WORLD QUALITY REPORT

AUSTRALIA AND NEW ZEALAND

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Top Trends

- New initiatives frequently call for new skills and expertise. This year's research confirms that companies in Australia and New Zealand are investing a higher proportion of their testing budget in human resources than previously.

- Companies and other organisations are looking more closely at outsourcing options – the share of in-house-only QA and Testing engagements has decreased from 38% to 34%.

- Nine out of 10 respondents state that they use agile methodologies within their organisation, although the analysis finds that many companies are struggling to incorporate QA and Testing elements into their agile projects.

Operational efficiency and cost control continue to remain at the top of IT leaders' agendas in Australia and New Zealand. This year's research shows that 66% of IT executives interviewed rank cost optimisation through process and technology advancements among the top two priorities for their organisations. In the meantime, 72% of research participants also state that business intelligence and data analytics are high on the priority list, suggesting that IT teams are placing high value on being able to convert vast amounts of data into actionable information while reducing costs from increased efficiency.

The share of IT budget allocated to Quality Assurance (QA) and Testing among companies remains at the same level as in 2013: Research participants state that 25% of their total IT budget is allocated to QA and Testing. While most companies try to keep their QA and Testing budget below 20% of the overall project spend, additional costs associated with new development initiatives such as cloud and mobile testing add to the need for investment in QA and Testing activities.

New digital transformation projects require more than just new infrastructure – such as setting up cloud-based environments or procuring mobile devices. Many new initiatives call for new skills and expertise, and the research data confirms that companies in Australia and New Zealand are investing a higher proportion of their QA and Testing budget in human resources than in previous years. In 2014, the proportion of the QA and Testing budget allocated to staffing in Australia and New Zealand has grown from 25% to 37%.

Companies in the region are looking more closely at outsourcing options – not only as a cost-saving measure, but also to get immediate and scalable access to the specialised skillsets required for testing of new development projects and to help establish the testing practices and methods that will be used in the long term. The share of in-house-only QA and Testing engagements has decreased from 38% to 34% across Australia and New Zealand, and more companies are engaging partners in a variety of models – from resource augmentation (16%) and fixed-capacity models (16%), to co-managed projects (17%) and fully managed services engagements (17%). Outsourcing, particularly the managed service model, used to be the model followed primarily by the large enterprises. In recent years, however, medium-size companies are beginning to engage managed service providers in their testing projects, which indicates growing awareness of the importance of application quality and rising maturity levels among smaller companies.

New data privacy laws in Australia explicitly prohibit the use of production data in testing and development environments. Despite this, research participants report that they use production data for testing without any manipulation 12% of the time out of all their testing projects. To comply with new regulations, organisations need to work with specialised third-party providers to help create new strategies, techniques and tools for generating and maintaining test data.

Involving specialised partners in mobile testing can also provide access to a complete set of methodologies, tools, devices and expertise
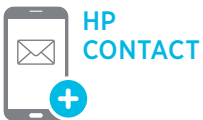
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necessary to develop and implement a mobile testing strategy. Initially, few companies in the region considered mobile testing as a strategic investment. However, with the growing popularity of mobile devices, rising complexity of mobile applications and great diversity of mobile platforms and operating systems, more and more organisations are beginning to look at mobile testing as an important discipline. Most organisations, however, are just at the start of the journey. One in five (20%) research participants from Australia and New Zealand state that they don't perform any mobile testing – compared to 13% worldwide average. When asked about challenges with mobile testing, 43% of respondents cite absence of the right methods and not having enough time to test mobile applications and devices, and 31% say that their organisations don't have the tools readily available to perform mobile testing.

Cloud adoption among organisations is increasing. The 2013 research participants stated that 24% of their applications had been migrated to the Cloud, but in 2014 the share of cloud-based applications has increased to 28%. While smaller companies are quicker to take advantage of the public cloud infrastructure, many large enterprises are still in the process of defining their cloud standards and strategies, and waiting for established commercial cloud service providers to bring their offerings to the region.

A growth has also been seen in the share of applications being tested using cloud-based infrastructure, which has risen from 28% in 2013 to 31% in 2014. More companies – specifically in the more IT-mature financial and telecom sectors – are beginning to realise the benefits of using the Cloud for test environment management, and are in the process of building the infrastructure to support it. IT leaders interviewed predict that by 2017, almost half of all applications will be tested in the Cloud.

Growing time-to-market pressure is forcing companies in the region to look at new ways to deliver applications faster, and a growing number of organisations are beginning to incorporate agile methods into their application delivery process. Nine out of 10 IT executives interviewed from Australia and New Zealand state that they use agile methodologies (compared to 87% in 2013) – although the analysis of current challenges reveals that many companies are still struggling to incorporate QA and Testing elements into their agile projects. Almost seven out of 10 respondents (69%) state that they are having difficulties in identifying the right areas to focus on when testing agile projects, followed by 67% who cite inability to apply test automation as one of the greatest obstacles to agile project success. Furthermore, three out of five research participants (60%) from the region report that their organisations lack a good testing approach that fits within the framework of agile development methods.