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**FOOTE IT NEWS ANALYSIS – Technology employment trends in the
March 2014 Bureau of Labor Statistics – U.S. Employment Report**

Following several months of slumping IT job growth, two successive months of stronger numbers: 21,100 IT jobs are added to U.S. payrolls in February and March, nearly equaling average monthly growth for all of 2013

IT job gains in March are the highest since July 2013.

Overall national workforce numbers for month fall short of the labor market rebound hoped for, but a half-million more optimistic people are actively looking for work, effectively depressing the unemployment rate by 0.2 points.

Vero Beach, FL – Friday, April 4, 2014. An analysis of Friday’s release of U.S. employment numbers for February 2014 by the Bureau of Labor Statistics (BLS) reveals a **net increase of 10,900 IT jobs** across four industry job segments commonly associated with technology professionals. This gain is a continuation of strong February numbers (+10,200 jobs) and a vast improvement over the prior three months when only a total of 5,400 IT jobs were added to US payrolls.

These March results are slightly higher than the average monthly job growth for the twelve months of 2013—10,708 new jobs per month---but it will take several more months of similar (or better) job growth before 2014 can achieve the kind of average monthly job numbers seen in 2013. Moreover, it would be optimistic to imagine monthly numbers returning to those seen in the first seven months of 2013, when monthly gains were averaging more than 14,000 jobs (see Figures 1 and 2).

Two IT segments that have been responsible for more than 95 percent of all IT jobs added to US payrolls in the past twelve months continue to very strong performances (Figure 5). *Computer Systems Design/Related Services* produced 6,100 new jobs in March, a significant increase compared to much lower monthly gains in November, December, January, and February of 2700, 1400, 4700, and 5000 respectively. Last month's gain is nearly 2,000 jobs higher than that 4,117 monthly average gain during all of 2013 for this segment. The other segment, *Management and Technical Consulting Services* grew by 3,500 jobs last month, down from 5,300 in February and nearly 500 less than the monthly average in this segment for the past twelve months (4,083).

The other two job segments relating to IT hiring, *Telecommunications* and *Data Processing, Hosting and Related Services* together posted a net gain of 1,300 jobs in March following a loss of 100 jobs in the prior month. This represents the largest job gain in these categories since December, however it is still lower than the 1,450 job average monthly growth in these segments in 2013.

ANALYSIS

“The U.S. economy and the job market are coming out of winter months that were usually harsh in many part of the country and this naturally inhibits hiring, in particular in sector that are sensitive to weather. Not that the economy prior to this was achieving the kinds of numbers that indicate true recover such as those in recent decades. Still, the national employment numbers are encouraging and for IT jobs even more so. IT job creation in each of the last two months has dramatically blown out the numbers we were seeing in November and January in which our country was either losing technology jobs on a monthly basis it was only adding a thousand per month, not the 10,000 plus job gains we're seeing now,” notes David Foote, chief analyst at Foote Partners which has been tracking and reporting on IT labor trends since 1997. “In 2013 we added 10,700 new IT jobs on average every month. We're now back on that track after some horrible months for tech professionals, but for how long? The truth is that there remains a lot of volatility in the IT employment marketplace which lately has been expanding mostly in the IT services industries according to these federal jobs reports. What they're not reporting is all the new IT-business hybrid jobs that have been created and for which employers are feverishly mounting recruiting efforts. They can find and hire them fast enough. The truth is that there are probably ten or fifteen open positions for every one

suitable candidate and that person is almost always already employed. So the questions becomes, ‘Where are all these unemployed tech workers going to find work?’ if the services industries don’t find them attractive hires?’

“As hiring of full time workers has been receding the IT contingent workforce continues to expand. Many of these workers are independent consultants. Recent studies peg the number of independent IT professionals at about 1 million and growing and contract workers as a portion of the internal IT workforce at many medium to large size organizations has been rising, often between 10 percent and 25 percent. The *Management and Technical Consulting Services* and *Computer Systems Design/Related Services* segments of the U.S. workforce have been very strong performer throughout the economic turmoil of the last seven years adding 328,700 jobs just in the past three years,” reveals Foote (Figures 3 and 5). “The focus of IT leadership has for some time been on *skills acquisition* rather than hiring full timers. That’s because it has become less clear exactly what an employer’s internal IT workforce should look like going forward. Change is accelerating and the mandate for agility and flexibility too ingrained in a CIOs thinking to risk their performance as a leader on job searches that can last for months. If you look at skills as one of the main components of executing predictably then that becomes your currency and your focus. And that’s why it’s not necessarily bad news that hiring of IT full timers has been so volatile. They’re simply sourcing the labor from other channels for now.”

