



SERVICES GUIDE EXTRACT FOR CAPGEMINI GROUP

Services Guide: Outsourced Testing

Benchmarking software and systems testing services vendors

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SUMMARY

Catalyst

Vendors of outsourced testing services broadcast similar messages to the market. However, the reality is that they vary considerably. Getting the vendor best suited to you can make the difference between a testing project's success and failure. Knowing how vendors perform against a range of selection criteria will help you to narrow the field of eligible vendors.

Ovum view

Consider all the selection criteria

Although some criteria used by end users to select their outsourced testing services providers are ubiquitous, not all are obvious. Ovum has identified the key 20 criteria. They range from cost and value through to expertise in data management and responsiveness (willingness to add value beyond the contract and invest in the project). By assessing their own requirements on these 20 criteria and getting a view of how vendors perform against them, users can identify the vendors to shortlist.

Balance price with customer intimacy

Faced with constrained application development (AD) budgets (from which testing is normally drawn), price will play heavily on the minds of many CIOs and test service managers deciding on a testing services vendor. Although price is indeed important, end users need to balance the pressure to cut costs with the chance of project success or failure. Generally, the lowest-priced vendors may not offer the highest levels of customer intimacy and responsiveness. How well a



vendor understands its customers and is able and willing to meet their particular needs can easily make the difference between a successful project and one that flounders.

The overall winner is not always ideal

However, end users may be tempted to make selection decisions based on which ones are "market leading." The overall market leaders are not necessarily the optimum choice. No two testing projects are identical, and all the testing vendors covered in this report have strengths and weaknesses. More than one testing contract has gone wrong because the vendor was selected on the basis of reputation, which the vendor has worked hard to enhance. Caution should be taken not to reject bidders because they do not have high profiles.

Match for size

End users should be particularly leery if there is a big discrepancy between the size of the organization (or the size of the project) and the size of the testing services vendor. Although it is entirely possible for a large user organization to have a positive experience with a tier-2 testing services provider, a small end user that selects a large vendor is taking a chance. The largest testing services vendors are generally only interested in small contracts if they have cross-selling (i.e. more testing work) or upselling potential (i.e. development work). If not, the end user will be given low priority, with disappointing levels of responsiveness and consultants of questionable quality. The risk is magnified if the end user is a first-generation outsourcer with a limited understanding of contract negotiation and formulation.

A smaller vendor will usually have more expertise in maturing sub-optimal test processes, and will transition the user to a blended delivery model at a pace suited to the user. Generally, a smaller vendor will also be more eager to please a customer regardless of organization or testing contract size.

Look for domain expertise

Depending on the sector, some users can narrow their selections based on vendors' domain expertise. Governments can generally rule out Indian heritage vendors (though there are exceptions). In contrast, enterprises in healthcare, life sciences, and pharma should consider Cognizant, and telecoms organizations should look at Mahindra. Every testing services vendor provides banking and financial services, but even here, some vendors boast more – and more impressive – logos than others.

Consider vendors' strategic goals

That said, users should seek to identify the strategic targets of testing services vendors. A vendor may be seeking to grow its presence in a particular vertical as part of a broader growth plan, in which case its overtures to prospects in that domain may be backed by willingness to win the business (for example, by being extremely competitive on price or flexible on contract terms) and invest in the project's success. This is particularly likely if the user organization is high profile.



Key messages

- Capgemini Group's testing services ranked number one overall.
- Wipro is #1 for cost and value.
- IBM is #1 for test expertise, portfolio of test services and (jointly with Capgemini Group) domain expertise.
- SQS is #1 for customer intimacy, responsiveness, and independence.
- Not all selection criteria are equally important or relevant to end-user organizations.
- TCS and HP are better aligned to demand-side drivers than other vendors, which suggests that they will gain market share.
- Wipro, Cognizant, Infosys, and Logica are not as well aligned to demand-side drivers as other vendors, but the testing services market is dynamic and alignments will change.
- Large Western vendors such as Capgemini Group and IBM struggle to differentiate themselves from one another.
- Large Indian heritage vendors such as Wipro and TCS struggle to differentiate themselves from each other.
- Large Indian heritage players are attempting to emulate the customer intimacy that Western vendors have with their customers, while Western vendors are driving Indian-style efficiency into their testing services.



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ASSESSMENT

Vendors assessed

In this report, Ovum will take a look at:

- Capgemini Group (including Capgemini and Sogeti business units)
- Cognizant
- Hexaware
- HP
- IBM
- Infosys
- Logica
- Mahindra (Mahindra IT and Business Services)
- SQS
- TCS
- UST Global
- Wipro
- Zensar

Twenty selection criteria: how customers decide

No two testing deals are exactly the same: vendors, customers, and projects vary. In consultation with vendors and users, Ovum has identified 20 criteria that most prospective users of testing services use to assess testing RFPs. These are shown in Table 1.

