



THE ADECCO GROUP

IT Sector review

Q1 2017

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IT Professional vacancies count per quarter

(Source: Burning Glass)



IT Professional vs IT Sector vacancies count per quarter

(Source: Burning Glass)



The first quarter of any year is always one filled with optimism for the recruitment industry and its candidates but given the uncertainty surrounding the UK technology employers are a little more subdued than usual.

The market has definitely seen the standard start of the year bump with demand for talent up around 20% on the final quarter of 2016 without the month even being over. However, it seems likely that this quarter will not demonstrate the same level of demand as the first quarter of 2016.

Comparing the final quarter of 2016 with the final quarter of 2015 all elements are of the market displayed fewer vacancies. In terms of technology professionals there were 12% fewer vacancies with both permanent (-14%) and temporary (-16%) roles suffering. The technology industry as a whole was not quite as bad, only losing 4% of its vacancy numbers.

The first quarter of 2017 saw a far less concentrated market than previous quarters. Where London and the South-East accounted for more than 60% of all vacancies in Q3 for the technology industry during the first quarter of 2017 that had shrunk to 52%.

This could easily be signs of falling confidence in the UK technology market following the referendum but future quarters will provide further insight. The fall in advertised salaries would also be another indicator of falling confidence.

One technology company that has displayed confidence in London was Snap, the parent company of messaging app Snapchat, which has announced it will establish international

headquarters in London and thereby increase the staff base of 75 already operating here.

More than four in ten IT professional roles were also advertised in the capital and surrounding regions but this is much more within conventional boundaries and something to be less concerned over.

Candidate Shortages

Technology roles are an area that could, in theory, suffer most from any restriction on EU nationals working in the UK. And that's before you take into account that the JobsOutlook survey, produced by the Recruitment and Employment Confederation (REC) is already suggesting that they are among the most difficult to fill.

According to PwC's annual CEO survey 83% of company leaders are concerned about access to high skilled talent whilst the Government's State of the Nation report predicts a deficit of 3 million high-skill workers within the next five years.

If these statistics are true, then advertised salary rates will not be falling for long within the technology industry.

This is an area the government looked to tackle in the recent budget with major technical education reforms. They will invest £500 million a year into technical education create 15 new subjects ('routes') which will have the same value as A-Levels. These qualifications will also now include over 900 of training and a high-quality work placement but will not begin until 2019.

Artificial intelligence in the workplace



Nearly nine in ten (87 per cent) of the 10,527 workers Accenture surveyed in 10 countries said they expected parts of their job to be automated in the next five years.



Of those who believed they would be affected by automation, four-fifths (80 per cent) said they thought it would bring more opportunities than challenges at work.

The idea of robots entering the workplace and replacing human beings has been gaining traction and column inches in recent months.

Much of the commentary is often negative. For example, even the Bank of England has suggested that as many as 15 million jobs are at risk of being lost to machines in the coming years. This is out of an economy that currently boasts nearly 32 million people employed in 34.62 million jobs. So a significant proportion.

Amazon has recently opened new smart convenience store at its headquarters in Seattle which records who has picked up what items almost eliminating the need for a checkout counter. Anheuser-Busch, working with Uber (and Otto), just delivered 2,000 cases of Budweiser in a self-driving truck. Commerzbank has announced plans to digitize 80% of its processes within three years.

In fact, start typing "will robots" into Google and see what auto-complete suggestions you get: "take over the world", "replace humans" or "take my job".

In a 2016 study, global IT consultancy Infosys reported that 40 per cent of young people across nine developed and emerging economies believe their jobs will be made redundant by technology in the next ten years.

During this quarter Fuku Mutual Life Insurance in Japan announced it was beginning to replace 34 human insurance claim workers with "IBM Watson Explorer". The company will spend \$1.7 million installing that system then \$128,000 a year on maintenance but will save \$1.1 million in salary so should start seeing savings within 2 years. Plus, the company expects productivity to increase by 30%.

Despite this a study from Deloitte confirms that since 1871 technology has created more jobs than it has destroyed. For readers of this report that sounds fairly obvious, there were more than 1.3 million roles for IT professionals advertised in the UK last year whilst the technology industry consistently advertises more than 40,000 roles every quarter. And while there are robots there will always need to be someone to control/program them. But beyond that technology has also allowed human beings more leisure time and that also creates roles. Since the 1950s the number of bar staff has increased fourfold and the number of hairdressers has also significantly increased.

"Machines will take on more repetitive and laborious tasks, but seem no closer to eliminating the need for human labour than at any time in the last 150 years" say authors [Ian Stewart](#), [Debra Pratin De](#) and [Alex Cole](#).

According to the UK Labour Force Survey, conducted by the Office for National Statistics, many roles have increased (even exponentially so) despite dramatic improvements in technology.

Between 1992 and 2014:

- 909% increase in nursing and auxiliaries
- 580% increase in teaching and educational support assistants
- 183% increase in welfare, housing, youth and community workers
- 168% increase in care workers and home carers

Machines can also operate in ways that enhance the productivity of a worker rather than replacing them. A company called Beam based in Palo Alto is currently creating robot version of workers that can be remotely operated. This could mean that shop workers can open a shop earlier and serve customers without having to physically be there - meaning shops could open earlier/later without any additional staff.

A report released by Accenture Strategy in January found that, if the rate at which workers build relevant skills was doubled, the share of jobs at risk of total automation in the UK by 2025 would fall from 9 to 6 per cent. Nearly nine in ten (87 per cent) of the 10,527 workers Accenture surveyed in 10 countries said they expected parts of their job to be automated in the next five years. Of those who believed they would be affected by automation, four-fifths (80 per cent) said they thought it would bring more opportunities than challenges at work.

"The truly human skills, from leadership to creativity, will remain highly relevant, and winning organisations will strike the right balance - leveraging the best of technology to elevate, not eliminate, their people," said [Ellyn Shook](#), [Chief Leadership and Human Resources Officer at Accenture](#). "Not only are workers optimistic, but they understand they must learn new skills. Digital can accelerate learning by embedding training seamlessly into daily work - so learning becomes a way of life - helping workers and organisations remain relevant."

The Adecco Group UK&I will be publishing our own research on this topic shortly looking at the positive aspects of these changes and how the workforce can not only embrace them but leverage automation to their advantage.