

prialto

The Virtual Assistant Landscape

2022 UPDATE

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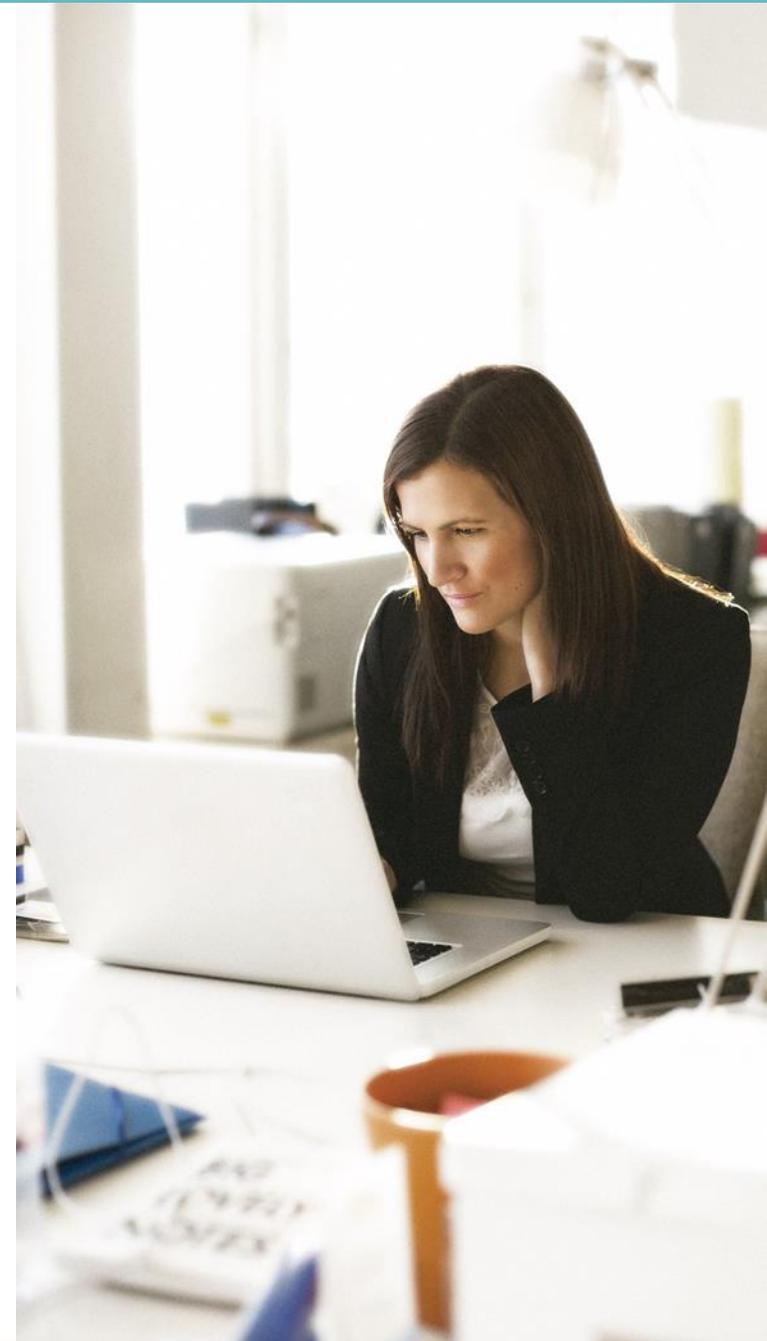
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SIA

STAFFING INDUSTRY ANALYSTS

Table of Contents

Foreword	1
Executive Summary	3
Introducing the Virtual Assistant Marketplace	4
Business Portfolios and Differentiation	8
Virtual Assistants v Temporary Workers v Freelancers	13
Outsourcing v Offshore	15
Waning Impact of COVID-19	17
Enterprise-Level Services	18
Case study	20
Legal Issues	23
Outlook	30
Useful Sources of Information	31



Foreword

Last year, Staffing Industry Analysts released the Virtual Assistant Landscape report. It was the first report to assess a relatively recent staffing model. The report's publication was evidence that the virtual assistant market was heading mainstream.

I told the story about how, when I started Prialto over 13 years ago, I joined a group of founders all starting Virtual Assistant companies who shared the same advantage (or disadvantage!) of the naivete characteristic of new entrants into an established industry. I do not think any of us even realized we were entering the staffing ecosystem.

Widespread broadband access worldwide and cloud-based collaboration platforms enabled the first wave of virtual assistants, with marketplaces, job boards, and contractor agencies connecting Western executives with onshore and offshore assistants. I believe that these businesses, which SIA calls "self-service platforms," do little more than connect two people, adding little value.

Since 2020 the widespread acceptance of remote work and a labor shortage in the West have accelerated demand for remote virtual assistant services and highlighted the opportunity for higher-value service providers. Virtual assistants are not only mainstream but are relied upon by increasingly larger organizations looking to support c-suite teams with a scalable pipeline of executive assistants.

Talent shortages across the board constrain growing businesses, and there are 40% fewer executive admins in the US than at the turn of the century. Job site, Lensa found that administrative assistants are among the most challenging roles to fill in 2022. With employers desperate for talent and more open than ever to recruiting outside traditional geographies, it is no surprise that, according to a report published by [NanoGlobals](#), the virtual assistant market grew 41% in 2020. This growth is expected to continue.

These trends are also driving an increasing interest among midsize and enterprise organizations in what we call managed "subscription-based" staffing services. A managed subscription-based service like Prialto's hires, trains, and supervises teams of managed virtual assistants, providing offshore assistants with full-time jobs, benefits, and opportunities to work with innovative businesses in Silicon Valley, New York, London, and beyond.

Businesses are adopting the subscription virtual assistant service model because the traditional executive assistant has all but vanished as a career path in the US, and the proliferation of productivity tech has created unrealistic



expectations that executives should be self-sufficient. Heads of talent are telling us that executive assistants are harder to find than ever, and turnover is high and disruptive when they do find them. Finally, they lack the resources and expertise to provide training, quality control, coaching, and career development.

As SIA notes, "The more sophisticated and highly developed VA firms will offer a managed service where Virtual Assistants are supervised locally with the quality of work checked and with regular training and development offered. This contrasts to a self-serve model which is more akin to a platform that simply facilitates the introduction of a client to a Virtual Assistant and does not provide ongoing support throughout the engagement."

Managed service providers like Prialto, Belay, and Delegated, are built on robust management infrastructure on both sides of the relationship. Assistants are trained, onboarded, coached, and see advancement opportunities. Our assistants also work in secure facilities, networks, and devices. IT security is critically important as virtual assistants move up-market.

You will see in the pages ahead that virtual assistant services are an established, growing part of the workforce solutions industry. The report validates what we have witnessed as virtual assistants have spread from solopreneurs inspired by Tim Ferris's "The 4-Hour Work Week" to some of the largest enterprises in the United States and Europe. The common theme is the need to focus on managing the people who are core to the business and the awareness that while admin support remains critical, it can be effectively delivered to ease company distractions.

These remain exciting times for Prialto. Growing demand for our services has enabled us to provide unprecedented levels of certainty and support to our staff in the US, Southeast Asia, and Central America. This growth and innovation have amplified our business, clients, and employees. And once again, I look forward to SIA's audience gaining insights from this comprehensive view of where we fit into the broad landscape of staffing solutions.