Table 1: Vendor evaluation criteria

Criterion	Examples of what constitutes criterion
Cost and value	Productivity savings and improvement Efficiency Automation and industrialization Commercial options
Portfolio of test services	Range of test services End-to-end testing
Test expertise	Quality control and improvement Consistent/repeatable testing Commit & comply with SLA/metrics
Process expertise	Transition approach/handover risk mitigation Testing lifecycle process Requirements management Test strategy and planning Test case design and execution Defect management Metrics/KPIs
Test environment and data management	Test environment management Test data management
Standards and credibility	Accreditation References Case stories Sustainability credentials Maturity and rigor of methodologies
Pricing and engagement models	Flexibility Service offering and options Outcome-based pricing Risk-reward/risk sharing Day rates Testing-as-a-service (TaaS) pricing/pay-as-you-use model
Delivery models	Onshore Nearshore Offshore
Geographic locations	Vendor locations Customer locations
Domain expertise	Industry vertical expertise Specialist expertise

Test tools and software	Tools expertise Own tools/IP Tools management and (re)usage
Partnering	Multi-vendor scenarios Partner ecosystems Multi-vendor governance
Customer intimacy	Consultative approach Collaborativeness Organizational/business culture fit Linguistic/social culture affinity Trust Executive sponsorship Understanding of customer processes
Responsiveness	Value addition beyond contract Willingness to invest
People and talent pool	Number of test-dedicated consultants Qualifications and experience Training (internally and as service provision) Career path Skills development and certification Time to staff Organizational structure Knowledge/staff retention
Independence	Separation from development Accountability
Innovation	Test labs Test tools innovation Test process innovation Pricing/engagement innovation Proactivity to future needs, e.g. new technologies
Knowledge management	Knowledge management processes Knowledge management tools
Governance	Roles and responsibilities Risk management/escalation procedure Transparency
Wider delivery capabilities	Security expertise Enterprise-wide SOA testing expertise
Source: Ovum	OVUM



Ratings: how vendors scored

The ratings of the 13 participating vendors against each of the 20 criteria are shown in Tables 2–4.

Each rating is itself a composite based on the performance of the vendor over time, across engagements, and according to varying constituent sub-criteria (shown as examples in Table 1).

For example, a vendor may have beaten all of its competitors to win a particular testing engagement largely on the basis of cost and value, but still not be generally able to provide the most competitive value, and therefore not score well. Each rating is an aggregate score, not a reference to a vendor's performance in a limited selection of testing deals.

Table 2: Vendor scores

Vendor evaluation criterion	Cappgemini Gp	Cognizant	Hexaware	HP	IBM
Cost and value	7.4	8.0	6.7	7.5	7.3
Portfolio of test services	8.8	8.1	7.2	8.3	8.9
Test expertise	9.1	8.0	7.3	8.1	9.2
Process expertise	9.4	8.4	7.1	8.8	9.2
Test environment and data management	7.3	8.0	7.0	7.3	7.7
Standards and credibility	9.3	8.9	7.4	7.9	9.2
Pricing and engagement models	7.1	7.3	7.6	8.7	7.9
Delivery models	7.4	8.2	7.1	7.5	7.8
Geographic locations	8.0	6.2	5.1	7.9	8.0
Domain expertise	8.0	6.6	6.9	6.9	8.0
Test tools and software	7.7	7.4	7.3	9.3	8.0
Partnering	7.6	7.6	6.8	6.8	7.4
Customer intimacy	9.5	7.4	7.6	8.8	8.0
Responsiveness	9.1	7.6	8.3	7.4	7.8
People and talent pool	7.8	9.4	6.7	7.8	7.9
Independence	6.4	7.7	7.2	7.4	7.2
Innovation	8.2	8.5	6.8	7.2	8.3
Knowledge management	8.3	7.5	6.9	7.4	7.7
Governance	8.6	7.4	7.1	7.4	7.6
Wider delivery capabilities	7.7	7.7	6.5	8.1	7.8
Overall (average)	8.1	7.7	7.0	7.8	8.0
Source: Ovum					OVUM

Table 3: Vendor scores (continued)

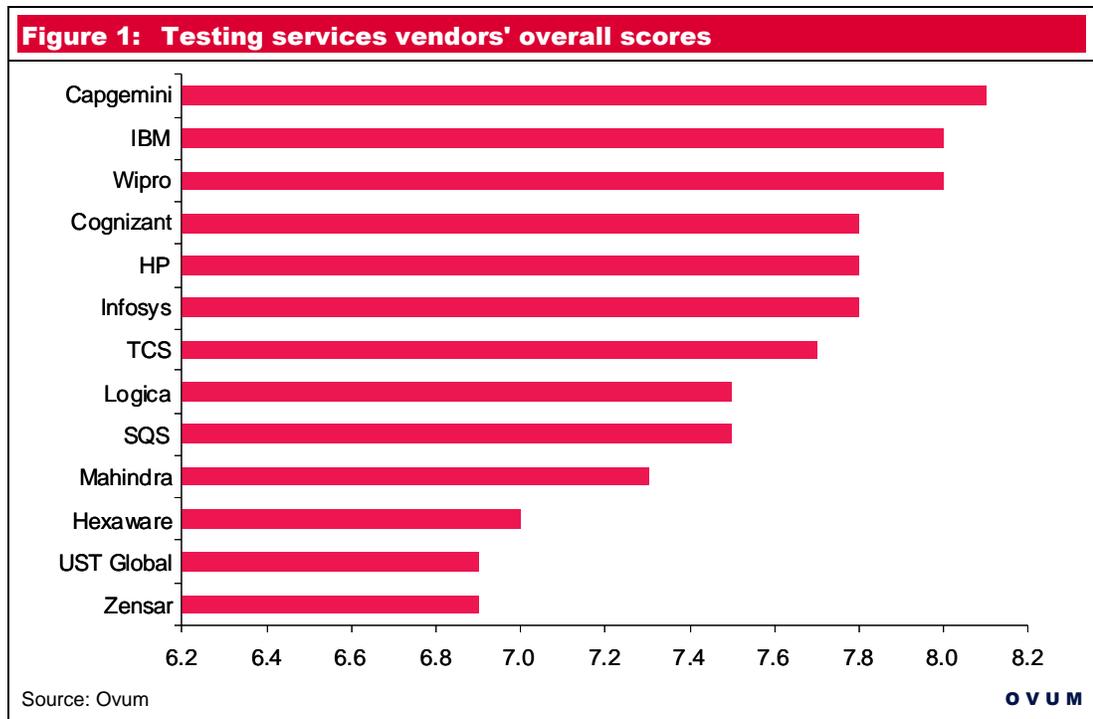
Vendor evaluation criterion	Infosys	Logica	Mahindra	SQS
Cost and value	8.0	5.8	6.8	5.5
Portfolio of test services	8.3	7.6	7.7	7.9
Test expertise	8.0	7.5	7.5	8.0
Process expertise	8.6	7.3	7.3	8.1
Test environment and data management	8.0	7.8	7.2	7.1
Standards and credibility	8.2	8.0	7.6	8.9
Pricing and engagement models	8.3	7.4	7.8	6.9
Delivery models	7.9	7.1	7.8	5.2
Geographic locations	7.1	6.0	7.1	4.9
Domain expertise	7.2	7.2	6.9	7.2
Test tools and software	7.9	7.7	7.6	7.7
Partnering	7.9	8.1	7.3	7.4
Customer intimacy	7.3	8.9	7.4	9.6
Responsiveness	7.4	9.2	5.9	9.3
People and talent pool	7.8	5.6	7.2	7.8
Independence	7.6	6.2	7.5	9.8
Innovation	7.9	7.2	7.0	7.1
Knowledge management	7.6	8.9	7.4	7.3
Governance	7.5	7.8	7.3	8.0
Wider delivery capabilities	7.8	9.1	7.0	6.8
Overall (average)	7.8	7.5	7.3	7.5

