FINDING IT TALENT. EASY, RIGHT?

Attracting and retaining qualified IT talent in today's market

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TEKsystems

Current IT Labor Market

Demand Continues to Outpace Supply

New factors intensify the challenge of finding tech talent

- Meeting the surge in new technology needs

- Planning for the next disruption

- Keeping up with the pace of technological change

- Grappling with the lack of tech talent

Market	Active IT Candidates	IT Job Postings (last 12 months)	Employers Competing for IT Talent
United States	4.6 million	5.0 million	90,026

Source: Emsi

Post Pandemic Market Conditions and Challenges Facing IT Organizations

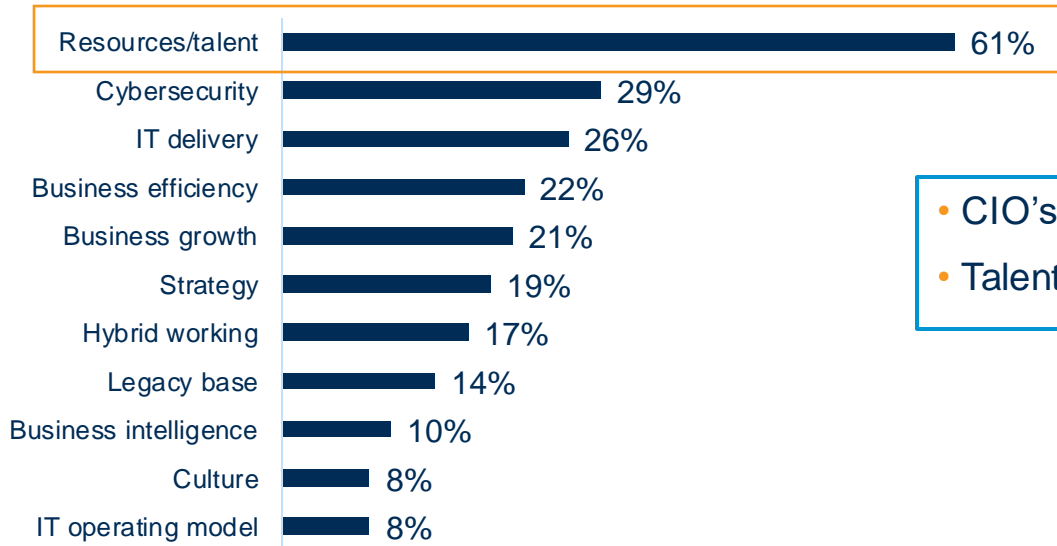| For IT, What Has Been More or Less Difficult?	Harder
1) Hire and retain skilled IT leaders	57%
2) Shipping or logistics constraints	56%
3) Sourcing products or supplies for operations	54%
4) Ability to hire and retain skilled IT staff	54%
5) Sourcing HW, SW, or supplies for IT	53%
6) Sourcing HW, SW, or supplies for finished goods	49%
7) Ability to hire and retain regular operating personnel	37%
8) Support from Offshore IT services suppliers	34%
9) Ability to hire and retain procurement leaders or staff	32%
10) Support from Onshore IT service suppliers	23%
11) Employee absenteeism	22%

CIO Guidance:

Senior IT leaders face a challenging work environment:

- They report that virtually **everything** is more difficult

- IT teams and leaders are reporting **higher levels of stress**

Source: CIO Outlook Survey, IDC

CIO's Struggle with Finding Talent

Most Demanding Work Problems

| Category	Value
Resources/talent	61%
Cybersecurity	29%
IT delivery	26%
Business efficiency	22%
Business growth	21%
Strategy	19%
Hybrid working	17%
Legacy base	14%
Business intelligence	10%
Culture	8%
IT operating model	8%

- CIO's are navigating many challenges
- Talent is now the overwhelming #1

Question: Thinking about the next 18 months, what are you top 3 most demanding work problems?
*Coded verbatim responses Gartner's CIO research circle

