

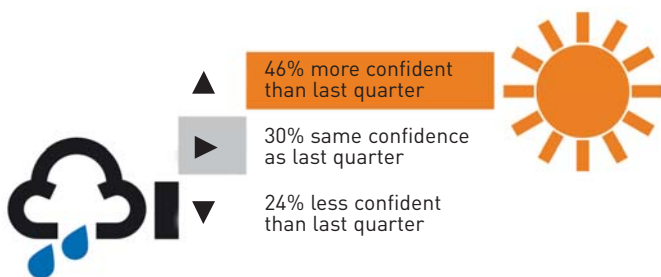


Welcome to the latest edition of MarketWatch from Centre4 Testing, an objective look at the current mood, trends and hot topics in the contract software testing marketplace. Our survey is formed from the results of an extensive survey of our clients and contractors during the winter months of 2007/8.

In this edition, we also talk to Terry O'Loughlin, SQM Practice Manager at global systems integrator Computer Sciences Corporation and share with you his personal insight to the testing sector today.

### Market Sentiment

On the basis that our previous survey was undertaken just as the financial markets hit turbulence, then this current survey was polled as we went into tail spin. Against this backdrop, our all-important confidence barometer makes for intriguing analysis. In response to asking our community whether they feel more or less confident about prospects for the next 3 months when compared with the last 3, then 46% tell us that they feel more confident. Whilst that's not a majority by any means, it is the largest sample group since 30% tell us they're less confident and 24% feel that there's likely to be no change. It's the last group that surprised us most because it's literally twice the number of fence-sitters over last time. With headlines screaming "Recession" and rogue traders seemingly running amok it's also surprising that testing doom mongers actually reduced in numbers in this survey and decided to sit on their hands instead.



### Jobs advertised

On 6th February 2008, jobserve.com™ advertised 1,301 contract testing vacancies which is a massive 32% fall-off from Autumn's figure of 1,938. However, this internet job board has recently changed the classification of many vacancies and it's possible that this goes some way to explaining such a swing. If that's not the reason, then don't panic. We're at exactly the same level as we were 12 months ago.

### Rate of pay

Now we start to understand why testers aren't feeling as nervous as those in other pockets of the UK economy. You see, rates have

actually risen over the last quarter. That's right, whilst they slipped a little last time around, they've now gone up by a significant £9 per day to £320 per day. A rise of nearly 3% in as many months and exactly what the market told us to expect earlier last summer. What's more, you're telling us to expect yet further rate rises to £333 per next quarter, that's a rise of 4% and not something that we believe will happen.

Test Managers continue the 'purple patch' that we highlighted last time, with rates edging up £2, from £438 to £440 per day. Even this sanguine sector of our community tells us that they're looking for £456 per day before mid-summer.

We were surprised at the slip in rates for testers last time, it didn't seem justified. However, testers must be rejoicing at the upward spike. But whether you're a tester or a hirer of testers, before you get on the 'phone to your Agent, remember the City's morbid phrase for this scenario - "dead cat bounce", which suggests that a temporary blip upwards can quickly be killed off by a downward trend.

|              | 2005 Q2+Q3 | 2006 Q1 | 2006 Q2 | 2006 Q3 | 2007 Q1 | 2007 Q2 | 2007 Q3 | 2007 Q4 |
|--------------|------------|---------|---------|---------|---------|---------|---------|---------|
| Test Analyst | £302       | £314    | £310    | £320    | £313    | £317    | £311    | £320    |
| Test Manager | £429       | £422    | £429    | £435    | £427    | £424    | £438    | £440    |

See the Market Watch section on [www.centre4testing.com](http://www.centre4testing.com) for data from earlier surveys.

### The voice of reason



Terry O'Loughlin  
SQM Practice Manager at CSC

As we steamed into 2008 we thought it might be fun to put the spotlight specifically on one of our clients and we're delighted that Terry O'Loughlin, SQM Practice Manager at CSC rose to the challenge. Terry has been involved in testing for over 30 years and there's no doubt that he knows what he's talking about. Computer Sciences Corporation is no shrinking violet either - this is a leading, multi-faceted systems

integrator that employs more than 89,000 people around the globe. In fact, Terry started the UK quality practice in 2001 and one of the first things he tells us is that he's rebranding. You see, not everyone thinks of testing when they think of quality so he's now going to spell it out for them by incorporating Testing

Services into the practice name, where approximately 85% of Terry's resources are engaged directly in testing and the remaining 15% in configuration, environment and release management.