Source: Ovum

OVUM

Table 4: Vendor scores (continued)

Vendor evaluation criterion	TCS	UST Global	Wipro	Zensar
Cost and value	8.1	5.8	8.3	6.6
Portfolio of test services	8.4	7.3	8.7	7.4
Test expertise	8.3	7.1	8.6	7.2
Process expertise	8.7	7.2	8.5	7.2
Test environment and data management	7.8	5.7	7.9	7.0
Standards and credibility	7.9	7.5	8.8	7.0
Pricing and engagement models	8.2	6.8	7.2	7.4
Delivery models	8.1	7.0	8.3	7.2
Geographic locations	7.6	5.2	7.6	5.1
Domain expertise	7.1	5.8	7.6	6.4
Test tools and software	7.6	6.9	8.7	7.0
Partnering	7.4	6.2	7.7	6.7
Customer intimacy	7.5	8.7	7.3	7.5
Responsiveness	7.3	9.2	7.3	7.6
People and talent pool	7.4	5.8	7.6	7.5
Independence	6.9	7.3	7.3	7.0
Innovation	7.9	6.3	7.9	6.6
Knowledge management	7.5	6.5	8.2	6.8
Governance	7.4	7.5	8.0	7.2
Wider delivery capabilities	7.7	8.2	7.5	6.1
Overall (average)	7.7	6.9	8.0	6.9
Source: Ovum				OVUM



Rankings: the market leaders

The market leaders based on rankings are show in Tables 5–7. The rankings are simply the ordering of the ratings from Tables 2–4.

Table 5: Vendor rankings

Vendor evaluation criterion	Cappgemini Gp	Cognizant	Hexaware	HP	IBM
Cost and value	6	=3	9	5	7
Portfolio of test services	2	7	13	=5	1
Test expertise	2	=6	11	5	1
Process expertise	1	7	13	3	2
Test environment and data management	=7	=1	=11	=7	6
Standards and credibility	1	=3	12	=8	2
Pricing and engagement models	11	9	6	1	4
Delivery models	8	2	=10	7	=5
Geographic locations	=1	8	=11	3	=1
Domain expertise	=1	11	=8	=8	=1
Test tools and software	=5	10	11	1	3
Partnering	=4	=4	=10	=10	=6
Customer intimacy	2	=10	7	4	6
Responsiveness	4	=7	5	=9	6
People and talent pool	=3	1	11	=3	2
Independence	12	2	=8	5	=8
Innovation	3	1	11	=7	2
Knowledge management	2	=6	11	=8	4
Governance	1	=8	13	=8	5
Wider delivery capabilities	=6	=6	12	3	=4

Source: Ovum

Table 6: Vendor rankings (continued)

Vendor evaluation criterion	Infosys	Logica	Mahindra	SQS
Cost and value	=3	=11	8	13
Portfolio of test services	=5	10	9	8
Test expertise	=6	=9	=9	=6
Process expertise	5	=9	=9	8
Test environment and data management	=1	=4	9	10
Standards and credibility	6	7	10	=3
Pricing and engagement models	2	=7	5	12
Delivery models	4	=10	=5	13
Geographic locations	=6	9	=6	13
Domain expertise	=4	=4	=8	=4
Test tools and software	4	=5	=8	=5
Partnering	2	1	9	=6
Customer intimacy	=12	3	=10	1
Responsiveness	=9	=2	13	1
People and talent pool	=3	13	10	=3
Independence	3	13	4	1
Innovation	=4	=7	10	9
Knowledge management	5	1	=8	10
Governance	=6	4	11	=2
Wider delivery capabilities	=4	1	10	11

Source: Ovum



Table 7: Vendor rankings (continued)

