

Global Workforce Trends

Prepared for IBM

December 8th, 2020



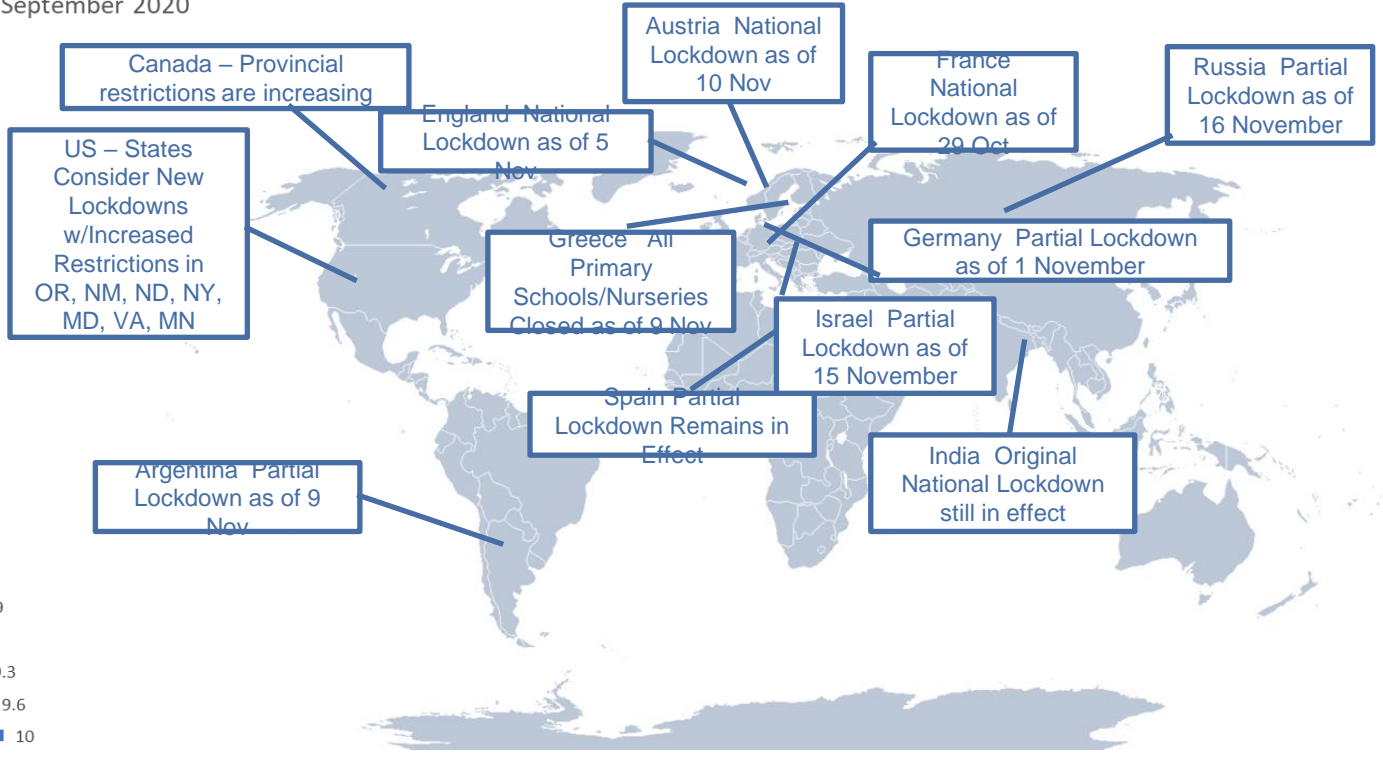
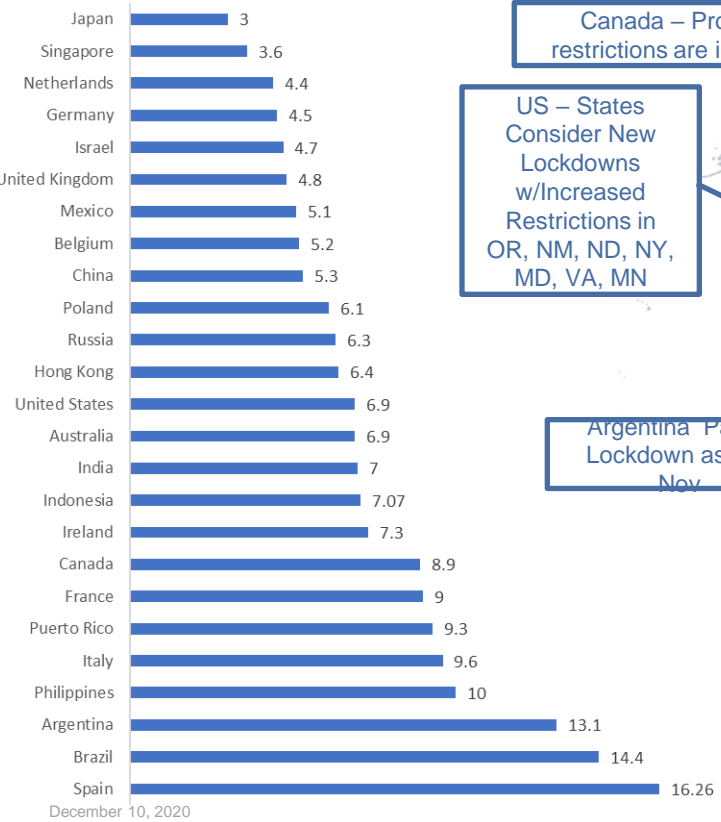
Topics

