

Job opportunities for 2009

Slower economic growth and more cautious spending mean companies will be more judicious and vigilant about their IT expenditures. In turn, these developments will affect where job opportunities will be in the coming year.

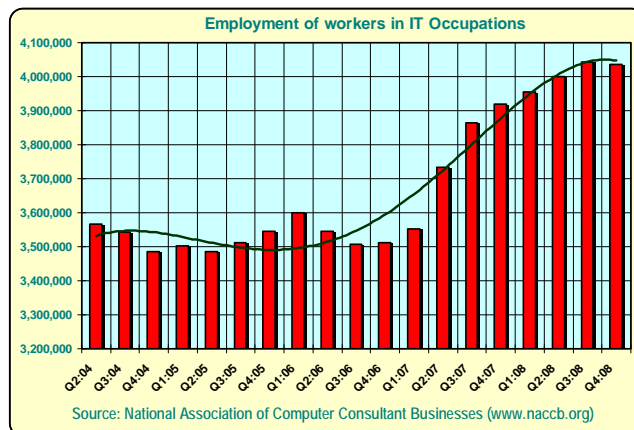
- ◆ **SMBs (small-to-medium sized businesses) will be looking more closely at IT managed services** for IT systems because of:
 - ⇒ Lower upfront costs when compared to building their own IT systems;
 - ⇒ A fixed, known monthly fee that can be included in organizational budgets.

- ◆ **Cloud computing** will be especially attractive in challenging economic times because it is subscription-based with relatively low upfront costs (essentially, no development).
 - ⇒ Off-site back-up and archiving services via the Internet are a common type of cloud computing. Now more than ever as companies cut back on hardware upgrades and performing costly maintenance and updating of software, companies cannot afford NOT to continue to backup and archive essential company data.
 - ⇒ Just as CIOs and companies are warming to the concept of SaaS (software-as-a-service), along comes another kind of cloud – PaaS (Platform-as-a-Service). PaaS takes SaaS one step further by furnishing the entire computing platform, not just an app or software program.

- ◆ The **sale of notebook computers will continue to surpass desktop machines** as companies continue to push workers into the field ostensibly to be closer to their customers as well as reduce fixed office space costs. This will grow the need for VPNs, firewalls, common storage of company data, as well as address myriad security issues.

- ◆ Look for **further interest in managed print services**, a "form of outsourcing that addresses the rationalization of office equipment and its maintenance," according to *CFO Magazine*. Printing and copying can be an insidious expense that many organizations really don't have a good handle on and will be examining in today's tight economic times.

- ◆ **Green IT initiatives will grow** for environmental reasons as well as for cost-savings since one major result of greener IT is reduced energy consumption. This will result in more remote and automation services (e.g., automatically shutting down machines, etc.).



IT spending in 2009

Although the economy is not expected to start to recover until the second half of 2009, most IT consultancies are still projecting growth in IT spending for the year, albeit at slower rates than their own previous estimates.

Forrester's latest report released mid-January expects the technology sector in the U.S. will do a little better (up 1.5% in local currency) than in other areas of the world. Forrester expects IT outsourcing services to "hold up better" than hardware and related systems integration purchases.

IDC revised its forecast for 2009 IT spending downward late last year. "IT is in a better position than ever to resist the downward pull of a slowing economy," according to IDC. "Technology is already deeply embedded in many mission-critical operations and remains critical to achieving further efficiency and productivity gains."

Their latest worldwide forecast for IT spending was revised down to 2.6% growth, which is down from their "pre-crisis" estimated of 5.9% growth. IDC also expects hardware spending to decline, while software and services should still post gains. For the U.S., they expect IT spending will grow only 0.9%, revised from 4.2% forecasted in August.

A Gartner survey of more than 1,500 CIOs worldwide released in mid-January found that IT budgets are essentially flat in 2009 with a projected increase of only 0.2%. Gartner also queried the CIOs about their priorities for the year (below); clearly improving productivity and cutting costs for existing activities are at the top of their agendas.

