

MarketWatch with Centre4 Testing

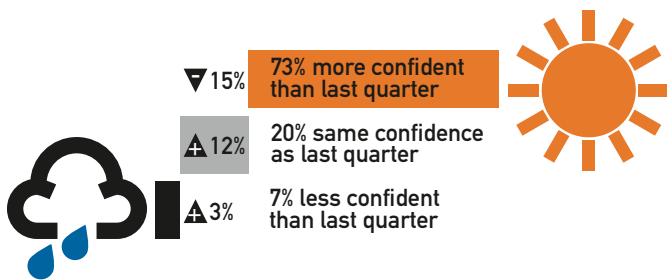


Every quarter we take an objective look at market sentiment, trends and hot topics in the contract software testing market, based on our customers' and contractors' answers to pertinent survey questions.

Market sentiment

73% of contract testing professionals feel more confident about prospects for the sector over the next quarter versus the last quarter. This is a marked shift from the last survey when 88% of respondents felt more confident. Notably, 20% believe the market has reached a plateau.

Computer Weekly's IT Expenditure Report published on 14th September states that IT expenditure in 2004 has eclipsed previous years, going back as far as the Y2K boom period, and that IT spend in 2004 is a significant 9% up on last year but growth will ease back to 4-5% in 2005.



Colin Speirs, CEO of specialist test consultancy Zebra Three, believes that we will experience a more gradual increase in demand now as the average project becomes smaller. "Whereas 2 years ago you may have had a chunky, £30m IT programme, today you're more likely to be part of a bite-size £3m project. Smaller projects give organisations more flexibility and are more in line with ever-changing corporate strategies; companies today have much more stringent controls around project management and budgeting." Speirs believes that organisations are finally realising that structured testing, incorporated early into the software development lifecycle, really can help mitigate the risk of project failure and are beginning to accept the economic case for a robust test methodology. On the other hand, 34% of our survey respondents still cite lack of time for testing as being the biggest challenge they face. Other familiar issues include the perception of testers as less skilled than developers and the expectation in most organisations that internal staff will support much of the testing phase.

The financial services sector continues to experience the highest level of demand for testing resource, and Speirs points to the consumer finance sector in particular. However, he suggests that the mobile device market is also once again a big growth area to watch; not billing systems projects this time, but increasingly sophisticated handheld applications with very high usability. The boom area for IT spending is services, especially online information services. Outsourcing and the public sector, particularly the NHS, are also key growth areas.

Jobs advertised

On 30th September, 1,393 contract testing vacancies were advertised on jobserve.com™; a decrease of 10% on June's sample taking us back to where we were in April!

Rate of pay

Our table shows the average rates actually paid to contractors, excluding any agency or consultancy margin.

	2003 Q4	2004 Q1	2004 Q2	2004 Q3
Test analyst	£268	£280	£308	£307
Test manager	£384	£400	£425	£414

The change of one pound per day for test analysts over last quarter is negligible. The message is that rates did rise quite sharply in the first half of 2004 but have now stabilised, which is what most of us would expect in an efficient market place. It's much the same story for test managers and nothing to worry about. However, it does mean that contractors shouldn't let overwhelming confidence for the next quarter cloud their judgement when negotiating a sensible rate for their new contract or extension.

Indeed, without knowledge of this data, Speirs predicted that rates may begin to plateau. However, he says that premiums will be paid for specific technology or business applications skills (see below). Test automation skills will continue to be in demand and Speirs points to the low numbers of contractors with experience of Mercury's new QuickTest Professional product, which is replacing WinRunner in many organisations.

Market skills

Speirs feels that Java and Oracle are the technical skills most in demand in testers. SAP is also back on the radar. The "web applications experience" category cited by many respondents might, of course, include technical skills in any of the other categories named here; however Speirs believes experience with IBM WebSphere or BEA WebLogic is also in significant demand.

- 1 Web applications
- 2= Test automation, Oracle
- 3 Java/J2EE
- 4 SAP

Summary

We've had it good this year. The future looks bright but we shouldn't expect demand and therefore pay rates to continue to grow at the same speed. You're really sitting pretty if your background is in financial services and your technical skills include a potent combination of Oracle, web applications and the latest test tools. Of course, if you're recruiting for these skills you may be one of those test managers who realises that experienced contractors with these skills are harder to find than they were this time last year.

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. Thanks 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.