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

**Gain of 117,000 U.S. jobs in July offset by an increase of 100,000 marginally attached (willing) workers exiting the labor force and 118,000 more ‘discouraged’ workers no longer looking for jobs, effectively wiping out any good news in latest BLS jobs report.**

**But for IT, 11,500 more jobs added in Technical Services segment while 2,900 more are lost in Telecommunications and DP/Hosting segments.**

**Vero Beach, FL – Monday, August 8, 2011.** U.S. employment numbers released Friday by the Department of Labor’s Bureau of Labor Statistics (BLS) revealed a net gain of 8,600 IT-related jobs in July, representing the eleventh consecutive month of positive job growth across four primary IT labor segments in federal employment data (FIGURE 1).

In a continuing trend of the shifting of IT hiring to the services industries by employers who are choosing to source more jobs externally, 11,500 new jobs were added in the *Management and Technical Consulting Services* and *Computer Systems Design and Related Services* employment segments in July—2,400 more than the prior month—for a total of 113,300 added in these segments over the past twelve months.

Meanwhile another 2,900 more jobs were lost in the *Telecommunications* and *Data Processing, Hosting and Related Services* segments for a total of 32,500 jobs lost in the same period. (FIGURE 2)

“The trend of employers no longer wishing to employ large numbers of their own full-timers in what are mostly pure technology IT jobs has been building steam over a very long period of time. It’s not something that just began with the popularity of cloud computing, managed services, and this new wave of domestic outsourcing, although certainly the widespread acceptance these alternatives sources for skills has been a big factor in the acceleration of what we’ve been witnessing in the federal employment reports over the past several months,” notes David Foote, CEO at IT analyst firm Foote Partners that publishes proprietary national labor trend research.

“But what I’m most concerned about with this latest Department of Labor jobs report is the spin that the government and some of the media are putting on it. The idea that the July report was a positive one---that is pure rubbish. Did the nation add 117,000 U.S. jobs in July? Consider that the DoL also reported that the ‘discouraged’ worker count increased by a reported 118,000 from the month before. These workers are persons not currently looking for work because they believe no jobs are available for them. Consider the bigger buried headline, that the ‘marginally attached’ worker count expanded by 100,000 in July. These are workers who are suddenly no longer officially counted as part of the labor force but wanted to work and were available and have looked for a job sometime in the prior 12 months. That reality is that our national workforce didn’t expand last month and we did not knock a tenth of one percent from the unemployment rate by adding jobs. The truth is 218,000 more people had either given up looking for work in July or couldn’t find work but have been out there sending out resumes and trying to get interviews! They have been removed from the national labor force. This is not good news any way you want to spin it,” concludes Foote.

“As far as these net growth numbers we’re reporting for IT job segments last month, it’s really a combination of many forces driving a major workforce redefinition of roles and jobs. First, technology advancements in areas such as telephony and communications, storage, servers, and networking, have lessened dependence on a variety of engineers, programmers, installers, administrators, and maintenance and support staff. Or at least these advancements have dramatically affected the skill sets necessary to be effective in jobs that have undergone substantial changes as a result of the advancements so that it now becomes more strategic to source these skills outside of the enterprise.

“Second, cost economies have made it cheaper to simply replace instead of maintain and upgrade some existing hardware, or to remove it altogether. Third, globalization and ever-increasing business demands for

fast and flawless execution has made it progressively more impossible for IT leaders to do their jobs by relying only on the skills and experience resident in house. So staff augmentation has become the path of least resistance when faced with the task of relying on recruiters and employee networks to locate and then bring on board qualified IT professionals with hard-to-find combinations of skills, knowledge, and experience to do a specific job.

“Having the budget to make this happen isn’t the issue here,” insists Foote. “It’s not having the luxury of time required to make the hire when you’re facing almost insurmountable project deadlines and little room for failure. But also it’s the fact that IT and business leaders would rather be directing their energies towards activities that are contributing to the health of the business: making money, building new products, streamlining processes, and innovating. Yes, companies are still innovating despite all the negative distractions this economy is throwing at them.”