Source: IT Spending Forecast, Gartner
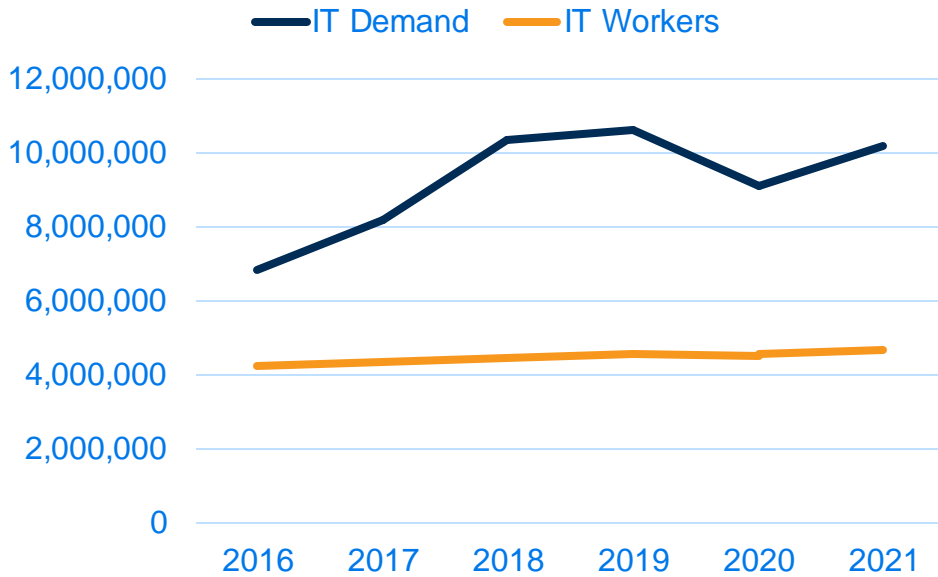
2021-2022 Unemployment Trends

As more workers step off the sidelines to join the workforce, the unemployment rate tightens. While some slack exists in the overall labor market, no such surplus of talent exists in the IT labor market, where supply cannot keep up with demand.

U.S. Unemployment Rate
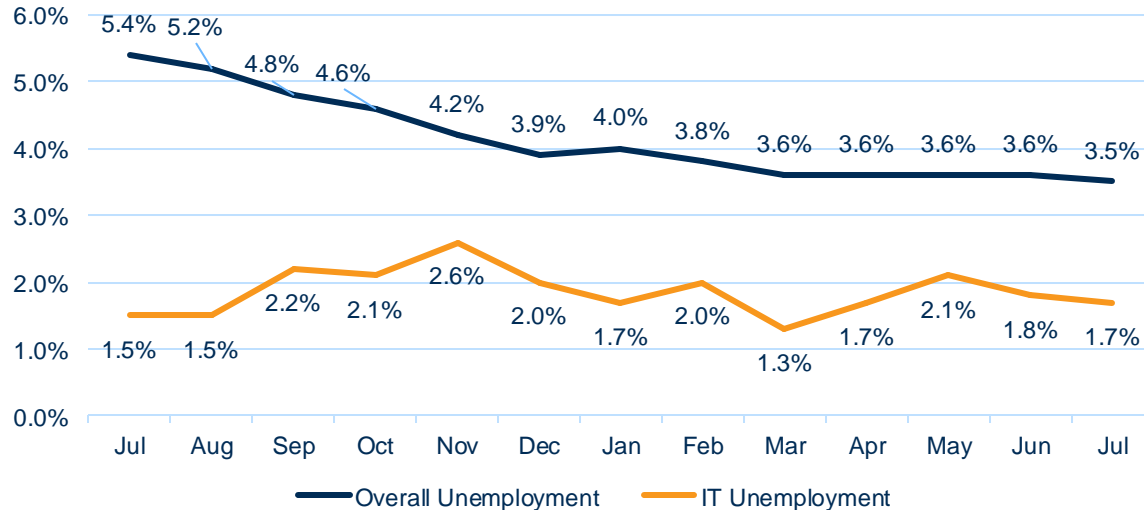
Y/Y Change	
Overall Unemployment	-1.9%
IT Unemployment	+0.2%

Overall Unemployment values (Jul–Jul): 5.4%, 5.2%, 4.8%, 4.6%, 4.2%, 3.9%, 4.0%, 3.8%, 3.6%, 3.6%, 3.6%, 3.6%, 3.5%

IT Unemployment values (Jul–Jul): 1.5%, 1.5%, 2.2%, 2.1%, 2.6%, 2.0%, 1.7%, 2.0%, 1.3%, 1.7%, 2.1%, 1.8%, 1.7%

Legend: Overall Unemployment, IT Unemployment

Source: U.S. Bureau of Labor Statistics (BLS)

