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

Despite disappointing national employment numbers for March, IT employments continues to surge, adding 11,400 new jobs---accounting for 13 percent of all jobs added to U.S. payrolls in the month.

IT jobs growth averaging 14,433 per month in 2013, up 53 percent from the 9,442 monthly average in 2012.

Only 88,000 jobs added nationally as unemployment rate lowers to 7.6 percent and the percent of working-age adults in the labor force falls to 63.3 percent---the lowest such figure since May 1979.

Vero Beach, FL – Sunday, April 7, 2013. An analysis of Friday’s release of March 2013 U.S. employment numbers by the Bureau of Labor Statistics reveals a **net gain of 11,400 jobs** across four industry job segments commonly associated with IT professionals, an increase of 1,600 jobs compared to the previous month. In a month of disappointing job growth nationally – only 88,000 new jobs—IT employment represented 13% of those jobs, a solid gain nearly equal to the average monthly growth for IT over the past year (11,700). (see **Figures 1 and 3**)

Once again most of the growth in IT jobs in March happened in two segments heavily represented by the IT services industries, which together added 10,100 new jobs to U.S. payrolls for the month. One of these segments, *Computer Systems Design/Related Services*, added 3,900 jobs last month --down from 5,800 in February-- for a total of 73,400 new jobs in the past 12 months. *Management and Technical*

Consulting Services, the other segment, gained 6,200 jobs in March --- up substantially from 4,400 in February --- for a total of 63,100 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 gained a net 1,300 jobs in March after losing a net 400 jobs the prior month and gaining 6,000 jobs in January---their largest gain in five years. Together these segments have suffered a net loss of 1,100 jobs over the past twelve months even though they have posted a net gain of 6,400 in the six months ending in March, 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 even though the national labor market overall has been shaky at best. Momentum means everything when it comes to hiring trends and IT jobs have it but many other segments of the labor market simply do not,” 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.

“I'll give some concrete examples. Just in the BLS numbers alone average monthly IT job gains in the first three months of 2013 (14,433 new jobs) exceeds the monthly average for all of 2012 by 4,992 jobs (9,442). That's a 53 percent increase---incredibly strong job growth momentum. *Management and Technical Consulting Services* job growth averaged 4,725 per month last year and is now averaging 7,367. Last year an average monthly loss of 1,492 jobs in the *Telecommunications* job segment has now blossomed into an average monthly gain of 2,367 jobs in the first three months of 2013. Compare this to the 88,000 job gain nationally in March which is less than half the monthly average of 196,000 jobs in the previous six months.

We predicted in our December BLS report analysis that this momentum would continue into 2013. We didn't quite expect it would be a 53 percent jump though. It is just very good news for IT professionals.

“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 36,400 jobs in January/February/March. **(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 first quarter marketplace for talent. 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 are aggressively hiring new workers to fill new jobs.

“When you make this big a change in IT’s 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. They want advanced analytics and data management, mobile platform functionality in marketing and delivering products and services, easy and economical scalability in the cloud, and better information security because of high perceived threat levels in part created by the constant drumbeat of systems breaches in the press and a concern about security in their customer bases. Employers are going to great lengths to secure a wide variety of talent and this has stimulated the labor marketplace. And it is much bigger than these BLS numbers indicate since they only track about one-third of IT professionals in the United States,” notes Foote.

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

The U.S. unemployment decrease slightly to 7.6 percent in March as total **nonfarm payroll employment** rose by 88,000 compared to a revised 286,000 jobs the previous month according to the Bureau of Labor Statistics. The number of **unemployed persons**, at 11.7 million, decreased by 300,000 from February.

In February, the number of **long-term unemployed** (those jobless for 27 weeks or more) decreased by 200,000 to 4.6 million and accounted for 39.6 percent of the unemployed. The **employment-population ratio** (58.3 percent) was virtually unchanged in March while the **civilian labor force participation rate** lost even more ground, sinking to 63.3 percent. (Figure 5). The participation rate peaked at 67.3 percent in 2000 and has been falling steadily every since.

