then KazAa, which at one point was growing at the rate of two Napster's a year. And this was after the introduction of the most draconian legislation ever conceived to curb copyright infringement. The United States government led the onslaught and lobbied by the Recording Industry Association of America (RIAA), introduced the Digital Millennium Copyright Act (DMCA). Despite high profile, well publicised arrests and fines for twelve year old download junkies, the music industry continues to haemorrhage revenues, lost by the continuing, insatiable consumer appetite for free music and film. Apple's iPod/iTunes combination has been a successful, legitimate alternative, welcomed by the industry but has still not significantly reduced the pain.

But peer-to-peer (P2P) applications are being successfully used in our working environments. Although Instant Messaging (IM) is not strictly speaking a P2P application, it has opened up a completely new way of connecting people both inside and outside the corporation. After music players, IM applications (Microsoft Messenger, Yahoo Messenger, ICQ) are the most downloaded applications on the internet today, and there is little doubt that these 'social software' applications are changing people's behaviour. The most recent example is Skype, a downloadable voice over IP application (VOIP) that allows users to initiate and receive free telephone calls over the internet on their PC. The statistics are staggering. Skype was created from the same team that gave us KazAa. In 18 months, almost 118 million people have downloaded Skype. At any given

time of the day, 6 million people are online, and since Skype introduced a feature to dial out of the internet to any landline or mobile number (at cheap rates), it has served over 9 billion minutes. With initial funding of around \$17m, Skype will be cash flow positive this year, unprecedented for a start up in recent years. Ironically, the 'killer app' for broadband looks like it's going to be voice, but it's opening up opportunities for freelance knowledge workers worldwide and the clients they serve, that until now have not been possible.

The future of work

Before exploring this in more detail, it's worth touching on where 'the future of work' is going. At the Arab Strategy Forum in December 2004, it was proposed that a simple framework for this new era of the globalisation of work could be understood by the following phases.

Business 1.0: 1492-1800 countries globalised

Business 2.0: 1800-2000 companies globalised

Business 3.0: 2000-2040 individuals globalised

Business 2.0 was characterised by an abundance of natural resources and a shortage of skilled labour. Individuals were (and still are) organised in firms. At the start of this cycle, this made sense. Bring everything in-house, control and manage the means of production, to achieve the economies of scale, productivity and profit required to sustain the business. Business 3.0 however, is the complete reverse of Business 2.0. It is characterised by an abundance of skilled labour and massive depletion of natural resources. By

definition, this is going to change the nature of work. Business 2.0 companies are already in transition, exploiting cheap labour in India and China in an outsourcing boom that shows few signs of slowing down.

Thomas Friedman whose forthcoming book *The World is Flat*, spoke at the Arab Strategy Forum, and described the key government policies required to enable their citizens to succeed. More tellingly, he emphasised that the era of lifetime employment is over and that individuals will migrate to geographies that support lifetime employability. We are already witnessing the physical migration of displaced Scottish call centres agents working in India for US companies, in the same way we import Nigerians to issue parking tickets in London, for French owned service companies. More recently a Scandinavian company offered its employees the 'opportunity' to follow the work it outsourced to India, and some are selling up and resettling there.

In my recent work, I've spent time talking to recruitment companies and interim management firms in particular. They believe their revenues are being steadily eroded by the online networking phenomenon. Even big firms are under threat by dense online clusters of professional workers. Nokia recently banned its employees from using business networking site, LinkedIn which exposed them to attractive job offers from the competition.

In the US, "according to new data from a workforce study commissioned by Spherion®, it predicts that by 2007, 52% of the U.S. workforce will be freelance". There are 25 million micro businesses in the European Union (1-3 people) and the Spherion study estimates there are 200 million freelance or 'emergent' workers

worldwide. By 2015 India will have 60 million PhD students and investment banks are already leveraging these skills by outsourcing junior market research work, to new types of intermediaries who are bringing together providers and consumers of work. Contrary to the initial perception of the internet causing disintermediation, its next phase is being characterised by hyper mediation, and the creation of myriad specialised trusted intermediaries or cybemediaries, as they are increasingly being referred to. This triangulation (or trinity), of cybemediary, provider and consumer, will become the dominant business structure of the 21st century – ask eBay, Google and Amazon!

The rise of cybemediaries

The availability of cheap social software and internet telephony applications is enabling completely new forms of labour exchange, and there is a demonstrable trend towards fractional work. Notable examples are FriendsAbroad.com, an exchange that enables language experts to teach people a second language. The service is free, and has built a large critical mass of community members. An innovative transactional business model is planned, that will provide language experts with a small, but steady income stream. MediaBistro.com in the US, describes its service as "Connecting Media Professionals to New Opportunities - and to Each Other". It has over 100,000 registered members and uses a subscription based model to connect writers/authors to sources of work in the newspaper, media and copywriting industries. Elance.com which provides an outsourcing platform for small business has survived the downturn, and has been in existence for

over five years. There are many more of these types of intermediary emerging. It's early days and indeed not all of them will be successful.

