

The state of the IT market – 2011

A Modis International report



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About the 2011 report

In 2010 Modis International conducted a piece of research crystal-ball gazing into the state of the IT market in 2011. A survey was conducted with senior IT decision makers from 110 companies and the underlying conclusion drawn from the research was that strategy, commerciality and cost-effectiveness were the primary drivers for IT in 2011.

One year on Modis International has again gone back to the market to see what is driving IT into 2012 and if the predictions made in the previous State of the IT Market report (2010) rang true. The report is an insight into the future of IT from the professionals who work in it.

This year's State of the IT Market report features trend analysis, comparing this year's result to 2010; comparisons by organisation size and industry sector; and also compares how IT practitioners see their role in the organisation compared to peers in other departments.

This year, due to additional analysis, the report will be released chapter by chapter as follows:

- Mon 26/09/11**
Chapter one - Introduction, perception and role of IT
- Mon 17/10/11**
Chapter two - IT workforce issues
- Mon 07/11/11**
Chapter three - Recruiting your IT workforce
- Mon 21/11/11**
Chapter four - The changing face of IT

Mon 05/12/11
Chapter 5/Full report - We surveyed 100 HRD's and asked them: Which characteristics would you use to define your IT team? How can IT become better influences at strategic decision making level? We then compared this to what IT heads thought.

Key features of this year's research:

- 250 senior level IT decision maker respondents across the UK
- Comparisons against 2010 results

Report findings:

- The state of the IT market report 2011 saw a number of key findings and themes identified by heads of IT and Human Resources Directors (HRDs)
- Many of the results were expected. The report found that limited funding and budget cuts due to economic turmoil is stretching IT departments. IT heads concluded that cloud computing and social media would continue to be the biggest innovation in 2012. We found that IT are increasing their strategic influence in the boardroom and that commerciality and strategic thinking are two of the core attributes to any new IT recruit.
- Some findings came as a surprise; IT departments don't view cultural fit as a key characteristic when hiring new recruits and HRDs seem to hold IT departments in higher regard and more important in shaping the strategic direction of their organisations than IT do themselves.
- The report highlights that IT has come a long way from being a tactical and reactive service, evolving into a proactive and strategic force in the board room. The next challenge for IT is becoming clear communicators, and learning to celebrate success and achievement to the wider business.

Market commentary

Throughout this chapter you will find in-depth comments from the following Modis team members.

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Chapter 1: Perception and the role of IT



Key findings

- Organisations have recognised that they need to become more efficient, leaner and responsive. Businesses are looking to IT to understand these requirements and to deliver against them.
- From the thousands of interviews and placements Modis International conducted in 2011, “commerciality” has emerged as a key attribute of the best candidates as well as the longer-term contractors.
- The results show that strategic dialogue between IT heads and senior decision makers within organisations is returning. Companies are seeking strategic technology initiatives as enablers of growth, not just cost reduction.
- While the newspapers tout economic concerns, in contrast the hiring market is seeing the most skilled candidates become very scarce. They are asking for and receiving incentives to move to new positions and receiving multiple offers. In short, the top talent and largest companies are acting very differently to the bulk of the market, and hiring managers and companies should take this into account in their processes, timescales and offers.
- Many IT organisations have split out strategic initiatives from maintenance/core operations. Transformational IT initiatives were a casualty of the downturn, and now to gain focus on these and move them forward, companies are in essence splitting their IT departments into these two areas, and investing in the strategic side.



"IT has gone through some dramatic changes over the past year. What has emerged is a completely different function."

Jim Albert, MD - Modis International

Chapter 1: Perception and the role of IT

Chapter 1 primary findings:

- A volatile economy has led to companies becoming more cautious of investing in IT.
- In 2011 IT has become a more integral part of the organisational decision making process and significantly more strategic in its role within organisations.
- The attitude of staff towards IT is that it is an important contributor to defining organisational strategy and every year IT becomes more and more ingrained in strategic direction and commands a greater presence in the board room.
- Resistance to change and limited funding due to the ongoing economic downturn are common challenges across IT. However, these challenges are being seen by many in IT as an opportunity to think outside of the box, create cost effective innovations and involve a wider spectrum of staff within organisations to ensure internal buy-in.

Comparative trends 2010-2011 – commentary on the differences:

- Greater concern now for the economy than in 2010. Last year there was greater optimism and a sense of emerging from the recession, but now many feel that the economic recovery will be longer term.
- Staff reductions were seen across the board in 2010 but this is now mostly limited to the financial sector.
- A growing shortage of skilled professionals, along with a demographic trend that will compound the shortage, including an ageing population and a reduced number of candidates with core technical skills.



"We are seeing a lot more IT functions returning to in-house operations rather than being outsourced."

Head of IT, Telecoms sector



"There is a realisation that IT needs to be strategically aligned to business objectives."

IT Director, New Media sector

Chapter 1: Perception and the role of IT

Part 1

What's been holding IT back?

Key findings:



- Economic volatility has resulted in organisations being more cautious on IT spend. This, in turn, has resulted in IT departments being restricted by a lack of budget. Respondents this year said a lack of budget is the primary barrier to the successful implementation of their organisation's IT strategy. It would appear that the uncertainty of the economy in the aftermath of the recession has resulted in organisations holding off on projects.
- Over a third (36%) of IT managers surveyed noted that staff skills were a key barrier in the implementation of their IT strategy. A lack of skills and understanding largely due to a lower level of investment in training has created a skills gap across the industry. During the recession many organisations cut training budgets as part of a wider cost cutting exercise which has led to some employees lacking in strategic and commercial skill sets.
- IT professionals see legacy systems as a barrier to the successful implementation of an IT strategy. This is largely because when there is no budget, legacy systems remain. This often causes inefficiencies and ineffectiveness in front-line delivery. Legacy systems often require a higher level of maintenance and support.

Andy Tyers: "A lack of budget is critical for organisations as it stops IT departments achieving their strategy and it restrains innovation. We are seeing a lot of IT departments scaling back on new developments. There are a few organisations that are able to be creative with the budget they hold, but in most we are seeing reduced demand for strategic IT roles. Most organisations are looking for more operational, day-to-day IT personnel to keep business-as-usual activities going rather than looking at future innovations and developments."

Jim Albert: "The results show that IT directors need to ensure they are not only managing their people but leading from the top. They need to place more emphasis on their role as ambassadors of change, and also educate their teams in the positives that come from embracing change. They also need to be more focussed on building internal capacity within the wider IT team to include more commercial skills and encouraging cross-organisational working on projects which can educate staff in wider business issues. This will in turn reduce resistance to change and improve staff attitudes."

Chapter 1: Perception and the role of IT

Part 2: Comparative trends 2010 - 2011 A commentary on the differences Attitudes towards IT

"The biggest issue that we have is internal understanding of what it is IT does. Most people within the organisation view the IT team as people who run the help desk and fix the network; they don't see the strategic significance of the function."

