

## INSIDE ICT SALARIES REPORT 2013

### WELCOME TO POTENTIA'S INSIDE: ICT SALARIES REPORT 2013

We're pleased to bring you our ICT salaries report for a third consecutive year. In this instalment we'll be looking at salary packages offered between July 2012 and June 2013.

This year's report compares salary data over the past three years and calls on our insights from the previous three years and beyond. Data is taken from 936 registered vacancies registered between July 2012 and June 2013 and represents all types of vendors and end-users.

While most salary reports take a close look at what teams are paid, our report is more focussed on new hires and the trend in the number of registered vacancies year-on-year.

### HOW TO USE THIS REPORT:

Once again, we've broken all roles down into categories which represent the majority of the market. Given the nature of this approach, necessity dictates some generalisation in the way we have grouped job titles.

### POTENTIA IN THE ICT MARKET

Potentia is New Zealand's recognised market leader in ICT recruitment. We have offices in Auckland and Wellington and deliver to roles throughout the country and occasionally offshore. We recruit for roles across the entire technology, ICT sales and leadership spectrum but are most recognised for delivery to roles from intermediate individual contributor up to senior management level. We have re-invented the recruitment model by combining our robust recruitment methodology with performance coaching. We are proud to be New Zealand's most awarded recruitment agency; winning the CIO Excellence in IT Recruitment Award in 2011, being voted as New Zealand's favourite IT Recruiter (Seek SARAs) in 2008, 2009 and 2010, as well as being a Deloitte Fast50 winner in 2007 (10th) and 2008 (20th).

Potentia is also a member of IITP (Institute of IT Professionals New Zealand, formerly NZ Computer Society) and ITCRA (Information

Technology Contract and Recruitment Association Ltd). We are a premier sponsor of the ICT Connect Program ensuring we're investing in the future of our industry.



**Taking  
a look  
at salary  
packages**

## GENERAL OBSERVATIONS

The ICT sector continues to expand with market growth continuing its momentum from the previous few years. Figures from the New Zealand ICT Sectors Report 2013 reveal that 73,392 people are now employed within the ICT manufacturing, telecommunications and information technology industry, which accounts for 3.2% of the entire workforce and 5% of national GDP.

The number of people working in an ICT specific role has grown by over 20% in the past decade, from around 50,000 to 62,000.

The 'IT services' sector (formally known as 'computer system design and related services') has seen phenomenal growth with over 3,300 new companies registered since 2002. A nationwide increase in the use of ICT has resulted in employment growth across a number of different skill-sets, notably:

- software engineering
- software development
- project management
- marketers/digital professionals
- sales and business analysts

IT services organisations continue to provide the bulk of firms in the sector and unsurprisingly account for almost 47% of all employees.

### 1,675 new ICT jobs were created in 2012 alone!

The average Kiwi salary has risen by roughly \$1000 (c2.5%) in the last year which suggests that rising employer confidence is beginning to trickle through to the job market. In contrast, ICT salaries have grown by 4.5% year on year, far faster than the national average.

The national salary average for all industries combined is closing in on \$50,000 while those working in the ICT sector can expect to earn roughly twice that amount.

However, despite the continued growth of the sector, finding talented professionals with the right skill-sets remains a serious issue. A key concern is the 45% drop in the number of ICT graduates since 2005.

Around half of firms in the IT services sector have reported difficulty recruiting managers and professionals, with 20% suggesting it was severely difficult. Similarly, 57% of firms have

reported a moderate level of difficulty recruiting technicians and associated professionals.

The struggle to find quality local talent has seen an appetite for international candidates that is bordering on reliance. There are plenty of local market shortages and specialist areas are becoming far harder to fill. As a result, the process of hiring offshore candidates continues to be rapid with the majority of candidates being processed in as little as 4-6 weeks.

However the strong Kiwi dollar is somewhat prohibitive and continues to impact the number of candidates coming in to the country. The cost of moving remains the same for UK candidates yet their sterling doesn't go quite as far as it has in previous years. In saying that, salaries for SDLC roles in New Zealand are now largely on par with equivalent roles in the UK.

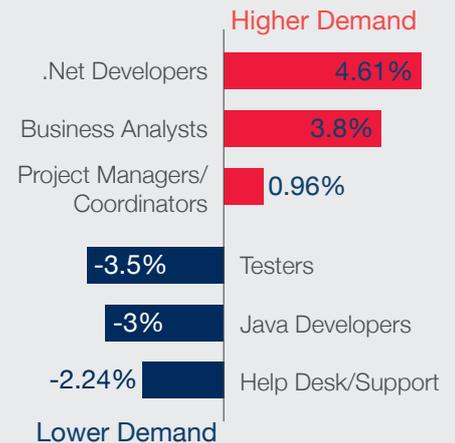
For Potentia, it is business as usual. We are consistently thinking on our feet and finding innovative ways to source candidates of the right quality for our clients.

Social media has become an even more prominent part of our sourcing strategy with a movement to platforms outside of just LinkedIn. The platforms rise in effectiveness at talent sourcing had many predicting it would replace the traditional CV. Recently, however, the 'noise' factor with LinkedIn is prompting a shift away for some, particularly those in areas with a severe skills shortage.

