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FOOTE IT NEWS ANALYSIS – Bureau of Labor Statistics US Employment Report – February 2012

IT services industries add 17,600 jobs in February, the most since April 2011.

**Increase of 13,100 jobs across all IT-related jobs segments as
227,000 jobs are added to U.S. payrolls last month.**

**'Discouraged workers' classified as no longer looking for work declines by 100,000, but
does that mean they actually found a job…or will ever find work?**

Vero Beach, FL – Friday, March 9, 2012. An analysis of Friday's release of the February 2012 U.S. employment numbers by the Department of Labor Bureau of Labor Statistics (DOL/BLS) reveals a **net gain of 13,100** jobs across four jobs segments commonly associated with IT professionals. Two of those segments specifically representing IT services industries, *Management and Technical Consulting Services* and *Computer Systems Design and Related Services*, **added a total of 17,600 jobs** in February, the largest monthly combined increase in these categories since April 2011**.** *Telecommunications* employment continued to erode, losing 6,400 more jobs in February for a total 33,400 jobs lost since May 2011. (SEE FIGURES 1, 2, and 3)

        "If you're an IT consultant looking for work this information should certainly brighten your day," suggests David Foote, CEO at IT analyst firm Foote Partners which publishes regular IT labor trends analyses including a review of the DOL's monthly employment reports. "In fact the IT services industry is where nearly all the job growth has been happening in the governments very limited reporting on IT jobs: 126,400 new jobs just in these two services segments over the past twelve months while *Telecommunications* and *Data Processing and Hosting* job segments have suffered a net loss of nearly 40,000 jobs in the same period. But what if you're not a consultant? I think that's a very different story."

"First, getting an intelligence answer to that question depends who you believe. As we've written about extensively in the past, only about one-fifth of the IT professional workforce is included in the government job data which uses an extremely antiquated definition of IT workers us that Standard Occupational Classifications system for all jobs in America.

"Then there are the IT staffing firms and online job boards which are characteristically upbeat about the jobs market. IT staffing firm Technisource recently surveyed IT professionals and found that 42 percent believe they could find a new job if they looked. IT jobs portal Dice surveyed 1,200 IT-focused hiring managers and recruiters and reported that 65 percent say their companies or clients will look to add technology pros in the first half of 2012, with 27 percent of those hiring looking to expand their staffs by more than 20 percent in this period. Sounds promising, right? Not to one to one reader who left this comment: 'An agency will always tell you that the job market is good. Getting an unbiased viewpoint from an agency is like getting an unbiased view of the real estate market from a real estate salesperson.'"

Staffing firm Robert Half is less optimistic about short term IT hiring, citing their survey of more than 1,400 U.S. based CIOs which concludes that hiring in the second quarter of 2012 will be at a slower pace than this quarter. Only 8 percent of those surveyed plan to expand their IT departments while 85 percent plan no change in hiring.

"Our own research is not indicating any across the board acceleration in hiring of IT professionals this year," continues Foote. "There is no question that consulting firms and systems integrators are benefitting from external staffing augmentation decisions by many employers. Plus increasing interest in managed services and investments in cloud computing as an alternative to acquiring technology skills in house is now well documented. But among the nearly 2,300 employers we closely track in our own proprietary IT labor research, what we're seeing is a pronounced rethinking and restructuring of their technology-infused workforce in order to achieve greater flexibility and faster response times for capitalizing on innovation opportunities. They are looking for more multidimensional skills sets in individual new hires. The broader trend is employers looking to hire hybrid IT-business professionals with combinations of both business and technology knowledge, experience, and skill sets unlike those found in a traditional IT organization. That puts a lot of unemployed IT workers who do not wish to become consultants in a tough position as they continue to look for their next job."

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"It's a very robust job market demand for these hybrids especially where applications development, IT security, analytics, Big Data, and architecture are involved, and that's to name only a handful of hot skills areas. But there is also demand in functional areas of the business and products groups where subject matter expertise in a particular area and strong social skills are as critical as tech skills for getting the job and keeping it.

"Our firm has published extensive research in defining these jobs and skill sets and the market opportunities for each. The bottom line is that there are not enough of these 'walking Swiss Army knife' professionals to meet the demand. So if you're unemployed or underemployed you need to understand what employers are looking for and compare yourself to the job requirements for the open requisitions they have. If you're not matching up, you need work harder at becoming the kind of person they're looking for. Either that or rethink your career aspirations."

