

H-1B visa quota quickly depleted

The shortage of highly skilled IT workers in the U.S. has increased the demand for H-1B visa workers by U.S. companies. In fact, according to the U.S. Citizen and Immigration Service (USCIS), nearly 163,000 applications for H-1B visas were received in the first week after the application process was opened. More than 31,200 of those petitions were for the advanced degree exemption. That’s almost triple the amount of visas offered for fiscal 2009 through the USCIS. The number of regular visas was capped at 65,000, with another 20,000 offered for graduates with advanced degrees from U.S. universities.

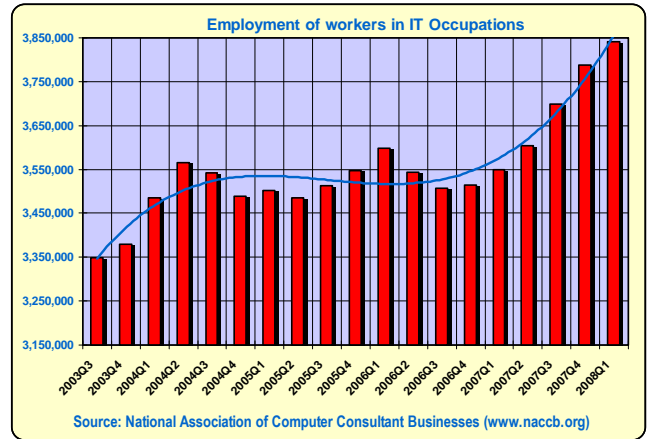
To determine who receives an H-1B visa, the USCIS runs a computer-generated random selection process. The lottery for the advanced degree petitions—those with masters’ and doctoral degrees— was conducted first. Those not selected were added to the random selection conducted for the 65,000 regular H-1B visas.

According *The Wall Street Journal*, employers were particularly concerned that the cap for holders of masters’ and doctoral degrees was met within days. Last year, it took several months to meet the cap for those workers, which include engineers and computer scientists.

Many business leaders are pushing for a moderate increase of the visa cap and to tie future adjustments to a demand-based mechanism. They argue that America needs the talent to remain competitive in a global marketplace. Various studies found that each skilled H-1B visa tech worker generates four to seven more jobs at U.S. technology companies.

When companies cannot get enough of these skilled workers to complete projects or carry out IT-related work, they turn to other methods. One method is to send work offshore. According to Microsoft’s Bill Gates who testified before the U.S. Congressional Committee on Science and Technology in March, “many U.S. firms, including Microsoft, have been forced to locate staff in countries that welcome skilled foreign workers to do work that could otherwise have been done in the United States ...”

Companies looking to keep work onshore have been turning to IT staffing and solutions companies who can provide IT staff augmentation, IT project management, IT consulting services and IT solutions to meet the demands of their business.



IT hiring remains sound

While economists and policy makers continue to debate the magnitude of the changing economy, senior IT executives aren’t waiting. According to a recent report from Gartner, Inc., the world’s leading information technology research and advisory company, IT budget growth is expected to moderate in 2008 as the economy loses steam.

Gartner’s latest survey found that “Overall U.S. IT budgets for 2008 are expected to continue to grow, but the growth rate has slowed from 3.1% to an increase of 2.3%.”

IT employment continued to grow and IT occupations sustained unemployment rates well below the national average in 1Q2008. Unlike the last recession, activities have shifted to new application development, according to *Computerworld* magazine.

For example, *Computerworld* reports that a real estate investment firm, despite being in the hardest-hit sector of the current slowdown, maintains a 37-person IT department and has several open positions including Oracle ERP, document management and help desk.

Even if big companies eliminate IT projects and associated staff during a slowdown, they are bound to be scooped up quickly. This could be the break other employers who need to find talent to complete their open list of projects.

IT unemployment remains low; wages mixed

IT workers continued to experience lower unemployment rates than the general labor force in 1Q2008. While the overall unemployment rate was 4.9%, it was less than half that for many skilled IT and computer positions such as computer and information systems managers, computer software engineers and database administrators.

Occupation	1Q2008 Unemployment rate
Computer and information systems managers	1.7
Computer support specialists	4.9
Computer, automated teller, and office machine repairers	1.3
Computer programmers	2.7
Computer scientists and systems analysts	3.0
Computer software engineers	1.2
Database administrators	2.2
Network and computer systems administrators	3.4
Network systems and data communications analysts	2.7
<i>Source: unpublished tabulations of Current Population Survey data furnished by the U.S. Bureau of Labor Statistics.</i>	

Additionally, wages in some IT/high-tech sectors continued to rise faster than the national average, increasing 3.8% in the past year. Wages for workers in computer systems design services saw their wages rise 6.4%, which was faster than either the IT/high tech sector norm or the national average. Wages in Internet publishing and broadcasting and Web search portals were up 3.1%, which was just slightly below the national wage increase.

IT/high-tech sectors, especially those influenced by offshoring activity, experienced wage growth below the national average. Custom computer programming services experienced a below average wage increase with only a 1.6% rise in hourly pay. This could be due to the pressure that offshore, low-cost programming centers have placed on the sector to depress wages.

Data processing, hosting and related services below the national average, experienced a wage increase of 2.1%. The small wage growth also may be because of the influence of low-cost offshore centers, but also a result of further commoditization that suppresses profit margins and subsequently wages.

Are IT departments necessary?

Nicholas Carr is the former executive editor of the *Harvard Business Review* and author of the controversial 2004 article "Does IT Matter?" Carr is stirring more debate, this time with his new book entitled, **The Big Switch: Rewiring the World from Edison to Google**.

Carr argues that a shift may be in store for today's client/server model. He explains that during the industrial revolution, factory owners operated their own power plants driven by the need for reliable power. Factories eventually "outsourced" their electrical needs to public utilities as the service became more dependable. He predicts a similar shift could occur in the future as utility computing replaces today's client/server model.

"One place where changes will be particularly sweeping is the corporate IT department. As the capacity and capabilities of the computing grid expand, it will continue to displace private systems as the preferred platform for computing. ... [Companies] will no longer be constrained by the limits of their own data centers or the dictates of a few big IT vendors," Carr writes in the *Financial Times*.

Some IT experts, although not completely dismissing Carr's thesis, say there will not be a wholesale change to what some refer to as "cloud computing." Those experts reason that many companies are not willing to relinquish control.

Social networking has another goal

Businesses have found ways to use social networking sites as a marketing and business intelligence tool. Attractive because of their ability to reach a large number of potential customers, the sites are helping companies build their brands and develop communities and awareness around their issues, interests and products.

These sites offer companies and business people the ability to develop contacts that could lead to new business. Some other benefits include:

- ◆ Referrals
- ◆ Event invitations
- ◆ Competitive intelligence

Additionally, going in cold to a sales call with potential clients involves a lot of uncertainty. Through social networking sites preliminary research can be conducted on associates and friends you may have in common. These sites can also identify common interests and hobbies warming up that initial meeting.