Eric Taussig

CEO

Prialto

August 22, 2022

Executive Summary

- Virtual Assistant Firms are an emerging category of contingent labor supply and a sub-segment of higher-profile outsourced models. However, the market is well-established with more than 170 vendors globally (and a large cohort of sole traders) and is set to benefit from compelling secular business trends.
- A Virtual Assistant is a worker who provides various services to entrepreneurs or businesses from a remote (and often offshore) location. The core services offered include those general administrative duties that might typically be performed by a personal assistant such as: scheduling appointments, diary management, email triage, travel booking and meeting arrangements. However, this narrow definition does not do justice to the wide variety of workers that most Virtual Assistant firms provide.
- A key characteristic of the Virtual Assistant relationship is that the client will have a direct relationship with a named Virtual Assistant.
- It is fairly straightforward to differentiate between the services provided by a Virtual Assistant firm and a freelance platform, however, Virtual Assistant firms have a lot in common with staffing firms and the differences are much more subtle. In fact, in many ways, Virtual Assistants can be considered equivalent to remote, benched temporary agency workers.
- There are three key ways to differentiate among Virtual Assistant firms:
 - Those that offer a managed service where Virtual Assistants are supervised and the quality of work checked, in contrast to a self-serve model which is more akin to a platform that simply facilitates the introduction of a client to a Virtual Assistant.
 - Those that provide Virtual Assistants working out of their own homes rather than company offices.
 - Those that provide Virtual Assistants in offshore markets and those that provide them within the local market.

In 2020, Staffing Industry Analysts was commissioned by Prialto, a leading Virtual Assistant firm, to conduct a broad ranged research project to better understand best practices and recent developments in the Virtual Assistant industry.

As part of the project, SIA conducted an in-depth review of existing literature and research, conducted a detailed legal analysis and interviewed a number of executives and experts in the Virtual Assistant industry.

This report represents a detailed overview of SIA's thinking on this market and is updated from the original report published in March 2021.

Introducing the Virtual Assistant Marketplace

Up to now, the market for Virtual Assistants has been rather neglected but is an interesting and emerging category of contingent labor supply. While the market is quite niche, it is well-established with more than 170 vendors globally and is set to benefit from compelling secular business trends.

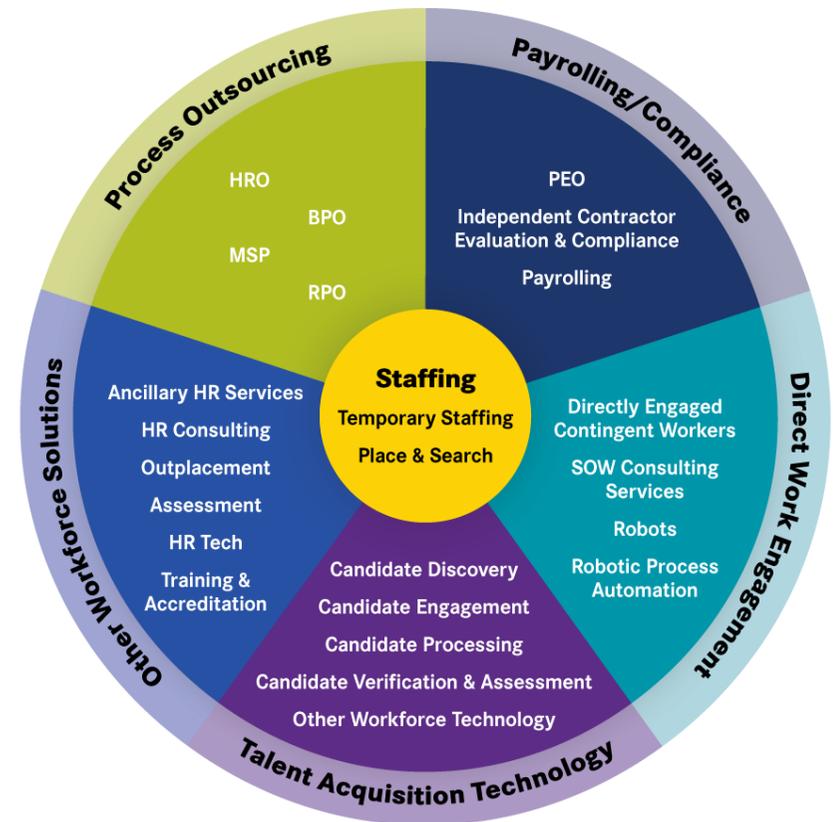
Within SIA's Workforce Solutions Ecosystem, Virtual Assistants is part of the Business Process Outsourcing (BPO) market. Within BPO, SIA identifies two separate segments; Enterprise BPO and Business Support Outsourcing. Enterprise BPO is the more visible part of the market and includes those solutions offered by firms such as IBM, Wipro, Accenture, Capgemini, Infosys, Sodexo and Cognizant.

Virtual assistant firms tend to focus primarily on labor augmentation and on supporting specific internal employees, with the more sophisticated firms like Prialto and Delegated offering some discrete process consulting and implementation, as compared to the large BPO firms that focus almost exclusively on outsourcing major business process cost centers.

A close cousin to the Enterprise BPO market is Business Support Outsourcing where firms outsource more discrete tasks rather than the business-critical outsourcing found in the Enterprise BPO market. We further differentiate two sub-segments of Business Support Outsourcing; Outsourcing Agencies and Virtual Assistant firms.

The demarcation among these various BPO categories can be quite opaque and firms that operate in one category may happen to infringe on another. Outsourcing agencies are typically small, specialized firms providing non-core outsourcing services such as website maintenance and/or development, IT support, marketing and graphic design for instance.

SIA's Workforce Solutions Ecosystem



Process Outsourcing by segment, sub-segment and category



While Virtual Assistant firms are categorized within the Process Outsourcing sector, they compete more directly against staffing firms and talent platforms (see pages 13 and 14 for further discussion.)

A Virtual Assistant ('VA') is a worker who provides various services to individual practitioners, SMB's and larger enterprises from a remote (and often offshore) location. The core services offered include those general administrative duties that might typically be performed by a personal assistant such as: scheduling appointments, diary management, email triage, travel booking and meeting arrangements. However, this narrow definition of Virtual Assistant does not do justice to the wide variety of workers that most VA firms can supply.

In addition to general administrative services, most VA firms now provide assistants with expertise in a much wider portfolio of skills and covering most activities that might be performed on a remote basis ranging from bookkeeping to recruiting to website maintenance/design. While there may be some overlap with the services provided by VA firms and Outsourcing agencies, the key differentiator is that VA firms provide a direct relationship with a named worker (or workers) to provide support on an ongoing basis.

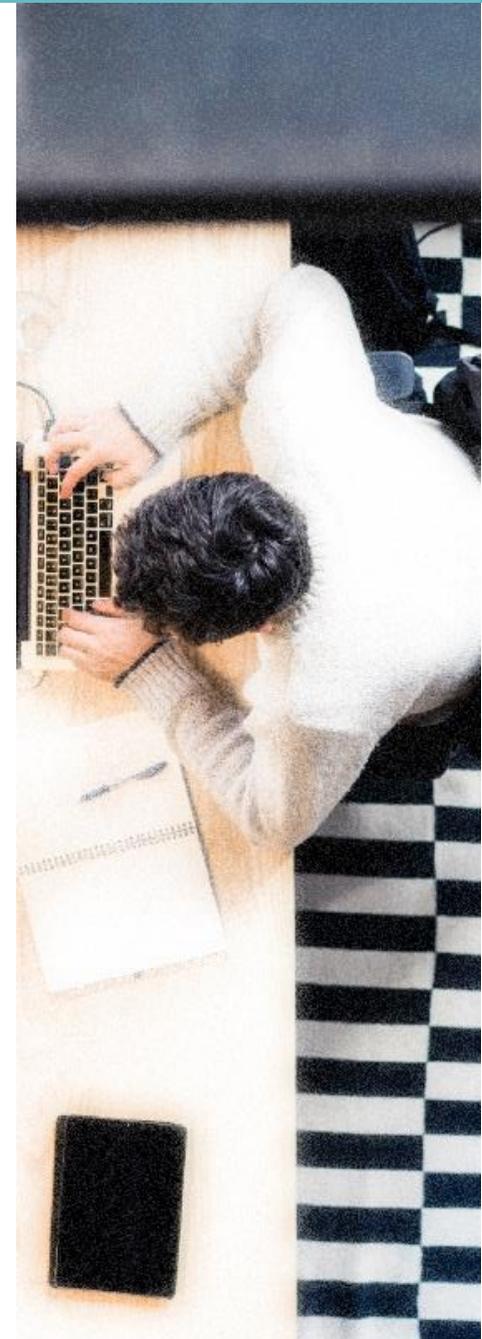
As a definition, Virtual Assistant is not without its flaws and does not fully capture the wide range of skilled services now available through VA firms. Although the term has been long-established among VA firms globally.