Supply Can't Keep Pace with Demand

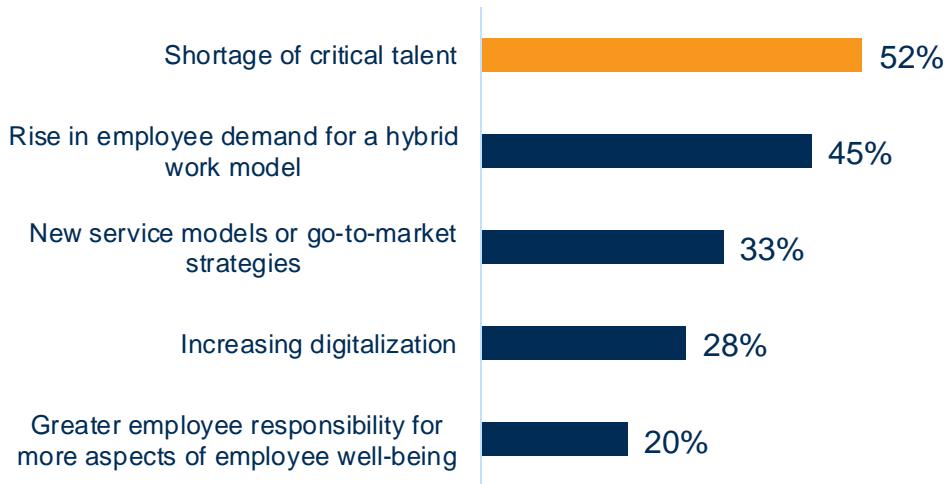Chart: IT Demand vs IT Workers, 2016–2021

- IT demand is up **51%** over the last 5 years vs just a **10%** increase in the IT talent pool - BLS

- **13** times more IT job openings than available talent in June and the gap continues to widen - Emsi

- **Delays** in initiating digital transformation projects are now **> 8 mos due to talent shortages** – IDC

- **Partnerships with services firms are expected to grow** as organizations battle the war for talent and increased demand for new projects – Rebecca Segal, VP IDC Research
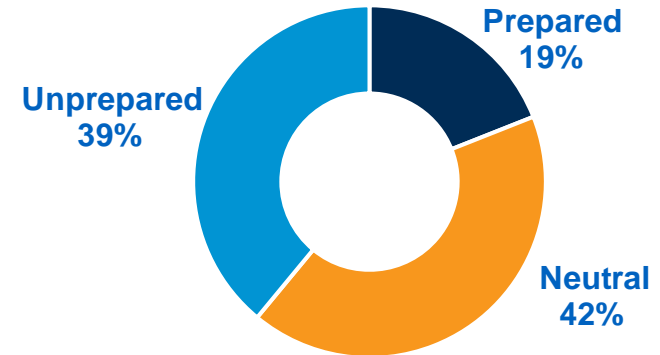
Source: Emsi, IDC, BLS

Looming Skills Shortage

39% of organizations are unprepared to address the skills shortage

Most Impactful Trends for Organizations

Trend	%
Shortage of critical talent	52%
Rise in employee demand for a hybrid work model	45%
New service models or go-to-market strategies	33%
Increasing digitalization	28%
Greater employee responsibility for more aspects of employee well-being	20%

Organizational Preparedness for Shortage of Critical Talent

Prepared 19%

Unprepared 39%

Neutral 42%

Source: CHRO Survey, Gartner

What We Are Seeing

Insights from the field

Candidates expect:

- **Flexibility** in the form of remote or hybrid work, clear direction and the ability to do complete work on time but at times that work best for them.

- For the most part, job seekers and customers understand the **realities of the specific job role or function (or industry) that requires them to be on site**.

- Companies are focused on **Diversity, Equity and Inclusion** in hiring decisions

Organizations must:

- Develop a **compelling employee value proposition**—now more than ever.

- Have exceptional **follow-through** skills and **great listening,** essential when recruiting talent now.

- Ensure **shared expectations**. In return for added flexibility/benefits/pay, the expectations from employers may also go up. It's important to understand those early and ensure they **are realistic**.

