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FOOTE NEWS ANALYSIS

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

Services jobs sector continues to grow but there's not much else to soothe IT professionals' employment hopes as Federal jobs report for November shows continued U.S. labor market stagnation

Vero Beach, FL – Monday, December 6, 2010. U.S. employment numbers released Friday by the Department of Labor's Bureau of Labor Statistics (BLS) revealed a net gain of 4,400 IT-related jobs in November for the sixth straight month of net jobs gains in IT labor segments (FIGURE 1).

Five bellwether IT job segments in the BLS data have shown a net gain of 45,100 jobs from June through November, with the **Management and Technical Consulting Services** segment accounting for 25,800 (57.2 percent) of these new jobs. This segment has posted gains in nine of the last twelve months of federal labor data.

“The fact is, there's tremendous amount of work to get done and CIOs are under almost unbearable pressures to get it right and make it quick. Without the authorization to hire enough full time workers to meet these demands, not to mention the time it takes to find workers with specialized skills, they're looking to the IT services industry more than ever before for help. Of course this has been driving some very healthy jobs growth in this industry sector,” 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 in particular has not gained the kind of momentum that many analysts and pundits had been predicting this year.

“Foote Partners has not changed its prediction from one year ago that there would not be a meaningful IT jobs recovery in 2010 and well into 2011, and then some,” notes Foote. “Moreover, we remain convinced that the length of the tail on this staffing lag will be much longer than previous economic recoveries. Aa lot of the jobs lost during this recession are not coming back because employers have changed their human capital investment models and practices. Instead of focusing on jobs, the accent is on skills acquisition. We’re tracking the market demand and pay rates for 457 of these IT skill specializations in our [*IT Skills and Certifications Pay Index™*](#). These skills can be acquired by buying them, renting them, or simply letting someone else do the job for you. Clearly it’s the last two approaches that are taking precedence right now.”

More November national jobs report results

The **Management and Technical Consulting Services** segment of the DOL/BLS employment report gained 3,700 jobs in November, the highest of any IT job category. The second highest net job gain occurred in the **Computer Systems Design and Related Services** job segment which added 900 jobs in the month, contributing to a total of 17,000 new jobs over the last six months in the category. (FIGURE 1).

Jobs in the **Data Processing, Hosting and Related Services** segment remained unchanged after adding 500 jobs in October. The worst performing segments in November were two job segments in the Computer and Electronic Products industry category, **Communications Equipment** (-100 jobs) and **Computer and Peripheral Equipment** (-100). (FIGURE 1).

Why BLS numbers aren't telling the whole story

“You have to remember that these are federal employment statistics that reflect only a small portion of what you and I would commonly refer to as the IT job market,” remarks Foote. “We believe there are approximately 20 to 25 million IT professionals in the U.S. compared to the government’s archaic definition of only about 4 million mostly technical, back office, and infrastructure workers. The fact is that federal data doesn’t specifically address 16 to 20 million IT professionals working in business lines, corporate departments, and in various enterprise strategic and operational functions. These jobs require skills well beyond technology; for instance, precise industry, customer, product, and solution knowledge and expertise.

“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. And there are hundreds of other newly-defined IT skills and knowledge permutations for which jobs are being created to replace many that were lost over the last few years as the IT human capital investment and delivery model has undergone a big shift,” notes Foote.

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.”

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 457 skills we survey 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.

Figure 1 – U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (January 2009 to November 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
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
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%	9.6%	9.6%	9.6%	9.6%	9.8%
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
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
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
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
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
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
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
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
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	8,800	-100	9,100	8,100	5,000	6,500	12,000	4,400

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 November 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.
	Dec'09 - Nov'10	May'10 - Nov'10	Jun'10 - Nov'10	Aug'10 - Nov'10	Sep'10 - Nov'10	Oct'10 - Nov'10
Computer and Electronic Products	2,700	10,500	7,700	5,500	2,900	1,100
<i>Segment 1:</i> Computer/Peripheral Equipment	3,400	2,800	2,100	1,600	700	600
<i>Segment 2:</i> Communications Equipment	4,600	3,900	2,400	2,300	1,200	600
Professional and Technical Services	91,700	17,000	28,100	19,300	7,200	14,100
<i>Segment 3:</i> Management/Technical Consulting Services	22,300	25,100	25,800	13,500	13,200	6,300
<i>Segment 4:</i> Computer Systems Design/Related Services	36,700	16,700	17,000	11,500	7,500	8,400
Information	-52,000	-13,000	-13,000	-6,000	-5,000	0
<i>Segment 5:</i> Data Processing/Hosting/Related Services	-3,800	-3,500	-2,200	-1,000	300	500
TOTAL - ALL 5 IT SEGMENTS	63,200	45,000	45,100	27,900	22,900	16,400

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 2010 IT Compensation Survey - PRODUCT MAP

