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**FOOTE IT NEWS ANALYSIS – Technology employment trends in the  
 February 2013 Bureau of Labor Statistics United States Employment Report**

**IT employment settles back down to earth in February as 9,800 IT related jobs  
 are added to U.S. payrolls.**

**Down from 5-year high of 22,100 new IT jobs in January and less than the monthly average  
 of 10,750 for the last twelve months.**

**236,000 jobs added nationally as unemployment rates lowers to 7.7 percent---but the  
 numbers of workers who couldn't find work in the last 12 months or gave up  
 looking altogether (and are not counted as 'unemployed')  
 increased by 281,000 in February.**

Vero Beach, FL – Tuesday, March 12, 2013. An analysis of Friday's release of February 2013 U.S. employment numbers by the Bureau of Labor Statistics reveals a **net gain of 9,800 jobs** across four industry job segments commonly associated with IT professionals. A solid gain but less than the average of 10,750 IT jobs added to U.S. payrolls every month in the past twelve months according to BLS reports. By comparison, 22,100 jobs were added in January, the largest monthly increase in more than five years. With February's modest gain, 129,000 IT jobs have been added to the economy in the past year in these four BLS industry job segments. **(Figure 3)**

Once again nearly all the growth in IT jobs in February happened in two segments heavily represented by the IT services industries, which together added 10,200 new jobs to U.S. payrolls for the month. One of these segments, *Computer Systems Design/Related Services*, added 5,800 jobs last month

(up from 4,600 in January) for a total of 73,400 new jobs in the past 12 months. **Management and Technical Consulting Services**, the other segment, gained 4,400 jobs in February --- down substantially from 11,500 in January --- for a total of 62,200 new jobs added in this segment in the past year. (see Figures 3 and 4)

Two segments in BLS' *Information* job group, **Telecommunications** and **Data Processing, Hosting and Related Services** segments, together lost a net 400 jobs in February after their largest gain in five years in January (+6,000 jobs). Together these segments have suffered a net loss of 6,600 jobs over the past twelve months even though they have posted a net gain of 2,300 jobs in the last six months, a positive trend for 2013. Clearly the labor market correction so apparent in *Telecommunications* and *Data Processing, Hosting and Related Services* in 2011 and the first several months of 2012 has waned. But it's doubtful that we'll be seeing any significant sustained job growth in these segments for the foreseeable future as industry forces continue to limit the possibilities.

## DISCUSSION – IT Employment Trends

“2012 ended on a very positive note for IT professionals seeking employment and that momentum carried into 2013 in a very big way. Momentum means everything when it comes to hiring trends,” insists David Foote, chief analyst at Foote Partners which has been tracking and reporting on IT and business labor trends since 1997, including monthly analyses of the Department of Labor's employment reports.

“For instance, just in the BLS numbers alone the average monthly IT job gains in the last three months of 2012 exceeded the average in the first nine months of the year by 350 jobs per month. We predicted in our December BLS report analysis that this momentum would continue into 2013 and it has certainly done that even though February numbers didn't match the huge and unexpected job growth in January.

“Our analysts have been very outspoken about IT jobs being on a strong and sustained growth run since this time one year ago when the **Management and Technical Consulting Services** and **Computer Systems Design/Related Services** segments gained 17,600 jobs in a single month. The monthly average for

these two segments had been just under 10,000 in the twelve months prior. Then the number spiked again in April [+13,800], then June, July, and August [15,500, 13,300, and 19,300 respectively], settled down a bit, then increased by 11,400 jobs in December and now 16,100 jobs in January. Plus the telecommunications segment stopped hemorrhaging jobs last July and even started adding some jobs---this category lost an average of about 3000 jobs per month in first half of 2012 but in the last half it averaged a net zero job growth. *In the first two months of 2013 it has expanded by 5,300 jobs. (Figure 1)*

What is driving this uptick in IT job creation is not as simple as a new year with new budgets, although there is no doubt that this has influenced the January and February marketplace for talent. What makes recent findings so compelling is that real GDP lost 0.1 percent in 4<sup>th</sup> Quarter 2012 and closed at just +2.2 percent for the year and national employment has been flat to miserable for some time. Moreover, dysfunction in Washington over sequestration, the automatic spending cuts being imposed by the federal government, is shaking consumer confidence and hiring so far this year despite the 355,000 jobs added to payrolls so far in 2013---still not robust numbers compared to better times. But the Dow Jones Industrial average has reached its highest level in five years and consumer spending picked up in 4Q. The federal government reported that business investment has turned up mainly due to equipment and software spending. Technology has had a positive role in all of this.

