IT Recruitment and Retention Report 2020

⚠ COVID-19 EDITION

Contents

Introduction

Welcome to this special edition of Clicks' IT Recruitment & Retention Report. Typically we survey the Australian IT business community at the end of each year and release a new report each January, with data to inform the year ahead. The events of 2020, in particular COVID-19 and its effects on our economy, careers and personal lives has rendered the data released in January 2020 all but obsolete soon after it was published.

COVID-19 has strengthened Clicks' resolve to find ways in which to support our clients and indeed, all employers of IT staff, to make informed decisions to allow their organisations to continue operating in this new environment.

Accordingly, we decided to survey the market again in July. We felt that not only would it be important to capture the current state of business, staffing and technology in that moment, but also the impact on forecasting for the year ahead. Thank you to all our respondents for taking the time and providing your data.

It will come as no surprise that COVID-19 has indeed had an impact on forecasted turnover, salaries, contractor pay rates, hiring levels and planned redundancies.

However the data is far from catastrophic. In the tech sector, the push created by COVID-19 for businesses, large and small, to migrate to wholly online offerings, e.g. EduTech and HealthTech, has seen demand for those with Application Development and Security skills in particular set to soar.

On the whole, there is undeniably a larger proportion of respondents who are expecting decreases in demand compared to previous years. However at around half of all respondents, those expecting to hold steady forms the largest group. This is unchanged from the ten year trend, signalling stability for a significant proportion of the sector.

The feedback we have received about the speed and quality of Clicks' transition, and the level of personal support we have provided our contractors, staff and clients in response to COVID-19 has been humbling. I would like to thank all our clients and contractors for their continuing support. I am proud of our people's ongoing commitment to finding work for as many people as possible.

If Clicks can assist or support your organisation with any challenges you face in relation to staffing and resource management, please contact me on the details below.

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IT RECRUITMENT

Key Findings

What did the data reveal?

1 Across revenue, salary and headcount forecasts, just over half of respondents broadly expect no change.

2 One of the largest swings was the forecast in revenue for the year ahead. Those forecasting a decrease grew from 24% to 73%.

3 For the first time, no respondents forecast growth of 20%+ in the next 12 months.

4 Respondents expecting an increase in their IT budget has dropped from 27% to 13%.

5 56% of respondents are expecting unchanged IT staffing levels over the next 12 months, against a ten year average of 48%.

6 Permanent IT hiring intentions have only experienced a slight downturn, from 33% to 28% expecting to increase their permanent IT staffing numbers.

7 Those expecting greater use of IT contractors in the coming year has decreased from 24% to 11%.

8 The role that experienced the greatest increase in difficulty is Application Development, with a 30% surge in difficulty to recruit.

9 Digital skills experienced a threefold increase in forecast demand for the year ahead.

10 22% of respondents reported a drop in IT pay rates, compared to 3% in January.

Business Environment: Sales and Budgets

Is your organisation budgeting for an increase or decrease in sales turnover over the next 12 months?

10% Increase

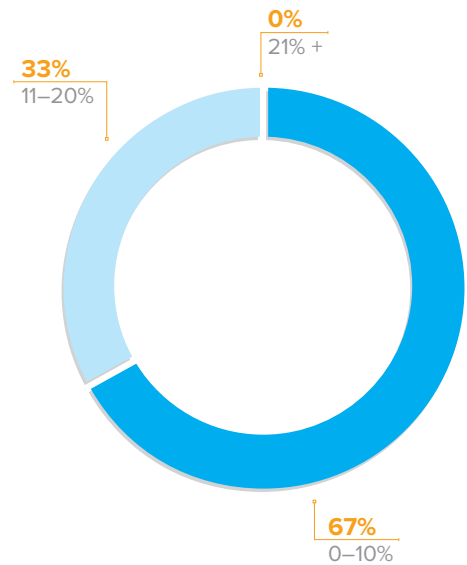**17%** The Same
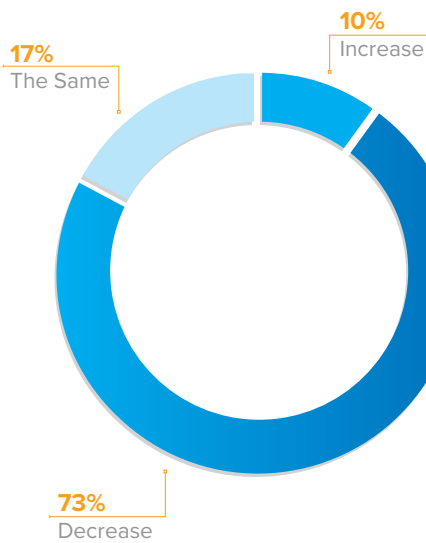
73% Decrease

Just 10% of respondents are expecting growth in turnover in the year ahead. 73% are expecting a decrease, easily beating the previous record of 28% in 2013, and a rise from 24% in January 2020.
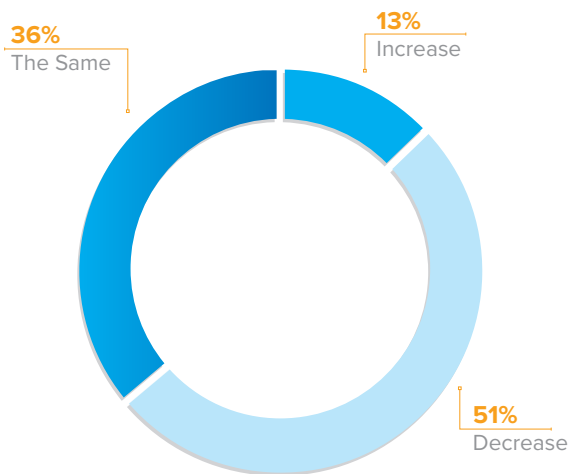
17% are predicting no change, which is around half the usual level. These highly abnormal metrics are a clear indicator of the impact of COVID-19 on the Australian market.

