

**IT spending is up in 2010 with hardware leading the way**

Leading forecasters and major IT consultancies are in agreement that IT tech spending has and will continue to rise in 2010, but at a slower rate than previously estimated.

Mid-year, Gartner, Inc., a leading information technology research and advisory company, revised its worldwide IT spending outlook down to 3.9 percent growth for 2010 from a 5.3 percent growth estimate made in Q1. This is mainly due to the devaluation of the euro against the U.S. dollar. Still, this is a big improvement from last year. Gartner estimates the 3.9 percent growth to be an increase of IT spending of almost 9 percent in 2010, due to the 4.9 percent decrease in overall IT spending in 2009.

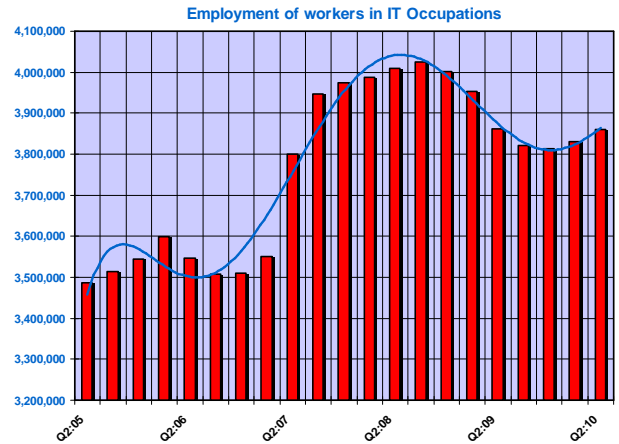
Gartner's forecast is based upon the premise that "... CFO's expect increased IT spending. However, CIO's are seeing only marginal increases in budgets and are constrained to essential enterprise IT spending with discretionary spending still on hold. In the consumer sector, confidence is improving ..." Gartner's estimate shows the most growth in computer hardware, coming back from a 12.4 percent decrease to an increase of 9.1 percent.

Worldwide IT Spending Forecast		
	2009	2010
Computer hardware	-12.4%	9.1%
Software	-2.6	3.1
IT services	-5.3	2.9
Telecom	-3.5	3.4
<b>All IT</b>	<b>-4.9</b>	<b>3.9</b>

Source: Gartner (June 2010)

Forrester Research, a technology and market research company, predicts global IT market growth in 2010 to be 7.8 percent, with the U.S. market doing slightly better at 9.9 percent. Forrester also sees computer equipment leading the way and is expected to increase more than 11 percent in the U.S. because of "replacement of old PCs, servers and storage equipment."

Other reports, while following the same general trends, are not as optimistic. According to *Bloomberg Businessweek*, "The bulk of the industry's growth this year will come not from software but from equipment sales, as companies that had put off purchases will invest in the latest servers, computers, networking gear, and storage systems. Hardware sales are expected to see a 6.4 percent gain, according to IDC, while spending on software and technology services will grow by just 3 percent and 1.5 percent, respectively."



Source: TechServe Alliance ([www.techservealliance.org](http://www.techservealliance.org))

**Outsourcing on the rise**

A survey conducted by research-based technology consultancy Vanson Bourne suggests that outsourcing technology will increase. In 2010, U.S. IT executives report that a significant majority (82 percent) of their infrastructure currently is in-house; by 2020, it will only be 49 percent.

Given the current fragile but improving economic environment, the top strategic priority an organization's IT department faces is "finding more cost effective IT infrastructure solutions." The other two priorities are: 1) focusing resources on developing and/or managing business critical applications, and 2) increasing collaboration in order to gain operational efficiencies.

The report suggests that almost 40 percent of organizations function at only 55 percent of their capacity and less than half reach their maximum utilization level about 130 times throughout a year. This suggests that costs could be reduced if organizations adopt a more "just-in-time" approach to IT management, as those embodied by cloud computing and/or outsourcing.

