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IT CONTRACTOR UPDATE

Is China the Next India?

As rising labor costs and infrastructure issues begin to lessen the advantages that India has had as the world's top offshore location, China has emerged as a popular alternative. The cost structure is considerably lower in China, and many experts agree the technical skills of China's new generation are on par with any country.

According to McKinsey research, China's outsourcing and offshoring services currently account for less than 10 percent of the global market. But, if developed, China could generate about $56 billion in outsourced services annually by 2015.

However, several "proceed with caution" signs appear as companies examine China's outsourcing capabilities. For example, much of McKinsey's predictions on the growth of China's outsourcing sector involve Japan and Korea. China has about two million Japanese and Korean language speakers but English speakers are far fewer.

China as an offshore outsourcer

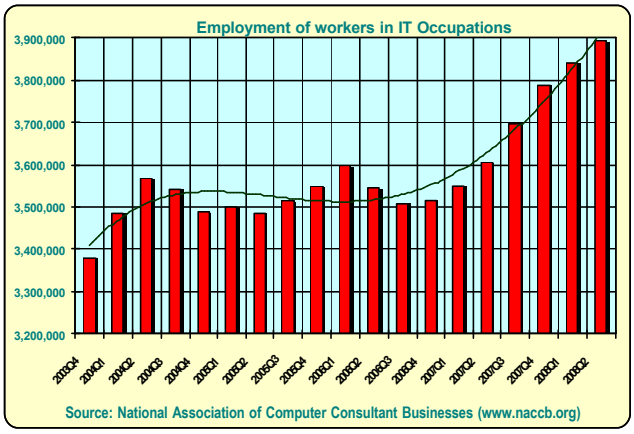
Strengths:
- ☑ good telecom infrastructure and government support
- ☑ low labor cost, for now
- ☑ good technical skills in some disciplines

Weaknesses:
- ☒ deficient English language skills
- ☒ lack of market maturity
- ☒ poor history regarding protection of intellectual property
- ☒ data security

English language skills, which cannot be developed overnight, put China's technical talent at an outsourcing disadvantage to India, where English is an official language and is widely spoken.

Despite a low-cost telecommunications infrastructure, China is new when it comes to servicing the western world. China's R&D and large manufacturing base for high-tech verticals, such as semiconductors, demonstrate success in the global marketplace. However, many see drawbacks to taking advantage of the country's manufacturing capabilities. China's poor track record of protecting intellectual rights has made many manufacturers hesitate to outsource the production of goods to China.

Some worry that the lack of protection of intellectual property could translate into lack of data protection as well. As new outsourcing destinations continue to spring up around the world, it will be interesting to see how China fares in the global competition for IT services."



Who's Hiring IT, Computer Science & Engineering Grads?

While the overall unemployment rate hovers between 5 and 6 percent, it is less than half that for college graduates. According to the National Association of Colleges and Employers, the top-paid salaries for those with bachelor's degrees are those who have graduated with the following educational curriculum:

- ◈ Chemical engineering
- ◈ Computer engineering
- ◈ Computer science
- ◈ Industrial / manufacturing engineering
- ◈ Aerospace / aeronautical / astronautical engineering

Companies are increasingly concerned about experienced, senior people retiring and leaving the company along with their skills. Technology companies are especially impacted by this trend since so many veteran IT/ high-tech workers are ageing out of the workforce with the Baby Boom generation.

In addition, U.S. companies are sensitive to the political and public relations implications of sending jobs overseas. Therefore, tech companies are actively recruiting college graduates in order to secure and develop talent for now and the future.

IT staffing and solutions companies are an excellent remedy to the following dilemma facing many recent graduates: how to get experience to get a job that requires experience.

If there is a specific company you want to work with, find out what IT staffing and solutions companies they use (usually a phone call to the HR department is sufficient). Then, sign up with one of those staffing services. If you don't yet have the necessary experience for the target company, the staffing provider may be able to find other assignments to help you acquire the needed skills.

IT Employment Reaches All-time High

Demand Is Increasing

The good times are still here for IT professionals. IT employment reached an all-time high in the second quarter (see chart on page 1) topping 3.9 million in June. So far this year, IT employment has grown by almost 90,000 jobs while the overall employment market that has lost 438,000 jobs.

The unemployment rate for most IT occupations remained significantly below the overall national unemployment rate of 4.7 percent in 2Q 2008.

Occupation	2Q2008 Unemployment rate
Computer hardware engineers	1.7%
Computer and information systems managers	2.1%
Computer programmers	3.3%
Computer scientists and systems analysts	1.0%
Computer software engineers	1.9%
Computer support specialists	3.7%
Database administrators	1.6%
Network and computer systems administrators	2.8%
Network systems and data communications analysts	2.5%

Sources: NACCB based on unpublished U.S. Bureau of Labor Statistics data

The year-over-year hourly wages increase for all workers was 3.5 percent, but weekly wages were up only 3.2 percent, which indicates that workers' hours have been cut back. The reverse occurred in many IT/high-tech sectors where weekly wages rose faster than hourly wages. This was a result of high demand for those services as workers logged more hours.

For example, hourly wages for workers in the Internet Publishing and Broadcasting and Web Search Portals sector rose 4.7 percent while their weekly wages rose a remarkable 13.9 percent. Similarly, workers in Data Processing, Hosting and Related Services experienced only a 4.4 percent rise in their hourly pay but a 6.3 percent increase in their weekly wages. For workers who make Computer and Peripheral Equipment, their hourly wages were stagnant. But, they worked more hours because their weekly wages were up slightly at 2.7 percent.

Those in Computer Systems Design Services, which has the highest wages within the IT/high-tech sectors, saw steady growth. Their hourly and weekly wages rose by the same amount, 8.4 percent, which was more than double the amount for all workers.

Web 2.0 to Reach $4.6 billion

Forrester Research estimates that the size of the Web 2.0 market will reach $4.6 billion by 2013. But what exactly is Web 2.0? There probably are as many definitions of Web 2.0 as there are conferences about it.

Some examples of Web 2.0 technologies are social networking sites, blogs and wikis, which are "a collection of Web pages design to enable anyone who accesses it to contribute or modify content."

That definition comes from the best known wiki out there, Wikipedia, the online, user-edited encyclopedia. Wikipedia defines Web 2.0 as "a term describing the trend in the use of World Wide Web technology and Web design that aims to enhance creativity, information sharing and, most notably, collaboration among users.

Forrester Research believes that Web 2.0 technologies will continue to find purpose and relevance in the business environment. According to Forrester, these collaborative tools "will eventually disappear into the fabric of the enterprise, despite the major impacts the technology will have on how businesses market their products and optimize their workforces."

However, Web 2.0 technologies are not without problems, and corporate IT departments should be cautious about allowing them on their networks. *PCWorld.ca* recently summed up the risk: "Malware is big business, and hackers are trying to cash in using the latest Web 2.0 tools: social networking profiles, blogs, and other publicly available media and Web pages."

TIPS & TRICKS:
The Resume Facelift

Performing a little plastic surgery on your resume means making yourself the most attractive candidate you can be. Here's what to do:

- Highlight a handful of top "core" competencies. A long laundry list of skills gives the impression that you're the master of none.
- Use bullets to emphasize key accomplishments.
- Describe major projects, duties and tasks. It may be best to leave out minor items. List too many and you appear unclear in your career goals.

Think about removing lines in your resume that may no longer be relevant. Sure you still know DOS commands and trained thousands on their use, but here's the question: Is that relevant to your career and to technology today?