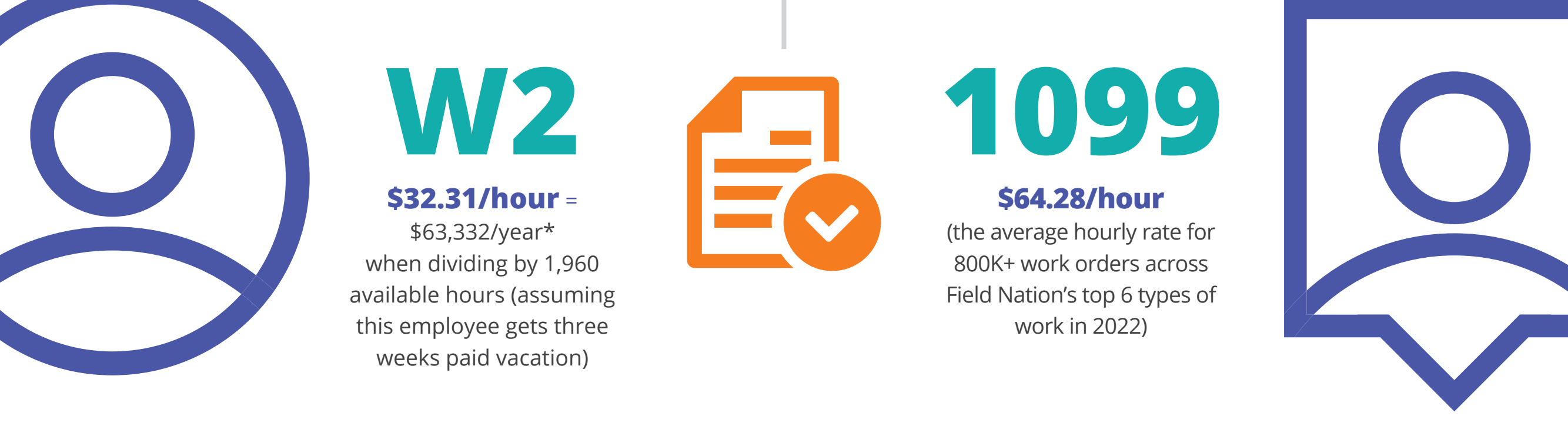


The true cost of IT field service labor

When comparing the cost of an employee (a W2) to an independent contractor (a 1099), many companies incorrectly think the 1099 is more expensive. Here's why that's generally not true, with two ways to evaluate cost – from a work order perspective and an annualized perspective.

Cost analysis #1: an individual work order

Comparing the hourly rate of a W2 resource and a 1099 resource is misleading. Here's why you should look at the cost of the work instead.



It's more expensive to use the 1099, right? Not so fast.



Per work order savings using a 1099 instead of a W2: **15%**



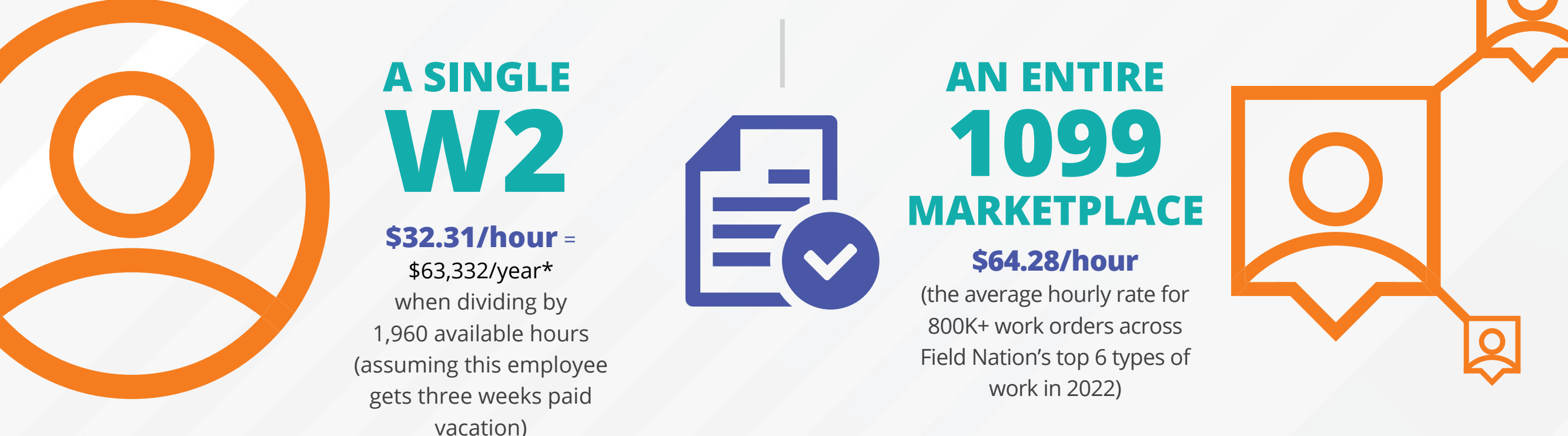
Comparing the Cost

Looking at the total cost of the work, which for employees includes benefits, less than 100% utilization, and travel time, gives you a much more accurate picture of cost than just comparing hourly rate.

