

IT contracting - steady demand expected for 2008

The Trends

- o Worldwide corporate IT spend to fall slightly with growth at 6% down from 7% says IDC
- o But UK corporates will increase CAPEX selectively and IT is still a target
- o UK Banking Sector is still hot despite credit crunch as banks seek improved communications
- o Consumer spending falls, so retailers are seeking more efficient IT for marketing

[This is the first of a series of sector reports for contractors in the UK. These will look at long-term trends in IT, engineering, electronics, power, and construction; our monthly [contractor market reports](#) cover the short-term, that is, month-by-month]

Talk to the Experts

Reading the general interest press on IT trends in the UK, one would think that most IT departments have closed down and that all of the work is now being done in offshore centres or locally by illegal immigrants.

The shamelessly irresponsible way in which this press coverage has vaunted economic crisis needs to be corrected. Contractor Calculator will not make idle generalisations; rather, we have spoken to the experts to get a sense of what is really happening to the UK corporate IT spend.

In fact, UK companies still boast buzzing IT departments which--strange to say!--they need to remain competitive in their market area. There will be changes in the corporate IT spend; but these changes are somewhat paradoxical and complex, hence the need to get expert opinion.

Worldwide Macroeconomic Trend in IT

On a global basis, the corporate IT spend growth rate will decline in 2008, according to the analysts at the London-based research consultancy [IDC](#). But we are seeing a very slight decline in growth rate of about 1%. The driver here is not the economy, but rather technology change.

Says IDC senior vice-president of research Frank Gens: "There have been a series of disruptive changes in technology in the past years. In 2008, the era of experimentation will end as industry leaders get serious about transforming their products and services to take advantage of – and meet the challenges posed by – these new technologies and business models."

“ The slight decline in corporate IT spending growth will be offset by companies adapting to technology change ”
Frank Gens- IDC

UK Macroeconomic Trend in IT

How will this trend be implemented in the UK?

Overall, companies will be spending less than they did before because of uncertainty about the economy, according to Jo Causon, director of Marketing and Corporate Affairs for the Chartered Management Institute.

At the same time, Causon points out, UK corporates are suffering from the skills crisis and can't even find enough IT staff to obtain even scaled-down objectives. Hence the first paradoxical trend: investment in IT and demand for contractors to implement it will not suffer much.

Increased CAPEX

In fact, as Causon explains, in order to compete in a somewhat reduced economic climate, companies will be using IT to increase efficiency and improve marketing even more than they have in the past. Hence another paradoxical trend; increased CAPEX in certain sectors.

In healthcare, for example, the need for upgraded IT systems continues to be pressing. Levels of IT spend and priorities also vary wildly from sector to sector. Mike Roberts, IT director for the private Harley Street hospital The London Clinic, said: "The 'inflation' in the demand for technology-based change in the health sector is driving op-ex growth at over 10 per cent. There is strong demand for new equipment and services in 2008."

Banking Stays Hot

Demand for IT in the financial services sector--which alone employs more than 150,000 IT contractors in the UK in particular, isn't declining because market conditions won't permit it. The Whitstable, Kent-based research firm [Coleman Parkes](#) recently issued a study

on the subject. Director Ian Parkes says: "Banks can ill-afford to make mistakes. Poor customer service (45%) and a major error by the bank (51%) are two of the top three issues that will drive a consumer to change banks, so banks need to focus on a high level of customer service and quality of information management."

There is direct evidence that demand in the City has not declined. Says Kevin Rolfe of the London-based job board [Canary Wharf Careers](#): "Speaking from my seat as the MD of two job boards in the London market, I can see no evidence of any decline in demand. [Londoncareers.net](#) and our most recent site launch, [canarywharfcareers.co.uk](#) are seeing jobs in the financial sector from both recruitment agencies and direct clients being posted onto our sites in ever increasing numbers. Indeed if this wasn't evidence enough, application levels to jobs in this sector are also show."

Coping with Tighter Markets

Overall, yes, consumer confidence is low, mostly thanks to the very poor coverage of the economy in the mass market media. Retail sales are way down across the UK according to the [British Retail Consortium](#). But businesses will have to get leaner and meaner if they are to cope with reduced consumer spend, and the Consortium thinks that most will at least maintain their IT spend in an effort to get a piece of the smaller pie. Another paradox.

“ In financial services I see no evidence of a decline in demand ”

Kevin Rolfe -
Canarywharfcareers.com

It is a difficult and complex environment, one that is fraught with paradox, yet a close look at what's really happening shows that contractors don't have to migrate to Asia to find work. Those with skills in high demand will have no trouble finding it here in the UK.

Published: Thursday, December 20, 2007

[Tweet](#)

© 2011 All rights reserved. Reproduction in whole or in part without permission is prohibited. Please see our [copyright notice](#). If you want to use any content you have seen on this site then please [request our media pack](#) and ask for details of our Content Licencing Service.

Readers Comments...

 Be the first to comment on this article

Also of interest...

Related News:

- Contractor calculator market report - December 2007

Related Guides:

- How to Find a Contract
- How to Find a Contract: Guide for UK Contractors

Related Calculators:

- Contractor Calculator
- Contract Comparison Calculator
- Permanent To Contracting Calculator
- Target Income Calculator
- Permanent Salary Comparison Calculator

Related Internet Links:

- IDC
- Coleman Parkes
- Canary Wharf Careers



ABCe verified website - last audit confirmed 130,682 monthly unique visitors

© Copyright 2011 Byte-Vision Limited UK. All rights reserved [Copyright notice](#)