

I T Job Marketplace for Early Fall 2007

Thoughts for today:

“The older I grow, the more I distrust the familiar doctrine (SP?) that age brings wisdom.”—H.L. Mencken

TODAY’S JOB MARKET

In spite of the fact that two of Southern California’s major IT organizations are having lay-offs of from 12 to 20% across the board, the market for IT talent remains hot. Finding people to staff most organizations still remains a challenge. This is not a new phenomenon, TIGHT skills in the industry are still hard to find.

The National Association of Computer Consulting Agencies wrote, “Persistent low unemployment rates coupled with growth in wages are considerable higher than those of the overall economy.”

Most major IT publications are now running weekly editorials or stories that are centered on Recruiting and Retaining IT Talent.

Information Week recently published an article story that said the IT job market has not been this good since the late 1990’s. Talent wars are in full force. The IT Professional that is required today has more than just strong IT abilities, but they must possess Industry and Business knowledge as well.

A recent survey conducted by the Society for Information Management (SIM) shows that retaining IT pros has surpassed IT-business alignment as the No. 1 concern for IT executives.

This article spoke to the subject that there may not be sufficient IT talent to meet the growing demand. The IT downturn during the early part of this decade and the fear of offshore outsourcing has caused a drop in enrollment for computer science and information systems courses at many universities. The drop in student registration for these

majors has been cited as a decline of around 60%. UCLA's higher-education research shows a decline that is even steeper, currently at 70%.

The loss of IT skills and IT professionals will only accelerate the shift of IT jobs overseas. If nothing is done to stem this tide, companies will be forced to source their IT resources overseas, reinforcing a prophecy that everything is moving offshore.

At a recent U.S. Chamber of Commerce event Fred Tipson, Microsoft's senior policy counsel said, "Our continued leadership is not inevitable and may not be sustainable. The question is whether our work force or some other country's will be the beneficiaries of new technology."

While this is happening, many IT workers, especially those who have been in the marketplace for a long time, are having trouble finding decent jobs. Many have stopped looking and are switching careers, which is one reason that the tech unemployment numbers, which measures only active job seekers are so low.

Here is where CIOs and their companies must step up. Participate with universities to groom young people and establish a base of skills. Invest in training and career development. Take a chance on workers deemed overqualified or over the hill. Watch out for the certain high-profile cases, such as offshoring of key tech groups and positions.

Last month EDS offered early retirement of 12,000 employees. This is the 2nd time in 3 years the outsourcing giant has tried to cut costs in this manner.

At the same time, many companies are spending lots of money trying to retain their work force of people over the age of 50. These firms sense a skills gap on the horizon and are spending time and energy to keep their most knowledgeable workers on board as long as possible.

What is worse is that most employers acknowledge the looming brain drain, yet have no programs in place to prepare for training their employees. It was cited that only about 40% of firms interviewed gave their employees further education and training. While only 30%

offered tuition reimbursement, these are hardly numbers that reflect a premium for developing talent.

Computerworld mentioned that a SIM sponsored Teen Tech Camp was taking toward engaging America's youth in potential IT careers. They are creating technology campuses for teenagers during their summer breaks by partnering with public libraries and other organizations to. Their target audience is the 12 to 15 year olds.

TAKING POSITIVE APPROACHES TO HIRING:

Obtaining qualified help is a problem. One article in IT World cited 16 ways to keep your best without breaking the bank:

1. Don't misrepresent your culture to new employees.
2. Learn the rules of engagement, and know that bored employees are neither happy nor productive.
3. Cross pollinate your culture by embracing diversity.
4. Be a good corporate citizen to your community.
5. Give praise where praise is due.
6. Get creative with benefits. It's not only about the money.
7. Be aware of the changing needs of your employees.
8. Realize that great employees thrive under great leaders.
9. Conduct "stay" interviews regularly.
10. Create an environment where people can do their best work.
11. Help employees to achieve work/life balance.
12. Insist your employees take vacations.
13. Create an environment of trust between employer and employee.
14. Rid your pasture of weeds.
15. Use internships and mentoring to grow and nurture new talent.
16. Take a seasonal approach to showing employees you care.

Following the above rules won't guarantee 100% retention, but it will go a long way toward improving your retention numbers. This program has been somewhat successful in the Memphis area and with more public awareness; perhaps its success will increase.

