Portland
Tech in Focus
2023 TRENDS REPORT | THE BRIGHT SIDE

PR⊙FOCUS
TECHNOLOGY PROFESSIONALS

A time to shine.

The future of work is being shaped in real time, and Portland's tech community is writing the playbook. **ProFocus Technology** is proud to contribute and to share the voices of local professionals.

Coming off of a rebound year, near-term business prospects remain positive despite economic uncertainty, and long-term prospects even more so. As you'll see in this year's *Portland Tech in Focus: 2023 Trends Report*, some core metrics look to be normalizing. **But there's good news on the horizon for revenue, headcount, and innovation.**

Real talk about talent issues.

Of course the more things change, the more they stay the same. The tech talent shortage is still in full force, and firms have choices to make. What initiatives should be prioritized? How much should we pay for talent? How can we build a strong culture? Those decisions impact the ability to get tech talent in the door and keep it there.

In this report, we invite you to examine the choices local organizations are making with their time, energy, and budgets—and to compare how yours stacks up. In particular, large and enterprise firms may benefit from emulating their smaller counterparts in terms of culture and compensation.

No matter your sector or size, the opportunity is there for the taking. **Look on the bright side, Portland!**

A PDX perspective.

Out with the old, in with the new. That's the promise of every new year, and at ProFocus Technology we look forward to all the best that 2023 has to offer. From what you shared with us, there's a lot to be proud of and a lot of high-profile projects underway.

We're glass-half-full type of people. Although optimistic by nature, we don't underestimate the challenges in the tech landscape. But there are silver linings to be found in this year's research and in the strategies in play from our clients and consultants. We recognize your hard work and your efforts to make local tech workplaces welcoming and dynamic.

To maintain momentum, get to know the wants and needs of tech talent. That's a big takeaway from this year's report and one we take to heart. Thanks for coming along for the ride.

John Boone | Founder & President
ProFocus Technology

Your voice counts.

We appreciate the Portland area technology leaders and professionals who responded to ProFocus Technology's third annual survey. Thanks to our engaged tech community, we're able to share this snapshot of what's on tap for local employers in 2023.

Once again, the *Portland Tech in Focus: 2023 Trends Report* addresses key operational metrics and cultural assessments. Inside, you'll find ratings on innovation, compensation, and collaboration, plus much more.

We encourage you to use the report to benchmark strategic priorities against industry peers, as well as to reflect on the opinions of the people who keep things running smoothly and make the magic happen. Let's dive in.