- Consider **alternate methods for tackling projects** as there isn't a one-size-fits-all approach to address these challenges.
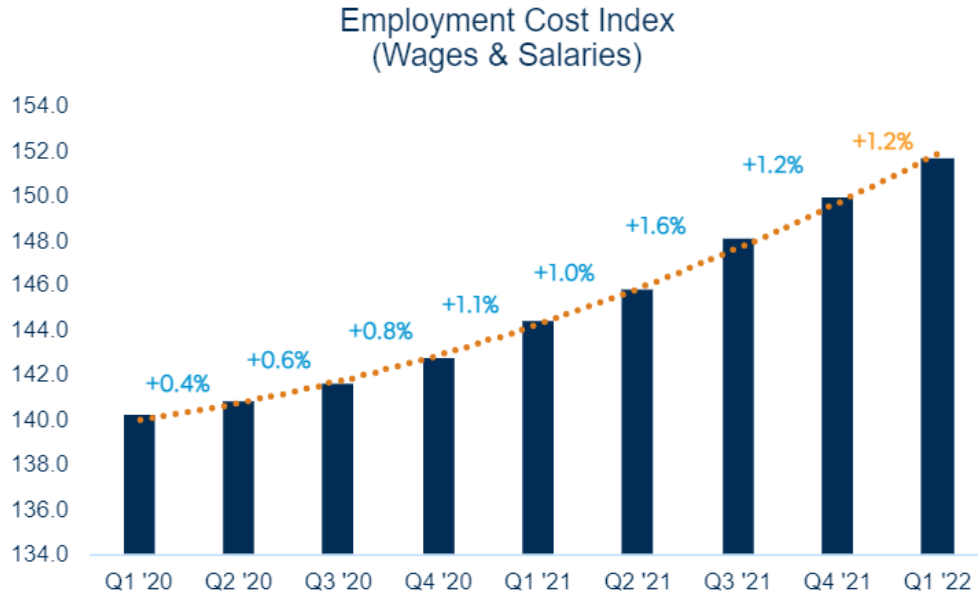
Salary Trends
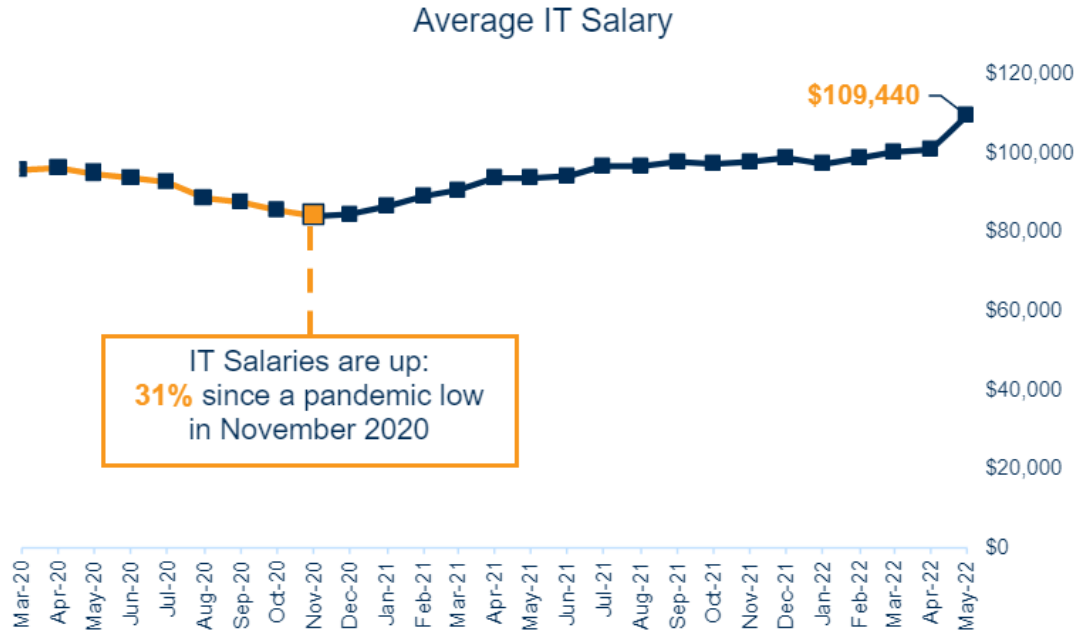
How Is The Talent Gap Impacting Wage Growth?

Twice the average growth rate

Employment Cost Index (Wages & Salaries)

- ECI, which measures compensation costs, increased by 1.2% in Q1 2022, twice the average quarterly increase of 0.6% experienced prior to the onset of the pandemic.

- As employers offer higher salaries to fill their jobs, compensation is trending up rapidly.

- This means that employers should expect to increase wages for current employees in order to retain them.

Source: BLS

Advertised IT Salary Trends

63% of organizations plan to make compensation adjustments in response to high inflation

