

Not Just Tech



Remote Freelancing
Across Industries

upworkTM

Remote Freelancing Across Industries

By Upwork's Chief Economist, Adam Ozimek

The most high-profile stories around the adopters of hybrid-work models have, unsurprisingly, been focused on the big-tech companies. Companies like Twitter, Square, Facebook, and Shopify have generated news coverage for their more innovative policies around work in a post-pandemic world, but few have focused on businesses outside of tech. Throughout the pandemic, companies of all sizes and across many industries have faced challenges. From shifting priorities and business needs to changing budgets, many have recognized

advantages of a more flexible way of working. As a result, companies even in traditional industries have turned to remote freelancers. In recognition of this change in how businesses and freelancers are connecting, Upwork today announced the launch of a new industry category, the work marketplace. To supplement this announcement, this research report uses a variety of data to show the value and the potential that remote freelancing are providing to businesses outside of the tech industry and what this means for the broader economy.



Key Findings

The pandemic identified the opportunity of remote work for professional services jobs across every industry

22.9%

On average, 22.9% of workers across all “traditional industries” were remote as of January, 2021

The opportunity to engage remote freelancers in industries outside of tech is significant

37%

We estimate that 37% of, or about 25.7 million jobs in “non-tech industries” in the U.S. could be done by remote freelancers

Companies in these “non-tech industries” are already embracing remote freelancers

25%

When looking at Upwork’s largest clients, as measured by spend, over 25% are “non-tech clients”

Upwork’s 100 largest non-tech clients are working with remote freelancers across many areas of their business

35%

35% of businesses are hiring freelancers in web, mobile, and software development as measured by spend. Followed by 12.1% in sales and marketing and 11.7% in customer service

Companies continue to realize the benefits of engaging remote freelancers

44.2%

Among the 100 largest non-tech clients that were also on Upwork in 2019, total spending grew by 44.2% in 2020

Non-tech clients also recognize the opportunity once they engage remote freelancers

80%

80% of the 100 largest non-tech clients increased their spending in 2020 across a variety of categories

Professional Services Work is Everywhere

To fully understand the impact that remote freelancing can have across different industries, we first assessed the amount of work that could be done remotely. It is often assumed that in more traditional industries, like manufacturing, it's a necessity that work is done in-person rather than online or remotely.

However, according to the data from the Bureau of Labor Statistics (BLS), in January 2021, 20.1% of manufacturing workers were working remotely due to COVID-19. When looking at other traditional industries, we see that Utilities had 29% remote, and mining, quarrying, and oil and gas extraction were at 22.2%.