Head of IT, Public sector

Response	2010 (ranking)	2010 (%)	2011 (ranking)	2011 (%)	Trend
Integral part of the decision making process	1	29	1	27	▼
Implementer of technologies to drive predetermined performance	1	29	5	9	▼
Strategic thinkers	2	15	6	8	▼
Invaluable service	4	6	2	14	▲
Pure technical specialist	7	5	3	13	▲

Rank	2011	
1	Integral part of the decision making process	27%
2	Invaluable service	14%
3	Pure technical specialist	13%

Rank	2010	
1	Integral part of the decision making process	29%
1	Implementer of technologies to drive predetermined performance	29%
2	Invaluable service	6%

Key findings:

- IT staff still think their colleagues' attitudes towards them are the same in 2011 as they were in 2010 with 27% ranking IT as an integral part of the decision making process. This repeat result is confirmation of the perceived level of trust instilled in IT by their colleagues.
- IT heads believe that in 2011 they are perceived as a more valuable service than 2010 (6% in 2010 vs. 14% in 2011). This could be, in part, because IT focused on internal initiatives during the recession rather than on delivering business development initiatives. IT departments therefore focused on internal efficiency and effectiveness projects. In many cases IT was seen to be making operational improvements and had an increased amount of face time at desk level and communication with internal stakeholders. In 2011 IT is seen as more of an enabler of change.
- 13% of IT heads see IT as pure technical specialists. This is not surprising considering the current state of the economy. In times of budgetary constraint the IT budget has increasingly come under the control of Chief Financial Officers (CFOs), which tends to result in strategic IT projects being sidelined in place of operational projects that require less funding. We expect to see a shift in budgetary control back to the Chief Information Officer (CIO) and more strategic projects initiated in 2012.

Chapter 1: Perception and the role of IT

Attitudes towards IT

Key findings:

"Our organisation is extremely supportive of the IT function. We are involved in most projects and are seen as necessary."

IT Manager, Media/New Media sector

"Most people within our organisation feel that IT is detached from the general operations of the business."

IT Manager, Professional Services sector

- We saw a doubling in the number of IT staff being involved in the decision making process from 3 – 7% but this is still relatively low and further increases may have been hindered due to the continuing economic downturn and budget control being taken from the CIO. IT is clearly gaining a greater voice at the board table. Businesses are increasingly looking to the CIO to ensure that the IT strategy is fully integrated and linked to the overall strategic planning and visioning process.
- Many IT departments have split their strategic IT (investments in new systems, linkage of technical solutions to sales and marketing) from their maintenance/operations IT (legacy system maintenance, infrastructure, regulatory compliance). This has changed the demand profile of IT skills and created increased opportunity for the limited senior experienced talent in the market.



Andy Tyers: "IT plays a key, if not critical, role in many organisations' decision making process and significant challenges can occur if this is not the case. Where IT is not aligned with strategy, organisations will fail to remain innovative."

Roy Dungworth: "On reported figures 1 in 6 IT projects go over budget by an average of 200% and this has seen traditional risk-modelling systems seriously tested and upgraded where appropriate."

Jim Albert: "If strategic projects are shelved in favour of operational ones, an organisation's perception of IT will change accordingly. So it is crucial to keep an eye on overall strategy and communicate this well within the business."

Chapter 1: Perception and the role of IT

IT's role in business strategy

"IT has become more about cost containment, managing resources better and trying to do as much online as it is cheaper than any other solution, hence the arrival of the cloud."

Head of IT, Professional Services sector

Response	2010 (ranking)	2010 (%)	2011 (ranking)	2011 (%)	Trend
Been restructured to meet business goals	1	38	6	15	▼
Become more commercial	2	30	3	34	▲
Taken a bigger role in defining strategy	3	28	1	46	▲
The IT function has grown	4	23	2	40	▲

Rank	2011	
1	Taken a bigger role in defining strategy	46%
2	The IT function has grown	40%
3	Become more commercial	34%

Rank	2010	
1	Been restructured to meet business goals	38%
2	Become more commercial	30%
3	Taken a bigger role in defining strategy	28%

Key findings:

- More organisations have increased the number of IT personnel represented at board level (up 17%). This is a clear sign that IT is gaining more credibility, becoming a real driver for defining business strategy and is key to organisational decision making.
- IT has gone through some dramatic changes over the past year. What has emerged is a completely different function. In 2009/2010 we saw IT teams restructure and downsize as the economy created pressure on organisations to cut non-business critical costs and overheads. The change in direction resulted in a refocus on IT to deliver cost efficiencies and savings through the successful streamlining of IT operations and services. There has also been a much more strategic outlook taken by heads of IT to deliver services in line with overall strategy and making better use of external resources to deliver.
- In 2010/2011 we have seen leaner, more strategic IT functions across organisations that have a greater emphasis and influence on delivering strategy, providing a fundamental benefit to the wider organisation. Organisations have recognised the need to be more efficient, leaner and responsive to customers needs. IT is expected to align to this way of operating. What we are seeing as a result of this shift is that innovative projects have largely been replaced by pragmatic lean projects. What this means for people is that the emphasis

Chapter 1: Perception and the role of IT

IT's role in business strategy

Key findings:

"From where I sit, IT is continually expanding its organisational footprint, by getting involved in more projects across departments and being involved from the commencement of the procurement process rather than being an after thought."

CIO, Banking and Finance sector

on commerciality and strategic skill sets is far greater now in IT than ever before. The IT industry is looking for people who can deliver strategy within tighter organisational spending constraints.

- An interesting finding from the results was that there was a higher percentage of organisations that increased their IT teams (40%) in 2011 where as only 16% downsized through the year. It is quite common in periods of economic downturn for smaller organisations to increase business development activity with the hope of surviving. Large organisations tend to look for cost cutting initiatives in order to maintain profitability levels and maintain shareholder value.
- We have seen a significant drop in the number of organisations that have restructured their IT teams to meet business goals. Last year this topped the list of responses with 37% of organisations undergoing this process. This is usually the first reaction to economic downturn and an expected outcome. Now people are looking towards a more strategic and proactive approach to IT. Organisations which have restructured (2010) are taking a more strategic approach and growing their IT function to support the future needs of their business and clients.



Andy Tyers: "Projects that were delayed as a result of the recession have now become business critical; organisations must ensure these projects go ahead if they are to remain competitive."

Roy Dungworth: "Often IT can be seen as one of the key areas where cost savings can be made but many would argue this is a short term gain with a longer term impact."

Chapter 1: Perception and the role of IT

IT's role in business strategy

"People's working practices are changing from traditional office based locations towards flexi time and working from home practices, therefore there are increasing demands on IT to become more flexible in their approach and accommodating to individuals' requirements."

Head of IT, Professional Services sector

Response	2010 (ranking)	2010 (%)	2011 (ranking)	2011 (%)	Trend
Need to find new IT solutions to meet customer demands	1	61	3	31	▼
Focus on cost savings	2	59	1	46	▼
Need to find new IT solutions to meet internal pressures	3	56	5	29	▼
Focus on time/efficiency savings	4	39	2	43	▲

Rank	2011	
1	Focus on cost savings	46%
2	Focus on time/efficiency savings	43%
3	Need to find new IT solutions to meet customer demands	31%

Rank	2010	
1	Need to find new IT solutions to meet customer demands	61%
2	Focus on cost savings	59%
3	Need to find new IT solutions to meet internal pressures	56%

Key findings:

- Topping the list of what is driving the change in the role of IT is cost consciousness with 46% of organisations noting this as the biggest change driver. This is a logical response in the wake of the recession and recent economic downturn.
- The findings here back up other findings in the survey, with a lack of budget the key reason why IT is being held back. Focus on cost-cutting initiatives accounted for 43% of responses signalling that, at the moment, cost is a higher priority than innovation. Although cost cutting is the primary change element, organisations are increasingly looking at new IT solutions to meet customer demands.



Andy Tyers: "IT is no different from any other function – cost is a key driver of change."

Roy Dungworth: "As companies gingerly wade forward with their IT strategies their ability to foster innovation is becoming more critical than ever. Unfortunately within IT many firms are ill-equipped to innovate. Perhaps this reflects a lack of confidence at board level in how IT can truly support the growth of a business?"

