



Clicks IT Recruitment & Retention Report

2012



2012 CLICKS IT RECRUITMENT AND RETENTION REPORT

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INTRODUCTION FROM OUR MANAGING DIRECTOR

Firstly, thank you to all our respondents who took time out to contribute information to the 2012 Clicks IT Recruitment and Retention Report.

There are many contrasts between this year's report and our 2011 report. The economic difficulties that became increasingly apparent during 2011 are reflected in this year's responses. In the same way that 2011 failed to meet expectations, perhaps 2012 will exceed them.

When organisations are under pressure to reduce costs, increase productivity and "do more with less", finding and retaining the best people can make a big difference.

These are the issues that I believe Clicks can help you overcome.

I look forward to Clicks continuing our relationship with you over the year. Please feel free to contact me at any time if you want an update, or if you need our support with your recruitment activity.

Best wishes



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1. KEY FINDINGS

During December 2011 we received over 320 responses to our 13th survey and analysis of organisations in Sydney, Melbourne and Canberra. Data is compared to that gained 12 months ago and is analysed by organisation size and sector.

In summary the data reveals:

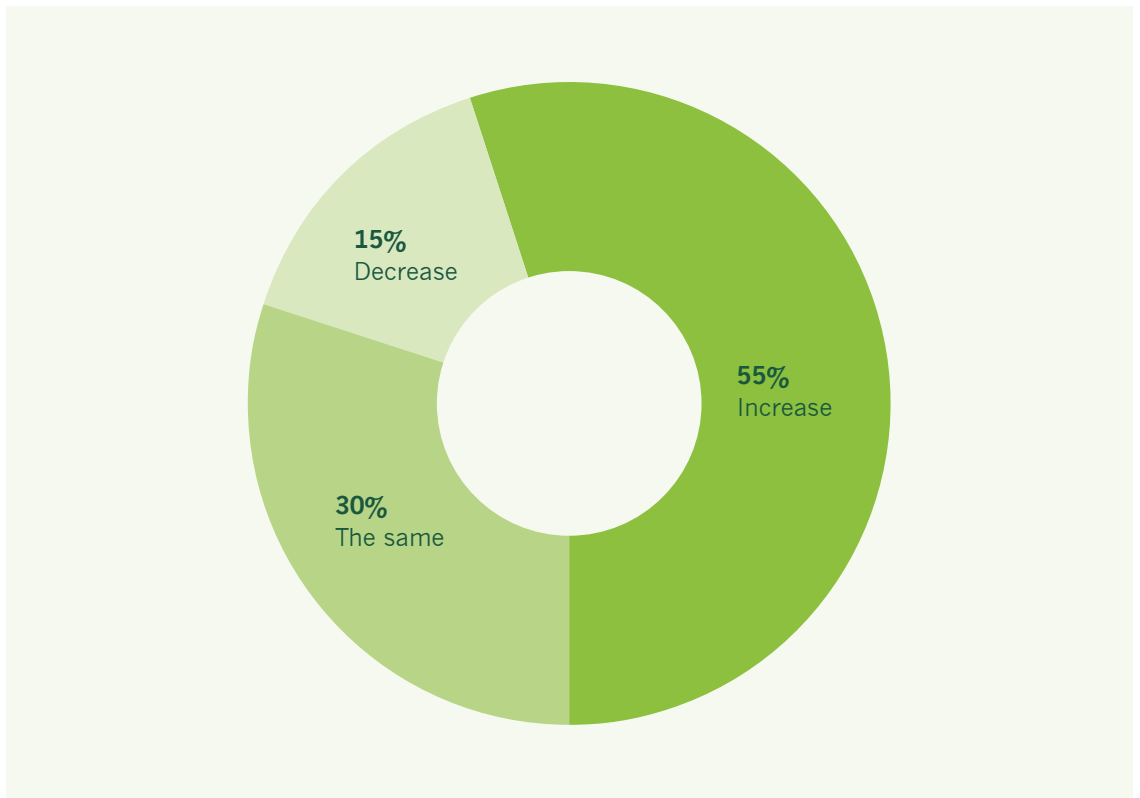
- A resilient business environment with more respondents expecting to increase sales revenue – but also an increase in those expecting to decrease.
- A sharp fall in those planning to spend more on IT in 2012. More respondents report a decrease in their IT budget than an increase – for only the 3rd time in 13 years of this report.
- Hiring intentions are accordingly much more subdued – many more respondents expect to reduce IT staff numbers than increase them.
- There is no real pressure on IT staff salaries – but this could change as we move towards 2013.
- Contractor rates grew quite strongly in 2011 but could come under more pressure in 2012.
- There will be continued strong demand for specialist skills in IT architecture, applications and infrastructure development.
- Retention is clearly recognised as a key issue and staff turnover levels are stable compared to 12 months ago.
- 25% of respondents expect to make redundancies in 2012.
- We're all working harder – the number of respondents who require IT staff to work 10+ weekends a year has increased by 40%.

2. BUSINESS ENVIRONMENT

2.1 Sales Turnover

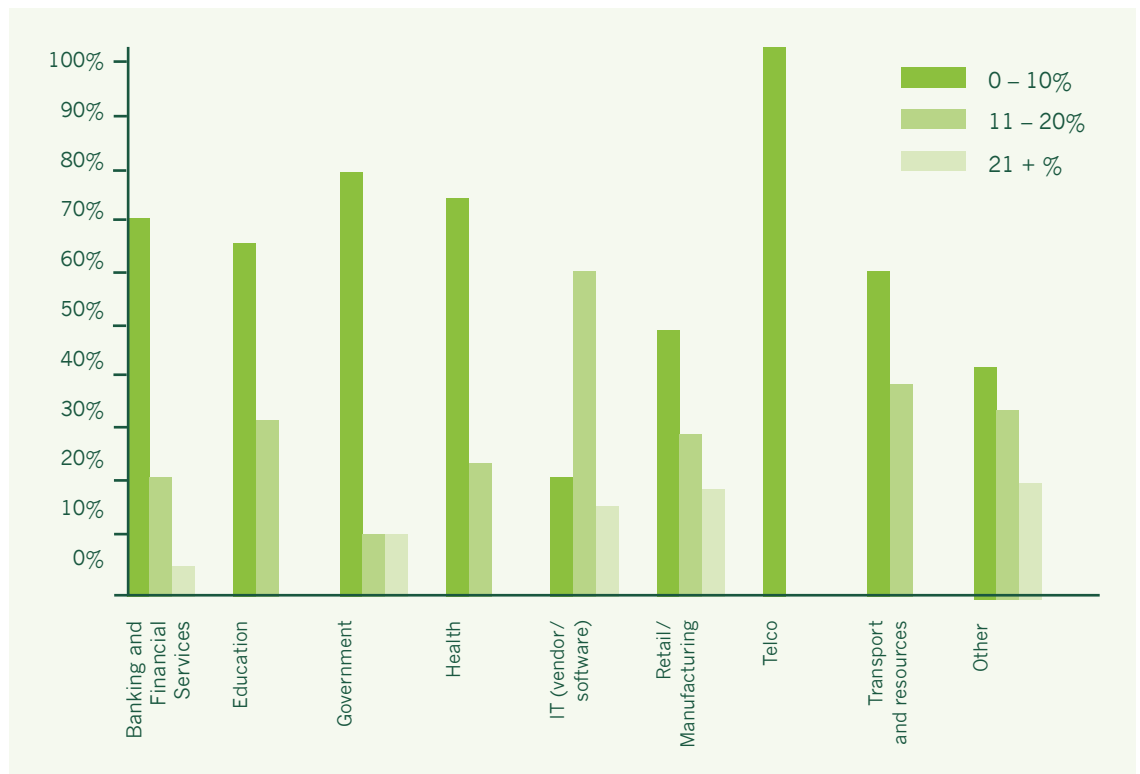
This may be drawing a long bow, but our results add weight to the “two speed” economy. There has been an increase in both the number of respondents expecting to increase (from 52%) and those expecting to decrease (from 10%) sales turnover over the next 12 months.

2.1.1 Over the next 12 months, how do you expect your sales (\$ turnover) to change?



Of those expecting to increase, as figure 2.1.2 shows, the growth is generally very modest, single digit growth. The exception being IT (Vendor/Software); 80% of respondents from this sector who expect an increase in sales are forecasting growth of 11% +.

2.1.2 If you expect an increase, by what percentage? (by Industry sector)



2.2 IT Budget

The sales outlook described above translates into a significantly more subdued IT spending environment for 2012. 27% of respondents report an increase in their IT budget (down from 42%) whilst 35% report cuts to their IT budget (up from 21%). This is only the 3rd time in 13 years a higher percentage of respondents have reported a decrease.

The main sectors that seem to be affected are:

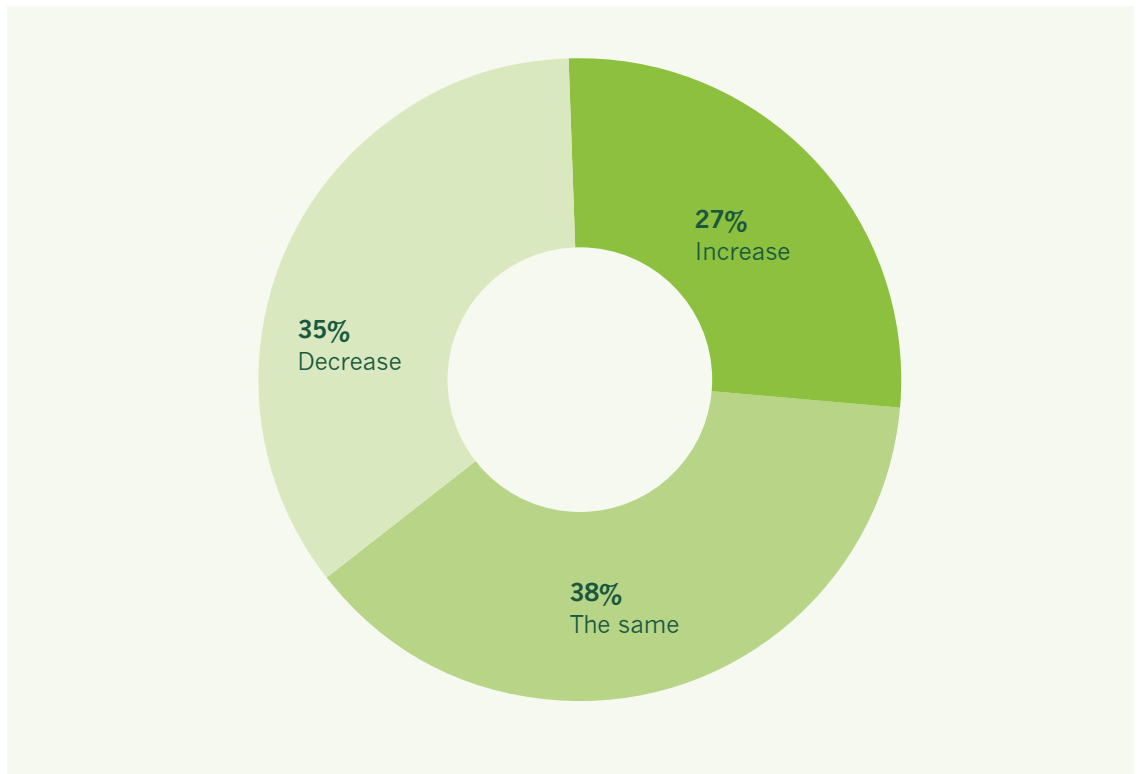
- Banking and Financial Services, who report the impact of “global market volatility”, “reduced margins”, “less organisational growth”, “competitive cost pressures” and the “wholesale funding squeeze”;
- All levels of Government who report “efficiency drivers”, “funding/budget cuts” and “austerity measures”.

Overall, across most sectors there was a focus on cost over growth.

