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FOOTE NEWS ANALYSIS

December 2010 U.S. Department of Labor National Employment Report

New jobs report reveals seventh straight month of job growth in IT sectors, led by strength in professional and technical services segments.

But is there any hope for IT professionals who aren't building careers in consulting?

Vero Beach, FL – Monday, January 9, 2011. U.S. employment numbers released Friday by the Department of Labor's Bureau of Labor Statistics (BLS) revealed a net gain of 9,600 in IT-related jobs in December, representing the seventh straight month of positive job growth in IT labor segments in federal employment data (FIGURE 1).

Five bellwether IT job segments in the BLS data have shown a net gain of 45,800 jobs in the last six months of 2010 and 26,000 jobs in October through December. Leading all segments were gains in *Management and Technical Consulting Services* and *Computer Systems Design and Related Services* segments, which accounted for 89 percent and 85 percent, respectively, of all new jobs created.

"The services industry has been a steady roll since last March, in fact nearly 95% of all new IT related jobs created since March – 54,600 of 56,600 jobs according to federal jobs data – were recorded in the *Management and Technical Consulting Services* and *Computer Systems Design and Related Services* segments," notes David Foote, CEO and chief research officer at IT analyst firm Foote Partners that publishes

its own national labor trend research. “I don’t want to overemphasize CIOs’ dependency on contractors, consultants, and managed services: indeed they’re also making key hires in many areas. But it’s clear that demand for full time workers outside the services sector has yet to experience the kind of momentum witnessed in services jobs.

“But what the federal government numbers hide are thousands of ‘new breed’ IT jobs that have been created in others areas of the enterprise that are not considered the traditional IT workforce. These are tech savvy people working in business lines, corporate departments, and in various enterprise strategic and operational functions whose jobs require skills well beyond technology; for instance, precise industry, customer, product, and solution knowledge and expertise. We believe there are an additional 16 to 20 million of these hybrid IT/business professionals in the Department of Labor employment statistics on top of the 4 million technical, back office, and infrastructure workers who are identified by the government’s archaic definition IT professionals.

But who are these people? “Some current examples include analytics people with mathematics backgrounds to do statistical analyses, predictive analytics, forecasting, and optimization; analysts with social media experience; architects with capability-based planning, process, and execution acumen; and technology-light security professionals focusing on risk assessment and management issues,” explains Foote. “But actually, there are hundreds of other newly-defined IT skills and knowledge permutations for which IT/business hybrid jobs are being created to replace many IT jobs that were lost over the last three years – and that aren’t coming back--as IT human capital investment and delivery models are undergoing huge changes.”

More December national jobs report results

Jobs in the *Data Processing, Hosting and Related Services* segment added 200 jobs in December, the worst performing segment in the month. Two job segments in the Computer and Electronic Products industry category added jobs: *Communications Equipment* (+500 jobs) and *Computer and Peripheral Equipment* (+700 jobs). (FIGURE 1).

Volatility in skills as well as jobs

“In our IT employment market analysis released last month, we noted that volatility remains the dominant trend right now for IT skills as well jobs,” notes Foote. “We’ve been seeing 28 percent to 38 percent volatility since early 2008 in our quarterly surveys of premium pay for certified and noncertified skills, which is defined as the percent of the 466 skills we survey for our [***IT Skills and Certifications Pay Index™***](#) that change in market value---up or down---every three months. And that’s unprecedented in our market tracking going back to 1998. Typical quarterly volatility falls in the 14 percent to 19 percent range.

4th Quarter 2010 volatility in skills and certifications values measured 29.1 percent, an increase of four points from previous quarter. This represented a return to high volatility rates in the first half of 2010 but less than the record setting 38.7 percent volatility during summer 2009. Noncertified and certified skills volatility this period -- 34.7 percent and 23.1 percent, respectively—represents a return to elevated values earlier this year following a brief decline in the third quarter.