The number of persons employed **part time for economic reasons**, at 7.6 million, fell by 400,000 jobs in March from the previous month. (Figure 5)

In March, 2.3 million persons were **marginally attached to the labor force**, down by 300,000 from February. 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 803,000 **discouraged workers** in March, 82,000 fewer than a month earlier and little changed 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 51,000 jobs in March. Over the past 12 months, employment in this industry has grown by 533,000. Within professional and business services, accounting and bookkeeping services added 11,000 jobs over the month, and employment continued to trend up in temporary help services and in several other component industries.

Job growth in **health care** continued in March, with a gain of 23,000, similar to the prior 12-month average. Within health care, employment increased by 15,000 in ambulatory health care services, such as home health care, and by 8,000 in hospitals.

Construction employment continued to trend up in March (+18,000). Job growth in this industry picked up this past fall; since September, the industry has added 169,000 jobs. In March, employment continued to expand among specialty trade contractors (+23,000). Employment in specialty trade contractors has increased by 128,000 since September, with the gain about equally split between the residential and nonresidential components.

Within leisure and hospitality, employment in **food services and drinking places** continued to trend up in March (+13,000). Over the past year, the industry added 262,000 jobs.

In March, **retail trade** employment declined by 24,000. The industry had added an average of 32,000 jobs per month over the prior 6 months. In March, job declines occurred in clothing and clothing accessories stores (-15,000), building material and garden supply stores (-10,000), and electronics and appliance stores (-6,000).

Within **government**, U.S. Postal Service employment fell by 12,000 in March. Employment in other major industries, including **mining, manufacturing, wholesale trade, transportation and warehousing, information, financial activities, state government, and local government**, showed little change over the month.

FIGURE 1 – U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (January 2011 to March 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	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	148,000	268,000	88,000
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%	7.6%
Professional/Technical Services	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	24,600
Segment 5: Management/Technical Consulting Services	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	6,200
Segment 4: Computer Systems Design/Related Services	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	3,900
Information	-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	5,000
Segment 4: Telecommunications	-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	1,800
Segment 5: Data Processing/Hosting/ Related Services	-1900	-700	-500	-400	700	-300	-200	100	-600	400	-900	-200	-1300	1900	-600	-500	-300	0	2,100	1,100	-2,400	0	-600	200	1,100	-800	-500
Net gain/loss - ALL IT SEGMENTS	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	11,400
Net gain/loss - ONLY IT SERVICES SEGMENTS	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	10,100

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
Nonfarm job loss/gain (month)	-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
National unemployment rate	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%
Professional/Technical Services	-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
Segment 5: Management/Technical Consulting Services	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
Segment 4: Computer Systems Design/Related Services	-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
Information	-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
Segment 4: Telecommunications	-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
Segment 5: Data Processing/Hosting/ Related Services	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
Net gain/loss - ALL IT SEGMENTS	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
Net gain/loss - ONLY IT SERVICES SEGMENTS	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)

