



Market Trends Report
Q3 2009

Technology Recruitment
Australia

ambition

Introduction

Welcome to the third quarter edition of the Ambition Australian Technology Market Trends Report, where we aim to provide you with a snapshot on what's hot and what's not in the world of IT recruitment.

So if you believe at least 50% of what you read and hear in the media, business confidence in Australia is coming back in leaps and bounds and according to a number of sources, rose to its highest levels in almost two years in July 2009. The Australian Industry Group survey of more than 500 business found one in six businesses believe the worst of the economic downturn has already passed whilst a similar survey showed more than half of Australian companies expect an economic recovery to be well entrenched by early 2010.

With the reporting season too, came for many a more reasonable result than they had perhaps dared to expect. This gave a small flurry of recruitment activity to re-stock essential headcount. So what was all the fuss about, the global economic crisis really wasn't that bad, was it?

Well let's not get ahead of ourselves because there is no mistaking that the last 12 months or so have been pretty tough for just about everyone. Whilst confidence may be returning to the business world, the flow on to all other areas of our economy may yet have a lag time to contend with. In addition the old paradigm of 'live today, pay tomorrow' has certainly shifted and there is, at least for the moment, a cautious approach to cash control and discretionary spend.

This report is a general market overview of IT recruitment and we are happy to discuss any specific situations and queries you may have about your market sector and geographic location.

Summary

The key market trends are:

- Continued rise in business confidence signifies a return to hiring activity for some IT CAPEX projects, albeit with stricter controls in place to scale up and down as required.
- The return of demand for goods and services in certain sectors is placing pressure on teams that have, by attrition and redundancy, been severely depleted over the past 12 months.
- As in the last Market Trends Report, the market continues to be an employer's market with a much greater emphasis on hiring an "Exact Fit" profile. Interestingly however the salary expectations of candidates are no longer falling as they anticipate a return to hiring activity and completion for scarce resources. Remember that in the IT sector in Australia there remains in many disciplines, a skills imbalance between supply and demand.
- Smart employers are preparing for the future and a significant part of that strategy should be how to hold on to your staff when the market recovers fully and employees decide to vote with their feet. Did you look after them through the tough times or were you just any port in a storm?

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Recruitment Industry News – What's happening now?

Continued rise in business confidence

The increases in confidence and conditions have largely been driven by the manufacturing and construction sectors, while retail and wholesale had a fall in trading conditions as the Government's stimulus has worn off.

Business investment remains limited and sporadic so for the IT Industry as a whole the most hiring activity has been across the big end of town. The first to retrench staff and the first to re-hire.

As anticipated the initial spike in demand for resources is coming through contract of fixed term employment arrangements which allows business to accurately control and curtail if necessary, expenditure based on external market conditions.

The effects of attrition and redundancy

As demand increases for certain goods and services the cry goes out to 'sell more,' but in a number of instances the ability to meet demand is just not there due to smaller teams already working at capacity. When the crisis hit and costs needed to be cut, many employers acted quickly and decisively in shedding unnecessary people resources. Now they are faced with the difficult situation of trying to re-hire so that they can meet the improving market conditions.

For the forward thinkers who have ridden through the last 12 months with teams intact and perhaps excess capacity, now is the time they've been waiting for to take advantage and reap the rewards over their competition. Just be sure to hold on to those staff as the number of phone calls to lure them away from you increase in line with the improving market.

An employer's market

The market remains an employers' with the number of available resources for each vacancy relatively high. This allows a continued degree of control on salaries to be exerted by employers in the hiring process.

Notice that we speak of 'available' resources rather than 'relevant' because the fact remains that in the IT sector in Australia we continue to suffer imbalance between supply and demand of many skill sets.

Take for example Oracle as a product suite or any number of Business Intelligence tools and the demand for experienced, skillful resources continues to outstrip the availability of local resources. With the smell of cost control hanging strongly in the air of many boardrooms across the country and the emphasis on return-on-investment (ROI), employers will not recruit an 'available' resource; they want a 'relevant' one.

Preparing for the future

The expression goes, "any port in a storm" and many employees will have spent the last 12 months sat at their desk with their head down muttering "just you wait till the market improves, I'll show you what you can do with your salary cuts".

The reality is that for all of the necessary cuts and business changes that have taken place to steer through the economic difficulties, a number of staff will have accepted them whilst others will have resented them and will be planning revenge! This revenge won't be crashing your network or stealing your database of customers (although you should be mindful of these risks in any event), it will be in the form of resignations to go and work for your competitor or even leaving your industry sector altogether. If you think you're at risk, talk to your Human Resources team now and agree some strategies to protect your most important assets, your people.

IT Industry News

Podcast with an expert series

Ambition Technology is pleased to announce a new series of podcasts to highlight the depth of skill which exists across our candidate network. Each month we'll be looking for new people to voice their comments or views of the world, click on the link and take a look or email us to suggest any topics you might like covered in the future.



Syben Osinga is a pioneer in the field of Oracle Human Capital Management (HCM) and has extensive experience in the Oracle applications software planning, phase estimation, scoping, analysis, transformation, design, build and costing of the Oracle HCM and Financials application solutions.

With over 15 years experience, Syben has implemented the Oracle HCM & ERP suite of products and solutions for clients in different industry sectors across Australasia and the Asia/Pacific, the UK, Europe, Middle East and Africa.

We asked Syben five key questions and his answers can be heard by clicking on the following link: <http://www.ambition.com.au/techblog/>

1. What have been the most exciting developments in Oracle HCM of late?
2. How has the Oracle HCM space responded to the Global Financial Crisis?
3. What is currently hot in Oracle HCM?
4. What do you see in the future for Oracle HCM and the impact of Oracle Fusion?
5. With a relatively undersized presence in the Australian market, what can you suggest to someone wanting a career as an Oracle HCM specialist?

