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

April growth of 19,200 U.S. jobs in two bellwether IT services industry job categories marks the largest monthly increases in more than four years, further evidence that an irreversible shift in the IT professional workforce is underway.

55,300 new jobs in *Management and Technical Services* and *Computer Systems Design and Related Services* in last seven months.

***Telecommunications* and *Data Processing and Hosting* job segments continue to lose ground.**

Vero Beach, FL – Monday, May 9, 2011. U.S. employment numbers released Friday by the Department of Labor's Bureau of Labor Statistics (BLS) revealed a net gain of 17,800 IT-related jobs in April, representing the eleventh consecutive month of positive job growth across four primary IT labor segments in federal employment data (FIGURE 1).

But in a continuing pattern that suggests a significant shift to IT services industry employers of many technology jobs that businesses have traditionally filled with full-time in-house staff, 19,200 new jobs were added in the *Management and Technical Consulting Services* and *Computer Systems Design and Related Services* employment segments in April—7,000 more than in any month in more than four years. Meanwhile another 1,400 jobs were lost in the *Telecommunications* and *Data Processing, Hosting and Related Services*

segments. Moreover, in the prior twelve months of federal jobs reports, 98,300 new jobs have been added to *Management and Technical Consulting Services* and *Computer Systems Design and Related Services* against losses of 41,400 jobs in *Telecommunications* and *Data Processing, Hosting and Related Services* segments 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 offshore 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.

“It’s really a combination of many forces driving this major workforce redefinition. First, technology advancements in areas such as telephony and communications, storage, servers, networking, and software development 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. 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 unique combinations of skills, knowledge, and experience to do a specific job. Having the funding to make this happen isn’t the issue: 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 by far the biggest force of all shaping change in jobs and in the overall composition of the IT workforce,” insists Foote, “has been the fact that the role of information technology in the enterprise is now so pervasive that managing it is distributed throughout the enterprise. Each group has to determine how to

make the best use of information and technology to produce revenues and profits, build or protect market share, provide services, ensure satisfied customers, control costs, innovate solutions, and generally to stay competitive. This has given rise to a secondary workforce of multiskilled IT-business specialists that outnumber the traditionally skilled IT workforce by roughly four- to-one in our research. There are between 16 and 20 million of these ‘hybrids’ throughout the enterprise in corporate functions, departments, product groups, business lines, and others areas, bringing various blends of technology skills, subject matter expertise, and business savvy to their jobs. So business executives are making decisions about whether to hiring full time employees or using consultants, contractors, and part timers to do IT related work. They’re also participating in many of the key decisions on what should be put in the so-called cloud and what IT related services should be managed outside of the walls of the enterprise.

“Basically, these IT-business hybrids – found at every level of the power structure -- are the IT professionals in 2011, along with the 4 million or so workers that are tracked in monthly employment reports published by the Labor Department. 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. But you have to be aware that the feds use a job taxonomy called the Standard Occupational Classification system that includes barely thirty IT jobs. These jobs don’t go beyond IT administrators, engineers, programmers, developers, analysts, user support, and various infrastructure specialists.

“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 are going undocumented,” observes Foote, “This puts us all at a severe disadvantage. We can try to define and examine the evolution of the IT workforce as it is truly constituted today, but it’s that much harder. Our firm was founded in part to offer independent research views on this dilemma: to define exactly who these workers are, what skills they have and will need in the future, and then to determine accurate market priced compensation levels down to the level of an individual skill or certification that might help to both attract and retain them.

“As far as IT professionals are concerned I don’t see the Labor Department changing its job classification system anytime soon. Until that happens none of us should expect a real world view of IT employment trends coming out of the monthly Bureau of Labor Statistics reports.”

Figure 1 – U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (January 2009 to April 2011)

MONTHLY JOB SITUATION TRENDS – IT Professional Job Segments

(Highlights for four bellwether IT jobs segments)

	2009												2010												2011				
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	
Nonfarm job loss/gain (month)	-598,000	-651,000	-663,000	-539,000	-345,000	-467,000	-247,000	-466,000	-263,000	-558,000	-4,000	85,000	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	
National unemployment rate	7.6%	8.1%	8.5%	8.9%	9.4%	9.5%	9.4%	9.7%	9.8%	10.2%	10.0%	10.0%	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%	
Professional/Technical Services	-28,600	-36,700	-31,300	-17,100	-18,800	-40,400	-7,300	-11,300	-6,000	-11,000	1,200	8,800	-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	
Segment 3: Management/Technical Consulting Services	11,000	-4,800	-6,100	1,600	700	-1,100	900	-100	400	7,300	5,600	3,500	-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	
Segment 4: Computer Systems Design/Related Services	-3,500	-300	-3,900	-1,400	-2,800	-2,700	7,900	-3,400	-300	4,500	1,000	3,400	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	
Information	-21,000	-15,000	-10,000	-17,000	-24,000	-21,000	-16,000	-10,000	0	-1,000	-17,000	-6,000	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	
Segment 5: Telecommunications																													
Segment 5: Data Processing/Hosting/ Related Services	200	-2,000	-200	-900	-3,500	600	-400	1,700	-900	-900	-900	700	400	600	-2,300	300	-1,300	-1,500	300	-1,300	-200	500	0	200	-1,900	-700	-500	-400	
Net gain or loss - IT SEGMENTS	7,700	-7,100	-10,200	-700	-5,600	-3,200	8,400	-1,800	-800	10,900	5,700	7,600	-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	

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 April 2011)

CUMULATIVE JOB SITUATION TRENDS – IT PROFESSIONALS

Highlights for five bellwether IT jobs segments)

CUMULATIVE NET JOB GAINS/DECLINES							
INDUSTRY	12 mos.	10 mos.	7 mos.	6 mos.	4 mos.	3 mos.	2 mos.
	May'09 - Apr'11	Jul'10 - Apr'11	Oct'10 - Apr'11	Nov'10 - Apr'11	Jan'11 - Apr'11	Feb'11 - Apr'11	Mar'11 - Apr'11
Professional and Technical Services	104,000	111,100	101,100	94,400	85,600	77,700	67,700
<i>Segment 1:</i> Management/Technical Consulting Services	49,200	39,400	30,400	27,800	21,200	17,600	11,000
<i>Segment 2:</i> Computer Systems Design/Related Services	49,100	49,700	40,800	33,300	27,100	18,500	14,300
Information	-20,000	-12,000	-7,000	-6,000	-3,000	-2,000	-2,000
<i>Segment 3:</i> Telecommunications	-34,600	-27,700	-13,100	-14,000	-10,600	-7,000	-4,800
<i>Segment 4:</i> Data Processing/Hosting/Related Services	-6,800	-4,000	-2,800	-3,300	-3,500	-1,600	-900
TOTAL - ALL 4 IT SEGMENTS	56,900	57,400	55,300	43,800	34,200	27,500	19,600

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 Compensation Survey PRODUCT MAP