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Demand Drivers

There are a number of reasons why organizations take advantage of Virtual Assistants and they mostly mirror the reasons why organizations might opt to outsource more generally:

- *Focus.* Offloading routine, time-consuming tasks will allow more time for employees to focus on their core areas of expertise and, thereby, improve productivity. According to 2016 research from [The Alternative Board](#) (TAB), the average executive spends 68.1% of their time working “in” their business—tackling day-to-day tasks, putting out fires, etc.—and only 31.9% of the time working “on” their business—i.e. working towards long-term goals and strategic planning. Over a third of respondents (33%) cited email as the biggest time strain on their business while administrative tasks was cited by 24%.
- *Skills shortages.* The shift to larger companies tapping virtual assistants is taking place against the backdrop of a shrinking executive assistant labor pool in the United States. The Washington Post reported that the United States has shed 2.1 million executive assistant jobs since 2000—second in losses only to manufacturing in the same period. And the job is set to continue to decline by 18% a year, the steepest decline of any profession. Lensa’s 2021 Index reported that administrative assistant is the third most in-demand position.
- *Improving flexibility.* Employment can be burdensome particularly in highly regulated labor markets such as those in continental Europe which can make outsourced labor alternatives particularly attractive. Like staffing firms, VA firms offer their clients the ability to upscale or downscale efficiently in reaction to unexpected changes in business demand.
- *Tapping into third-party expertise.* VA firms specialize in offering skilled workers in specific categories and organizations that use these services prudently can gain a competitive advantage. Also, as mentioned previously, most VA firms will provide support in areas beyond general administrative duties and some of these touch upon more highly skilled roles that can often be more readily sourced on a remote basis.



- *Lowering cost.* Transitioning roles from a waged to an outsourced hourly basis means that you can carve out precisely the support you need at a price you can afford. Clients of VA firms can save money on training and other employee benefits, payroll processing and desk space (potentially lowering office rents). A number of VA firms sell their services on the basis of helping clients to reduce desk-space cost; a compelling proposition in the current economic environment.

Those using VA's in nearshore or offshore locations can also take advantage of labor arbitrage in lower cost labor markets. Wages and unit labor costs can be significantly lower in offshore markets such as India and the Philippines as well as in nearshore locations. According to some VA websites, those using offshore VA firms might expect upwards of 60% savings compared to the cost of a local hire though excessive savings might bring into question the quality of the remote workforce and/or the conditions they are working under.

- Unique to the Virtual Assistant model is the strong and ongoing one-to-one relationship established between the client and the worker and this is why VA may be a preferred and more relevant option compared to other outsourced solutions.

A Growing Market

It's no wonder, then, that the virtual assistant market grew 41% and inbound inquiries to VA firms increased an average 52% YoY in 2021* as larger firms turned to providers that can provide standardized support for executive teams.

**Source: Prialto Marketing NanoGlobals*

Unique to the Virtual Assistant model is the strong and ongoing one-to-one relationship established between the client and the worker and this is why VA may be a preferred and more relevant option compared to other outsourced solutions.

Business Portfolios and Differentiation

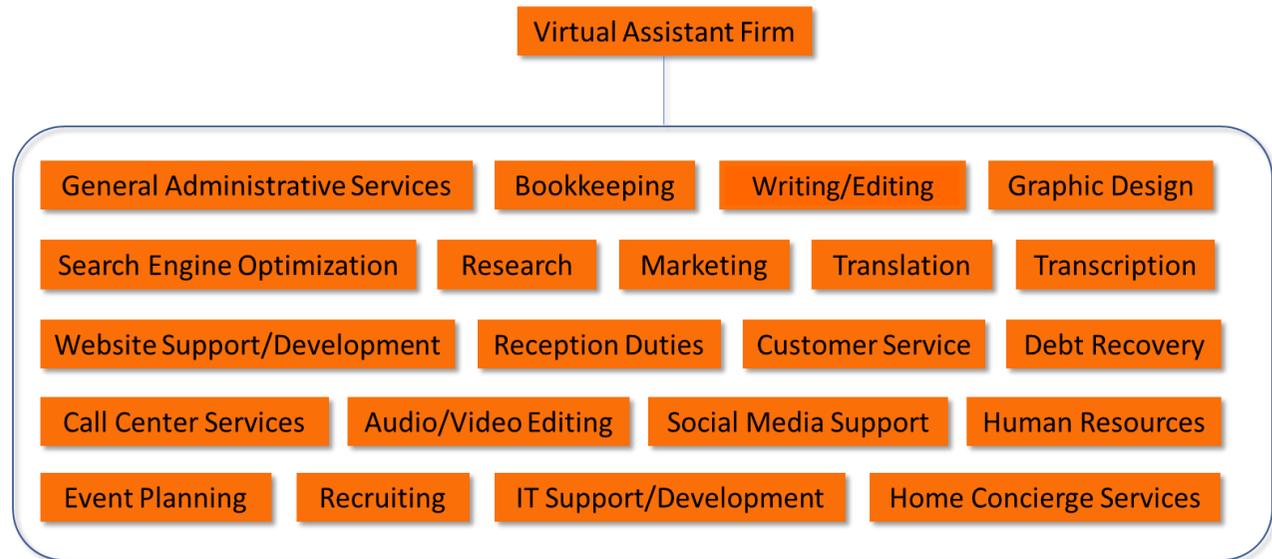
The full portfolio of services provided by VA firms vary but mostly include those categories represented in the chart below. Many of these areas of expertise will have likely grown organically based on requests for support from clients.

General administrative services represent the core duties performed by Virtual Assistants and also represent the majority of revenue for most VA firms regardless of the breadth of other services they may offer.

Given that they mostly support senior-level employees, a number of VA firms eschew the term Virtual Assistants in favor of Executive Assistants. The most common categories seen outside of the core administrative support role are marketing, bookkeeping, website support/development and various forms of IT support.

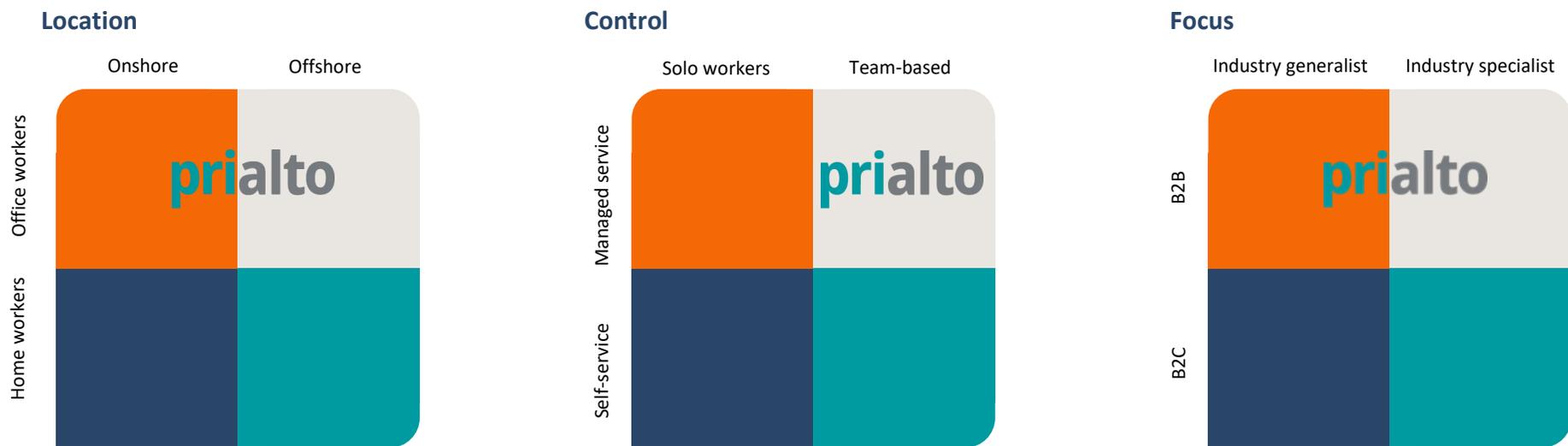
Recruiting is a growing service category and, while it is not among the most-common categories provided by VA firms, neither is it the least common. VA firms can help with the following tasks: crafting and posting listings on job boards, identifying potential candidates based on résumés, developing and implementing employee retention strategies, compiling and maintaining employee records, interviewing and screening applicants, creating and sending recruitment emails to potential candidates and performing other HR-related tasks.

