Talent challenges in times of disruption

At the CIO Leadership Forum 2016 in Hong Kong, panelists discussed the challenges involved with the ongoing scarcity of local talent

By Allan Tan

For decades enterprises across Asia have been lamenting the scarcity of local talent. Like most other economic principles, scarcity fuels rising cost of doing business, and an even more competitiveness marketplace for the right skills.

At the CIO Leadership Forum 2016, a panel of technology leaders discussed the challenge of staffing in the midst of calls for IT to play an active role in an organization's transformation journey.

Talent: steal, hire, grow or borrow

When prodded on how he copes with the talent shortage, Michael Leung, chief information and operation officer at China CITIC International Bank, chided the audience by saying "we poach people from other banks!"

He confirmed that hiring talent is very difficult particularly among the younger generation.

"About a year ago when we started the Innovative Banking Department, we found it difficult to approach people both within the traditional pool of skills in the market, but couldn't find the skillsets we were looking for," he said. "Then we turned to those working for Internet and Fintech pool and we discovered quickly that no one wanted to join a legacy company like us."

China CITIC Bank took the path of building an ecosystem partnering with Internet companies like Alibaba and Tencent and Fintech startups. "We are then able to borrow the skills we need from our partners," he added.

Steve Monaghan, a regional director

IT leaders talks about building an ecosystem of talent within and outside the organization

and head of Edge at insurer AIA, noted that it's not about finding the right talent, but being able to attract and give them a platform to do things.

"The challenge from an innovation standpoint is giving them a safe zone where they can actually affect change," he said. "No one wants to join a company to maintain the status quo. If you look at companies like Tencent they set aside teams within the organization whose purpose is to disrupt the company. It is not about the availability of talent. Talent is around us but how do you utilize them? How do you give them a platform to make an impact is the real issue," he explained.

BT's Chief Architect for Asia Pacific, Middle East & Africa, Matthew Allcoat shared his company's 140 year staffing strategy: "[bringing new talent] is really important. We work with a lot of universities around the world and are very active in graduate recruitment. Getting people with a fresh perspective, who don't have 20 years legacy experience grounded into them is an important part of that."

Innovation from within is a very difficult task particularly for smaller but established organization. Henk ten Bos, CIO at Ageas believed that partnering with outside organizations is a way forward. While recognizing the growing

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> **—Suk-Wah Kwok, Lockton**

influence and innovation-led know-how of rising Fintechs, he believed that incumbent enterprises have value to offer these startups.

"In the insurance industry, there are a lot of regulations imposed by the industry and regulators," he said. "A startup needs to learn how to operate in such an environment. It is therefore about finding the right balance between innovating and implementing things in a controlled environment."

Insurance brokerage firm Lockton Companies' Regional CIO for Asia, Suk-Wah Kwok, said she doesn't like hiring new talent. She affirmed Leung's assertion that many young professionals are not interested at working 9-to-5.

"I have a core team of dedicated professionals who know their technologies and do their jobs well. I am perfectly willing to outsource [some jobs] to technology companies, who are better able to hire

Monaghan from AIA: Talent is around us but how do you utilize them? How do you give them a platform to make an impact is the real issue

trained security experts, storage experts, data experts, for example," she said. "It's not about money. The young talent simply won't work for an insurance company no matter how much money I throw at them. So I outsource."

Blended workforce: a way forward

On the issue of outsourcing, Leung from China CITIC Bank cautioned that the mindset is changing.

"A lot more times we are collaborating, working together with external partners," he said. "In an industry that is highly regulated like banking, perhaps there is room for the regulator to include the notion of collaboration as a way to manage the talent shortage. A bank could collaborate with new technology companies like Tencent to work together developing new products or services. As a bank, we don't necessarily outsource it to a company like Tencent, but we work together with them as in an ecosystem," said Leung.

Monaghan suggested striking a balance between in-housed and outsourced.

"I think there are external needs in terms of capabilities you don't have within the organization," he said. "Just as well there are people within the organization that can do really amazing things. Sometimes the skills you are looking for may well be within the organization doing something else. You just need to give them a platform, the ability to go for it. I don't necessarily think that you need to rush out to find talent."

Allcoat from BT believed that innovation is about finding new applications.

"Your special sauce for doing that is inside your organization," he said. "These are people sitting there. When we outsource, what we are really doing is buying the capabilities that we need."

Best practices for in-house training versus outsourcing

Ageas' ten Bos said that every organization will need to find the right model for how to engage your staff, to create the context for them to innovate.

According to Kwok, there will be occasions when the needed skills or knowledge is not available in-house. "In these cases engage IT vendors to work with our team for a period of time. What I've seen is a natural transfer of skills that take place. By the time the vendor has left, our in-house team has acquired the expertise that was previously lacking," she suggested.

Leung brought up the idea of an extended enterprise.

"The old model of outsourcing may not necessarily apply to the current Fintech disruption paradigm where there are so many different innovations and development that traditional banks do not have the skills or the capability," he said. "This is where the model of collaborating with Fintechs and other technology companies, working very closely together."

"Many of these companies do not understand data security the way a bank does – that banks deploy multiple layers of systems and processes in order to comply with regulation around data protection as an example. Banks have to teach these startups on the way things operate in the banking industry. That is the challenge we are facing in collaborating and trying to establish the ecosystem," Leung concluded. ◂