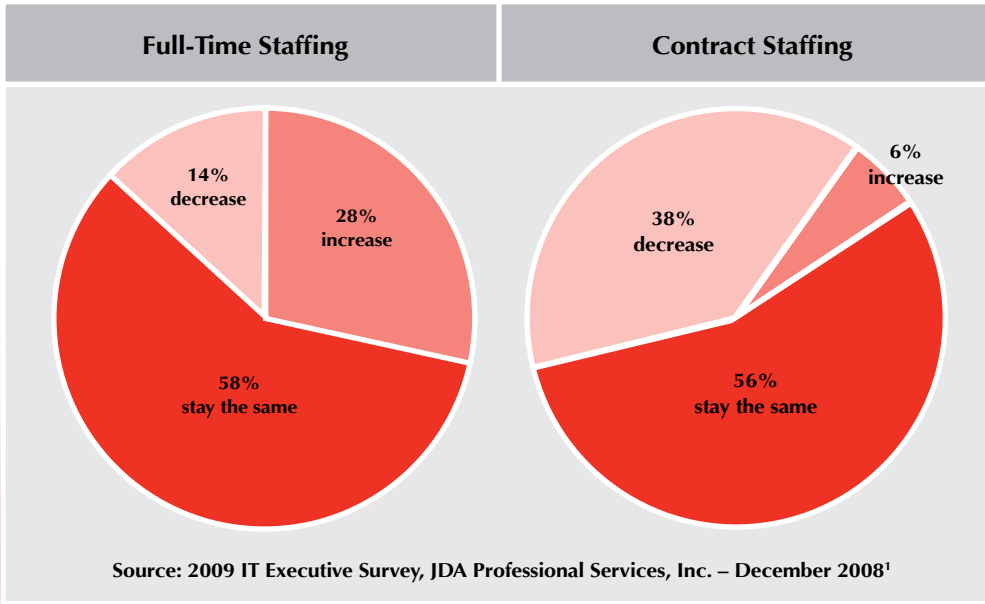


2009 HOUSTON IT HIRING TRENDS

By James Del Monte, CERS, CPC

JDA Professional Services, Inc. is cautiously optimistic about the 2009 Houston IT market. Results from our recent survey of Houston-area IT executives confirm that many local companies share our opinion about the Houston economy, and those companies are making strategic staffing plans accordingly. Houston-area IT executives know that good people are increasingly hard to find, and, in view of the tight IT labor market, companies are planning to increase their full-time IT staff in an effort to lock in vital resources for the coming year. According to the results of our survey, 86 percent of Houston-area IT executives plan to either increase or maintain their full-time IT staffing levels in 2009¹. As full-time IT staffing increases, contract staffing will correspondingly decrease. This shift is a clear indicator that IT executives are taking proactive measures to lock in valuable human capital.

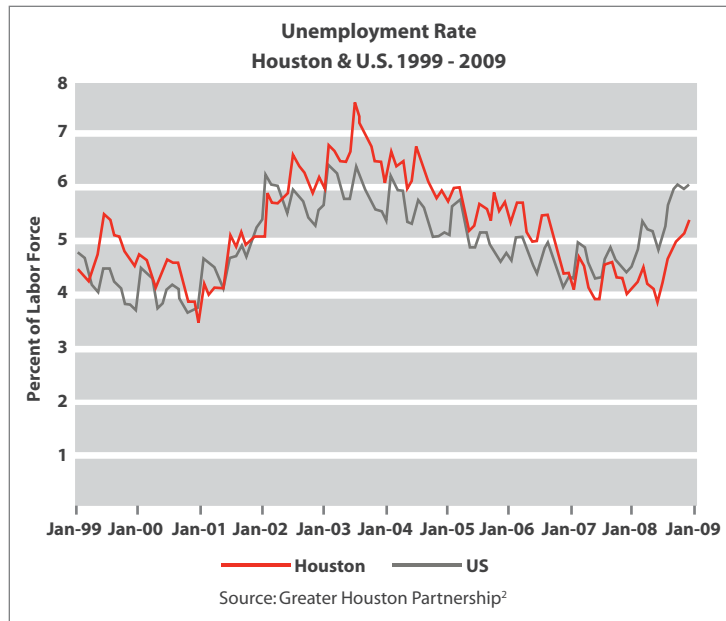


The survey results also suggest that this resizing involves a combination of reducing highly compensated contract IT staff and replacing them with full-time IT staff in an effort to reduce cost. This migration process allows companies to lock in their "A" level full-time employees while tightening overhead. The shift from contract staffing to full-time staffing is a sign that companies are preparing for a speedy economic upturn. This optimistic outlook could spell good news for the future of Houston's IT market.