“Businesses are searching intently for more multidimensional skills sets in their workers: combinations of both business and technology knowledge and experience, and skill sets unlike those you might find in the tracking of labor more common to a traditional IT organization. Employers can acquire the wide variety of hard and soft skills required to get the job done without resorting to full- or part-time hire. Many of the most in-demand jobs require combinations of knowledge and skill in a business or customer context applied to problems and solutions with a high degree of difficulty. And this is where a contingent workforce has become a valuable and necessary source for talent. Converting contract labor to full time status remains one of the most popular strategies for filling full time roles. Speed may be important but not at the sacrifice of caution in bringing aboard the right people who not only have the technical expertise but also fit in with the organizational culture.”

Overall U.S. Employment Report (see Figures 6, 7 and 8)

- In March, the number of unemployed persons was essentially unchanged at 10.5 million, and the unemployment rate held at 6.7 percent. Both measures have shown little movement since December 2013. Over the year, the number of unemployed persons and the unemployment rate were down by 1.2 million and 0.8 percentage point, respectively.
- Among the major worker groups, the unemployment rate for adult women increased to 6.2 percent in March, and the rate for adult men decreased to 6.2 percent. The rates for teenagers (20.9 percent), whites (5.8 percent), blacks (12.4 percent), and Hispanics (7.9 percent) showed little or no change. The jobless rate for Asians was 5.4 percent (not seasonally adjusted), little changed from a year earlier.
- The number of long-term unemployed (those jobless for 27 weeks or more), at 3.7 million, changed little in March; these individuals accounted for 35.8 percent of the unemployed. The number of long-term unemployed was down by 837,000 over the year.
- Both the civilian labor force and total employment increased in March. The labor force participation rate (63.2 percent) and the employment-population ratio (58.9 percent) changed little over the month.
- The number of persons employed part time for economic reasons (sometimes referred to as involuntary part-time workers) was little changed at 7.4 million in March. These individuals were working part time because their hours had been cut back or because they were unable to find full-time work.
- In March, 2.2 million persons were marginally attached to the labor force, little changed from a year earlier. (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 were not counted as unemployed because they had not searched for work in the 4 weeks preceding the survey.
- Among the marginally attached, there were 698,000 discouraged workers in March, down slightly from a year earlier. (These data are not seasonally adjusted.) Discouraged workers are persons not currently looking for work because they believe no jobs are available for them. The remaining 1.5 million persons marginally attached to the labor force in March had not searched for work for reasons such as school attendance or family responsibilities.

Industry Highlights – March 2014

- Professional and business services added 57,000 jobs in March, in line with its average monthly gain of 56,000 over the prior 12 months. Within the industry, employment increased in March in temporary help services (+29,000), in computer systems design and related services (+6,000), and in architectural and engineering services (+5,000).
- In March, health care added 19,000 jobs. Employment in ambulatory health care services rose by 20,000, with a gain of 9,000 jobs in home health care services. Nursing care facilities lost 5,000 jobs over the month. Job growth in health care averaged 17,000 per month over the prior 12 months.
- Employment in mining and logging rose in March (+7,000), with the bulk of the increase occurring in support activities for mining (+5,000). Over the prior 12 months, the mining and logging industry added an average of 3,000 jobs per month.
- Employment continued to trend up in March in food services and drinking places (+30,000). Over the past year, food services and drinking places has added 323,000 jobs.
- Construction employment continued to trend up in March (+19,000). Over the past year, construction employment has risen by 151,000.
- Employment in government was unchanged in March. A decline of 9,000 jobs in federal government was mostly offset by an increase of 8,000 jobs in local government, excluding education. Over the past year, employment in federal government has fallen by 85,000.
- Employment in other major industries, including manufacturing, wholesale trade, retail trade, transportation and warehousing, information, and financial activities, changed little over the month.

