



Testing Services Market Update 2015 – Digital Testing, Buyers Beware!

Application and Digital Services
Market Report: September 2015 – Preview Deck

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- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
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- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

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¹ Banking, financial services, and insurance

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This report focuses on independent testing services and provides insights into key trends governing the marketplace

NOT EXHAUSTIVE

This report focuses on “independent testing services” and considers services where testing components are included in a separate Statement of Work (SOW) for the engagement and delivered by career testers

 Focus of research

Independent testing services

- Advisory services (QA assessment & framework, test processing consulting, etc.)
- Domain-based testing (domain-specific functional testing, compliance testing, etc.)
- Test data management and tool services
- Manual testing (functional system testing, SI testing, UAT, etc.)
- Enterprise application testing (SAP testing, CRM testing, etc.)
- Performance testing
- Specialized testing (service virtualization, SOA testing, etc.)
- Cloud-based testing (TaaS)
- Mobile apps testing
- Infrastructure testing services

This report also provides insights into market growth, transaction trends, competitive landscape, and overall trends

Summary of key messages

Enterprises are rapidly adopting digital technologies and yet need to enhance their legacy systems. The need for comprehensive testing of these different type of systems create unique challenges for enterprises and opportunities for service providers. Enterprises feel challenged in testing digital solutions in-house and will rely on service providers. However, providers must enhance their traditional testing capabilities to serve the digital testing market.

Enterprise will find this research useful to understand key challenges their peers are witnessing in testing digital solutions. They will also find insights into the collaborative engagement they need to undertake with providers to make their digital journey a success. Testing service providers will benefit from this research by understanding the market size, growth, deal trends, and strategies to serve digital testing market

Some of the findings in this report, among others, are:

Major highlights and key trends

- Enterprises realize that though digital systems need to be introduced at a rapid pace, this can never be an excuse to not test these systems comprehensively
- They also believe they lack internal talent to test these systems and have to judiciously invest between next-generation and legacy systems testing. Their expectations from service providers are changing from traditional testing models to innovation

Overview

- Global testing services market is growing over 7%. Independent testing services market is expected to outpace global testing services market to reach over US\$25 billion by 2020
- FTE-based pricing continues to dominate. However, buyers have now also become proactive in holding service providers accountable for output from testing projects

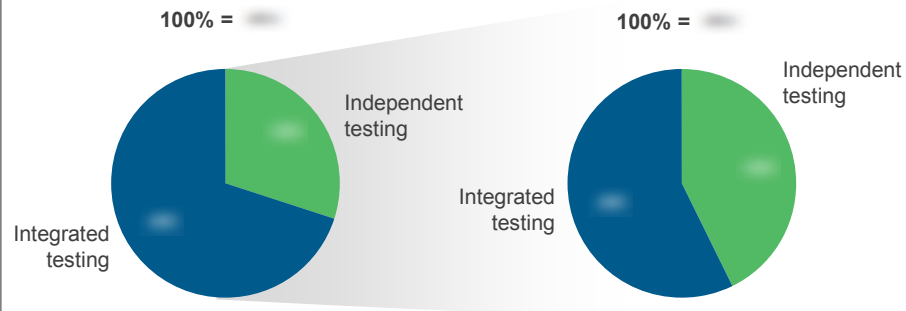
Buyer adoption

- Testing services, much like other IT services, witness high anti-incumbency and 37% of engagements are not getting renewed with incumbents
- North American clients lead the adoption of independent testing services. Their contribution to deal volumes and value far outnumber any other geography
- Buyers at the opposite end of size spectrum drive testing services market. Together mega buyers and smaller customers contribute over 70% of engagements

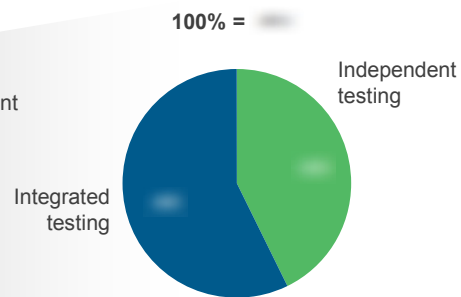
This study analyzes the testing services market in terms of trends in size, value, anti-incumbency, and buyer expectations

