pontoon

Volume 2

Technology & Consulting Burst

1. The impact of global inflation on tech hiring
2. Sourcing offshore tech talent to meet business demand
3. Implications of new EU tech regulation

The impact of global inflation on tech hiring

Rising inflation is impacting global markets as prices of goods and services continue to skyrocket. The UN estimates that global inflation will reach 6.7% in 2022, twice the average recorded from 2010 to 2020. Some countries are seeing their highest inflation rate in 40 years, with the UK reporting 9.1% – levels not seen since 1982.

More than just increasing the costs of goods and services, the effects of inflation put additional pressure on the already scarce tech talent market. Increased demand for IT talent is causing wages to soar. A massive 58% of IT talent firms have experienced increased bill rates over the last three months.

In another example, the average wage of Polish IT professionals has grown by up to 50%, according to Wall Street Journal. Some well-paid IT specialists have doubled their salaries over the last 12 months.

As talent service suppliers make the most of better margins and organisations spend more to find and hire IT talent, niche positions are seeing a much slower time-to-fill.

For in-demand tech roles, employers must plan their recruitment efforts meticulously, expand their candidate pool, and consider deploying expert IT talent consultants for contingent and full-time recruitment needs. Learn how Pontoon leveraged the power of the Adecco Group Ecosystem to design a tech talent hiring solution alongside LHH and Akkodis: watch the video case study.

Organisations must budget carefully to offset rising inflation costs when sourcing and hiring IT labour. They need to negotiate sustainable and fair pay rates with talent suppliers to keep pace. Also, optimising supply chains will ensure that only the best-fitting talent partners are engaged for efficiency in filling high-demand roles.

Sourcing offshore tech talent to meet business demand

The world of tech work has been primarily remote for the last two years, and it looks like the concept of *working from anywhere* is here to stay. Employers are looking to bolster their workforce with offshore and nearshore candidates located in tech hubs around the world.

This trend is leading to unprecedented industry expansion in many countries. McKinsey revealed that India's IT sector expects to reach $300-$350 billion in revenue in five years, thanks to its 10% annual growth. India will likely become the world's biggest app developer base in the next two years, drawing from its 5.8 million developers countrywide.

Other international tech hubs are also growing rapidly.

A few examples include:

Brazil - boasts the world's sixth largest IT market and has over half a million software developers employed by tech giants like Google and Airbnb.

Canada - IT talent is significantly cheaper in cities like Toronto, where companies can expect to save over half of their hiring cost compared to onboarding candidates in San Francisco and about 50% compared to Seattle or New York.

Pakistan - is another promising tech hub on the rise in Asia. Venture capital funding increased by 97% in 2020, making it a serious competitor in the global IT market.

As global IT sourcing options grow, organisations will have more access to new tech talent. Employers should consider investing in alternative offshore sourcing to save on high labour costs and diversify their workforce to fill critical skills gaps.

Organisations like Microsoft, Uber, and 3M are already establishing offshore and nearshore offices in these countries. Tech companies must leverage the talent in these tech hubs to stay competitive in today's remote environments.

Implications of new EU tech regulation

The EU recently passed new digital regulation laws that could disrupt tech companies' global workforce strategies. The laws target anticompetitive behaviour in the technology sector and restrict certain content regarded as "illegal" in Europe.