67% of businesses are expecting an increase in turnover of up slightly less than in January 2020. In January, 8% of respondents were expecting growth of 21% or more; however that number has now dropped to zero.

If increasing, by what percentage?

0% 21% +

33% 11–20%

67% 0–10%

Is your overall IT budget set to increase, decrease, or remain the same over the next 12 months compared with the last 12 months?

13% Increase

36% The Same

51% Decrease

Commercial

25% The Same

12% Increase

63% Decrease

Public Sector

55% The Same

30% Decrease

15% Increase

Following the trend of overall turnover, IT budgets are similarly expected to increase for just 13% of respondents, compared to 27% at the start of the year. This is not the lowest figure ever; in 2006 just 6% of respondents expected an increase.

There is more stability in IT budgets than turnover, with 36% of respondents expecting no change. This compares to the ten year average of 44%.
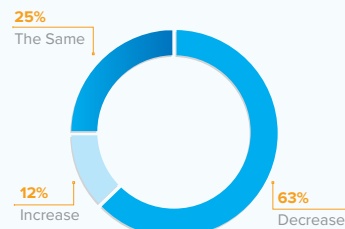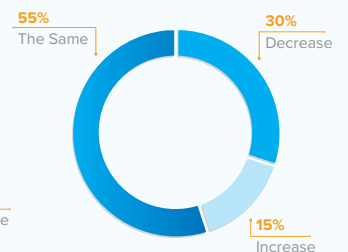
51% is a record high in expected IT budget decreases, and is in stark contrast with the 25% anticipated in January. The previous record is from 2006, where it came close, at 45%.

	Increase	Decrease	The Same
Dec 2014	27%	32%	41%
Dec 2015	30%	24%	46%
Dec 2016	33%	21%	46%
Dec 2017	37%	17%	46%
Dec 2018	33%	16%	51%
Dec 2019	27%	25%	48%
July 2020	13%	51%	36%
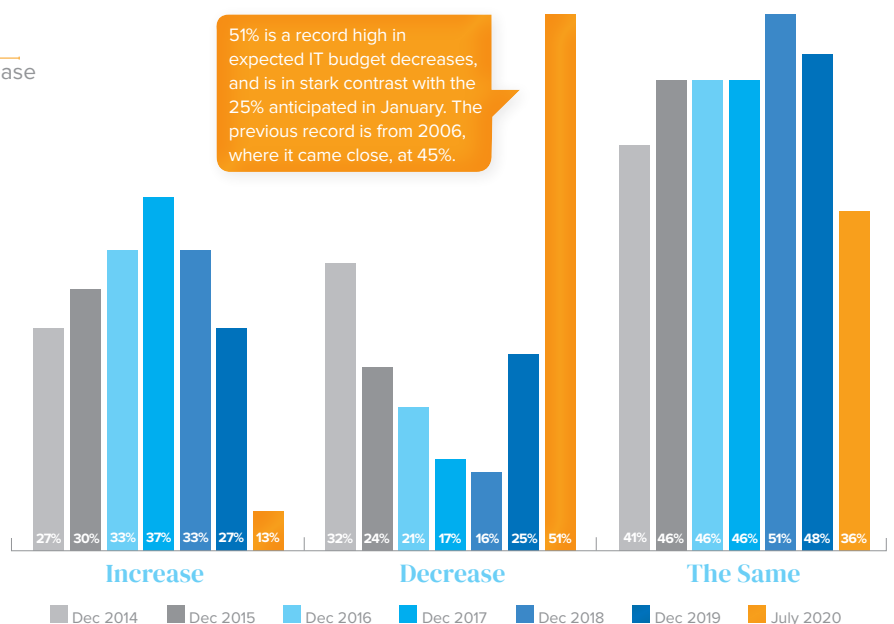
Staffing Levels: Hiring or Firing

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

15%
0–20

8%
21–50

13%
51–100

64%
100+
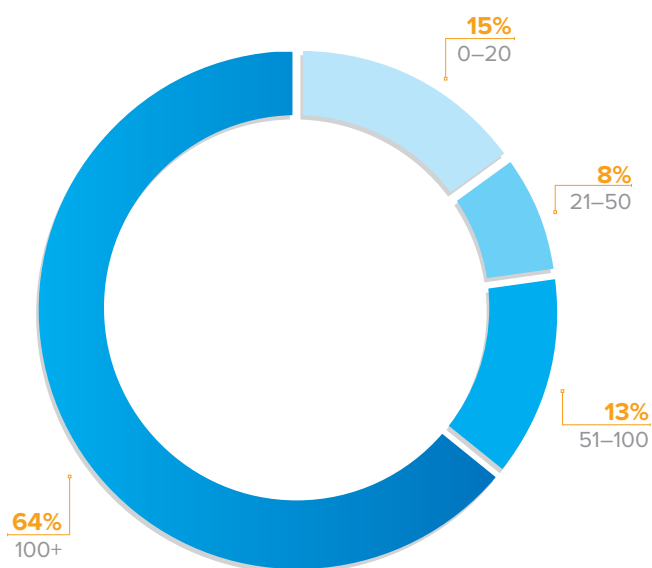
64% of this year's respondents had over 100 IT staff, an increase from 53% in the previous survey.

