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

**IT employment in November throttles back a tad with 6,800 new jobs added,
 well below the 2012 monthly average of 9,409.**

4,000 fewer new jobs in the IT services industry than previous month.

**National unemployment rate drops to 7.7 percent---but mostly from workers
 who have stopped looking for work.**

Vero Beach, FL – Friday, December 10, 2012. An analysis of Friday’s release of November 2012 U.S. employment numbers by the Bureau of Labor Statistics reveals a net gain of 6,800 jobs across four industry job segments commonly associated with IT professionals. This follows September’s loss of 1,700 jobs and October’s 12,500 surge in new workers (see **Figures 1 and 2**). Although significantly less than the average of 10,580 new IT jobs every month over the past year it’s still positive momentum heading into the new year.

7,100 new jobs were added in the *Management and Technical Consulting Services* segments, one of two categories most commonly associated with the IT services industries. The other---*Computer Systems Design/Related Services*---added no jobs in November, only the second time this has occurred in the past 20 months. 255,500 jobs have been added to U.S. payrolls in these two job segments in the past 24 months, and 125,700 in the past year alone. (**Figure 3**)

In the Information industry job category, the *Telecommunications and Data Processing, Hosting and Related Services* segments showed a net loss of 300 jobs in November, significantly less than the 1,658 jobs lost per month for these segments in the past twelve months (19,900 total) . But considering that a total of 62,800 jobs have been lost in these segments over the last 24 months, a strong case could be made that the labor market correction so apparent in *Telecommunications and Data Processing, Hosting and Related Services* over the past is nearing its end. But it's doubtful that we'll be seeing any sustained job growth in these segments for the foreseeable future as industry forces continue to limit the possibilities. (**Figures 1 and 2**)

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

The U.S. unemployment decreased 0.1 percentage points to 7.7 percent in November as total **nonfarm payroll employment** rose by 146,000 according to the Bureau of Labor Statistics. The number of **unemployed persons**, at 12 million, decreased by 300,000 in November.

The number of **long-term unemployed** (those jobless for 27 weeks or more) declined from 5.0 million in October to 4.8 million in November and accounted for 40.1 percent of the unemployed. The **civilian labor force participation rate** declined by 0.2 percentage point to 63.6 percent in November, offsetting an increase of the same amount in October. **Total employment** was virtually unchanged in November, following a combined increase of 1.3 million over the prior 2 months.

The number of persons employed **part time for economic reasons** (sometimes referred to as involuntary part-time workers), at 8.2 million in November, dropped by 100,000 workers over the month. These individuals were working part time because their hours had been cut back or because they were unable to find a full-time job.

In November, 2.5 million persons were **marginally attached to the labor force**, up by 100,000 worker from October but unchanged from a year earlier. (These 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. This is significant because 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 979,000 **discouraged workers** in November---166,000 more than October. 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 November had not searched for work in the 4 weeks preceding the survey for reasons such as school attendance or family responsibilities.

What is significant here is that the improvement in the national employment rate in November is less about job growth picking up as it is due to the increasing number of people who gave up looking for jobs and no longer counting as officially unemployed. Still, by the widest measure of joblessness, unemployment did ease slightly: after factoring in people looking for work as well as those forced to take part-time positions because full-time work wasn't available, the total unemployed fell to 14.4 percent in November from 14.6 percent in October.

Despite the fact that the national job market is not at strong enough to pull discouraged workers back into the labor market, the report for November was relatively strong according to some economists in that it showed fewer effects from Hurricane Sandy than had been expected. In Friday's announcement, the Bureau of Labor Statistics said the storm did "not substantively impact the national employment and unemployment estimates for November."

Among specific industries, the **retail** sector was especially healthy, adding 53,000 jobs as the holiday shopping season approached. In the last three months, retail employment has increased by 140,000.

In November, employment in **professional and business services** rose by 43,000. **Health care** employment continued to increase in November (+20,000), with gains in hospitals (+8,000) and in nursing care facilities (+5,000). Health care has added an average of 26,000 jobs per month this year.

Employment in **wholesale trade** edged up over the month (+13,000). Since reaching an employment trough in May 2010, the industry has added 228,000 jobs.

Information employment also edged up in November (+12,000), with the increase concentrated in motion picture and sound recording (+15,000). On net, information employment has changed little over the past 12 months.

Leisure and hospitality employment continued to trend up in November (+23,000). Over the past 12 months, the industry has added 305,000 jobs.

