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Digital Future Society

Platform Economy and COVID-19

A look at delivery, home care, and online freelance work in Spain and Latin America

A program from

GOBIERNO DE ESPAÑA | VICEPRESIDENCIA TERCERA DEL GOBIERNO MINISTERIO DE ASUNTOS ECONÓMICOS Y TRANSFORMACIÓN DIGITAL | SECRETARÍA DE ESTADO DE DIGITALIZACIÓN E INTELIGENCIA ARTIFICIAL

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Digital Future Society is a non-profit transnational initiative that engages policymakers, civic society organizations, academic experts, and entrepreneurs from around the world to explore, experiment and explain how technologies can be designed, used and governed in ways that create the conditions for a more inclusive and equitable society.

Our aim is to help policymakers identify, understand, and prioritize key challenges and opportunities now and in the next ten years in the areas of public innovation, digital trust and equitable growth.

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About IDB Lab

IDB Lab is the innovation laboratory of the IDB Group, the leading source of development finance and know-how for improving lives in Latin America and the Caribbean (LAC).

The purpose of IDB Lab is to drive innovation for inclusion in the region, by mobilizing financing, knowledge, and connections to co-create solutions capable of transforming the lives of vulnerable populations affected by economic, social or environmental factors. Since 1993, IDB Lab has approved more than 2 billion USD in projects deployed across 26 LAC countries, including over 300 million USD to develop the venture capital industry in the region.

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Introduction

Context

The COVID-19 pandemic has upended daily life, introducing new social dynamics and consumption patterns. It has marked a turning point in many areas of our personal and collective life. One of the sectors that has been most affected is the digital economy.

The crisis caused by COVID-19 has accelerated digital economy trends that were not anticipated for another five to ten years. In some respects, it could be said that the pandemic has been a perfect storm, forcing digitalization in a wide array of areas such as work, consumption, social relations, or leisure.

One example is e-commerce. According to a study by IAB Spain,[1] half of the Spanish consumers increased their online purchases by 51% during the pandemic. The Adobe Digital Economy Index[2] shows that global e-commerce in 2020 reached levels that would not have been attained for another five years under normal conditions.

In the workplace, lockdown, and the promotion of telework triggered a widespread surge in the use of online tools such as Microsoft Teams,[3] whose daily users rose by 70% (to 75 million in the third quarter of 2020), or Zoom,[4] which surpassed ten million users in April 2020. In many economic sectors, remote working has gone from being the reality of a few to the only feasible option for many. According to data from McKinsey, the most digitalized sector in the United States before COVID-19 was media and ICT[5] companies, with 9% of their full-time employees working remotely 100% of the time. During the pandemic, the share of this sector´s employees that work remotely has soared to 84%. In other essential sectors, such as education and healthcare, telework has surged from 2% to 36%.

In a booming digital economy, one of the sectors most affected by the COVID-19 pandemic is that of digital labor platforms, which have undergone important economic and employment changes.

At the economic level, mobility restrictions and business closures have changed consumption patterns. One example is the delivery sector, recognized in most countries as an essential service during lockdown. The use of delivery platforms rose by 50%, on average, between the first and last weeks of March[6] in Latin America, and by close to 20% in Spain.

In terms of employment, jobs have been cut and businesses' relationships with their employees have changed. This situation has driven an increase in employment relationships conducted through digital labor platforms. An example of this is the increased number of downloads of microtask platforms and online freelance work in Latin America and the Caribbean, which rose by 30% between January and March 2020.

[1] IAB Spain 2020

[2] Adobe 2020

[3] Windows Central 2020

[4] Business of Apps 2020

[5] Information, Communication and Technology

[6] Inter-American Development Bank 2020

Digital labor platforms have started to adapt to the new context to meet the needs of consumers, businesses, and workers. However, there is still very little information on the scale of COVID-19's impact on the platform economy or on the steps that the sector is taking to adjust to this impact.

As a result, the Digital Future Society Lab (DFS Lab) and the innovation lab of the Inter-American Development Bank (IDB Lab) have prepared this report which presents the perspectives of 34 digital labor platforms operating in Spain and/or Latin America in one of the three sectors analyzed. The study reflects their experiences regarding COVID-19's impact and the future of the platform economy.

Sectors and scope of the study

The study focuses on three sectors: **delivery, home care,**[7] and **online freelance**.

The main reason for selecting these three sectors is their economic and social significance during the pandemic. First, the high incidence and severity of COVID-19 among the elderly and the saturation of public healthcare services have highlighted the importance of elderly care services. Second, changes in consumption patterns and the need for supermarkets, restaurants, and shops to operate online have underlined the relevance of the delivery sector, which was classified as an essential service in most countries. Lastly, the digitalization of work, the validation of remote working, and the emergence of new employment relationships have shown the value of online freelance work during the pandemic and into the future.

A joint analysis of COVID-19´s impact in Spain and Latin America is interesting due to the differences in the maturity level of their respective platform economies, their regulatory frameworks and, at the social level, the profile of the people who work on digital labor platforms. Furthermore, differences in the timing of pandemic waves in Europe and Latin America offer a view of the platforms' adaptation methods and create an opportunity for mutual learning and the exchange of experiences.

Objectives and methodology

This report aims to present the extent of COVID-19's impact on platform economy sectors in an aggregate manner and identify significant actions adopted by participating platforms to adapt to the new reality. The report pinpoints trends, impacts and actions based on conversations and information shared by the platforms, and displays the data aggregated by sector. It should be noted that the information cannot be extrapolated or generalized to an entire sector or geography.

A total of 34 platforms participated in this study. Participation was voluntary and the figures for each platform were limited to a single country. Platforms that operate in more than one

[7] The analysis of the home care sector focuses on care for the elderly and people in a situation of dependency. However, some childcare platforms also took part. Their input has been analyzed separately.

geography freely chose the country that was most pertinent for them in terms of COVID-19´s effects and their own responses to the pandemic. Even though the information is presented separately for Latin America and Spain, the report does not aim to compare the two geographies.

The observed trends are grouped into five thematic blocks:

1. Variation in supply and demand
2. Changes in services and adaptation of business models
3. Changes in the relationship between platforms and workers
4. Impact on the regulatory framework
5. Impact on the reputation of the sector

The information used to prepare the report was gathered and analyzed in two phases. In the first phase between June and July 2020, 34 platforms were surveyed and interviewed to understand the extent of the impact of COVID-19 and identify any actions or initiatives taken to adapt to the pandemic. Based on the information gathered, a preliminary analysis was carried out to show COVID-19´s aggregate impact in each sector.

In the second phase, sector-specific focus groups were held with a small number of platforms. Focus group participants discussed the preliminary analysis, and expanded on and validated the results. They also debated the impact of COVID-19 on their sector in the medium to long term. The focus groups took place in September 2020 with the participation of 12 platforms.

Participation

This report was made possible thanks to the contributions and openness of the 34 participating platforms. The platforms are listed here in alphabetical order by sector: Aiudo, AMIA, Cuideo, Depencare, Familiados, Joyners and Zolvers in the home care sector; Nanny Home, TuNanny and Sitly in the childcare sector; Deliveroo, El Mercadito, Glovo, Hugo, Just Eat, Llegamos a tu casa, Moova, Mox, Pedisuper, Rangri, Rappi, SoyDeliver, Stuart, Tipti and Wabi in the delivery sector; and Bossabox, Freelancer, Malt, SoyFreelancer, Uassistme, Vitalk, Vittude, Wisar and Workana in the online freelance sector.

The information published in this report was obtained through interviews, surveys, and focus groups carried out with the participating digital labor platforms. Consequently, none of the statements in the report reflect the position of Digital Future Society or the Inter-American Development Bank.

1

Delivery

Characteristics

HIGHLY MASCULINIZED
Close to 90% of delivery riders are men

HIGHLY COMPETITIVE
Large number of platforms in operation

HIGH VISIBILITY
Sector with high media impact

SECTOR IN CONSOLIDATION
Major growth since 2010

Characteristics of the platforms

TYPE OF **BUSINESS**

B2C Service focused on end customer

B2B Service focused on businesses

TYPE OF **SERVICE**

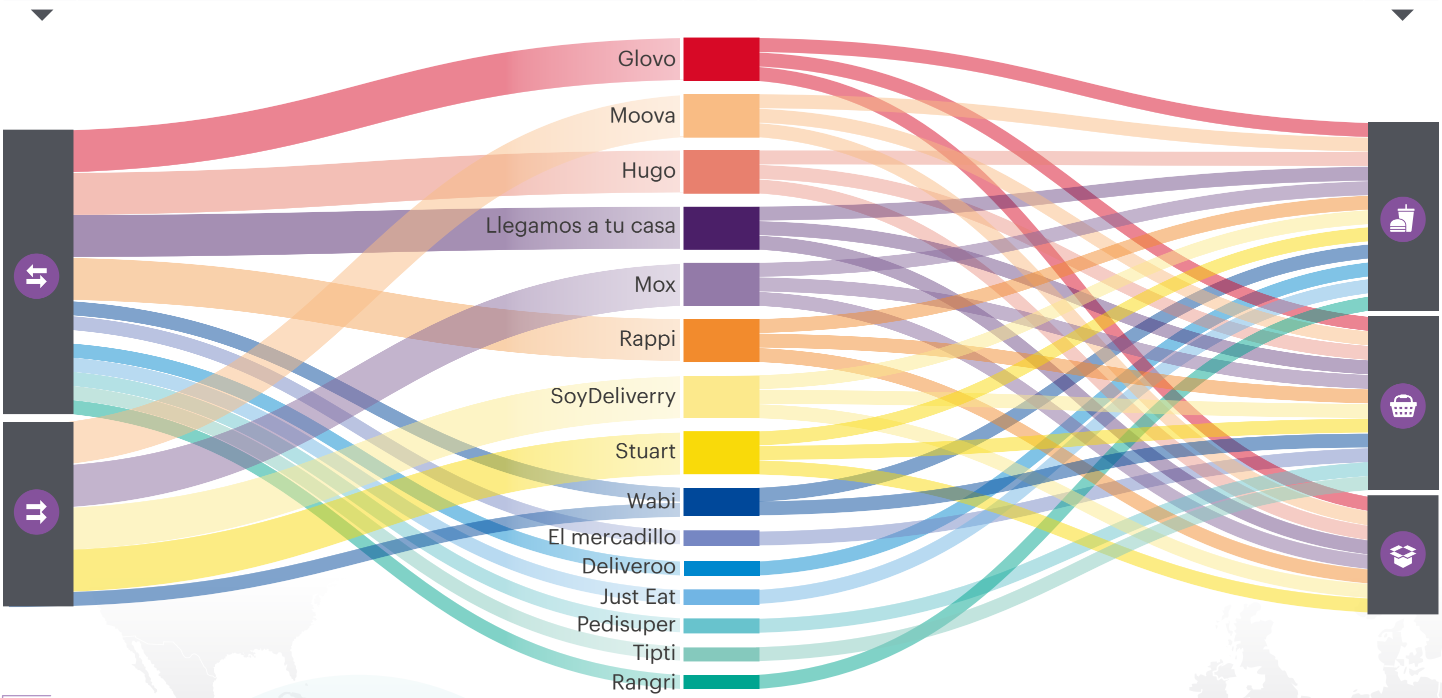
Food home delivery

Supermarket shopping

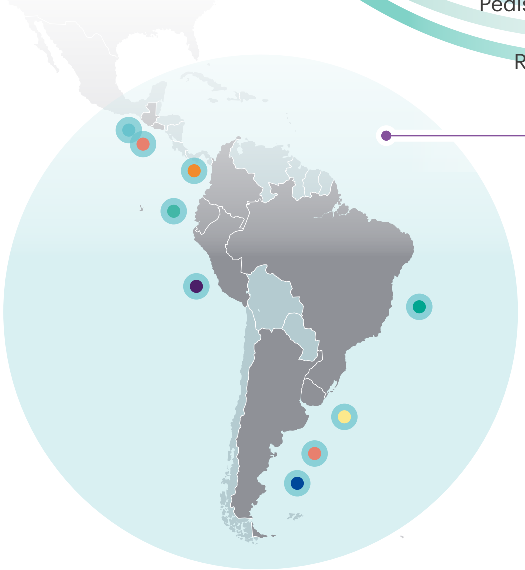
Courier and parcel delivery

Participating platforms

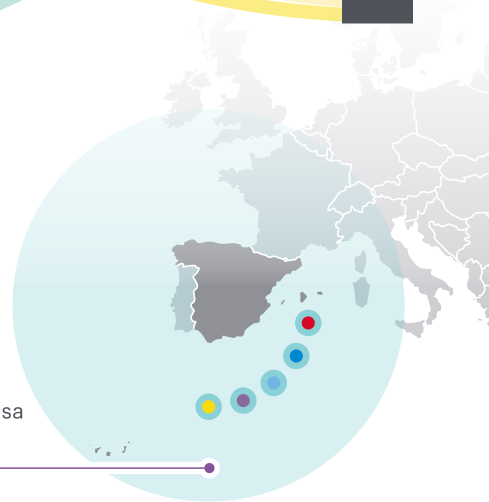
TYPE OF **BUSINESS** | **PLATFORMS** | TYPE OF **SERVICE**



Analyzed countries**



Argentina ▸ Moova, Wabi
Brazil ▸ Rangri
Colombia ▸ Rappi
Ecuador ▸ Tipti
El Salvador ▸ Hugo
Guatemala ▸ Pedisuper
▸ El Mercadito
Peru ▸ Llegamos a tu casa
Uruguay ▸ SoyDelivery



Spain ▸ Glovo, Deliveroo, Just Eat, MOX, Stuart

**The analyzed countries are not the only ones where the platforms operate, but they are the ones for which the platforms have provided information for this report.