Share of workers teleworking due to COVID-19 as of January, 2021

INDUSTRY



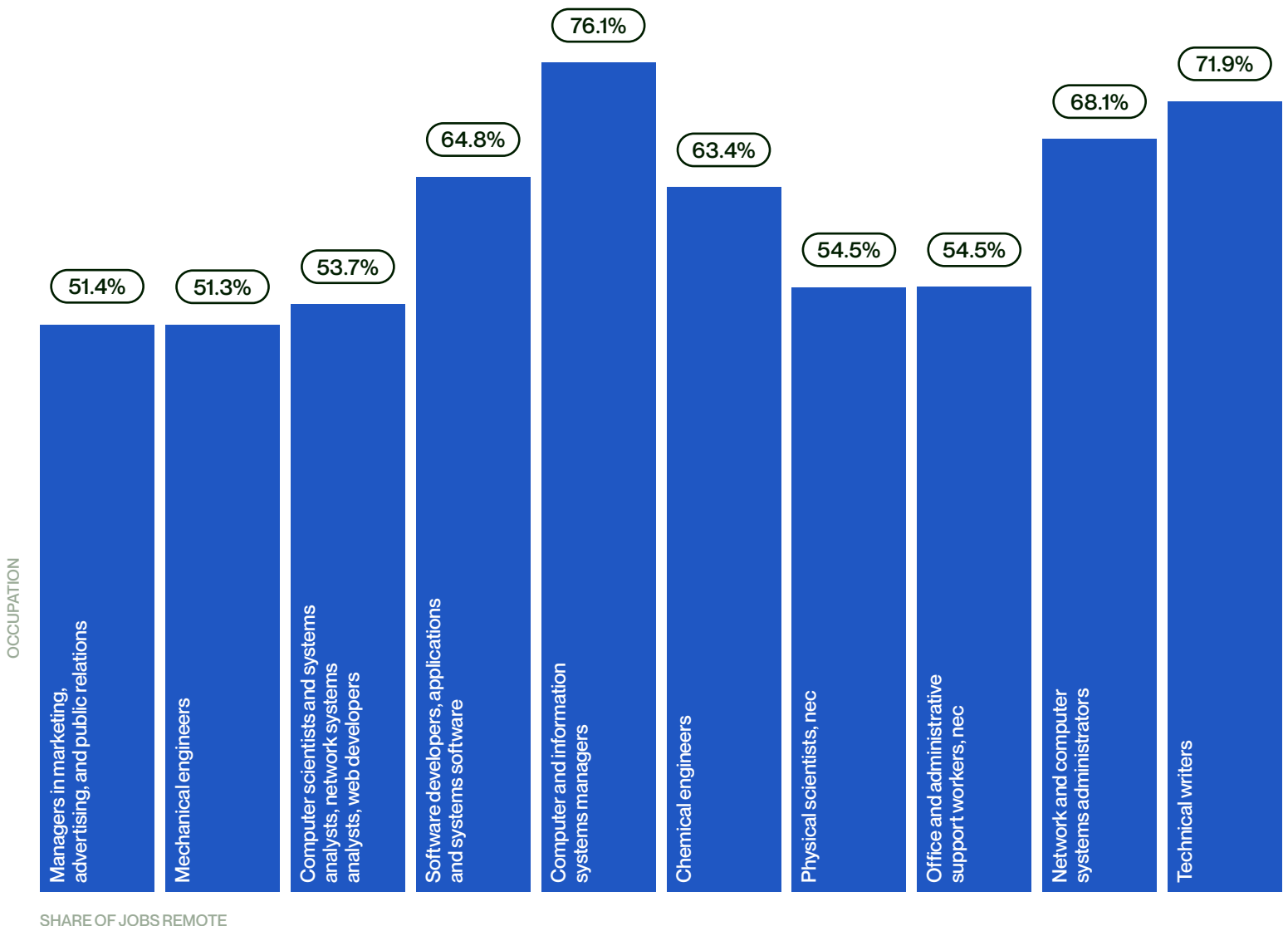
Professional Work is Everywhere

What kind of work is this? To answer this question we again used BLS microdata to find the most common occupations inside of these traditional industries that had 50% or more of workers that were remote in the fourth quarter of 2020. For these purposes, we defined “traditional industries” as accommodation and food services, agriculture and related industries, construction, mining, quarrying, utilities, and oil and gas extraction, transportation and warehousing. We also include non-tech manufacturing, which excludes computer

and electronic manufacturing. In short, industries that are broadly thought of as consisting of almost entirely in-person, and highly manual, work.

We found that the most common jobs that can be done online or remotely in these industries are largely in marketing, communications, administrative, computers and programming, and science and engineering jobs.

Share of teleworking by occupation due to COVID-19 as of January, 2021



Remote Opportunities Across Industries

This breakdown provides an important insight into how we think about traditional industries and the wider economy outside of tech

Professional service workers don't only exist in professional service industries

As the economy has become more service oriented, professional services have become widespread and, as a result, these jobs exist in every industry.

While this data shows jobs in late 2020, pre-pandemic data from the BLS further supports that existence of professional service jobs across all industries.¹ In non-tech manufacturing, for example, we can see that 28.4% of occupations are professional services. Not all manufacturers today simply make a product. Researchers must figure out what customers want, engineers and industrial designers must design the product and packaging, marketing specialists create ads to sell the product, web developers build the website, and customer service representatives handle customer questions and feedback.



Even in the construction industry, 10.5% of workers are in professional services, which is around 1.2 million jobs

Professional services are involved in essentially every part of the economy, which means that there is widespread potential for remote freelancing, even in companies where most people need to be in person every day.

To quantify this potential, we estimated the number of professional services jobs across a wider group of industries that we will call “non-tech industries.” This includes traditional industries discussed above and also sectors that involve some in-person work, some not in person work, but generally exclude tech companies. For example, healthcare and social assistance, and arts / entertainment / recreation are included in non-tech.

Overall, we estimate that 37% of jobs in “non-tech industries” are in professional services, which suggests they have the potential of being done remotely or by a remote freelancer. This is the exact same share estimated by economists Jonathan Dingel and Brent Neiman using a different approach using surveys that describe occupational day-to-day work experience.² If all, or even some, of the 37% of professional services jobs went remote this would have significant implications for the economy overall.

