

FOR IMMEDIATE RELEASE

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**IT skills demand volatility still high (but noticeably improving) in late
2009, a sure sign of stability returning.**

**But long road still ahead for IT professionals seeking comfort, and IT
organizations trying to find their balance point.**

NOTE: The news release is focused strictly on skills volatility trends, defined as the incidence of increases and decreases in the market value of IT skills. Foote Partners will issue a news release later this week containing data and trends in cash premium pay levels for 424 individual skills and certifications.

Vero Beach, FL, January 24, 2010 – Volatility in market value for individual IT skills and certifications--- defined as incidence of gains or declines in premium pay earned by IT professionals for specific technical and business skills---remained high in the final three months of 2009 but showed notable improvement from the prior calendar quarter, according to the latest update of Foote Partners' long-running *IT Skills and Certifications Pay Index*TM (ITSCPI) released last week.¹

In what is clearly some of most positive evidence yet of stability returning to the IT workplace, 28.6 percent (116) of 406 technology and business skills used on-the-job by 22,850 IT professionals in the U.S. and Canada changed value in October, November, and December according to survey data from nearly 2,000 public and

¹ Pay for 424 certified and noncertified skills were surveyed for the 4th quarter 2009 ITSCPI edition, including coverage for 17 additional skills and certs, therefore volatility index this quarter has been performed for 407 skills appearing in the prior quarterly edition

private sector employers. Though still higher than the average of 16 percent volatility common in normal market conditions, it was a 10-point improvement from the prior quarter and very good news to employers searching for specialized IT skills and talent.

Why skills volatility matters

“We keep a much closer eye on changes in pay premiums for IT skills during recessions than at other times, and for good reason,” comments David Foote, Foote Partners co-founder, CEO and Chief Research Officer.

“Changes in pay for skills are more accurate indicators of IT market and management trends than salaries and hiring. They’re more dynamic. Decisions about skills demand and pay are more often made ‘on-the-fly’ and implemented quickly which makes it easier for analysts to check the pulse of the market. Job creation, hiring, and salary movements...those are more deliberate activities that play out over longer periods of time and tell us very little in the short run, to be quite honest.

“But not so with skills. Tracking skills pay tells us how the gap between supply and demand is changing. It happens quickly. Monitoring it weekly and monthly reveals insights into workforce changes and clues about executive decision-making that can’t be gotten by tracking jobs, not with all the confusion caused by lack of standardization job titles. By that I mean workers who share the same job title but actually have different on-the-job responsibilities that require different skills. It’s out of control.

“But a skill is a skill. And they can be segmented more meaningfully than jobs,” continues Foote. “There are the broad categories (e.g., security, networking, systems, database, applications development), more narrow areas (e.g. web/e-commerce development, storage area networking, virtualization, architecture, business process, project management, methodology), and within each very specific niches and skill specializations that are either vendor-specific or vendor independent (e.g., SAP, AJAX, Ruby on Rails, Microsoft Sharepoint, collaboration appliances, Oracle database).

“Monitoring skills pay volatility matters because it helps us in market trend analysis and our ability as analysts to forecast and predict the future,” insists Foote. “In forecasting you always have to be careful with benchmark data because it is historical in nature. But the skills market is so much more dynamic than the jobs market and base salary movements, so viewing even the last two or three months of skills pay and demand activity reveals a

