

FOR IMMEDIATE RELEASE

**NEW TREND RESEARCH REVEALS PRESSURE OF
IT LABOR OFFSHORING CONTINUES TO ERODE PAY FOR
TECHNICAL SKILLS**

Contact: Bill Reynolds, billr@footepartners.com
David Foote, dfoote@footepartners.com
Tel: 203-972-8900

New Canaan, CT, June 6, 2004 – Premium bonus pay tied specifically to information technology certifications and non-certified skills has continued to slide in 2004, although with some recovery in higher average bonus pay for infosecurity, project management and systems and network administration certifications. But for the fourth quarter in a row, offshoring of IT labor is making onshore skills supplies somewhat less important---resulting in lower pay for IT workers in a number of positions.

“We have been reporting offshore outsourcing pressures on stateside compensation since late last year,” notes David Foote, President and Chief Research Officer for Foote Partners. “Premium bonus pay for many certified and non-certified IT skills that had been performing steadily in our quarterly research began to slide noticeably in 2003. These skills coincided with many of the same employment areas that have been most susceptible to offshore outsourcing. Moreover, we've identified a similar trend in our base pay survey research.”

For example, pay for both non-certified applications programming and enterprise applications development skills declined 2% in first quarter of 2004 and between 19% and 21% over the past two years. Certified applications development skills have lost nearly 15% of their value in the past two years. “This is premium skills pay that has traditionally been used to retain and motivate workers. As more programming work is transferred offshore or at least directed away from IT full-timers, premium pay becomes unnecessary. It’s one of the reasons why IT certifications pay has been on the decline after a very healthy run despite the economic recession,” adds Mr. Foote.

Among hot performing certified and non-certified tech skill categories for the quarter include:

- Information security management, auditing, and administration
- Networking and systems administration/management
- Project management
- IP telephony-related skills (VoIP, Gigabit Ethernet)
- Linux
- Web services-related skills (Websphere, SOAP, XML)

I. Certified Tech Skills Pay Findings

Following very healthy performance through 2001 and 2002, overall skills certification premium pay for 58 IT skill certifications surveyed in the *Quarterly Hot Technical Skills and Certifications Pay Index* (covering 42,000 IT professionals in 1,820 North American and European employers) declined 5.6% in 2003 but has gained some ground in the first quarter of 2004 (+1%) to an average 7.7% of base pay at the median. Unlike the larger 16% drop in pay for non-certified skills over the past two years, certifications have lost only 6.5% value on average in that period, in large part due to demand for workers with project management, information security, and enterprise systems and networking skills:

- Systems Administrations & Engineering/Network OS (+3.8% for the year ended 4/1/04; +4.2% over past 2 years)
- Networking (+2%, -5.8%)
- Security (+1.1% in past year, +5.9% over two years);
- Project Management certifications (flat growth in the past year, +6.7 since 2002)

Certifications pay performance has been diminished by the following certifications categories, which have all performed worse than the overall average in the **12 months** ending April 1, 2004:

- Beginner certifications like the MCP, CCP, and A+ (-15%)
- Webmaster/Internet certifications (-6.6%)
- Applications Development (-3.8%)
- Database certifications (-3.5%)

In the **24 month period** ending April 1, 2004, these categories of certified skills all performed worse than the overall average for certifications pay:

- Beginner certifications (-26%)
- Webmaster/Internet (-25%)
- Database (-20)
- Applications Development Tools/Programming Languages (-15%);

Detail - CERTIFICATIONS

Note:

- **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 Security certifications

- The security certifications group has achieved steady premium pay growth for the past three years, up 29% in value in the period. Performance has leveled out in the year ending 4/1/04, increasing a modest 1.1% in the period, to 9% of base pay.
- Top performers:
 - Certified Information Systems Auditor (+33% in past year, the biggest increase for all certified skills surveyed; +50% since 2002)
 - Certified Information Systems Security Professional (+18%, +44% respectively)
 - GIAC Certified Windows Administrator (+11%, +25%)

HOT Cisco Certified Internetworking Expert

- Premium bonus pay for the CCIE is up 20% the past year

HOT HP/Compaq certifications

- Accredited Systems Engineer certification is up 17% in value for the year ending 4/1/04
- Master Accredited Systems Engineer (RHCE) up 13% in the same period.