1 Outlook & Core Metrics

2 Talent Challenges

3 Talent Demands

4 Compensation Trends

5 Tech Trends & Innovation

6 Culture & Diversity

Please note, some figures in the report do not add up to 100 percent due to rounding or question design (e.g., the ability to provide multiple answers). Some participant quotes were edited for clarity and length.
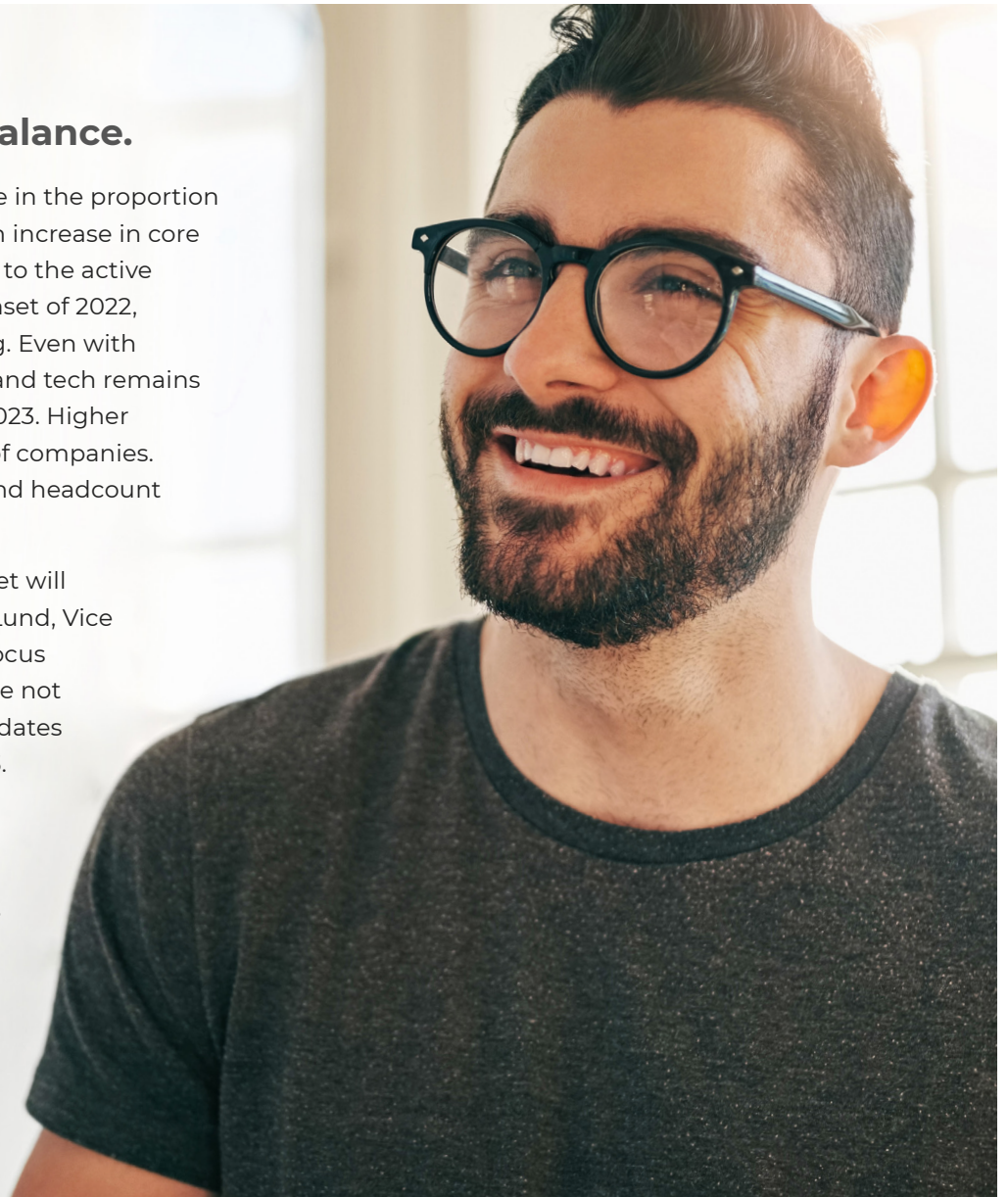
1 2023 tech outlook: persistent optimism.

High tech fuels Oregon's economic growth. Statewide, the sector accounts for about 5% of jobs but 11% of wages and GDP — thanks to strong productivity and pay.[1] The five largest tech industries together project 15% growth in the next decade, with big windfalls for computer systems design and software publishing.[2] Based on this year's survey results and on-the-ground experience, we support the long-term positive prognosis.
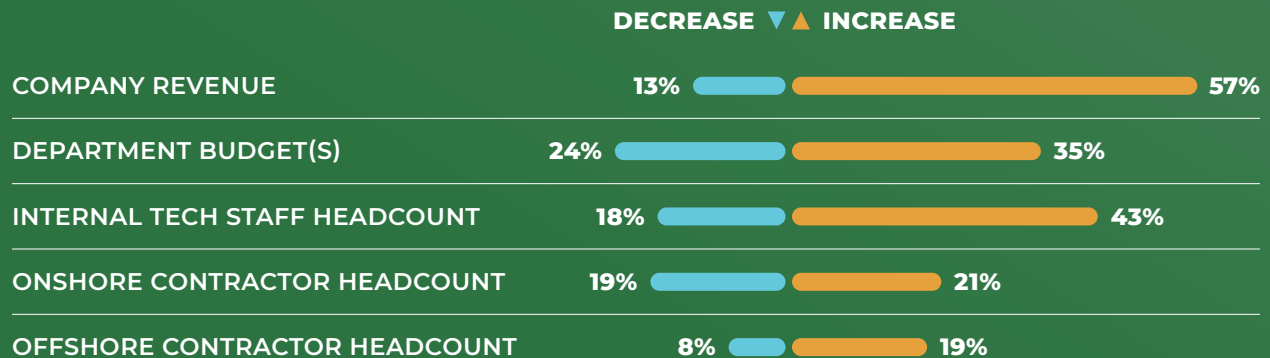
From bounce to balance.

