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FOOTE IT NEWS ANALYSIS – Bureau of Labor Statistics US Employment Report – December 2011

**200,000 Jobs Added to U.S. Payrolls in December But Fewer
For IT Professionals Compared to Prior Months**

Vero Beach, FL – Saturday, January 7, 2012. In an analysis of Friday’s release of the December 2011 U.S. employment numbers by the Department of Labor Bureau of Labor Statistics (DOL/BLS), Foote Partners reports a net gain of 5,500 jobs in two business sectors most frequently associated with information technology workers, **Management and Technical Consulting Services** and **Computer Systems Design and Related Services**, representing the nineteenth consecutive month of positive job growth in these job segments. This is however a substantial drop from November’s net gain of 9,600 jobs in the same categories and significantly less than the average 10,592 monthly new job growth in these two segments over the past twelve months. (SEE FIGURE 1)

“There have been 127,100 jobs added in these two services segments in the last twelve months, and nearly 59,000 in just the last six months. So despite last month’s dip this still continues to be good news,” insists David Foote, CEO at IT analyst firm Foote Partners that publishes proprietary national labor trend research. “There is no question that consulting firms and systems integrators are benefitting from external staffing augmentation decisions by many employers and their increasing interest in managed services and investments in cloud computing as an alternative to acquiring technology skills in house. Among the nearly 2,300 employers we closely track in our own proprietary IT labor research, this shift has given them greater flexibility and faster response times for capitalizing on business opportunities. The fact is that often what is required to enable new revenue producing products and services are people with unusual combinations of

skills, knowledge and experience. It can takes months to assemble teams of these workers but only days or weeks to bring needed talent online using a number of staffing augmentation alternatives. It's an extremely competitive global business environment out there right now as technology allows smaller companies with superior agility to take on their much larger competitors.”

But while jobs were expanding in the Technical Services industries, they have been declining in the two other tech segments, **Telecommunications** and **Data Processing, Hosting and Related Services**, which together recorded net job losses of 41,800 and 24,300 in the last twelve and six months respectively. Possibly the only good news there is that these segments lost 300 few jobs in December than the prior month and 1,300 fewer than in October's employment report. (SEE FIGURES 1 and 2)

“The broader trend continues to be employers hiring hybrid IT-business professional with combinations of both business and technology knowledge, experience, and skill sets unlike those found in traditional IT organizations. It's nearly impossible to track these hybrids in the monthly federal jobs reports because they're found in the business lines, corporate departments, product development groups, and in a wide variety of implementation and support functions throughout the enterprise. But make no mistake,” insists Foote, “It's a very robust job market for hybrids right now. Things have also picked up a few of the more ‘traditional’ IT jobs segments such as applications development, IT security, and analytics, as the result of growth in mobile computing and cloud computing, increasing threats and vulnerabilities, and concerns about so-called Big Data, to mention only a few of the many factors stimulating several pockets of IT jobs expansion.”

Good news for a change

The unemployment rate declined slightly in December (8.5 percent compared to 8.6 percent in the month prior) with the addition of 200,000 jobs to employer payrolls --- 80,000 more than last month. This comes at the heels of recent increases in consumer confidence, factories stepping up production, and small businesses beginning to feel renewed vigor. It is the fourth consecutive month that the economy showed a net gain of more than 100,000 jobs, and the fifth of the last six months to do so.

Unlike November's jobs report where the number of people who have given up looking for jobs increased by 315,000 workers and was seen by many analysts as artificially deflating the national unemployment rate, this month the drop in the jobless rates came largely from real gains: the number of these so-called 'discouraged workers' decreased by 155,000 workers. Moreover, the number of long term unemployed, defined as those jobless for 27 weeks or more, shrank from 5.7 million to 5.6 million, and the number of persons marginally attached to the workforce declined by 100,000. These are individuals who were not in the labor force, wanted and were available for work, and had looked for a job sometime in the prior 12 months. They are not counted as unemployed because they had not searched for work in the 4 weeks preceding the survey.

The new jobs were spread broadly across industries and average wages in private industry ticked up by 4 cents an hour, though over the year wages have not kept pace with inflation. Government downsizing, which has been a drag on the jobs numbers, slowed in December, with only 12,000 public jobs lost. The private sector added 212,000 jobs. In another positive sign, the unemployment rate seemed to be dropping at a faster rate than the number of new jobs would imply. This is perhaps because new businesses and the newly self-employed are less likely to be counted in the Labor Department's survey of businesses, from which the job numbers are drawn, than in its survey of households, from which the unemployment rate is calculated.¹

Yet despite improved economic data, economists continued to warn of potential dangers ahead, including disaster in the euro zone, lingering instability in the oil-rich Middle East leading to higher gas prices, concerns about a Chinese economic slowdown and the expiration of the Bush tax cuts. Congress may yet decline to continue extensions of the payroll tax break and unemployment benefits that have bolstered consumer spending. Money, in the form of loans, is still hard to come by, and home prices have continued to fall.

