Navigating the Next Normal

INFORMATION TECHNOLOGY STRENGTH THROUGH RECESSIONS

As the coronavirus pandemic continues to affect economies around the world, Team NEO looks at which sectors held steady or grew in Northeast Ohio during the early 2000s recession and the Great Recession. What these sectors have in common is their reliance on information technology services; they employ a substantial percentage of our region's computer and math experts. If history is any guide, demand for employees with IT capabilities will continue to be strong throughout the 2020 recession and as we all embark on our Next Normal.

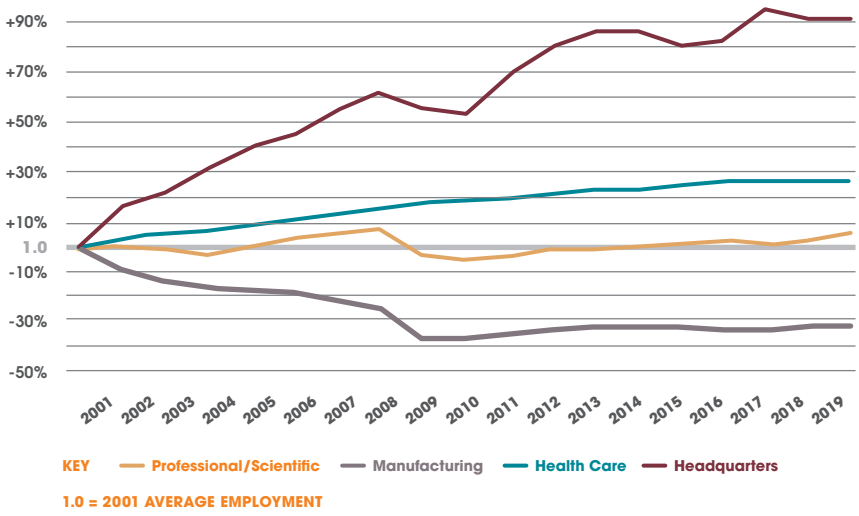
Quarterly Economic Review
AUGUST 2020

Team NEO | JobsOhio

Previous recessions of the 2000s illustrated how the growing need for information technology expertise can help sustain employment. During those difficult economic times, employment in the headquarters, health care, and professional, scientific and technical services sectors — all of which rely heavily on IT — remained strong.

As momentum in these sectors continues, the Greater Cleveland Partnership reports through its IT workforce alliance RITE that companies are indeed looking to invest in key future technologies including cybersecurity, data and IT asset security, and business intelligence over the next four years.[1] The outlook for employment in these areas remains promising.

Sector Performance Through Recessions



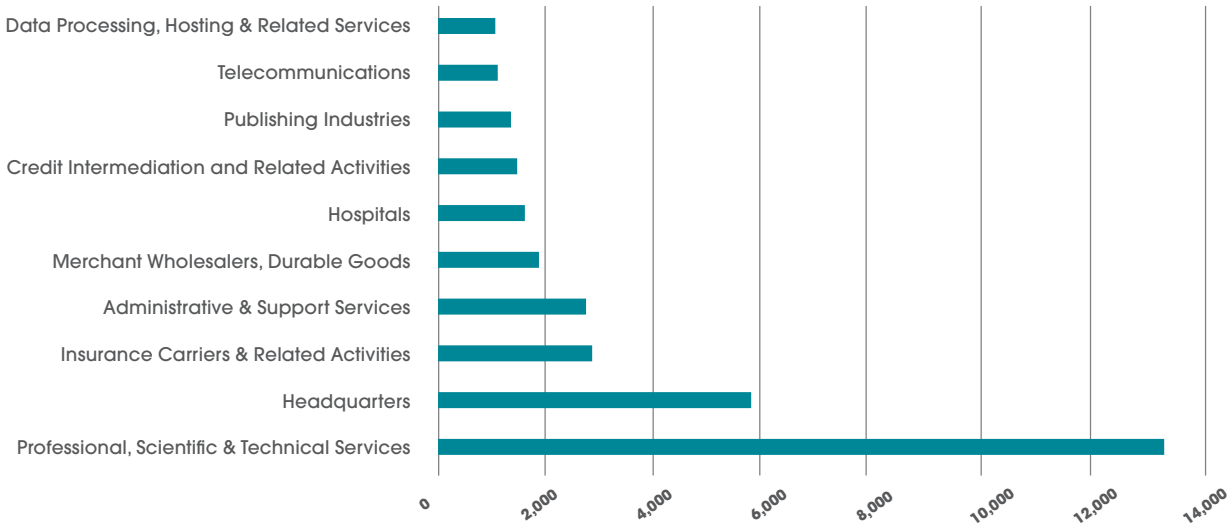
Source: Economic Modeling Specialists International (EMSI)