Average IT Salary

$109,440

IT Salaries are up:
31% since a pandemic low in November 2020

$120,000
$100,000
$80,000
$60,000
$40,000
$20,000
$0

Mar-20 Apr-20 May-20 Jun-20 Jul-20 Aug-20 Sep-20 Oct-20 Nov-20 Dec-20 Jan-21 Feb-21 Mar-21 Apr-21 May-21 Jun-21 Jul-21 Aug-21 Sep-21 Oct-21 Nov-21 Dec-21 Jan-22 Feb-22 Mar-22 Apr-22 May-22
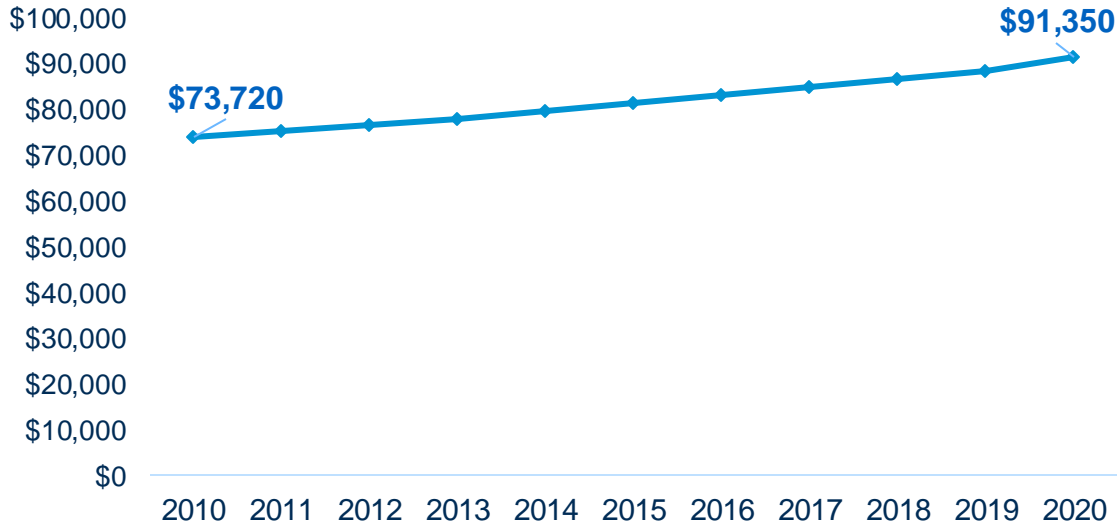
Wage growth spurred by:

- Surging demand
- High attrition rates
- New competitors for talent
- Fundamental lack of supply

Source: Emsi, Gartner

IT Salaries: Historical Trends

Annual IT Salary
Median

$73,720

$91,350

$100,000	
$90,000	
$80,000	
$70,000	
$60,000	
$50,000	
$40,000	
$30,000	
$20,000	
$10,000	
$0	

2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020

The median IT salary is up 24% over the last decade

Source: BLS

The Future of Work Is Hybrid

Employee preferences for hybrid work

73%	**49%**	**31%**
1 or more days in the office	2 or more days in the office	3 or more days in the office
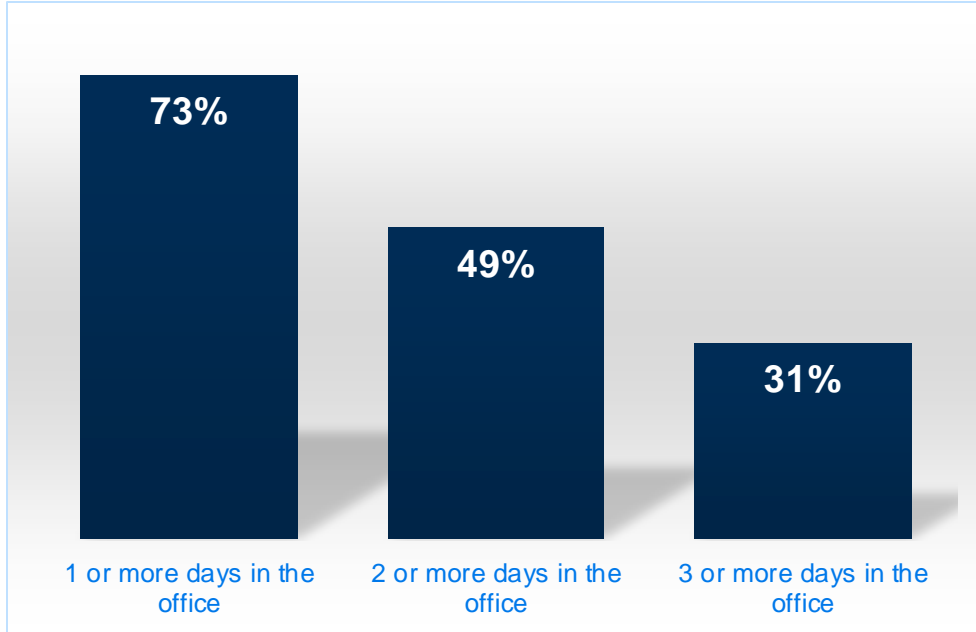
% of Candidates Placing High or Medium Importance on Hybrid Work When Evaluating a New Employer