The Greater Houston Partnership recently predicted that by 2012, Houston will be recognized as the center for innovation and commercialization of new IT technologies². Thanks to Houston's strategic positioning in the healthcare, oil and gas, and aerospace industries, Houston is well on track to be the hub for many IT opportunities in the years ahead.

National Recession Yet to Reach Tight Local IT Market – A Tale of Two Economies

As the national economy continues on its downward trajectory, the average rate of U.S. unemployment sits at more than 7 percent. This rate of unemployment is consistently higher than Houston's average unemployment rate of 5.5 percent for 2008². Keep in mind that the unemployment rate for Houston's degreed professionals is several points lower than the average 5.5 percent.



While the national unemployment rate continues to rise and the U.S. grapples with an increasingly poor economy, the Houston area has largely escaped the national turmoil. The reason for this stability is accredited to Houston's oil and gas companies' sector payrolls in the third quarter of 2008². Now with the drastic reduction in oil prices in the fourth quarter of 2008, the local companies will join other national industries in seeking cost-saving measures in hiring.

Although Houston's economy looks favorable compared to national predictions, Houston is not immune to temporary economic imbalances. It is predicted that the Houston metropolitan area will sustain a broad scale net-loss of 45,000 jobs from December 2008 to December 2009². While this broad scale downturn in the local economy will result in a net loss of jobs, 53 percent of IT executives we surveyed predict that Houston will come out of the current economic slowdown within one year, and that the national economy will take at least two years or more to recover¹. The positive views of these IT executives can be attributed to the strength of Houston's diversified economy. With so many industries in the Houston area that are dependent on new technologies, the Houston IT industry is expected to thrive.

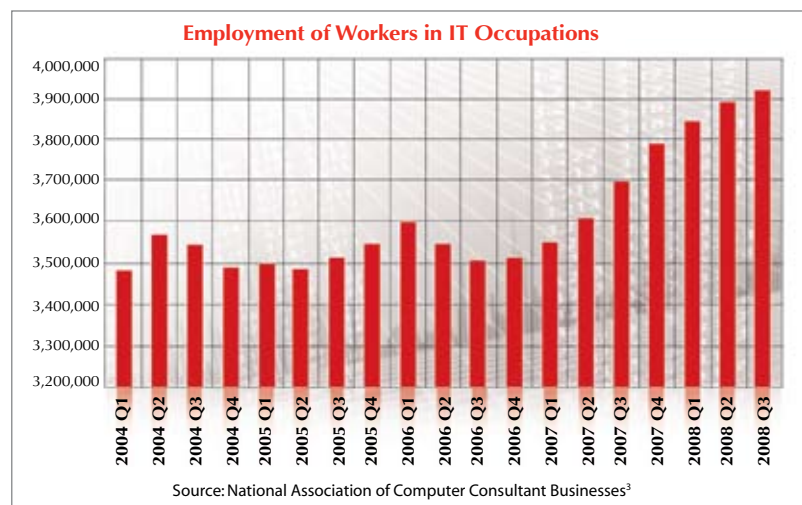
Houston IT Executives' 2009 Economic Predictions

In our annual survey conducted in December of 2008, we asked over 90 Houston-area IT executives what their economic predictions were for the coming year. A few highlights from this survey are listed below¹.

- 28 percent of Houston-area companies will be increasing their full-time staff in the coming year.
- 30 percent of IT executives forecasted that their companies' overall budget would increase, while 24 percent said theirs would remain the same.
- 30 percent of IT executives predicted that their companies' overall IT budget in 2009 would increase, while 33 percent said theirs would remain unchanged.
- 21 percent of IT executives predict a shortage of skilled IT professionals in 2009.
- 60 percent of Houston-area companies have formal retention plans.
- 53 percent of IT executives predict that Houston will come out of the current economic slowdown within 1 year, and that the national economy will take at least 2 years or more to recover.
- The biggest issues IT executives anticipate in 2009 are decreased overall budgets and increased cost of doing business.