- Global Industry Trends
- Remote Workforce Considerations
- H-1B Visa Considerations
- Upskilling Considerations
- Compensation Considerations
- Q&A

This report is intended to provide an overview of general business information relative to global employment conditions and considerations. It should not be interpreted as legal advice. Please consult with legal counsel to ensure that you are in compliance with all applicable laws.

~ 28M Available Jobs Globally Despite New Lockdown Measures

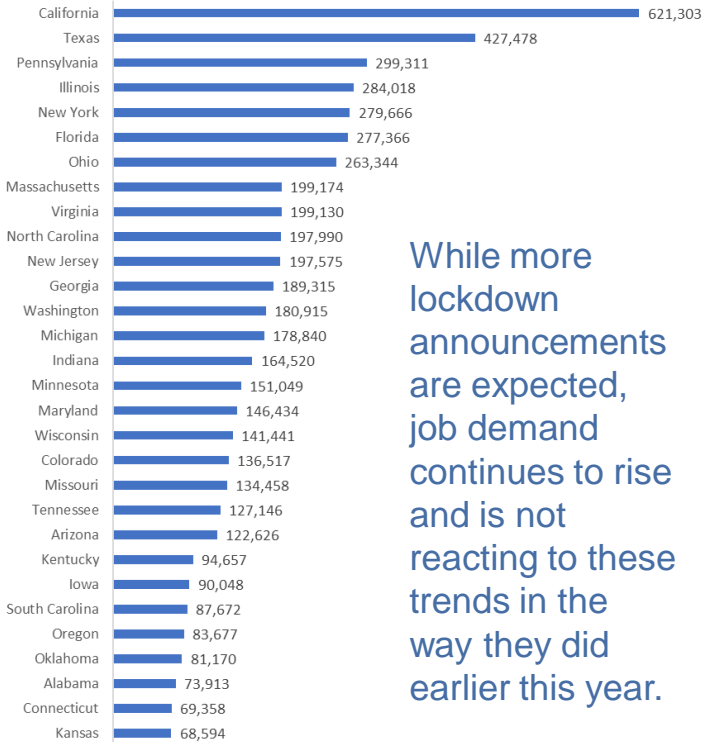
Global Unemployment Rates (%) September 2020



