

IT contractors are facing a storm - keys skills required for survival

There is still reasonably high demand for some IT skills, showing that the recession need not be tough for all IT contractors. And those in the contracting sector with good business skills could find themselves thriving through the economic downturn.

Certainly, the news of the last few weeks has not made comforting reading for IT contractors. And the gloomy prognosis is confirmed by the latest [quarterly survey by Computer Weekly](#) and [SSL](#), which says that the UK IT jobs market has shrunk for the second successive quarter, bringing an end to five years of successive IT sector job growth. But there are areas where demand for IT contractors remains high.

Plus, according to Paul Smith, marketing director at IT contract recruitment specialist Harvey Nash, it's not just IT skills that are in demand: "The message is – get commercial. Stop being a pure techie, and start understanding business."

Contractors well prepared

The contracting market is likely to see stiffer competition as more contractors enter the market for the first time, or re-enter the market because expected contract renewals don't happen. Plus, of course, there is the potential threat of large scale redundancies throwing permanent IT workers into the contract market.

But if, as Smith contends, it is business skills that are needed, then many existing IT contractors should be in with a good chance of winning the work out there.

After all, to survive in the contracting sector requires good commercial expertise, such as [sales](#), marketing, [negotiation](#) and people skills. Added to that, many IT contractors already run their own [limited companies](#), grounding them in the realities of running a business.

“ The message is get commercial. Stop being a pure techie, and start understanding business ”

Paul Smith, Harvey Nash

Mixed demand across sectors

Not surprisingly, the demand for IT contractors in the finance sector has plummeted, with advertising for contracts down by 41% on the quarter, mainly hitting London and the South East. The electronics sector has also been badly affected.

Other sectors, such as manufacturing, have been slightly insulated by the effects of the economic downturn and, compared to last year, there has actually been a slight increase in positions available.

However, the public sector demand for IT contractors has risen sharply, with advertising increasing by a quarter. This sends a clear message that the government is looking to contractors to plug the gaps during the period of uncertainty ahead.

Rates go down, and up

Rates for contractors have fallen in 13 of the 36 job categories analysed in the survey results, which may in part have been driven by many of the big banks making wholesale rate cuts across their contractor workforce.

Despite the fall in rates for many IT contractors, overall contracting rates are still 1% higher on average than a year ago, although as the recession deepens this is unlikely to last.

All contractor skill sets take a hit

Worryingly, demand fell for every type of contractor skill fell, including PC support, which has seen a rise in demand for permanent employees. Hardest hit, by more than a third, are developers.

"Low-end contractors have been hit very hard," says Smith, but the survey reports that the number of low end contracts available now is still four times the number available in 2003.

Economic upheavals also provide opportunities for those contractors that can spot them, and the hard reality is that there are still too few good candidates at entry level, meaning opportunities for contractors with the right skills can only increase in time.

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