

UPWORK RECEIVES THE 2023 NEW PRODUCT INNOVATION AWARD

Identified as best in class in the global hiring platforms industry



Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Upwork Inc. excels in many of the criteria in the hiring platforms space.

AWARD CRITERIA	
<i>New Product Attributes</i>	<i>Customer Impact</i>
Match to Needs	Price/Performance Value
Reliability	Customer Purchase Experience
Quality	Customer Ownership Experience
Positioning	Customer Service Experience
Design	Brand Equity

Offers Quality Products Designed to Disrupt the Market

US-based Upwork Inc. resulted from the merger of Elance and oDesk announced in 2013 and then rebranded to its current name in 2015. The company recognizes the dramatic post-pandemic shift in how organizations and the workforce approach work and labor shortage worldwide. Skilled professionals seek flexibility, adaptability, and speed and want to work from anywhere. So, for companies that hire, having access to a broad range of talent to fill the labor gaps is more critical than conventional talent acquisition, which focuses on filling roles with full-time employees. Upwork helps companies realize that and partners with skilled professionals through new working models and arrangements, maintaining flexibility and agility.

To power the change, Upwork recently transitioned from a hiring platform of freelancers and a single-product company to a platform supporting a broader range of work arrangements and a multi-product

company. Its products include Talent Marketplace™, Project Catalog™, Virtual Talent Bench™, Enterprise Suite, an end-to-end solution for full-time hiring, and new artificial intelligence (AI) solutions that empower customers.

Some interesting enhancements and innovations include the following:

“Upwork’s offerings stand apart in the hiring platforms market as they tap into the changing global work and hiring climate.”

- Ankita Singh
Senior Industry Analyst

For Talent Marketplace™

Upwork's Project Catalog includes thousands of projects in more than 300 categories predefined by freelancers that clients can browse, buy, and hire from easily. Freelancers can use Project Catalog to engage via ready-to-purchase projects and low-effort contracts. Meanwhile, hiring clients can utilize Project Catalog to find fully customizable, ready-to-launch projects and access pricing, terms, scope, and timing up front.

In 2022 and 2023, Upwork updated Project Catalog to enhance ease of use for independent talent and hiring clients with a consultation offering. Consultations allow clients to purchase and schedule one-on-one consultations directly from talent profiles or by searching Project Catalog. These consultations aid in long-term rapport building and enable talent to monetize their skills to generate new business opportunities.

Other notable Upwork features offering the desired flexibility and agility to hiring companies and freelance professionals are a Virtual Talent Bench (allows clients to work with an established network of preferred independent talent), Boosted Proposals (allow talent to indicate their preference toward a job post), and Availability Badges (helps talent highlight their availability to work now).

For Enterprise Suite

Upwork improved its Enterprise Suite offerings, such as Bring Your Own (BYO) Talent, allowing clients to invite their talent/preferred independent professionals to work with them. Through "direct contracts," freelancers can manage their work contracts on the platform with clients—even if they do not have an Upwork account—and leverage the Upwork Payroll solution.

Other improvements to the Enterprise Suite include customization and automation tools, such as multi-approver workflows (allow clients to set rules that empower hiring managers to move forward with contract offers) and self-serve reports that offer data on demand (e.g., reports on talent performance, user activity, and payroll billing). Upwork's enterprise clients can engage with an Expert-Vetted Talent pool comprised of the top 1% of professionals registered on Upwork whom the company has screened for technical abilities and soft skills. They can leverage Upwork's Managed Services, including dedicated teams tailored to the client's specific needs and scale. Upwork reported that its Managed Services revenue reached \$13.7 million in the last quarter of 2022.

Other Innovations and Improvements

The company launched Upwork Academy in 2022 to offer on-demand learning courses to support the growth of independent professionals on Upwork. Upwork Academy includes nine learning paths, 13 courses, and Academy Coaching cohorts involving social impact partners Gaza Sky Geeks and CaterpillHERS.

