PSR Reviews

Bi-Monthly Newsletter for Positive Support Review's Clients and Subscribers

Do you really have to have a totally secure firewall?

The cost of firewalls is so high that many organizations are making the wrong decision.

With all of the hoopla on the Internet and the fact that data are not secure many CIOs are using it as an excuse to avoid the Internet. That is the same thing as saying you will not allow people to use cellular technology because the conversations are not secure. Wrong answer. There are places where security is important and there are places where it should not be a concern. Based on a recent study that we completed for a client, we found that almost 95% of transmissions of data need not be secure.

We have found guidelines must be developed to determine when and what type of information should be put on the Intenet. In those cases where data security is important there are several techniques that are available for an organization without forcing it spend enormous amounts or limit access to the net. Techniques include securing private web sites,

Bill Gates and IBM have the same view of the world - It is all theirs to have

enciphering - both hardware and software - and individualized keys.

Steps that you need to take include defining what is truly private and confidential and then to developing and communicating these guidelines to everyone in your enterprise. Once these steps are taken there is a real opportunity to profit by this new technology before all of the opportunities are lost to the world.

Firewall and security are necessary just like locks on doors but there are times when we do not need to lock up everything . The mark of a good executive is to know when and when not to.

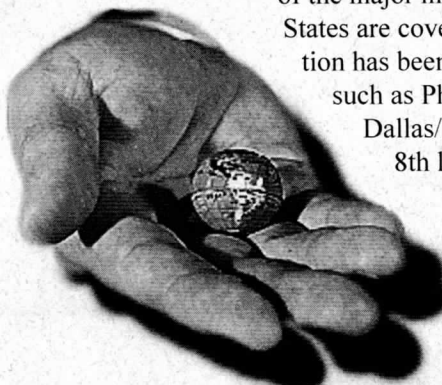## Data processing professionals benefit from improving economy

Salaries for top positions increased 1% for large companies and 7% for midsized companies

The results of our 13th annual data processing compensation study are now in. The compensation (mean) for the top data processing executives was $201,000 for large companies (revenues over $500MM) and $141,000 for medium sized companies (revenues less than $500MM). After a few years of no increases and even small decreases, salaries for top-level positions increased 1% for large companies and 7% for midsized companies.

For the first time, survey data has been adjusted to reflect average MIS salaries in 73 major cities. All of the major metropolitan areas of the United States are covered. Additionally, special attention has been paid to the high growth markets such as Phoenix which has just surpassed the Dallas/Fort Worth metropolitan area as the 8th largest area in the county

The survey was conducted in the 3rd quarter 1995. One-hundred five (105) data processing organizations and sixty-seven (67) positions were surveyed. These positions are fully

Trends for 1996 and Beyond

As we look out at the new year, we see many new technologies evolving to a state that they can be adapted to the average operating environment.

Internet is something that everyone agrees on. However, it is not clear that this is the area of the greatest opportunity for most enterprises. My bets are placed on multimedia and its impact on the retraining of the workforce. Technology will be the basis for this.

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Data processing professionals benefit from improving economy

