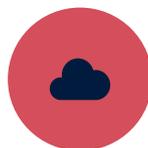
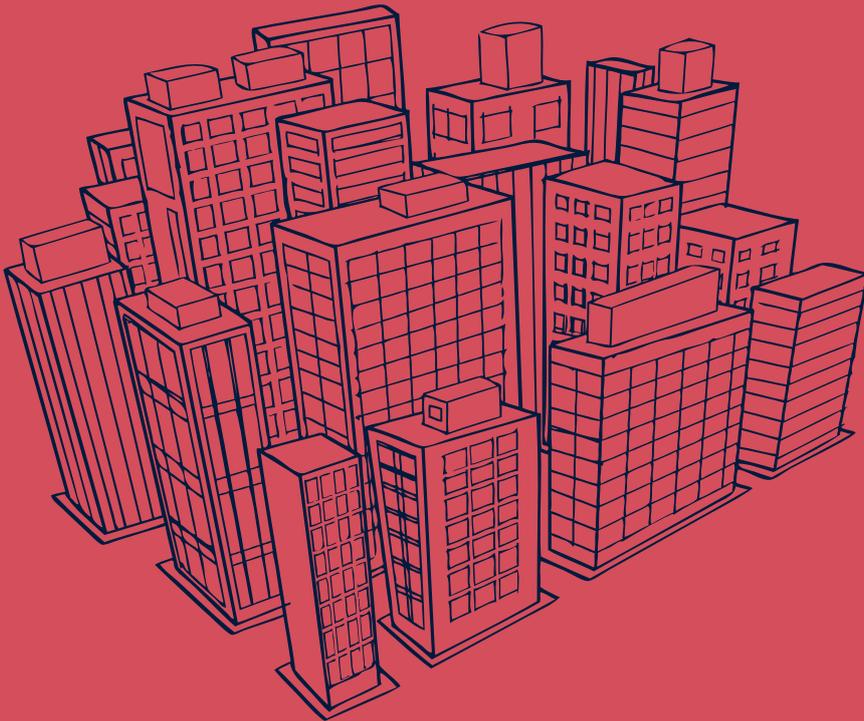


Tech Cities Job Watch

Q2 2018



Cloud

About Experis and Tech Cities Job Watch

As technology continues to significantly impact all aspects of business, companies in cities across the UK vie for top tech talent, so they can build their ability to innovate and cater to demand.

Yet, as the technology sector has evolved, so have the skills, expectations, and demands of the talent that powers it. As a result, employers are finding it increasingly challenging to attract and secure the skilled individuals their business needs.

By combining the latest market intelligence with Experis insights and expertise, the Tech Cities Job Watch report provides employers with a barometer of the changing workforce dynamics within the technology sector. Five key disciplines are focused on in particular: Big Data, Cloud, IT Security, Mobile and Web Development.

Experis is the largest IT recruitment specialist in Europe. We have been at the forefront of the search for the best in IT talent for over 25 years, placing tens of thousands of candidates.

Experis has the deep industry knowledge to understand the challenges organisations face and the access to highly skilled professionals to help companies seize opportunities.

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Experis Brand Leader
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Foreword



Growth in the Internet of Things and 5G communications is driving the creation of increasingly sophisticated applications, each demanding Cloud-based storage and processing. As a result, many organisations are stepping up their investment in the Cloud and the associated talent, to ensure they can harness leading-edge technologies that will drive their business forward.

While the benefits of the Cloud are widely known, the considerable challenges involved in adopting such technology should not be underestimated.

Since the Cloud is so easily accessible, many organisations have invested in a number of public and private Cloud services. This often creates a jumble of elements which cannot exchange data between one another. Binding these disparate services together with existing on-premise IT services is not straightforward. What's more, doing so can create a significant security risk if not managed and resourced correctly. In this post-GDPR world, where data breaches can have serious financial and reputational ramifications, it's critical that integrations between different Cloud services are absolutely faultless. There is no margin for error.

