

BENELUX

WORLD 20 QUALITY 13- REPORT 14

TOP TRENDS

- Businesses in the Benelux region remain extremely cautious about how they allocate their IT resources, tending to focus on projects that can help optimize operational efficiency, reduce costs and improve time-to-market.
- A growing number of companies in the region choose to focus on their core business processes, and share responsibility for application quality outcomes with a third-party provider.
- Overall, organizations operating in Benelux are not among the earliest adopters of cloud services worldwide, but the benefits of the pay-per-use computing model are seen to be widely acknowledged by executives.

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In light of the financial crisis and the uncertain economic landscape around the world, businesses in the Benelux region (Belgium, the Netherlands and Luxembourg) remain cautious about how they spend their IT resources. Rather than investing in large-scale multi-year IT initiatives, many companies prefer to focus on projects that can help optimize operational efficiency, reduce costs and shorten time-to-market. Another strong driver for IT investments is new technologies – including mobility, cloud computing, data analytics and social media – aimed at improving the experience for the consumer and maximizing companies' competitive advantage.

Benelux companies have historically demonstrated a strong focus on QA and Testing. This year's research confirms that awareness of application quality continues to grow, and businesses are seeing a strong correlation between testing efficiency, application quality and business benefits, such as increasing speed-to-market. The share of IT budgets allocated to application quality has grown from 16% in 2012 to 26% on average across the three Benelux nations, with research participants from the Netherlands reporting the highest share of IT resources devoted to QA – 27%. Moreover, IT leaders interviewed for the research from across the Benelux region predict a further increase in the proportion of IT budgets allocated to quality – in 2015, QA spending is

predicted to reach 28% of the total IT spend. The reason for such rapid growth of QA spending is a combination of increased demand for application quality, reliability and security and the emergence of new technologies – such as mobile applications – that require additional investments in QA environments, tools, methods and experts.

Rising levels of QA organizational maturity are also evident from the types of engagement models adopted by companies across the Benelux region. Last year, while slightly over half of all projects (52%) were tested in-house, in 2013 the share of internal-only projects has fallen to 39%. Simultaneously, the portion of testing engagements involving managed service partners has more than doubled from just 8% to 20%. Nowadays, organizations are looking for more than just increasing the number of staff as an extension of their in-house QA teams. They are increasingly engaging professional testing service providers to deliver a full spectrum of testing solutions, including expertise, tools, accelerators and methodologies. A growing trend among the companies in the region is to build relationships with one or two providers who can not only demonstrate solid knowledge of testing methods and tools, but also bring strong vertical and regional expertise and become true partners in sharing responsibility for every aspect of application quality.



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In the Benelux region, mobile testing is one of the fastest-growing areas of partnership between businesses and professional services providers. Mobility is seen as a strategic business opportunity, and companies realize the importance of providing consistent, reliable and secure experiences to customers on their mobile devices. Although 56% of research participants state that they currently test mobile applications, most companies lack the methodologies (69%), variety of devices (57%), appropriate environments (48%), and experts (43%) to thoroughly test their mobile offerings in-house. Engaging service providers with a full range of mobile capabilities is rapidly becoming a cost-efficient solution for companies who choose to focus on their core business processes but want to stay competitive in the mobility area.

In addition, more businesses are turning to providers with offshore capabilities in an effort to save costs (the distribution of offshore testers has increased from 24% in 2012 to 29% in 2013). However, the offshore component varies among different sectors and countries in the region. For example, Luxembourg's strongest industry is the Financial Services sector, which is governed by strict data privacy laws, requiring all sensitive data to stay within the country. On the other hand, many Belgian and Dutch companies benefit from the cost savings of offshoring engagements – at least for some part of their testing function.

The research shows that the trend towards centralizing and industrializing the QA function in the region is still going strong. Last year, an average of 37% of interviewed CIOs and IT directors reported that they had no plans for establishing a Testing Center of Excellence (TCOE). This year, the proportion has dropped to just 29%. Nearly a third (32%) of respondents state that they are planning to set up a TCOE either internally or using a third-party provider, and a further 6% say that their TCOE building efforts

are already well underway. What's more, in 2012 only 6% of participants reported that their internal TCOEs were fully operational, while this year, nearly one in five (19%) of interviewed CIOs and IT directors confirms that they have centralized their testing function using in-house TCOEs, with an additional 13% using third-party capabilities.

The Benelux businesses are also widely adopting agile development methods. Although many companies have been practicing different forms of agile for nearly a decade, recently it has become evident that most are only beginning to truly realize the importance of quality in agile delivery, and bringing quality and testing activities into every aspect of the application cycle. The promise of faster application delivery and shorter time-to-market is driving even the largest organizations to implement agile methodologies, and they are bringing their testing practices and maturity levels over to agile projects.

The Benelux companies are not among the earliest adopters of cloud services, but the benefits of the pay-per-use model are becoming very attractive to companies who want to control their spending on IT tools and infrastructure. This year's research found that today, on average 20% of all applications in Benelux are hosted in the Cloud, and 24% of all testing occurs in cloud-based environments – on a par with the global average. However, by 2015, it is expected that as many as 26% of all applications will be migrated to the Cloud, and 31% of testing will be cloud-based.

In the future, Benelux companies and Public Sector organizations are likely to continue with industrialization and centralization initiatives, while maintaining high levels of investment in QA and Testing. Testing is already viewed as a specialized discipline, and with the rise of mobility and cloud computing, the importance of Testing will continue to grow.

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26%

of the IT budget is spent on QA and Testing

69%

of businesses cite lack of adequate processes and methodologies as a barrier to mobile testing

