



Future
World of
Work



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.....
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.....
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.....
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.....
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.....
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.....
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.....
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.....
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Alexander Higgins, Director of Strategy, **Broadlight Global**

.....
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.....
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.....
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.....
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.....
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.....
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.....
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.....
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.....
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.....
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Considering the future world of work: flexible, hybrid, and tech-driven

Right now, we're all reimagining the future world of work. World events, technological innovation, and shifting individual work/life priorities are creating an environment in which the future of work isn't simply evolving, but is being transformed.

What that future world of work looks like will shape how we live, what we aspire to, and where – and with whom – we spend much of our time.

Although offices are reopening and a semblance of 'normality' is returning to working lives after an extended period of utterly extraordinary abnormal living, we find ourselves as a community of workers and business owners navigating a reimagined reality.

Optimism for a fast return to normal life and a rebounding economy is promptly offset by fuel, food and labour shortages, alongside continued caution about lifting pandemic-induced restrictions too quickly. There's still a huge amount of uncertainty among the working population.

Against this rather volatile backdrop, there's a clear appetite to work more flexibly. At Sonovate, we believe the future world of work is flexible, hybrid, and tech-driven – trends which were already growing but have been supercharged by the pandemic.

The PeoplePerHour platform, for example, recently announced it's seen over 1.5m new freelancer registrations since the start of the pandemic – a 63% increase compared to the year before. The future of work will undoubtedly be more freelance and contract-based than ever before. But what's the real impact of this shift?

Whilst the foundations exist to make this a largely positive transition for workers, what about the businesses that require, hire, and pay them? Does it help or hinder them to shift towards having more temporary staff than permanent employees on their books? And are they properly equipped and prepared financially, operationally, and culturally to succeed in this future world of work?

In September 2021, we commissioned independent research agency, Opinium, to survey 4,500 people including 500 small and medium-sized business owners across sectors to gauge individuals' and businesses' perspectives on the changing world of work, and to explore whether businesses are ready to accommodate more freelance and contract-based workers.

This report examines the survey's most compelling findings, while drawing on the deep expertise of thought leaders, innovators and policy influencers from the recruitment, consulting, financial services, fintech and tech sectors who are shaping this new future.

We've delved into some of the issues and opportunities affecting both businesses and people as a result of this monumental shift and the challenges around financing this new world of work.



The future of work will undoubtedly be more freelance and contract-based than ever before. But what's the real impact of this shift?

Richard Prime and Damon Chapple, Co-founders and Co-CEOs, Sonovate

Guest foreword

It's a great honor to introduce the Sonovate report on the future world of work. As the report concludes, the future is most certainly freelance. For those with an historical bent, we understand that freelancing is not new. Herodotus described Greek mercenaries fighting for Persia's King Cyrus. Rome relied on independent engineers to build the Colosseum. Knights offering "free lances" for hire were common in England after 1200 AD. And, the first published use of freelancer is found in Ivanhoe: "I offered Richard the service of my Free Lances, and he refused them ... thanks to the bustling times, a man of action will always find employment."



These are, indeed, bustling times for freelancers, both full-time and part-time freelancers, or side-giggers.

Sonovate is on the front lines of this revolution, and plays a crucial role: providing the liquidity and financial tools so needed by individual solopreneurs, startups, small businesses and fast growing enterprises. And, creating important research like this distinctive report contributes meaningfully to our know-how in supporting what I call the freelance revolution.

You'll learn many things from this report, but three big findings stood out for me.

First, this revolution is largely youth led. 66% of business leaders understand that young people are motivated to work flexibly and have more control over their careers. 59% of 18-34 year-olds anticipate more growth in 'portfolio careers'.

Second, more business leaders understand the value of a flexible, blended workforce. Most think freelancers help address the skills gap. 63% see freelance support as a way to attract more talent. Two-thirds say the benefits of freelance workers outweighs the costs.

Third, people see the flexible, blended workforce creating a new and better work environment. A majority of businesses say freelancers aid overall company productivity, feed a positive company culture, and improve workforce diversity.

Together this data send a big message: the future workforce has certainly arrived, is large and growing, and will undoubtedly play an important and positive role in our post-pandemic future.

Jon Younger, HR thought leader, Forbes contributor, author, teacher and early-stage investor

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66% of business leaders understand that young people are motivated to work flexibly and have more control over their careers

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Key findings at a glance

Flexible working is here to stay, and since the market is talent-driven, companies that are inflexible will lose talent.

Companies that don't adapt their approach will lose out in the fight for talent. 53% of 18-34 year-olds warn that talented young people won't be willing to join organisations that are inflexible about the way their people choose to work.

Freelance and contract work has accelerated as a result of the pandemic and is continuing to grow.

55% of UK small-medium sized businesses that have used freelance labour are seeing a greater proportion of their workforce becoming freelance and contract-based. Nearly half (47%) of UK adults in our research agree freelance and contract work is a good way to dip a toe into a new career path without going all in.