Terry is adamant that demand for testing resource is higher than ever before. Sure, some programmes might be slower at getting their funding lined-up but projects in financial services, utilities and government sectors alike are paying for his testers. Attrition rates for testers now match those across the rest of IT, where organisations and projects compete for the best quality resource. Terry's not at all surprised by the recent rises in testers day rates. And whilst there may be more competition facing organisations like CSC when they're tendering for contracts, there's also a lot more work for them to pitch for. The IT industry has talked about it for years, but Terry is now truly witnessing his clients depending upon IT to differentiate their propositions. Says Terry, "have you ever seen financial services organisations succeed by cutting costs?". These businesses depend upon short time-to-market products to give them competitive advantage.

Terry does concede that there are pockets of uncertainty but he also reminds us that at this time of the financial year it's quite normal to hold investment plans until new year budgets are finalised. Like us, he has seen an increasing number of contractors looking to resume their careers as permanent employees, particularly more senior testers.

We asked Terry for his views on outsourcing testing offshore. Is this really the way forward we questioned? After all, CSC itself has made recent acquisitions in India. Our fears were allayed, since while Terry believes that there maybe a case to offshore basic script writing and execution, it's more likely that the majority of programmes simply won't realise the scale of cost savings they were predicting. It seems that requirements gathering and design documentation standards have to be that much higher - it's not as if our analyst and developer colleagues can wander over to our floor for a chat about their business processes and how we might test them. And given that in our last survey we identified poor requirements capture as the #1 reason for project failure then we need to take Terry's counsel seriously, "organisations are not as mature as they'd like to think". But Project Managers still delude themselves with false confidence of delivering testing through super-human effort in impossible timescales, he says. Amusingly, Terry shares us with an aside from a recent testing summit he attended, where delegates considered a graph of confidence versus testing. It shows that project confidence increases until such time as testing properly kicks-in - and then it plummets!

On the subject of IT outsourcing generally, one benefit to us in the testing market pointed out by Terry is the fact that outsourcing tends to smooth demand. There are, after all, a set of SLA's that have to be maintained over the life of the contract. Interestingly, he also suggests that a number of organisations have gone through the full life-cycle of outsourcing now and perhaps equal to the number of first-timers considering outsourcing today is the number of businesses who are now looking to bring IT back

in-house. In fact, Terry believes that it's not the threat of outsourcing that testers should be wary of, it's the sheer number of offshore testers who have migrated to the UK and are competing with the local community for work. That's not a problem in itself, of course, and has also proved beneficial but it's especially hard to discern whether their CV's are an accurate reflection of their capability and real experience since cultures and benchmarks can be markedly different. Terry's advice on how to compete with this influx of testers? At least get yourself qualified with an ISEB Practitioner Certificate in Software Testing. Tools experience is also high on his list.

### Summary

We would be mad to delude ourselves that we're operating in a bubble that is impervious to the pressures on the rest of the economy. However, the empirical evidence of our survey clearly shows that demand for first-rate testers is still challenging supply. The simple economics of recent rate rises underpins that argument at least. But when the status quo of a whole economy is at the cusp of change then it is inevitable that pockets of that economy react at different speeds. We should be thankful that demand has held up for testers but we shouldn't rest on our laurels and whilst hirers of testers would be ill-advised to miss out on first-class resource by negotiating too hard on day rates, neither should testers expect rate rises to go on unabated. The real goal, in fact, is to ensure continuity of work.

We're very grateful to Terry O'Loughlin for sharing his views with us this time around. The outlook for the rest of 2008 according to him? It's going to be another good year. Fingers crossed Terry, fingers crossed.

### 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](http://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](mailto:marketwatch@centre4testing.com)



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