Chapter 1: Perception and the role of IT

IT's role in business strategy

"Social behaviour is a key driver, people want to be able to be as flexible as possible in accessing information to enable them to work remotely anywhere, anytime."

IT Manager, Banking sector

Key findings:

- A focus on time and efficiency savings ranks highly with 43% of respondents nominating this as a key driver for change. Organisations know they need to be more cost and speed efficient. IT has adapted to deliver.
- Finding new IT solutions to meet customer demand has dropped down the priority list this year. This is a clear indicator that a high priority with organisations at present is cost cutting. This is a very short term focus, and IT leaders will need to look beyond this to deliver what customers want. Organisations now need to focus on business development strategies. Creating a team of commercially minded people with a combination of strategic and technical skills will ensure people don't focus on short term action, yet have a clear sight of long term outcomes. There comes a time when there is nothing left to cut. That is when focus should return to customers, developing new business and building business for the future.



Roy Dungworth: "We have certainly seen a big shift in our customers' attitudes towards cost saving initiatives such as data centre automation, document management, and open source software and managed services. Again this has been supported by an increased demand for associated talent in these areas."

What does all this mean?

The perception of IT has changed according to those who work in the discipline. IT is no longer the same service it was pre-recession nor is it likely to return. A fundamental shift from the days where IT was a tactical service-reactive to internal and customer issues, and where money was thrown at IT aimlessly rather than strategically. IT's role in this new area whether forced or through evolution is becoming a lean service and a driving force behind the strategic direction of organisations.

What this means for IT recruitment is that hiring managers, are no longer looking for those with pure technical skills and capabilities, they are looking for people who can help drive their IT strategy forward. The issue this poses is that some skills can be learnt whilst others (vision, commerciality and leadership) are softer

and developed over time. Senior IT staff will also need to learn (and quickly) to be able to do more with less money, and have a greater impact on driving efficiency and effectiveness across the business, demonstrating ITs contribution on the achievement of an organisations overall strategy. If there are lessons to be learnt from other functions that have been through similar transformations (most notably the finance function) this will take some time and effort to achieve successfully. In addition, it may require CIOs to be imaginative and bold in their recruitment strategies, balancing the necessary technical and project management skills in their teams with strategic and commercial thinking and strong communication and interpersonal skills. The latter may not be readily found in those who self-select a career in IT, so CIOs may need to cast their recruitment net further afield.

Chapter 2: IT workforce issues



Key findings



- Hiring managers are increasingly looking for new recruits to have strong commercial and strategic capabilities.
- Project managers, particularly those that are Prince2 qualified, are in high demand to manage transitional projects especially those involving the implementation of new systems and systems integration overall.
- Reduced budgets are impacting on staff training programmes. As a result IT teams run the risk of not keeping their skills base up-to-speed.
- The restructuring of IT teams over the last two years is beginning to take its toll as teams struggle to meet increased demands.

"Increasingly IT has become more commercial, strategic, efficient and effective in delivering timely business solutions. There were a lot of lessons learnt from the recession and consequently organisations are now very focussed in ensuring they are building internal staff skill capacity to deliver against their IT strategy."

Jim Albert, MD - Modis International

Chapter 2 primary findings:

- Organisations are increasing training initiatives to bridge the gap between current skill sets and the need for IT teams to be commercial and strategic.
- IT departments are struggling to keep up with demand for their service following a reduction in headcount over the last two years
- A lack of technical skills to implement new systems remains an issue for many.
- Budget constraints is preventing IT managers from hiring permanent staff to fill skill gaps. Many managers are looking to deploy existing staff to plug the gaps. Others are turning to temporary staff to boost skills during peak periods. Project managers with Prince2 qualifications are especially in demand.



"We are struggling to find people with the right mix of tactical and strategic skills to help satisfy internal and external customers demand and also implement our strategic vision."

CIO, FMCG sector

Comparative trends 2010-2011 – commentary on the differences:

- Workforce issues (including how to increase commercial and strategic skill sets within IT teams, meeting increasing levels of demand with reduced budget and filling skill gaps) remain relatively static between 2010 and 2011 with IT departments still finding it difficult to maintain a high level of service in the face of increasing levels of demand.
- Despite a more strategic and commercial outlook required by IT personnel there is still a lack of technical skills regarding the implementation of new systems. However interim project manager contractors can fill this void.
- Organisations are increasingly trying to maximise the resources they have and find different ways of utilising current skill sets within their teams to meet long term objectives.



"Budget constraints are making it difficult for us to hire the right people to get the job done."

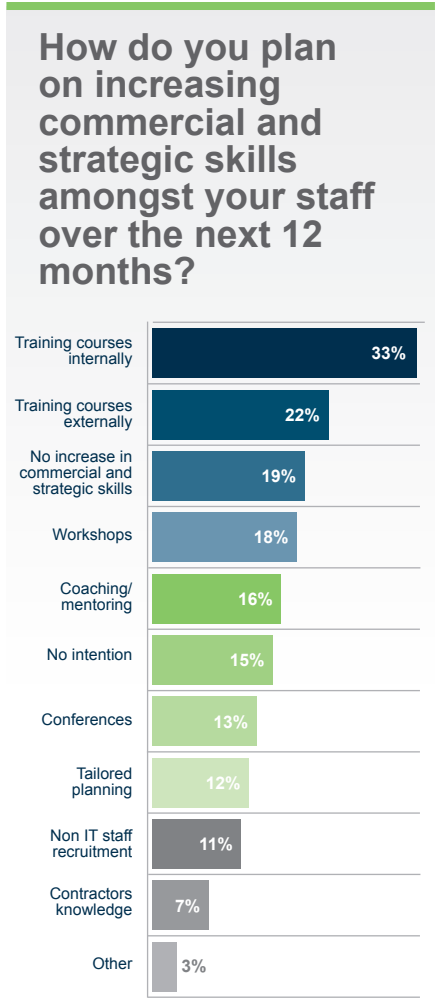
IT Manager, Legal sector

Chapter 2: IT workforce issues

Part 1

Commercial and strategic capabilities in IT

Key findings:



- Many organisations are planning to use training [delivered both internally (33%) and externally (22%)] to up-skill their workforce. The challenge for many hiring managers is that with reduced budgets training budgets are limited or often cut. As a result, many managers are placing more emphasis on recruiting people with the necessary up-to-date skill set.
- The biggest challenge management faces is that while there is an increasing demand for IT specialists to have strategic and commercial skills, this is not something that can necessarily be trained in the classroom. Individuals need to have an aptitude for commercial and strategic thinking. Where training activity can help is in educating staff on how operational activity links to strategic direction.

Andy Tyers: "Hiring managers are becoming increasingly selective when it comes to the skills set that new recruits must have. A lot of candidates are receiving rejections because they lack skills which previously wouldn't have mattered. Candidates need to ensure they are continually updating their skill set through ongoing training. However, almost a fifth (19%) of all of those surveyed are not planning to allocate any investment to developing the commercial and strategic capacity of their workforce. This is most likely attributed to a lack of training budget and limited resources to implement internal training programmes."

Andy Tyers: "Training budgets are usually the first to go in an economic slump however, organisations should engage with their recruiters to see how together they can help up skill future recruits."

Andy Tyers: "Employers can help staff think more strategically by being open and transparent about the business strategy, and where their role links to this."

"These are not skills that can be taught but are inherent in people, similar to leadership"

CIO, Financial services sector

Chapter 2: IT workforce issues

Part 2 Workforce issues

Which of the following are workforce issues for you?

"The biggest issue that we have is internal understanding of what it is IT does. Most people within the organisation view the IT team as people who run the help desk and fix the network; they don't see the strategic significance of the function."