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

11%
Increase

56%
The Same

33%
Decrease

Those expecting to increase their IT staff numbers has dropped. At the start of 2020 almost a third of respondents were anticipating an increase; this now stands at 11% after the advent of COVID-19.
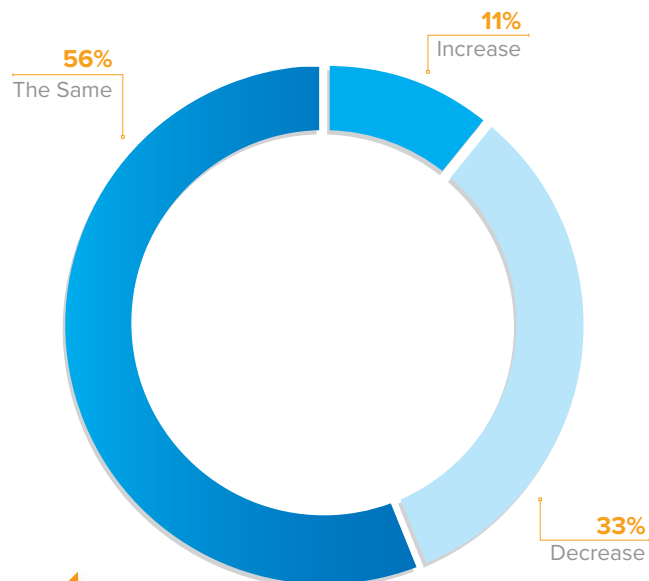
Those expecting no change has increased slightly from 52% in January to 56%.

56% of respondents are expecting their headcount to remain the same. This cohort has grown since the report published at the start of 2020. It is also higher than the ten year average of 47.8%.

This demonstrates the importance of technology in a world where the ability to automate, operate and communicate remotely has never been more important.

Increase
27%	32%	37%	37%	28%	11%

Decrease
27%	18%	17%	12%	20%	33%

The Same
46%	50%	46%	51%	52%	56%

Dec 2015　Dec 2016　Dec 2017　Dec 2018　Dec 2019　July 2020
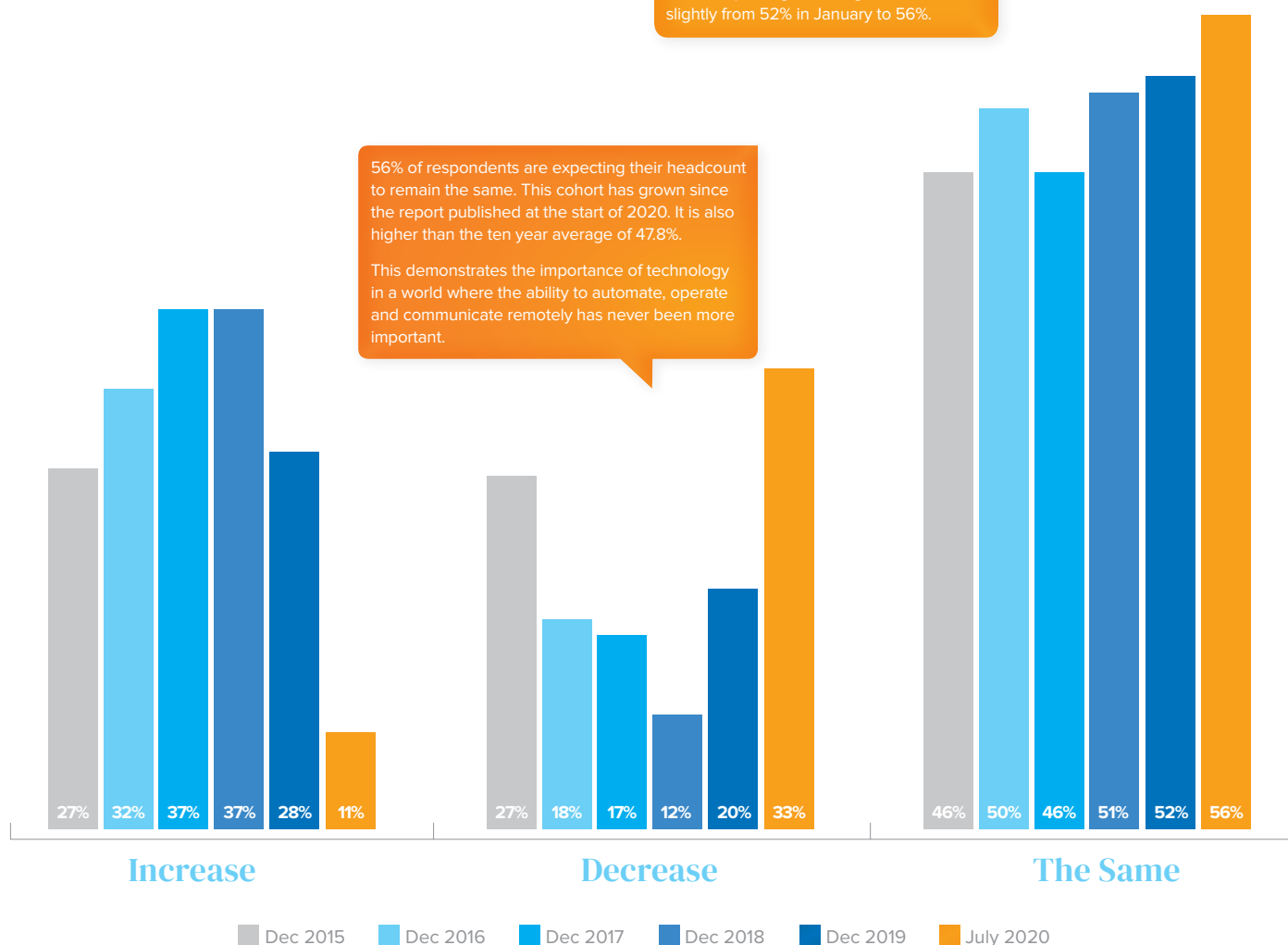
Staffing Levels: Hiring or Firing

? Do you expect to increase the number of your permanent IT staff over the next 12 months?

