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**FOOTE IT NEWS ANALYSIS – Technology employment trends in the
January 2017 Bureau of Labor Statistics – U.S. Employment Report**

Only 9,700 tech jobs added to U.S. payrolls in January--2,100 more than the monthly average over the prior three months still less than the 2016 calendar year average gains of 10,475 tech jobs per month.

Computer Systems Design and Related Services jobs leads the way, adding 12,500 jobs for the month---8,300 more than in December—while Telecommunications jobs decline for the seventh consecutive month.

Vero Beach, FL – February 5, 2017. An analysis of Friday’s release of U.S. employment numbers by the Bureau of Labor Statistics (BLS) reveals a **net increase of 7,000 information technology jobs in January 2017** across four industry job segments commonly associated with technology professionals.

[Figure 1]

Computer Systems Design/Related Services segment, one of two that together map most closely to the tech services industries, led all job categories in job gains for the first time since October, adding a whopping 12,500 jobs to U.S. payrolls. More importantly this represented the largest gain in this segment since Foote Partners began analyzing and reporting monthly BLS data for tech jobs in 2009. *[Figure 4]* The other services segment, *Management and Technical Consulting Services*, posted a net loss of 200 jobs in January for its worst monthly performance since June 2015. This was unexpected given the average monthly gains of nearly 7,400 jobs in this segment for calendar 2016 and only 5,400 jobs in November and

4,100 jobs in December. Together, these tech services job segments added 12,300 jobs last month which is only slightly below the average monthly growth of 12,850 jobs in all of 2016 for these segments.

Two other job segments commonly associated with information technology workers continued their uneven performances in January. 3,800 jobs were lost in the *Telecommunications* job segment, consistent with similar losses posted in each of the prior six months but greater than the 2,533 average of jobs lost per month in the same period. The *Data Processing, Hosting and Related Services* segment added a net 1,200 jobs in January compared to an average net gain of only 233 jobs per month in calendar 2016 for this segment.

Comments Foote Partners' chief analyst David Foote, "According to the Bureau of Labor Statistics January was a positive month for technology professionals in the U.S. following three months of lackluster job growth overall in the tech segments. Monthly job growth for tech pros averaged 10,533 in 2016 and only 7,533 the final three months of the year; January improved on that number by more than 2,000 jobs. But what stands out for me is the sudden reversal of what has been very robust job segment for a very long time, *Management and Technical Consulting Services*. After eighteen consecutive quarters of job growth averaging 6,400 new jobs per month, the last three months of 2016 saw on 4,600 new jobs per month followed by a net loss of 200 in January. This has been one of the strongest segments for new tech job growth for many years. Is this now a trend for 2017?"

"The truth is that employers are still being cautious about adding overhead to their budgets and that's exactly the disadvantage of full-time hires over consultants and contingent workers," says Foote. "They cannot afford to make FTE staffing bets on technology enabled solutions they are experimenting with. They need to build flexibility and agility into their product and service development in case strategic and tactical directions change.

"They also need to scale quickly to stay competitive. When they dig their heels into a solution that works, be it in cloud, security, Big Data, mobile, or digital technology, they tend to add headcount because they know these people will be making contributions for a long time to come. That may be conservative

management behavior but it's also very smart. Ideally each new hire must have a measurable impact on the business: they can't just be a cost item for them. What will drive new job creation in 2017 will be hiring in niche areas such as Big Data and analytics, information/cyber security, cloud computing, and certain areas of applications development and software engineering like DevOps and digital product development.”

“There is one caveat in our analysis of the BLS data: we believe the BLS only reports approximately 40% of the true tech labor market. They fail to adequately track and report hot job market segments in many of these niches and especially in a large portion of hybrid IT-business positions that do not generally reside in the IT department but instead are distributed throughout companies in administrative areas, functional departments, and products groups for example”, insists Foote. “Our observation has been that there continues to be aggressive hiring occurring in several of these highly specialized areas. And it appears from the latest DoL reports that the contingent workforce of consultants and contractors is where most of new job growth is still focused. In fact, 160,900 jobs were added in the *Management and Technical Consulting Services* and *Computer Systems Design/Related Services segments* in the last twelve months while 30,300 total jobs were lost in the *Telecommunications* and *Data Processing, Hosting and Related Services* segments during the same period [Figure 7]”

“The Department of Labor will never be able to accurately track technology jobs unless it overhauls its methodology and job definition and classification model and that's not going to happen anytime soon if at all. They can't afford to render decades of historical employment trend data obsolete. That's a very practical concern for people in a research business. As a research director myself they certainly have my sympathies. But at the same time this dilemma represents a serious conundrum for anyone trying to understand the true state of the technology labor marketplace in the U.S.”