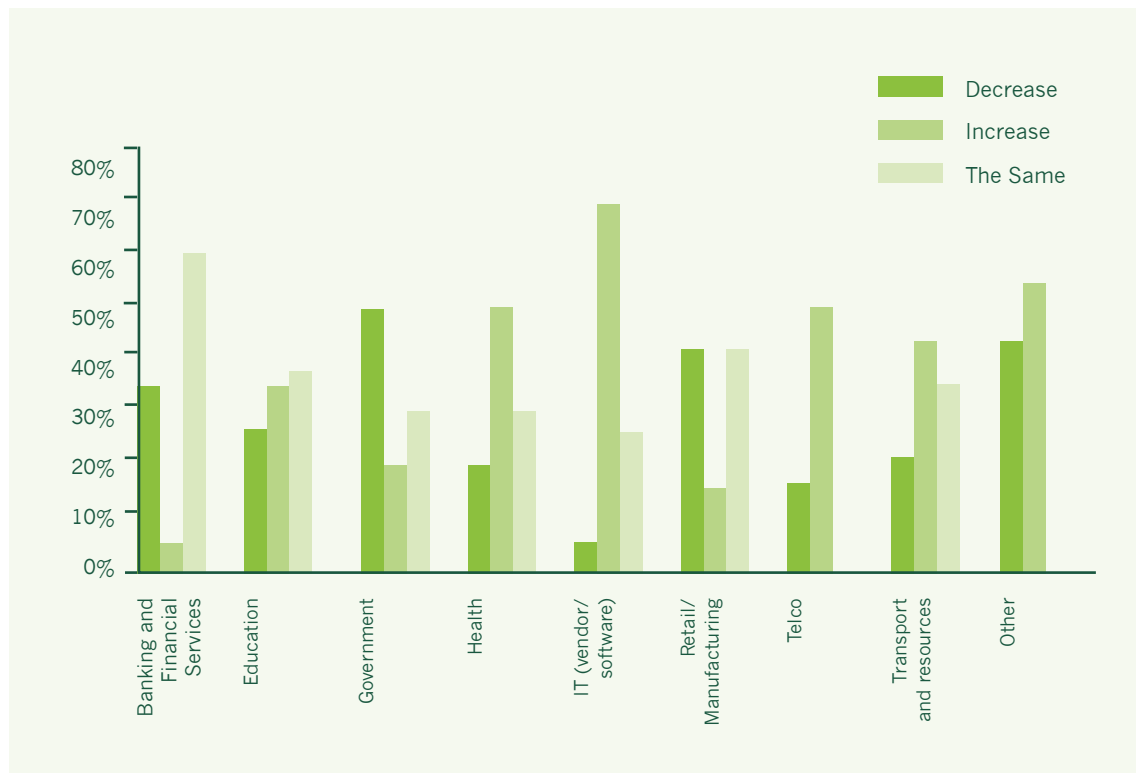
The sectors that reported an increase to IT budgets include Utilities, Transport/Resources and IT (Vendor/Software); however the reasons provided were more related to the specific circumstances of the organisation than the sector they belong to. Reasons provided for increases include “business enablement through emerging technologies”, “mobility and cloud services”, “software renewal projects”, becoming “acquisition ready”, “transformation” and “connectivity and collaboration”.

Overall, it is clear that there is a lot of change and that this presents both a range of threats and a range of opportunities for organisations in the coming year.

2.2.1 Change in IT budget over the next 12 months

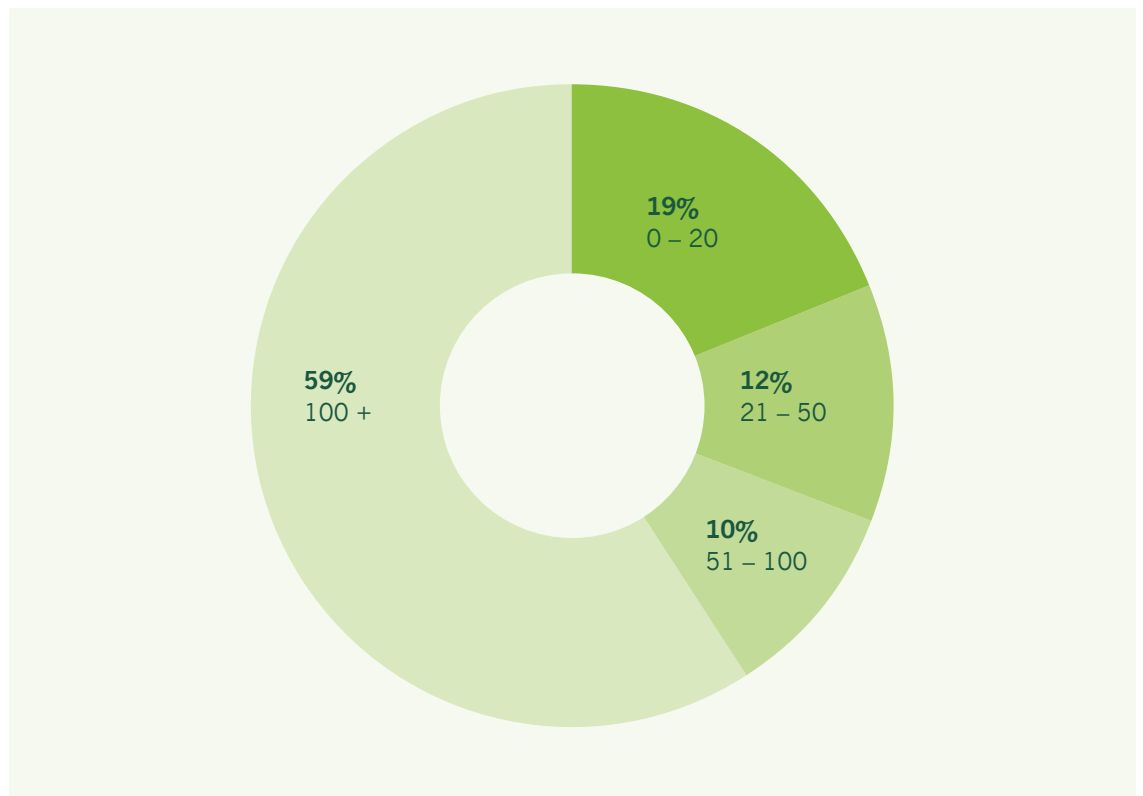


2.2.2 Change in IT budget by Industry sector



3. STAFFING LEVELS: 'HIRING OR FIRING?'

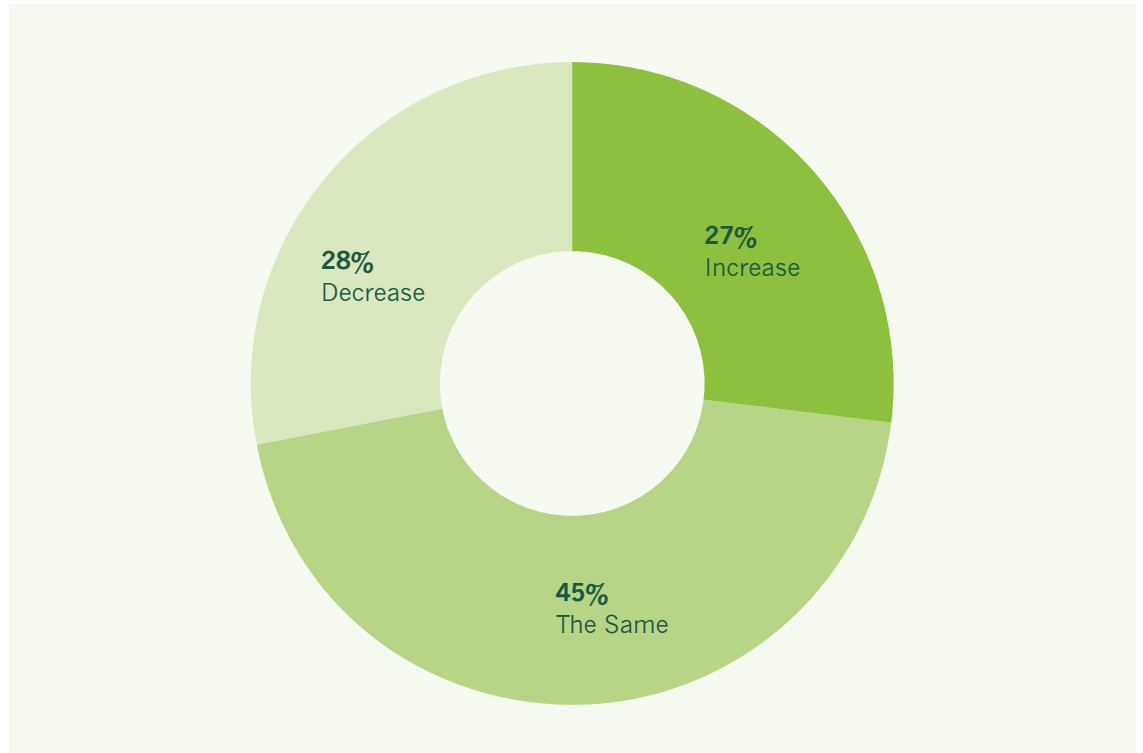
3.1 Survey respondents by number of IT staff



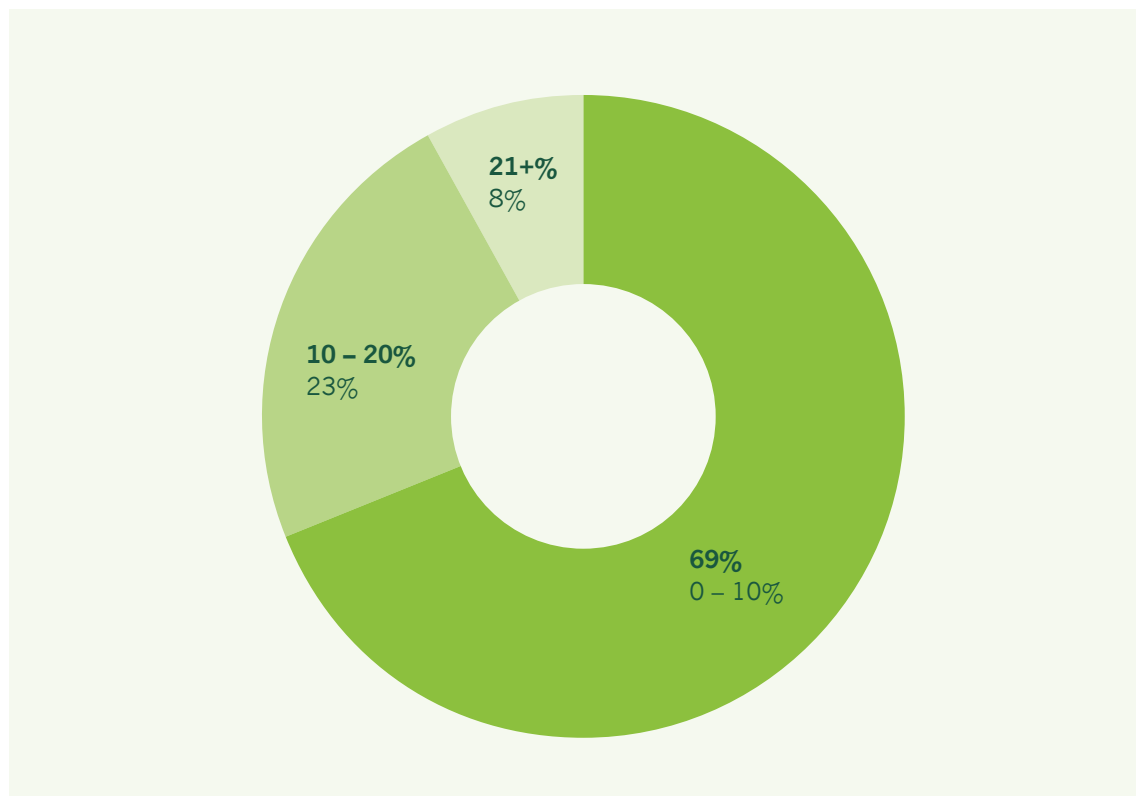
Unsurprisingly, the slowing of IT spend is reflected in a more subdued IT staff hiring environment. 27% expect to increase staff numbers (down from 45%) and 28% to decrease (up from 12%). 38% expect to increase their permanent staff numbers (from 50%) and 25% expect to use more IT contractors (steady at 25%). However, 38% of respondents expect to continue their use of contractors at current levels.

A number of respondents spoke of the expectation of greater flexibility, that if demand increases it will need to be handled by current staff levels.