Vendor evaluation criterion	TCS	UST Global	Wipro	Zensar
Cost and value	2	=11	1	10
Portfolio of test services	4	12	3	11
Test expertise	4	13	3	12
Process expertise	4	=11	6	=11
Test environment and data management	=4	13	3	=11
Standards and credibility	=8	11	5	13
Pricing and engagement models	3	13	10	=7
Delivery models	3	12	1	9
Geographic locations	=4	10	=4	=11
Domain expertise	7	13	3	12
Test tools and software	=8	13	2	12
Partnering	=6	13	3	12
Customer intimacy	=8	5	=12	=8
Responsiveness	=11	=2	=11	=7
People and talent pool	9	12	7	8
Independence	11	=6	=6	10
Innovation	=4	13	=4	12
Knowledge management	=6	13	3	12
Governance	=8	=6	=2	12
Wider delivery capabilities	=6	2	9	13

Source: Ovum



The rankings for each vendor are shown in Table 8.



Table 8: Overall vendor rankings

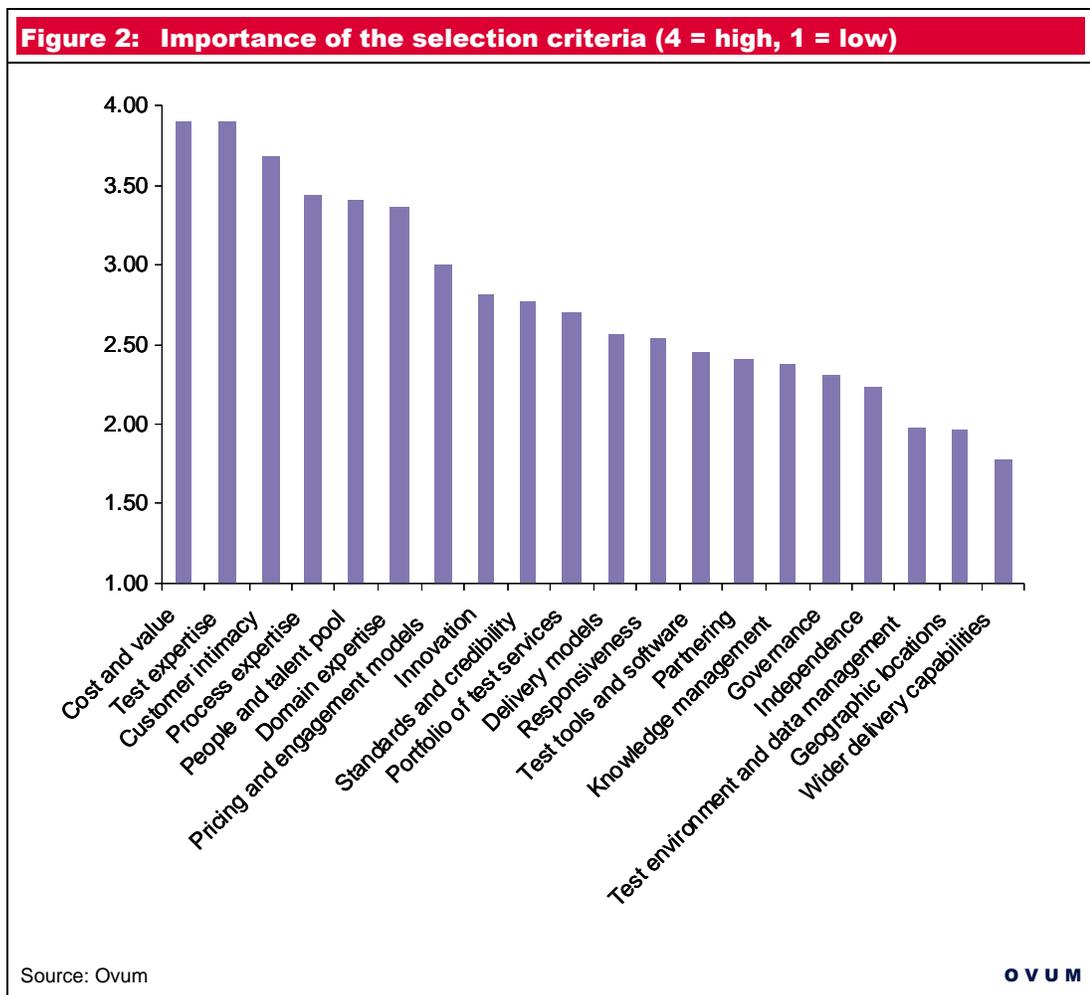
Vendor	Rank
Capgemini Group	1
IBM	=2
Wipro	=2
Cognizant	=4
HP	=4
Infosys	=4
TCS	7
Logica	=8
SQS	=8
Mahindra	10
Hexaware	11
UST Global	=12
Zensar	=12