However, we do see a decline in the proportion of respondents predicting an increase in core business metrics. Compared to the active pandemic rebound at the onset of 2022, expectations are normalizing. Even with economic uncertainty, Portland tech remains optimistic heading into Q1 2023. Higher revenue is expected at 57% of companies. And more expect budgets and headcount to grow rather than shrink.

"The Portland tech job market will remain strong," says James Lund, Vice President and Partner, ProFocus Technology. "There simply are not enough qualified tech candidates for the jobs expected in 2023. Companies will continue to hire; however, we should see the utilization of contractors increase as some companies may hesitate to add permanent headcount."

Here we grow.
Expectations for core metrics

DECREASE ▼ ▲ INCREASE

| COMPANY REVENUE	13%	57%
DEPARTMENT BUDGET(S)	24%	35%
INTERNAL TECH STAFF HEADCOUNT	18%	43%
ONSHORE CONTRACTOR HEADCOUNT	19%	21%
OFFSHORE CONTRACTOR HEADCOUNT	8%	19%

> Key investments are in expanding digital product offerings, driving online engagement, expanding advanced analytics (product + internal), automation opportunities for productivity/general efficiencies, and ensuring we have the best team.

Technology Executive | Enterprise firm

Half at home.
Working arrangements

51% REMOTE FULL-TIME
6% IN THE OFFICE FULL-TIME
43% HYBRID
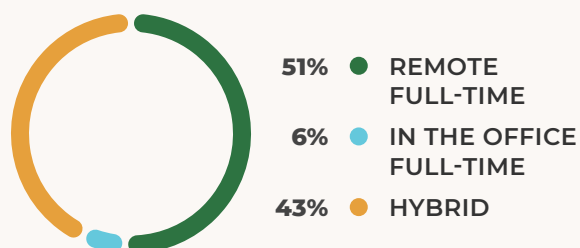
Where Portlanders work.

There's a split between employees who work remotely full-time (51%) and those who go into an office some (43%) or all (6%) of the time. The well-covered shift to remote work shows up in the core metrics, with a third of firms (33%) expecting a decrease in their real estate footprint. The biggest decline occurs among large firms, where nearly half (47%) predict a decrease in office space.
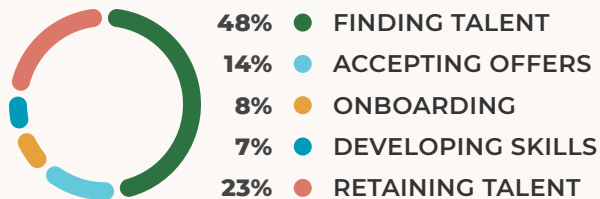
While CFOs may appreciate the lower CapEx investment, respondents have mixed feelings about remote work. Says one senior manager at a midsized firm, "It has broken the existing culture/management model and will take time to evolve to maturity and stability. In the meantime, productivity is reduced and organizational bonds are weakened." On the other hand, Dave Harris, Director of IT at Aldrich Services, notes, "Hybrid is great as there's a time and place for everything. During busy seasons, being there to support each other through our challenges is important. And hybrid work makes the commute manageable."

2 Sizing up talent woes: bigger not always better.

With an overall Oregon unemployment rate hovering around 4% — and tech unemployment even lower — the struggle to find tech talent is alive and well.[3] About half of respondents (48%) rank finding people as their biggest tech talent headache. What's more, nearly 60% of employees rate their firms poor or average at attracting tech candidates.

Sourcing struggles.
Top talent challenges

48% ●	FINDING TALENT
14% ●	ACCEPTING OFFERS
8% ●	ONBOARDING
7% ●	DEVELOPING SKILLS
23% ●	RETAINING TALENT

Retention on the radar.

Retention comes in as the second biggest tech talent challenge at 23%, an increase from last year's 18%. Respondents generally rate their firm's ability to retain talent better than their capacity to attract candidates, but 41% still say their firm always has unfilled backfilled tech positions due to turnover.

A connection between culture and retention stands out. Tech pros who rate their firm as excellent in retaining talent give more favorable ratings on just about every matter, from onboarding and training to compensation and innovation. For example, 94% giving the top retention rating say their firm supports work-life balance, compared to 76% of all respondents. And just 28% say their team is overworked, compared to 50% overall.