Demand for IT Talent Continues to Grow

The recession of 2001 and the Great Recession took a toll on manufacturing employment. Meanwhile, employment in the headquarters, health care, and professional, scientific and technical services sectors weathered these storms and went on to grow. By 2019, headquarters employment had grown 90%, health care 27%, and professional, scientific and technical services 5% over 2001. Team NEO's Aligning Opportunities report notes that demand for computer and IT workers was second only to health diagnosing and treating practitioners in 2019.

[1] 2019 RITE/ConxusNEO IT Employer Survey

Highest Share of Computer & Math Occupations by Industry: 2019

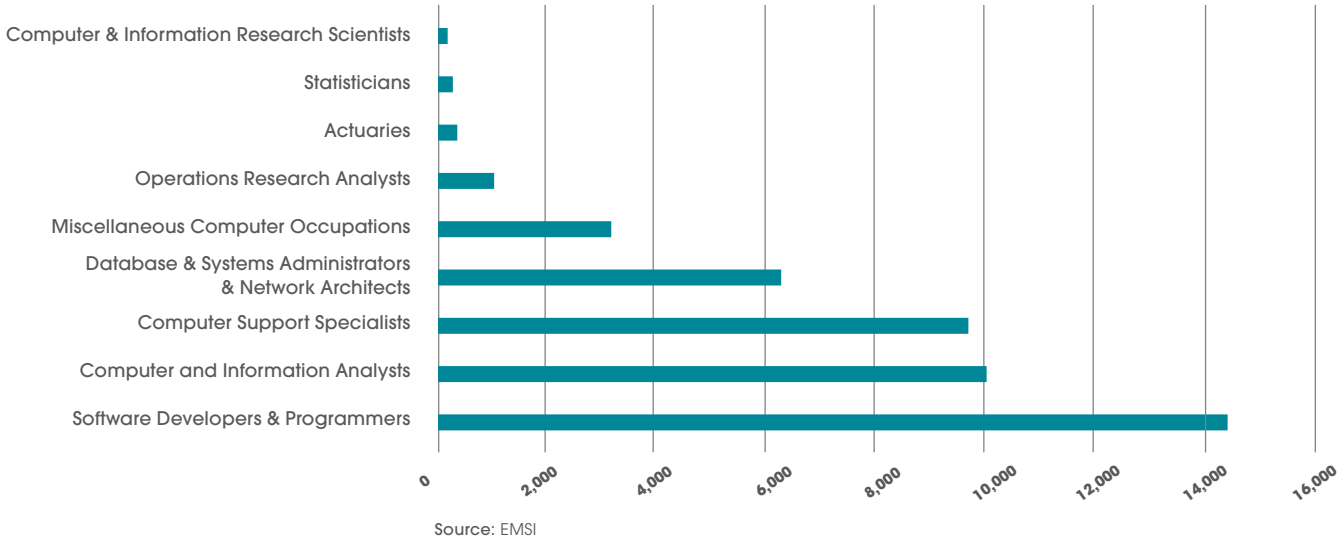


Source: EMSI

Professional, Scientific and Technical Services Sector Offers the Most IT Jobs

In 2019, the professional, scientific and technical services sector accounted for well over a quarter — 29% — of the region's computer and math jobs. These 13,300 positions represent nearly 16% of all jobs in this sector. Headquarters offers the second-highest number of computer and math positions — 5,800 — accounting for 13% of these positions in Northeast Ohio and representing 12% of jobs in this sector.