Source: Ovum 

What matters to customers: the importance of the criteria

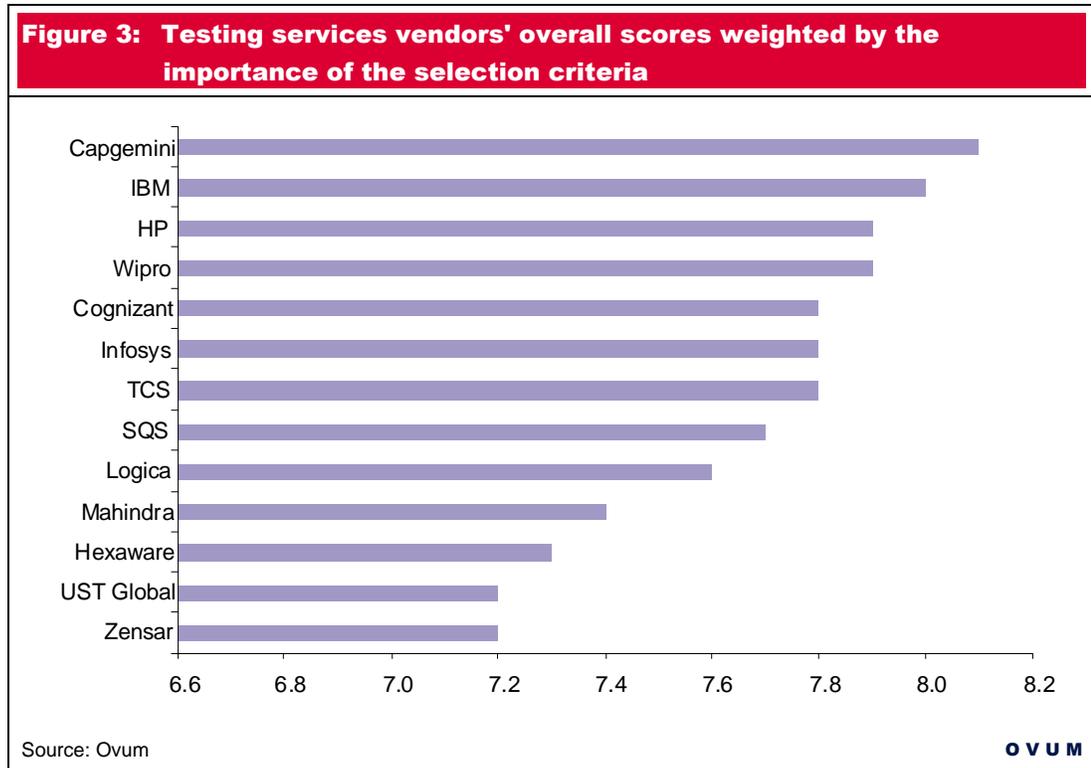
Not all criteria are equally important to end users. Often, a particular customer will not consider some of the 20 criteria on the list. Therefore, the importance of each criterion also equates roughly with the frequency that it appears in RFIs.

Figure 2 shows the weightings of the 20 criteria by their importance to customers.



Vendor ratings and rankings weighted by importance

Figure 3 shows the average rating for each vendor, weighted by importance of the selection criteria.



When the relative importance of the selection criteria is taken into account, a different picture emerges. Although there are many similarities (for example, Capgemini Group is still the highest; UST Global and Zensar are still the lowest), there are some significant shifts. Table 9 shows the changes.

Table 9: Vendor rankings, weighted rankings, and rank changes

Vendor	Rank	Rank, weighted by importance of the selection criteria	Market Alignment Rank Change (MARC)
Capgemini Group	1	1	0
IBM	=2	2	0
Wipro	=2	=3	-1
Cognizant	=4	=5	-1
HP	=4	=3	+1
Infosys	=4	=5	-1
TCS	7	=5	+2
Logica	=8	9	-1
SQS	=8	8	0
Mahindra	10	10	0
Hexaware	11	11	0
UST Global	=12	=12	0
Zensar	=12	=12	0

Source: Ovum **OVUM**

Market Alignment Rank Change (MARC): the measure of accuracy

Ovum’s Market Alignment Rank Change (MARC) is a measure of how well a vendor is aligned to demand-side drivers compared with its competitors. It is the difference between a vendor’s unweighted ranking and its ranking weighted by the importance of the selection criteria.

- A MARC of zero indicates that a vendor is in line with its competitors and no better or worse at targeting the selection criteria of greatest importance to end users.
- A positive MARC indicates that a vendor is better than its competitors at building its capabilities in the criteria of greatest importance to the market. The greater the positive MARC, the better the vendor is “out-targeting” its competitors.
- A negative MARC indicates that a vendor is worse than its competitors at building its capabilities in the criteria of greatest importance to users. It is resourcing capabilities in selection criteria that are not the most important or relevant to prospects and customers.

Capgemini Group, IBM, SQS, Mahindra, Hexaware, UST Global, and Zensar have a MARC of 0. They show no difference between their unweighted and weighted rankings. They are no better or

worse than the other vendors at targeting the criteria that customers use when selecting a testing services vendor.

HP and TCS have positive MARCs. They are better aligned to demand in the testing services market than their peers. They have invested in the parameters that matter most to end users. This awareness of market demand and the capability to meet it indicates that these vendors are on course to gain testing market share.

Wipro, Cognizant, Infosys, and Logica have negative MARCs. They are generally not well aligned to demand-side trends in the testing services market. They score well in some of the selection criteria (sometimes very well indeed), but not many or not the ones that currently matter most to end users. This lack of awareness of market demand, or inability to respond to it, indicates that these vendors will lose testing market share.

