

Contractor and freelancer marketplace emerges from recession with double-digit growth

Contractor and freelancer marketplace [PeoplePerHour.com](#) maintained its growth in the value of assignments posted by clients throughout the recession and in September 2009 saw the first of a series of sharp increases, which led to compounded monthly growth of 30% and an all-time high in January 2010.

"The value of assignments posted on [PeoplePerHour.com](#) has risen steadily through the recession," explains PeoplePerHour.com founder Xenios Thrasyvoulou. "We've also seen a sharp increase in assignments since the economic climate improved, suggesting that clients are hiring freelancers to help take advantage of the upturn as an alternative to recruiting employees."

According to Thrasyvoulou, PeoplePerHour.com now has over half a million unique visitors per month and in excess of 3m page impressions, with over 50,000 registered contractors and freelancers serving nearly 17,000 registered clients.

A lean year of recession

"Times were tough even in the small business and freelance market place, and although our growth slowed during May to September 2009," admits Thrasyvoulou, "we saw many small firms turning to freelancers as a low risk flexible resource they can turn on and off as needed. During that time there were many more registered contractors and freelancers than there were assignments, mirroring the rest of the economy."

Anecdotally, looking at the nature of the assignments during this time, Thrasyvoulou says that small business clients were turning to freelancers to fulfil many non-core activities, with demand for IT contractors, marketing and sales freelancers leading the pack.

"In September 2009 we saw a very strong leap in the number and value of assignments being posted," continues Thrasyvoulou. "There was clear evidence that freelancers were the low-risk solution to small business growth plans as the economy emerged from recession and small firms started to grow again."

Solid client base and fee levels

Most [PeoplePerHour.com](#) clients are sole traders or limited company micro-businesses, as well as small to medium sized enterprises, although Thrasyvoulou says that some clients are larger organisations from sectors that have traditionally used freelancers.

"Media businesses that, for example, use journalists and designers, come to PeoplePerHour.com to fulfil assignments," he says. "We also find that bigger firms use us when they need a job done quickly and to high standards. We might have a marketing director or IT manager buy the services of a freelancer to create a cartoon or flash banner quickly."

"Equally, when there are capacity issues and managers have autonomy over supplier budgets, the often lengthy employee recruitment process can be bypassed allowing a manager to access additional resource when they need it, and switch it off when they don't."

The average value of initial assignments is £500. Thrasyvoulou stresses 'initial', because 40% of assignments have an immediate follow-on, where the same freelancer wins another job immediately from the same client. In addition, 25% of freelancers win a job at a later date, where the client's next job is awarded to the freelancer who completed the last one.

No agency and no IR35

Does Thrasyvoulou consider PeoplePerHour.com as competing with recruitment agencies? "We're in a totally different market from recruitment agencies and in fact our businesses model is highly unattractive to the agency sector," explains Thrasyvoulou.

"PeoplePerHour.com is primarily a marketplace for small businesses to find the skills solutions they need on a low risk and cost-effective basis," he continues. "Unlike recruitment agencies, we don't supply agency workers or contractors long-term to major clients like big banks or the major public sector agencies."

On the subject of contractors, is [IR35](#) ever an issue for the freelancers registered with PeoplePerHour.com? "Only 3% of assignments require the freelancer to work on-site, and the vast majority of freelancers are working for multiple clients on different projects, many of which are one-offs," says Thrasyvoulou. "We get all sorts of questions come through to our helpdesk, but I can't remember the last time someone asked about IR35."

In the longer term, particularly in an age of economic austerity when for many organisations employing workers could be unaffordable, Thrasyvoulou predicts that online marketplaces like PeoplePerHour.com will become increasingly mainstream.

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Xenios Thrasyvoulou,
PeoplePerHour.com

"We currently count a fraction of the nearly 4m small firms in the UK as clients," says Thrasyvoulou. "But as flexibility increasingly becomes the driver for organisations to survive and thrive, our freelance marketplace model will become a core element in any manager's toolkit."

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