One notable point of weakness was the **manufacturing** sector, which lost 7,000 jobs in the month. Demand from Europe and other overseas markets has weakened recently, while some manufacturing companies have held off on spending as political leaders square off in Washington over how to cut the deficit. Within the industry, job losses in **food manufacturing** (-12,000) and **chemicals** (-9,000) more than offset gains in **motor vehicles and parts** (+10,000) and **wood products** (+3,000). On net, manufacturing employment has changed little since this past spring.

Employment in **construction** declined by 20,000 in November, with much of the loss occurring in construction of buildings (-11,000). Since early 2010, employment in construction has shown no clear trend.

Employment in other major industries, including **mining and logging, transportation and warehousing, financial activities, and government**, showed little change in November.

DISCUSSION

“This is exactly what we predicted in our analysis of the September BLS jobs report in which we witnessed the first monthly decline in IT jobs in two years, and what we repeated in November: the IT employment market has performed too strongly over the past two years not to bounce back in October and November ,” notes David Foote, CEO at IT analyst firm 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.

“The truth is that the many of the IT job segments in the government jobs reports, in particular those in IT services, have been on strong and sustained growth runs for some time now. There was absolutely no structural shift taking place to account for the September job losses. The fact is that companies are actively searching for talent and hiring for the future, though with considerable selectivity. Plus the tech industry has been exceptionally volatile at the skills supply and demand level since early 2008 which we track closely in our quarterly [*IT Skills and Certifications Pay Index™*](#) benchmark research. Employers are making investments in new people not simply filling gaps at the project level: They’re building for the future, putting a premium on versatility and multi-dimensionally skilled individuals who can grow and develop within the company culture.

Notes Foote, “The popularity of cloud computing, managed services, mobile platforms, business analytics and big data, applications development including social media, and information security concerns is driving a lot of hiring and investments in skills. So too are aggressive efforts to innovate new products and services. Information technology is helping to deliver and support everything in business. Smart investments in technology and especially in the people who can deliver tech-infused business solutions continues to be key success factors. This has made a wide variety of IT professionals very hot commodities.

“I am a little concerned that consumer confidence deteriorated in December according to some indices, and that this is being tied to concerns over the showdown in Washington over the budget—the so-called ‘fiscal cliff’ negotiations. It is encouraging that the corporate sector seems willing to hire even amidst these worries, but for how long? If the budget impasse can’t be resolved this month it’s likely that jobs growth will weaken early next year. But I’m convinced this will not affect IT employment as deeply because, again, technology has been one of the engines driving corporate growth and overall competitiveness in the global marketplace.”

FIGURE 1 – U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (January 2011 to November 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	Jun	Jul	Aug	Sep	Oct	Nov
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	138,000	146,000
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%
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
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
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
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
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
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
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
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

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 2011)

(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
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	138,000	146,000
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%	7.9%	7.7%
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
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
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
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
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
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
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
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

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 November 2012)

