

# TAPPING INTO THE HUMAN CLOUD

A Blueprint for Building Your Startup  
in the Cloud

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## A Blueprint for Building Your Startup in the Cloud

### What can the cloud do for your startup?

Cloud services for startups have flourished in recent years, covering many functional areas.

Cloud services include:

#### File Storage

Egnyte, Dropbox, Box.net

#### Collaboration & Communication

Skype, Dimdim,  
RingCentral

#### Hiring & Managing

Elance, Mechanical Turk,  
CrowdFlower

#### Document Management

Google Apps, Google  
Docs

#### Database & CRM

Salesforce, Highrise

#### Finance

QuickBooks, Xero

In the “old days” (i.e., 10 years ago), launching a startup was a daunting prospect. You needed office space, accounting tools, proprietary software and dedicated servers. Then you needed to raise venture capital and hire a management team.

Today, it’s possible for business startups to launch their ideas and take their products and services to market much more quickly. In fact, being able to launch quickly is a key to success. One of the biggest game changers for startup businesses in the past 10 years has been the emergence of cloud technologies and services.

With the power of the cloud, startups can access low-cost, highly-effective services and people that enable entrepreneurs to spend fewer resources building their business infrastructure, and more time innovating and growing their companies.

### What are “Cloud Services?”

Broadly speaking, “cloud computing” is defined as applications that can be accessed over the web. Cloud services are applications and programs that can be accessed online, store data online and enable file sharing and collaboration among multiple remote users.

Instead of individual businesses having to rely on their own in-house servers and computers to run their operations and store their data, lower-cost cloud services enable business to use the same tools as thousands of different users.

Instead of paying for a single dedicated server, a startup can pay significantly less for a monthly subscription to cloud services that provide the same benefits, but with an online platform. For example, instead of paying for proprietary accounting software, startups can use cloud services to track and manage their company’s finances.

Cloud services make it possible for entrepreneurs to launch an idea without the expensive overhead that used to be required to start a business. You no longer need a server room, staff or even office space.

## Hiring online ranks as a “Most Essential” cloud service

A recent survey of 500 business owners on Elance revealed the following cloud-based tools were most important to their companies:

Hiring Online Professionals or Teams (e.g. Elance) **57%**

Web Services (e.g. Amazon Web Services, Google App Engine) **44%**

File Storage (e.g. Egnyte, Dropbox, Box): **42%**

Online Application Suites (e.g. Google Docs, Zoho, Microsoft Office 365) **30%**

Accounting and Finance (e.g. Freshbooks) **20%**

Businesses are finding that cloud services can be just as secure and reliable (or more so) than old-fashioned onsite proprietary solutions. It is now possible to store financial data, strategic business information and sensitive intellectual property on cloud systems.

“Within a year [of being introduced], we’ve moved everything we were doing in the offline world to Elance. The interface to work with writers, to be able to easily find writers and content providers, to work in a controlled environment – just couldn’t beat it.”

—James Martell, [JamesMartell.com](http://JamesMartell.com)

Ten years ago, people would think you were crazy to rely on online file storage or web-based accounting tools. Today, it makes strategic sense to consider using cloud services to create a leaner, more efficient business. For example, who wouldn’t trust Amazon to run their web services or Google to store their documents? Cloud services have become dramatically faster, cheaper and more widely used than their “old fashioned” counterparts.

Just as cloud tools have become more trusted to help startups manage their business processes, the cloud can also be used for what is perhaps the most important business process of all – hiring talent to grow your business.

## Every startup is now a “multinational”

Ten years ago, if someone in Bismarck, North Dakota or Akron, Ohio wanted to start a technology business, they would likely have a hard time finding people with certain specialized skills that were more plentiful in places like Silicon Valley, New York or Boston. Today, online employment platforms like Elance give entrepreneurs access to a global workforce of online contractors.

With the power of the cloud, startups are no longer limited by geography in finding key talent. A good idea can come from anywhere and can be implemented anywhere. Location is not the most important factor in determining who to include on the team – entrepreneurs can mobilize a global team based on qualifications, rated and tested skill sets and shared enthusiasm.

If the classic image of a startup was “two guys in a garage,” the emerging picture of a startup is “a group of collaborators in the cloud.” A startup might include a team of programmers in India, a graphic designer in Brazil and a mobile app developer in California – all connected and collaborating in the cloud.

“Not only have we used the experts at Elance to develop our apps, but we’ve outsourced all aspects of our business...As I am writing this, there are iPhone app developers from China, Russia, India and America, all working on our newest projects.”

—Quoc Bui and Michael Moon, Free the Apps!

And all of these independent professionals can be found, hired and managed on a cloud service like Elance. There are over 350,000 online workers on Elance with more than 400 rated and tested skills. You can use Elance to find, interview and hire Android programmers, iPhone developers, PHP developers, web designers, graphic designers, writers, translators, search engine marketers, affiliate marketing specialists, virtual assistants, customer service agents, lawyers and more.