Hiring Trend Charts – IT Employment Segments

March 2014 Employment Situation Summary Report

Department of Labor/Bureau of Labor Statistics

FIGURE 1 – U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (January 2013 to March 2014)

MONTHLY JOB SITUATION TRENDS – IT Professional Job Segments

(Highlights for four bellwether IT jobs segments)

	2013												2014		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Nonfarm job loss/gain (month)	148,000	332,000	138,000	199,000	176,000	172,000	89,000	193,000	175,000	200,000	274,000	84,000	144,000	197,000	192,000
National unemployment rate	7.9%	7.7%	7.6%	7.5%	7.6%	7.6%	7.4%	7.4%	7.2%	7.2%	7.0%	6.7%	6.6%	6.7%	6.7%
Professional/Technical Services	14,800	26,800	24,600	22,800	18,200	9,800	21,100	10,900	6,300	21,400	17,500	-11,700	20,400	35,400	10,400
<i>Segment 5:</i> Management/Technical Consulting Services	11,500	4,400	6,200	5,700	3,200	8,400	6,900	1,700	1,500	7,700	600	3,900	600	5,300	3,500
<i>Segment 4:</i> Computer Systems Design/Related Services	4,600	5,800	3,900	3,300	6,000	7,300	4,300	2,400	4,500	3,200	2,700	1,400	4,700	5,000	6,100
Information	9,000	20,000	5,000	-9,000	3,000	-5,000	9,000	-18,000	4,000	5,000	-1,000	-12,000	0	-16,000	2,000
<i>Segment 4:</i> Telecommunications	4,900	400	1,800	1,200	1,000	700	3,600	2,700	-2,700	-300	-2,100	1,700	-10,200	800	2,200
<i>Segment 5:</i> Data Processing/Hosting/ Related Services	1,100	-800	-500	-500	-400	1,800	3,600	-100	200	-200	-200	500	1,800	-900	-900
Net gain/loss-ALL IT SEGMENTS	22,100	9,800	11,400	9,700	9,800	18,200	18,400	6,700	3,500	10,400	1,000	7,500	-3,100	10,200	10,900
Net gain/loss-ONLY IT SERVICES SEGMENTS	16,100	10,200	10,100	9,000	9,200	15,700	11,200	4,100	6,000	10,900	3,300	5,300	5,300	10,300	9,600

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 2 – U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (January 2011 to December 2012)

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

(Highlights for four bellwether IT jobs segments)

	2011												2012											
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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
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%
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
<i>Segment 5: Management/Technical Consulting Services</i>	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
<i>Segment 4: Computer Systems Design/Related Services</i>	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
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
<i>Segment 4: Telecommunications</i>	-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
<i>Segment 5: Data Processing/Hosting/ Related Services</i>	-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
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
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

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

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 3 – U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (Through March 2014)

CUMULATIVE JOB SITUATION TRENDS – IT PROFESSIONALS

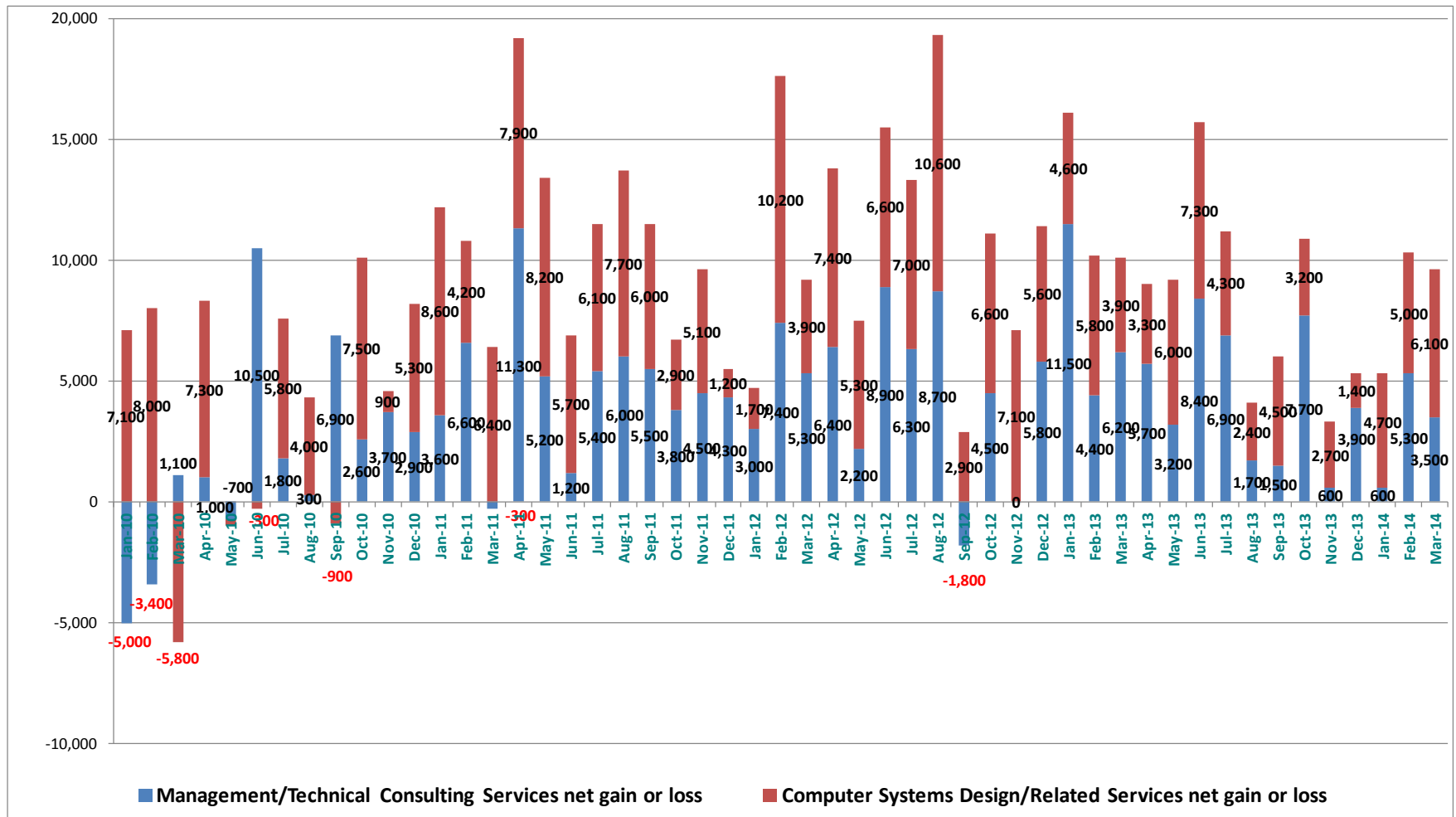
Highlights for four bellwether IT jobs segments)