According to Foote, “Right now our firm is getting more calls than ever from CIOs and IT leaders who have been essentially ‘clean sheeting’ their IT organizations. They can’t just scrap what they have and start over. But what they *are* doing is substantially refocusing their strategic targets and redefining what is core versus noncore as far as their investments in technology and people. They have always have done this to some degree but many IT executives simply didn’t have the courage to pull the trigger and actually fully operationalize their transformation ideas. Now they are doing so and being very aggressive about bringing change to their environments.

“When you clean sheet your IT role in the enterprise you end up redefining and then remodeling the IT organization based on the capabilities you need to develop. These efforts are being driven mainly by business urgencies communicated from senior executive management. Something on the order of ‘You will do this for the company or we will look for someone else who can get it done’. That’s a brutal

mandate but not unexpected because the marketplace has revitalized and the corporate war games are in high gear.

“First the CIO remodels on the macro level then drills down to the micro level. Many are now at the micro level where they’ve defined in some depth the roles they are taking on and the jobs they need to fill. They have inventoried the current skills base and done assessments of how the existing IT workforce matches up to the new jobs. It becomes pretty clear at this point what’s missing and who they need to hire into the newly defined jobs that will support the new IT organization. Continues Foote, “Our firm is working closely with several CIOs and HR departments that are in the middle of this process. It does not surprise me one bit that there is this strength and momentum in the IT employment marketplace and we expect it to continue.

“The only thing that can stop it is another catastrophic event on the scale of the Wall Street crash in 2008. There are forces that could certainly slow it down a few notches but I think this IT job momentum is built on some fairly solid fundamentals having to do with the role of technology and information in allowing an employer to be competitive in the marketplace, to maintain and increase revenues, to be more profitable, to grow market share, or to keep their customers satisfied.

“There have been so many new jobs that have evolved into the mainstream IT workforce such as business/IT hybrid professionals and a variety of developers, analysts, and architects whose multidisciplined approach to their work makes them exceptional and capable of making a demonstrable impact at a departmental, business unit, product team, or enterprise level. In my observation their presence in the workforce has stimulated a lot of demand for talent that is impervious to the ups and down of the economy. Even during the darkest day of the Great Recession of 2008 many of these professionals were in high demand,” insists Foote.

## Overall U.S. Employment Report (see Figures 5, 6 and 7)

The U.S. unemployment increased slightly by 0.2 percentage points to 7.7 percent in February as total **nonfarm payroll employment** rose by 236,000 compared to a revised 119,000 jobs the previous month according to the Bureau of Labor Statistics. The number of **unemployed persons**, at 12.0 million, decreased by 300,000 from January.

Revised government data showed that the economy added 20,000 more jobs than originally estimated in December and 38,000 fewer jobs than reported in January

In February, the number of **long-term unemployed** (those jobless for 27 weeks or more) increased by 100,000 to 4.8 million and accounted for 40.2 percent of the unemployed. Both the **employment-population ratio** (58.6 percent) and the **civilian labor force participation rate** (63.6 percent) were virtually unchanged in February. (**Figure 5**)

The number of persons employed **part time for economic reasons**, at 8.0 million, was the same number as January. These individuals were working part time because their hours had been cut back or because they were unable to find a full-time job. (**Figure 5**)

In February, 2.6 million persons were **marginally attached to the labor force**, up by 200,000 from January, was the same as a year earlier (note: the data are not seasonally adjusted). These individuals 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. Among the marginally attached, there were 885,000 **discouraged workers** in February, 81,000 more than a month earlier and down slightly from a year earlier. Discouraged workers are persons not currently looking for work because they believe no jobs are available for them.

(**Figure 6**)

Among specific industries, employment in **Professional and business services** added 73,000 jobs in February; employment in the industry had changed little (+16,000) in January. In February, employment

in administrative and support services, which includes employment services and services to buildings, rose by 44,000. Accounting and bookkeeping services added 11,000 jobs, and growth continued in computer systems design and in management and technical consulting services.