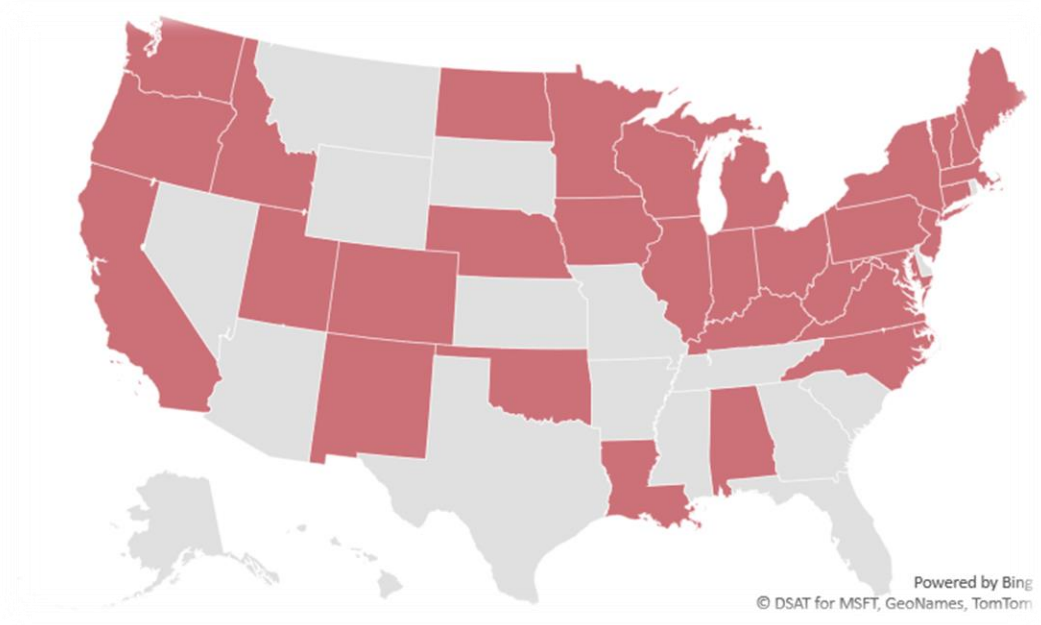
Source: Gartner's Talent Neuron, NY Times, CNN, and Assoc. Press

33 States Have Increased or Extended Lockdown Restrictions

Top 30 Markets by New Job Demand



While more lockdown announcements are expected, job demand continues to rise and is not reacting to these trends in the way they did earlier this year.



