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FOOTE NEWS ANALYSIS

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

**Net increase of 22,300 JOBS in IT job segments over the past six months,
but volatility still the norm according to Fed data**

IT services sector still rocks.

Vero Beach, FL – Friday, April 4, 2010. U.S. employment numbers released today by the Department of Labor’s Bureau of Labor Statistics (BLS) show that despite continued volatility in many IT employment segments, a net job gain of 22,300 IT-related jobs has been realized over the past six months.

Despite a setback in March there have been overall net job increases in five out of the past six months, an indicator of positive momentum but not without some reservations, according to David Foote, CEO and chief research officer at IT labor market analyst firm Foote Partners.

“From October 2009 to February 2010, the five IT bellwether job segments reported in the DOL statistics grew by a net 29,100 jobs. They gave back 6,800 of those jobs in March, but that by itself doesn’t necessarily indicate that the momentum for jobs in this recovery is dissipating,” observes Foote. “March was a very tough month weather-wise in many parts of the country and that affected business and forged some short term

pessimism. My sense—and I say this not just from looking at federal job data but from our own research views and executive interviewing involving 2,000 employers who are our research partner---is that we're in a 'three steps forward, one step back' pattern. Jobs are also a lagging indicator in any economic recovery, and we're not seeing a strong job recovery yet. But it's clear that the bleeding stopped in October and many employers are once again acquiring needed skills and making selective IT hires. They are doing so very deliberately, and purchasing services where they once might have added full time staff. And the IT services sector is one showing the greatest gains in new jobs over the past several months, which bears this out.

“This volatility, with employment numbers rising and falling month to month by segment but gaining overall, will continue at least through the end of the year and probably into the next. Jobs growth in the technical services and computer systems services sectors will continue to prop up IT employment for the foreseeable future. The freeze in IT spending for specialized skills has thawed at many of the companies we talk to, and I think we'll be seeing that transform into less reliance on contractors and consultants by this time next year as companies feel more confident about budgets and bringing back workers they've laid off. In fact we're already hearing about jobs offers being extended to laid off workers, which makes a lot of sense. Employers are even willing to pay some of these people a premium to return because they have that critical knowledge of their business, their customers, and their organization and culture. Whether they can get people to return is another question. It's not that easy when there is anger and resentment involved, but it's just business for a lot of employers.”

Nearly 2,000 jobs were added overall to IT-related job segments in the first three months of 2010 compared to more than 10,000 jobs in the two months prior according to DOL employment data for these periods (see FIGURE 1). The strongest performers in 2010 have been *Computer Systems Design/Related Services* (net 9,300 job gain); *Computer and Peripheral Equipment* (net 700 job gain), and *Communications Equipment* (net 400 job gains). The strongest performing segments for technology professionals over the past six months ending 3/31/2010 have been: *Computer Systems Design/Related Services* (+18,200 jobs); and *Management/Technical Consulting Services* (+9,100 jobs (FIGURE 1).

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

JOB SITUATION TRENDS – IT PROFESSIONALS

	2009												2010		
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
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
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%
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
<i>Segment: Computer/Peripheral Equipment</i>	700	-3,100	-1,500	-2,900	-3,200	-2,300	-700	-1,700	-900	-1,800	-500	-400	1,300	-200	-400
<i>Segment: Communications Equipment</i>	-500	-200	600	200	-600	-2,100	-300	-800	0	-1,100	-300	400	-1,000	800	600
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
<i>Segment: Management/Technical Consulting Services</i>	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
<i>Segment: Computer Systems Design/Related Services</i>	-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
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
<i>Segment: Data Processing/Hosting/ Related Services</i>	200	-2,000	-200	-900	-3,500	600	-400	1700	-900	-900	-900	700	400	600	-2300
Net gain or loss - IT SEGMENTS	7,900	-10,400	-11,100	-3,400	-9,400	-7,600	7,400	-4,300	-1,700	8,000	4,900	7,600	2,800	5,800	-6,800

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, 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 Perrin 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 2010 IT Compensation Survey - PRODUCT MAP