Context and characteristics

Delivery platforms were among the first digital labor platforms to emerge at the start of the century. However, the sector only began to see strong growth worldwide from 2010. Since then, the number of platforms has risen exponentially. Now, together with the mobility sector, the delivery sector is among those with the highest growth potential, number of affiliates, and number of users. It has become one of the sectors with the greatest visibility and media coverage. Among the many platforms operating in this sector, one of the differences is their business focus: many platforms focus on business-to-business (B2B) operations and last-mile delivery, while others center on the end customer through marketplace platforms.

One of the most significant impacts of COVID-19 has been a change in consumption habits. Mobility restrictions, risk of infection, and shutdown of in-person services in businesses have triggered the digitalization of commerce and expanded the diversity of products purchased through online channels. In this context, the demand for delivery platforms has risen sharply and the needs of businesses, users, and delivery riders have changed.

A total of 15 platforms in the delivery sector took part in the study. Five provided information about their operations in Spain, while the remaining ten provided information on their operations in Latin American countries (Argentina, Brazil, Colombia, Ecuador, El Salvador, Guatemala, Peru, and Uruguay).

Variation in supply and demand

Every platform that took part in the study has observed changes in market behavior with varying impacts depending on the type of delivery service provided. As with the other sectors, figures on the variation in supply and demand are based on information provided by the participating platforms. These figures serve to identify aggregate trends across the participating platforms, but the trends cannot be extrapolated to the entire sector. The study´s findings are described below.

a) Across-the-board rise in demand for services, with notable increase in supermarket purchases

The platforms that operate in Spain noted a decline in demand for services in the early weeks of lockdown (from mid-March to mid-April 2020), which they attribute to the closure of fast-food chains. Following this initial fall, all platforms began to register a strong growth in demand. Supermarket orders rose around 103%, home food delivery increased by 28% and courier and parcel delivery went up by 78%.

Platforms that operate in Latin America observed a steady increase in demand from the outbreak of the pandemic. The sector with the largest growth was supermarket delivery services, which increased by 259%. This was followed by growth in home food delivery, which rose by around 209%, while courier and parcel delivery increased by 141%.

The rise in supermarket purchase delivery in Spain and Latin America was accompanied by an increase in the average number of products per delivery. The higher number of orders and products per order prompted some platforms to adapt their transport vehicles in line with the new trend.

The table below shows the percentage increase in demand by delivery category between February and June 2020.

	Food home delivery	Supermarket shopping	Courier and parcel delivery
SPAIN	28%	103%	78%
LATIN AMERICA	209%	259%	141%

Figure 1. Variation in the demand for services between March and June 2020. Source: own elaboration.

Based on the information provided by participating platforms, the main reasons for the increase in demand for delivery services were lockdown (71%), customer fear of exposure to the virus (64%), and a change in customer needs (43%). Some platforms also consider that the provision of new services influenced the increase in demand (21%).

b) Increase in the number of businesses operating on the platform during the lockdown, proportional to growth forecasts for the next two years

During lockdown, businesses could not operate through their usual sales channels or were prohibited from doing so. As a result, there was an increase in the number of businesses (81% rise in Latin America and 45% in Spain) that operated through delivery platforms as a new channel to sustain operations. The increase between March and June 2020 was proportional to that expected by the sector over the next two years.

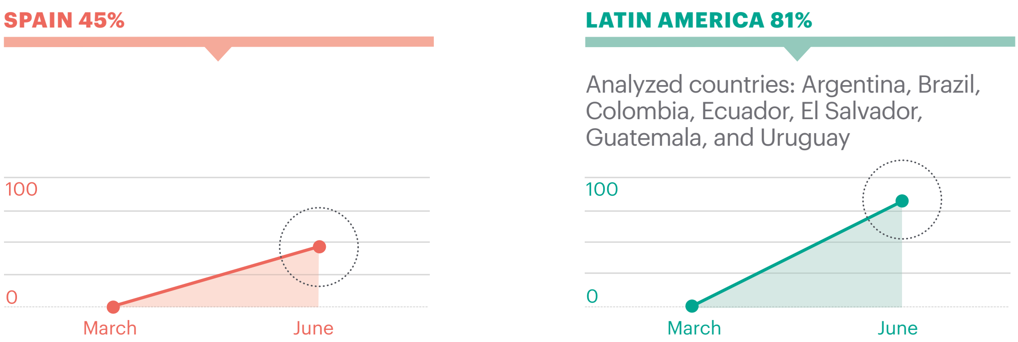


Figure 2. Variation in the number of businesses on platforms between March and June 2020. Source: own elaboration.

The profile of businesses that have begun to operate on platforms has changed. There has been a rise in the number of local businesses, which are normally more resistant to operating online. Platforms hope that many of these businesses will continue to use online channels after the pandemic and are working to retain their loyalty.

Some platforms have chosen to run communication campaigns on conventional media (such as TV and radio) to attract users and establishments. This practice, which is not common for digital labor platforms, has also been observed in the home care sector.

OPPORTUNITY FOR THE SECTOR:

- **Standardizing the digitalization** of local businesses and sectors (eg florists).

THREAT FOR THE SECTOR:

- **Service saturation** due to the inability of businesses and delivery riders to cope with the sharp increase in the volume of orders.

c) Sharp rise in the number of users who request services through platforms

According to the Kantar consulting group, the delivery sector in Spain gained 2.2 million new users between March and May 2020. This amounted to an increase of around 20% in the number of end customers compared to business estimations for the close of 2019.

While there are no reliable data for Latin America, the number of new users is likely to have grown by a similar magnitude if we consider that the rise in demand over the same period was greater in this region than in Spain.

d) Growth in the number of new delivery riders, particularly local nationals

In Spain, the platforms indicated that the number of new delivery riders fell in the early weeks of the pandemic, but soon recovered and recorded new highs of around 16.5% above the normal average.

Based on the information provided by participating platforms, the initial drop in the number of available delivery riders was caused by businesses' fear of exposure to COVID-19 and uncertainty on the legal status of the service during lockdown.

Platforms that operate in Latin America report that the number of delivery riders has grown steadily, in the order of 38%.

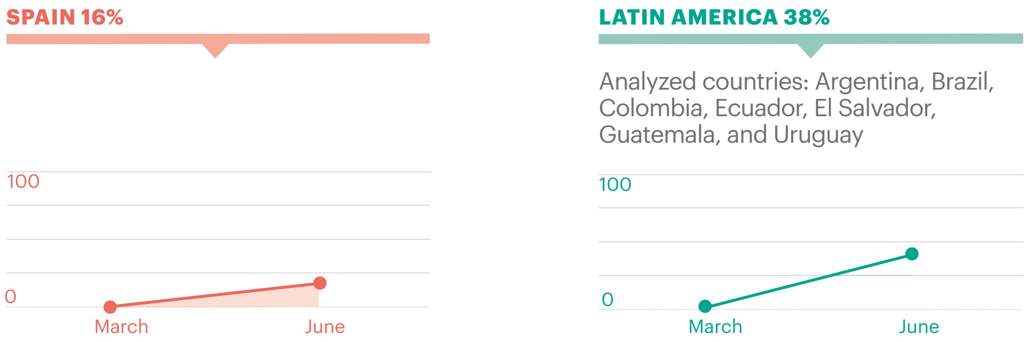


Figure 3. Variation in the number of delivery riders between March and June 2020. Source: own elaboration.

Both platforms operating in Spain and in Latin America noted greater diversity in delivery workers' profiles from the outbreak of the pandemic. The number of delivery riders that are local nationals (who are hired for jobs in their own country) has increased, as has the number of women, youth, unemployed workers, and other profiles affected by the employment crisis.[8]

Other platforms that operate in Latin America noted a rise in the number of delivery riders from Venezuela and Cuba. This reflects a pre-pandemic trend[9] that has since become consolidated.

Changes in services and adaptation of business models

Platform business models have adapted to the pandemic's impact on the demand for delivery services and changes in consumption patterns. In some cases, new delivery services and categories have been introduced. Examples of these changes are described below.

a) Strengthening the role of platforms as vectors of digitalization for local businesses

Platforms are the entry point to e-commerce for many local businesses. The COVID-19 crisis has acted as a highly significant vector of digitalization for this kind of businesses, which in many cases were resistant to the use of online sales channels.

[8] Inter-American Development Bank 2020

[9] Inter-American Development Bank 2020

Participating platforms reported that they had launched a series of packages to maintain the loyalty of businesses, including:

- facilitating the **integration of businesses** with the platforms
- lowering sales **commissions**
- reducing **registration time**
- shortening **billing time**
- expanding **payment options and**
- launching **aid packages** for restaurants.

OPPORTUNITY FOR THE SECTOR:

- Opening new business lines focused on supporting the **digitalization of local businesses**.
- Creating **e-commerce platforms** that bring together local businesses.

b) Reinforcing strategic relationships with large companies, especially supermarket chains, through new agreements

Broadly speaking, platforms have experienced increased competition in the provision of last-mile delivery services to large supermarket chains, municipal markets, and other large businesses.

One observed trend in participating platforms was to support companies with their digitalization process. This role of platforms, which goes beyond last-mile delivery services, was uncommon before the pandemic.

Platforms reported that after the outbreak of the pandemic this trend was found in businesses that were not previously committed to e-commerce and needed to develop it urgently. In this situation, platforms proved to be capable partners for the quick digitalization of businesses' sales channels supporting their integration into e-commerce and last-mile delivery systems.

Changes in the relationship between platforms and delivery riders

COVID-19 has altered the relationships between platforms and delivery riders. Some of the changes were already underway and the pandemic merely accelerated them, while others were driven by the new situation. Participating platforms noted the following changes.

a) Establishing operating protocols during a pandemic

Every participating platform reports to have developed **operating protocols** to increase the safety of the service provided and limit contact between customers and delivery riders. Establishing protocols has been a priority for all platforms to bolster the reputation of the sector.

NOTABLE ACTION:

- In Spain, a **sector agreement** has been reached between some of the leading platforms (Deliveroo, Stuart, Glovo and Uber Eats) and hospitality organizations to establish standard operating procedures and ensure joint measures on hygiene and safety. Moreover, delivery platforms have established plans for communication and coordination of safety measures with leading associations of delivery riders (Asoriders, APRA and AAR).

b) Launching actions to offer a safe service and protect delivery riders

Platforms that operate in Spain report that they have provided **personal protective equipment** (PPE) for delivery riders in the early weeks of lockdown, as it was difficult to obtain these items in the marketplace. Platforms that do not employ their riders stopped this effort when PPE became more readily available.

Some platforms report that they have **digitalized processes** (such as recruitment and onboarding of new delivery riders) to reduce physical interactions and minimize risks of infection.

Several platforms indicate they have launched **funds** to compensate delivery riders who fall sick with COVID-19 on the job, to provide them with a minimum income.

Communication and interaction have allegedly increased between platforms and delivery riders to establish and ensure compliance with operating protocols and to provide information on changes in taxation and the availability of any public aid.

c) Adjusting management parameters and criteria to the reality of COVID-19

- Platforms report that they have adapted the **service allocation system** to the new reality, making time slots and shifts more flexible and enabling delivery riders to manage their schedule.
- Some platforms claim to have modified their **reputation algorithm** so that delivery riders who preferred not to operate during the pandemic were not penalized.
- Other platforms report that they have changed their **pay system** for services. Some declare that they have offered hazard pay in a limited number of cases.