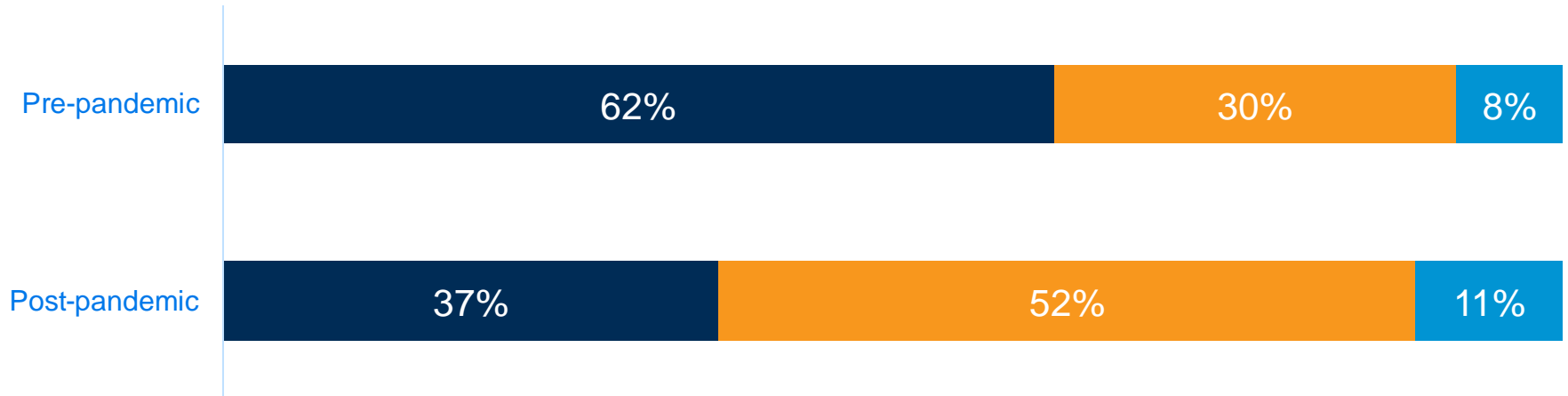# 81%

Q: "If you could make the schedule yourself, what proportion of the time would you like to spend working in the office?"

Source: Digital Worker Survey, Gartner

Employee Preferred Work Models

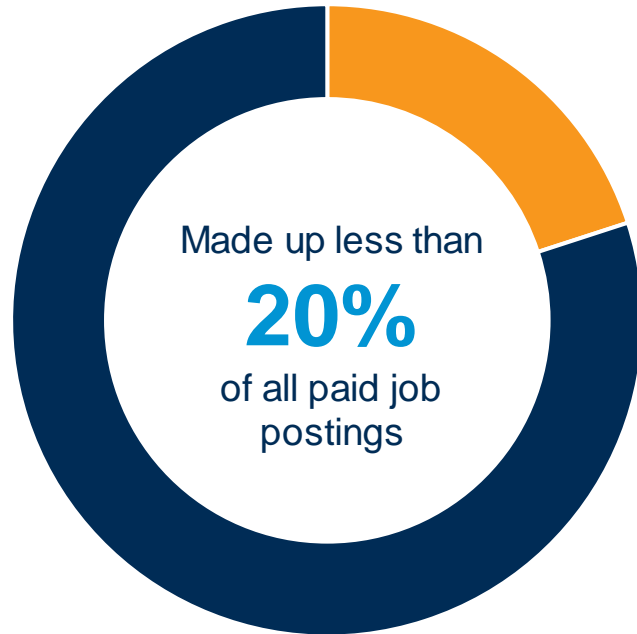Most employees report preferring a more flexible working model in the future

Legend: ■ Fully on site ■ Hybrid ■ Fully remote

	Fully on site	Hybrid	Fully remote
Pre-pandemic	62%	30%	8%
Post-pandemic	37%	52%	11%

