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Meet the Microworkers

A new breed of online worker is paid by the task

By [Rachael King](#)

When Julia Lee first heard of Tongal, she thought it was a scam. Tongal pays people—anyone with a good idea, really—to create online videos for companies such as Mattel ([MAT](#)), Allstate ([ALL](#)), and Popchips. Companies typically pay \$15,000 to \$20,000 for each project they post on Tongal's website. Tongal runs the projects like contests. Yet, instead of a winner-take-all approach, it breaks up the projects into stages, such as ideas and videos. The top-five ideas are rewarded with cash and then participants in the video phase can use any of those five ideas to create the video.

Lee's first submission, an idea for a 30-second commercial for a wine-related iPhone app won \$1,000 and it only took three hours of work. When she created an animated video for a nonprofit, she earned \$4,000. There have also been projects where her ideas or videos didn't make the top five, so she didn't make any money. Still, in the past year, Lee, 36, has earned more than \$6,000 for about 100 hours of work, or \$60 an hour on average. "It helped me pay off my credit-card bills," she says. In addition to supplementing her salary from her job at San Francisco nonprofit VolunteerMatch, Lee is finally able to put her Master of Fine Art degree to good use. She says she'd like to save money to make a film someday.

The idea of breaking up a job into small pieces and then using the Internet to find workers to do those tasks was pioneered by LiveOps about a decade ago and Amazon.com's ([AMZN](#)) Mechanical Turk in 2005. LiveOps lets call-center workers sign on for shifts in 30-minute increments and then uses the Web to route calls to them. Mechanical Turk pays per task—often less than 50 cents—for quick jobs like checking Web pages for errors or transcribing audio recordings.

The trend, which goes by many names—crowdsourcing, the human cloud, microwork—uses the Internet to access workers around the world for short-term projects that pay a few bucks to hundreds of dollars per hour. The tasks might require a few minutes or a few days to complete. Benefits to companies include finding large numbers of workers to complete projects quickly, finding niche expertise, saving money, and making better use of in-house resources. It also lets Western workers, in places with a high cost of living, compete directly with those in developing markets. For many freelancers, microwork gives them unprecedented flexibility to work almost anywhere at any time.

BIG COMPANIES USE MICRO-SOURCED WORK

Microsoft ([MSFT](#)) turned to uTest in 2009 when it needed more than 100 testers around the world to find bugs in its security software and see how it would fare in places like China, India, Brazil, and Russia before being released. UTest has more than 33,000 testers in 172 countries, which means work can be done 24 hours a day, seven days a week. Companies pay only for the testing they need, rather than keep a team of testers on contract. At Santa Monica (Calif.)-based Tongal, companies such as Mattel and Robert Half International ([RHI](#)) are getting 30-second online videos for a fraction of the \$500,000 it costs to create a 30-second TV spot, says Tongal co-founder James DeJulio.

In 2008, Pfizer ([PFE](#)) wanted to make employees more productive, so the company began letting them outsource certain tasks so they could focus on higher-value work. Employees can push a button on their desks and send out work like creating PowerPoint presentations or checking data in spreadsheets. The company contracted with several firms in the U.S. and abroad to do those tasks. In the first year, Pfizer estimated that the service [freed up more than 66,000 hours for employees](#). That program still exists and Genpact, one of the providers, helps Pfizer with business intelligence work on demand.

MICROWORK IN THE U.S. AND DEVELOPING COUNTRIES

Some microwork sites such as Tongal attract mostly U.S. workers while others such as Freelancer.com and Elance cater to a global audience. About \$100 million worth of work was posted on Elance last year. Of the \$24.5 million that online freelancers made on Elance in the third quarter of 2010, those from India had the biggest cumulative total, followed by workers in the U.S., Ukraine, Pakistan, and Russia. Freelancer.com primarily connects Western-world small businesses with labor in the developing world, says Chief Executive Officer Matt Barrie. A business can have a developer in an emerging market write an iPhone app for \$650, compared with upwards of \$20,000 from a developer in the U.S.

For Western workers, though, it means more direct competition as businesses can easily find labor in developing markets. In 2010, the number of Web users surpassed 2 billion, of which 1.2 billion were in the developing world, according to the ITU, the U.N.'s agency for information and communications technology. About 95 percent of people in developing countries live on less than \$10 a day, according to a 2008 World Bank report.

"Thirty dollars is 10 hours of work in Bangladesh at a great pay rate," says Freelancer.com's Barrie, adding that his site has 2.1 million registered workers. "The whole industry has only just begun—this is going to go mainstream." There's room for an eBay ([EBAY](#))-sized company for workers to provide labor à la carte, he says.

IMPACT ON U.S. JOBS

Barrie says that business at Freelancer.com grew quickly during the most recent recession. While the first wave of IT offshore outsourcing happened in the late 1990s during preparations for Y2K, it really took hold after the dot-com meltdown a few years later. There aren't any statistics yet as to how much micro-outsourcing might impact the U.S. job market but there's growing evidence that the movement of work to India and other developing countries is contributing to the jobless recovery in the U.S.

About 1.1 million jobs in IT, finance, and other areas have disappeared since 2008 because of offshoring, improvements in productivity, and a lack of economic growth, according to a December 2010 report by the Hackett Group ([HCKT](#)), which provides business-consulting and technology-implementation services. An additional 1.3 million jobs are expected to disappear by 2014, with offshoring becoming a bigger factor, the report says.

SURVIVING BY SPECIALIZING

Ray Grainger, a former partner at Accenture ([ACN](#)), says freelancers who specialize in niche skills are able to find higher-paying work in the U.S. He created Mavenlink, an online workspace for independent workers so they can easily collaborate with others, keep track of multiple projects, and network with other high-level professionals.

Wyatt Nordstrom, CEO of Maven Research, a company that signs up experts in various fields, decided to focus on high-quality, high-paying work. An investment firm that needs specific answers about new markets might come to Maven, which has no connection to Mavenlink, to speak with experts for short phone calls. A typical member makes \$250 to \$500 an hour, he said.

For some U.S. freelancers, microwork has required them to specialize in skills that aren't easily commoditized. When Kelly Parkinson began her company Copylicious about four years ago, she looked at Elance but never used it, realizing it wasn't where she'd make the most money. Parkinson, who worked as an executive assistant for three years to save money to start her business, developed a niche in copywriting for business-to-business companies that have trouble describing what they do in one sentence. The 34-year-old, who uses Mavenlink to collaborate on projects, says she was very busy during the recession. Last year she handled 100 projects for clients and her fees worked out to about \$150 an hour.

As for Julia Lee, she says she is happy to flex her creative muscles, even on a part-time basis. The founders of Tongal, on a recent visit to San Francisco, took her to lunch. As the company draws new clients who want creative online videos, it is working to keep talented workers like Lee engaged with the site. Lee says she likes the creative satisfaction, the flexibility, and the ability to add to her income. "This year," she says, "I'm saving up for a vacation."

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