LAY THE GROUNDWORK FOR TECH TALENT TRANSFORMATION: *FOUR PILLARS OF A NEW APPROACH*

REIMAGINE YOUR APPROACH TO TECH TALENT WITH DELOITTE AND PHENOM

Tech talent is far more than an IT concern— it's a C-suite priority and driver of organizational performance. As more organizations have come to recognize that value, demand and competition have increased accordingly. One survey found that 70 percent of tech workers had multiple job offers when they took their most recent roles.[1] And while estimates predict that the US tech workforce will grow at twice the rate of the overall US workforce over the next decade,[2] in the meantime many organizations find themselves vying for the same talent in a limited pool. Complicating the matter further, many companies could face a need to both address current pain points and bring in future-forward skills.

While headlines proclaim widespread layoffs in the tech industry, the demand for specialized technical skills remains high. This apparent paradox is driven by several factors. Economic volatility, fluctuating interest rates, and fears of a recession have led many companies to implement cost-cutting measures, including workforce reductions. Additionally, the surge in hiring during the

pandemic created an inflated demand for tech talent, which is now correcting itself.[3] Technical companies hired exponentially when costs were low for talent but due to rising interest rates, costs across the board are on the rise. At the same time firms are becoming more efficient in large part due to AI productivity accelerators resulting in evolving roles, and hence the corrections we're seeing play out.

However, even amidst these current rounds of layoffs, organizations are struggling to find and retain individuals with expertise in critical areas like security, machine learning, and software architecture.[3] A recent Harvard Business Review study found that the half-life of some tech skills is as low as 2.5 years, and advances in AI may accelerate this trend.[4]

Immediate concerns tend to take priority, leaving organizations unable to deliver on their long-term commitments. The potential result is an endless game of catch-up and reprioritization.

Breaking out of this cycle requires evolving from a traditional model of tech

talent management to a more dynamic one that establishes flexibility in the face of ever-changing needs. Deloitte research identifies four imperatives to enable this shift: planning continuously, developing both technical skills and human capabilities, adopting an ecosystem approach, and strengthening retention and development through microcultures.[5] An organization keeping its eyes on the future needs a talent platform that does the same. Phenom, a purpose-driven HR tech leader, enables companies to hire and grow faster with their AI-powered Intelligent Talent Experience platform. Phenom's commitment to enhancing the talent journey drives them to continually enhance its own capabilities with leading-edge technology—all in service of connecting people with the right opportunities, improving talent marketing, recruitment and retention, and building stronger teams and organizations. Pairing Phenom's platform with Deloitte's consulting capability can help bring tech transformation to life in your organization.

FOUR PILLARS TO HELP DRIVE TECH TALENT TRANSFORMATION:

### 1 *Move to continuous planning*

Traditionally, organizations have taken a limited approach to tech talent, treating it as an annual planning activity to serve IT and IT-related functions. Critical talent requires more frequent consideration. Advanced technologies like Generative AI and agentic AI change the skills that are needed, and workforce planning efforts should be flexible enough to keep up. That challenge only intensifies for global organizations, which must plan across geographies and delivery models to maintain effective collaboration between tech talent and the business. Tools like predictive modeling and AI can help deliver that flexibility, allowing organizations to forecast skill deficiencies and staffing needs to keep talent strategy and business strategy aligned.

Customers across the globe have emphasized the need to maintain consistent operations in the face of changing conditions. That feedback is the driving force behind Phenom's AI-powered product innovations such as Workforce Intelligence and X+ (its platform-wide Generative AI capabilities): tools built to empower HR leaders and the C-suite with insights into existing skills, skills gaps, and recommendations for hiring, mobility, and succession planning. This knowledge fuels organizations' ability to adapt to the needs of the moment without sacrificing long-term strategy.

2 *Pair technical skills with human capabilities*

The rise of AI and Generative AI continues to impact businesses across industries, both at the organization and individual level. Tasks that are vital today, may not exist tomorrow, meaning companies need a clear picture of their workforce's skills and proficiencies to redeploy them as priorities shift. Employees often have capabilities that go beyond the bounds of their job, and a skills-based approach can help organizations identify and leverage those skills—and in doing so provide new experiences for workers all while addressing business needs. Phenom continues to innovate its skills-driven technology, offering platform-wide functionality to talent acquisition and talent management teams to connect the right people with the right opportunities. An internal talent marketplace highlights custom career pathing opportunities based on employees' goals, along with the skills necessary to reach them.