Hiring Trend Charts – IT Employment Segments

January 2017 Employment Situation Summary Report

(U.S. Department of Labor/Bureau of Labor Statistics)

FIGURE 1 – U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (January 2016 to January 2017)

MONTHLY JOB SITUATION TRENDS – IT Professional Job Segments

(Highlights for four bellwether IT jobs segments)

	2016												2017
	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan
Nonfarm job loss/gain (month)	168,000	233,000	186,000	144,000	24,000	271,000	252,000	176,000	208,000	135,000	164,000	157,000	227,000
National unemployment rate	4.9%	4.9%	5.0%	5.0%	4.7%	4.9%	4.9%	4.9%	5.0%	4.9%	4.6%	4.7%	4.8%
Professional/Technical Services	25,300	17,600	13,500	31,100	25,800	17,000	37,400	20,100	29,900	16,900	23,700	6,600	22,700
<i>Segment 5:</i> Management/Technical Consulting Services	2,200	3,400	6,800	20,600	7,200	6,000	5,600	7,300	15,900	4,700	3,500	5,500	-200
<i>Segment 4:</i> Computer Systems Design/Related Services	3,400	4,400	4,100	7,300	7,400	1,400	8,200	6,100	5,400	8,300	5,400	4,100	12,500
Information	1,000	12,000	1,000	0	-34,000	44,000	0	4,000	1,000	4,000	-10,000	-6,000	3,000
<i>Segment 4:</i> Telecommunications	0	-2,200	-400	-2,500	-37,200	28,100	-300	-2,600	-3,700	-4,500	-2,000	-2,100	-3,800
<i>Segment 5:</i> Data Processing/Hosting/ Related Services	-100	900	200	-600	100	2,200	-2,300	900	600	200	-2,100	1,600	1,200
Net gain/loss-ALL IT SEGMENTS	5,500	6,500	10,700	24,800	-22,500	37,700	11,200	11,700	18,200	8,700	4,800	8,400	7,000
Net gain/loss-ONLY IT SERVICES SEGMENTS	5,600	7,800	10,900	27,900	14,600	7,400	13,800	13,400	21,300	13,000	8,900	8,900	9,600
Net gain/loss-OTHER IT JOB SEGMENTS	-100	-1,300	-200	-3,100	-37,100	30,300	-2,600	-1,700	-3,100	-4,300	-4,100	-500	-2,600

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

NOTE: A labor strike in the telecommunications industry caused the temporary loss of 37,200 *Telecommunications* jobs in May 2016 and recovery of 28,100 in June 2016.

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 2014 to December 2015)

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

(Highlights for four bellwether IT jobs segments)

	2014												2015											
	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)	144,000	222,000	203,000	304,000	229,000	267,000	243,000	203,000	256,000	261,000	423,000	329,000	201,000	266,000	119,000	221,000	254,000	245,000	223,000	153,000	145,000	307,000	280,000	271,000
National unemployment rate	6.6%	6.7%	6.7%	6.3%	6.3%	6.1%	6.2%	6.1%	5.9%	5.8%	5.8%	5.6%	5.7%	5.5%	5.5%	5.4%	5.5%	5.3%	5.3%	5.1%	5.1%	5.0%	5.0%	5.0%
Professional/Technical Services	20,400	35,400	10,400	25,100	24,700	31,000	24,900	16,800	21,100	20,000	37,500	12,600	32,500	31,800	23,700	20,700	18,800	23,900	26,600	14,500	17,700	26,900	28,400	11,100
Segment 5: Management/Technical Consulting Services	600	5,300	3,500	5,000	6,800	8,200	2,700	3,000	11,500	4,000	7,300	3,200	3,600	7,100	3,800	6,000	7,000	-1,200	3,300	6,100	900	7,000	5,000	4,200
Segment 4: Computer Systems Design/Related Services	4,700	5,000	6,100	8,900	6,600	6,900	3,900	1,500	4,900	6,800	6,500	9,000	8,000	5,200	3,900	9,100	10,300	4,400	8,700	7,000	7,000	9,900	4,800	3,800
Information	0	-16,000	2,000	-3,000	-5,000	9,000	2,000	-3,000	12,000	-4,000	4,000	2,000	6,000	7,000	2,000	3,000	-3,000	7,000	2,000	-7,000	12,000	-1,000	-12,000	16,000
Segment 4: Telecommunications	-10,200	800	2,200	2,900	3,200	200	800	-1,800	4,600	800	2,300	-300	-400	-100	1,400	-1,700	-100	400	1,600	-3,500	600	-400	500	-900
Segment 5: Data Processing/Hosting/ Related Services	1,800	-900	-900	100	-1,000	1,600	3,700	1,000	1,700	1,300	1,200	-3,000	3,300	1,500	1,500	100	2,700	2,200	1,300	1,600	1,300	-200	1,000	-1,000
Net gain/loss-ALL IT SEGMENTS	-3,100	10,200	10,900	16,900	15,600	16,900	11,100	3,700	22,700	12,900	17,300	8,900	14,500	13,700	10,600	13,500	19,900	5,800	14,900	11,200	9,800	16,300	11,300	6,100
Net gain/loss-ONLY IT SERVICES SEGMENTS	5,300	10,300	9,600	13,900	13,400	15,100	6,600	4,500	16,400	10,800	13,800	12,200	11,600	12,300	7,700	15,100	17,300	3,200	12,000	13,100	7,900	16,900	9,800	8,000
Net gain/loss-OTHER IT JOB SEGMENTS	-8,400	-100	1,300	3,000	2,200	1,800	4,500	-800	6,300	2,100	3,500	-3,300	2,900	1,400	2,900	-1,600	2,600	2,600	2,900	-1,900	1,900	-600	1,500	-1,900