"Though the economy is moderately expanding overall and employment statistics are improving, given all of this uncertainty it's a little hard to imagine the government's monthly labor reports improving substantially in the foreseeable future," concludes Foote. "It's going to be tough going for a lot of people in 2012 but we're confident that hybrid IT-business professionals will continue to be a bright spot in a tepid employment market as well as people who possess a number of technical specializations that address specific

¹ New York Times, "U.S Economy Gains Steam as 200,000 Jobs Are Added," January 6, 2012

areas of perceived business risk and reward. Unemployed and underemployed IT professionals need to take this information as a very positive opportunity as they contemplate their career plans. They really need to study the employment market closely to spot opportunities that may be available to them right now or perhaps with some additional skills acquisition. For example, there are plenty of jobs out there right now that employers are having trouble filling because they can't find suitable candidates.

Suggests Foote, "Sometimes this requires a change in one's mindset that divides your world between what has been your career path up to now and what's possible in the future given your current skill sets, your age and interests, your industry and geographical preferences, and where the employment opportunities are opening up. It's little like shooting clay pigeons: you have to judge the latitude and longitude just right before you pull the trigger. Plus you have to have the right ammunition."

FIGURE 1 – U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (January 2010 to December 2011)

MONTHLY JOB SITUATION TRENDS – IT Professional Job Segments

(Highlights for four bellwether IT jobs segments)

	2010												2011											
	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/gain (month)	20,000	36,000	162,000	290,000	41,000	125,000	131,000	54,000	95,000	180,000	80,000	103,000	36,000	192,000	216,000	244,000	54,000	18,000	127,000	57,000	103,000	100,000	120,000	200,000
National unemployment rate	9.7%	9.7%	9.7%	9.9%	9.7%	9.5%	9.5%	9.6%	9.6%	9.6%	9.8%	9.4%	9.0%	8.9%	8.8%	9.0%	9.1%	9.2%	9.1%	9.1%	9.1%	9.0%	8.6%	8.5%
Professional/Technical Services	-1,600	0	-12,500	80,000	-11,100	4,000	4,800	12,100	-6,900	6,700	7,400	1,400	7,900	10,000	34,700	33,000	40,300	24,200	17,700	16,100	24,100	320	8,800	8,500
Segment 3: Management/Technical Consulting Services	-5,000	-3,400	1,100	1,000	-700	10,500	1,800	300	6,900	2,600	3,700	2,900	3,600	6,600	-300	11,300	5,200	1,200	5,400	6,000	5,500	3,800	4,500	4,300
Segment 4: Computer Systems Design/Related Services	7,100	8,000	-5,800	7,300	-300	-300	5,800	4,000	-900	7,500	900	5,300	8,600	4,200	6,400	7,900	8,200	5,700	6,100	7,700	6,000	2,900	5,100	1,200
Information	0	-18,000	-12,000	-3,000	0	-8,000	1,000	-1,000	-5,000	-1,000	1,000	-4,000	-1,000	0	-4,000	2,000	-1,000	0	-1,000	-48,000	34,000	-5,000	-4,000	6,000
Segment 5: Telecommunications	-3,100	-3,800	-3,100	-6,700	-4,600	-2,300	-5,800	-3,600	-5,200	900	1,100	-4,500	-3,600	-2,200	-3,800	-1,000	-3,400	-400	-2,700	-47,300	37,600	-4,900	-2,600	-3,000
Segment 5: Data Processing/Hosting/Related Services	400	600	-2,300	300	-1,300	-1,500	300	-1,300	-200	500	0	200	-1,900	-700	-500	-400	700	-300	-200	100	-600	400	-900	-200
Net gain/loss - ALL IT SEGMENTS	-600	1,400	-10,100	1,900	-6,900	6,400	2,100	-600	600	11,500	5,700	3,900	6,700	7,900	1,800	17,800	10,700	6,200	8,600	-33,500	48,500	2,200	6,100	2,300
Net gain/loss - IT SERVICES SEGMENTS	2,100	4,600	-4,700	8,300	-1,000	10,200	7,600	4,300	6,000	10,100	4,600	8,200	12,200	10,800	6,100	19,200	13,400	6,900	11,500	13,700	11,500	6,700	9,600	5,500

