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

**Fed jobs report good news: 243,000 jobs added to U.S. payrolls in January.**

**The bad news: 455,000 more workers classified in January as either completely giving up looking for work or wanting to work but haven't looked in at least a month.**

**More part-time jobs being added to payrolls but it's looking more and more like they will never move to full-time.**

**IT unemployment growth inching along, adding only 3,100 jobs.**

**Vero Beach, FL – Friday, February 3, 2012.** In an analysis of Friday's release of the January 2012 U.S. employment numbers by the Department of Labor Bureau of Labor Statistics (DOL/BLS), Foote Partners reports a net gain of 4,700 jobs in two business segments most frequently associated with information technology services industry workers, **Management and Technical Consulting Services and Computer Systems Design and Related Services**. While this represents the twentieth consecutive month of positive job growth in these job segments, it is a decrease of 800 jobs from December's net gain of 5,500 jobs in the same two categories and represents less than half of the average of 9,967 monthly new job growth in the same segments over the past twelve months. (SEE FIGURE 1)

Overall, 3,100 jobs were added to four jobs segments in the DoL's January report that are typically associated with IT professionals. In the past twelve months these same four segments showed a net gain of 81,000 jobs although two of them, **Management and Technical Consulting Services and Computer Systems Design and Related Services segments** together added 119,600 jobs over the same period. (SEE FIGURE 2).

“I suspect that this latest jobs report will be reported as another very positive sign of returning strength to our country’s economy, right on the heels of the recent announcement that the nation’s economic output grew at an annualized rate of 2.8 percent in the fourth quarter, its fastest pace in a year and a half,” notes David Foote, CEO at IT analyst firm Foote Partners. “But at state and local levels, job cuts are likely to continue as municipal governments shed workers and public services. At the federal level, the biggest job reductions have been in national defense, which fell at a whopping annual rate of 12.5 percent in 2011. Jobs for IT professionals will feel the pressure of these cuts in 2012, both internal hires and in the IT services sector which has had impressive growth in the past few years in part due to public sector demand.”

“Despite the reduction in the national unemployment rate with the addition of new jobs, I don’t see this employment report as very encouraging, and for this reason: also reported was an increase of 455,000 workers in January who have completely given up looking for work – so-called “discouraged” workers – and those who wanted and were available for work but haven’t looked for a job in at least 4 weeks (“marginally attached” workers). [see FIGURE 5] The thing is, the government does not include these 455,000 workers in computing the national unemployment rate. So the reality in this latest jobs report is a job gain being offset by jobs vanishing at a faster rate, for a net loss of 212,000 jobs rather than a monthly expansion of 243,000 jobs.

“There is no question that consulting firms and systems integrators are benefitting from external staffing augmentation decisions by lots of employers and plus 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. But these service providers are also having trouble staffing for this demand, especially when it comes to hard to find combinations of technical and business skills and experience sufficient to satisfy their customers.”

Continues Foote, “There is a marked scarcity of labor right now that even President Obama identified in his State of the Union address when he talked about the disconnect between millions of skilled workers desperate to get hired and employers unable to find the talent and specific skill sets they need for tens of thousands of open jobs. This is new territory for many companies. And because the popularity of infotech skills have become so widespread in the enterprise this has been a particularly bitter pill to swallow for large numbers of unemployed and underemployed IT professionals who clearly feel blindsided.”

“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 demand 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.”

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 have together recorded net job losses of 23,000 in the last six months including 1,600 in January.

**FIGURE 1 – U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (January 2010 to January 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
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	203,000	243,000
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%
<b>Professional/Technical Services</b>	-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
<b>Segment 3: Management/Technical Consulting Services</b>	-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
<b>Segment 4: Computer Systems Design/Related Services</b>	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
<b>Information</b>	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
<b>Segment 5: Telecommunications</b>	-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
<b>Segment 5: Data Processing/Hosting/Related Services</b>	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
<b>Net gain/loss - ALL IT SEGMENTS</b>	-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
<b>Net gain/loss - IT SERVICES SEGMENTS</b>	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

**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 January 2012)**

**CUMULATIVE JOB SITUATION TRENDS – IT PROFESSIONALS**

Highlights for five bellwether IT jobs segments)

