



Missouri Industry Brief

INFORMATION TECHNOLOGY SERVICES

Information Technology (IT) Services

Information Technology Services provide a key business function in today's knowledge economy. Much more than setting up computers and other hardware, these firms help businesses better use information in all aspects of company operations.

Missouri is home to 3,250 IT Service firms that employ just over 38,100 workers.* Despite the recession, employment grew by 0.7 percent over the year. St. Louis metropolitan firms employ 18,200 people while over 13,100 work in the Kansas City, MO metropolitan area.

In 2008 there were 529 IT Service business formations in Missouri, representing 3.8 percent of all new businesses to the state.

What is an IT Service Firm?

A company primarily engaged in the production of information technology services.

Industry	NAICS
Software Publishers	511210
Data Processing and Hosting	518210
Custom Computer Programming	541511
Computer Systems Design	541512
Computer Facilities Management	541513
Other Computer Related Services	541519

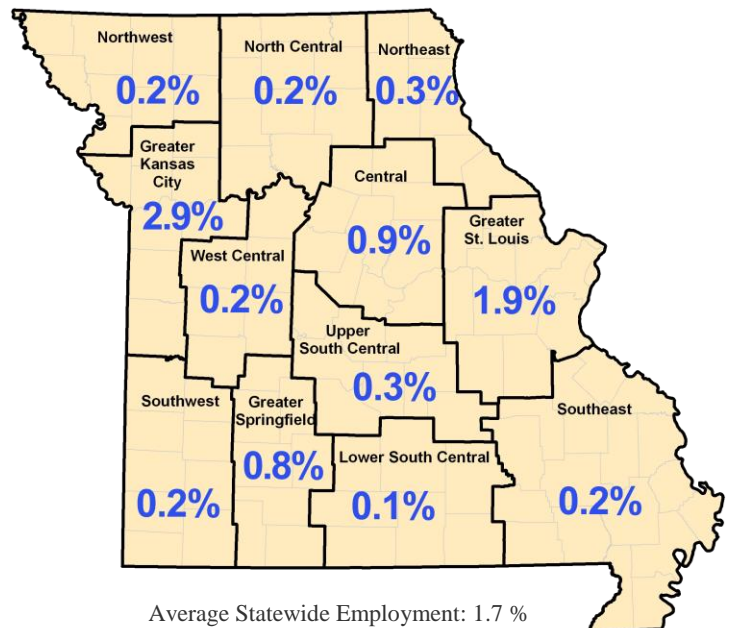
Missouri Industry Facts



*Avg. private employment for 4th Qtr. 2008.
Weighted avg. industry wage.

