

# Ohio's Computer Services Industry

## Ohio's Standing

- ❑ 60,000 Ohio workers are employed in the computer services industry.
- ❑ The American Electronics Association (AeA) annually publishes a state-by-state overview of the high-technology industry called *Cyberstates*. Computer services is one of four major sectors covered by the *Cyberstates* report.
- ❑ According to AeA's 2003 report, Ohio ranks 12<sup>th</sup> among the 50 states in the computer systems design component of computer services. This category employs three out of four computer services employees and includes both systems design and custom programming.
- ❑ Ohio ranks 13<sup>th</sup> in Internet services.

LexisNexis, perhaps the best known internet-related firm located in Ohio, employs 3,100 workers in the Dayton area. However, LexisNexis is classified as a publishers, not a computer services firm. Chemical Abstracts Services, which employs 1,400 workers in Columbus, is similarly classified.

Industry statistics also exclude computer services operations that are part of a larger corporate establishment. NCR's Teradata division in Dayton is one example.

## Leading Companies

Four of the top five largest employers are located within a short distance of each other along 1-270 in northwest Franklin County. AOL, the seventh largest employer, operates a facility a few miles to the east.

**Sterling Commerce**, a subsidiary of SBC Communications, is headquartered in Columbus. Sterling is one of the largest providers of business integration software. Customers include more than 80 percent of all Fortune 500 corporations.

**OCLC** (Online Computer Library Center) is a membership cooperative providing computer services to more than 40,000 libraries in 80 countries.

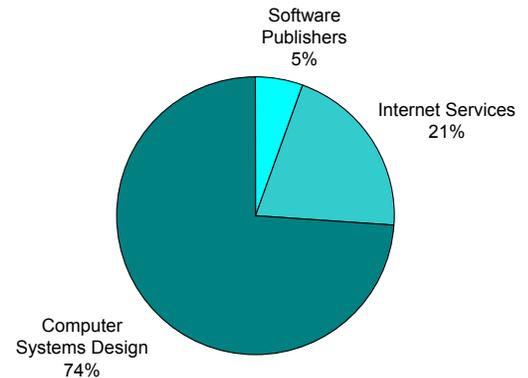
**Checkfree** creates software for financial institutions and retailers that allows them to issue electronic bills or statements and gives consumers the ability to receive and pay bills online.

Customers include Bank of America, Wells Fargo, U.S. Bank, Yahoo, AT&T, Rich's-Macy's, Bloomingdale's, JCPenney, and Progressive Insurance.

**MCI's** Internet backbone division employs 750 workers in Hilliard in sales, marketing, and customer-service support.

**UGS PLM Solutions** develops product lifecycle management software and provides support services. As an example, UGS PLM worked with an auto manufacturer to cut the design cycle times for engines by 50 percent. (UGS's Milford facility was formerly known as Structural Dynamics Research.)

## Share of Employment



Source: AeA

## Top Employers

Company	County	Product	Employment
Sterling Commerce	Franklin	Corporate software	1,000
OCLC	Franklin	Library software	950
Checkfree	Franklin	Electronic commerce	800
MCI	Franklin	Internet services	750
UGS PLM Solutions	Clermont	Systems design	600
ALLTEL	Summit	Telecom software	500
AOL	Franklin	Internet services	500

## Key Trends

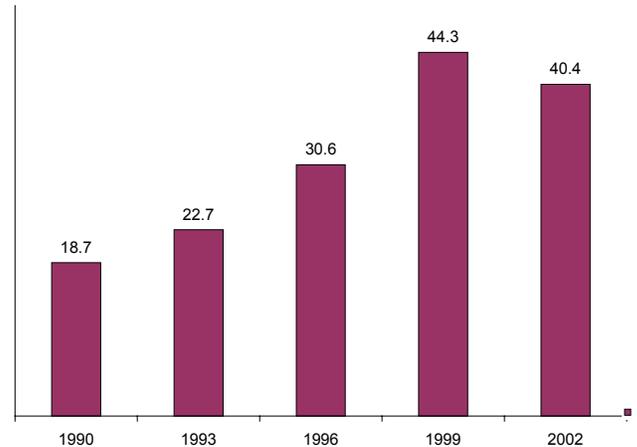
### Employment

- ❑ Employment in computer services grew rapidly during the 1990s, but began to decline in early 2001.
- ❑ The computer systems design sector is the largest unit within computer services, accounting for 74 percent of total employment. Because of this sector's size, it is possible to track employment trends back to 1990.
- ❑ Nationally, computer systems design employment grew 231 percent from March 1990 to March 2001, peaking at 1.3 million workers. The industry has since declined by 250 thousand workers—about 19 percent from peak employment.
- ❑ State trends followed a similar path with employment increasing 166 percent from February 1990 to February 2001—peaking at 47.4 thousand workers. Employment declined to 37.8 thousand in November 2003.