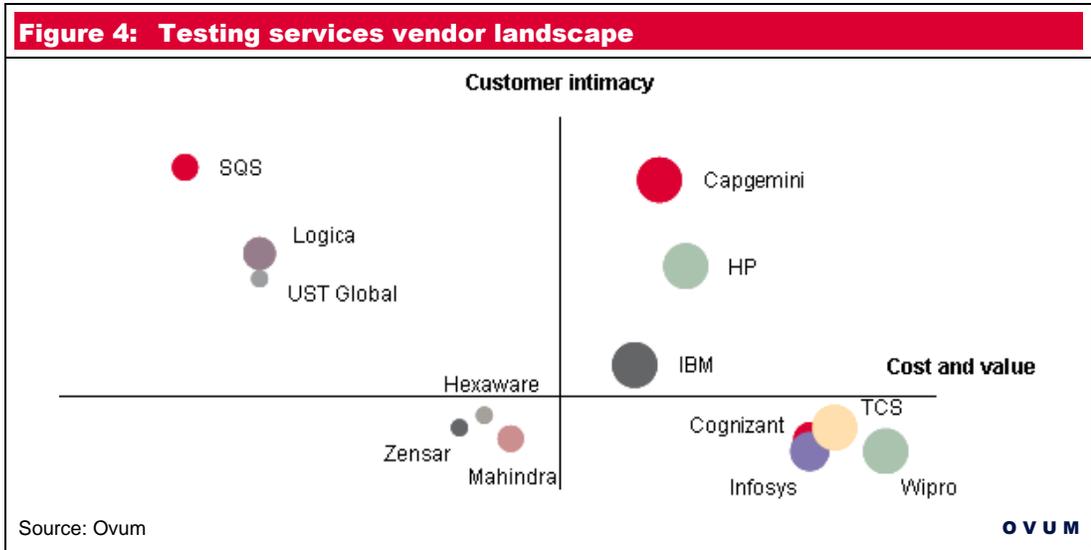
Ovum's forecasts of gaining/losing market share assume that both the market and the ability of vendors to target it will remain constant. Ovum recognizes that these assumptions may be wrong. The testing services market is maturing and demand-side pressures are dynamic (see our report *Testing Services Trends and Opportunities*). Specifically, Ovum expects that increasing commoditization of the market will lead to greater price pressure, which will favor vendors such as Wipro, which offer competitive pricing through efficiency gains (waste reduction, labor arbitrage, and so on). MARCs will change as the market evolves and vendors anticipate and react to that evolution.

Vendor landscape and differentiation

Of the selection criteria that matter most to customers, “cost and value” and “customer intimacy” are differentiating: there is a lot of variance between vendors. (See Tables 2–4.) Placing the vendors on these axes produces a recognizable pattern. (See Figure 4 and our earlier report, *Testing Services: An Opportunity When Budgets Are Tight?*) The pattern becomes even starker when we include a measure of the smallest testing deal size each vendor typically bids for (indicated by bubble size in the chart).

The landscape divides into four quadrants:

- Top right: the large Western vendors, Capgemini Group, IBM, and HP.
- Bottom right: the large Indian heritage vendors, Wipro, TCS, Infosys, and Cognizant.
- Bottom left: the small Indian heritage vendors, Mahindra, Hexaware, and Zensar. (Although Mahindra is not small overall, in testing it is closer in size to Hexaware and Zensar than Wipro and Infosys.)
- Top left: the small western vendors, SQS, Logica, and UST Global.



Implications for large vendors

Ovum normally rejects the Western/Indian categorization of services vendors. The two sets converged in the 2000s in their delivery models and offshore delivery capacities, consulting offerings, and most other characteristics, and are now often indistinguishable in their capabilities and capacity. However, in testing, the distinction still holds. (See our report *Testing Services: An Opportunity When Budgets Are Tight?*)

The Western vendors leverage their test consulting strength, local and linguistic knowledge, and existing long-term relationships to put customer intimacy at the center of their positioning. They struggle more to differentiate themselves from one another than they do to differentiate themselves from their Indian heritage competitors.

The Indian heritage testing services vendors leverage their global delivery capacity, process efficiency, and price sensitivity in the market to win new business and retain existing customers. Their challenge is primarily to differentiate themselves from each other, rather than from Western rivals. As illustrated in Figure 4, the large Indian heritage vendors occupy much of the same space.

In testing, as in other IT services, western and Indian vendors are converging, albeit belatedly. Both sets of vendors are now looking enviously at each other and strategizing to invade each other's "turf." Indian heritage vendors are investing in greater onshore presence with more local hires, and bulking up their testing consulting offerings. Western vendors are building their off- and nearshore capacity, and focusing on driving greater efficiency in their testing processes.

Implications for small vendors

Small vendors are looking at their larger competitors with similar backgrounds: small Western vendors are looking at the large Western ones; small Indian heritage vendors are looking at large Indian heritage ones. They seek to emulate the growth strategies of their larger rivals, but use their nimbleness to outmaneuver the large vendors in niche areas. For example, small Western vendors such as SQS have been building up their offshore delivery capacity and are planning further offshore capacity growth just as their larger rivals did in the 2000s. At the same time, small vendors are investing in domain expertise and staking their claim in the fastest-growing parts of the market, such as new media testing and mobile testing.

Small Western vendors are aiming to maintain their high-touch customer relationships while keeping costs down. It is a challenging balancing act because many of the strategies that keep costs down, such as a significant near- or offshore component to a vendor's blended delivery, and industrialized, "cookie-cutter" processes, alienate some customers.

Small Indian heritage vendors are aiming to raise their profile and gain mindshare that will allow them to be invited to bid for larger testing deals. They do not have many trump cards compared with their large competitors: they can sometimes compete on price, particularly when they are willing to eat into their margins, but mostly they struggle to get invited to the table.

Where the small vendors, both Western and Indian, have an advantage is in the mid-market. Many tier-2 end users realize that they are not well matched with the large vendors and are rightly concerned that they will not receive high levels of commitment from these vendors. For example, mid-market end users will sometimes find that they begin a testing project with a large vendor's "A-team" of test consultants assigned to them, but soon find themselves switched to a "B-team" of less qualified and less capable consultants.

