EASTERN EUROPE

WORLD QUALITY REPORT 20 13- 14

TOP TRENDS

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↗ Eastern European organizations are rapidly gaining ground in QA maturity.

↗ Many companies are looking at outsourcing and managed services engagements, which will allow them to focus on their core business and get testing done faster, better and more cost-effectively.

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The past several years have seen heavy IT investments in Eastern Europe (in this research study covering the Czech Republic, Hungary and Poland) – primarily in the ERP and CRM systems that help automate core business operations. Between 2000 and 2008, Eastern European economies saw large investments pouring in, funding a rapid rise in large-scale IT systems and infrastructure. However, when the financial crisis hit Europe and the rest of the world, Eastern European companies, especially the ones that operate as subsidiaries of larger Western corporations, had to significantly cut their levels of IT spending. The growth-oriented investment climate of the 1990s and early 2000s has been replaced by more pragmatic and cost-driven approaches. If the pre-2008 IT investment goals could be summed up as bringing the Eastern European IT infrastructure up to speed at all costs, the post-recession objectives are now mostly focused on cost-saving and finding new ways to do more with less.

As with many fast growing, rapidly changing business environments, application quality in Eastern Europe has not always been considered essential to business success. Traditionally, Eastern European companies have often viewed testing and quality as an afterthought, and QA was not the primary career choice for engineers. However, in the past two or three years, this outdated approach to quality has begun to undergo a drastic transformation. Since the beginning of the recession, companies have been placing increasing importance on getting IT projects right first time.

This growing attention to application quality is evident in the increase in QA budget allocation. Last year, respondents from Poland, Hungary and the Czech Republic reported that, on average, only 16% of their IT budgets was spent on quality. This year, the average share of IT funds allocated to quality has increased to 21% across all the three Eastern European countries covered in this research, and it is projected to grow to 25% by 2015.

Eastern European businesses are also becoming more open to the concept of centralized testing. The percentage of research participants who state that they have no plans to develop an industrialized Testing Center of Excellence (TCOE) has fallen from 43% in 2012 to 35% this year, while the share of respondents who claim to have fully operational TCOEs – either run internally or via a third party – has risen from 10% in 2012 to 15% in 2013.

Eastern European organizations are rapidly gaining ground in QA maturity. It has not taken Eastern European companies long to realize the short-term benefits of modernizing and optimizing their quality processes and tools; and now they are beginning to look at outsourcing and managed services engagements, which will allow them to focus on their core business and get testing done faster, better and more cost-effectively. Last year, respondents from Poland, Hungary and the Czech Republic stated that the majority of their testing engagements were via internal QA (57%), with only 10% via a co-managed approach, where

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testing activities are shared between an in-house team and a Professional Services vendor, and an additional 12% allocated to a managed testing services model. In contrast, the 2013 research reveals that respondents have reduced internal testing to 40%, whilst increasing the proportion of co-managed projects to 14%, and that of managed testing services to 20%.

Eastern European organizations are also quickly catching up with adopting cloud technologies. Respondents from Eastern Europe state that, on average, 19% of their applications are currently hosted in the Cloud – similar to the worldwide average of 20%. The cost of local resources in Eastern Europe remains relatively low, and many companies have made recent large acquisitions of hardware and infrastructure components, often making it difficult to justify additional investment in cloud migration initiatives. However, Cloud adoption rates continue to grow and the research participants predict that within the next two years, up to 25% of applications will be migrated to the cloud infrastructure.

Mobility is another potential growth area for Eastern European businesses, though there still seems to be lack of clarity on the definition of mobile testing. Although 69% of research participants from Poland, Hungary and the Czech Republic say that they currently test mobile applications and devices (compared to 55% cross-country average), most of the testing is typically performed manually using low-cost local labor, with a main focus on validating the devices' basic usability. While many organizations invest in development of mobile applications, few actually devote considerable resources to mobile testing strategy and tools. The popularity of smartphones and tablets in Eastern Europe has not yet reached the levels of the most developed markets, and Eastern European consumers haven't yet been seen to embrace the culture of using their mobile devices to perform business transactions. As a result, businesses often see the need to offer mobile access to their sites and services, but don't always consider application quality to be the top priority. Most likely, as consumers begin to expect the same experience for their business transactions on mobile platforms as they do in bricks and mortar stores or on the web, companies will come to view Mobile Testing as its own specialized discipline with a unique set of requirements and procedures.

In Eastern Europe, areas such as mobility and cloud are likely to see more growth, as well as continued investment in application quality and increasing understanding of the importance of QA for business outcomes.

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15%

of organizations have fully operational TCOEs

20%

of testing projects are handled by an external partner