

How scale-ups can address the tech talent shortage

Attending the recent London Tech Week, two things struck me. Firstly, was just how prevalent tech startups and scale-ups are now. These companies are everywhere and nearly all of them are based around technology, with it absolutely fundamental to their propositions.

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Secondly, was how many of these scale-ups were struggling to find the right tech talent and what impact that was having on the business. Probably the most common conversation I heard at the event was around the tech skills gap, but most of the strategies discussed were longer-term.

A lack of resourcing in tech is nothing new, but it feels like in 2023, it has been building to a crescendo. How deep is the tech talent and resourcing gap, and what can scale-ups do to address this in the here and now?

Technology pressures

There has always been pressure on tech departments in scale-ups. Often the teams are small in size and already asked to do a lot, with entire propositions frequently based on a digital platform. The organisation must factor in strong cybersecurity, incorporate hybrid working into the mix, and stay on top of technical debt as the scale-up grows.

In 2023 though, this has got even more challenging. In addition to the above, the developer talent gap has never been as pronounced as it is currently. [2023 research](#) from the recruitment and HR firm Hays found

that 94% of employers looking for tech talent have encountered a skills shortage over the past year. This was an increase from 89% the year before, so it feels like a problem that is getting worse, not better.

Scale-ups are encountering vast capacity and capability shortages (as indeed are their enterprise counterparts), and they need to be more creative about filling those gaps. Efforts to do so can be broadly grouped into three categories – recruitment, training and augmentation.

Recruiting tech talent

One significant barrier to recruiting the right tech talent to join existing teams is the scarcity of good-quality candidates. Most countries need more STEM graduates, and the pace of change in the technology sector is rapid, meaning that even finding enough skilled candidates is a challenge, let alone recruiting them.

If an organisation can find a candidate of sufficient quality, other scale-ups will likely have done so too. Therefore, the usual ways of attracting talent – competitive salary, benefits, bonuses, strong company culture, the right working environment, being a purpose-driven organisation – will probably not be sufficient. It's a candidate's market, and they have plenty of options.

Research last year from talent and skills provider Mthree revealed that 59% of people between 18 and 24 working in software engineering have either left the industry or thought about leaving it because of poor company culture. Many scale-ups prioritise culture anyway, but its importance to young tech talent emphasises how difficult recruitment can be.

Academies and training

Given the lack of STEM graduates, some scale-ups might be tempted to partner with training schemes and programmes or create their own. The Hays study showed that 75% of organisations with tech skills gaps plan to recruit the talent they can then train rather than continue to look for elusive workers who tick every box. Offering such training could also be a major factor in convincing people to join a company.

That's why many enterprises are opening their own academies to train staff that have shown an interest in working in technology. But this approach is less suited to a scale-up, which needs to see a much quicker ROI on such initiatives than a larger company. Academies and similar internal training schemes can be very effective, but they are undoubtedly measures for the long term.

In-house vs outsourcing

Every scale-up will have its own approach to in-house vs outsourced talent. It's becoming clearer though, as the tech talent crisis enters its second decade, that how companies have traditionally approached resourcing talent isn't working.

Hiring in-house talent will always be a key component of a sensible resourcing strategy, but for many reasons - high salaries, time to find the right candidate, onboarding time, recruitment fees - it is difficult to maintain this as the sole strategy for resourcing.

Scale-ups need to explore new and/or revisit old routes to talent - namely outsourcing. This can mean many different things - off-shoring, near-shoring, on-shoring, consultants, freelancers, contractors, and more.

The future of tech talent outsourcing

Using augmented teams and entire outsourced teams alongside in-house developers is not a new approach. Companies have hired temp contractors for decades, but some bad experiences have led to perceptions that this kind of resource is less reliable. And with the pressure on scale-ups to deliver so quickly, some remain sceptical.

But using partnerships to plug gaps is a fresh twist on outsourcing. The flexible tech talent market has evolved significantly in the past five years with the introduction of employee record companies, talent marketplaces, and the shift to hybrid / remote working. This makes it much more reliable and allows scale-ups to access up-to-date skills, support agile ways of working, and access whole ecosystems of talent where the idea partner for their needs is available.

Probably the most important change to outsourcing is the evolution of partners who are focused on driving meaningful outcomes, an approach many scale-ups already use themselves. This change means scale-ups can instead find strategic partners aligned with their values and goals, with a recent Forrester report - *The Future Fit Partner Strategy* - suggesting the future of tech talent outsourcing is around partners who commit to, and guarantee delivery.

The tech skills gap needs addressing in the short, medium and long term. But for scale-ups, working to a shorter timeframe, the focus is more on removing the burden and headache of finding and managing external tech talent in the short-term. Working with trusted partners who share their values is an important shift that can really pay dividends.

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