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## Will the IT job market bounce back?

Posted by epearlman - 2010/09/08 13:51

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An article in The New York Times on Sept. 6 notes that hiring in the tech sector is slow, signaling how difficult it will be to address high joblessness. While unemployment in the tech industry was around 6% in the second quarter of 2010, far lower than the national rate, it's still a bad sign since high tech is generally looked to as an engine for fueling America's future job growth. The article also notes that many IT services firms are "rebalancing their workforces," or moving jobs overseas as they globalize their employee base.

Do you believe the IT market will bounce back in the U.S.? If not, how are you preparing yourself for a slower growing IT job market in the U.S.?

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## Re:Will the IT job market bounce back?

Posted by charlesb2k - 2010/09/09 16:53

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Last year I was unemployed for 6 months. It was tough, but I made the decision to move in order to get a local job. I moved to St. Louis, and got on a project through an IT Service Firm. In December I applied for a full time position with the company I was at, and got hired starting in January.

Since I am now no longer traveling, I have gone back to school to complete my Bachelor's Degree in Information Management. In a couple of year of night school I'll finally have a degree.

In addition to bettering myself by continuing my education, I'm also making myself valuable. I step up when not asked and take on the tough tasks. I get them done quickly and correctly and go back for more. I'm being recognized throughout my department as someone who will get the work done.

That is what I'm doing to prepare myself for the future.

-- Charles B

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## Re:Will the IT job market bounce back?

Posted by srw134 - 2010/09/11 03:17

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To Charles, congrats on the new job and good luck.

I tend to think that as people in the technical sector we are lucky that we have an unemployment which is so low. I would also guess that the majority of this unemployment is at the entry level. Those of us with year of experience seem to have the ability to bounce back. Although as Charles had mentioned sometimes you are going to have to make a geographic concession. This is one of the reasons I ended up settling in an area which a large technical employer population.

-sean

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## Re:Will the IT job market bounce back?

Posted by searley - 2010/09/12 10:22

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I think that IT jobs are suffering from the same issue as jobs in general - outsourcing. Even as the economy recovers, companies are creating jobs, but hiring outside the country.

In fact we don't even "outsource" - we have opened an office, and hire "inhouse" associates in Bangalore India.

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## Re:Will the IT job market bounce back?

Posted by ciony - 2010/09/12 19:19

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It's just one man's perspective, but my experience is that tech hiring has picked up in the NY metro region over the past 3 months given the competitive hiring situation we've encountered in filling open slots.

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I think that IT pros at all ends of the experience spectrum have been hurt by the economy, and outsourcing is certainly a factor in that. Outsourcing endorses the notion of IT skills as commodities, and drives compensation for onshore and offshore resources down as a result. My main concern however for the US IT market is that as entry level jobs are sent offshore, the possibility of cultivating experienced US IT talent diminishes every year. Nationalism is not an element on the balance sheet of most companies, however, so government incentives (tax breaks, etc.) for US job creation are likely one of the best ways to address this on a macro-level.

Kudos to Charles for his adaptability and determination in managing his career...those are helpful talents in any economy.

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## Re:Will the IT job market bounce back?

Posted by searley - 2010/10/28 20:15

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Two things will likely propel the IT market as companies begin to invest the tremendous cash bankrolls that they have been building up in the last two years. One is to address the neglect of software and infrastructure that has occurred as the result of the massive spending cut backs and layoffs. Two is the retirement of baby boomers who will be leaving the work force in ever increasing numbers.

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## Re:Will the IT job market bounce back?

Posted by rgarretson - 2010/10/30 14:54

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As ciony notes, things may already be starting to pick up in some parts of the country, but it never hurts to sharpen your skills or retool your resume toward the technologies that are in the highest demand in this challenging job market.

The Ashdown Group Jobs Index (AGJI), which tracks the number of advertised permanent jobs on its Internet job boards registered a 5 percent increase in September over August. According to it's September IT Recruitment Market Analysis:

We have seen modest growth in demand within the IT infrastructure department; in contrast 72% of the IT vacancies registered at the Ashdown Group during September were in the field of web based application development.

Java, ASP.Net and C# development skills remain in high demand but an interesting development is the 15% increase in salaries for LAMP developers over the past year. Market share and business adoption of PHP software is growing and with it the demand for staff is increasing. This is putting upward pressure on salaries and will likely strengthen the contract market for these skills.

We predict a surge in demand for internet based Smart phone applications through 2011 and believe this will continue to provide a number of challenges for web developers.

The 'Smartphone' market is driving up demand for software developers and marketers with expertise in this area. With an array of mobile device operating systems and browsers to choose from, any rendering or compatibility issues are creating a short term market for expertise in overcoming these problems.

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## Re:Will the IT job market bounce back?

Posted by srw134 - 2010/10/30 18:26

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Is seems to me that the tech sector is a good leading indicator for the economy in general these days as so many companies rely on technical services of some type. These indications should give hope to those technical folks out there looking for work.

-sean

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## Re:Will the IT job market bounce back?

