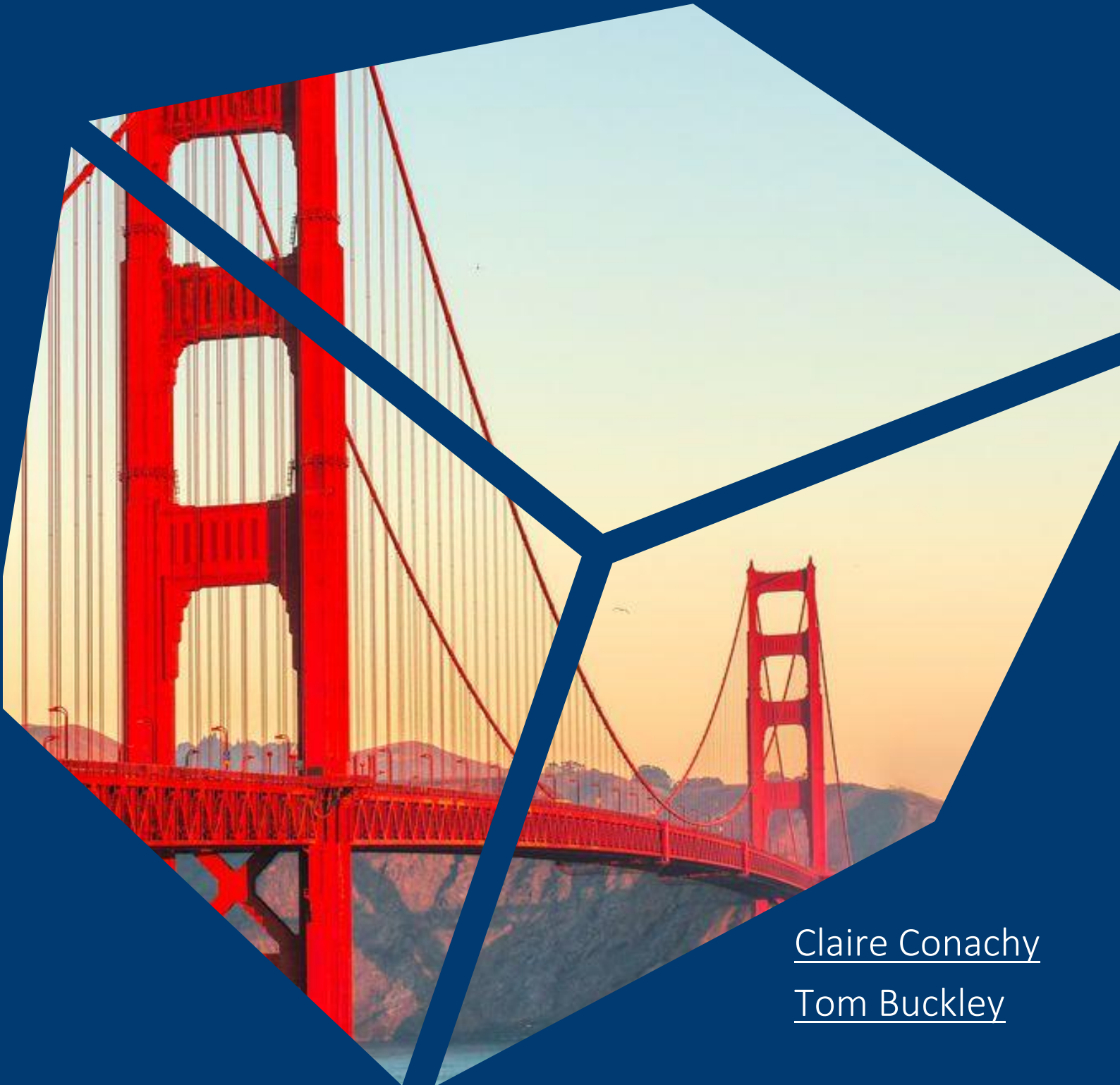




Insights on the Ground - From the Bay Area to our Backyard

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The fascination with the heart and hub of the technology industry has always been, at least to the outside perspective, a thing of great interest. As two individuals who have worked in and around the tech sector for Odgers Berndtson, helping to shape the leadership teams of some of the world's leading technology companies, it's only fair to observe that our searches and conversations often take us back West, to the root of it all, and to the perceived centre of the tech universe. The opportunity to visit the Bay Area, and to meet with some existing clients and have a host of new conversations was exactly as expected – informative, educational, and perhaps most interestingly, also served to challenge some pre-existing views about a sector which is always moving and changing, arguably at a greater pace than all the others. Things most definitely do not stay the same – that much we learned when we visited the Bay Area with [Mike Drew](#), Global Head of the [Technology Practice](#) at Odgers Berndtson, accompanied by our Singapore colleagues [Andie Rees](#), Head of the Technology Practice in APAC.