Source: McKinsey

Candidates Show Far More Interest in Remote Jobs

Remote jobs posted on LinkedIn last month…

Made up less than

20%

of all paid job postings

Yet received over

50%

of all applications
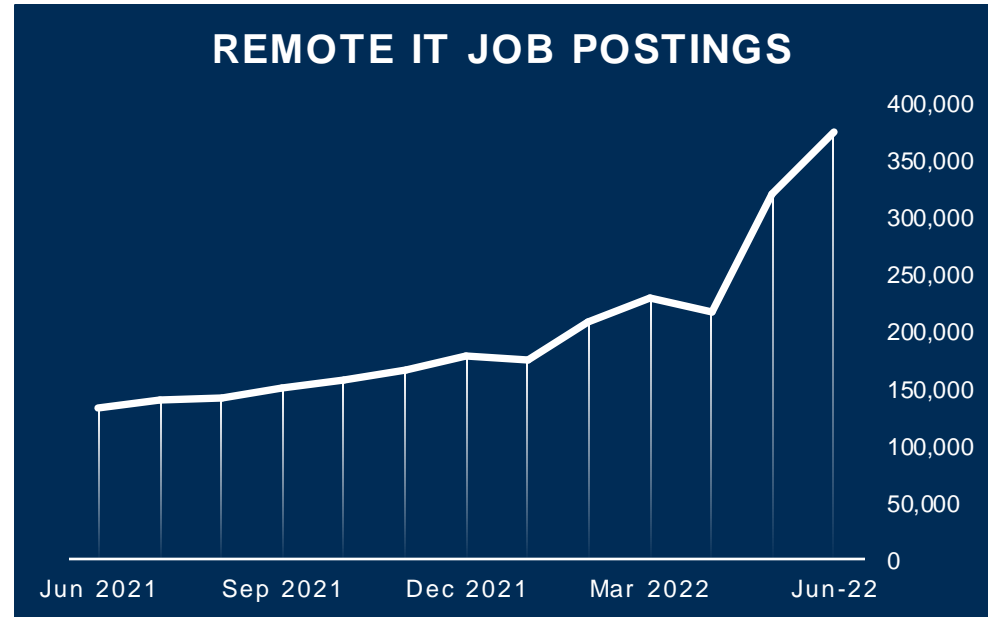
Source: LinkedIn
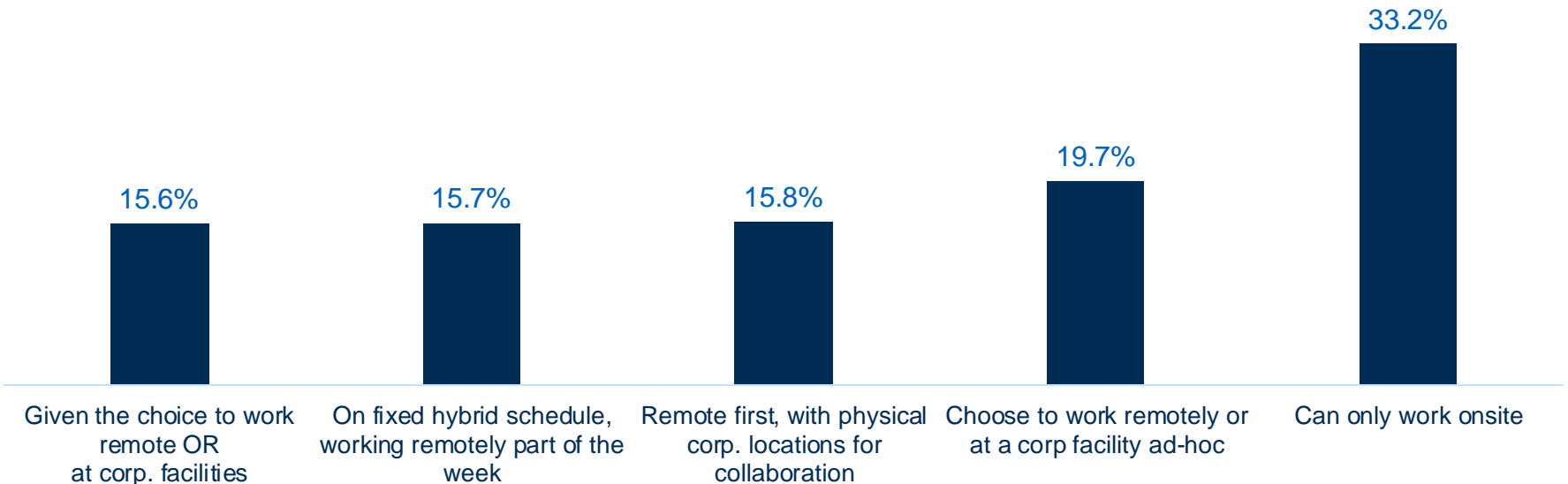
Remote Work Trends

Gartner predicts that in 2022 remote workers will account for 53% of the U.S. workforce

- Remote IT job opportunities continue to increase.
- Remote IT jobs openings are up 180% Y/Y.