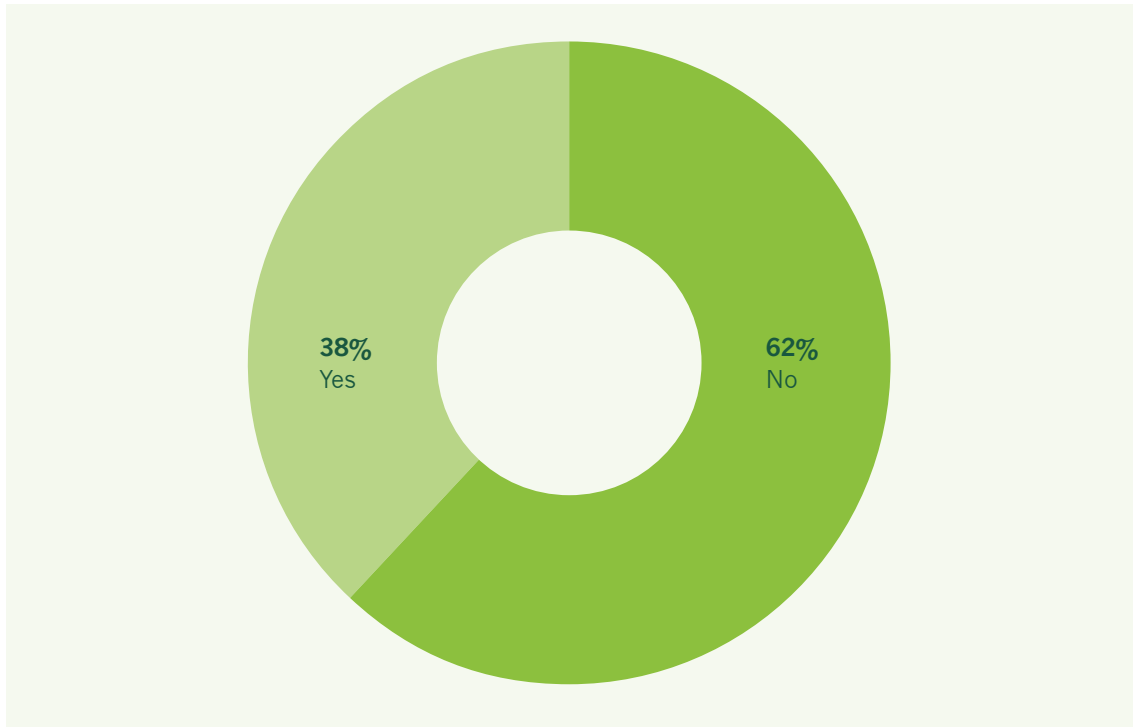
3.2 Over the next 12 months, how do you expect your total IT staff numbers to change?



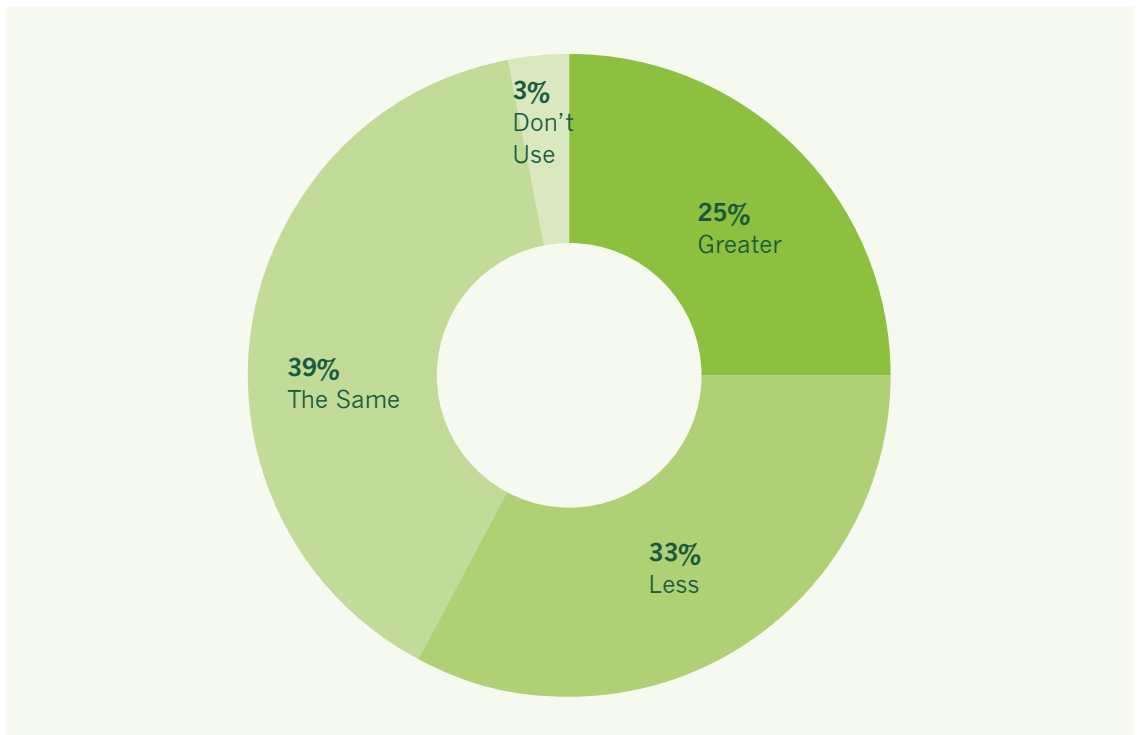
3.3 If increasing, by what percentage?



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

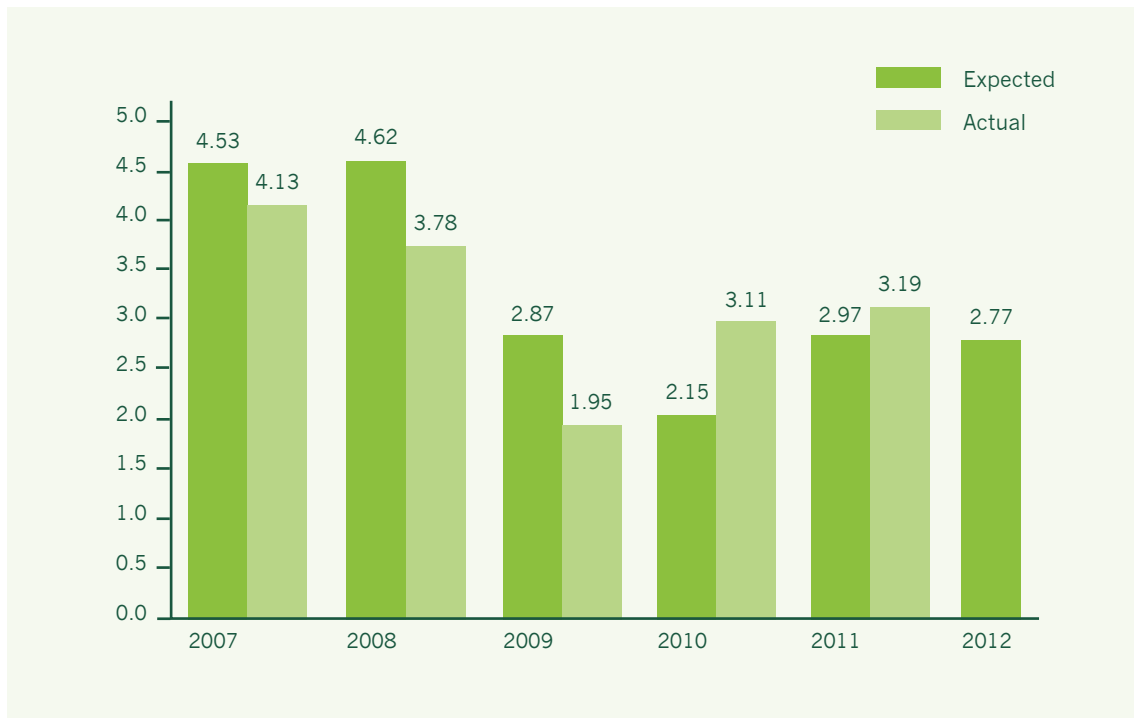


3.5 Over the next 12 months, do you expect your usage of IT Contractors will be greater or less than over the last 12 months?



4. SHOW US THE MONEY

4.1 Comparison of expected IT salary increase rate compared with actual over the last 5 years.



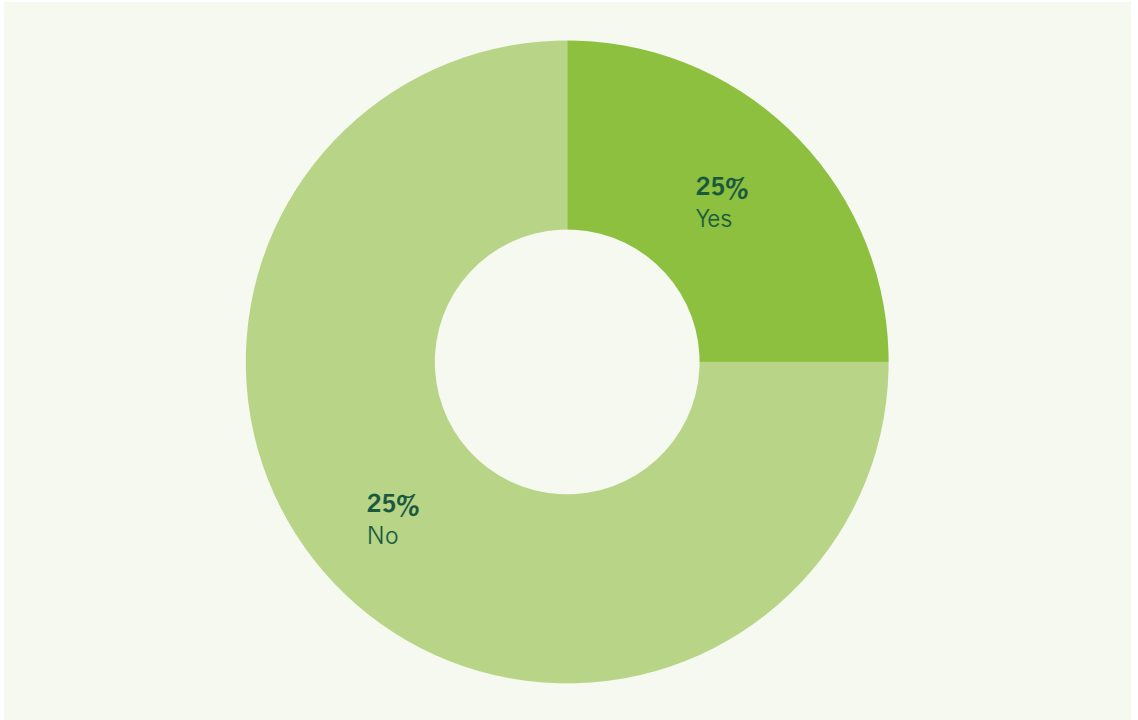
12 months ago our respondents were anticipating very strong hiring demand for IT staff during 2011. However the year didn't turn out quite as expected, with economic uncertainty increasing as the year progressed. Organisations also scaled back or deferred the activity that the strong demand was predicated on.

Right now, we don't see too much pressure on salaries. In the short term this will reduce further, but at some point (we think 2013) we'll see considerable salary pressure. By then, there will have been 4 years of circa 3% growth – well below the long term average for IT staff.

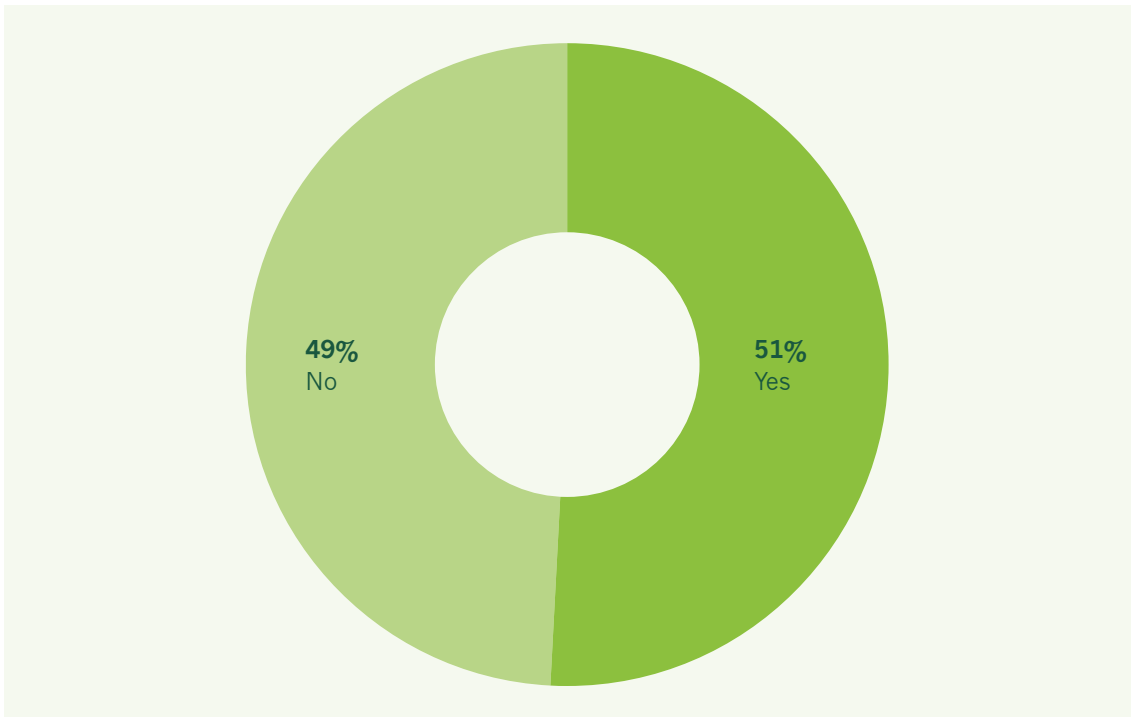
25% of respondents reported having made a counter offer during the year. It is interesting to note that when we surveyed job seekers to produce our 2012 Job Seekers Climate Report, 95% of respondents who had received a counter offer reported they decided to leave anyway. It is a strong indication that counter offers don't work.