Computer & Math Occupations in Northeast Ohio: 2019

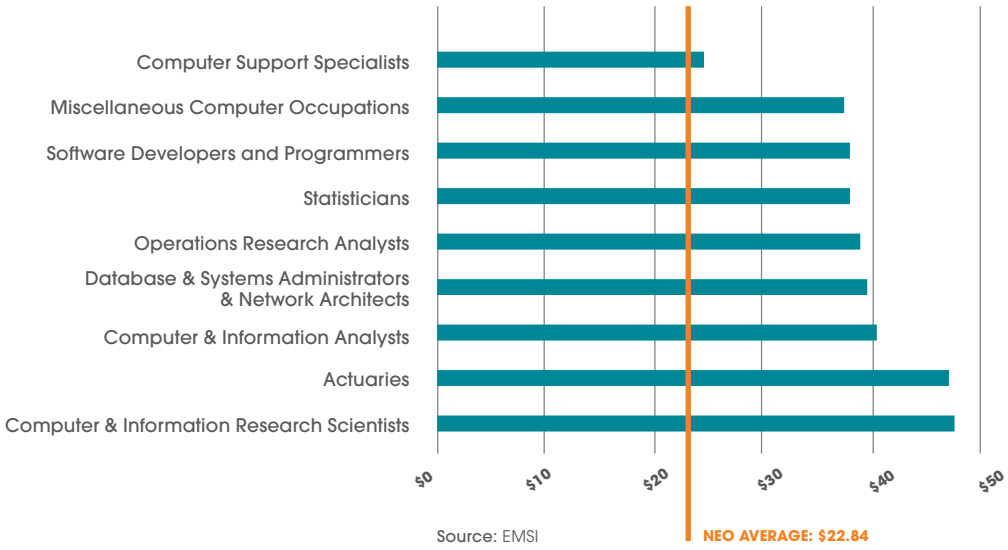


Source: EMSI

Software Developers and Programmers Top the List of Computer and Math Occupations

Of the 45,000+ computer and math jobs in Northeast Ohio, software developers and programmers account for the greatest number — 14,400 — with computer and information analysts at 10,000.

Average Hourly Earnings: Computer & Math Occupations



Source: EMSI

Computer and Math Occupations Command Higher Earnings

The average hourly wage for employees in computer and math occupations can be more than twice that of Northeast Ohio's average hourly wage of $22.84. Computer and information research scientists earn an average hourly wage of $47.68, for example, and actuaries earn $47.11. As reported in Team NEO's report Misaligned Opportunities: How Racial Inequities Lead to Skills Gaps in Northeast Ohio, minority groups are underrepresented in IT occupations. Further, in 2018 Blacks represent only 5% of completed postsecondary programs (degree, certificate or other diploma) in this field.

RITE and ConxusNEO Work to Bridge IT Talent Gaps

RITE
The Region's IT Workforce Alliance

As technology has become vital to all businesses, IT talent is in demand like never before regardless of industry or service offering. RITE, the leading industry-driven workforce alliance in Northeast Ohio and the tech talent arm of the Greater Cleveland Partnership (GCP), and ConxusNEO, an organization dedicated to strengthening Northeast Ohio's talent ecosystem, recognized the importance of a better understanding of employer needs for qualified tech talent. The two joined forces to conduct the 2019 RITE/ConxusNEO IT Employer Survey.

Supplementing data from this study with additional research insights from Team NEO, RITE published the August 2020 RITE Northeast Ohio Talent Bulletin, which offers a look into areas including technology talent trends, forward-looking employer investments into IT, shifting educational requirements, skills gaps, the need for experience and more.

Among the findings of the 2019 RITE/ConxusNEO IT Employer Survey are the following important takeaways:

- **Companies are looking to invest in key future technologies.** In the next five years, the primary areas of IT investment companies are looking to make are in cybersecurity, data and IT asset security, and business intelligence.
- **Sourcing for qualified IT talent and skills largely focus on the existing talent pool with preference for four-year degree credentials.**
- **The skills required for IT roles continue to evolve.** Northeast Ohio lacks some of the skills that companies say they need the most — skills in areas including blockchain technologies, the Internet of Things, development operations improvement and mobile applications.

To read the Executive Summary of this study, visit https://ohiorite.com/about-rite/what-we-know/

Below is a sampling of recent technology projects in Northeast Ohio:

Zilker Technology Announces Plans to Grow in Cleveland

Zilker Technology, a rapidly growing, world-class systems integrator specializing in cloud-based enterprise and e-commerce solutions, announced plans to open a center of technology in Cleveland, adding 50+ new positions over the next couple of years.