HOT Systems Administration & Engineering/Network Operating Systems

- This certification category earned 3.8% more in the year ending April 1, 2004, led by HP/Compaq, Linux and Sun certifications.

WARM Linux certifications

- Red Hat Certified Engineer (RHCE) up 13% in past year.

STRONG Project Management Professional, Certified InfoSys Security Professional, Certified InfoSys Auditor, Cisco Certified Internetwork Expert, Citrix Certified Enterprise Administrator, GIAC Security Expert, Microsoft Certified DBA, Microsoft Certified Solution Developer, Master Certified Novell Engineer, Oracle Certified Professional/DBA, Cisco Certified Enterprise Administrator, GIAC Certified Windows Security Administrator, Microsoft Certified Trainer.

- These certifications are earning 10% to 11% of base pay in median premium bonus pay in 2004, well above the 7.7% of base pay average across all certifications surveyed

COLD General (Beginners) Certifications

- Bonus pay for such certifications as **CompTIA A+** and **Microsoft's Certified Professional(MCP)**, typically the domain of new, inexperienced technical workers, has plummeted--down 26% in two years and 15% in 2003--as employers channel bonus pay to more experienced specialists.

COLD Webmaster/Internet certifications

- Microsoft Certified Systems Engineer + Internet and Microsoft Certified Professional + Internet have lost 36% and 29% in premium bonus pay, respectively, in the same period.
- Prosoft CIW series certifications have lost between 14% and 50% of their value in past 12 months ending April 1, 2004

COLD: GIAC Certified Firewall Analyst, GIAC Certified Incident Handler, Siebel Certified Consultant, Sun Certified Programmer/Java

- These certifications have lost 17% to 30% of their premium bonus pay value in the year ending April 1, 2004

II. Non-certified Tech Skills Pay Findings

Average median premium bonus pay across all 86 surveyed non-certified skills declined in the year ending April 1, 2004, down 2.1% , to an average 6.6% of base pay at the median. Overall non-certified skills pay has fallen nearly 16% since 2001.

Non-certified skills pay performance has been dragged down by the following skills categories, which have all performed worse than the overall average in the **12 months** ending April 1, 2004:

- Networking/Internetworking (-4.7%)
- Messaging/Groupware skills (-4.3%)
- Enterprise Applications (-3.6%)
- Applications Development Tools and Languages skills (-3.0%)

Over the past **24 months** the following skill categories have performed worse than the overall average:

- Messaging/Groupware skills, down 24.1%;
- Enterprise Applications & Suites (-20.6)
- Applications Development Tools and Languages (-18.6%);
- Networking/Internetworking and Web/E-commerce (-14.4%);

Top performers beating overall technical skills performance in our research over the past year, but still in decline:

- Web/E-commerce (+0.7);
- Operating Systems skills (no change);
- Database (no change).

Detail – Non-certified Skills

Note:

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 Gigabit Ethernet , VoIP

- IP telephony continues to grow in popularity, pushing up the value of Gigabit Ethernet skills (+25%, highest gain of any non-certified skill) and VoIP (+10%) for the year ending January 1, 2004.
- Both skills are earning above average median premium bonus pay: 11% of base salary for VoIP, 10% of base for Gigabit Ethernet.

HOT Linux

- Linux skills gained 22%, to a median 11% of base pay.
- 2 year growth: 38%

HOT SOAP, IBM WebSphere

- IBM's WebSphere and SOAP software skills each grew 14 percent for the year ending 4/1/04, attesting to the continuing popularity of Web Services.

HOT DB2

- Despite having lost 10% of its overall value over the past two years, DB2 database skills gained 13% for the year ending 4/1/04

HOT: XML (all variants)

- Up 8% in 2003, to between 11% and 16% of base pay (10th to 90th percentile data)
- Boosted by growth of Web Services

STRONG Project-level security skills, XML(all variants), Microsoft SQL Server, Oracle DB, VoIP, Linux

- Security skills tied to projects continue to earn an average 15% of base salary in premium pay, followed by XML (14%). Microsoft SQL Server and Oracle database skills continue to earn significantly above-average premium pay (11% of base salary at median).

