2020

IT Recruitment and Retention Report

Introduction

Clicks IT Recruitment is pleased to provide you with the latest analysis of the state of the Australian IT staffing market – the 2020 IT Recruitment and Retention Report. The report provides insight into hiring intentions, IT spending in both corporate and government sectors, and current IT hiring trends. We have also included commentary to help you better understand how these factors have changed over the past 12 months.

Fewer organisations are expecting an increase in sales in 2020, potentially signalling an easing of the bullish market of previous years. However with 75% of respondents expecting the same or an increased IT budget and headcount, it's more of a levelling-off than a big slowdown. Two thirds of organisations are planning to retain or increase their usage of contractors. This may be worth taking into consideration when budgeting for projects, as 73% of respondents ended up having to pay more than anticipated to secure the talent they needed in 2019.

Over the last year Clicks has taken significant strides in its diversity recruitment capabilities, which could prove valuable to our clients in the 'war for talent'. Instead of finding yourself in a price battle to secure the best people from a familiar talent pool, Clicks can work with you to unlock access to previously unavailable gender and neurodiverse candidates who will provide you with a genuine competitive advantage. These candidates' skill sets are perfectly aligned with those our clients tell us are hardest to find: Business Analysis, Security and Development.

Given the healthy demand for IT staff this year, we believe that Clicks' market knowledge and specialist expertise place us ideally to help you plan and execute your hiring strategy. Please contact me on the details below to find out how we can assist.

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CLICKS
IT RECRUITMENT

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Key Findings

During December 2019 we conducted our 23rd survey and analysis of organisations in Sydney, Melbourne, Brisbane and Canberra. Data from 569 respondents is compared to 12 months prior and is analysed by organisation size and sector.

What did the data reveal?

1 Despite global market uncertainty, three quarters of respondents are expecting the same or an increased sales from last year.

2 80% of employers are planning on retaining or increasing their IT staff headcount, however those expecting an increase is at a four-year low.

3 Two thirds of organisations are planning to retain or increase their usage of contractors, which is the same result as 2014.

4 The top three in demand skillsets for last year were very closely grouped: Business Analysis, Development and Security.

5 The anticipated skillsets most in-demand for 2020 are Business Analysis, Project Management and Security. There was very little difference between the demand for all three.

6 Actual IT salaries have increased at a higher than anticipated rate. Last year they increased at a lower than expected rate.

7 73% of respondents had to pay more than expected to secure the talent they needed. This is the highest result since this report began almost 15 years ago. The previous record was 58% in 2008.

8 Cost ranks lowest in priority compared to a recruitment partner's ability to find the best people, save time, care for contractors and provide accurate reporting.

9 42% of employers had employment offers rejected last year. This is down on last year, but up on the ten year average of 40%.

10 For the seventh year running, flexible working hours and the ability to work remotely have topped the list of most effective staff retention initiatives.
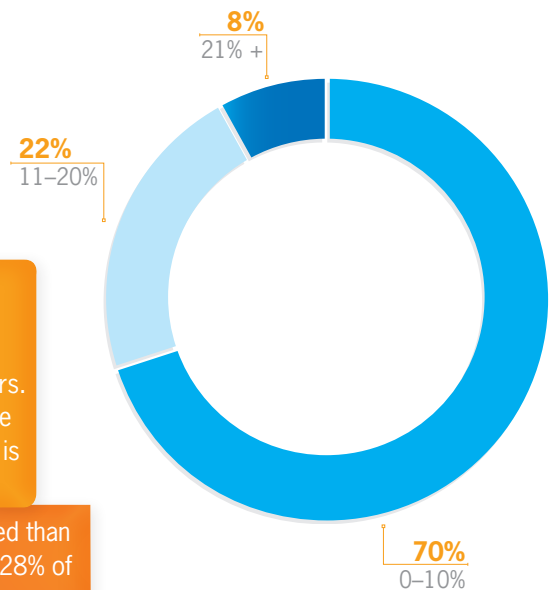
Business Environment: Sales and Budgets

24%
Decrease

31%
The Same

45%
Increase

8%
21% +

22%
11–20%

70%
0–10%
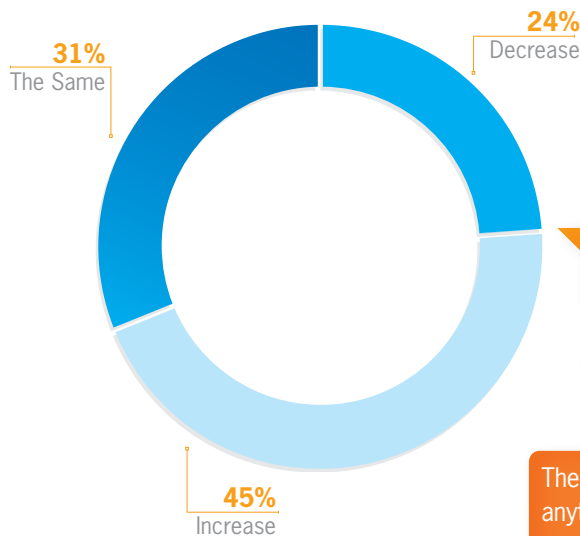
Those expecting unchanged sales remains largely the same as previous years. At 24% however, those expecting a decrease is at a five year high.

The outlook is more subdued than anytime since 2013, when 28% of respondents expected a decrease.

25%
Decrease

48%
The Same

27%
Increase
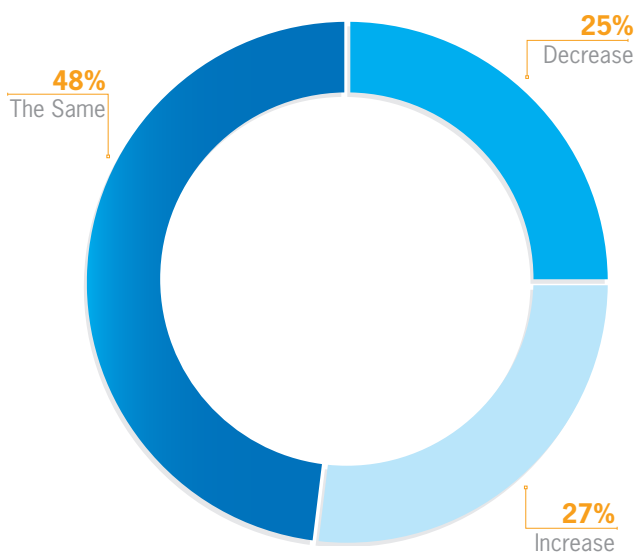
With 27% planning an increase, this is only slightly below the 10 year average of 31%.

There is a high level of stability with 48% expecting an unchanged IT budget – the highest since 2007.

Commercial

26%
The Same

25%
Decrease

49%
Increase

Public Sector

32%
The Same

36%
Decrease

32%
Increase

	Increase						Decrease						The Same				
	27%	30%	33%	37%	33%	27%	32%	24%	21%	17%	16%	25%	41%	46%	46%	46%	51%	48%

■ 2014 ■ 2015 ■ 2016 ■ 2017 ■ 2018 ■ 2019
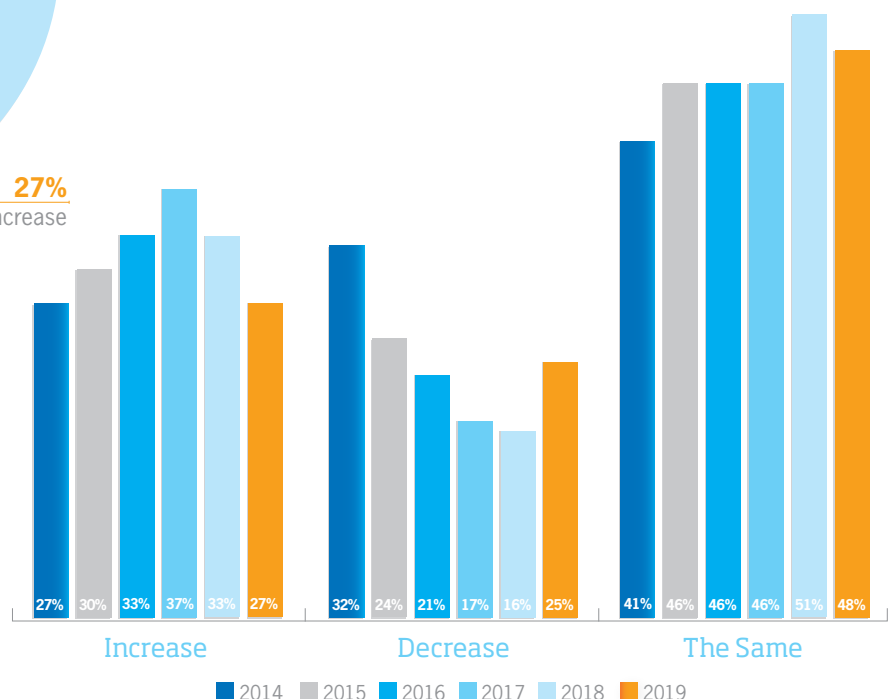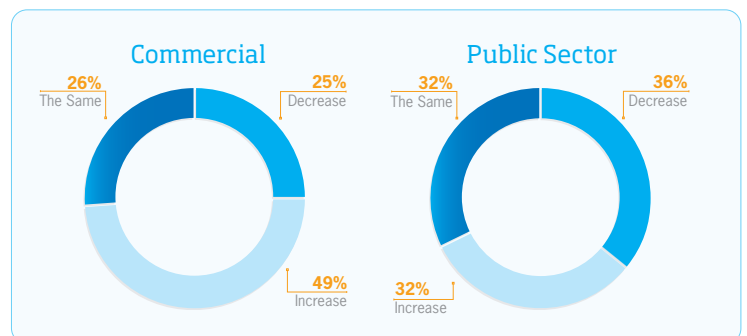
Staffing Levels: Hiring or Firing

? What is your total number of IT Staff (including contractors) in Australia?