CUMULATIVE JOB SITUATION TRENDS – IT PROFESSIONALS

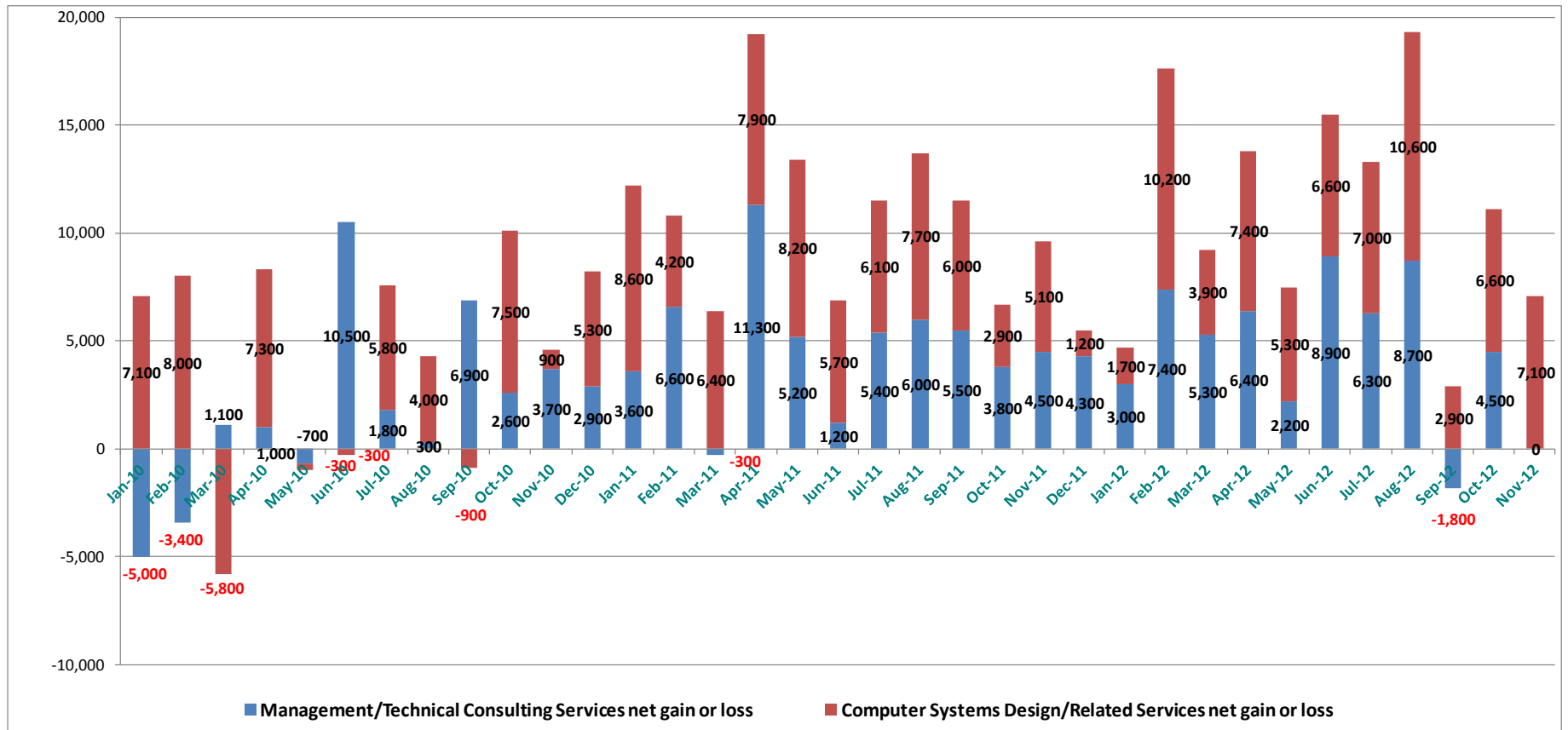
Highlights for four bellwether IT jobs segments)

U.S. LABOR DEPT CUMULATIVE NET JOB GAINS/DECLINES									
JOBS SEGMENT	36 mos.	24 mos.	12 mos.	10 mos.	7 mos.	6 mos.	4 mos.	3 mos.	2 mos.
	Dec'09 - Nov'12	Dec'10 - Nov'12	Dec'11 - Nov'12	Feb'12 - Nov'12	May'12 - Nov'12	Jun'12 - Nov'12	Aug'12 - Nov'12	Sep'12 -Nov'12	Oct'12 - Nov'12
Professional and Technical Services	519,120	427,420	208,900	170,100	94,600	98,600	62,500	35,700	30,800
<i>Segment 5:</i> Management/Technical Consulting Services	133,200	110,900	55,200	47,900	28,800	26,600	11,400	2,700	4,500
<i>Segment 4:</i> Computer Systems Design/Related Services	181,300	144,600	70,500	67,600	46,100	40,800	27,200	16,600	13,700
Information	-48,900	3,100	35,100	16,100	20,000	22,000	19,000	16,000	13,000
<i>Segment 4:</i> Telecommunications	-97,600	-57,900	-19,100	-15,800	-2,300	-300	-1,000	1,300	1,700
<i>Segment 5:</i> Data Processing/Hosting/Related Services	-8,700	-4,900	-800	700	-100	200	-1,900	-3,000	-600
TOTAL - ALL 4 IT SEGMENTS	208,200	192,700	105,800	100,400	72,500	67,300	35,700	56,800	19,300
Tech Services segments	314,500	255,500	125,700	115,500	74,900	67,400	38,600	19,300	18,200
Information segments	-106,300	-62,800	-19,900	-15,100	-2,400	-100	-2,900	-1,700	1,100

