

For Immediate Release

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TECH SKILLS PAY GETTING A BOOST FROM RETENTION FEARS, OFFSHORING FAILURES, AGGRESSIVE CONSULTING INDUSTRY HIRING

New Canaan, CT, December 2, 2004 – Following a prolonged period of decline, premium pay tied specifically to information technology skills is now getting a big boost from widespread retention concerns, offshoring disappointments, and an increase in competition for IT consulting talent, according to a new study published by Foote Partners involving 45,000 IT workers and 1,860 North American and European employers.

“Our research has found unmistakable evidence of a turnaround in pay for several skills over the past six months, in particular those associated with networking, messaging, groupware, and applications development,” notes David Foote, President and Chief Research Officer for Foote Partners. “Overall, our findings indicate the reemergence of talent wars, but on a smaller scale than in the past and more industry focused, particularly the IT professional services business. This is very positive news indeed for tech workers wondering what to do about their careers, and an indication that offshore outsourcing will no longer be the dominant theme in IT employment trends.”

Although pay for 150 certified and noncertified skills has dropped an average 4.2% and 0.5% respectively in 2004 according to the Hot Technical Skills and Certifications Pay Index published quarterly by Foote Partners, networking skills pay has increased 6% in the past year, messaging/groupware skills are up 4.5%, and skills relating to applications development and programming languages have grown nearly 4% in value. “The remarkable part is that, at this time last year, these same skills groups were registering annual declines of 6% to 12%. It’s a complete reversal and a clear signal that businesses are once again investing in their full-time employees,” notes Mr. Foote.

“More attention is being paid to the risks of losing workers who stuck it out through years of workforce reductions, and for good reason,” continues Foote. “For one thing, offshore outsourcing has proven to be far riskier and tougher to succeed at than had been anticipated, in part due to employee retention issues, especially when workers tasked with knowledge transfer and vendor management are involved. IT decision makers have lately become somewhat less inclined to play the offshoring or outsourcing card when under pressure. They’re looking instead for ways to keep go-to ‘A team’ players from jumping ship and, according to our research findings, that is showing up in premium skills pay increases that are being paid in base pay adjustments or straight cash bonuses and sometimes both.”

Hiring by IT services firms has accelerated in 2004, driving up skills pay for consultants with niche skills in networking, information security, applications development, Web services, systems integration, and others according to the new study. Skills pay is also being affected by increased government regulation that has spurred demand for IT consulting services and is expected to stimulate corporate hiring activity. Case in point: coming in 2005 is a flood of pent-up upgrades and systems enhancements that were delayed in 2004 as substantial IT resources were shifted to meet the November 15th Sarbanes-Oxley compliance deadline, which was recently extended one year.

The U.S. economy continues its expansion, with labor market conditions improving and business lending on the rise according to new Federal Reserve information. “Employment indicators typically lag economic indicators by a good six months, so I’m not surprised to be seeing strength in pay numbers for IT workers right now,” remarks Mr. Foote. “But because this recovery has not followed the sustained month-to-month growth pattern of past recoveries, trends have been more difficult to predict. Still, we believe there will be sustained strength in several tech skills categories and jobs over the next year.”

Hot tech skills and certifications to watch over the next 12 months, according to the 3Q2004 edition of Foote Partners “IT Insider Compensation Benchmarks and Employment Trends” research series:

- Storage/SAN/NAS (EMC, Brocade, Veritas)
- Security (CISSP, CISM, CISA, SANS/GIAC)
- Networking (Cisco, VoIP, Storage)
- Web services/SOA (XML, .Net, WebSphere, SOAP, MCSD/.Net)
- Messaging (MCSE, MCSA Messaging spec.)
- Linux/Open Source
- Web-enabled analytics, management applications
- Wireless skills
- Rapid application development/extreme programming

"Safe" IT jobs to watch over the next 12 months (those most resistant to being outsourced):

- Architects (Network, Data, I-net Storage)
- Integrators
- Security (auditing, forensics, management)
- Enterprise Data Management; Data Modelers
- Business Analysts; Business Technologists
- Project Managers/Leaders
- Process Modelers
- Network Managers
- CRM professionals

TECH SKILLS PAY FINDINGS - Summary

****For more in-depth data, please contact us directly****

Flat growth in pay for 58 certified tech skills in 2004 -- 0.6% decline – and only an 11.5% decline over the past three years compared to a much steeper 26% drop in average value of noncertified skills in the same period.

