



IT jobs down in Michigan, but not as much as nationwide

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DETROIT -- Faced with a continuing loss of low-skilled, high-wage manufacturing jobs in the late 1990s, the administration of then-Gov. John Engler embarked on an ambitious effort to court an industry with seemingly unlimited growth potential: information technology.

Software developers, Web page designers, database administrators and other jobs in the IT field were in high demand as the Internet exploded.

Michigan sought to capitalize on the information gold rush by recruiting companies and workers from Silicon Valley and hosting a huge annual conference, the Michigan IT Summit, for industry leaders.

But this spring's summit has been canceled, a victim of the tech-boom collapse. The Michigan Economic Development Corp. decided to scrap the event, which suffered slumping attendance in recent years, while it tries to come up with new ways of promoting the industry.

Dozens of IT companies in the state have succumbed in the past few years and thousands of jobs have been deleted. Many are wondering what the future holds for the state's once-promising IT industry.

"It's like somebody driving a car real fast and suddenly throwing it into reverse," said Abel Feinstein, a former state labor market analyst who is now an independent economic consultant in Oakland County.

Michigan is no longer promoting IT as a primary economic development focus. The top economic priorities of Gov. Jennifer Granholm's administration are creating jobs and businesses in the life sciences, advanced manufacturing and homeland security sectors.

Some say the number of IT jobs hasn't fallen as much as it appears. That's because many IT jobs are "embedded" in other industries, ranging from automaking to health care, and aren't counted as pure IT employment.

"Information technology is in everything," says Mike Brennan, editor and publisher

of mitechnews.com. "But I don't know if IT is where you want to be looking for a job right now."

At least Michigan isn't losing IT and other high-tech jobs as fast as the nation as a whole, according to the latest report of the American Electronics Association, known as AeA.

Michigan lost 10,800 IT, electronics and telecommunications jobs between 2001 and 2002, a 5 percent drop, according to AeA. The United States shed 539,000 high-tech jobs in the same period, an 8 percent drop.

The IT sector boomed in the late 1990s as corporations sought to integrate the Internet into their business functions. Businesses and government agencies also spent billions to ensure their computers would recognize the year 2000 as the 20th century ended.

But the Internet boom, spending on the so-called Y2K bug and the overall economy all collapsed in a perfect economic storm in 2000. Michigan, while less tech-dependent than Silicon Valley and other regions of the country, didn't escape the meltdown.

Michigan's two largest IT companies, Compuware Corp. and EDS Corp., both in Detroit, have trimmed thousands of jobs because of management problems and a loss of business.

Detroit's Big Three automakers tried to capitalize on the Internet boom by forming Covisint LLC, which was designed to allow automakers and their suppliers to conduct virtually all of their business with each other online.

Automakers boldly predicted that Covisint would become the largest Internet company in the world, and several states, including Michigan, fought to land its headquarters.

But Covisint faced widespread opposition from suppliers, who feared it would be just another tool used by automakers to squeeze price concessions from them. The company, which nearly collapsed as suppliers refused to do business with it, was recently acquired by Compuware.

Those who have managed to hang on to their IT jobs during all this turmoil are facing what some say is an even more ominous challenge: The use of foreign labor to displace American workers.

It started with workers from other countries coming here and taking jobs temporarily under the federal government's controversial H1-B visa program. Last year, U.S. companies were allowed to employ 195,000 foreign workers under the program.

But faced with opposition from labor and a continuing soft IT market, Congress has trimmed the number of temporary high-tech work visas to 65,000.

That's not stopping IT companies from expanding their reliance on foreign

workers. They're simply shipping the work to India and other countries, where highly skilled, English-speaking foreign workers can do the job for a third of what an American worker makes.

Forrester Research Inc., a technology forecasting firm in Cambridge, Mass., has predicted that 3.3 million U.S. IT jobs will be sent overseas in the next 15 years, a practice known as "offshoring." Those jobs will range from computer tech-support call centers to highly sophisticated software engineering.

"Companies that are doing this say they are getting better quality and better delivery times," said Stephanie Moore, a vice president at Forrester Research. "I don't see it abating."

But Moore and others say moving work to India and other countries can be complex, expensive and not always successful. Dell Corp., for instance, recently brought back some call center jobs from India after customers complained they couldn't understand the Indian tech-support representatives.

Gary Baker, who heads EDS's global auto manufacturing consulting group in Detroit, says costs are rising in India as skilled workers jump from employer to employer seeking higher wages and benefits. That's much like what happened in this country during the tech boom in the late 1990s.

"People are job hopping in India," Baker said. "That means the supply of people is limited. We may hit a wall there."

Baker said he's optimistic that U.S. jobs in the IT sector will grow as the economy improves this year. But he and Moore said workers may have to acquire new skills in this ever-changing field.

The hot jobs in IT will involve managing overseas projects, involving skills in business, finance and IT, Moore said.

"There are some real interesting and cool jobs for people who can manage these relationships," she said.

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