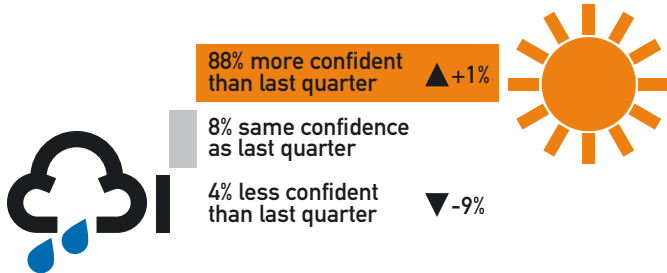


MarketWatch with Centre4 Testing

Every quarter we take an objective look at market sentiment, trends and hot topics in the contract software testing market, based on our customers' and contractors' answers to pertinent survey questions.

Market sentiment

Compared to last quarter, **88% of contractors and the test managers who employ them feel more confident** about prospects for the sector.



So, it seems that the overall market is on an upward curve. However, perhaps the pockets of doubt can be explained in part by a 'bumpy' May which started well and then stalled for a couple of weeks before improving again. Whilst many expect the summer months to be a quiet period we find that demand is fairly constant despite the holiday season.

In the past few years, many organisations have "sat on their hands". We are now seeing for the first time significant expenditure on brand new IT projects, rather than just integration patches and glorified change requests.

Jobs advertised

On 28 June 2004, **1,556** contract testing vacancies were advertised on jobserve.com™ – an **increase of more than 10%** on April's sample.

Rate of pay

Our methodology for reporting rates is based upon the amount actually paid to contractors. This removes the discrepancy of a wide range of margins applied by recruitment agencies and consultancies who then sell on the contractor to the end client.

	2003 Q4	2004 Q1	2004 Q2
Test analyst	£268	£280	£308
Test manager	£384	£400	£425

For the second quarter in succession, the rates have risen – up **10%** for Test Analysts and **5%** for Test Managers, on average.

Obviously these rates are open to interpretation. We always recommend that contracts are evaluated on their individual merits, such as opportunity to gain new skills or experience, rather than solely by the rate offered.

Market skills

The top three skills in demand by our clients today are:

- 1 Oracle/SQL
- 2 .NET
- 3 Client-server

Experience in the **financial** sector is currently in greater demand than that in any other industry.

Focus on banking and finance

The finance sector tends to fall within two distinct streams. The retail market represents high street banks and lenders and general insurance companies whilst investment banks typify the umbrella term "City".

Not surprisingly, the consumer credit boom of the last few years has driven retail lenders to develop new products for the market and these have required extensive investment in new systems and therefore testing. We are also witnessing CRM projects which, in keeping with other consumer markets, aim to profile consumers and target them with a range of cross-selling opportunities. **Siebel** is one such application skill-set that is in demand for testers.

Surprisingly, the **Chip & Pin** retail banking milestone has so far failed to lead to a material increase in demand for software testers. From 1st January 2005, any retailer not using a PIN based credit card system will be directly responsible for picking up the tab for credit card fraud, which currently falls to the card issuer to make good.

In the City, the hot topic for discussion is **regulatory compliance**. At Barclays Bank, compliance is reportedly "chewing up 40% of [IT] investment spend" (source: Computer Weekly 15/6/04). Corporate governance regulations, including Basel 2 and Sarbanes-Oxley, require organisations to be able to provide compliant reporting right across their diverse systems. Consequently the single most important driver is for cross-platform data integration. It's not just City firms that are being hit: organisations with interests in the USA reportedly have some way to go before US accounting standards are met. **Integrated trading exchanges** have previously led the way in data integration, with their straight-through-processing systems and increasingly sophisticated end-of-day automated reconciliation.

Whilst we haven't seen a huge demand for software testing in the City in recent years – and certainly nothing like the peaks we witnessed in Year 2000 and EMU compliance – there's no doubt that a head of steam is building again. In fact, it was recently suggested that salaries for some permanent IT professionals in the City have risen by as much as **15%** in the last six months.

We have seen the strongest demand for contract testing resource in the **consumer finance** sector, with many projects involving credit cards, consumer lending and mortgage systems. This has had a positive effect on the average rates for contractors with a strong retail finance background. In comparison to requirements from other sectors, some retail finance requirements are offering rates **4.5% higher** than positions within other industry areas.

Projects such as **regulatory change**, which require proven business knowledge, are having a positive impact on rates. As these projects move from planning to execution and the business knowledge becomes less vital, we expect a levelling of the rates – but with such a high number of compliance requirements and new projects on the horizon, we predict that this sector will be one of the busiest over the next year or so.

Take part in Marketwatch

You can now complete the MarketWatch survey online at www.Centre4Testing.com. We would greatly appreciate your input.

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.