¹We define professional services broadly, and include Business Operations Specialists, Financial Specialists, Computer and Mathematical, Architecture and Engineering, Technicians, Life, Physical, Community and Social Services, Legal, Education, Training, and Library, Arts, Design, Entertainment, Sports, and Media, Office and Administrative Support, as well as certain managerial and certain sales related occupations.

²<http://www.jdingel.com/research/DingelNeiman-workathome.pdf>

Professional Services Jobs Outside of Professional Services Industries

INDUSTRY	SHARE OF JOBS IN PROFESSIONAL SERVICES	NUMBER OF PROFESSIONAL SERVICES JOBS
Public Administration	47.3%	3,430,932
Wholesale Trade	43.9%	1,554,801
Arts, Entertainment, and Recreation	37.8%	1,324,525
Utilities	36.1%	497,215
Mining, Quarrying, and Oil and Gas Extraction	32.9%	247,209
Manufacturing	28.4%	4,182,812
Administrative and support and waste management services	26.3%	1,747,247
Health Care and Social Assistance	25.6%	5,583,385
Other Services, Except Public Administration	24.2%	1,857,850
Retail Trade	14.1%	2,218,687
Transportation and Warehousing	13.2%	1,005,596
Construction	10.5%	4,182,812
Accommodation and Food Services	6.9%	786,449
Agriculture, Forestry, Fishing, and Hunting	6.3%	154,113

Freelancer Professional Services

The BLS data is clear that remote work and professional services exist across industries, which illustrates the opportunity for remote freelancing across industries.

We can also use Upwork platform data to show how remote freelancing is already being used by companies outside of tech.

Many companies, both inside and outside of tech, utilize remote freelancers for a variety of professional services. This is especially important when activities need to scale up and down quickly, occur on a project-by-project basis, or are in skill areas that are increasingly scarce in tight labor markets.

To show what non-tech companies use remote freelancing for, we can look at the 100 largest non-tech clients on Upwork. The industries these clients are in run the gamut, with the most common industries being manufacturing / consumer goods, marketing, media / entertainment, and other professional services.

