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PERSPECTIVES

State of the Market: IT Hiring in Houston

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Agenda

Houston's Economy

- IT Market in 2008 - mid 2010
- IT Market 2010 to current status

Hot jobs – Challenging jobs/skills

Factors affecting Market

Hiring Tips/Best Practices

Houston Recession

- Jan 81- Jun 87
  - Oil price crash,
  - Local savings and loan debacle

- Jun 02 - Jul 03
  - Y2K, Dot.com bust
  - 9/11
  - Enron

- Dec 08 - Jan 10
  - Global financial Crisis

Houston Jobs

(Boom – Bust)

- Apr 82-Jan 87

  - 293,000 jobs lost
- July 96 - Jun 98

  + 245,000 new jobs

- Jun 02 - Jul 03

  - 100,000 jobs lost
- Jan 05   - Oct 08

  + 324,000 new jobs

- Dec 08 – Jan 10

  - 156,000 jobs lost
- Jan 10 - Jun 11

  + 99,000 new jobs

Houston IT Market- 2008-2010

- 2008-mid 2010- Wait and See market

    – Companies maintained current levels of staff or reduction
    – Long interview cycles for most positions
    – Candidates were staying with their companies
    – Candidates on the market were open to negotiate salaries, bonuses, etc.
    – Candidates we looking for full time hires
    – Companies were favoring hiring contractors
    – Many workers took early retirement
    – Recruiting Companies Downsized or vanished

Houston Unemployment Rate

UNEMPLOYMENT RATE
HOUSTON & U.S. 2002-2012
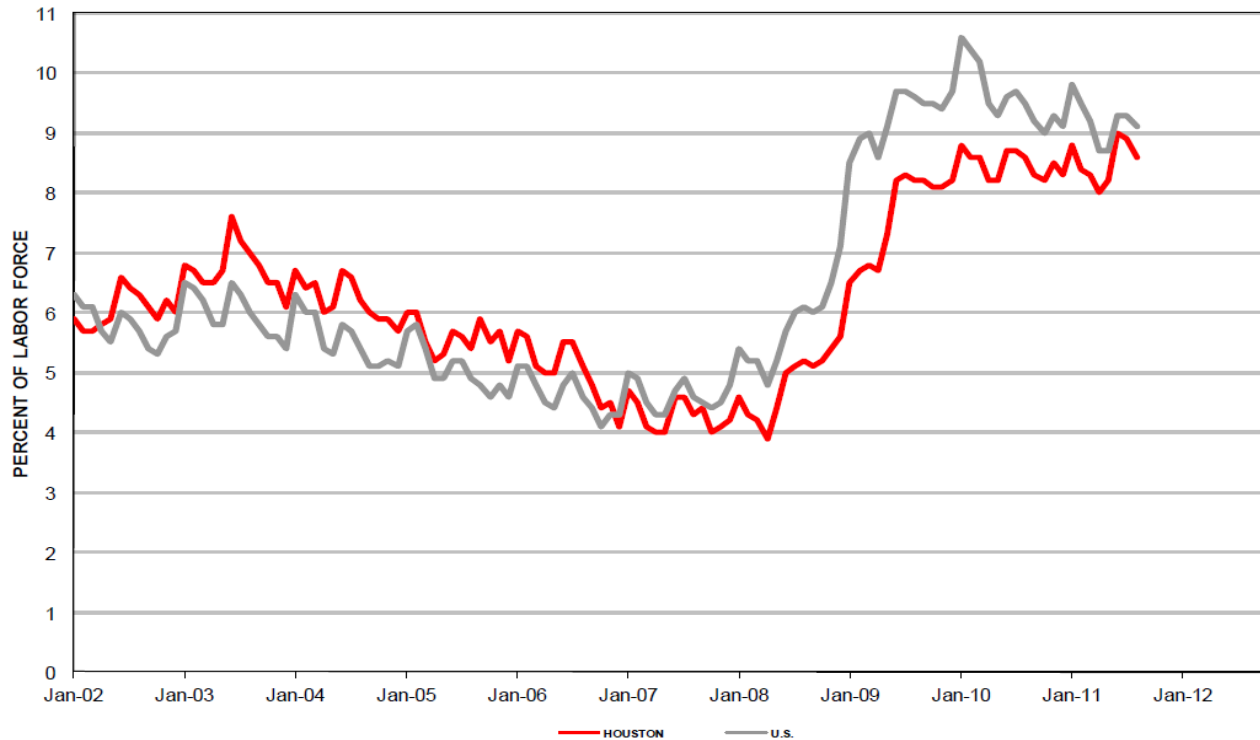
Current is 9.1%

2011-2012 Employee's Market

- IT market is very active
  - Projects are being approved need to staff
  - Companies have multiple openings
  - Looking to hire full time staff
  - Not reactive to current market demands

- Passive and active candidates are active
  - Employees want to test the waters
  - Many skilled professionals on the market
  - Entertaining several offers and options
  - Employees market – Looking for best opportunity
  - 50%-50% - contract – fulltime

- IT Recruiting companies adding staff

Top Hiring – Classes (Houston)

- 1.) **ERP**
    - 2 Major players: SAP & Oracle
    - Also some JD Edwards, PeopleSoft and Microsoft Dynamics
    - All skill levels are very much in demand (PM's, functional, technical)
    - Project upgrades put on hold are now driving high demand for ERP resources.