U.S. LABOR DEPT CUMULATIVE NET JOB GAINS/DECLINES: through March 2014								
JOBS SEGMENT	36 mos.	24 mos.	12 mos.	8 mos.	6 mos.	4 mos.	3 mos.	2 mos.
	Apr'11 - Mar'14	Apr'12 - Mar'14	Apr'13 - Mar'14	Aug'13 - Mar'14	Oct'13 -Mar'14	Dec'13 -Mar'14	Jan'14 -Mar'14	Feb'14 - Mar'14
Professional and Technical Services	639,020	387,700	182,500	110,600	93,400	54,500	66,200	45,800
<i>Segment 5:</i> Management/Technical Consulting Services	175,000	112,100	49,000	24,800	21,600	13,300	9,400	8,800
<i>Segment 4:</i> Computer Systems Design/Related Services	190,900	124,300	50,900	30,000	23,100	17,200	15,800	11,100
Information	-900	5,000	-38,000	-36,000	-22,000	-26,000	-14,000	-14,000
<i>Segment 4:</i> Telecommunications	-39,900	-1,900	-1,400	-7,900	-7,900	-5,500	-7,200	3,000
<i>Segment 5:</i> Data Processing/Hosting/Related Services	2,700	4,100	4,700	200	100	500	0	-1,800
TOTAL - ALL 4 IT SEGMENTS	328,700	238,600	103,200	47,100	36,900	25,500	56,800	21,100
IT Services segments	365,900	236,400	99,900	54,800	44,700	30,500	25,200	19,900
Tech Information segments	-37,200	2,200	3,300	-7,700	-7,800	-5,000	-7,200	1,200