Contractor rates have increased more than you might expect in the current environment. 37% of respondents reported they have experienced an increase in contractor rates. Of those, 72% report increases of 0-5%, 21% reported 6-10% and 7% reported 10%+.

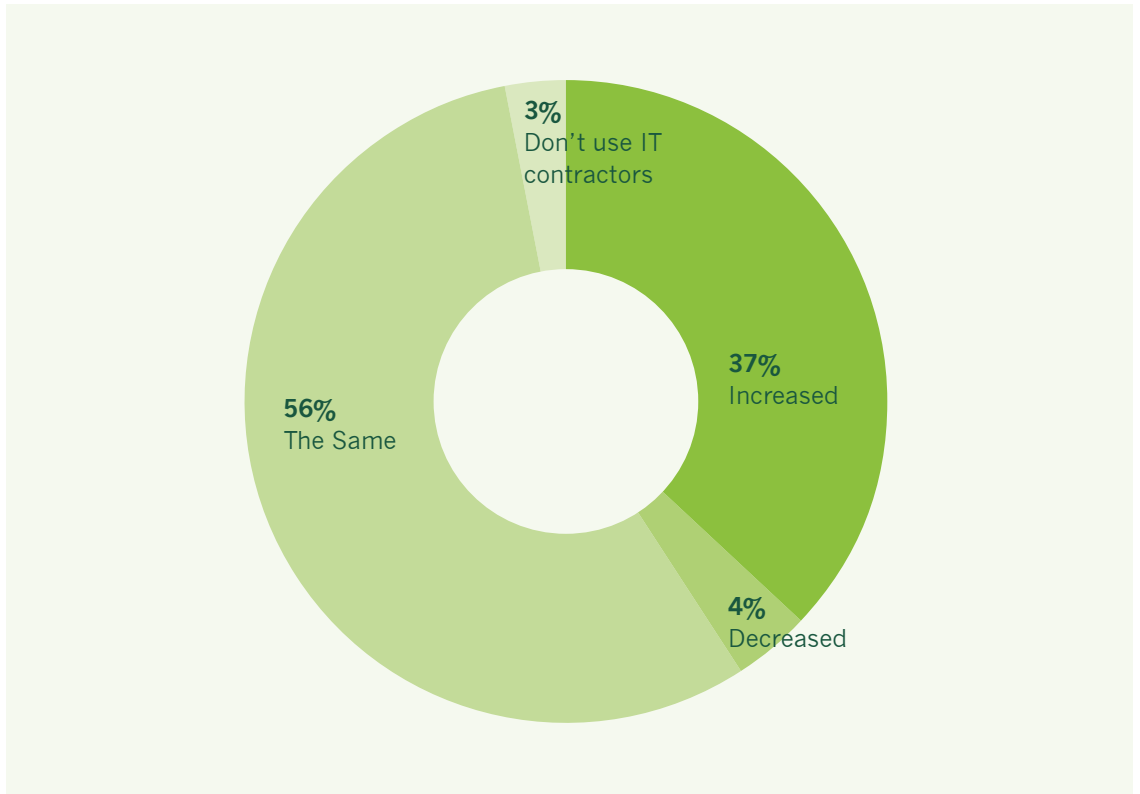
4.2 Over the last year, have you had to counteroffer an IT employee who had resigned, in order to retain their services?



4.3 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?

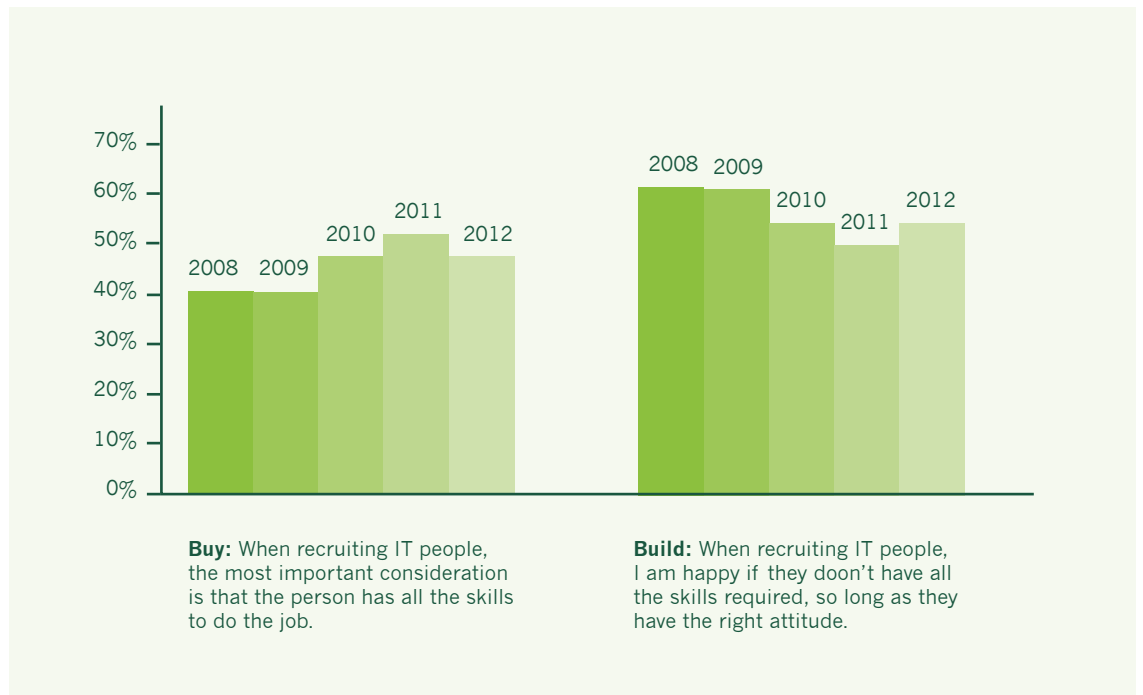


4.4 Compared to 12 months ago, how have the rates that you pay for IT contractor staff changed?



5. RECRUITMENT STRATEGIES: BUY OR BUILD?

5.1 Which statement most closely reflects your approach to recruitment? (Comparison last 5 years)

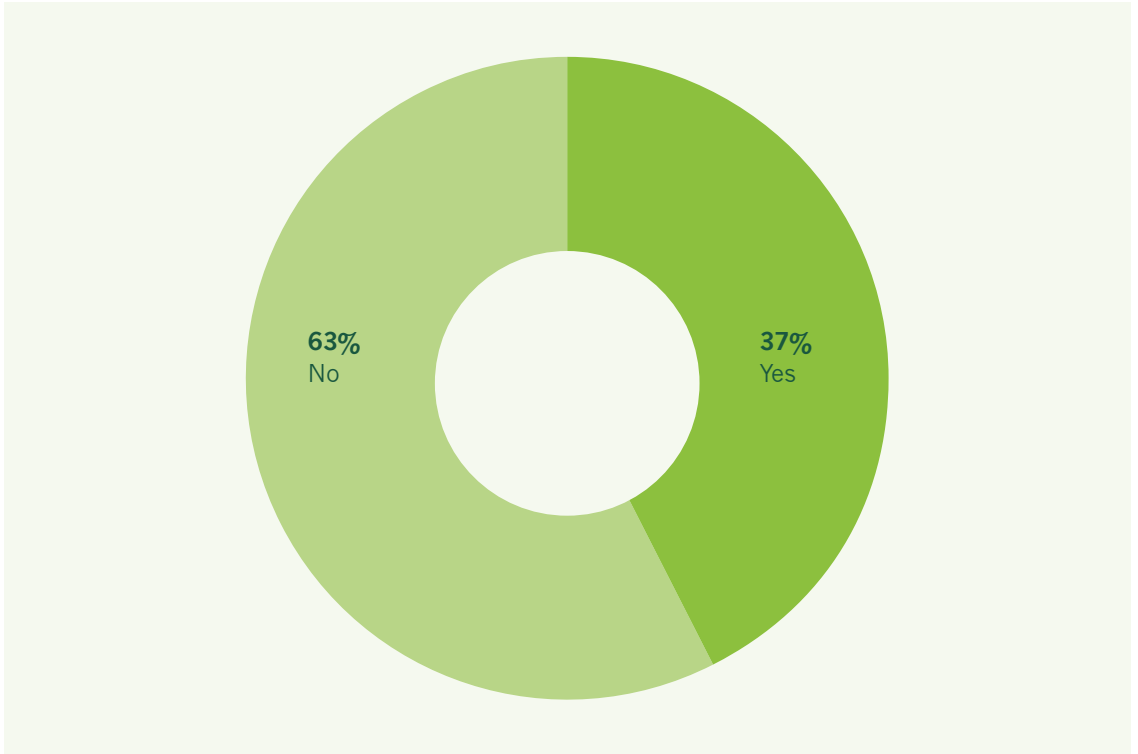


It is encouraging that there has been a small move back to those adopting a “build” approach to recruitment. We’d like to see a much stronger focus on this as there is a strong correlation between “build” strategies and improved staff retention. Whilst many employers do a great job at this, there are still too many who shout “skills shortage” when it is really a shortage of willingness to invest in people through training and skills transfer.

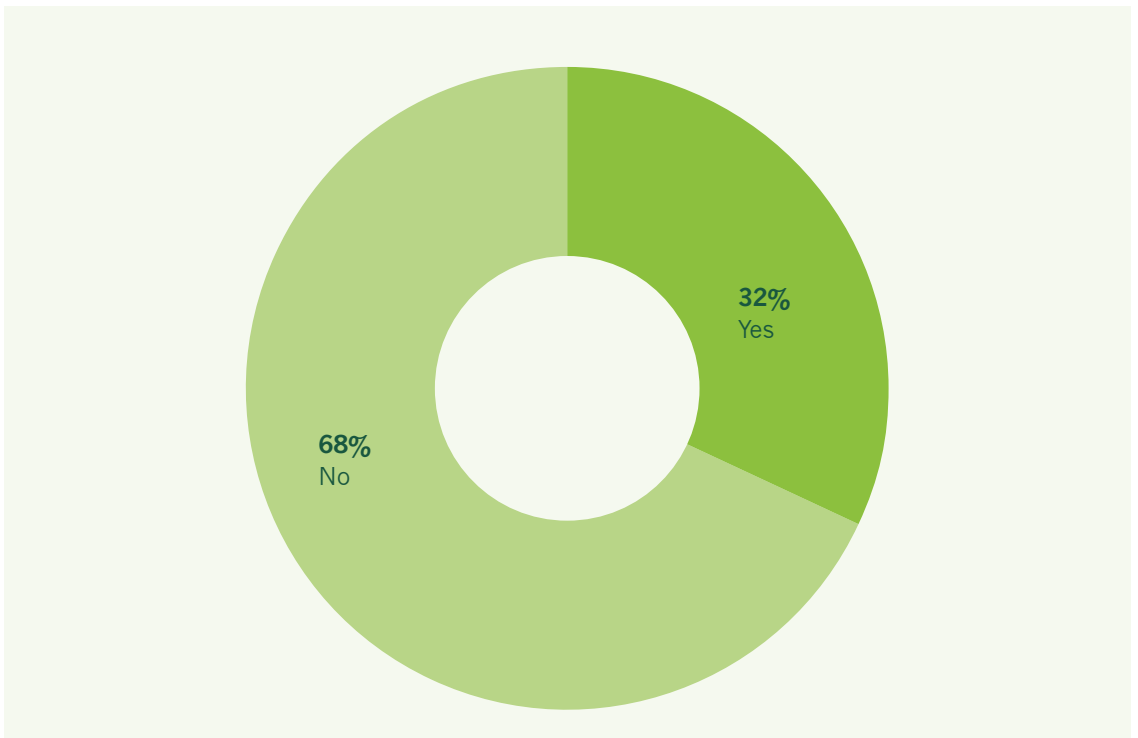
32% of respondents hired graduates in the last year which is still very low.