- 2.) **Project Managers**
    - Historically, projects were always late and over budget.
    - High demand for technical people with PM capabilities.
    - PMP is becoming a must have.

    3.) **Business Intelligence and Data warehousing**
    – Large amounts of data and sophisticated tools demand higher compensation

Job and Skill - Challenges

- **The top jobs rated as very difficult to extremely difficult to recruit are:**
    - Enterprise architect, solution architect, data architect, Oracle database administrator, web application developer, Business Intelligence, data warehousing analyst, SAP and Oracle functional; SAP APO and QM and project manager (technical).

- **The top skills rated as very difficult to extremely difficult to recruit are:**
    - SharePoint, Microsoft .NET, JAVA, MS SQL, server, PeopleSoft, Unix, Visual C#.NET, and Web 2.0, PHP, Oracle developers
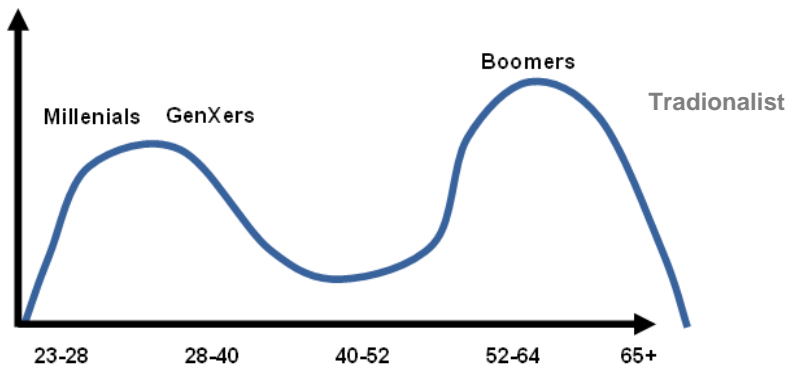
Factors Affecting Hiring

- Changing Workforce and demographics
- Decreasing Enrollment in some Technical degree programs
- Loyalty, Trust factors (Employees/Employers)
- Company reduction of Benefits (401K, health benefits etc.)
- Datacenters/Cloud Computing
- Outsourcing - Trends reversing
- Global Competition and Supply/demand forces increase in salaries
- Growing Entrepreneur opportunities in Houston
- Number of Mergers, Acquisitions and others
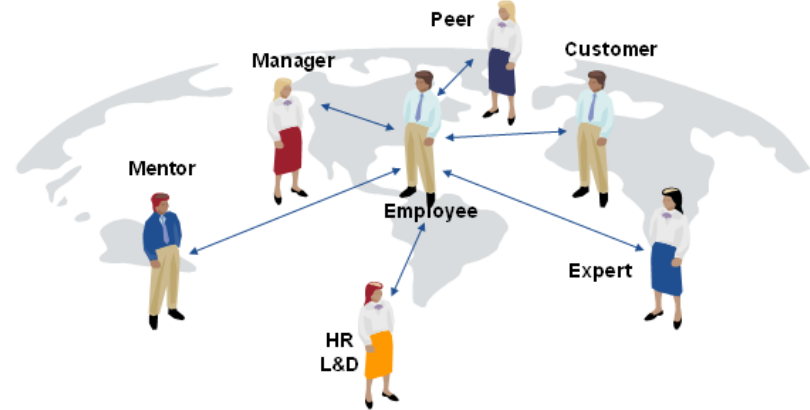
Changing Workforce

Changing Demographics

Millenials GenXers Boomers Tradionalist

23-28 28-40 40-52 52-64 65+

New Work Styles and Expectations

Peer
Manager
Customer
Mentor
Employee
Expert
HR
L&D

Tremendous Turnover

7-10X in lifetime

Intense Competition for Top Critical Talent

Shortage of High Performers:

- 70% struggle to find performers
- 67% struggle to retain top performers

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Research, Senior HR and Business Executives, 6/09

NASA – next Steps

- 5,500 space center highly trained and professionals and technologist with potential to develop breakthrough in energy, life sciences and IT are now available.

- The HTC is establishing fully staffed facility to provide business advice, incubation and acceleration services to create 10,000 high technology jobs and add Billions to the Houston economy.

- Expectations is between 50 and 100 companies will be founded within the next 3 to 5 years ultimately creating about 10,000 job (over 7 to 10 years).

