

Chapter IX

Changing IT Skills: The Impact of Sourcing Strategies on In-House Capability Requirements

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ABSTRACT

The increasingly global sourcing of IT work and other socio-economic trends are prompting fundamental changes in the availability of IT skills needed in both client and vendor organizations. This article analyzes the results of a survey conducted in 2005, in which IT executives were asked to describe the skills they felt were critical to keep in house now and in 2008. The top ten current skills included three in project management, five in business domain and three in technical. In 2008, the top five emerging skills are almost all business domain while the top five exiting skills are all technical. Our findings indicate that the critical skills to keep in-house are primarily client-facing skills, even when they are technical. Respondents are moving away from traditional IT skills except when their business model continues to value them. However, traditional technical skills are still important for all new hires while

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project management skills are the most often cited for mid level hires. The projected number of full time employees is expected to remain approximately the same by 2008 but there will be an increase in sourcing to third party providers (3PP) and a shift from domestic to offshore 3PP staff. The patterns in the data indicate that technical skills that are not client facing and can be done anywhere are the most likely to be sourced. Findings indicate that IT professionals need to have a balance that demonstrates a foundation in the traditional “hard skills” and experience with “softer” business-oriented skills.

INTRODUCTION

The increasingly global sourcing of IT work, the shift from exclusively IT services to business process services, pending baby-boomer retirements, and a period of declining IT enrollments in universities are prompting fundamental changes in the availability of IT skills and capabilities needed in both client and service provider organizations. The impact of these changes affects employers and employees:

- How can organizations respond to these changes through hiring their workforce or retraining employees?
- How can students learn the needed skills to become marketable for a changing workforce?
- How can mid-level workers insure their marketability?

In order to answer these questions, we will review literature pertaining to information technology skills and capabilities both from an academic and practitioner perspective. Then we will describe the research methods used to understand the changing workforce. The results follow with a discussion of implications for individuals, academics and future research.

Terminology

Here are some working definitions for terms that we use frequently:

- **Skill:** Proficiency that is acquired or developed through training or experience, e.g. Java or Visual Basic programming. For simplicity, we sometimes use the term “skill” to cover both skill and capability
- **Capability:** The ability to acquire and apply skills in different settings. For instance, a programming capability is the ability to learn and apply many programming languages in many settings.
- **Client facing:** “Client” in this phrase is the client of the IT organization, which is usually an internal department or business area within the organization. “Client facing” is an activity that requires intensive interaction with the business client, requiring a common business language and sharing a common business knowledge base with the business users.

LITERATURE REVIEW

The very significance of IT to an organization has been questioned. Carr (2003) argued that as information technology becomes more pervasive it will become more of a commodity and that investing in IT for differentiation or for competitive advantage is futile. This argument would appear to call for greater outsourcing of the IT function and a greatly reduced need for in house IT skills and capabilities. More recently, Gottfredson et al (2005) suggest that sourcing is itself becoming a strategic opportunity and that even strategic functions like engineering, R&D, manufacturing,

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