

WORLD QUALITY REPORT

COUNTRY ANALYSIS

2014-15

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Top Trends

- Rationalisation and modernisation of existing systems remain the key focus areas for corporate IT in the UK.
- Although the overall proportion of the QA and Testing budget has not grown significantly year on year, the share of the budget allocated to staffing and human resources has increased from 23% in 2013 to 36% in 2014 – driven by the demand for more technical and experienced testers.
- Cloud adoption rates in the UK remain on a par with worldwide averages, but companies are mostly taking advantage of a private cloud infrastructure and remain reluctant to host their production systems in a public cloud.

Rationalisation and modernisation of existing systems aimed at increasing efficiency, reducing cost of ownership and responding more quickly to changes in market demand remain the key focus areas for corporate IT in the UK. Most companies are focusing on getting the most out of their existing IT infrastructure through optimising legacy systems and integrating innovative technologies to support new development projects. Supporting organic growth through the launching of new products and platforms and enhancing existing products continues to top the priority list for UK IT executives interviewed for the research, with 63% ranking it among the top two IT priorities, followed by 61% rating cost optimisation through process and technology advancements among the key areas of importance for their IT.

Despite the heightened focus on application quality, the proportion of IT budget allocated to Quality Assurance (QA) and Testing activities is not increasing. The 2014 research data shows that the share of IT resources spent on quality has remained nearly flat year on year, with an average of 24% of the IT budget allocated to QA and Testing, compared to 23% in 2013. Several factors can account for this trend.

First, as more UK companies and public sector organisations strive to adopt test-driven development methods, it becomes increasingly difficult to accurately track the resources allocated to application quality. With developers, testers and even business analysts involved in quality activities at every step of the application delivery process, accounting for certain cost aspects becomes more challenging. As a result, even as

companies are doing more testing, their QA and Testing cost structure changes, which may not be reflected accurately in reported budget figures. Additionally, organisations are gaining efficiencies through automation – especially for regression testing activities. UK businesses have been allocating most of their testing budget to new development projects for the last two years, with 46% allocated for maintenance work in 2013 and 47% in 2014.

Another important factor contributing to increased efficiency in quality processes is the shift toward outcomes-driven testing. Organisations that used to rely on internal-only teams or temporary contractor resources are realising that their current models don't offer optimal effectiveness and flexibility. The trend toward outsourcing that was highlighted in the 2013 report continues into 2014, with less than a third (32%) of testing projects completed using in-house resources only, and the remaining two-thirds done in collaboration with service providers through a variety of models.

One in five (20%) testing projects is co-managed together with the professional services provider – an increase from 16% a year ago. Clients are expecting more from external parties – the focus has shifted from supplying testing resources for the project, to delivering the value-add of knowledge, expertise, tools, methods, metrics and processes to help transform the customer's testing organisation.

Although the overall proportion of QA and Testing budgets has not grown significantly year on year, the share of the budget allocated to human resources has increased from 23% in 2013 to 36% in 2014 compared to those of test



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infrastructure and tools. This can be attributed to organisations finding more cost-effective ways to set up and manage test environments. On the other hand, with the increased usage of agile methods mainly driven by digital initiatives, businesses need testers who have additional skills such as knowledge of specific vertical markets and business processes and the ability to closely collaborate with different functions. These skills are usually seen to be acquired onshore, which contributes to the growth of the proportion of budget allocated to human resources. Staffing is likely to continue to remain the highest investment area for QA and Testing.

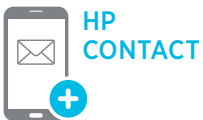
The research data also shows an increase in the number of senior IT executives who report having a centralised and industrialised Testing Centre of Excellence (TCOE). Nearly a third (31%) of IT executives interviewed for the research state that their TCOEs are fully operational either through a third party or using internal resources (compared to 27% in 2013 and 7% in 2012), and 45% of participants say that they have plans to build a TCOE or have already started the process within the last two years. Centralising quality processes, metrics and tools doesn't mean that QA and Testing teams are consolidated in a single central location. In fact, most companies gravitate toward a combination of centralised and decentralised structure for their testing function, with 35% of senior IT executives stating that they configure their QA and Testing organisations with a mix of distributed teams close to the line of business and a central function to provide overarching governance and process control.

The preference for deploying a mix of centralised and decentralised teams is also affected by the usage of agile

development methods. The number of respondents who state that their organisations use agile methods has risen from 87% in 2013 to 94% in 2014. Although a number of obstacles persist, one in five (20%) research participants report that they have no real challenges in testing agile compared to 14% worldwide, which suggests growing levels of maturity in applying testing processes in the context of agile development in the UK.

Cloud adoption rates among UK companies remain on a par with worldwide averages, with research participants reporting that in 2014, 29% of applications have been migrated to the Cloud – an increase from 22% in 2013. However, the adoption rate is lower than those of North America (32%) and the Nordic Region (31%). Organisations are still mostly taking advantage of a private cloud infrastructure and remain reluctant to host their production systems in a public cloud. Many large companies with intricate landscapes of complex back-office systems are still early in the process of developing cloud and virtualisation strategies, while smaller organisations are quicker at migrating their front-end systems to a cloud infrastructure.

However, the cost-savings benefits of the Cloud are compelling companies of all types and sizes to increase their focus on cloud technologies, and research participants predict that by 2017 as much as 36% of all applications will be hosted in the Cloud. Cloud-based testing is also experiencing strong growth, with over a third (36%) of all applications being tested in the Cloud (up from 23% in 2013), and by 2017, IT executives interviewed predict that more than half of all testing (53%) will be performed using cloud-based infrastructure.



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