It is true to say that, outside of the general administrative duties provided by Virtual Assistants, these other categories of work do not always reflect the ongoing characteristic of Virtual Assistant work as such engagements may actually be short-term and project-based in nature.



A key characteristic of the Virtual Assistant model is that the client will establish a direct relationship with a named Virtual Assistant. This should not be taken to mean that the client gets 100% exclusive attention from the nominated worker. In many instances, clients will not want the Virtual Assistant working the equivalent of a 9-to-5 full-time role anyway so the reality is that the client will be sharing the Virtual Assistant with other clients. It is also true that not all VA firms guarantee a one-to-one relationship with a Virtual Assistant. Some operate on a pool basis, where tasks are assigned on the basis of availability so clients may never work with the same assistant twice.

There are a number of dimensions that differentiate the services of VA firms and these are discussed in more detail below.



Home Workers vs. Office Workers

A key point of difference among VA firms is that some act as a matching service for assistants working out of their homes while others, such as Prialto provide a managed service with VA's working in offshore company offices supported by local engagement managers who are tasked with constantly optimizing the service.

When considering using a VA firm, this is an important point to consider. With less overheads, it might be expected that those deploying home-workers are less expensive than those deploying assistants out of serviced offices but whether the robustness of their IT systems, data security and working environment is appropriate would be questionable.

Managed Service vs. Self-serve

The more sophisticated and highly developed VA firms will offer a managed service where Virtual Assistants are supervised locally with the quality of work checked and with regular training and development offered. This contrasts to a self-serve model which is more akin to a platform that simply facilitates the introduction of a client to a Virtual Assistant and does not provide ongoing support throughout the engagement. Virtual Assistants working through a self-serve platform will have to take care of their own training requirements and generally manage their own quality standards.

Under a managed service model, the Virtual Assistants are more likely to be direct employees of the VA firm whereas those available via a self-serve model are more likely freelancers. The

managed service model means that Virtual Assistants will receive the same type of motivation and engagement from the VA firm as you would expect to be offered by a direct employer. As such, the care and welfare of the Virtual Assistant could be described as more to the fore than would usually be found in the relationship between a staffing agency and a temporary worker. The advantages of the managed service model to larger firms are easy to identify. All assistants receive the same training on the client’s tools and processes. Hiring those assistants one-at-a-time with independent contractors with varying levels of experience and diverse skill sets is difficult to scale.

Not surprisingly, hybrids exist providing Virtual Assistants who are fully employed by the VA firm as well as Freelancers who work for themselves utilizing the VA firm's technology to service their own clients.

Industry specialization

A number of VA firms specialize not by skills/occupation but by industry sector.

The real estate sector is, by some way, the most common area of focus and this niche is addressed by multiple providers, including Prialto. Such is the demand in this sector that a number of niche VA firms specialize in the real estate sector exclusively. A VA service makes sense

Service comparison

Service Aspect	Managed Service	Self-Serve
Performance management	Internal management and quality assurance processes	None
Back-up support	Fully-trained primary and secondary back-up assistants	Variable
Scalability	Increase or decrease support without disruptions	Time-consuming/ disruptive
Information security	Comprehensive information security protocols	Variable

for this sector as more successful real estate professionals are out of the office with clients the majority of their time and not physically next to their support staff. Tools and processes for working remotely within the real estate sector are, therefore, already highly developed. To be effective, real estate VA's need to be familiar enough with the geographical territory and have reasonable real estate knowledge, not least because there are licensing rules that place restrictions on quoting prices and becoming directly involved in parts of the real estate transaction process.

A number of other VA firms have other niche industry expertise, of which the healthcare sector is quite prominent.

Quality

One key area in which VA firms differentiate is the quality/caliber of their workers. A number of VA firms highlight their exclusiveness and high standards in accepting applications from Virtual Assistants as part of the screening process. Some restrict their assistants to those who are college educated while others place limits on the number of applicants they accept. Training is also provided by the more professional VA firms.

Some VA firms, like Prialto, stress service delivery quality over the quality of the individual worker, stressing better process and management over stronger labour curation.

Language specialization

A number of VA firms specialize in providing bilingual and trilingual support while some VA firms also provide language translation as part of their service portfolio.

Team builders

A small number of firms specialize in building offshore teams rather than one-on-one relationships with Virtual Assistants and, therefore, could be said to be operating in the murky definitional waters between Outsourcing Agency and Virtual Assistant firms. However, as these hybrids emphasize that the client selects each individual team member, we have chosen to classify them as Virtual Assistant firms rather than Outsourcing Agencies. As VA firms develop more enterprise-strength services we may see other Virtual Assistant firms taking on similar 'team' models.

Virtual Reception Services

A number of firms provide virtual reception services. While these types of services are distinct from the general administrative roles that most VA firms offer, there is a clear similarity and, for this reason, we have chosen to include such firms within our VA category. In any event, a number of Virtual Reception firms do offer typical Virtual Assistant roles as well.

B2C

A small number of VA firms that support businesses also offer personal support for general household chores such as online shopping, financial services and personal travel/accommodation arrangements. As such, this B2C category mostly resembles concierge services offered by independent luxury concierge providers though, in many instances, such personal services are paid for by employers as a benefit for their senior executives.

B2C services tend to be shorter, task-based assignments compared to the ongoing nature of service VA firms offer on a B2B basis. A number of firms that started out focusing on B2C have evolved into B2B given the more secure and 'sticky' client relationships available.

Going Direct

It should also be considered that going through a VA firm is not the only way to access a Virtual Assistant. There is a vast cohort of Virtual Assistants who work as independent contractors or freelancers and can be hired directly.

Independent Virtual Assistants may have their own websites or collaborate with a small group of other Virtual Assistants. While they may be small in terms of individual scale, independent Virtual Assistants working through personal contacts may well comprise the largest portion of the VA market and their services may compare favorably. The advantage for VA's working independently is that they don't need to share the client fee with a third-party though the downside is that independent VA's will have to spend a lot of unpaid time marketing themselves to find customers and chasing client fees. A freelance lifestyle may suit some but others will prefer a stable salary, sick leave, health benefits, performance pay and training.

The advantage for clients in working through a VA firm rather than directly with Virtual Assistants is knowing that their work is being conducted in professional offices using secure IT systems, with back-up processes and continuity plans as well as convenient options to scale up or down.

Virtual Assistants v Temporary Workers v Freelancers

While they both offer remote workers, it is fairly straightforward to differentiate between the services provided by a VA firm and a freelance talent platform such as Upwork, for instance. However, VA firms have much in common with staffing firms and the differences between them are much more subtle. In fact, in many ways, Virtual Assistants are similar to remote, benched temporary agency workers.

The service portfolio of VA firms, though perhaps wider than many people might imagine, tends to be restricted to simpler office-based tasks. Staffing firms, on the other hand, also deal with contingent work that needs to be conducted onsite (such as manufacturing and retail roles) as well as highly-qualified roles. One would not, for instance, use a VA firm to source a physician or a teacher.

There is also a different perspective in terms of the relationship and length of assignment between a Virtual Assistant and a temporary agency worker. Temporary workers are mostly hired on a replacement basis for employees who are sick or on holiday, to support short-term peaks in demand or to provide highly skilled expertise on a limited project basis. None of these would be regarded as normal criteria for hiring a Virtual Assistant.