Many respondents spoke of the need to retain their best staff. Good people are more likely to be retained when they can see a career path and a commitment to their development.

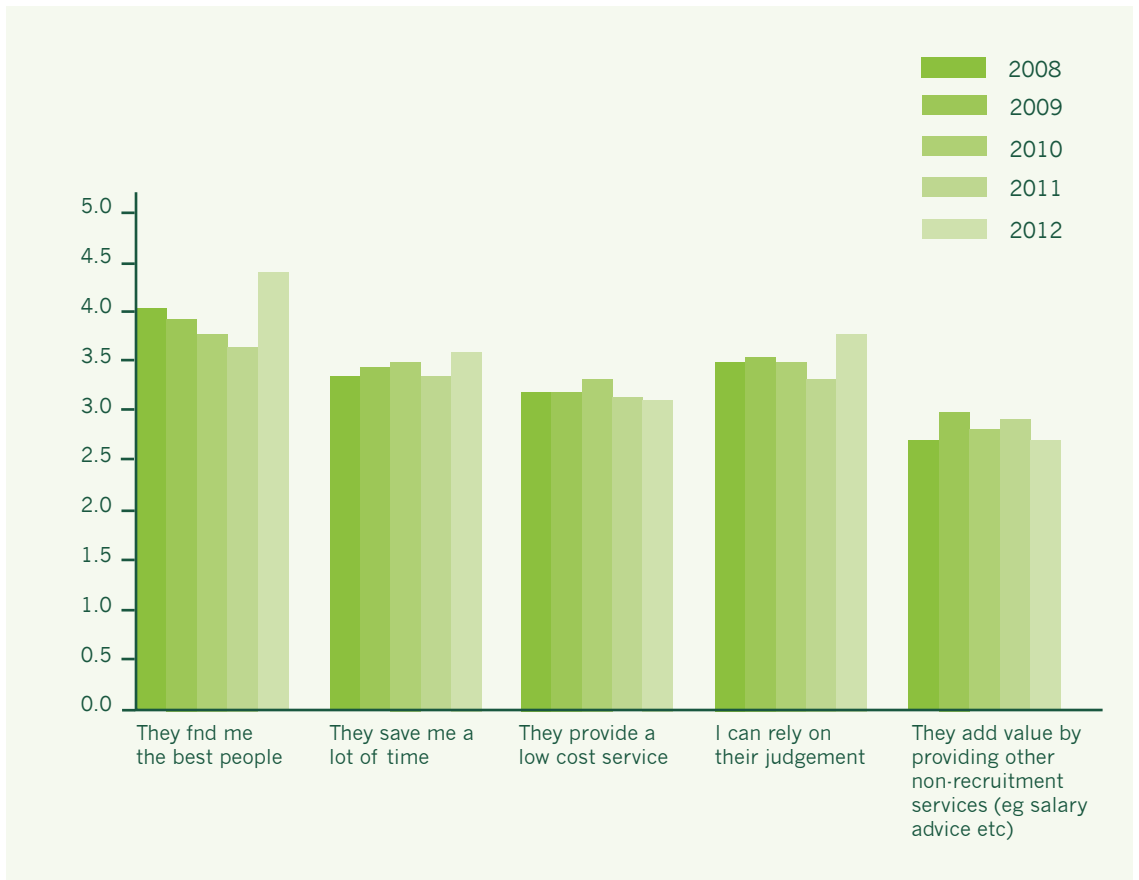
5.2 Do you have a graduate recruitment program for IT staff?



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



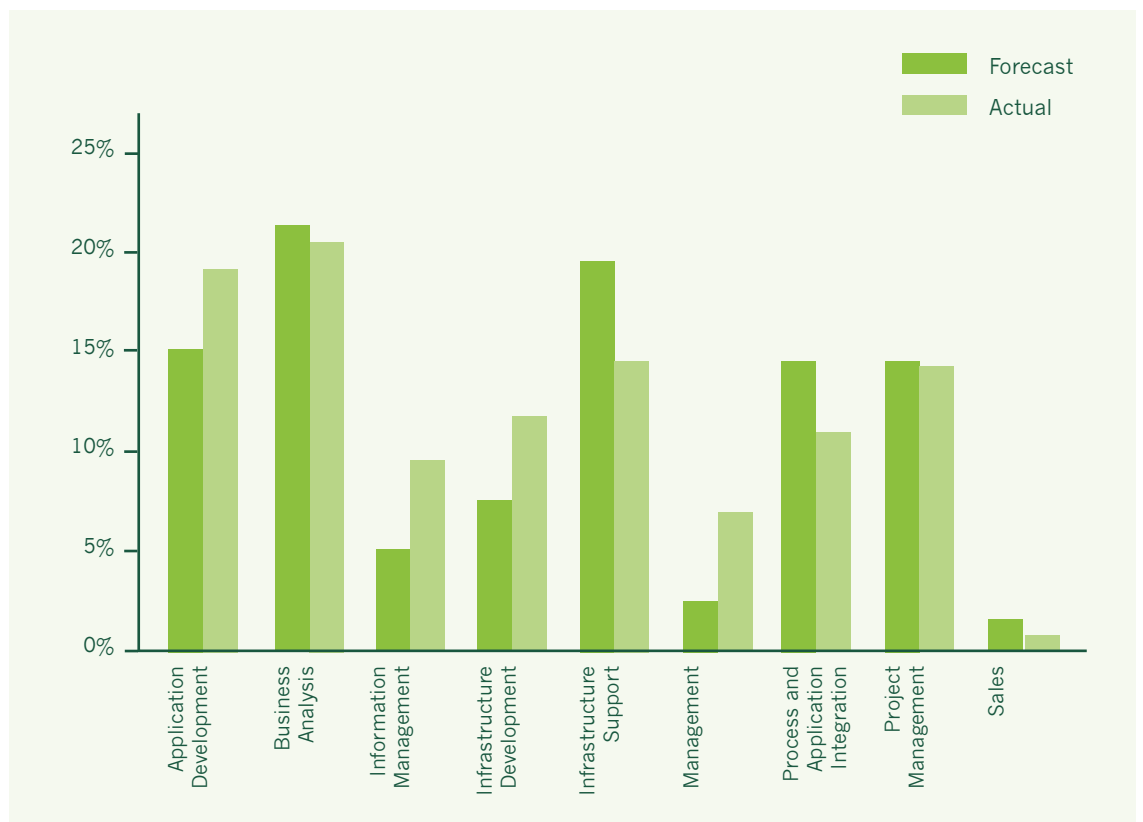
5.4 What is most important to you in the service you receive from your recruitment partner? (where 1 is least important and 5 is most important) Comparison last five years



The response to this series has seen a significant change this year compared to previously. Perhaps it's a realisation that without the "best people" around you, it's going to be hard to achieve your goals. There's also some indication that we are all increasingly time poor, both from a time saving point of view and a desire to rely on the "judgement" of others.

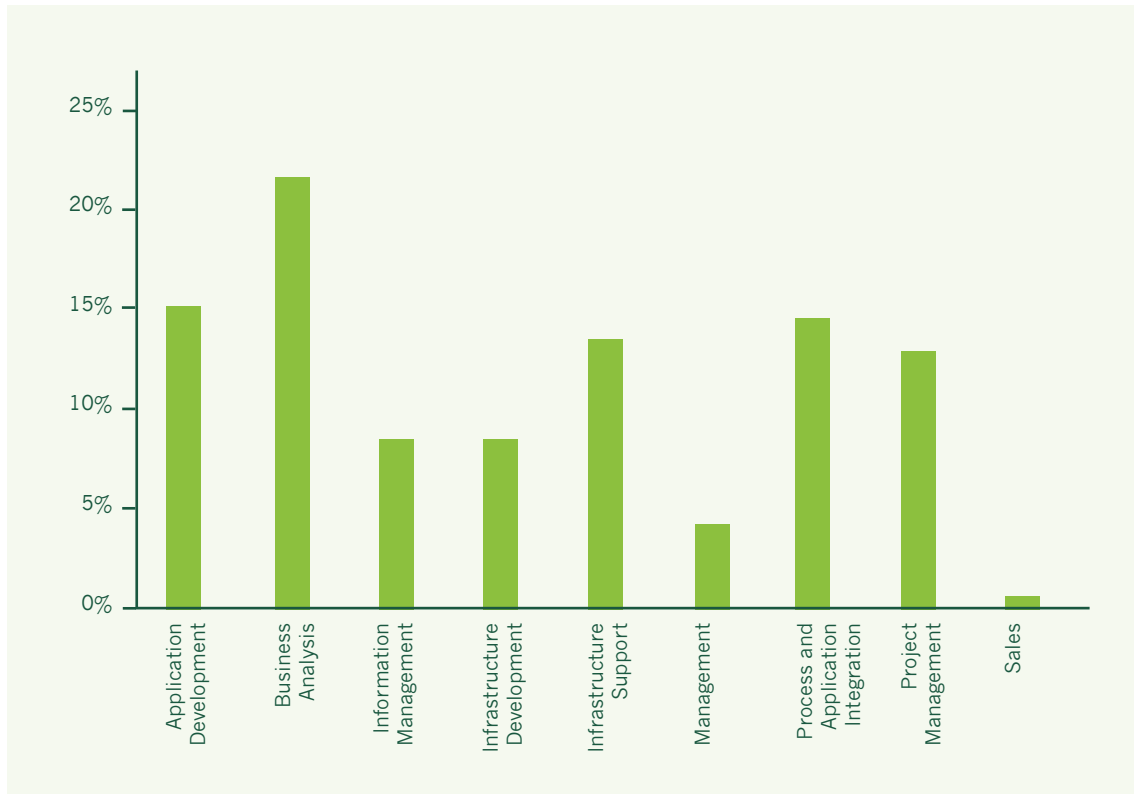
6. HOT SPOTS – WHO'S IN DEMAND?

6.1 Which IT roles are most difficult to recruit? Comparison of 2011 respondents' forecast against what was actually experienced by 2012 respondents in the last 12 months



Respondents experienced greater difficulty than they forecast in recruiting positions in four out of nine categories: Application Development, Information Management, Infrastructure Development and Management roles.

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



Responses indicate that there will be stronger demand for Business Analysis, Information Management and Infrastructure Development roles than previously. Other categories indicate similar demand to 2011.

More specifically, a large number of respondents reported the challenge of securing Enterprise and Solution Architects, Testers and in the application development space back-end J2EE skills.

Infrastructure applications like Sharepoint, Citrix and Exchange 2010 were also widely mentioned.

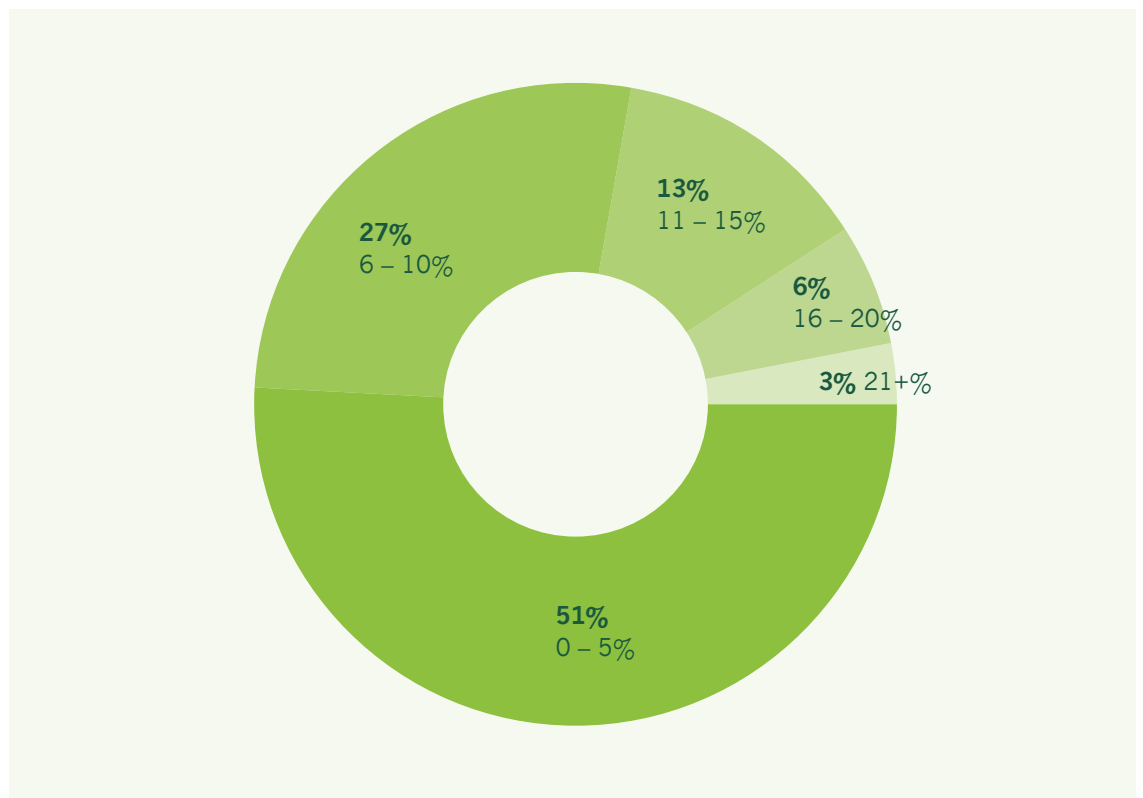
7. REVOLVING DOORS

Staff turnover appears to have changed very little in the last year with 49% experiencing a rate of 6% or more (50% previously).

