

# THAT'S IT FOR YOU

*From cave wall paintings to the internet information, technology has brought business to a place our ancestors never imagined. Now, as we enter into a new phase of progression the economy is struggling to keep up with, let alone anticipate, the demands on IT human capital*



Margot Ingoldby



Zarir Batliwala



Jaclyn Lee

The IT industry has had its fair share of ups and downs. The big events that heralded the 21<sup>st</sup> century – the internet, Y2K and September 11 – whip-lashed the stability of IT professionals and employers alike. Companies teemed with job vacancies and universities pumped out graduates to fill them. Techno fever hit like a tidal wave, but when the turn of the century came, made nothing but a small splash. The world was over-prepared and confused with such an uneventful turnaround, then under-prepared and scared about the damage war and terrorism would have on the economy. These man-made catastrophes diverted attention away from microchips and towards humanity, and the IT industry was lost in the rubble. Graduates suddenly realised that jobs weren't guaranteed at the other end of an IT degree, so they stopped enrolling.

While the world might not yet be in the calm after the storm, business has certainly learnt to deal with the turbulence and it's the IT industry, in particular, that is looking up.

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## The past

Margot Ingoldby, Business development manager at Australian IT contract and recruitment company, IT CRA, knows the erratic history of the IT employment market in the Asia-Pacific. "2000 saw three things happen – GST (in Australia), Y2K and the Microsoft 2000 roll out. Everyone was preparing for these things and ramping up for the next level of technical work," she says, "but to the IT industry's surprise – nothing happened. There was no 'next big thing.'"

"From 2001-2003 there were international dramas, no sustainability and no increase in IT budgets. (Companies) tightened up and began reducing the head count in their IT sector because IT's expensive stuff. When the economy starts to look fragile, that's what you cut back on," says Ingoldby.

As a result of the cutbacks, school-leavers were dissuaded from enrolling in IT courses because of the apparent unlikelihood of finding employment afterwards. Ingoldby says we're seeing the implications of the IT drought now. "Enrollments were down 30 percent back then, and now is the time those students are coming out – activity is high but there aren't enough students. The difficulty is going to be changing the perception towards IT being a good career pathway so that the number will start to increase."

The worldwide need for IT talent is critical, and Ingoldby projects this level of activity is set to rise for the next two years. Companies overseas that can afford to raise the bar to attract IT candidates add more pressure to smaller IT companies around the globe. "People are getting better money over in Singapore and UK and there's more opportunity. If you can earn (US) dollars or pounds and have the opportunity to work in big companies with great reputation, you'd take it. This all adds to the tightening up of the candidate pool," says Ingoldby.

## The present

Permanent vacancies are more widespread than contract work, the number of available candidates is diminishing, and salaries are edging their way up but Ingoldby sees all this as a positive. "Our members tell us that they're near the top of the cycle in terms of the amount of people needed for IT positions. After three flat years it's nice to see there's some buoyancy back in the market," she says.

Part of the reason for the tight candidate pool might be because employers' requirements and skills expectations have risen. IT positions in high demand are project managers, business analysts and annals programmers, but they're all being hunted for their multi-talents rather than just technology pizzazz. "It's not just because of their IT skills-sets it's because of their business savvy. (IT professionals) need to be to be technically competent, good at communication, designing reports and doing presentations – they should be interested in the business drivers. They're the types of people that are going to get ahead," says Ingoldby. "Large banks, consulting companies, utilities and software houses are all looking for really top skilled people with tech confidence as well as business interest."

The entire Asia-Pacific region seems to be in a similar situation. Zarir Batliwala, Director of HR, Hewlett-Packard India says that job opportunities in the India IT industry have grown in leaps and

bounds in the past decade. "India's competitive advantage of a low-cost, highly skilled and English-speaking workforce has provided the base for the country to move successfully into software and application development and management," he says.

The demand for IT professionals in India is mostly growing in the areas of software and application development and management. Batilwala says both multinational companies and local Indian independent software vendors (ISV), and software organisations like TCS, Infosys, WIPRO and Satyam are conducting regular hiring.

"In general, the number of IT jobs in India is definitely on the increase but there is a gap in the supply of IT professionals. Jobs available extend from low-end data entry and infrastructure maintenance jobs to high-end analytics, research and development positions. However, the government and the industry are working closely with academic institutions to increase the number of qualified and trained persons to bridge this gap," he says.

With the government's help, Batilwala recommends organisations reassess their own HR strategies to attract the better talent. "HR's philosophy is to build a best performing workforce that contributes to business success and it is therefore important that we attract the best talents. To achieve this, we have the objective of building HP into one of the best places to work. This strategy is relevant for HP India as well and, in view of the local demand for talent, we think this positions us even stronger as an employer of choice," he says.