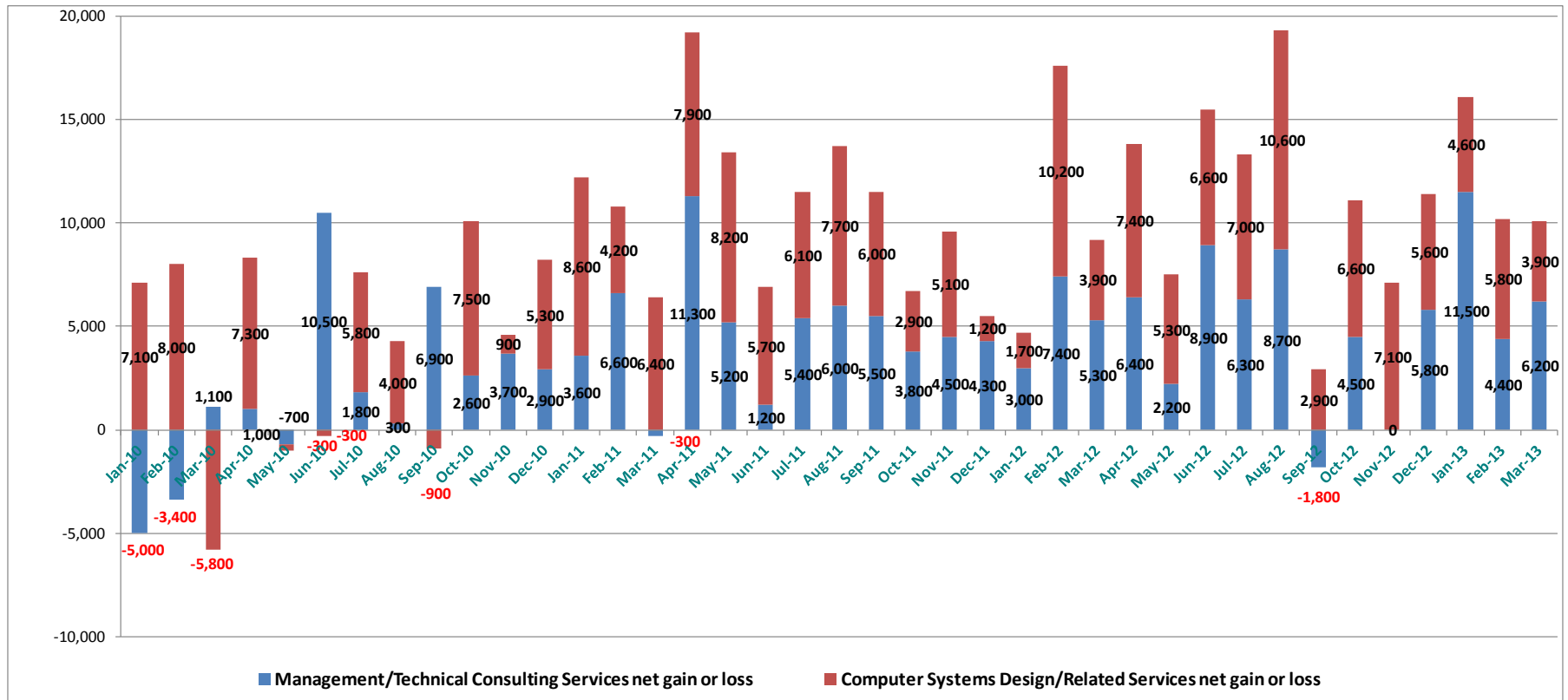
U.S. LABOR DEPT CUMULATIVE NET JOB GAINS/DECLINES: thru March 2013									
JOBS SEGMENT	36 mos.	24 mos.	12 mos.	10 mos.	7 mos.	6 mos.	4 mos.	3 mos.	2 mos.
	April'10 - Mar'13	Apr'11 - Mar'13	Apr'12 - Mar'13	Jun'12 - Mar'13	Sep'12 - Mar'13	Oct'12 -Mar'13	Dec'12 - Mar'13	Jan'13 -Mar'13	Feb'13 - Mar'13
Professional and Technical Services	607,520	456,520	205,200	181,700	118,800	113,900	83,100	66,200	51,400
<i>Segment 5:</i> Management/Technical Consulting Services	164,900	126,000	63,100	54,500	30,600	32,400	27,900	22,100	10,600
<i>Segment 4:</i> Computer Systems Design/Related Services	188,500	140,000	73,400	60,700	36,500	33,600	19,900	14,300	9,700
Information	12,100	37,100	43,000	47,000	41,000	38,000	25,000	34,000	25,000
<i>Segment 4:</i> Telecommunications	-78,800	-38,500	-500	5,000	6,600	7,000	5,300	7,100	2,200
<i>Segment 5:</i> Data Processing/Hosting/Related Services	-8,100	-2,000	-600	200	-3,000	-600	0	-200	-1,300
TOTAL - ALL 4 IT SEGMENTS	266,500	225,500	135,400	120,400	70,700	72,400	53,100	56,800	21,200
Tech Services segments	353,400	266,000	136,500	115,200	67,100	66,000	47,800	36,400	20,300
Information segments	-86,900	-40,500	-1,100	5,200	3,600	6,400	5,300	6,900	900

