

InformationWeek

There's Hope For Tech Employment

The clues? Selective raises, talent raids, and headhunters.

By Marianne Kolbasuk McGee and Chris Murphy

With Google and Microsoft fighting over who has the right to employ him, Kai-Fu Lee can officially consider himself a hot commodity. And with Hewlett-Packard's cost-cutting CEO, Mark Hurd, throwing a \$2.2 million signing bonus his way to jump from Dell, CIO Randy Mott is hot, too. (And on the hot seat.)

Most of us aren't in such great demand. Yet what's happening in these cases--companies upping the ante to get the IT talent they really want--is showing up at other levels of the IT org chart. After several years of slump, the U.S. IT job market is showing some life, at



Lee's jump to Google caused Microsoft to say he violated a noncompete agreement.

least for the right people with the right skills and experience.

"Prices for talent are going up," says Jerry Batt, CIO and VP at Pulte Homes Inc., a home-construction company that's been growing its IT staff about 15% annually of late. Pulte Homes isn't increasing pay across the board, something companies had to do in the '90s to keep IT talent. Instead, it has sweetened the pot for a few individuals with select skill sets, like .Net developers, who are particularly hard to find in Phoenix, where the company does much of its development work.

This isn't a swift tide lifting all boats. Offshore strategies still are moving IT jobs out of the country, while layoffs at places like HP push hundreds of other IT pros onto the street.

The majority of the 14,500 layoffs Hurd revealed last week will come from IT, finance, and human resources.

Yet offshoring isn't dragging down pay for key IT talent in

the United States like it was a year or 18 months ago, contends a new study from research firm Foote Partners. Pay for U.S. skills such as application development and database knowledge had been eroding 7% to 10% annually. Now people with those skills are gaining back those losses, says David Foote, president and head of research for Foote Partners, which collects data from human-resources, IT, and business execs. In the first six months of this year, Foote found that pay for networking skills had jumped 5.1%; database skills, 4.3%; and application development, 2.1%. Overall, pay for 89 noncertified skills grew 3.8%. But big bucks aren't raining on every skill set: Pay across 87 certified technical skills crept up just 1.3%.

Companies show few signs of easing up on offshore outsourcing. But the trend may be fueling demand for managers as companies realize how easily offshore projects can sour. That demand could help maintain upward pressure on the pay

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premium for noncertified skills. "Risk aversion is very popular right now," Foote says.

IT workers have lived through a brutal shakeout the last few years. There are 25% fewer programmers employed today than four years ago, Bureau of Labor Statistics data shows. That's 180,000 jobs gone, forcing people to change roles or leave the IT workforce. But the picture looks better than it has in a while because the number of IT managers, engineers, database administrators, and network and systems administrators with jobs has grown. Total IT employment reached nearly 3.43 million in the second quarter, 3.9% higher than a year earlier. That's the highest number of IT pros employed since 2001.

There's even the occasional perk these days. Silicon Valley-based NetSuite Inc., which competes with Salesforce.com Inc. in on-demand applications for small companies, recently sent its director of Web operations and his family to Hawaii, CEO

Zach Nelson says. The company also opened a second operations center in Toronto, where it's easier to get and keep talent. With 500 employees, Nelson knows the tech industry's penchant for talent raids.

That's what happened with Mott, who left Dell after five years as CIO to take the top IT job with rival HP. And the hiring of Lee turned the simmering battle between Microsoft and Google combustible. Microsoft last week sued Google and Lee, a top researcher who started Microsoft's Beijing research center, for violating his noncompete agreement. The suit hinges on two explosive areas: Internet search software and China. Google hired Lee to start up a research-and-development center in China, and Microsoft claims he takes knowledge of its trade secrets with him. Google has countersued.

There's a lot of other hiring activity these days that doesn't get the same level of visibility. Companies are calling on recruiters to fill chief

technology officer, IT security director, and head of IT architecture jobs that are a step or two removed from the CIO, says Beverly Lieberman, president of executive-recruitment firm Halbrecht Lieberman Associates Inc.

Intermountain Health Care Inc. CIO Marc Probst brought in Kevin Smith, a former consultant and tech startup CEO, as director of IS business operations. "He makes my life bearable," Probst jokes. Still, Intermountain is feeling the talent squeeze. It's working with GE Healthcare to develop a new generation of clinical software, an effort that will create at least 80 IT positions. The health-care company needs database administrators, systems analysts, application developers, and quality-assurance specialists. Probst estimates it will cost 15% to 20% more than the company thought three years ago to fill all those slots.

Probst finds it tough to find enough people with IT skills

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and health-care experience in Utah and Idaho, where Intermountain is located, so he tends to find tech talent and train them about health care. The story is similar in once tech-battered New England. "In the post-dot-com frenzy, I'd post a request for a Java or Oracle programmer, and I'd get 200 resumes in a day," says John Halamka, CIO of CareGroup Health System and Harvard Medical School. "Now, it's much harder and takes longer." Wireless engineers are difficult to find, and CareGroup also is looking for networking and storage pros.

A shortage of IT people in upstate New York is forcing Destiny USA CIO Jeff Cohen to offer relocation packages to new hires coming from New York City and Salt Lake City. The company is building a multibillion-dollar megamall in Syracuse, and the project includes a tech command center supporting 3-D modeling and digital-simulation systems used for design and construction. Cohen is looking

to add top-level voice-over-IP and networking specialists, as well as .Net developers, to his 10- person staff, but they've been tough to find locally.

Halamka and other CIOs say the number of recruiter calls coming their way has jumped. Pulte Homes' Batt sees people who had been afraid to make job moves a few years ago--and companies that resisted making personnel changes--getting bolder. Among his latest hires is Wayne Haughey, director of engineering and application development, whom he lured to the Michigan company from region's auto industry.

Recruiters are getting called in more often to help find that top-flight CIO, VP of IT, or VP of engineering, says **Dora Vell**, who launched **Vell & Associates Inc.**, an executive-recruitment firm, this spring after seven years as a technology partner with Heidrick & Struggles. "People are afraid to say it," but there's a resurgence in demand for senior IT executives, **Vell** says. "It feels

like the Internet boom." But the trend is new enough that she worries about jinxing it.

Not many IT pros will mistake today's job market for the Internet boom. They know how fleeting "hot" technical skills can be, the time and money it takes to stay up to date, and the outsourcing threat that looms. Far from a get-rich-quick mentality, the people working in IT have gutted out a harrowing shakeout that's not over yet. Will the improving IT employment outlook continue, or is it merely an uptick before another slide? It's not clear.

Dora Vell is the CEO of Vell Executive Search, a premier retained technology executive search firm in Boston. Ms. Vell is an internationally recognized expert in recruiting technology executives including: CEOs, COOs, CTOs, CMOs, CROs, board members and others. She works with VC-backed, PE-backed private companies and public companies. She can be reached at dora@vell.com.