

## Why Hiring Cheap Hurts

### *Make VMS Work for You*

Vendor management systems (VMS) started as a means of centralizing procurement and therefore, as a way to control spending. However, organizations today realize that **they need to expand efficiencies far beyond cost control measures.** They are focused on new areas of effectiveness, such as establishing business process efficiency, central security checks and workforce management best practices.

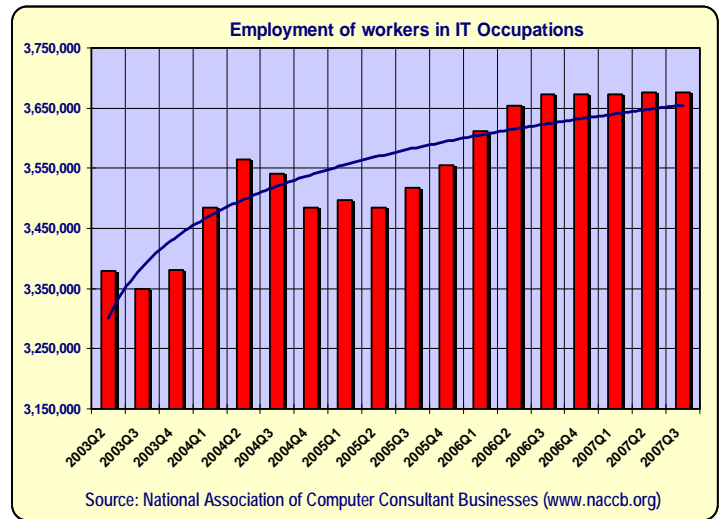
As businesses expand their efficiency strategies, they also need to expand their VMS strategy. **Companies can lose direction if their VMS approach is focused solely on cost, especially if it is used for procuring labor and contractors.** Quality will be lost when the sole hiring goal is to achieve the lowest cost.

In today's tight IT labor market, which is not expected to abate in the foreseeable future, an organization that secures IT contractors based upon cost alone will not have access to high quality IT talent. As the age-old saying goes, **"It's the cheap man who pays the most."**

A successful VMS program is one that is "more collaborative and less 'whip-and-chair'," according to Karen Wilson, co-founder of VMS Professionals, a national association of end-user companies that focuses on best practices in the acquisition and management of contingent labor. She explains that although there is trend for VMS to be "run by people who buy paperclips, **procurement people need to look at labor differently.**"

"[IT] talent will go to companies that have built a program that is adaptive to the market rate," according to Wilson. "But companies may not understand - [in] three months, that rate card does not apply."

Taking a similar approach, but without an outside VMS vendor, is Naperville, Illinois-based OfficeMax. The program manager for Contingent Labor Contracts & Controls at OfficeMax is Amy McGraner, who looks to suppliers for a genuine business-to-business arrangement. **"It's not what they say they can do, but what they can provide that is 'reference-able,'" McGraner explains.** That's good advice for any company assessing its talent vendors, regardless if they are working inside or outside of a VMS program.



## IT Wages on the Rise

### *Unemployment Lowest for Managers*

The unemployment rate for most IT occupations continued to be **less than the overall unemployment rate, which stayed around 4.6% during the third quarter of 2007.** The unemployment rate was significantly lower for managerial IT professionals, as well as for occupations that require high levels of skills, such as network/computer systems administrators, analysts and computer/information systems managers.

**Weekly wage increases in many IT and high-tech related sectors were generally greater** than for all workers in private industry, which rose 3.9% in August 2007 from a year earlier. The greater rate of pay increases was likely due to the strong demand for workers in those sectors as well as the low unemployment rate.

**Weekly wages rose almost 12% in custom computer programming services and nearly 7.5% in computer systems design services.** Weekly wages in the ISPs, search portals and data processing sector were up almost 6.4% in August 2007. That increase was driven by the data processing and related services sub-sector, where wages were up nearly 9%. Weekly earnings in the ISPs and web search portals sub-sector were only up 1.5%.

IT SERVICES UPDATE

**For workers in the manufacturing side of the IT/high-tech industry, news was not as cheerful. Those in computer and peripheral equipment manufacturing saw their weekly wages drop 1.7% and those making communications equipment saw an even greater decline of nearly 3% in their weekly paychecks.**

Occupation	3Q2007 Unemployment rate %
Computer and information systems managers	1.1
Computer, automated teller and office machine repairers	3.9
Computer programmers	2.0
Computer scientists and systems analysts	1.8
Computer software engineers	2.8
Computer support specialists	4.7
Network and computer systems administrators	0.7
Network systems and data communications analysts	0.6

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

## It Pays to Be in Charge *IT Managers in High Demand*

Today's strong demand for IT technologists will likely continue but the demand for the people who manage them is predicted to grow even stronger according to a list compiled by *Baseline* magazine. In conjunction with an IT staffing and recruiting company and two research firms, the editors were able to come up with a list of the **eight IT management positions in greatest demand**. As they point out, management titles vary from region-to-region and company-to-company. As you review the list below, remember that one company's vice president may be another's director.

1. Director, Business Technology
2. Vice President/Director, Business Application Development
3. Vice President/Director, SAP Program Management
4. Web Security Manager
5. ERP Project Manager
6. Manager, IT Security
7. Manager, Web Systems
8. Project Manager, Data Warehousing/Business Intelligence

## Spending Trends Go Green *A Look at IT Budgets for 2008*

If the predications are correct, a major shift in IT spending will occur in 2008. The recent acquisition phase in the industry, which was driven by the need for ease-of-use and ease-of-deployment as well as cost reduction (essentially ROI), is coming to a close. According to Forrester Research, the **next phase will focus on making business processes more efficient and optimizing results.**

*eWeek* magazine reports that although IT security and disaster recovery will continue to have an important role in IT, three new areas are gaining in recognition and importance:

- **Becoming "green"**
- **Data analytics**
- **"Knowledge transfer" (an attempt to counter the ongoing shortage of IT talent)**

The trend to "go green" is driven in part by bottom-line electricity costs and also by the desire to be seen by customers as environmentally supportive. **Contributing to efforts that reduce global warming is quickly becoming an important part of good corporate citizenship.**

As far as data analytics goes, management teams want to gain a greater understanding of markets, customers and what drives both. Businesses are therefore expected to make **further investments in data warehousing in order to boost their ability to analyze business and marketplace trends.**

Finally, in order to facilitate the exchange of employee knowledge and ensure that institutional knowledge doesn't "walk out the door," businesses are looking to technology for ways to improve knowledge transfer processes. As valuable employees retire, which is beginning to occur in droves as the enormous baby boom generation reaches traditional retirement age, the need for knowledge transfer grows. While the **science still doesn't exist for downloading the entire contents of a human's brain, tools like Enterprise 2.0, blogs, wikis, social networking and other emerging technologies offer some exciting opportunities for accessing and retaining critical business knowledge.**