Additionally, Upwork Community enables independent professionals to connect with peers in over 20 community groups. Location-based groups include those from the United States, Philippines, Pakistan, Kenya, Egypt, Ukraine, Moldova, Hungary, Poland, Romania, and Germany. There are groups for women, moms, veterans, and musicians, and members can use community badges to highlight their involvement in the community.

Furthermore, Upwork hosts events such as community hours, product events, interactive workshops, and expert speakers to boost engagement and upskill independent professionals on the platform.

Lastly, Upwork offers Career CloseUps (enables freelancers to share their professional stories), a diversity-certified filter (helps hiring companies recruit diversity-certified talent), and a Rate Calculator (boosts transparency on fees charged by professionals for services and projects). These offerings promote healthy work ethics and transparency, enhancing trust and reliability for hiring companies.

The company also introduced Upwork Labs in 2023, an experimentation and incubation team. The team is launching multiple generative AI-enhanced beta features powered by OpenAI technologies. These features include a job post generator (an AI-powered tool that helps clients create fully customizable job post drafts in seconds), Upwork Chat (helps businesses new to Upwork navigate the platform and learn how to hire), and automated proposal tips for talent.

Upwork is establishing itself as a preeminent destination for AI-related talent and work. AI is the fastest growing category on Upwork, as noted in the first half of 2023, with generative AI job posts increasing by 1,000% compared to Q4 2022. To optimize the potential of this opportunity, the provider has accelerated investments in research and partnerships to offer the right technology.

Upwork's offerings stand apart in the hiring platforms market as they tap into the changing global work and hiring climate. The company has also adopted customization and automation, focusing on two vital business criteria: the need for hyper-personalization and boosting hiring speed. These endeavors create stiff entry barriers in the market and solidify Upwork's global positioning in the hiring platform provider market.

Ensures Products Meet Customer Needs and Expectations

Driven by customer-centricity, Upwork focuses on delivering reliable products that meet the needs and expectations of end customers. To realize this, Upwork has a well-crafted mechanism to collate the voice of the customer (VoC) and employee (VoE) to ramp up product quality and provide value continuously.

Noteworthy VoE Initiatives to Boost Product Quality

Upwork initiated Project User Empathy in 2020 to assist Upwork team members in testing and experiencing the product and offerings firsthand, identify user experience (UX) issues, share ideas for improvement, and develop empathy with end users.

Upwork also has a Customer Zero program, Frost & Sullivan experts have indicated as a one-of-a-kind implementation in the hiring industry. The program gathers internal employee ideas and feedback on products to boost quality and impact end customers. This program allows Upwork team members to create and maintain a repository of issues that arise, which the product team prioritizes quarterly for improvement before final releases go to market.

Consistent Efforts to Gather VoC to Build Customer Loyalty and Product Reliability

Upwork has a federated customer experience (CX) model, where the Customer 360 team partners with product leaders across the company to ensure it hears end customers. Every business unit at Upwork has access to VoC data and insights related to customer experiences. This ensures the integration of customer

feedback into decision-making processes throughout the organization, reinforcing Upwork's commitment to delivering competent customer experiences.

Upwork's feedback loop includes inputs from the customer service operation, which is a part of the company's CX organization. Upwork follows a unified approach where product managers, UX function experts, customer support, and trust experts consolidate insights to get a 360-degree view of and solve customers' problems. The company claims that feedback from the VoC program directly influences 40% of its product releases and tests.

Upwork tracks CX metrics and trends in real time through social listening and monitoring channels (e.g., Upwork Community, social media, customer reviews) and conducts surveys (e.g., Net Promoter Score, Customer Satisfaction, product experience) using SurveyMonkey, GetFeedback Digital, and GetFeedback Direct. Customers can provide feedback through the website's integrated feedback buttons and forms.