Key: Job gains in green
Job losses in red

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 January 2017)

CUMULATIVE JOB SITUATION TRENDS – IT PROFESSIONALS

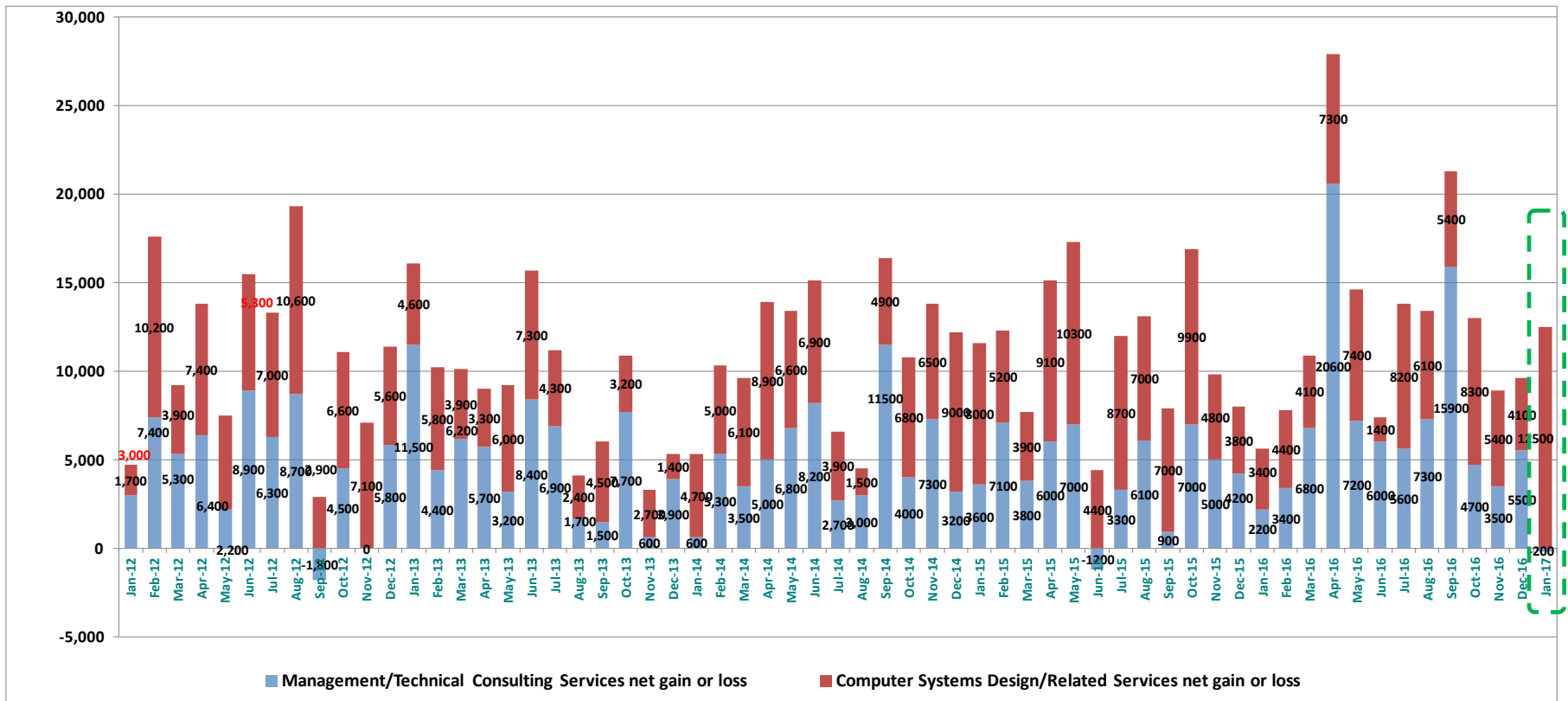
Highlights for four bellwether IT jobs segments)

U.S. LABOR DEPT CUMULATIVE NET JOB GAINS/DECLINES: through January 2017								
JOBS SEGMENT	36 mos.	24 mos.	12 mos.	8 mos.	6 mos.	4 mos.	3 mos.	2 mos.
Professional and Technical Services	823,700	531,700	262,300	174,300	119,900	69,900	53,000	29,300
<i>Segment 5:</i> Management/Technical Consulting Services	201,800	137,700	86,300	48,300	36,700	13,500	8,800	5,300
<i>Segment 4:</i> Computer Systems Design/Related Services	226,200	152,100	74,600	51,400	41,800	30,300	22,000	16,600
Information	52,000	46,000	19,000	40,000	-4,000	-9,000	-13,000	-3,000
<i>Segment 4:</i> Telecommunications	-20,100	-35,400	-33,200	9,100	-18,700	-12,400	-7,900	-5,900
<i>Segment 5:</i> Data Processing/Hosting/Related Services	22,900	14,800	2,900	2,300	2,400	900	700	2,800
TOTAL - ALL 4 IT SEGMENTS	430,800	269,200	130,600	111,100	62,200	32,300	56,800	18,800
IT Services segments	428,000	289,800	160,900	99,700	78,500	43,800	30,800	21,900
Tech Information segments	2,800	-20,600	-30,300	11,400	-16,300	-11,500	-7,200	-3,100