### Employment Projections

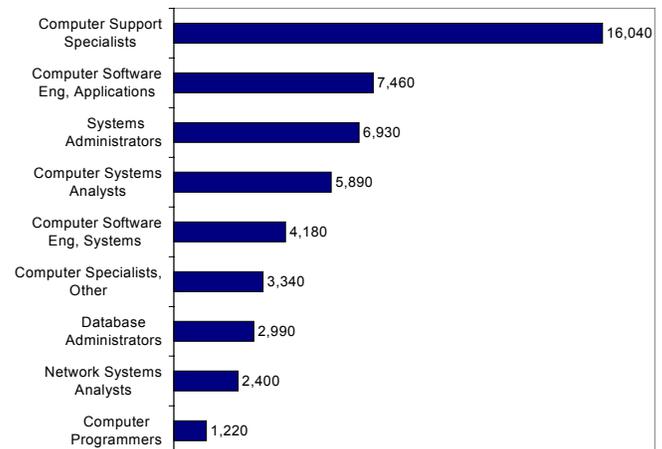
- ❑ The Ohio Bureau of Labor Market Information prepares industry and occupation forecasts covering the period from 2000 to 2010.
- ❑ The Bureau's projections indicate that computer services will grow by about 40,000 workers—a 62 percent ten-year growth rate.
- ❑ Not all computer professionals work in the computer services industry. Census figures indicate that only one-third of all computer programmers work in this sector—large numbers of programmers also work for financial service and insurance companies, retail stores, universities and government agencies.
- ❑ Still, computer skills are the lifeblood of the computer services industry. From a base of 100,000 computer professionals in 2000, Ohio employers will need an additional 50,000 workers by 2010.
- ❑ The top seven fastest growing occupations in Ohio are all in computer-related fields. These seven occupations also have high average wages. Two other occupations—computer systems analysts (\$28 per hour) and computer and information systems managers (\$35 per hour)—are among the top 20 fastest growing occupations.

## Employment Trends



Source: Ohio Bureau of Labor Market Information

## Demand for Additional Workers, 2000 to 2010



Source: Ohio Bureau of Labor Market Information

## Statewide Investment Trends

- ❑ Computer services employment peaked early in 2001.
- ❑ Announcements involving major projects (new facilities or expansions) peaked in 2000; declined in 2001 and 2002; then rebounded in 2003.
- ❑ Compared to 2002, 2003 saws gains in three categories: number of projects; new jobs; and capital investment. This may signal industry job growth in 2004.

### 2003 Project Announcements

- ❑ **Hyland Software Inc.**, located near Cleveland, is expanding its operations adding 300 new employees and investing \$5.8 million.

Hyland Software develops enterprise software that offers integrated document management capabilities in a single, web-enabled application. In addition to developing software, the company provides installation and training services.

Hyland Software has been named to both the Inc. 500 and the Deloitte & Touche Technology Fast 500.

- ❑ **Leader Technologies**, located near Columbus, recently announced plans to hire 150 new workers.

Leader Technologies' main product is Leader2Leader—software that helps businesses communicate with one another, their suppliers, and customers. In one interface, workers have access to e-mail, faxes, and application software.

- ❑ **Sypherlink Inc**, located near Columbus, is planning to add 90 workers to boost its operations.

Sypherlink has developed software that reduces the time and effort required for data-sharing projects.

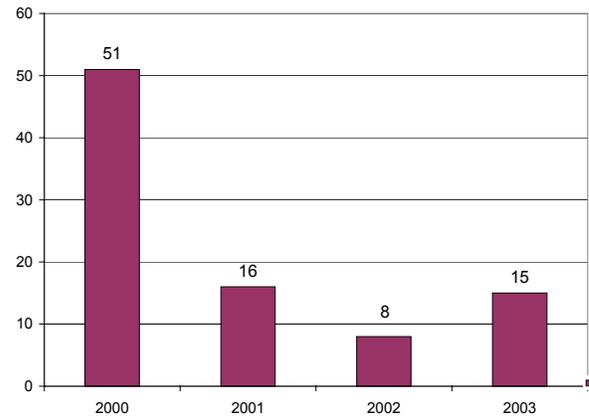
- ❑ **Techni Graphic Systems** of Wooster is planning to add 150 jobs after winning a prime contract from the U.S. Department of Defense's National Imagery and Mapping Agency.

The company provides GIS consulting, high-quality data conversion, and scanning services to government and commercial clients.

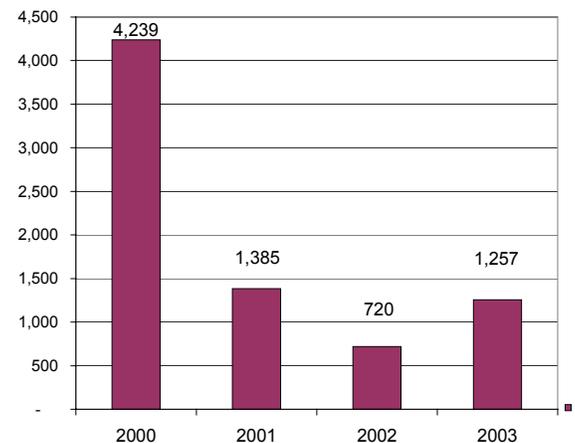
- ❑ In the fall of 2003, **LexisNexis** chose Springfield as the location for a 60,000 square foot data and research center that could employ up to 80 people.

LexisNexis provides online content—legal, business, and news information. This new facility will provide data storage for the corporate center in Miamisburg, as well as space for the research and development of new products.

## Major Project Announcements



## Planned Job Creation



## Top 5 Major Projects, 2003

Company	County	Product	Jobs
Hyland Software	Cuyahoga	Software	298
Leader Technologies	Franklin	Software	153
Techni Graphic	Wayne	GIS mapping	150
Sypherlink Inc	Franklin	Software	90
LexisNexis	Clark	Data center	80

Source: Ohio Department of Development