? Will your total IT staff numbers increase or decrease over the next 12 months?

What is your total number of IT Staff (including contractors) in Australia?

- **20%** 0–20
- **12%** 21–50
- **15%** 51–100
- **53%** 100+
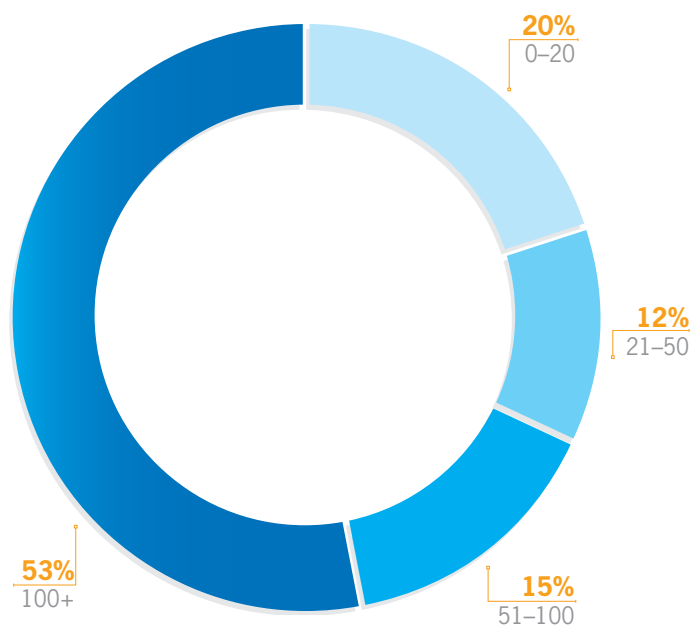
There is a slight upswing in those with 100+ IT staff and contractors, up from 51% last year.

Will your total IT staff numbers increase or decrease over the next 12 months?

- **52%** The Same
- **20%** Decrease
- **28%** Increase
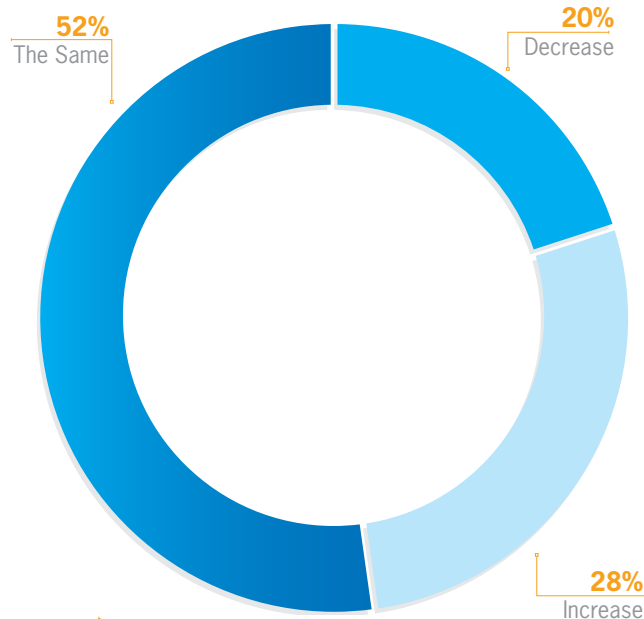
There has been a softening in those planning to increase headcount, down from 37% last year.

Correspondingly, those anticipating no change in numbers is slightly up from 51% last year.

Increase
- 2014: 25%
- 2015: 27%
- 2016: 32%
- 2017: 37%
- 2018: 37%
- 2019: 28%

Decrease
- 2014: 26%
- 2015: 27%
- 2016: 18%
- 2017: 17%
- 2018: 12%
- 2019: 20%

The Same
- 2014: 49%
- 2015: 46%
- 2016: 50%
- 2017: 46%
- 2018: 51%
- 2019: 52%

Legend: ■ 2014 ■ 2015 ■ 2016 ■ 2017 ■ 2018 ■ 2019
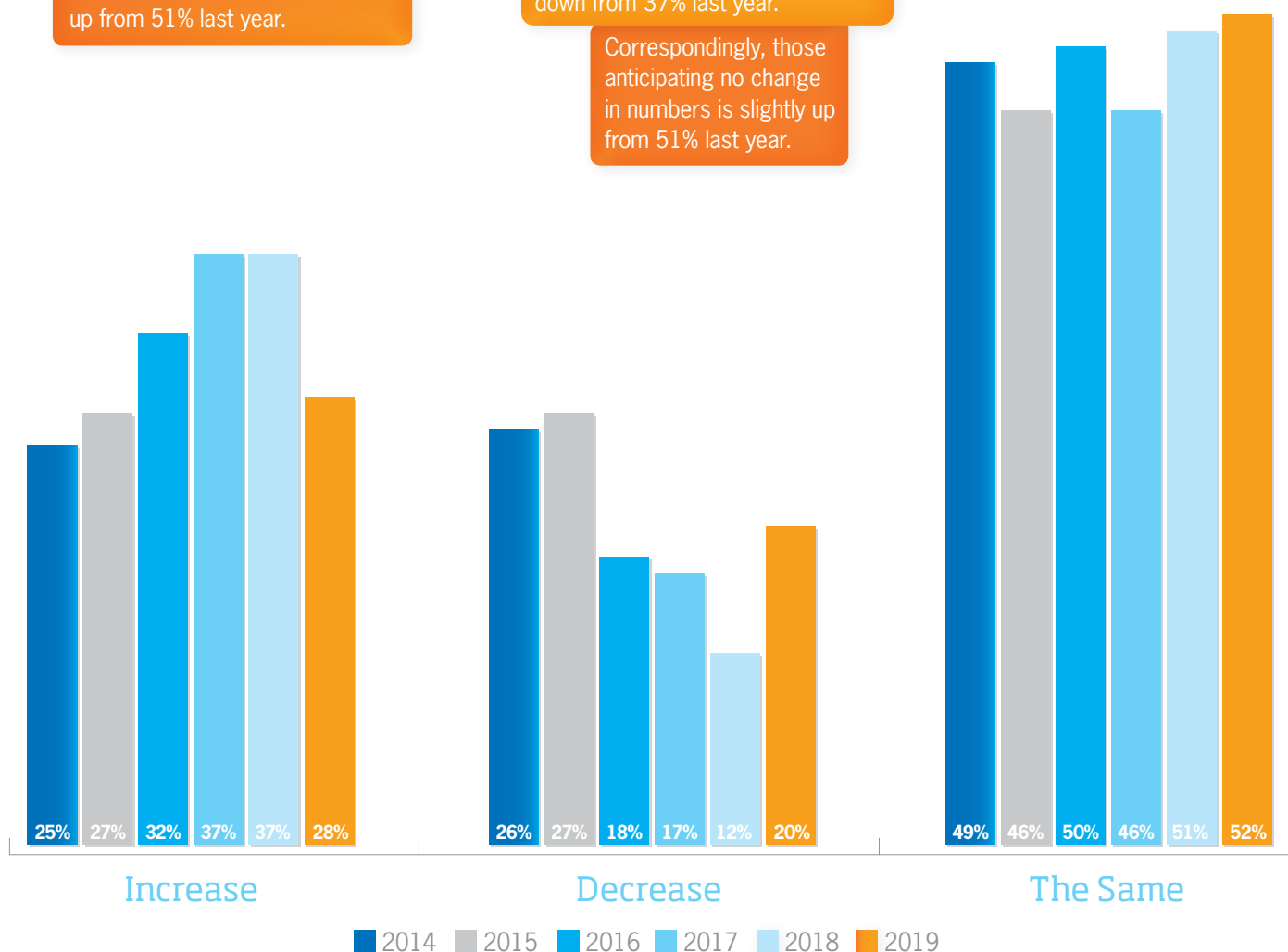
? Do you expect to increase the number of your permanent IT staff over the next 12 months?