Head of IT, Public sector

Response	2010 (ranking)	2010 (%)	2011 (ranking)	2011 (%)	Trend
Meeting demand for service with limited resource	1	64	1	29	-
None of the above	NA	NA	2	28	▲
Sourcing quality candidates	2	60	3	27	▼
Resource planning	5	40	4	22	▲

Rank	2011	
1	Meeting demand for service with limited resource	29%
2	None of the above	28%
3	Sourcing quality candidates	27%

Rank	2010	
1	Meeting demand for service with limited resource	64%
1	Sourcing quality candidates	60%
2	Up-skilling staff to deliver better services	47%

Key findings:

- Meeting demand for service with limited resources has remained the primary issue for IT managers. While lower than 2010 (64%), managers are still finding it difficult to keep up with the demand with nearly a third of respondents stating this as the biggest workforce issue in 2011. It is often the case that demands for IT solutions and issue resolution far outweigh the capacity of the team to deliver, which is why back in 2008/2009 we saw a large number of organisations outsourcing their IT services to cope with demand. However in more recent times outsourced departments have been taken back inhouse often because it is felt that they do not provide the quality of response. This is particularly the case with off-shored teams which pose logistical and communication issues.



Andy Tyers: "As many companies are in-sourcing their IT services again this will pose new challenges. There is now increased pressure for employers to attract the quality candidates through a strong employer branding strategy. Given the limitations of budget and other economic factors, employers need to be more strategic in the way they go about attracting quality candidates to ensure they appeal to as many candidates as possible."

Chapter 2: IT workforce issues

Workforce issues

"It is becoming increasingly difficult to get quality candidates to fill our roles, the reason largely being that we are looking for candidates who have more business knowledge than is typical within the IT industry. We are looking for staff that can really drive our IT strategy forward and provide strategic input into the development of our team."

IT Manager, Professional services sector

Key findings:

- Sourcing quality candidates ranked number 3 in workforce issues this year with 27% of respondents stating this was a concern in managing their workforce. The issue is that what is available on the market is not necessarily the calibre of candidate clients need. IT managers face challenges to operate a lean approach creating efficiency and effectiveness savings for their organisation, and need people with project management skills and business skills to implement such strategies. The reason we are seeing such a large difference between 2010 and 2011 is because the sourcing of quality candidates is in line with demand levels.



Andy Tyers: "There's a war for talent in many industries, not least IT. It's not just the package or benefits that attract and retain good staff, the culture, the vision and the inclusion are critical. Employers must realise this. Those that do will prevail."

Chapter 2: IT workforce issues

Part 2 Up-skilling

What additional skills do you need your IT department to be able to deliver against your business objectives?

Response	2010 (ranking)	2010 (%)	2011 (ranking)	2011 (%)	Trend
More technical skills for new systems	3	51	1	33	▲
Our IT department don't need any additional skills to deliver against our business objective	9	NA	2	27	▲
More technical skills for existing systems	5	35	3	27	▼
A greater commercial focus to achieve a return on investment	4	34	4	24	▲

Rank	2011	
1	More technical skills for new systems	33%
2	Our IT department don't need any additional skills to deliver against our business objective	27%
3	More technical skills for existing systems	27%

Rank	2010	
1	Provide an integrated approach in suggesting solutions	55%
2	Communication and presentation skills	54%
3	More technical skills concerning new systems	51%

Key findings:

- Over a third of respondents (33%) stated that the IT department requires more technical skills for new systems in order for the department to be able to deliver against their business objectives. Many organisations who implement new systems are doing so to create savings and streamline processes across the organisation. However what they are finding is that with the implementation of new systems comes a period of teething pain because people don't have the skills to utilise the new system, thus creating further inefficiencies.
- Over 1 in 4 (27%) believes that their IT staff need more technical skills for existing systems. What we interpret from



Jim Albert: "The solution here is to bring on contract staff with skills in the new system during the transition period, so efficiency savings are made sooner and the business will be more inclined to buy into new system implementations."

Chapter 2: IT workforce issues

Up-skilling

"Our skill set reflects the requirements of our team. We ensure that when engaging in the recruitment process that we take into account skill gaps and that our on boarding, induction and internal training program serves to continuously develop our team."

Head of IT, Health sector

Key findings:

this is that, while there is acceptance amongst managers that they need to work with what they have, there are always areas of improvement. In this case a better understanding of internal systems would create more efficiency in responsiveness to issues.

- The majority of responses last year stated that IT departments needed a more integrated approach to suggesting new solutions (55%), improved communication with the business (54%) and more technical skills concerning new systems (51%). The least area of concern was commercial awareness. This is in line with expectations because last year was about rationalisation, creating a lean environment and integrating operational processes to streamline. However now with a lot of these initiatives in place, commercially minded individuals are needed to maintain, progress and drive strategy in order to have long term business impact.



Jim Albert: "What is required is a greater emphasis on internal training, knowledge management and knowledge transfer. Employers need to better harness the skills of existing staff and create internal training sessions to build a greater capacity within the IT team. A good idea is to set up an internal knowledge management resource via an intranet to share common queries and information of particular system, such as training materials. This will also ensure that when staff leave an organisation there is sufficient knowledge transfer."

Jim Albert: "As best practice some companies are using recruiters to jointly train their contract and permanent staff to build a high performance work team. Not necessarily on technology, but on project delivery."

Chapter 2: IT workforce issues

Up-skilling

How do you plan to address any of these skills gaps?

Response	2010 (ranking)	2010 (%)	2011 (ranking)	2011 (%)	Trend
Use current staff and skill mix	2	52	1	39	▲
Provide training and development programmes to up-skill staff	1	71	2	29	▼
Hire specialist temporary contractors	4	32	3	23	▲
Outsource projects	5	14	4	21	▲

Rank	2011	
1	Use current staff and skill mix	39%
2	Provide training and development programmes to up-skill staff	29%
3	Hire specialist temporary contractors	23%

Rank	2010	
1	Provide training and development programmes to up-skill staff	71%
2	Recruit permanent staff	52%
3	Use current staff and skill mix	45%

Key findings:

- The majority of respondents (39%) are looking to use current staff and skill mix to address skill gaps. This isn't surprising considering some organisations still have recruitment freezes and the lack of allocated training budget in times of financial uncertainty.
- 29% of IT directors plan to address the skills gap by providing further and enhanced training and development in order to up-skill their current IT workforce. A combination of training and development as well as business knowledge training will fill and support this gap. There is a significant demand at present for people with project management skills specifically Prince 2 to implement new projects.



Roy Dungworth: "Our customers today are demanding a mixture of formal and informal learning with an emphasis on collaboration, knowledge sharing, social networking, coaching and mentoring. While formal, classroom technology training is not going away the challenge is now around much more innovative training and again ways to develop people. This is a huge challenge and our clients are certainly under pressure to continue to develop talent on smaller budgets – is this possible?"

Chapter 2: IT workforce issues

Up-skilling

"Considering the current economic climate the reality is that any skill gaps present will have to be filled by internal training initiatives and plugged by contractors brought on to deliver specific projects."

Head of IT, Financial services sector

Key findings:

- Nearly a quarter (23%) of hiring managers plan to recruit more specialist temporary contractors to address skill gaps. This is due to transition periods of new initiatives. Many IT projects tend to have a period of adjustment while being implemented. Therefore during this period there is a lack of efficiency and effectiveness. However by bringing on contractors with high skill levels, particularly in project implementation, projects avoid the transition period and gain internal support quicker.
- The results differ largely from 2010 when the majority of respondents planned to address the skills gap by providing training and development programs (71%) and recruiting permanent staff. The reality is that budgets are depleting, forcing managers to use what they have to get the best results possible. Innovation in workforce management is a must for IT heads going forward.