However, large companies have started seriously using these networks of freelance workers, assembled by intermediaries. Alpine Access for example, provides Home Depot with on-demand contact centre agents, working from home. Another very successful intermediary I met recently provides data entry labour in the US, for a range of clothing catalogue companies, at a rate that is competitive with India. Their workers are paid only when they do work, and on the volume and quality of work they provide. They can also decide how much work they want to do, allowing them to blend their work 'portfolio' according to individual financial needs and circumstances. Interestingly, this company actually hides the details of its organisational model from its clients, because during its early days of development, clients were put off by its model, insisting it could not work without conventional managerial control and contractual arrangements.

Fractional Consulting

Returning to Skype and recruitment, there are many circumstances where companies really only need an expert for half an hour, or to provide input to a series of decision making activities over a period of weeks (totalling one day). But today, this expertise is still being contracted on the basis of weeks or months. Let's assume a company trusts the intermediary providing the expertise, and it has subscribed to this service in some way.

Skype and the Skype API (programming interfaces for third party applications) now make possible at least two applications. Firstly, paid access to a

professional (e.g. legal, IT, medical) who provides a telephone service. Imagine company X Skype chats to me. I agree to talk, and I provide a 1-1 service at \$200 per hour. I provide a web link where company X can pay via PayPal, and once that's done, company X Skype allows an incoming voice call from me. The application then bills company X at the end of the call. This scenario is already happening at the individual level, but has limited utility except for experts with already well known reputations. If a reputable recruitment firm acted as a trusted intermediary, where each party only has one contractual relationship with the intermediary, then an entirely new set of opportunities arise. Recruitment firms are still doing what they do best – search and then connection, but in this model, they get out of the way of the transaction. Instead, all parties pay a subscription to this trusted intermediary and there's no reason why this could not be extended to conventional contract or permanent placement. The low cost of participation like this, would be sufficiently attractive to companies wishing to save money on an activity that is still considered very expensive. Inevitably, the devil's in the details, but issues like payment and contracts can still be done in the normal way by the intermediary working with third party umbrella companies and other service providers – who themselves are also subscribers.

The second application is home workers providing telephone support. A third party Skype application on their PC, logs incoming calls, reports online stats up to a central system, making it possible to implement the core functions of an automated call distribution system, used in most call centres. All a person needs to provide home based call centre work is a broadband connection, a PC, a copy of Skype, and a Skype third party custom

application (taking only a few weeks to develop). Ok – so there are some potential, quality and reliability issues, but for some services this would be good enough. Much more is in store and Skype's online journal (www.skypejournal.com) is well worth a read to get into the detail.

Summary

Julian Bond, CTO of Ecademy, commented recently – “As for Skype in business, it will be as ubiquitous as email, web access, instant messaging, and even PCs, PDAs and mobile phones. It will come in the back door, direct to people's desks without ever touching the IT and Telcoms departments. And it will happen in customer facing areas of the business early, such as sales. And because Skype is so good at drilling through firewalls, the IT department can't stop it except by completely locking down every PC in the building.

This is radically different from the Telcomms department shaving a few tenths of a penny per minute from telephone costs by replacing the PABX with a VoIP enabled one connected to a VoIP service. And it demands a radically different (but parallel) strategy.”

Another development that takes this further is the creation of a universal description standard called Whogle. “With Whogle applied to peer-to-peer telephony, people will just have to “dial” a description of what they are looking for, and they are connected to people that match.”

At a macro-economic level, these changes are good. Recent research shows that over-centralisation of social networks and information flow is damaging our economies in many ways; most measurably in the excessive price fluctuations of financial markets. Even governments should be looking to

decentralise its work this way. Excessive control by central bureaucracies is even worse than commercial and financial over-centralisation. These changes are now being modelled mathematically, using ‘complex systems’ called ‘nodal networks’ [cf Stephen Wolfram, A New Kind of Science] which are helping us to understand where we are all headed.

There will come a time, when many people who either move or lose their job, ask “which networks do I join” and “which country do I move to”, rather than “What's my next career move”. In the context of work, the spectre of peer-to-peer is less about haunting, and more about ushering in a radically new way of working, and a different way of doing business.

Contact

For further information contact:

Léon Benjamin

Business For Good

Devlin House

36 St George St

Mayfair

London W1S 2FW

T: +44 (0) 845 456 4108

E: info@winningbysharing.net

W: www.businessforgood.biz

W: www.winningbysharing.net

Contributors

Julian Bond, CTO Ecademy

Thomas Power, Chairman Ecademy

Anna Pollock, Founder, Business For Good