2019
33% Yes | 67% No

2018
34% Yes | 66% No

2017
36% Yes | 64% No

2016
28% Yes | 72% No

2015
32% Yes | 68% No

2014
24% Yes | 76% No
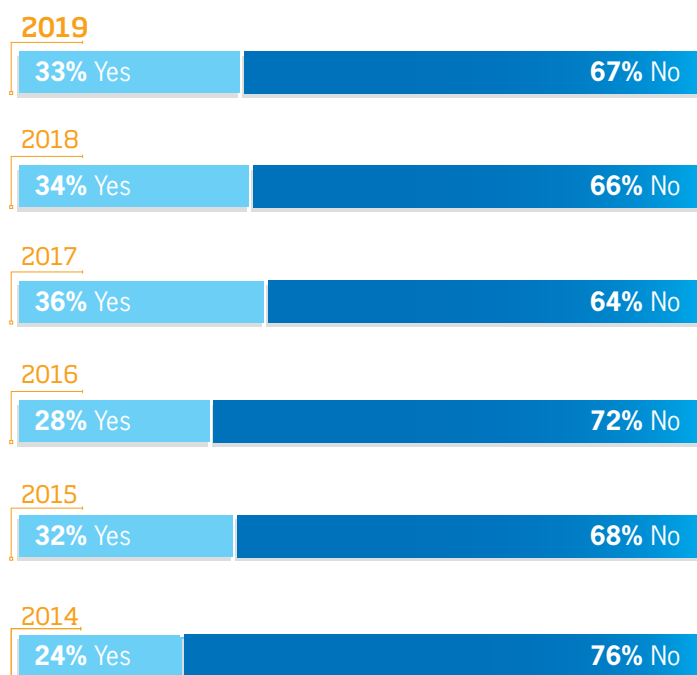
This year's results are very similar to last year's, with only one percentage point being the difference. Steady permanent hiring intentions signal business confidence.

It means projects are fully committed to, and infrastructure functions are properly resourced.

? Over the next 12 months do you expect your usage of IT Contractors will be greater or less than over the last 12 months?

4%
Don't Use

44%
The Same

24%
Greater

28%
Less

Greater/The Same | **Less/Don't Use**

2019
68% | 32%

2018
78% | 22%

2017
69% | 31%

2016
76% | 24%

2015
69% | 31%

2014
68% | 32%
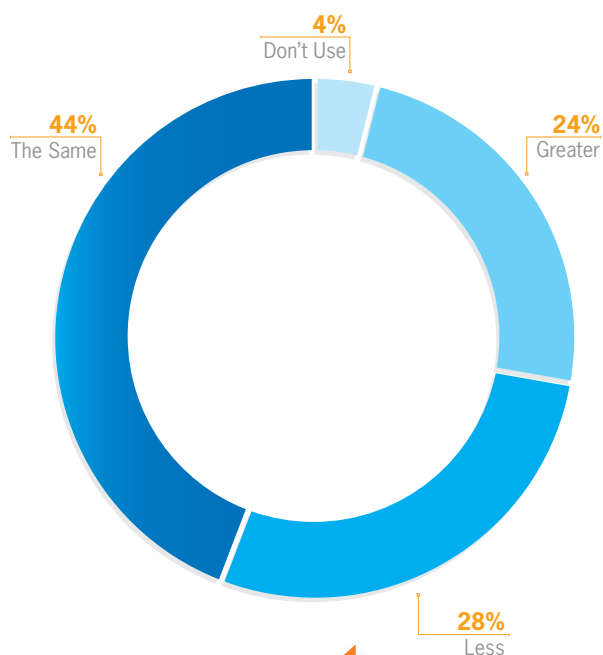
The results for this question are very interesting this year, and talk to a level of uncertainty about coming market conditions. The majority of respondents are opting to 'dig in', with unchanged contractor usage. There is however a cohort who are readying themselves for stormy weather: those planning on reducing their usage is at 28% this year, compared with just 16% last year.

Normally when we see this occur, we see a corresponding increase in permanent hiring intentions, particularly in sales and revenue generating roles. However that hasn't transpired. This indicates uncertainty about global markets with US/China trade talks, Brexit, and the US Presidential election later in the year.

Resourcing Strategies: Onsite IT Consulting

? Do you currently use onsite IT consulting services as part of your overall IT staffing mix?

65%
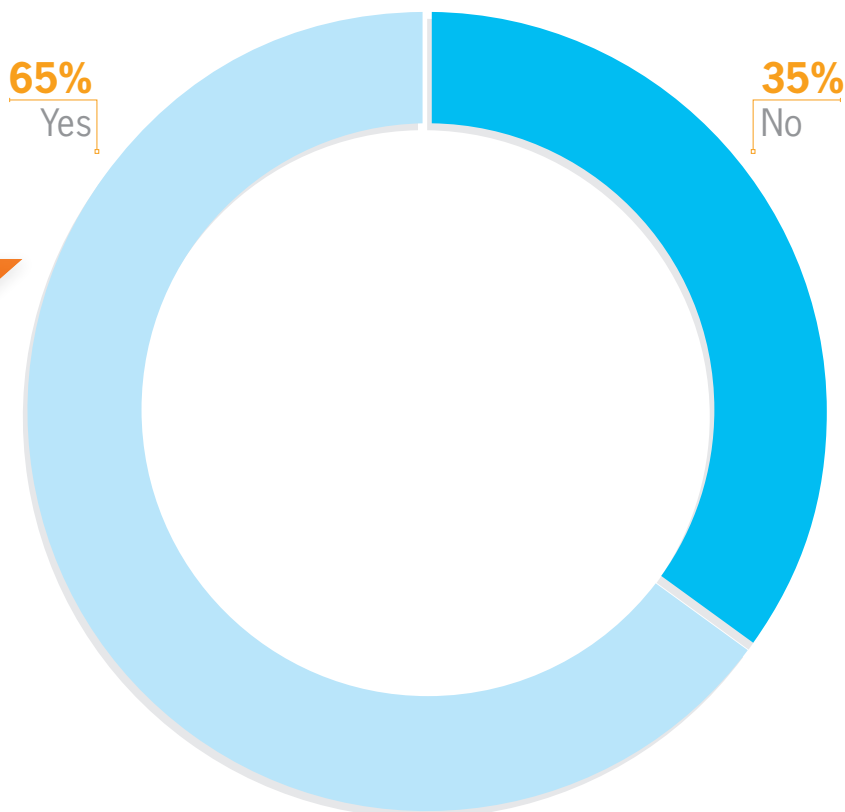Yes

35%
No

> This year's results are materially unchanged from last year. There is a sustained softening in the utilisation of professional services firms.

> This may be as a result of many organisations having completed their strategic planning phases during the more buoyant market of the last few years, where they are now ready to utilise their permanent and contract workforces to execute project delivery and transformation initiatives.

? If yes, over the next 12 months are you planning to increase or decrease your use of the onsite IT consulting services?

? If no, do you expect you will use onsite IT consulting services as part of your IT staff mix in the next 12 months?

> This data supports the comments in the previous question, with 25% of those expecting a decrease, this figure is up from 13% last year.

