DIGITAL SECTOR UPDATE

SIMON PRINGLE

– RED RIVER SOFTWARE

THE DIGITAL SECTOR

Prior to the COVID lockdown

- Digital is **7%** of the economy, contributing around £400M a day (2018) and now contributes around £180bn annually.

- Growth in this sector was around 6 times the national average

- Accounts for around 9% of the workforce

COVID AND THE ACCELERATION OF DIGITAL TRANSFORMATION

People have had to adapt their businesses fast to survive and thrive. Change has been driven by:

- Remote Working

- Multi-channel Commerce

- Digital Content Consumption

- Connectivity with Customers

- Automation of processes to produce efficiency (with less people)

- "Platformification" (creating a platform to run your business that is fully connected to your suppliers, clients, employees and systems)

Many businesses who had digital transformation plans in the pipeline had to accelerate them due to COVID and some studies are showing that projects plans of a few years have been delivered in a few weeks an acceleration of some 20-50 times.

THE NEED FOR DIGITAL PROFESSIONALS INCREASES

Although there have been some losers in the sector in the last year, the drive for digital transformation has increased demand

- Tech Nation and the government's Digital Economy Council found digital jobs have increased by 40% in the UK over the last two years.

- Throughout 2020 the we have seen an increase in vacancies since the initial drop from lockdown that is only surpassed by the growth in healthcare vacancies

- 90,000 digital vacancies we advertised in one week in August last year

- Software Developer was in the top 5 sort-after roles

Although redundancies from the downturn in the second quarter of last year increased the availability of digital professionals temporarily, we are seeing the levels of vacancies back to pre-COVID levels

FULFILLING THE REQUIREMENTS

You can't find 20% more people every year in the UK!

- We have seen an increase in near-shoring with strong growth in the digital sector in Spain and Portugal as well as in the traditional areas of Eastern Europe

- There has been an increasing rate of the migration of digital roles away from the capitals. In the UK we are seeing tech hubs growing quickly in Glasgow, Edinburgh, Belfast, Cardiff, Newcastle, Leeds, Bristol, Reading and Cambridge

- Movement away from capital cities is being replicated across Europe as people accept lower salaries for a lower cost, lower stress lifestyle. In the UK, the median salary comparisons are:

  - London: **£55k**

  - Outside London**: £39k**

  - Nationally across all industries: **£28k**

Salaries in this sector are accelerating away from the national average. Regional hubs and near-shoring become more attractive offers and are keeping costs down, however there is cost\wage inflation due to limited supply.

ALTERNATIVE ROUTES INTO A CAREER

– RISE OF THE BOOTCAMPS, TRANSFER AND SHORT COURSES

A response to the shortage of highly trained software developers is the growth of the short, intensive courses.

- Costs are £6k-£15k

- Range from 3-12 months

- Pre-vetting of entrants to ensure completing

- Need to be funded by the student, a potential employer or grants

- See **Code Institute, General Assembly, Flatiron School, le wagon** and **Makers**

- **Opportunities??**

THE AUTOMATION OF AUTOMATION

– **RISE OF THE 'LOW-CODE' PLATFORMS**

Another response to the shortage of highly trained software developers is to de-skill the function

- Low-code platforms need lesser skill-sets to implement

- There are an increasing number of products on the market

- Good for simple processes but have limitations complex, integrated businesses

IT'S NOT JUST CODERS THAT ARE NEEDED!

The sector also needs ….

- Testers

- User experience designers

- Salespeople

- Analysts

- Product designers (owners)

- Project managers

- Support engineers

The are transferable skills and can be addressed with some concerted efforts in re-skilling