



NZexperts-FAQ

GENERAL QUESTIONS

Advantages of NZexperts

What advantages does NZexperts offer to contractors?

- Through NZexperts clients come directly to contractors, saving contractors time and money.
- NZexperts provides a highly cost effective and professional alternative to sourcing assignments through agencies.
- Higher average work rate throughout the year, on average 2.2 jobs (50 days each) per contractor per year.
- Assignments are entered into without the need for lengthy contract negotiations (often within a telephone conversation).
- Free services: sample contract, escrow service, free telephone advice, articles, news etc.

What advantages does NZexperts offer to clients?

- The NZexperts service facilitates a direct contract between client and contractor. This negates the need to use an expensive service of any recruitment agency that charges commissions for the entire duration of the contract (and extensions).
- The service on NZexperts is free for clients.
- No fees on contract extensions or reassignments.
- The transparency of the system allows quick comparison of contractors and fosters a competitive environment to ensure contractors offer their services at the best possible rates.
- Fast search facilities.
- No negotiations about hourly rates as these are stated up front and governed by clear rules of using the system.
- Client's feedback is registered and ensures the contractor remains motivated during the whole project.
- Clients have access to free sample contract and non-disclosure agreements.
- Clients and contractors may nominate to reduce their risks by using our escrow service.
- Free telephone hotline, articles, news etc.

How can that statistic show more than 1 contractor?

In case clients find the nominated contractor not suitable they are free to select another one for introduction.

Why are the contractors from NZexperts cheaper than at any agency?

Clients pay optimal rates as relationships between contractors and clients are direct and remove the need for an expensive agent to act as a 'broker'. On an equivalent turnover this compares very favourably to fees charged by an agent of 10% to 40%. Clients can also directly compare contractors' rates against others available on the market at a time. On the other hand, contractors enjoy a higher workload rate resulting in an increasing annual income.

The following example (a programmer with 60% workload) shows how utilisation and hourly net income can improve:

Example Calculation	Conventional	with NZexperts
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Acquisition expenses (p.a.):	800 hours	100 hours
Time on project (p.a.):	1,200 hours	1,900 hours
Total (p.a.):	2,000 hours	2,000 hours
Hourly rates:	NZD 80.00	NZD 60.00 (-25%)
Gross income (p.a.):	NZD 96,000	NZD 114,000
Expenses for acquisition:	NZD 3,000 (expenses)	NZD 1,140 (10 introductions)
Net income (p.a.):	NZD 93,000	NZD 112,860
Net hourly rate:	NZD 46.50	NZD 56.43 (+ 21%)

Selecting the right contractor

What does references in contractor profiles mean?

Contractors can leave names and email addresses of referees with NZexperts. When a client requests an introduction the referee and their contact information will be made available enabling the prospective client to validate skills and past track records. Contractors are able to update their references at any time.

How realistic are the information on contractors' profiles?

Contractors are motivated to ensure that their profile is up to date and accurate. The flat fee paid by the contractor for each introduction, motivates them to be very accurate in their presentation of their skills and capabilities. Any exaggeration of capabilities would result in increasing unnecessary fees due to low conversion rate of client introductions to active assignments. In addition, complaints from clients would be seriously examined, possibly reducing their quality rating and in extreme cases might result in the removing that contractor's profile from NZexperts' system.

Who are the contractors listed at NZexperts?

The contractors registered in NZexperts are independent individuals offering their services at an hourly rate. Contractors are free to operate under whatever structure suites them best. Therefore contractors can trade as sole traders, proprietary limited companies or may have tax deducted in a Pay As You Go (PAYG) arrangement with the client. However, all our profiles refer to a specific individual who is the direct provider of the service.

Introduction

How does the introduction process work exactly?

- 1st The client chooses the most appropriate contractor on our website.
- 2nd The client requests an introduction by entering his contact information and project details on the webpage.
- 3rd NZexperts checks the request for formal correctness and sends an introduction email to both client and contractor. Also, an additional SMS notification is sent to both parties informing them about the introduction request and providing contact details.
- 4th Client and contractor contact each other and discuss details of the potential assignment. This initial contact should not take more than one hour and must not be charged by the contractor.
- 5th If both parties agree, the client hires the contractor directly. If no separate agreement is stipulated, the terms and conditions of NZexperts apply. The parties may choose to use our sample contract.
- 6th NZexperts charges the contractor an introduction fee of twice the contractor's hourly rates. This introduction fee is charged regardless the introduction results in an assignment or not. In case of an unprofessional client that does not have a genuine requirement (no real need), the contractor must contact us within 14 days in writing and the introduction fee will be waived. The client might be banned from further use of NZexperts services.
- 7th Client and contractor might contact each other again at any time later and start new or follow-up

assignments. Since NZexperts charges only a one-off fee, no further fees arise for follow-up assignments between contractor and client.