With the job market this TIGHT, isn't now the time to *insure that you're hiring process is first class?* Career News, cited the fact that

many potential employees are turned off by poor hiring practices. Some of the problems were:

- How long before someone responds to an ad in the newspaper or on the job site are they contacted? *Many candidates said it literally took months before they were contacted and were turned off by this treatment.*
- There were a surprisingly high number of candidates who said they were treated rudely by the interviewer.
- Complaints about the interviewers – that they were late, or inattentive to the meeting. Some even said the interviewer ate during the interview.

Mark Martin, human resources director for T-Mobile said “interviewees are always under pressure to create a good first impression but it seems that businesses need to feel a bit of that pressure as well.” He conducted a study of people who had been interviewing with several companies and the above issues were cited. Remarkably, over 40% of the job seekers reported unfavorable treatment during the interview.

POACHING IT PROFESSIONALS

There is an epidemic of Poaching IT people. If you do not want to be hit by poaching, then now is the time to insure that the people you now employ are happy.

VENDOR MANAGEMENT SYSTEMS

Right after the Y2K slowdown and the Dot Com bust, IT people were clamoring for jobs. At the same time, corporations were introduced to several ways of saving money for hiring or contracting IT people. Several adopted the Vendor Management philosophy. This worked very well to control hiring costs for many firms.

Today’s market is quite different, and many organizations are rethinking whether or not this practice insures that they get the best people to work on their IT projects. What they are finding now is that the VMS system lengthens the time to hire and it does not insure that they find the highest quality individual to work in their organization.

These firms are wrestling with what is more important to them, the costs savings or the higher quality IT work?

In closing this portion, I would like to address a recent article in CIO magazine written by Ulma Gupta CIO. This article says that the Talent Shortage in reality is a Recognition Shortage. The article mentions that there are 4 areas of improvement to meet your hiring goals.

- 1. Talent is your most valuable asset. Prove it! It is stated that human talent is a firm's most valuable asset, but companies don't always reflect these feelings to their employees or to potential employees. Companies must continually review their hiring policies, procedures, and practices.**
- 2. Web Cobwebs. People should try to apply to their own website for a job, and do this on a periodic basis so that they know how easy or hard it is to get through the systems to get call backs or acknowledgement of the receipt of a resume and what the next step is in the hiring practice.**
- 3. Seek unconventional talent. In today's economy, innovation is one of the highest priorities for business leaders. Executives are looking for ways to strengthen and shorten the cycle of innovation and repeat this process effortlessly. Unconventional talent is not the identical match to the person who just left this position. It is someone who comes from a different area with different values to make you succeed,**
- 4. Train for talent recognition. Most people don't know how to find the gems in a resume. Today resumes are rarely 2 pages long. It takes time, talent and ability to review a resume to find the talent that is in there. Train your people well to do this important task.**

THE H-1B VISA ISSUES:

Congress has not increased the H-1B visa cap from 65,000. During October, most of the 65,000 that were filed in April have been issued. So for a short period of time, there seems to be some additional help available, especially from India.

Computerworld had an article that said that Owners and Managers had a preference for foreign nationals over natural born American citizens because they found that the foreign nationals had a stronger work ethic. While this article cited several people who prefer to hire foreign nationals, our firm has found just the opposite to be true. Certainly this issue is a debatable one.

Two large industry associations, the IEE-USA and the Semiconductor Industry Association are urging congress to raise the current cap from 65,000 plus 20,000 for visas to foreign students who graduate from U.S. universities with degrees in science, technology, engineering and mathematics or STEM fields.

At this writing, the hotly debated bill that was before both houses this spring seems to be on the back burner. but these industries are lobbying to get the issue resurrected.

Almost as soon as the bill died, Indian businesses lobbied to have action on raising the quota rates, and said that limits on the visa quota was a restraint of trade with our Indian business partners.

At the same time, several of India's top tiered IT groups are opening development centers in the US. WIPRO will be opening one with 1,000 employees in Atlanta Ga. The question is; with the shortage of US workers and the limits on H-1B visas, how will they staff this organization?

One way may be through acquisition of US based firms. Wipro has purchased Infocrossing and its 900 person organization. In June, Caritor and application developer based in California, but whose 3,900 employees are predominately in India acquired U.S. IT services provider Keane in an \$854 Million deal.