Having spent time in meetings simultaneously listening, comparing and contrasting the changes in the Bay Area, and the potential differences and implications on our own markets; EMEA and APAC, we wanted to take the opportunity to share some of our learnings, which may (or may not) have an impact on our respective markets. Whilst there were many take aways, there were some key themes which stood out.

Workforce Migration

Working as a technology executive would traditionally base someone in the Silicon Valley but times have changed. There's no doubt the pandemic prompted a major transformation in the societal fabric of the U.S. tech scene. With the shift to virtual working, Silicon Valley and San Francisco were found in unfamiliar territory of 9th and 5th on the list of cities with the most tech job openings in 2021. The industry experienced a 421% increase in remote hiring triggering the birth of multiple tech hubs across the country. The sentiment on the ground in San Francisco is that the lifestyle no longer trumps the high rates of tax, rent and crime and has pushed people to seek pastures new. Cities such as Austin, Houston, Denver, Atlanta and Miami have been the biggest net gainers of the Silicon Valley exodus. Additionally, we have seen major corporations also taking the initiative with the likes of Oracle, Pinterest, Twitter, Dropbox and Tesla all relocating headquarters to Texas. With the accelerated need for cloud services, digital companies can start from anywhere and thus the expectation of where successful global leaders should be based has changed.

So, it appears that the era of the Silicon Valley centre of gravity, for better or worse, is largely coming to an end. As we drove up the 101, this was emphasised by slick office buildings which lay mostly dormant. We met with a Chief People Officer of a post-IPO, 3D Imaging company who confessed to us, that she had not visited the office for three months, because demand simply was not there.

The Impact? That remains to be seen, but there are undoubtedly some positives to be derived from this newly dispersed workforce.

A conversation with Global Head of Acquisition, Heike Hiss at Box was particularly enlightening. If you are a company with a strong culture, Heike believes, you can benefit. Box has put its flag in the sand and has declared itself a digital-first company. Heike observed that attrition at Box over the pandemic and to the present day, has remained low – staff satisfaction is at some of its highest ever, and people still have a strong sense of being a part of the company mission. Perhaps this is unsurprising in the most forward-looking, agile sector in the world.

Our perspective?

This change presents opportunity for other burgeoning tech hubs across the U.S., and the world, to shine. Speaking to one of our clients based in Redwood City, diversity had always been a challenge for their business pre-pandemic, particularly at headquarters. Looking at the issue more broadly amongst Silicon Valley companies, it seems that they weren't alone in this struggle. The number of Black and Latin technical staff in Microsoft, Google, Facebook and Apple has climbed less than one percentage point since 2014. Given these companies are now hiring based on talent over location, with access to a global workforce, we could see a marked improvement in representation across all levels.



So how does this impact EMEA?

Some of the trends we have seen around the negotiating table have changed. A working from home contract for many tech employees is now a non-negotiable part of agreeing package and associated benefits, whereas previously it wasn't front and centre. For larger industry leaders in technology, this is generally something they can absorb easily, however, for smaller tech companies looking to define themselves and secure their culture, face to face time is critical. How leaders and companies strike a balance and meet in the middle will be critical as they look to forge a future which enables them to retain good talent and prioritise their business needs.

A positive we are seeing echoing from the U.S., is the growing openness of U.S. based tech companies to consider placing their c-suite in EMEA markets. Now more than ever, we have seen the rise of the European based Chief Revenue Officer. This definitely provides companies an opportunity to think laterally and bring new perspectives to the top table.

So how does this impact APAC?

Workforce migration in APAC tech hubs haven't experienced the same pattern of decentralisation. With many of the APJ Regional Leaders grounded throughout the pandemic and with strict and lengthy lockdowns in Singapore, we saw a migration of people to Australia and even Dubai in search of improved lifestyles. As regional travel returns, perhaps Singapore will reclaim those who emigrated, but the current market focus is the exodus of talent from Hong Kong (less on the tech front) and their relocation of regional headquarters to South East Asia.