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

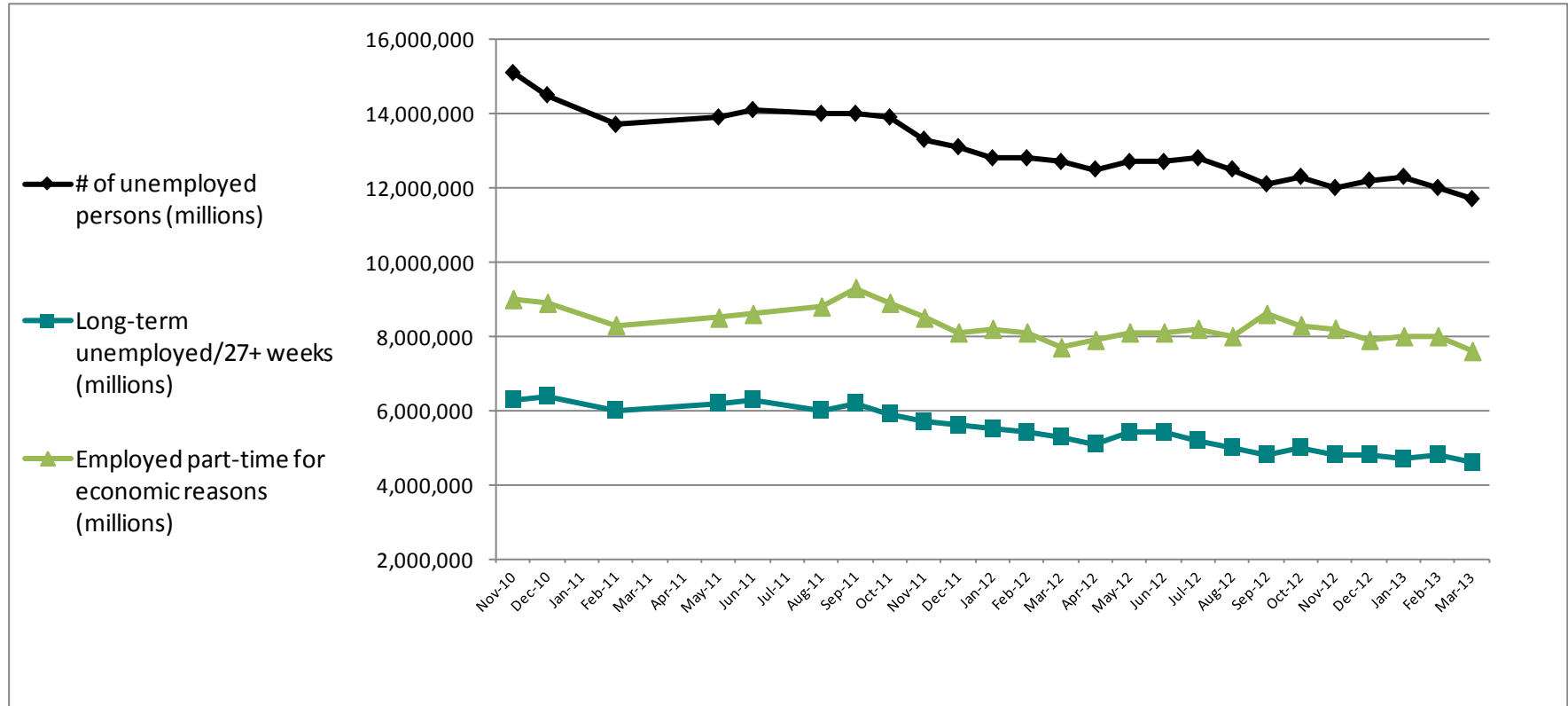
FIGURE 4 – JOB GROWTH/DECLINE - Management/Technical Consulting jobs vs. Computer Systems Design/Related services jobs