Posted by pgalen - 2010/11/10 07:47

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I think the IT job market is starting to reposition the source of many IT related jobs. As companies look to move to the cloud and outsource certain aspects of their IT operations there is a shift in jobs from traditional employers to service providers. In some ways the move to the cloud ( which are mostly domestic US based service providers ) will stem some offshoring and outsourcing opportunities.

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## Re:Will the IT job market bounce back?

Posted by srw134 - 2010/11/10 19:53

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Well the hope that I have in the cloud offerings is that the companies that are at the core of these offerings keep a large number of these jobs in the US in order to balance with the number of entry level tech sector jobs available. The last thing we need to do is throw all of these jobs overseas when the entry market is so soft, if we do this then the people looking to get into the tech sector coming out of high school will be even less then it is now.

-sean

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## Re:Will the IT job market bounce back?

Posted by ciony - 2010/11/11 11:44

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In regard to the Ashdown Group's findings that LAMP developers are getting an increase in pay, I'd like to think that is a positive sign but I have to question what the base is that is receiving the increase. I keep a very close tab on the rates of contractors in the NYC market and, outside of the financial services sector that would pay higher rates, I regularly see PHP developers being solicited for \$15-20/hr. If that is the base, then it would need a 50-100% bump to start to resemble anything that might be considered a living wage on the East Coast.

In the web application space, other skills that are hot among the more fashionable startup opportunities these days are Ruby on Rails and MongoDB (and the NoSQL movement). I definitely agree with Ashdown that mobile app development is also hot, which would be Objective C (iPhone) or Java (Android).

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## Re:Will the IT job market bounce back?

Posted by ciony - 2010/11/11 12:02

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I share the hope that cloud services would remain a bastion for US jobs at all levels, but the experience of the past decade as offshoring has gained momentum tells me otherwise.

First of all, the overall number of IT jobs will have to contract if the economic benefits of centralized cloud services are to be realized...centralized services are more efficient to deliver than distributed services and hence will not need the level of labor.

Assuming the delivery of such services can truly be abstracted to a faceless entity with acceptable performance levels, in my opinion this will provide the perfect catalyst for the acceleration of offshoring of jobs at these cloud service providers; if they possess the clients, and the service delivery challenge has been met, then it is only natural to assume that the cloud provider will want to exploit the cheapest labor resource possible to improve its bottom line.

HP, which has made pronouncements like all other large vendors about aspiring to be a cloud services provider, just announced its \$1 billion investment in the establishment of its 6 strategic service delivery centers...not a single one of which is in the US. 9000 jobs (ostensibly at EDS) are being lost, with 6000 being created in the new centers although they won't confirm the geographic locations of the job actions. 60% of HP's revenue is being generated outside of the US now, so their logic is consistent with that of a global company, not one that considers its US roots a priority, nor are they alone in that philosophy. If US CIOs and IT executives don't agree with that philosophy, then we should exercise our budgets accordingly, although it will become increasingly more difficult to pierce the veil of transparency on this issue.

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## Re:Will the IT job market bounce back?

Posted by Mel Duvall - 2010/11/11 19:04

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In contrast to the IT jobs being lost in other parts of the country, there was a great story in the Wall Street Journal this week talking about how fierce the competition is for experienced software engineers in Silicon Valley. It lead off with the fact that even Google is now losing engineers to higher paying and sexier startups.

It noted that one engineer, who got hired out of Stanford with a \$125,000 a year salary, was now being wooed by companies offering in the range of \$175,000. It's a classic case of having the rights skills in the right place.

Of course, it would take a salary in that range to be able to live comfortably in the valley.

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## Re:Will the IT job market bounce back?

Posted by srw134 - 2010/11/13 19:27

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Your last point is right on point, that salary may sound great anywhere but in NYC or the bay but the cost of living is so high there it really equates to \$50,000 somewhere else.

On the outsourcing:

If the government did not give tax breaks to companies going offshore it would at least take away some of the incentives to do it. The advantage of the cloud also is that to get the true performance the data center has to be close to the main base of customers. While some of this work can be outsourced remotely much of it will need to stay close.

-sean

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## Re:Will the IT job market bounce back?

Posted by mhenricks - 2010/11/15 15:05

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You make a good point about the advantages of onshore data centers, sean. As the rapid move to the cloud and the even more rapid growth of data work together to place increasing stress on the global network, it seems to me that it's going to become increasingly important to place computing power physically close to the data, if not close to the data's end user. Political forces may also play a role in keeping data centers in certain locations. Note RIM's tussle with India over the fact that its servers aren't located there and therefore susceptible to government monitoring. So the IT job market may not bounce back immediately all the way to a superheated level, and it almost certainly won't look the same, but it'll be around for a while yet.

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## Re:Will the IT job market bounce back?

Posted by searley - 2010/11/15 17:45

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Mel please realize when you quote these numbers that we are not talking about a skill set but a very major talent. It is a far cry from most IT workers where a common programmer may only earn a \$35,000 starting salary and have over \$100,000 in student loans. What is extremely alarming is the offshore of jobs that were at the core of the middle class in this country

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## Re:Will the IT job market bounce back?