July 2020
28% Yes | 72% No

Dec 2019
33% Yes | 67% No

Dec 2018
34% Yes | 66% No

Dec 2017
36% Yes | 64% No

Dec 2016
28% Yes | 72% No

Dec 2015
32% Yes | 68% No
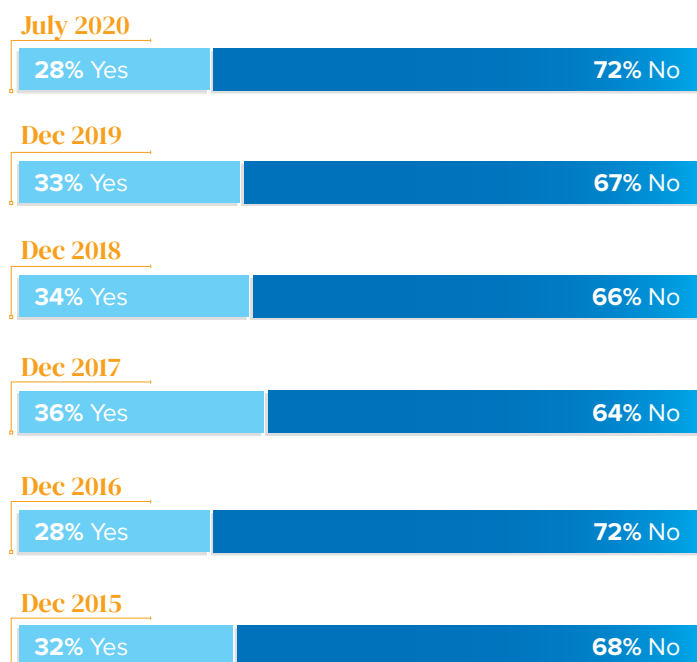
> Interestingly, there has only been a slight softening in those expecting to increase their permanent IT headcount in the coming year.
>
> At the start of 2020, 33% of respondents anticipated an increase. At 28%, this is still greater than 2013, 2014 and equal to 2016.

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

9%
Don't Use

11%
Greater

33%
The Same

47%
Less
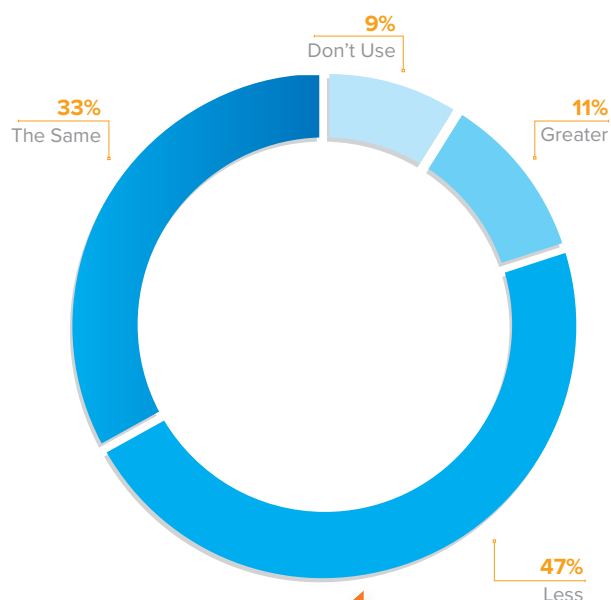
> At the start of 2020, 24% of respondents were expecting to increase their use of IT Contractors; now it's 11%.

> Respondents expecting to use IT Contractors less over the next 12 months increased from 32% in January to 56%. The highest previous recording is 36% in 2011.

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

July 2020
44% | 56%

Dec 2019
68% | 32%

Dec 2018
78% | 22%

Dec 2017
69% | 31%

Dec 2016
76% | 24%

Dec 2015
69% | 31%
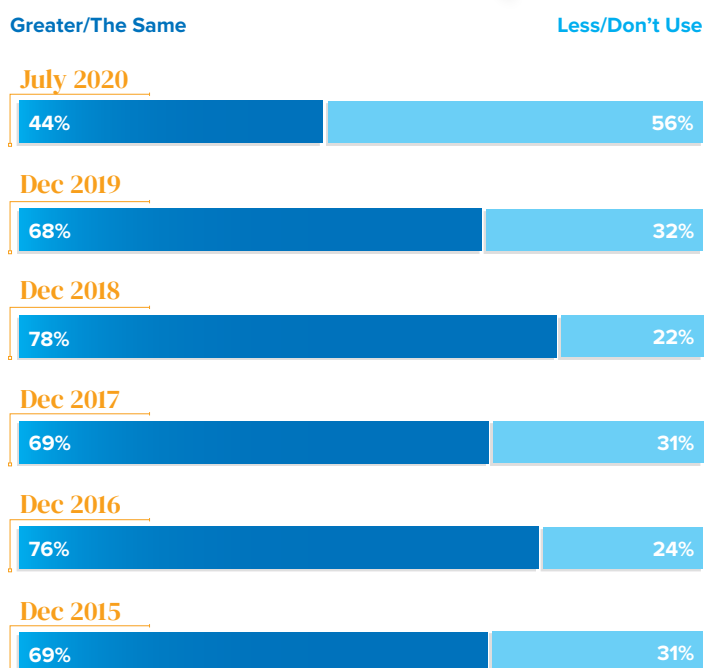
Hot Spots: Who's in Demand?

? Which IT roles are most difficult to recruit?