Impact on the regulatory framework

The regulatory framework varies by country. In general, participating platforms expressed a need for new frameworks or effective implementation of existing ones. The pandemic has spurred discussions on the safety and compensation levels of delivery riders as well as on job insecurity associated with delivery platform work. Nonetheless, participating platforms did not report any acceleration in the establishment of new regulations or efforts geared towards the effective implementation of regulatory frameworks established before the pandemic.

a) In Spain, the COVID-19 pandemic fostered a climate of cooperation among all actors in the ecosystem, but this was interrupted in June 2020 by the publication of a draft law to regulate the sector.

Based on the information provided by participating platforms, the impact of COVID-19 and the acknowledgement of delivery platforms as an essential service fostered a climate of cooperation among delivery platforms, government, trade unions, and associations of delivery riders without precedents in Spain. However, this cooperation allegedly ended in June 2020 with the publication of a draft law to regulate the sector of digital labor platforms in Spain. The draft law considers all delivery riders working in platforms as salaried employees. Moreover, it establishes a compulsory public registry for all digital labor platforms and requires more transparency on their reputation and service allocation algorithms.

b) In Latin America, the COVID-19 pandemic has intensified debates over the regulation of the platform sector.

Based on the information provided by platforms that operate in Latin America, COVID-19 has led to discussions over the regulation of the sector and fostered closer relationships between platforms and governments. Allegedly, some regulatory processes have even been suspended. As in Spain, many local authorities have expressed their gratitude to delivery riders who have carried on working during the pandemic, offering a service of high social value, and delivering what are often daily necessities. However, it is still too soon to evaluate the impact of COVID-19 on future regulation of the sector or the validation of existing regulatory frameworks.

OPPORTUNITY FOR THE SECTOR:

- Development of **new regulatory frameworks** to enable the operation of digital labor platforms while ensuring adequate access to labor rights, protections, and benefits for workers.

Impact on the reputation of the sector

a) The delivery sector was recognized as an essential service and its activity was not prohibited during lockdown.

The delivery sector has been a constant focus of public opinion concerning the employment relationship between delivery riders and platforms. The pandemic has led to several trends in this regard. On the one hand, the overall public perception of the sector has improved, resulting in an increase in users. On the other hand, the health crisis has exposed the vulnerability of platform workers, not just delivery riders but across sectors, and underscored the urgent need to tackle unresolved debates over workers' rights, protections, and benefits.

For their part, participating platforms indicate they have sought to communicate the social significance of their role as a service to the community. Some platforms have put their logistical and technological capacity at the service of public and social projects (for example collaborations with government, food delivery to healthcare workers and groups at risk of exclusion, and collaborations with NGOs).

OPPORTUNITY FOR THE SECTOR:

- Positioning the delivery sector as an industry that leverages and **strengthens local business** in comparison to other major e-commerce platforms.

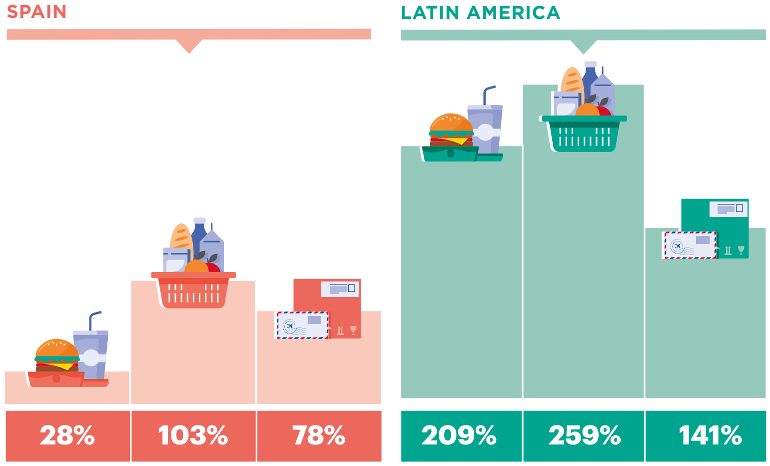
NOTABLE ACTION:

- Platforms have begun to collaborate with **law enforcement agencies** to prevent fraudulent uses (basically in the form of identity theft and drug distribution by delivery riders).

Impact of COVID-19

01. Variation in supply and demand

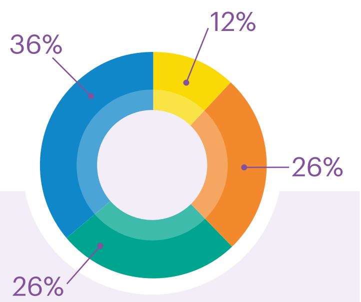
A INCREASE IN DEMAND FOR SERVICES



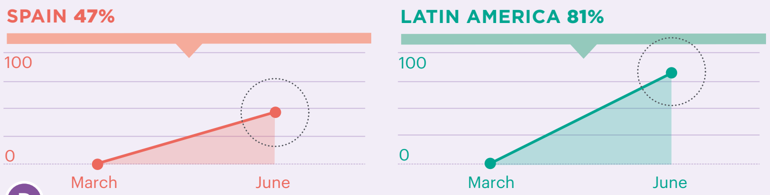
Supermarket shopping · Food home delivery · Courier and parcel delivery

CAUSE OF INCREASE

- Offer of new services
- New customer needs
- Fear of COVID-19
- Lockdown



B INCREASE IN NUMBER OF BUSINESSES ON PLATFORMS

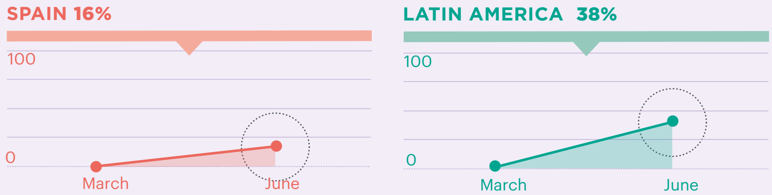


C INCREASE IN NUMBER OF USERS

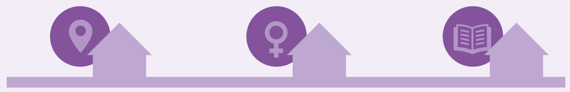
SPAIN

2.2 M **new users** on delivery platforms

D INCREASE IN NUMBER OF DELIVERY RIDERS AND VARIATION IN RIDERS' PROFILES



Delivery riders' profiles on the rise



National native delivery riders · Women · Students and unemployed people

02. Changes in services and adaptation of business models

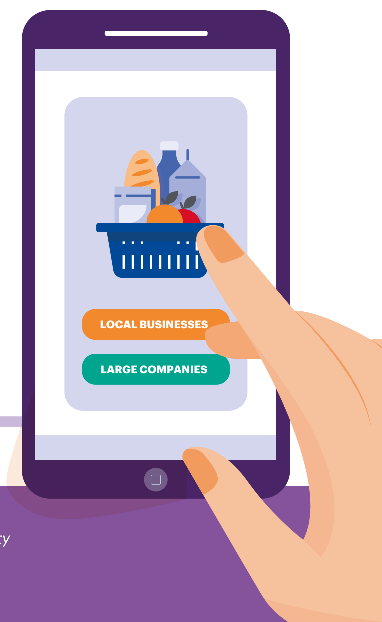
OUTBREAK OF COVID-19

Strengthening of the role of platforms as vectors of digitalization in local business

- Integration of **local businesses** on platforms
- Reduction in **commissions** per service
- Reduction in **registration** time
- Reduction in **billing** time
- Expansion of **payment options**
- Launch of **support packages**

Reinforcement of strategic relationships with large companies

- Support for **digitalization** of their sales channel
- Help in the development of **e-commerce** platforms
- **Last-mile delivery** service



All the information in these infographics reflects the views of the participating platforms. None of the content represents the position of Digital Future Society or the Inter-American Development Bank.

03. **Changes in the relationship between platforms and delivery riders**

- Establishment of **new contact-free operating protocols**
- Provision of **personal protective equipment** (PPE)
- **Digitalization of processes** like the recruitment of new delivery personnel
- Launch of **compensation funds** for delivery personnel who fall sick with COVID-19
- Increased **communication between platform and delivery riders**
- Adaptation of the **service allocation system**
- Adjustment of **reputation system**
- Changes in the **pay system**

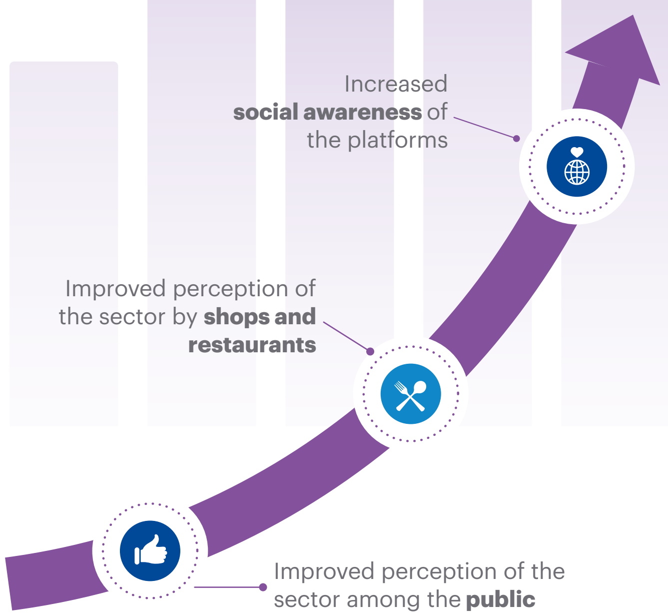
04. **Impact on the regulatory framework**

Climate of collaboration
The pandemic has fostered a climate of collaboration between governments and delivery platforms

New regulatory frameworks
Need to find new regulatory frameworks to enable the platforms to operate while guaranteeing the rights of workers

05. **Impact on the reputation of the sector**

Recognition as an essential service and one of the few sales channels in operation has enhanced the sector's overall reputation