FIGURE 1 – U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (January 2010 to February 2012)

MONTHLY JOB SITUATION TRENDS – IT Professional Job Segments

(Highlights for four bellwether IT jobs segments)

	2010												2011												2012	
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb
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	223,000	284,000	227,000
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%	8.3%	8.3%
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	30,300	34,200
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	3,000	7,400
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	1,700	10,200
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	13,000	-1,000
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	-300	-6,400
Segment 5: Data Processing/Hosting/Related Services	400	600	-2300	300	-1300	-1500	300	-1300	-200	500	0	200	-1900	-700	-500	-400	700	-300	-200	100	-600	400	-900	-200	-1300	1900
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	3,100	13,100
Net gain/loss - ONLY 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	4,700	17,600

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

NOTE: A labor strike in the telecommunications industry caused the temporary loss of 47,300 *Telecommunications* jobs in August 2011 and recovery of 37,600 in September 2011.

FIGURE 2 – **U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (Through February 2012)**

CUMULATIVE JOB SITUATION TRENDS – IT PROFESSIONALS
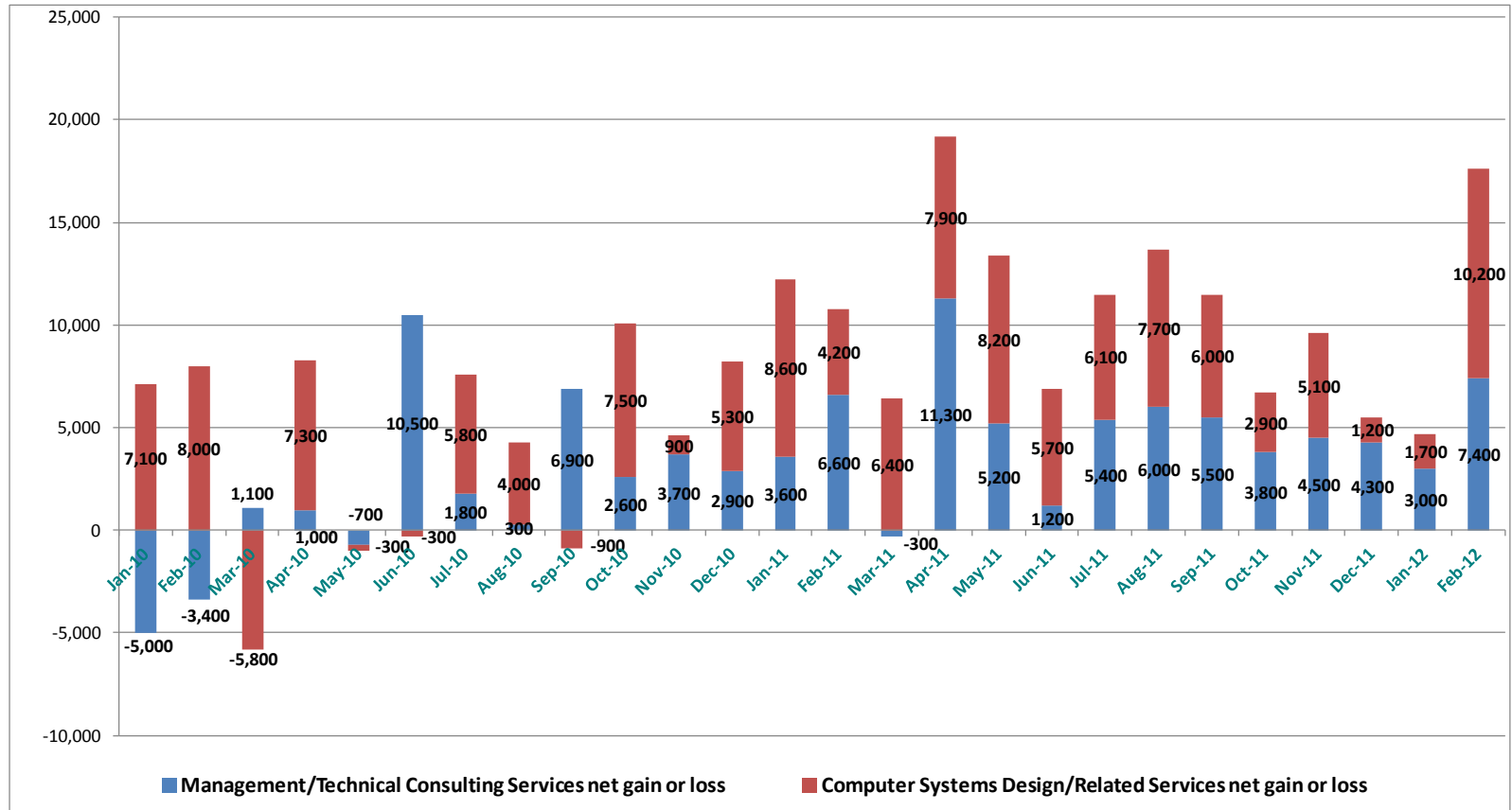
Highlights for five bellwether IT jobs segments)