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

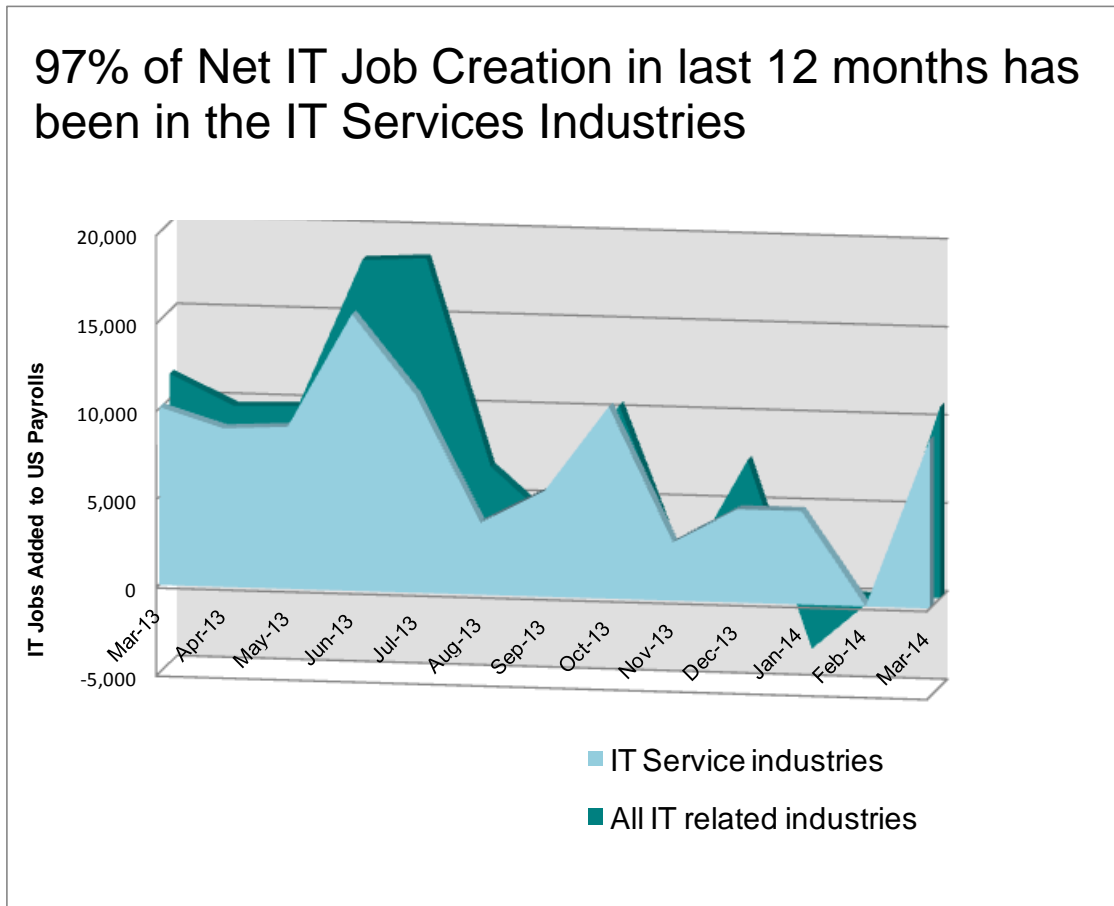
FIGURE 4 – JOB GROWTH/DECLINE - Management/Technical Consulting jobs vs. Computer Systems Design/Related services jobs
- Net job gains/losses from January 2010 through March 2014



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

FIGURE 5

97% of Net IT Job Creation in last 12 months has been in the IT Services Industries



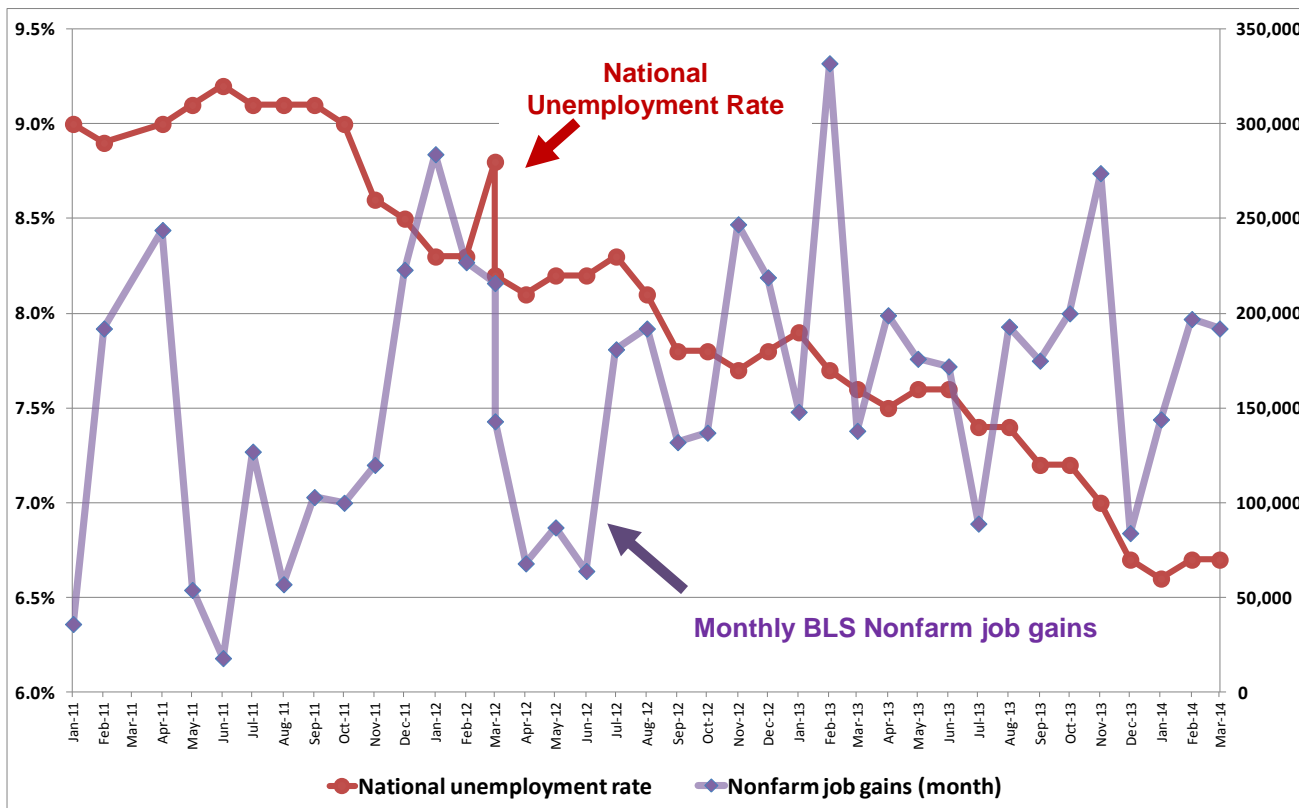
Management and Technical Consulting Services and Computer Systems Design and Related Services segments added 99,900 net jobs.