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2

Home care

Characteristics

HIGHLY FEMINIZED
Close to 90% of home carers are women

EMERGING
Most of the platforms created in the past six years

INFORMALITY
Low level of formal hiring

PERSONAL EXPERIENCES
Most of the companies created from personal experiences

Characteristics of the platforms

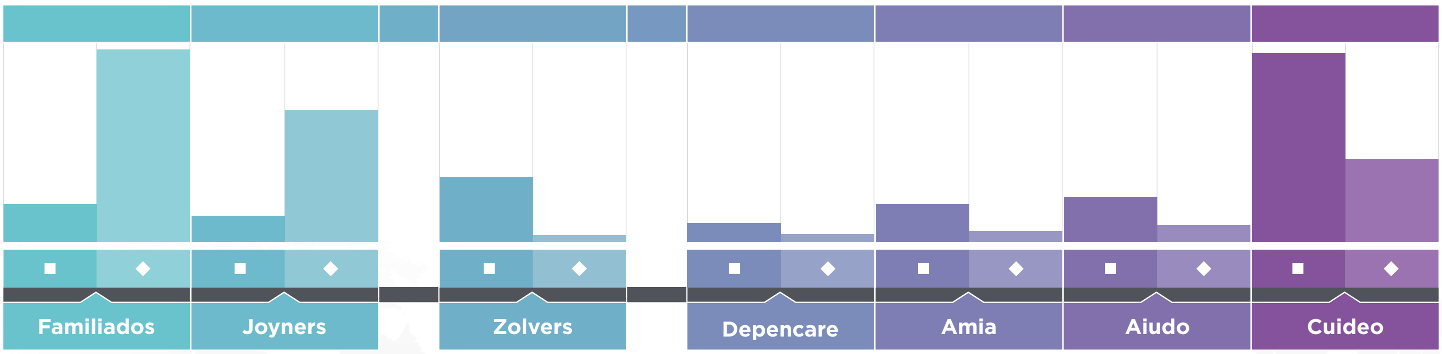
ONE-OFF SERVICES

- On-demand service
- Limited duration
- Hourly pay rates

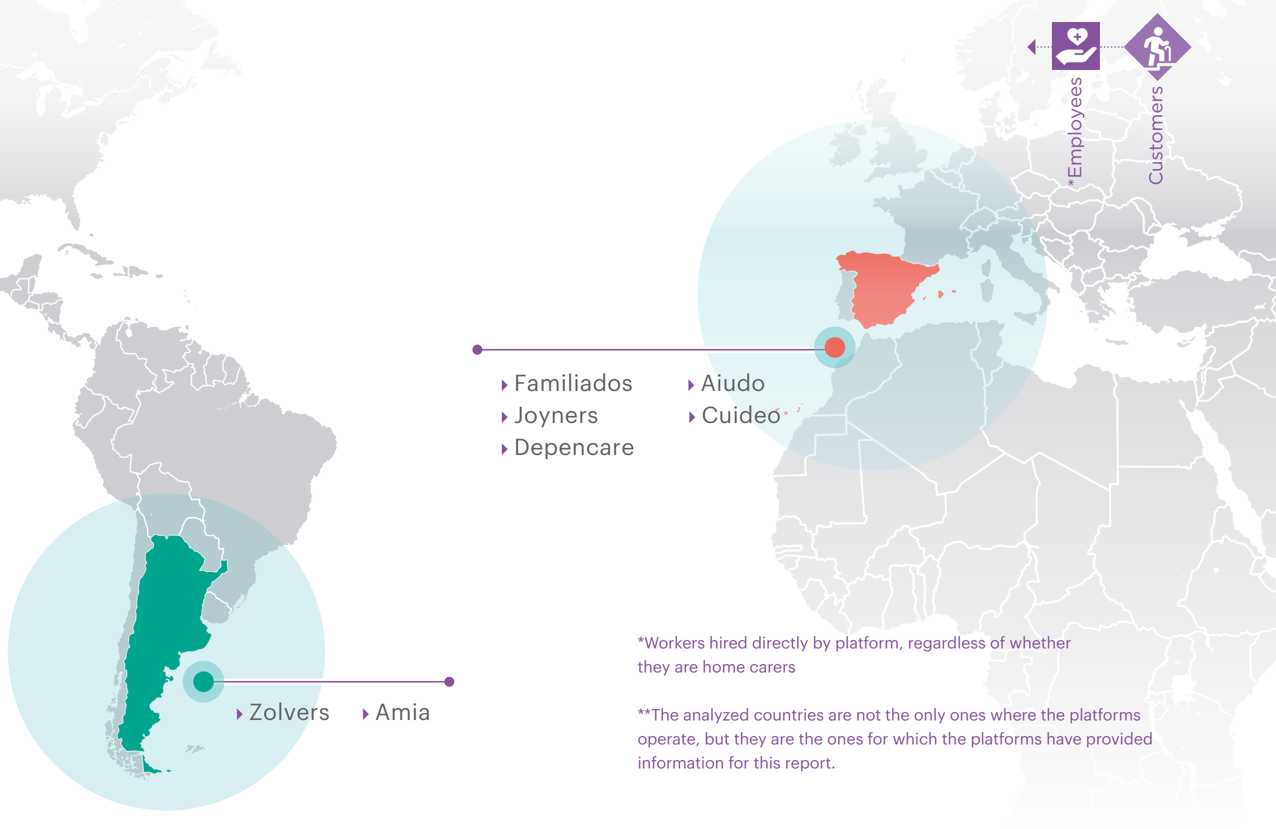
MEDIUM TO LONG-TERM SERVICES

- Regularity of service
- Long duration
- Fixed monthly pay or hourly pay rates

ONE-OFF SERVICES — **By focus of service** — MEDIUM TO LONG-TERM SERVICES



** Analyzed countries



*Workers hired directly by platform, regardless of whether they are home carers

**The analyzed countries are not the only ones where the platforms operate, but they are the ones for which the platforms have provided information for this report.

Context and characteristics

Reduced social interaction, fear of infection, and lockdown measures adopted by countries during the COVID-19 crisis have led to social isolation, especially among vulnerable groups like elderly and dependent people. This trend, which existed in Spain and Latin America before the COVID-19 outbreak,[10] has been exacerbated by the pandemic. In this context, the home care sector on digital labor platforms has become a real alternative for assisting vulnerable groups.

The main characteristics[11] of work in the home care sector are a high degree of feminization (between 85% and 90% of the sector's workforce in Spain[12] and Argentina[13] are women) and a high degree of informality. The conventional form of intermediation for care services is through placement agencies, and the sector has only recently digitalized. Most digital platforms (six out of the seven that were interviewed) are new or recently created (2015 or later). Generally, platforms in the home care sector are categorized by the type of service provided.

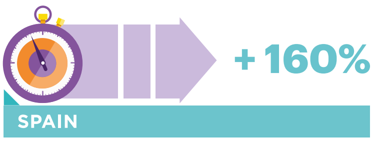
Seven platforms in the home care sector took part in this study. Five operate in Spain and two in Latin America. The latter two provided information on Argentina. As a result, the findings on COVID-19's impact on the home care sector relate exclusively to Spain and Argentina.

Variation in supply and demand

The variation in supply and demand observed by the home care platforms is closely related to the type of service (one-off services vs. medium to long term) they offer and their size: the magnitude of the impact differs depending on these two variables. Participating platforms reported four trends, with different levels of impact in Spain and Argentina.

Figures on the variation in supply and demand presented in this section come from information provided by participating platforms. They can be used to identify aggregate trends across the participating platforms, but the trends cannot be extrapolated to the entire sector or a particular geographical area.

a) Average increase in demand around 160% for medium to long-term services in Spain[14]



In Spain, the demand for medium to long-term services (such as sleep-over services) appears to have risen by 160% between February and June 2020. 66% of participating platforms believe that the main reason for the rise is the high incidence of

[10] Inter-American Development Bank 2018

[11] Digital Future Society 2021

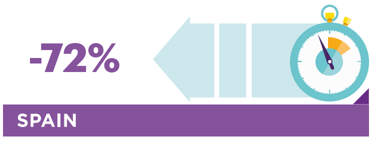
[12] National Institute of Statistics 2020

[13] Inter-American Development Bank 2018

[14] Weighted average based on the number of people served per platform

coronavirus cases and deaths in residential care homes for the elderly. Many platforms consider that this situation had a social and media impact that caused a dramatic fall in the facilities' reputation and, consequently, a drop in demand for their services. At the same time, home care services were reappraised as a safe alternative, leading to a sharp rise in their demand.

b) One-off services have fallen by 72% in Spain

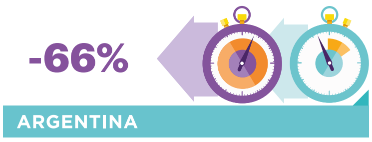


Based on information provided by participating platforms, demand for one-off services (such as medical escort services) declined by 72% in Spain between February and June 2020. The platforms stated that the main reasons behind this fall were lockdown (50%) and customer fear of exposure to the virus (33%). However, they were optimistic that the drop in demand for one-off services was only temporary.

THREAT TO THE SECTOR:

- Fall in the demand for low-complexity services that can be carried out by **family members who are unemployed** or temporarily laid off under Spain's ERTE program.[15]

c) Across-the-board decline of 66% in demand for services and rise of 50% in the number of available careers in Argentina



Participating platforms that operate in Argentina considered that fear of exposure to COVID-19 was the main cause of an across-the-board decline in demand for one-off services and medium to long-term services. However, they also noted that the rise in unemployment[16] in Argentina during 2020 affected the variation in supply and demand in the care sector. A rise in the number of unemployed workers motivates care of the elderly by other family members, and unemployment itself increases the number of carers available to work.

THREAT TO THE SECTOR:

- Consolidation of **low demand** in the case of an extended lockdown.

[15] System of temporary layoffs that can be accessed by companies affected by the COVID-19 crisis in Spain

[16] Argentine National Institute of Statistics and Censuses 2020

d) Rise in demand for sleep-over services in Spain and Argentina

Based on the information provided by participating platforms, customers showed a strong preference for sleep-over carers during the pandemic, especially during lockdown. In the platform´s opinion, reasons include seeking to minimize the risk of infection while carers travel to and from their home and wanting to ensure a safer service. Some of the platforms report that they promoted this type of services to new customers and advised families who are current customers to adopt sleep-over services temporarily to ensure patient safety.

Changes in services and adaptation of business models

While most of the platforms focus on a single service, a few have diversified and expanded their service offering because of the pandemic. Others have chosen to bolster their core service. This study has identified business model adaptations across all participating platforms, yet a majority correspond to platforms operating in Spain. Services launched during the pandemic include:

- **Cross-selling.** 50% of the participating platforms report that they have engaged in cross-selling, offering services that complement care (such as hairdressing, podiatry, and physiotherapy). In some cases, platforms have even offered home maintenance services (for example plumbing).
- **E-commerce.** Some platforms have taken the opportunity presented by lockdown to design and launch e-commerce operations (for example sale of wheelchairs or parapharmaceutical products), seeking to provide a more wide-ranging service to their customers.
- **Childcare.** Several platforms have launched childcare services during lockdown. The need for childcare has grown alongside a rise in remote work and the closure of schools and day-care centers. Some platforms have offered this service to companies (and their employees), while others have targeted families directly. Service provision formats include both in-person and online.
- **Services for residential care homes.** The need for staff in residential care homes for the elderly during the pandemic has led some platforms to develop new business units providing relevant services (for example substitutes for residential care homes staff or escorting residents on medical appointments). Several platforms intend to continue to offer these services after the pandemic.
- **Advertising campaigns.** To take advantage of the favorable context for their services, participating platforms have run advertising campaigns to attract new customers. Many campaigns have been highly visible in conventional media (television and radio). This is an unusual practice in digital labor platforms, which are usually more active in digital media.

OPPORTUNITY FOR THE SECTOR:

- More affordable home care services could be launched in response to an anticipated fall in customers' purchasing power. A **shared home care model**, where customers share a home care worker, appears to be a potential alternative and is already in operation in countries like the United Kingdom.
- Home care services can be integrated with the **public healthcare system** (for example hospital recovery or primary care monitoring at home), to reduce pressure on primary care systems and improve hospital care.

Changes in the relationship between platforms and carers

Most platforms engage home care workers under independent employment relationships (or without a contract). Nonetheless, participating platforms have adopted certain measures considering the pandemic in an attempt to increase the safety of services provided and minimize the risks of infection. The main actions declared by platforms include:

- **New operating protocols.** Almost all the platforms report that they have established new operating protocols to increase safety and prevent the sector from being stigmatized (considering the potential risk of COVID-19 cases).
- **Creation of webinars and online courses for home care workers and families.** As platforms work with high-risk populations, many of them indicate they have offered online training related to COVID-19 for families and carers, in the case of the later as a compulsory part of the onboarding process.
- **Guidelines and other information for home care workers and families distributed through social media.** These tools have allegedly been used primarily by platforms that do not establish dependent employment relationships with care staff or contractual relationships with families.
- **Provision of personal protective equipment (PPE).**[17] In Spain, one of the main actions reported by participating platforms was the distribution of PPE (including gloves and face masks) to home care workers and families. The determining factor for platforms adopting this measure was the existence of an employment or contractual relationship with carers or families. The only platforms that declared they provided PPE to workers and families were those where such a relationship existed.

[17] World Health Organization 2020

- **Virtualization of processes.** To reduce physical contact and minimize the risk of infection, some platforms claim to have migrated procedures, such as career recruitment interviews, to an online format.

- **COVID-19 pay rates.** Most platforms claim not to have modified their pay rates during the pandemic. However, one platform declares it has introduced wage supplements in the form of hazard pay for high-risk services.

NOTABLE ACTION:

- In response to the decline in demand for services in Argentina, Zolvers **partnered with a delivery platform** to enable unemployed home care workers to operate as delivery riders on a temporary basis.

In addition to the measures implemented by platforms pertaining to their relationship with home carers, the Spanish and Argentine governments have taken steps to protect the category of domestic workers, which includes home care workers.

In Spain, where the current labor agreement does not provide unemployment benefits for domestic workers, the government has passed a royal decree[18] to provide a supplementary economic aid to unemployed domestic workers during the pandemic.

In Argentina, the government launched the Emergency Household Income program[19] to compensate for the loss of income of unemployed and informal workers. Some platforms report they have helped home care workers to open bank accounts to receive this subsidy.

Impact on the regulatory framework

Regulations in the home care sector are diverse and vary by country. In Spain and Argentina, the sector is under a special labor framework, which is distinct from the general framework. Some platforms that operate in both countries consider that current regulations pertaining to the home care sector fall short, given that informal employment is still predominant. There is some consensus among participating platforms over the sector's regulatory needs, which include:

- Encouraging the regularization of a highly informal sector through regulatory frameworks that **promote and incentivize hiring**.