This is just one challenge that many organisations face when investing in Cloud technology, and there are many more. Yet in spite of the difficulties, business models are becoming increasingly reliant on the Cloud to function. As a result, demand for Cloud talent is soaring, as employers recognise that they need to recruit specialists to lead adoption and integration. In fact, there is strong growth across both the contract and permanent market, with demand outstripping supply. Since Cloud adoption is only set to increase in the years ahead, we can expect the war for talent to intensify. In a market like this, it's important that organisations take a long-term view of how they will stay ahead of the competition and secure the skills their business needs.

Moving towards the Cloud doesn't just require specialists, though. These days, many technologists' roles involve the Cloud – but they use it, rather than build or maintain it. These individuals may not require specialist knowledge about the inner workings of the Cloud, but they do need continual reskilling and upskilling to ensure they harness and integrate these technologies in the most efficient, safe manner. Employers have an important role to play in ensuring their skills remain relevant.

As competition for talent grows, our latest Tech Cities Job Watch report provides insights into the trends that will affect the availability and preferences of Cloud specialists across the UK. I do hope you find this to be a useful tool. If you would like to discuss your own experiences in sourcing talent, please feel free to reach out to myself or one of the Experis team.

Best wishes,

Dave Hannah
Experis Brand Leader



Introduction

In many respects, the Cloud is one of the more boring aspects of IT. It doesn't have the shine of augmented reality or driverless cars, nor the emotional wallop of robotics or artificial intelligence (AI). However, the Cloud is critical to all of these and more. In fact, it might be said that the future of society is strongly correlated to the future of the Cloud.

With this in mind, in this report we will assess where the Cloud is in respect of its evolution and adoption; what are the predicted trends for the years ahead; and what might obstruct progress. Having access to Cloud talent is critical to embracing the Cloud, so we will also explore trends in both the permanent and contract market.



...it might be said that the future of society is **strongly correlated to the future of the Cloud**



Why should we care about the Cloud?

The Cloud increasingly provides the infrastructural glue that binds modern societies. According to LogicMonitor's Cloud Vision 2020: The Future of the Cloud study, the leading factor driving greater public Cloud engagement or adoption today is the need for digital transformation. Given that digital transformation is an exercise all organisations are going to have to undergo at some point, it is clear that the significance of Cloud is only going to grow over time. AI adoption will act as a catalyst for this, though cyber security will be something of an inhibitor.

In any case, the ability to pay only for what you use without having to concern yourself with infrastructure management makes the Cloud a compelling way forward in respect of acquiring third party IT and business services. Consequently, it is profoundly reshaping business models and IT departments.



Who are the key players?

Cloud services cover everything. The term XaaS (Anything as a Service) captures this.

Examples include:

- IaaS: Infrastructure provision (e.g. virtual servers)
- PaaS: Software development and management platforms (e.g. app development environments)
- SaaS: Software provision (e.g. online CRM)

The major IaaS and PaaS players include Amazon, Microsoft, IBM and Google. High profile SaaS players include those mentioned along with Salesforce, Adobe, Slack and Box. Though in respect of SaaS, it is increasingly rare for an organisation to not offer an online offering to its customers.



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The talent challenge

According to Microsoft, 38% of those involved in recruiting people with Cloud skills in the last 12 months said it was difficult to find the right skills.

To address this issue, they are looking at a combination of:

- Retraining existing staff
- Using external partners
- Recruiting new people with Cloud skills

Our experience at Experis supports this view. We are seeing strong growth in both the contract and permanent marketplace, with demand for Cloud skills outstripping supply. The permanent market is impacted by the fact that those with the right skills recognise they can get a better return on their talent by becoming contractors. Amazon AWS skills dominate, but demand for Microsoft Azure is high too. While Google Cloud is still considered niche, it looks set to grow significantly in the months and years ahead.



