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Contact: David Foote, dfoote@footepartners.com
Bill Reynolds billr@footepartners.com
Tel: 772-234-2787

IT Labor Market Predictions for 2010 (Summary)

The foundation of Foote Partners' predications is the continuous surveying and monitoring of workforce trends and IT and business executive behavior at 1,980 North American employers.

Vero Beach, FL – Friday, December 4, 2009. Foote Partners' predictions for the IT jobs market in 2010 could best be described as good news, bad news.

2010 IT labor market: What recent US government job reports are telling us

1. *IT unemployment overall has stabilized. Steady momentum in services sector job gains, offset by continued volatility elsewhere.*

U.S. employment numbers for November released last week by the Department of Labor (DOL) show a second straight month of overall improvement in IT-related employment segments, indicating that stabilization has finally occurred. Plus there is proof of at least some momentum starting to build for an IT job recovery in 2010 in two out of five technology employment segments, each of them showing two or three straight months of net jobs growth.

Five IT bellwether job segments reported in the DOL statistics lost 7,300 jobs in September, October, and November but added 18,500 jobs for a net gain of 11,200 jobs. By contrast, for the first eight months of 2009 (January through August), the same five IT job segments experienced a net loss of nearly 31,000 jobs.

The most robust job segment, *Management and Technical Consulting Services*, has gained a net 13,600 jobs in the first eleven months of 2009, with net job gains in four of the last five months.

A second segment in the same job category, *Computer Systems Design and Related Services*, posted a net loss of 7,800 jobs in the same 11-month period, but a gain of 5,500 jobs in October and November. Not so lucky in 2009 were services jobs is the *Data Processing, Hosting, and Related Services* segment, with a net loss of 6,700 jobs since the start of the year, 1,800 of those in the last two months.

IT Labor Market Predictions – cont'd.

This is a good news, bad news employment report for IT. On the one hand, the IT services industry can look forward to increasing demand for their services. We will see hiring of technical and management specialists picking up further in the first quarter of 2010. But on the other hand, companies offering DP and hosting services are still feeling a great deal of pain, as are computer, peripherals and communications manufacturers who continue to shed jobs.

2010 IT labor market: What Foote Partners proprietary research is telling us

The tech industry has lead our nation out of its last few economic recessions, and hiring was of course a trailing indicator each time. So what should be expect now that according to government economists, the recession has technically ended? Some economic indicators have turned the corner but can this be sustained, and when will hiring return?

2. Slim to no chance for meaningful IT jobs recovery in 2010.

We believe IT hiring overall will not pick up noticeably until late next year, and more likely 2011, despite the recent GDP upturn and recovering stock prices in our nation's third straight year of economic instability.

Expect the length of the tail on this staffing lag to be much longer than previous economic recoveries. Volatility will continue to punctuate staffing and pay levels throughout 2010, with human capital investments focused on specific IT skill specializations as employers struggle to recalibrate their IT workforces by striking the right balance between costs, agility, and intense competitive market pressures---which is a moving target, of course.

3. Investments focused more on skills than jobs in 2010.

As we've been reporting throughout 2009, the accent is less on jobs and hiring and much more on filling critical skills needs, with several options available to do so. Skills may be acquired from the inside (hiring, training), from the outside (contractors, consultants), 'rented' via outsourcing and offshoring, or 'given over' by purchasing any number of managed services.