56%
The Same

25%
Decrease

19%
Increase

11%
Yes

89%
No
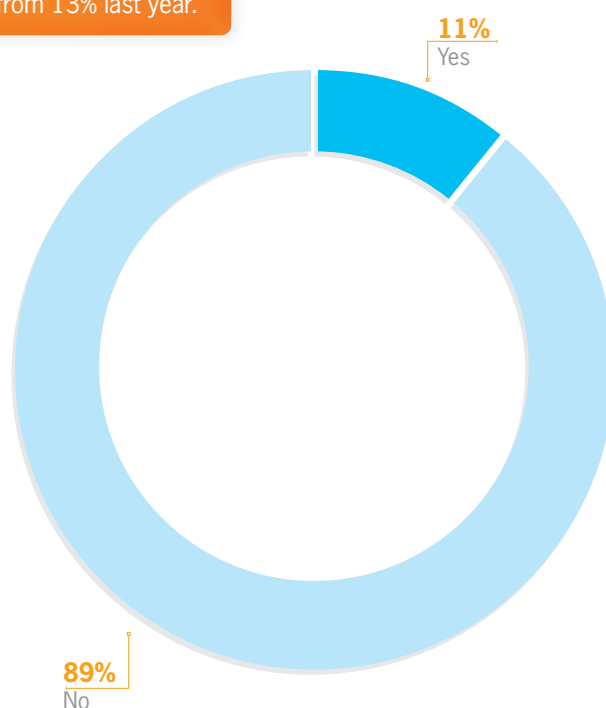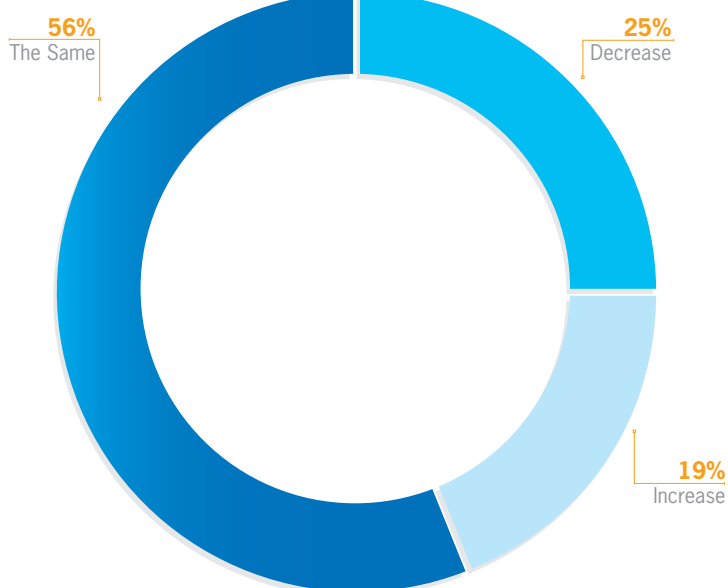
Our Capability

INDEX's consultants are experienced, accredited and have the specialised technology skillsets to enable our clients to achieve strategic and business goals. We provide end to end consulting services from strategy and implementation to ongoing management. Whether you require INDEX to supply a single resource for capability uplift or engage a team to deliver an outcome, we are ready to help.

IT Strategy and Architecture

- Business Case Development
- Cyber Security
- Technology assessments
- IT Strategy
- Digital Strategy
- Cloud Readiness Assessment and Recommendations
- Architecture practice guidance, set-up and delivery model frameworks
- Platform recommendation and selection
- Market Analysis
- Business Architecture
- Application Architecture
- Information Architecture

Program and Project Management

- Change Management
- Program and Project Management Consulting
- PMO practice guidance and standardisation
- PRINCE2 PMBOK
- Team Management
- Waterfall and Agile project delivery models
- Benefits realisation management
- Data Architecture
- Application Architecture
- Change Management

Technical and Business Analysis

- Business Case Generation
- Business and functional requirements analysis and documentation
- Agile coaching
- UX Design
- Scrum Master
- BA practice guidance, set-up and delivery model frameworks
- Change Management
- Process Improvement
- Quality assurance
- Unified Modelling Language
- LEAN Thinking
- BABOK

Application Design, Development and Integration

- Waterfall & Agile Design
- Mobile app IOS and Android development
- Portal and Web development
- UX/UI Design
- Customer Relationship Management
- Rapid Application Development
- Middleware Integration
- Quality assurance
- DevOps
- Microsoft .Net
- Microsoft, Java and Open Source Development
- Low code specialists

Digital and Cloud

- Responsive Design
- Mobile IOS and Android
- Digital Strategy
- Persona and User Journey Mapping
- Cloud Readiness Assessment and Recommendations
- Cloud strategy, consulting and hosting
- Development capability across Microsoft, Java Open Source and other platforms and Content Management Systems
- AWS/Azure

Testing

- Test automation
- Test Strategy and execution
- Performance, load and stress testing
- Test management
- QA Lead
- Systems and integration testing
- User acceptance testing
- Mobile and App Testing
- Manual testing
- Program Testing

IT Management

- IT Service Management
- Provision of individual support staff or an entire team
- SLA based engagement model across one or several applications
- DBA services
- Information Technology Infrastructure Library (ITIL)
- IT Governance
- Tools selection and automated implementation

Information Management and Analytics

- Enterprise Information Management
- Knowledge Management
- Data Warehousing
- Data Management
- Business Data & Analytics
- Content Management
- Big Data
- ETL Development
- Records Management
- Digital asset management
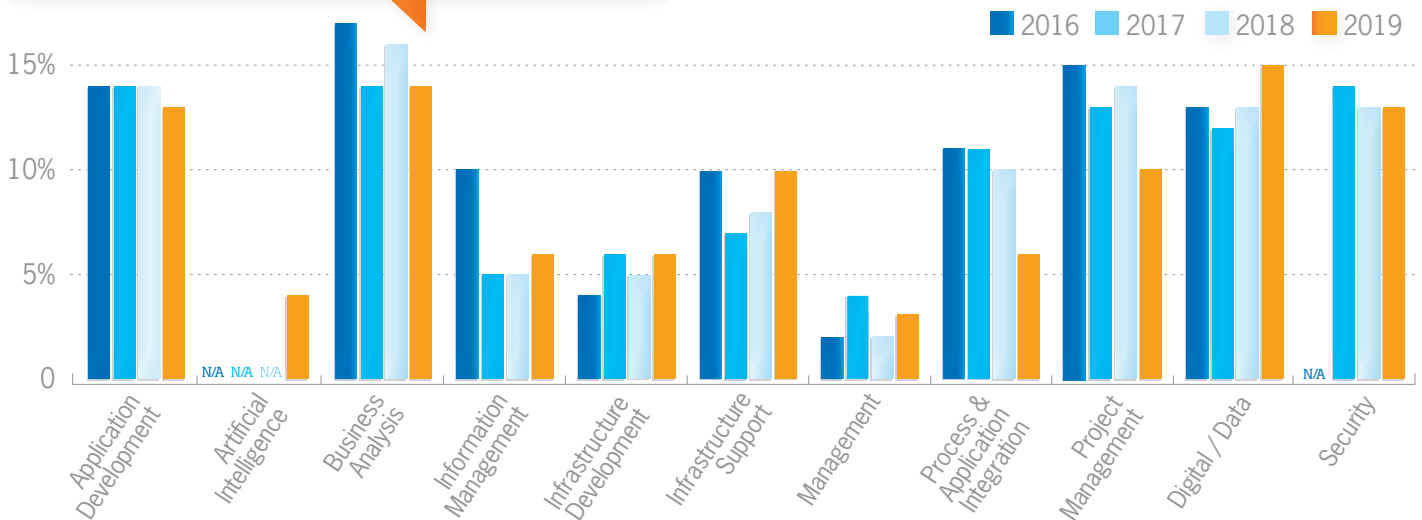
aiia australian information industry association

Hot Spots: Who's in Demand?

Which IT roles are most difficult to recruit?

This year there is very little between the top 3 most difficult skill sets to hire: Business Analysis just nudged out both Development and Security at equal third. These categories are particularly interesting, as each offers significant opportunity for employers willing to increase the diversity of their workforce. Clicks can assist with both gender and neurodiversity hiring, and we know that women currently only represent 31% of Business Analysts. Yet this is an ideal skill set for return to work parents or where an employer is willing to offer flexible work conditions.

Similarly, both development and security are areas ideally suited to neurodiverse candidates, or those on the autism spectrum. In fact, neurodiverse candidates learn more quickly, are more productive, and have far greater levels of engagement than neurotypical candidates.

This could be the solution your organisation has been looking for, not only to solve your hiring challenges, but to gain an enviable competitive advantage.

Legend: 2016 2017 2018 2019

Bar chart "Which IT roles are most difficult to recruit?" Y-axis 0 to 15%. Categories: Application Development, Artificial Intelligence (N/A N/A N/A), Business Analysis, Information Management, Infrastructure Development, Infrastructure Support, Management, Process & Application Integration, Project Management, Digital / Data, Security (N/A).

Are you looking to upskill your team in 2020?

Did you know that Clicks is part of OUTSOURCING Inc. (OSI)?

OSI is a Tokyo based $4.7b group with over 80 technology and professional services companies in 17 countries.

PM-Partners joined the OSI family in 2018. PM-Partners are a pre-eminent provider of project-based consulting services in Australia, with an extremely well respected training business.

You can view the full list of agile, project management and business analysis training courses at **www.pm-partners.com.au/capability/public-training**

As a Clicks client, you are eligible for an exclusive discount:

Enter the discount code *"CLICKS"*

and receive 20% off any* PM-Partners training course for any staff member.

For advice on which course or pathway may be best for you, contact a PM-Partners Professional Development Consultant today on 1300 70 13 14.

*Conditions apply.

? Forecasting demand for your organisation over the next 12 months, which IT role type do you expect to be in greatest demand?

Overall Demand

This year's top 3 are also very closely clustered: Business Analysis just tops Project Management and Security. Please refer to our comments in the previous graph.

Clicks can assist you with candidates who will fill your hiring gaps as well as enrich your culture by broadening the diversity of your workforce.

Interestingly, there is no perceived demand for sales people, which is typically a strong indicator of softening market conditions.