Key: Job gains in green
Job losses in red

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

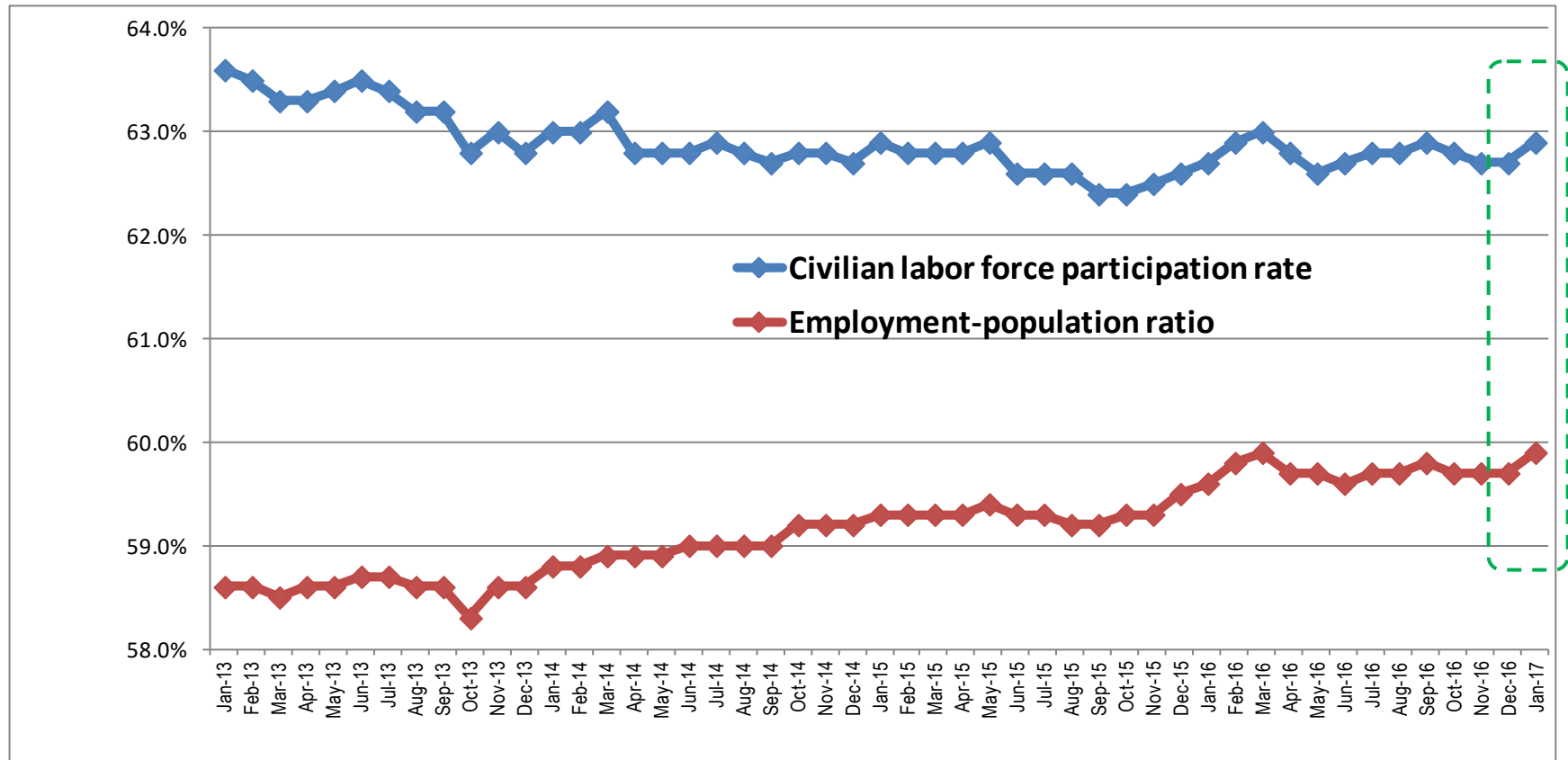
FIGURE 4 – JOB GROWTH/DECLINE - Management/Technical Consulting jobs vs. Computer Systems Design/Related services jobs
- Net job gains/losses from January 2012 to January 2017



