

Capgemini Press Contact:

Christel Lerouge
Tel.: +33 (0)1 47 54 50 76
E-mail: christel.lerouge@capgemini.com

Sogeti Press Contact:

Therese Sinter
Tel. : +46 (0) 8 53 68 20 35
E-mail : therese.sinter@sogeti.se

World Quality Report Reveals Increasing Cloud Adoption is Fuelling Demand for Application Testing¹ and Quality Assurance²

New report from Capgemini, Sogeti and HP highlights continued growth in Quality Assurance budget allocation, with particularly high levels of investment in emerging market economies

Paris, 15 June 2011 - Capgemini, one of the world's foremost providers of consulting, technology and outsourcing services, and Sogeti, its local professional services division, together with HP today released the findings of the third annual World Quality Report. This in-depth study examines the state of application quality and testing practises across multiple industries and geographies. As they enter a period of recovery, most organisations (85 percent³) recognize that their application portfolios are in need of rationalization and that mission critical applications implemented using outdated technology must be revised and updated to increase efficiency. As a result, the report reveals 42 percent of companies plan to increase their budget allocation for application quality assurance (QA) and testing. And as companies seek to adopt agile delivery methods as part of their application quality assurance, the percentage of companies who are moving at least some of their IT systems to the cloud has grown to 81 percent. The emergence of new technologies such as cloud-based services is also fuelling the need for stringent testing and QA, as application security becomes vital for ensuring quality and mitigating risk.

The study reveals that investment in quality assurance is greatest in emerging economies. In the last year, 83 percent of Chinese companies and 56 percent of Brazilian companies substantially increased their QA investment, contrasting with relatively steady budgets in North America and Europe. The focus on quality assurance across Australian organizations has also increased markedly over the past year, with 37 percent of survey respondents indicating that their testing budgets had gone up. Increasingly, investment in QA is focused on promoting efficiency and standardization, often through creating Testing Centers of Excellence to centralize and consolidate QA practices, particularly in emerging market companies.

Emerging economies are also the fastest adopters of cloud infrastructure:

¹ Application Testing is a process that provides insight into, and advice on, quality and the related risks of an application in a live environment. Source: *TMap NEXT®*, *Business Driven Test Management*, published UTN, 2008.

² Quality Assurance covers all the planned and systematic activities necessary to provide adequate confidence that a product or service meets the requirements for quality; Source: ISO 1994.

³ Capgemini and HP Application Landscape Report, March 2011

- Over a third of Chinese companies (37 percent) plan to migrate between 11 and 25 percent of their applications to the cloud in the next year with a further 40 percent making arrangements to host between 26 and 50 percent;
- In contrast, 24 percent of companies in the North America and 18 percent of Western and Northern European companies indicate they still have no interest in migrating their applications to the cloud.

The adoption of cloud and the growing reliance on Internet-based applications is also raising the importance placed on application security, which in the past has typically been seen by companies as an audit and risk management function. Over a quarter (27 percent) of large organisations (5,000+ employees), are putting in place dedicated information security (IS) teams to design and test security procedures and requirements to ensure new systems and applications have not been compromised and that confidential and sensitive information is protected from access or damage by unauthorised users. Testing in the cloud means a new generation of testers will need to manage the entire portfolio of IT services rather than just verifying the quality of individual systems.

“CIOs are under intense pressure to deliver high quality applications on a tight budget,” said Raf Howery, vice president, Global Channels and Partners Executive, Capgemini. *“Migrating high quality applications to the cloud is a natural progression as it offers a cost effective, reliable and agile arena to create and test them in. Further investment in QA, especially in developed markets, will help ensure companies can flourish in the cloud once the technology is fully adopted.”*

The report further highlights businesses’ continued reliance on outsourcing for application testing. Over two thirds (70 percent) of respondents employ contractors or third party vendors for quality assurance. No longer are they looking to only outsource test execution, but also testing strategy, user acceptance testing and security. Preference for outsourcing continues to be co-location (27 percent) followed by near-shore locations within a company’s country or continent (24 percent). However, preference of off-shore locations differs between North American and European organisations. For companies based in the US and Canada the next choice is often India (18 percent), followed by China (12 percent), and Eastern Europe (9 percent) while for the first time, Western and Northern European companies have indicated they prefer to outsource QA to Eastern Europe (12 percent) or China (7 percent) over India (4 percent).

“Today trends like cloud and mobile are elevating the complexity of applications. Organizations are challenged more than ever to maintain their competitive edge by delivering higher quality software while remaining agile,” said Jonathan Rende, general manager and vice president, Applications, Software, HP. *“The results of the World Quality Report underscore how the discipline of quality management, global sourcing and agile processes must become integral to an organization’s software delivery strategy to effectively innovate faster.”*

Finally, the report highlights the need for the standardisation of QA, through proven methodologies such as the Capgemini Group's TMap® approach⁴, as increasing importance is placed on measuring business impact, whether linking results to business goals or quantifying losses from potential application defects. There has also been a continued rise in test automation to help address this:

- 37 percent use internally developed estimation techniques and a further 22 percent of companies use industry standard estimation methods and yet 12 percent have no consistent methodology at all;
- However, the majority of companies (58 percent) carry out up to half of their QA without using automation. Only 23 percent use automated testing solutions for over half of tests.

About the World Quality Report 2011-2012

The World Quality Report 2011-2012 is the third in a series of annual surveys examining the state of application quality and testing practises across industries and geographies. Since 2009, the Capgemini Group and HP have published the annual report to provide insight into the latest trends in application quality, methodologies, tools, and processes. As in previous years, the report includes detailed profiles on the state of QA in a number of specific industries: Consumer Products, Retail, and Distribution; Energy, Utilities, and Chemicals; Financial Services; Healthcare and Life Sciences; High Tech; Manufacturing; Public Sector; and Telecommunications, Media, and Entertainment. In addition, this year's report also includes summaries examining IT trends and quality practices from a regional perspective across nine different geographies: Australia, Brazil, China, France, Germany, Netherlands, Nordic Region, North America and United Kingdom.

The World Quality Report Survey was completed by 1,200 CEOs, CIOs, CFOs, IT directors and managers and QA managers around the world, including North America (39 percent), Western Europe (33 percent), Australia (8 percent), China (8 percent), Brazil (5 percent) and other regions in Europe, Asia and Latin America (7 percent). The survey also included responses from a variety of different company sizes: 30 percent of respondents surveyed represented small companies (between one and 500 employees); 14 percent worked for companies with between 500-1,000 employees; 22 percent were employed at companies with between 1,000 and 5,000 employees; 17 percent were from large companies (5,000-10,000); and 17 percent from enterprises with over 10,000 employees.

About Capgemini and Sogeti

The Capgemini Group is one of the world's foremost providers of consulting, technology and outsourcing services, enabling its clients to transform and perform through the use of technologies. Present in 40 countries, the Capgemini Group reported 2010 global revenues of EUR 8.7 billion and employs over 112,000 people worldwide. 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.

⁴ TMap® – Test Management Approach – is the Capgemini Group's business-driven, risk-based methodology for structured software testing that is designed to address the key issues of quality, time and cost – across the whole development lifecycle of solution delivery.

For more information, please visit: www.capgemini.com/testing, www.sogeti.com/testing

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