Hiring restrictions, combined with business leaders demanding quicker high impact, predictable, cost-effective execution, will continue in 2010 to refocus employers on skills, not jobs. In a process somewhat different than traditional drawn-out hiring practices to fill resource gaps, they first specify the work to be done followed by an intensive identification of hard and soft skills needed. Next they look around for the people who have these skills, both inside and outside their company, and at what expertise and expense level. Finite resources are shifted very quickly *toward* retaining and building—or renting---those skills and workers, and just as rapidly *away* from resources they no longer need. And that's unusual, because workforce reshuffling in response to

IT Labor Market Predictions – cont'd.

business decisions used to take months; now it's happening in weeks and even days. This is responsible for the extreme volatility in skills pay and demand evidenced in Foote Partners' 2009 compensation trend surveys beginning in July 2009. (see <http://tinyurl.com/3Q09ITskills>)

The biggest downside of this skills focus and accelerated process: Quick decisions to cast off anybody and anything that is a drag on finite resources often results in unfortunate consequences post-recession when unique experience and skills held by certain cast-offs are desired once again. The big layoffs may be over for now but the risk of shifted to rapid specialized skills acquisition and selective hiring will burn careless employers.

4. IT services employment sector first to recover, but differently for small versus large vendors.

We believe the search will be even more frantic next year for right-skilled IT contractors, consultants, and even managed services that can be depended on to perform critical work---a boon for the IT services sector. Boutique SMB consulting firms in hot segments such as security will continue to experience acute talent shortages against a steady drumbeat of demand for their specialized services, which are generally regarded very highly for their quality, reliability, relationship management, and competitive pricing (versus their much larger competition). By contrast, headcount growth in large systems integrators and services firms will be slower and more steady as the year progresses.

5. Hot skills and certifications for 2010

Hot skills acquisitions areas we've reported previously include information security, ERP (mostly SAP), open source operating systems, virtualization, architecting, a variety of IP networking areas (VPN, Metro Ethernet, IP telephony), and business processes.

Also in demand are a handful of skills relating to e-commerce development and Web 2.0/social media, including selected programming languages and tools: Microsoft Commerce Server; Java; SOAP; Python, Microsoft Sharepoint; C; SQL; Sybase Adaptive Server.

Items are displayed in descending order of "hotness". Generally speaking, for any single item, ranking is somewhat arbitrary within ± 3 positions of that item.

2010 IT SKILLS HOT LIST (Noncertified)

- | | |
|---|---------------------------------------|
| 1. SAP SRM (Supplier Relationship Mgmt) | 14. Solaris |
| 2. Linux | 15. Master Data Management |
| 3. SAP SCM (Supply Chain Mgmt) | 16. SAP QM (Quality Mgmt) |
| 4. C++ | 17. Unified comm./Messaging |
| 5. Microsoft Commerce Server | 18. SAP SM (Service Mgmt) |
| 6. SAP PM (Plant Maintenance) | 19. Virtualization (all) |
| 7. Security* | 20. SAN (storage area networking) |
| 8. Java EE, SE, ME, J2EE | 21. Python |
| 9. SAP SEM (Strategic Enter. Mgmt) | 22. Microsoft Sharepoint |
| 10. Netweaver PI | 23. Perl |
| 11. SOAP | 24. Project management |
| 12. ERP (various) | 25. VoIP/IP telephony |
| 13. Netweaver Portals | 26. PL/SQL |
| | 27. C |
| | 28. Sybase Adaptive Server Enterprise |
| | 29. ITIL |
| | 30. Business process mgt/modeling |
| | 31. SAP HCM (SAP HR) |
| | 32. Database management |
- * IDS/IPS, forensics, identity/access mgt, compliance, firewalls, threat/vulnerability assessment and mgt, encryption, data loss prevention, penetration testing, incident analysis and handling, Disk, file-level encryption solutions, Governance/compliance & audit, biometrics, Web content filters, VoIP security, and security architecture.