In February, employment in **construction** increased by 48,000. Since September, construction employment has risen by 151,000. In February, job growth occurred in specialty trade contractors, with this gain about equally split between residential (+17,000) and nonresidential specialty trade contractors (+15,000). Nonresidential building construction also added jobs (+6,000).

The **health care** industry continued to add jobs in February (+32,000). Within health care, there was a job gain of 14,000 in ambulatory health care services, which includes doctors' offices and outpatient care centers. Employment also increased over the month in nursing and residential care facilities (+9,000) and hospitals (+9,000).

Employment in the **information** industry increased over the month (+20,000), lifted by a large job gain in the motion picture and sound recording industry.

Employment continued to trend up in **retail trade** in February (+24,000). Retail trade has added 252,000 jobs over the past 12 months. Employment also continued to trend up over the month in **food services and drinking places** and in **wholesale trade**. Employment in other major industries showed little change over the month.

**FIGURE 1 – U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (January 2011 to February 2013)**

**MONTHLY JOB SITUATION TRENDS – IT Professional Job Segments**

(Highlights for four bellwether IT jobs segments)

	2011												2012												2013	
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Nonfarm job loss/gain (month)	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	143,000	68,000	87,000	64,000	181,000	192,000	132,000	137,000	247,000	219,000	119,000	236,000
National unemployment rate	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%	8.2%	8.1%	8.2%	8.2%	8.3%	8.1%	7.8%	7.8%	7.7%	7.8%	7.9%	7.7%
<b>Professional/Technical Services</b>	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	13,800	27,500	-4,000	18,200	17,900	26,800	4,900	15,500	15,300	16,900	14,800	26,800
<b>Segment 5: Management/Technical Consulting Services</b>	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	5,300	6,400	2,200	8,900	6,300	8,700	-1,800	4,500	0	5,800	11,500	4,400
<b>Segment 4: Computer Systems Design/Related Services</b>	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	3,900	7,400	5,300	6,600	7,000	10,600	2,900	6,600	7,100	5,600	4,600	5,800
<b>Information</b>	-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	-900	-2,000	-2,000	-8,000	11,000	3,000	3,000	1,000	12,000	-9,000	9,000	20,000
<b>Segment 4: Telecommunications</b>	-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	-3,600	-3,500	-2,000	-2,100	2,800	-2,300	-400	1,400	300	-1,800	4,900	400
<b>Segment 5: Data Processing/Hosting/ Related Services</b>	-1,900	-700	-500	-400	700	-300	-200	100	-600	400	-900	-200	-1,300	1,900	-600	-500	-300	0	2,100	1,100	-2,400	0	-600	200	1,100	-800
<b>Net gain/loss - ALL IT SEGMENTS</b>	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	5,000	9,800	5,200	13,400	18,200	18,100	-1,700	12,500	6,800	9,800	22,100	9,800
<b>Net gain/loss - ONLY IT SERVICES SEGMENTS</b>	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	9,200	13,800	7,500	15,500	13,300	19,300	1,100	11,100	7,100	11,400	16,100	10,200

**Key:**    **Job losses in red**  
            **Job gains in green**

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.

**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 (January 2009 to December 2010)**

**(Continued) MONTHLY JOB SITUATION TRENDS – IT Professional Job Segments**

(Highlights for four 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	Dec
<b>Nonfarm job loss/gain (month)</b>	-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	180,000	80,000	103,000
<b>National unemployment rate</b>	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%	9.5%	9.6%	9.6%	9.6%	9.8%	9.4%
<b>Professional/Technical Services</b>	-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	1,400
<b>Segment 5: Management/Technical Consulting Services</b>	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	2,900
<b>Segment 4: Computer Systems Design/Related Services</b>	-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	5,300
<b>Information</b>	-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	-4,000
<b>Segment 4: Telecommunications</b>	-3,800	-7,300	-3,900	-7,600	-1,500	-6,700	-5,200	-3,300	-1,300	300	-8,600	-3,500	-3,100	-3,800	-3,100	-6,700	-4,600	-2,300	-5,800	-3,600	-5,200	900	1,100	-4,500
<b>Segment 5: Data Processing/Hosting/ Related Services</b>	200	-2,000	-200	-900	-3,500	600	-400	1700	-900	-900	-900	700	400	600	-2300	300	-1300	-1500	300	-1300	-200	500	0	200
<b>Net gain/loss - ALL IT SEGMENTS</b>	3,900	-14,400	-14,100	-8,300	-7,100	-9,900	3,200	-5,100	-2,100	11,200	-2,900	4,100	-600	1,400	-10,100	1,900	-6,900	6,400	2,100	-600	600	11,500	5,700	3,900
<b>Net gain/loss - ONLY IT SERVICES SEGMENTS</b>	7,500	-5,100	-10,000	200	-2,100	-3,800	8,800	-3,500	100	11,800	6,600	6,900	2,100	4,600	-4,700	8,300	-1,000	10,200	7,600	4,300	6,000	10,100	4,600	8,200