Industry mix of Upwork's largest non-tech clients

Share of top 100



22%

Manufacturing / Consumer Goods

19%

Professional services

14%

Marketing

11%

Media / Entertainment

6%

Health / Wellness

6%

Pharma

5%

Non-profit / Religions

4%

Telecom

4%

Finance / Insurance

3%

Energy / Utilities / Logistics

2%

Retail

2%

Education

1%

Agriculture

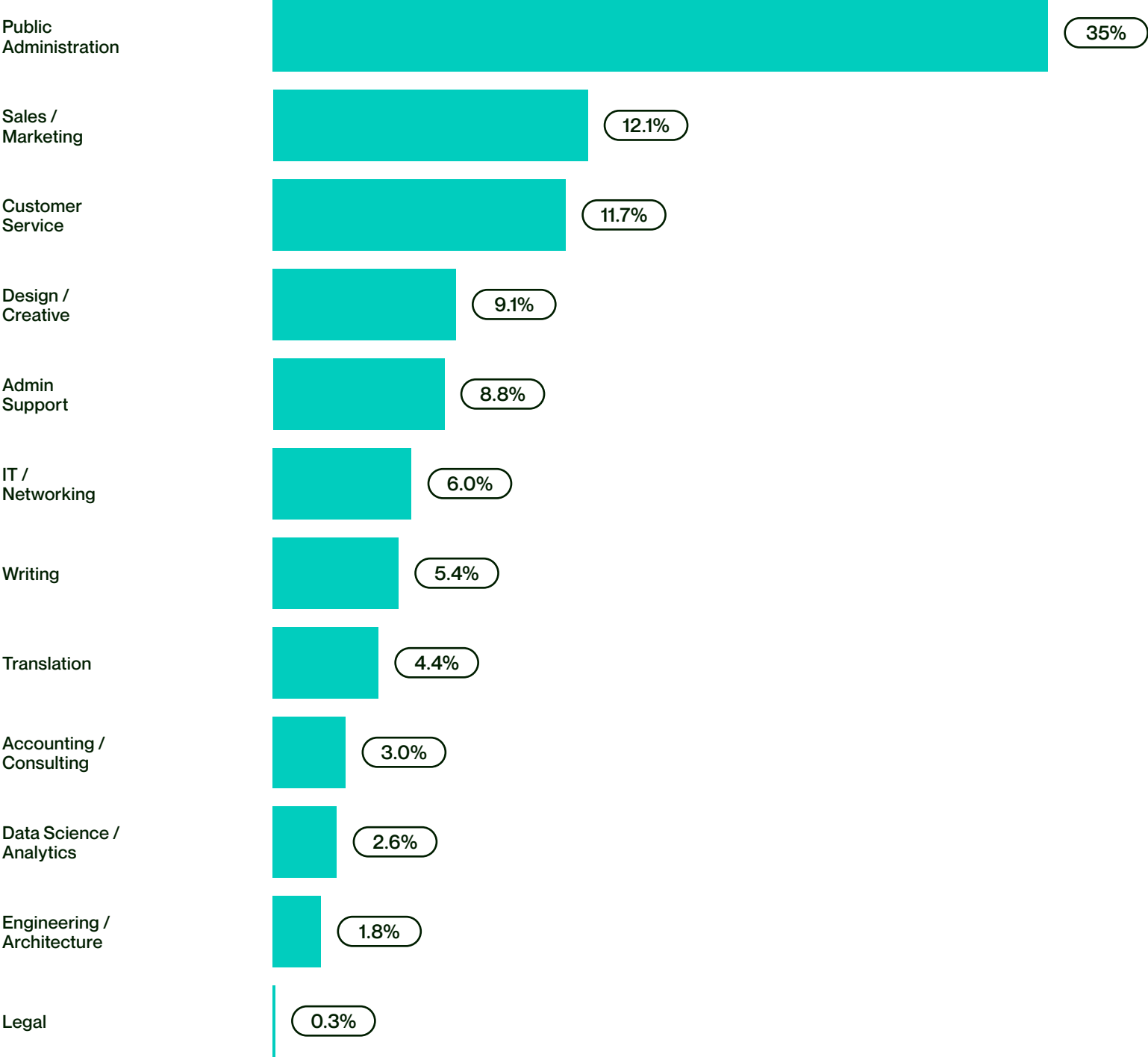
1%

Retail / Leisure and Hospitality

Beyond the industry, our data also verifies the broad range of occupation types that these companies are utilizing remote freelancers for. Measured by spend, we find that web, mobile and software development, sales and marketing, and customer service are the most common categories in which freelancers are hired. What this data largely reveals is that regardless of industry, where there are professional services inside of companies, there too, are freelancers.