Roy Dungworth: "While recent economic challenges have forced both public and private sector organisations to execute their strategies with more precision than ever before and do it with fewer resources - especially people - many still struggle with a skills gap within their existing IT departments. Some experts predict that skills shortages will intensify in the coming years with the need to do more for less within technology. This is where we are seeing the drive for improved workforce management and a much more mobile and multi-talented IT workforce. This is even filtering down into the types of person that our customers are requiring us to source and how these people are then utilised."

What does all this mean?

It seems that while workforce issues have remained relatively similar, the way organisations intend to tackle these issues has changed somewhat.

What this means for IT recruitment going forward is that organisations are increasingly looking to the resources they already have and to temporary contract staff to fill gaps in skills rather than recruit new permanent staff. In many ways this is not different to what we would expect, largely because permanent staff tend to be a fixed cost whereas contractors, while higher in cost, are variable and tend to come from a separate project specific budget.

On the flip side, those employers that are seeking to increase their FTEs to plug the skills gap are finding it difficult to find the right talent. Particular areas where talent is difficult to find are candidates with commercial, strategic, general business and project management skills.

With ever reducing budgets and declining numbers of appropriately skilled candidates on the market, organisations need to be proactive in defining workforce strategies. Hiring managers need to ensure they shorten the timeframes when recruiting to ensure they don't miss out on the best quality talent. Organisations also need to have a strong employee engagement strategy, to make sure they can retain the talent they have.

Chapter 3: Recruiting your IT workforce



Key findings

- While commercial focus is one of the major findings as an indicator of success, IT hiring managers are still not screening for it on a regular basis.
- Cultural fit can be a make or break item for a contractor or new hire to stay in their role, however many companies are yet to incorporate this into their hiring process.
- Recruitment firms and print advertising were popular methods of attracting candidates in 2011.
- IT hiring managers are embracing social media as part of their recruitment strategies. It remains to be seen how effective this channel will prove to be in attracting and screening new staff.

Comparative trends 2010-2011 – commentary on the differences:

- Recruitment consultancies and print advertising are still popular for candidate attraction; however what is really interesting is that more hiring managers are moving towards the use of social media in their attraction strategy.
- Recruiters remain high on the list of the best attraction method for new candidates. From conversations with our clients this is largely because of the added value they provide throughout the recruitment cycle, access to candidates and vast reach.



"Employers need to cast their candidate attraction web wider to ensure they have access to the best quality candidates. They also need to have greater focus on their employer branding strategy to ensure that when they advertise jobs candidates are drawn to the position and company."

Jim Albert, MD - Modis International



"We find personal recommendations and referrals the best way to get the right staff in a timely manner. In saying this increasingly LinkedIn is being used to attract and recruit as it provides the same confidence as referrals and recommendations, however it is easier to access as most of the information can be seen on a person's profile."

IT Team Leader, Professional Services

Chapter 3: Recruiting your IT workforce

Part 1 Candidate screening

Key findings:



Roy Dungworth: "IT hiring has always been technically driven when selecting candidates although more employers are increasingly seeking strong business skills to complement the technical knowledge."

What is the primary attribute you look for when screening candidates?



- Surprisingly results show that while commercial and strategic thinking are at the heart of IT as reported in previous chapters, what most hiring managers consider the most important attribute when screening IT candidates is technical skills.
- 24% of respondents focus on a candidate's technical capacity to fulfil the advertised role. We anticipated strategic thinking and commerciality to rate higher for all roles within IT as it is becoming increasingly important for IT to streamline activity in line with business strategy.
- 8% of respondents selected strategic thinking as the most important attribute, whilst commerciality scored a low 5%. In some ways the results make sense in a centralised organisation model, where companies might have two or three people responsible for strategy (CIO, director and managers for example). When hiring those people commerciality and strategic skill sets are crucial. However when hiring the bulk of the workforce, the technical skills to deliver on the operational and tactical aspects of the strategy are more important. As most organisations head towards structures which support all staff having input into setting and achieving strategy, this way of thinking cannot be maintained.

In decentralised organisations, this approach to selection could see organisations end up with teams that are less driven towards strategy and less engaged. It is well-known that all employees like to know how their actions link to the delivery of their organisation's strategy.

Chapter 3: Recruiting your IT workforce

Candidate screening

Key findings:

- Experience, as anticipated, ranks highly with 21% of respondents primarily looking for this in candidates. Experience is a key driver when considering executive appointments, such as CIOs and also for heads of, managers and team leaders. Considering that IT as a whole is in an era of change, candidates with skills in change management and that have Prince 2 qualifications are highly sought after.
- An interesting response from those who selected other (14%) was that the majority highlighted common sense as the primary attribute they look for when screening candidates.
- Qualifications and personality were both considered to be important attributes when screening, both scoring 11% and 10% respectively. Qualifications are non negotiable when screening. If applicants don't have the qualifications to fulfil the role, they are the first to be discounted.
- Only 1% of respondents selected cultural fit as the most important attribute when hiring staff. This shows that while organisations are looking to develop a strong culture, in times of economic uncertainty the focus for hiring managers is recruiting people who can deliver immediate business benefit and are largely output focused.



Roy Dungworth: "Robust screening is absolutely critical in more challenging economic times – with more candidates on the market looking for work it becomes about finding the needle in a haystack, and separating the best candidates from the less able. Recruitment consultants have a significant part to play in helping hiring managers establish foolproof screening processes. A key part of our role in this is to introduce much more rigorous screening processes in line with clients' requirements – this might include technical testing, competency based interviewing, psychometric testing and benchmarking."

"Strategy within our organisation is delivered top down, and therefore it's the board and senior management that set strategy. What is essential to our team is having the technical skills within IT to develop and bring to life the strategies handed down."

Manager IT solutions, Health sector

"At present we are lacking staff that can actually respond to simple help desk queries. Most of our team has been diverted to wider organisation projects, and therefore we need to get technical staff in to deal with the day-to-day activity of the department."

Head of IT, Public sector

Chapter 3: Recruiting your IT workforce

Part 2

Candidate attraction

Key findings:

What techniques do you currently use to recruit IT staff?

- Recruitment consultancies and print advertising remain key methods hiring managers use to recruit staff. The biggest increase in channel up-take is in the use of social media to attract and recruit new employees. In 2010 only 5% of respondents used social media in the recruitment process. In 2011 23% of respondents stated they used social media in the recruitment process, almost five times as many.
- The use of recruitment consultancies has remained steady from 2010 – 2011. The benefit in using recruitment consultancies is not only in the attraction of suitably qualified candidates but in the wider added value including screening, testing, training, workforce consultancy and advice on the latest legislation such as Agency Workers Regulations (AWR).
- Social media and corporate websites rate highly when attracting new staff with 23% and 22% of respondents respectively ranking these two methods of attraction as the most effective. Social media has become increasingly used for job posting. The effectiveness of this approach however is not always measurable. The majority of social media sites are not designed for recruitment therefore the medium has some flaws. Social media complements a recruitment strategy and is a great way to boost employer branding. Many social media platforms are now adding additional job posting functionality to compete with job boards.
- Often the perception of social media effectiveness outweighs the benefits. Sites like LinkedIn however have removed the need for personal referrals with endorsement functionality. Corporate websites rank higher than anticipated, however those with a digital



Rupert Bassi: “Employers have a clear goal to attract the best candidates to their organisation. When it comes to more niche IT roles high-calibre individuals are likely to only be registered with, or attracted to, recruiters who have a specialist approach related to their specific IT skills. This is something that we notice particularly in our specialist areas such as SAP. Where such skills are in high demand, it is vital clients review their current suppliers, and engage with the right type of niche technology recruiter(s) suited best to their requirements.”