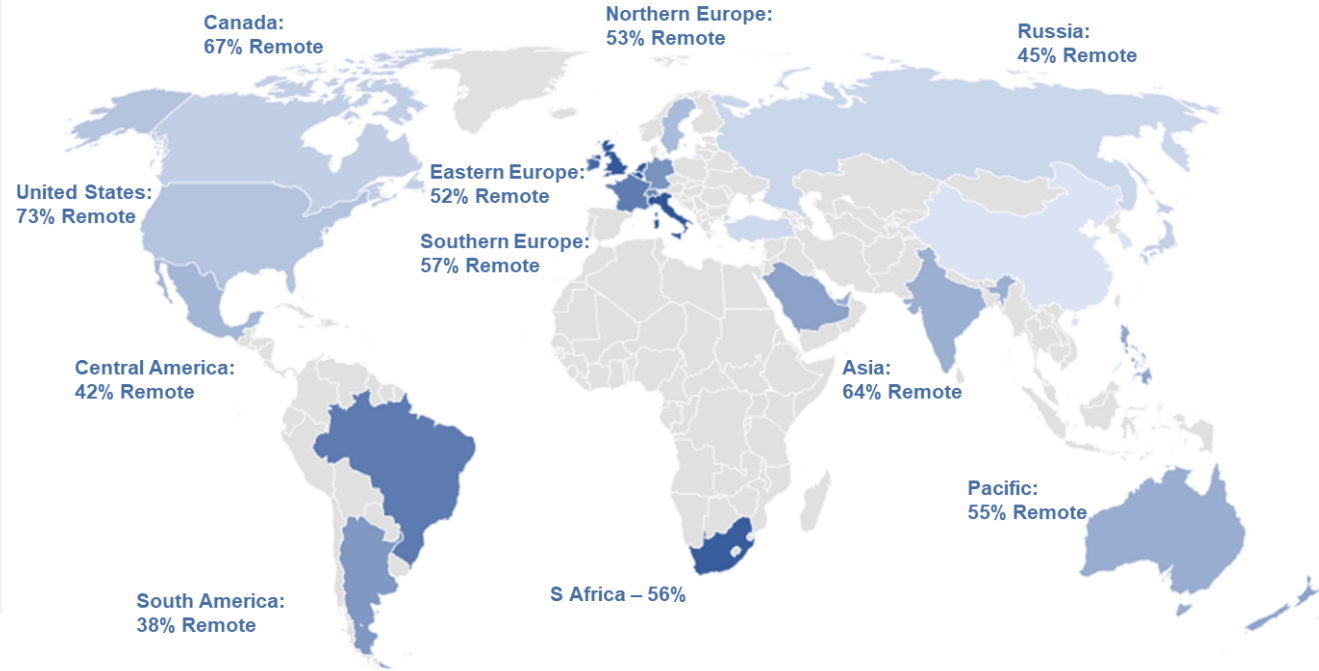
Source: Gartner's Talent Neuron and BLS

Over 60% of the Global Workforce Remains Remotely Deployed

Estimated 40% Will Remain Remote in 2021 and Beyond

- ❑ IT, Finance, Accounting, Marketing, and Back-Office Administration lead the functional roles for current and future remote deployment
- ❑ Remote Deployment of Call Center Services is one of broadest but least consistent initiatives across industries

Current Remote Workforce Allocation



Sources: Gartner's TalentNeuron and Talent Solutions Market Intelligence

High Cost Urban Markets See Increased Departures

Top Ten Cities w/ Highest Volume of Population Moving OUT

Top Ten Cities w/ Highest Volume of Population Moving IN

<u>Origin</u>	<u>Top Destination</u>	<u>Top Out of State Destination</u>
New York	Atlanta	Atlanta
San Fran	Sacramento	Seattle
Los Angeles	San Diego	Phoenix
D.C.	Salisbury, MD	Salisbury, MD
Chicago	Phoenix	Phoenix
Seattle	Los Angeles	Los Angeles
Denver	Seattle	Seattle
Boston	Portland, ME	Portland, ME
Milwaukee	Chicago	Chicago
Rockford, IL	Chicago	Madison, WI



<u>Top Destination</u>	<u>Origin</u>
Phoenix	Los Angeles
Sacramento	San Francisco
Las Vegas	Los Angeles
Austin	San Francisco
Atlanta	New York
Dallas	Los Angeles
Tampa	Orlando
Miami	New York
Nashville	New York
Charlotte	New York

Sources: Pew Research, U-Haul, UNT Research, and Allied Van Studies

Increased Remote Hiring Strategies for Cost Savings

Top Markets for Remote Candidate Hiring Based on Availability* (3-5 Years Exp.) and Cost** Savings Potential:

TECHNOLOGY

1. Washington DC
2. Chicago, IL
3. Dallas, TX
4. Philadelphia, PA
5. Houston, TX
6. Minneapolis, MN
7. Miami, FL
8. Baltimore, MD
9. Detroit, MI
10. Atlanta, GA

ADMIN/CLERICAL

1. Chicago, IL
2. Dallas, TX
3. Washington, DC
4. Philadelphia, PA
5. Miami, FL
6. Houston, TX
7. Minneapolis, MN
8. Detroit, MI
9. Tampa, FL
10. Baltimore, MD

FINANCE

1. Chicago, IL
2. Dallas, TX
3. Philadelphia, PA
4. Houston, TX
5. Miami, FL
6. Minneapolis, MN
7. Denver, CO
8. Detroit, MI
9. Tampa, FL
10. Charlotte, NC