Over the last three years, there have been four roles that stand out as the most difficult to recruit: Application Development, Business Analysis, Project Management, and Security. Since COVID-19, there have been several swings. Difficulty for Application Development has increased by 30%; Business Analysis has dropped by a similar amount. Project Management remains steady, but Security has increased by 23%. Other areas that have 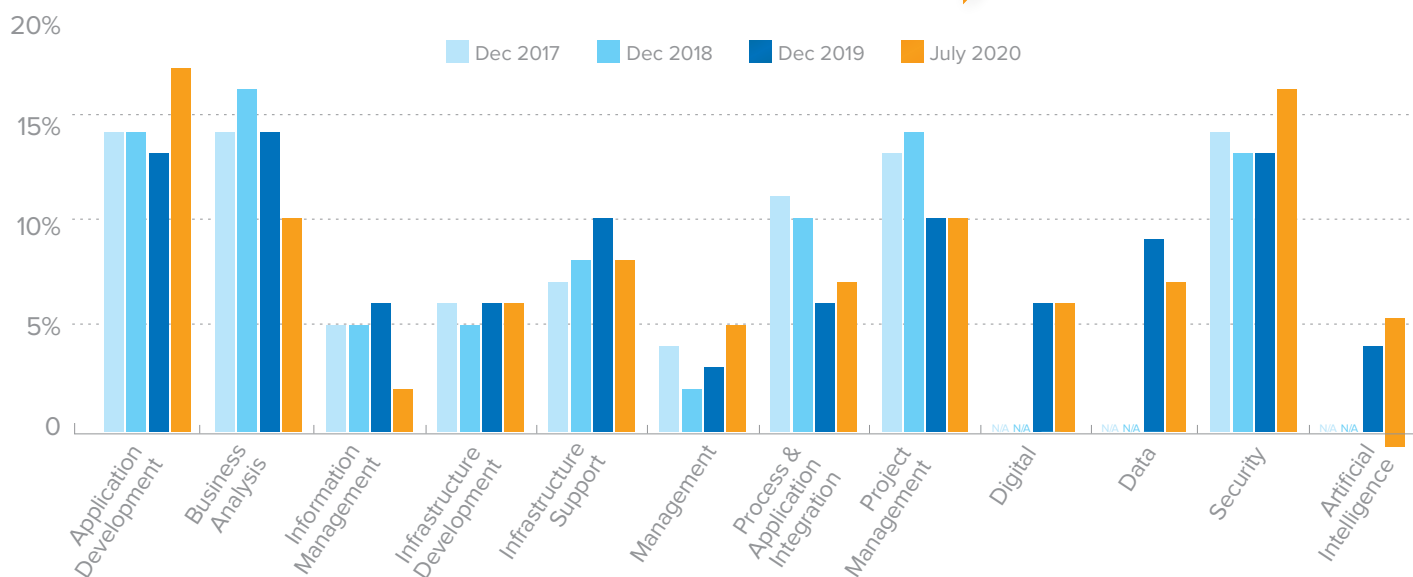changed since the start of 2020 include Information Management (drop), IT Management (increase), Data (slight drop), and Artificial Intelligence (slight increase).

With a push to drive services online or enhance existing online services across all industries, it's unsurprising that Application Development has increased the most. Many businesses with digital transformation on their roadmaps have been forced to accelerate their plans. This brings an increased need for robust security infrastructure, making experienced Security professionals in high demand. We expect to see market rates increase in these skill verticals despite the talent market becoming richer overall.

Legend: Dec 2017 | Dec 2018 | Dec 2019 | July 2020

Categories (x-axis): Application Development, Business Analysis, Information Management, Infrastructure Development, Infrastructure Support, Management, Process & Application Integration, Project Management, Digital, Data, Security, Artificial Intelligence

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

Overall Demand
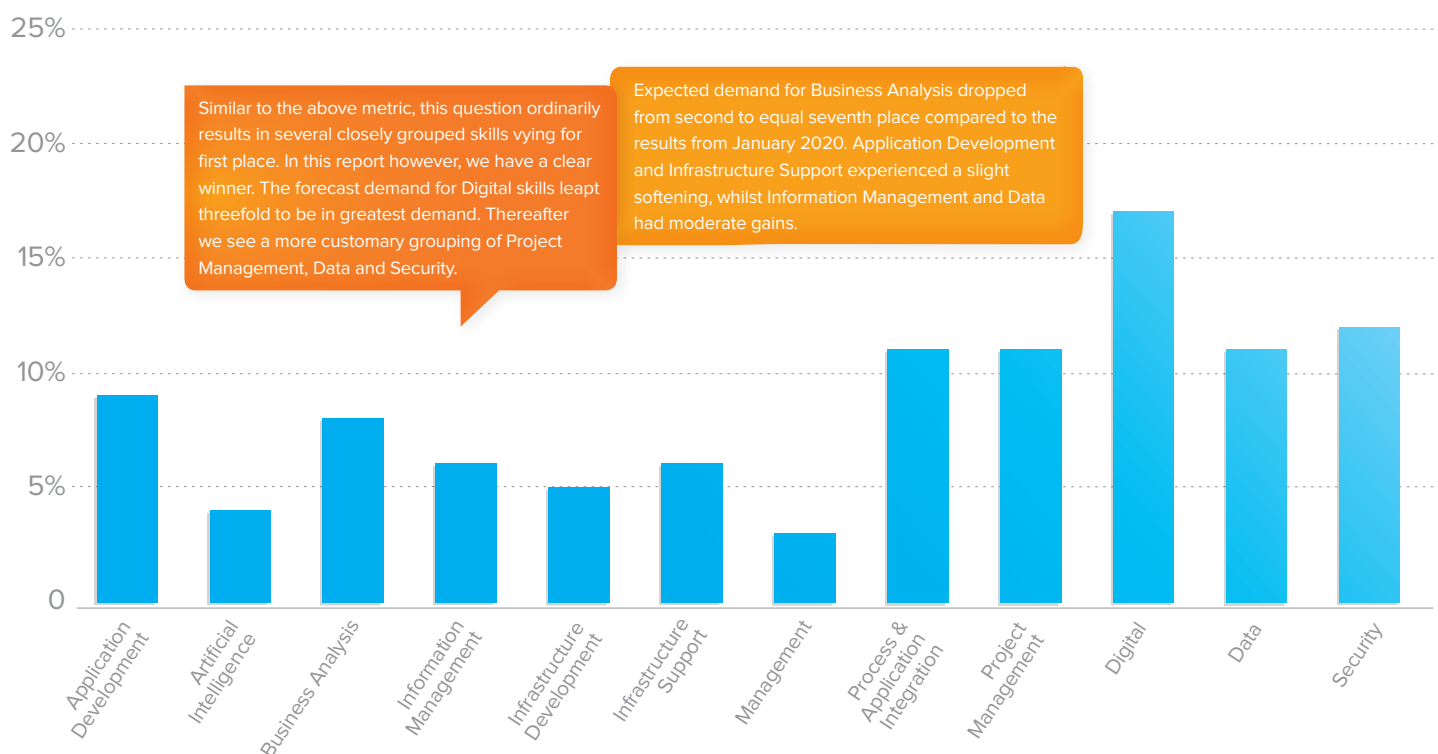
Similar to the above metric, this question ordinarily results in several closely grouped skills vying for first place. In this report however, we have a clear winner. The forecast demand for Digital skills leapt threefold to be in greatest demand. Thereafter we see a more customary grouping of Project Management, Data and Security.