Telecommunications and Data Processing, Hosting and Related Services added 3,300 net jobs.

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

FIGURE 6 – UNEMPLOYMENT RATE vs. MONTHLY JOB GROWTH – U.S, Bureau of Labor Statistics

- January 2010 through March 2014

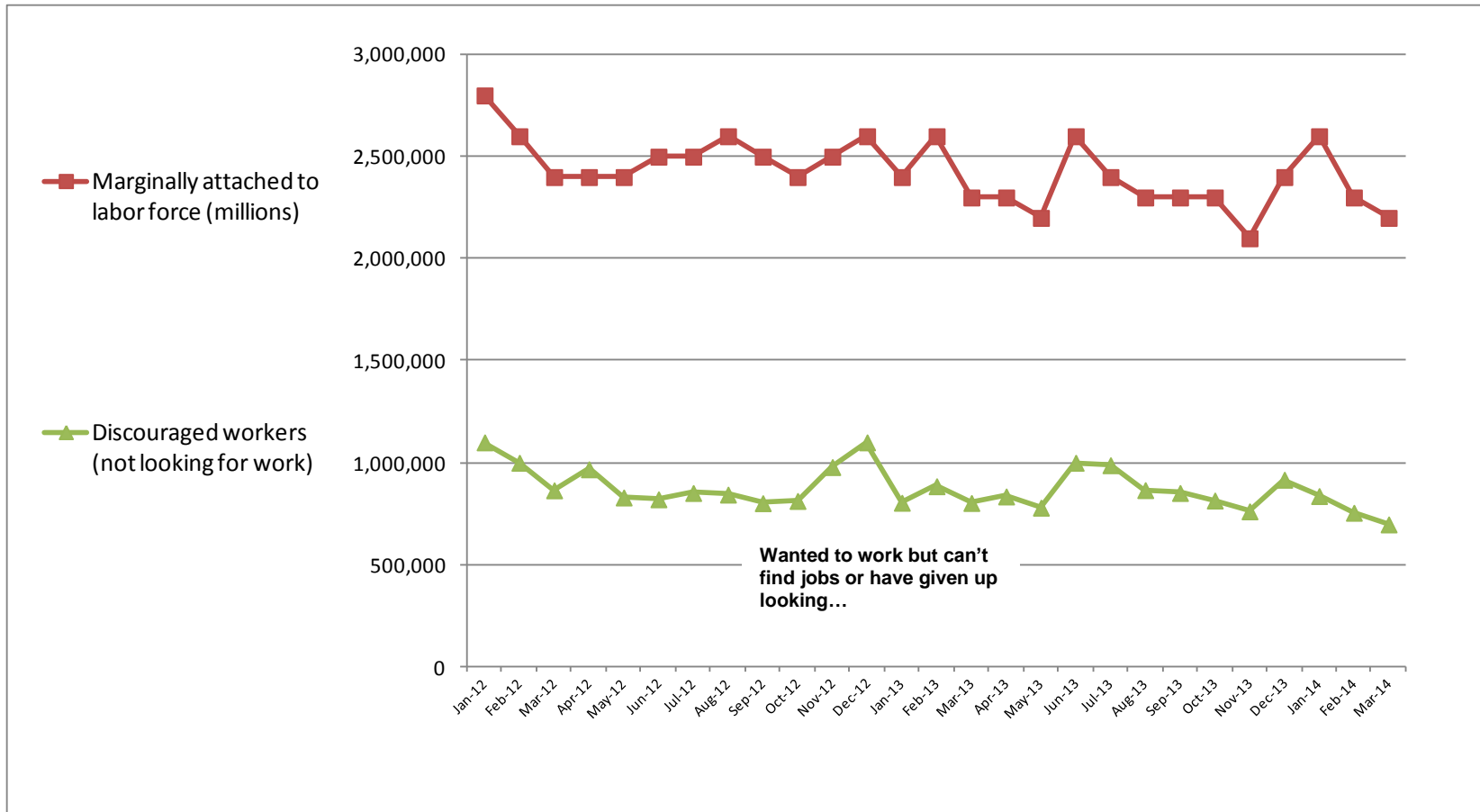


Flat job growth in March compared to February but 48,000 more jobs than January and 108,000 more than December with no change in the unemployment rate during this entire time period means that 500,000 more