[18] Spanish Official State Gazette 2020

[19] Official Gazette of the Argentine Republic 2020

- **Empowering and training home care workers** given they generally comprise vulnerable groups at risk of exclusion. One example of such empowerment measures would be to foster sector associativity and representation to defend their rights.
- Creating **regulatory frameworks** that facilitate the formalization of one-off, non-recurring services.
- Considering home care an essential service with **high social value**.

NOTABLE ACTION:

- Some platforms highlighted the case of France, which implemented the **Universal Service Employment Voucher**[20] in 2006 as a regulation to promote formalization and hiring in the sector. The legislation provides tax deductions for employers who hired domestic workers, including home care workers. The policy has resulted in a sharp reduction in hiring costs and is flexible enough to include one-off, non-recurring services.

Impact on the reputation of the sector

Based on the information provided by participating platforms, residential care homes for the elderly have suffered a reputational crisis in Spain because of the pandemic. The home care sector has been appreciated as a safe alternative.

In Argentina, the reputation of residential care homes has not been affected or received the same media coverage as in Spain. However, some serious outbreaks have been reported in several facilities.

THREAT TO THE SECTOR:

- A rise in COVID-19 cases related to home care services could have a serious impact on the **reputation of the sector**, as has happened with residential care facilities in Spain.

[20] cesu.urssaf.fr

Impact of COVID-19

01. Variation in supply and demand

SPAIN

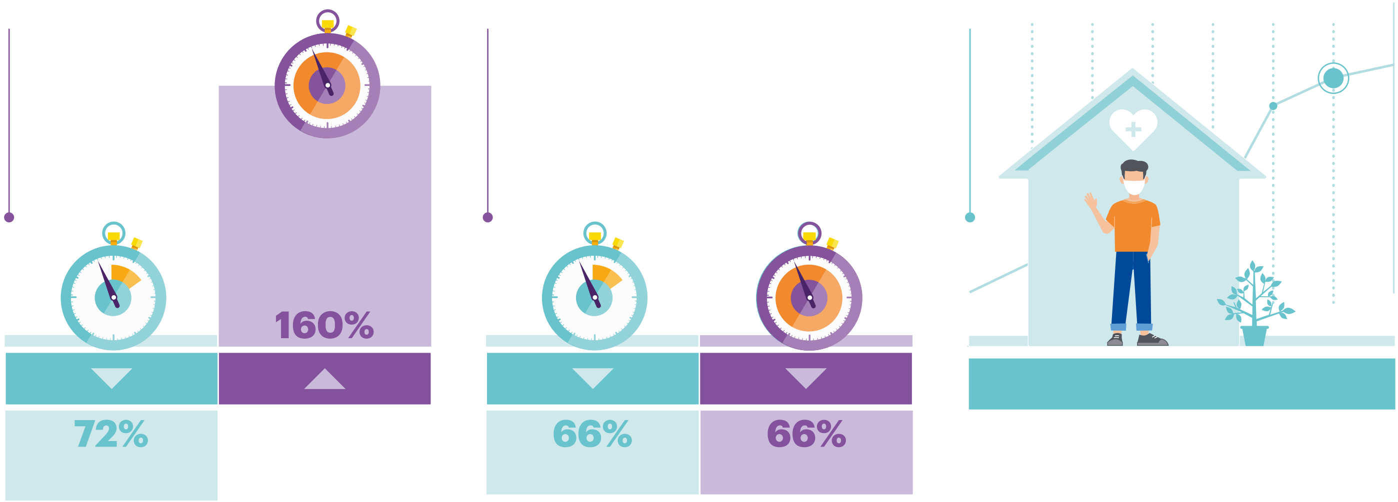
One-off services have fallen by 72%, while platforms that focus on **medium to long-term services** have seen demand grow in the region of 160%.

ARGENTINA

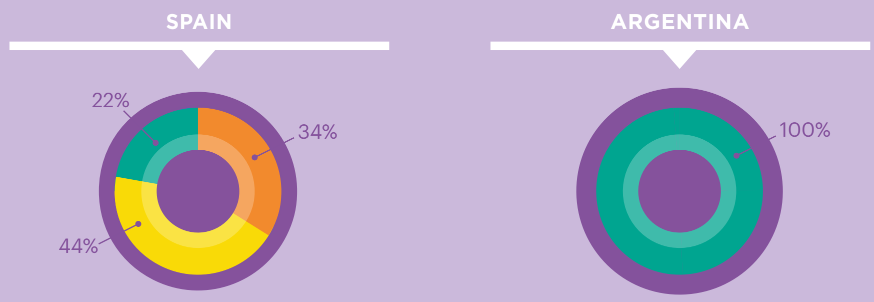
Overall fall of 66% in the demand for **one-off services and medium to long-term services.**

SPAIN AND ARGENTINA

Both countries have seen a growth in demand for **in-home services** with sleep-over home carers.

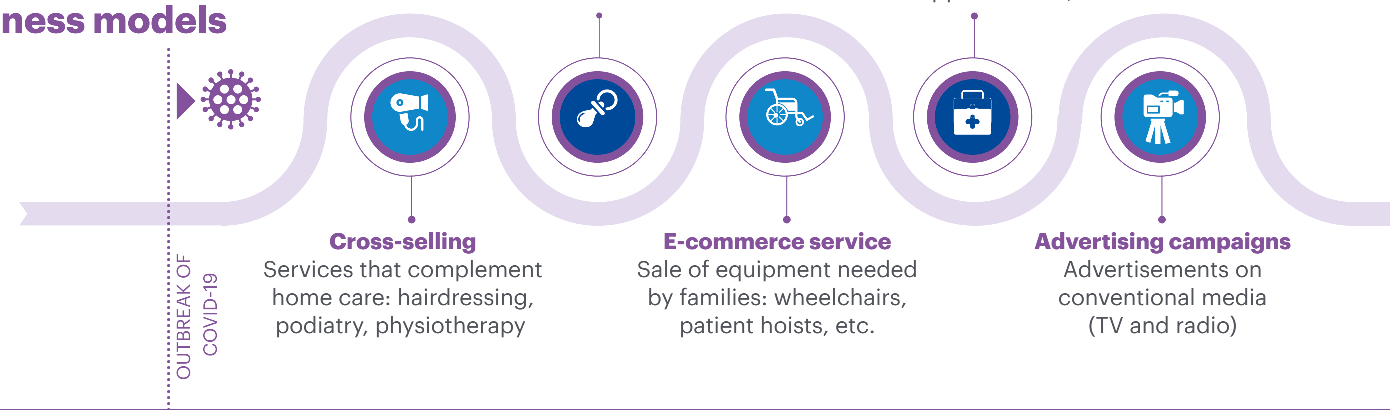


MAIN CAUSES OF VARIATION IN DEMAND



- Lockdown conditions
- Decline in the reputation and capacity of residential care homes and hospitals
- Fear of exposure to COVID-19

02. Changes in services and adaptation of business models



Cross-selling
Services that complement home care: hairdressing, podiatry, physiotherapy

Childcare
Launch of childcare services

E-commerce service
Sale of equipment needed by families: wheelchairs, patient hoists, etc.

Services for residential care homes
Substitutes for residential care homes staff, escorting residents on medical appointments, etc.

Advertising campaigns
Advertisements on conventional media (TV and radio)

All the information in these infographics reflects the views of the participating platforms. None of the content represents the position of Digital Future Society or the Inter-American Development Bank

03. **Changes in the relationship between platforms and home care workers**

SPAIN AND ARGENTINA

Operating protocols
Development of new operating protocols to ensure a safe service
- Six out of seven platforms

Training
Creation of webinars for home carers and families
- Two out of seven platforms

Information material
Publication of guidelines and other material on social media
- Three out of seven platforms

Protective equipment
Provision of personal protective equipment (PPE), including gloves and face masks
- Two out of seven platforms

Virtualization of processes
Online recruitment process for new carers, etc.
- Four out of seven platforms

COVID-19 pay rates
Hazard pay for high-risk services
- One out of seven platforms

PUBLIC ACTIONS

Measures taken by governments to reduce the pandemic's impact on sleep-over home carers

SPAIN

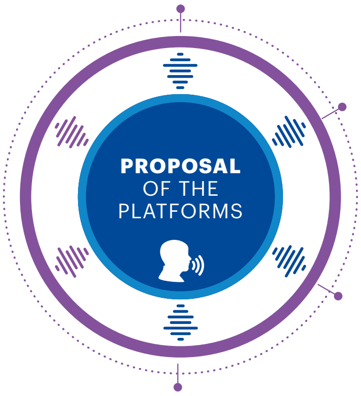
Inclusion of unemployment benefits in the system for domestic workers

ARGENTINA

Launch of an emergency family income subsidy that covers domestic workers

04. **Impact on the regulatory framework**

Promoting **public policies** that encourage and incentivize hiring



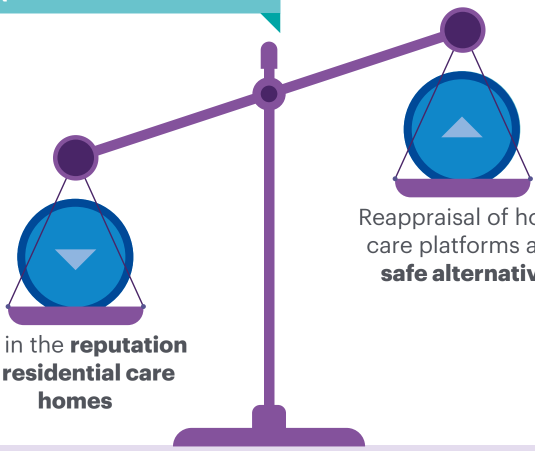
Empowering and **training home care workers**

Creating **regulatory frameworks** for one-off services

Valuing home care as a **decent and essential service**

05. **Impact on the reputation of the sector**

SPAIN



Fall in the **reputation of residential care homes**

Reappraisal of home care platforms as a **safe alternative**

ARGENTINA

Unlike in Spain, no negative media impact has affected residential care homes

Childcare sector

The childcare sector has been especially affected because of school closures and the promotion of telework for parents. This context has forced digital labor platforms to adapt to the new reality and launch new services to meet family needs during the pandemic.

The childcare sector has its own dynamics and differentiated trends. Nonetheless, some of the sector´s characteristics are similar to those of the elderly care sector, such as the types of services provided (one-off and medium to long term) and the high degree of feminization of workers in the sector.

Three childcare platforms took part in the study, two operating in Latin America and one in Spain.

The following graphic summarizes the impact of COVID-19 on participating platforms.

NOTABLE ACTION:

- In response to COVID-19´s impact, the platform NannysHome launched an initiative to create a virtual **collaboration network** among childcare sector platforms that operate in Latin America. The aim of this network was to share experiences of the impact of COVID-19 and work together to provide services in different countries.

Characteristics

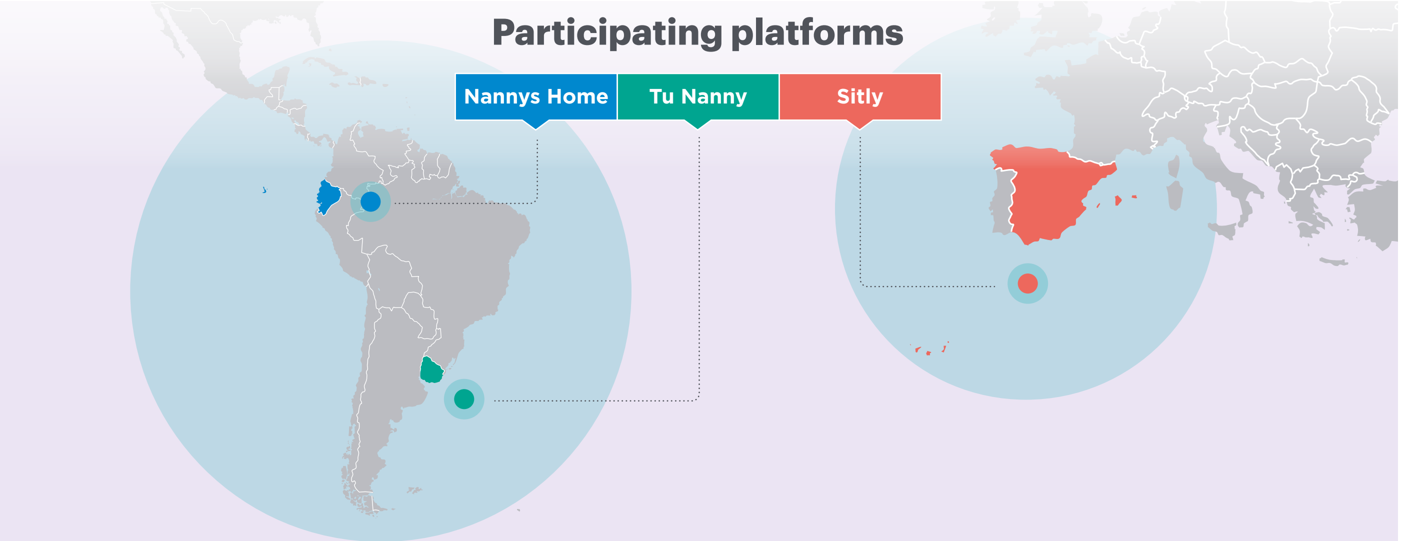
EMERGING
Platforms created in the past six years

HIGHLY FEMINIZED
High percentage of home carers are women

POLARIZED
By type of service: one-off or medium to long term

PERSONAL EXPERIENCES
Majority of platforms created from personal experiences

Participating platforms



Impact on demand and supply of services
Opposite trends affect platforms that operate in Spain and platforms that operate in Latin America.