Chapter 3: Recruiting your IT workforce

Candidate attraction

"We largely use recruitment consultancies to attract new candidates and filter the first round of CVs. As hiring managers we then take over the remainder of the process."

Head of IT, FMCG

Key findings:

strategy, high level of investment and focus on SEO will find that if they invest in digital marketing they are likely to get increased traffic and therefore more responses to website advertising.

- The number of hiring managers using job board advertising has increased by 12% compared to last year. 9% of hiring managers used job boards in 2010 and 21% of respondents utilised this channel in 2011.



Roy Dungworth: "Social media for attracting talent should form part of a company's overall strategy but is not the holy grail. It is both time consuming and hard to control effectively and, in some instances, can actually do damage to an employer's brand. It also doesn't resolve the challenge of screening motivated and capable candidates from the rest."

Chapter 3: Recruiting your IT workforce

Part 3

Effectiveness of attraction methods

Key findings:



Roy Dungworth: "Print media has to be seen as outdated and does it really attract the best candidates in the market? The best candidates are typically not trawling through job ads as they are focused on their current roles. These are what we call top level passive candidates."

Which recruitment method has been the most effective for you and your department?

"We commission all our recruitment to recruitment firms; this is because we know that they use the full mix to attract staff rather than simply one channel. "

CIO, Engineering and construction

- Respondents found the top three most effective methods of recruitment to be print, recruitment agencies and social media. The results for recruitment consultancies and print media remain unchanged. Social media increased in effectiveness from 0% (2010) to 16% (2011).
- Recruitment companies are likely to always hold a top spot as one of the most effective methods of recruiting, as they take away the burden and tend to vet less relevant applicants before they reach the employer. Recruitment consultancies use a far more integrated strategy for attraction encompassing all available avenues of online and offline recruitment methods.
- Social media has steadily increased in effectiveness when recruiting compared to last year where it was not considered to be an effective method. While this method is becoming more effective there are no official measures of success in placing candidates in roles. Any information tends to be perception based on preferred use and convenience.

What does all this mean?

Employers are taking a pragmatic approach to IT recruitment. Their focus is on bringing technical skills at the expense of 'softer' communication, strategic thinking and cultural fit. Employers face a tough transition period when new employees join as it appears that cultural fit is not something that is taken into account when choosing future employees.

Hiring managers need to focus their hiring strategy on broader competencies rather than pure technical skills otherwise they may find themselves with technically capable employees with no vision to drive the business strategy forward.

The increased use of social media tools such as LinkedIn from 2010 – 2011 is notable. Whilst there has been an increase in use of social media through the recruitment cycle, it is hard to measure success.

We know that candidates keep their personal and professional lives very separate and therefore some of the core social media tools, such as Facebook are not typically geared for recruitment. These tools do however serve a purpose in building employer branding.

The take away from this is that while social media can be of benefit when recruiting, it must be integrated with a much broader recruitment strategy.

Chapter 4: The changing face of IT



Key findings

- IT continues to evolve and become an increasing influencer in organisational change.
- Cloud computing is boosting employment and the economy through job creation.
- Social media – the great unknown. IT departments struggle to take full advantage of the medium.

Comparative trends 2010-2011 – commentary on the differences:

- The IT landscape changed in 2010 and continues to evolve in 2011/2012 to cope with the continued impact that the recession and economic downturn is having on organisations.
- Last year respondents predicted cloud computing and social media as the two biggest innovations for IT in 2011. While this crystal ball gazing appeared to become a reality, respondents to this year's survey seem to think that the utilisation of cloud and social media is not where it should be. Hence they have stated that next year's biggest innovation in IT will come from better utilisation of cloud technology and social media.
- Mobile devices, remote applications and virtualisation all rated high on the list of 2012 innovations.



"A big change is here in the way that companies communicate. Rather than static websites and email-driven communications, companies will quickly move to having web-based conversations with clients, employees and suppliers.

This dynamic dialogue will force a re-evaluation of how company websites are constructed, how internal firewalls and security policies are handled, and ultimately how key business functions like sales are done."

Jim Albert, MD - Modis International

Chapter 4: The changing face of IT

Part 1 IT changes in 2011

Key findings:



Roy Dungworth: "Technology is always changing, in its simplest form - last year there was a shift from pressing buttons on a mobile phone to everything becoming a touch screen. We have seen an alignment of IT as a business function, and a more strategic function at board level."

Which of the following statements do you agree with?

2011

36% The role of the IT function has changed in the last 12 months and will continue to change in the next 12 months.

26% The role of the IT function remained unchanged over the last 12 months and will stay the same in the next 12 months.

23% The role of the IT function has changed in the last 12 months and will stay as it is now for the next 12 months.

15% The role of the IT function has remained unchanged over the last 12 months but will change in line with business requirements over the next 12 months.

2010

22% The role of the IT function has changed in the last 12 months.

26% The role of the IT function is about to change in the next 12 months.

56% The role of the IT function will stay the same.

- IT continues to evolve this year, although the role of the IT function has changed over the last year, over a third (36%) of respondents believe that it will continue to change, with a further 23% believing that IT will move into a state of stability. Of the respondents who stated that the IT function has remained unchanged, 26% believe it will stay the same in the next 12 months. The remaining 15% believe that the role of IT will change in line with business requirements. Additional comments from respondents position IT as being more closely aligned to change management and project management going forward.
- The role of IT departments will continue to evolve as new technologies emerge and new ways of delivering what businesses need are developed. IT is central to the way organisations go to market and are run internally. With new ideas, concepts and technologies emerging daily, the best organisations will predict and create new technologies and plan to make the most of the opportunities that arise.
- What we are seeing is that the role of IT during the recession was more focused on creating cost savings across the organisation and streamlining internal business processes (e.g. management information reporting for business decision making). When we begin to see a return of confidence in the market we anticipate a larger level of focus will be on new business development activities (new product innovations).

Chapter 4: The changing face of IT

Part 2 2012's biggest IT innovation

Key findings:



What do you think will be the biggest innovation for IT in 2012?

"Generally speaking 2012 will see a greater use of cloud computing, but in our sector, patient confidentiality precludes our participation."

Head of IT, Healthcare sector

- Cloud computing and the new icloud phenomenon appear to be changing the face of IT. The real positive associated with cloud computing is that it provides opportunities for job creation. Opportunities will arise for IT professionals in particular - those who understand the business, can see how to improve business processes and have the skills to configure technologies to deliver improvement. The cloud is having a different impact on those who lack the technological skills to deliver in a new technological landscape. Organisations may be embracing the cloud, but they need to ensure that they are training existing staff in the use of technologies and the overall strategy that governs the adoption working in and with the cloud.
- There are also a number of security and hacking issues associated with cloud technology. This means that sensible hiring managers are ensuring they have staff with the capability to ensure their cloud based structure is secure from threat. We are seeing an increase in demand for certified candidates that can equip organisations with the protection required to stop potential threats and maintain a secure network. These professionals include: CIO, CISO, CLAS consultants, check team lead, risk security manager, risk consultant, risk/compliance analyst, security programme manager, security architect/designers, information and security consultants, information assurance consultants, penetration tester (ethical hacker), ISO 27001 auditor, subject matter expert PCI DSS, compliance officer.
- In an attempt to make Ireland a leader in the provision of cloud computing there is a recruitment push for 20,000 to be employed to deliver on this strategy. This is just one example of how critical the adoption of cloud technology can be to local economies.