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described in the "Position Description HandiGuide" that is published by PSR. The population of the survey was 10,697 individuals.
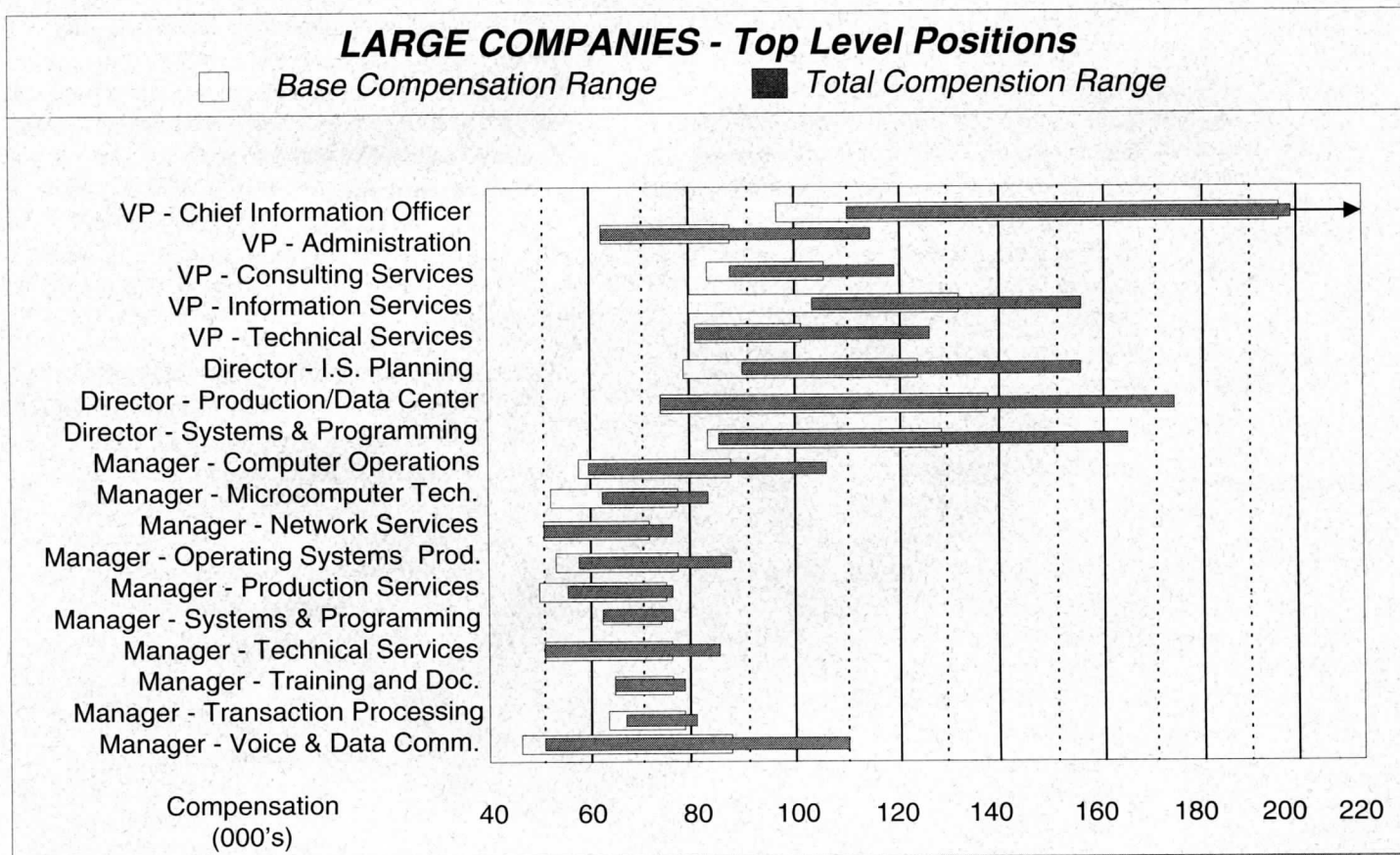
It is now common to have several positions in IT organizations that are paid over $100,000. Middle level managers are paid well over $75,000 in many organizations.

One interesting side note is the increase in the compensation for "experienced" legacy based programmers in the COBOL/

managing networking and interconnectivity.

The salary ranges and averages for middle level and staff positions have also grown during the last year. Economic recovery and growth in the high technology sector are beginning to be reflected in MIS compensation.

The growth of base salaries results in supplemental compensation (bonuses, auto allowances, stock options, etc.) being a smaller proportion of total compensation than in the last survey. Supplemental compensation represents 13% of total compensation for top positions and 6% for mid-level in large companies, compared to 15% and 12% respectively last year.

LARGE COMPANIES - Top Level Positions
☐ Base Compensation Range ■ Total Compenstion Range

Positions (top to bottom): VP - Chief Information Officer, VP - Administration, VP - Consulting Services, VP - Information Services, VP - Technical Services, Director - I.S. Planning, Director - Production/Data Center, Director - Systems & Programming, Manager - Computer Operations, Manager - Microcomputer Tech., Manager - Network Services, Manager - Operating Systems Prod., Manager - Production Services, Manager - Systems & Programming, Manager - Technical Services, Manager - Training and Doc., Manager - Transaction Processing, Manager - Voice & Data Comm.