LATIN AMERICA
Uneven fall in demand for services by country and type of service

SPAIN
Across-the-board increase in demand for services

School closures and the promotion of teleworking have been the main causes of variation in demand in Spain and Latin America.

Changes in services and adaptation of business models
High degree of innovation and digitalization of services.

- Launch of services adapted to meet the needs of teleworkers
- New online child entertainment services
- New online services for academic support, education, and alternative training

All the information in these infographics reflects the views of the participating platforms. None of the content represents the position of Digital Future Society or the Inter-American Development Bank.

3

Online freelance

Characteristics

HIGHLY DIGITALIZED
The service is 100% virtual

HIGHLY COMPETITIVE
Large number of platforms

CYCLICAL DEMAND FOR SERVICES
Demand in the sector is cyclical

SECTOR IN CONSOLIDATION
The first platforms appeared in 2010

Characteristics of the platforms

TYPE OF **SERVICE**

Cross-cutting
Wide range of services

Specialized
Specific services (eg psychology)

TYPE OF **BUSINESS**

B2C
Service focused on end customer

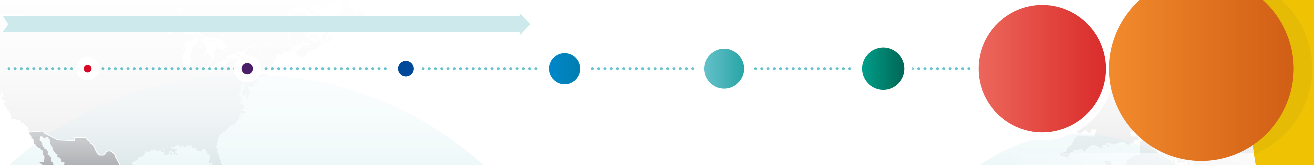
B2B
Service focused on businesses

Participating platforms

TYPE OF **SERVICE AND BUSINESS** BY PLATFORM

	Vitalk	Uassistme	Wisar	Vittude	Bossabox	Soyfreelancer	Workana	Malt	Freelancer
B2C			B2C	B2C	B2C	B2C	B2C	B2C	B2C
B2B	B2B	B2B		B2B	B2B	B2B	B2B	B2B	B2B
Service	Cross-cutting	Specialized	Cross-cutting	Specialized	Specialized	Cross-cutting	Cross-cutting	Cross-cutting	Cross-cutting

NUMBER OF **USERS** BY PLATFORM



** **Analyzed countries**

Brazil ▸ Vitalk, Vittude, Bossabox
Mexico ▸ Uassistme
El Salvador ▸ Soyfreelancer
Argentina ▸ Workana, Freelancer
Spain ▸ Wisar, Malt

**The analyzed countries are not the only ones where the platforms operate, but they are the ones for which the platforms have provided information for this report.

Context and characteristics

The pandemic and subsequent lockdown have accelerated the digital transformation of many sectors and has driven changes in work. The widespread adoption of online and remote work has validated the value proposition of online freelance platforms by lowering entry barriers for freelancers offering professional services and for customers demanding these services.

The online freelance sector encompasses platforms that act as an intermediary for work offered by a wide range of online freelancer workers. All the services offered through these platforms can be performed remotely. Examples of such platforms include Malt, Workana or Freelancer.com.

Platforms have a high volume of active participants (customers and workers) and offer a wide range of skills including highly specialized tasks (legal services, algorithm programming, etc.) and cross-cutting or administrative tasks (email management, personal assistant, etc.).

The sector emerged around 2010 with the creation of the first platforms and has grown constantly since then. It is booming and has strong potential for internationalization, given that its services are largely virtual.

Nine platforms took part in the study. Seven provided information on countries in Latin America (Argentina, Brazil, El Salvador, and Mexico), while two reported on Spain.

The results were as follows.

Variation in supply and demand

As indicated in the Online Labour Index[21] (Figure 4), the number of interactions on online freelance platforms between April and May 2020 reached historic highs worldwide. However, demand fluctuated in online freelance work, despite the upward trend. After a sharp rise in the spring, demand fell significantly in June 2020 and did not begin to recover until October. Nonetheless, the COVID-19 pandemic accelerated an increase in the number of interactions, which was already setting records. In Spain and Latin America, participating platforms attribute the variation in supply and demand to the factors set out below.

[21] Otto Kässi & Vili Lehdonvirta 2018

As with the other sectors, figures on the variation in supply and demand are based on information provided by participating platforms. Thus, they can be used to identify aggregate trends across participating platforms, but these trends cannot be extrapolated to the entire sector.

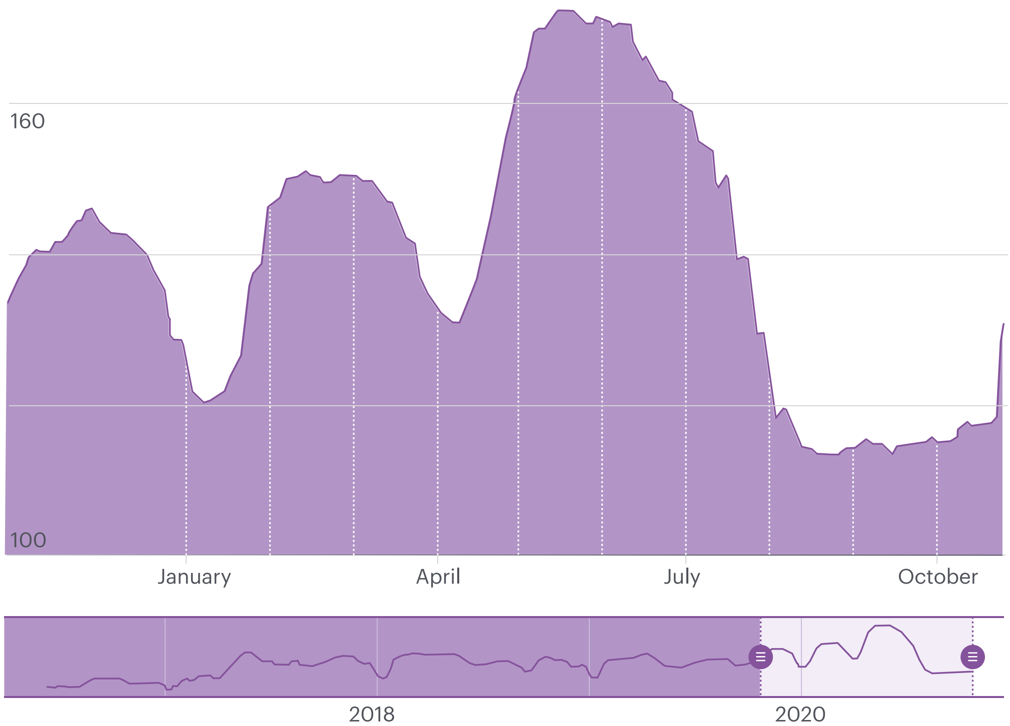


Figure 4. Overall interannual variation in interactions on online service platforms. Source: Online Labour Index.

a) Increase in remote work was a growth vector in the demand for online freelance work

Changes in customer needs and priorities, which have been affected by lockdown, have increased platform demand. Even so, platforms that operate in Spain noted a fall of roughly 65% in the demand for services in the early months of the pandemic, followed by a recovery. Based on the information provided by participating platforms, the original decline was due to the government's declaration of a state of alarm[22] and the general initial uncertainty surrounding the outbreak of the pandemic, which prompted companies to halt their online projects fully or partially.

For platforms that operate in Latin America, allegedly the impact on demand has been very positive. Based on information provided by participating platforms, demand seems to have experienced a steady growth of around 23% between March and June 2020.

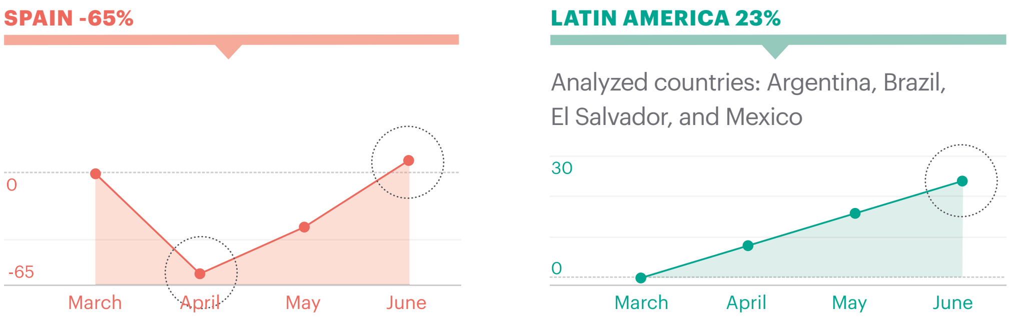


Figure 5. Variation in the demand for online services between March and June 2020. Source: own elaboration.

Platforms that specialize in online health services have experienced an across-the-board increase in demand, particularly for online mental health and primary care services.

FAVORABLE TREND FOR THE SECTOR:

- Companies have **increased confidence** in pursuing remote projects by hiring external personnel.

[22] Legal framework approved by the Spanish government to adopt exceptional measures in the context of the pandemic.

b) Significant rise in registrations by new freelancers

Participating platforms report that they have experienced a significant rise in the number of registrations among new freelancers. The alleged increase in Spain is close to 10%, while in Latin America it is above 77%.

The number of new users with highly skilled profiles (such as expert consultants and technology administrators) has been reported to increase, to the detriment of more conventional profiles such as graphic designers and web developers.

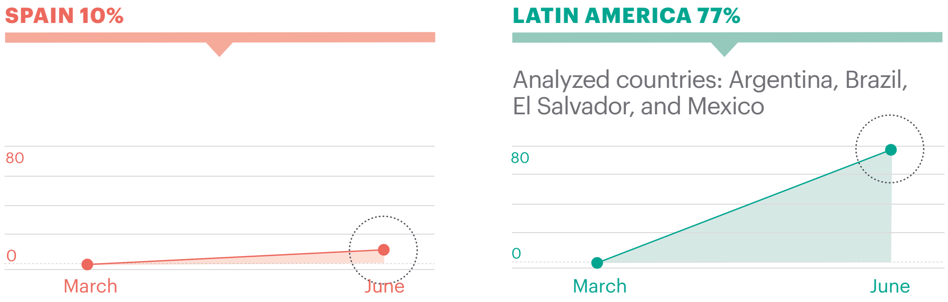


Figure 6. Variation in the number of new freelancers between March and June 2020. Source: own elaboration.

Based on the information provided by participating platforms, the main reasons for the increase in registered freelancers include:

- a lack of employment opportunities in formal sectors (45%)
- the need to digitalize activity (45%) and
- a change in the employment status of freelancers (33%).

OPPORTUNITY FOR THE SECTOR:

- **Normalizing the digitalization** of services that companies and freelancers have been resistant to perform remotely in the past (eg psychotherapy).

c) Variation in types of projects requested, professional profiles and related skills

Based on the information provided by the *Fast 50 Report*[23] by Freelancer.com (Figure 7), which shows the quarterly variation in the type of projects and professional skills intermediated by the platform, there has been a sharp rise in projects related to video game design (68%) and e-commerce (54%) as well as in services offered by specialist profiles, such as legal services (68%) or mathematics and algorithms (99%).