Key: **Net job declines in red**
 Net job gains in green

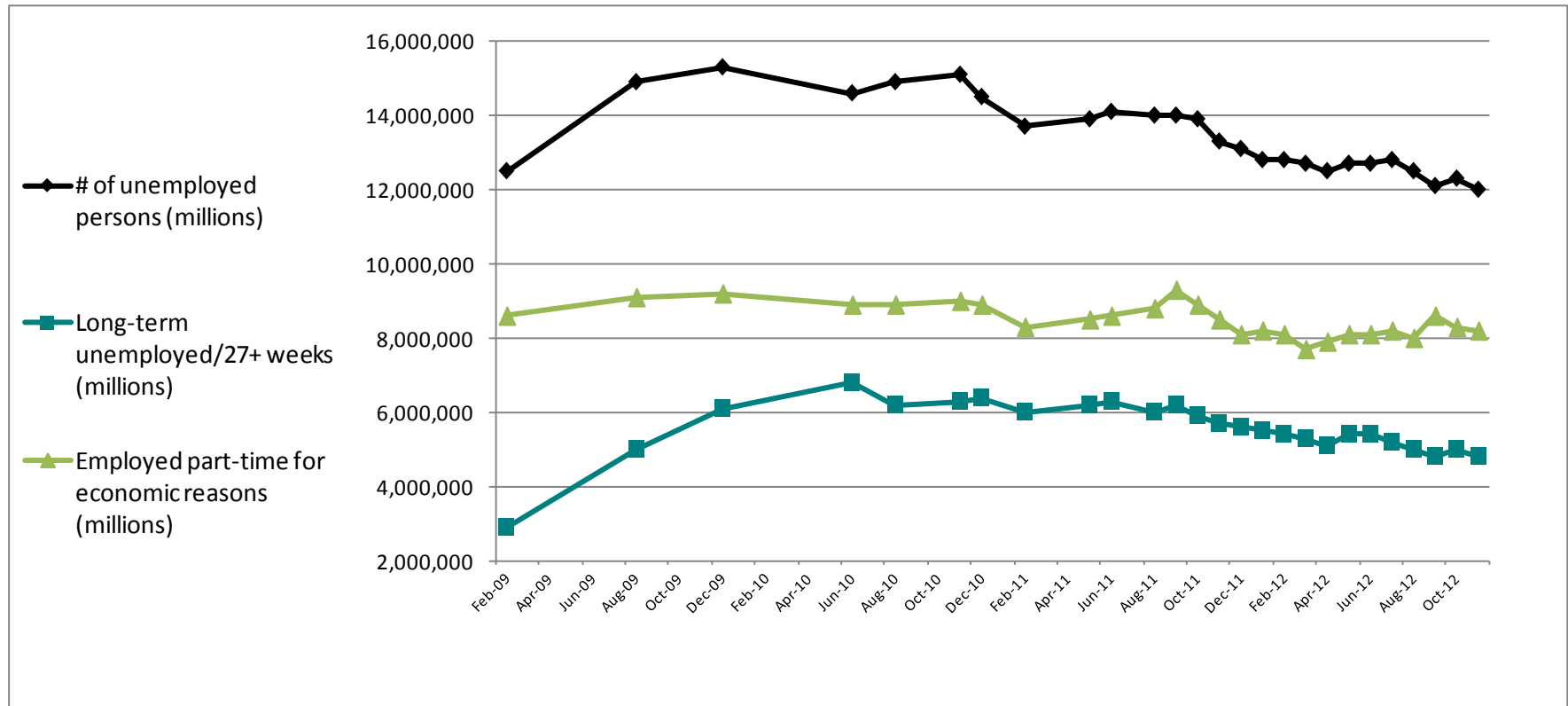
Source: US Department of Labor/Bureau of Labor Statistics.
Data chart and analysis by Foote Partners LLC

FIGURE 4 – JOB GROWTH/DECLINE - Management/Technical Consulting jobs vs. Computer Systems Design/Related services jobs
- Net job gains/losses from January 2010 through November 2012