Demand by Sector

Legend: ■ Commercial ■ Public Sector

Salaries: Show us the Money

? On average, at what percentage rate have your salaries for IT staff increased over the last 12 months?

2.77% 2.86%   2.06% 2.43%   1.94% 2.56%   1.54% 1.27%   1.76% 1.79%   1.90% 1.73%   1.85% 1.93%   1.89% 1.59%   **1.75%**

> Last year's respondents proved to be more economical with wage increases than anticipated. The forecasted growth for 2020 is 1.75%, which is slightly lower than the anticipated rate this time last year, but greater than last year's actual increase of 1.59%.

■ Expected
■ Actual

2012   2013   2014   2015   2016   2017   2018   2019   **2020**

? Compared to 12 months ago, how have the rates that you pay for IT contractor staff changed?

> Interestingly, amidst the uncertainty, the proportion of respondents reporting a decrease in pay rates remains at last year's record low of just 3%. Those reporting an increase softened slightly from 32% to 29% this year, increasing the size of the cohort whose rates remained unchanged.

3%
Decreased

29%
Increased

59%
The same

9%
Don't use IT contractors
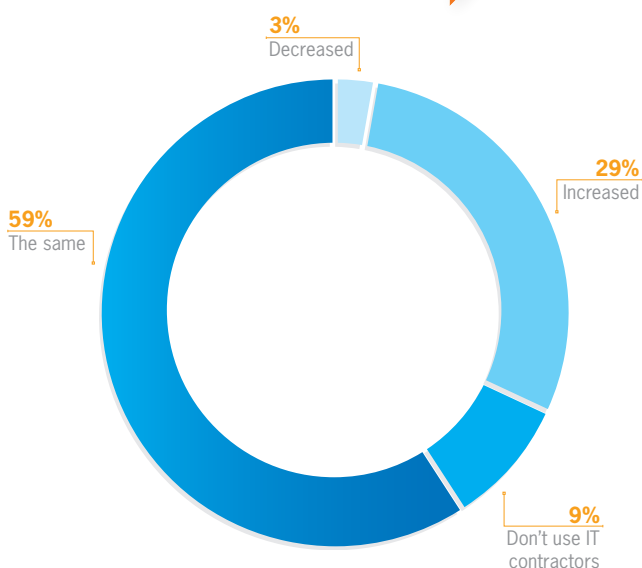
? When recruiting IT staff in the last year, have you had to pay more than you initially wanted or expected to, in order to attract the right candidate?

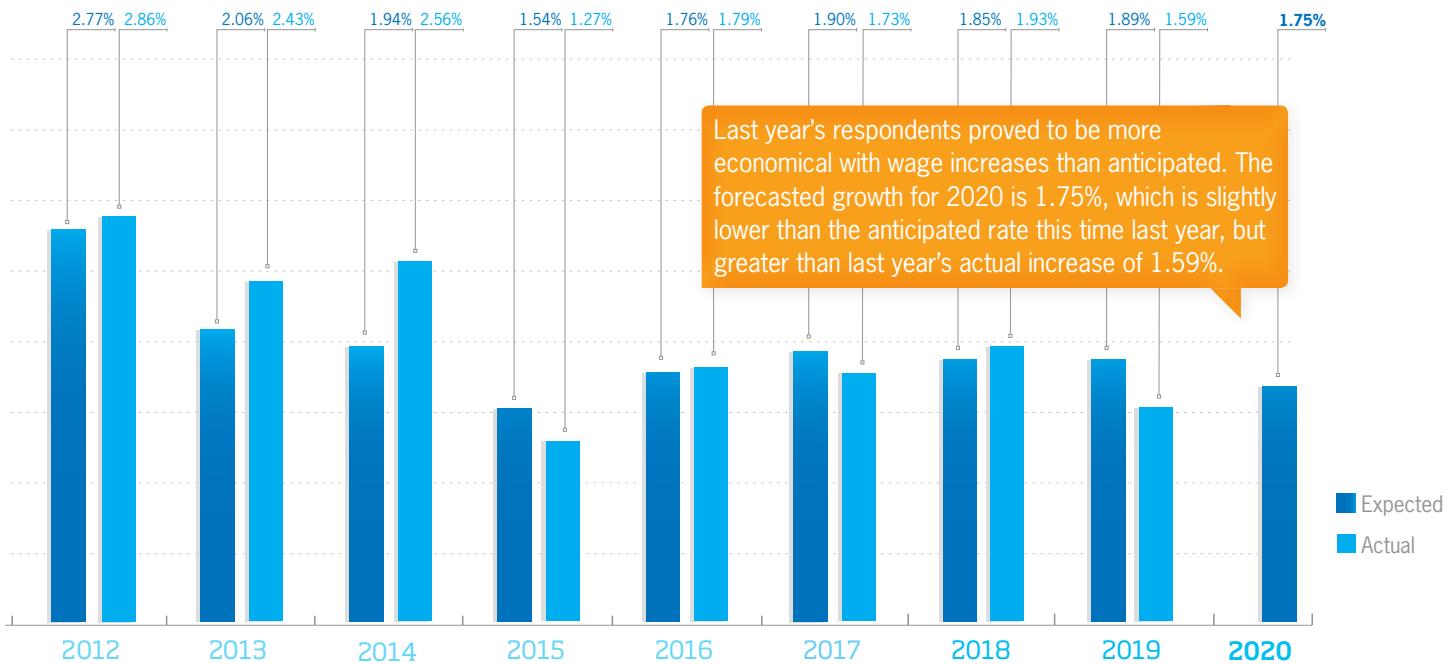> The response to this question illustrates a contracting market with a great deal of strength. With a record-setting 73% of respondents having to pay more than initially expected, this knocks the previous record of 58% in 2008 firmly off the podium.

2019
73% Yes   **27%** No

2018
44% Yes   **56%** No

2017
13% Yes   **87%** No

2016
38% Yes   **62%** No

2015
56% Yes   **44%** No

2014
36% Yes   **64%** No

Resourcing Strategies: Buy or Build

? Which statement most closely reflects your approach to recruitment?

When recruiting IT people, I am happy if they don't have all the skills required, so long as they have the right attitude

68%

23%

Permanent

Contract

32%

77%

When recruiting IT people, the most important consideration is that the person has all the skills to do the job
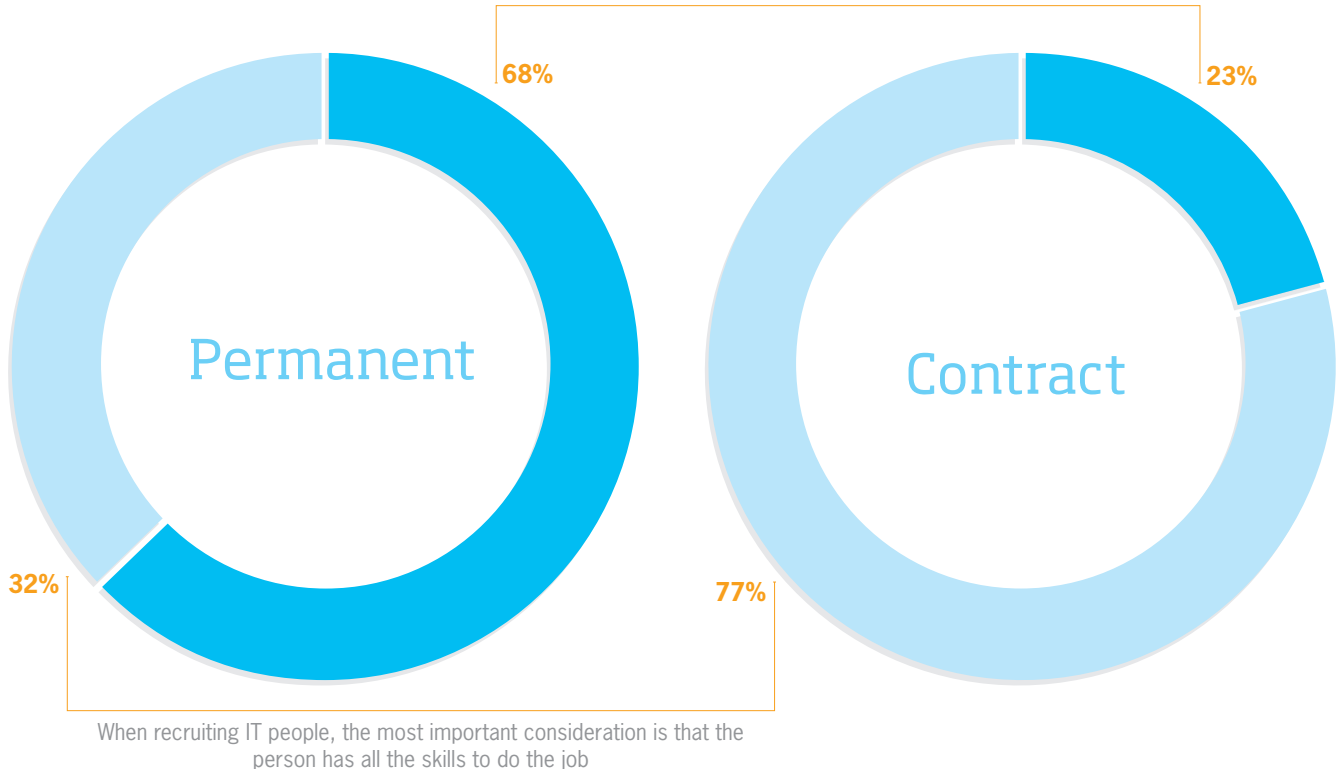
? What is most important to you in the service you receive from your recruitment partner?