2004 pay performance for *certified* skills, by category:

- Networking (+5.9%)
- Applications Development & Programming Languages; Systems Administrations & Engineering/Network OS (tie. +3.8%)
- Security (-1.5%)
- Database (-6.9%)
- Web/Internet (-12%)
- Beginners certifications (-15.8%)
- Project management (-18.8%)

2004 pay performance for *noncertified* skills, by category:

- Networking & Internetworking (+6.1%)
- Message/e-mail/Groupware (+4.5%)
- Web/eCommerce Development; Enterprise Applications (-5.5%)
- Applications Development (6.1%)
- Operating Systems (-6.2%)
- Database (-11.6%)

****NOTE:** The following Hot/Warm/Cold designations refer to the growth trends for the past several months. Strong/Weak designations refer to especially high- and low-paying skills as defined as percent of base pay**

Hot certified and noncertified skills (high growth):

- WebSphere
- Microsoft .Net
- HP/Compaq ASE and MASE
- Cisco CCIE
- MCSE/Security, Messaging specializations
- Citrix

Cooling and cold certified and noncertified skills:

- Linux
- 10Base-T Switching
- Java
- C variants
- SAP/PeopleSoft/Enterprise AD
- Sun/Solaris
- ISA/IIS Servers
- Web content development tools
- Siebel
- Cobol
- Windows NT
- Beginner Certifications (MCP, CCP, A+)
- SANS/GIAC Firewall Analyst, Incident Handler
- Webmaster/Internet certs (MCSE+I, MCP+I)
- Prosoft CIW Series

Strong certified and noncertified skills (paying well above average):

- Project-level security
- RAD/Extreme Programming
- VoIP
- Storage/SAN
- PMP
- CISSP
- Cisco CCIE/CCDP/CCNP/CCSP
- CISA
- GIAC GSE/GCWN/GCUX/GSNA
- Microsoft MCSD & MCT

--Citrix CCEA
--HP MASE
--Oracle DBA

Weak certified and noncertified skills (paying well below average):

--Beginner Certifications (MCP, CCP, A+)
--Prosoft CIW Associate
--Siebel Certified Consultant
--Microsoft MCP+I
--SANS/GIAC GSEC

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ABOUT THIS RESEARCH

The “IT Insider Compensation Benchmarks and Management Trends” research series is compiled from confidential data supplied by IT, business, and HR executives and validated via direct interviews covering 46,000 North American and European IT workers and 1,860 private and public sector organizations. The size of the participating organizations, measured most appropriately for the type of business, by revenues, assets, total premiums and operating budgets, are as follows:

--12% of participating organizations have \$3 billion+ in sales/\$15+ billion in total assets

--26% of participating organizations have \$1 billion or more in annual revenues or \$3 billion or more in total assets

--42% of participating organizations have \$500+ million in sales/\$3+ billion in total assets/\$500+ million in premiums/\$500+ million operating budget (government, educational, not-for-profit)

--4% have operating budgets of \$500 million or more, 4% with operating budgets \$100 million to less

ABOUT FOOTE PARTNERS

Foote Partners LLC, founded in 1997, is a New Canaan, Connecticut based management consultancy and IT workforce research firm comprised of former Gartner Inc., META Group, Forrester/Giga and McKinsey & Company consultants and analysts, and former HR, IT, and business executives. The firm employs innovative data collection methods and analytical techniques that corrects for mismatched IT job titles (versus actual job duties) and produces a highly accurate, constantly updated, consistent and comprehensive view of what 46,000 IT workers in the North America and Europe are being paid in total IT compensation. The firm's senior research team publishes survey-backed analytical trend reports on a variety of management and technology subjects and advises governments and leading corporations worldwide on strategic business solutions benefiting from close collaboration and integration of the IT, business, and HR communities.

For more information, please visit the Foote Partners website: www.footepartners.com.

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