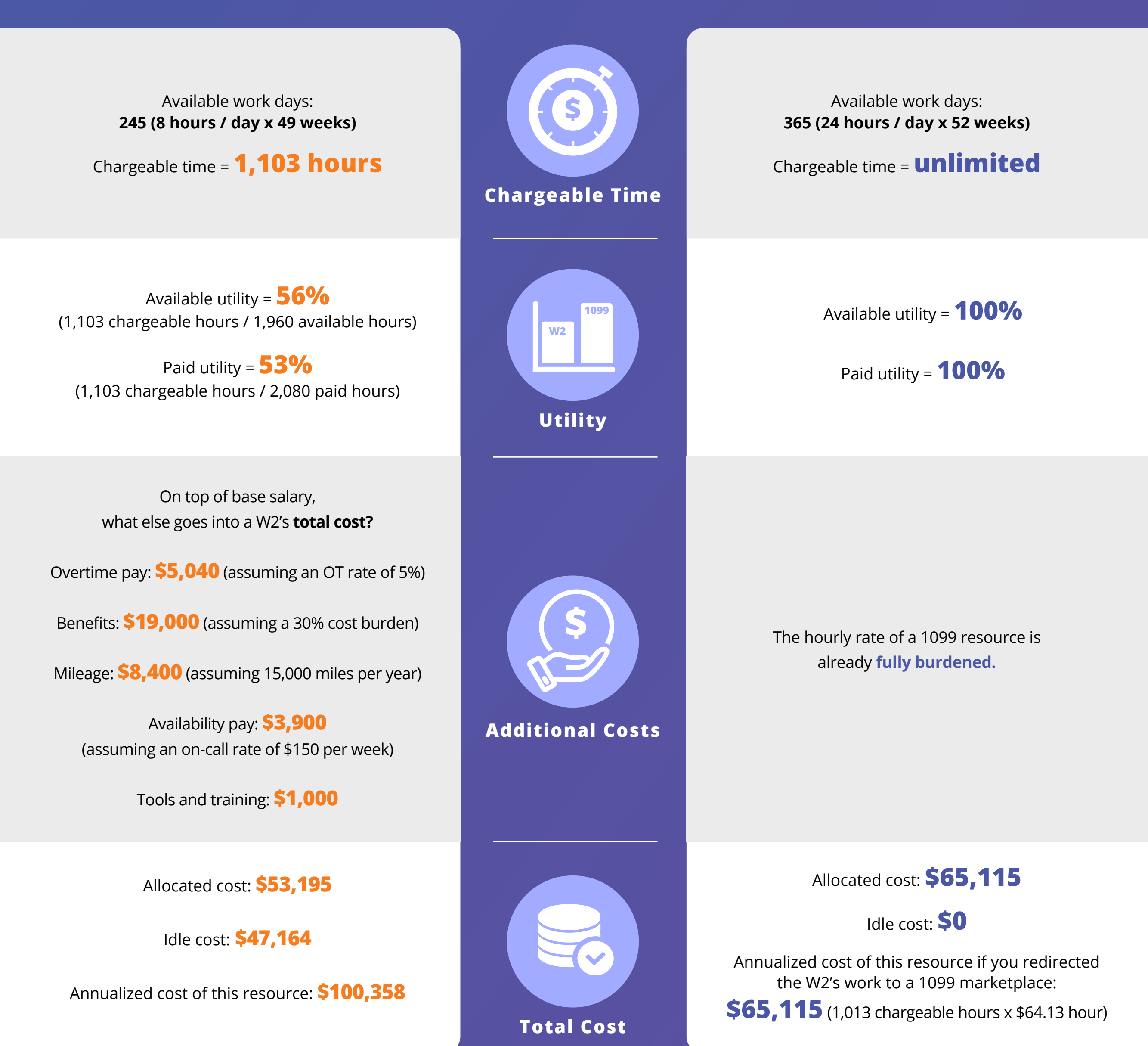
*Network Field Technician salary information from salary.com

Cost analysis #2: on an annual basis

Now what if we step back and look at the annualized availability and cost of a W2 resource, and the advantages of redirecting that W2's work to a 1099 marketplace.



Assuming 3 work orders per day and 1.5 hours time to task per work order



Annual savings using a 1099 marketplace vs. a W2 resource: **\$35,243** (a 35% decrease)

Comparing the Results

The problem with W2s is that they create idle cost risk. You're paying them the same fully burdened hourly rate whether they're working or not. When you use a 1099 marketplace, you're hiring a skill set that's 100% utilized because you only pay for the resource's time working (not their time *not* working).

The goal isn't to eliminate W2s, it's to let the work determine the workforce. Make sure you're using W2s on the high-value, high-complexity work that's core to your business. Then you can use 1099s for things like projects, smart hands, and work happening across diverse geographies – and get that work done right but also cost-effectively.

Ready to start saving?
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