

SEPTEMBER 2017

Sourced Report

The Sourced Report has now been providing insights into the Christchurch IT sector for three years.

From this year on, we'll also be examining the Auckland IT sector, analysing the unique trends and movements in the market as well as exploring how it compares with Christchurch.

Welcome to the eighth Sourced Report – your insight into the Christchurch, and now Auckland, IT sector.

The data we have collected over the course of our research allows us to provide Canterbury and Auckland technology professionals with the most up to date trends and changes occurring in your local market.

MARCH KEY POINTS

Hiring Activity

Following up from the leading point in our previous Sourced Report, hiring for IT roles in Christchurch has remained strong, with 81% of employers having hired someone in the last 6 months. 24% of these hired for five or more roles. 32% of respondents stated that they had recruited for one or two IT roles, an increase on the 23% seen in the last report. However, there were less organisations hiring a large number of people, with just 9% of respondents stating they had recruited for 10 or more IT roles, as opposed to 13% in February. A further 18% stated that they hadn't hired for any IT roles, a significant increase on the 11% in the last report.

While these numbers make for slightly lower hiring activity compared with March, these are still hugely positive signs for the sector when looked at in context. The slight drop off is mostly seasonal, with hiring picking up further in the summer months. We also saw a more successful level of hiring, with just 29% of employers stating that one or more of their roles was unsuccessfully filled, compared to 36% in February.

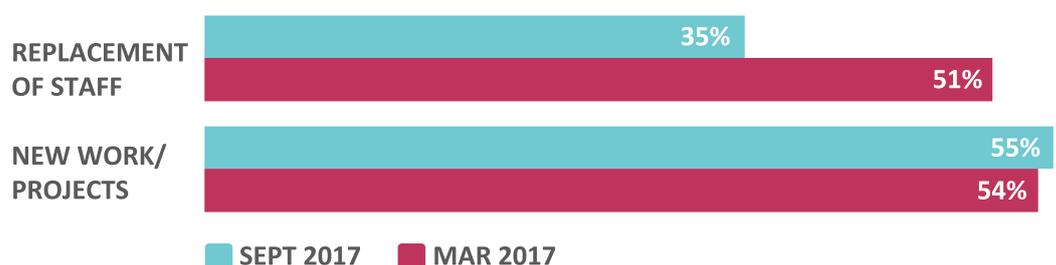
When looking into the reasons behind hiring, we can see a clear pattern of growth. New work and projects once again emerged as the key drivers for new hires, showing that there is consistent growth in the market, and that the reasons behind hiring aren't strictly cyclical. New work and projects was a significantly more prominent reason for hiring in this survey as opposed to six months ago. In our February report, 54.05% of respondents listed new work and projects as the key reason for hiring, coming in ahead of replacement of staff by just 3%. This time around, there was a far larger gap, with new work and projects taking 55% of responses with increased internal demand for IT (39%) and replacement of staff (35%) coming in behind.

81% of Christchurch employers have hired someone in the last 6 months. 24% of those hired for 5 or more roles.

In Auckland, the hiring outlook was also positive, with every respondent hiring for at least one IT role, and 25% recruiting five or more and just 25% stating that there were a number of roles they couldn't successfully recruit for. New projects and work again emerged as the most significant driver of recruitment activity, with 71% of respondents stating that this was a key reason for

hiring. However, the Auckland sector differed to Christchurch in that increased demand from customers came out ahead of replacement of staff and increased demand of IT from within the organisation.

REASONS FOR HIRING - MARCH 2017 VS SEPTEMBER 2017



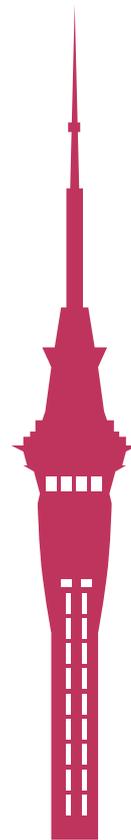
Employee Priorities

Flexibility and work/life balance has once again emerged as the most important factor sought out by IT professionals when looking for a new role, as well as being the aspect of their current role that they most enjoy. Along with variety of work, flexible hours was the joint most cited response when IT professionals were asked what aspects of their current role they most enjoy, with access to good technology coming in third. Work/life balance also topped the charts when respondents were asked about what they look for in an IT role, with 79% considering it a major factor, ahead of challenges and career opportunities.

In Auckland, we see a very similar story, with flexible hours

being the most enjoyed aspect once again. Plus, while amongst Aucklanders, career opportunities (79%) emerges as the key priority when looking for a role, work/life balance isn't far behind (73%).

All in all, this shows that IT professionals are looking for roles that can fit in seamlessly with their lifestyles. While most employers seem happy to provide this (with more than 60% of respondents stating that they enjoy flexible hours in their role), the response to our survey shows the level importance that talent places on these aspects of their role. If they aren't able to access this, then employers may find themselves missing out on top talent, who may well favour more flexible competitors.



