

Networks for Remote Contractors See Massive Growth



As more employers embrace telecommuting, marketplaces that connect them with remote freelance workers are taking off.

These sites allow businesses to post projects that can be completed away from an office in a database that workers can browse. They're different from crowdsourcing sites such as Mechanical Turk that help businesses hire anonymous workers for often-mindless tasks. Rather, jobs listed on them take significant time to complete and typically require professional skills such as programming, graphic design or writing.

One such site, oDesk, announced on Thursday that it has doubled its gross revenue every year since 2007. It says more than 120,000 new freelance jobs are posted on its platform each month. Meanwhile, its competitor Elance tells *Mashable* it has experienced more than 100% year-over-year growth in the number of businesses that have posted a job on its site and that it posted about 650,000 new jobs on its site in 2011. Both companies say about 1.5 million contractors have registered for their sites.

"We have reached a tipping point where the early adopters have convinced everyone else that this is the way to go," Elance CEO Fabio Rosati says. "Our first quarter this year will be the fastest growth we've had in our company's history."

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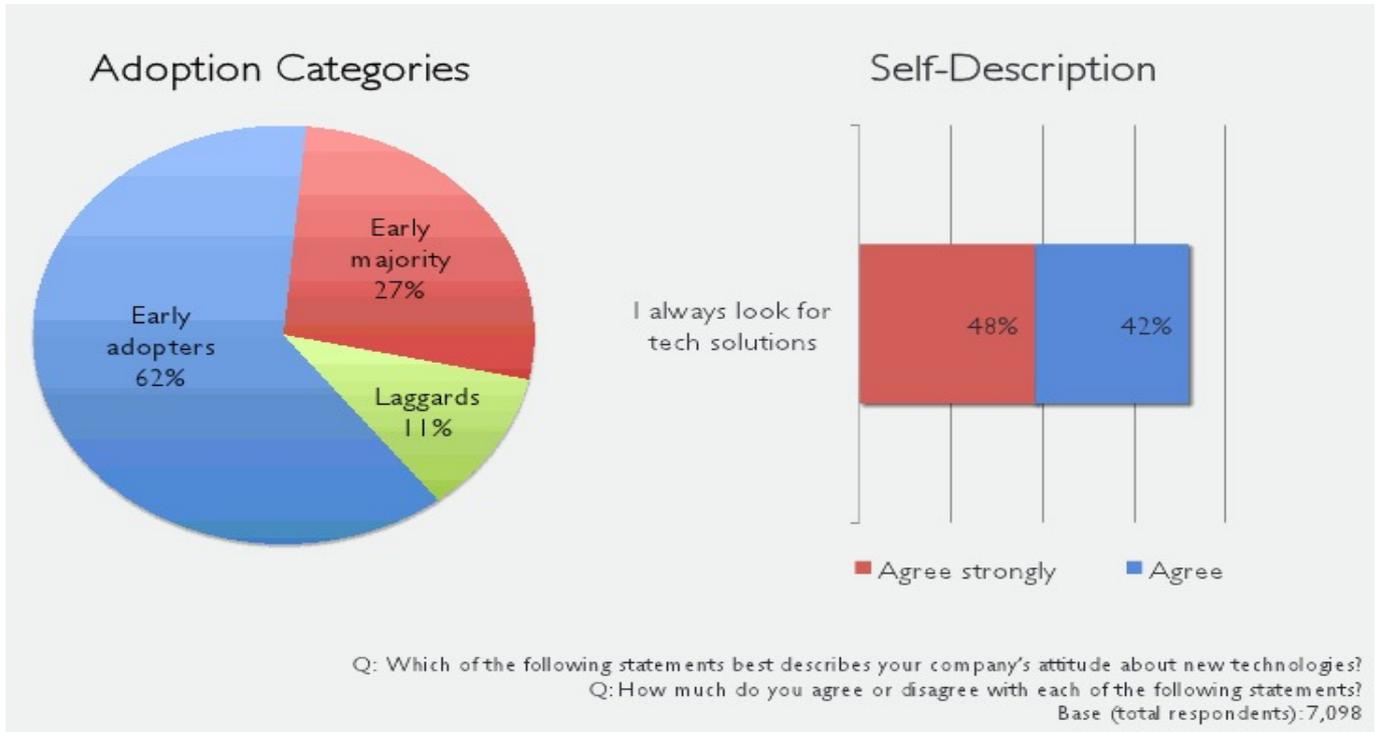
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E lance says it has doubled the number of businesses posting jobs on its platform since last year

Perhaps encouraged by studies that suggest workers who telecommute are actually more productive in some situations (if not over-worked), more companies do seem to be getting comfortable with the idea of hiring outside of their geographic area. E lance and oDesk’s customers include well-known companies such as Google, Microsoft, Dell, Cisco, HP and AOL.

But jobs on both platforms still trend toward programming, and in a survey of 7,000 oDesk clients, 62% of them categorized themselves as “early adopters.”



“If you think about ecommerce, it took 15 years for the market to mature to the point where people feel comfortable buying a big-screen TV online,” oDesk CEO Gary Swart tells *Mashable*. “E-work is so similar ... in the early days, maybe it’s like [when ecommerce was mainly used to buy] Beanie Babies and Pez dispensers, but

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as the market matures and gets to the point where people are comfortable hiring online, we think it's as big as ecommerce, or bigger."

Swart points to three trends that have helped remote work take off over the past few years: better Internet tools, a bad economy that requires companies to produce more with fewer resources and worker expectations.

"Contractors are not working this way because they have to," he says, "they're working this way by choice. They want the freedom."

Rosati says Elance attempted to launch a marketplace for remote workers in 1999 — before LinkedIn or Skype existed. Without the right environment, that project flopped, and the company didn't revive the concept again until 2007. It's done \$500 million in transactions (of which it takes a 6.75% to 8.75% fee) since. The company estimates that by 2020, one in three workers will be working online.

Venture capitalists seem to agree with the positive assessment of the space. oDesk announced on Wednesday it has raised a \$15 million Series D round of funding, bringing its total money raised to \$44 million. Elance announced a \$16 million round in January.

www.mashable.com [1]

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