<b>U.S. LABOR DEPT CUMULATIVE NET JOB GAINS/DECLINES</b>							
<b>JOBS SEGMENT</b>	12 mos.	10 mos.	7 mos.	6 mos.	4 mos.	3 mos.	2 mos.
	Feb'11 - Jan'12	Apr'11 - Jan'12	July'11 - Jan'12	Aug'11 - Jan'12	Oct'11 - Jan'12	Nov'11 - Jan'12	Dec'11 - Jan'12
<b>Professional and Technical Services</b>	248,020	203,320	105,820	88,120	47,920	47,600	38,800
<i>Segment 1: Management/Technical Consulting Services</i>	56,500	50,200	32,500	27,100	15,600	11,800	7,300
<i>Segment 2: Computer Systems Design/Related Services</i>	63,100	52,500	30,700	24,600	10,900	8,000	2,900
<b>Information</b>	-8,000	-4,000	-5,000	-4,000	10,000	15,000	19,000
<i>Segment 3: Telecommunications</i>	-34,000	-28,000	-23,200	-20,500	-10,800	-5,900	-3,300
<i>Segment 4: Data Processing/Hosting/Related Services</i>	-3,900	-2,700	-2,700	-2,500	-2,000	-2,400	-1,500
<b>TOTAL - ALL 4 IT SEGMENTS</b>	81,700	72,000	37,300	28,700	13,700	56,800	5,400
<b>Tech Services segments</b>	119,600	102,700	63,200	51,700	26,500	19,800	10,200
<b>Information segments</b>	-37,900	-30,700	-25,900	-23,000	-12,800	-8,300	-4,800

**Key:** Net job declines in red  
 Net job gains in green

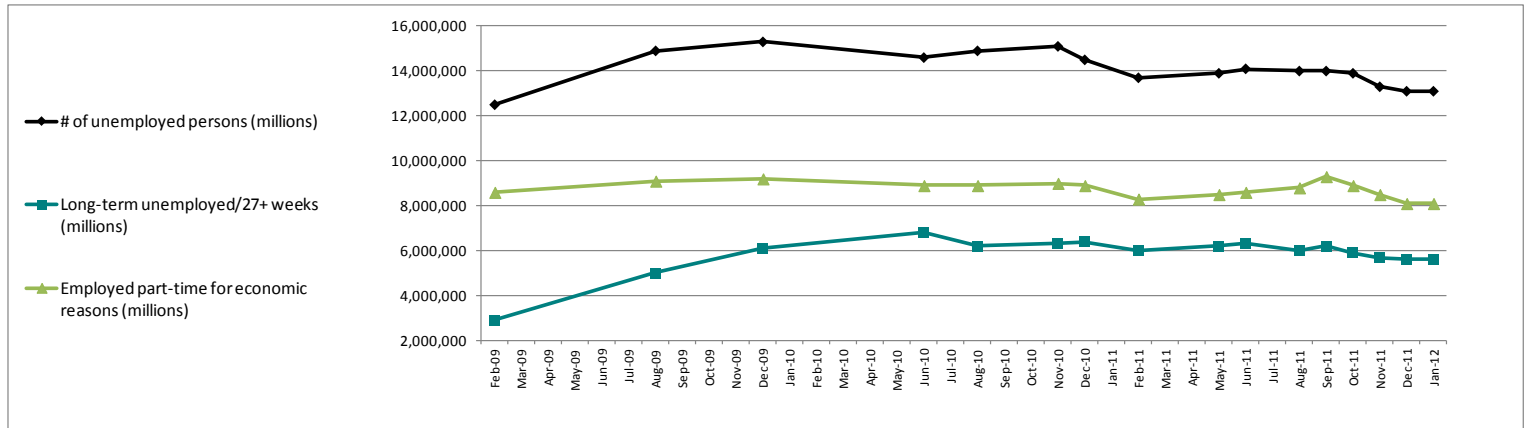
**Source:** US Department of Labor/Bureau of Labor Statistics.  
 Data chart and analysis by Foote Partners LLC