Why are clients only permitted one contractor introduction per requirement?

The clarity of the contractor's published profile stating hourly rates, skills and capabilities allows clients to look through available candidates and select the most appropriate contractor for the required task. Therefore, there is no need for the client to interview a larger number of contractors saving time and money for both client and contractor. Our introduction statistics prove the success of this procedure:

- 78% of all clients ask for an introduction to one contractor only, 17% request introductions to two contractors.
- Only 5% of the clients wish to be introduced to three or more contractors. In this case, only the first selected will be introduced.
- 37% of our introductions result in active projects - significantly more than other introduction approaches.

Should the client find that the nominated contractor is not suitable, then, they are free to select another one for introduction.

Why are contracting agencies and recruitment companies banned from NZexperts?

The purpose of NZexperts' service is to facilitate a direct contract between clients and contractors. Historically, less than 10% of agency introductions result in work for the contractor which is far below the 37% success rate normally enjoyed on NZexperts. Accordingly, contractors who pay for the introduction, prefer not to be introduced to contracting agencies. If the contract agency is serious about the introduction request, they may put in a request and nominate to pay the introduction fee on the contractor's behalf.

Contractor rating

How do I determine the quality of a contractor?

When viewing the contractor profiles you will see a rating from one to three yellow stars. The star rating is based on feedback that other clients provide on the quality of work undertaken by the contractor.

While most of our contractors have a rating with two stars, only our best 15 percent have a top-rating with three stars. As the stars are constantly recalculated, they reflect the most current contractor rating.

How does a client provide contractor feedback?

Clients can email their feedback at info@nzexperts.co.nz. Their comments can acknowledge or reward good work, but can also motivate weaker contractors to produce better quality work. It also helps other clients in their evaluation of contractors for their projects. Feedbacks should be succinct limiting it to one or two sentences, for example: "Quick in understanding complex tasks and highly creative and effective in solving problems."

Others

What are the underlying economic principles on which NZexperts is based?

The business model utilised by NZexperts has been developed by Freelance-Market.de in Germany in collaboration with Prof. Reinhard Selten, Nobel Prize winner of Economics. It is based on the principles of a completely transparent market place where both contractors and clients have a comprehensive market overview ensuring optimum competitive pricing strategies. As both the profile and hourly rates of all contractors are known, supply and demand pressures ensure that participants make the best market pricing decisions. This is completely in compliance with the game theory¹ as predicted by Prof. Selten. Accordingly, specialist contractors in short supply can demand optimal rates whereas contractors with skills that are more commonly available will need to be more competitive in pricing their services.

How does the escrow service work?

Maybe contractor and client are working together for the first time and not sure who should carry the

financial risk, either:

- a) The contractor first completes (a part) of the project, but runs the risk that the client may not pay, or
- b) The client pays first, without knowing whether the contractor will ever deliver an acceptable result.

An alternative offered by NZexperts is an escrow service. It is easy to use without requiring advance notification:

1st Before begin to work on a project, the two parties agree on the deposit amount.

2nd The client transfers the appropriate amount to our bank account (010530 - 0233696 - 00) with "Trust deposit of A. Smith for contractor B. Miller" as reference.

3rd NZexperts informs both parties that the money has arrived on our account.

4th Once the project is completed, the client informs us and NZexperts transfers the amount to the contractor.

5th In the very rare case that client and contractor cannot agree, both parties might clarify the payment via arbitration or through the court. NZexperts will then transfer the amount according to the arbitration or court's decision.

There are no fees for using our escrow service. No interest is paid on the deposited amount.

How can I become a Franchisee of Freelance-Market?

To expand beyond our current operations, we are constantly looking for motivated, market driven entrepreneurs to operate Freelance-Market as our franchisees. This way, we are currently operating freelance-market in Germany, Australia, the Czech Republic and New Zealand.

Please go to www.freelance-market.com to find-out how you can become a franchisee in your country or industry segment.

QUESTIONS FOR CONTRACTORS

Registration

What benefits do contractors enjoy with NZexperts?

By registering with NZexperts you are empowered to enter into a direct contract with clients without the need of an expensive recruitment agent to broker the introduction. Our clients reach contractors by requesting an introduction. The introduction fees are twice the contractor's rate and on average amount to approximately only 1% of the total revenue generated by the contractor. This offers significant savings compared to 10 - 40% commission charged by agencies. The average contractor:

- Receives 6 introductions to new clients per year.
- 37% of those introductions turn into an assignment.
- 30% of all assignments leading to follow-up orders.
- The average project duration is 50 man-days.