It is interesting to note that cost ranks as the lowest priority for the fifth year running. Organisations are becoming cognisant of the hidden costs of simply choosing the cheapest option.

A quality recruitment process may cost a little more, but it will be returned to the hiring company tenfold through the additional productivity, effectiveness, innovation, engagement, loyalty and brand advocacy that high-calibre candidates deliver.

They find me the best people

29%

They save me a lot of time

20%

19%

They look after their contractors

They provide a low-cost service

17%

15%

They provide me with accurate reporting

Resourcing Strategies: Graduates

? Do you have a graduate program for IT staff?

? Have you hired IT graduates in the last 12 months?

We are pleased to see a return to higher numbers of employers offering IT graduate programs, with this year and last showing the highest results since 2011. We believe that in some key areas of demand (i.e. development, cyber security), a graduate program is an essential part of the solution to meeting demand.

As mentioned previously, these are areas where neurodiverse candidates can bring a significant competitive advantage. Please talk to your Clicks Account Manager if you would like to know more.

2019
| 37% Yes | 63% No |

2018
| 38% Yes | 62% No |

2017
| 32% Yes | 68% No |

2016
| 36% Yes | 64% No |

2015
| 23% Yes | 77% No |

2014
| 30% Yes | 70% No |

2019
| 32% Yes | 68% No |

2018
| 32% Yes | 68% No |

2017
| 27% Yes | 73% No |

2016
| 27% Yes | 73% No |

2015
| 26% Yes | 74% No |

2014
| 27% Yes | 73% No |

Staff Turnover and Retention

? What has been the approximate % rate of your IT staff turnover over the last 12 months?

? Have you made any IT staff redundant in the last 12 months?

4%
21%+

7%
16–20%

9%
11–15%

15%
0% - there has been no IT staff turnover in my organisation.

23%
6–10%

42%
0.1–5%
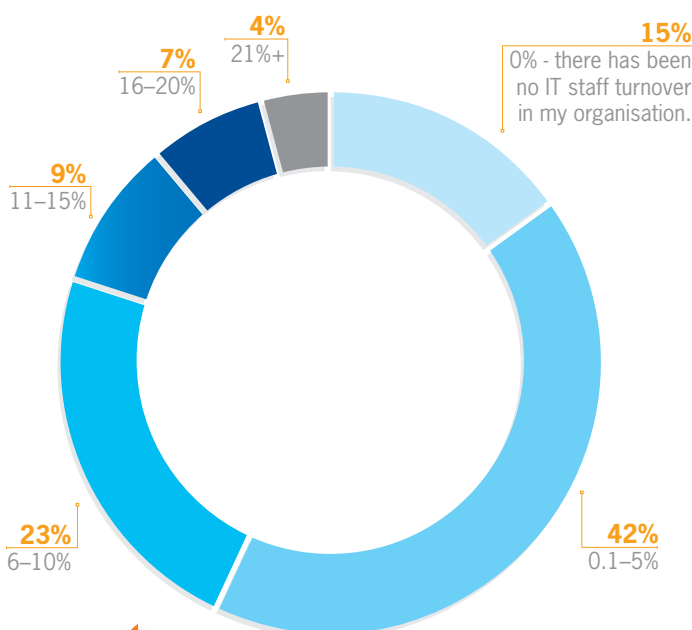
There has been an increase in turnover in the 6-10% range, with the rest remaining steady.

2019
| 72% No | 28% Yes |

2018
| 79% No | 21% Yes |

2017
| 68% No | 32% Yes |

2016
| 73% No | 27% Yes |

2015
| 66% No | 34% Yes |

2014
| 56% No | 44% Yes |

? Do you expect you will make any IT staff redundant during the next 12 months?

2019
78% No | **22%** Yes

2018
81% No | **19%** Yes

2017
72% No | **28%** Yes

2016
79% No | **21%** Yes

2015
67% No | **33%** Yes

2014
63% No | **37%** Yes
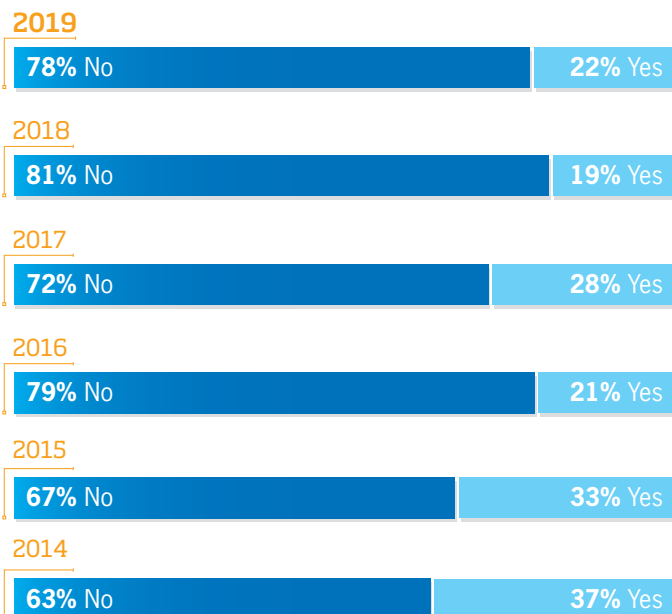
? In the last 12 months have you had employment offers you have made to candidates rejected?
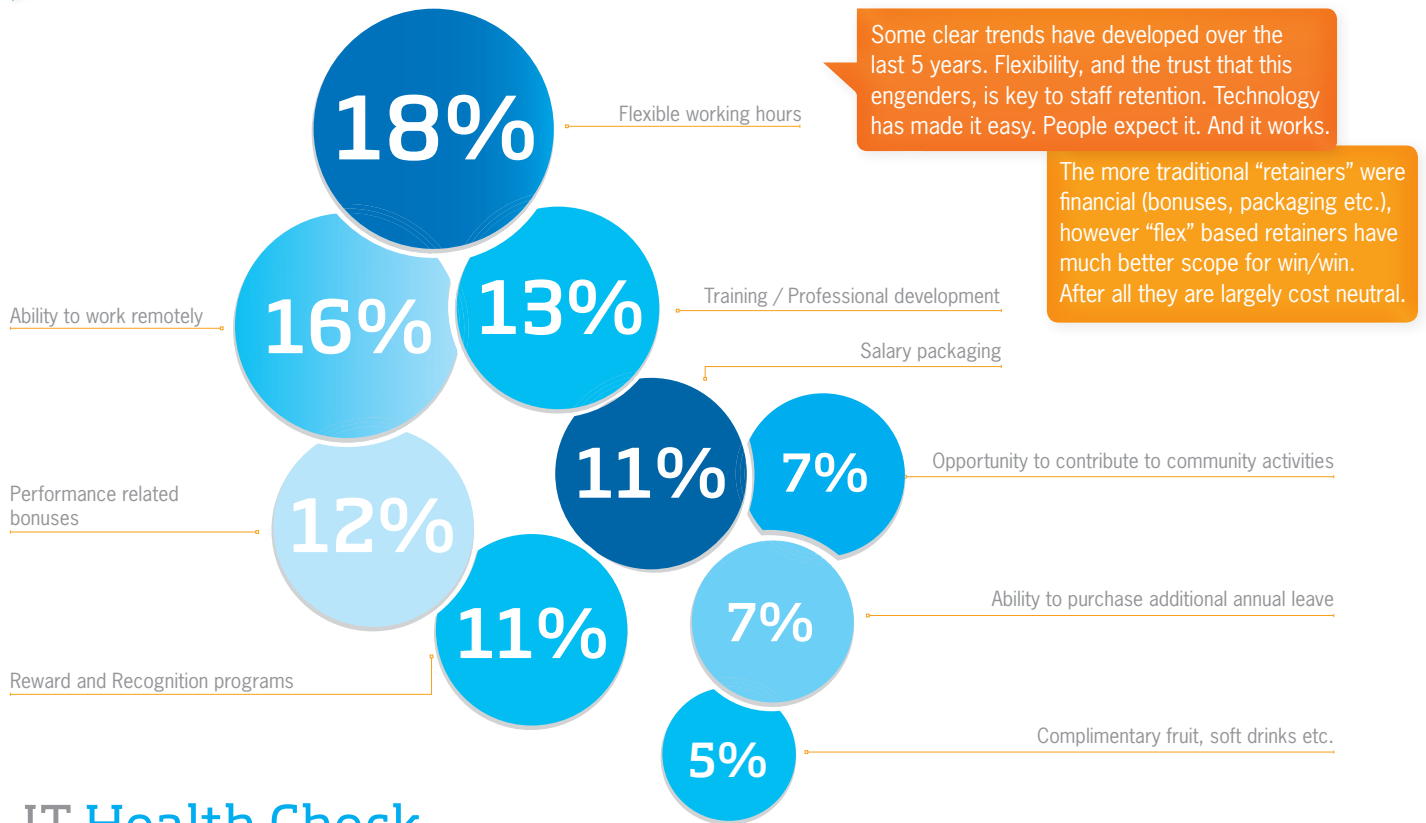
42% Yes

