CONSULTIS INFORMATION TECHNOLOGY

IT SERVICES UPDATE

Focused on Cost Reduction

The Top 2010 Priority for IT Leaders

Priorities for IT executives, CIOs and CTOs have shifted according to the Society for Information Management (SIM) and its annual survey of IT executives. No doubt because of the tight economy, "business productivity and cost reduction" was listed as the top priority for 2010. In the previous year's survey, this goal ranked seventh in the priority list.

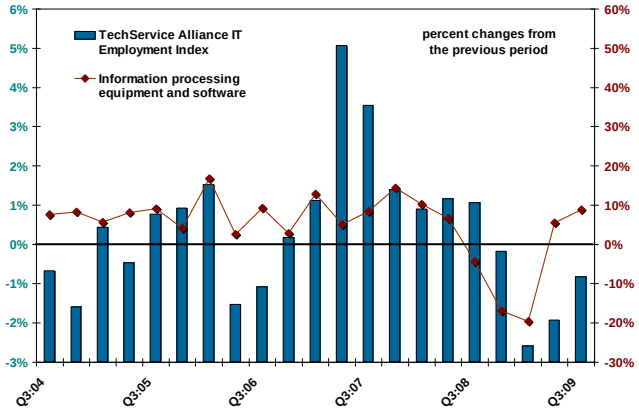
"IT-business alignment," which had been the top focus in the survey last year, is still very important. CIOs and CTOs, ranked it second in this year's survey, demonstrating a continued commitment to keeping their IT organizations closely coordinated with business strategy and bottom-line needs.

Below you will find a chart of 2010 priorities for IT leaders. The chart also lists the ranking of the priority in 2009 (if it was listed) to show how mindsets have shifted in the wake of a historic recession and in the midst of a slow and challenging recovery.

2010	Changing Top Concerns	2009
1	Business productivity & cost reduction	7
2	IT & business alignment	1
3	Business agility & speed to market	nl
4	Business process re-engineering	nl
5	IT cost reduction	nl
6	IT reliability & efficiency	nl
7	IT strategic planning	3
8	Revenue generating IT innovations	nl
9	Security & privacy	10
10	CIO leadership role	nl

nl = not listed

Given the current employment market, it should come as no surprise that recruitment and staffing are not top-of-mind issues for IT leaders. In a clear signal that staffing and recruitment concerns have lost their urgency, "attracting new IT professionals" (ranked fourth in 2009 predictions) and "retaining IT professionals (ranked ninth in 2009 predictions) did not even make it onto the top ten list this year.



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

IT Sector's "GDP" Is on the Rise

You can learn a lot from GDP data. GDP (gross domestic product or the total market value of all final goods and services produced in the U.S.) is not just a macroeconomic measure. Within GDP data are rich data subsets that report the total investment in things like IT-related goods and services.

In the chart above, the red line tracks changes in private fixed investment made in IT equipment and software since 2004 as found in national GDP data. The blue columns in the chart represent IT employment numbers for each year as tracked by TechServe Alliance.

By combining IT employment trends with IT sector "GDP" data, a clear picture of the industry's recent trajectory emerges. The IT sector is in recovery mode. IT's "GDP" results have been in positive territory since the second quarter of this year and continue upwards. Fixed investment made in IT equipment and software increased 8.9% in the third quarter of 2009 compared to the third quarter of 2008. That increase is a 5.5% rise from the first quarter of this year.

IT employment is also improving. While it didn't experience sustained decline until the fourth quarter of 2008, IT employment was down less than one percent (0.8%) in the third quarter of 2009 compared to the second quarter of 2009. IT sector employment did grow in both the last month of the third quarter and October.

Private organizations like Forrester Research, which bases some forecasts on GDP, wrote that "the U.S. tech market will start to recover from the downturn in Q4 2009" Forrester advised in its Blog for Vendor Strategy Professionals that "it is safe to say that the worst of the tech decline is over, with prospects for 2010 looking positive. Vendors need to look beyond the downturn and get prepared for a strong tech recovery in 2010."

IT Employment Trends:
Much Better than National Trends

In the face of rising national unemployment, IT workers continue to experience lower unemployment across most occupations. While the comparable overall unemployment rate was 8.9% in 3Q:09, it was much less for many IT occupations. If low unemployment is a measure of demand, computer and information systems managers are in the highest demand category, followed closely by computer programmers and computer software engineers.

Occupation	3Q:09 Unemployment rate
Computer and information systems managers	4.4%
Computer support specialists	6.8%
Computer, automated teller, and office machine repairers	9.4%
Computer programmers	4.4%
Computer scientists and systems analysts	7.3%
Computer software engineers	4.7%
Database administrators	7.1%
Network and computer systems administrators	9.6%
Network systems and data communications analysts	5.9%

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

Nationally, average weekly wages improved incrementally by 0.2% in the past year despite an increase of 2.4% in hourly wages. Why? Because over the same period the number of hours worked declined by a similar amount of 2.1%.

That trend was somewhat similar for technology workers, although the magnitude of the change depended upon the specific occupation. For example, those working in data processing, hosting and related services saw, on average, their hourly wage grow nearly 15%. However, they ended up with a paycheck that was only 11.2% higher because their hours were cut by 3.1%.

IT professionals in custom computer systems design and related services experienced a comparable trend. With an hourly wage that rose 2.6% and weekly hours that fell by 1.3%, they ended up with only a 1.3% raise in their weekly paychecks.

Interestingly, those working in computer systems design services experienced the reverse. Despite working 0.5% longer, their weekly paycheck was essentially flat (up only 0.1%) because hourly wages declined by 0.4%.

How Green Is Your IT?

Corporations are under increasing pressure to go "green." But, what is green IT and where does your company fit in? This summer BT Americas, Inc. conducted a survey that focused on goals, current initiatives and the status of green IT strategies.

Given the state of the economy, it's little surprise that the 150 IT professionals participating said cost reduction (81%) is the major driver of their green IT initiatives. Reducing "the negative impact of company activities on the environment" (47%), meeting "regulatory requirements" (31%) and addressing "climate change" (22%) were the next most-cited reasons for pursuing green IT initiatives.

The proportion of respondents (29%) who have a formal policy recognizing climate change was equal to those who do not have a policy but described themselves as concerned about the climate. Essentially the same percent of respondents (30%) did not convey any position on climate change.

Actions though speak louder than policies and an impressive 88% dispose of old equipment in environmental friendly manner. Another 7% say they plan to do so within the next 12 months and only 5% have no plans in that regard.

As for current strategies, 70% deem their virtualization activities as green. In terms of energy usage, 17% use renewable energy, 14% plan to in the next 12 months and 68% have no plans for its use.

Tips & Tricks

USB Flash Drives
Not Only for Storage Anymore

USB flash drives are often thought of as merely portable storage devices for shuttling files from one location to another. The reality is they can be configured for much more and are valuable timesaving devices as well.

Flash drives can be used as a physical key to lock/unlock a computer (freeware is readily available). In addition, it can be used as a password reset disk rather than a floppy or a CD. The function is increasingly important since few computers are now equipped with floppy drives and are often left off of many portable computers. It may be a good idea to create a bootable operating system flash drive, which may not be the easiest task, but worth the effort when a system fails.

Although Microsoft Office® is not available as a portable application that can be run from a flash drive, OpenOffice.org® offers a complete office suite that is available as a portable app, is free and can handle all Microsoft Office® files.

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