To analyze the large volume of customer feedback, Upwork has partnered with unitQ, an AI-enabled product quality monitoring platform that deploys natural language processing services, to understand customer feedback and sentiment at scale. Frost & Sullivan commends Upwork for its holistic feedback mechanism that weaves together VoE and VoC to accelerate product innovation, enhance product quality, and increase customer loyalty.

In addition, merging VoC and VoE to improve product quality and reliability kills two birds with one stone for Upwork. Frost & Sullivan's VoE analytics research indicates a culture of innovation boosts employee experience (EX). Making VoE integral to product improvement will not only enhance product quality but also translate into excellent EX and, thus, CX for the company in the long run.

Provides Affordable Pricing

Upwork has made its offerings more accessible to talent and hiring managers with its pricing strategy. The company has simplified its pricing structure for its Talent Marketplace clients. It involves a flat 5% fee on all payments to talent for fixed-price and hourly jobs, Project Catalog projects, bonuses, and BYO contracts. For enterprise clients, it customizes pricing for Enterprise Suite plans based on business needs.

The company announced a new and simplified freelancer fee structure in 2023 to offer professionals the ability to price their services competitively with a lower fee on all new talent/client relationships. In May 2023, Upwork moved all talent to a 10% fee rate and discarded its sliding-scale fee structure. For professionals working on projects at the 5% level of the existing tier structure, Upwork will maintain those rates through the end of 2023.

Frost & Sullivan's research on hiring platforms worldwide shows monitoring competitor technology and business model innovations to respond with differentiated offerings, including providing creative and affordable pricing, is a recommended focus area for providers. Upwork's commitment to delivering value to the hiring and talent communities with changes in its pricing strategy and the transition from a freelance marketplace to a work marketplace that supports various work arrangements is well-placed and relevant in the current market.

Retains Customer Loyalty and Brand Equity

Upwork builds awareness of its transition to a multi-product company with steady marketing efforts. The

company reported effective results from its performance marketing investments that serve as a growth lever to bring new customers into the business, including a 28% year-over-year improvement in cost per client registration in Q2 2023. The company also reported growth of almost 90% from September 2022 to June 2023 in unaided brand awareness among business decision-makers. In addition, unaided awareness among decision-makers in the large business segment (1,000 employees or more) grew nearly 250% over the same period.

Upwork's growing popularity is attributable to having hybrid teams globally in its organization. Seventy percent of Upwork's workforce is comprised of independent talent in over 90 countries. This allows Upwork to show customers the operational model's resilience and reduced risks and costs as workforce and macroeconomic dynamics shift.

Organizations like Microsoft, Airbnb, Nestle Health Science, and Nasdaq have pursued a flexible workforce model to include independent talent through Upwork. For example:

Client Case 1: Nestlé Health Science, a leader in nutritional science undergoing digital transformation, needed agility, speed, and access to a specialized technology talent pool. The company leveraged the global talent pool of independent professionals through Upwork to tap into specific skill sets and reduce hiring time and speed. It found professionals who could contribute to innovation and health management at Nestle due to their experience working with diverse clients. As a result, the company could effectively respond to shifting business needs and double down on the hiring investment.

Client Case 2: Nasdaq tasked its social media team, headed by Anna Gonzalez, to create Facebook Live shows, launch Facebook Watch programs, and other videos on demand. The challenge was that the team had only four people and technical, artistic, and analytical skill gaps. In addition, the budget per project remained unknown, yet the expectation was to be able to scale up and down across global locations.

Gonzalez adopted a hybrid workforce model, with her team leading the creative vision and engaging with the independent talent pool on Upwork. Partnering with Upwork Enterprise enabled her to hire quickly, scale as needed, and finish the work. Consequently, independent talent on Upwork could provide fresh perspectives and creative ideas and ensure swift execution. Nasdaq created differentiated social media content, resulting in an Emmy award for its Facebook Watch program.