(Calculation based on our regular user survey. Data vary depending on specialisation, experience and reliability of the contractor.)

Contractor profile

How can I view, update, pause or delete my NZexperts profile?

- Under www.registration.nzexperts.co.nz you can logon with your contractor number and password. Then you are able to review your profile including all of your previous introductions and update any information. If you forgot your password, you can request a new one there.
- Alternatively, you can email us at info@nzexperts.co.nz and we are emailing your profile data. Also you can then send us an email containing your update requests.
- To see how your public contractor profile appears, simply enter your contractor number in the section named "Find a contractor" (top left of the web page).
- If you wish to deactivate your contractor profile, please send to us an email with the request for deactivation. We then will immediately remove your profile from our listing. N. B.: In many cases it

might be better for you to pause your profile. If you decide to de-pause your profile after some time you can do so free of charge.

Please keep us up-to-date of your availability, changed skills and changes of your contact information. If you are working and temporarily unavailable then simply "pause" your entry until you are ready to start looking for your next contract or assignment. Update, suspension or deactivation of your profile is free of charge.

What should I do, if I am temporarily unavailable?

From time to time you might not be available for new clients. To ensure you do not get billed unnecessarily and we do not disappoint any of our clients it is important that you "pause" your profile. That can be done easily by sending a brief email to info@nzexperts.co.nz and we "pause" your profile until you are noting us being ready to receive introductions again.

How can I ensure I only get introductions which are relevant to my profile?

Under the caption "Miscellaneous" in your profile you find the opportunity to make statements concerning the kind of projects you would undertake. By using this facility, you can ensure that clients have a clear idea of your constraints and the areas you are interested in. Examples of statements under "Miscellaneous": "Only projects of at least 3 months duration", "Up to 20 hours a week only" or "Will only work in CBD or North Auckland area".

Can one contractor be listed in several categories?

Contractors can register several times, if completely different services are offered (e.g. programming and graphic design). We recommend contractors register according to their main skill. However, if contractors want to register under a second category, we allow contractors to create more than one profile.

Why must all profiles state the contractor's an hourly rate?

Contractors are required to clearly state their hourly rate for their services. This approach ensures included acceptance of that rate by the client removing the necessity for time consuming price negotiations. The transparent nature of NZexperts ensures competitive pricing whilst providing clients with an easy-to-use mechanism of comparing contractor rates.

Should I put my picture on my profile?

It is your choice whether you submit a picture for display on your profile. It is our view that a picture improves your chances of an introduction as the client has a better first impression of you.

When you sign up as a contractor you will be asked if you wish to upload your picture. Contractors who are already registered can send us their picture by email and we will update their profile on their behalf.

Introduction

Which contractors receive most introductions?

An average contractor receives 6 introductions per year. Contractors who take the time to ensure a clear and accurate profile and who have priced themselves aggressively against the market, however, can receive an introduction a week.

What can contractors do to improve their introduction rate?

Average NZexperts contractors receives approximately six introductions per year. The introduction frequency depends on various factors including but not limited to qualification, expressiveness and clarity of the profile, hourly rate and offered services. While some contractors are introduced once a week, there are others who are requested less than once a year.

To get the right number of relevant introductions for you, make sure you follow these hints:

1st Improve the distinctiveness of your contractor profile and point your singularity out. Look closely at your profile and compare it with the profiles of other contractors in your area:

- Emphasise your specific skills and experiences.
- Distinguish yourself from the offerings of other contractors.

- Do not use acronyms and terminology that are only understandable by experts - many clients seek experts for certain tasks and are not necessarily familiar with internal terms.
- State your capabilities in a clear and neutral way, avoid phrases that are unclear and sound like selling propositions.

2nd Be more specific if you want to receive fewer introductions. Represent your skills more broadly to be introduced more often.

3rd Limit your profile in order to receive more relevant introductions. For example, "Miscellaneous: Only projects that exceed 20 hours". Expand your profile (e.g. work locations) to be introduced more often

4th If you have several different skills, you can create more than one profile on NZexperts, e.g. as translator and as financial expert.

5th Increase or reduce your hourly rate. A reduction of 20% typically results in doubling your requests.

6th If you are currently not available for work, it is important that you temporarily "pause" your profile.

7th You can write an article for the monthly NZexperts newsletter to promote your special service.

All profile changes are -of course- free of charge. Just send an email to info@nzexperts.co.nz.