More flexible working practices contribute to a more diverse workforce and remove geographical barriers to opportunities and talent.

Remote and hybrid working have helped to enable more people to join the workforce while accommodating individual needs such as childcare, disabilities, mental health and a better work-life balance. 43% of respondents to our survey aged 35-54 say working from home has enabled them to achieve a better work/life balance. It has also opened up many roles to global talent and removed traditional barriers.

The younger generation is driving a major shift in flexible working, portfolio careers and a values-led approach to work and life.

66% of businesses report it is young people aged 18-30 who have a strong desire to work flexibly these days. They want, and expect, to have more control over their careers. 59% of 18-34 year-olds surveyed believe that within the next 10 years, more people will have 'portfolio careers', holding more than one job as opposed to one role in a single organisation. Younger people are driving a movement toward a 'passion economy'.

The pandemic has shifted the traditional value chain of salary, location, proximity to home and number of hours to the values of an organisation, flexibility, benefits, well-being, mental health and being part of a company where individuals can make a difference.

There are challenges for businesses seeking access to finance and wanting to pay freelancers and contractors quickly.

Access to a fluid stream of capital has become more crucial than ever. Businesses are increasingly aware of the benefits to hiring a contingent workforce, both economically and culturally – but are not always equipped with the right infrastructure to meet the need for prompt payment services. Over a third of small-medium sized businesses say they are holding off hiring the contingent workers they need because they're worried about paying them. Over half of workers will only work for a company that has a proven track record of paying on time.

Tech plays a pivotal role in supporting and financing the workplace revolution.

From recruitment and HR tech to finance and collaboration platforms and software leveraging AI and automation, tech is critical and can also help free up time to focus on strategy. However, people still remain at the heart of work. Leading and managing global, hybrid teams successfully requires strong communication, flexibility and empathy supported by efficient tech and fintech tools and infrastructure.

The brave new world of work: what's driving the shift?

Thanks to the rise of a more hybrid approach to work and the wider acceptance of flexible workers, the future of work we once envisioned is now becoming a reality.

According to our survey, 55% of UK small-medium sized businesses that have used freelance labour are seeing a shift towards a greater proportion of their workforce being made up of freelance and contract workers. One significant sector thought to enable this is flexible work. 2021 research from the Chartered Institute of Personnel Development (CIPD) revealed that 40% of employers expect more than half of their future workforce to work remotely after the pandemic has ended.

What are the factors driving this shift? Covid-19 has certainly accelerated things, with PeoplePerHour saying that 25% of those who started freelancing in the last year did so after losing their job due to the pandemic. But the trend existed well before the pandemic started.

Indeed, only 40% of businesses that responded to our survey say the shift is a direct consequence of Covid-19, with three in five (57%) saying it's been happening for years.

"The demand for flexible working was always there, but the pandemic has added a sense of urgency and speed," says Melanie Forbes, Managing Director, APSCo OutSource. "Many organisations have successfully adopted a hybrid working model, and many are enjoying it way more than they did before."

"The fintech industry is well known for its agile way of working, including offering flexible working options for its employees. Covid-19 has just cemented that in the fintech culture further. It's simple - it's about hiring the best talent. This flexibility provides respect to employees' work, home and boundaries," says Janine Hirt, CEO, Innovate Finance

"The world of work has changed forever. Many organisations that don't tune in to the changes will find their best people leaving in droves," adds Andrew Mawson, founder of Advanced Workplace Associates.

"It's about offering flexible options," adds Heather Black, founder and CEO, Supermums Consulting, which advises mothers about careers in the tech space.

"We've seen our corporate partners are now flexing, offering two days a week maximum in the office and then flexible hours that help people to pick up their kids. The government has also stepped up its offering on flexible working, which is challenging companies to offer more flexible packages."

Youthful aspirations

One of the main reasons behind the surge in freelancing and contract-based work is the changing expectations of young people entering the workforce and a shifting attitude towards what work means to people.



Lotanna Ezeike

Founder and CEO, XPO, a platform that helps social media influencers (or 'creators') get paid on time by the brands that use them

For young people today, the concept of what a 'career' should look like is a lot more malleable than for any past generation. A central priority for many is finding flexibility. But the idea of working on a contract or freelance basis isn't, to them, just about being flexible to work less or hang out more. Instead, a more contract or part-time work life supports their desire for greater ownership over what they do and how they spend their working lives.

Many creators and influencers want to work but it's important to them to 'own' their time and retain their freedom to choose how they spend it doing things they love. Take for instance a stay-at-home mum who regularly posts on social media about fashion. A retailer might offer her £1,500 to publish two posts on Instagram. Compare that to the average UK pay and she's making a month's salary in half a day for a job she's in control of.

Brands are putting more budget into content creation and digital advertising than ever before. They know social commerce (where brands integrate directly with social media, allowing customers to buy products or services seamlessly through these channels) is where the future of commerce lies. It's therefore where the future of work lies too.