A study in contrasts.

Looking more closely at company size, we notice some dramatic differences. In previous years' reports, we've noted that small firms serve as engines of growth and champions of culture, and this year is no different. The experience of enterprise employees lies in stark contrast.

Compared to their smaller counterparts, enterprise firms struggle more with retaining talent. At the enterprise level, retention becomes the number one tech talent challenge, ranked higher than finding talent (40% vs. 36%).

This outcome illustrates a broader theme: small and midsized firms fare better across most other parameters. A few examples:

- **Enterprise workers are far more likely to feel burned out (65% vs. 41%) and overworked (57% vs. 45%)**

- **Smaller firms offer more training (60% vs. 38%) and plans to upskill for new tech (59% vs. 47%)**

- **Smaller firm workers are more than twice as likely to say they're not looking for another job (46% vs. 21%)**

You might expect higher pay to compensate for these shortfalls, but that's not the case, as we'll explore further on.
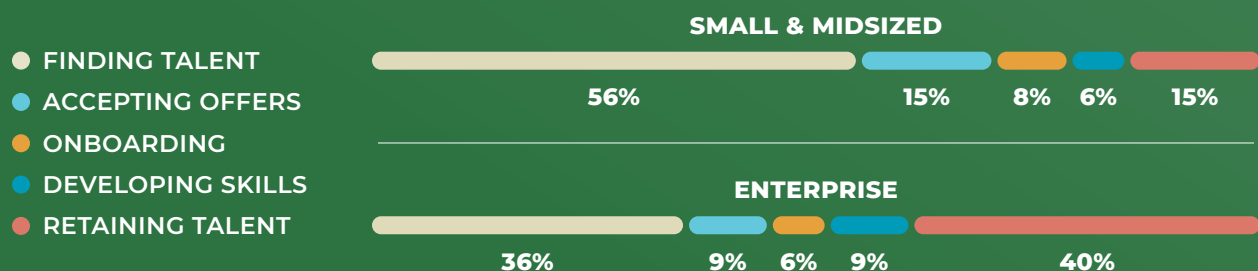
> " We are scaling up rapidly, which actually decreases productivity for a while because engineers have to take time to onboard new team members. Though if the process is done correctly we usually see new hires being productive by their second sprint.

Josh Kirby | Engineering Manager, ZoomCare

Finders not always keepers.
Top talent challenges by company size

SMALL & MIDSIZED

- ● FINDING TALENT
- ● ACCEPTING OFFERS
- ● ONBOARDING
- ● DEVELOPING SKILLS
- ● RETAINING TALENT

56% 15% 8% 6% 15%
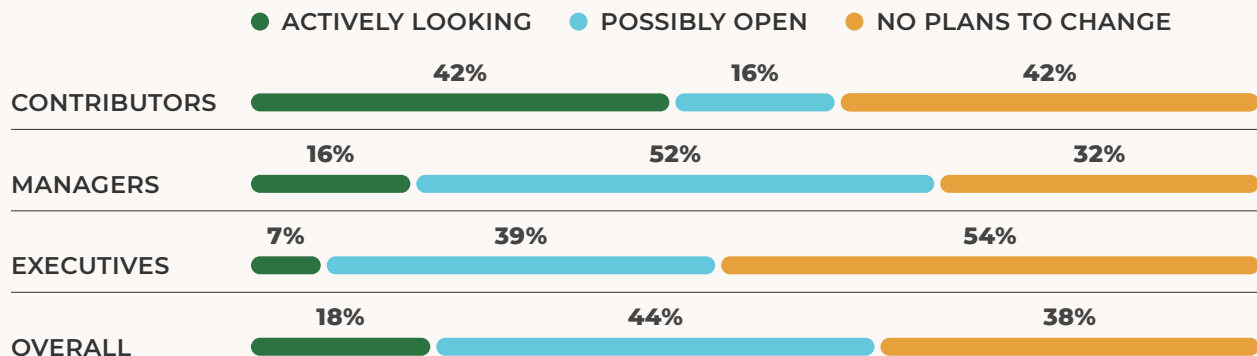
ENTERPRISE

36% 9% 6% 9% 40%

3 What talent wants: pay attention (or else).

More than half of Portland's individual tech contributors are either actively looking to change jobs in 2023 (42%) or are open to considering a move for the right opportunity (16%). Yes, that's 58% of core workers at least open to pondering a move.