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.
	Mar'11 - Feb'12	May'11 - Feb'12	Aug'11 - Feb'12	Sep'11 - Feb'12	Nov'11 - Feb'12	Dec'11 -Feb'12	Jan'12 - Feb'12
Professional and Technical Services	272,220	204,520	122,320	106,220	81,800	73,000	64,500
Segment 1: Management/Technical Consulting Services	57,300	46,300	34,500	28,500	19,200	14,700	10,400
Segment 2: Computer Systems Design/Related Services	69,100	54,800	34,800	27,100	18,200	13,100	11,900
Information	-9,000	-7,000	-5,000	43,000	14,000	18,000	12,000
Segment 3: Telecommunications	-38,200	-33,400	-26,900	20,400	-12,300	-9,700	-6,700
Segment 4: Data Processing/Hosting/Related Services	-1,300	-400	-600	-700	-500	400	600
TOTAL - ALL 4 IT SEGMENTS	86,900	67,300	41,800	75,300	24,600	56,800	16,200
Tech Services segments	126,400	101,100	69,300	55,600	37,400	27,800	22,300
Information segments	-39,500	-33,800	-27,500	19,700	-12,800	-9,300	-6,100

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

FIGURE 3 – **JOB GROWTH/DECLINE - Management/Technical Consulting jobs vs. Computer Systems Design/Related services jobs** - Net job gains/losses from January 2010 through February 2012

