

IT Budgets Contracting at Slower Rate

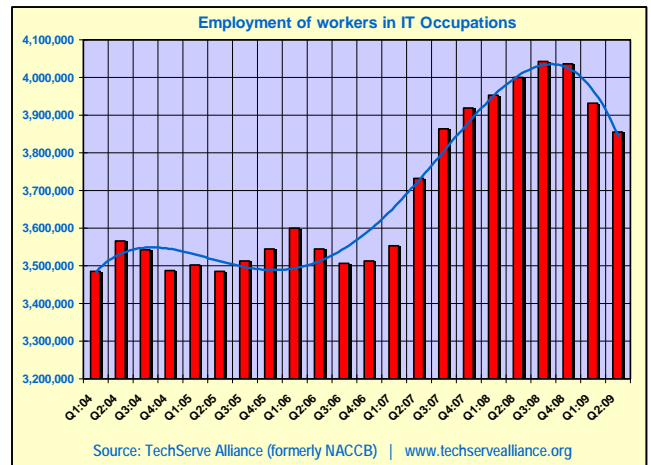
'Contracting at a slower rate' seems to be the ubiquitous catch phrase as the recession begins to lose steam. As these carefully chosen words demonstrate, economic indicators don't just reverse direction on a dime. They first slow, come to a stop and then reverse direction. For example, overall jobs losses are in the slowdown phase: monthly job declines are now hitting about a third of what they were at the beginning of the year.

Recent surveys, such as CIO.com's survey of IT leaders this spring, suggest stabilization regarding corporate IT spending. Although only 14% of IT leaders say that their IT budgets will increase compared to 63% more than a year earlier, good news can be found in their budget planning. In January, 53% of IT leaders said their IT budgets would decrease. A few months later that figure dropped to 50%. While 3% is not a great change, it is movement in the right direction. The most encouraging change, however, is that 36% of respondents expect their IT budgets to remain steady, which is up from only 28% earlier in the year.

So where do IT leaders plan to spend budget dollars? Applications lead the list with 28% of survey respondents reporting a budget increase in this area. Hardware, on the other hand, was at the top of the list for decreases with 47% anticipating decreased hardware spending. Not surprisingly, 63% of respondents agree with the statement that "current economic conditions [are] causing IT purchases to undergo closer scrutiny by other business executives within your company." So what will be the ultimate business goal behind IT spending over the next 12 months? CIOs will be concentrating on enabling business process innovation (31%), lowering IT operating costs (27%) and generating top line revenue growth (22%).

Although about half of the CIOs reported that they had instituted IT staff reductions in the past six months, very few plan to implement either a hiring freeze (3%) or an IT headcount reduction (4%) in the next six months. And whereas 62% reported that they had reduced spending on IT contractors and consultants in the past six months, only 11% plan to do so in the next six months.

And though these new insights provide positive signs and reminders that growth will return, no one can know the day this hard recession will end. For IT professionals it's reassuring to note that companies remain reluctant at this stage of the economic cycle to enact widespread layoffs. With a recovery comes recruiting needs, which means that companies are more likely to cut salaries and perks than lay off workers.



Not the Time to Curtail Data Protection

With IT spending (all spending for that matter) under increased scrutiny, every new and existing IT expense requires justification. It may be hard to defend spending more money on upgrading data protection for existing services and programs that appear to be doing their job, especially if there have been no breaches.

A new report by Ponemon Institute and sponsored by Ounce Labs (a recent IBM acquisition), found that CEOs have a generally positive view about data protection efforts. According to the report, CEOs believe "the most important activities to achieving good data protection are: developing a data protection strategy for the organization; training employees, temporary employees and contractors; and reducing potential security flaws within business critical applications." CEOs felt stolen (31%) or lost (24%) computers or USB devices along with the incorrect disposal of storage media (22%) were the most common reasons for sensitive company data to be put at risk.

But good data protection services do more than just safeguard company data; they are a means of ensuring a company's reputation and brand integrity. Solid data protection practices also advance key organizational goals, such as compliance and ensuring customer trust.