Implications for end users

Many CIOs will need to make a trade-off between high levels of customer intimacy and responsiveness and low cost. Western vendors tend to offer the former; Indian-heritage vendors, the latter. CFO pressure on application development (AD) project budgets (within which testing normally falls) is forcing many CIOs toward the low-cost option. However, CIOs and test managers should resist the urge to make budget-driven decisions they may regret after the project goes live. It is often the tacit understanding that comes of high levels of customer intimacy that makes the difference between a successful testing project and a failed one. When a testing services vendor knows an end-user organization well, it frees up the organization's tester and test management resources. It also reduces the risk that the end-user organization will incur costs maintaining defect-prone software and systems. In QA, opting for the lowest bidder can be a false economy. CIOs and test managers understand that. CFOs need to know this as well.



End users should seek vendors with which they are properly matched for size. This is particularly important for tier-2 and smaller end-user organizations; large customers successfully engage small vendors (such as the vendors in the left half of Figure 4), but mid-sized customers less often have happy experiences with the largest vendors. Mid-sized vendors without significant experience of contract formulation (either in house or provided by a third party) can find that large vendors are meeting KPIs and SLAs as written, but that those metrics were not the ones required for project success and that the vendor is inflexible in its interpretation of contractual terms. They may even receive second-class treatment from large vendors, such as being assigned less qualified and capable consultants. Mid-sized end users are unlikely to encounter that kind of intractableness and indifference from small testing services vendors.

End-user organizations should learn their shortlisted vendors' strategic objectives. In contract negotiations, a vendor's strategic objectives will often indicate where the vendor is willing to make concessions and where it is not. For example, if a particular vendor has as a strategic objective to grow in a particular vertical and the prospect is a desirable logo in that industry, the vendor will be more inclined to reduce its price. The vendor will also be more likely to commit resources to the engagement during the project's lifecycle.

VENDOR PROFILES

Capgemini Group

Table 10: Key facts: Capgemini Group testing services

Total testing revenues in last fiscal year	€443m FY10
Total testing revenues in previous fiscal year	€311m FY09
Number of career testers	8,200
Of which onshore	4,600
Of which nearshore	100
Of which offshore	3,500
Total worldwide testing capacity (career testers + other test FTEs)	20,700
Source: Ovum	OVUM

Capgemini Group, comprising Capgemini and Sogeti business units, has a world-class testing service that is growing at 29% per year despite formidable competition from US multinationals such as IBM and Accenture, Indian heritage SIs such as Wipro, Infosys, and TCS, and local heroes such as SQS. With more than 8,000 career testers and an additional pool of 12,500 test-capable full-time equivalents (FTEs), Capgemini Group (hereafter referred to as Capgemini) has ample test capacity. However, it is not just Capgemini's capacity that places it among the leaders in testing services; it is also its testing and process expertise, and the levels of customer intimacy and responsiveness it is able to maintain.

Strengths

More than any other vendor, Capgemini is an expert on the testing process. In the 1990s, Capgemini (through Sogeti) developed its Test Management Approach (TMap) and a Test Process Improvement (TPI) model and have been building on that pioneering work since. The latest incarnations of each are TMap NEXT and TPI NEXT, in which the "NEXT" is supposed to indicate that the approach/model is driven by business needs.

Since their inception, TMap and TPI have been adapted by end users, including many who are not Capgemini customers. Seeing the value of Capgemini's family of process improvement and



auditing approaches, other testing services vendors now use and support them even though they compete with Capgemini in the testing services market. They claim to have improved on Capgemini's foundation, but it is difficult to deny that Capgemini still leads the field in test process expertise.

There are non-Capgemini approaches such as the Accenture-backed TMMi (Test Maturity Model integrated), but none have the level of adoption and recognition of the Capgemini methods. According to Professor Andreas Spillner of the University of Applied Sciences, Bremen, Germany: "In many organizations all over the world TMap is the standard for testing for many years." According to Dr Daniel Sabbah, General Manager, IBM Rational Software: "TMap contains practical, proven ideas and methods for a risk-based testing approach." (Both are quoted from "TMap[®] Next for result-driven testing" by Tim Koomen, Leo van der Aalst, Bart Broekman, and Michiel Vroon).

The main reason test process is important is that it allows testers to optimize the cost of testing and its benefits, which makes it easier for CIOs and test managers to obtain buy-in from C-level decision-makers for their testing projects.

In addition to test process expertise, Capgemini is noted for the levels of intimacy it develops with customers.

Capgemini leverages its capabilities in consulting to gain an in-depth understanding of its testing customers. It engages with customers/prospects at early stages of a proposal to ensure that the service put forward matches the customer's demands. This involves gaining as much understanding as it can of the technology and business challenges facing the prospect. Many of Capgemini's testing experts have long consultancy experience and understand the subtleties of working with clients to determine what the prospect's tacit business requirements are. Capgemini's consultants tie in testing with other business processes such as supply chain management and draw on vertical industry experts to provide domain-specific insights.

During the sales cycle and the engagement, Capgemini works collaboratively with the customer at an operational level in customer-Capgemini teams to agree SLAs and KPIs, combine decision-making, and share accountability. Throughout any testing engagement, Capgemini remains open and transparent with customers, contributing to a trusting relationship.

Capgemini is more able than most testing services vendors to accommodate the linguistic and cultural requirements of its customers, especially those in continental Europe. Approximately 58% of Capgemini's testing practice is based on- or nearshore, enabling it to provide local teams to assimilate with or work alongside the customer's own IT professionals. Capgemini also engages with local communities of test professionals through events such as Sogeti's TestExpo in the UK, the Dutch Testing Conference, and German Testing Day.