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 2011)

CUMULATIVE JOB SITUATION TRENDS – IT PROFESSIONALS

Highlights for five bellwether IT jobs segments)

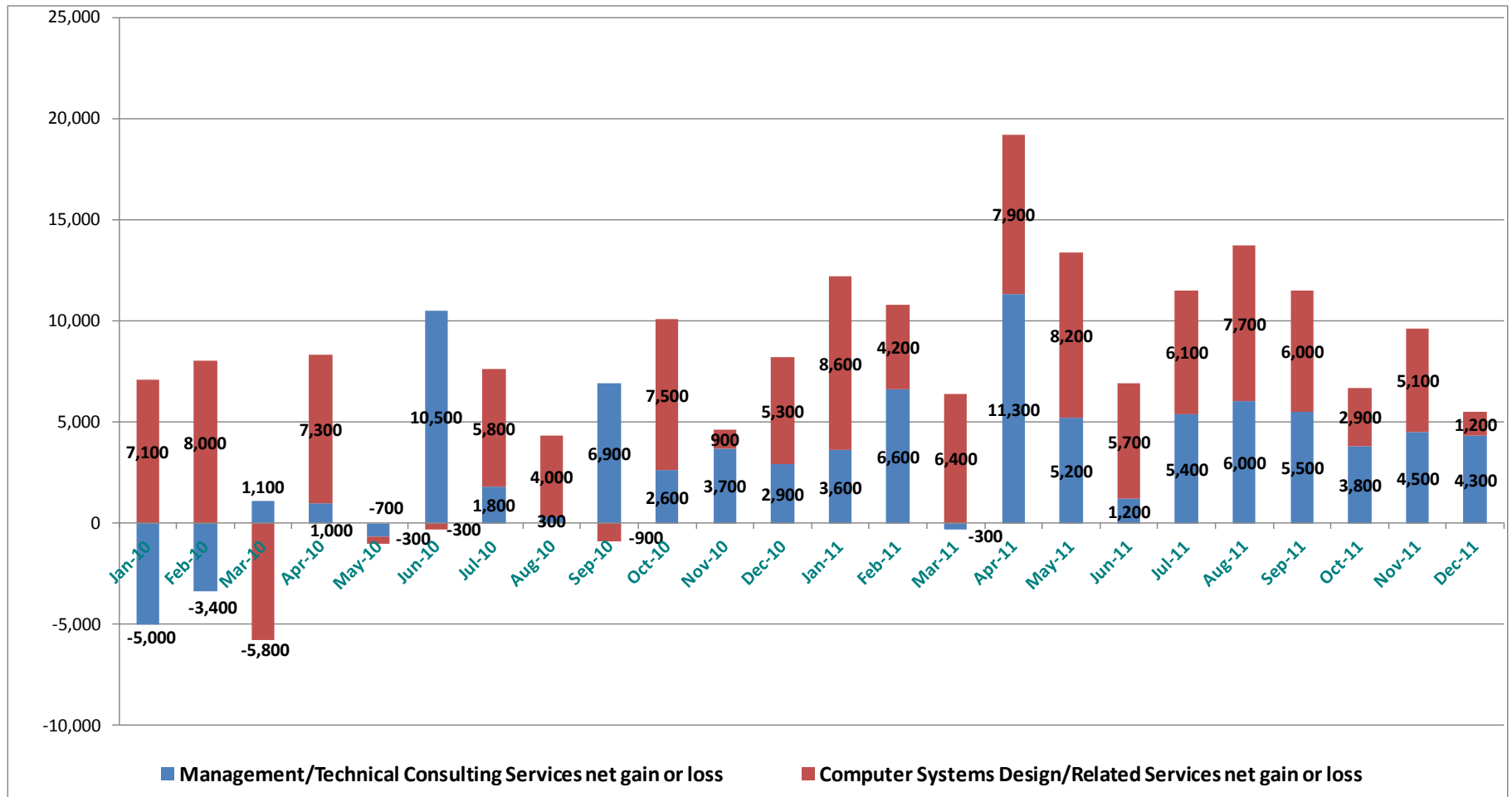
U.S. LABOR DEPT CUMULATIVE NET JOB GAINS/DECLINES							
JOBS SEGMENT	12 mos.	10 mos.	7 mos.	6 mos.	4 mos.	3 mos.	2 mos.
	Jan'11 - Dec'11	Mar'11 - Dec'11	June'11 - Dec'11	July'11 - Dec'11	Sep'11 - Dec'11	Oct'11 - Dec'11	Nov'11 - Dec'11
Professional and Technical Services	225,620	207,720	99,720	75,520	41,720	17,620	17,300
<i>Segment 1: Management/Technical Consulting Services</i>	57,100	46,900	30,700	29,500	18,100	12,600	8,800
<i>Segment 2: Computer Systems Design/Related Services</i>	70,000	57,200	34,700	29,000	15,200	9,200	6,300
Information	-22,000	-21,000	-18,000	-18,000	31,000	-3,000	2,000
<i>Segment 3: Telecommunications</i>	-37,300	-31,500	-23,300	-22,900	27,100	-10,500	-5,600
<i>Segment 4: Data Processing/Hosting/Related Services</i>	-4,500	-1,900	-1,700	-1,400	-1,300	-700	-1,100
TOTAL - ALL 4 IT SEGMENTS	85,300	70,700	40,400	34,200	59,100	56,800	8,400
Tech Services segments	127,100	104,100	65,400	58,500	33,300	21,800	15,100
Information segments	-41,800	-33,400	-25,000	-24,300	25,800	29,000	-6,700