Compensation (000's): 40 60 80 100 120 140 160 180 200 220

CICS world. Many of these individuals have moved on to Client Server. We have found several cases where contract programming firms are starting to specialize in suppling these skills at an excess of $75 per hour. As organizations move away from these technologies, the supply of qualified individuals continues to decline. We see this trend as one that will continue for the next few years.

The increase in midsized companies reflects the move away from the corporate data center to the client server model with the extensive use of work stations in most enterprise operations. Moreover, there is high demand for many new technologies. Areas of new skills are INTERNET, World Wide Web, visual programming (C++, Basic and Foxpro) and multimedia. Most organizations are concerned with

This study is now available in both electronic and paper format. Since the demand has been so high for the electonic version on the INTERNET, we are using a new approach to market and distribute the study. We are offering the study at a significant discount to anyone who purchases it via our WWW site and accepts delivery via the INTERNET.

The 100 plus page study is available in an electronic version for $99.00 via FTP or as a paper version for $299.00, plus shipping and tax.

The chart above provides a quick summary of several senior level positions for large IT organizations. Some addition charts are available on the INTERNET at http://WWW.PSRINC.COM/Salary.htm.

Trends for 1996 and Beyond

Looking at last year's predictions, we can see that the level of accuracy has been high. Taking this into account, my forecast for the next year includes the following:

✔ **High Resolution Color Printers** - will become standard for many organizations' reports. The cost of the technology is falling so fast that organizations will spend more in the later part of the year and will continue to find new applications for color. This will be driven by the users and not the technologists. You can now get 720 dpi for less than $1,000.

✔ **CD-ROMs and On-Line Training** - will become the standard for all new training programs. VHS tapes will only be used for training individuals that do not have a PC. In addition, there will be a strong push by the optical disk vendors to implement optical media as the standard. The driver and primary reason for success will be software vendors.

✔ **Multimedia and 3D** - applications will be the focus of many organizations' training activities. With the need to add staff to meet the demands of the rapidly growing economy, many organizations will turn to technology to see that training is imbedded with the actual application in the form of interactive help. The release of the new internet "virtual" rooms will drive this to the extent that there will be a significant shortage of programmers and developers in this area. Look for an explosion in the number of tools that are available to do the development in this area. The only limiting factor will be how quickly the video interfaces are available in the NT environment. 95 is not an adequate format for this work.
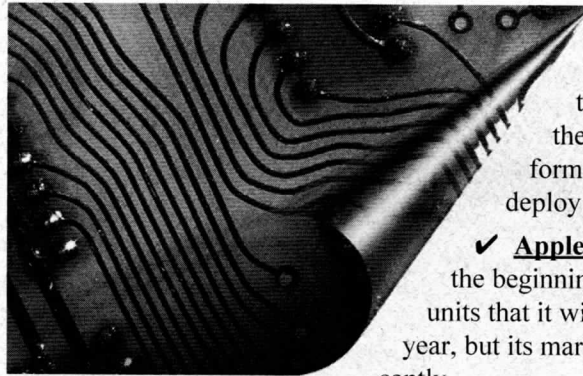
✔ **Interlinking of commercial networks** and Internet will cause many organizations to rethink their security. With the rapid deployment of the new smaller digital satellite dishes, many will begin to look at the interactive capability using this as an option for video conferencing. As this continues to explode new opportunities will be taken by the few enterprises that know how to market and generate revenue from the Internet.

✔ **IBM will stumble** on its schedule to deliver one major product. They have been unsuccessful in their attempts to leverage technology. There is a high probability that this year will be the one that will move IBM to the hardware only arena. Look for IBM to walk away from either OS/2 or Lotus Notes. There is a possibility they will walk away from both.

✔ **Client Server** - will continue to be the focus of most. With the stabilization of NT, Unix and OS/2 the magnitude of solid platforms will make it easier to deploy these applications.

✔ **Apple Computer** - will start to see the beginning of the end. The number of units that it will ship will be greater this year, but its market share will erode significantly.