“So the third and perhaps most influential driver is the rise of a secondary workforce of multiskilled IT-business specialists that outnumber the traditionally skilled IT workforce by roughly four- to-one. The government believes there are only about 4 million IT jobs in the U.S. and they are primarily systems engineers and analysts, administrators, programmers, and developers. But our research tells us that there are between 20 and 24 million more people employed throughout the enterprise in corporate functions, departments, product groups, business lines, and others areas, who are got their jobs because they are deeply skilled in technology and specific subject matter expertise but who don’t report to a traditional IT organization.

“Basically, these IT-business hybrids – found at every level of the power structure -- are the IT professionals in 2011, along with those that are tracked by the Labor Department in its monthly employment reports. It’s notable that we have government data that allows us to put some firm numbers on the migration of corporate jobs to the services industries, and that this helps to establish the rise in popularity of alternative labor sourcing. With none of these IT-business hybrid jobs being officially tracked in government data in any way that they can be extracted and analyzed, I would argue that some of the more compelling, far reaching employment trends in the U.S. workforce continue to go undocumented,” observes Foote.

**Figure 1 – U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (January 2010 to July 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
<b>Nonfarm job loss/gain (month)</b>	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
<b>National unemployment rate</b>	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%
<b>Professional/Technical Services</b>	-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
<i>Segment 3:</i> 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
<i>Segment 4:</i> 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
<b>Information</b>	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
<i>Segment 5:</i> 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
<i>Segment 5:</i> 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
<b>Net gain or loss - IT SEGMENTS</b>	-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

**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 July 2011)**

**CUMULATIVE JOB SITUATION TRENDS – IT PROFESSIONALS**

Highlights for five bellwether IT jobs segments)

<b>U.S. LABOR DEPT CUMULATIVE NET JOB GAINS/DECLINES</b>							
<b>JOBS SEGMENT</b>	12 mos.	10 mos.	7 mos.	6 mos.	4 mos.	3 mos.	2 mos.
	Aug'10 - July'11	Oct'10 - July'11	Jan'11 - July'11	Feb'11 - July'11	Apr'11 - July'11	May'11 - July'11	June'11 - July'11
<b>Professional and Technical Services</b>	<b>188,500</b>	<b>183,300</b>	<b>167,800</b>	<b>159,900</b>	<b>115,200</b>	<b>82,200</b>	<b>41,900</b>
<i>Segment 1:</i> Management/Technical Consulting Services	49,400	42,200	33,000	29,400	23,100	11,800	6,600
<i>Segment 2:</i> Computer Systems Design/Related Services	63,900	60,800	47,100	38,500	27,900	20,000	11,800
<b>Information</b>	<b>-15,000</b>	<b>-9,000</b>	<b>-5,000</b>	<b>-4,000</b>	<b>0</b>	<b>-2,000</b>	<b>-1,000</b>
<i>Segment 3:</i> Telecommunications	-28,400	-19,600	-17,100	-13,500	-7,500	-6,500	-3,100
<i>Segment 4:</i> Data Processing/Hosting/Related Services	-4,100	-2,600	-3,300	-1,400	-200	200	-500
<b>TOTAL - ALL 4 IT SEGMENTS</b>	<b>80,800</b>	<b>80,800</b>	<b>59,700</b>	<b>53,000</b>	<b>43,300</b>	<b>25,500</b>	<b>14,800</b>
<b>Tech Services segments</b>	<b>113,300</b>	<b>103,000</b>	<b>80,100</b>	<b>67,900</b>	<b>51,000</b>	<b>31,800</b>	<b>18,400</b>
<b>Information segments</b>	<b>-32,500</b>	<b>-22,200</b>	<b>-20,400</b>	<b>-14,900</b>	<b>-7,700</b>	<b>-6,300</b>	<b>-3,600</b>

**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

**ABOUT FOOTE PARTNERS**

**Foote Partners LLC** is a Vero Beach, FL based independent IT benchmarking research and advisory firm targeting the ‘execution’ side of IT and providing pragmatic and forward-thinking advice and data about managing the modern business/IT hybrid professional workforce. Founded in 1997 and comprised of former Gartner and META Group industry analysts, McKinsey & Company and Towers Watson consultants, and former corporate HR, IT, and business executives, Foote Partners has been a thought leader and trusted advisor to thousands of employers globally who are seeking new ways to improve IT’s impact on their businesses and customers.

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**Foote Partners 2011 IT Salary and Skills Pay Surveys **PRODUCT MAP****

