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IT Jobs Plummet

Demand for tech workers drying up in ailing financial sector

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The slowing economy appears to have claimed another victim — Connecticut's IT job market.

Since 2006, the number of IT jobs openings in Connecticut has tumbled by nearly 50 percent, with the sector taking its largest monthly decline — 16.4 percent — in March, according to a report by Bridgeport-based Skillproof.

Skillproof, which collects job data and conducts job market research, began tracking monthly job openings in 2004.

Henning Seip, president of Skillproof, said the timing of the decline is especially worrisome.



Lou Messercola, regional vice president of Connecticut and New Jersey, Harvey Nash

“It's typical that most of the job openings are posted in the

first and second quarter of the year, while it tapers off in the third and fourth quarters,” Seip said. “That is how it has been in Connecticut for several years, and it’s not a good sign that the number is tanking early in the year.”

In April 2006, there were roughly 2,000 IT job openings in Connecticut. A year later, that figure declined slightly, to 1,810. But last month, the number of IT job openings nosedived to 1,170.

Strain On Banks

At the root of the concern over the Connecticut IT job market is the economic condition of the state’s financial institutions, including insurers. The financial sector produces an estimated 60 percent of listed IT job openings.

The economic downturn is straining banks and insurers, forcing them to reduce long-term spending on technology.

“Connecticut has a heavy concentration in vertical markets like finance and insurance that are really looking to cut back on IT expenditures,” said Lou Messercola, regional vice president of Connecticut and New Jersey for Harvey Nash, an international IT professional services firm based in the United Kingdom.

Matthew Nemerson, president and CEO of the Connecticut Technology Council, agrees.

“Connecticut is well-positioned with financial services, but when that market gets a cold, we sneeze,” Nemerson said.

Industry observers maintain that the reduction of IT job openings on the market is not due to slackening demand for technology workers.

However, businesses are simply cutting back on their IT staffs as a strategy to reduce costs.

Off-Shore Pressures

“I don’t think that any business is completely recession-proof,” said James Cioban, co-chairman of the state’s software cluster.

He is also the president and CEO of Danbury-based Cierant Corp., a developer of web-based marketing products.

Cioban said the state’s technology companies tend to be smaller businesses that have to be guarded about hiring in the current economic climate.

Consolidation within companies has tended to reduce the need for local IT workers, as has the increasing globalization of technology.

“There’s always pressure from offshoring,” said Messercola of the international IT services firm. “These companies are trying to cut back on spending, whether

that means investigating offshore businesses or consolidating to eliminate positions.”

Advances in technology also have played a role because some tasks now require only one employee instead of two, Cioban said.

Bright Spots

Nemerson said that while the drop in IT openings is a “cause of concern,” it is not all bad news.

“We are seeing positive news for smaller innovation companies and for entrepreneurship, but that may mean one person here or three people there,” he said.

And highly skilled technology workers are still in demand.

“I can tell you it has not gotten any easier to hire top-level talent,” said Cioban. “It is still extremely competitive.”

As with any sector, IT jobs are cyclical and demand remains in technology-related fields, even if not to the extent of a couple years ago.

“The demand for technology-savvy workers has broadened, and our business is evolving,” Cioban said. “There are programmers and database administrators that have moved into other departments that are typically not considered IT.”

Cioban noted one of his company's clients, Morgan Stanley, employs people in its marketing department who deal strictly with analytics and web-based software.

However, the future for IT workers is unsure. Even when the economy rebounds, Messercola is not convinced IT jobs will flood the market again.

“When the economy improves, I think a lot of these companies are going to rely more on contractors instead of full-time employees to subsidize the IT work,” he said.

And IT jobs will continue to be shipped out of the country, possibly at an accelerating rate, he added.