Managers and executives are less likely to be actively looking, but the fact remains that the majority of tech employees at all levels are at risk to depart. **It's an expensive equation. For technical positions, the cost of turnover can jump to 100% to 150% of an employee's salary.**[4]

Stay or go?
Job change interest by worker level

● ACTIVELY LOOKING   ● POSSIBLY OPEN   ● NO PLANS TO CHANGE

	ACTIVELY LOOKING	POSSIBLY OPEN	NO PLANS TO CHANGE
CONTRIBUTORS	42%	16%	42%
MANAGERS	16%	52%	32%
EXECUTIVES	7%	39%	54%
OVERALL	18%	44%	38%

Top talent demands.

We asked tech pros what offerings are most important to both attract and retain top candidates. At the top of the list: salary/compensation. A third of respondents (35%) classified salary/compensation as the highest priority for talent.

Next, remote work and meaningful/interesting work came in practically equal in weighted importance. One tech executive notes, "Working remotely is required to retain IT staff. It's table stakes in the current environment."

Money talks.

Salary/compensation is the top factor across the board, with the exception of executives, who believe meaningful/interesting work is the top draw. "Candidates in this market still have the upper hand, many with multiple competing offers," says Christine Nguyen, ProFocus Technology Director of Recruiting. "While many top candidates care deeply about shared values and interesting work on a modern tech stack, financial considerations often come to the forefront during negotiations—particularly with contract opportunities." A reminder for employers: remote work trends increase the complexity of salary calculations and contractor compliance.

> **"** Leaders must demonstrate vested interest in employees' career development. Be proactive about it and open the door for conversation. As your employees are treading into new areas, have patience and provide a lot of support and encouragement to keep them motivated and engaged. Focus on progress during initial stages and not the results.

Vidhya Chandrasekaran | VP Engineering, Fond

Talent in the driver's seat.

Top 5 talent attraction and retention factors

1 **Salary/ compensation**

2 **Remote work**

3 **Meaningful/ interesting work**

4 **Flexible hours**

5 **Career development/ advancement**

4 Compensation trends: tech careers pay off.

Compensation in tech is among the highest in the state, with an average annual wage of more than $120,000 in core industries.[5] Median tech wages in Oregon are 10% higher than national figures.[6] That's helpful, since Oregon is already the 13th most expensive state to live in,[7] with a cost of living 19% above the national average.[8]

Wages are only going higher, according to IT professionals in Portland. Expect upward pressure for tech worker compensation, say 81% of survey respondents. Among those, more than half (51%) strongly agree wage inflation will be an issue in 2023.

Mixed ratings on pay.

So how do Portland firms stack up on compensation? Even with rising inflation, less than half of respondents (46%) say their overall compensation for the tech team is increasing. The percentage who agree their firm is competitive in this arena dropped this year, to 51% from 59% in 2022.

Enterprise firms lag behind.

Enterprise firms are rated higher at providing pay equity for remote and local staff. But 55% of small and midsized workers say their firm offers competitive market compensation, compared to 41% at enterprise firms. These results offer a cautionary tale to larger and enterprise firms. Brand awareness may make it easier to get talent in the door, but keeping workers happy is another matter altogether.

The compensation-retention link.

As discussed, compensation is Portland's number one tech talent attraction/retention factor. And yet, individual contributors are less likely to say their firm is competitive in that arena (39%) than managers (49%) and executives (66%). Think about the implications of this disconnect for retention.

Workers who switch jobs tend to see larger wage gains than those who stay at their jobs.[9] IT pros who rate their companies as excellent at retention are significantly more likely to say their firm provides competitive compensation—83% vs. 51% on average. And the figure of contributors actively seeking or open to a new job jumps to 77% among those who disagree that their firm offers competitive compensation.

Oregon vs. U.S. average.