58% No
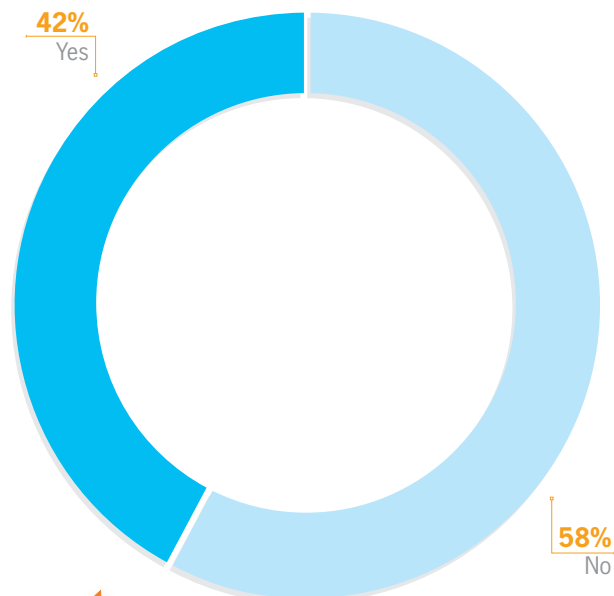
> With 42% of employers experiencing rejection of offers by candidates, this is slightly below last year's result of 44%, but ahead of the 10 year average of 40%.

? Which of these special initiatives does your organisation provide to improve staff retention?

> In 2006, just 68% of employers offered flexible working hours. Today nine out of ten organisations have this as a standard offering. Similarly, the ability to work remotely has seen considerable growth: as recently as 2014 this was only available at 64% of respondent organisations. In the last two years this has remained steady at 85%.

> These metrics support research that shows employees value flexibility above all. Employers have clearly recognised this and are providing a far greater breadth of flexible conditions, balanced by fewer older-style monetary bonuses.

Legend: 2019, 2018, 2017, 2016, 2015

Categories: Performance related bonuses | Salary packaging | Training/professional development plans | Flexible working hours | Reward & recognition program | Opportunity to contribute to community activities | Ability to purchase additional annual leave | Ability to work remotely | Complimentary fruit/soft drinks etc.

? Which of these special initiatives, in your opinion, is most effective in improving staff retention?

18% Flexible working hours

16% Ability to work remotely

13% Training / Professional development

12% Performance related bonuses

11% Salary packaging

11% Reward and Recognition programs

7% Opportunity to contribute to community activities

7% Ability to purchase additional annual leave

5% Complimentary fruit, soft drinks etc.

> Some clear trends have developed over the last 5 years. Flexibility, and the trust that this engenders, is key to staff retention. Technology has made it easy. People expect it. And it works.

> The more traditional "retainers" were financial (bonuses, packaging etc.), however "flex" based retainers have much better scope for win/win. After all they are largely cost neutral.

IT Health Check

? In order to assess the health of the IT industry, we asked respondents to indicate how strongly they agree or disagree with the following five statements: *

- We can see that for the next three years demand for IT services and products will remain strong
- IT is meeting business demands and driving business improvement
- IT budgets are increasing as a % of company revenue
- The supply of IT talent is aligned to the demand for it
- The industry has a reputation for delivering value and results, on time and on budget
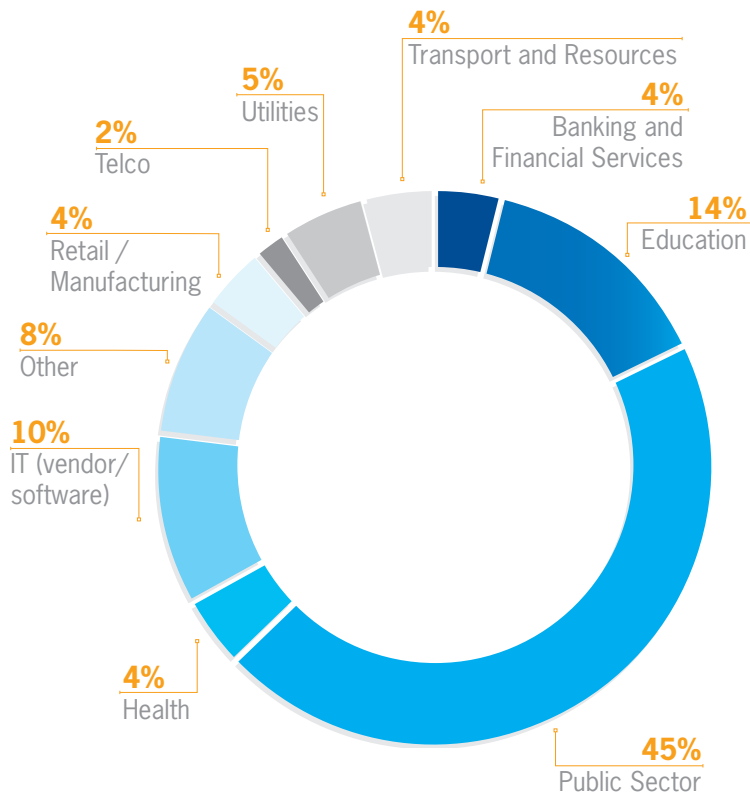
Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
%	53%	65%	61%	63%	61%	61%	62%	64%	67%	67%	65%
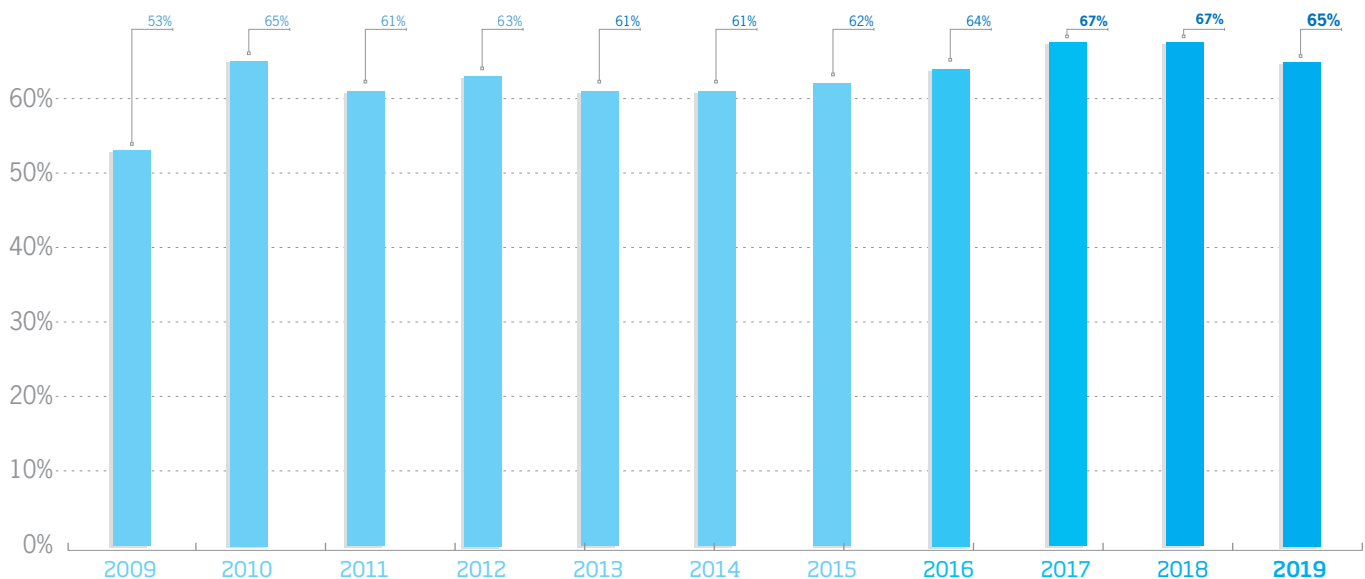
*Converting the responses to a percentage, where 100% would mean a totally healthy industry and 0% would be totally unhealthy, our health rating for the IT industry has continued to increase in comparison to previous years.
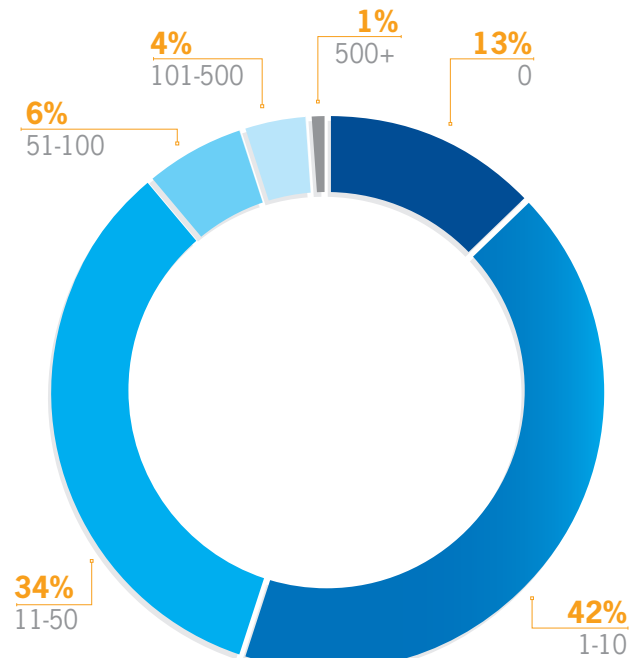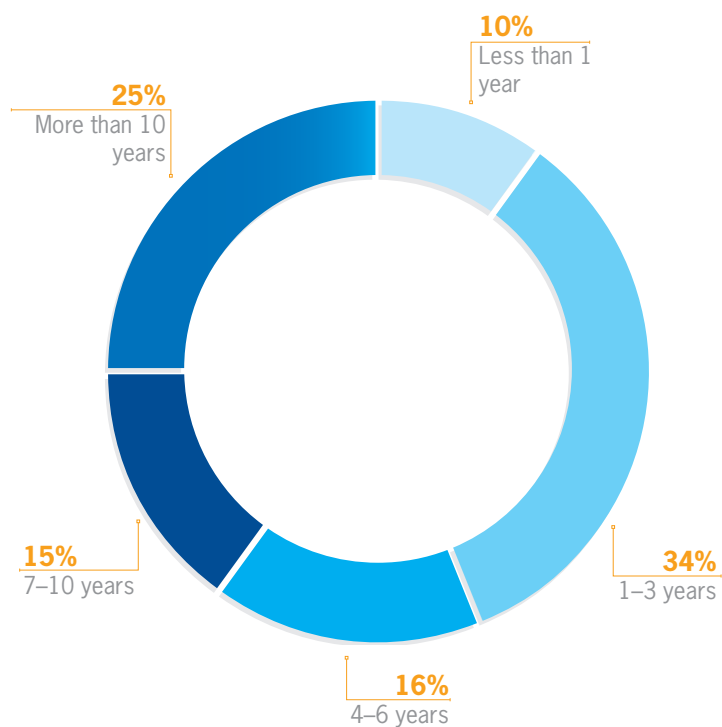
About You and Your Organisation