Testing services market size

Global testing services market
2014; US\$ billion

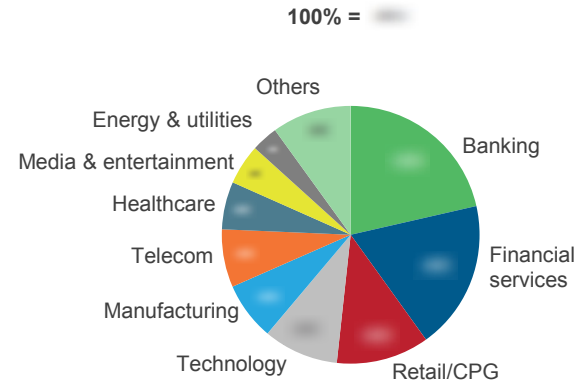


Global testing services market
2020(E); US\$ billion



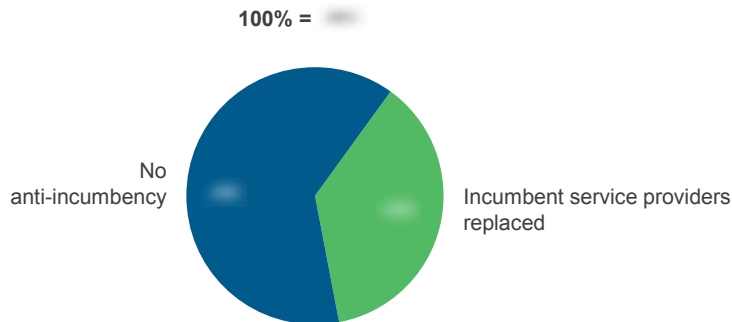
Independent testing services market – by industry

Global independent testing services market size by industry
2014; US\$ billion



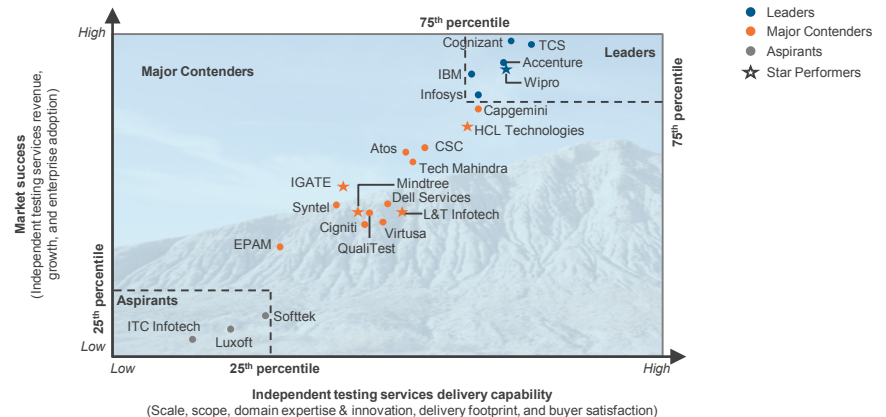
Anti-incumbency in testing services

Anti-incumbency in testing services
2012-2014; Number of deals



Independent testing services PEAK Matrix

Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix for independent testing services



Source: Everest Group (2015)

Application and digital services research calendar

Topic	<div> <div>Published</div> <div>Current</div> </div> Release date
Optimizing IT Service Delivery: Technology is the Answer	February 2015
Practitioner Perspectives – Wayne Butterfield Interview	March 2015
Upcoming Contract Renewals – Application Services	March 2015
The Agile Journey: Following Agile to Being Agile	May 2015
Application Services – Annual Report 2015: “Agile to DevOps? Not so Fast”	July 2015
Enterprise Digital Adoption: High Returns, Will They Sustain?	July 2015
Independent Testing Services – PEAK Matrix™ Assessment and Profile Compendium 2015	July 2015
North America Digital Adoption Survey – How Pervasive is your Digital strategy?	August 2015
Independent Testing Services PEAK Matrix™ – Europe-focused – Assessment and Profile Compendium 2015 ..	September 2015
Testing Services Market Update 2015 – Digital Testing, Buyers Beware !	September 2015
Digital adoption market update – Europe focused	Q3 2015
PEAK Matrix – Digital Services	Q3 2015
PEAK Matrix – SaaS implementation	Q4 2015
What's Your Mobility Strategy?	Q4 2015

Additional research recommendations

The following documents are recommended for additional insight into the topic covered in this research. These documents either provide additional details on the topic, or complementary content which may be of interest

1. **Independent Testing Services – PEAK Matrix™ Assessment and Profile Compendium 2015** ([EGR-2015-4-R-1506](#)); 2015. This Everest Group research provides a comprehensive assessment of leading IT service providers in independent testing services. In this report, we provide the profiles and assessment of 23 IT service providers featured on Everest Group's PEAK Matrix for independent testing services. In addition to the assessment of the 23 service providers' capabilities and market success, the report also provides insight into their scale of operations, scope of coverage across the independent testing services spectrum, and domain investments.
2. **Boosting Productivity in Independent Testing Services:** ([EGR-2014-4-V-1138](#)); 2014. This report continues our ongoing research on the productivity agenda for the broader IT services market, with a specific focus on testing services. This report contains:
 - A productivity maturity framework for testing services
 - Best practices for boosting productivity in testing services
 - Recommendations for enterprises seeking to enhance productivity in testing services

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