[23] Freelancer.com 2020

The report[24] also shows that intermediation of lower value-added services (for example administrative services) has fallen slightly by 15%.

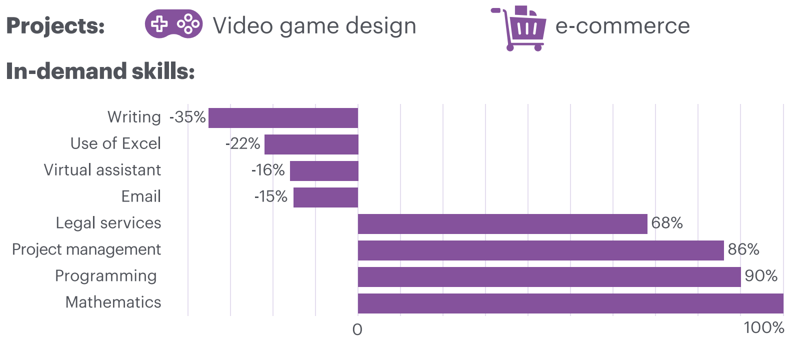


Figure 7. Variation in projects and types of online services between the first and second quarters of 2020. Source: Fast 50 Report Q1–Q2.

Changes in services and adaptation of business models

The online freelance sector seems to have experienced fewer changes and/or adaptations of business models than the other two sectors in this study (home care and delivery). However, a few common trends can be associated with the impact of COVID-19.

Strengthening of B2B models and partnerships with large companies to become preferred suppliers of external talent

One of the most significant trends noted by participating platforms is the increasing closeness and strengthening of B2B relationships between online freelance platforms and companies to establish preferential relationships for the provision of external professional services. Reported actions carried out by platforms to reinforce this trend include:

- exemption from commissions associated with companies' service requests
- provision of custom service packages for companies and the promotion of customer loyalty
- creation of guidelines and tutorials to facilitate and promote the posting of job offers and
- strengthening of long-term relationships with companies to maintain the platforms' role as an intermediary between company and user.

[24] Although the report depicts the situation of one platform, Freelancer.com is one of the portals with the highest number of users in the world and has by far the most users among all platforms in this study. As a result, the information in the Fast 50 Report is likely to indicate a general trend.

OPPORTUNITY FOR THE SECTOR:

- The platforms are in a privileged position to identify and monitor **variations in demand for professional skills**, given their digital nature. This information can be highly significant and strategic for the development of initiatives such as training offerings for user networks.

Specialized platforms keep their focus on specific sectors and skills

Based on the information provided by participating platforms, COVID-19 has reinforced an existing trend toward segmentation and specialization among smaller platforms. Reported actions to reinforce this trend include:

- shifting the focus toward specific sectors and skills to provide specialized services, and
- transforming the business to subscription models that focus on the end customer.

Creation of collaboration spaces for social projects focused on the COVID-19 crisis

As in the other sectors, many of the online freelance platforms declare that they have launched specific initiatives seeking to mitigate the impact of the pandemic. These initiatives have focused on the creation of collaboration spaces where freelancers can take part in social (pro bono) and healthcare projects for vulnerable groups.

NOTABLE ACTION:

- The platform Vitalk has developed chatbots **for the healthcare sector** (both for public and private) to relieve healthcare bottlenecks.
- The platform Malt has launched the Readytohelp program to encourage the creation of **social projects** through the pro bono cooperation of platform users.

Changes in the relationship between platforms and freelancers

As noted above in relation to business model adaptations, it appears online freelance platforms have not been particularly active in launching initiatives to adapt their relationship with freelancers. However, these platforms report that they have taken some actions, as described below.

a) Actions to offer more employment opportunities to freelancers, with focus on new registrants:

- **price freeze** on subscriptions for freelancers,
- increase in the **available number of interactions** for freelancers allowing them to submit a greater number of work proposals,
- enabling new freelancers to submit **external customer references** to the platform to enhance their reputation and raise their visibility, and
- launch of **webinars and online courses** for freelancers aimed at the acquisition of highly demanded skills.

b) Support for freelancers who work remotely:

- creation of **guidelines and recommendations** for working on platforms and working remotely, and
- creation of **tools and information pages** to support freelancers on issues related to taxation and access to public assistance.

NOTABLE ACTION:

- The rise in the number of new freelancers has intensified competition. New profiles are at a disadvantage, in comparison with platform workers with longer work trajectories, because they lack a track record on the platform to endorse their work and better position themselves. To address this, the platform Upwork has enabled new users to submit **references from external customers** who can confirm the quality of their work.
- The platform Malt launched an information page that is updated daily to inform its freelancers of any available **public aid or subsidies**.

OPPORTUNITY FOR THE SECTOR:

- Fostering a **perception of community** among freelancers can be turned into a competitive advantage and increase opportunities to generate collaborative projects through platforms.
- The creation of associations of **online freelance workers** could help improve their working conditions and increase their representation in public discussion forums.

Impact on the regulatory framework

A common view among platforms across sectors was the need for regulatory frameworks that promote and strengthen remote work as a measure to stimulate economic growth. Several countries have launched public policies aimed at the platform sector. Examples cited by participating platforms are given below.

- **El Salvador** has moved forward with different policies to encourage and train young professionals in the use of online freelance platforms. The initiatives seek to give the country's young freelancers a competitive advantage and generate income and work opportunities. However, based on the information provided by participating platforms, there is still a lot to be done to facilitate the hiring of young freelancers and their formal employment.
- In **Spain**, the government passed a financial aid package to protect self-employed workers. This measure, however, was limited to workers who had to cease activity completely because of the crisis. Based on the information provided by participating platforms, due to this limitation, many self-employed workers chose to stop working to receive the assistance, while others carried on working despite the fall in demand.
- In **Argentina**, platforms noted that companies faced constraints that prevented the virtual hiring of overseas freelancers linked to restrictions in the access to foreign currency.
- Another case that was highlighted by participating platforms is **Barbados**. When tourism (the country's leading industry) fell because of the pandemic, the government of Barbados decided to launch a visa for remote workers. The initiative seeks to attract online freelance workers worldwide, thus assisting the local tourism industry.

OPPORTUNITY FOR THE SECTOR:

- Promote public policies that **train professionals** in the use of online freelance platforms as tools for employability and income generation in countries with depressed economies and high levels of unemployment, while ensuring adequate protections and benefits for these workers.
- The elimination of undue **financial costs** could help Latin American countries to facilitate work on platforms.
- Online freelance platforms enable countries to export services associated with **high value-added work profiles**. They can also help improve work opportunities for workers with lower levels of skill and specialization.

THREAT TO THE SECTOR:

- One skill required to build a community of competitive workers in online freelance platforms is a good **command of the English language** at the professional level. Lack of competence in English is a constraint for the use of this type of platforms.
- The business model proposed by online freelance platforms poses **challenges for taxation**. These challenges arise from the fact that in many cases the provision of the service, the intermediation platform, the customer, and the freelancer are not based in the same country.

Impact on the reputation of the sector

Based on the information provided by participating platforms, one of the most significant aspects of COVID-19's impact on online freelance platforms was the validation of the work format promoted by the sector. Some of the most noteworthy impacts mentioned by platforms include the following.

a) Widespread validation of remote work as a viable, effective, and efficient alternative

While the broad expansion of remote work practices helped to demonstrate its advantages and drawbacks, participating platforms consider that it certainly served to validate remote work as a viable, effective, and efficient alternative. In turn, this has generated two parallel trends, based on the information provided by platforms:

- **Impact on businesses.** A change in mindset has been observed regarding remote work. Beyond decentralization of the workplace, businesses' employment structure has shifted towards more flexible models that combine internal teams with external freelancers.

- **Impact on platforms.** One of the main focuses of communication efforts by online freelance platforms before the pandemic was to promote online work as a viable, effective, compatible alternative. The COVID-19 crisis has acted as a driving force in this respect and enabled platforms to redirect their efforts elsewhere.

b) Reappraisal of the freelancer figure in public opinion

Based on the information provided by participating platforms, the COVID-19 crisis is accelerating a reappraisal of the figure of freelancers as experts in their professional fields, far from the stereotype that was sometimes associated with them in the past. Now, allegedly, there is a growing perception of freelancers as external experts who are crucial for project development.

c) Companies considering opportunities to hire international talent

Another change observed by participating platforms, as a consequence of the crisis, has been a mindset change within some companies regarding the hiring of delocalized, international talent and recognizing the advantages of working with platforms to access specific, one-off profiles and skills. Platforms have observed the trend primarily among international or large companies.

THREAT TO THE SECTOR:

- An excess supply of freelance work could lead to competition on rates and a downward pressure on service pricing, which would drive greater **job insecurity** in the sector. Some platforms report that this trend has begun to appear with the entry of many freelancers who operate from Asia.

OPPORTUNITY FOR THE SECTOR:

- The addition of **high value-added professional profiles** can affect the reputation and competitive positioning of the entire sector.

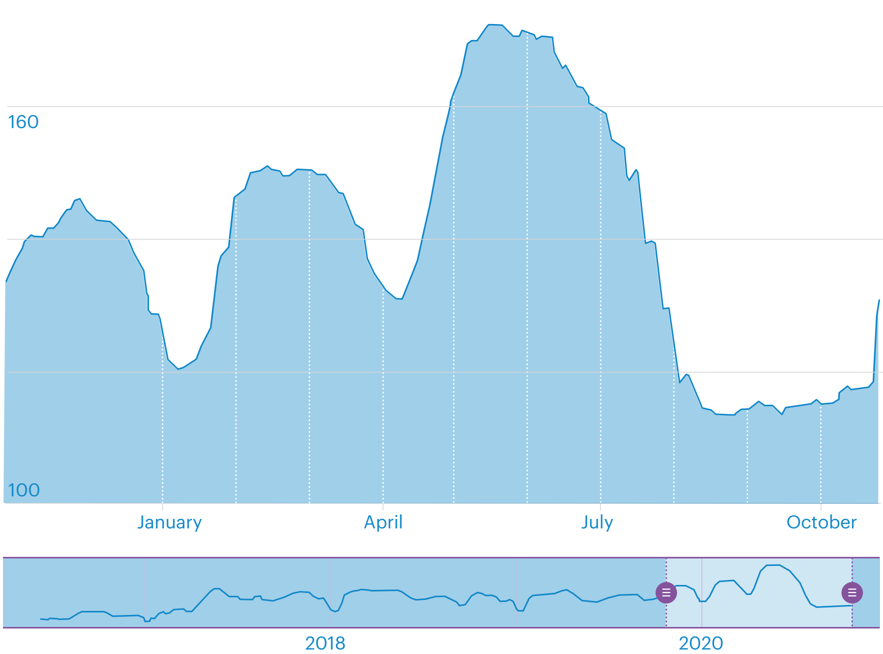
- The expansion of the "**digital nomad**" as a model for an autonomous, flexible lifestyle enhances the reputation of the sector and its consideration as a valuable resource.