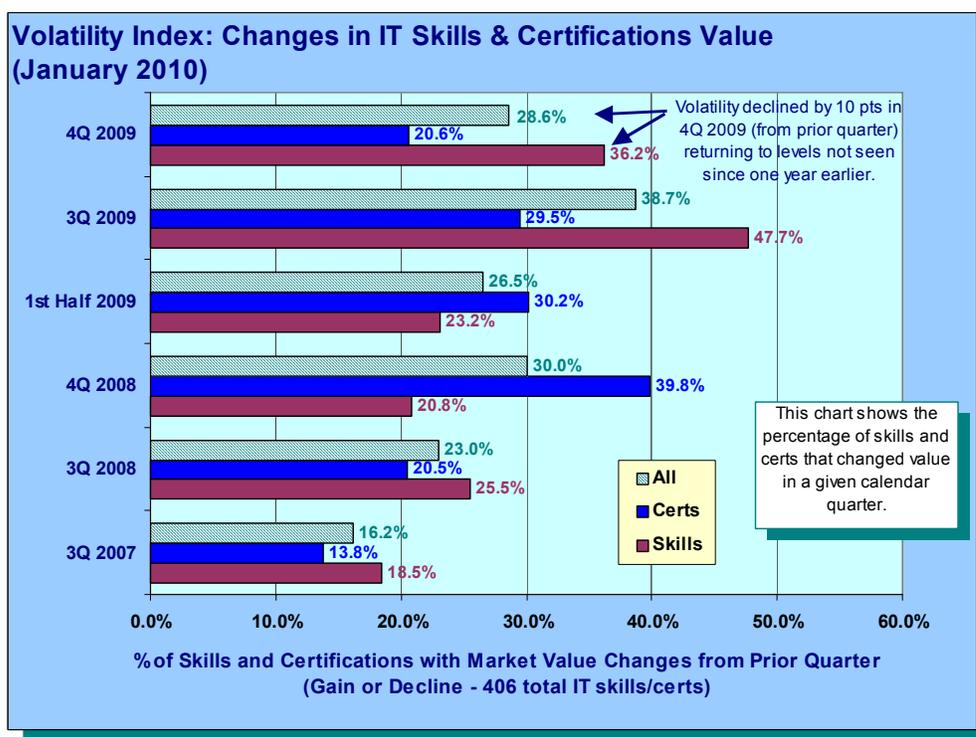
lot. Add other data such as IT spending activity, resource strategies, and the intelligence gathered from talking to a lot of IT executives and decision makers about what they’re doing, and IT market forecasting becomes much easier and far more accurate. Especially the near term.”

Recent skills volatility trends

Although down from last quarter’s 39 percent volatility index, 28.6 percent of 406 technology and business skills either lost or gained market value from October through December for the 22,850 IT professionals earning skills premiums in our survey (2,000 public and private sector organization) (*Figure 1*). ‘Skills premiums’ are extra cash paid to workers by their employers for specific IT skills they possess, and which can be noncertified (experience only) or certified (credentialed).

Noncertified skills led certified skills in market volatility by a wide margin in the 4th Quarter, 36.2 percent to 20.6 percent respectively.

Figure 1 (Source: Foote Partners LLC, [2010 IT Skills & Certifications Pay Index™](#))



Trends in noncertified skills volatility (Figure 2)

Within the noncertified skills group (207 skills surveyed), the most changes occurred in these segments:

- **SAP & Enterprise Applications** (skills pay change in 46.4 percent of skills in this segment),
- **Management/Methodology/ Process** (40 percent)
- **Database** (38.4 percent)
- **Systems/Networking** (33 percent)

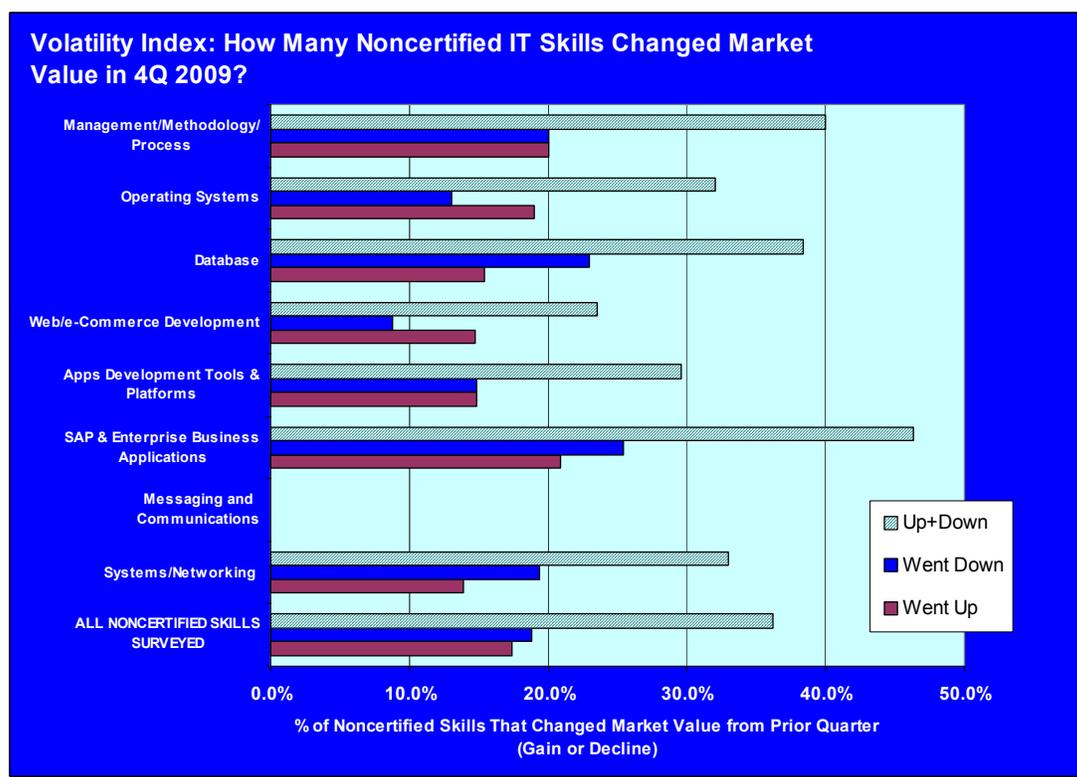
Within segments, gains in market value occurred most in:

- **SAP & Enterprise Applications** (skills pay change in 20.9 percent of skills surveyed in this segment)
- **Management/Methodology/Process** (20 percent)

Within segment, declines in market value occurred most in:

- **SAP & Enterprise Applications** (skills pay change in 25.4 percent of skills surveyed in this segment)
- **Database** (23 percent)

Figure 2 (Source: Foote Partners LLC, [2010 IT Skills & Certifications Pay Index™](#))



Trends in certified skills volatility (Figure 3)

Within the IT certifications group (199 certifications surveyed), the most changes occurred in these segments:

- **Architecture/Project Mgt./ Process** (certification pay change in 33.3 percent surveyed in this segment),
- **Systems Administration & Engineering** (32.5 percent)
- **Database** (29.4 percent) certifications segments.

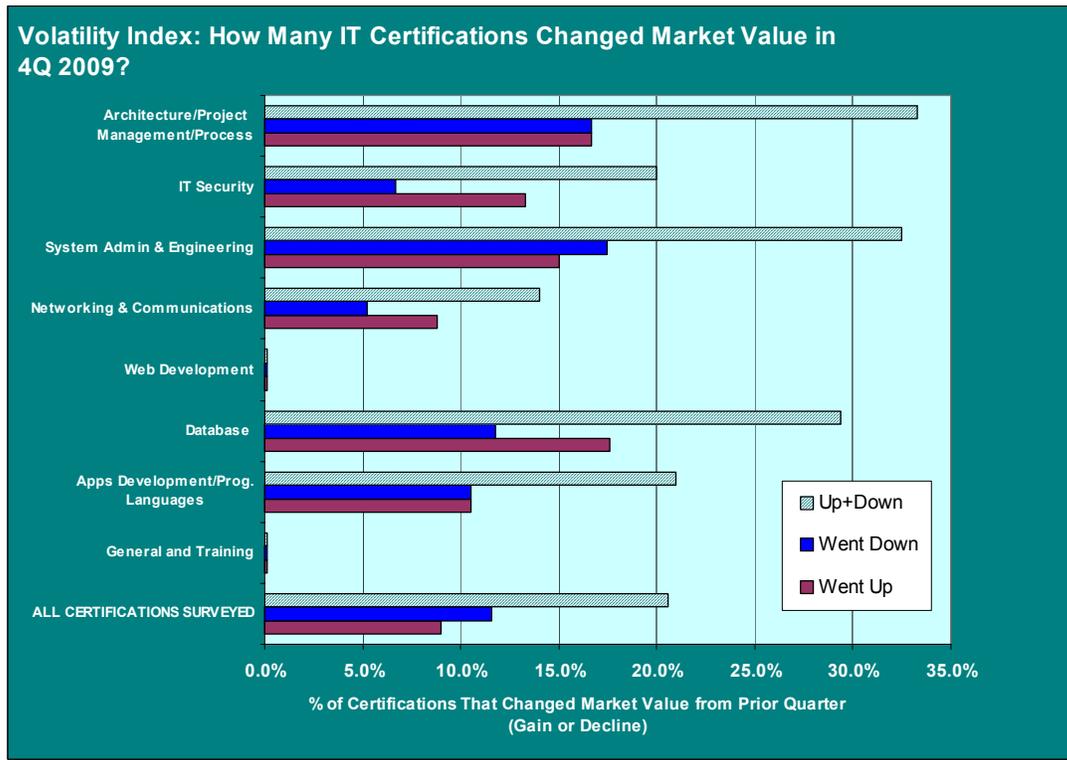
Within segments, gains in market value occurred most in:

- **Database** (certification pay change in 17.6 percent surveyed in this segment),
- **Architecture/Project Management/Process** (16.7 percent),
- **Systems Administration & Engineering** (15 percent).