✔ **Desktop Processing Power** - As we look in the future, the demand for processing power will increase. 100Mhz will not be enough to do all of the things that are possible with the applications. The not-so-old 386's will not be fast enough to operate on the same networks as the 90 -100 Mhz processors. Band width on networks will begin to be a problem as all of these new applications and processors start to dump more data on the network. At the same time the expansion of multimedia and full motion video will be a driving force in the merging of the entertainment and business sides of IT.

What this all means is that more money will be spent on technology in the next twelve months than in the past twenty four. Several software companies will experience explosive growth.

This will be something the media does not address until next year.

If you are in the stock market look for the next Netscape and Netcom -- they are out there. The keys to finding them as always is to see how the technology is being applied and then don't miss the boat like Bill Gates did on the Internet.

The year will be good - barring a tax increase.◄PSR►

1996 Salary Survey

✔ Defines compensation for IS professionals

✔ Ranks IS professionals in other similar organizations

✔ Encompasses over 60 Information Systems positions for large (over $500MM in annual revenue), and medium ($50MM to$500MM) and

✔ Over 73 cities included

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Forecast for the National Information Systems Market

Politics are coming into play and the job market improves significantly in California and the other western states.

by M. Victor Janulaitis
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The job market continues to show significant improvement in California. Major defense contractors have added to their staffs in the last two quarters and some critical skills are in very short supply. The administration realizes that they do not want to go into a presidential election next year with the unemployment numbers remaining at 7.5 and 8.0 percent in a critical state. It is for that reason that several major contracts and subcontracts have been awarded to Southern California based companies. TRW has hired over 900 people at the same time Hughes and Northrop have expanded.

The impact of the federal shutdown was minimal. With all of the money that is spent and 800,000 people being furloughed, how come traffic was not reduced in the west? Are all of these federal "nonessential" employees based out of Washington DC? If so, then a good case can be made to pass the tax revenues back to the states. At least that way when taxes are paid the money will stay in the local economy.

The ramifications of changes in both the welfare programs and the "downsizing" of government are not completely understood as of yet. However one thing is clear, there will be a new labor pool available -- what types of jobs will be available for them? Will they be able to compete? How

will they be absorbed by the market? Certainly, this new pool will put an additional burden on the immigration problem. Look for there to be a move out of "high cost" states such as California, New York and Illinois to places like Nevada.

An interesting statistic is that the metro Phoenix area has surpassed the Dallas Ft. Worth area to become the 8th largest metropolitan area in the country. Plus, Las Vegas has now become the fastest growing metropolitan area in the country for 7 years running. You can see "Go west, young man" is true..

Movement of CIOs continues. Several key CIOs have recently left or have been asked to leave. The primary reason is the continued reevaluation of the value provided by the function. Most of the CEOs that we have talked to say they just do not feel the IT function is contributing its "fair share" to the earnings of the company. One even said that he does not want to talk to his CIO because every time he does, it only means that the CIO is asking for another million dollars for another project having nothing to do with the business. His latest request was to convert all workstations to Windows 95

with the imbedded request to convert a second time to NT.

The role of the CIO is now at a very critical stage in many organizations. The old line CIO who is managing a centralized data center with all of its associated structures and processes is becoming an endangered species. The new model does not include a CIO, rather what I am seeing is a Chief Technology Officer who provides advice and support to the operating groups of a company. This CTO is someone who is in tune with the business and knows the direction that technology is taking. The individual is not concerned with the number of IT staff members -- rather they focus on the value of the function and how they can help to improve the bottom line.

INTERNET --- one word to the wise is that if you try to stop people in your organization from getting on it you will be like the IT professionals that tried to stop the movement of PCs into the corporate work place. There is too much inertia and media hype. What you need to do is get in front of the train and move fast. See that you at least put some rules in place so that the process can be managed effectively. You will not be able to control it. As the great Chinese general Su Tu said: "Do not wage a war that you cannot win." Definite words to live by as this new technology explodes.

Location	Prospects Short Term	Prospects Long Term
Northeast	Good	Good/Fair
Mid Atlantic	Good	Fair/Poor
Southeast	Good	Good
South	Good	Good/Poor
Midwest	Good	Good
Southwest	Excellent	Good/Excellent
West	Excellent	Good/Excellent
Pacific Northwest	Good	Good/Excellent
Best Location	West	West