Jim Albert: "Hiring managers need to realise, as with everything, there are limits to what social media can do for business. These limits are especially noticeable around candidate attraction. And while investment in social media will continue to increase year-on-year that investment needs to be more strategic and better aligned to overall business strategy."

Chapter 4: The changing face of IT

2012's biggest IT innovation

"We hope the greatest advances in the technological world in 2012 will be in mobile/remote technologies for working on the move. Increasingly our business operates outside of core business hours, and is more global than it is localised and therefore developments in this area will see not only productivity of our staff increase, but also the profitability of our organisations."

IT Director, Banking and Financial sector

Key findings:

- A key area of technological change is social media. While social media is not necessarily new in the market place, use of the medium is expanding considerably. Firstly sites like MySpace dominated social media and were largely focused on social interaction-nothing more than a glorified blog. However social media is increasingly becoming a large part of the way people do business. But is social media the equivalent of TV advertising of the 21st century? Can businesses actually measure the impact of social media, or is it just improving brand salience? LinkedIn, Twitter and Facebook are essentially personal network builders rather than business tools; it is only through the use of these social media sites that innovative thinkers have caused social media sites to change into tools in which businesses must now use in order to keep tabs on what their stakeholders are saying about their product or service offering. We agree that social media holds a place in go-to-market and recruitment strategies. Where recruitment is concerned social media must be seen as a part of all employers' branding strategy and a part of candidate attraction and not the solution. There is no evidence that the medium will provide results on its own.
- It is imperative that organisations look beyond social media to attract and screen candidates as well as raise the profile of their employer brand. Social media is a vehicle that needs to be a part of a wider strategy, made up of a number of channels including traditional and new media, offline and online.
- Face-to-face screening of candidates can never be replaced but only supported by social media.



Jim Albert: "Remote technology such as smart phones, virtualisation and mobile web devices are almost a double-edge sword for the worker of the 21st century. While these tools allow employees to spread out the stresses of a day by answering critical emails on the way to and from work and over the weekend, what they don't do is create a disconnect between the office and home life – its the death of work-life balance."

Chapter 4: The changing face of IT

2012's biggest IT innovation

"A full utilisation of social media is on the cards for 2012. While the medium is out there I don't think it's utilised to its full potential. I know we are certainly not making the most of it, nor do we have a strategy in how to use it in various parts of our business including business development and staff attraction."

CIO, Professional services

Key findings:

- As generation Y continues to infiltrate the workforce, they demand a more flexible working life. Less motivated by money than previous generations, gen Y seeks privileges like working from home, and access to information on the go. With these demands comes a need for business to improve virtualisation of the office and also to have applications on smart phone and mobile devices such as the ipad to make it easier to switch between work and personal life at any point.



Alf Davis: "Social networking will continue to develop into more of a data source than simply a medium through which we communicate. There are already telling signs of this in LinkedIn where demographic data as well as other personal data is held and can be reported on. As data on members of social media sites becomes more freely available, many organisations will attempt to use this data for internal recruitment. However, what needs to be acknowledged is that social media alone is not enough to get the right person. Social media needs to be a part of a much wider recruitment strategy. As with all new trends, the problem is not the availability of the data, but the know-how with which to use it. Data itself has always been and will always be meaningless without professionals knowing how to interpret and use it. We may see further polarisation of the staffing marketplace into those organisations that really know what to do with the ever-increasing amounts of information available, and that therefore continue to be partners of choice to those companies looking for a service and those that become little more than data providers."

What does all this mean?

The IT industry is always at the forefront of innovation, pushing the boundaries and shaping the business world. There will always be new developments and technological advances which will continue to change the landscape of how we do business. What the results show is that IT needs to be ever changing to adapt to the environment. While some organisations will continue to innovate in the face of adversity (economic downturn is a case in point at the moment) some organisations will follow the lead of others. In some cases many organisations may choose to bury their head in the sand and wait out the economic storm. Organisations that fail to innovate will be the ones who are left behind.

The up take of new technologies is a good sign that the IT industry has no intention of taking a back seat in business despite the fact that the economy remains volatile. Where IT could improve is in ensuring that their workforce can deliver what is required for IT teams to become positive influences on business change and inevitably business transformation. Using and developing new technology is great, but using IT to its full potential and having the workforce to ensure this happens is what separates the leaders from the followers.

Chapter 5: Human resources comparative



Key findings

- HR Directors see IT directors as an integral part of the decision making process, strategic thinkers, and implementers of technology and infrastructure, in support of business objectives.
- HR Directors identify gaps in the way IT departments, select, motivate, train and appraise their staff.

Comparative trends – Senior IT compared to Human Resource Directors (HRDs):

- HR Directors think higher of the IT function than IT heads anticipated.
- Although IT directors do not see themselves as being thought of as 'strategic thinkers' or 'implementers of technologies to drive predetermined decisions' in their organisation, approximately a third of HRD believe that these characteristics are core to what IT brings to their organisations.
- A common response from both HRDs and IT heads is that IT teams are seen as an 'integral part of the decision making progress; although this is only rated by a quarter of IT directors and almost a third of HRDs surveyed.



"IT leaders have a powerful message; by concentrating on how best to deliver that message, they will also have a powerful impact."

Jim Albert, MD - Modis International

Chapter 5: Human resources comparative

Part 1 IT changes in 2011

Key findings:



Andy Tyers: “Most IT teams are being pressed to deliver more for less. Generally they are seen as facilitators of company strategy, rather than innovators or leaders of companies: They should look to be more proactive and influential within their company.”

Which characteristics would you use to define your IT team?

	IT Directors	HR Directors
Integral part of the decision making process	26.7%	27.8%
Invaluable service	14.1%	1.7%
Pure technical specialists	13.3%	6.1%
Other	9.4%	0%
Implementers of technologies to drive predetermined decisions	9%	33%
Strategic thinkers	8.6%	26.1%
Necessary evil	6.7%	0.9%
Disconnected from decision making	6.3%	1.7%
Facilitators of change	5.9 %	2.6%

- Heads of IT perceive themselves to be less valued by their peers than they actually are. Whilst both heads of IT and HRDs agree that IT teams are an integral part of the decision making process, both sets of professionals appear to disagree on other characteristics that define IT teams.
- 14.1% of heads of IT perceive that their organisations see them as an invaluable service; compared to 1.7% of HRDs. What this suggests is that IT teams have a way to go in demonstrating the value that they bring to the organisation. IT has been a key driver of organisational change, over the past two years. IT have driven increased efficiency and effectiveness through process reengineering and organisational streamlining. It is important that IT starts to celebrate its success and communicate this effectively.
- 13.3% of IT heads see themselves as pure technical specialists in the eyes of their peers, while only 6.1% of HRDs think the same. What this shows is that HR believes that IT plays a much more vital and strategic role, outside of the core technical functions. HRDs see IT is far more important in the overall scheme of business management, with 33% seeing IT as implementers of technologies to drive predetermined decisions; and 26.1% seeing IT as strategic thinkers. The differences between the two schools of thought here is that IT departments have worked hard to be seen as more than pure technical specialists and earn their place in the board room. The results would appear to show that HR believes IT is further along this transition path than IT does itself.

Chapter 5: Human resources comparative

IT changes in 2011

Key findings:

- Only a small percentage (8.6%) of IT heads think their peers see them as strategic thinkers, and a mere 9% of IT heads believe they are seen as implementers of technologies to drive predetermined decisions.
- HRDs are definitely sure of two things: that IT is not a necessary evil (0.9%), nor is it disconnected from decision making (1.7%). This is a positive reinforcement for IT, as it shows that their peers consider them as being important in overall operations and the strategic running of the business.