Good forecasting tools are important

Foote Partners forecasts in-demand certified and noncertified skills in its industry leading [***IT Skills HOT LISTS Report***](#), identifying and rank-ordering those skills and certifications that will rise in value over the next three to six months. The report is updated every three months. Explains Foote, “If you know an IT skill or certification will be more expensive three to six months from now and you’ve already budgeted to acquire that skill, you might want to invest right now. Or if you’re a service provider setting competitive consulting rates, it’s important to match those rates to market conditions especially if they are going up in value. Good forecasting sources like our [***HOT LISTS***](#) become critical tools for maintaining profit margins. We incorporate a variety of proprietary statistical survey research and field interviews with more than 550 IT executives within our research base of more than 2,000 organizations in order to predict where job and skills gains and losses will be going forward.”

Figure 1 – U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (January 2009 to December 2010)

MONTHLY JOB SITUATION TRENDS – IT PROFESSIONALS

(Highlights for five bellwether IT jobs segments)

| | 2009 | | | | | | | | | | | | 2010 | | | | | | | | | | | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------|--------|---------|---------|---------|---------|---------|---------|--------|--------|----------|---------|---------|
| | Jan | Feb | Mar | Apr | May | June | July | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | June | July | Aug | Sep | Oct | Nov | Dec |
| Nonfarm job loss (month) | 598,000 | 651,000 | 663,000 | 539,000 | 345,000 | 467,000 | 247,000 | 466,000 | 263,000 | 558,000 | -4,000 | 85,000 | 20,000 | 36,000 | 162,000 | 290,000 | 41,000 | 125,000 | 131,000 | 54,000 | 95,000 | -151,000 | -39,000 | 103,000 |
| National unemployment rate | 7.6% | 8.1% | 8.5% | 8.9% | 9.4% | 9.5% | 9.4% | 9.7% | 9.8% | 10.2% | 10.0% | 10.0% | 9.7% | 9.7% | 9.7% | 9.9% | 9.7% | 9.5% | 9.5% | 9.6% | 9.6% | 9.6% | 9.8% | 9.4% |
| Computer/Electronic Products | -8,800 | -13,100 | -5,300 | -11,700 | -14,400 | -16,100 | -7,400 | -8,300 | -7,400 | -6,300 | -4,900 | -2,400 | -3,600 | -1,900 | 0 | 100 | 2,800 | 1,100 | 1,100 | 2,600 | 1,800 | 400 | 700 | 3,600 |
| Segment 1: Computer/Peripheral Equipment | 700 | -3,100 | -1,500 | -2,900 | -3,200 | -2,300 | -700 | -1,700 | -900 | -1,800 | -500 | -400 | 1,300 | -200 | -400 | 300 | 700 | -200 | 700 | 900 | 100 | 700 | -100 | 700 |
| Segment 2: Communications Equipment | -500 | -200 | 600 | 200 | -600 | -2,100 | -300 | -800 | 0 | -1,100 | -300 | 400 | -1,000 | 800 | 600 | -100 | 1,500 | 600 | -500 | 1,100 | 600 | 700 | -100 | 500 |
| Professional/Technical Services | -28,600 | -36,700 | -31,300 | -17,100 | -18,800 | -40,400 | -7,300 | -11,300 | -6,000 | -11,000 | 1,200 | 8,800 | -1,600 | 0 | -12,500 | 80,000 | -11,100 | 4,000 | 4,800 | 12,100 | -6,900 | 6,700 | 7,400 | 1,400 |
| Segment 3: Management/Technical Consulting Services | 11,000 | -4,800 | -6,100 | 1,600 | 700 | -1,100 | 900 | -100 | 400 | 7,300 | 5,600 | 3,500 | -5,000 | -3,400 | 1,100 | 1,000 | -700 | 10,500 | 1,800 | 300 | 6,900 | 2,600 | 3,700 | 2,900 |
| Segment 4: Computer Systems Design/Related Services | -3,500 | -300 | -3,900 | -1,400 | -2,800 | -2,700 | 7,900 | -3,400 | -300 | 4,500 | 1,000 | 3,400 | 7,100 | 8,000 | -5,800 | 7,300 | -300 | -300 | 5,800 | 4,000 | -900 | 7,500 | 900 | 5,300 |
| Information | -21,000 | -15,000 | -10,000 | -17,000 | -24,000 | -21,000 | -16,000 | -10,000 | 0 | -1,000 | -17,000 | -6,000 | 0 | -18,000 | -12,000 | -3,000 | 0 | -8,000 | 1,000 | -1,000 | -5,000 | -1,000 | 1,000 | -4,000 |
| Segment 5: Data Processing/Hosting/ Related Services | 200 | -2,000 | -200 | -900 | -3,500 | 600 | -400 | 1,700 | -900 | -900 | -900 | 700 | 400 | 600 | -2,300 | 300 | -1,300 | -1,500 | 300 | -1,300 | -200 | 500 | 0 | 200 |