Expected demand for Business Analysis dropped from second to equal seventh place compared to the results from January 2020. Application Development and Infrastructure Support experienced a slight softening, whilst Information Management and Data had moderate gains.

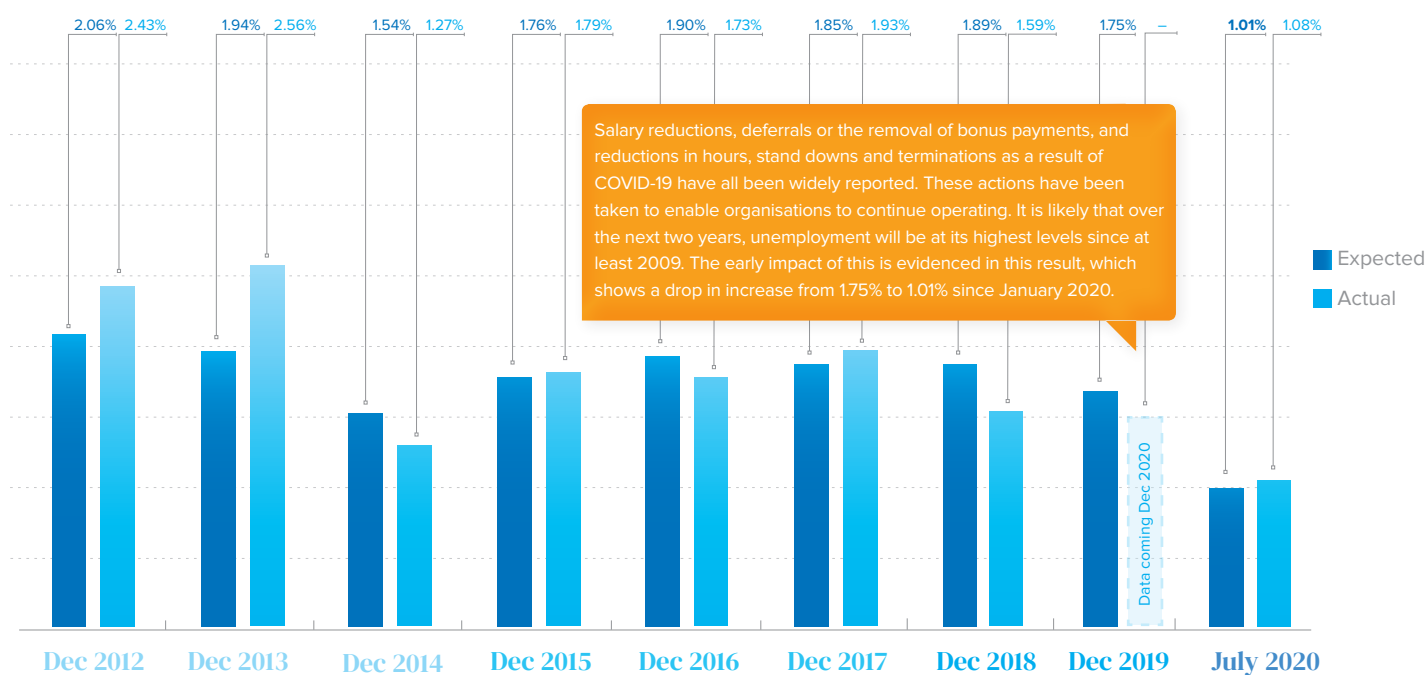Categories (x-axis): Application Development, Artificial Intelligence, Business Analysis, Information Management, Infrastructure Development, Infrastructure Support, Management, Process & Application Integration, Project Management, Digital, Data, Security

Hot Spots: Who's in Demand?

Demand by Sector

The difference in demand for Security experts between the public and private sectors is noteworthy. There have been a number of high profile cases of major cyber security breaches in large corporations. This, combined with the move to online service provision, and the added need to protect large amounts of personal data, has driven a significant increase in demand for Security professionals in the Commercial sector.