Business recovery plan

As with most things, preparing for success is half the process to being successful. One of the things that each business needs to do is revisit its strategic plan and assess whether it is still current and whether it allows for maximising the gains that can be made when the market recovers fully.

Jerry Osteryoung writes an interesting article online in Business Matters; "A recovery plan is the necessary preparation for the increase in demand and revenue that will accompany an economic turnaround. As part of this plan, there are two critical tasks that you need to start doing now: investing in technology and acquiring staff.

You have to be able to serve your clients very efficiently as we progress, and you must have the IT infrastructure in place before the economic activity really takes off. Now is the time to verify that you have a plan to acquire the technology needed to deal with this increased demand? While you may not be able to afford all of this now, you can put a plan in place to add these necessities as quickly as possible once the funds start rolling in.

From a technology perspective, you should ensure that your server is capable of handling the additional demand, that you have software for customer relationship management (CRM), and that you have enough computers to accommodate a much larger staff. To weather the recession, I have seen many businesses reduce their IT expenditures by cutting back on adequate backups and current versions of new software. Now is the time to think about the areas you have reduced and figure out how you are going to bring them up to speed, if not right away, sometime in the near future.

The second critical part of your recovery plan is the addition of staff, be it now or in the near future. Potential employees are readily available now and are willing to work at very reasonable rates. If you wait to hire staff until you need them – a recipe for disaster – your customer service is going to suffer. Hiring later will also mean paying a much higher price for new staff members, not to mention that the quality is not going to be as good as it is now.

With any staffing increase, training is a necessity. During the recession, you may have slowed training activities, but as you hire new employees, you will need to ensure that these programs are put back in action.

Now go out and make sure you have a recovery plan in place that incorporates additions to both technology and human resources".

Industry Sectors

Applications

The Applications space has responded to the rising optimism of business leaders and a number of projects dead in the water six months ago have been reviewed, revised, revamped and restarted.

It's not all beer and skittles however and for the most part companies are still very focused on maintenance and essential upgrade development work. The cutting edge, green field development opportunities are few and far between at the moment forcing those developers who like to live on the edge to kick back a little and perhaps do some of the more exciting skill development work in their own time or on personal projects.

Around the big end of town Development teams have been snapping up teams of Java skilled professionals to assist in a number of projects, predominantly focused on integration project work. Continuing the trend towards scalability in business IT applications, Java (and other development languages) are being used to develop the framework to allow future-proofing of application development work.

Business Intelligence and data warehousing projects continue to demand attention and dollar spend in most of the larger corporate sites in Australia both as a business efficiency driver and as a tool for monitoring profitability. Similarly there have been a number of HR/Payroll upgrade projects taking place as businesses seek to improve inefficient processes and low productivity.

In general, contractor rates and permanent salaries have started to move albeit marginally but employers currently refuse to have rates dictated to them and are fighting to retain control of purse strings for as long as the current market conditions allow.

Business Information

The Project Management world is changing and in today's flat world where everyone is accountable, senior executives have come to appreciate the direct link between effective project management processes, best practices and tools and operational excellence. What this means is that the level of skills required in many project management roles is continuing to increase and specialise. Our clients continue to ask for very specific experience whether that be a Project Manager with Fixed Income experience or a Business Analyst with data warehouse skills.

Clients now more than ever are recognising and learning to work within, the framework that "nothing is certain except uncertainty". Simply speaking, effective project management allows you to measure success against objectives in a structured format but the candidates who are in demand in this market are those who have the ability to adjust their thinking and methodologies on the fly and remain in control of the outcomes.

Web services continue to create a powerful wave of innovation in productivity tools with many now offering embedded analytics but this further requires individuals to be adept at picking up new skills and then being able to apply them as appropriate to the project task.

As the year has progressed and a degree of confidence has returned to employers, the number of projects that are being dusted off is slowly but

surely increasing. No surprise perhaps those good opportunities present themselves for the more skilled professionals available.

Infrastructure

IT & Market Intelligence Analysts IDC recently commented that, 'spending on infrastructure software in Asia Pacific, including in Australia, is expected to increase significantly over the next 18 months, with security software purchases a top priority for many businesses.'

According to IDC, approximately two-thirds of executives surveyed had indicated that security software would be a key focus in order to address threats and improve compliance; citing evidence that reduced headcount in critical roles posed serious weak spots in their infrastructure.

On the ground in Australia, employers are living up to these expectations spending throughout the past 12 months albeit with a nervous CFO or CIO checking in at every purchasing stage of the process. As companies have taken a closer look at IT spend a number have renegotiated existing supplier agreements and in some cases changed providers completely to realise savings.

Some projects have centred on refreshing older infrastructure to improve efficiencies and reduce costs, a perceived necessary evil spend if you like. A large number of CIO's are planning to upgrade to Windows 7 and Windows Server 2008 later this year and others with a taste for a little more risk have embarked upon virtualisation projects to take advantages of the market upswing when it returns.

Once again the persistent theme across all sectors is that specialisation is the key to securing and maintaining a job in the current IT economy. A year ago technologists asked, what's coming next, how do I make myself marketable for the future? Today you'd be forgiven for appearing trite if you suggested it doesn't matter so much as long as you're abilities and experience place you in the top 10% of the market.

Specialised, expert, guru, professional, add them to your vocabulary ...and your resume for that matter.

More Information

For answers to your questions on market trends, salaries, retrenchments or grading please feel free to contact Ambition with the contact information listed on the back page or visit www.ambition.com.au

About Ambition

Through a network of national offices we are able to recruit IT professionals from junior support staff through to senior executives. Our consultants are experienced recruiters who have strong technology industry exposure and who focus on both the contract and permanent recruitment markets.

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