Business priorities	Technology priorities	Ranking (for both)
Business process improvement	Business intelligence	1
Reducing enterprise costs	Enterprise applications	2
Improving enterprise workforce effectiveness	Servers & storage technologies (virtualization)	3

IT professionals still in demand

Despite deteriorating overall employment conditions in 4Q:08, unemployment rates for IT workers were generally much lower than the overall labor force that had risen to 6.1%. The unemployment rate was less than half that for many skilled IT and computer occupations such as computer and information systems managers, computer support specialists, computer scientists and systems analysts, and computer software engineers.

Occupation	4Q:08 Unemployment rate
Computer hardware engineers	1.4%
Computer and information systems managers	2.7%
Computer support specialists	2.2%
Computer, automated teller, and office machine repairers	5.0%
Computer programmers	6.1%
Computer scientists and systems analysts	3.0%
Computer software engineers	1.9%
Database administrators	5.4%
Network and computer systems administrators	3.5%
Network systems and data communications analysts	3.6%

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

Wage increases in several IT/high-tech sectors continued to surpass the national average, which was up 4.3% in the past year. And while the length of the workweek did not change for the average worker, workers in many IT/high-tech sectors were working longer.

The increase in the workweek for IT/high tech professionals – e.g. more hours – can be interpreted two ways. More tech work is required so organizations increase the number of hours for workers; on the other hand, organizations are feeling the economic squeeze and reduce the total number of workers. The technologists remaining need to put in more hours to get the work done.

Professionals in the Internet publishing and broadcasting and Web search portals sector are in high demand. They saw their hourly wage grow by 8.0% and their weekly paycheck rise by 21.6% as a result of their workweek increasing 12.6%.

Likewise for workers in computer systems design and related services that were earning almost 5.0% more per hour and working 3.1% more hours per week resulting in an average weekly wage increase of 8.2%.

How Much Money Can I Put into My IRA or Employer-Sponsored Retirement Plan?

All types of IRAs and employer-sponsored retirement plans are subject to annual contribution limits set by the federal government. The limits are generally adjusted periodically to compensate for inflation and the increase in the cost of living.

IRAs

For the 2009 tax year, you can contribute up to \$5,000 to all IRAs combined (starting in 2009, the limit will be adjusted for inflation annually). For instance, if you have a traditional IRA as well as a Roth IRA, you can only contribute a total of the annual limit in one year, not the annual limit to each. If you are age 50 or older, you can also make an annual \$1,000 “catch-up” contribution.

Employer-Sponsored Retirement Plans

Employer-sponsored retirement plans, such as 401(k)s and 403(b)s, have a 2009 contribution limit of \$16,500; individuals aged 50 and older can contribute an extra \$5,500 as a catch-up contribution. If you are currently contributing to an IRA or an employer-sponsored retirement plan, it may be wise to check the contribution limit each year in order to put aside as much as possible.

Distributions from traditional IRAs and most employer-sponsored retirement plans are taxed as ordinary income and may be subject to an additional 10% federal income tax penalty if taken prior to reaching age 59½. If you participate in both a traditional IRA and an employer-sponsored plan, your IRA contributions may or may not be tax deductible, depending on your adjusted gross income.

Take a look at the NACCB Sponsored Retirement Planning program at www.naccb.org/about/business_services.cfm

The information in this article is not intended to be tax or legal advice, and it may not be relied on for the purpose of avoiding any federal tax penalties. You are encouraged to seek tax or legal advice from an independent professional advisor.

Inshoring, backshoring, nearshoring, whatever you call it ...

There has been a lot of talk recently about companies bringing formerly offshored IT activities back into the domestic market. Even offshore giants such as India's Wipro Technologies are opening service centers in the U.S. to serve U.S. clients.

IBM, with its 200,000 service employees worldwide has started to hire closer to home in what might develop into a countertrend. In mid-January the company announced its two newest global service delivery centers are to be located in East Lansing, MI, and Dubuque, IA, creating almost 3,000 jobs. Several factors including favorable tax incentives and local wage rates along with partnering with local universities to produce a skilled workforce contributed to the decision of where to establish the new service centers.