

The gig economy connects the skilled

An online site for freelance professionals redefines the future for employees. By Andrew Edgecliffe-Johnson

When Rob Biederman and Pat Petitti started at Harvard Business School in 2013, each student was given \$5,000 with which to launch a company in miniature. “There were a lot of T-shirt and software businesses,” Mr Petitti recalls. But the pair had a bigger idea: that the gig economy could work as well for skilled office workers as for drivers and couriers.

Mr Petitti, now 35, had worked in consulting and thought the industry was “incredibly inefficient”. Mr Biederman, a former private equity investor, was often asked to help his father’s small company. The classmates created an online marketplace to connect freelance consultants with businesses that might never have been able to hire MBAs before. They called it Hourly Nerd.

“We went door-to-door to dry cleaners, laundromats, and retail stores around Harvard Square,” Mr Biederman, 32, recalls. A burrito restaurant hired them to work out how to increase its lunchtime traffic, and a bar wanted to get better data from its new register.

Those mundane initial projects belie the ambitious premise driving the company that Mr Biederman and Mr Petitti have since renamed Catalant: that a more flexible way of working will redefine what it means to be an employee.

“People are taking control of their careers, [and] lots of the trends in the gig economy are starting to be seen in bigger

companies,” Mr Biederman says.

Catalant’s algorithms assess the projects for which companies need staff, then scour CVs and feedback from earlier jobs to find the best match among the 55,000 people on its platform.

The Boston-based company has signed up thousands of businesses, including more than 30 Fortune 100 companies and household names such as General Electric, Hess, Royal Dutch Shell and Staples. Taking a 20 per cent fee, its revenues have accelerated from \$50m in 2017 to a current annual run rate of \$100m.

There are plenty of freelance marketplaces: you can find someone to assemble your bookcase on Handy or develop your website on Gigster, and you can staff your corporate event through Uber. Amazon’s Mechanical Turk assigns simple tasks that computers cannot do well, typically for small sums.

The biggest areas of demand among Catalant’s clients, by contrast, are skills in artificial intelligence, machine learning, blockchain and cyber security. As Mr Biederman puts it, “it is like the gig economy for the white-collar set”.

Not every problem needs new staff or the full force of a consultancy to solve, Mr Biederman observes: the typical Catalant job runs for four to six weeks.

“There is a lot of overhead in big companies to hiring a consultant or a new person when [often the] problem is big but shorter term,” says Mark Nunnally, a Catalant board member and former private equity investor who is now Massachusetts’ top technology official.

Catalant offers a way of tapping “the innovative, flexible, younger talent that would not want to join a larger company,” says Sue Siegel, GE’s chief

innovation officer, who was instrumental in GE Ventures investing at a time when the founders had little more than a business plan. (Catalant has since raised \$73m from investors including businessman Mark Cuban, General Catalyst, Greylock Partners and Highland Capital Partners.)

“It’s so tough to hire in the AI market,” she says: “It used to be at GE you always tried to promote from within. We’ll continue to do that but we’re also going to add specific external talent when there’s specific domain knowledge and the need for speed.”

‘People are taking control of their careers, and the trends are starting to be seen in bigger companies’

That need is likely to grow as technology moves faster than most companies can, says Joe Fuller, a Catalant board observer who leads Harvard Business School’s initiative on managing the future of work. “What you can see in companies of various sizes is a growing imbalance between the supply of people with certain skills – like digital marketing or digital strategy – and the demand for it,” he says. “That gap is not going to get filled quickly.”

Ms Siegel and Mr Fuller also see Catalant tapping into generational change. “Some of these millennials just don’t want to work a full-time job,” says Ms Siegel.

“They will not tolerate a career situation where they find they’re just treading water, spending time waiting to be promoted. That manifests itself in a profound turnover problem among the people companies

most want to keep,” Mr Fuller adds. This is not a purely millennial phenomenon: the average freelancer on Catalant is 42, and companies have used the platform to reconnect with retired staff.

While 80 per cent of Catalant’s business is connecting companies to freelancers, a growing minority of revenues comes from helping companies understand – and mobilise – in-house talent.

Shell launched a pilot among more than 500 staff in January with this aim. “It really gives you much more transparency around the opportunities people might want to have,” says Huibert Vigeveno, who oversees Shell’s lubricants and aviation operations. “We can now optimise our own resources internally rather than having to look externally.”

Catalant’s founders may have started with a view that consulting was inefficient, but they are wary of predicting that they will disrupt the likes of Bain and McKinsey. With 3,500 consulting boutiques pitching through the platform, Mr Biederman says, “we’re a source of demand for consulting firms”.

Others, such as Germany’s Comatch, Denmark’s Worksome and the finance focused Outsized, have spotted a similar opportunity to improve how companies find consultants. “If you look at what people spend on conventional management consulting and IT consulting, this is a very big, hundreds-of-billions-of dollars problem,” Mr Nunnally says.

Mr Biederman sees Catalant solving a bigger problem: that the “socially suboptimal way” in which work has been allocated is breaking down. “Historically, you fit life into the cracks in your job,” he says. “I think people on our platform have been shaken loose from that assumption.”