Virtual Assistants are not always hired as job replacements. They are often hired to provide additional support to people who do not already have it and, as such, effectively carve out, mundane and repetitive tasks from executive job descriptions.

Comparison among VA Firms, Staffing Firms and Talent Platforms

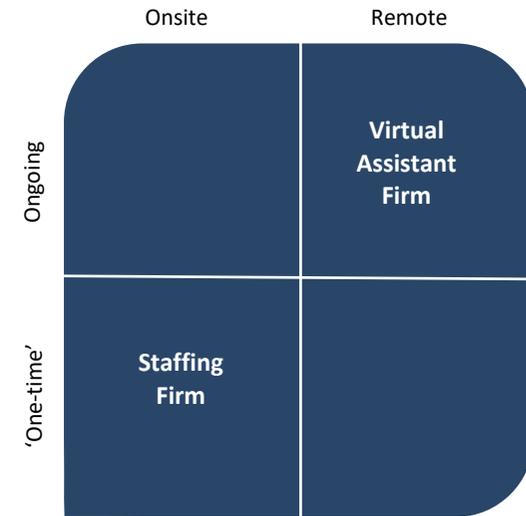
Service Aspect	Virtual Assistant Firm	Staffing Firm	Talent Platform
Supervisory oversight	✓	Partially	✗
Backup and replacement availability	✓	✓	✗
Remote work	Exclusively	Rarely	Usually
Ongoing work rather project-based	Usually	Sometimes	Rarely
Pay on completion of task rather than hourly/daily/weekly/monthly pay	✗	✗	✓
Benched ('W2') resource	Usually	Sometimes	Rarely
Availability of free worker training	✓	✓	✗
Human intervention in selecting worker	✓	Usually	Rarely
Health & Safety obligations	When VA is employed	✓	✗
Responsibility for working hours	✓	✓	✗
Worker vetting process	✓	✓	By ratings
Operate under local temporary agency work law*	✗	✓	✗

**See page 23 for further information on legal issues*

The diagram to the right shows what has traditionally been the main differences between a VA firm and a staffing firm, though the differences are not so clear cut as suggested here (most staffing firms have had to learn how to supply temporary workers remotely over the course of this year and not every temporary engagement is 'one-time'). Inherent in the Virtual Assistant role is the establishment of a longer-term and ongoing relationship. While some assignments may be short-term, many contracts roll over repeatedly and can last years.

Staffing firms that supply administrative workers may well be finding VA firms tougher competitors since the COVID-19 crisis. VA firms are remote work experts first. With onsite work restricted, organizations having to source remote administrative support might prefer to use suppliers with well-established processes, technology, quality standards and protocols for remote work. Those VA firms that directly employ their workers will also likely have a tighter bond with them than a staffing firm would typically have with a temporary worker.

VA Firms/Staffing Firms Comparison



Outsourcing v Offshore

A key difference among VA firms is that some provide Virtual Assistants in offshore markets and others provide them within the local market. Of the 98 US-headquartered VA firms identified by SIA, almost half have their Virtual Assistants based solely in the US.

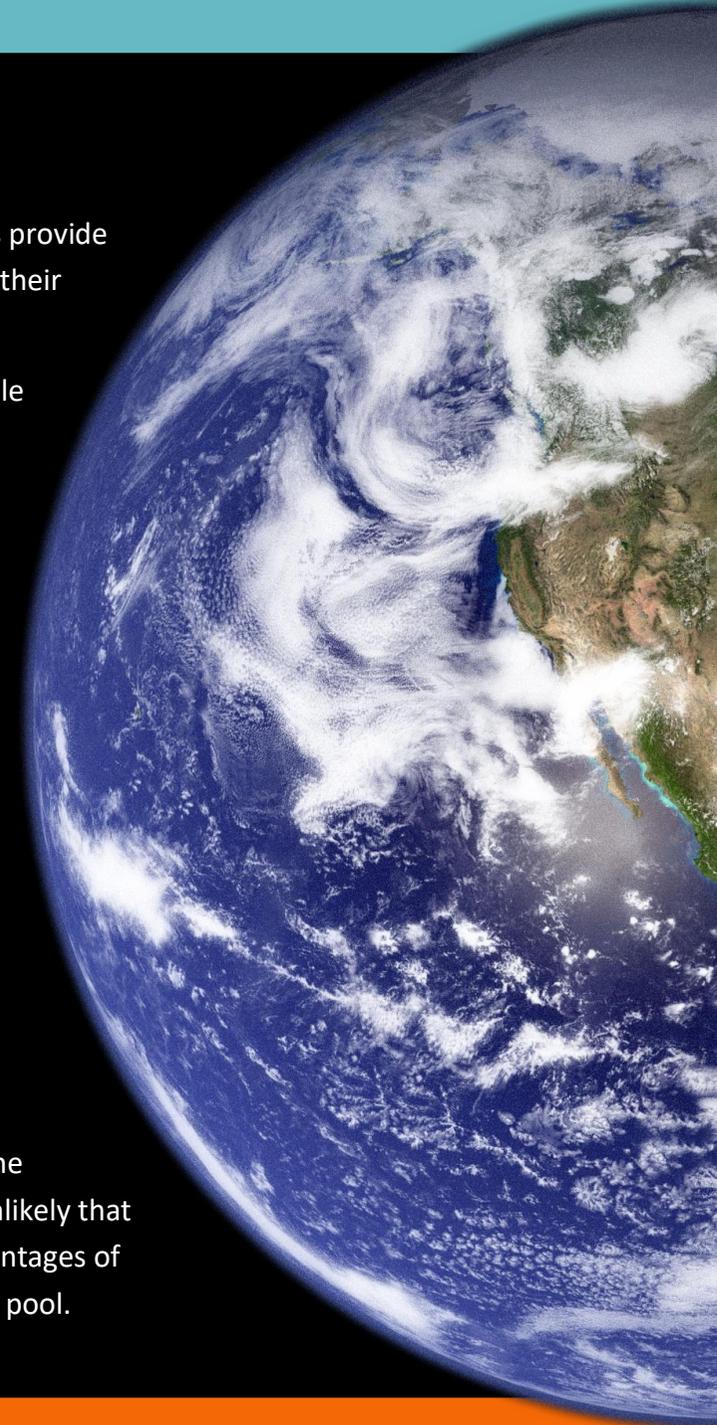
The most popular offshore destinations are generally the same as those countries that attract large scale Enterprise BPO customers such as India and the Philippines. Given cultural and historical ties, the Philippines tends to be a popular destination for US VA firms while India features more prominently among British ones. Other popular offshore locations include South Africa and the Caribbean.

Nearshore destinations are also quite common so, for US clients, VA firms can offer Virtual Assistants based in Canada, Mexico and other parts of Central America as well as South America. For European clients, nearshore Virtual Assistants are available in Central/Eastern Europe and the Baltics. Nearshore options may be favored over offshore options given time zone and cultural differences.

Of course, wage arbitrage can also be achieved in-country as wage differentials can differ by state and even within state. The median annual wage in the US in 2018 varied from \$71,690 in the District of Columbia to \$31,850 in Arkansas (Source: www.statsamerica.org). Not surprisingly, there are no VA firms registered in the District of Columbia!

But cost is not the only reason to offshore. VA firms with offshore locations will emphasize the quality of their workers as well as their ability to provide 24/7 cover for their clients.

Those that restrict their Virtual Assistants to the same country as their clients are likely to emphasize the advantages of working with a local provider as a competitive advantage. This is not surprising as it is unlikely that they can compete with offshore specialists on price alone. Aside from lower costs, the other cited advantages of offshoring are better availability of skilled people, and getting work done faster through a global talent pool.