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

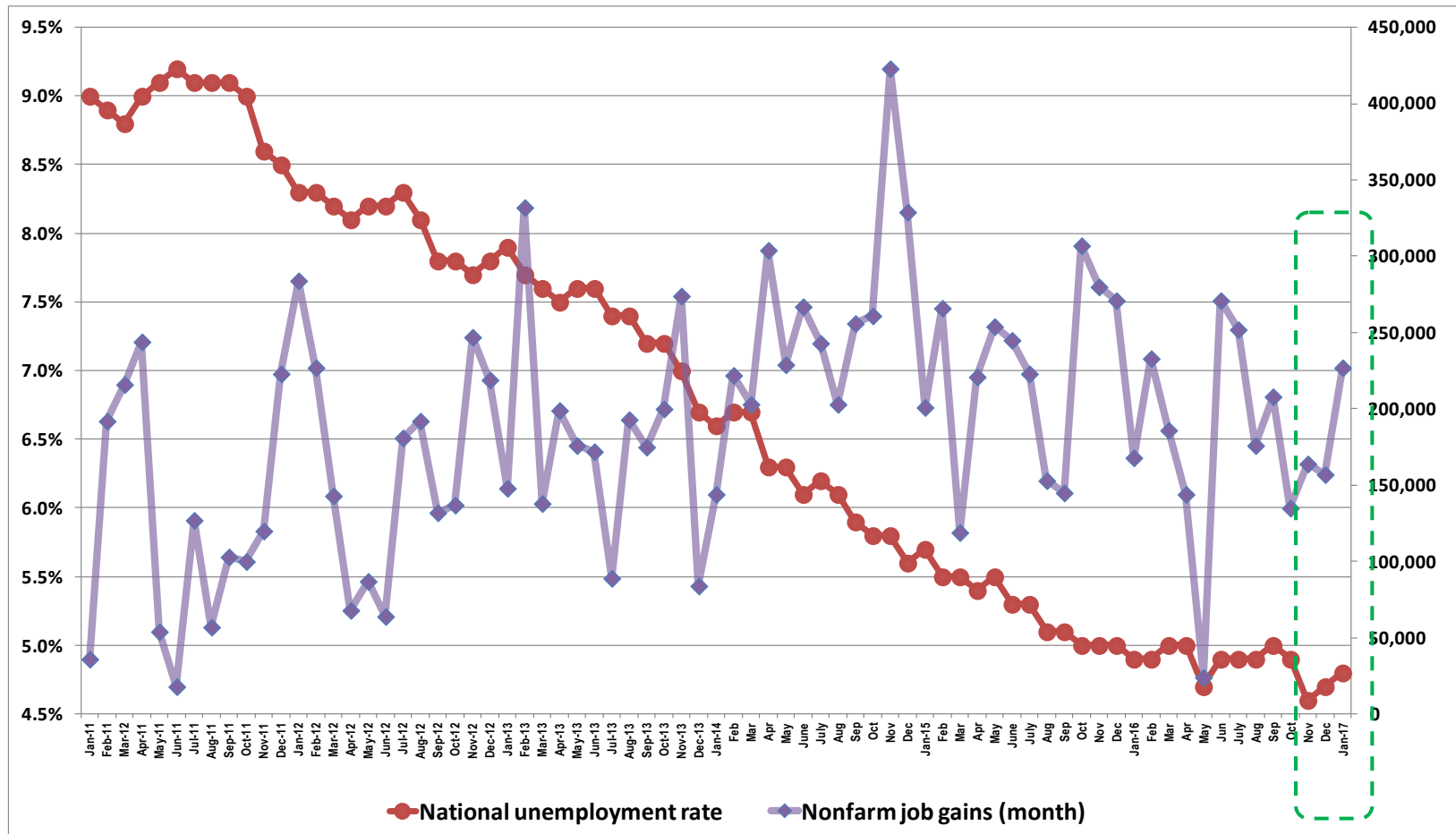
FIGURE 5 – Civilian Labor Force Participation Rate and Employment-Population Ratio – Monthly, 2013 to 2017

The number of working Americans—as measured by employment-population ratio--increased slightly in January 2017, returning to March 2016 numbers. The labor force participation rate, which measures the number of people who are working or looking for a job, also increased slightly.