Within segments, declines in market value occurred most in

- **Systems Administration & Engineering** (certification pay change in 17.5 percent surveyed in this segment)
- **Architecture/Project Management/Process** (16.7 percent).

Figure 3 (Source: Foote Partners LLC, [2010 IT Skills & Certifications Pay Index™](#))



Trends Discussion

NOTE: The analysis below is focused strictly on skills volatility trends, defined as the incidence of increases and decreases in the market value of IT skills. Foote Partners will issue a news release later this week containing data and trends in cash premium pay levels for 424 individual skills and certifications.

”The high volatility still present in certified and noncertified IT skills pay signals that employers are continuing to struggle in striking a balance between market pressures and labor force costs as we enter our third straight year of economic recession,” continues Foote. “But it’s ten points lower than what we recorded for in July, August, and September, which represented the highest volatility in a single calendar quarter since we began surveying skills pay and demand in 1999. Certainly a sign that stability is beginning to return to IT pay and skills acquisition but nowhere near what would be considered ‘normal’.”

Overall IT skills volatility in 4Q 2009. The *SAP and ERP* skills market (noncertified) has been extraordinarily active, the highest overall volatility in any segment of skills, certified or noncertified. Not far behind are *Management, Methodology, and Process* skills and those in the *Database* area, also noncertified skills. Among IT certifications categories, the most volatility---though less than the three non-certified categories above---- were *Systems Administration/Engineering* and *Database* certifications.

Most number of gains in market value. Here too, *SAP and ERP* and *Management, Methodology, and Process* led all skills segments, certified or noncertified.

SAP/ERP skills (noncertified)- These gained value during 4th Quarter 2009:

SAP Advanced Planner & Optimizer (APO)
SAP PM (Plant Maintenance)
Web Dynpro
SAP GRC (Governance, Risk, and Compliance)
SAP MM (Materials Management)
SAP PLM (Product Lifecycle Management)
SAP Security
SAP PP (Production Planning)
NetWeaver Portals (SAP EP)
NetWeaver PI (SAP XI)
SAP BW
SAP Retail
Oracle Enterprise Apps
NetWeaver BI

Management/Methodology/Process skills (noncertified) - These gained value during 4th Quarter 2009:

Quality management
Business intelligence
CRM

Other notable skills and certification value gains during 4th Quarter 2009 (by segment)

Database certs - these gained value:

Oracle DBA Administrator Certified Associate (OCA)
Microsoft Certified Database Administrator (MCDBA)
Oracle DBA Administrator Certified Professional (OCP)

IT Security certs - these gained value:

GIAC Security Essentials Certification (GSEC)
CompTIA Security+
Check Point Certified Security Expert (CCSE)
GIAC Certified Intrusion Analyst (GCIA)
Certified Information Systems Auditor (CISA)
InfoSys Security Management Professional (ISSMP/CISSP)

Web/E-commerce skills (noncertified) - these gained value:

JavaScript
PHP
Microsoft BizTalk Server
WebSphere
Microsoft Commerce Server (incl. 2007)

Systems Administration certs - these gained value:

Red Hat Certified Engineer(RHCE)
Microsoft Certified Technology Specialist (all)
Citrix Certified Administrator (CCA)
Red Hat Certified Architect (RHCA)
IBM Certified Administrator - SOA Solutions: WebSphere Process
HP/Accredited Integration Specialist (AIS)

Networking/Communications certs - these gained value:

CompTIA Network Technician (Network+)
EMC Proven Professional Platform Engineer - Specialist
Cisco Certified Design Associate (CCDA)
Cisco Certified Network Professional (CCNP)
Cisco Certified Design Professional (CCDP)

Systems/Networking skills (noncertified) - these gained value:

VPN
RFID/wireless sensors
WAN/3G services
Wireless network management (LANs, GSM)
Security (various, project-based)

Most number of declines in market value. Here too, *SAP and ERP and Management, Methodology, and Process* led all skills segments, certified or noncertified.