In our research, 66% of businesses report it is young people aged 18-30 who have a strong desire to work flexibly these days. They want, and expect, to have more control over their careers.

“Unlike generations before them Generation Z will have a variety of different careers as they seek better quality work/life balance. They no longer want the typical career path. They want to make an income from what they have a passion for,” believes Ollie Forsyth, Global Community Manager at Antler VC, an early-stage venture capital firm.

Many are so-called ‘knowledge workers’, including programmers, designers, and other people whose job is to ‘think for a living’, who seek freedom and believe they can better use their skills as a flexible freelancer rather than a permanent employee.

Braintrust, a blockchain-based talent platform that refers to knowledge workers as “the cognitive glue inside businesses”, found earlier this year that 85% of workers are open to freelancing. Knowledge workers have quickly adapted to the ‘new normal’. Freedom of location is their top priority, and traditional employment benefits don’t appeal to them.

“In more technical professions, we’re seeing people are much more interested in lifestyle, the kind of people they are working with, and working in small, agile teams,” says Rob Hesketh, CTO, Broadlight Global. “They want to see the results of their work, and they want to be proud of what they’re doing, as well as getting a better work/life balance. The sea change has been a move toward people being more interested in the values of an organisation with an emphasis on benefits, well-being, being part of a company where you can make a difference. The value chain has changed. It used to be salary, location, proximity to home, number of hours. The pandemic has flipped a lot of this on its head. People are now looking for far greater flexibility.”

Alexander Higgins, Director of Strategy at Broadlight Global, adds, “There are a lot of options for candidates at the moment. It’s a candidate-driven market. A contractor may choose a contract for less money when they aspire to work with a particular brand. People now evaluate their worth in more than just financial terms.”

A healthier mix, enabled by technology

There’s also a widely-held perception that working flexibly is good for the body and soul.

A 2020 report by Dinghy, a business insurance provider, found 91% of freelancers felt the decision to go freelance had improved their quality of life, whilst a survey by Fiverr in September 2021 highlighted that three-quarters of freelancers described their fitness and wellbeing as ‘good’, compared to around 60% of office workers.

“It’s not just about money these days, factors like remote working, flexible hours, improved holiday will all be drivers,” says Stella Smith, co-founder and CEO, Pirx, an employee benefits platform. “Additionally, workplace wellbeing benefits can be key; employees are more likely to stay with their organisations if they have excellent benefits and people look at companies’ perks as a major factor in considering their next job.”

For those who do make the transition to freelance or contract-based work, there’s a plethora of technology to support them, whether it’s platforms like RAMP Global, Worksome, and Freelancer.com that connect contingent workers with the companies that need them, or the likes of Zoom and Microsoft Teams that enable people to work remotely more efficiently.

“People have always had a desire to have more control over their working lives,” explains Sam O’Connor, CEO of Coconut, a tax and accounting app for sole traders and freelancers.

“The historic route to achieving this level of independence has been to start a business, but recently technology platforms have developed, allowing people to work anywhere, enabling an increasing number of people to join the freelance economy. Post-Covid, many businesses are remote-first, presenting a huge opportunity for freelancers. At Coconut, many of us have never met face-to-face and we’re even working with a freelancer based in the British Virgin Islands.”



“We’re seeing people are much more interested in lifestyle”

**Rob Hesketh, CTO,
Broadlight Global**



“It’s a candidate-driven market at the moment”

**Alexander Higgins,
Director of Strategy,
Broadlight Global**



“It’s not just about money these days”

**Stella Smith, Co-founder
and CEO, Pirx**

What's the impact on individuals?

Our research finds the shift to a more flexible world of work, characterised by rising numbers of freelance and contract workers, has had a largely positive impact on people.

As well as cutting the commute and empowering people to work with who they really want to, it unlocks a number of other benefits that are core to the changing world of work.

Fuelling portfolio careers

For a start, it helps individuals to try out new roles or sectors, which is a common desire now the concept of a 'job for life' is a thing of the past. According to FutureLearn.com, nearly a quarter (21%) of UK working age adults (almost seven million people) don't expect to be working in the same industry by 2030.

Nearly half (47%) of UK adults in our research agree freelance/contract work is a good way to dip a toe into a new career path without going all in, while 59% of 18-34 year-olds believe that within the next 10 years, more people will have 'portfolio careers', holding more than one job as opposed to one role in a single organisation.

People want flexibility when it comes to both where and when they work. As such, another benefit associated with freelance and contract work is the ability to fit your hours around other commitments, whether it's writing that novel, traveling the world, or raising a family.

For example, 43% of respondents to our survey aged 35-54 say working from home has enabled them to achieve a better work/life balance.

Creating a more diverse workforce

The shift towards more freelance and contract-based working also opens up the world of work to those who may struggle to take on traditional roles. It's giving people less able to get to offices or adapt to 'typical' office working environments a real boost.

"Consider disabled and ability-impaired people, and people with other needs," says Julia Kermode, founder of IWORK, which supports those who are new to the world of independent work. "It makes it much easier for them to be home-based and they don't have to worry about commuting. Now they have a whole world of opportunities they didn't have before."



