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FOOTE NEWS ANALYSIS

December 2009 U.S. Department of Labor National Employment Report

**Fourth straight month of gains in IT services jobs brightens an
otherwise disappointing US employment report**

Vero Beach, FL – Friday, January 8, 2009. U.S. employment numbers released today by the Department of Labor (DOL) indicate a fourth straight month of gains in IT services jobs and third consecutive month of increase overall in IT employment (as defined by the government), which should lift the spirits of IT professionals as our nation enters its third year of economic destabilization.

Five IT bellwether job segments reported in the DOL statistics displayed a collective net gain of 7,600 jobs last month and 20,500 for October, November, and December 2009. Unlike in prior months, four of the five segments posted job gains in December, the first time this has occurred since October 2008 (see FIGURE 1).

The most robust job segments, *Management and Technical Consulting Services* and *Computer Systems Design and Related Services*, accounted for 6,900 of the 7,600 jobs added last month, providing further support to notion that as employers continue to limit staffing increases they are instead using contractors, consultants, and managed services to perform necessary work.

In a new development, the *Computer and Peripheral Equipment* job segment displayed its first positive employment month since April 2009, adding 400 jobs. This segment lost 5,200 jobs from May through November 2009. Also adding jobs in December following three straight months of decline was the *Data Processing/Hosting/ Related Services* segment, which posted an increase of 700 jobs last month.

“There’s no doubt about the fact that this was a disappointing jobs report for the nation as a whole, with the unemployment rate remaining the same at 10 percent,” observes David Foote, CEO and chief research officer of IT industry analyst firm Foote Partners. “But for unemployed and underemployed IT workers, it’s encouraging that the IT services industry can look forward to increasing demand for their services and is responding by adding workers. We can expect to see hiring of technical and management specialists picking up further in the first quarter of 2010 as demand for services continues to expand.”

“As always, my concern is that the government has a very antiquated definition of the IT professional and so their data does not represent a true view of what’s really happening with jobs in this sector. Despite the recent upturn and some economic indicators and the strengthening of stock prices, we enter our nation’s third straight year of economic instability with no illusions. The length of the tail on the traditional staffing lag will be much longer than in previous recoveries. Hiring will not pick up in any big way for the IT industry as a whole until late in the year, and more likely 2011. Volatility will continue to punctuate staffing and pay levels, with employers focusing on the acquisition of specific skill specializations and not adding new workers to the payroll. They can more easily ‘rent’ those skills from contractors and consultant as they constantly struggle to recalibrate their IT labor needs. The trick is to strike the right balance between costs, agility, and pressure by the business to execute quickly and flawlessly. IT executives have a lot on their plate right now. They’re concerned about their own jobs.”

85,000 jobs were lost last month according to the new report, for a total of 15.3 million unemployed persons nationally through the end of 2009. Employment fell in construction, manufacturing, and wholesale trade, while temporary help services and health care added jobs. Among the unemployed, the number of long-term unemployed (those jobless for 27 weeks and over) continued to trend up, reaching 6.1 million. In December, 4 in 10 unemployed workers were jobless for 27 weeks or longer. The number of persons employed part time for economic reasons (sometimes referred to as involuntary part-time workers) was about unchanged at 9.2

million in December and has been relatively flat since March. These individuals were working part time because their hours had been cut back or because they were unable to find a full-time job.

To obtain Foote Partners free “2010 IT Skills Demand and Pay Trends Report” with data views and summary analysis of what's occurring in the IT talent market now and over the next 6 months, please go to this link:

<http://www.footepartners.com/ITSkillsTrendsPredictions.htm>

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

JOB SITUATION TRENDS – IT PROFESSIONALS

| | 2008 | | | 2009 | | | | | | | | | | | |
|---|-------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | June | July | Aug | Sep | Oct | Nov | Dec |
| Total Jobs Lost since 12/07 (millions) | | | | | | | | | | | | | | | 7.6 |
| 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 | 263,000 | 558,000 | -4,000 | 85,000 |
| 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% | 9.8% | 10.2% | 10.0% | 10.0% |
| | 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 | -7,400 | -6,300 | -4,900 | -2,400 |
| Segment: Computer/Peripheral Equipment | 200 | -1,200 | -700 | 700 | -3,100 | -1,500 | -2,900 | -3,200 | -2,300 | -700 | -1,700 | -900 | -1,800 | -500 | -400 |
| Segment: Communications Equipment | 100 | -600 | -1,700 | -500 | -200 | 600 | 200 | -600 | -2,100 | -300 | -800 | 0 | -1,100 | -300 | 400 |
| 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 | -6,000 | -11,000 | 1,200 | 8,800 |
| Segment: Management/Technical Consulting Services | 300 | 1,400 | -1,800 | 11,000 | -4,800 | -6,100 | 1,600 | 700 | -1,100 | 900 | -100 | 400 | 7,300 | 5,600 | 3,500 |
| Segment: Computer Systems Design/Related Services | 5,500 | 2,700 | -2,900 | -3,500 | -300 | -3,900 | -1,400 | -2,800 | -2,700 | 7,900 | -3,400 | -300 | 4,500 | 1,000 | 3,400 |
| Information | 0 | -19,000 | -20,000 | -21,000 | -15,000 | -10,000 | -17,000 | -24,000 | -21,000 | -16,000 | -10,000 | 0 | -1,000 | -17,000 | -6,000 |
| Segment: Data Processing/Hosting/Related Services | -100 | -1,400 | 500 | 200 | -2,000 | -200 | -900 | -3,500 | 600 | -400 | 1700 | -900 | -900 | -900 | 700 |
| Net gain or loss - IT SEGMENTS | 6,000 | 900 | -6,600 | 7,900 | -10,400 | -11,100 | -3,400 | -9,400 | -7,600 | 7,400 | -4,300 | -1,700 | 8,000 | 4,900 | 7,600 |

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 independent IT research firm and advisory consultancy founded in 1997 that provides pragmatic and forward-thinking advice about managing the modern IT professional workforce and executing IT plans and strategies. 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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Foote Partners 2009 IT Compensation Survey - PRODUCT MAP