SAP/ERP skills (noncertified) - These lost value during 4th Quarter 2009:

SAP Oil & Gas
SAP HCM (SAP HR)
SAP CFM (Corporate Finance Management)
SAP SEM (Strategic Enterprise Management)
SAP MDM (Master Data Management)
SAP QM (Quality Management)
SAP FI - FSCM (Financial Supply Chain Management)
SAP PY (Payroll)
SAP HCM ESS/MSS
SAP PS (Project Systems)
SAP KW (Knowledge Warehouse)
SAP WM - EWM (Extended Warehouse Management)
SAP WM (Warehouse Management)
SAP Web Application Server
SAP MI (Mobile Infrastructure)
SAP xMII
SAP LES (Logistics Execution System)

Management/Methodology/Process skills (noncertified)- These lost value during 4th Quarter 2009:

Six Sigma/Lean Six Sigma
Corporate performance management software/systems
Collaboration software

Other notable skills and certification value declines during 4th Quarter 2009 (by segment)

Applications Development skills (noncertified) -
these lost value:

Oracle Developer Suite
Visual Basic
Cobol
Visual J++

Systems Administration skills (noncertified) -
these lost value:

VoIP/IP telephony
IPX
Ethernet
Ethernet Switching
WML
APPC
Jini (Sun)

Web/E-commerce skills (noncertified) - these lost
value:

Cold Fusion MX
AJAX (Asynchronous JavaScript and XML)
Microsoft .NET (Visual Studio .NET, Visual Basic .NET, ASP.NET)

Systems Administration/Engineering certs - these lost value:

HP/Master Accredited Systems Engineer (Master ASE)
RedHat Certified Technician
Novell Certified Linux Engineer (CLE)
HP/Accredited Systems Engineer (ASE)
Novell Certified Linux Professional (Novell CLP)
Novell/Certified Novell Administrator (CNA)
Novell/Certified Novell Engineer (CNE)

Networking/Communications certs - these lost value:

Cisco Certified Internetwork Expert (CCIE, all variations)
Cisco Advanced Wireless LAN Field Specialist
Cisco Certified Voice Professional (CCVP)

Database (noncertified) - these lost value:

Sybase Adaptive Server Enterprise
Visual SQL
MySQL

IT Security certs - these lost value:

Check Point Certified Security Administrator (CCSA)
EC-Council Certified Ethical Hacker (CEH)
InfoSys Security Architecture Professional (ISSAP/CISSP)

Our view for the remainder of 2010

“I think a lot of the big decisions have already been made concerning what needs to get done in 2010. For most employers on calendar fiscal years workforce strategies have been set. That includes *major initiatives, short duration projects, and the usual operational infrastructure activities,*” continues Foote. “These employers have pretty good overall idea of the skills and competencies they need and investments have been made. Or if they haven’t been made yet, they’ve at least been budgeted and the timing of skills acquisition has been projected.

“But judging from our skills volatility index findings, I suspect employers are in a major workforce ‘tweaking’ phase, shifting resources around and trying to get comfortable. I mean, short of these major initiatives and projects, they still have a lot of decisions to make that require bodies and skills. Many of the executives we’ve been speaking to most recently are tackling issues of timing---whether to move up work budgeted and scheduled for later year or, conversely, move work out to a later time. The problem with postponing projects is that skills we are forecasting will be in higher demand in the future will also be more expensive, and that will affect their budgets.

“It’s no surprise then that we found skills demand less volatile now than, say, six months ago when a lot of staffing and skills acquisition decisions were still under review and budget planning for 2010 was underway. Since that time employers have benefited from detailed information on market values and research-backed predictions for how market pricing is likely to change. The decision were carefully considered and then made.

“Forecasting is a big part of why our firm has built skills benchmarking tools, carries out industry-specific spending studies, and conducts continuous field interviews with the decisions makers themselves. We also provide employers with intelligence on new products, technology adoption rates in various industries, and analyze vendor strategies and plans for 2010. In fact, aside from compensation benchmarking, monitoring skills volatility and demand are the greatest use of our *IT Skills and Certifications Pay Index*TM ITSCPI, especially during an economic recession.