Occupational mix of freelancers hired by Upwork's 100 largest non-tech clients

%: Share of Spend

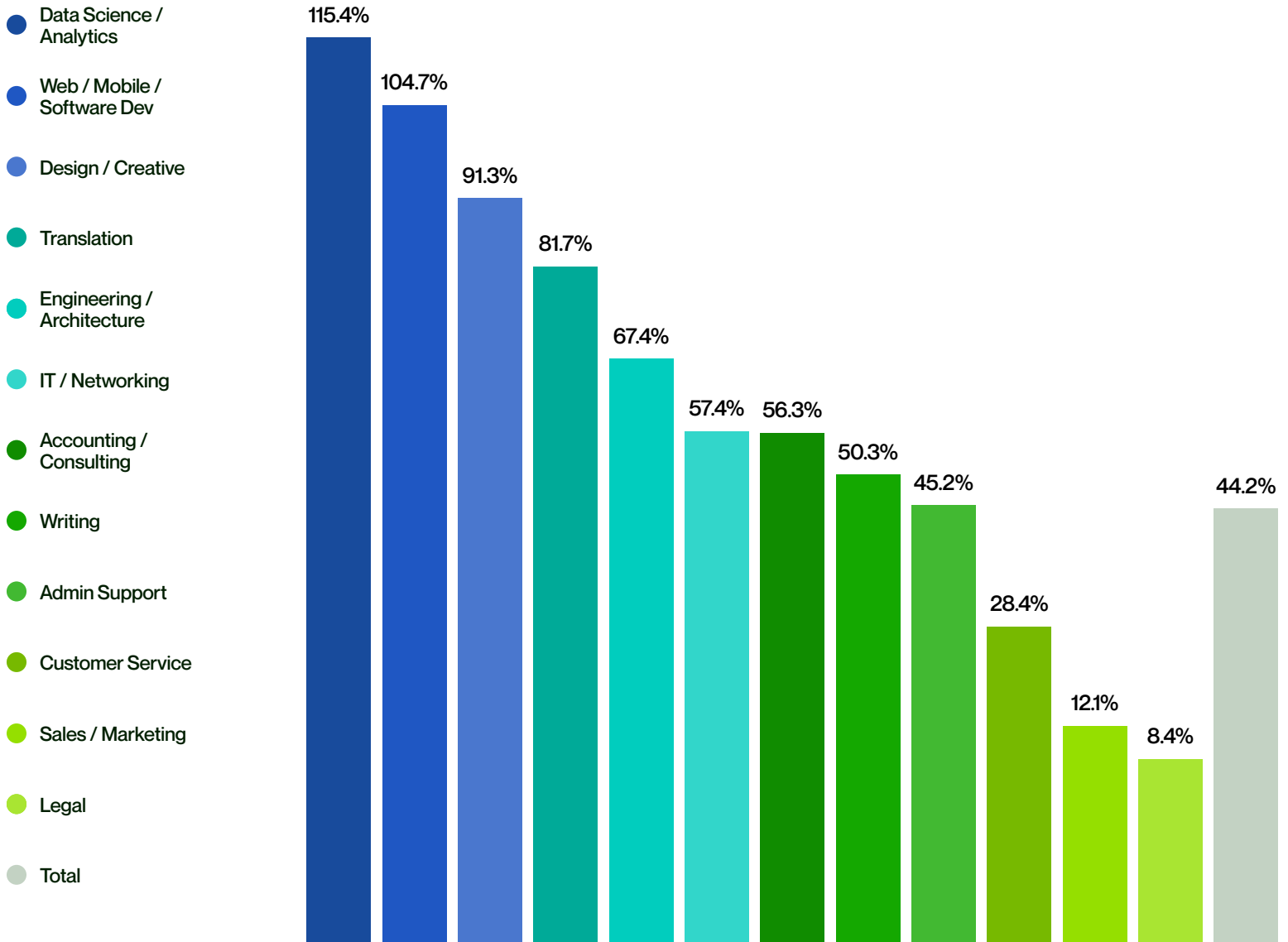


Embracing Freelancers Moving Forward

Both the BLS and our platform data clearly demonstrate the broad use of remote work and remote freelancers across industries, but an open question is whether the increase in remote freelancing over the pandemic will prove permanent. Examining how non-tech companies on Upwork have changed their utilization of remote freelancers through the pandemic gives us one indicator of whether the shift is permanent.

We can first look at the behaviors of clients who were already using Upwork in 2019, before the pandemic. Among those 100 largest non-tech clients, total spending grew by 44.2% in 2020. This was not just a one-off surge in a specific category due to the pandemic, but rather we saw all categories of spending increase in aggregate.

YoY spend growth by category from Upwork's largest non-tech clients



Furthermore, for the most common types of spending we can also look at median growth rates to see whether growth in spend is concentrated or widespread. For the most common categories of work we can confirm that growth was widespread. Growth was fastest in sales and marketing at 77.2%, followed by customer service at 73.9%, and then web, mobile, and software development at 18.4%; however, even in total spending, median growth was 32.1%.

Finally, we see that overall, 80% of the largest non-tech clients increased their spending in 2020 across a variety of categories. Aggregated together, every category of spending

went up. For the biggest categories of work, most firms increased their spending. This, again, suggests that these companies' adoption of remote freelancers was across many different parts of their businesses.

This data suggests a diverse growth in the use of remote freelancing among non-tech companies. They are utilizing remote freelancing more, and also across more functions. The breadth of professional services jobs across industries shows the potential for remote freelancing outside of tech, and the growing adoption of remote freelancing over the pandemic shows that this potential is increasingly being realized.

77.2%

Sales / Marketing

18.4%

Web / Mobile / Software Dev

73.9%

Customer Service

32.1%

Total

Conclusions

Throughout 2020 and the beginning of 2021, many have recognized the widespread impact that the remote revolution has and will have on the economy, particularly as it relates to tech companies. However, as our report reveals, the more profound impact of this remote revolution arguably will be from companies outside of tech, including more traditional sectors. For the first time, companies in industries like manufacturing, agriculture, and mining recognized that many

of their professional services jobs did not need to be done onsite. This opens up opportunities for not only people to do remote work, but for people to do remote freelance work for these companies. In total, there is potential for 25.7 million U.S. jobs to be done by remote freelancers in “non-tech industries.” This scale could have large impacts on not only the freelance industry, but on the economy as a whole.

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