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



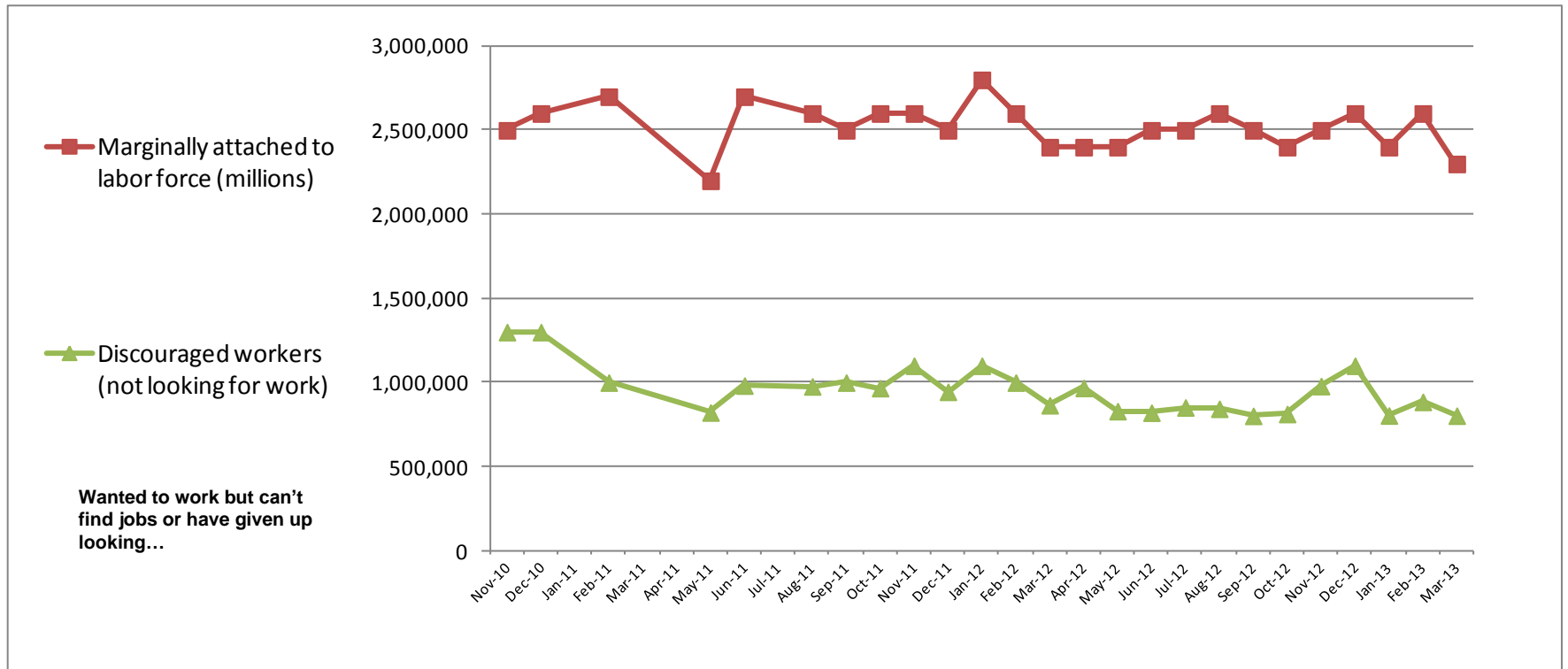
Source: US Department of Labor/Bureau of Labor Statistics. Data chart and analysis by Footo Partners LLC

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 March 2013)

KEY EMPLOYMENT STATISTICS – Last 32 Months

	Jun-10 (33 mos. ago)	Feb-11 (25 mos. ago)	Aug-11 (19 mos. ago)	Feb-12 (13 mo. ago)	Aug-12 (7 mo. ago)	Nov-12 (4 mo. ago)	Dec-12 (3 mo. ago)	Jan-13 (2 mo. ago)	Feb-13 (1 mo. ago)	Mar-13 (Now)
Unemployment rate	9.5%	8.9%	9.1%	8.3%	8.1%	7.7%	7.8%	7.9%	7.7%	7.6%
# of unemployed persons	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	11.7 million
Long-term unemployed--27+ weeks (% of total unemployed persons)	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%	4.6 million 39.6%
Civilian labor force participation rate	64.7%	64.2%	64.0%	63.9%	63.5%	63.6%	63.6%	63.6%	63.5%	63.3%
Employment-population ratio	58.5%	58.4%	58.2%	58.6%	58.3%	58.7%	58.6%	58.6%	58.6%	58.5%
Employed part-time for economic reasons	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	7.6 million
Marginally attached to labor force	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	2.3 million
Discouraged workers (not looking for work)	1,200,000	1,000,000	977,000	1,000,000	844,000	979,000	1,100,000	804,000	885,000	803,000

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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