REMOTE IT JOB POSTINGS

Source: Gartner, Emsi

Plan for Hybrid Work Strategies

In 2022, what percent of your workforce do you expect to be working in the following ways?

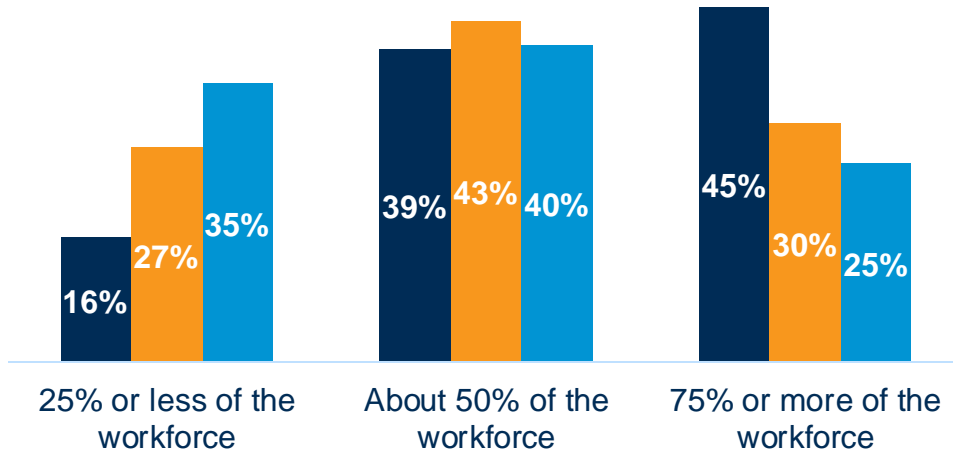| Category	Percent
Given the choice to work remote OR at corp. facilities	15.6%
On fixed hybrid schedule, working remotely part of the week	15.7%
Remote first, with physical corp. locations for collaboration	15.8%
Choose to work remotely or at a corp facility ad-hoc	19.7%
Can only work onsite	33.2%

Source: Gartner

Remote Work Expectation

Percentage of Workforce Expected to Work Remotely

■ 2020 ■ 2021 ■ 2022

|	25% or less of the workforce	About 50% of the workforce	75% or more of the workforce
2020	16%	39%	45%
2021	27%	43%	30%
2022	35%	40%	25%

Hybrid by Design

A hybrid workforce is a powerful model that's here to stay. Most organizations expect a significant portion of their workforce will be remote three or more days a week through 2022.

Organizations must be intentional about remote and in-person collaboration, leveraging technology that creates flexibility, agility and balance.

Source: State of DX, TEKsystems

Employees Leaving in Droves

40%
of employees stated that they are at least somewhat likely to leave their current job in the next 3–6 months

| Somewhat likely 22 | | Likely 9 | Very likely 5 | Almost certainly 4 |
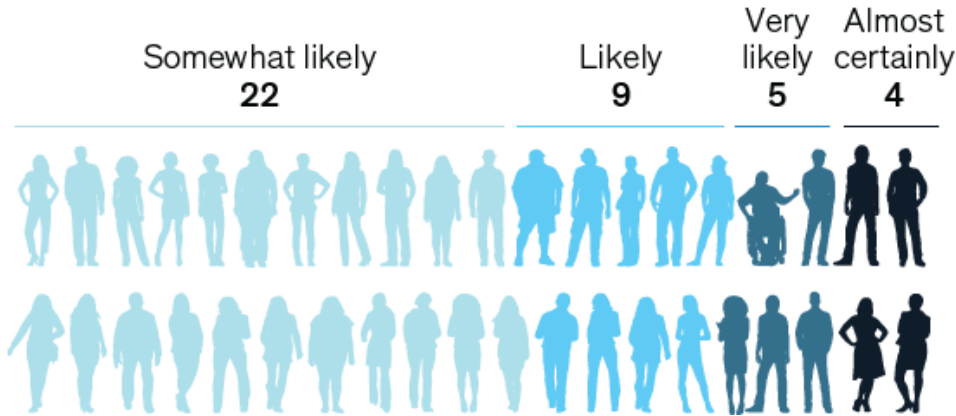
The "Great Attrition" is real

- 64% of employees who are at least "somewhat likely" to quit would leave without a job in hand.

- 64% of employers expect voluntary turnover to remain elevated or to increase.

Source: McKinsey

Takeaways

Steps you can take now to navigate today's market

Think about flexibility	Mind unintentional bias	Create pathways and access
Build a brand identity	Meet people where they are	Find the right partners

Source: TEKsystems, Version Next, Now

TEKsystems®

Thank You