Legend: Commercial ■ Public Sector ■

Categories: Application Development, Artificial Intelligence, Business Analysis, Information Management, Infrastructure Development, Infrastructure Support, Management, Process & Application Integration, Project Management, Digital, Data, Security
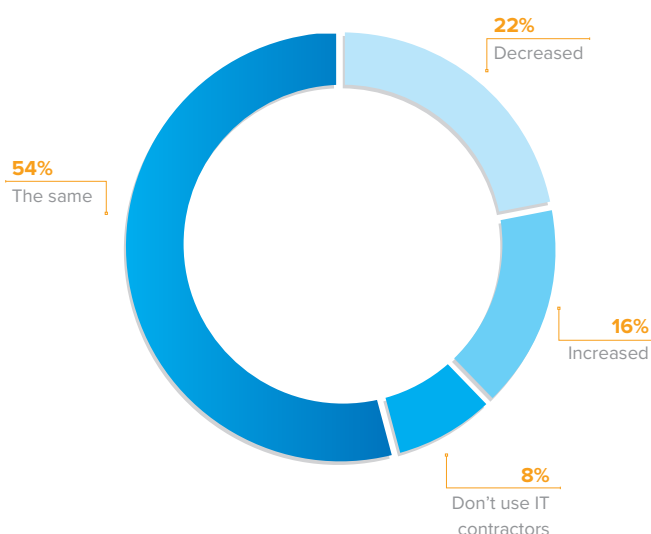
Salaries: Show us the Money

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

Salary reductions, deferrals or the removal of bonus payments, and reductions in hours, stand downs and terminations as a result of COVID-19 have all been widely reported. These actions have been taken to enable organisations to continue operating. It is likely that over the next two years, unemployment will be at its highest levels since at least 2009. The early impact of this is evidenced in this result, which shows a drop in increase from 1.75% to 1.01% since January 2020.

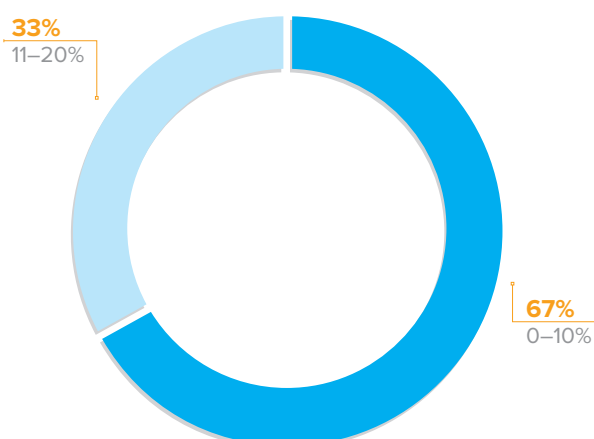|	Dec 2012	Dec 2013	Dec 2014	Dec 2015	Dec 2016	Dec 2017	Dec 2018	Dec 2019	July 2020
Expected	2.06%	1.94%	1.54%	1.76%	1.90%	1.85%	1.89%	1.75%	**1.01%**
Actual	2.43%	2.56%	1.27%	1.79%	1.73%	1.93%	1.59%	–	1.08%

Data coming Dec 2020

Legend: Expected ■ Actual ■

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

In January 2020, just 3% of respondents reported a decrease in IT Contracting pay rates. The five year average was 6%. Our COVID-19 data shows a surge to 22%. The previous record was 18% in 2013. This data is tempered somewhat by the fact that over half, at 54% of respondents, report unchanged pay rates. There is also a modest cohort of 16% who reported an increase. Given demand across the spectrum of IT roles will fluctuate significantly, pay rates for some role types are going to be much more resilient than others.

22%
Decreased

54%
The same

16%
Increased

8%
Don't use IT contractors

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

Interestingly, this report shows fewer respondents have made IT staff redundant compared to January 2020, the figures dropping from 28% to 23%. Given the high cost of redundancies for tenured staff, together with the Government's Jobkeeper payment, we would not be surprised to see this figure increase in the January 2021 survey data.

July 2020
77% No | **23%** Yes

Dec 2019
72% No | **28%** Yes

Dec 2018
79% No | **21%** Yes

Dec 2017
68% No | **32%** Yes

Dec 2016
73% No | **27%** Yes

Dec 2015
66% No | **34%** Yes

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

33%
11–20%

67%
0–10%

Following on from the commentary above, those expecting to make redundancies in the next 12 months has climbed from 22% to 33% of respondents. Not every organisation will be able to survive, innovate and prosper through the impacts of COVID-19. Increased numbers of redundancies seem inevitable.

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

July 2020
63% No | **37%** Yes

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

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

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

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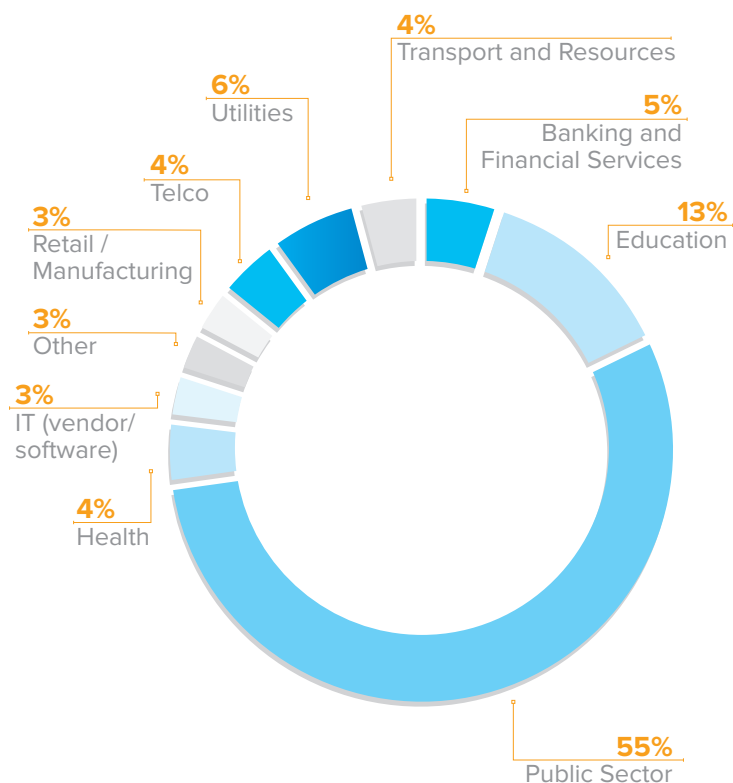**79%** No | **21%** Yes

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

About You and Your Organisation

? What industry sector is your organisation in?