There are two quite opposing viewpoints regarding the social impact of offshoring. Some view it as unpatriotic not to support jobs in the local community and paint those who use workers in third-world economies as exploitative. The counter argument put forward by a number of VA firms is the belief in the positive social mission of engaging workers from more impoverished countries. For instance, Prialto believes that offering meaningful work and a clear path for advancement helps to build marketable international-business skills in poorer communities and backs this up with sponsorship of a number of community initiatives in both Guatemala and the Philippines.

2003 Research from the [McKinsey Global Institute](#) on the IT and BPO sectors in India challenged the notion that offshoring undermines the US economy and suggested it can be a win/win for all. The study claimed that, for every dollar offshored, \$1.45 in new revenue is created and that the US enjoys about \$1.12 of that revenue while the country that is outsourced to benefits by 33 cents. The revenue received by the outsourced country may seem negligible but, in smaller economies, it is essential in providing access to basic services like healthcare, safer housing, and regular income for families.

Nevertheless, there are common concerns that need to be addressed whenever using offshore workers. Time differences are perhaps the most obvious though most offshore VA's will adjust their working hours to better suit their clients' time zones while others will go further and guarantee a 24/7 service.

Language proficiency is also an issue and, even where someone has good English literacy, they may still have a strong accent. To counter this, the best VA firms will put considerable effort into hiring people with good written and spoken language skills as well as people who are well-suited to working remotely and, even better, with previous experience of being part of a distributed team.

Finally, cultural differences may lead to some miscommunication in offshore relationships so these will need to be properly understood and navigated. Any professional VA firm will be on top of these nuanced cultural misunderstandings.

...Prialto believes that offering meaningful work and a clear path for advancement helps to build marketable international-business skills in poorer communities and backs this up with sponsorship of a number of community initiatives in both Guatemala and the Philippines.

Waning Impact of COVID-19

The Virtual Assistant market was in robust health before the onset of the global pandemic. As COVID-19 swept across the world in Q1 2020, VA firms took an initial hit to demand, especially among SME customers, but growth for many will now be well ahead pre-COVID levels. With remote work an inherent characteristic of the market, VA firms have proven to have more resilience in this particular crisis compared to other categories of contingent labor supply.

This does not mean to say that the pandemic did not present challenges as COVID-19 lockdowns tightened around the world. VA firms in offshore destinations such as India and the Philippines found themselves struggling with the same logistical, financial, health, and safety concerns as workers in the US and Western Europe and, for those VA firms whose Virtual Assistants worked in offices, with the same challenge of transitioning their BPO operations to a work-from-home format.

Most local COVID-19 restrictions have now been eased (though people are encouraged to follow Covid-appropriate behavior) and both the Indian and Philippines economies are in robust health.

Two important longer-term implications of the COVID-19 pandemic are that businesses are more receptive to the idea of remote work and even more conscious of the need to have flexibility in their employee costs, both of which should put VA firms in a strong position to capitalize on future growth.



Enterprise-Level Services

The Virtual Assistant market is more typically characterized as the supply of individual workers to SME clients. However, a number of VA firms have not failed to recognize the potential of providing more enterprise-strength services to larger organizations. One client that requires 100 workers is much better than 100 clients requiring one worker each.

Examples of VA firms developing services for enterprise clients include Prialto, Delegated and Virtual Emily. One company with well-established and advanced enterprise services is Ukrainian-based Mindy Support. While they do provide classic executive assistant services, the majority of the company's business is the supply of data annotation specialists to support AI/machine learning projects. Their largest enterprise accounts comprise the provision of 1,000 workers.

For the purposes of this report, we would define enterprise-level services as a contract for the supply of more than 30 Virtual Assistants. This could be a cohort of similarly skilled workers supplied across an organization or the creation of a multi-skilled project team to achieve a particular business goal.

An enterprise-level agreement could include the provision of additional services beyond the pure supply of workers such as process optimization or technology enhancement, for instance.

The provision of Virtual Assistants to larger, often international, clients creates a number of additional challenges compared to the supply of workers to smaller local firms, especially if the client is publicly-listed:

- Providing services to enterprise clients likely creates a higher bar in terms of legal compliance, in particular relating to data security and data protection. Clients especially concerned about confidentiality may further require suppliers sign a non-disclosure agreement.

The provision of Virtual Assistants to larger, often international, clients creates a number of additional challenges compared to the supply of workers to smaller local firms, especially if the client is publicly-listed.

- Vendors may also have to evidence that they do not break any anti-slavery or human trafficking laws given their clients will be expected to prove that no part of their supply chain is responsible for such abuses. Enterprise clients may have a specific anti-slavery policy that their suppliers are expected to abide by beyond any basic legal requirements.
- Enterprise clients are more likely to have a preference for suppliers with appropriate international standards accreditation such as ISO 9001 (quality management) and ISO 27011 (IT security).
- Such clients are also more likely sensitive about employee misclassification issues, putting VA firms that provide freelance Virtual Assistants at a disadvantage to those that provide workers who are employed by the VA firm.

The additional rigor required by enterprise clients may well be beyond the capability of many smaller VA firms.

Enterprise-level services currently represent a very small proportion of the Virtual Assistant market but moving up the value chain in this way provides the sector with a good opportunity for future growth. The more VA firms move in this direction, the differentiation between Virtual Assistant services and Enterprise BPO will become increasingly opaque.

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Case Study

Virtual Executive Assistants: Professional, Scalable Support for Enterprise Teams

The following real-life case study illustrates the use of Virtual Assistants to deal with business challenges at an enterprise level.

When the new Chief of Staff for one of the world's largest asset management firms joined the company, she was immediately overwhelmed. She reported having dozens of open reqs for on-site executive assistants but faced difficulty finding candidates. When she did hire people, turnover was a problem. Few lasted more than a few months, using the company's marquis brand to get a better job. In a competitive job market, salaries were high, making turnover even more expensive.

A Scalable, Reliable Solution

The Chief of Staff wanted a cost-effective, scalable, reliable solution for executive assistant staffing—one that minimized management overhead, training, and turnover and, accordingly, she investigated virtual assistant services supplying executive assistants working offshore on a fractional basis.

In this case, the Chief of Staff decided to test two support models simultaneously: a managed virtual assistant service provider and a virtual assistant staffing agency.

In this report as well as our prior 2021 report, we distinguish between managed service virtual assistant providers and self-serve models of service delivery. Under the managed service model, remote assistants are hired, trained, and supervised locally with the quality of work checked and with regular training and development offered, and backup assistants are trained to step in when a primary assistant is absent or leaves the company. This contrasts to a self-serve model which is more akin to a platform that simply facilitates the introduction of a client to an independent contractor and does not provide ongoing support throughout the engagement. Managed service providers maintain a bench of trained assistants that work in teams in secure facilities and secure networks, along with managers and US-based customer success teams that deliver a turnkey service for mid-market and enterprise executive teams. (See also page 10.)

Pilot Program

The Chief of Staff developed a pilot program in which she documented the tasks and processes to be offloaded to remote assistants.

- *Calendar management*—booking meetings and serving as the primary point of contact for others requesting executives' time
- *Task management*—keeping an up-to-date task list and tracking tasks to completion
- *Support for meetings*—updating agenda topics, taking meeting notes, and distributing action items
- *Team support*—documenting processes, including tracking events for the community and direct reports' milestones, collecting survey responses, and running reports
- *On-call support*—provides administrative support to people who don't have a dedicated administrative assistant on tasks like coordinating meetings
- *General admin support*—time for other tasks done and report with daily updates
- *Onboarding support* — assist in onboarding new employees and contractors onto the firm's systems

Prior to service delivery, remote assistants needed IT access to tools and systems needed to complete tasks. These include: Email, Calendar, Chat, Travel/expense management and CRM.

Getting third party access to internal systems proved daunting due to internal security policies and industry/government compliance and reporting requirements. A solution was to provide company-owned hardware so that they could access systems like a full-time employee.

