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FOOTE IT NEWS ANALYSIS – Bureau of Labor Statistics US Employment Report – November 2011

Vero Beach, FL – Saturday, December 2, 2011. In an analysis of Friday’s release of the November 2011 U.S. employment numbers by the Department of Labor Bureau of Labor Statistics (DOL/BLS), Foote Partners reports a net gain of 9,600 jobs in two IT services job sectors—**Management and Technical Consulting Services** and **Computer Systems Design and Related Services**---representing the eighteenth consecutive month of positive job growth in these job segments. (SEE FIGURE 1)

“There have been 129,800 jobs added in these two services segments in the last twelve months, and nearly 60,000 in just the last six months. Among the 2,200 employers who participate as research partners in our industry research there’s no question that consulting firms and systems integrators are benefitting from these employers’ purchases of managed services and investments in cloud computing as an alternative to acquiring technology skills in house,” says David Foote, CEO at IT analyst firm Foote Partners that publishes proprietary national labor trend research. “While jobs were expanding in the Technical Services industries over this period, they were declining in the two Information Industry tech segments, **Telecommunications** and **Data Processing, Hosting and Related Services**, which together recorded net job losses of 42,900 and 21,800 in the last twelve and six months respectively.” (SEE FIGURE 2)

“The broader trend continues to be employers hiring hybrid IT-business professional with combinations of both business and technology knowledge, experience, and skill sets unlike those found in traditional IT organizations. It’s nearly impossible to track these hybrids in the monthly federal jobs reports because they’re found in the business lines, corporate departments, product development groups, and in a wide variety of implementation and

support functions throughout the enterprise. But make no mistake,” insists Foote, “It’s a very robust job market for hybrids right now.”

Tempering any good news

Despite an unemployment rate that fell to 8.6 percent in November from 9.0 percent the prior month with the addition of 120,000 jobs, several key negative statistics in Friday’s federal jobs report appear to obviate any positive progress that these numbers may suggest: (SEE FIGURES 2, 3, 4, 5)

- The number of “discouraged workers” — those who have given up looking for jobs -- increased by 315,000 unemployed workers last month.
- The number of long term unemployed, defined as those jobless for 27 weeks or more, was little changed at 5.7 million and accounted for 43.0 percent of the unemployed.
- The civilian labor force participation rate declined by 0.2 percentage point to 64.0 percent.
- 2.6 million persons were marginally attached to the labor force in November, 100,000 more than one year ago. 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.
- The number of persons employed (sometimes referred to as involuntary part-time workers) dropped by 378,000 over the month to 8.5 million. These individuals were working part time because their hours had been cut back or because they were unable to find a fulltime job.

The share of workers who were unemployed fell in November partly because some people found jobs and partly because some discouraged workers dropped out of the labor force altogether. That left the share of Americans participating in the work force at a historically depressed 64 percent, down from 64.2 percent in October.

On the positive side, companies have been taking on more and more temporary workers, suggesting that more permanent hiring may be around the corner. Help-wanted advertising and retail sales have risen. Automobile sales have had four good months in a row, giving the manufacturing sector a boost with higher sales of autos triggering demand for a variety of manufacturers that produce raw and partly finished materials for the industry.

Economists forecast the U.S. will grow 2.5% in the final three months of 2011, compared to 2.0% in the third quarter. But the economy is only adding enough jobs to keep pace with the natural growth in the labor force. Hiring would have to more than double over a period of several years to pull the jobless rate back down to pre-recession levels.

Yet despite improved economic data, the U.S. economy and Wall Street are still hostage to political events largely beyond their control: the ongoing debt crisis in Europe, lingering instability in the oil-rich Middle East, and concerns about a Chinese economic slowdown. The failure of U.S. politicians to agree on a deal to reduce U.S. deficits calls into question whether any uptick in economic data is all that meaningful when the unemployment rate is stuck at such a high number.

“Though the economy is moderately expanding overall, given all of this uncertainty it’s a little hard to imagine the government’s monthly labor reports improving in the foreseeable future,” concludes Foote. “It’s going to be tough going for a lot of people in 2012 but we’re confident that hybrid IT-business professionals will continue to be a bright spot in a gloomy employment market. Unemployed and underemployed IT professionals need to take this information as a very positive opportunity as they contemplate their career plans.”