19%
HIGHER COST OF LIVING

10%
HIGHER TECH WAGES

Compensation in the spotlight.
Portland pay trends

46%
INCREASE IN TEAM COMPENSATION EXPECTED

81%
UPWARD WAGE PRESSURE EXPECTED

51%
COMPANY OFFERS COMPETITIVE MARKET PAY

61%
PAY EQUITY EXISTS FOR REMOTE AND LOCAL STAFF

5 Innovation and efficiency: striking a balance.

Portland's stature as a tech hub continues to grow. Strategic 2023 initiatives shared by tech leaders run the gamut from improving UI/UX to implementing a new ERP system and launching new digital products. Innovation is a central tenet of local firms' growth, with 42% agreeing that their firm uses tech innovation to disrupt their industry. On an individual level, 72% of Portland's tech professionals feel empowered to personally innovate.

Charting the path.
Top 5 initiatives for 2023

1 **Increasing operational efficiency**

2 **Improving the customer experience**

3 **Bringing new services or products to market**

4 **Improving analytics and decision-making**

5 **Improving data security and privacy**

> " For most of 2022 we focused on building our development infrastructure and frameworks in the cloud. We're excited for 2023 because we'll be able to leverage those to introduce new features and capabilities for our customers at a faster pace than we have been able to achieve in our on-premise environment.

Manager | Large firm

More emphasis on efficiency.

In past years, improving the customer experience has ranked as the top strategic tech priority, and it remains a strong theme. But for the first time, operational efficiency edges it out as a priority. That shift comes primarily from large and enterprise firms. "With economic uncertainty, leaders must carefully consider growth plans," says ProFocus Technology Founder & President John Boone. "They may opt to squeeze productivity out of current systems rather than invest in new initiatives."

Investing in talent.

Two Problems

48%

TALENT SHORTAGE DERAILS GOALS

41%

ALWAYS HAVE UNFILLED JOBS DUE TO TURNOVER

Two Solutions

52%

PROVIDES SUFFICIENT TRAINING AND DEVELOPMENT

59%

PLANS TO UPSKILL TO PREPARE FOR NEW TECH

Smart talent strategies.

A consistent theme shows up again: there's plenty of work to be done and not enough people to do it. One large firm executive notes, "A priority remains creating more capacity and building more capabilities through outsourcing/offshoring." Close to half of respondents (48%) say a tech skills shortage keeps their team from meeting key goals.

Jennifer Waldrip, VP of Client & Talent Services at ProFocus Technology notes that top candidates have their pick of work. "Persistent tech skill shortages aren't going away. Keeping up necessitates a balanced talent strategy. A successful approach includes ongoing development for the in-house team with an infusion of new skills for critical projects and goals."

Portland firms may not be fully taking advantage of training, development, and upskilling opportunities. Just over half of workers (52%) say their firm provides sufficient training and development opportunities, and 59% say they plan to upskill for new technologies. Getting people rowing in the same direction also merits increased attention, as about half (53%) say their business leaders and tech team are aligned on top priorities.

6 More than a job: spotlight on culture.

Once again, Portland firms receive strong marks for work-life balance, with 76% of workers rating their company as good (32%) or excellent (44%). That bodes well for downtime to enjoy the city's considerable outdoor amenities or dine at favored restaurants like Screen Door, Quaintrelle, and Kann. Still, there's room for improvement. The larger the firm, the lower the rating; 56% of enterprise firms are rated good or excellent, compared to 94% of small ones.

Burnout or business as usual?

Working in tech is demanding. Half of respondents (50%) say their tech team is overworked, and 26% anticipate working more hours in 2023. Long hours are the norm, but burnout shouldn't be. Among Portland tech professionals this year, 46% report feeling burned out—the same proportion as last year. After a determined focus on employees' mental and physical health during the pandemic, the lack of change is notable.

But the figure still comes in lower than expected. One study found that 56% of IT professionals can't relax when their workday is over, and 62% feel physically and emotionally drained.[10] In our findings, the highest levels of burnout are recorded among enterprise firms (65%), individual contributors (66%), and women (67%). Respondents vent about being "always on" and increased meetings to compensate for the challenges of remote communication.

Investing in DEI.

In Oregon and the U.S., high tech employment is disproportionately male,[11] and the same is true for our survey respondents. Overall, Portland tech professionals estimate that 41% of their workforce is diverse. Two thirds of employers (67%) invest in formal diversity, equity, and inclusion programs. Here's one place enterprise firms outperform their peers: 88% invest in formal programs, compared to 51% of small and midsized firms.

Cultural considerations.