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

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FIGURE 3

**UNEMPLOYED AND
UNDEREMPLOYED
PERSONS:**

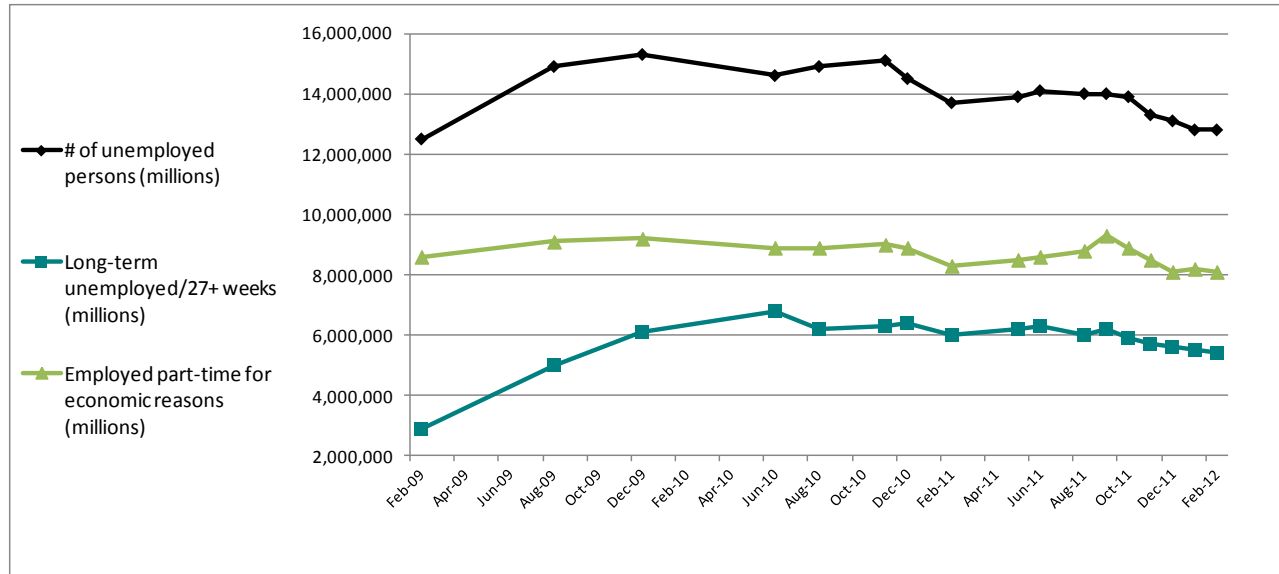**Total vs. Long-Term vs.
Part-timers**

FIGURE 4

**LABOR FORCE
COMPOSITION**

**Marginally attached vs.
Discouraged**

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

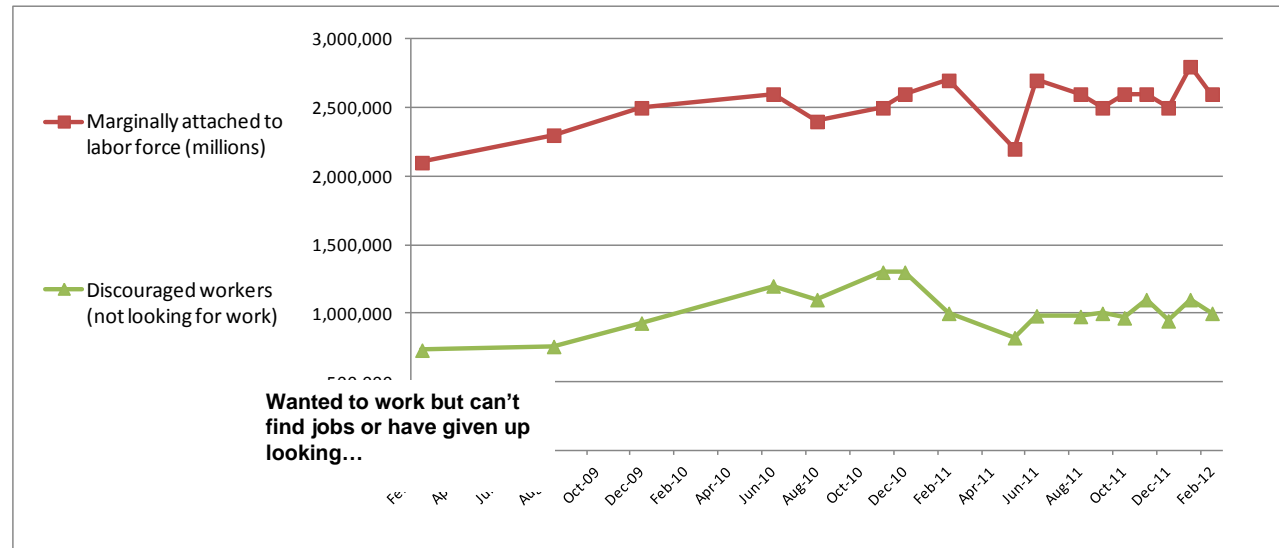**Wanted to work but can't
find jobs or have given up
looking…**

FIGURE 5 - U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (Through February 2012)

KEY EMPLOYMENT STATISTICS – Last 26 Months

	Dec-09 (26 mos. ago)	Jun-10 (20 mos. ago)	Feb-11 (12 mos. ago)	May-11 (9 mos. ago)	Aug-11 (6mos. ago)	Nov-11 (3 mo. ago)	Dec-11 (2 mo. ago)	Jan-12 (1 mo. ago)	Feb-12 (Now)
Unemployment rate	**10.0%**	**9.5%**	**8.9%**	**9.1%**	**9.1%**	**8.6%**	**8.5%**	**8.3%**	**8.3%**
# of unemployed persons	**15.3 million**	**14.6 million**	**13.7 million**	**13.9 million**	**14.0 million**	**13.3 million**	**13.1 million**	**12.8 million**	**12.8 million**
Long-term unemployed--27+ weeks	6.1 million	6.8 million	6.0 million	6.2 million	6.0 million	5.7 million	5.6 million	5.5 million	5.4 million
(% of total unemployed persons)	40.0%	45.5%	43.9%	45.1%	42.9%	43.0%	42.5%	42.9%	42.6%
Civilian labor force participation rate	64.6%	64.7%	64.2%	64.2%	64.0%	64.0%	64.0%	63.7%	63.9%
Employment-population ratio	58.2%	58.5%	58.4%	58.4%	58.2%	58.5%	58.5%	58.5%	58.6%
Employed part-time for economic reasons	9.2 million	8.6 million	8.3 million	8.5 million	8.8 million	8.5 million	8.1 million	8.2 million	8.1 million
Marginally attached to labor force	2.5 million	2.6 million	2.7 million	2.2million	2.6 million	2.6 million	2.5 million	2.8 million	2.6 million
Discouraged workers (not looking for work)	929,000	1,200,000	1,000,000	822,000	977,000	1,100,000	945,000	1,100,000	1,000,000

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 125,000 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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