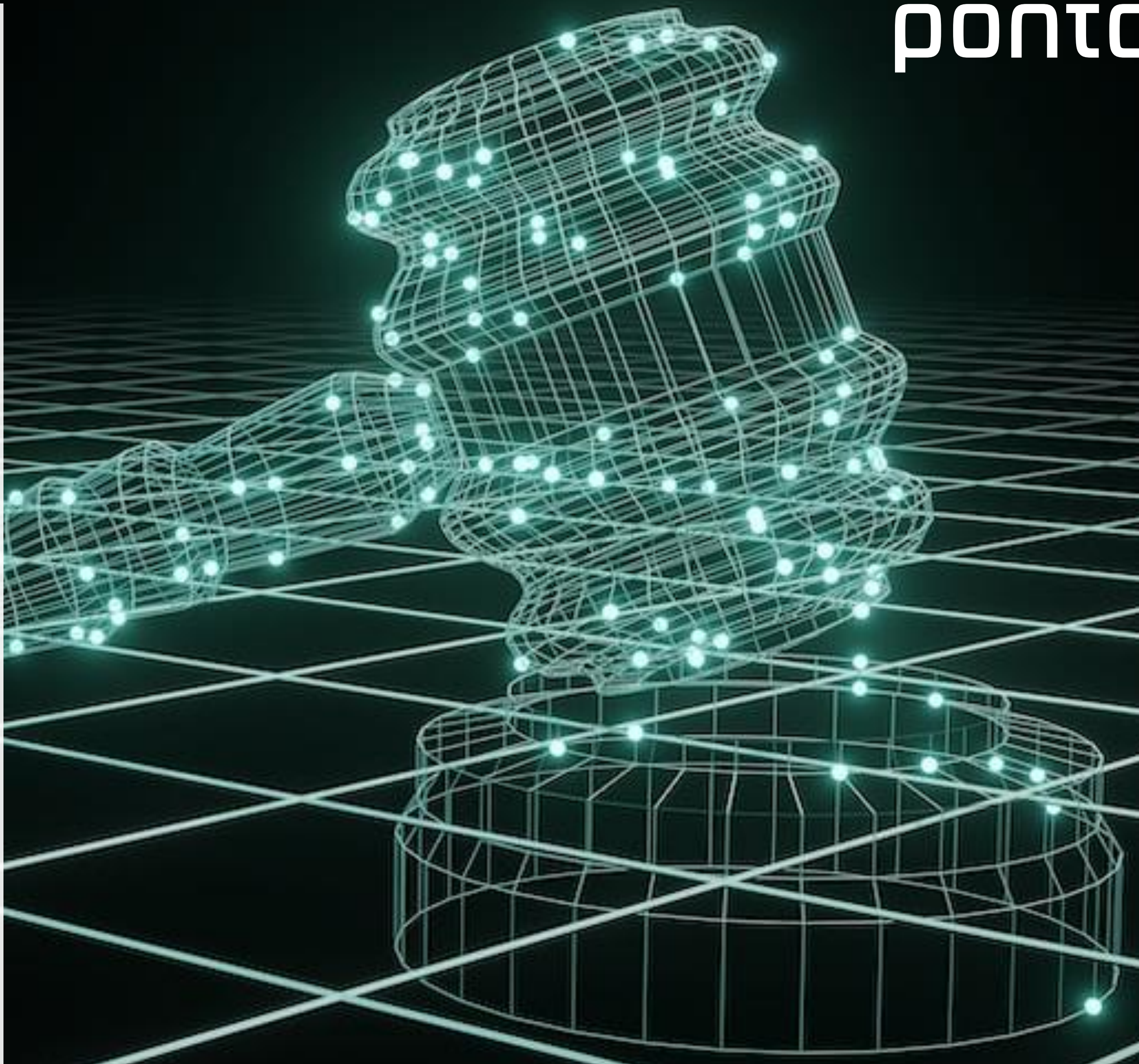
The aim of the regulations is to curb the market power of the likes of Meta, Apple and Microsoft. This signals a shift away from privacy-invasive revenue streams to more privacy-preserving models. One example is that tech firms must now ask for permission to use available information to send targeted ads.

The negative impact of non-compliance is significant. Early reports state that fines for violating the regulations detailed in the Digital Markets Act could reach 10% of an organisation's global revenue and 20% for repeated failure to comply. Tech organisations must respond by investing in workforce education programmes focused on protecting customer privacy.

These are some of the most significant regulations placed on tech firms in recent years. Large digital organisations like Microsoft and Facebook could be fined up to 6% of their revenue when the law takes effect in 2023. Both companies have agreed to review current ad based revenue streams and personal information policies. However, these firms are well positioned to appeal any enforced penalties.

Most global technology companies have quickly complied with regulators and support the new measures. However, these legal changes may cause substantial disputes in the coming months.

Global tech firms must keep their workforce updated and informed on regulatory procedures across all markets to remain competitive and avoid potentially severe punishments for non-compliance.



pontoon