Steph Sharro
Freelance marketing practitioner in her 40s

Becoming freelance wasn't part of my career plan. Necessity decided it for me. After becoming a parent, I wanted to get back to work in a way that suited my new life priorities, but found it really hard to find part-time permanent roles. I accepted a rolling part-time contract at a firm whose work I admired. I was paid monthly by the company, just like I'd been used to. It was all fairly simple. That was ten years ago.

The freelance marketing world feels busy today. It was competitive before Covid-19, but the number of pandemic-created redundancies has increased the pool of available hands dramatically. While the community is more crowded, Covid's creating an opportunity for freelancers too - not another hurdle: more companies are opting to turn to contractors. They've learnt the hard way from the pandemic that maintaining large employee bases and opening new permanent roles comes with internal issues and risk. That's particularly true of businesses like advertising or marketing consultancies that can't forward plan all that accurately. There's a huge benefit to them to keep using flexible contractors like me and keep their permanent headcount low.

Right now, it's a case of working with what works for all aspects of my life. It's important to me to enjoy what I do for work, but it's equally important to me to be available for my children as they grow up. Part-time permanent roles continue to be very rare and full-time roles simply don't suit what I need. Perhaps the transient, detached nature of freelancing isn't perfect for me long-term, but I'm not prepared to re-enter the full time permanent workforce just yet.

And bringing in this wider range of people is beneficial for all. Our research highlights that integrating freelancers and contract workers creates a better working environment. Over half (53%) of small-medium sized businesses that have used freelance labour believe contingent working helps to fuel productivity, 63% said it feeds a more positive company culture, and 62% think it improves the diversity of the workforce.

“Greater flexibility will help with a more diverse workforce,” says Supermums Consulting’s Black. “A four day week is another key trend: people can be as productive in four days as in five, and it further helps support parents dealing with childcare issues.”

The interest in, or importance of, taking a career break for family, or being able to go freelance to improve the work/life balance, is surprisingly not that different between men and women. For example, 40% of working women and 37% of men agree it’s important to be able to take a break for family or other pursuits.

**Over half
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53%

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63%

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62%

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workforce

Giving the next generation a helping hand

Our survey also reveals the shift to freelance and contract working is particularly fruitful for those taking their first steps into the world of work. Over a third of all respondents (39%) say flexible working is a good thing for graduates, school leavers and other new entrants. That figure rises to 53% of the 18-24 year old age group specifically.



Dr George Windsor

Head of Insights at Tech Nation

Today, as a work-from-anywhere mindset and flexible working become more commonplace and ingrained within existing working practices, the tech sector has a real opportunity to redraw the economic map of the UK as we respond to the significant changes in where we choose to live, and why. The future will be based around companies decentralising to fit the way people want to work and making the most of talent across the world. Our global communities and networks will be driven by virtual clusters, but we need to make them a success if we are to become truly place-agnostic, so we must acknowledge and embrace this change, and then shape policy around it.

Over the past few months, we’ve seen hundreds of UK tech companies and scaleups embrace the many benefits of remote-first work, while still prioritising regular face-to-face interactions with colleagues. Tech companies are falling into a bell-curve pattern across the UK, with some companies choosing to work remotely, a few in the office full-time, and most falling somewhere in the middle – adopting a true hybrid approach.

Likewise, 43% of all respondents think young people are driving the shift to more flexible working patterns, with 53% of them agreeing that more flexible working will be key to helping young people get on the career ladder in the volatile post-pandemic economy.

As much as the idea of a ‘job for life’ is considered a thing of the past, it looks as though some people will soon see offices as outdated.

In total, 42% say younger people don’t need to be in an office full time to learn what they need; they’re well enough equipped to do it all virtually thanks to the plethora of technology now available. This rises to 57% of 18-34 year-olds, who will be the ones shaping future workspaces.

There are, however, some benefits still associated with a shared office space where people can socialise and come together to collaborate and share ideas. It’s important for younger, or less experienced, members of a team to sometimes be around people they can pick up tips and tricks from, and discuss their mistakes with.

“If you’re a younger worker living in shared accommodation or with your parents, then the idea of working fully remotely may not be as attractive as it is to more experienced people with the right set-up at home,” says John Paul Caffery, Founder and CEO, RAMP Global, a global technology platform that helps employers manage their staffing agencies.

This helps explain why hybrid working is becoming increasingly popular; people can enjoy the benefits of both home and office. What’s certain, though, is young people value flexibility and options. And companies need to take note – 53% of 18-34 year-olds warn that talented young people won’t be willing to join organisations that are inflexible about the way their people choose to work.

Freelance and contract working is particularly fruitful for those taking their first steps into the world of work



Charlotte Ekelund
Co-founder and CEO, Teemyco

The companies that manage to build an inclusive culture and interaction patterns as if people were co-located although they aren’t, and make people feel seen and included despite physical distribution, will be the winners. Talented people demand flexibility. Having said that, I still believe physical offices will exist in some shape or form. I myself love the physical office. One development I see is co-working physically with your friends. I enjoy sharing a co-working space with my best friend and his dog - and we work for separate companies! Our online office makes me feel connected with my team.



