

## The 2011 (and Beyond) IT Job Market: The Best, The Worst, and The Scary

In the depths of the recession/depression in early 2009, I predicted that the IT permanent job market would start to improve at the end of 2010 or the beginning 2011, based on previous hiring cycles related to stock market fluctuations. Also I predicted this would be preceded, as it usually is in an economic recovery, by a strong uptick in contract IT hiring, which happened in the second half of 2010. All was not so rosy though. In the spring of 2010 it appeared briefly that the IT jobs recovery would happen even sooner, but then the European financial crisis stalled the nascent recovery and for the next four to six months there was a realistic fear that the dreaded “double dip” recession would occur, leading to widespread layoffs circa 2009. However, now such sources as Monster.Com, Dice.Com, “CIO Insight” and “E-Week” magazines have up until recently been predicting renewed and, in some instances, robust hiring within the first half of 2011. Yet in the early months of 2011 escalating political unrest in the Arab world, has led to conflagrations and epochal uprisings that again could send us careening towards the “double-dip” taking the IT and Tech sector down with it. However, for our purposes here, let us maintain a mildly positive outlook for IT hiring prospects in 2011, tossing in a few caveats that could impede short and long-term IT hiring possibilities.

The overall forecast, from both media pundits, economists and the government is that we will still have a near or above 8% unemployment rate until, at least, the next election cycle in late 2012. This is still better than what we have now, but still disastrous for many. In particular, unemployed people in their 40's or 50's, or 60's without a college degree or very specialized training, and urban minorities. Moreover the real rate of unemployment, including those that stopped looking, not on unemployment, or underemployed, will probably stay in the 15% to 20% range for quite some time. So why is IT any different? First, it is generally believed by those in the know, that IT was a major factor in the great explosion of wealth (mostly for a fortunate few in financial services and the upper echelons of corporate America) and productivity for most of the 1990's and 2000's. Secondly IT never had a very strong recovery from the dot-com and telecom bombs of 2001 to 2004 like construction and other sectors of the economy did.

However, in the period since the major IT/software downturn, there have been many new innovations and iterations in IT products and services; examples include the rush to open source technology, virtualization, hand held devices (e. g. smart phones and tablets like the IPAD) and the cost saving cloud computing, which brings remote IT resources directly to the desktop eliminating the need for large datacenters, and cloud related SaaS (Software as a Service). Also, the Web 2.0, with the triumvirate of LinkedIn, Facebook, and Twitter are bringing information back in popular favor, perhaps more than in anytime history of information technology. Moreover, the recent celebrity status of Facebook's founder Mark Zuckerberg, like Bill Gates and Steve Jobs in the generation before him, is indicative that “the buzz” in IT and software development is coming back in vogue. However, the progressive, even revolutionary, implications of the web 2.0 bringing vital information to the oppressed and under classes globally could eventually undermine a jobs recovery here by exacerbating fears of global uncertainty. Excellent examples of this “viral political process” can be found in Clay Shirky's work “The Cognitive

Surplus.” Here, the implications, and applications of these innovations is widening the so called “digital divide.” Now this divide is looking increasingly more like an unfathomable gulf for some sinking out of the middle class, others not having a chance to rise out of poverty, with many others just treading water, fearing they will be left behind as well.

Nevertheless, if things do pick up this year as projected, what are the IT job categories poised for the most growth? According to “CIO Insight” magazine, Network Engineers and Business Analysts are the two hottest groups with Software Developers coming in third. In my own experience, I would also include Database Administrators (DBA’s) and Systems, and Enterprise Architects. The Network Engineer category makes sense because the cloud infrastructure implementation necessitates people with a strong network engineering background for WAN (i. e.; Wide Area Network) optimization and deployment, as well as, to facilitate cloud related network capacity build out. Along with Network Engineers, Business Analysts and DBA’s perform enterprise infrastructure and/or in house software applications specific functions, which, at this time, make them less likely candidates for outsourcing. In other words, these people are directly related to day to day operations. Open source-cloud related (particularly SaaS), database, financial service, and medical related developers, as well as Systems Architects, are currently in demand because of the initial phase of new applications development cycle is still the forte of full-time, domestic IT, and software, innovators. However, once these initiatives reach the maintenance phase of the development cycle, many of these jobs are either given to contractors, or are more subject to lower cost outsourcing. Moreover, the higher productivity and significant automization ushered in by these advancements could very well lead to a long term general decline, at least in the US and perhaps globally, of the need for IT workers.