**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 3 – U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (Through February 2013)**

**CUMULATIVE JOB SITUATION TRENDS – IT PROFESSIONALS**

Highlights for four bellwether IT jobs segments)

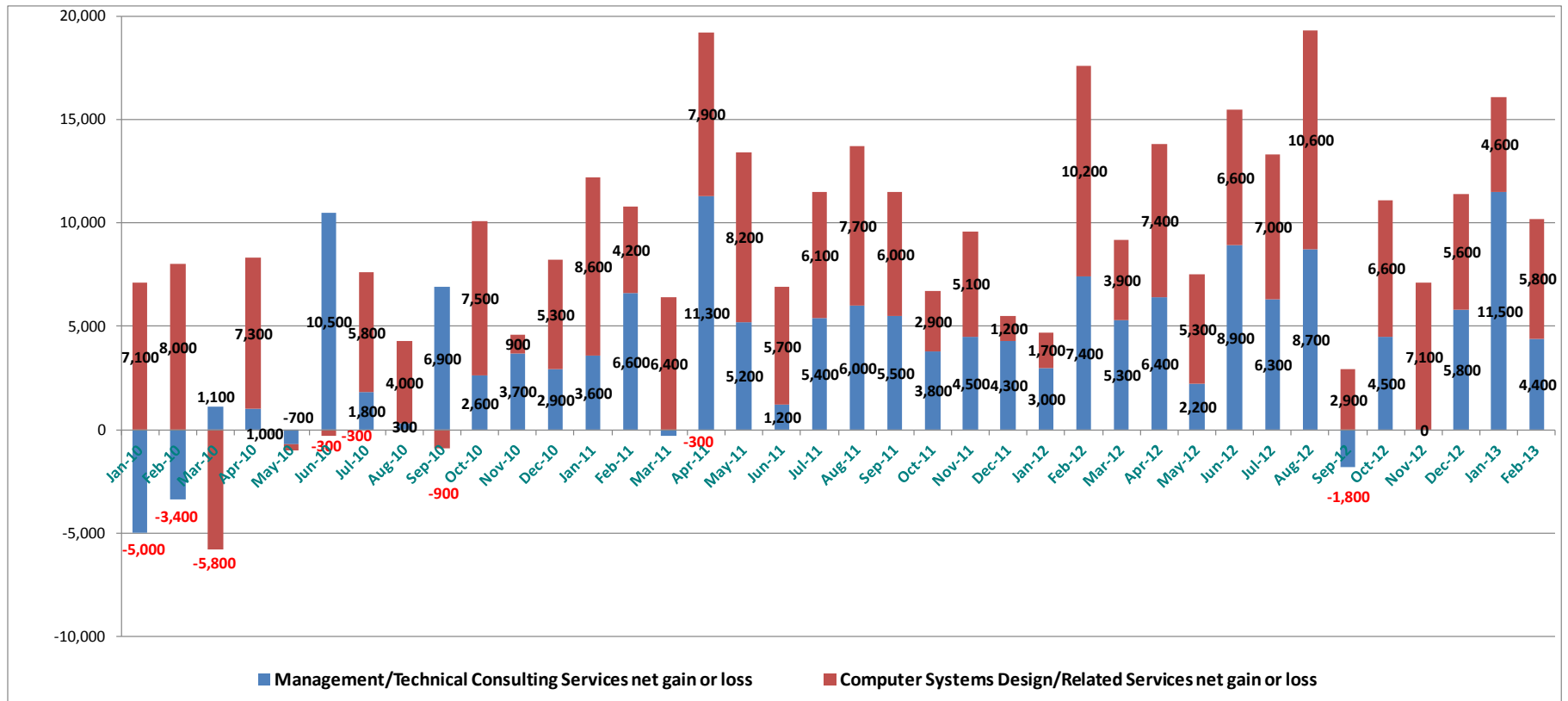
<b>U.S. LABOR DEPT CUMULATIVE NET JOB GAINS/DECLINES</b>									
<b>JOBS SEGMENT</b>	36 mos.	24 mos.	12 mos.	10 mos.	7 mos.	6 mos.	4 mos.	3 mos.	2 mos.
	Mar'10 - Feb'13	Mar'11 - Feb'13	Mar'12 - Feb'13	May'12 - Feb'13	Aug'12 - Feb'13	Sep'12 -Feb'13	Nov'12 - Feb'13	Dec'12 -Feb'13	Jan'13 - Feb'13
<b>Professional and Technical Services</b>	570,420	466,620	194,400	153,100	121,000	94,200	73,800	58,500	41,600
<i>Segment 5: Management/Technical Consulting Services</i>	159,800	119,500	62,200	50,500	33,100	24,400	21,700	21,700	15,900
<i>Segment 4: Computer Systems Design/Related Services</i>	178,800	142,500	73,400	62,100	43,200	32,600	23,100	16,000	10,400
<b>Information</b>	-4,900	28,100	37,100	40,000	39,000	36,000	32,000	20,000	29,000
<i>Segment 4: Telecommunications</i>	-83,700	-44,100	-5,900	1,200	2,500	4,800	3,800	3,500	5,300
<i>Segment 5: Data Processing/Hosting/Related Services</i>	-9,900	-2,000	-700	400	-1,400	-2,500	-100	500	300
<b>TOTAL - ALL 4 IT SEGMENTS</b>	245,000	215,900	129,000	114,200	77,400	59,300	48,500	56,800	31,900
<b>Tech Services segments</b>	338,600	262,000	135,600	112,600	76,300	57,000	44,800	37,700	26,300
<b>Information segments</b>	-93,600	-46,100	-6,600	1,600	1,100	2,300	3,700	4,000	5,600