Exploring the opportunities and challenges for businesses

With the expectations of younger workers in particular shifting towards a more flexible vision of work, the UK's businesses need to keep up. But can they?

Braintrust recommends that organisations need to embrace distributed teams and rethink the rigidity of their policies around hiring permanent employees versus contractors, because talented workers want freedom.

Whilst it's clear the pivot to freelance and contract work is largely positive for the workers, are businesses really prepared for such change? Our research reveals a raft of benefits for businesses that embrace the shift, though they will need to consider how to overcome certain challenges, especially those linked to different payment patterns.



Addressing the skills gap

All businesses rely on attracting the right talent to grow and prosper. But attracting and retaining that talent can be tough in today's competitive environment. There are a plethora of businesses looking for certain skill sets that are highly specialised, such as web developers, coders, and cybersecurity experts.

"In the near term, as the global talent shortage increases, I predict there's going to be a continued shift in power from the business to the talent," says Roland Rosevear, Enterprise Solutions - EMEA, Freelancer.com. "As demand outstrips supply, you'll find talent has an increasingly significant role in shaping the future of work, with businesses having to evolve their ways of working to accommodate the expectations of top talent".

That said, it's important to consider that the concept of flexibility can work well both ways.

For example, three-quarters (74%) of SME decision-makers say contingent labour enables them to turn the tap of specialist support on and off as required, without having to invest in a permanent headcount. And 70% think specialised freelancers and contractors can help to address the skills gap.

"I predict there's going to be a continued shift in power from the business to the talent."

Roland Rosevear, Enterprise Solutions - EMEA, Freelancer.com

74%

63%

67%

SME decision-makers say contingent labour:

enables them to turn the tap of specialist support on and off as required

is a good way to attract more talent

has benefits that outweigh the upfront investment needed to accommodate them





Two-thirds (66%) agree that good contingent workers are hard to replace, and a similar proportion (63%) believe that offering contract/freelance work is a good way to attract more talent to an organisation.

It's therefore no surprise that 67% of businesses say the benefits of freelance and contract workers outweigh the upfront investment needed to accommodate them.

Jumping the financial hurdles

Whilst businesses have a healthy appetite for freelance and contract workers, the truth is that many just aren't equipped for such a shift in their workforce. Our data is clear: the biggest problem these businesses face is their antiquated financial infrastructure and legacy systems.

For example, 38% say their current cash flow isn't set up to handle the continual payment of freelancers and other contingent workers, though 44% have at least attempted to change their funding and accounting structures to accommodate a significant increase in the number of such part-time workers.

As a result, over a third (34%) of businesses are holding off hiring the contingent workers they need because they're worried about being able to pay them.

Worryingly, 31% say they routinely fail to pay all their contract and freelance workers on time every month, with 32% admitting they rarely pay their contingent workers before the last day on which payment is due, which can be as many as 60 days for some companies.

Half (50%) of companies say late payment from their customers causes cash flow issues and impacts their ability to pay their freelancers and contract-based workers on time. This, of course, has a major financial impact on freelancers.

Our survey reveals 36% of workers say they they would like to go into contract or freelance working, but the uncertainty over pay scares them, and 29% are themselves consistently paid late.



44%

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of contract or freelance workers are themselves consistently paid late

“I believe there’s a need for businesses to honour invoice terms and even pay invoices in advance, valuing freelancers as the fruitful, powerful resource that they are and respecting that they often do not have time to chase on invoices and lack the extra money to support late payments.”



Sam O'Connor, Founder and CEO, Coconut

These figures align with Dinghy’s 2020 research, which found that 30% of freelancers haven’t received payment for a piece of work they’ve done, with many simply ignored or ‘ghosted’ by the company they’d done the work for.

The pandemic hasn’t helped. “Being paid quickly is a huge issue,” says IWORK’s Kermode. “And sometimes companies who were traditionally a good payer are now paying more slowly. There is a nervousness in the freelance community with companies under such financial pressure in the last 18 months.”

Nearly two-thirds (64%) of UK freelancer workers agree the government must do more to enforce the prompt payment of workers by companies. And over half (56%) will only work with businesses that have a proven track record for managing their contingent staff well and paying them on time.

“Companies must take responsibility for paying freelancers quickly and reliably,” says Coconut CEO, Sam O’Connor. “I believe there’s a need for businesses to honour invoice terms and even pay invoices in advance, valuing freelancers as the fruitful, powerful resource that they are and respecting that they often do not have time to chase on invoices and lack the extra money to support late payments.”

The majority of businesses we spoke to (53%) agree it’s unfair, and unrealistic, to expect contractors and freelancers to wait up to 30 days to be paid – they ought to be paid sooner.

