



Failed software projects still a reality for Australian and New Zealand organisations

Project conditions worsening, but organisations realising the importance of software testing

Sydney, Australia – November 12, 2008 - As the global financial meltdown wreaks havoc on the economy and IT budgets are increasingly stretched, more than half of Australia's software projects are still failing, with botched, re-scoped and cancelled projects wasting around A\$197,000 per week.

Now in its second year, the Planit Testing Index, commissioned by independent, Australian software testing organisation, Planit, surveyed 210 companies in Australia and New Zealand on their software testing practices. The surveyed organisations were mostly in the finance/insurance, telecommunications and government sectors.

Chris Carter, Planit's managing director, is also the president of the Australian/New Zealand Testing Board (ANZTB) and secretary of the International Software Testing Qualifications Board (ISTQB). Carter says although organisations are still completing just 46 per cent of their software projects on time and on budget, he is heartened to see a slight improvement (up from 42 per cent) on the 2007 results.

"There's no denying the project success rate in the Australian/New Zealand region still has a long way to go, however the Index revealed organisations are starting to seriously look at how they can increase their chances of a successful software project," he says. "For instance, 57 per cent of companies now rate testing as a critical element in producing reliable software, compared to 50 per cent in 2007.

"This is important to note because companies who view testing as important tend to use advanced testing techniques and methods. These organisations successfully completed 62 per cent of their projects, while companies who undertook testing in a more ad hoc way completed just 32 per cent of their projects successfully."

While finance/insurance companies lead the pack when it comes to the budget they allocate to testing (24 per cent), organisations in the government sector spend just 14 per cent of their total project budget on testing. Given government projects have the highest average budget (\$42.2 million), these organisations are risking significant potential losses should their projects fail or over run.

Carter says the elements from the 2007 survey that organisations attributed to successful projects are similar in 2008, with 66 per cent of organisations rating quality of staff as good or very good for their most important project and 58 per cent believing management buy-in was good or very good.

"On the other hand, project estimation was the least positive of project conditions, with just 23 per cent of respondents rating timing estimates favourably and 25 per cent feeling optimistic about budget estimates," says Carter.

As the global meltdown hits Australia and New Zealand, software project conditions are already worsening. What happens in 2009 is anyone's guess but, based on the Index, it would appear project conditions are likely to deteriorate. In 2008, 16 per cent reported very poor conditions (up from six per cent in 2007), while 37 per cent rated the conditions as better than ok (down from 44 per cent in 2007).

Almost half (49 per cent) of organisations plan to increase their use of structured testing processes over the next 12 months, while 26 per cent will increase their employment of certified testing professionals. On the offshoring side, 16 per cent plan to increase their outsourcing of testing to overseas companies.

Carter believes the continuing financial crisis is going to increase pressure on organisations to keep software development project budgets in check.

"Already, we've seen project conditions worsen since 2007 and unless companies make project management and quality assurance a priority, this is likely to continue," he warns. "Organisations who have invested, and continue to invest, in their testing capability will have the edge over their competition in 2009."

The Planit Testing Index showed that:

- Organisations started testing earlier in 2008, with almost one quarter (24 per cent) of respondents testing during the requirements (first) phase in their most important project.
- More New Zealand organisations (65 per cent) view software testing as a critical element in producing reliable software than their Australian counterparts (55 per cent).
- Project drivers differ between sectors, with 30 per cent of finance/insurance companies listing increasing profitability as their major motivation, while 21 per cent of government organisations view meeting compliance requirements as their primary driver. Telecommunications companies are focused on cost reduction, with 17 per cent highlighting this as their biggest driver in completing software development projects.
- The average project cost \$844,863 per month, slightly down on the 2007 figure of \$853,000.

For New Zealand release only

- More New Zealand organisations (65 per cent) view software testing as a critical element in producing reliable software than their Australian counterparts (55 per cent).
- When projects come under pressure, New Zealand companies are more likely to seek increased funding (35 per cent of New Zealand organisations versus 25 per cent of Australian companies). Just nine per cent of New Zealand organisations will de-scope a project when it's under pressure, compared to 16 per cent of their Australian counterparts.
- When it comes to commencing testing, New Zealand organisations lag behind their counterparts across the Tasman, with just 21 per cent starting testing early in the software development phase, compared to 36 per cent of Australian organisations.

Note to editors: Planit will present the findings of the Planit Testing Index 2008 at cocktail functions in Sydney and Melbourne in November.

Sydney

When: Monday, November 24

Where: Hilton Hotel
488 George Street

Time: 5 pm (presentation starts at 5.30 pm)

Melbourne

When: Monday, November 17

Where: Westin Hotel
205 Collins Street

Time: 5 pm (presentation starts at 5.30 pm)

If you would like to attend either of these events, please contact Elissa Long on 02 9929 7533 or elissa.long@watterson.com.au.

About Planit

Planit provides independent software testing and systems assurance to maximise business and IT performance. By combining best practice software testing methodologies, people and tools, Planit provides thorough, efficient and economic testing which is aligned with organisations' business strategies. Planit was originally established as a subsidiary of a UK company and, since an MBO in 1999, the company has grown substantially, with offices in Sydney and Melbourne and clients in Australia, New Zealand and the United Kingdom. Additional information about Planit is available at www.planit.net.au.

About The Planit Testing Index

The Planit Testing Index was initiated to provide a service to Planit's existing clients and partners by producing valuable benchmark information on testing. In addition, Planit will make relevant information available to other Australian and New Zealand organisations wishing to know more about how companies in the research study plan, budget and execute their testing strategies. Participating organisations receive a free copy of the report executive overview.

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