An employer's brand and company culture are driving factors in tech professionals' decisions to join a new employer. According to a Dice survey, nearly eight in 10 say they would not apply for a higher paying job at a company with a bad reputation.[12]

In Portland, 66% of tech pros say their firm does a good (40%) or excellent (26%) job of maintaining a strong culture, a drop from last year's 78%. Employees struggle with communication and logistics in remote and hybrid arrangements, perhaps because "there are some things for which a pizza and a whiteboard are just the right approach."

" Investing well in DEI programs and actually doing it well are two separate things. My company struggles with this in Oregon because it's hard to do good DEI work when your city, region, and state are one of the least diverse places in the U.S.

Senior Manager | Enterprise firm

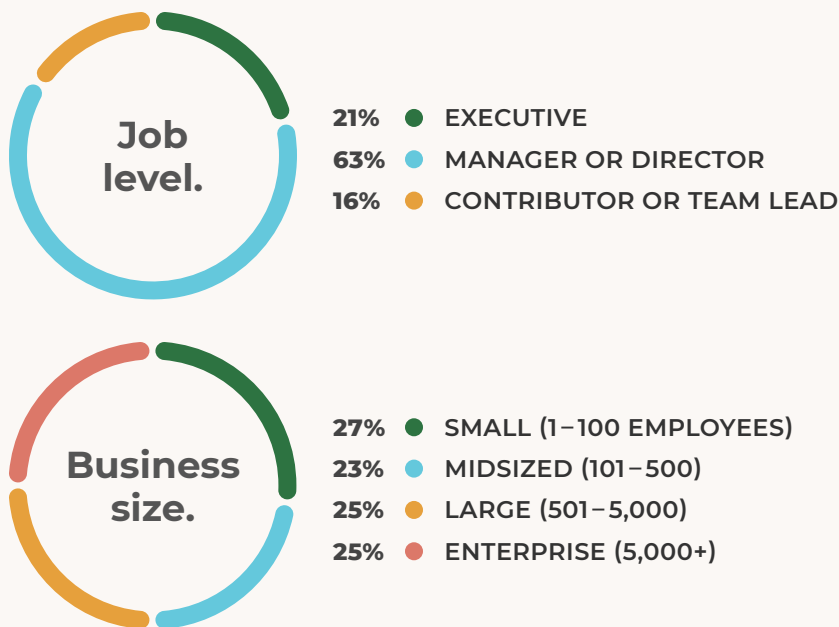**Building loyalty and engagement.**
Cultural trends

76%
SUPPORT WORK-LIFE BALANCE

67%
INVEST IN FORMAL DEI PROGRAMS
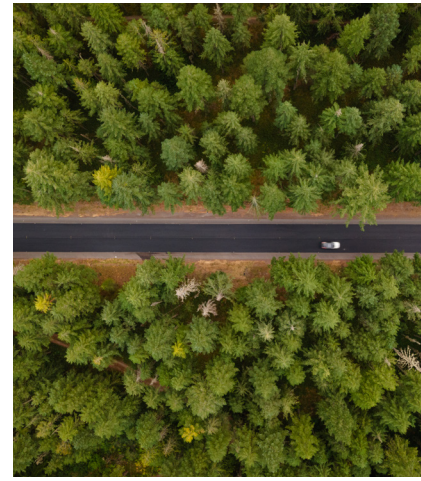
66%
MAINTAIN A STRONG CULTURE

Survey demographics.

The *Portland Tech in Focus: 2023 Trends Report* is based on 163 responses to an online survey of Portland-area technology professionals conducted between October 19 and November 19, 2022.

Job level.

- 21% ● EXECUTIVE
- 63% ● MANAGER OR DIRECTOR
- 16% ● CONTRIBUTOR OR TEAM LEAD

Business size.

- 27% ● SMALL (1–100 EMPLOYEES)
- 23% ● MIDSIZED (101–500)
- 25% ● LARGE (501–5,000)
- 25% ● ENTERPRISE (5,000+)

Endnotes.

1 https://oregoneconomicanalysis.com/2022/07/20/oregons-high-tech-sector-july-2022/
2 https://www.qualityinfo.org/-/oregon-s-high-tech-employment-trends-what-is-high-tech-/
3 https://www.opb.org/article/2022/11/16/oregons-jobless-rate-rose-to-41-in-october/
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Let's connect.

Have questions about the report or want to know more? We'd love to hear your perspective on Portland tech trends.

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