It is generally easier for smaller testing vendors, particularly local ones, to build customer intimacy. Vendors with smaller numbers of accounts and relatively high onshore or on-site presence can focus their resources on forging close ties with their customers. For a vendor of Capgemini's size, its ability to build deep, enduring customer relationships with its testing customers is impressive. No other testing services vendor has managed to establish a global presence and strong connections with its customers the way Capgemini has.

Weaknesses

Capgemini's strength in client intimacy has a downside: maintaining a high touch with large onshore presence supported by testers with corresponding language skills adds to cost. For prospects with severely constrained QA budgets, Capgemini struggles to clear the price hurdle. As the global testing head of one of the large Indian heritage SIs told Ovum: "When we come across Capgemini, we beat them."

That is not to say that Capgemini does not offer value; it does. However, for end users that have not experienced the benefits – in terms of both quality improvement and business benefits – of Capgemini's test expertise and test process know-how, the price of the service can be daunting. Capgemini offers a premium service, but that is not always what cash-strapped organizations want. Fortunately for Capgemini, there is a broader realization on the buy side of the need to test more, so the global market for testing services is trending upwards anyway. (See our model *Outsourced Testing Services: Market Size and Forecasts*.) Capgemini is able to thrive despite its premium offering, in part by riding the surge in demand for testing.

There is an opportunity for Capgemini in the testing services market among second-generation users of testing services – that is, those that have outsourced to other vendors but are seeking a closer, more attuned relationship with the vendor and greater value. Capgemini is well positioned to address this market through its intimate customer relationships and by leveraging its process expertise.

Capgemini also faces stiff competition from US testing services vendors such as IBM and Accenture. They have the same worldwide reach as Capgemini and can therefore compete for testing deals from global customers. They also have considerable offshore capacity, test expertise, and (particularly in North America) high levels of customer intimacy. This has not stopped Capgemini from taking on its US rivals on their home turf, such as for US government contracts, but broadly, Capgemini struggles more to differentiate itself from its large, US-based competitors than it does from Indian heritage vendors and regional local heroes.

Recommendations for Capgemini Group

Compared with many of its rivals, particularly the Indian heritage ones, Capgemini's offshore delivery capacity in testing is small. It should be growing that capacity at least in line with projected testing services market forecasts. Although Capgemini does not necessarily go to market as the



lowest-priced vendor, it still has room to leverage more cost savings from labor arbitrage. Expansion of its global delivery capacity need not come exclusively from India. Nearshore locations that offer closer linguistic, cultural, and time-zone matches also warrant consideration.

Capgemini does a poor job of differentiating itself from other Western MNC vendors in testing. It should focus on its positioning to create a unique and readily identifiable brand. Instead, it tends to rely on its relationships with existing clients to win renewals and cross-sell services. Given Capgemini's strengths in testing, especially in domain expertise and test processes, it is missing the opportunity to create a highly distinctive brand in the testing services market. It ought to be investing heavily in that to take market share in the near term from large Western competitors. Ovum expects that the Indian heritage players will increasingly encroach on the part of the market currently occupied by the Western players (the top right quadrant in Figure 4, made up of vendors with high levels of customer intimacy). Capgemini needs to act to build a distinctive position before that convergence impinges on its growth.

Recommendations for prospects

Capgemini is not unique in offering high-touch, intimate testing services. It is also not alone in being able to take on the largest testing engagements. However, it is highly unusual in its ability to combine the two. If your project is large scale but you also value a close working relationship, Capgemini should be considered. Capgemini may not always be the lowest bidder, but giving it some leeway on price should prove beneficial in the longer term as its expertise in test processes will translate into improved quality.

Capgemini's is among the most geographically diverse testing capabilities in the market. If your project has international reach spanning languages, cultures, or time zones, Capgemini should be on your shortlist.



APPENDIX

Methodology

- In consultation with testing services vendors (including some of those featured in this report) and end users, Ovum compiled a list of 20 criteria that prospects use to select testing services providers. The contributors also provided guidance on the relative importance of the criteria. Ovum scored importance on a 4-point scale.
- The 13 vendors of testing services featured in this benchmarking report were invited to respond to a detailed RFI in the form of in-depth, semi-structured interviews around the 20 criteria. Participants were also asked to provide supporting documentation around the criteria, as well as testing services revenues and capacity data.
- Analysis of the 20 criteria was based on a scoring assessment exercise. For each response within the RFI, vendors were rated on a scale of 1 to 10.
- Scores weighted by importance were normalized on the same 10-point scale.

Definition

Testing services

Ovum takes testing services to encompass software and systems testing, both discrete and embedded, for all technologies: ERP, Internet, mainframe systems, platforms, etc. For example, testing an embedded app for a POS device falls within testing services as we define it, as does testing the OS for mobile phones, or the GPSs in vehicular satellite navigation systems. All sectors and sub-sectors are included: automotive, healthcare, financial services, retail, telecoms, gaming, public sector, etc.

Further reading

Testing Services: An Opportunity When Budgets Are Tight? OVUM050460, February 2009

Testing Services Trends and Opportunities: The Evolution of Quality Assurance, OI00144-041, May 2011

Testing Services: Outsourced Market Size and Forecasts, OI00144-054, June 2011

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TMap® Next for result-driven testing (Koomen, van der Aalst, Broekman, Vroon, 2006)



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