FIGURE 1 – U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (January 2010 to September 2011)

MONTHLY JOB SITUATION TRENDS – IT Professional Job Segments

(Highlights for four bellwether IT jobs segments)

	2010												2011								
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep
Nonfarm job loss/gain (month)	20,000	36,000	162,000	290,000	41,000	125,000	131,000	54,000	95,000	180,000	80,000	103,000	36,000	192,000	216,000	244,000	54,000	18,000	117,000	57,000	103,000
National unemployment rate	9.7%	9.7%	9.7%	9.9%	9.7%	9.5%	9.5%	9.6%	9.6%	9.6%	9.8%	9.4%	9.0%	8.9%	8.8%	9.0%	9.1%	9.2%	9.1%	9.1%	9.1%
Professional/Technical Services	-1,600	0	-12,500	80,000	-11,100	4,000	4,800	12,100	-6,900	6,700	7,400	1,400	7,900	10,000	34,700	33,000	40,300	24,200	17,700	16,100	24,100
Segment 3: Management/Technical Consulting Services	-5,000	-3,400	1,100	1,000	-700	10,500	1,800	300	6,900	2,600	3,700	2,900	3,600	6,600	-300	11,300	5,200	1,200	5,400	6,000	5,500
Segment 4: Computer Systems Design/Related Services	7,100	8,000	-5,800	7,300	-300	-300	5,800	4,000	-900	7,500	900	5,300	8,600	4,200	6,400	7,900	8,200	5,700	6,100	7,700	6,000
Information	0	-18,000	-12,000	-3,000	0	-8,000	1,000	-1,000	-5,000	-1,000	1,000	-4,000	-1,000	0	-4,000	2,000	-1,000	0	-1,000	-48,000	34,000
Segment 5: Telecommunications	-3,100	-3,800	-3,100	-6,700	-4,600	-2,300	-5,800	-3,600	-5,200	900	1,100	-4,500	-3,600	-2,200	-3,800	-1,000	-3,400	-400	-2,700	-47,300	37,600
Segment 5: Data Processing/Hosting/Related Services	400	600	-2,300	300	-1,300	-1,500	300	-1,300	-200	500	0	200	-1,900	-700	-500	-400	700	-300	-200	100	-600
Net gain/loss - ALL IT SEGMENTS	-600	1,400	-10,100	1,900	-6,900	6,400	2,100	-600	600	11,500	5,700	3,900	6,700	7,900	1,800	17,800	10,700	6,200	8,600	-33,500	48,500
Net gain/loss - IT SERVICES SEGMENTS	2,100	4,600	-4,700	8,300	-1,000	10,200	7,600	4,300	6,000	10,100	4,600	8,200	12,200	10,800	6,100	19,200	13,400	6,900	11,500	13,700	11,500

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 2 – U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (Through November 2011)

CUMULATIVE JOB SITUATION TRENDS – IT PROFESSIONALS

Highlights for five bellwether IT jobs segments)

U.S. LABOR DEPT CUMULATIVE NET JOB GAINS/DECLINES							
JOB SEGMENT	12 mos.	10 mos.	7 mos.	6 mos.	4 mos.	3 mos.	2 mos.
	Dec'10 - Nov'11	Feb'11 - Nov'11	May'11 - Nov'11	June'11 - Nov'11	Aug'11 - Nov'11	Sep'11 -Nov'11	Oct'11 - Nov'11
Professional and Technical Services	218,520	209,220	131,520	91,220	49,320	33,220	9,120
<i>Segment 1:</i> Management/Technical Consulting Services	55,700	49,200	31,600	26,400	19,800	13,800	8,300
<i>Segment 2:</i> Computer Systems Design/Related Services	74,100	60,200	41,700	33,500	21,700	14,000	8,000
Information	-32,000	-27,000	-25,000	-24,000	-23,000	25,000*	-9,000
<i>Segment 3:</i> Telecommunications	-38,800	-30,700	-23,700	-20,300	-17,200	30,100*	-7,500
<i>Segment 4:</i> Data Processing/Hosting/Related Services	-4,100	-2,400	-800	-1,500	-1,000	-1,100	-500
TOTAL - ALL 4 IT SEGMENTS	86,900	76,300	48,800	38,100	23,300	56,800	8,300
Tech Services segments	129,800	109,400	73,300	59,900	41,500	27,800	16,300
Information segments	-42,900	-33,100	-24,500	-21,800	-18,200	29,000	-8,000