Are all client introductions genuine?

Despite our best efforts to filter our clients' requests, we cannot always prevent unprofessional clients from using NZexperts. Should you experience an introduction to an unprofessional client, we ask you to inform us. According to our latest survey, 87% of our contractors were satisfied with the introductions they received. Only through your feedback are we able to monitor the calibre of our requesting clients.

How does NZexperts find contracts for the registered freelancers?

NZexperts puts a high effort into finding potential clients for our freelancers. By the following measures, we manage to attract several thousand interested visitors a day to our Internet market place:

- Cooperation agreements with industry associations and professional organisations
- PR towards the business press and trade journals
- Communication in Internet portals and web communities, such as Facebook and Wikipedia
- Direct communication with decision makers in HR and procurement departments
- Advertising in print media and on the Internet, such as Chamber of Commerce Magazine, Google and Yahoo
- Listings in Internet search engines (many top positions in Google)
- Monthly NZexperts newsletter
- Links from several thousand other portals and web pages
- Presence at trade fairs and conferences.
- Care and support for our customers (a large portion of our new customers come from personal recommendations).

Fees

Why does NZexperts charge contractors a flat-rate introduction fee instead of sales commissions?

A flat-rate introduction fee is far cheaper for the contractor. Removing the need of ongoing checks and accounting saves time and money that NZexperts forwards to its contractors, that is a direct consequence of NZexperts' transparent business model. The fees charged by NZexperts represent less than 1% of the total income generated by introductions. This is much less than 10 - 40% ongoing sales commissions charged by agencies over the entire duration of projects (including extensions).

The flat-rate fee per introduction has some clear advantages:

- There is no need for ongoing reporting in order to calculate monthly invoices.
- Contractors' expenses in finding the contracts remain low. According to our surveys, 37% of all

introductions lead to an assignment (i.e. on average, contractors investment accumulate to approximately 5 hours per new client).

- Relationships between clients and contractors are totally under their control, no need to report or cheat.
- Accurate and realistic contractor profiles. As the contractor pays the introduction fee, they are motivated to ensure that the information provided in the profile is accurate and realistic. Profiles that are overstated or inaccurate would result in the contractor paying unnecessary introduction fees.

Why do contractors have to pay for introductions that do not result in work?

The fee charged by NZexperts is for provisioning of qualified introductions to clients who are looking for skilled contractors. It is up to the contractor to make the most of that introduction. The most successful contractors have been able to clearly articulate what they do best in their profile and have offered their services at a competitive and realistic rate.

Historic analyses have figured out that on average 37% of all the introductions result in active assignments. This approach offers the contractor a much higher level of success than other acquisition approaches such as going through agencies, direct tenders or self-acquisition. Still, 63% of all introductions do not result in an assignment. Our research however indicates contractors requires 2.7 introductions average for new assignments. This means, on average, contractors pay fees of about 5 times their hourly rates in order to get assignments.

The introduction of professional contractors to clients has proven to be a very efficient approach which:

- Offers professional contractors an effective marketing medium that supports contractors to find contracts.
- Clients and contractors form a direct relationship dropping the need to constantly keep us informed.
- There is no incentive to be dishonest or to conceal projects.
- Contractors with clear and realistic profiles as well as competitive hourly rates are rewarded as they have a higher conversion rate from introduction to assignment. As a consequence, they proportionately pay lower overall fees per contract.
- The introduction fee is only twice the hourly rate what turn out to be only 1% of the average total revenue generated from the assignment. This is far more cost effective than comparable commission based fee schemes.

How do I avoid spiralling costs if I get contacted several times a week?

Our most active contractors receive up to 4 introductions a month. On average freelancers on NZexperts get introduced only 6 times a year. In case you receive too many introductions you can pause your profile at any time. Further on we promise to bill you no more than just one introduction a week.

What is happening if I am introduced to a client that has no intention to proceed?

NZexperts makes a serious effort to ensure all introductions are to genuine clients only and review each request for legitimacy and relevance. We also limit our introductions to no more than one contractor per project thereby ensuring that the client selects the most appropriate candidates for the task. If however, you are introduced to a client without a real project need then you will not be required to pay the introduction fee.

A non-genuine request might consist of one of the following situations:

1st Despite several attempts the client could not be reached.

2nd The client requested an introduction even though there was no real need or intent to appoint a contractor at that time.

3rd The client is not an "end customer" but a project broker.

4th The requirements of the client differ significantly from your NZexperts profile.

If one of those circumstances exists, you must inform us within 14 days. The introduction fee will then be cancelled, and we might bar the client from further activity via NZexperts.