Posted by searley - 2010/11/15 17:48

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Please explain to me this idea of companies getting tax breaks to move offshore. While the cost to talent ROI is compelling, I am not aware of any actual tax breaks to offshore.

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## Re:Will the IT job market bounce back?

Posted by srw134 - 2010/11/16 01:07

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Check out:

<http://www.startribune.com/opinion/commentary/104109223.html>

<http://www.accountingtoday.com/news/Senate-Debates-Bill-Discourage-Offshoring-55729-1.html>

<http://www.opencongress.org/bill/111-s3816/show>

[http://www.usatoday.com/money/perfi/taxes/2008-03-20-corporate-tax-offshoring\\_N.htm](http://www.usatoday.com/money/perfi/taxes/2008-03-20-corporate-tax-offshoring_N.htm)

-sean

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## Re:Will the IT job market bounce back?

Posted by ciony - 2010/11/16 06:39

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For very large employers, there are local tax breaks that can be attained if a set number of company jobs are maintained in a given state, but I do not think that those incentives are large enough to fully offset the federal tax incentive to invest offshore, and again they are only possible for the largest employers.

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## Re:Will the IT job market bounce back?

Posted by scarr - 2010/12/17 08:59

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Oracle Corp. said its quarterly profit jumped 28% on a 47% surge in revenue, providing further evidence that corporate spending on technology is rebounding.

The results are the latest sign of momentum for the big software company, which has steadily expanded its business through a string of acquisitions.

Oracle's results for the fiscal second quarter beat the high end of its previous expectations. In response, its shares jumped nearly 4% ...

If demand for products and services continue to grow then the hiring will follow in time.

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## Re:Will the IT job market bounce back?

Posted by searley - 2010/12/18 12:54

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Certainly companies cannot hold IT spending in check forever. Corporate balance sheets are strengthening and cash available for investment is piling up. It remains to be seen where that cash will be deployed and whether it will lead to domestic hiring.

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## Re:Will the IT job market bounce back?

Posted by pgalen - 2010/12/31 12:02

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It feels like it is, I just read a report that mentioned it is taking longer for hiring managers to find IT talent, and salaries are on the rise as well.. all good indicators.

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## Re:Will the IT job market bounce back?

Posted by srw134 - 2011/01/15 21:26

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These are certainly good indicators, the consensus does seem to be that the IT market in general is picking up and with a little more time will recover to at least a post 2000 level. I would think of the IT sector as a leading indicator so this should spell good things for the economy in general.

-sean

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## Re:Will the IT job market bounce back?

Posted by searley - 2011/01/31 12:00

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Gartner recently announced expectations of 5% growth in IT spending for 2011. With inflation running in the 2% range, that doesn't sound particularly strong to me. Particularly in light of the cash buildup on corporate balance sheets. There seems to be some corporate indecision as to where to invest.

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## Re:Will the IT job market bounce back?

Posted by mhenricks - 2011/01/31 15:34

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I just reported on results of an IT salary survey that showed most IT leaders expect raises in 2011, but only a third of them are hiring. That should be posted here on CIOzone before long.

Thinking more strategically, I'd say that the insistent trend toward globalization and outsourcing means that U.S. IT employees are going to have to justify their higher salaries by being more productive. Long-term, there doesn't seem to be much justification for paying someone a lot more just because they happen to be stateside.

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## Re:Will the IT job market bounce back?

Posted by srw134 - 2011/02/05 03:39

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I know I just wrote an article this month (not here) about the 2010-2011 Cisco salary survey's. Seems to me that for the most part, at least in that sector, salaries and jobs are going well. Now, I am not saying the market is strong just not declining.

-sean

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## Re:Will the IT job market bounce back?

Posted by sgarowitz - 2011/04/20 08:23

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Hi Sean,

I think it is based on the sector as you suggested in this last comment. One things for sure, the IT market is a microcosm of the overall health of the Job Market in this economy right now and I don't see many sectors "bouncing back." Do you?

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## Re:Will the IT job market bounce back?

Posted by mhenricks - 2011/04/28 11:47

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I'm already talking to IT employers who are reporting shortages of specific skills and the early indications of a swing

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toward an employee's market. This is a business cycle, not the end of the world, and there was no bubble in IT (at least not since 2000). IT jobs in general will be back at something like they were before the last recession. Although exactly when is anybody's guess, of course.

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## Re:Will the IT job market bounce back?

Posted by danjarvis - 2011/04/28 14:25

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I've seen several friends in the New York area find jobs in the past few months. I've also been to tech meetups where speakers ended by mentioning that they are hiring, so I get the sense things are improving in the New York metro area. However, I don't think this translates well outside of major cities with a large tech presence. I also suspect that the large influx of college graduates with a computer-related degree over the past two decades is finally starting to create oversupply for entry-level positions in IT. As always, the best way to maintain marketability is to find out what technology is in high demand and learn it, which can sometimes be a very daunting task.

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## Re:Will the IT job market bounce back?

Posted by scarr - 2011/07/12 09:24

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I am seeing a lot of demand for IT skills in the area of mobile app development and Unix systems administrators with virtualization experience. The market is mostly back at this point.

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