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

NOTE: Extraordinary job gains in September were the result of workers returning to the payroll following a labor strike in the telecommunications industry that removed 45,000 worker from company payrolls during the August 2011.

FIGURE 3 – JOB GROWTH/DECLINE - Management/Technical Consulting jobs vs. Computer Systems Design/Related services jobs - Net job gains/losses from January 2010 through November 2011)

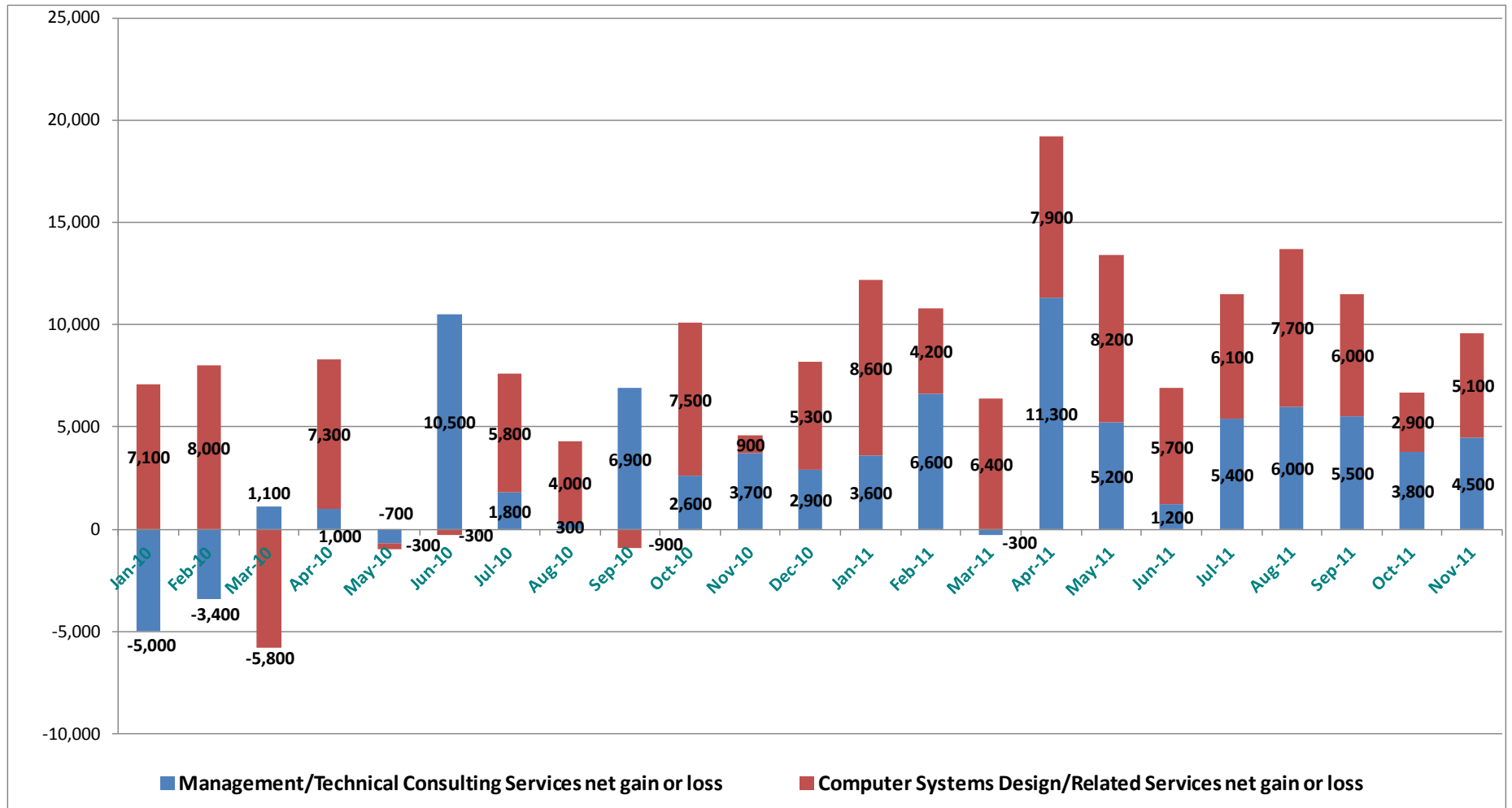


FIGURE 4

UNEMPLOYED AND UNDEREMPLOYED PERSONS:

Total vs. Long-Term vs. Part-timers

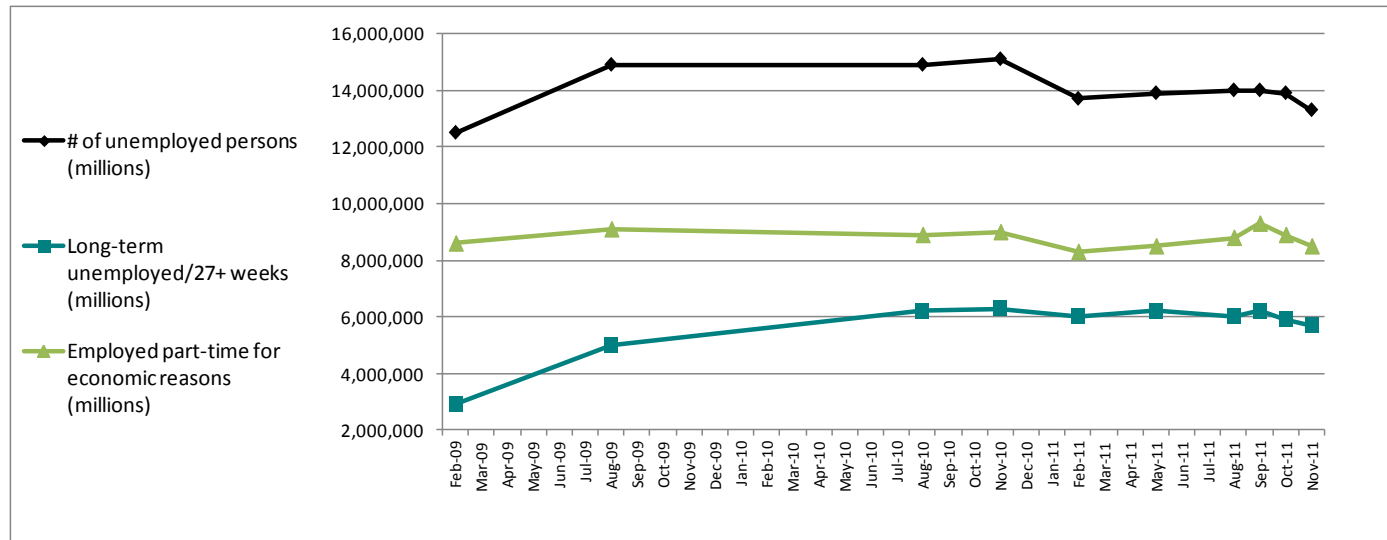


FIGURE 5

LABOR FORCE COMPOSITION

Marginally attached vs. Discouraged

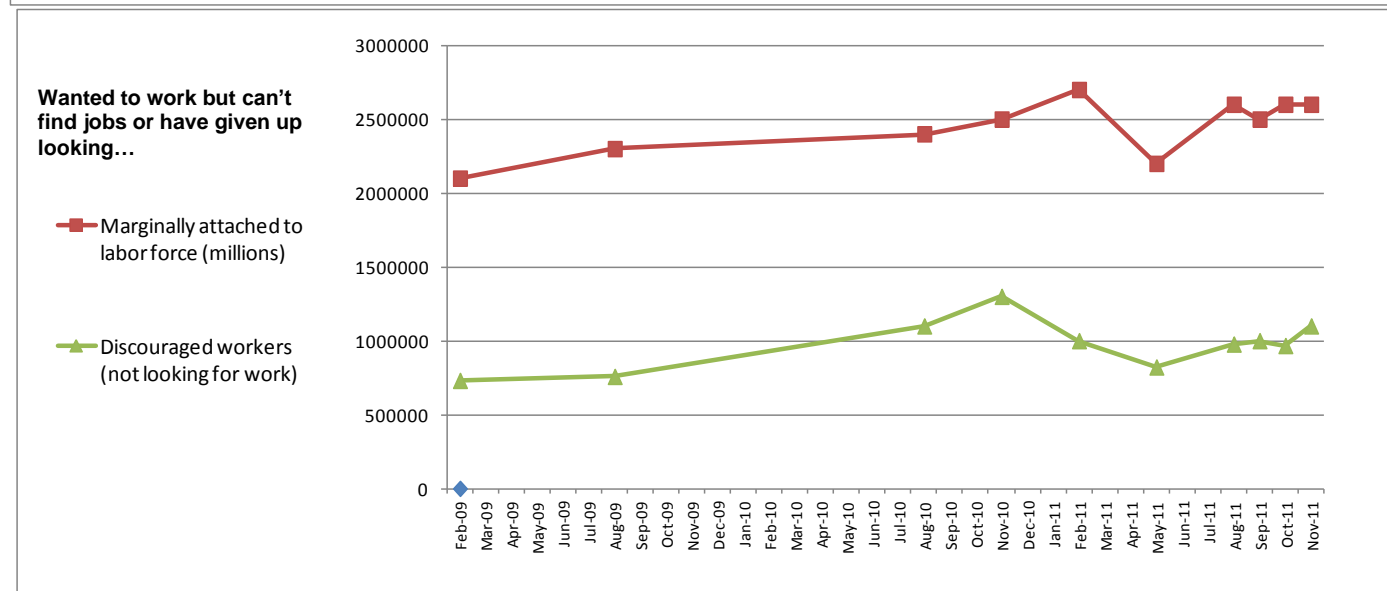


FIGURE 6 - U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (Through September 2011)

KEY EMPLOYMENT STATISTICS – Last 30 Months

	Feb-09 (33 mos. ago)	Aug-09 (27 mos. ago)	Aug-10 (15 mos. ago)	Nov-10 (12 mos. ago)	Feb-11 (9 mos. ago)	May-11 (6 mos. ago)	Aug-11 (3 mos. ago)	Sep-11 (2 mos. ago)	Oct-11 (1 mo. ago)	Nov-11 (Now)
Unemployment rate	8.1%	9.7%	9.6%	9.8%	8.9%	9.1%	9.1%	9.1%	9.0%	8.6%
# of unemployed persons	12.5 million	14.9 million	14.9 million	15.1 million	13.7 million	13.9 million	14.0 million	14.0 million	13.9 million	13.3 million
Long-term unemployed--27+ weeks (% of total unemployed persons)	2.9 million n/a	5.0 million n/a	6.2 million 42.0%	6.3 million 41.9%	6.0 million 43.9%	6.2 million 45.1%	6.0 million 42.9%	6.2 million 44.6%	5.9 million 44.6%	5.7 million 43.0%
Civilian labor force participation rate	65.6%	65.5%	64.7%	64.5%	64.2%	64.2%	64.0%	64.2%	64.2%	64.0%
Employment-population ratio	60.3%	59.2%	58.5%	58.2%	58.4%	58.4%	58.2%	58.3%	58.4%	58.5%
Employed part-time for economic reasons	8.6 million	9.1 million	8.9 million	9.0 million	8.3 million	8.5 million	8.8 million	9.3 million	8.8 million	8.5 million
Marginally attached to labor force	2.1 million	2.3 million	2.4 million	2.5 million	2.7 million	2.2 million	2.6 million	2.5 million	2.6 million	2.6 million
Discouraged workers (not looking for work)	731,000	758,000	1,100,000	1,300,000	1,000,000	822,000	977,000	1,000,000	967,000	1,100,000

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 side 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 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 2,205 North American employers 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.

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