According to the Vanson Bourne report, 43 percent of those surveyed assert that the largest single barrier for organization to outsource more or all of their IT activities is company culture. However, the next two biggest categories suggest company attitude and practice about outsourcing could change with time. 37 percent say the reason they do not outsource is because IT assets have not yet been written off and 34 percent say it is because of contractual obligations. Therefore, as those assets are written down and as contracts expire, companies are expected to increase outsourcing IT activities.

## IT professionals in high demand

The unemployment rate of IT professionals remains low despite an overall weak job market. While the overall unemployment rate hovered in the high nine percentage range in Q2, IT workers had an unemployment rate at almost half of that and much lower for IT professionals with certain skill sets.

As a possibly positive sign regarding future spending in IT, the demand for computer hardware engineers rose in Q2 compared to earlier periods and is as high as for many other IT occupations. According to *The Wall Street Journal*, "outsourcing companies, which manage computer rooms for customers, in many cases are sharply stepping up purchases of servers to keep up with rising demand." *The WSJ* also reports that IBM Q2 sales of industry-standard servers were up 30 percent.

Occupation	2Q:10 Unemployment rate
Computer hardware engineers	5.0%
Computer and information systems managers	4.9
Computer programmers	6.4
Computer scientists and systems analysts	5.9
Computer software engineers	5.1
Computer support specialists	6.1
Database administrators	2.5
Network and computer systems administrators	4.6
Network systems and data communications analysts	5.5
<i>Source: unpublished tabulations of Current Population Survey data furnished by the U.S. Bureau of Labor Statistics.</i>	

Consistent with the increased demand for IT hardware engineers, pay also increased for people making IT equipment. Those making Computer and Peripheral Equipment experienced an almost 10 percent increase in their weekly wage while those making Communications Equipment rang up more than a 13 percent pay increase in the past year.

IT professionals in Computer Systems Design and Related Services, who are among the highest paid IT professionals in the industry, saw their pay rise by more than 5 percent. And those in a more specialized occupation – Custom Computer Programming Services – saw both their hours and hourly wages rise for a year-over-year paycheck growth of almost 5.5 percent.

## IT workers looking for new jobs

A new survey conducted by Harris Interactive found that IT professionals are feeling confident about the strength of the economy and their future career opportunities.

The Q2 2010 survey shows that 54 percent of IT workers are confident in their ability to find a new job compared to only 41 percent feeling the same way in Q1. And this confidence is no doubt reflected in their likelihood to look for a new job – 37 percent, up from 32 percent in Q1, are likely to search for a new position in the next 12 months.

Conventional wisdom says to keep employees happy, pay them more, but in today's tenuous economic environment that option isn't always feasible. Recent employment trend research suggests that may not necessarily be the best option to keep IT workers from looking for new opportunities.

According to report published in *itWorldCanada*, "employee happiness is dependent on feeling engaged in the business and knowing the role they play in driving success." The top two motivations are sharing the organization's strategic vision and goals, followed by knowing how an individual's participation contributes to those organizational goals. Pay and remuneration package were ranked third on the list, demonstrating that compensation may not necessarily be the best option to keep IT workers.

### Tips & Tricks

#### Pssst – password is not a password

In today's environment of heightened security awareness, the importance of a powerful password is the first line of defense. It's been widely reported that one of the recent exposed Russian spy rings had a complex 27-character password but was undone because it was found written on a piece of paper. They would have been better off with a shorter password that could be memorized. Here are some hints to get enterprise users to buy into their IT organizations' password policy.

- ✓ **Have a workable, updated password policy:** Avoid unreasonable rules that will only discourage users from using strong passwords.
- ✓ **Insist that the full keyword is used:** Requiring numbers and letters goes a long way in strengthening passwords but special characters – @\*^\$%! – should also be incorporated.
- ✓ **Require different passwords:** Different systems should require different passwords since intruders would only need to crack one password to get into everything.
- ✓ **Ban sticky notes with passwords stuck to computers:** No password should be written down.