



Enter the 2004 CMP BTO Excellence Awards

InformationWeek
BUSINESS INNOVATION POWERED BY TECHNOLOGY

Tech-Job Upheaval

While the total number of IT pros is down, the future is looking better for the highly skilled.

By Marianne Kolbasuk McGee and Eric Chabrow, InformationWeek
Aug. 2, 2004
URL: <http://www.informationweek.com/story/showArticle.jhtml?articleID=26101016>

I.T. employment in the United States is in the midst of fundamental change. Joblessness has nearly doubled in the last three years, while the number of Americans calling themselves IT professionals has decreased by nearly 160,000.

Behind the overall stats--the latest from the Bureau of Labor Statistics--is a shift in the makeup of the nation's IT labor force. The number of programmers, analysts, and support specialists has fallen 15% since the first six months of 2000, while the ranks of managers and administrators grew 56%, according to *InformationWeek's* analysis of the bureau's numbers.

The market for IT people with specialized expertise is on the upswing, says Larry Stofko, VP of IT strategy and innovation at St. Joseph Health System, which runs 15 hospitals in California, New Mexico, and Texas. The hospital group is looking for a few people with health-care expertise in WANs, Web-based enterprises, and thin clients; it also needs as many as seven high-end project managers and process specialists with expertise in the clinical, business reengineering, and IT side of health care, Stofko says.



St. Joseph Health is looking for people with expertise in multiple areas, says Larry Stofko, VP of IT strategy and innovation

Photo by Beth Herzhaft

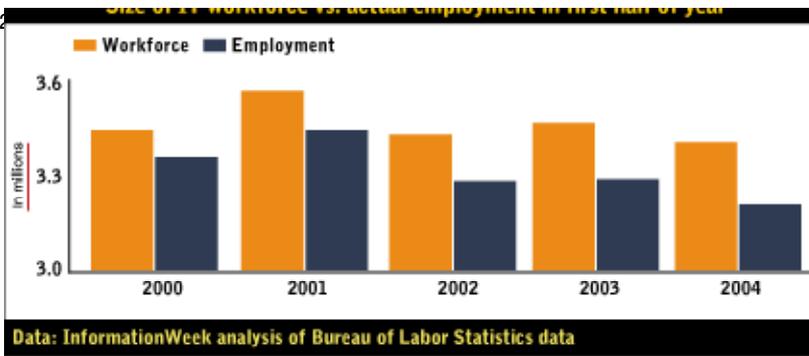
"It's very tough to find solid, qualified subject-expertise people," he says. That's the sort of talent a company typically would contract out, but St. Joseph wants to hire that expertise in-house.

At the job market's apex three years ago, 3.47 million of the 3.57 million Americans identifying themselves as IT workers held jobs; this year, that's down to 3.23 million employed out of 3.41 million. IT unemployment, which was less than 3% in 2000 and 2001, has stabilized between 5.5% and 6% in the past three years. Tech manager jobs have grown faster than any other IT job category, up 54% in the last four years. Still, managers account for only 10% of employed IT workers, up from 6% four years ago.

Project managers are in demand in Utah, says Joel Erickson, a senior project manager at a national beauty-products distributor. As a member and former president of the north Utah chapter of the Project Management Institute, he's seeing an uptick in demand for people with these skills. Erickson's company has had two IT staff reductions in the last few years and a two-year IT hiring freeze. Now it's adding staff, including a project manager.

The number of employed software engineers--the largest IT job category, accounting for nearly a quarter of IT workers--grew nearly 7% to 791,000. Other categories with increasing numbers are database administrators and network- and computer-systems administrators.





Some companies need to fill critical positions vacated by foreign IT workers whose H-1B visas expired earlier this year and couldn't be renewed because fewer of those visas were available as of last year. That's the case at Sutter Health, which runs hospitals in California and is looking nationwide for "hard-to-find talent" with clinical-systems expertise, says senior VP of IS and CIO John Hummel. "We've recognized there are a lot of people here in the U.S. to hire."