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

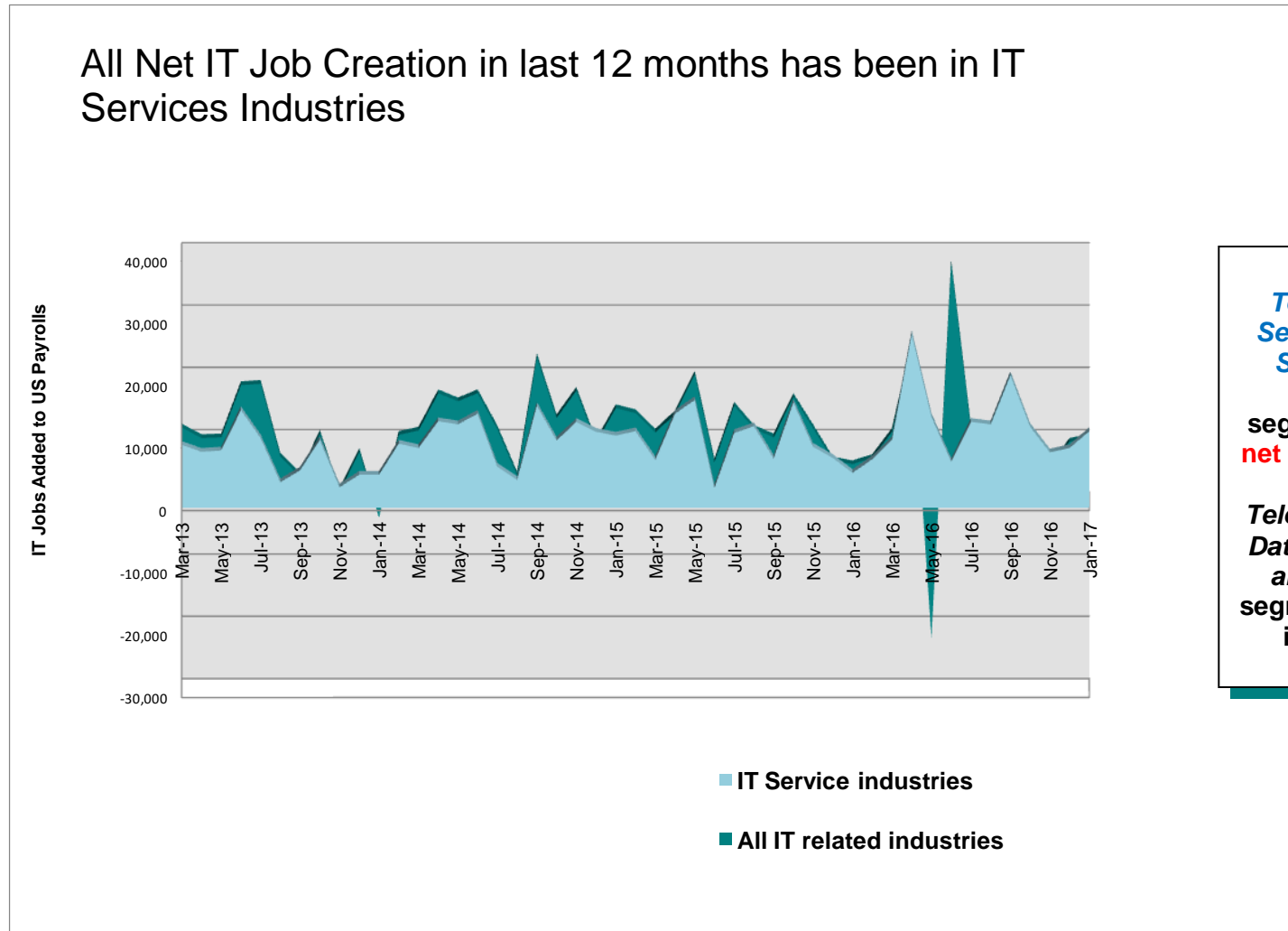
FIGURE 6 – JOB GROWTH/DECLINE - Management/Technical Consulting jobs vs. Computer Systems Design/Related services jobs
- Net job gains/losses from January 2011 to January 2017