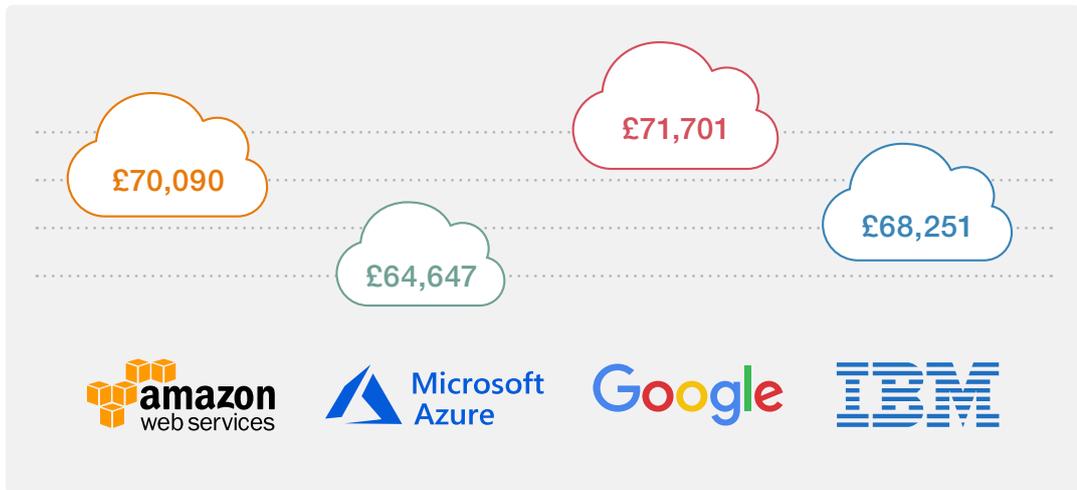
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Battle of the Cloud platforms

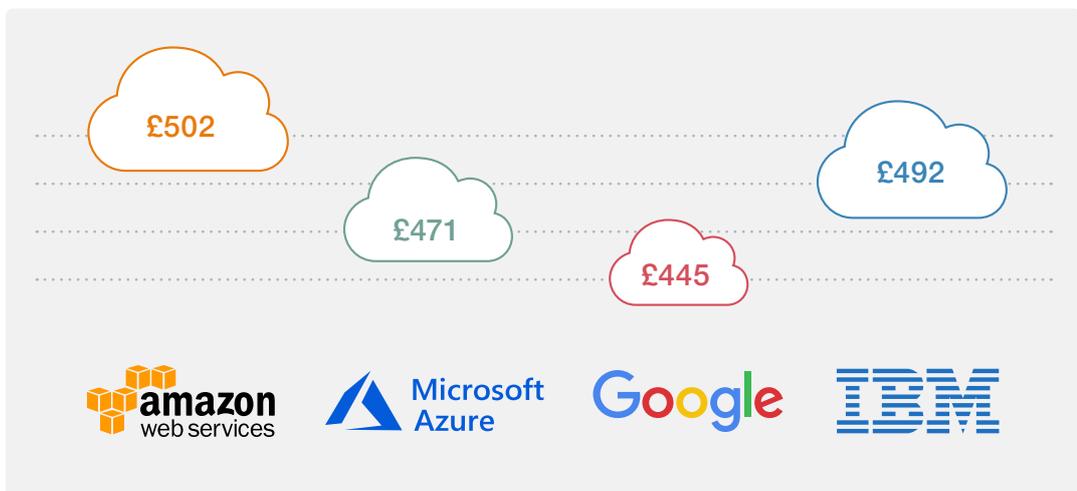
Permanent salaries

The competition between the top four Cloud platforms is heating up. With an average salary of £68,672 across the top four, Google Cloud is leading the way with an average permanent salary of £71,701. Surprisingly for one of the more established players, Microsoft Azure had the lowest average Cloud salary in Q2 2018, perhaps reflecting the strength of the Microsoft brand in the IT space.



Contract rates

The picture in the contractor market looks a little different. With an average day rate of £478, Amazon Web Services is offering the highest amount of £502. Interestingly, despite paying the most for permanent employees, Google are paying the lowest amount (£445) for contractors in Q2.