Antler VC’s Forsyth says, “It’s much easier to raise capital today. I think platforms who work with freelancers will need to think about how they can pay their freelancers in advance (meaning they are paid before the work is complete) which helps them with cash flow. This can be based on the reliability of the freelancer – if they always deliver, then the risk is actually quite small in theory.”

Our research has identified a major disconnect: companies across the UK realise the benefits of hiring freelance and contract-based workers, but their financial infrastructure isn’t set up for them. How can this be resolved?

Brad Lamb

Founder and Managing Director, Venturi

It’s really important that contractors get paid promptly. That’s the difference between a great business and an average business. At Venturi, we’re placing niche, hard to find people. It would be unacceptable to pay them late and would affect their perception of us as a company.

Technology's pivotal role in supporting the workplace revolution

It's fair to say the human element is what brings true competitive advantage to a workplace, whether that's a visionary founder, a strong people manager, or an innovative creative.

But it's the technology that can free them up to focus on what they do best. The right HR technology, for example, can implement standardised, simple processes to fuel hiring, onboarding, and people management.

Dr George Windsor, Head of Insights at Tech Nation, notes, "Tech is truly transforming the future of work, providing the infrastructure – from video conferencing to employee wellbeing platforms – that enable companies to attract and retain highly diverse and skilled talent from across the world. This includes companies who are transforming the future of work such as the HR companies like Jobseekers, Role Mapper and Know You More helping to tackle unconscious bias in recruitment, and those helping companies upskill their employees such as Beamery. And this technology is rapidly growing; VC investment in UK tech hit a record high of \$15bn in 2020 amid a global pandemic."

"Recruitment and HR tech isn't replacing the need for humans in Talent Acquisition, but it is changing the nature of the role" explains Freelancer.com's Rosevear. "The tech enables the TA job function to increase its efficiency and free up time to focus on more strategic, impactful work."

"HR technology has been used to streamline the process for some time," adds APSCO OutSource's Forbes. "But we're now seeing an explosion of tech across every area. It's still used for initial attraction and selection, but there's also more of a focus on ongoing candidate experience. Platforms that are creating and nurturing communities of talent, and a strong talent pipeline, are seeing the most success."

Such online platforms are having a clear impact: over half (57%) of businesses that use freelance or contract labour consider that they need traditional recruitment agencies because they don't struggle to engage contract workers directly.



Nazir Ul-Ghani

Head of Workplace from Meta, EMEA

The genie is out of the bottle. There's no going back to our pre-Covid ways of working and the companies that embrace more remote or flexible business practices today will be able to widen their talent pools and retain their best people for the future.

The question companies are grappling with now is: how do you democratise access to people and information when you have employees spread across the office, their homes, and working on the frontline?

Tech has an important role to play here in connecting companies, but there are two things companies must remember. Firstly, tech can't bridge the distance if it's only for those that work in an office or have a company laptop. To create a truly connected community you need to give everyone a voice – from the trainee on the frontline right through to the CEO. Secondly, employee expectations of leaders are changing and it's vital they show up for their people. It's no good connecting your organisation if you aren't going to listen, engage, and be transparent with your people.

“One key change that has become apparent is that new flexible and hybrid ways of working are here to stay”

Catherine McGuinness

Policy Chair, City of London Corporation

It is clear that we are seeing an accelerated transformation in ways of working, and that the future world of work will look different to what we knew before. One key change that has become apparent is that new flexible and hybrid ways of working are here to stay. We have already seen how well-equipped many City firms were when making the swift transition to remote working at the start of the pandemic – and they are continuing to adapt as they transition towards new working patterns, with both the office and the home office set to feature jointly in the future world of work and employees splitting their time between the two.

While there have been clear benefits of working from home, the role of the office as a central hub will continue to play a key role in fostering innovation, enabling collaboration and relationship-building, and supporting staff development, among other benefits.

While the pandemic has without doubt had a profound impact on what the future world of work will look like, there's a real opportunity for businesses - and cities more broadly - to look for innovative ways to respond to changing needs, and to adapt to evolving post-pandemic economic and social trends.

Attracting and retaining diverse, highly skilled talent

One of the key strengths of the City of London and the UK more widely is its access to deep pools of highly skilled and talented workers both domestically and from around the world, which help fuel the success of key industries and businesses across the country. It is essential that we remain attractive to the best talent available.

We are seeing workers returning and offices coming back to life – and are hearing ways in which employees feel they are benefitting, both professionally and personally, spanning regaining access to in-person networking opportunities, or on-the-job training and development, to the mental health boosts of being back in a social setting and interacting with friends and colleagues. We are also hearing from firms that they are seeing a clear appetite among staff for continued flexible working arrangements after the pandemic. And we are seeing firms respond to these changing needs and expectations of their workforces by embracing hybrid working models – potentially lending them a competitive advantage and widening the pool of people they recruit from.

