

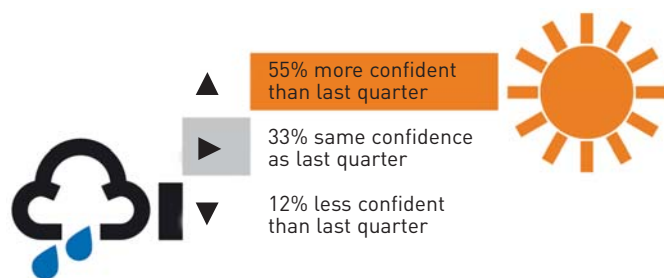


Welcome to the latest edition of MarketWatch from Centre4 Testing, an objective look at the current mood, trends and hot topics in the contract software testing marketplace. Our survey is formed from the results of an extensive survey of our clients and contractors during the summer months of 2007.

What are the reasons for project failure? In addition to reporting on market sentiment, in this latest issue we asked testers for their views on the single most common reason for the failure of large scale system developments. We think you'll be surprised at the results.

Market Sentiment

Our survey this quarter was polled during the summer weeks of turbulence in the financial markets yet despite the world-wide credit crunch and prophetic headlines, confidence in the contract testing market remains strong. Our barometer shows that 55% of respondents feel more confident about prospects for the next three months when compared with the last quarter. Perhaps what is more revealing though is the fact that more of you have got off the fence this time around – those suggesting no change in the status quo slipped from 42% in our last survey to 33% this time. In getting off the fence, a notable 12% told us that they feel less confident about prospects for the market this Autumn, compared to just 4% last quarter - a rise of threefold.



Jobs advertised

On 14th September, jobserve.com™ advertised 1,938 contract testing vacancies. We are astonished since this is a jump of more than 14% up from May which in itself was a 24% increase on the first quarter of 2007 when a relatively low 1,360 contracts for "test analysts" or "testers" were posted on this industry leading jobs board.

Rate of pay

Notwithstanding the significant increase in contracts advertised for testers, rates for Test Analysts have slipped a little over the last quarter, from £317 for a professional day to £311 this time. And whilst we cautioned against the optimism of 3% summer rate rises which our survey told us was on the cards, we are a little surprised that rates have actually gone down, since experienced testers with a proven track record in key industry sectors are thin on the ground. Still, our audience is as optimistic

as ever and tell us that they are expecting rate rises to £326 in the next few months. That remains to be seen.

Despite the slip in day rates for testers, Test Managers on the other hand have enjoyed a distinctive 'purple patch' this Summer. Rates have jumped from £424 per day to an average of £438, a rise of over 3% in just a few months. What's more is that this traditionally conservative survey pool is forecasting further rises to £458 per day before Christmas. We sound a note of caution here but wholeheartedly concur that demand for Test Managers, particularly with a background in the finance sector, is very strong today. The other dynamic to bear in mind with this sample is that whilst we poll many hundreds of colleagues every single week, an average day rate is just that – for example, for every SAP Test Manager who is earning something like £700 per day, there are a couple of Test Managers working with mid-tier organisations earning £300 per day. Bear in mind that the rate differential for Test Managers is markedly wider than that of their team members, the Test Analysts.

	2005 Q1	2005 Q2+Q3	2006 Q1	2006 Q2	2006 Q3	2007 Q1	2007 Q2	2007 Q3
Test Analyst	£289	£302	£314	£310	£320	£313	£317	£311
Test Manager	£422	£429	£422	£429	£435	£427	£424	£438

See the Market Watch section on www.centre4testing.com for data from earlier surveys.

Why systems fail

In our experience it's testers who are often asked to pick up the pieces when projects come off the rails or systems crash. With this in mind, we were interested to know your thoughts on why projects go wrong in the first place. What you told us will raise many eyebrows. We thought you would relish telling us about lack of budgets and understaffed development and testing teams, but this wasn't the case at all.

Our survey told us in no uncertain terms that the Number One reason for project breakdown – with 45% of respondents concurring – is down to poor requirements gathering. Those of us who have banged the testing drum for years will know this to be true – poor requirements capture means poor system design and so the waterfall of catastrophe continues. Test Managers will tell their Programme Directors time and again that testing should start at the requirement gathering process ie test the high level system design against the user requirements before the system is specified and long before the first line of code is cut. However, to often the Test Manager is recruited way after the whole thing has been designed and the user requirements have been shredded. It's the IT equivalent of Chinese whispers.

