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IT CONTRACTOR UPDATE

Offshoring Navigates Closer to Home

As companies become more sophisticated consumers of IT outsourcing — especially amid ongoing economic uncertainty — the question of "where" has become a very important one.

Offshore outsourcing centers continue to sprout up around the globe. Even developing nations, such as Ghana, are building outsourcing sectors. Despite the many offshore providers and destinations, it remains challenging to successfully manage offshore solutions.

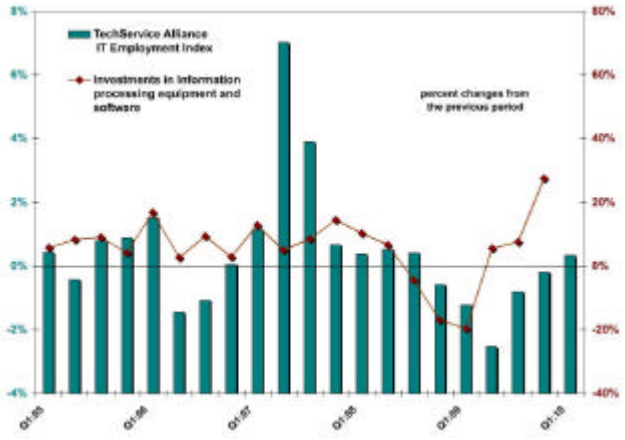
What many businesses are finding is that the toughest challenges they have with offshoring are resolved when they shift to "near-" or "home-" shore outsourcing.

Consider nearshoring. The recent rise in nearshoring has been driven by businesses that learned through hard experiences that outsourcing to a distant land may not deliver promised cost savings and also comes with added risk and unforeseen pitfalls, such as security concerns and domestic political and customer backlash.

Nearshoring carries with it several benefits associated with close proximity: cultural and language similarities; common political goals and agenda; and comparable time zones (which eliminate off-hours premium charges and offer economical travel when necessary).

As these benefits are recognized by U.S. companies, new outsourcing hubs are developing. Canada, Mexico and many nations in South America have developed nearshoring hubs for the United States. Central and Eastern Europe have long done the same for Western Europe as has China for Japan and Korea.

An even newer trend, which pundits are calling "Outsourcing 2.0," is one step closer than nearshoring — it's homeshoring (also known as rural domestic outsourcing). As the challenging post-recession era keeps prices and domestic salaries low, the cost advantages of offshoring to far-off lands or even nearshore countries plummet. More and more companies today see homeshoring as a way to take advantage of IT skills in the U.S. at a time when local talent and infrastructure are both affordable.



Sources: TechServe Alliance & Bureau of Economic Analysis (BEA)

Data Center Demand Spells IT Services Opportunity

It may not be surprising news that IT staff members within businesses are increasingly stretched thin. Symantec, the security software provider, recently released a *2010 State of Enterprise Security* study that found the "IT manager's 'to-do' list is as long as ever. Applications continue to grow in number and complexity. Servers remain underutilized. Storage continues to grow but is also underutilized. And disaster-recovery plans — more important than ever — are still not fully complete."

The study also found that "handling too many applications" is a major problem and data centers are becoming "too complex to manage easily." As the importance and size of data centers grow, so does the need for security, which was rated the top priority followed by backup and recovery initiatives.

Staffing also appears to be a serious trouble facing data center managers. More than half of the respondents reported they were somewhat or extremely understaffed. Almost 80% reported they have the same or more open job requisitions compared to 12 months earlier.

The biggest obstacles to adequately staffing data centers are budgetary constraints and finding qualified applicants. Specifically, the survey found that the most severely understaffed areas were those requiring networking, virtualization and security skills. With budgets often prohibiting the creation of new positions and widespread difficulties in finding IT professionals with the proper skills set, data centers could be turning to IT services companies to meet growing demand.

IT Employment for Most Professions Better Than National Trends

Despite a persistently high national unemployment rate of 9.8% in the first quarter of 2010, IT workers continue to experience lower unemployment rates for most, but not all, IT occupations.

Recession-scarred businesses are still not in the mood to buy new hardware as reflected by the relatively high unemployment rate (14.3%) for computer hardware engineers. Since hardware wasn't being purchased, those responsible for keeping the aging equipment working — computer, automated teller and office machine repairers —were in high demand as evidenced by a comparatively low unemployment rate of 4.3%.

At the high end of the skills spectrum, IT professionals were in great demand, including database administrators (unemployment rate of less than 2%), network systems analysts and data communications analysts.

But other IT workers did not fare as well. Those without high-end skills, such as computer software specialists, experienced an unemployment rate of more than 13%, perhaps because that work can still be done cheaper offshore.

Occupation	1Q:10 Unemployment rate
Computer and information systems managers	5.9%
Computer, automated teller and office machine repairers	4.3%
Computer hardware engineers	14.3%
Computer programmers	8.1%
Computer scientists and systems analysts	5.2%
Computer software engineers	5.5%
Computer support specialists	13.3%
Database administrators	1.6%
Network and computer systems administrators	4.8%
Network systems and data communications analysts	3.5%

Source: unpublished tabulations of Current Population Survey data furnished by the U.S. Bureau of Labor Statistics.

Those working in high-skilled computer systems design and related services as well as the custom computer programming services sectors saw paychecks decline slightly from a year earlier. That reduction was mainly because hours were reduced.

Spring Clean Your Resume

As the recession continues its slow wind down and IT sector reboots, many professionals will want to explore fresh opportunities and consider new career paths. But, before any search can begin, you must update your resumes — not just the ones you send out, but also those that are posted on job boards. To get a jumpstart on your spring resume refinement, consider this expert advice:

Build a skill-based resume. In many cases a skill-based resume is more useful than an employer-based resume. It's good for potential employers to focus on what you know, especially if your recent job history is spotty. In a skills resume, list your IT skills at the top of the resume to make it easier for potential employers to review and to allow automatic resume screening apps to rate keywords higher.

Avoid using one resume for all applications. Focus on the skills for the specific job you're applying for and tailor a resume to it.

List certifications, but be mindful of where. If you have three or more certifications, include them in a technology section of your resume. Two or less? They are best placed in an "Education and Certification" section.

Tips & Tricks

Speed Check, No Radar Gun Necessary

Costs for everything IT remain under close scrutiny, which is why it's important to ensure you are getting what you pay for in terms of Internet connectivity. Since connection speed can have a major affect on productivity, it could be advantageous to regularly check whether your company is receiving the broadband speed you purchased. Trusting an ISP's own tests or a third-party test site is akin to putting the fox in charge of the hen house.

The Federal Communications Commission offers two free live tests to help IT organizations determine if they are receiving the speeds for which they pay. To run a live test, go to http://www.broadband.gov/ and then the Consumer Broadband Test. After answering a few basic questions, such as the type of connection (home or business and size of that business as well as location), the test results will show expected download and upload speeds, latency and jitter, which can all help an IT pro identify the source of a potential problem.