We are also seeing endeavours to widen access to jobs, and to attract and progress diverse talent. Employers have never been more focused in their efforts to reach out to local schools, build up a talent pipeline and create fairer recruitment practices. However, challenges remain with retention and progression. I am delighted to be working with Government to lead a new taskforce to boost socio-economic diversity at senior levels across UK financial and professional services.

Financing the future world of work

The last 18 months have undoubtedly been challenging for many small firms, especially those dependent on footfall. We have seen recently how popular government backed loans have been, particularly for SMEs. And we ourselves established our Covid Business Recovery Fund, to support SMEs who contribute to the City's vibrancy and provide services to workers, visitors, and residents.

With the lifting of restrictions, we are seeing a boost in financing that was delayed because of the pandemic. For example, IPOs on our capital markets were their highest in the first half of 2021 than they have been for several years. London also remains exceptionally attractive for investment. It has retained its top spot in the recent Schroder's Global City Index and second place in the Global Financial Centres Index. London has a very strong fintech sector, with the most firms featured in the Fintech Fifty across Europe. And we have recently seen London tied with New York for the second-best ecosystem for start-ups, in the recent Global Start-up Ecosystems Report.

Addressing the payment pain points

The UK is also a leading global hub for fintech, hitting a record high for fintech investment in the first half of 2021. According to KPMG’s Pulse of Fintech report, investment reached \$24.5bn in deals, placing the UK behind only the US.

And it’s this thriving fintech sector that can help businesses and contingent workers to bypass tired financial infrastructure and better join up the dots.

“I’m a big supporter of the open data movement, which puts people in control of the information they generate and share. Open Banking is starting to showcase the autonomy and value that the open data movement can bring and I believe we’ll start to see similar shifts outside of financial services and into everyday life,” says Will Billingsley, co-founder and CCO of ApTap, a bill management software tool. “As the world opens up and a digital-first approach becomes increasingly normal, there’s likely to be an influx of self-employed sole-traders and SMEs who are more impactful than ever.”

Embedded finance is one significant trend that can help fuel this connection. Embedded finance enables non-financial service companies to seamlessly integrate financial services into their business model through APIs. Most people have probably used embedded payments at some point without realising it, whether paying in-app for an Uber or Deliveroo or on retail websites with PayPal.

Antler VC’s Forsyth notes, “Embedded finance and banking the unbanked and underbanked across the world are going to become ever so interesting and a space to watch. With the technology we have in today’s world, there are still vast populations who do not have access to financial services – this needs to change.”

Whilst embedded finance is fast becoming the standard in the B2C world, it’s still way off in B2B. But just as consumers now expect this frictionless experience when using their favourite apps, businesses want access to finance to scale and pay their workers easily, and contractors and freelancers expect to get paid on time.

Providing on-demand finance for an on-demand workforce

One of the major pain points for SMEs is navigating the complexity of finance solutions available in today’s highly-fragmented lending market. There’s still a severe disconnect between the mechanics of current business finance and what businesses actually require from their funding to grow.

Businesses with contingent workforces are crying out for on-demand finance. In the same way that workers can click a button and start working, they expect to click a button and get paid. But this doesn’t work when the businesses that hire them suffer from late or non-payment of invoices themselves.



Morten Petersen

Co-Founder and CEO, Worksome

Over the pandemic, people have also begun to look at their careers differently – thinking about whether they truly like what they do, and how they can make their work more compatible with their lives.

At Worksome, we think that this change will be the defining feature of the future of work. The days of the 9-5, long commutes to the office in a shirt and tie, are over. More than ever, people are demanding control over how and when they work, and the flexibility to determine their own working patterns.

The next generation of workers, Generation Z, is less motivated by salary than their sense of purpose at work and their work-life balance. They will take this forward, paving the way for a purpose-driven future of work, where people can wake up in the morning and feel excited to get to work.

That’s exactly what we want to build at Worksome – a world of work where it’s easy to find passion projects and dream jobs. We want people to wake up in the morning and think, what do I want to work on today?

Companies, too, are realising the importance of agility. That’s why many are focusing on more project-based work, allowing them to create a fluid workforce that can move with the times.

We’re seeing this clearly at Worksome - since the first lockdown, the number of freelancers working through our platform has grown 20x and many of the companies that we work with are spending twice as much on freelance talent than they were at the same time last year.



“Open Banking is starting to showcase the autonomy and value that the open data movement can bring”

Will Billingsley, Co-founder and CCO, ApTap

Finding better ways to finance the future of work is therefore vital for the health of businesses and the growing number of people who choose to work this way. As contingent working booms, so too does the number of businesses that require 'made to measure' funding that's available on-demand, embedded at the point of need, and forever switched on. This is where fintechs can step in, providing tech-driven finance to help businesses unlock working capital and ensure their workers get paid on time.

"Fintech platforms are a prime example of providing technology-led, not service-driven, access to finance," explains RAMP Global's Caffery. "These platforms provide access to finance without barriers and can be easily accessed and managed internally. This goes for both SMEs and larger enterprises: there's a lot of points where finance can be plugged in – e-procurement platforms, directly into their supply chain, and vendor management systems."