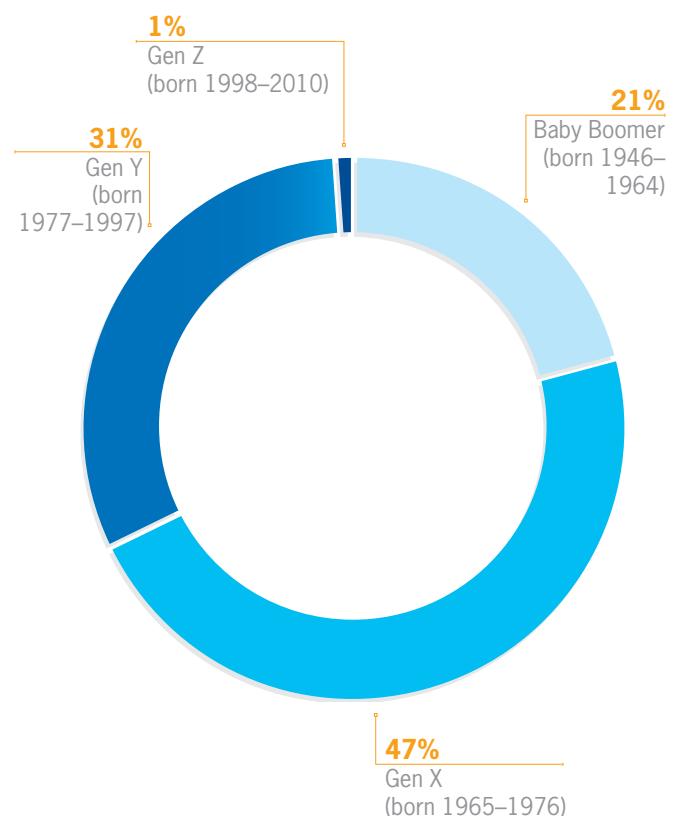**? What industry sector is your organisation in?**

- **4%** Transport and Resources
- **5%** Utilities
- **2%** Telco
- **4%** Retail / Manufacturing
- **8%** Other
- **10%** IT (vendor/ software)
- **4%** Health
- **45%** Public Sector
- **4%** Banking and Financial Services
- **14%** Education

? How many staff do you have responsibility for?

- **4%** 101-500
- **6%** 51-100
- **1%** 500+
- **13%** 0
- **34%** 11-50
- **42%** 1-10

? How long have you been working at your current employer?

- **10%** Less than 1 year
- **25%** More than 10 years
- **15%** 7–10 years
- **16%** 4–6 years
- **34%** 1–3 years

? Do you consider yourself:

- **1%** Gen Z (born 1998–2010)
- **31%** Gen Y (born 1977–1997)
- **21%** Baby Boomer (born 1946–1964)
- **47%** Gen X (born 1965–1976)

Did you find this report useful?

The quality of our reports improve with every hiring manager who contributes.

If you hire contract or permanent IT staff, your contribution is very important to us and all readers of this report.

If you would like to become a contributor, please contact Sam Micich, General Manager, Operations on 03 9963 4802 or sam.micich@clicks.com.au to ensure you receive your invitation to our next survey.

Clicks' Services

Contract Recruitment

Clicks places an IT professional into a new job every hour of every day. We have 25 years' experience in the IT contracting market, and over 80 Preferred Supplier Agreements with some of Australia's most respected employers. Whether you're looking for work or looking for staff, we're here to help you.

Campaign Recruitment

We work with high growth organisations who need to grow their team quickly in response to product development demands or customer growth. Our campaign service mobilises a dedicated team to undertake deep market penetrative search activity to deliver a volume of resources in rapid time.

Market Reports

For over 15 years Clicks has been conducting critical research to assist employers in attracting the best talent. Regularly surveying over 500 of Australia's leading employers of IT professionals, we produce a range of easy-to-read reports to enable better hiring decisions. Our reports cover market conditions, business confidence, hiring intentions, emerging technologies, gender diversity, salary surveys and more.

IT Professional Services

Clicks can provide the full spectrum of IT professional services via our sister company, INDEX Consultants. INDEX specialises in delivering transformational projects and outcomes. They leverage a network of trusted consultants and technology partners to ensure that you work with subject matter experts on every engagement. INDEX Consultants' credibility, knowledge, experience and service focus make them the preferred partner for Australia's largest government and commercial organisations.

Permanent Recruitment

Our team has an average of 12 years' IT recruitment experience. For employers this means a deep understanding of your requirements and an established network of high calibre talent. For job seekers, our market knowledge, relationships and support will open the right doors for you.

Master Vendor

For clients with larger-scale recruitment requirements, Clicks has a proven Master Vendor model that offers a single point of release for all roles, and the management of all downstream suppliers. Clicks is also responsible for managing compliance, job allocation, performance management, payroll, quality, and customer satisfaction.

Candidate Capability Testing and Benchmarking

Clicks has partnered with leading assessment organisations to improve the quality of information you use to make hiring decisions, establish clear capability benchmarks for your team, reduce time spent interviewing inappropriate candidates, and improve the quality of candidates you hire.

Contingent Workforce Engagement

Our systems guarantee that our contractors receive accurate pays on time every time. Clicks utilises robust and scalable systems for online timesheeting, payroll management and reporting/analytics services. 95% of our contractors give us the highest 'trust' rating possible for our payroll management capability. We can also seamlessly interface with your systems to ensure hassle free data delivery and reporting.