Experts warn that seemingly innocuous practices can put a company and individuals at risk. Many suggest that businesses never allow an e-mail application to fully render html or xhtml e-mails. Do so and the recipient runs the risk of being identified as a valid recipient of spam or being successfully phished by malicious security code crackers. And it shouldn't need to be said, but using Web-based e-mail services such as G-mail and Yahoo! Mail should be avoided if you wish e-mails be kept private for any reason. Instead, use a local POP3 or IMAP e-mail application.

IT Employment Trends
Healthier than the National Stats

In the face of rising national unemployment, IT workers in general continue to experience lower unemployment rates. While the overall unemployment rate averaged 8.5% in 2Q:09, it was much less for many IT occupations. If a low unemployment is considered a proxy for high demand, then computer programmers and database administrators are in high demand. Network systems and data communication analysts as well as computer software engineers are also seeing low unemployment numbers.

Occupation	2Q:09 Unemployment rate
Computer and information systems managers	6.3%
Computer support specialists	7.5
Computer, automated teller, and office machine repairers	8.0
Computer programmers	3.4
Computer scientists and systems analysts	6.4
Computer software engineers	5.0
Database administrators	3.6
Network and computer systems administrators	7.2
Network systems and data communications analysts	4.2
<i>Source: unpublished tabulations of Current Population Survey data furnished by the U.S. Bureau of Labor Statistics.</i>	

As companies work hard to keep IT workers on board, many businesses in IT/high-tech sectors are trimming wages and hours, which is generally consistent with overall trends. Despite an hourly wage increase of 2.3%, average weekly wages declined nationally by 0.7% in the past year because weekly hours dropped 2.9%.

The average workweek fell in many IT/high-tech sectors as it did throughout the country, but hourly wages and subsequent weekly wages rose in some high-demand sectors. For example, those working in data processing, hosting and related services benefited from an 8.8% rise in their hourly pay, but only saw a 4.0% rise in their weekly paychecks because hours were cut by 4.4%.

Those in computer systems design and related services saw both hourly wage declines (down 0.6%) and hours cut (down 2.8%). As a result, their weekly paychecks were down 3.4%. Others fared worse. Those working at ISPs and Web search portals saw hourly pay decline by 2.4% and hours cut by 5.9%. In total, their weekly paychecks declined by 8.1% from a year earlier.

Moore's Law Limits:
More Economics than Science

The groundbreaking on a \$4.2 billion factory in upstate NY by a leading chip manufacturing company has created renewed interest in Gordon Moore's 1965 declaration that transistor densities on computer chips would double about every two years. But the high cost of semiconductor manufacturing equipment has several experts thinking that Moore's Law may be repealed.

According to the chief analyst at iSuppli, a research firm, "...the industry will start getting to the point where semiconductor manufacturing tools are too expensive to depreciate with volume production ... The semiconductor industry will be living with historical generations of technology longer than it did before."

For IT management, this may mean that IT/computer hardware may no longer become obsolete so quickly. The replacement cycle for equipment could be lengthening, regardless if it is being slowed by the current economic cycle.

Tips & Tricks

Changing Windows Product Key

In today's fluid business environment, "new" computers may come in from dubious sources with illegitimate versions of programs or a company may acquire another company and decide to convert all the computers to its own volume licensing key (VLK).

Instead of reinstalling a new copy of Windows, it can be more efficient to simply change the product key. In the past, the method was to muddle in the computer Registry, a dangerous option at worst and often a scary option at best (even for those who know what they are doing).

Although there are many third-party programs available that promise to update Windows products, Microsoft offers their own. To see a description of Microsoft's product key update tool, go here: www.microsoft.com/genuine/selfhelp/XPpkuint.asp

Even the folks in Redmond suggest that you create a system restore point before running their own key update tool. The guidance tells you this is not a process for the faint-of-heart and best left to a highly experienced IT professional.

And remember this: Despite the fact that bankruptcy sales can be excellent source for new, low-cast hardware, it may be better to wipe those machines clean and run a fresh install. You never know where they've been.