At Sonovate, we're seeing this exploration playing out and know this to be true. The fast emerging 'Lending as a Service' space allows leading fintech platforms to cement our positions as established, proven and growing challengers to banks and other traditional lenders that simply haven't been able or sufficiently incentivised to develop the technology that businesses are pressing for. To date, Sonovate alone has provided over £2 billion of on-demand funding, enabling more than 3,000 businesses in over 40 countries to grow and ensuring 30,000 independent workers get paid. As the international business community gets back on its feet after the pandemic and adapts to this new future world of work, it will continue to invest more in its financial technology capacity.

Knitting it all together

Technology will continue to play an increasingly critical role in recruitment, freelancing, contracting and financing strategies in our new hybrid approach to work. There's also been a significant increase in so-called employee productivity monitoring and workforce management technologies, systems that aim to optimise performance management.

The next stage will involve connecting all these disparate systems, processes, and data. Taking an integrated, tech-driven approach, leveraging AI, data, and automation, will increase efficiency, extract intelligence, and provide actionable insights. This will provide a better user experience and save valuable time, for both businesses and workers.

The human element is still critical of course. Hybrid working refers to an office/remote working mix, but can perhaps also be applied to the relationship between man and machine: automation with a heart.

"I have some concerns about performance management," says Kim Nilsson, founder, Pivigo, a freelance platform for data scientists, and PeripherAi. "I saw a US company is building a performance tool to manage remote workers. If a robot says you're doing a bad job, what can you do to fight that? You need a human in the loop. You can't lose the human part of work. Getting the best out of a person is a very human process. It requires empathy."

Ultimately, the UK's businesses will need to lean on their partners to get the best out of the tech on offer. "The visibility of the entire workforce has come into the spotlight," adds Forbes. "It can be difficult for clients to manage a plethora of tech partners, but this is where the outsource provider can become an adviser and ensure they get a solution that's fit for purpose. Managed solutions, the outsourcing element of a client's contingent labour, will only get bigger, and is estimated to grow 18% year-on-year."

Just as individuals now expect work to adapt to their lives and habits, they will expect recruitment and funding tech to be frictionless, connected, and centred around their needs.



Shaul David
Global Head of Bank
Partnerships, Railsbank

Within the context of the workplace, embedded finance, which puts the employee front and centre, is the future and where we are all heading. A remote-first, global workforce presents engagement challenges to almost all businesses. Employees will increasingly expect their work-related finances to be as good an experience as the rest of their digital lives. Employers that continue to deliver a good experience and pay attention to their employees' financial health beyond onboarding will be able to attract and retain the best talent.



"There's a lot of points where finance can be plugged in"

John Paul Caffery,
Founder and CEO,
RAMP Global



"You can't lose the human part of work"

Kim Nilsson, Founder,
Pivigo and PeripherAi

Conclusion: financing the fight for talent

As the future of work becomes the here and now of work, freelance and contract workers will become a greater mainstay of most businesses' make-up.

Our survey reveals 55% of UK small-medium sized businesses that have used freelance labour are seeing a greater proportion of their workforce becoming freelance and contract-based, with 66% saying it's young people who have a strong desire to work flexibly these days.

This trend will therefore only grow. People are bullish about taking control over their careers. Over half (53%) of the 18-34 year-olds we spoke to warn businesses that talented young people won't join organisations that are inflexible about the way their people choose to work.

Businesses also understand the benefits that contingent workers bring, with 74% say they see the benefit of using contract and freelance workers for specialist support, on and off as required, without having to invest in a permanent headcount, and 63% saying it feeds a more positive company culture.

Technology is the key enabler, and companies need to think about it holistically – from searching for talent, through hiring and performance management, to implementing more efficient ways of working. And payment. However, there's a major disconnect in the plumbing: many businesses don't have the right financial infrastructure in place to meet the need for more prompt payment for services.

As a result, over a third (34%) are holding off hiring the contingent workers they need because they're worried about being able to pay them. At the same time, 56% of freelancers we spoke to will only work with businesses that have a proven track record for managing their contingent staff well and paying them on time.

Companies that don't adapt the way they approach funding their business and paying their people will undoubtedly lose out in the fight for talent.

Ready access to a fluid stream of capital has become more crucial than ever. At Sonovate, we're proud to help design the infrastructure that secures that access and will better underpin the future world of work.

In a financial ecosystem characterised by Open Banking and a proliferation of data-driven fintech solutions, it's incumbent on embedded finance providers and other fintech innovators to respond by reimagining how finance works for businesses and customising the options they need.

With global collaboration, innovative tech and efficient, scalable finance, together we can build a more flexible, sustainable and empowering future world of work.

56% of freelancers we spoke to will only work with businesses that have a proven track record for managing their contingent staff well and paying them on time



Sonovate has provided

£2bn
on-demand funding

3,000

businesses in over 40 countries

30,000

independent workers get paid



sonovate.com/future-world-of-work