

WORLD QUALITY REPORT

2011/12

NORTH AMERICA

This is an extract from the *World Quality Report 2011-2012* which presents findings from a global survey completed online by over 1,200 CEOs, CFOs, CIOs, IT directors and managers, and quality assurance (QA) directors and managers around the globe. The goal of this report is to examine the state of application quality and testing practices across different industries and geographies.

The full report can be accessed at www.capgemini.com/testing or www.sogeti.com/testing.

The economic crisis of recent years, ignited by the meltdown of the capital markets, has had a widespread impact across North American industries and regions. This illustrates just how interconnected the various sectors are, and how the impact of Wall Street can be felt on Main Street.

2010 ended with debt worries and questions about the future of the euro in Europe, doubts about the strength of the US recovery, and concerns about overheated economies and higher inflation in China and Latin America. Despite these uncertainties, the North American economy continues to improve, unemployment fell below 9%, and the IT market grew by 7.2%.

All the prevalent sectors in North America – Financial, Retail, Manufacturing, Energy and Utilities, and Government – have shown growth in IT spending. Organizations are looking at increasing revenue by introducing more products and engaging customers through new channels – such as mobile, Internet, and social media – and launching new programs to increase customer trust and loyalty.

Top Trends

- ↗ Increase in outsourcing on technology based work
- ↗ Despite cost reduction pressures, low levels of automation remain
- ↗ Budgets grow for standardized TCOEs

50%

OF THE ORGANIZATIONS USE CONTRACTORS OR THIRD-PARTY VENDORS TO OUTSOURCE THEIR TESTING FUNCTION

By *Dan Hannigan*, VP, Testing Services, US, Sogeti and *Vineet Hans*, Testing Practice Head, Financial Services, NA, Capgemini

36%

OF RESPONDENTS SEE AN INCREASE IN THEIR IT TESTING BUDGETS TO MEET THE GROWING DEMAND FOR BETTER QUALITY

As the North American economy recovers, companies are directing IT investments not just towards enhancing their IT systems, but also to technology-led innovation to gain competitive edge and retain customer loyalty. Other factors such as regulatory changes in the Financial Services and Healthcare sectors are also leading to enhanced focus on IT. With all of these changes, the role of QA within companies is becoming more important than ever before to maintain brand image and customer loyalty, and to ensure a smooth ROI on IT investment programs.

Analysis of the North American data in this year's survey reveals that over 36% of North American organizations have seen some increase in their IT testing budgets to meet the growing demand for better quality. An increasing number of organizations are looking at setting up some form of standardized TCOE in order to optimize the cost of their services. Organizations are also using different sourcing models to operationalize their TCOEs, and almost 50% of the organizations use contractors or third-party vendors to outsource their testing function. Given the current high unemployment rate in North America, nearshore centers are gaining momentum, although India continues to be the preferred location for outsourcing with China being a close second.

The continued demand for IT professionals, specifically in the QA/testing space, has created a significant pressure on IT service providers to identify and hire additional resources to meet the demands of companies electing to Rightshore® or offshore their testing processes. This, in turn, has generated additional job opportunities in North America and has additionally increased the demand for capable offshore testing resources.

In the early days of outsourcing, the majority of work outsourced was around test execution; however that trend is changing. Over 50% of the organizations use their outsourced partners to provide more specialized testing work such as automation, performance, and security testing. There is still a lot of manual testing being done with almost 60% of organizations having achieved less than 25% automation. There is also an increasing trend in using third-party vendors for UAT, although most of the organizations still rely on their business users or internal QA resources for this important stage in the application development lifecycle.

Increasingly, QA organizations are tying their success to the business value that they are able to deliver. Over 50% of QA organizations link their metrics to the business goals or quantify their defects in terms of financial losses. Many internal QA organizations, while tying their success to business value, are also turning to the business to fund the QA department. This in turn increases the pressure on providing a successful software implementation, while at the same time having a business focus and justifying the implementation, development, and testing of software applications.

Contacts

We value your comments and ideas. We welcome you to contact us in relation to any questions you might have concerning the 2011-2012 *World Quality Report*.

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About Capgemini and Sogeti

With around 115,000 people in 40 countries, The Capgemini Group is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2010 global revenues of EUR 8.7 billion. Together with its clients, Capgemini creates and delivers business and technology solutions that fit their needs and drive the results they want. A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its world-wide delivery model. Sogeti, its wholly-owned subsidiary, is a leading provider of local professional services, bringing together more than 20,000 professionals in 15 countries and is present in over 100 locations in Europe, the US and India.

Together, Capgemini and Sogeti have developed innovative, business-driven quality assurance (QA) and testing services, combining best-in-breed testing methodologies (TMap® and TPI®) and the global delivery model, Rightshore®, to help organizations achieve their testing and QA goals. Capgemini and Sogeti have created one of the largest dedicated testing practices in the world, with over 8,200 test professionals and a further 12,500 application specialists, notably through a common center of excellence with testing specialists developed in India.

More information is available at:
www.capgemini.com/testing
www.sogeti.com/testing

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Our Business Technology Optimization (BTO) products, along with our new and complete approach to Application Lifecycle Management (ALM), help our customers to achieve better business outcomes.

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