Our 2010 view – cont'd.

“Tweaking” workforce plans will sustain volatility. “We suspect these high skills volatility rates will continue through the first half of 2010. Many employers are in a major workforce “tweaking” phase right now, shifting resources around and trying to get comfortable. That’s still a very tough task, as evidenced by the high volatility we’ve been seeing. It’s obvious from national employment reports that there are still hiring restrictions in place at many employers, and yet critical IT skills needs must be satisfied. That can happen 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.

The search will be even more frantic this 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). Headcount growth in large systems integrators and services firms will be steady as the year progresses. According to Foote, “We believe this increased demand by services firms has contributed substantially to the high volatility in premium pay for skills that we’ve been witnessing. But as the economy continues to steady itself and hiring restrictions begin to relax, we will see skills volatility gradually subside to more normal levels. It’s already started, as I’ve indicated, and I think we’ll see lower volatility in the second half of the year.”

“The important thing to remember in all this is that the focus continues to be on skills, not jobs, in 2010. Business leaders are demanding quickness, predictability, and cost-effective execution from their IT professionals. IT leaders cannot---and do not---wish to engage in drawn-out hiring practices to fill resource gaps. With or within hiring restrictions, they need to shift finite resources rapidly *away* from resources they no longer need and *toward* retaining and building—or renting—skills they need. And that’s why analyzing volatility is so crucial: it tells us exactly where these shifts are occurring.”

ABOUT THIS RESEARCH

Foote Partners' primary research survey for tracking IT skills demand volatility and premium pay for professional skills and certifications pay is the quarterly *IT Skills and Certifications Pay Index™ (ITSCPI)*, first published in 1999 and updated every three months. 90,000 IT professionals in the 82 U.S. and Canada cities (1,960 organizations) are surveyed for IT salaries and skills pay earned for 424 certified and noncertified IT and management skills and certifications. Verified skills pay data for 22,880 IT workers has been included in the first 2010 ITSCPI edition, compiled from data collected through **January 1, 2010**.

Demographics of the participating organizations for our latest update are as follows, measured most appropriately for the type of business, by revenues, assets, total premiums and operating budgets:

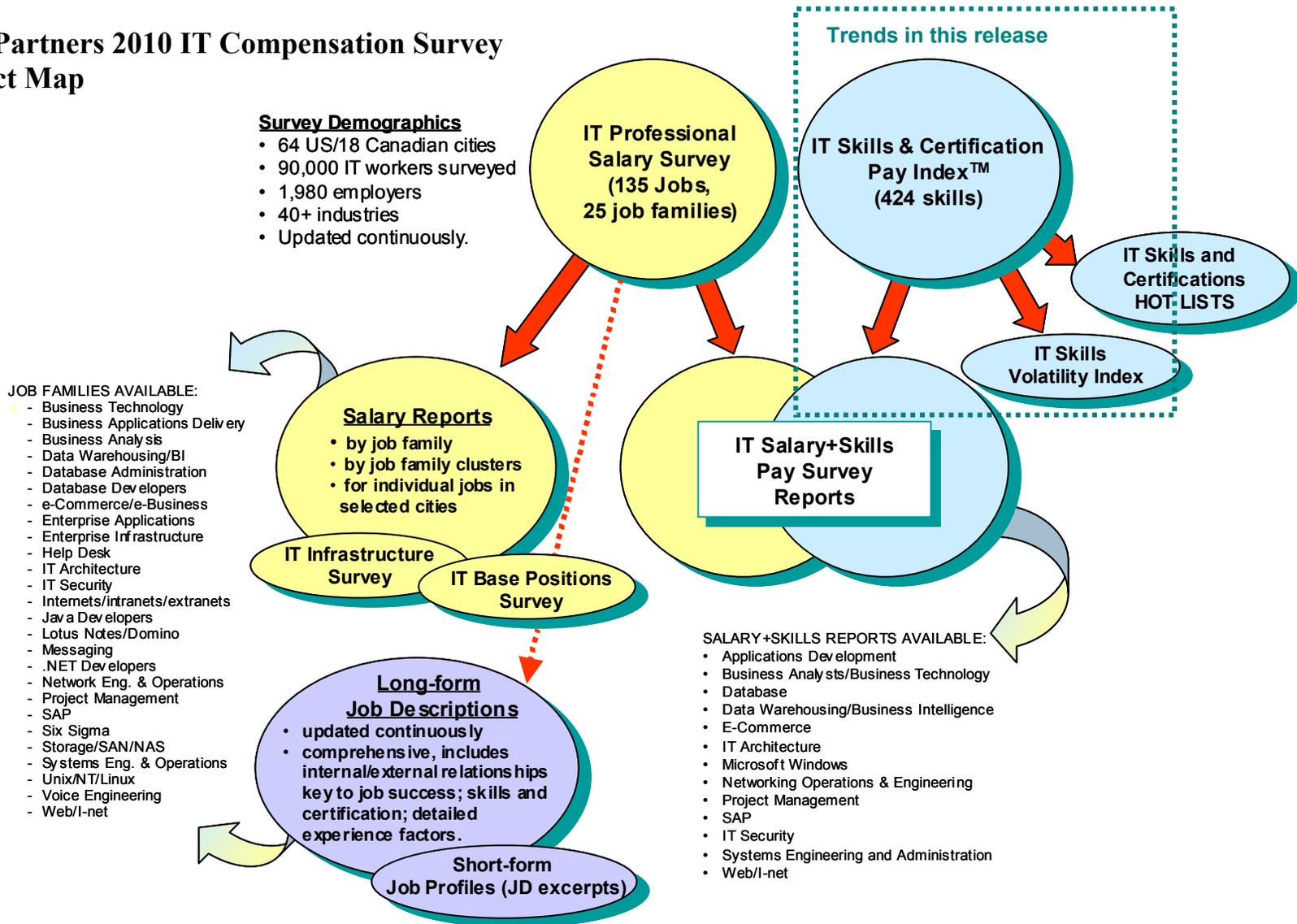
- 13% of participating organizations have \$3 billion+ in sales/\$15+ billion in total assets
- 25% of participating organizations earn more than \$1 billion in annual revenues or more than \$3 billion in total assets
- 44% of participating organizations have \$500+ million in sales/\$1+ billion in total assets/\$500+ million in premiums/\$500+ million operating budget (government, educational, not-for-profit)
- 56% of participating organizations fall in the SMB (small-to-medium sized business) segment, generally defined as organization under \$500 million in sales.
- [Public sector] 5% have operating budgets of \$500 million or more, [nonprofit/educational sectors] 4% with operating budgets \$100 million to less than \$500million

ABOUT FOOTE PARTNERS

[Foote Partners LLC](#) is a Vero Beach, Florida based independent IT research consultancy and industry analyst firm founded in 1997. Its proprietary benchmark research (2,000 research partners, 93,000 IT professionals) and advisory services focus on the ‘execution’ side of IT services and management and are used regularly by more than 1,600 private and public sector employers on five continents. Comprised of former Gartner, McKinsey & Company, Towers Perrin, and Wm. M. Mercer analysts and consultants, and former corporate HR, IT, and business executives, Foote Partners has been a thought leader and trusted advisor to employers seeking improvements in managing IT’s impact on their businesses and customers.

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Foote Partners 2010 IT Compensation Survey Product Map



2010 IT Skills and Certifications Pay Index™ – North American edition

- 320 pages
- Pay premiums for 424 certified and noncertified IT skills
 - Three data points for each position: 10th, 50th, 90th percentile
- Verified IT skills pay survey data from 22,880 IT professionals
- Current data collected through January 1, 2010 (updated quarterly)
- Certifications Guide containing basic information about surveyed IT certifications (pre-requisites; costs; test content; lab requirements, etc.)
- Pricing: \$2,500 single edition; \$9,750 annual subscription

Definition of IT skills premium pay

- Pay that IT workers receive for possessing high-value IT and business skills used on the job
- Given in the form of a bonus, or embedded in base salary to adjust for the presence of a dominant vendor or technology central to job performance (examples: Oracle Database Administrator, Linux Systems Administrator, Unix Programmer, or ABAP Developer).
- Often used to adjust either base pay or total pay in situations where job title does not match actual on-the-job duties and responsibilities, and changing the job title is not an attractive option
- May be used as a reward, recruiting inducement, retention tool, or as a guide for creating consulting rate cards

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Please visit the Foote Partners web site: <http://www.footepartners.com/itcompensation.html>