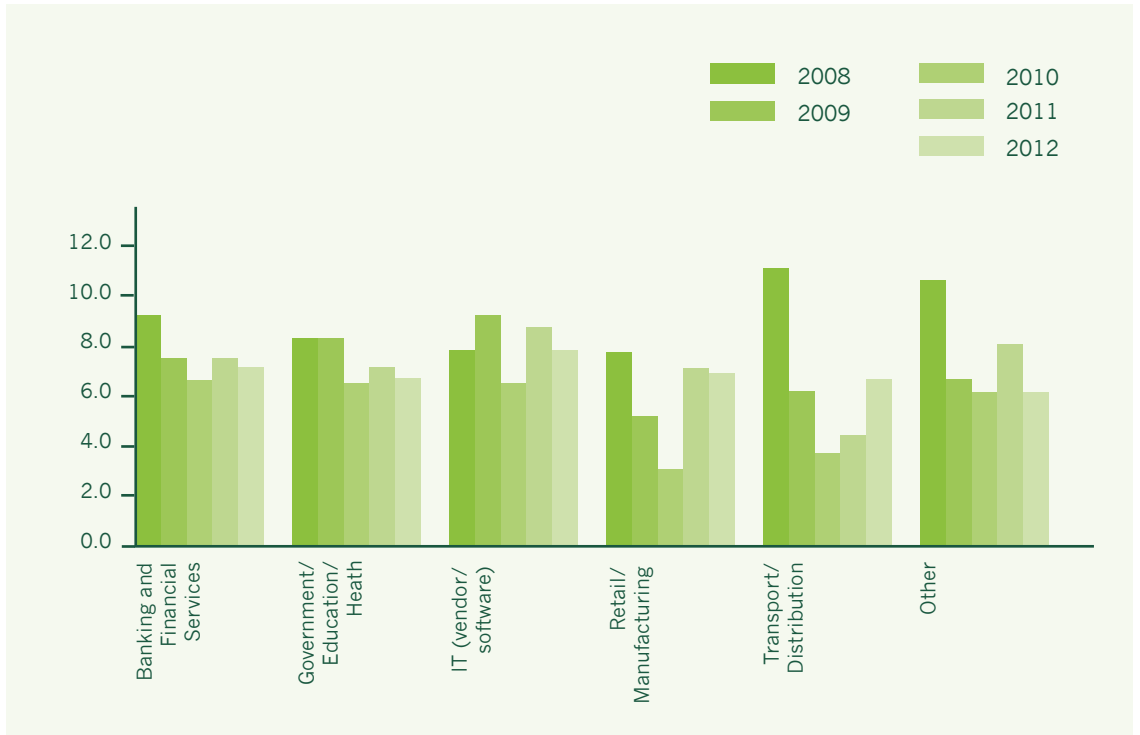
Involuntary staff departures rose slightly to 51% (50% previously) but the level of redundancies increased sharply with 28% of respondents indicating they have made redundancies (19% previously).

12 months ago only 15% of respondents expected to make redundancies in 2011 (but 28% actually did). This year 25% expect to make redundancies.

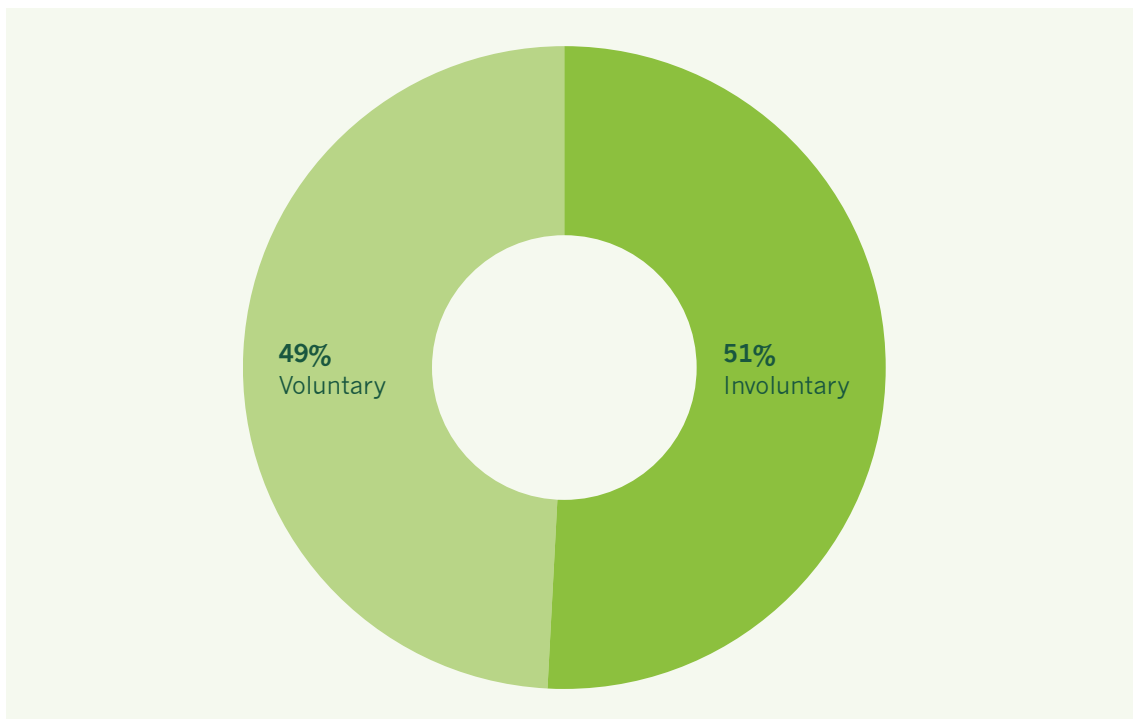
7.1 What has been the approximate % rate of your IT staff turnover over the last 12 months?



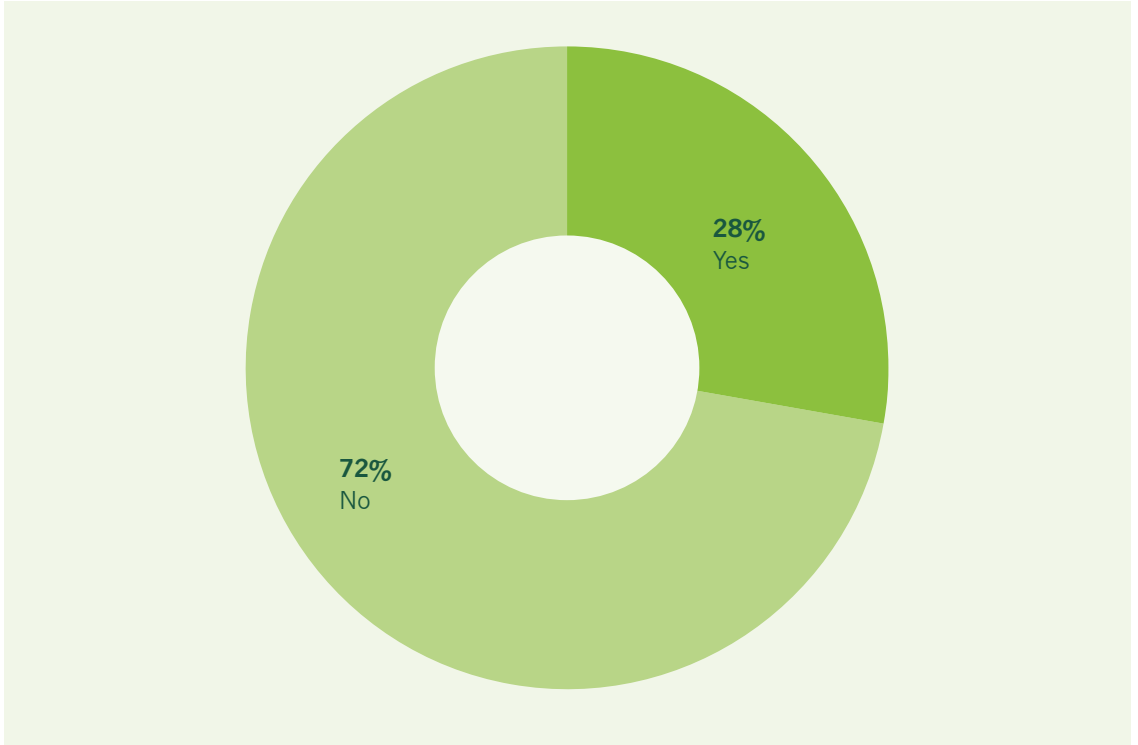
7.2 What has been the approximate % rate of your IT staff turnover over the last 12 months? (Comparison last 5 years)



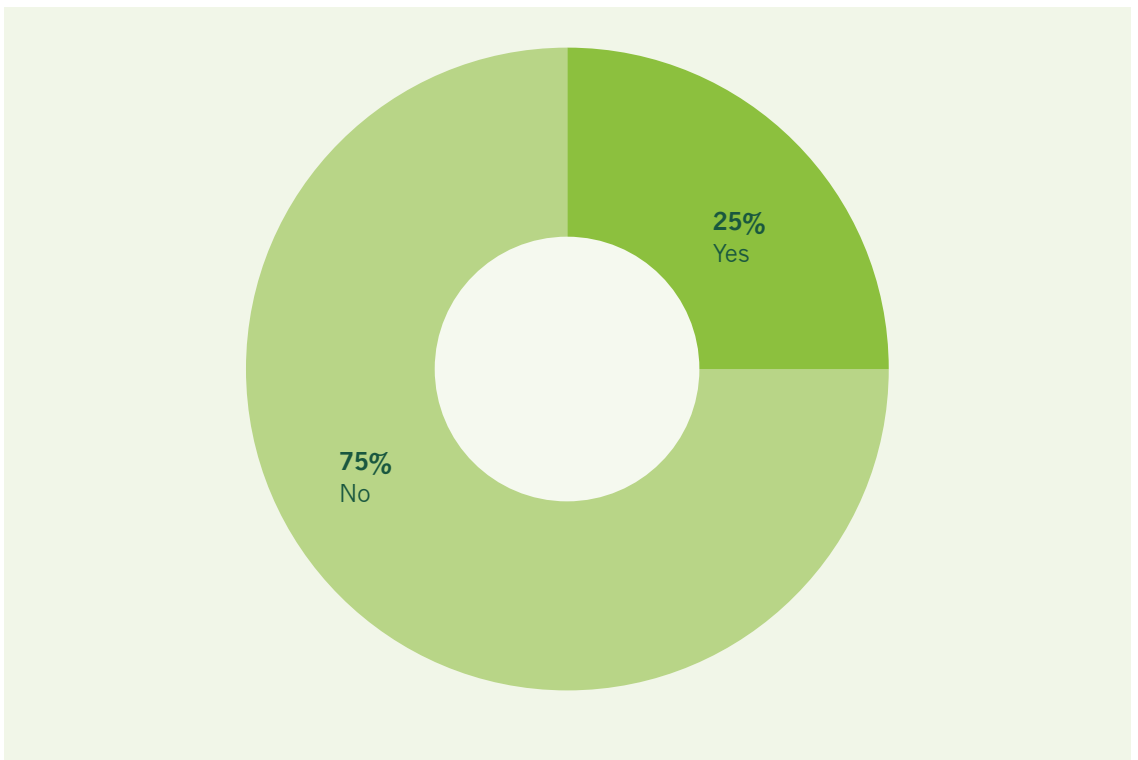
7.3 Of the people who left in the last 12 months, what % was involuntary and what % was voluntary?