Alternative Compensation Offerings

- Ability to work from Home
- Minimizing travel
- Offer Car Pooling
- More vacation time (some unpaid)
- Comp days for overtime
- Project milestone bonuses
- Paying for Training, Continuing education
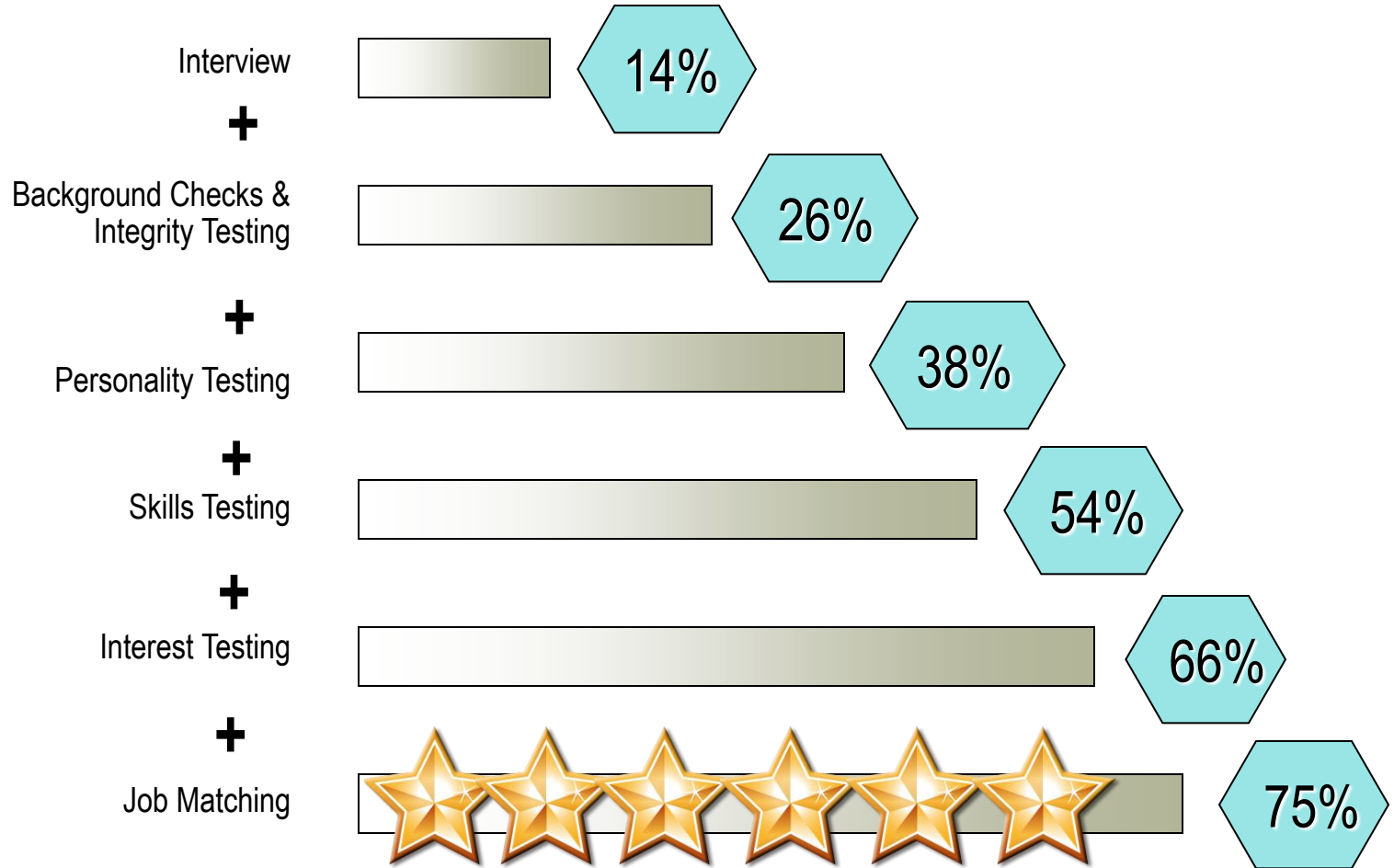- Certifications reimbursements

Top Selection Best Practices

1. Ensure compensation is competitive, based on current market rates for the job.

2. Include key stakeholders in your employee selection process.

3. Train your interviewers in your employee selection process.

4. Conduct comprehensive reference and background checks.

5. Conduct Assessments and test for individuals personality, characteristics, behavior skills, Career Plans etc.

6. Treat your recruiting staff whether internal or external as a pro scout.

Improve Hiring Outcomes

Valid information yields greater chance of making a successful hire

Interview — 14%

+

Background Checks & Integrity Testing — 26%

+

Personality Testing — 38%

+

Skills Testing — 54%

+

Interest Testing — 66%

+

Job Matching — 75%

Source: Herbert M. Greenberg and Jeanne Greenberg, "Job Matching for Better Sales Performance," Harvard Business Review, Vol. 58, No. 5.

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