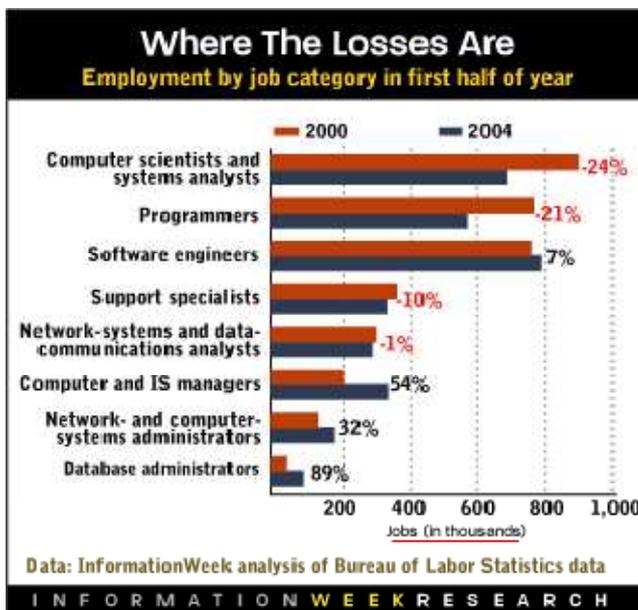
Where employment is down--programmers, computer scientists and systems analysts, network-systems and data-communications analysts, and support specialists--offshore outsourcing gets much of the blame. This is particularly true for programmers. "There's been hundreds of thousands of these jobs created in India, the Philippines, and other places," says Howard Rubin, executive VP at Meta Group and professor emeritus of computer science at the City University of New York.

In a recent study of the 100 largest New York companies, Rubin found that 70% offshore some work--predominately programming and support--and, within the next two years, 90% plan to do so. Most companies look at the potential cost savings of outsourcing only in terms of salary differentials, Rubin says. When other costs, such as remote management and infrastructure, are figured in, moving to nonurban U.S. locations can be a more cost-competitive option.

But offshoring is well entrenched and not limited to lower-skilled jobs. The Washington Alliance of Technology Workers, a labor group trying to unionize high-tech workers, last week said it had obtained internal Microsoft documents that indicate the company is increasing the number of offshore contractors working on projects, including its Longhorn operating system. "It's a product several years away from release; it's a next-generation product that's the backbone of the company," says Marcus Courtney, WashTech's president and organizer.

Microsoft says all development work on Longhorn is done by its own employees, although they aren't necessarily U.S. based. Any work done by offshore contractors is on tasks that don't involve development or the creation of intellectual property, a company spokeswoman says.

There are signs of impending domestic IT job growth. In a recent study, Meta Group concluded that the best IT jobs are staying in the country and that IT hiring should pick up at the end of this year or early next.



Last week, IBM said it would retrain 3,000 employees whose jobs were sent overseas rather

than lay them off. Microsoft plans to hire 7,000 employees--4,000 in the United States--during the fiscal year that started July 1, and CEO Steve Ballmer said at the company's annual meeting with financial analysts last week that it's beating IBM by a large margin in hiring candidates with job offers from both companies and nabbing more than half of those with offers from Microsoft and Google Inc.

Twelve percent of CIOs in the Western North-Central and mid-Atlantic regions plan to increase hiring this quarter, but nationwide only 5% plan increases, says Katherine Spencer Lee, executive director of Robert Half Technology, an IT staffing firm. Among the hottest skills sought are security, .Net, Java 2 Enterprise Edition, and areas related to technology refreshes. "We're not on a rocket ship to the moon," she says, "but there's been a fairly significant uptick" in the placement requests.

That's good news for Mike Meder, who was laid off nine months ago from his senior programmer and project manager job at the mainframe disaster-recovery center of a major insurance company in New Jersey. With 30 years in IT, 50-year-old Meder plans to move to Greenville County, S.C., where housing costs are 60% less than in New Jersey. The region is "growing by leaps and bounds," Meder says, and he hopes to find an IT job. Short of that, he'll take anything--"even moving boxes at a Home Depot," he says. "But hopefully, it won't come to that."

-- with Larry Greenemeier and Aaron Ricadela