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FOOTE NEWS ANALYSIS

August '09 U.S. Department of Labor National Employment Report

IT gives back some of its earlier gains, but still heading in the right direction.

Vero Beach, FL – Friday, September 4, 2009. The IT employment sector gave back some of the gains it made one month earlier according to U.S. employment numbers for August released today by the Department of Labor (DOL), but the view forward remains very positive for IT professionals.

“There has indeed been turbulence in the IT-related jobs reported in the government job situation reports,” observes David Foote, CEO of IT industry analyst firm Foote Partners. “In the time our firm has been closely monitoring the five IT bellwether job segments reported in the DOL statistics—we started right after the financial industry meltdown last October—these segments have posted collective job losses of between 3,000 and 11,000 jobs each month, including 4,300 jobs in August. That is, except for January and July, when there were very sudden net job *gains* of 7,900 and 7,400 respectively. It’s been a constant ebb and flow, but the fact is that a total of 36,600 IT related jobs have been lost since last November according to DOL reports. Maybe these reports do not offer the most inclusive and accurate views from which to report IT job movement, but they are still quite valuable for ferreting out overall trending.” (see FIGURE 1)

“For example, there is ample reason to be very encouraged by the numbers. Basically, the services segments have been most responsible for the turbulence. *Management and Technical Consulting Services* has been the strongest, with a net gain of 1,700 jobs in the ten months starting November 2008. The *Computer Systems Design and Related Services* segment has lost 10,300 jobs overall in this period, however a big gain in July (7,900 jobs) resulted in a net increase of 1,800 jobs over the summer months for this segment. Certainly the best news from the new DOL report is the August gain of 1,700 jobs in the *Data Processing, Hosting and Related Services* job segment. That boost resulted in a net gain of 1,900 jobs in this group in June, July and August,” notes Foote.

“If you consider that according to the Department of Labor, 31, 000 IT related jobs have been lost since January 2009 but only 4,500 since June, and with a net gain of 3,100 IT related jobs in July and August, it’s clear that we’re heading in the right direction. I think we can take some satisfaction in this trend and maintain optimism for the rest of the year, especially for the IT services sector.”

National unemployment rose by 0.3 percent point to 9.7 percent in August, with the number of unemployed persons increasing by 466,000 to 14.9 million. Since the recession began in December 2007, the number of unemployed persons nationally has risen by 7.4 million, and the unemployment rate has grown by 4.8 percentage points.

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Figure 1 – U.S. Department of Labor/Bureau of Labor Statistics (through August 2009)

JOB SITUATION TRENDS – IT PROFESSIONALS

	2008			2009							
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug
Total Jobs Lost since 12/07 (millions)		2.7		3.6		5.1	5.7	7	7.2	6.7	7.4
Nonfarm job loss (month)	240,000	533,000	524,000	598,000	651,000	663,000	539,000	345,000	467,000	247,000	466,000
National unemployment rate	6.5%	6.8%	7.2%	7.6%	8.1%	8.5%	8.9%	9.4%	9.5%	9.4%	9.7%
	Job Gains/Losses										
Computer/Electronic Products	-4,200	-7,000	-8,200	-8,800	-13,100	-5,300	-11,700	-14,400	-16,100	-7,400	-8,300
<i>Segment: Computer/Peripheral Equipment</i>	200	-1,200	-700	700	-3,100	-1,500	-2,900	-3,200	-2,300	-700	-1,700
<i>Segment: Communications Equipment</i>	100	-600	-1,700	-500	-200	600	200	-600	-2,100	-300	-800
Professional/Technical Services	12,500	-17,400	-18,100	-28,600	-36,700	-31,300	-17,100	-18,800	-40,400	-7,300	-11,300
<i>Segment: Management/Technical Consulting Services</i>	300	1,400	-1,800	11,000	-4,800	-6,100	1,600	700	-1,100	900	-100
<i>Segment: Computer Systems Design/Related Services</i>	5,500	2,700	-2,900	-3,500	-300	-3,900	-1,400	-2,800	-2,700	7,900	-3,400
Information	0	-19,000	-20,000	-21,000	-15,000	-10,000	-17,000	-24,000	-21,000	-16,000	-10,000
<i>Segment: Data Processing/Hosting/Related Services</i>	-100	-1,400	500	200	-2,000	-200	-900	-3,500	600	-400	1700

Key: **Job losses in red**
 Job gains in green

Source: US Department of Labor/Bureau of Labor Statistics

ABOUT FOOTE PARTNERS

[Foote Partners LLC](#) is a Vero Beach, Florida based management consultancy and independent IT research firm founded in 1997 that provides pragmatic and forward-thinking advice about managing the modern IT professional workforce. 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 more than 1,400 employers seeking improvements in managing IT’s impact on their businesses and customers.

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