

# Tech, Media & Telecoms (TMT): An Inside View

## Key Points

During 2016, Colliers International conducted a number of in-depth interviews with various global Tech, Media and Telecoms (TMT) companies. These interviews took place 'pre-and-post' Brexit, but all were 'pre-Trump'.

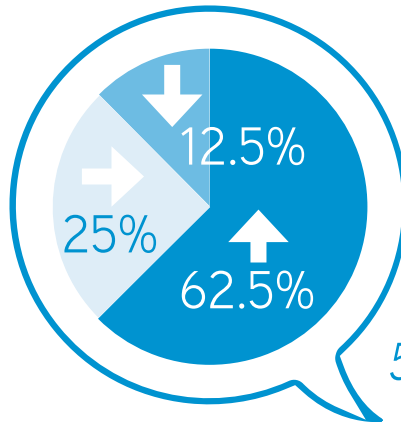
The intention was to get their take on how they saw their organisations evolving, what they envisaged for the future and how their use of real estate was changing.

As the results of the study reveal, the TMT industry is a growing, people focused industry and commercial real estate has become an important value-add part of the evolution of the business.



## TMT Expansion: Super-sizing of the Sector

Over the past fifteen years, job growth in the TMT sector has been vast in both Europe and the US. Since 2000, professional, scientific, and technical services-based employment has expanded by 50% in Europe and 31% in the US, significantly above the 9% expansion in total job growth in both locations. This growth is expected to continue as the importance of technology in our economy increases.



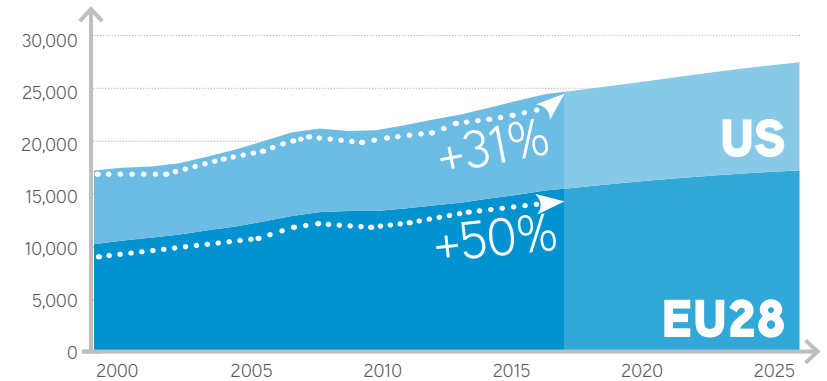
Source: Colliers International

*What is your headcount forecast for the next 5 years?*

## Off-shore, near-shore, on-shore?

In order to satisfy their search for talent, improve customer-facing services and operate more cost-effectively, all companies viewed off-shoring or near-shoring as a key part of their business strategy. India and markets in Central Eastern Europe (CEE) proved to be the most favourable expansion locations.

Tech Job Growth - EU28 vs US

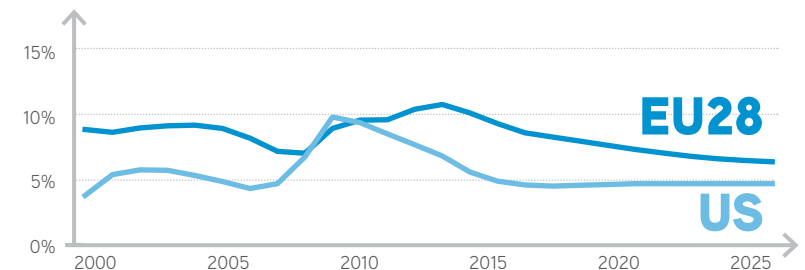


Source: Oxford Economics, Colliers International

## TMT Headcount Expansion: Full Steam Ahead

Of all the companies surveyed, 62.5% were looking to employ more staff to drive their business. Only 12.5% were looking to contract their workforce. With unemployment levels contracting in both Europe and the US, many companies expressed concern over the challenge of expanding their footprint.

Unemployment Rates - EU28 vs US



Source: Oxford Economics, Colliers International



# Strategic Resource Planning: Improving but not optimal

In only a few cases did those surveyed feel that the right level of strategic resource planning was in place to drive a synchronised recruitment process alongside any associated commercial real estate (CRE) and technology needs in different locations. The integration of the three departments is mostly undertaken on an ad-hoc basis, in the absence of a more cohesive strategy. It is, however, improving with the engagement of senior management, and a number of companies surveyed are clearly becoming very joined-up at a strategic level.



## Human Resources = No 1

The consensus amongst all the companies surveyed was that Human Resources (HR) remained the most important strategic resource which is needed to drive business growth over the coming years. Without the ability to tap into pools of technical talent, the business would not be able to grow at the desired rate.

However, one of the companies surveyed bucked this trend. Their growth strategy was being driven by putting technology first - ahead of human resources and real estate - to improve productivity across the business and in the workplace. This same company felt they were ahead of their peers when it came to the adoption of technology in their business. Perhaps a sign of things to come as AI, software automation and robotics become increasingly affordable and commonplace.



## Commercial Real Estate (CRE) From Passive to Active

Alongside HR, CRE was viewed as playing an increasingly important and active role in driving the bottom and top lines of the business. Providing an attractive and efficient workplace was viewed as increasingly critical in attracting and retaining talent. More specifically, adopting better building management systems (BMS) was viewed as an important step in improving building utilisation. These systems were being successfully implemented by portfolio managers, allowing them to increase the efficiency of their portfolio.