CALL CENTER REPS

1. Dallas, TX
2. Houston, TX
3. Philadelphia, PA
4. Tampa, FL
5. Detroit, MI
6. Orlando, FL
7. San Antonio, TX
8. Columbus, OH
9. Austin, TX
10. Salt Lake City, UT

*Customized market analysis required to assess availability and wages of specific skills and requirements within labor categories

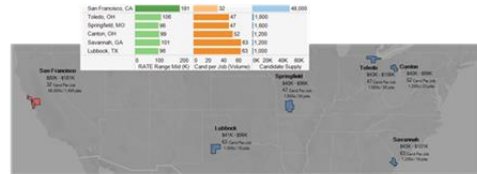
**Cost Savings Potential based on minimum of 20% cost savings compared to wages of most expensive cities to hire noted skills

Strategic Sourcing of Appropriate Skills Can Drive Cost Optimization

Cost Savings Potential of 20-40% Through Labor Arbitrage

- ❑ Talent Availability, Local Market Costs, Regulations, and Sustainability Drive Actualization of Cost Savings Potential
- ❑ Global, Regional, and Local Analysis must Leverage Internal Data to Achieve Results

Top Market Comparisons for Business Analyst



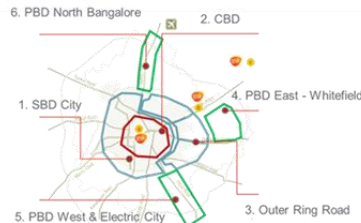
Lowest Cost Markets have limited candidate supply:
 • Toledo OH has highest candidate availability among lowest cost markets, a blanket approach to Northern OH would expand access to Cleveland, Toledo, Akron, and Canton for an average cost savings of 35-41% on hourly wages

Highest Availability Markets have higher wages:

• Chicago IL has lowest wages among highest availability markets, with an average cost savings of 17-23% on hourly wages. Southern Chicago suburbs offer more candidates at average of 22-27% cost savings on hourly wage



Business Systems Analyst



Offshoring Up to 80% of Back Office to India Represents Greatest Value and Cost Efficiency

Business Systems Analyst



Hyderabad offer high availability of core functions at up to 60% cost savings vs London: not availability than Hyderabad offers more industry specific skills in R&D. access to Legal/GCO resources in Hyderabad. Amgen and Novartis: Amgen India after attempting centralization of shared services site there, got it globally.

"By 2011/2012, we had almost 100% of the back-office in India, but turnover and time zones made it impossible to support critical initiatives like new drug acquisition, global licensing deals - it is a critical part of the strategy but we now know it cannot be THE strategy."
 - Digital Management, Amgen



Remote Workforce Allocation and Planning is Critical

- Who can work remotely?
- Who should work remotely?
- Where should remote workers be sourced from?
- What should remote workers be paid?
- How should remote workers be managed?

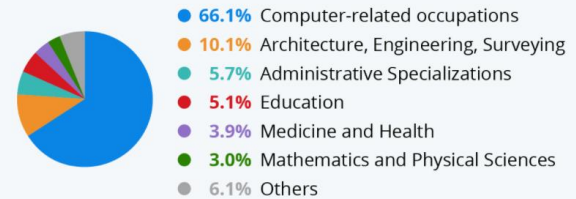
Administration Outlines New Guidelines

New Guidelines

- ✓ Current ban on new entry until December 31st unless already in country and/or valid stamp
- ✓ 2nd Round Lottery can file through November 16th
- ✓ H1B Fees increased 22% to \$555
- ✓ 2021 Policies takes effect early December
- ✓ Increased pay by US companies
 - ✓ Entry level, foreign workers would have to be paid in the 45th percentile of their profession. Up from 17th percentile currently
 - ✓ Higher skilled, foreign workers will have to be paid in the 95th percentile from the 67th percentile
- ✓ Requires foreign workers to have a specialized degree in field of occupation to be granted a H1B visa
- ✓ Requirement to prove “a body of highly specialized knowledge”

