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Contact: David Foote, dfoote@footepartners.com
Ted Lane tlane@footepartners.com
Tel: 772-234-2787


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.

MONTHLY JOB SITUATION TRENDS – IT Professional Job Segments
(Highlights for four bellwether IT jobs segments)

<table>
<thead>
<tr>
<th>IT Segment</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Jan</td>
<td>Feb</td>
<td>Mar</td>
</tr>
<tr>
<td>Professional/Technical Services</td>
<td>-1,600</td>
<td>0</td>
<td>-12,500</td>
</tr>
<tr>
<td>Segment 3: Management/Technical Consulting Services</td>
<td>5,000</td>
<td>3,400</td>
<td>1,100</td>
</tr>
<tr>
<td>Segment 4: Computer Systems Design/Related Services</td>
<td>7,100</td>
<td>8,000</td>
<td>5,800</td>
</tr>
<tr>
<td>Information</td>
<td>0</td>
<td>-18,000</td>
<td>-12,000</td>
</tr>
<tr>
<td>Segment 5: Telecommunications</td>
<td>-3,100</td>
<td>-3,800</td>
<td>-3,100</td>
</tr>
<tr>
<td>Segment 5: Data Processing/Hosting Related Services</td>
<td>400</td>
<td>600</td>
<td>-2300</td>
</tr>
<tr>
<td>Net gain/loss - ALL IT SEGMENTS</td>
<td>-600</td>
<td>1,400</td>
<td>-10,100</td>
</tr>
<tr>
<td>Net gain/loss - IT SERVICES SEGMENTS</td>
<td>2,100</td>
<td>4,600</td>
<td>-4,700</td>
</tr>
</tbody>
</table>

Key: Job losses in red
Job gains in green

Data chart and analysis by Foote Partners LLC

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

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

**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

Data chart and analysis by Foote Partners LLC

**KEY EMPLOYMENT STATISTICS – Last 25 Months**

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unemployment rate</strong></td>
<td>10.0%</td>
<td>9.5%</td>
<td>9.4%</td>
<td>9.2%</td>
<td>9.1%</td>
<td>8.6%</td>
<td>8.5%</td>
<td>8.3%</td>
</tr>
<tr>
<td><strong># of unemployed persons</strong></td>
<td>15.3 million</td>
<td>14.6 million</td>
<td>14.5 million</td>
<td>14.1 million</td>
<td>14.0 million</td>
<td>13.3 million</td>
<td>13.1 million</td>
<td>12.8 million</td>
</tr>
<tr>
<td><strong>Long-term unemployed–27+ weeks</strong></td>
<td>6.1 million</td>
<td>6.8 million</td>
<td>6.4 million</td>
<td>6.3 million</td>
<td>6.2 million</td>
<td>5.7 million</td>
<td>5.6 million</td>
<td>5.5 million</td>
</tr>
<tr>
<td>(% of total unemployed persons)</td>
<td>40.0%</td>
<td>45.5%</td>
<td>44.4%</td>
<td>44.4%</td>
<td>44.6%</td>
<td>43.0%</td>
<td>42.5%</td>
<td>42.9%</td>
</tr>
<tr>
<td><strong>Civilian labor force participation rate</strong></td>
<td>64.6%</td>
<td>64.7%</td>
<td>64.3%</td>
<td>64.1%</td>
<td>64.2%</td>
<td>64.0%</td>
<td>64.0%</td>
<td>63.7%</td>
</tr>
<tr>
<td><strong>Employment-population ratio</strong></td>
<td>58.2%</td>
<td>58.5%</td>
<td>58.3%</td>
<td>58.2%</td>
<td>58.3%</td>
<td>58.5%</td>
<td>58.5%</td>
<td>58.5%</td>
</tr>
<tr>
<td><strong>Employed part-time for economic reasons</strong></td>
<td>9.2 million</td>
<td>8.6 million</td>
<td>8.9 million</td>
<td>8.6</td>
<td>9.3 million</td>
<td>8.5 million</td>
<td>8.1 million</td>
<td>8.2 million</td>
</tr>
<tr>
<td><strong>Marginally attached to labor force</strong></td>
<td>2.5 million</td>
<td>2.6 million</td>
<td>2.6 million</td>
<td>2.7 million</td>
<td>2.5 million</td>
<td>2.6 million</td>
<td>2.5 million</td>
<td>2.8 million</td>
</tr>
<tr>
<td><strong>Discouraged workers (not looking for work)</strong></td>
<td>929,000</td>
<td>1,200,000</td>
<td>1,300,000</td>
<td>982,000</td>
<td>1,000,000</td>
<td>1,100,000</td>
<td>945,000</td>
<td>1,100,000</td>
</tr>
</tbody>
</table>

**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.

**Headquarters:** 4445 North A1A, Suite 200  
Vero Beach, FL 32963  
Tel: 772-234-2787  
Web: [www.footepartners.com](http://www.footepartners.com)  
Twitter blog: @FPview