The market is beginning to improve in Singapore, according to regional HR director, NEC Solutions Asia-Pacific, Jaclyn Lee. "Basically the market is picking up. The last couple of years have been quite hard. We've found it difficult to recruit good

IT professionals. This was because of September 11 and the economic slump that came afterwards. The world economy wasn't doing too well at that time and it impacted on IT. It affected the entire Southeast Asia operation," she says.

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But employers have always known they must take the good with the bad. Lee says since Thailand's and Malaysia's respective economies are doing slightly better than Singapore's, her company has found it more difficult to recruit. The specific skills shortages felt by NEC are software engineers, projects managers and IT sales people. Lee says overcoming this is a matter of creative packaging. "Basically, you look at compensation packages, good career development opportunities and skills development options. We do have workers from overseas too. About five percent of our people are expatriates," she says.

Lee's message to reassess HR strategies goes out to not only those in the IT sector, but to any HR managers experiencing the talent dearth. "This will be a challenge for all organisations and HR managers everywhere – especially when there's a skills shortage in the industry. The number of IT jobs is rising. The industry's picking up and the economy's picking up so there'll be a higher demand," she says.

## The Future

One noticeable trend the IT industry is beginning to experience is the turn towards empowering the non-tech people to take care of their own technological requirements. "People can purchase a lot of their software on the shelf. With a bit of training an SMEs can do financial packages and other applications themselves. In that sense the basics are for the taking," says Ingoldby.

The more sophisticated areas like customer relations management (CRM), payroll and contract management that are beyond the uneducated individual's capability, remind employers that the IT professional is going to be forever in demand. "People are still the key – you might have fabulous stuff to support the process but you still need face-to-face to make a point of difference for a sector. Even telecoms, which could do everything in an automated fashion, still require the human side. If you look at the flipside, companies are looking for IT people with the personable skills," says Ingoldby.

In the short-term, the outlook for IT is good, but as for the 'next big thing', Ingoldby is stuck. "I don't know what the 'next big thing' is – it may not be anything we can predict. I think things will progress dynamically, more so than gradually. People are realising they need to consolidate their systems," she says.

This is also true for the IT industry in India, where Batilwala expects to see the maintenance of the current growth rate, more consolidation of companies, and increasing maturity and

stability in the industry and workforce.

Lee forecasts expansion in the areas of outsourcing of total integrated solutions, which she believes will heighten competitiveness. "HR professionals are looking for ways to reduce administration costs – outsourcing, increasing use of technology to automate your process, using technology to assist making key decisions in your people management, being able to look at own employee trends. Measuring key HR metrics will help you to make decisions about your human capital," she says.

As for the future of IT itself, Lee says that's a question for the IT professional, "though I think it will be about linkages, and being able to integrate your entire company," she says. So stick it out HR – keeping the IT industry afloat by making sure the most creative and talented people are trained, recruited and supported throughout their employment will have far-reaching effects on the progression of business over the world. **MC**

## Facts and figures

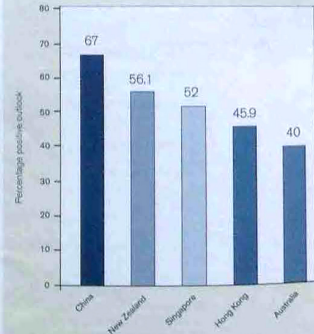
The 2004 Hudson Report on employment expectations showed that, on the whole, things are looking up for the IT industry. China showed considerable optimism about the future of IT employment, with 67 percent of companies surveyed expecting that the number of permanent positions would increase. Australia was not so positive in comparison; however, IT employers showed the third-highest level of optimism out of all industries in the country.

The positive IT employment outlook in OZ stood at 40 percent – its highest level in two years – behind telecommunications and professional services. This is largely due to the government review of current outsourced contract arrangements, plus the increased investments of major companies in upgrades and infrastructure after a four- to five-year investment drought.

Another interesting finding from the study showed that IT is generally the most outsourced of all business functions. In Hong Kong, 15.4 percent of organisations surveyed said they outsource their IT function, with 20.6 percent of these jobs being outsourced to China. India was the most popular choice in the SE Asia region to outsource IT functions, the roles most commonly outsourced including infrastructure (networking and telecoms), and applications.

Just under one third of new roles opening up in Singapore are in the operations/engineering/technical sector, with IT professionals accounting for the bulk of these roles. In Hong Kong, IT hiring is primarily in revenue-generating roles such as sales and marketing, and NZ is showing more IT employment activity in the government sector.

## Permanent employment expectations



Sources: The Hudson Report, Employment expectations, October-December 2004 (New Zealand: July-December, 2004).



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