Phenom provides HR leaders, people managers, and talent acquisition teams with deeper insight into gaps to be filled through internal development or external hiring. Notably, those gaps aren't limited to technical skills. Increasingly, tech leaders see human capabilities as the key to unlocking development. Asked in a Deloitte study to identify the skills most critical to their function, tech leaders ranked leadership at the top, followed by problem solving, relationship skills, and creativity / imagination.[6] But just as important as identifying necessary skills is providing workers with the means to build them. Phenom takes an experience-centric approach to development, serving as a digital playground where employees, leaders, recruiters, and managers can collaborate and expand on their existing experience to bolster their technical skills and human capabilities.
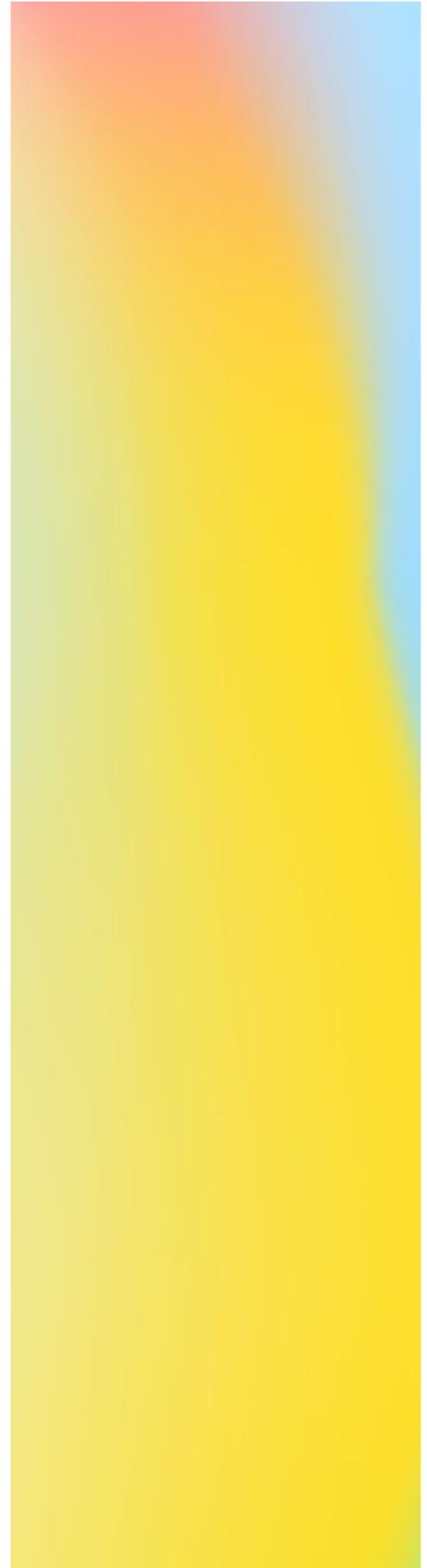
3 Embrace the ecosystem approach

Even with highly efficient development efforts, skills gaps are inevitable. In a talent shortage, internal development and external hiring alone may not be enough to address them, additionally with the pace of change of skills, organizations can't be expected to keep up by focusing on internal talent alone. Embracing a full ecosystem of talent means looking beyond traditional hiring models to includes gig workers, contractors, freelancers, and professional services organizations. But it also means leveraging a geographic ecosystem — tapping into both insourcing and offshore talent to build a truly global workforce and providing more paths forward for organizations. Of course, managing this array of workers requires an additional layer of complexity and nuance; this demands collaboration and alignment between HR and procurement, as well as the means to securely integrate external talent into the organization.

Phenom Direct Sourcing delivers on this challenge by making it easier for companies to hire temporary or contingent workers through a seamless job discovery and application process that integrates with their talent CRM. Phenom Design Studio increases the pull of organizations with a highly customizable approach to content management, resulting in a strong representation of their employer brand and the attraction of individuals for contractor roles to address changing needs. Onboarding is simplified through integration with multiple Vendor Management Systems (VMS) and payroll providers, helping move from acquisition to impact more efficiently.

4 Build intentional team culture to strengthen experience

Culture is a question that comes up in countless interviews—interested candidates want to know the values and behaviors that matter to an organization. But culture exists as much at a team level as it does at all levels of an organization. Different groups and functions perform different work in different ways, and more executives are recognizing the importance of these variations: lack of a unique tech microculture is one of the primary reasons organizations fail to attract and retain top talent.[7]

Change and flexibility can be key components of that microculture. The modern tech workforce isn't seeking out fun in-office perks; they want tailored experiences and development paths, with the flexibility and autonomy to pursue them. Some employees may want to take on management responsibilities; for others the idea may be actively off-putting. An effective microculture meets workers where they are and helps them get where they want to be.