IT Services Employment by Region

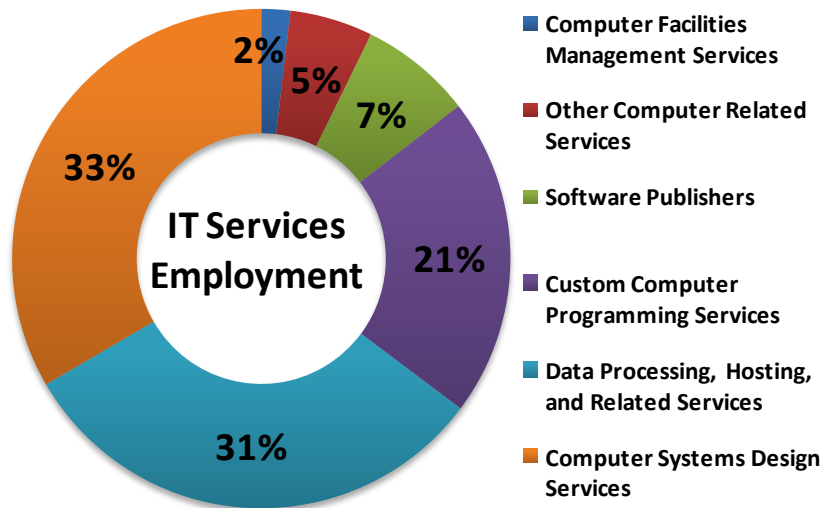
Percent of Regional Employment



IT SERVICES INDUSTRY

Existing Employment

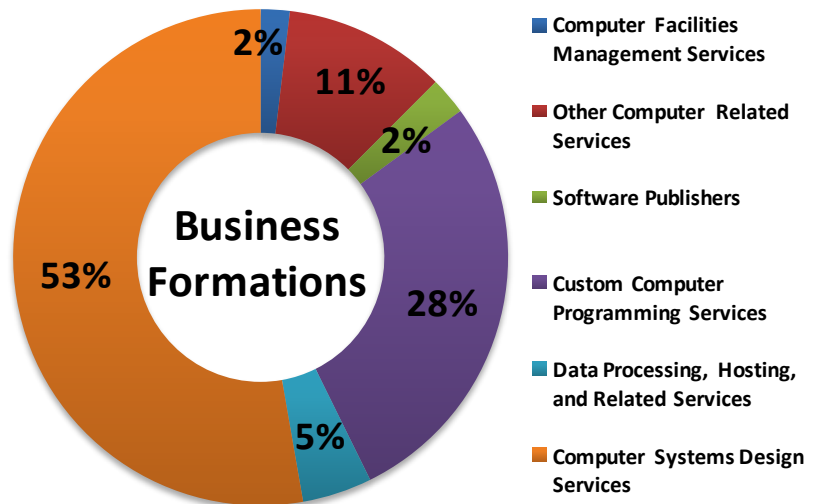
A couple of industries accounted for almost 2 out of every 3 IT Service jobs in Missouri. Computer Systems Design and Data Processing/Hosting made up the majority of employment at 33 and 31 percent respectively. One out of every five jobs was in the Custom Computer Programming industry.



New Business Formations

A total of 529 IT Service firms were formed in Missouri during 2008, representing 3.8 percent of all newly employing firms in the state.* The Saint Louis area had the most new firms at 142, followed by Kansas City with 79 companies. The remaining IT Service business formations were either located in counties outside the two metros (56), formed in Missouri but had only out-of-state employees (47), or had statewide operations (205).

An interesting occurrence was the large percentage of statewide operation firms that accounted for 39 percent of all IT Service formations. These are out-of-state companies that set up shop in Missouri but primarily work through contractors or consultants. These companies can hire individuals to do work around the state and are not tied down to one physical location. Working out of the home may be an option but travel is required!



Over half of all IT Service firms were started in Computer Systems Design, much higher than existing sectors employment share of 33 percent. Custom Computer programming followed with 28 percent of all IT Service business formations in 2008.

*Firms with at least one employee are tracked in the Quarterly Census of Employment and Wages (QCEW) program. See **Notes** and **Sources** for more details about business formations.

Notes

What is a Business Formation?

The business formations data is the most comprehensive information source for newly employing companies categorized by industry. Even so, this measure, like many others, does not perfectly measure all the information that economic and workforce developer's desire.

Business formations are produced within the QCEW program (see below for source) that tracks firms which employ at least one worker. Self-employed individuals are not measured. All new businesses that operate in Missouri have to register with the Secretary of State, thereby counting the self-employed business owner, but the process does not record standardized industry classifications.

The Census Bureau does collect "nonemployer" statistics from IRS records to report activity of businesses without paid employees. The latest data from 2007 shows that IT service firms represented 1.5 percent of all nonemployer businesses, although these numbers are slightly inflated in that news and book printers are grouped with software publishers. The 2008 QCEW data on existing employers showed 1.4 percent of employing firms in the IT service sector.

Although business formations data under counts the true number of new businesses in Missouri, it does provide a very sound measure of what types of companies are being formed in the state, where those firms locate, and at what rate.

Sources

1. Fourth Quarter 2008 average employment figures from the Quarterly Census of Employment and Wages (QCEW), a cooperative program between the Bureau of Labor Statistics and state Labor Market Information offices.
2. Business formations from the QCEW Form 2699 which tracks new companies to Missouri that are required to report under the Unemployment Insurance (UI) tax program. Firms are assigned an industry classification, or NAICS number, by the Labor Market Information team within MERIC.

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