The Chief of Staff found the managed virtual assistant service provider to be the ideal partner to build a sustainable service center. The primary drivers for the decision were:

- The ability to standardize training and build cohorts of assistants
- No management overhead was needed from the Chief of Staff and her team
- The ability to scale with pre-trained assistants on-demand
- Backup assistants and management that ensure quality control, continuity and enhance scalability

The asset management firm now has a team of 16 assistants, backup assistants, and managers, and is adding assistants at a rate of two per month.

Virtual Assistants are a Maturing Staffing Solution

When you think of virtual administrative assistants, your mind might take you to people like Tim Ferris, a solopreneur who championed the concept in "The 4-Hour Work Week." Ferris argued that you could run a business from anywhere, outsource administrative tasks to low-cost freelancers in Asia or Latin America, and live a good life. In the early days of the gig economy, that was (and still is) a popular model. But as the virtual assistant marketplace matures, enterprise organizations are turning to subscription-based virtual assistant service providers for turnkey executive support staffing to build outsourced service centers that provide the ideal blend of flexibility and cost-efficiency.

"The Virtual Assistant market is more typically characterized as the supply of individual workers to SME clients," we wrote in "The Virtual Assistant Landscape," our first-ever report on the sector. "However, some VA firms have not failed to recognize the potential of providing more enterprise-strength services to larger organizations. One client that requires 100 workers is much better than 100 clients requiring one worker each."

The equation is also true for HR and talent leaders struggling to find and retain executive assistants for enterprise teams. It is far easier to hire one vendor to support 100 executives than to hire, onboard, train, and manage 100 assistants one at a time. That said, the managed service solution is not right for everyone. Firms need to be able to create standardized processes that enable standardized training. Businesses with a great deal of ad hoc projects, or that need specialized skills that require creative judgment like graphic design or website development will need to assess the skills and capabilities of individual assistants.

Legal Issues

Outsourcing is the assignment of a business activity by a company to an external supplier. As with any outsourced arrangement or service provision, there are legal issues to consider.

Risks include threats to security, availability and integrity of systems and resources, confidentiality of information, and regulatory compliance. In the context of the use of Virtual Assistants, consideration also needs to be given to the possible legal implications of engaging, supervising and directing labor.

What follows is a non-exhaustive list of some of the key issues to consider when entering into such an arrangement, even if they are not all applicable to individual circumstances.

Labor and employment

Jurisdiction

Where the Virtual Assistant works has several legal considerations including tax (personal and corporate), immigration, health and safety and employment law. It is therefore important that employers conduct due diligence on workers regarding their nationality, location and whether they are working offshore, so any risks attaching to overseas working can be identified and managed.

Another factor to consider is whether the client could be regarded as having a permanent establishment for tax purposes in the jurisdiction in which the Virtual Assistant is working. The outsourcing of services offshore could potentially result in the client becoming liable to pay tax in the jurisdiction where the Virtual Assistant resides if there are any taxable profits attributable to the permanent establishment. While a relationship with one Virtual Assistant conducting general administrative duties is unlikely to trigger such an outcome, those companies outsourcing more customer-facing work to Virtual Assistant teams should review the relevant double taxation treaty to confirm whether there is a potential problem. Mitigation may be possible by using the independent agent exemption found in most treaties and making the case that there are no profits attributable to the permanent establishment.

Employment status

While legislation varies considerably from country-to-country, whether someone is regarded as employed or not is normally judged, not by their defined status in a contract, but by the factual nature of their employment. Likewise, the factors considered by local courts to assess employment status vary in their relative importance but tend to follow a core list of factors.

These factors include: whether the worker is in a subordinate position, and takes instructions from and works under supervision/control from the employer; whether the worker is responsible for the result of the work performed; whether the worker carries out work for only one client or has other customers; whether the worker makes use of their own tools/equipment; and whether the worker must personally perform the work, or can delegate the work to another person.

The issue of whether an individual is an employee, or an independent contractor is significant because an individual's status as an employee will trigger the application of a variety of statutory rights and benefits as well as liability for employment taxes and social security contributions.

An employee working overseas may benefit from mandatory local employment protections including rights in relation to minimum pay, paid leave (e.g., sick pay, holiday pay, etc.) or rights on termination of employment.

Co-employment

In the US, engaging a Virtual Assistant could give rise to co-employment concerns. In a co-employment situation, both employing parties have a joint legal responsibility for compliance with legislation including federal wage and hour rules, collective bargaining, discrimination and family and medical leave as well as state unemployment laws. Misclassification failures can not only expose a company to these employment laws but also put it at risk of criminal penalties, large fines, liability to reimburse taxes and social charges with interest, and also the risk of class action lawsuits.

Co-employment arises, regardless of whether it is formally documented as such, by the nature of the roles that the customer and the service provider play. The Virtual Assistant company pays the remote staff member, but the customer supervises the Virtual Assistant, giving them day-to-day instruction about the work to be done. One of the key tests the IRS uses to determine whether a worker is an employee or independent contractor in the US is whether the worker is free from any control or direction in performing their services. Similar employment tests are used in many other countries.

Co-employment is only an issue if the service provider does not fulfil its responsibilities towards the employee and the authorities. It is therefore important that a potential customer undertakes proper due diligence to confirm that its chosen supplier is compliant with the various laws that carry a risk of joint employment liability. To properly understand the risks presented by co-employment, it is vital to understand whether the Virtual Assistant is directly employed by the VA firm (W-2 classification in the US) or works as an independent contractor (1099 classification in the US) as the risk of misclassification is much less the case in the former than the latter. Misclassification can also be mitigated where the VA firm provides a managed service with clear local supervision (see page 8).

Health and safety

Although the sort of activities carried out by Virtual Assistants are generally low risk, regardless of the location of the employee, if a worker is found to be legally employed by a business, the business has a duty to ensure the safety and health of its employees. Laws may vary depending on location and so may the strength and consequences of enforcement. So, customers of VA firms should take advice on any specific requirements that may arise from employment of such workers.

Modern slavery in supply chains

A range of existing international standards and emerging national laws, based on the UN Guiding Principles on Business and Human Rights (UNGPs), emphasize the role of due diligence in identifying and avoiding risks to human rights, including the risk of modern slavery. Examples include the Modern Slavery Acts in the UK and Australia, and, the US, the Federal Acquisition Regulation's anti-human trafficking Rule. Aside from legal requirements, there are also increasing modern slavery-related shareholder proposals that publicly-listed companies face.

Mandatory due diligence laws put the onus on companies to demonstrate that they are taking all necessary measures to identify, prevent and mitigate incidences of modern slavery in their operations and supply chains. Some mandatory due diligence laws also include provisions that under certain circumstances allow civil and criminal proceedings to be filed against companies that fail to carry out the required due diligence.

Transfer of employees

While the use of Virtual Assistants does not normally involve the replacement of employed workers, in any outsourcing of services that were previously conducted internally, secondary outsourcing or insourcing, there is a risk that local employee transfer laws will apply in the affected jurisdiction.

The European Union's Acquired Rights Directive (ARD) is an example of a set of principles for the automatic transfer of employees. The ARD provides that upon any transfer of an undertaking, business, or part of an undertaking or business to another employer as a result of a legal transfer or merger, the employment of those working in the undertaking automatically transfers to the supplier on the terms and conditions that already exist in the employment contract at the date of transfer.

Although it seems unlikely that claims would arise from the engagement of a Virtual Assistant, there may be legal ramifications if the engagement is deemed to be a transfer of part of a business.

Even within the EU, there are key differences in how national governments have implemented the ARD. Outside the EU, some countries have their own employee transfer laws and there is great variety in how these operate. Where an organization is outsourcing tasks that were previously carried out by internal staff, it should seek proper legal advice.

Commercial

Terms and conditions

From a commercial perspective, the contract is key to a successful outsourcing relationship. Particular attention needs to be paid to the exclusion and limitations of liability provisions. These are often the final provisions to be agreed during contract negotiations but will be of great importance to both parties in the events of serious difficulties arising in the relationship.