**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

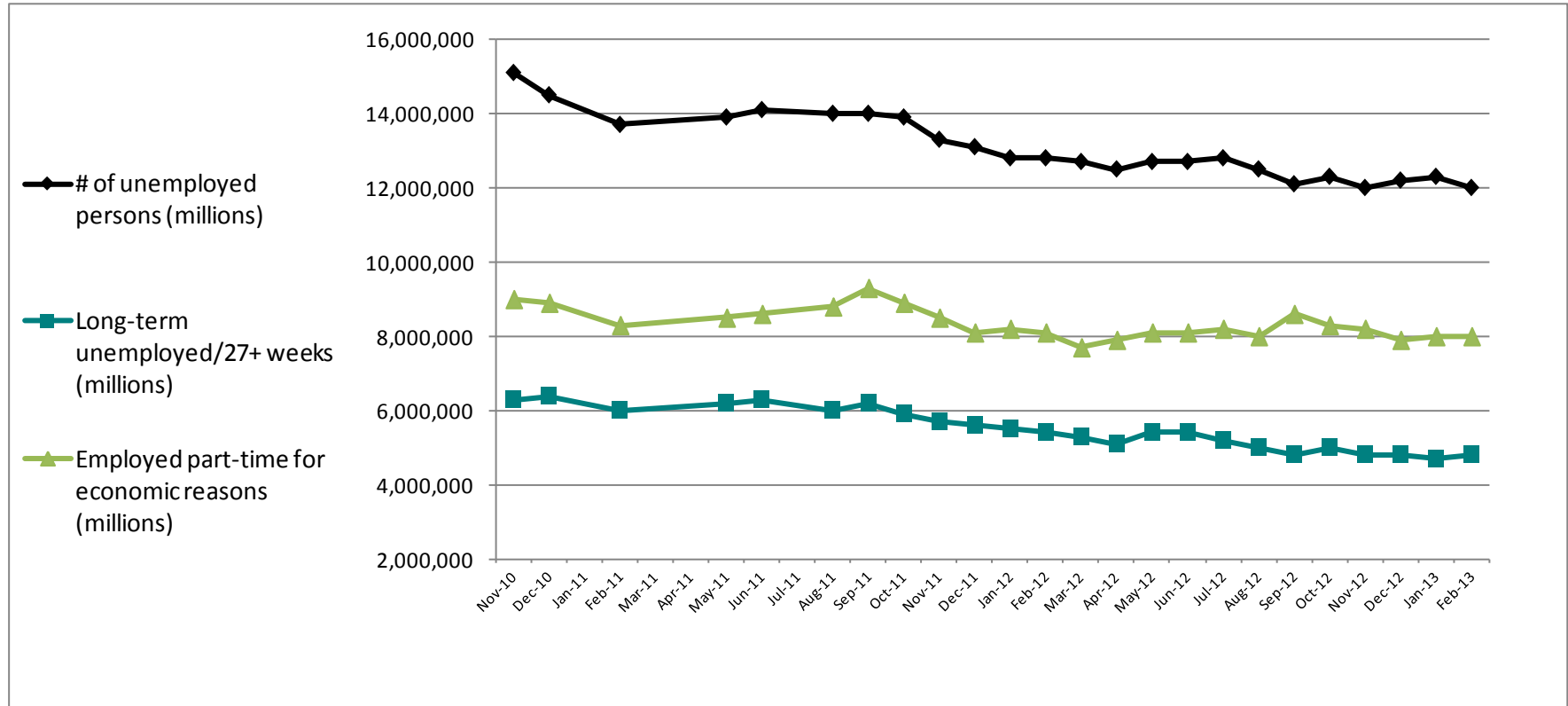
**FIGURE 4 – JOB GROWTH/DECLINE - Management/Technical Consulting jobs vs. Computer Systems Design/Related services jobs**