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

Source: US Department of Labor/Bureau of Labor Statistics.
Data chart and analysis by Foote Partners LLC

Figure 2 – U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (Through December 2010)

CUMULATIVE JOB SITUATION TRENDS – IT PROFESSIONALS

Highlights for five bellwether IT jobs segments)

| CUMULATIVE NET JOB GAINS/DECLINES | | | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| INDUSTRY | 12 mos. | 7 mos. | 6 mos. | 4 mos. | 3 mos. | 2 mos. | 10 mos. |
| | Dec'09 - Nov'10 | May'10 - Nov'10 | Jun'10 - Nov'10 | Aug'10 - Nov'10 | Sep'10 - Nov'10 | Oct'10 - Nov'10 | Oct'10 - Nov'10 |
| Computer and Electronic Products | 8,700 | 11,300 | 10,200 | 6,500 | 4,700 | 4,300 | 14,200 |
| <i>Segment 1:</i> Computer/Peripheral Equipment | 4,500 | 2,800 | 3,000 | 1,400 | 1,300 | 600 | 3,400 |
| <i>Segment 2:</i> Communications Equipment | 4,700 | 2,900 | 2,300 | 1,700 | 1,100 | 400 | 4,900 |
| Professional and Technical Services | 84,300 | 29,500 | 25,500 | 8,600 | 15,500 | 8,800 | 85,900 |
| <i>Segment 3:</i> Management/Technical Consulting Services | 21,700 | 28,700 | 18,200 | 16,100 | 9,200 | 6,600 | 30,100 |
| <i>Segment 4:</i> Computer Systems Design/Related Services | 38,600 | 22,300 | 22,600 | 12,800 | 13,700 | 6,200 | 23,500 |
| Information | -50,000 | -17,000 | -9,000 | -9,000 | -4,000 | -3,000 | -32,000 |
| <i>Segment 5:</i> Data Processing/Hosting/Related Services | -4,300 | -2,000 | -300 | 500 | 700 | 200 | -5,300 |
| TOTAL - ALL 5 IT SEGMENTS | 65,200 | 54,700 | 45,800 | 32,500 | 26,000 | 14,000 | 56,600 |

Key: **Net job declines in red**
 Net job gains in green

Source: US Department of Labor/Bureau of Labor Statistics.
Data chart and analysis by Foote Partners LLC

ABOUT FOOTE PARTNERS

Foote Partners LLC is a Vero Beach, FL based independent IT benchmarking research and advisory firm targeting the ‘execution’ side of IT and providing pragmatic and forward-thinking advice and data about managing the modern business/IT hybrid professional workforce. Founded in 1997 and comprised of former Gartner and META Group industry analysts, McKinsey & Company and Towers Watson consultants, and former corporate HR, IT, and business executives, Foote Partners has been a thought leader and trusted advisor to thousands of employers seeking improvements in managing IT’s impact on their businesses and customers.

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Foote Partners 2011 IT Compensation Survey **PRODUCT MAP**