Now this is a guardedly upbeat IT hiring prognosis, at least until this iteration of tech/IT advancements are rolled out. But in its malaise during the previous decade, the American IT industry lost a large percentage of its workforce to lower cost offshore workers. Ushered in by the US inspired globalization trend of the 1990’s, outsourcing has, and still does, lead to the cannibalization of the native, and sometimes non-native, American IT workforce. Perhaps the single most humiliating aspect of the massive outsourcing initiative is when lay-off candidates are directed to train their lower cost off shore replacements for a few extra weeks or months of compensation. Also, this troubling trend seems to contradict the patriotism that many of these CEO’s, and other corporate leaders, vociferously espouse. We still proudly, in the eyes of many, live in a relatively free market economy. However, the increasing lack of protective checks and balances (e. g., unionization as related to job security, strong financial service oversight) were defused with the “gold rush-like” growth of IT at the end of the last century. Moreover, the recent IT, and other, job losses were, to a large degree, a result of excessive financial service risk taking that led to the economic meltdown of 2008. Also, with the over one third decline of

American College students choosing Computer Science, and related fields, as majors since the dot.com bomb in 2001, it is no wonder US corporations are looking offshore for IT talent.

Also, the insourcing of lower cost HI-B workers from India, Eastern Europe and elsewhere continues to take a big bite out of the non-immigrant American IT worker's pie. This is particularly bothersome because many American IT workers, who built the software industry when they were in their 20's or 30's, are shut out of the IT full-time work force now they are 40 or older. Frequently these unfortunate individuals' plight, at best, is to survive from one uncertain three plus month assignment to another, with drastically reduced hourly earnings from what was the norm five or ten years ago. Ageism in unemployment is rampant, but in IT it may be even worse fueled by the mentally intensive nature of the work and the relative youth of the industry, particularly its management. Furthermore, certain corporate and political concerns are angling to increase the quota of HI-B's substantially now a recovery appears to be ensuing, particularly with the looming domestic labor shortage of highly skilled younger IT workers. But to its credit, insourcing, unlike outsourcing, at least keeps IT, and related innovations, in the US which conceivably can lead to more jobs for all. Moreover, insourced workers, in themselves, should not be demonized for this trend. They are only following the uniquely American historical tradition of highly productive, and upwardly mobile, immigrant workers. But while in the past it might take a generation or two for immigrants to achieve an affluent lifestyle. However, today, with IT workers in particular, this process can sometimes occur almost instantaneously for the most talented new arrivals.

In conclusion, the domestic IT job market seems possibly poised for a modest uptick in 2011. This is primarily due to macroeconomic trends and industry innovations such as the cloud, devices like the I Pad and I Phone, other open source initiatives, and the transformation of IT from a cost center to an income generating center. Accordingly, insider publications, like "CIO Insight" and "E-Week," predict a return to steady, if not spectacular, IT hiring. However, the economy is still mired in a slow growth mode. We are in the midst of a so-called jobless recovery in most economic sectors, and the possibility of a debilitating large scale terrorist event or further, major, European financial difficulties, or the rapidly accelerating unrest in the Arab world could quickly curtail hiring plans. Also, continued outsourcing may mute rehiring, with the continuing lack of very little employment related leverage for domestic IT workers. In turn, makes a career in IT even less attractive for US college students

Nevertheless, a commitment to IT staffing growth appears to be slowly crystallizing and gaining a little momentum as we head into the second decade of the 21<sup>st</sup> century. My deepest hope and concern is that the suffering related to job loss and uncertain futures will wash away in a wave of renewed commitment to excellence, innovation, and cost control. But for this to happen, in my opinion, the US needs, like other industrial superpowers, to develop a strong, and overarching, economic policy that protects the interest of American industries and workers. Unfortunately, in the current climate of sharp political and cultural divisiveness, and general uncertainty, such major initiatives seem unlikely. Thus the US IT industry

could be in the midst of an accelerating and irreversible decline, like large manufacturing sectors in the past, which a modest increase in hiring would only offer a fleeting apparition of eventually dashed dreams.