Astute Technology Investment

A conversation with [Joe White](#), Her Majesty's Tech Envoy to the United States and Consul General to San Francisco raised another important theme. We know that the Bay Area still dominates globally when it comes to VC tech investment, but in a more risk-averse global landscape with rising interest rates and a turbulent stock market in technology, how do we ensure that there is quality over quantity? We are reaching a new phase where after two years of deep investment, Silicon Valley VCs are now beginning to tighten their purse strings. Subsequently, the need to prioritise high-impact technology investment becomes ever more paramount.

So how does this impact EMEA?

London tech firms raised \$25.5bn in 2021 - over double 2020 investment levels, with a large portion of this investment pouring into Fintech. Excellent news for the UK tech scene, which leads the way in European tech investment. However, as the landscape changes, London must be careful not to become purely a FinTech outpost, with all their eggs in the proverbial basket. Whilst it makes sense to capitalise on this investment, there are other areas of innovation across multiple factions of the tech ecosystem which also deserve attention. Investors have long considered the differences between tech-investment and technology-enabled investment, and now more than ever, this is likely to play into the psyche. Stronger linkages between our world-famous education institutions, cashflow and great technology, is the ecosystem which has always created the best results. Areas like AI, Machine Learning, cyber, and data to name a few, must continue to drive forward. This new focus on London presents a huge opportunity for our small but mighty tech hub to truly define itself, as a centre for multiple types of tech investment – an ecosystem where all can thrive.

So how does this impact APAC?

Over the last 10 years, the appetite to invest in ASEAN has significantly grown and VC money has diversified away from the more established markets of China and India. Since 2013, the region has seen an influx of new VC firms, the majority of these setting up in Singapore. Last year we saw over \$25.7 billion of investment in local startups, more than doubling the \$9.2bn raised in 2020. This resulted in 19 companies reaching unicorn status last year; to contextualize that growth, between 2013 – 2020 only 21 startups were valued at a \$1bn or more. Similarly, in the UK, a large proportion of the money raised is focused on the FinTech sector, however it shares the top spot with another vertical, eCommerce, especially given the favourable regional demographics and the recent rise in the digital economy. However, the pandemic highlighted the importance of accessible healthcare and the lack of equal access to education in the region and thus we saw a major boom in HealthTech and EdTech investment. Investment in the APAC market does seem to be shifting into more



emerging markets within the region – this, plus a diverse tech ecosystem which is spread across different sub-sectors is enabling the APAC tech economy to thrive, and perhaps set itself apart in the global ecosystem.

So, reflecting on how changes in the U.S. reverberate across tech globally, it seems that there are undeniable changes impacting the future of global hiring. According to a recent survey conducted by KPMG, close to 60% of global tech leaders are convinced that the Silicon Valley will lose its status as the world’s innovation capital by 2023 - the wheels are very much in motion. We have observed the reconcentration of senior leaders moving away from the Silicon Valley both domestically and internationally. We have also noted the opportunity for greater diversity, as hiring becomes more focused on skillsets over location, with companies shifting towards a ‘global workforce’ mindset, allowing greater access to the U.S. tech scene than seen before, as well as a shift in investment focus away from the Bay Area.

To what extent these trends snowball remains to be seen, however, there’s no doubt a shift in the power dynamic across these three regions is inevitable, and we hope, enables a more open and creative mindset around investment and hiring.

If you would like to discuss any of the above key themes or reach out, contact our global technology practice [here](#).

About our authors:



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Claire began her career at Odgers Berndtson in 2017, starting in the Education Practice before moving into the Technology and IT Services Practice. Claire has experience working across the spectrum of the Technology ecosystem both in the UK and internationally and has developed expertise in collaborating successfully with other practices across the business. Claire has a strong interest in high growth software disruptors, where technology intersects with other areas; successfully delivering roles in new areas, including EdTech.

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Prior to joining Odgers, Claire worked in project management in the non-for-profit and education sectors in Scotland.

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Tom is a Consultant in the Global Technology and IT Services Practice at Odgers Berndtson where he partners with high-growth technology businesses across APAC. His focus is appointing key leadership hires in Digital, Internet and SaaS based companies, both in technical and commercial functions. Regular clients are often businesses who challenge the status-quo by disrupting traditional markets with their new propositions and ideas.

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Tom spent three and half years working in the London office partnering with a range of technology clients in the UK and EMEA; from global enterprise software vendors to VC backed high-growth innovators. Tom’s first experience of executive search was with Spencer Stuart where he was exposed to a variety of public and private sector clients. He graduated from Cardiff University with a BSc in Politics.





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