unemployed workers are actively seeking jobs and are now being counted as officially unemployed.

Among these workers now looking for work who were not, as recently as last month, technically defined as unemployed are:

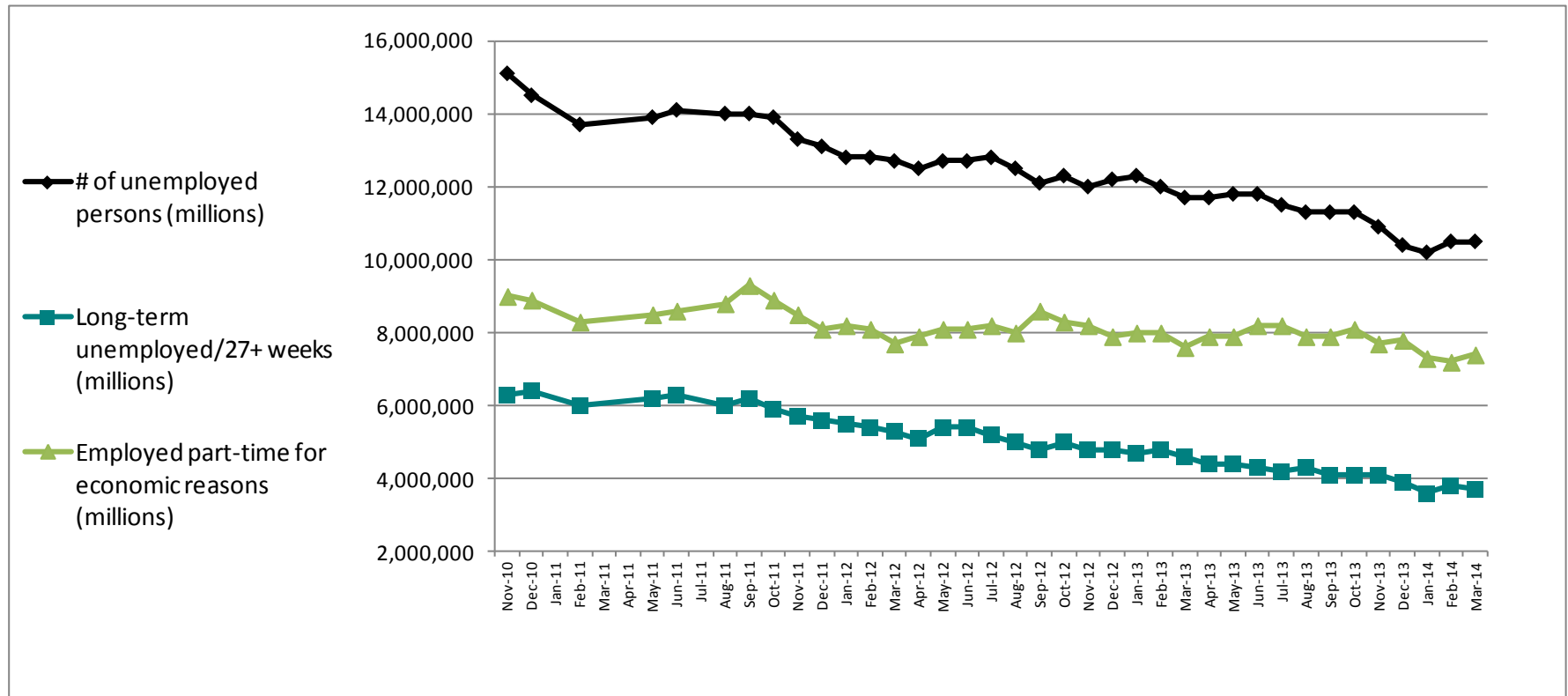
- *Marginally attached workers* (have looked for work in the prior 12 months but not in the 4 weeks preceding the monthly jobs report)
- *Discouraged workers* (have stopped looking for work altogether because they believe no jobs are available for them)

