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

**FOOTE IT NEWS ANALYSIS – Technology employment trends in the
 May 2012 Bureau of Labor Statistics United States Employment Report**

**Increase of 5,200 jobs across four IT-related jobs segments is 4,600 fewer than
 April and well below the six month average for these segments**

**Employment segments representing IT services industries add 7,500 jobs, dramatically
 less than 12,000 average monthly jobs increase for past four months.**

‘Pure tech’ jobs strength has finally succumbed to global economic woes.

Vero Beach, FL – Sunday, June 3, 2012. An analysis of Friday’s release of very troubling May 2012 U.S. employment numbers by the Department of Labor Bureau of Labor Statistics (DOL/BLS) reveals a **net gain of 5,200** jobs across four jobs segments commonly associated with IT professionals, or 4,600 fewer than April. Two of those segments specifically representing IT services industries, *Management and Technical Consulting Services* and *Computer Systems Design and Related Services*, **increased by 7,500 jobs** in May for the smallest monthly gain in the past four months, and well below the 12,000 average monthly jobs increase for this same period in these two segments. Meanwhile another 2,000 jobs were lost in *Telecommunications* employment, adding to the total of 18,800 jobs lost in this segment over the last six months. (SEE FIGURES 1 and 2)

“For the overall employment situation in our country this was the third consecutive month of disappointing results. In fact the job growth numbers for March and April were revised downward on Friday by nearly 50,000 jobs and three-quarters of those were for April,” notes David Foote, CEO at IT analyst firm Foote Partners which regularly analyzes IT and business labor trends including a review of the DOL’s monthly

employment reports. “Despite the modest gain in technology jobs this latest report indicates across the board weakness. Combined with the news one day earlier that the annual rate of change in the gross domestic product during the first quarter had been revised downward to 1.9% from 2.2% and that Midwest factory activity has slowed considerably in May, and you can only conclude one thing: there is tremendous anxiety out there right now. What looked like a strong start to the year has now eroded amidst fears that the global economy has hit a wall in May aided no doubt by the mess currently playing out in the Euro zone. A couple of months of weak numbers is one thing but three months in a row and all these revisions downward is enough to give even an optimist a reason to question his beliefs.

“For technology workers, a group that had not been doing poorly in the BLS reports—up by nearly 45,000 over the last seven months—I think we will now see at best a flattening out over the next several months. I mean, why hire more people when real economic growth has taken such a hit? We won’t be seeing layoffs but we won’t be seeing the 6,400 per month average in new tech job creation that has been occurring over the last half year. Last month it was 5,200 jobs; maybe that’s our new number between now and year’s end, or even fewer,” suggests Foote.

“With one caveat: these monthly DOL numbers are only tracking a small portion of the tech labor market as we have noted continually in our past analyses. What is missing in these government employment data reports are IT-business hybrids. Businesses are searching intensely for more multidimensional skills sets in many of their new hires: workers with 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. It’s not that employers are not also actively building capabilities in purely technical areas relating to networks and systems, securing them, or continuing to aggressively develop and maintain ERP systems and data warehouses, or their business intelligence and analytics capabilities. But employers can acquire those skills without resorting to full- or part-time hires and still manage to get the job done. 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. Employers will take seven to nine months to find the right full time hire and build from that, filling in needs with consultants in the meantime. They will also develop these unique skill sets in house if necessary.

“We’re seeing a fairly robust job market demand for these hybrids especially where cloud computing, applications development, Big Data and business analytics, mobile applications, architecture, and business process are involved, and that’s to name only a handful of hot skills areas. But there is also demand in functional areas of the business and products groups where subject matter expertise in a particular area and strong social skills are as critical as tech skills for getting the job and keeping it.

Overall U.S. Employment Report

The U.S. unemployment rate increased slightly in May (8.2 percent compared to 8.1 percent in April) though largely because more people began looking for work. The country gained a net 69,000 jobs, for an average of 96,000 over each of the last three months. That is down from a 245,000 gain on average from December through February. (FIGURE 1)

Unlike April’s jobs report where the number of long-term unemployed people (defined as 27 or more months) decreased by 200,000 to a total of 5.1 million (or 41.3%) of all unemployed workers, in May the number increased by 300,000 for a total of 5.4 million (or 42.8%) of the total unemployed. (FIGURE 5)

Those employed part-time for economic reasons rose by 200,000, to 8.1 million, the highest since February’s jobs report. (FIGURE 5)

“Discouraged workers”, or those who have given up looking for jobs, decreased by 138,000 workers in May. Remaining unchanged were those “marginally attached” to the labor force defined as individuals that 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. (FIGURE 5)

The May jobs report showed gains in health care, transportation and warehousing, and wholesale trade, while construction jobs fell by a seasonally adjusted 28,000. Even some bright spots, like booming auto sales, failed to meet expectations or to bolster manufacturing employment by much — only 12,000 jobs.

