



# Software Testing Services Assessment and Forecast

Market Analysis  
Abstract

September 2014  
[research.nelson-hall.com](http://research.nelson-hall.com)





## Who Is This Report For?

NelsonHall's "Software Testing Services Assessment and Forecast" report is a comprehensive market assessment report, designed for:

- Sourcing managers investigating sourcing developments within software testing services and IT services overall
- Vendor marketing, sales and business managers developing strategies to target software testing service opportunities
- Financial analysts and investors specializing in the IT services sector, including IT outsourcing, application management and software testing.

## Scope of the Report

The report analyzes the worldwide market for software testing services. It addresses the following questions:

- What is the current and future market for software testing services?
- What are the client segments for software testing services and their characteristics? What are the drivers, benefits, and inhibitors for each segment?
- What is the size and growth of the software testing services markets by client segment, geography, service line, activity and sector?
- How did spending grow in 2013 and how will it increase in 2014 and onwards?
- What are the offerings in the market?
- How is the market organized? Who are the main vendors? How can they be assessed and compared? What are the criteria to assess the service offerings and offering strategies of the different vendors?
- What are vendor challenges and critical success factors by market segment?



## Key Findings & Highlights

NelsonHall's market analysis of the software testing services market consists of 112 pages.

Software testing services spending remains strong and growing solidly, by IT services standards, to ~+10%. Growth is fueled by overall interest in software testing and quality assurance, to: 1. improve quality of software that has been developed; 2. enhance quality from the software design phase, as opposed to testing once it has been developed.

In concrete terms, clients are transferring their spending budget from testing activities performed by non-career testers, e.g. business analysis, and developers to work performed by testing professionals.

Spending growth on testing is accelerating in 2014, thanks to better economic conditions.

Client demand for testing services remains largely related to efficiencies and cost savings associated with higher software quality. This is materializing into the set of shared services testing centers or TCoEs, to centralize testing for the client, standardize tools and processes, relocate work to India and drive automation levels.

Approximately 75% of spending is around functional testing, including both manual and automated testing services. Non-functional represents approximately 7% of software testing services spending. New offerings, QA consulting, and test data support services altogether, 19%.

Spending on traditional functional testing is set to grow more slowly than the rest of the market. This is because client budget is shifting towards new types of applications, e.g. mobile apps, website enhancements, new usages: datawarehousing/data testing, to new services: code quality assessment, model-based testing, or to test support activities such as data management, environment provisioning and service virtualization/release management.

Meanwhile adoption of agile testing is growing. Agile testing remains an open territory in terms of best practices, productivity measurement and location.

Looking ahead, two initiatives are to modify the current software testing market: the emergence of platform-based testing services and new strategies around proprietary IPs and tools.

The emergence three years ago of mobile app testing has started to change the way testing is conducted, towards a different sourcing approach, where vendors, not clients, will decide on HR including personnel selection and ramp-up. Platform-based testing is to drive centralization of work, from factories with the right tools and practices.

Meanwhile, a number of testing services vendors are reconsidering their IPs and tools, and moving from providing them as part of the services towards selling them as software products. The approach, which is part of a non-linear growth mode from a vendor perspective, needs to be understood in more detail: a key factor to consider is whether price increases in a number of IPs and tools brings benefits to clients, in terms of investment in the tools, and visibility on features and roadmap.

## Contents

1.	Introduction
2.	Changing Shape of Software Testing Services
3.	Buy-Side Requirements
4.	Market Size and Growth
5.	Market Size and Growth by Service Line
6.	Market Size and Growth by Client Segment
7.	When Will the Solid Growth in Software Testing End?
8.	Vendor Market Shares
9.	Vendor Offerings: Current Offerings and the Future of the Industry
10.	Platform-Based Testing: Current Offerings and the Future of the Industry
11.	IP & Tools: Current Offerings and the Future of the Industry
12.	Vendor Targeting
13.	Vendor Challenges and Success Factors
	Appendix 1: Definitions
	Appendix 2: Vendors Researched

## Report Length

112 slides, consisting of 13 chapters

## Vendors Researched

Accenture, Amdocs, Atos, Capgemini, Cigniti, Cognizant, EPAM Systems, HCL Technologies, Infosys, Tech Mahindra, L&T Infotech, Maveric Systems, Mindtree, NiiT Technologies QualiTest Group, Syntel, TCS, Virtusa and Wipro.

## Report Author

Dominique Raviart

dominique.raviart@nelson-hall.com