Customers recognize Upwork for its intuitiveness that takes talent access to a top level for them:

- "The Upwork platform is really intuitive ... we've found success across the board." – Cathy Bissell (Founder, Bissell Pet Foundation)
- "It's so important to be able to find the people and skills we need, when we need them—and Upwork helps us do that." – Angela Robinson (Marketing Coordinator, Museum Hack)
- "If we have any issue, my first thought is to go to Upwork and find talent who can help us think it through ... Upwork opened the door and made it possible." – A Quilen Blackwell (Founder, Southside Blooms)
- "Independent talent changed how we handle development." – George Whitaker (Director of Software Engineering, PGA of America)

Upwork continues to see existing enterprise clients maintain and expand their usage of Upwork due to enhancements in the Enterprise Suite. In June 2023, the company recorded its highest month for enterprise revenue, leading to second-quarter enterprise revenue that rose 16% year-over-year to \$14.3 million.

Besides delivering stellar and credible products, Upwork continuously improves customer service. Its investment in and partnership with Forethought AI to provide a consistent and swift support experience to customers reflects its commitment to better its customer service.

“Upwork’s commitment to delivering value to the hiring and talent communities with changes in its pricing strategy and the transition from a freelance hiring place to a marketplace that supports various work arrangements is well-placed and relevant in the current market.”

- Ankita Singh
Senior Industry Analyst

Frost & Sullivan recommends Upwork continue investing in geography-specific marketing initiatives to build stronger footing outside the US market. Upwork’s product credibility, continued customer-centricity, and marketing initiatives will benefit the company.

Conclusion

Upwork offers reliable and quality products that are contextually relevant, given the changing work environments and expectations. The company invests in innovation backed by customer response and internal feedback mechanisms to inform its R&D. Upwork’s dual-sided approach seeks to satisfy hiring companies and the talent pool, which will likely benefit Upwork in the short and long term.

With its strong overall performance, Upwork Inc. earns Frost & Sullivan’s 2023 global New Product Innovation Award in the hiring platforms industry.

What You Need to Know about the New Product Innovation Recognition

Frost & Sullivan's New Product Innovation Award recognizes the company that offers a new product or solution that uniquely addresses key customer challenges.

Best Practices Award Analysis

For the New Product Innovation Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

New Product Attributes

Match to Needs: Customer needs directly influence and inspire product design and positioning

Reliability: Product consistently meets or exceeds customer performance expectations

Quality: Product offers best-in-class quality with a full complement of features and functionality

Positioning: Product serves a unique, unmet need that competitors cannot easily replicate

Design: Product features an innovative design that enhances both visual appeal and ease of use

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

About Frost & Sullivan

Frost & Sullivan is the Growth Pipeline Company™. We power our clients to a future shaped by growth. Our Growth Pipeline as a Service™ provides the CEO and the CEO's growth team with a continuous and rigorous platform of growth opportunities, ensuring long-term success. To achieve positive outcomes, our team leverages over 60 years of experience, coaching organizations of all types and sizes across 6 continents with our proven best practices. To power your Growth Pipeline future, visit Frost & Sullivan at <http://www.frost.com>.

The Growth Pipeline Engine™

Frost & Sullivan’s proprietary model to systematically create ongoing growth opportunities and strategies for our clients is fuelled by the Innovation Generator™.

[Learn more.](#)

Key Impacts:

- **Growth Pipeline:** Continuous Flow of Growth Opportunities
- **Growth Strategies:** Proven Best Practices
- **Innovation Culture:** Optimized Customer Experience
- **ROI & Margin:** Implementation Excellence
- **Transformational Growth:** Industry Leadership



The Innovation Generator™

Our 6 analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

Analytical Perspectives:

- **Mega Trend (MT)**
- **Business Model (BM)**
- **Technology (TE)**
- **Industries (IN)**
- **Customer (CU)**
- **Geographies (GE)**