The next most popular reason given for project debacles, with 20% of the vote, was unrealistic timescales. In the rush to get

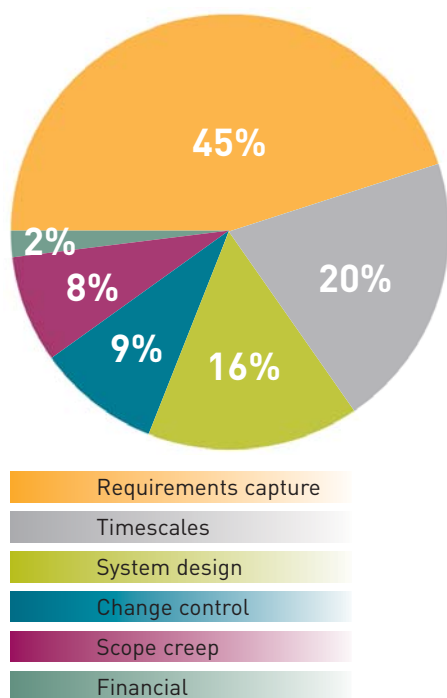
that killer application into the market, project teams fall over themselves and are forced to make judgements on business processes and priorities that can often be out of sync with what the user community requires. Of course, the timescale can also be too long and, as has been the case with several high profile Government-sponsored developments, the system becomes an unwieldy beast with a life of its own and functionality that has long surpassed the user requirements of several years hence.

Poor system design was blamed by 16% of our survey but this is perhaps a symptom as well as a cause, since poor design can come from poor requirements capture, for example. However, the point is well made and builders in the construction industry will draw the parallel with architects designing unworkable solutions.

We'd like to bundle the next two reasons together. Inadequate change control was cited by 9% of respondents whilst 8% lay the blame for system failure at the door of scope creep. We all accept that business requirements change and that human nature suggests that it's only when the system is in development that users will really think long and hard about 'their' system, but development teams need to respond with more robust change controls and release plans that testers can ratify of course. Many will suggest that we're back to 'poor requirements' gathering again.

Many other reasons for project failure were offered to us, including mismanaged IT outsourcing, poor project management and communication breakdown but in the main these are all elements of the above primary reasons. What was most enlightening about our survey was that only 2% of respondents suggested that financial constraints were the source of the evil.

Why systems fail



The cost of failure

We asked those taking part in our survey to recollect for us the most notable system or project failure in their view and whilst we limited this to the last five years it seems we have long memories when it comes to recalling disasters. In the Government sector,

where project failure seems to have proliferated, it was the NHS systems that were mentioned time and again but also difficulties with the passport office project of years gone, the pensions debacle, the Child Support Agency and the Inland Revenue (who now, in our view, take a very much more robust approach to testing).

In the private sector, you relived for us the nightmares faced by online banking as well as security breaches in high street stores. There were also a number of telecoms failures that hit your top slot.

It's difficult to measure the cost of a failed project. It could be financial, but more likely it's reputational risk that's on the line and sometimes even lives, for example in the case many years ago of the failed London Ambulance system.

Summary

Finance Directors can rest easy. We discovered in this survey that projects can fail for many reasons but perhaps the most telling conclusion is that it's rarely because of penny pinching. Rather it's down to allocation of resources that is the issue. We're not afraid to get on the pedestal with our conference-circuit counterparts and plead with the powers that be to test early and test often. Don't discard those user specifications until you've tested them against the system functional spec. It may not simply be your own reputation on the line, but that of your whole organisation or, dramatically, even lives that are put at risk.

Rates-wise, we've yet to see the financial markets turmoil impact demand in software testing. We've had blips before, most recently in Autumn 2001 and before that 1998 but it took just a few months for our market to get back on an even keel. The demand we referred to earlier on jobserve, the internet jobs board, endorsed by our own exceptional rate of business growth indicates a strong market and long may that continue.

When you consider our first survey of Q1 2004, all testers have enjoyed healthy rate rises, with Test Analyst day rates being 16% higher than they were some three years ago and rates for Test Managers being 14% higher. It may have been the gloomiest summer weather for many years, but in the software testing market at least, the sun continues to shine.

Take part in MarketWatch

The information in MarketWatch is based upon the hundreds of conversations that we have with testing professionals each week. You can also complete the MarketWatch survey online, and download this and previous surveys in PDF format, at www.centre4testing.com Our thanks as always to everyone who is contributing.

If you have any thoughts or feedback, including ideas for questions we should ask or measurements we should take, please contact us on 0870 850 3434 or at marketwatch@centre4testing.com



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