Done well, this type of employee development goes hand-in-hand with well-being. Organizations can achieve that by establishing a connected workplace that offers personalized guidance and support. Phenom's Intelligent Talent Experience Platform builds that level of connection, offering an internal talent marketplace for employees to discover career paths that match their aspirations, development opportunities that meet their needs, and open roles that align with their journey.
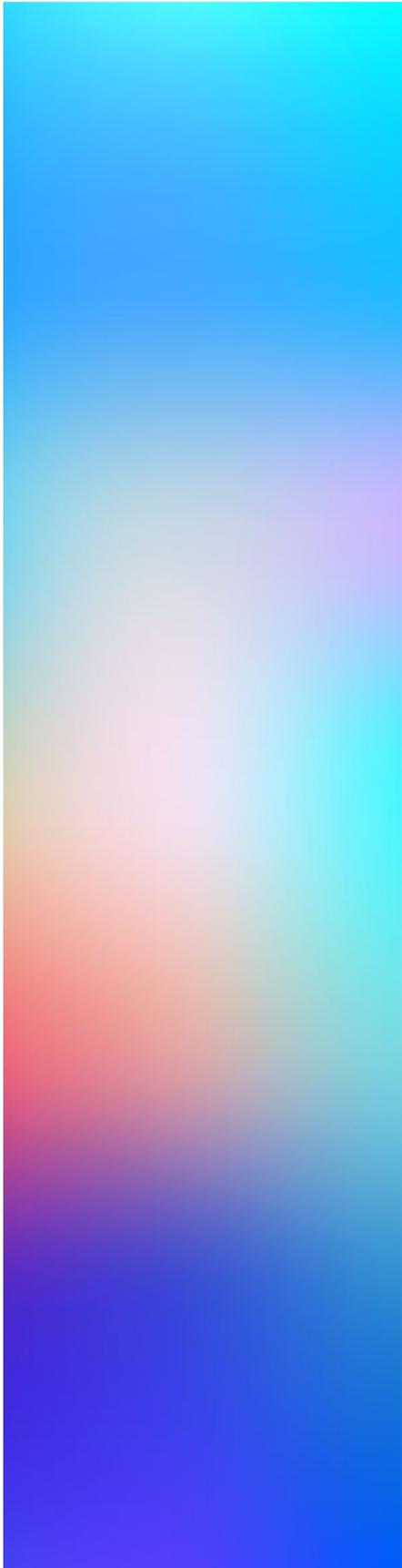
CHARTING THE COURSE FOR THE TRANSFORMATION JOURNEY

As the demand for tech talent continues to outpace supply, the pressure on leadership will grow more urgent and complex: planning for needs before they emerge, establishing a culture of adaptability, all in a constantly shifting market. But that evolving complexity presents a golden opportunity for organizations that embrace the challenge. Talent strategy is the foundation on which bottom-line results are built—organizations that adopt these transformation imperatives stand to reduce costs, improve innovation, and enhance growth.

And just as internal connections are critical to the talent experience, the right partnerships can elevate those efforts. Businesses should identify not only the critical problems to solve but the tools to help do so. Deloitte's research shows how to navigate chaotic market conditions; Phenom's solutions can help bring those principles to life. We're ready to help your organization build for the future.

LEARN MORE

For questions, please contact:

Kristin Starodub
Principal, Phenom Executive Relationship Sponsor
Deloitte Consulting LLP
kstarodub@deloitte.com

Nate Paynter
Principal, Tech Talent Transformation Leader
Deloitte Consulting LLP
npaynter@deloitte.com

Explore more in *Navigating the tech talent shortage*

Endnotes

1. Jocelyne Gafner, "Are tech workers benefiting from tech layoffs?," Indeed, July 20, 2023; Nick Bunker, June 2023 Jobs Report: Another Encouraging Set of Data, Indeed, July 7, 2023.
2. Computing Technology Industry Association, *State of the Tech Workforce*, March 2024.
3. David Jarvis, "*Tech talent is still hard to find, despite layoffs in this sector,*" *Deloitte Insights,* August 14, 2023
4. Jorge Tamayo, Leila Doumi, Sagar Goel, Orsolya, Kovács-Ondrejkovic and Raffaella Sadun, "*Reskilling in the Age of AI,*" Harvard Business Review, September – October, 2023
5. Nate Paynter, Brad Kreit, Sue Cantrell, Manoj Mishra, Monika Mahto, "*Navigating the Tech Talent Shortage,*" June 11, 2024
6. David Mallon, Sue Cantrell, Nic Scoble-Williams, Michael Griffiths, and Matteo Zanza, "*What do organizations need most in a disrupted, boundaryless age? More imagination,*" *Deloitte Insights,* February 5, 2024.
7. John Forsythe, Julie Duda, Sue Cantrell, Nic Scoble-Williams, and Mari Marcotte, "*One size does not fit all: How microcultures help workers and organizations thrive,*" *Deloitte Insights,* February 5, 2024.

Deloitte.