Foreign based organizations are purchasing U.S. based IT organizations at a rapid pace now. However, you must realize that while this is just the beginning, it is small potatoes in size to their offshore hiring. Wipro ended last quarter with 72,137 employees and added 1,400 employees a month last quarter. Acquiring firms with 1,000 to 4,000 employees is just a drop in the bucket to their overall size.

One interesting article in CIO magazine was to cut the visa program in half. Gary Beach, the author, claimed that the H-1B visa issue was just a Band-Aid to fixing the problem, and if we did not have a source available for technical people we would find a way to grow our own at the university level. Without this he claims, the future for us will be bleak, because we will be unable to compete in the world market in technology.

Make no mistake though, several people and organizations are becoming creative in how they attack the situation. Firms are opening facilities in Canada and parking people there until they can apply for and receive H-1B visa status. Microsoft is considering opening a Software Center in Canada where there does not appear to be visa restriction problems that we have in the states.

SECURITY ISSUES:

Phishing is prevalent in many emails received on a daily basis. Recently I have been receiving emails telling me to update my EBay account and provide all the pertinent data that would have made me vulnerable. Nice trick, except I don't have an EBay account.

There is a game being played that will test your ability to decipher Phishing emails. This teaches users how to tell the URL of fraudulent sites from real sites. For more information contact the Carnegie Mellon University and they can get you into the game.

Recently Monster had phony ads placed just to be able to attempt to get critical information on candidates and use this to steal identity. Unfortunately, Monster did not report this scam for over 5 days after they detected this breach and therefore put many candidates in jeopardy. Some 1.3 Million job seekers were at risk due to this waiting time. It is believed that these stolen identities were being solicited to become victims of "money mules" in moving stolen money from bank accounts into the hackers own coffers.

EBay, PayPal and Yahoo have joined together to fight Phishing emails, try to eliminate them and keep their customers safe. In June 2007 alone there were a reported 31,709 unique Phishing sites

attempting to get your personal information that could be used to play havoc on your credit rating.

Industry is working hard to overcome the Internet as a spawning ground for unsafe acts. In New Mexico there is a University that is offering a Masters Degree that emphasizes Ethical Hacking. So far there are only 6 students signed up for the program, but with the amount of fraud on the Internet, they expect this to increase.

Others are offering classes in “How to think like an online con artist”. They claim that an enterprise is only as secure as the weakest human link, and offer advice on how to use social engineering to test security defenses.

Security issues need to be reported rapidly. TD Ameritrade was warned of a possible data breach months before it became public.

They had had exposed the names and contact information of more than 6.2 Million customers that spammers received. Scott Kamber an attorney who filed a class action suit against them in May claims they are now going public with this information only because they got caught with their pants down. ...And here, I was wondering why spammers seem to attack my email with such regularity.

On a more positive note, many of these people are being caught and they are facing severe sentencing. A notorious Spammer and “Drug Kingpin” was sentenced to 30 years in prison. William Smith ran Xpress Pharmacy in Minnesota and made about \$24 million selling medication to customers without proper prescriptions and selling drugs without a license.

Michael Dolan pleaded guilty to Phishing and is now facing up to 7 years in prison for his crimes.

So while viruses and worms remain the most pesky security problems, data theft concerns simmer beneath the surface, according to Information Week’s 10th annual Global Information Security survey.

OFFSHORE SERVICES UPDATE:

It seems as though China is getting ready for a showdown with India for the offshore business. While India is the reigning champion, China is intent at making a run at the business that is going to India. Watch this story unfold over the next few months and years.

At the same time, Canada announced that they also were going to be competitive in this marketplace. They may be able to do it as they are in the same time zones and language is not a problem.

BITS AND BYTES:

At a recent Gartner expo held in Orlando, the talk of the conference was about why e-mail is awful.

At least that is what Leslie Brennan, CIO of the New York State Department of Environmental Conservation mentioned. Her answer was that she has set her staff to improve communication, and the way to do this is to meet face to face.

Improving communication “is really talking to the business, not e-mailing the business” said Brennan. Her remarks elicited laughter from the Blackberry carrying audience. She continued “that it is not just getting up and talking to business-it’s talking to each other.” Seems like a novel idea that just may work.

During the recent fiscal quarter, U.S. Government IT spending spiked and there does not seem to be an end in sight. This will no doubt cause even more hardship on the already thin IT professional ranks for obtaining people for Industry.

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