Global Staffing Approach

U.S. Workforce Demographics
Engineering Demographics

Engineering fits right into the overall pattern.

But,

The old argument that the industry is cyclical is not dealing with the problem.
Demographics

Growth in U.S. Workforce by Age
2000–2010

- 16-24: 15%
- 25-34: 8%
- 35-44: -10%
- 45-54: 21%
- 55-64: 52%
- 65+: 30%
Demographics

Percentage Growth of U.S. Population Over 55

- 1950
- 1960
- 1970
- 1980
- 1990
- 2000
- 2010
- 2020
- 2030

The chart shows the percentage growth of the U.S. population over 55 from 1950 to 2030.
Fertility in every developed country has fallen below the ‘replacement’ rate of 2.1.
Demographics

% Growth rate – US workforce

Source: Workforce 2020
Declining Employee Tenure

Demographics

Turnover and Retention

- 1/3 in jobs less than 2 years
- 2/3 in jobs less than 5 years
- Half employed on interim or contract basis

- Loyalty/Commitment: Non-existent
- Job-hopping will be the rule
- Some companies - turnover in IT close to 50%
Core versus Non-Core

Balancing the Resources

Core

Non-Core

DECISION-MAKING FRAMEWORK
Why fewer engineers in 2006?

- Combined with basic demographics....

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- The US is becoming a transactional society. High-paying jobs involve moving money or exploring legalities and can be entered via marketing or other soft degrees.
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- OP co.s now pinching from the E&Cs
### Other countries - undergraduate degrees

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Japan</td>
<td>66%</td>
</tr>
<tr>
<td>China</td>
<td>59%</td>
</tr>
<tr>
<td>US</td>
<td>32%</td>
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</tbody>
</table>
Foreign-born talent in 2005 in the US

- 40% of MIT grads come from abroad
- 50%+ of all PhD’s in US are immigrants
- Immigrants working in US comprise 45% of
  - Physicists
  - Computer scientists
  - Mathematicians
Why are they going home?

Many reasons are cited, including:

- Government incentives / high growth in home countries
- Better public schools
- Less MTV
- Perceived lack of advancement of “foreigners” in US companies
- Dislike of US political climate
More execution talent comes from...?

Only two regular sources to date:

- Pinching talent from your competitor.
- Offshore partner / subsidiary office; India, Asia, China etc
IPS = new third choice

We saw the need for a new resource and identified a supplement.

* * * * *

IPS (with a US partner and Tunisian partner) invested with a majority-Filipino owned company to form IPS.

As such, we can employ Filipino nationals in the US on e-visas.
Why is this working?

- Advantages all around

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- But this is a temporary stop-gap.

- It is not enough to “fix” the shortfall.