FIGURE 7– LABOR FORCE COMPOSITION: Marginally attached vs. Discouraged - 2012 to 2014



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

FIGURE 8 – UNEMPLOYED AND UNDEREMPLOYED PERSONS: Total vs. Long-Term vs. Part-timers - 2010 to 2014



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

FIGURE 9 - U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (Through March 2014)

KEY EMPLOYMENT STATISTICS – Last 30 Months

	(31 mos. ago)	(19 mo. ago)	(15 mo. ago)	(14 mo. ago)	(13 mo. ago)	(12 mo. ago)	(11 mo. ago)	(10 mo. ago)	(9 mo. ago)	(8 mo. ago)	(7 mo. ago)	(6 mo. ago)	(5 mo. ago)	(4 mo. ago)	(3 mo. ago)	(2 mo. ago)	(1 mo. ago)	(Now)
Unemployment rate	9.1%	8.1%	7.8%	7.9%	7.7%	7.6%	7.5%	7.6%	7.6%	7.4%	7.3%	7.2%	7.3%	7.0%	6.7%	6.6%	6.7%	6.7%
# of unemployed persons	14.0 million	12.5 million	12.2 million	12.3 million	12.0 million	11.7 million	11.7 million	11.8 million	11.8 million	11.5 million	11.3 million	11.3 million	11.3 million	10.9 million	10.4 million	10.2 million	10.5 million	10.5 million
Long-term unemployed--27+ weeks (% of total unemployed persons)	6.0 million 42.9%	5.0 million 40.0%	4.8 million 39.1%	4.7 million 38.1%	4.8 million 40.2%	4.6 million 39.6%	4.4 million 37.4%	4.4 million 37.3%	4.3 million 36.7%	4.2 million 37.0%	4.3 million 37.9%	4.1 million 36.9%	4.1 million 36.1%	4.1 million 37.3%	3.9 million 37.7%	3.6 million 35.8%	3.8 million 37.0%	3.7 million 35.8%
Civilian labor force participation rate	64.0%	63.5%	63.6%	63.6%	63.5%	63.3%	63.3%	63.4%	63.5%	63.4%	63.2%	63.2%	62.8%	63.0%	62.8%	63.0%	63.0%	63.2%
Employment-population ratio	58.2%	58.3%	58.6%	58.6%	58.6%	58.5%	58.6%	58.6%	58.7%	58.7%	58.6%	58.6%	58.3%	58.6%	58.6%	58.8%	58.8%	58.9%
Employed part-time for economic reasons	8.8 million	8.0 million	7.9 million	8.0 million	8.0 million	7.6 million	7.9 million	7.9 million	8.2 million	8.2 million	7.9 million	7.9 million	8.1 million	7.7 million	7.8 million	7.3 million	7.2 million	7.4 million
Marginally attached to labor force	2.6 million	2.6 million	2.6 million	2.4 million	2.6 million	2.3 million	2.3 million	2.2 million	2.6 million	2.4 million	2.3 million	2.3 million	2.3 million	2.1 million	2.4 million	2.6 million	2.3 million	2.2 million
Discouraged workers (not looking for work)	977,000	844,000	1,100,000	804,000	885,000	803,000	835,000	780,000	1,000,000	988,000	866,000	852,000	815,000	762,000	917,000	837,000	755,000	698,000

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. Our research is deeply grounded in specialized proprietary benchmark research, surveys, and empirical intelligence collected from 2,575 U.S. and Canadian employers representing 160,000 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 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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- *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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