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

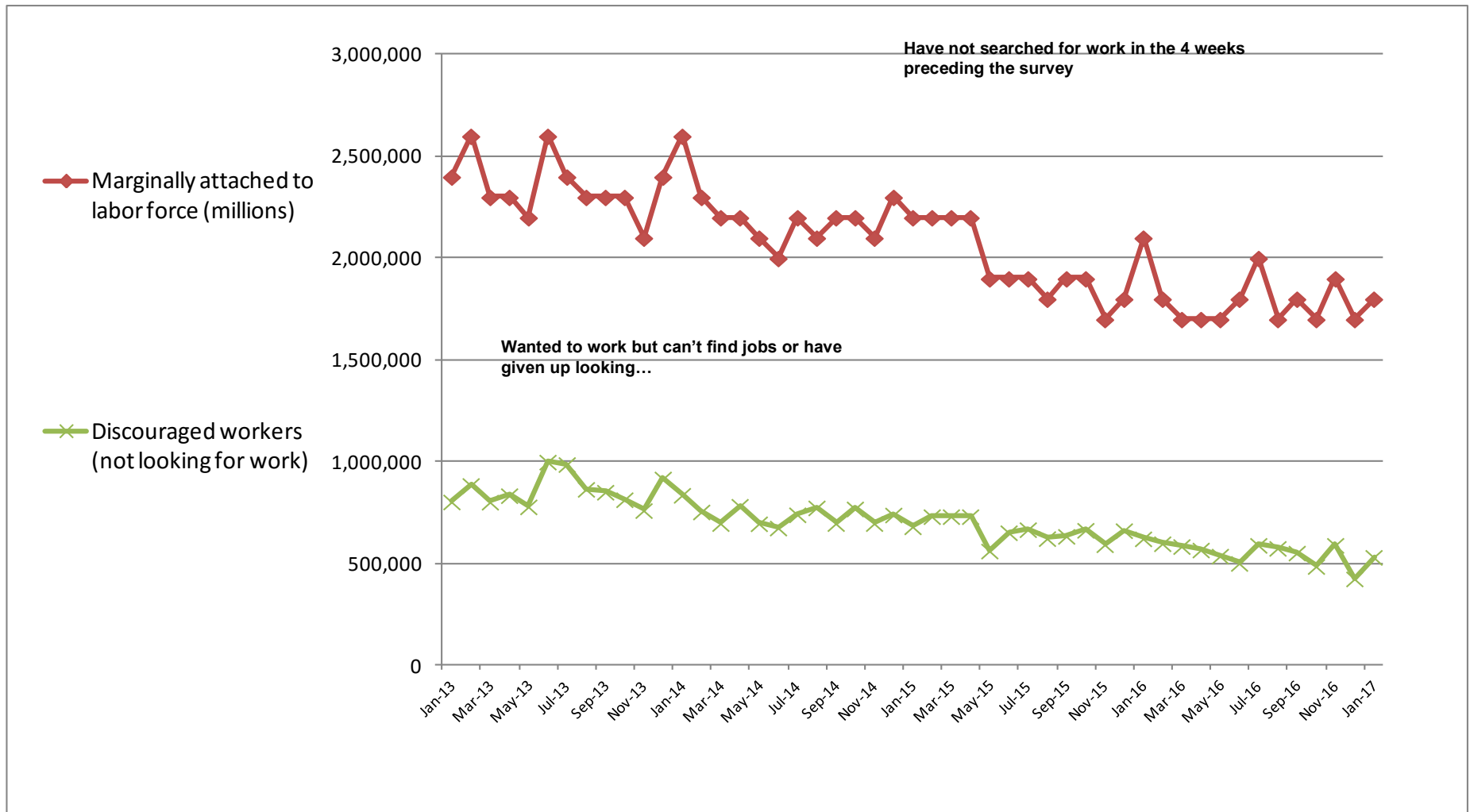
FIGURE 7

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



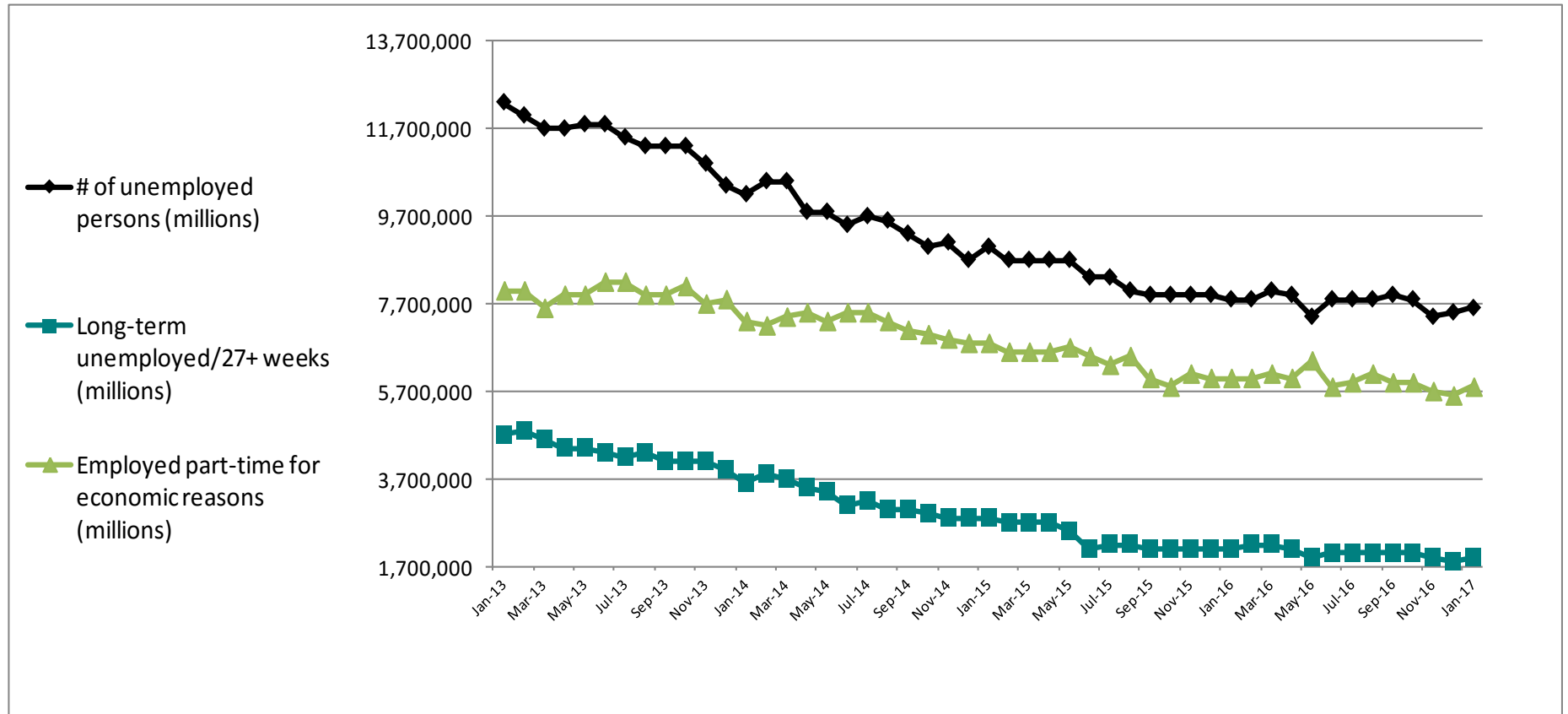
Management and Technical Consulting Services and Computer Systems Design and Related Services segments added 160,900 net jobs in last 12 months while job Telecommunications and Data Processing Hosting and Related Services segments lost 30,300 jobs in the same period.