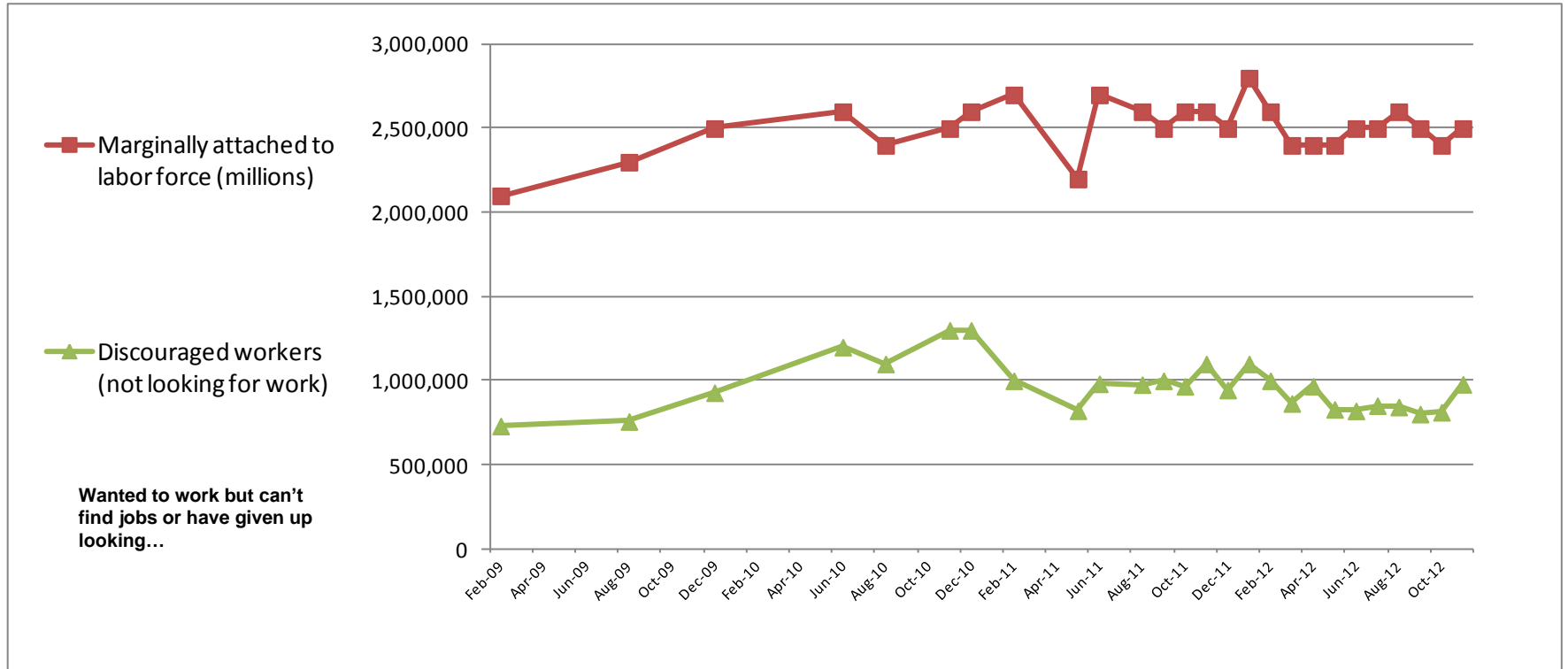
Source: US Department of Labor/Bureau of Labor Statistics. Data chart and analysis by Foote Partners LLC

FIGURE 5 – UNEMPLOYED AND UNDEREMPLOYED PERSONS: Total vs. Long-Term vs. Part-timers



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



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 November 2012)

KEY EMPLOYMENT STATISTICS – Last 28 Months

	June-10 (28 mos. ago)	February-11 (21 mos. ago)	May-11 (18 mos. ago)	January-12 (10 mos. ago)	February-12 (9 mos. ago)	March-12 (8 mos. ago)	April-12 (7 mos. ago)	May-12 (6 mos. ago)	June-12 (5 mos. ago)	July-12 (4 mos. ago)	Aug-12 (3 mos. ago)	Sep-12 (2 mos. ago)	Oct-12 (1 mo. ago)	Nov-12 (Now)
Unemployment rate	9.5%	8.9%	9.1%	8.3%	8.3%	8.2%	8.1%	8.2%	8.2%	8.3%	8.1%	7.8%	7.9%	7.7%
# of unemployed persons	14.6 million	13.7 million	13.9 million	12.8 million	12.8 million	12.7 million	12.5 million	12.7 million	12.7 million	12.8 million	12.5 million	12.1 million	12.3 million	12.0 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%	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%	5.4 million 41.9%	5.2 million 40.7%	5.0 million 40.0%	4.8 million 40.1%	5.0 million 40.6%	4.8 million 40.1%
Civilian labor force participation rate	64.7%	64.2%	64.2%	63.7%	63.9%	63.8%	63.6%	63.8%	63.8%	63.7%	63.5%	63.6%	63.8%	63.6%
Employment-population ratio	58.5%	58.4%	58.4%	58.5%	58.6%	58.5%	58.4%	58.6%	58.6%	58.4%	58.3%	58.7%	58.8%	58.7%
Employed part-time for economic reasons	8.6 million	8.3 million	8.5 million	8.2 million	8.1 million	7.7 million	7.9 million	8.1 million	8.2 million	8.2 million	8.0 million	8.6 million	8.3 million	8.2million
Marginally attached to labor force	2.6 million	2.7 million	2.2million	2.8 million	2.6 million	2.4 million	2.4 million	2.4 million	2.5 million	2.5 million	2.6 million	2.5 million	2.4 million	2.5 million
Discouraged workers (not looking for work)	1,200,000	1,000,000	822,000	1,100,000	1,000,000	865,000	968,000	830,000	821,000	852,000	844,000	802,000	813,000	979,000

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 2,405 North American employers representing 143,775 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 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.

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