Stephen Martin: "Over the last 20 years the characteristics of IT departments have changed from being perceived as a back office and reactive function, to what they are today - which is innovative, business-minded drivers of change."

"Our IT department has a sound knowledge of our overall business requirements and has implemented an integrated IT strategy to help achieve our business critical goals."

HRD, Professional services

"The IT team has been critical in providing management information for decision making within our business. This enables us to have clear sight of where we have been, and where we are going."

HRD, Banking, finance & insurance

Chapter 5: Human resources comparative

Part 2

Better influence at strategic direction

Key findings:

How can IT become better influencers at the strategic decision making level?

"IT needs to be careful in stating a problem, and avoid unwarranted assumptions and option-limiting prejudices when choosing between systems. More often than not, selection of business solutions should be aligned to business needs first and technology second."

HRD, Media, new media & creative

- HRDs are concerned with the way that IT departments go about selecting, motivating, training and appraising staff. HRDs believe there is a lack of process when it comes to recruiting new staff within IT. More often than not IT heads see technical capacity as the primary influencer when making a decision to employ a new member of staff. This can be at the expense of looking at cultural fit of a potential employee, their wider fit with the organisation and their understanding of the greater organisational objectives. Characteristics such as a positive attitude and being able to engage and participate in business-wide projects is fundamental for all staff. HRDs see no exception for those in IT, believing that these characteristics need to be displayed by any potential employees.
- There is a requirement for IT teams to establish formal and informal organisational structures as a means of delegating authority and sharing responsibilities. HRDs think there is a lack of accountability in many IT teams. They have identified that there is a need for IT teams to be more accountable to staff, the larger enterprise and to the community at large. There needs to be business processes that facilitate these communication channels.
- A large proportion of respondents touched on how IT could better approach the procurement process. HRDs believe that IT needs to provide a more comprehensive analysis of alternative IT solutions and approaches throughout the procurement process. Many HRDs think that whilst IT is involved in the procurement cycle, they simply don't bring enough wider industry analysis and knowledge to the table when evaluating alternative solutions. Many also found that IT



Alf Davis: "For IT to become more strategic, IT departments that outsource parts of the "maintenance" role of their organisation really need to let go a little and focus on gaining strategic advantage, as opposed to acting as a gamekeeper over service providers that are competent in service delivery. This approach is common sense, and allows internal IT departments to concentrate on the greater strategic issues, which will keep the board and the organisations stakeholders happy."

Chapter 5: Human resources comparative

Better influence at strategic direction

Key findings:

"There are infinite flavours of how technology can be re-arranged and implemented, so speaking to a wide base of peers is critical. Sometimes IT takes it upon itself to find the solution; however, what is needed is true collaboration to ensure that IT solutions fit business requirements."

HRD, Public sector

"IT teams need to get better at setting priorities and reviewing and revising objectives in terms of changing demands."

HRD, Legal

focuses on the technical aspects of a solution rather than the overall business benefits, ease of use, or understanding for end users. While involved in the procurement process, they often overlook new innovations as they are not proven. They need to have a more strategic focus and long term vision.

- HRDs would like to see IT departments take on a greater role in the education of the wider business, in new technologies and in how the business can make the most of the technology to achieve their overall strategy. It seems that while most organisations invest in buying new technologies, they don't necessarily take full advantage of the solutions. While IT is usually a part of the procurement process, more often than not systems tend to sit with the relevant department, which sometimes don't have the business and technical knowledge on how to get the most out of the solution.
- There were a number of comments from HRDs that IT needs to be more strategically focused when involved in project management. IT is seen as a strong influencer in change management and organisational culture; yet it seems to take a more operational focused stance when involved in projects.
- Many HRDs sing the praises of their IT peers; However, what they don't think IT does enough of is sing their own praises and celebrate success.
- There is a fundamental lack of reporting back on initiatives, which means that many times, organisations hear of all these great IT initiatives but don't get any updates. This leads many to believe



Stephen Martin: "IT can be better influencers strategically by highlighting the cost savings that can and are being created by IT. Heads of business want bells and whistles on applications and systems, but more importantly they want to know how much money can be taken off the bottom line, especially by rationalisation and virtualisation of IT.

IT can impact directly on headcounts, process improvement and productivity which will be key areas to many businesses gaining growth in 2012. If IT is not the main influencer already, then perhaps CIOs, CTOs and IT Directors need to be selling themselves a little harder."

Chapter 5: The changing face of IT

Better influence at strategic direction

"IT has to be part of business strategy and think about the various ways which would help our company to grow. We require our IT team to step up and not only understand but apply knowledge, information and techniques to analyse the criteria of sustainable economic growth. IT should be involved in more and more board meetings and seminars, to help them to get this overall perspective."

HRD – Health sector

Key findings:

that IT teams are great at coming up with innovative ideas and new ways of doing this however they are not consistent in their follow through. In actual fact it is often the opposite: IT implements new initiatives, technologies, processes etc, but they don't report back to the business upon completion and delivery of milestones within projects. Organisations now need to ensure they have the right progress reporting and reporting framework on project initiatives in place to support IT driven projects.

- HRDs have found that there is a training gap amongst lower level IT staff. While their technological knowledge is at a high standard, what is missing is a link to business knowledge and an integrated approach to delivering against organisational wide goals. More often than not, in below management level and project management level in the IT department, operational staff struggle to link IT activity to overall business strategy. Managers need to work closer with HR and training departments to implement courses which will provide lower grade IT staff with fundamental business knowledge.



Andy Tyers: "The CIO needs to be more influential and more of a voice within their respective organisations. The need for the CIO to be more proactive in 'selling' their IT capabilities and experiences to the rest of the board is the next evolution for IT leaders to undertake."

What does all this mean?

IT is clearly making an impression at executive level. While they (IT heads) don't see their impact as being noticeable to the business, their peers (HRDs) clearly do. What is lacking from IT heads at the moment is their ability to convey to the greater business how they are currently, or plan to, positively impact the business going forward.

IT departments have come a long way from being pure technical specialists to being drivers of change. They now need to rightfully take their place at the boardroom table, and have an opinion; they just need to ensure they are speaking with the overall business in mind, and be mindful not to get carried away with the technological aspects of a solution. What businesses are looking for is organisational solutions underpinned by sound technological frameworks. IT heads need to remember to put business needs first and technology a close second.

Quotes in summary



"IT has gone through some dramatic changes over the past year. What has emerged is a completely different function."

Jim Albert, MD - Modis International



"Increasingly IT has become more commercial, strategic, efficient and effective in delivering timely business solutions. There were a lot of lessons learnt from the recession and consequently organisations are now very focussed in ensuring they are building internal staff skill capacity to deliver against their IT strategy."

Jim Albert, MD - Modis International



"Employers need to cast their candidate attraction web wider to ensure they have access to the best quality candidates. They also need to have greater focus on their employer branding strategy to ensure that when they advertise jobs candidates are drawn to the position and company."

Jim Albert, MD - Modis International



"A big change is here in the way that companies communicate. Rather than static websites and email-driven communications, companies will quickly move to having web-based conversations with clients, employees and suppliers."

This dynamic dialogue will force a re-evaluation of how company websites are constructed, how internal firewalls and security policies are handled, and ultimately how key business functions like sales are done."

Jim Albert, MD - Modis International



"IT leaders have a powerful message; by concentrating on how best to deliver that message, they will also have a powerful impact."

Jim Albert, MD - Modis International