FIGURE 8– LABOR FORCE COMPOSITION: Marginally attached vs. Discouraged - 2013 to 2017



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

FIGURE 9 – UNEMPLOYED AND UNDEREMPLOYED PERSONS: Total vs. Long-Term vs. Part-timers - 2013 to 2017



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

FIGURE 10 - U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (Through January 2017)

KEY EMPLOYMENT STATISTICS – Last 18 Months

	Jul-15 (18 mo. ago)	Jan-16 (12 mo. ago)	Feb-16 (11 mo. ago)	Mar-16 (10 mo. ago)	Apr-16 (9 mo. ago)	May-16 (8 mo. ago)	Jun-16 (7 mo. ago)	Jul-16 (6 mo. ago)	Aug-16 (5 mo. ago)	Sep-16 (4 mo. ago)	Oct-16 (3 mo. ago)	Nov-16 (2 mo. ago)
Unemployment rate	5.3%	4.9%	4.9%	5.0%	5.0%	4.7%	4.9%	4.9%	5.0%	4.9%	4.6%	4.7%
# of unemployed persons	8.3 million	7.8 million	7.8 million	8.0 million	7.9 million	7.4 million	7.8 million	7.8 million	7.8 million	7.9 million	7.8 million	7.4 million
Long-term unemployed--27+ weeks (% of total unemployed persons)	2.2 million 26.9%	2.1 million 26.9%	2.2 million 27.7%	2.2 million 27.6%	2.1 million 25.7%	1.9 million 25.1%	2 million 25.8%	2 million 26.6%	2 million 26.1%	2 million 24.9%	2 million 25.2%	1.9 million 24.8%
Civilian labor force participation rate	62.6%	62.7%	62.9%	63.0%	62.8%	62.6%	62.7%	62.8%	62.8%	62.9%	62.8%	62.7%
Employment-population ratio	59.3%	59.6%	59.8%	59.9%	59.7%	59.7%	59.6%	59.7%	59.7%	59.8%	59.7%	59.7%
Employed part-time for economic reasons	6.3 million	6.0 million	6.0 million	6.1 million	6.0 million	6.4 million	5.8 million	5.9 million	6.1 million	5.9 million	5.9 million	5.7 million
Marginally attached to labor force	1.9 million	2.1 million	1.8 million	1.7 million	1.7 million	1.7 million	1.8 million	2.0 million	1.7 million	1.8 million	1.7 million	1.9 million
Discouraged workers (not looking for work)	668,000	623,000	599,000	585,000	568,000	538,000	502,000	591,000	576,000	553,000	487,000	591,000

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 human capital management benchmark research organization focusing on the user (versus vendor) side of managing technology and IT value creation. A thought leader and trusted advisor to more than 5,300 employers on five continents who purchase our products and services, our company provides pragmatic forward -thinking advice and market intelligence targeting the human capital side of the modern highly integrated business/IT hybrid environment in which virtually all private and public organizations operate their businesses.

Our research is deeply grounded in specialized proprietary data-driven statistical and empirical research, surveys, and business intelligence collected from 3,018 U.S. and Canadian employers representing 260,000 tech 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, Mercer and TowersWatson senior consultants, and former corporate HR, IT, and business executives, the firm’s research division publishes 100+ quarterly-updated benchmarking, analytical research and forecasting products that help employers benchmark their IT compensation, solve difficult information technology management and workforce problems, and strengthen their ability to execute complex business solutions.

Foote Partners’ respected **IT Insider research series** features comprehensive and up-to-date IT salary/bonus and technical skills premium pay benchmark surveys, and IT organization and workforce trends research. Included in the quarterly **IT Insider** series are the following:

- *IT Professional Salary Survey*
- *IT Skills and Certifications Pay Index™*
- *IT Salary+Skills Pay Survey Reports™*
- *IT Professional Job Descriptions*
- *IT Insider Workforce Trends Series™ reports*
- *IT Skills Demand and Pay Trends Report™*
- *IT Skills and Certifications HOT LIST Forecast*
- *IT Skills & Certifications Volatility Index*

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