High Demand for IT Specialists

According to the National Association of Computer Consultant Businesses, although IT job growth has slowed slightly, total IT employment reached an all-time high of 3.9 million professionals in the third quarter of 2008³. This proves that, despite current economic conditions over the last year, IT executives have been increasing staffing levels. Though the current rate of increase was not as rapid and speculative as that seen during the dot-com era, IT employment has nonetheless steadily increased throughout the past economic cycle and is expected to increase through the current cycle.



Specialized Technical IT Occupations	Third Quarter 2008 Unemployment Rate
Computer Hardware Engineers	2.7%
Computer and Information Systems Managers	1.9%
Computer Programmers	2.2%
Computer Scientists and Systems Analysts	2.2%
Computer Software Engineers	1.6%
Computer Support Specialists	4.4%
Network and Computer Systems Administrators	2.4%
Network Systems and Data Communications Analysts	3.4%
Combined Unemployment Rate of Specialized Technical IT Occupations	2.6%

Source: NACCB based on unpublished U.S. Bureau of Labor Statistics data^{3&4}

What does this growing need for information technology mean for IT labor issues? While the general U.S. unemployment rate is predicted to exceed 7 or 8 percent in 2009, IT occupations have a combined unemployment rate of just 2.6 percent³.

According to JDA's survey results, there is high growth opportunity for specialists in the areas of virtualization, internet development, database management, applications development, and networking¹. Upon evaluation of these results, JDA is projecting steady hiring within these areas.

Economic Slowdown Could Create Future Skill Shortage

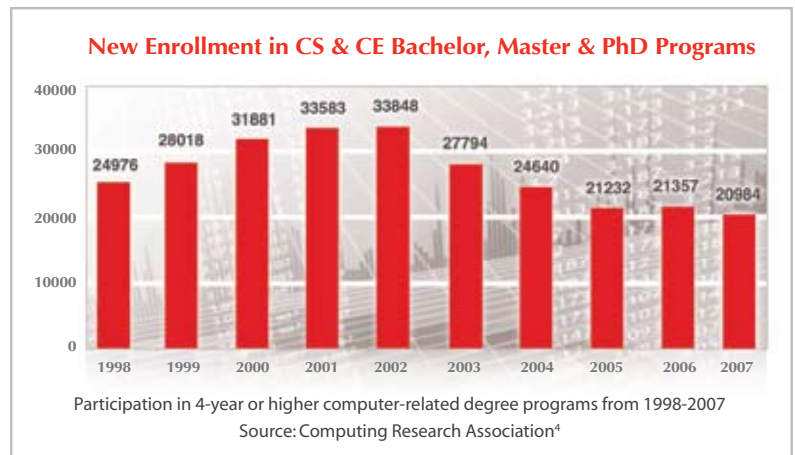
Twenty-one percent of the Houston-area IT executives polled anticipate a shortage of skilled IT labor in 2009¹. This shortage in IT professionals is due in part to the aging workforce and the decreasing enrollment in computer-related educational programs.

Of the 76 million baby boomers in the workforce today, 19 million of those will be retiring by 2018⁴. Many of these soon-to-be retirees take with them skills and experience that can be crucial to IT departments. As the rate of retirement in the workforce continues to increase, a knowledge deficit will eventually take place within the IT industry.

In a recent survey by the Computing Research Association, the number of students enrolled in collegiate computer science and computer engineering programs has dropped almost forty percent since 2002⁵. This steady decrease in enrollment is explained by the drastic IT cutbacks many companies made around 2002 in response to the collapse of the dot-com bubble. These cutbacks caused students to shy away from IT education, even to this day.

The combination of retiring baby boomers and weak enrollment in IT educational programs means that fewer IT professionals will be in place to absorb demand when business activity increases. As economic conditions inevitably improve, the IT industry will face yet another skill shortage where finding and retaining critical staff will be an uphill battle.

One way to fill the IT labor pipeline is to sponsor IT student internship programs. Implementing internship programs provides companies with a low-cost preview of skills and attitudes of their future employees. Also, the companies that engage these IT students typically have the best chance of attracting and retaining them as full-time employees.