If the work can be done in front of a computer, you can most likely find a qualified professional on Elance to do it.

## Shifting to the “Hollywood model”

Startups have always been lean by necessity. When budgets are slim or non-existent and founders are bootstrapping their companies, it pays to keep costs under control. Many startup entrepreneurs are torn between wanting to hire quickly in order to scale up the business, while wanting to be cautious about keeping payroll in line with revenue.

Hiring in the cloud offers an ideal middle ground between taking on full-time staff and trying to keep overhead low. Just like the “Hollywood model” of making movies (where directors, actors, designers and crew all are hired on a project basis), Elance gives startups access to professionals with specialized skills who can be hired on a short-term basis as needed.

Hiring in the cloud enables startups to find the people they need for specific projects in the short-term. Companies can “turn on” and “turn off” their hiring based on

### Why companies love hiring online

Elance recently conducted a study of 500 small businesses who shared what they felt were the biggest benefits to hiring online:

Cost Effective: No need for office space, phone, computer for each hire

**87%**

Flexibility: I can staff up and down as needed

**82%**

24 hour / 7 days a week access to talent

**66%**

Geographic Reach: I can find niche or specialized skills that I can't find near my business location

**65%**

Better Candidate Information: Online portfolio, skills tests and feedback trump a basic resume

**61%**

Increased Visibility: Ability to monitor work and collaborate online

**51%**

their needs – it's less of a commitment and less of a financial risk than traditional hiring.

Additionally, hiring in the cloud makes it easy to manage talent, get results and scale up and down based on the changing needs of the business. Successful startups hire a core team of regular contractors, supplemented on occasion by additional support specialists. You can hire developers and programmers to get a website launched, and then later reconvene

some of the key people from the team for short-term assignments like testing and debugging. You can hire a team of content writers to create the initial content to launch your company website, and then hire some of them on an ongoing basis to write blog posts and social media content to keep your site refreshed and relevant.

Hiring in the cloud is ideal not only for the pre-launch phase of a startup, but also for ongoing hiring needs as the company matures and grows. Ultimately, hiring in the cloud, just like the many efficient and low-cost cloud services that are changing businesses worldwide, is part of a bigger movement of how work is getting done.

## Lancaster Advertising: Running the business from a boat?

Lancaster Advertising in Lewisville, Texas, used to have 15 employees, two office buildings and a loss on its balance sheet.

Today, the firm has no full-time staff, no office space, and is earning a healthy profit. Owner Ken Lancaster avoids the fixed costs of payroll and cubicles by hiring from a regular pool of over 100 Elance contractors worldwide. Instead of “going to the office,” Ken works from his house, from coffee shops, or from on board his boat.

### Top 10 Cloud Hires by Startups

These are the 10 most popular skills sought by startups hiring on Elance:

1. Website Developer
2. Graphic Designer
3. Blog Content Writer
4. Lead Gen Specialist
5. Mobile App Developer
6. SEO Expert
7. Virtual Assistant
8. Market Researcher
9. Lawyer
10. Social Media Marketer

## Benefits of hiring in the cloud

- **No overhead.** Instead of paying for office space for the company's staff, online hiring enables the startup to stay lean and focused on profitability. It's becoming increasingly common for startups to be “virtual,” with teams of individuals working independently from incubators, apartments and coffee shops in cities all over the world.
- **Low cost.** Unlike traditional hiring processes, which take time and money (interviewing candidates, hiring recruiters), hiring in the cloud is fast, easy and cost-effective.

“I wanted to get a prototype together quickly, but at the same time I didn’t want to spend my days in front of a computer...I chose to outsource so that I could be efficient with my limited time... Elance was my first choice because of the number and quality of vendors who could bid on my proposal.”

—Phil Michaelson,  
KartMe

- **Global talent pool.** Unlike the world of 10 years ago, when many startups were limited to the skill sets available from their local workforce, hiring in the cloud makes it possible to find the right skills at the right price, anywhere in the world.
- **Fast results.** When employers post a project on Elance, they often get responses back within hours (or even minutes) from an audience of thousands of freelance professionals worldwide. On Elance, you can see feedback that each contractor has received from previous employers, which helps make it easier to quickly evaluate which people to interview and hire.
- **Easy to collaborate.** Hiring in the cloud using an online platform like Elance gives a startup the ability to keep hiring organized in one place and in one system. It’s easy to manage projects through virtual workrooms, track payments and invoices and stay in touch with contractors over time; if a new project comes up and you want to hire someone again, it’s easy to find records of who you worked with six months or a year ago.

## How to hire in the cloud

Elance makes it surprisingly easy to tap into a global talent pool of online professionals. Within minutes, you can have a project posted in front of thousands of interested contractors worldwide.