**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**

**UNEMPLOYED AND UNDEREMPLOYED PERSONS:**

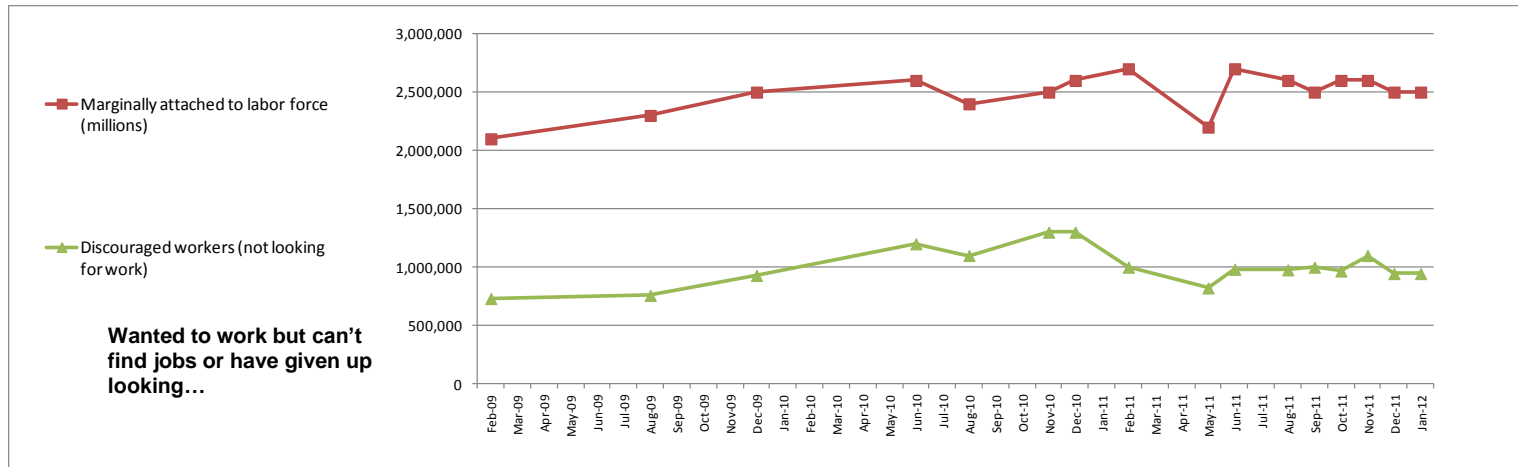
**Total vs. Long-Term vs. Part-timers**



**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

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

**KEY EMPLOYMENT STATISTICS – Last 25 Months**

	<b>Dec-09</b> (25 mos. ago)	<b>Jun-10</b> (19 mos. ago)	<b>Dec-10</b> (13 mos. ago)	<b>Jun-11</b> (7 mos. ago)	<b>Sep-11</b> (4 mos. ago)	<b>Nov-11</b> (2 mo. ago)	<b>Dec-11</b> (1 mo. ago)	<b>Jan-12</b> (Now)
<b>Unemployment rate</b>	<b>10.0%</b>	<b>9.5%</b>	<b>9.4%</b>	<b>9.2%</b>	<b>9.1%</b>	<b>8.6%</b>	<b>8.5%</b>	<b>8.3%</b>
<b># of unemployed persons</b>	<b>15.3 million</b>	<b>14.6 million</b>	<b>14.5 million</b>	<b>14.1 million</b>	<b>14.0 million</b>	<b>13.3 million</b>	<b>13.1 million</b>	<b>12.8 million</b>
<b>Long-term unemployed--27+ weeks</b> (% 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%	5.5 million 42.9%
<b>Civilian labor force participation rate</b>	64.6%	64.7%	64.3%	64.1%	64.2%	64.0%	64.0%	63.7%
<b>Employment-population ratio</b>	58.2%	58.5%	58.3%	58.2%	58.3%	58.5%	58.5%	58.5%
<b>Employed part-time for economic reasons</b>	9.2 million	8.6 million	8.9 million	8.6	9.3 million	8.5 million	8.1 million	8.2 million
<b>Marginally attached to labor force</b>	2.5 million	2.6 million	2.6 million	2.7million	2.5 million	2.6 million	2.5 million	2.8 million
<b>Discouraged workers (not looking for work)</b>	929,000	1,200,000	1,300,000	982,000	1,000,000	1,100,000	945,000	1,100,000

**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 has 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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