Challenges and Growth Prospects for the Software Testing Industry

To Mitigate Risk

You need a Specialist!

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Discussion outline

How do we capitalize on the 'anticipated' strong growth of the ' software testing' industry ?

- The size of Software Testing Market

- Market Structure

- Some key Management Challenges

- Options for players

Sizing the Software Testing Market (source Nasscom)

Testing Services Market	2010	2020	Absolute growth	CAGR
	$ Bn	$ Bn	Percentage	Percentage
A. Total global market size	30.0	50.0	67%	5.24%
B. In-house component (65% of A)	19.5	24.0	23%	2.10%
C. Outsourced component (35% of A)	10.5	26.0	148%	9.49%
D. India offshore share (32% of C)	3.4	14.3	326%	15.58%
E. Independent testing share (60% of D)	2.0	8.6	326%	15.58%
F. BFSI testing India (50% of D)	1.7	7.2	326%	15.58%
G. Independent BFSI testing India (50% of F)	0.8	4.3	411%	17.71%

Market Structure

Break up of (G) independent BFSI	2010	Revenue	2020	Revenue2	CAGR
	% of rev.	$ Mn.	% of rev.	$ Mn.	%
Basic Functional Testing	75%	630	40%	1716	10.54%
Non functional testing	7%	58.8	15%	643	27.03%
Consulting & project management	8%	67.2	15%	645	25.35%
New offerings	10%	84	30%	1287	31.38%
	100%	840	100%	4290	17.71%

Human capability sizing

Independent BFSI work force growth	2006	2010	2020
	no.s	no.s	no.s
Basic Functional Testing		11932	60937
Non functional testing		1114	5687
Consulting & project management		1273	6500
New offerings		1591	8125
total independent BFSI workforce	8005	15909	81250
CAGR		18.73%	15.58%
overall India work force growth	31700	63000	268125
CAGR		18.73%	15.58%

a. Establishing capabilities and frameworks to create a productive, competent, responsive and skilled workforce

b. Deepen specialization, enhance productivity , achieve scalability, drive newer business models

c. Having the right Marketing strategy, compelling branding, proper positioning to meet customer expectations

d. Helping to build an ecosystem through alliances, partnerships, customer co-creations, Angel and VC networking, trade associations

Options / Opportunities for players

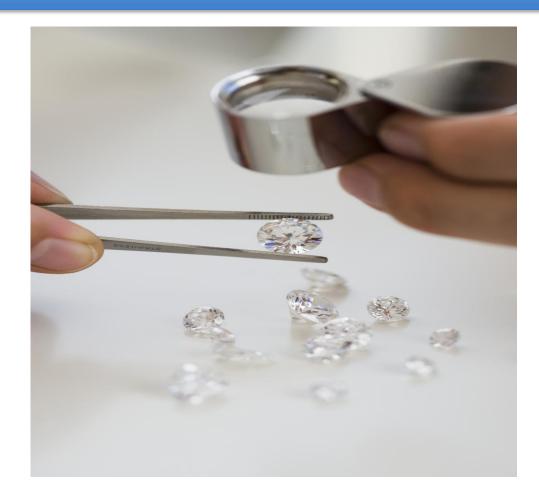Creating well Differentiated offerings by :

– Leveraging new technologies like cloud computing, virtualization, open source tools …

– Occupying newer spaces in areas like mobile computing, data security, Governance, Risk, Compliance …

– Innovating to create IP led plays

– ' Deep Dive ' Specialization with domain expertise

– Talent creation businesses and tools

Specialisation – a good way to go forward

An expert Gemologist ,conducts a preliminary examination of   gemstones with a Loupe - 10 X , to determine its host rock , mineral association, color, hardness and refractive properties.

To grade and value the gem ,further studies , are conducted ,using instruments like a Polariscope , Refractometer , Dichroscope, Spectroscope, Chelsea color filter and Optical fiber lamp , to determine their crystal structure, specific gravity, refractive index, Moh's hardness , pleochroism , atomic structure and the presence of any fluid inclusions or of partially melted exogenous crystals.

S.W.O.T

- Strengths
    - » World leader in IT services
    - » Large population base

- Weaknesses
    - » insufficient employable no.s
    - » Grossly inadequate productivity
    - » No rewards for   professional management culture
    - » Shunning entrepreneurial activity
    - » Lack of IP / innovation / research /expertise
    - » Out-of-kilter cost structure

- Threats
    - » Losing out to other countries (cost, lack of qualified people, lack of expertise)
    - » Technological revolution leading to massive productivity

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