Hiring and Retaining

With a tight local IT labor market, employee retention will still be an issue this year. For the first time in history four generations of IT workers (veterans, baby boomers, Gen-X, and Gen-Y) are currently working side-by-side in the workforce, each with their own unique set of skills and experience. Since all four generations are motivated differently, a retention plan becomes critical if a company wants to successfully retain all of their strengths.

The American Society of Training and Development predicts that 76 million baby boomer workers will retire from the workforce in the next two decades, and only 46 million Gen-Y workers will be arriving to replace them⁶. Because of this generational shift, IT executives are reexamining their traditional retention plans to attract and maintain the small pool of talent that will soon dominate the labor market.

Sixty percent of the Houston-area IT executives we surveyed currently have formal retention plans that focus more on the values that these younger generations hold dear¹. These values include balancing work and family life, which is why more companies are offering flexible scheduling and telecommuting as part of their formal retention plans.

Apart from medical insurance and retirement savings plans, 87 percent of Houston-area companies surveyed include flexible scheduling and telecommuting as part of their retention plan, and over a third of IT employees in the Houston area telecommute an average of a few days per month¹. The benefits of incorporating these components into a company retention plan will not only reduce variable overhead, but will better enable a company to recruit and retain the talent that is needed.

Hope and Change for 2009

While Houston-area IT executives remain optimistic even under the pressures of constraining budgets and an increasing cost of doing business, we are all cautious with what the next year or two will bring for Houston's IT industry. Despite all the negative news and the doom- and gloom-sayers, we must understand that whatever this next year brings, "this, too, will pass" is part of the ebb and flow of the business cycles. Keeping the long view in mind, good people are hard to find, even harder to keep, and are critical to the success of every manager and business.

Be with wise men and become wise. - Proverbs 13:20 NAB

JDA Professional Services, Inc. is here and ready to assist you in meeting any staffing challenges irrespective of market conditions. With more than 27 years in the IT staffing industry, we are a stable source for Houston IT talent. Our staff of highly-trained, certified experts is ready to help you find skilled IT professionals to fill your full-time and contract positions.

To discuss your IT hiring needs, call us today at 713.548.5400.

From all of us at JDA Professional Services, Inc., we appreciate your continued business, and we look forward to serving your IT staffing needs in 2009.

DATA SOURCES

1. "2009 IT Executive Survey," JDA Professional Services, Inc. – December 2008
JDA Professional Services, Inc. conducted an annual survey of Houston-area IT executives in December 2008. The survey responses were provided by more than 90 Houston-area IT executives from companies whose IT departments range in size from 10 to over 100 employees.
2. Greater Houston Partnership – www.houston.org
3. National Association of Computer Consultant Businesses – www.nacccb.org
4. U.S. Bureau of Labor Statistics – www.bls.gov
5. Computing Research Association – www.cra.org
6. The American Society of Training and Development – www.astd.org



About the Author

James Del Monte, CERS, CPC

From modest beginnings in 1981, James Del Monte founded JDA Professional Services, Inc. which today is one of Houston's leading IT staffing firms according to the Texas Association of Personnel Consultants (TAPC). Over his career, James has helped hundreds of companies build great IT departments by finding key individuals and providing excellent strategies for employee retention. In addition, he has helped thousands of professionals find great IT careers through direct placements and by providing valued advice and guidance. In November 2007, James joined an elite group of professionals by becoming a Certified Employee Retention Specialist (CERS).

James is a board member of both the TAPC and the National Association of Computer Consulting Businesses (NACCB). He is a former president of the Houston chapter of the Association of Information Technology Professionals (AITP) and a founding member of the Open Door Education Foundation which provides scholarships to IT students. In 2006, he was awarded the TAPC community service award for his commitment to the community and charitable contributions.

As part of his commitment to the advancement of IT training in Houston, James is a regular speaker at various colleges/universities, trade groups, and job ministries, and he is often quoted as a subject matter expert for the IT staffing industry. Additionally, James serves on the advisory board for technology departments at the University of Houston Downtown, Westwood College, and ITT Technical Institute.



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JDA Professional Services, Inc. is a Houston-based IT staffing firm specializing in the recruitment of strategic-technical to executive-level professionals. We provide staffing solutions through full-time, contract, and project-based placements. Since 1981, we have been helping companies build great IT departments while helping IT professionals find the right career opportunities.