

WINNING THE RACE FOR TECH TALENT

At a time when every company is becoming a technology company and demand for advanced IT and programming skills is stronger than ever, constraints on the supply of skilled tech labour pose a significant challenge.

While mature markets like the U.S. and Western Europe continue to face shortages in their tech manpower requirements, this phenomenon is more acute in the IT offshoring hubs around the world, in particular, the Asia Pacific region.

In today's rapidly changing digital world, companies that understand their tech talent requirements and develop strategies to meet them will command a competitive edge.

Ensuring companies have access to the right talent will make a difference far greater than real estate alone, creating significant and lasting operational savings.

INDIA REMAINS THE OUTSOURCING BACKBONE

Over the past decade, many global companies have developed a significant offshore presence in Asia and now leverage multiple locations for service delivery.

While these companies are focused on diversifying their footprint, exploring new markets and reducing location concentration risk, headcount growth is still confined to a few key markets.

India has long been the regional backbone for tech outsourcing owing to its size, English proficiency and relative affordability of its talent pool.

Other growing markets include China, where demand is predominantly driven by large domestic tech firms, which are luring talent by offering high salaries, stock options and joining bonuses. Close to the mainland, Taiwan also has robust demand for software engineers.

Whilst the Philippines remains an alternative hotspot to India in the BPO / Shared Service Centres segment, we have seen the emergence of other markets like Malaysia for similar functions.

Japan and Korea remain comparatively insulated, with international companies setting up local bilingual support centres to cater to those markets.

GROWING DEMAND FOR SPECIALIST SKILLS

Technology companies have traditionally led demand for tech talent but significant investment in technology across all industries, particularly in the BFSI (banking, financial and insurance) sector has created fierce competition for this labor pool.

At the same time, demand for tech talent is also evolving and shifting away from generalist computer science graduates towards individuals with specialist skills such as machine learning and artificial intelligence.

Nowhere is this phenomenon more apparent than in India, where the rapid evolution of the country's technology landscape has induced a demand-supply mismatch for skilled tech talent with advanced technical know-how.

While the Indian IT sector boasts more than 4.0 million employees, the country's elite universities produce just 2,500 graduates between them every year, meaning that there is only a small pool of labour with exemplary credentials.

Competition for these graduates is fierce, with global companies scouring campuses for top talent, conducting educational roadshows and enticing them with international placements.

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ATTRACTING TOP TECH TALENT

Aligning labour, economic incentives, real estate and investment strategies can help companies dramatically improve their competitive advantage and increase profitability.

A company's location, its talent pool and its workplace environment are powerful tools to drive savings, innovation and growth.

While it is relatively straightforward to assess the size of a market's overall talent pool, it is more challenging to determine the number of individuals with specialist skills, which are most in demand.

CBRE's Labour Analytics & Location Advisory Services team helps companies create an optimal location strategy by evaluating the availability and cost of talent, maximising economic incentives and analysing and structuring financial options.

This can then be used to help companies make informed portfolio strategy, workforce optimisation and location planning decisions, whether they be firms seeking labour arbitrage in tier II and III cities, or companies simply wanting to know the best colleges to recruit from in a specific location.

DOES AUTOMATION POSE A THREAT?

With companies increasingly requesting that their offshore vendors invest in automation tools, there are concerns that automation may seriously disrupt the outsourcing sector.

However, CBRE believes automation will herald an evolution not a revolution, and will improve efficiency as opposed to eliminating entire categories of jobs.

At the same time, new fields of IT are expanding rapidly, with machine learning engineers, application development analysts, back-end developers, full-stack engineers and data scientists the top five fastest growing jobs in India, according to a recent LinkedIn survey¹.

This points to the need for companies to review their talent recruitment and training strategies for a new era of skilled tech labour scarcity.

Ultimately, CBRE believes that businesses will need to adopt a far more innovative and proactive approach towards assembling a tech workforce that can propel them into the future.

Leveraging labour analytics is one way in which employers can obtain robust and evidence-based solutions to finding the right talent, right now.

1. <https://timesofindia.indiatimes.com/business/india-business/fastest-growing-jobs-in-tech-survey/articleshow/65694557.cms>