Impact of COVID-19

01. Variation in supply and demand

ONLINE LABOUR INDEX[1]

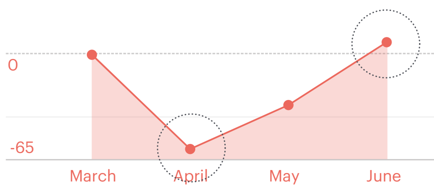
Overall interannual variation in interactions on online services platforms



A INCREASE IN DEMAND

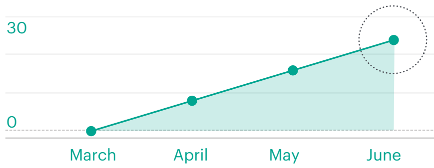
SPAIN

Fall of 65% in demand at the outbreak of the pandemic followed by recovery



LATIN AMERICA

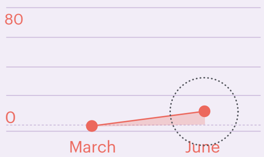
Steady growth in the region of 23%



B INCREASE IN NEW PROFESSIONALS

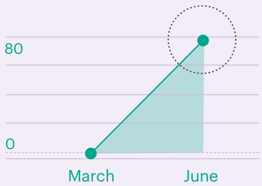
SPAIN

Increase of around 10%



LATIN AMERICA

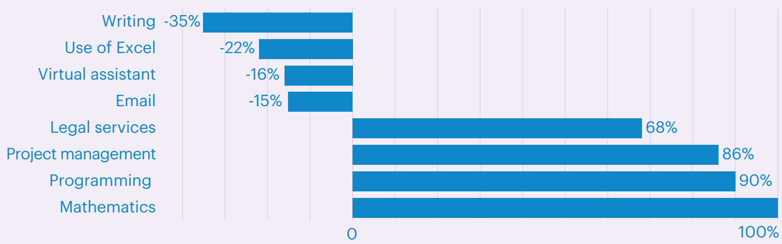
Increase greater than 77%



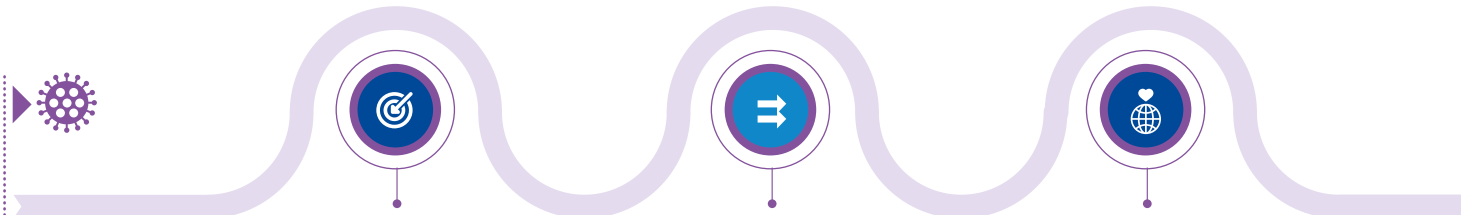
C NEW TYPES OF PROJECTS AND IN-DEMAND SKILLS[2]

Projects: Video game design e-commerce

In-demand skills:



02. Changes in services and adaptation of business models



OUTBREAK OF COVID-19

The more specialized platforms keep their focus on specific sectors and skills

Most of the platforms strengthen their B2B partnerships as preferred suppliers

Creation of collaboration spaces for social projects

All the information in these infographics reflects the views of the participating platforms. None of the content represents the position of Digital Future Society or the Inter-American Development Bank.

[1] According to the Online Labour Index, the iLabour Project, and the Oxford Internet Institute. [2] According to the quarterly report of Freelancer.com, Fast 50 Report for Q2 2020

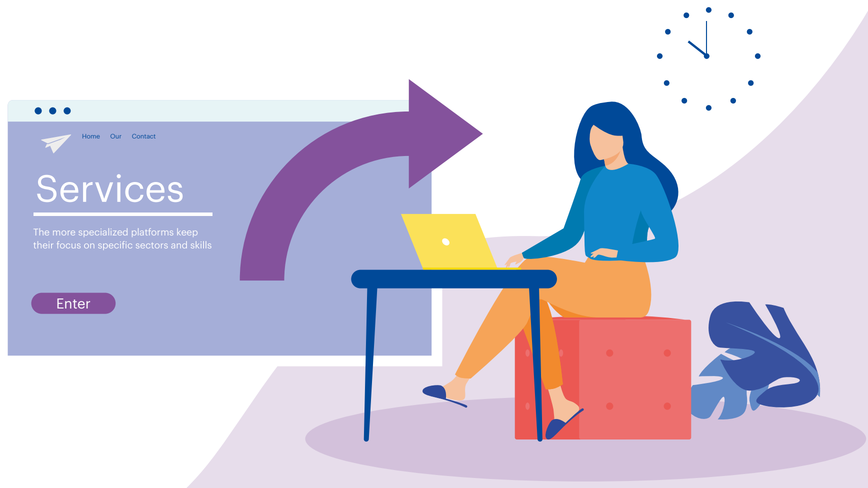
03. **Changes in the relationship between platforms and professionals**

Reinforcement of opportunities for freelancers

- Increase in the maximum number of **proposals to submit**
- **External customer references** for new users
- **Price freeze** on platform subscriptions
- **Launch of webinars** to bolster skills

Support for remote working

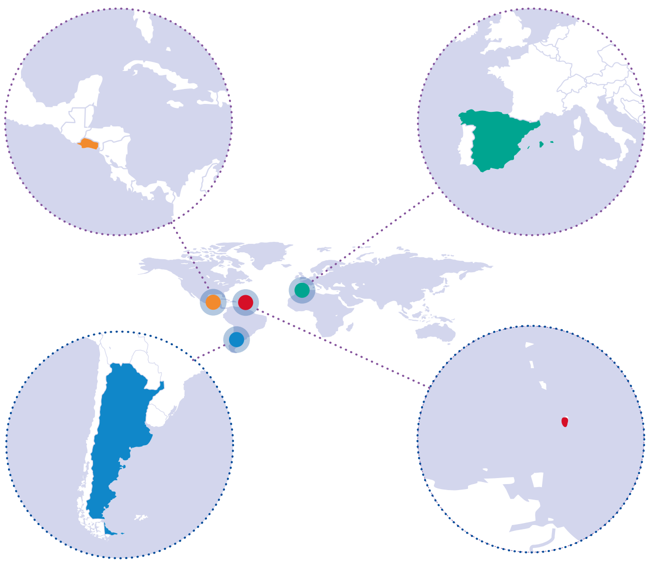
- **Guides and recommendations** for online working
- **Tips for operating** on digital platforms during the pandemic



04. **Impact on the regulatory framework**

El Salvador
Training for young freelancers on the use of digital labor platforms

Spain
Extraordinary financial assistance for freelancers

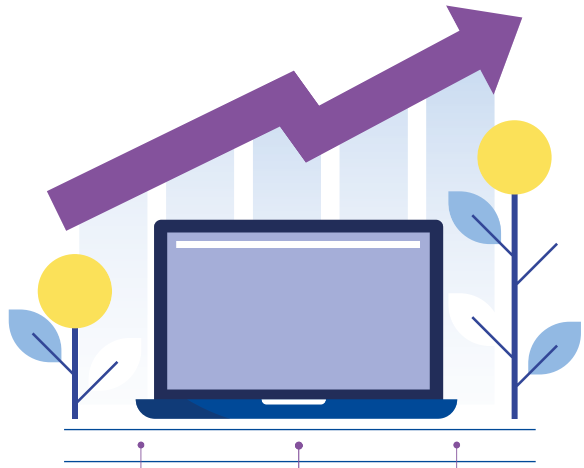


Argentina
Constraints on virtual hiring of overseas freelancers because of restricted access to foreign currency

Barbados
Launch of a special visa to attract remote workers from abroad and offset the fall in tourism

05. **Impact on the reputation of the sector**

Widespread validation of remote working as a viable, effective, efficient alternative



Impact on platforms
Reappraisal of platforms after validation of their value proposition: working remotely

Impact on freelancers
Improvement in their image as external experts

Impact on businesses
Change in employment structure and increased willingness to outsource services and recruit delocalized talent

Conclusions

The COVID-19 pandemic and the responses adopted by a host of social actors have had a considerable impact on the platform economy. In most cases, digital labor platforms have adapted to the crisis with urgent, reactive measures. This is primarily due to the speed with which COVID-19 has changed the environment they operate in and the need to adapt their business models and relationships with workers.

Particularly significant was the challenge platforms faced to adapt to variations in demand, new trends in consumption and the need to provide safe services, while minimizing interactions or expanding tasks performed remotely. These challenges have been the core vectors of change in the delivery, home care, and online freelance sectors.

Firstly, the **demand for services and the supply of workers** on digital labor platforms varied by service, country, and phase in the pandemic's evolution. In some cases, demand has risen sharply to levels that were not expected to be reached for another two or three years. Examples include the delivery of supermarket purchases in Latin America and the provision of medium to long-term care services for the elderly in Spain.

Restricted in-person contact, with lockdown as a prime example, was the main reason why customers and workers have pursued new forms of consumption and online work. Digital platforms have played a fundamental role in meeting this growing need.

It is worth noting, however, that some sectors and markets have experienced downward or cyclical demand for their services. One such example are one-off care services, which declined by 72% in Spain and 66% in Argentina.

All sectors perceived a rise in the number of people willing to work through platforms. Participating platforms linked this increase largely to the temporary or full suspension of employment contracts and the rise in the number of unemployed workers. The trend was more significant in Latin America, where the observed increases were between 38% and 77% depending on the sector. In contrast, increases in Spain oscillated between 10% and 17% depending on the sector.

Secondly, **business models** have been adapted with a varying set of actions across sectors and platforms. A cross-cutting trend that was reported across sectors and platforms, however, was an attempt to provide a higher level of safety and greater minimization of risks, both to protect platform workers and to retain the trust of customers and users. All sectors, but especially home care and delivery, have sought to dispel doubts over their services among the public and avoid a potential drop in demand (as happened in other sectors).

Another important trend among platforms has been the launch of actions to attract and retain loyal customers. For example, participating platforms in the delivery sector assert that they have introduced a set of actions to encourage the digitalization of more traditional, local, and analogue shops and restaurants. The intention of these platforms is to extend the use of e-commerce beyond the end of the pandemic. Platforms allege that they have played an important role in this respect, providing both infrastructure and services to local businesses.

Similarly, a cross-cutting trend that seems to have impacted on the **relationship between platforms and workers** was the establishment of new operating protocols seeking to increase the safety of workers and the service itself. While there is some extent of variation among sectors and platforms, reported actions seeking to protect workers, irrespective of their employment status, broadly fall within four categories:

- establishing contactless services,
- providing personal protective equipment for workers,
- training workers on how to operate in the new context, and
- providing information on tax advantages or public assistance packages available to workers.

The scope of these measures, however, has been varied, which has led to public protests by workers in several countries.

Moreover, the pandemic has underscored the vulnerability faced by platform workers and highlighted the asymmetrical power relationship that exists in many cases between platforms and workers. In response to this, some platforms have proposed the establishment of associations and unions to empower workers collectively.

In Spain, worker associations have existed for years in some sectors, including the delivery sector. However, there are few representative associations in other sectors like home care in Spain and Latin America. Fostering associations for workers can help to empower them collectively and balance the power relationship between platforms and workers.

Digital labor platforms have challenged **regulatory frameworks** since they first appeared. In some cases, they have even strained the boundaries of employment law. Unfortunately, COVID-19 does not appear to have prompted the platform economy and public authorities to seek common ground beyond a few instances of cooperation that can be expected in a crisis like the present one.

The pandemic has exposed the vulnerability of platform workers and led to debate over their rights, safety, and pay. The pandemic has also strengthened the role of digital labor platforms as sources of employment (though not necessarily of quality jobs). This situation has underscored the urgent need to regulate the sector to increase workers' opportunities to generate income within a sustainable framework of protection and full labor rights.

The crisis arising from the pandemic has highlighted the challenge of taxation and tax collection posed by the worldwide boom in work on digital labor platforms, with their new forms of employment relationships. One such example is the online freelance sector, where there is a high degree of delocalization. Consequently, the service provided (specifically, the place where a service is carried out), the platform (through which the service is offered), the customer (the individual or company that requests the service) and the supplier (the freelancer) are very often not located in the same country or even the same continent.

It is very difficult to levy and collect taxes on services in the absence of frameworks that clearly regulate labor relationships across multiple locations.

Regarding the **sector's reputation**, digital labor platforms have generally been regarded with suspicion and mistrust. Issues such as their labor model, lack of algorithm transparency and accusations of assisting job insecurity have harmed the sector's reputation, sometimes due to generalizations.

While we cannot affirm that COVID-19 has had a positive impact on the sector's reputation, some degree of public consensus has emerged on many platforms' crucial role in the most difficult months of the crisis. To a certain extent, the rise in demand for platform services has validated their business model out of necessity, reflecting some acknowledgement that platforms address an unfulfilled market demand. As a result, it will be interesting to see whether the pandemic ultimately brings about a permanent change in public opinion regarding the social relevance of platforms and whether platforms promote changes in their operation, transparency, and relationship with workers that contribute to improving public opinion.

This report captures the impact of the pandemic on a variety of digital labor platforms in the early months of the outbreak (between February and July 2020) in Spain and some Latin American countries. From here onwards, a question remains as to which of these changes were just temporary and which are likely to remain.

As the preceding pages show, platforms have introduced reactive measures and initiatives to maximize favorable trends and minimize adverse ones. The most important question for platforms is whether, in the medium to long term, they can shift from a reactive mode focused on the demands of the emergency, to a more proactive stance in which they seek to meet the requirements of a future that is still uncertain.

In this context, exogenous trends, such as changes in consumption patterns, the stabilization of demand, and the regulation of the platform economy, will mark the future of the sector and the adaptation of digital labor platforms to the new reality.

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