A clear specification of the service to be delivered will set the expectations of the parties. Provisions dealing with disputes, the ability to terminate and method and consequences of termination are also important. One thing to consider with offshore arrangements is the jurisdiction that governs the contract. The customer will want to specify their own legal system and courts in the event of any dispute, but if the contract is based on a supplier's terms and conditions, the choice of jurisdiction is likely to be that of the supplier.

Data privacy

Outsourcing administrative tasks often involves disclosure of a client's proprietary and confidential information. In some cases, the Virtual Assistant may deal with sensitive information, such as financial data, medical data, payroll and benefits information, social security numbers and purchasing data.

Where the Virtual Assistant resides in another jurisdiction, the validity of cross-border transfers of data needs to be considered. Maintaining adequate security of personal data both in transit and in any processing by a recipient at its destination is one of the fundamental principles of stringent data protection laws. Special attention needs to be given when transferring data into or out of Europe in the wake of the EU's General Data Protection Regulation (GDPR). Only a handful of countries are currently recognized by the EU to have laws in place providing "adequate" protection for its citizens.

The GDPR offers a toolkit of mechanisms by which to transfer data to third countries that do not have an Adequacy Decision and until July 2020, these included the EU-US Privacy Shield which had permitted transfers of data relating to citizens in the European Economic Area to the US. However, on July 16, 2020, the Court of Justice of the European Union ("CJEU") declared the EU-US Privacy Shield to be invalid. Negotiations are ongoing for a replacement called the Trans-Atlantic Data Privacy Framework (unofficially known as "Privacy Shield 2.0"). In the meantime, companies must continue to rely on Standard Contractual Clauses (SCCs), model clauses for data transfers to third countries outside the European Union.

Whenever a controller uses a processor to process personal data on their behalf, GDPR also requires there to be a written contract in place and specifies what that contract must contain.

In the US, those niche VA firms supporting the healthcare sector will need to pay attention to the Health Insurance Portability and Accountability Act (HIPAA) which applies to any entity that provides, or pays for the cost of medical care, including employee benefit plans that provide medical care directly or indirectly through insurance or reimbursement. Covered entities are required to execute business associate agreements with offshore vendors that have access to personally identifiable health information. In addition, customers must make sure that specific privacy and security obligations are placed on their offshore outsourcers.

Virtually any outsourced business process may involve privacy violations arising from mistakes or negligence. In addition, the buyer of

services from a remote VA firm should pay close attention to the ability of the service provider to maintain security against cyberattacks, system and storage facility instability. The customer should ensure there are data security protocols for breach reporting and identify steps to avoid or mitigate any loss of data.

Intellectual property rights

An issue that arises with the engagement of contractors or service providers to create original work in the form of inventions, literary and artistic works, designs, music and images is the ownership of the work produced by the contractor during their engagement and beyond. This issue can be rectified with the inclusion of an Intellectual Property Rights clause.

As a general rule, an employer will own the intellectual property created by its employees in the course of their employment. However, the same rule does not apply when engaging an external contractor or consultant.

As the client may not have a direct contract with the Virtual Assistant, it is necessary for the contract with the VA firm to acknowledge such rights exist and to undertake to ensure that such rights are transferred to the client by the contractor or consultant. The service provider or supplier must then ensure that the contractor signs an agreement acknowledging the client's right to the IP created by them and transferring the rights to the Client.

The contract should ideally specify which party owned which IP assets before the outsourcing was implemented.

Insurance

It may sound obvious that anyone engaging the services of a Virtual Assistant should check that they have adequate insurance cover but it is easy to forget that existing insurance policies may be invalidated by, for example transferring data and sharing information with a third party or engaging a supplier offshore.

If the assistant is subsequently deemed by law to be an employee and suffers an occupational injury, they may seek to claim on their employer's Workers Compensation Insurance or bring a personal injury claim against their putative employer.

It is also possible to envisage third party commercial claims arising from acts done in the course of the assistant's employment or as agent for the client, for which the client may be liable.

Regulatory

Staffing services and licensing

Depending on the way the service is structured, if it constitutes the provision of staff employed by the service provider to work for and under the supervision of the client, the service may amount to a supply of staff. In many jurisdictions (but not the US) this requires the service provider to hold a valid license. The engagement of workers from an unlicensed staffing supplier may result in civil fines and penalties and in some cases criminal sanctions.

Sector or role specific registration

Some of the activities identified in this report carried out by Virtual Assistants include bookkeeping and payroll services. In some jurisdictions, this may require the assistant to register with government authorities. For example, in the UK, a service provider conducting payroll for a third party may be an accountancy service provider for the purposes of the Money Laundering Regulations and required to register with HMRC.



Regulations

Outlook

It is interesting to note that VA firms operate in a number of job categories where it is anticipated there will be disruption from automation, including the core category of Administrative and Executive Secretaries. At the same time, they also operate in certain categories where the same disruption will create new jobs. Like other parts of the workforce solutions ecosystem, VA firms will be challenged to adapt their businesses to ensure they become beneficiaries of this disruption rather than casualties of it. While those VA firms that focus only on manual repetitive work may see demand fade away, others can prosper.

As discussed previously in this report, COVID-19 has created much more openness towards the concept of remote work and, VA firms are likely to be beneficiaries of this trend. As organizations become increasingly comfortable with the idea of a remote workforce, why would a company want to pay a premium for such remote work to be conducted in high-wage locations, especially where professional offshore support is so readily available?

Another COVID-19 by-product that should benefit demand for Virtual Assistant services is that no company is likely to emerge from this crisis with less concern about the cost of labor. At the same time, there will be a greater appreciation for the need to have a flexible workforce model in order to respond quickly to sudden and unexpected changes in circumstances.

Despite many positive drivers, most VA firms are boutique in nature and the market is highly fragmented, the big question for VA firms is whether they remain a peripheral service in the world of contingent recruitment or can develop better visibility, relevance and penetration. Those VA firms creating enterprise-level services are likely to attract greater interest from corporate HR and procurement departments for deeper and more structured workforce solutions. Such a development would be a real breakthrough for what is currently a relatively niche industry.

Despite a number of positive drivers, the big question for VA firms is whether they remain a peripheral service in the world of contingent recruitment or can develop better visibility, relevance and penetration.

Useful Sources of Information

The following links provide access to articles by Prialto giving further insights into current trends:

- Transparency in globalizing diversity management programs: www.forbes.com/sites/forbesbusinesscouncil/2020/07/27/transparency-in-globalizing-your-diversity-management/?sh=7993e37b2575
- Prialto's annual survey on executive productivity: www.bizjournals.com/portland/news/2020/07/24/survey-by-portland-virtual-assistant-firm-finds.html?b=1595602274%5E21711131
- How to choose vendors that align with your values: www.bizjournals.com/portland/news/2020/04/30/the-ethics-of-offshoring-how-to-choose-vendors-that-align-with-your-values.html
- Automation/AI job displacement: <https://thinkgrowth.org/why-human-ai-partnerships-will-deliver-the-best-customer-experiences-9427d62e8527>
- Virtual Assistant Industry Growth During Covid-19: <https://nanoglobals.com/virtual-assistant-industry-growth-statistics>
- Subscription Staffing: A Good Solution in the Tight Labor Market: <https://staffinghub.com/staffing-technology/subscription-staffing-a-good-solution-in-the-tight-labor-market>
- 2021 Prialto Executive Productivity Report: <https://www.prialto.com/2021-executive-productivity-report>
- Embracing the new age of agility: <https://resources.asana.com/rs/784-XZD-582/images/PDF-FY23-GLOBAL-EN-AOW23-GLOBAL-Anatomy-of-Work-Report.pdf>
- Virtual Assistant Case Study: <https://www.prialto.com/case-studies/global-philanthropy>

About Prialto



Prialto provides virtual administrative assistants to executives, entrepreneurs, and businesses. Our virtual executive assistant services are curated and managed from our headquarters in Portland, Oregon, with creative insights from our global staff in Asia and Central America. Our global telecommuting enables talented people in peripheral parts of the world economy to do cool work with dynamic business professionals in amazing places like San Francisco, New York, Chicago, Austin, and Los Angeles.

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