2010 IT CERTIFICATIONS HOT LIST

- | | |
|--|---|
| 1. Red Hat Certified Engineer | 14. Check Point Certified Security Expert |
| 2. Cisco IP Contact Center Express Specialist | 15. GIAC Certified Forensics Analyst |
| 3. GIAC Certified Incident Handler | 16. GIAC Certified Intrusion Analyst |
| 4. Systems Security Certified Practitioner | 17. BEA Certified Architect - SOA Enterprise Architecture |
| 5. Cisco Certified Design Expert | 18. IBM DB2 Universal Database Certified Solutions Expert (DB2) |
| 6. RedHat Certified Technician | 19. EC-Council/Certified Hacking Forensics Investigator (CHFI) |
| 7. SAS Certified Advanced Programmer | 20. GIAC Security Audit Essentials (GSAE) |
| 8. Check Point Certified Security Administrator | 21. SNIA Certified Storage Networking Expert |
| 9. Sun Certified Programmer for Java | 22. GIAC Certified Incident Manager |
| 10. Microsoft Certified IT Professional (All) | 23. Check Point Certified Master Architect |
| 11. Certified Information Systems Auditor | 24. GIAC Secure Software Programmer |
| 12. IBM Certified Solutions Developer: WebSphere (all) | |
| 13. Sun Certified Enterprise Architect for Java Platform | |

Source: Foote Partners LLC

IT Labor Market Predictions – cont'd.

6. *Hot jobs for 2010*

Bar none, for short (and also long) range IT job security the smartest place to be in 2010 is, ironically....**IT security**. Unlike other technology job segments, pay and demand for security skills have risen steadily since 2007 and neither budget nor headcount has diminished in economic hard times. Driving continued momentum for steady jobs investment and career safety is the 'perfect storm' of more regulation; constant fear of increasing threats; greater customer expectations and demands aimed at vendors; and the splitting of business/strategic risk and operational security activities, which has been accelerated by market forces. Moreover, it's not just deep technical infrastructure and applications skills that are in play but also business knowledge and experience necessary for corporate and business line security positions in risk management and governance.

SAP professionals, in particular those with the SAP skills specializations listed on page 4 will feel safer and with options next year. With a global installed base in excess of 40,000 customers and talent shortages widely reported in 2008 (softening with 2009 layoffs), employers will continue to search for technical and functional area specialists to develop and implement SAP solutions.

Social media may have started out as a fad but it is quickly winning serious corporate converts. The search will intensify in 2010 for IT specialists who can engage audiences in their company's messages, products and services. The skills sets in demand will be technical but also heavily business and consumer focused, with many industry- and situationally-specific flavors.

Surprisingly solid demand in 2009 for **web development, e-commerce applications and systems**, and **business intelligence** skills and competencies will continue to boost related jobs in 2010. In many ways these are ideal investments for labor-constrained, cost-sensitive employers looking for ways to maintain market share, boost customer satisfaction, and leverage information assets in the face of intense competitive market pressures. Investments in numerous innovations in online business product and service delivery, made in 2008 and 2009, will bear fruit in the new year as new innovations arrive.

Analyst Note: Jobs we would most like to see thrive in the new year, but for which hiring has been somewhat constrained during the downturn, are enterprise architects and a collection of secondary architecture positions in data, information, applications, database, and security.

IT Labor Market Predictions – cont'd.

7. *The X factor: Managed services adoption*

Momentum will also build next year for managed IT services, which will in turn dramatically affect a variety of hiring and skills acquisitions decisions.

Impressive growth projections for the next three years---compound annual revenue growth estimates in the 10 percent to 39 percent range are common for several service segments---portend the beginning in 2010 of widespread IT workforce reconstitution, allowing employers to (finally!) start to properly synchronize on-board skills sets with rapid-change business requirements. Goal: lean, nimble, reactive and predictable human capital deployment with less waste.