- **4%** Transport and Resources
- **5%** Banking and Financial Services
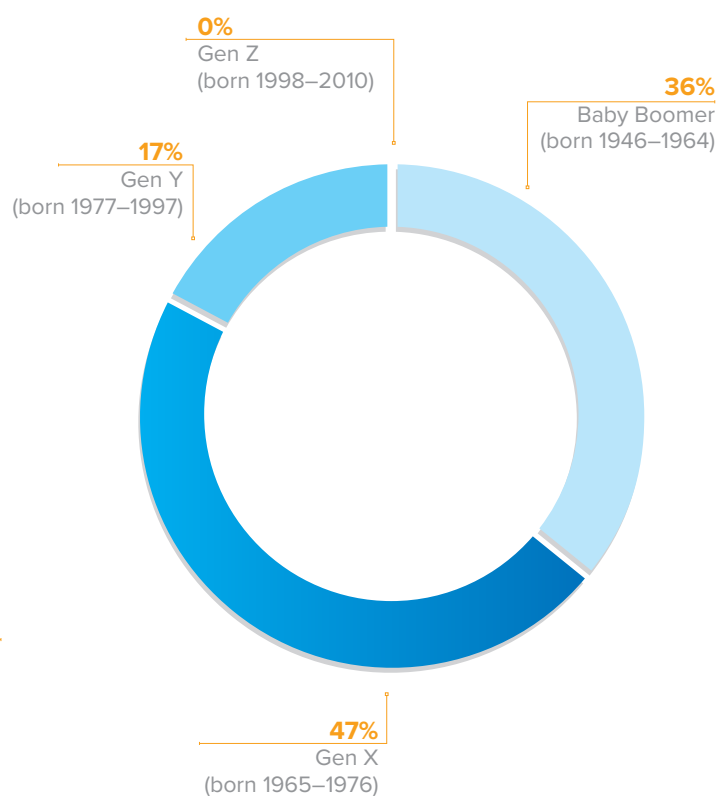- **6%** Utilities
- **13%** Education
- **4%** Telco
- **3%** Retail / Manufacturing
- **3%** Other
- **3%** IT (vendor/software)
- **4%** Health
- **55%** Public Sector

? How many staff do you have responsibility for?

- **4%** 101-500
- **1%** 500+
- **10%** 51-100
- **17%** 0
- **24%** 11-50
- **44%** 1-10
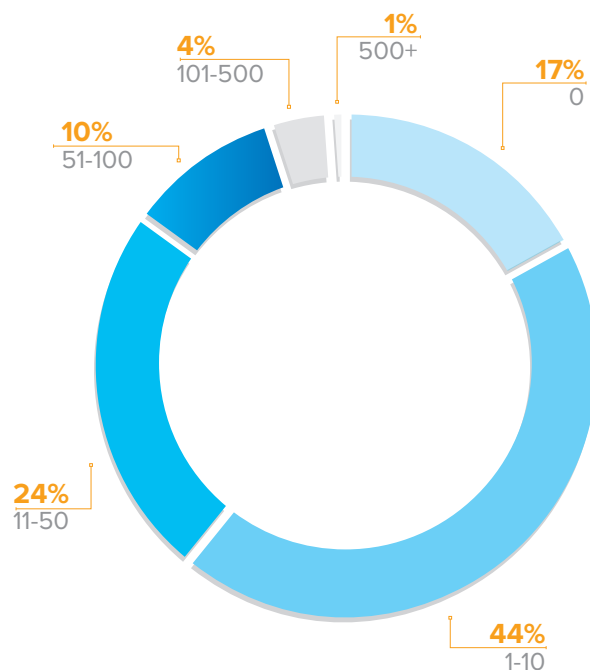
? How long have you been working at your current employer?

- **13%** Less than 1 year
- **19%** More than 10 years
- **4%** 7–10 years
- **20%** 4–6 years
- **44%** 1–3 years
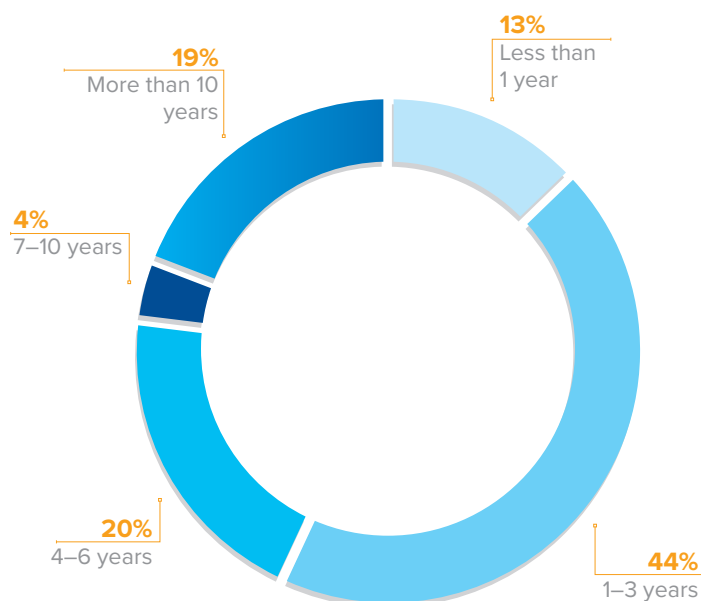
? Do you consider yourself:

- **0%** Gen Z (born 1998–2010)
- **36%** Baby Boomer (born 1946–1964)
- **17%** Gen Y (born 1977–1997)
- **47%** Gen X (born 1965–1976)

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