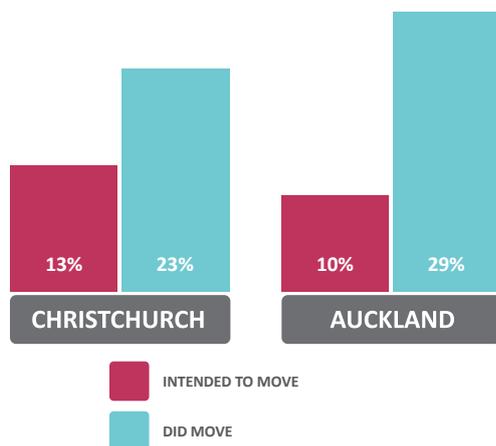
EMPLOYEE PRIORITIES CHRISTCHURCH VS AUCKLAND



1. CAREER OPPORTUNITIES (79%)
2. WORK/LIFE BALANCE (74%)
3. CHALLENGES (65%)

1. WORK/LIFE BALANCE (79%)
2. CHALLENGES (74%)
3. CAREER OPPORTUNITIES (61%)

INTENDED TO MOVE VS DID MOVE



41% of Christchurch respondents stated that their salary was lower than expected.

Salary Satisfaction

Hiring is strong and people are staying in their roles, with a drop in the number of respondents who have only been in their roles for a year or less in both Christchurch and Auckland. Flexibility also remains at the top of the food-chain when it comes to priorities at work. However, that doesn't mean that employers can rest on their laurels when it comes to salary. While salary remains of a similar importance to IT professionals as it always had been, there has been a significant increase in the number of respondents who are unhappy with their salary. 41% of Christchurch respondents stated that their salary was lower than expected, a significant increase on 31% in February. We saw similar results in Auckland, with 44% of respondents stating their salary was lower than their expectation, compared to 38% in February.

This just goes to show that while salary isn't a primary motivator for IT professionals, and is very much secondary behind workplace conditions and flexibility, employers cannot afford to rely on those elements along to retain top talent. Interestingly, we've also seen a drop in the number of people expecting to stay in their roles indefinitely, with respondents being more open to moves than they were six months ago. Even employees who might be happy in their roles and may not be looking to move can be persuaded. In our February survey, just 13% of respondents in Christchurch and 10% of respondents in Auckland intended to leave their current role in the next six months, however, in our current survey, 23% of Christchurch respondents and 29% of Auckland respondents stated that they had been in their role for six months or less.

Contractor Numbers

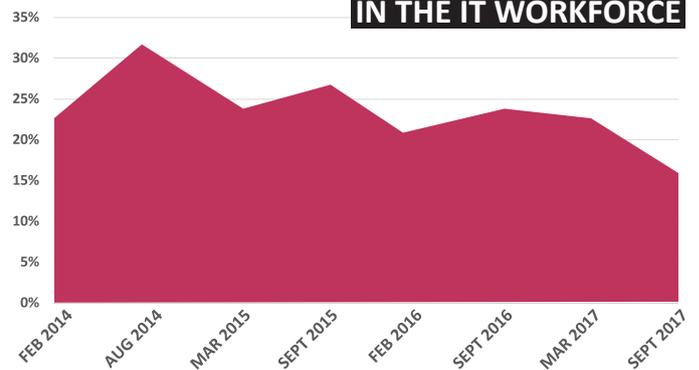
With new projects being the driving force behind hiring, it's somewhat surprising to see that the number of contractors working within the Christchurch IT sector has decreased. With Q2 and Q3 generally being the time of year where the number of contractors engaged peaks, the 7% overall decrease from February's survey is an interesting outlier. This is made doubly interesting when looking at employer intentions, where there was an increase in interest when it came to hiring contractors. This could be related to another

change from the last survey, where 100% of employers stated that it was more important for them to hire someone who is a culture fit rather than someone whose fit is purely skills-based. This time around, while it is admittedly a very small number, 3% of respondents disagreed with this. This could be an indication that, while culture is still a leading priority, the increase in projects has caused the volume of work to reach a critical mass, and thus the need for short term skills has increased.

In Auckland, we can see this reflected somewhat, with the number of full time contractors

falling, but the number of part time contractors increasing, making for a slight net increase.

PRESENCE OF CONTRACTORS IN THE IT WORKFORCE



SME Growth Christchurch/Auckland

Small medium enterprises (SME) once again drive a significant part of the discussion in Auckland, with 48% of respondents coming from companies with 50 or less employees. This is up on the last Sourced Report's 44%, showing that SMEs are continuing to grow at a steady pace, with responses from large organisations with more than 100 people slipping, making up 37% of responses as opposed to 42% in February.

In Christchurch, organisations with less than 50 people make up 33% of responses, up on 27% from the February report. This is mainly due to a significant

increase in the 16-50 person company bracket, which saw a 53% increase on the last survey's results. However, whilst SME growth remains positive, large companies are still clearly dominant in the Christchurch market, with 62% of respondents stating that their company employees 100 or more people. Moreover, 45% of respondents stated that IT accounted for less than 15% of their organisation, with just 29% of businesses reporting that IT accounts for 75% or more of their organisation - compared to half of the responses in Auckland.

Many thanks to everyone who took the time to complete the Sourced Report.

Your Comments

SALARIES

Once salary reaches a certain level of comfort, the job and environment are what matters.

I have made do with a lower than expected salary while my children were young and I needed flexibility. But now they are growing and need me less it's about time my salary caught up with market norm, I feel like my salary has been frozen for years!

Good salary is important in cities like Auckland, where living expenses are so high. But for the next 5 years, I am more focused on career development than good earnings.

More flexibility for working mums. If we have to choose we will always choose our children over money and work regardless of our financial situation. Give us the option to work from home if we have sick children.

NEW ZEALAND TECH

Finding qualified candidates is difficult, far too many of those we do find are able to demonstrate their experience and technical knowledge in our interview and hiring process.

There is too much reliance on CDC and government agencies who are too slow to move the direct beneficiaries of a vibrant IT sector need to take the lead.

In general NZ needs much better infrastructure to both support home grown initiatives and play with the rest of the world.