Jobs and skills most affected by growth in managed services in 2010:

- Networking and Telecommunications (Metro Ethernet; VoIP and various IP services; VPNs; mobile wireless)
- PC/desktop services
- Applications (selected)
- Security
- SMB companies: Remote services; Security

Managed Services market adoption and sizing:

- **47% of large enterprises** and **37% of SMBs** have purchased some sort of managed service in 2009 [Source: *Forrester*]
- **60% of companies planning to increase** managed services in **2009** and beyond [Source: *Nemertes Research*]
- **46% of \$31.1 total global managed services spend in 2009** is by SMBs.
- Global market for IP-based managed services (incl. security): **\$66 billion by 2012** [Source: *OVUM*]
- Global market for managed services will grow from \$30 billion in 2008 to nearly **\$43 billion in 2013** (7.8% CAGR) [Source: *Insight Research*]
- 2010 global MS market for SMBs: **\$15.7 billion** (+9.6% annual growth) [Source: *Techaisle*]
- **Hosted application revenues** will grow from \$8 billion in 2008 to **\$16 billion by 2012**. [Source: *inStat*]

IT Labor Market Predictions – cont'd.

- **Fastest growth, managed services segment:** VoIP (39% CAGR from 2009- 2012) [Source: *Forrester*]
- **Hottest managed services segment right now:** Metro Ethernet, managed IP, VPNs, managed VoIP; managed security

Company Overview

Foote Partners, LLC is a Vero Beach, FL based independent market research and advisory firm that provides pragmatic and forward-thinking advice about managing the modern IT professional workforce. Founded in 1997 and comprised of former Gartner, McKinsey & Company, Towers Perrin and William M. Mercer analysts and consultants, and former corporate HR, IT, and business executives, Foote Partners has been a thought leader and trusted advisor to more than 1,400 employers seeking improvements in managing IT's impact on their businesses and customers.

The firm's research division publishes a series of IT and HR research products that have helped more than 1,400 employers benchmark their IT professional compensation, solve their most difficult information technology workforce problems, and strengthen their management capabilities.

Foote Partners' industry leading **IT Insider** research series features the industry's most up-to-date and forward-looking survey and empirical research on IT salary/bonuses, and skills premium pay and IT organization and workforce trends. The firm's **IT Skills and Certifications Pay Index™** of pay for 406 IT skills is currently the oldest and most trusted survey of market values for information technology skills, both certified and noncertified.

The foundation of the firm's research is the continuous monitoring of compensation, attitudes, and workplace experiences of 90,000 IT workers in more than 1,900 North American employers. Foote Partners distinction in the marketplace is its completely unique compensation survey methodology that solves the widespread problem of IT job titles that don't match what workers actually do on-the-job---a serious problem plaguing every major IT salary survey available today that uses passive-survey data collection methods tied to job titles. The firm's highly specialized proprietary data collection methodology and analytical techniques produce superior validation and reliability by correcting participant job titles to match actual job responsibilities *before the survey data enters our survey data compilation engine*. All surveys are updated continuously and published quarterly.

Foote Partners IT compensation survey findings and analyses are featured regularly in more than one hundred HR, IT and business periodicals, including *Fortune, Business Week, Wall Street Journal, New York Times, CIO Magazine, ComputerWorld, Network World,, WorldatWork's Journal* and *Workspan Magazine*; in appearances on network and cable television, National Public Radio, and global Webcasts and podcasts Foote Partners' proprietary survey-based research and business consulting practice areas include:

- IT Compensation and Incentives
- Executive Compensation
- IT Management and Organization
- Professions and Retention Services
- Outsourcing/Offshoring and Strategic Resource Management
- Organizational and Transition Management
- Workforce Performance Management
- Enterprise Project Delivery
- Competitive Intelligence
- Corporate Strategy and Business Development
- International and Domestic HR Services

IT Compensation and Workforce Publications

Foote Partners' highly respected **IT Insider research series** features comprehensive and up-to-date IT salary/bonus and technical skills premium pay benchmark surveys, and IT organization and workforce trends research. Included in the quarterly **IT Insider** series are the following:

IT Insider Professional Salary Survey™ reports
IT Skills and Certifications Pay Index™
IT Salary+Skills Pay Survey™ reports

IT Insider Workforce Trends Series™ reports
IT Insider Professional Job Descriptions™

Foote Partners 2009 IT Compensation Survey Product Map

