



# The Demand for e-Skills: Assessing the Skills Gap

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## Agenda

- The changing nature of the skills gap
- Where is the gap and how will it change?
- Why should we worry?
- What can be done to address the gap?

## *The changing nature of the skills gap*

- From over-demand
  - In the mid to late 1990s, people flocked to the IT sector for exciting, well-paid jobs but the booming sector still demanded more skills than was available
- To under-supply
  - The end of the dot.com era turned many people – old and young – away from the IT sector
  - The increasing talk about IT jobs moving offshore has impacted the **perceived** attractiveness of the sector
  - The zeitgeist is for young people to choose “softer” studies, such as psychology, media studies etc. rather than science, maths and technology, which often feeds the IT sector

## *Where is the gap and how will it change?*

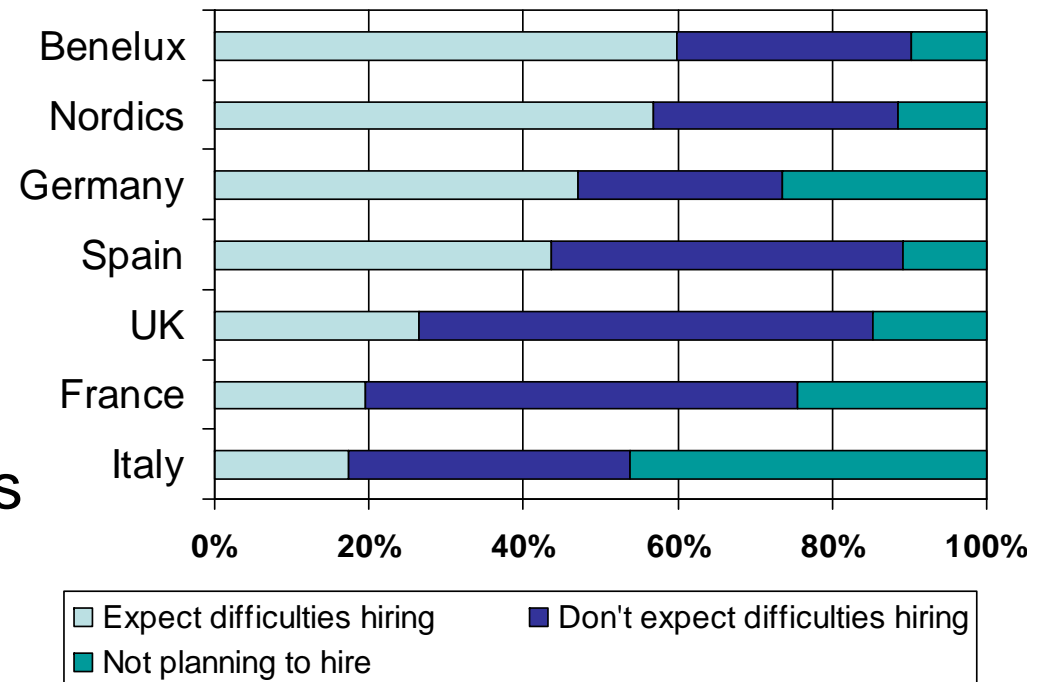
- IDC has over the past several years observed a growing shortage of selected skills in the IT sector
  - Across many European countries, there is a shortage of skills in specific technologies, such as SAP, SOA, and networking skills. SAP estimates a 30,000 shortage in 2008; increasing to 50,000 by 2010
- IDC expects skills shortage to impact growth in the IT industry, if not in 2008 then by 2009 or 2010
  - Overall, we would estimate a gap of some 500,000 full time people in the industry in Europe, growing by 8-10% per annum in a steady state scenario

## *Where is the gap and how will it change?*

- New skill sets are moving to the fore with a focus on combined skills to create the crucial link between business and IT, such as
  - Translating the social networking phenomenon into new working practices in a professional environment
  - Deep insight into business processes and how technology may be used to support these
  - Understanding how media/entertainment and ICT are converging and the impact on future business models

## Who's feeling the impact?

- Almost half of European organizations will face difficulties hiring
- The situation is worst in Benelux and Nordics
- All sizes of organizations are expecting difficulties

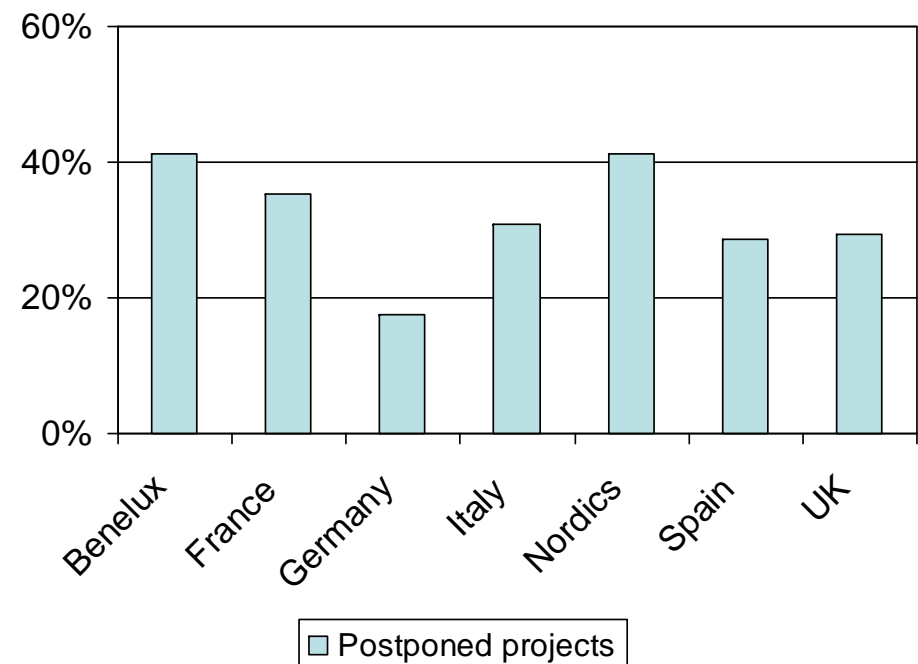


N=717 organizations

Source: IDC's European Services Survey, 2008

## Why should we worry?

- Around a third of European organizations have postponed projects due to lack of skills
- This can lead to increasing costs, less flexibility, and slower reactions to business change
- It all leads to a lack of competitiveness for Europe plc.



N=717 organizations  
Source: IDC's European Services Survey, 2008

## *The potential economic impacts*

- The IT services sector in Europe represents some €168 billion (c. \$251 billion) in 2008 and expected to grow by around €9 billion (c. \$14 billion) in 2009 or 5.5%
  - This only includes organizations EXTERNAL spending on services – not the internal budgets for staff
  - IDC analysis of the impact in Denmark indicates that lack of IT skills in the country can cut as much as 1.5 percentage points off the growth. In Europe, this would translate to some €2 billion lost from the sector in 2009
- The big question: what's the growth impact in other sectors with strong IT dependency? And what's therefore the impact on Europe's competitiveness in the world market?

## *What can be done to address the gap?*

- The IT industry needs to combine forces with government bodies, enterprises and academia to address the issues
  - Define a consistent, holistic view of the types of skills to develop onshore
  - Address how we avoid cutting rungs out of the career ladder?
  - Change the appeal of the IT industry to young people to increase student enrolment and their entry into IT jobs
  - Understand the exact impact that a lack of the right onshore resources has on Europe's competitiveness and economic growth