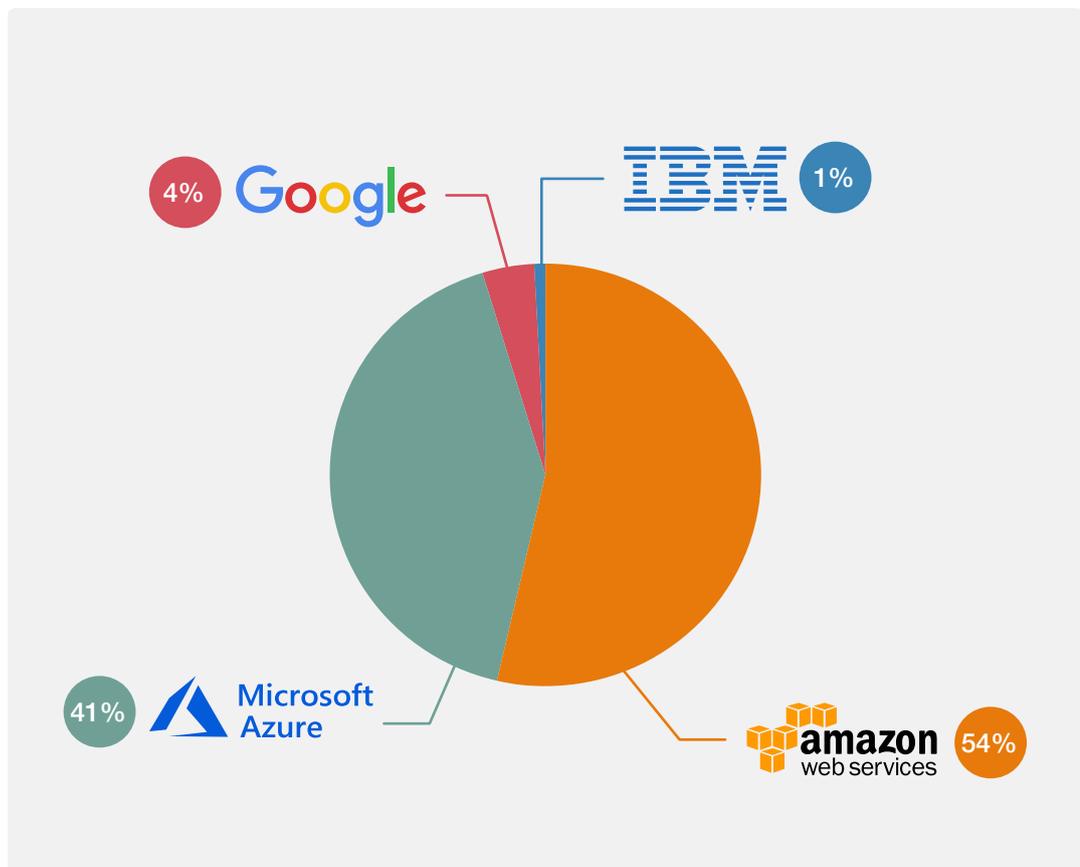




Battle of the Cloud platforms

Hiring demand for the top four

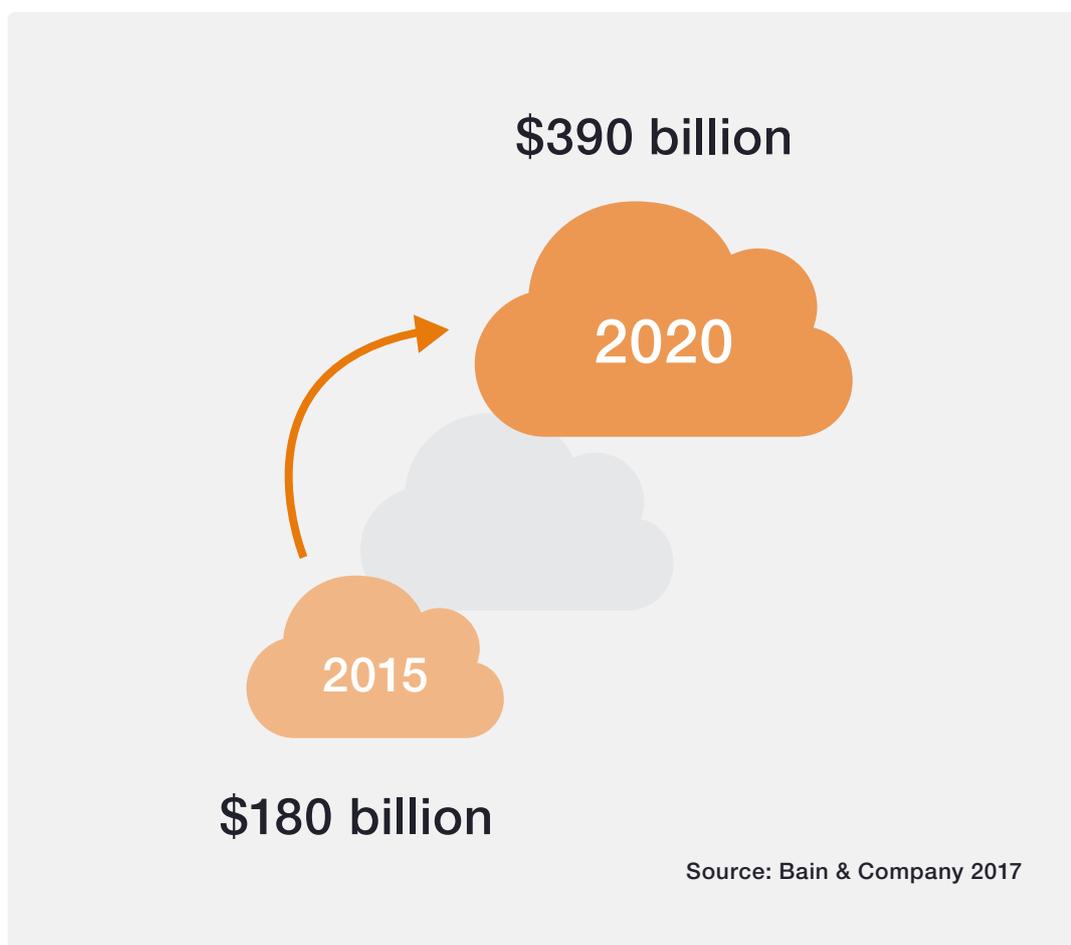
As expected the largest proportion of hiring demand in the UK comes from Amazon Web Services, accounting for 54% of the roles advertised by the top four Cloud platform providers. The main challenger, Microsoft Azure, is fairly close behind, with 41% of the roles advertised.





What are the trends?

According to Bain & Company, the market revenue of global Cloud IT is predicted to increase to \$390bn in 2020, representing a compound annual growth rate of 17%. Since 2009, Cloud computing spend has grown at 4.5 times the rate of the wider IT industry; and it is expected to grow at more than 6 times the rate of spending through 2020, according to IDC. The only way is up for Cloud adoption and, in turn, the skills to support that growth.





Cost reduction

Technology advancements are leading to reduced costs. This in turn drives down the cost of Cloud storage to the point where in some cases it can be offered for free. Moore's Law has been in operation since 1965 and broadly states that the number of transistors on a chip doubles every year while the costs are halved – ultimately reducing the cost of processing power. This has slid to every 18 months. Whilst Moore's Law is slowing down, it may well get a reboot as quantum computing and biocomputing move out of the labs.

Cloud pricing wars between Google and Amazon will also keep driving down prices. Cloud consumers will thus continue to get a greater return from their Cloud spend.



Cloud pricing wars between Google and Amazon will continue to drive down prices



Security

There is also a trend in respect of crowdsourced Cloud storage. While this may not be attractive to enterprise customers, it is worth noting, given the associated security implications of what might be termed non-professional Cloud service provision.

In broader terms, security breaches are on the rise. Gartner expects worldwide information security spending to reach \$93bn in 2018, while IDC anticipates that this figure will reach \$102bn by 2020. Given how closely Cloud and Security are intertwined, it is likely that we will start to see some innovative solutions emerging in this space alongside continuing high demand for IT Security specialists. The vendors are highly motivated to allay the fears of enterprises who feel uncomfortable holding data beyond their walls.



Given how closely Cloud and Security are intertwined, **it is likely that we will start to see some innovative solutions emerging in this space**



Edge computing and Cloud

To some extent, the emerging adoption of the Internet of Things (IoT) is moving processing away from centralised Clouds and towards the devices within which the IoT technology resides. This decentralised processing is increasingly referred to as edge computing. It's likely that edge computing will further drive up demand for Cloud, and for the associated talent, because it will be the Cloud that enables these remote devices to communicate and share data with other devices.