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

NOTE: Extraordinary job gains in September were the result of workers returning to the payroll following a labor strike in the telecommunications industry that removed 45,000 worker from company payrolls during the August 2011.

FIGURE 3 – JOB GROWTH/DECLINE - Management/Technical Consulting jobs vs. Computer Systems Design/Related services jobs - Net job gains/losses from January 2010 through December 2011)



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

FIGURE 4

UNEMPLOYED AND UNDEREMPLOYED PERSONS:

Total vs. Long-Term vs. Part-timers

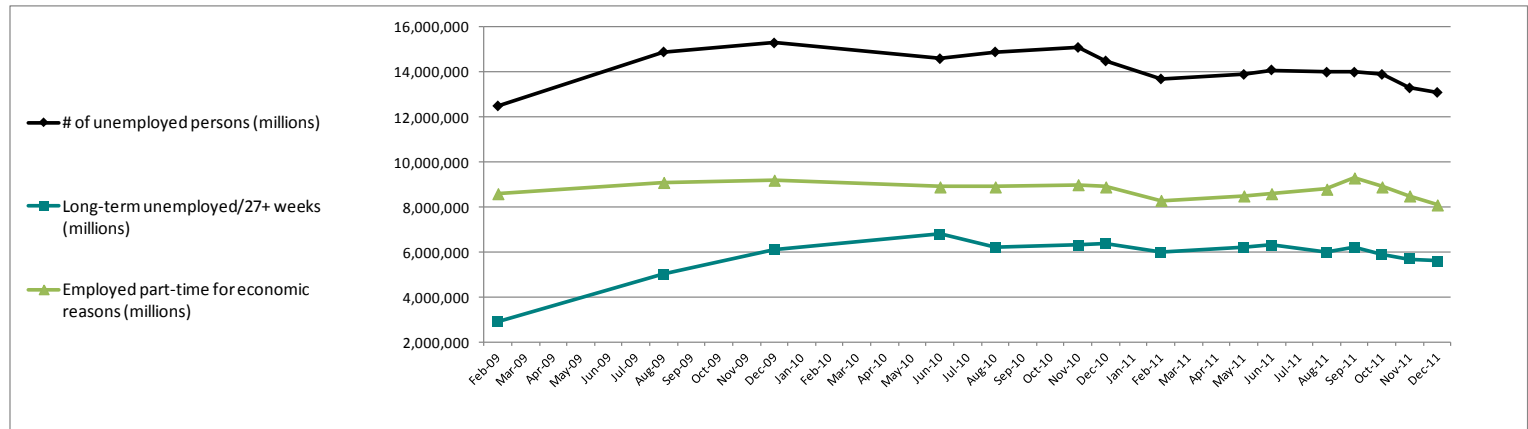
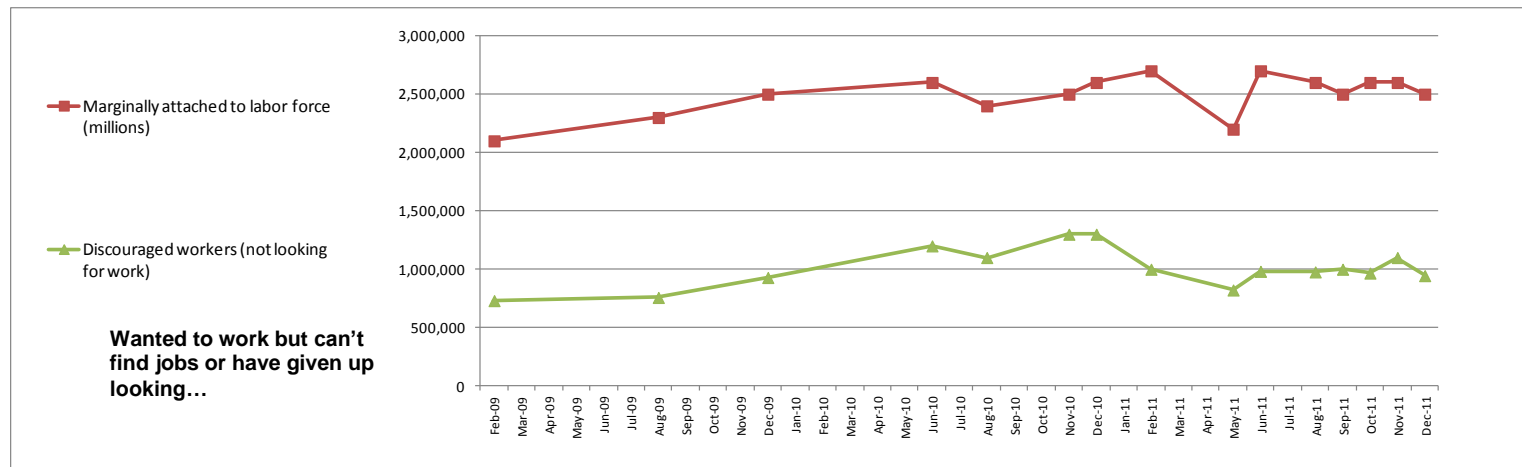