COOLING Rapid Applications Development/Extreme Programming

- RAD/XP skills, consistently the highest paying technical skills in our survey since 1999, have been losing ground (down 8% for the year and 33% over 2 years) though still paying well above the average IT skill:, to 12% of base (at median)
- Starting to lose ground as offshore outsourcing of applications development proliferates

COOLING: IPX, Lotus Notes/Domino, SIP, 10Base-T Switching, Progress, Siebel

- Each of these skills lost ground in the past year (-11% to -17%).

COLD: Smalltalk, Windows NT, HTTP, SNA, WML

- Each of these skills have lost more than 22% or more of their value in the past 12 months. Most have lost 30% to 50% of their value since early 2002.

WEAK: ATM, STMP, Baan, CGI, Cobol, Cold Fusion, HTML/DHTML, HTTP, SNA

- Premium pay for each of these skills is between 1% and 3% of base pay, considerably below the 6.6% average overall for all non-certified skills surveyed.

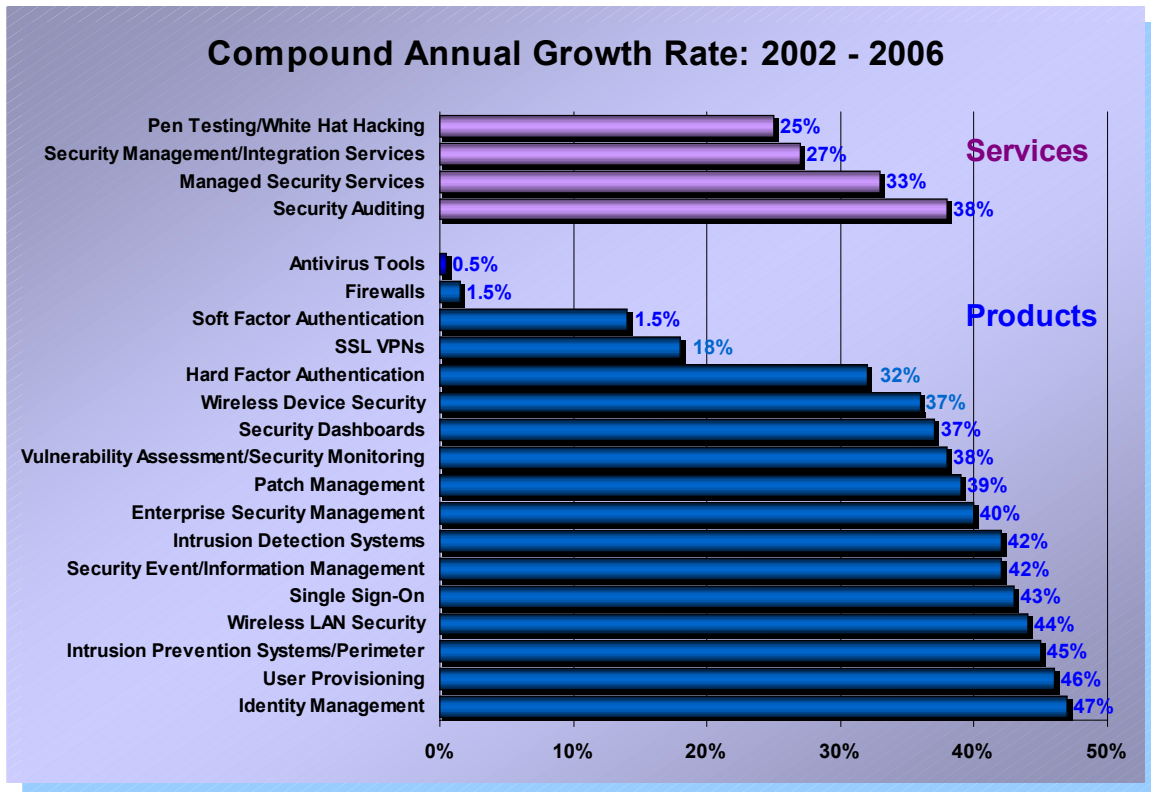
TRENDS TO WATCH IN SKILLS PAY

Our research indicates that strong demand can be expected for the following groups of certified and non-certified skills over the next year:

- Security
- Linux
- XML variants/Web services
- VoIP
- Wireless
- Enterprise project management
- Web-enabled analytics, management applications
- SAP/ABAP
- Storage (emerging)

HOT SECURITY SKILLS

Below are Foote Partners research findings for compound annual growth rates for security spending by category from 2002 and projected to 2006. This is a ranking of hot security-related skills we believe IT workers should consider to maximize their value and their pay.



Source: Foote Partners

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NOTES TO EDITORS

About the research

The 1Q2004 Hot Technical Skills and Certification Pay Index (HTSCPI), Total IT Compensation Reports, and Skills and Certifications Quick Pay Reports are quarterly compensation research reports compiled from confidential data supplied by IT, business, and HR executives and validated via direct interviews with 42,000 North American and European IT workers from January 1, 2004 to April 1, 2004. The sample includes 1,840 private and public sector organizations and educational institutions in the United States, Canada and Europe, and more than 400 human resource departments.

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
- 25.1% of participating organizations have \$1 billion or more in annual revenues or \$3 billion or more in total assets
- 43% 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)
- 3.7% 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, and McKinsey & Company consultants and analysts, human resources executives, and IT managers. The firm employs innovative “IT insider” data collection methods and analytical techniques that corrects for mismatched job titles vs. actual job and produces a highly accurate, constantly updated, consistent and comprehensive view of what 42,000 IT workers are being paid in total IT compensation in the North America and Europe. For more information, please visit the Foote Partners website: www.footepartners.com.

ADDRESS:

21 Locust Avenue, Suite 200
New Canaan, CT 06840
23-972-8900

Market pay for these certifications and skills are reported in Foote Partners quarterly IT compensation research:

Networking and

Internetworking Skills:

- TCP/IP
- VoIP
- SIP
- IPX
- SNA
- APPC
- SMTP
- WAN
- WAN/LAN
- WML
- Ethernet Switching
- 10Base-T Switching
- Gigabit Ethernet
- Routing (e.g. OSPF)
- WAP
- Jini (Sun)
- ATM
- HTTP
- Ethernet
- Windows NT Server
- OS/2 LAN Server
- Novell Netware
- Security skills

Application Development

Tools, Languages Skills:

- Visual C++
- Visual J++
- C++
- C
- C#
- Visual Basic
- Java/J2EE, SE, ME
- Smalltalk
- Delphi
- SQL Windows
- PowerBuilder
- Oracle Developer
- Progress/Development tools
- Cobol
- RAD/extreme programming

Operating Systems Skills:

- Windows NT
- Windows 2000/ME
- Unix
- HP-UX
- AIX
- Solaris
- Linux
- Apple OS

Web/E-Commerce Skills:

- JavaBeans/EJB
- Java Server Pages
- Active Server Pages
- XML
- PHP
- SOAP
- SAML
- VoiceXML
- HTML
- XHTML/DHTML
- JavaScript
- VBScript
- JScript
- CGI
- Perl
- Cold Fusion
- ISA server
- IIS, Apache servers
- Visual Interdev
- Microsoft .Net (Visual.Net, ASP.Net)
- WebSphere

Enterprise Applications and Suites

Skills:

- Oracle Enterprise Apps
- PeopleSoft
- J.D. Edwards
- Baan
- Lawson
- SAP
- ABAP
- Siebel
- Project/functional experience

DBMS/RDBMS Skills:

- Oracle
- DB2
- Sybase Adaptive Server
- Microsoft SQL Server
- Microsoft Exchange 2000 Server
- Visual SQL
- Progress/Apptivity
- dbase/xbase
- Microsoft Access

Messaging, Office and Groupware

Skills:

- Lotus Notes/Domino
- cc:mail
- Novell Groupwise
- Microsoft Exchange

Certifications:

- Certified Information Systems Auditor(CISA)
- Certified Information Systems Security Professional(CISSP)
- Certified Network Security Professional(CNSP)
- Certified Computing Professional(CCP)
- Certified Network Professional(CNP)
- Certified Novell Engineer(CNE)
- Novell/Novell Master Certified Novell Engineer(Master CNE)
- Novell/Certified Novell Administrator(CNA)
- Novell/Novell Certified Directory Engineer(NDCE)
- Novell/Certified Internet Professional(CIP)
- Cisco Certified Internetwork Expert(CCIE)
- Cisco Certified Network Professional(CCNP)
- Cisco Certified Network Associate(CCA)
- Cisco Certified Design Associate(CCDA)
- Cisco Certified Accredited Professional(CAP)
- Citrix Certified Enterprise Administrator(CCEA)
- Citrix Certified Administrator(CCA)
- HP/Compaq Master Accredited Systems Engineer(Master ASE)
- HP/Compaq Accredited Systems Engineer(ASE)
- CompTIA PC Technician(A+)
- CompTIA Internet Technician(I-Net+)
- CompTIA Network Technician(Network+)
- GIAC Certified Intrusion Analyst(GCIA)
- GIAC Certified Incident Handler (GCIH)
- GIAC Certified Firewall Analyst(GCFW)
- GIAC Systems and Network Auditor(GSNA)
- GIAC Certified Unix Security Admin(GCUA)
- GIAC Certified Windows Security Admin(GCWN)
- GIAC Security Essentials Certification(GSEC)
- IBM DB2 Universal Database Certified Solutions Expert(DB2)
- LAN Server Engineer(LSE)
- Linux Professional Institute certification
- Lotus Certified Lotus Specialist (CLS)
- Lotus Certified Lotus Professional (CLP)
- Microsoft Certified Solution Developer(MCSD)
- Microsoft Certified Systems Administrator(MCSA)
- Microsoft Certified Systems Engineer(MCSE)
- Microsoft Certified Systems Engineer + Internet (MCSE+I)
- Microsoft Certified Professional(MCP)
- Microsoft Certified Professional+Internet(MCP+I)
- Microsoft Certified Trainer(MCT)
- Microsoft Certified Database Administrator(MCDBA)
- Oracle Certified Professional (OCP)
- Project Management Professional(PMP)
- Prosoft Master CIW Enterprise Developer
- Prosoft Master CIW Administrator
- Prosoft Master CIW Designer
- Prosoft Master CIW Website Manager
- Prosoft Master CIW Associate
- Red Hat Certified Engineer(RHCE)
- Siebel Certified Consultant(SCC)
- Siebel Customer Certified Consultant(SCCC)
- Siebel Certified Business Analyst(SCBA)
- Sun Certified Programmer for the Java 2 Platform
- Sun Certified Developer for the Java 2 Platform
- Sun Certified Enterprise Architect for the Java 2 Platform, Enterprise Edition
- Sun Certified Network Administrator for Solaris OS
- Sun Certified Systems Administrator for Solaris OS
- Sun Certified Programmer for the Java 2 Platform

“IT Insider” Compensation Research Product Family Foote Partners LLC

QUICK PAY REPORTS allow purchasing up-to-date market pay rates for 150 certifications and skills in 16 different categories (database, networking, project management, security, etc.). Find out what others are earning *right now* for their certs or skills, or if you are underpaying or overpaying your workers for theirs. <http://www.footepartners.com/SCPQuick.htm> (Europe: http://www.footepartners.com/SCPQuick_europe.htm)

TOTAL IT COMPENSATION REPORTS are categorical, grouping together salary/bonus survey data for selected IT jobs in 15 selected cities plus specifically related skills and certifications market pay data...all in a single package. There are nine Total IT Compensation Reports available covering: Architecture, SAP, Networking; Security; Database; Windows; Data Warehousing/BI, Project Management, Web/I-net, E-commerce, and Applications Development. <http://www.footepartners.com/SSCP.htm>

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