It's likely that **edge computing** will further **drive up demand for Cloud**, and for the **associated talent**



Integration

Because Cloud services are easy to set up and acquire, organisations can easily find themselves with a hotchpotch of Cloud elements which cannot exchange data between themselves. This means there is likely to be growth in respect of Cloud integration. The three primary solutions used are public Cloud services, private Cloud services and on-premise IT services. Binding together elements of all three will require deep technical and business skills.



Cloud integration is likely to be an **area of growth** in the future



What are the influencing factors?

Security will be a major factor that encourages organisations to further invest in the Cloud, but adoption will also be influenced by sector trends. While some sectors remain nervous about the Cloud, others prefer a hybrid public-private approach. Unless you enjoy the IT infrastructure economies of scale of the likes of Amazon or Google, it's likely that organisations will be better off acquiring IT infrastructure as a service. Education and necessity will eventually convert those who cling to an on-premise approach.

We must also keep in mind that many organisations have heavily invested in their own IT infrastructure, including the in-house development of their own applications. Such organisations are likely to maintain an on-premise IT model, until the perceived value of their in-house investment has dropped sufficiently to warrant swapping it with a Cloud approach.

The growth in 5G communications, as well as increased IoT adoption, will drive the creation of increasingly sophisticated applications that will place greater demands on Cloud-based storage and processing. These trends will likely stimulate a growth in Cloud service providers, thereby entrenching the Cloud as a critical part of business and societal infrastructure.

Clearly all of this growth in Cloud adoption requires people with the appropriate skillsets. In many respects, the Cloud is becoming a virtual IT function, so every skill required by traditional IT departments will be required in the Cloud arena too. On top of these skills, businesses need people with both technical and business skills, who can lead the overall digital transformation of organisations.



The Cloud is becoming a virtual IT function, so **every skill required by traditional IT departments will be required in the Cloud arena too**



Summary

The demand for Cloud as a critical element of business and societal infrastructure is growing. But it can only grow as fast as the supply of skilled people allows. This will require talent managers to be more innovative in their staffing solutions. For those working in the IT sector, and even beyond, the Cloud represents a fertile environment in which to grow your career.



Steps to take

As Cloud adoption increases, so too will competition for individuals with this skillset. With this in mind, it's important that organisations think long-term about how they will secure the Cloud skills their business needs. Keep in mind that in the digital age, your organisation is only as resilient as the technology upon which it depends, and your technology is only as good as the talent that builds, integrates and maintains it. This makes the acquisition of Cloud skills a strategically important matter.

Here are five things to consider right away:

- **Do not penny-pinch.** Be willing to offer attractive remuneration. Do the maths and consider what impact saving a few pounds on your recruitment costs may have on your organisation's transformative intentions from both an attraction and retention standpoint. Efforts to save on a pay packet may hamper your organisation's ability to secure individuals that can drive substantial business value
- **Offer interesting work.** Not all Cloud experts are motivated by money alone. Contractors will also be attracted to organisations that provide them with an opportunity to upgrade their existing skillsets. Cloud projects that focus on the latest technology such as the Internet of Things and Edge Computing will most appeal to talent
- **Cross train your staff.** There shouldn't be a motivation issue, given that entering the Cloud skills market currently has no downsides. Transferable skills include SQL and MySQL, software quality assurance and project management
- **Consider outsourcing.** In the extreme, this may mean outsourcing your complete IT function. Or it could mean selectively outsourcing elements, so that you retain overall control. Consider new ways of working with your suppliers, such that the relationship evolves into a partnership where risk and reward are shared
- **Embrace diversity.** According to Microsoft, 80% percent of IT roles in the UK are occupied by males. However, research has shown that gender balanced teams better adhere to project schedules, incur lower costs and achieve higher performance ratings. Addressing this imbalance will help to fix the Cloud skills bottleneck and in turn improve the overall economy.



It's important that organisations think long-term about **how they will secure the Cloud skills their business needs**



Get in touch

We hope you find this report to be a useful tool. As always, we would really value your perspective on our insights. Please do reach out to us if you'd like to discuss your own experiences in sourcing talent across the UK's Tech Cities.



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