Software Testing Assessment and Forecast

Report Abstract

Who Is This Report For?

"Software Testing Assessment and Forecast" is a comprehensive market analysis report designed for:

- Sourcing managers investigating sourcing developments within IT services and software testing specifically

- Vendor marketing, sales and business managers developing strategies to target service opportunities within the software testing market

- Financial analysts and investors specializing in the IT services and software testing sector

Scope of the Report

The report analyzes the worldwide market for software testing and addresses the following questions:

- What is the current and future market for software testing services?

- What are the client segments for software testing services and their characteristics? Also, what are the drivers, benefits and inhibitors for each segment?

- What is the size and growth of the software testing market by client segment, geography, service line, activity and sector?

- How did spending grow in 2012 and how will it increase in 2013 and onwards?

- Where is delivery organized and located?

- How is the market organized? Who are the main vendors? How can they be assessed and compared? What are the criteria to assess the service offering, delivery organization and IP of the different vendors?

- What are vendor challenges and critical success factors by market segment?

- Additional topics include: contract lengths; pricing models; partnerships; acquisitions; delivery center locations and the use of offshoring; and vendor targeting by client size, geography, and industry.

This report includes several grids that assess the delivery networks and overall service offerings of 20 software testing vendors.

Key Findings & Highlights

Spending in software testing remained healthy and strong in 2012 in spite of the economic environment. Spending grew by an estimated ~**7**%, three times as much as overall IT services spending across the world (~2% in 2012). Software testing spending is to grow to about the same level in 2013, as the economic environment is not fundamentally different from one year ago, with uncertainly affecting contract decisions.

Factors behind the growth in testing spending are mainly related to:

- Buy-side clients focusing on professionalizing their testing activities, largely through centralization of their testing function

- Adoption of factory-based delivery with India being the core delivery element.

In terms of contract form, adoption of multi-year contracts remains strong, while professional services, especially for testing execution, is in lesser demand. Multi-year contracts offer much flexibility to clients; whether they are framework agreements or SLA-based contracts. Interestingly, in spite of the discussion on outcome-priced contracts, most SLAs found in contracts are 1. HR-related 2. Built around the number of test case designed, automated or executed.

Meanwhile, IT services vendors are quickly expanding their testing service portfolio. Functional automation remains a core and traditional element of any testing offering - and yet automation is now considered a given in any such offering.

Offerings are expanding towards "new offerings" e.g. data-related offerings; mobile application testing; ERP and COTS testing services; QA and consulting services; and support services such as test environment provisioning and management, or test data management. Such offerings are almost systematically backed or built around a tool, whether proprietary to the vendor or provided by an ISV.

"New offerings" are increasingly specialized, e.g.:

- An ERP testing offering relying on test case repositories is no longer enough. More advanced ERP offerings now include a mix of migration testing offerings (for SAP), test case repositories and sometimes a model-based testing approach

- QA services relying on a proprietary process-based methodology is not enough. QA offerings now include reliance on specific tools and code quality analysis; scope expansion towards comprehensive IT infrastructure testing; or specific consulting around agile development testing.

However, the high growth in software testing spending has several drawbacks:

- A high flow of freshers now join as career testers. Such new personnel lack experience and knowledge in industry-specific applications and overall knowledge of clients and businesses. Training such personnel is the software industry's next challenge

- Delivery tends to be client-dedicated. Currently, clients are focused on expanding testing internally across business units. Apart from few vendors, little attention is given to providing services across different clients. Given the fact that software testing execution is becoming a commodity with the low-margin that is associated, cross-client delivery in functional testing will become one important issue for clients and vendors to address.

Contents

Vendors Researched

Accenture, Amdocs, Atos, Capgemini, Cigniti Technologies, Cognizant, HP Enterprise Services, EPAM Systems, HCL Technologies, IBM Global Services, Infosys, Maveric Systems, Mindtree, MTP, QualiTest Group, SQS, Steria, Syntel, TCS, and Wipro.

Report Length

114 slides, consisting of 10 chapters and ~40 data charts

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