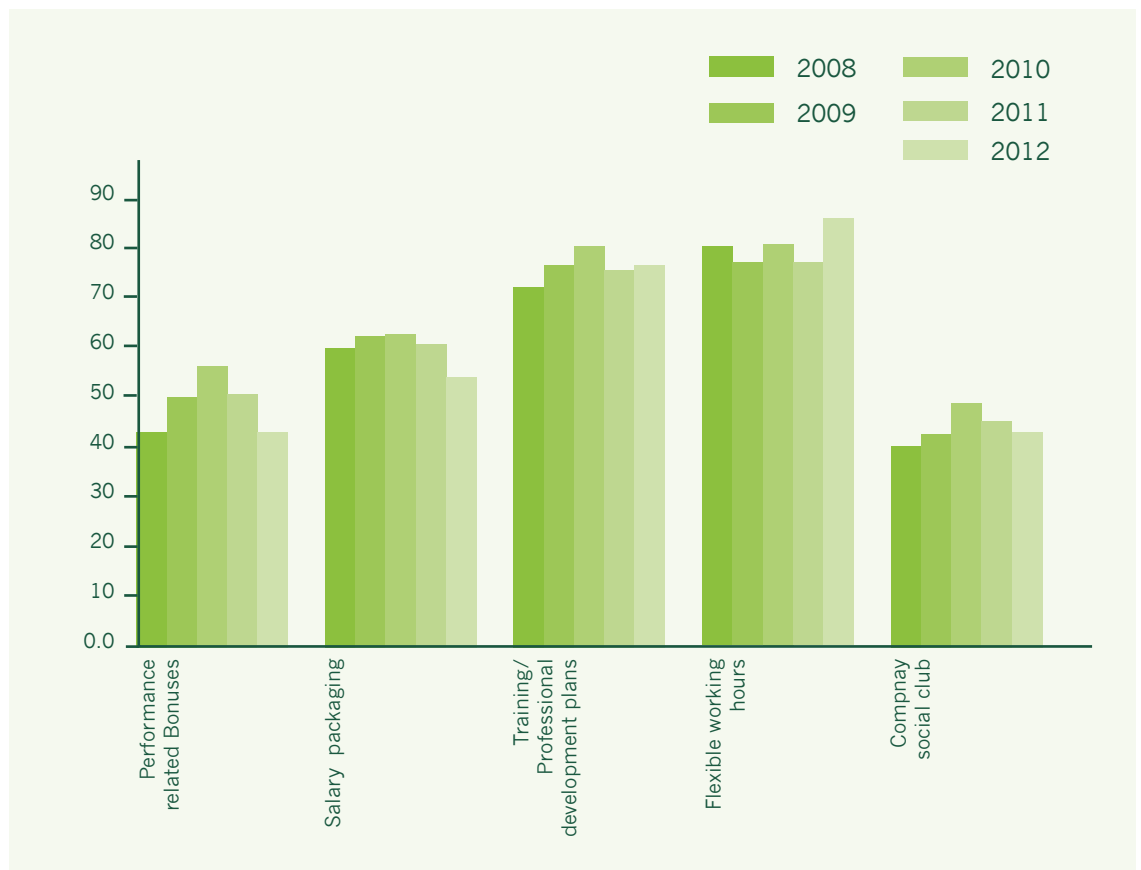
7.4 Have you made any IT staff redundant during 2011?



7.5 Do you expect you will make any staff redundant during 2012?



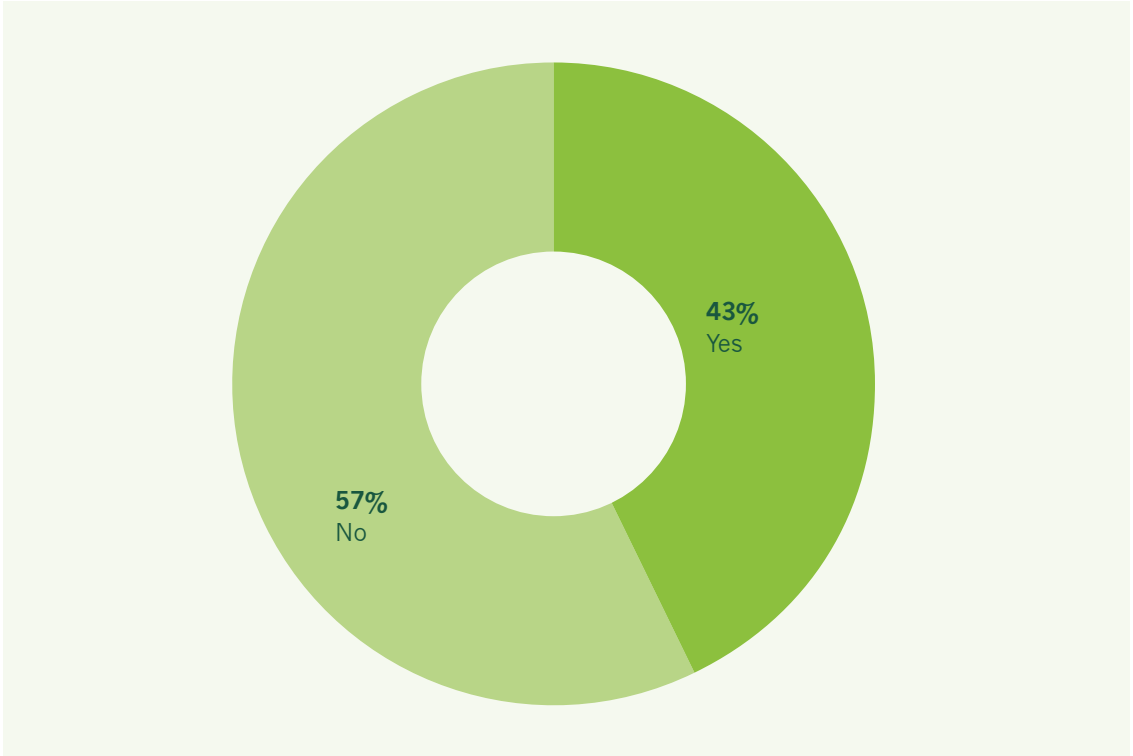
7.6 Which of these special initiatives does your organisation provide to improve your staff retention? (Comparison last five years)



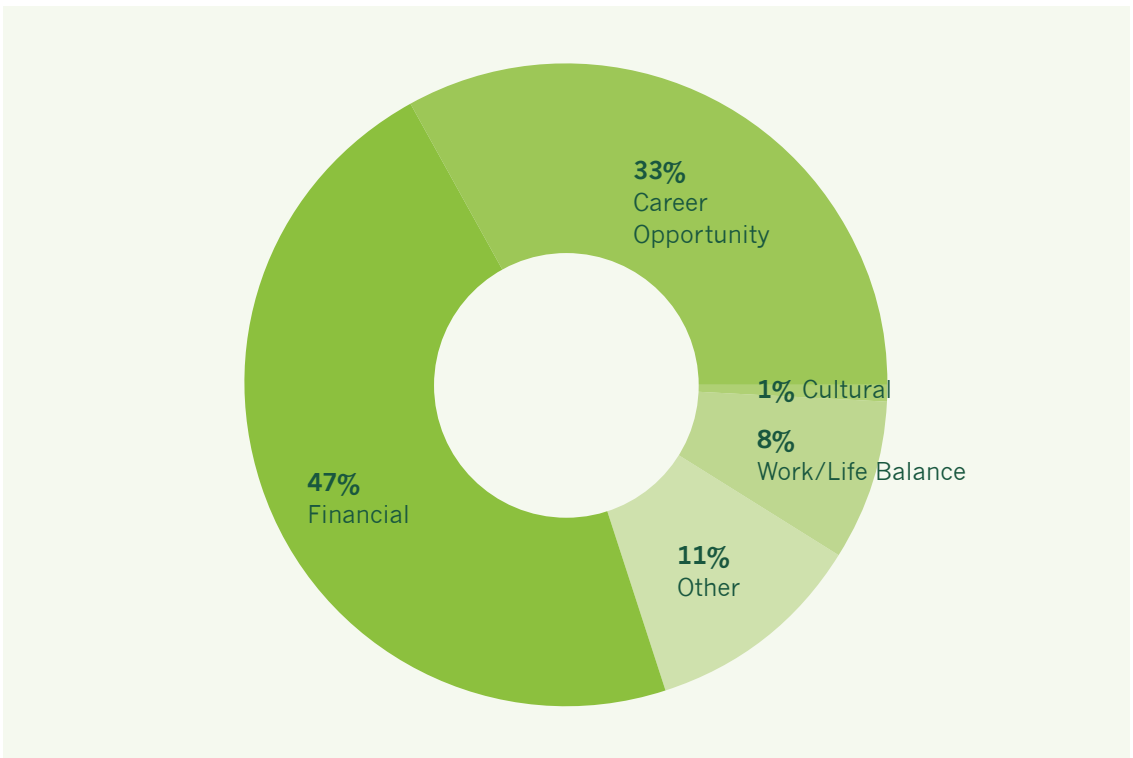
We received many additional responses to this section and they make for interesting reading. With respondents from large organisations the approach to retention is understandably quite formal: Diversity programmes, engagement surveys, health insurance, career planning. With smaller organisations the approach to retention is more of the “little things that go a long way” variety: “fruit boxes twice a week”, “pizzas on Friday”, or simply “fun working environment” and “flexibility”. Which do people value more? It probably depends on the leadership and how that leadership defines the culture of the group.

Clearly more and more thought is going into this issue and many responses indicate the consultative process that is undertaken to improve engagement. Ideas like “IT staff are engaged in the technical decision making process at the application and infrastructure architectural level” potentially costs very little and potentially makes a big difference to how valued someone feels.

7.7 In the last 12 months, have you had employment offers to candidates rejected?



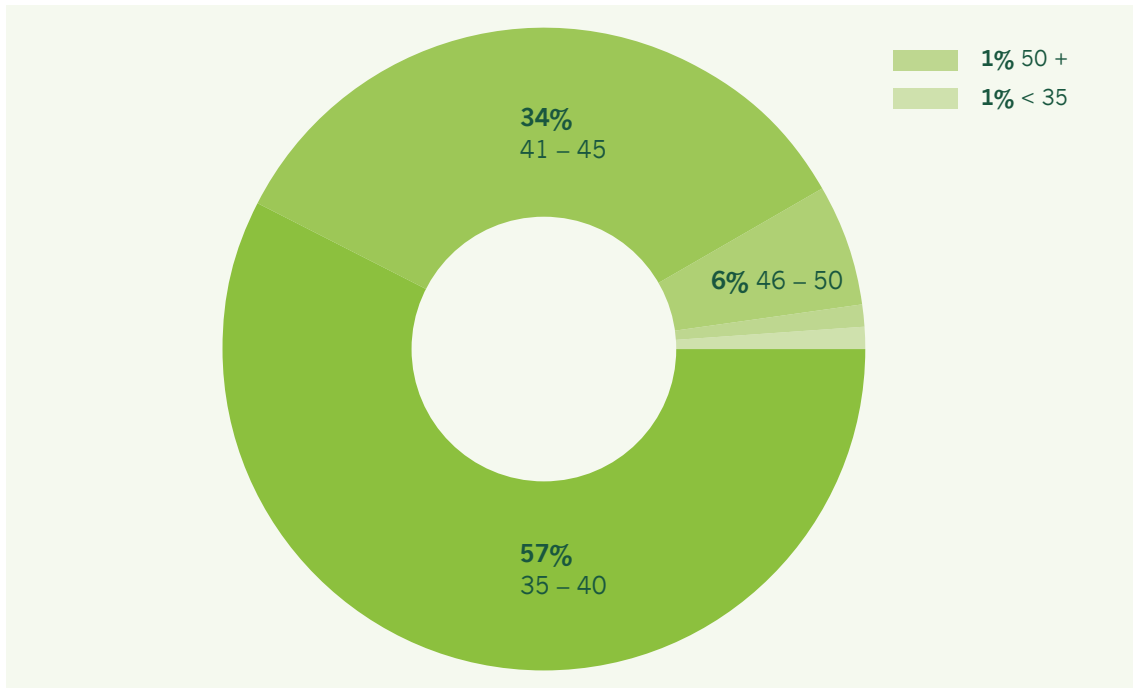
7.8 If Yes, what has been the main reason for this?



