

# Deals back for IT firms but skilled workforce a concern

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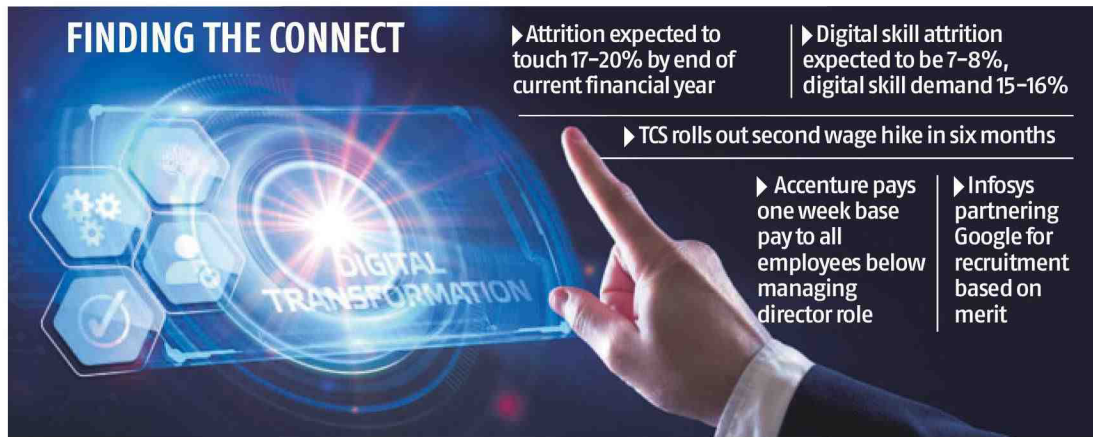
As information technology service players look at a strong deal pipeline, the industry is facing a shortage of a skilled workforce. Experts are of the opinion that attrition levels could touch 17 per cent.

According to Siva Prasad Nanduri, vice-president and business head, IT staffing, TeamLease Digital, attrition in digital skills is going to be 7-8 per cent in the near future, while the hiring number is going to be 15-16 per cent.

Analysts tracking the sector say though IT firms are focused on re-skilling, the speed to re-imagine business processes and digitise has been accelerated due to the pandemic. This is leading to a mismatch of skills available and deal flows.

According to an industry executive, attrition is likely to reach pre-Covid levels of 17-20 per cent as employees switch jobs.

“The most interesting part of the demand is the rebound in discretionary spending, which is driven by digital transformation and modernisation, and is further amplified by meeting the pent-up



demand left over from the Covid slowdown. Hence we are seeing a shortage of demand in the US, the EU and more recently in India for digital skills,” said Peter Bendor-Samuel, chief executive officer at research firm Everest Group.

He added the shortage was becoming more acute from the cutbacks that the service providers made in fresher hiring and existing employee cross training during Covid.

“Firms are trying to rectify this by poaching each other’s talent

and dramatically expanding domestic US and EU hiring. As we look into the future it is clear that these shortages will spread from the always rare digital skills to more mundane areas,” said Bendor-Samuel.

The Q3 results for IT services signalled a return to recovery from a base of low growth, and the recently announced Accenture numbers and overall deal pipeline commentary for the sector hint at strong growth for FY22. Most firms, while having good deal

pipelines across verticals, have also made sure that employees are rewarded and appreciated.

TCS, India’s largest IT services firm, announced hikes for FY22, the second in six months. Cognizant has announced a special bonus for retaining high performers. Accenture last week too announced a special bonus equal to one week’s pay for employees below managing director level.

TCS, Infosys, HCL Technologies and Wipro have all spoken of a strong deal pipeline — digital and

transformational — going into 2021, and are expected to continue their momentum in the coming quarters as well.

But having the right mix of skills to meet this demand will be a critical factor in deciding company performance.

“Hiring picked up in the second half of the year but it was a low year for hiring, and utilisation is at an all time high. Everybody recognises this is not sustainable. Now, as business is picking back up, every company wants to hire for current projects, as well as anticipation of projects, and hence there will be this war for skills, especially for digital skills. Since these skills are in very high demand right now, in the March quarter results you could see some attrition picking up, because people are getting better offers,” said Sangeeta Gupta, senior vice-president and chief strategy officer of Nasscom.

Infosys said it might look at hiring people with Google career certificates in India after testing a similar programme in the US. It will hire 500 Google Career Certificate graduates over the next two years.