Where High-Skilled Immigrants Are Most Urgently Needed

Breakdown of approved H-1B petitions in the U.S. in FY 2019, by occupation group*



H-1B petitions in FY 2019

Filed 420,549

Approved 388,403

* October 1, 2018 - September 30, 2019

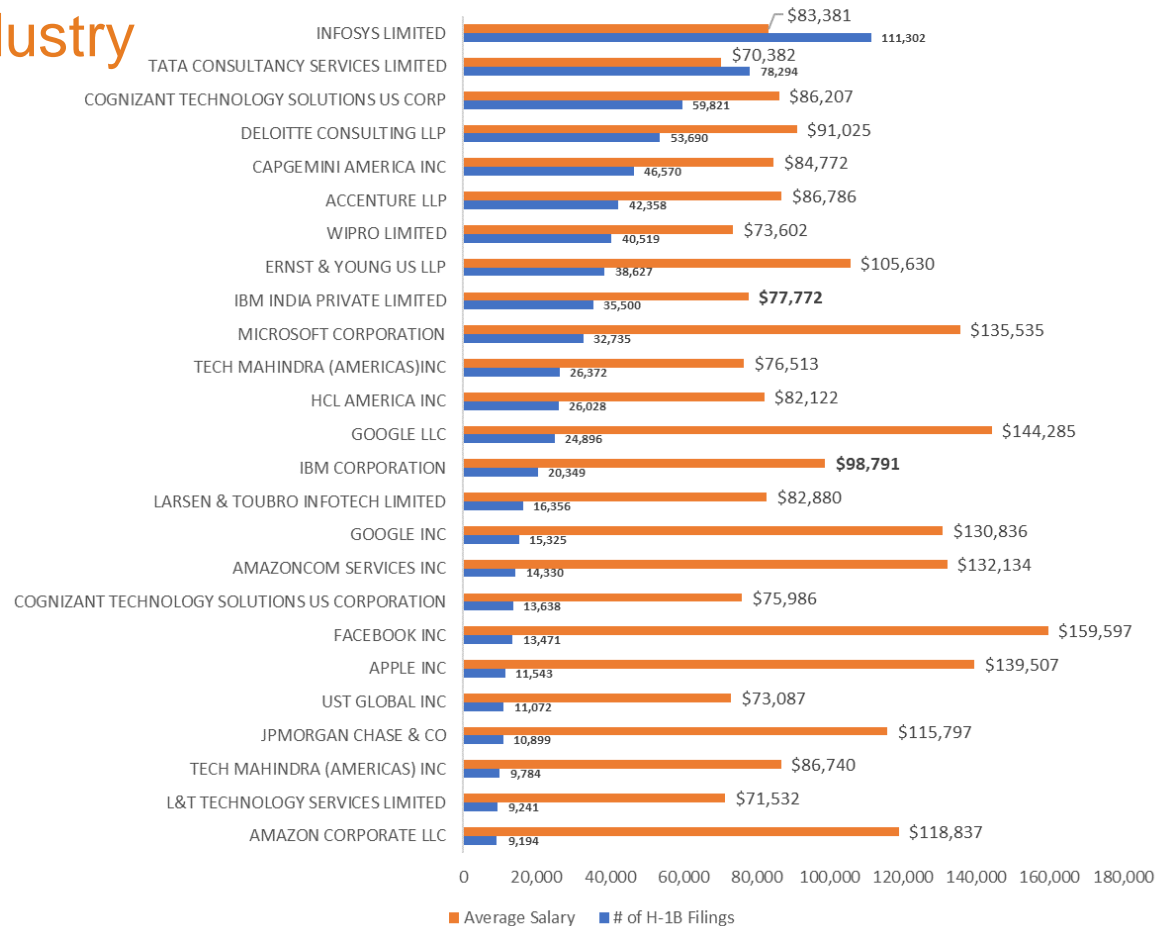
Source: U.S. Citizenship and Immigration Services



Impact on Wages and Industry

- ✓ IT firms account for 85,000 H-1B visas a year
- ✓ H-1B wages have already increased from a median salary of \$78,120 in FY17 to \$90,730 in FY19.
- ✓ In 2019, 71.7% of H-1B visa holders were from India.
- ✓ 13% of H-1B visa holders were from China
- ✓ Small companies will see largest impact as might be unable to compete with an increase in wages for foreign talent.