We are seeing more digital/online marketing roles than ever before which suggests that many firms are beginning to embrace the role of technology in their marketing efforts. Salary packages in this field are well spread, from \$60,000 per annum to \$180,000 at the higher end for digital/online sales specialists.

**We have measured roles as a percentage of the total number of registered vacancies. For instance, .Net Developers accounted for 10.77% of all vacancies in 2012 and 15.38% of all vacancies in 2013.**

## The occupations with biggest year on year change were:



**62,000**  
the number  
of workers  
employed in ICT  
occupations

**73,392**  
the number  
of workers  
employed by  
ICT firms.\*

\*Information and Communications Technology Report 2013

## FACTORS DRIVING THE CHANGE

**.Net & Java Developers:** As the global financial crisis has abated, more funds have become free for speculative investment. This has meant that investors have had an appetite for greater risk in the development of software products and large end-users are prepared to spend more on creating software. New Zealand product businesses and end-users are largely Microsoft flavoured so there has been a huge increase in the demand for developers in the .Net space, which is seen as a highly productive toolset. In contrast to this, the central government driven projects in Wellington are open source (Java) in nature making this the toolset of choice in the Capital. Slow demand here has seen the role volume drop off from 2012, although still a good volume.

**Business Analysts & Project People:** As more software is created, people are needed to provide the translation of demands from a customer to a development team. This is across a reengineering of business process, the implementation of new software and

the understanding of new requirements for software products. With an increased appetite for technology comes a greater need for those that can provide the glue between the clients and technologists. Project management and co-ordination resource goes hand in hand with Business Analysts.

**Testers and Helpdesk:** While development and project quality in general continues to gain importance, role volume has contracted slightly. There has been a shift in testing to both offshore and automation – people are doing more with less. Helpdesk roles are a consequence of the cloud – systems management being delivered through less and less people.

While it is positive that the sector is in good health, what will hamstringing us is consistent access to quality talent. The stark truth is that for industry objectives to be met we need roughly twice as many people working in the industry as we have at the moment.

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## FACTORS TO CONSIDER WHEN ASSESSING PACKAGES

- Parity. Take parity with others in the team/company into account - how will one person's pay affect others' engagement?
- Other elements of the package (bonuses, KiwiSaver contributions, insurance, car park, healthcare etc).
- Client facing vs. non client facing. A tricky area - if people are accomplished communicators they tend to command a premium as they can sell/manage relationships in conjunction with other work.
- Pedigree of experience. A premium is likely to be attached to someone who spent five years at Microsoft rather than the guy who's been at Bob's Great Coders Ltd. The business profile or employer brand has a positive and negative impact.
- Relevant certifications and qualifications (or lack thereof).
- Experience within a specific domain (e.g. Insurance, Telco etc.) or a new toolset (e.g. .Net 4.5 toolkit) - if these are sought a premium is paid, but if the candidate desires this they may take less money to gain the experience.
- Your culture. Remember this flows downwards and an idiom to remember is; people join a company, work for a strategy and leave a manager.



“ The large salary increases we've seen in the last two years will continue until New Zealand employers become better at hiring offshore. The talent pool is not growing to match demand and simple economic rules will apply.

Josh Comrie  
Managing Director,  
Potentia



## AUCKLAND COMMENTARY

ICT accounts for nearly 5% of all employment in Auckland having grown by almost 25% in the past two years. Over half of all the employees in the IT services' sector are based in Auckland. Yet the growth in permanent salary packages in our biggest city has remained relatively consistent year on year.

.Net Developer roles have seen the largest change with a 25% increase to the top end of salaries since our first survey in 2011.

One of the most remarkable changes is that in nearly every category surrounding the SDLC, an organisation hiring new resource will have to pay over \$100,000 per annum for seniors. This covers Developers, Testers, Business Analysts etc. The very elite seniors command numbers above \$120,000 in starting base salary.

### CONTRACT VS. PERMANENT HIRES

	Roles in higher demand: 	Roles in lower demand: 
<b>Contracting:</b>	Business Analysts, Project Managers/Coordinators, Software Engineers	Java Developers, Architects, Database Administrators
<b>Permanent:</b>	.Net Developers, Project Managers and Coordinators	Java Developers, Testers

## WELLINGTON COMMENTARY

The Capital has a thriving Architecture community with a significant demand for Architecture expertise across Solutions, Enterprise, Infrastructure and Data. Business transformation, core systems migration/upgrade or replacement continues to drive demand for technical expertise.

We can expect a number of Data Analytics type roles to surface in the near future in what should be an interesting time in the Big Data space.

R (a free software environment for statistical computing and graphics), Hadoop and other non SAS tools & technologies will all be making their play for a piece of the Big Data pie.

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<b>Contracting:</b>	Test Analyst, Change Managers, Mobile Developers	Java Developers, Architects, Database Administrators
<b>Permanent:</b>	Software Developers, .Net and Java, Architecture, Enterprise Architecture	BI/DW, Database Administrators, Program Managers

.Net Developer roles  
**25%**  
increase

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