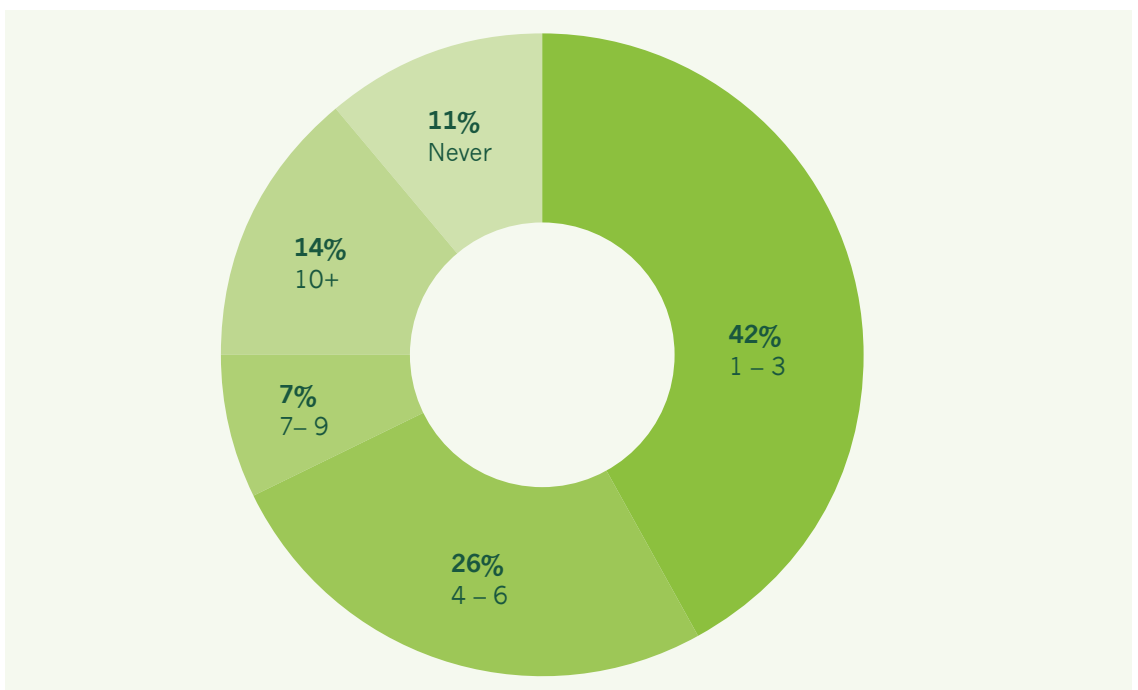
8. THE DAILY GRIND

As evidence of the “do more with less” philosophy that signifies the tighter economic conditions, there has been a 40% increase in the number of respondents who require staff to work during 10 or more weekends a year. The number of respondents who expect staff to work 46+ hours per week has doubled to 8%.

8.1 How many hours do you expect your IT staff to work per week on average?



8.2 In a typical year, how many times would you require IT staff to work during a weekend?



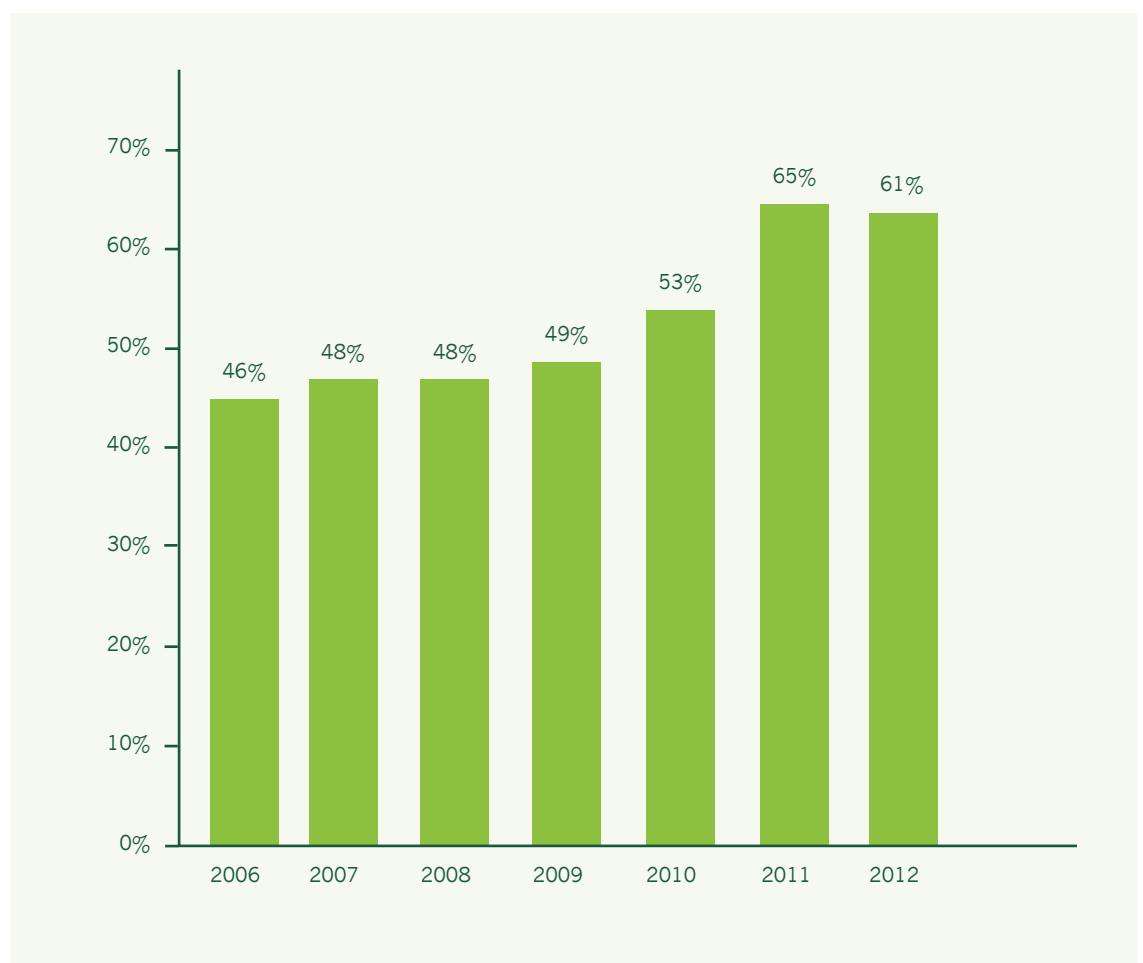
9. IT HEALTH CHECK

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, where a rating of 1 was ‘strongly disagree’ and 5 was ‘strongly agree’:

- 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 percentage 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

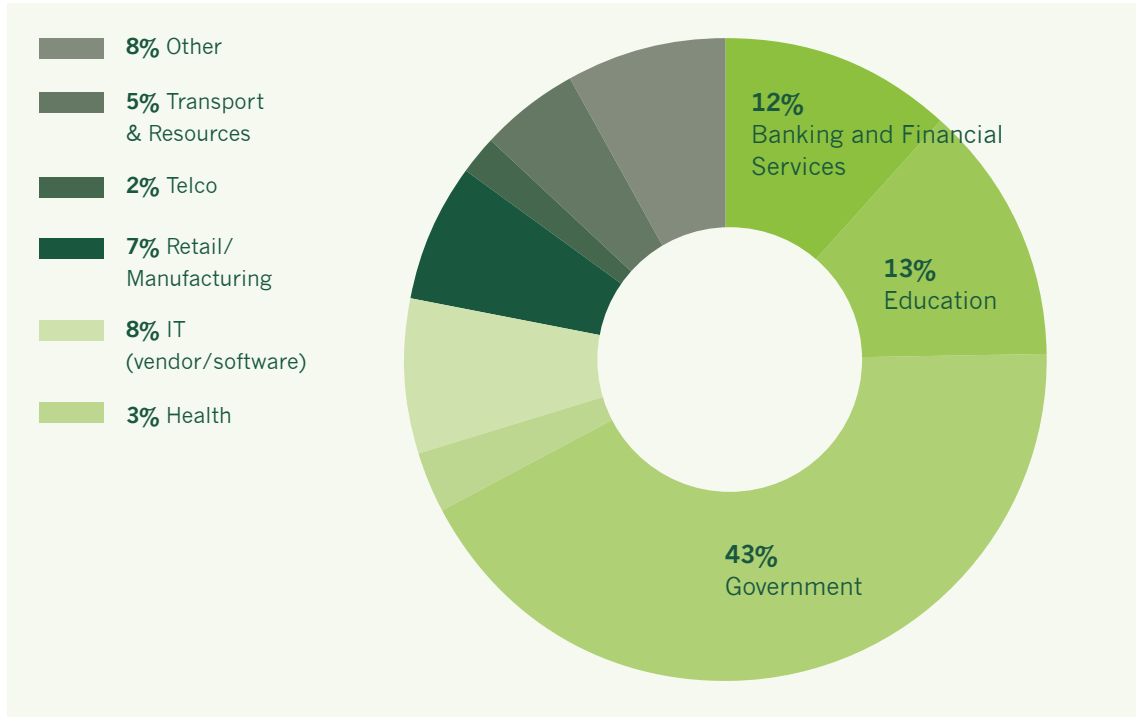
Converting the responses to a percentage, where 100% would mean a totally healthy industry and 0% would be totally unhealthy, our health rating for the IT industry has decreased slightly in comparison to last year.

9.1 IT Industry Health Rating

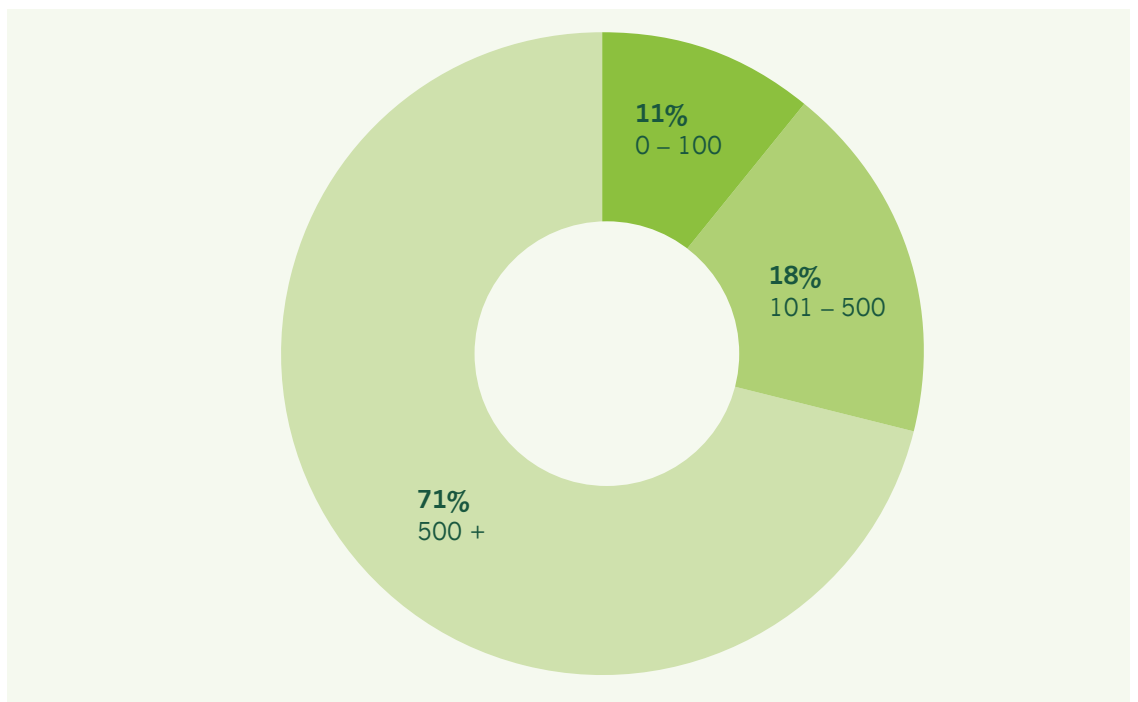


10. ABOUT OUR SAMPLE

Survey respondents by Industry Sector



Survey respondents by Company Size (total employee numbers)



In addition, 91% of our respondents have been with their current employer for more than 1 year and 88% have direct responsibility for staff.

Clicks is a specialist IT recruitment and contracting company offering you quick and easy access to today's top IT talent. Our approach is to work closely with you over the long term to boost the quality and retention of your IT staff.

We are Australian owned and managed, with teams in Melbourne, Sydney and Canberra.

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