### The 'WOW' Factor:

Adopting new and alternative ways of working (WOW) has enabled companies to optimise their portfolio, resulting in lower costs, which is of clear appeal to the company CFO and CEO. The experience of the more advanced WOW adopters was that a higher quality workplace has led to an improvement in overall operational performance, although to-date this was 'too difficult' to categorically measure. While new or alternative 'Ways of Working' have shown they can lead to cost optimisation and improved staff performance, one third of companies surveyed remained in the very early stages of adoption.



## Technology - the facilitator.

Technology was viewed as the least important strategic resource by all but one company. Interestingly, most companies surveyed - despite being tech driven companies - felt they were only at par with, or behind other companies in terms of the adoption of technology in the business and workplace. Most, however, expected big changes and improvements through the introduction of more cloud-based systems.

*Are you actively investing in a new way of working strategy?*

Not yet  
32%

Yes  
68%

Source: Colliers International



## Future Factors:

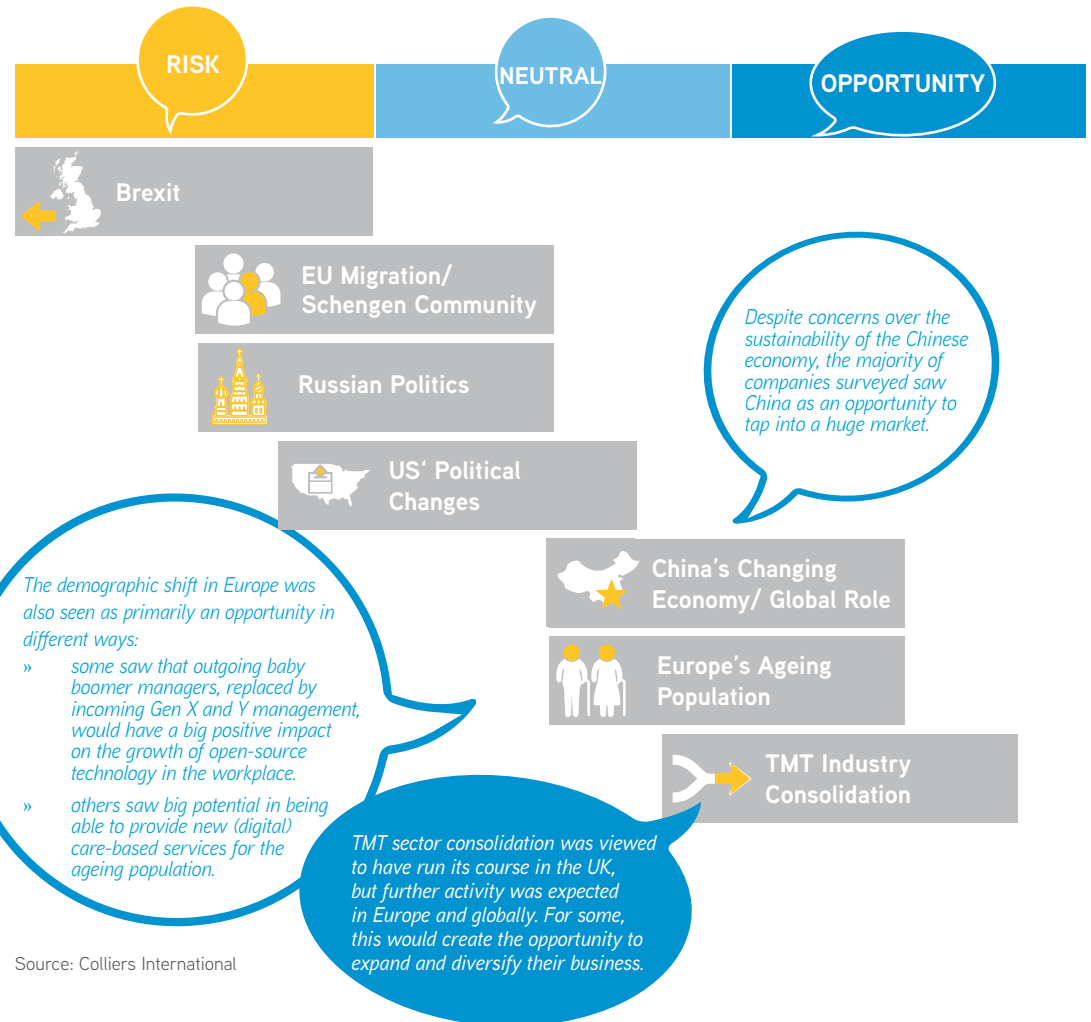
One final set of questions we asked related to major macro factors that were impacting the world at large. For each of these, we asked whether companies saw these as a risk or an opportunity for their businesses, or if they were relatively neutral about them.

The clear risk factor was Brexit, with the majority of companies concerned about the economic impact, currency volatility and perhaps more importantly the potential limitations to accessing talent if migration was curtailed as a result. It's not difficult to see why, when an estimated third of 'techies' working in the UK were born overseas, many from continental Europe. So, any restrictions on the free movement of labour could hit the UK sector hard.

Further detrimental change to open migration could also be a game changer to the TMT sector in the US. Interestingly, very few of the companies surveyed were outwardly concerned about the impending US election. We suspect this view has changed, although this will depend on whether 'Trump the Moderator', or 'Trump the Isolationist' takes charge. Signs of the isolationist are visible, and it has recently been reported that the main U.S. visa programme for technology workers could face renewed scrutiny. The 'H-1B' visas admit 65,000 workers and another 20,000 graduate student workers to the US tech industry each year. The tech industry may now have to fight to protect visas for these workers.

In a country with full-employment, the expansion of the sector will be challenging without fresh talent. Conversely, this could act as a boon to the European tech sector if the US struggles to handle capacity issues, adding an extra dimension to the war for talent in 2017 and beyond.

## What global/regional developments do you see as a risk or an opportunity?



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