The report added to the global pall that has deepened with Europe’s debt crisis and slowing growth in China and India.

FIGURE 1 – U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (January 2010 to May 2012)

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
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	154,000	115,000	69,000
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%
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
<i>Segment 3:</i> 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
<i>Segment 4:</i> 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
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
<i>Segment 5:</i> 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
<i>Segment 5:</i> Data Processing/Hosting/ Related Services	-1900	-700	-500	-400	700	-300	-200	100	-600	400	-900	-200	-1300	1900	-600	-500	-300
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
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

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 (Through April 2012)

CUMULATIVE JOB SITUATION TRENDS – IT PROFESSIONALS

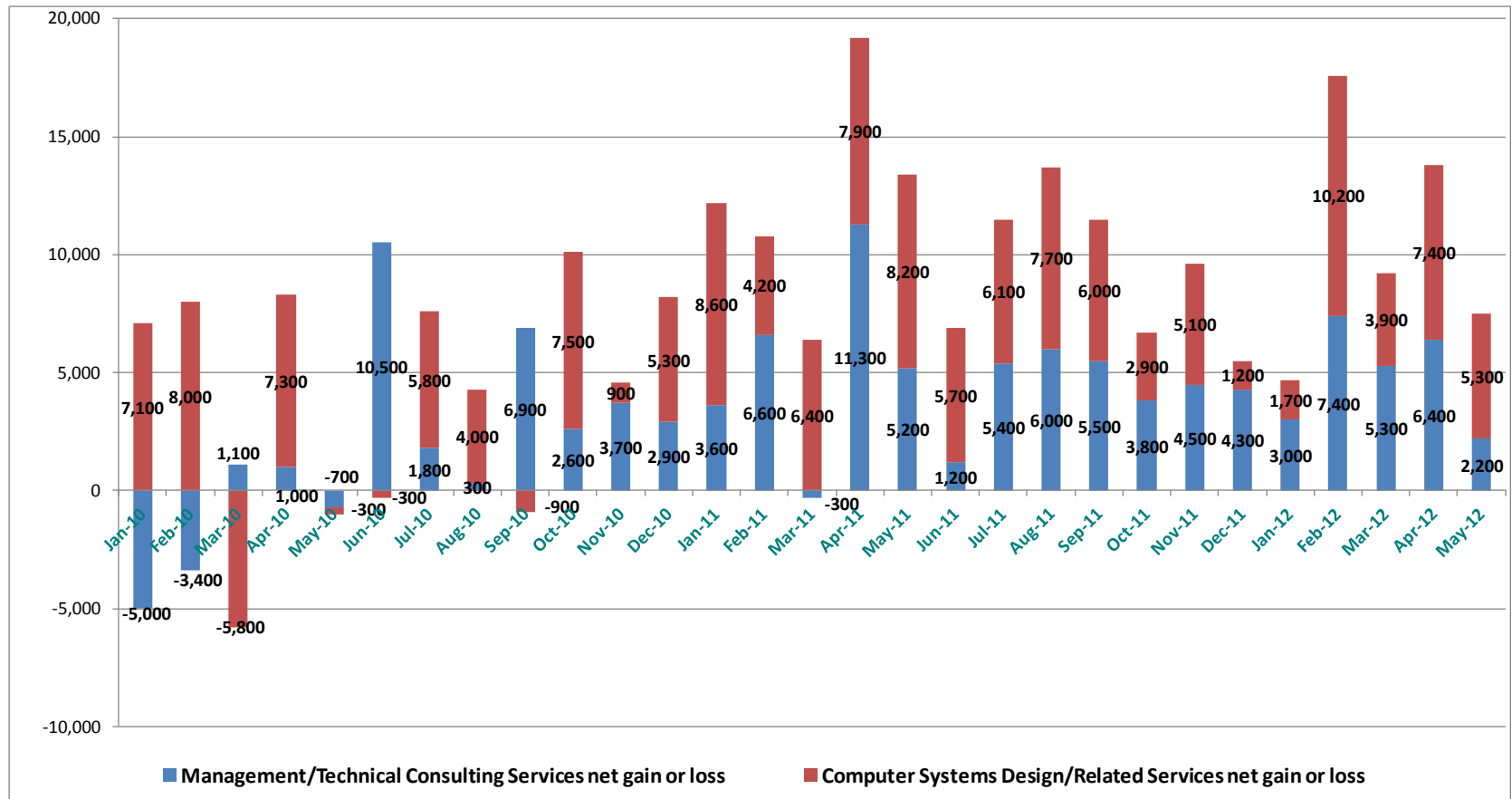
Highlights for five bellwether IT jobs segments)