1. **Define your job.** It helps to identify the correct category of work that you need and provide a detailed description of the skills and scope of work.
2. **Decide if the project will be paid on an hourly or fixed fee basis.** Elance projects can be paid according to the provider’s billable hourly rate or on a fixed fee basis (where the employer pays a fixed price for the specific results delivered).
3. **Search providers.** Whenever you post a new project on Elance, you can invite select Elance providers to bid on your job. Elance has over 350,000 professionals from all over the world; you can sort through the professionals listed in each category of skills to find the people with the best ratings from previous employers, those who charge a certain hourly rate, the ones who have tested highest on Elance’s online skills assessments or the people who have the best overall experience or highest total earnings.
4. **Decide who to interview and hire.** Based on the responses that you receive to your posted project, you can look at each candidate’s demonstrated skills, prior feedback, test scores and ratings. You can send messages back and forth through the Elance Workroom or by calling them within the Elance system.

**5. Start with a small project to test a provider.**

You don't have to commit to any one contractor for the long-term – you can start small to see if the project is a good fit. Sometimes the best way to “interview” an online freelancer is to give them a small amount of work and see how they deliver results.

**6. Feel secure with Elance Escrow or Hourly Work Guarantee.**

With Elance, you never have to worry about paying for substandard work, or getting cheated by a contractor who runs off with your money. All projects can be paid with the Elance Escrow system, where your payment is held in a separate account and can only be released to the contractor with your permission. Another option is the Hourly Work Guarantee (for hourly projects), where the employer is guaranteed to pay only for the amount of time when the contractor was actually working.

**7. Make payments worldwide, in any currency.**

Elance handles global payments securely – you can hire and pay a team of freelancers worldwide, and Elance processes the payments in the currency of the freelancer's home country. As the employer, you only pay the fee that is agreed to between you and the contractors – the processing costs are covered by a transaction fee paid by the contractor; there are no hidden fees or additional costs for the employer.

**8. Collaborate in the virtual workroom.**

For each project, Elance provides an online “virtual workroom” that employers and freelancers can use to share documents, post messages, and keep track of all previous communication in one place. Messages posted in the workroom are also delivered to your personal email account, so you can stay up-to-date even when you're not logged in to the Elance website.

## Startup success story: My City Publications

Nick and Andrew Christo are founders and owners of My City Publications, a company that creates online and print guides to the best dining and entertainment options in cities in Florida. They started several years ago with the launch of Orlando Eats, a comprehensive dining guide to the city. Their budget was small, but they needed experts in web design, marketing and content development. They turned to Elance and hired IT professionals to help them build the website, writers to help develop the content and marketers to help get the word out.

As Nick says, “Without Elance, we would not have been able to launch and grow our company.” Now, My City Publications has grown to a 14-person full-time team with offices in Orlando and Miami. They have four online and print magazines and more than \$1 million in annual revenue.

Even though their company has grown beyond the “startup” phase, Andrew and Nick continue to rely on Elance as an extension of their team. They work regularly with a team of IT professionals out of India to help with web design and website development. For marketing and content development, they hire professionals in the US: writers, graphic designers, SEO and social media marketing experts.

With Elance, My City Publications can hire the experts they need, when they need them. They love being able to see feedback from previous employers, track projects through the Elance site and handle all of the payments through Elance.

9. **Get peace of mind about intellectual property.** A big concern for startups is protecting their intellectual property – after all, a startup’s ideas are often its

most important assets. Elance has a standard agreement that includes a non-disclosure agreement (NDA) and contract to protect the employer’s intellectual property. All freelancers who work on Elance are bound by this contract as part of the site’s Terms of Service. Employers are welcome to request that their contractors sign additional NDAs and contracts as well.

“Elance offers a robust talent pool, ultimately creating a flat world.”

—Christina Hall, Chiq.com

“The first impression I had of Elance was how easy it was to use...the web pages were clear, simple and followed a logical path, which meant I was able to get our jobs requirements posted online immediately upon registration.”

—Tracey Corcoran,  
iPilates

## Elance: the future of startups, and the future of work

We are living in an amazing moment in history: simply put, the traditional barriers to starting a business no longer exist. Entrepreneurs are no longer limited by geography, expensive software, office space or by having to make large-scale investments in an uncertain business model or an untested product prototype. The only barrier to starting a business is having an idea, and then having the courage and tenacity to make that idea a reality. With cloud services and Elance’s online employment platform, startups can take their ideas to the market more quickly and at lower costs than ever before.

A world of talented contractors is available in the cloud, ready to help do the heavy lifting of building your startup company.

As more startups become familiar with (and comfortable with) the advantages of hiring online, the new way of working and hiring in the cloud will become increasingly common. Just as people have grown to embrace e-commerce, hiring and managing in the “human cloud” will be seen as a key strategy of any successful business.

The world is waiting for your next idea – your product or service that will fill a unique need, improve people’s lives and generate profits. The “human cloud” of Elance, a worldwide community of online contractors, is standing by ready to help you launch your startup. Are you ready to take the first step?