

WORLD QUALITY REPORT

COUNTRY ANALYSIS

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THE NORDIC REGION

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Top Trends

- This year's research shows that the share of the overall IT budget allocated to QA and Testing has increased from 22% in 2013 to 26% in 2014, and is projected to reach 30% by 2017, close to the global average.
- The share of testing projects carried out exclusively with in-house resources has reduced from 39% in 2013 to 32% in 2014.
- Nearly a third (31%) of applications are now hosted in the Cloud – up from 21% in 2013. However, most companies continue to prefer private cloud infrastructure, citing data security and privacy concerns.

The new reality of companies always open for business and interacting with customers 24/7 through a variety of channels has sparked renewed focus on application quality. Organizations can no longer afford to view quality as an afterthought and risk poor application performance or downtime. In an age of all-channel customer experience, well-structured quality processes are crucial for an organization's reputation and customer satisfaction. This year's research shows that the share of the overall IT budget allocated to Quality Assurance (QA) and Testing across the Nordic countries has increased from 22% in 2013 to 26% in 2014, and is projected to grow even further by 2017, reaching 30% of the total IT spend, close to the global average (forecast at 29%).

To help build a testing organization that can perform application validation accurately and efficiently, a growing number of companies are using specialist testing services providers including outsourced models. The number of projects completed exclusively in-house has reduced from 39% in 2013 to 32% in 2014, with 34% of activities managed through engaging partners on a staff augmentation or capped-capacity basis, and 34% fully outsourced to an external service provider or co-managed with the third-party company. While cost remains the key business reason for increased outsourcing rates, the desire for more consistent and efficient QA and Testing processes is driving the managed services and co-managed type of engagements, which allow for close collaboration between the service provider and the client, and help put in place the foundation for the testing process going forward.

Partners continue to play a key role in helping companies establish centralized and industrialized Testing Centers of Excellence (TCOEs), with 10% of senior IT executives interviewed stating that they have a fully operational TCOE through a third-party provider, and 15% sharing plans to start engaging a service provider with TCOE capabilities. Overall, 27% of research participants from the Nordic region say that they have fully functional TCOEs – close to the global average (26%).

The fact that the number of fully operational TCOEs has not increased compared to last year can be attributed to the differences in interpretation of what it means to have an industrialized testing function in the Nordic region. The growing adoption of agile methods and the need to be closely aligned with the business prompt many organizations to move away from physically centralizing their QA and Testing functions in order to find a balanced solution that best fits their business goals, company size, and application delivery models. The research shows that the most prevalent structure for QA and Testing teams is a combination of centralized and distributed testing groups – reported by 42% of all senior IT executives interviewed. The patterns of preferred testing organization structure in the region mirror those observed across the globe, reflecting the need for both robust centralized governance practices and close collaboration with the business. The research data also shows that the share of companies and public sector organizations with no separate testing stream has reduced from 14% in 2013 to just 11% in 2014, pointing at growing maturity levels and a heightened focus on the QA and Testing discipline.



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Having an operational TCOE in place can be beneficial for agile teams, allowing organizations to establish consistent processes and define focus areas that work well within the agile delivery framework. The number of organizations following agile methods for at least some of their projects has risen from 87% in 2013 to 93% in 2014. Although many challenges remain in the field of agile testing, specifically in the areas of applying automation (reported by 61% of respondents) and finding a suitable testing approach for agile projects (61%), growing maturity and ongoing interest in industrializing QA and Testing processes are likely to help organizations build stronger agile testing practices in the future.

Senior IT executives interviewed for the research state that nearly a third (31%) of their applications are now hosted in the Cloud – up from 21% in 2013 and higher than the global average (28%). However, most companies continue to prefer private cloud infrastructure, citing data security and privacy concerns. The percentage of applications that are being tested using the Cloud has also grown – from 22% in 2013 to 31% in 2014 – although most companies in the region still appear to be in the early stages of defining their cloud-based testing strategies. Many of the new applications that are being developed lend themselves well to virtualization and cloud infrastructure, and as the application portfolios in the region continue to shift from legacy applications to new digital technologies, the rate of cloud adoption will likely continue to rise.

The 2014 research shows that Business Intelligence (BI) and Data Analytics are emerging as important disciplines for many Nordic companies. Over half (51%) of IT leaders interviewed rate these areas among the top two priorities for their IT departments, although when it comes to testing the BI and analytics applications, many organizations don't seem to have the required knowledge and expertise. Key concerns around testing BI projects include lack of suitable testing and automation tools and methods (cited by 52% of IT directors and QA and Testing leaders interviewed) and challenges around acquiring and analyzing data from multiple sources (49%). Strategic partnerships with specialized service providers can help offset the lack of in-house resources, tools and experts, and many companies in the Nordic region prefer to set up BI and Analytics Testing practices through third-party experts, rather than developing in-house capabilities.

Outsourcing is also often used as a preferred strategy for mobile testing. Last year, 60% of research participants reported testing mobile applications and devices, while in 2014 the number of companies in the region actively involved in the testing of mobile technologies has grown to 86%. Research participants report that the top challenges to successful mobile testing include not having enough time to test (48%), lack of mobile testing processes and methods (38%), and not having the right tools (38%).



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