U.S. LABOR DEPT CUMULATIVE NET JOB GAINS/DECLINES							
JOBS SEGMENT	12 mos.	10 mos.	7 mos.	6 mos.	4 mos.	3 mos.	2 mos.
	Jun'11 - May'12	Aug'11 - May'12	Nov'11 - May'12	Dec'11 - May'12	Feb'12 - May'12	Mar'12 - May'12	Apr'12 - May'12
Professional and Technical Services	201,520	159,620	119,100	110,300	71,500	37,300	23,500
<i>Segment 1:</i> Management/Technical Consulting Services	55,000	48,400	33,100	28,600	21,300	13,900	8,600
<i>Segment 2:</i> Computer Systems Design/Related Services	63,200	51,400	34,800	29,700	26,800	16,600	12,700
Information	-10,900	-9,900	9,100	13,100	-5,900	-4,900	-4,000
<i>Segment 3:</i> Telecommunications	-39,100	-36,000	-21,400	-18,800	-15,500	-9,100	-5,500
<i>Segment 4:</i> Data Processing/Hosting/Related Services	-2,500	-2,000	-1,900	-1,000	500	-1,400	-800
TOTAL - ALL 4 IT SEGMENTS	76,600	61,800	44,600	38,500	33,100	56,800	15,000
Tech Services segments	118,200	99,800	67,900	58,300	48,100	30,500	21,300
Information segments	-41,600	-38,000	-23,300	-19,800	-15,000	-10,500	-6,300

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 Footo Partners LLC

FIGURE 3 – JOB GROWTH/DECLINE - Management/Technical Consulting jobs vs. Computer Systems Design/Related services jobs - Net job gains/losses from January 2010 through May 2012



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

FIGURE 3

UNEMPLOYED AND UNDEREMPLOYED PERSONS:

Total vs. Long-Term vs. Part-timers

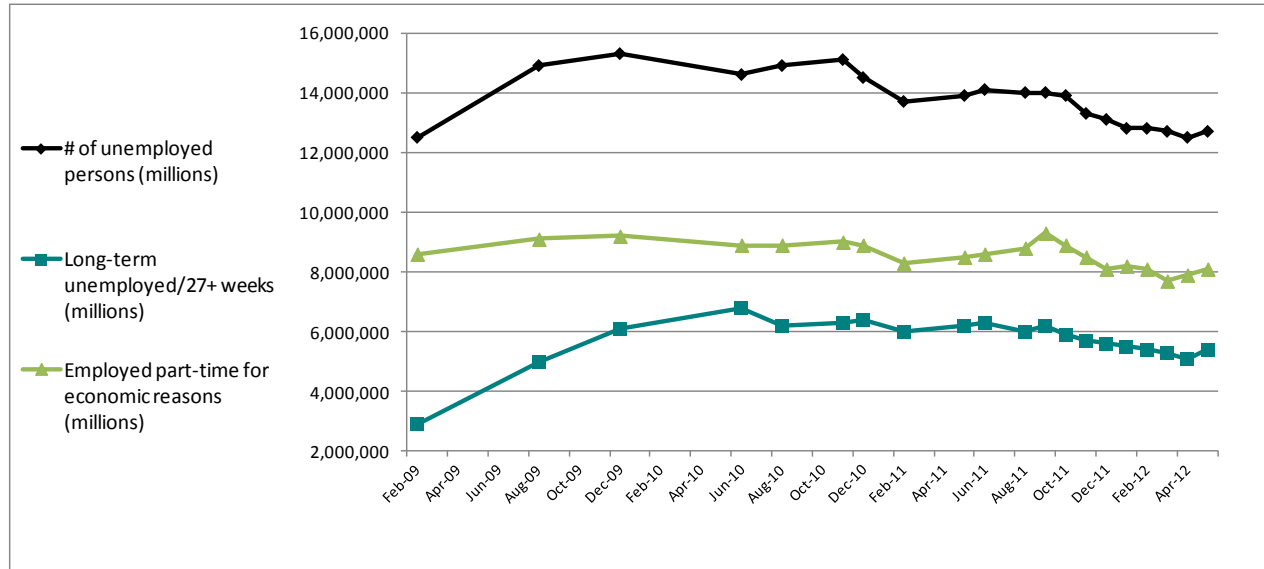


FIGURE 4

LABOR FORCE COMPOSITION

Marginally attached vs. Discouraged

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

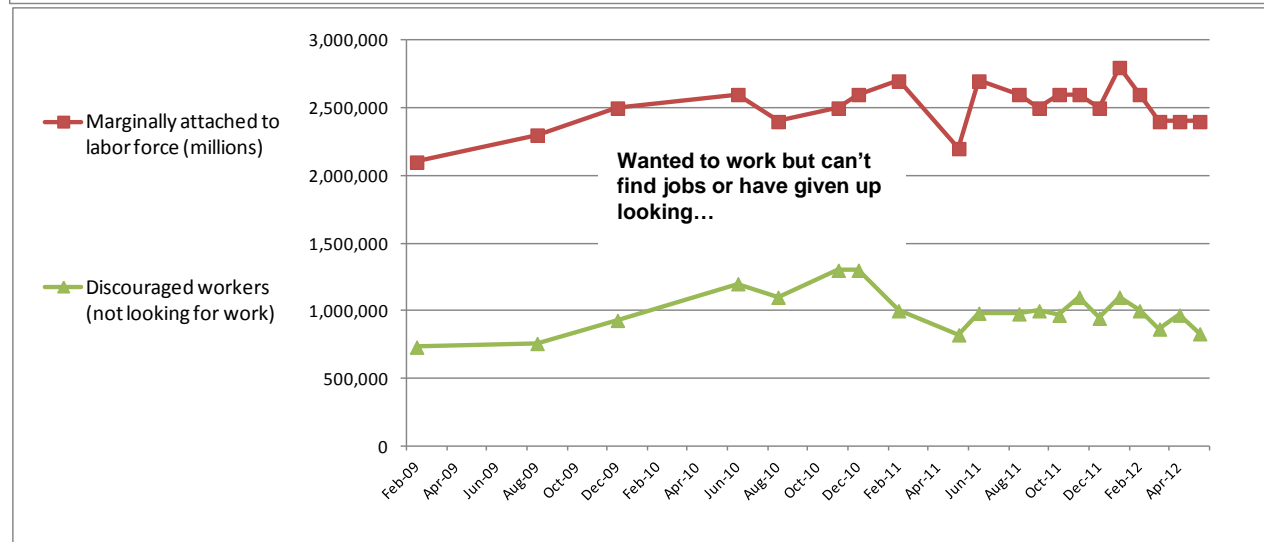


FIGURE 5 - U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (Through May 2012)

KEY EMPLOYMENT STATISTICS – Last 23 Months

	Jun-10 (23 mos. ago)	Feb-11 (15 mos. ago)	May-11 (12 mos. ago)	Aug-11 (9 mos. ago)	Nov-11 (6 mo. ago)	Dec-11 (5 mo. ago)	Jan-12 (4 mo. ago)	Feb-12 (3 mo. ago)	Mar-12 (2 mo. ago)	Apr-12 (1 mo. ago)	May-12 (Now)
Unemployment rate	9.5%	8.9%	9.1%	9.1%	8.6%	8.5%	8.3%	8.3%	8.2%	8.1%	8.2%
# of unemployed persons	14.6 million	13.7 million	13.9 million	14.0 million	13.3 million	13.1 million	12.8 million	12.8 million	12.7 million	12.5 million	12.7 million
Long-term unemployed--27+ weeks (% of total unemployed persons)	6.8 million 45.5%	6.0 million 43.9%	6.2 million 45.1%	6.0 million 42.9%	5.7 million 43.0%	5.6 million 42.5%	5.5 million 42.9%	5.4 million 42.6%	5.3 million 42.5%	5.1 million 41.3%	5.4 million 42.8%
Civilian labor force participation rate	64.7%	64.2%	64.2%	64.0%	64.0%	64.0%	63.7%	63.9%	63.8%	63.6%	63.8%
Employment-population ratio	58.5%	58.4%	58.4%	58.2%	58.5%	58.5%	58.5%	58.6%	58.5%	58.4%	58.6%
Employed part-time for economic reasons	8.6 million	8.3 million	8.5 million	8.8 million	8.5 million	8.1 million	8.2 million	8.1 million	7.7 million	7.9 million	8.1 million
Marginally attached to labor force	2.6 million	2.7 million	2.2million	2.6 million	2.6 million	2.5 million	2.8 million	2.6 million	2.4 million	2.4 million	2.4 million
Discouraged workers (not looking for work)	1,200,000	1,000,000	822,000	977,000	1,100,000	945,000	1,100,000	1,000,000	865,000	968,000	830,000

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 factors 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 analysis and 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 2,350 North American employers representing 127,000 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
Twitter blog: @FPview