- Net job gains/losses from January 2010 through February 2013



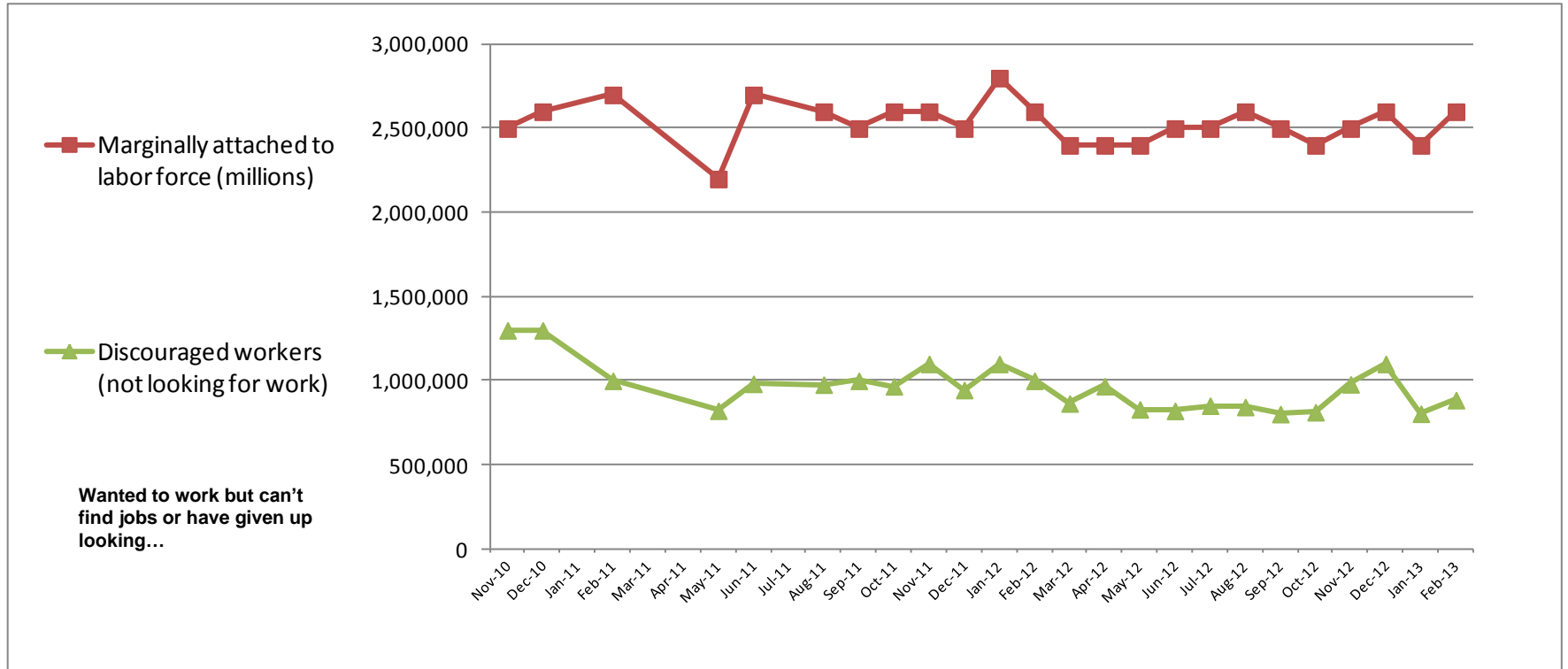
Source: US Department of Labor/Bureau of Labor Statistics. Data chart and analysis by Foote Partners LLC