FIGURE 5

LABOR FORCE COMPOSITION

Marginally attached vs. Discouraged



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

FIGURE 6 - U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (Through December 2011)

KEY EMPLOYMENT STATISTICS – Last 24 Months

	Dec-09 (24 mos. ago)	Jun-10 (18 mos. ago)	Dec-10 (12 mos. ago)	Jun-11 (6mos. ago)	Sep-11 (3 mos. ago)	Nov-11 (1 mo. ago)	Dec-11 (Now)
Unemployment rate	10.0%	9.5%	9.4%	9.2%	9.1%	8.6%	8.5%
# of unemployed persons	15.3 million	14.6 million	14.5 million	14.1 million	14.0 million	13.3 million	13.1 million
Long-term unemployed--27+ weeks (% of total unemployed persons)	6.1 million 40.0%	6.8 million 45.5%	6.4 million 44.4%	6.3 million 44.4%	6.2 million 44.6%	5.7 million 43.0%	5.6 million 42.5%
Civilian labor force participation rate	64.6%	64.7%	64.3%	64.1%	64.2%	64.0%	64.0%
Employment-population ratio	58.2%	58.5%	58.3%	58.2%	58.3%	58.5%	58.5%
Employed part-time for economic reasons	9.2 million	8.6 million	8.9 million	8.6	9.3 million	8.5 million	8.1 million
Marginally attached to labor force	2.5 million	2.6 million	2.6 million	2.7million	2.5 million	2.6 million	2.5 million
Discouraged workers (not looking for work)	929,000	1,200,000	1,300,000	982,000	1,000,000	1,100,000	945,000

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

ABOUT FOOTE PARTNERS

Foote Partners LLC Foote Partners, LLC is a Vero Beach, FL based independent IT benchmarking research and advisory firm that targets the ‘execution’ side of managing IT organizations and capabilities and the human side of IT value creation. A thought leader and trusted advisor to more than 2,000 employers on six continents, the firm provides pragmatic and forward-thinking advice about managing the modern business/IT hybrid professional workforce that is deeply grounded in specialized proprietary benchmark research, surveys, and empirical intelligence collected from 2,257 North American employers representing 120,000 IT professionals with whom the firm as forged long term research partnerships.

Founded in 1997 and comprised of former Gartner and META Group industry analysts, McKinsey & Company and Towers/Watson Wyatt senior consultants, and former corporate HR, IT, and business executives, the firm’s research division publishes 140 quarterly-updated IT and HR decision support benchmark research products that help employers benchmark their IT professional compensation, solve difficult information technology management and workforce problems, and strengthen their ability to execute complex solutions to increasing revenues, improving profitability, and building customer satisfaction.

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