Wage Comparison of Top 25 Employers by #H1B Visa Filings



72% of Employers Reducing Hiring Requirements

Education, Certification, Experience Leading Requirements Reduction

- ❑ While certain roles continue to require security clearance or licensing to be compliant with regulated requirements, employers are shifting expectations for standard roles
- ❑ The cost of upskilling existing staff, is substantially lower than hiring niche skills and has added benefit of existing organizational experience
- ❑ **As unemployment declines, competition tightens to fill critical roles**

Average Cost of Upskilling/Worker Globally is \$1,200



Source: Mercer, Global Talent Trends 2020

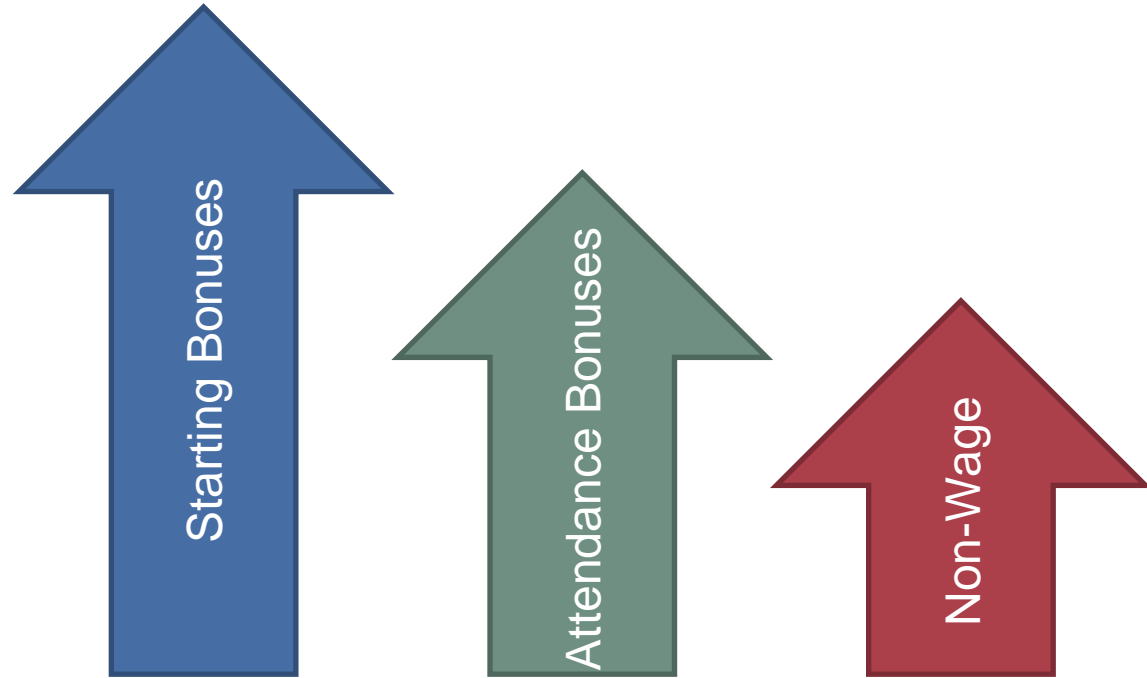
Wages Appear Flat but are Rising in Response to Pandemic

Some Wages have Declined

- Professional Sales
- Sales Engineers
- Inventory Clerks
- Field Service Technicians
- Web Design

Some Wages have Increased

- Cyber Security (7%)
- Data Analysts
- Business Analysts
- Customer Service/Call Center (4%)
- Warehouse
- Logistics



Market Intelligence On-Demand



Total Workforce Index

<http://www.TotalWorkforceIndex.com>



Global Insights Library

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Questions?