**FIGURE 5 – UNEMPLOYED AND UNDEREMPLOYED PERSONS: Total vs. Long-Term vs. Part-timers - 2010 to 2013**



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

**FIGURE 6 – LABOR FORCE COMPOSITION: Marginally attached vs. Discouraged - 2010 to 2013**



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

**FIGURE 7 - U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (Through February 2013)**

**KEY EMPLOYMENT STATISTICS – Last 32 Months**

	<b>Jun-10</b> (32 mos. ago)	<b>Feb-11</b> (24 mos. ago)	<b>Aug-11</b> (18 mos. ago)	<b>Feb-12</b> (12 mo. ago)	<b>Aug-12</b> (6 mo. ago)	<b>Nov-12</b> (3 mo. ago)	<b>Dec-12</b> (2 mo. ago)	<b>Jan-13</b> (1 mo. ago)	<b>Feb-13</b> (Now)
<b>Unemployment rate</b>	9.5%	8.9%	9.1%	8.3%	8.1%	7.7%	7.8%	7.9%	7.7%
<b># of unemployed persons</b>	14.6 million	13.7 million	14.0 million	12.8 million	12.5 million	12.0 million	12.2 million	12.3 million	12.0 million
<b>Long-term unemployed--27+ weeks</b> <b>(% of total unemployed persons)</b>	6.8 million 45.5%	6.0 million 43.9%	6.0 million 42.9%	5.4 million 42.6%	5.0 million 40.0%	4.8 million 40.1%	4.8 million 39.1%	4.7 million 38.1%	4.8 million 40.2%
<b>Civilian labor force participation rate</b>	64.7%	64.2%	64.0%	63.9%	63.5%	63.6%	63.6%	63.6%	63.5%
<b>Employment-population ratio</b>	58.5%	58.4%	58.2%	58.6%	58.3%	58.7%	58.6%	58.6%	58.6%
<b>Employed part-time for economic reasons</b>	8.6 million	8.3 million	8.8 million	8.1 million	8.0 million	8.2million	7.9 million	8.0 million	8.0 million
<b>Marginally attached to labor force</b>	2.6 million	2.7 million	2.6 million	2.6 million	2.6 million	2.5 million	2.6 million	2.4 million	2.6 million
<b>Discouraged workers (not looking for work)</b>	1,200,000	1,000,000	977,000	1,000,000	844,000	979,000	1,100,000	804,000	885,000

**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 IT analyst firm and independent benchmark research organization focusing on the human capital aspects and execution (i.e. ‘user’ versus ‘vendor’) side of managing technology and IT value creation. A thought leader and trusted advisor to more than 2,300 employers on six continents, the firm provides pragmatic and forward-thinking benchmark research and analysis about managing the modern business/IT hybrid professional workforce that is deeply grounded in specialized proprietary benchmark research, surveys, and empirical intelligence collected from 2,435 North American employers representing 145,000 IT professionals with whom the firm has forged long term research partnerships.

Founded in 1997 and comprised of former Gartner and META Group industry analysts, McKinsey & Company, Towers Watson, and Mercer senior consultants, and former corporate HR, IT, and business executives, the firm’s research division publishes more than 130 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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