The technology center will provide a full range of services, including expert consulting, application and cloud services, and IT infrastructure services for clients across North America. The company plans to add consultants, software architects, IT support engineers, and salespeople to the location.

CEO Rob Thomas cites Greater Cleveland's business environment and talent pool, including a pipeline from supportive institutions, as reasons the region is a good match for Zilker.

Tiger Pistol Expands in Northeast Ohio

Tiger Pistol, the only social advertising platform that delivers local activation at global scale, plans to open its first operation outside of its headquarters in Austin, Texas, bringing at least 25 new jobs to Cleveland.

The company ranks in the Top 100 of the Inc. 5000 list of Texas' fastest-growing private companies, and in the Top 5 among advertising and marketing companies. Its expansion will further accelerate Tiger Pistol's innovation roadmap for tools that help global brands, agencies, and resellers capitalize on the benefits of Facebook and Instagram advertising.

Key driving factors for Tiger Pistol's expansion into the Northeast Ohio market include the region's affordability and deep pool of technology and marketing expertise.

Fund That Flip Plans Expansion of Operations in Cleveland Area

Fund That Flip, a technology, real estate and financial services company dedicated to providing real estate developers with new sources of capital and software, announced plans to expand its operations in Northeast Ohio. The company plans to increase its headcount significantly by adding more than 120 new hires. The company was ranked No. 42 on Inc. Magazine's list of 500 fastest-growing private companies in America and will broaden its product offering and technology-driven solutions with the expansion.

Data Sources

The data used for this report is Moody's Analytics based on April annualized national and local projections to employment and GDP. It is important to note that it is still VERY EARLY into the COVID-19 crisis, and as such, all projections are highly subject to change. Moody's preliminary estimates have already been significantly revised nationally. Fully calculated data on the true impact to employment and GDP at the local level could take 18-24 months to understand. Early projections are likely to be conservative, as nationally forecasted changes for 2020 pre-COVID data have not been fully analyzed at the local level.

About Team NEO

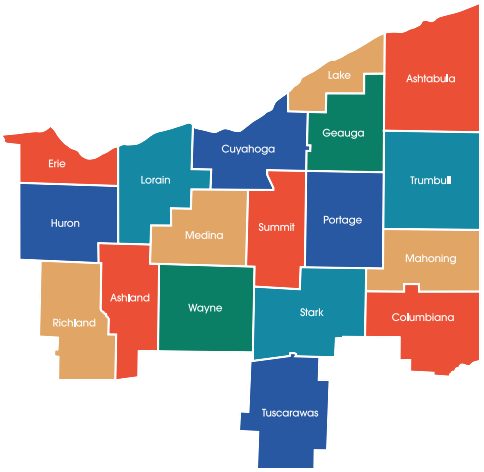
Team NEO is a private, nonprofit economic development organization accelerating business growth and job creation throughout the 18 counties of Northeast Ohio. As the designated JobsOhio Network Partner, we align and amplify local economic development efforts in Northeast Ohio's 18-county region; we conduct research and data analysis to inform local conversations and influence solutions; we market Northeast Ohio as a region; and we work to increase access to jobs, education and training for the region's 4.3 million people. For more information, visit teamneo.org.

Special thanks from Team NEO to our investors

For a complete list of funders, visit teamneo.org/investors. To join Team NEO as an investor partner and help drive the next wave of economic growth in our region, call Dawn Southard, Vice President, Investor Relations at 440.476.0476 or dsouthard@teamneo.org.

Economic development partners across 18 counties of Northeast Ohio

- Ashland Area Economic Development
- Columbiana County Port Authority
- Erie County Economic Development Corporation
- Geauga Growth Partnership, Inc.
- Greater Akron Chamber
- Greater Cleveland Partnership
- Growth Partnership for Ashtabula County
- Huron County Development Council
- Lake County Ohio Port & Economic Development Authority
- Medina County Economic Development Corporation
- Portage Development Board
- Richland Area Chamber & Economic Development
- Stark Economic Development Board, Inc.
- Tuscarawas Economic Development Corporation
- Youngstown/Warren Regional Chamber
- Wayne Economic Development Council



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