

# WORLD QUALITY REPORT

COUNTRY ANALYSIS

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## EASTERN EUROPE

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### Top Trends

- The discipline of QA and Testing continues to show strong growth in both level of investment and organizational maturity.
- Eastern European companies remain cautious about cloud adoption. The share of applications hosted in the Cloud and tested in cloud environments has remained virtually unchanged from 2013.
- A rapidly growing number of industrialized Testing Centers of Excellence suggests that Eastern European companies are embracing the benefits of centralized QA and Testing, based on common metrics, KPIs and processes across the organization or business unit.

In the aftermath of the global financial crisis, many Eastern European companies and public sector organizations (as covered by the research in Poland, Hungary and the Czech Republic) are shifting their focus from building large, complex IT systems to maintaining existing applications, leaving limited resources for supporting the development of new initiatives. In 2014, many organizations are dealing with a legacy of extremely complex application portfolios, composed of hundreds of disparate, often redundant applications that are no longer able to support new technologies or digital transformation, or even keep pace with business demands. Rather than taking a complete “rip and replace” approach, many Eastern European senior IT executives are choosing to take incremental steps focused on rationalizing their application landscape, upgrading their existing systems, and building integrations that will simplify maintenance and enable innovation. Nearly three-quarters (71%) of IT leaders interviewed from Poland, Hungary and the Czech Republic rank supporting organic growth by launching new products and enhancing existing ones among their top two priorities, followed by 56% who rank cost optimization through process and technology advancements as the highest priority.

The discipline of Quality Assurance (QA) and Testing continues to show strong growth in both level of investment and organizational maturity. Eastern European companies see quality as a strategic component of application delivery and are becoming increasingly aware of the negative business impact from poor application quality and performance affecting the company’s reputation and customer relationships. The share of IT budget allocated to QA and Testing among Eastern European organizations has

grown from 21% in 2013 to 25% in 2014, and is projected to increase further to 30% by 2017.

A growing number of industrialized Testing Centers of Excellence (TCOEs) suggests that Eastern European companies are embracing the benefits of centralized QA and Testing, based on common metrics, KPIs and processes across the organization or business unit. The number of senior IT executives from Eastern Europe who report that their companies don’t have plans to develop TCOEs has fallen sharply from 35% in 2013 to 16% in 2014, while the number of companies reporting having fully functional TCOEs has risen from 15% to 38%. A further 46% of participants state that they have plans to develop TCOEs internally or with the help of a third-party provider, or have already started the process of building a testing center, but it’s not yet fully operational.

One of the emerging responsibilities of a TCOE is to ensure that test data is managed in compliance with business and regulatory needs. New European Union data privacy regulations preclude companies from using production data and other sensitive information as part of their test data. Many organizations in Eastern Europe appear to have had no prior experience in managing test data and are relying on their TCOEs – internal or managed by a third-party provider – to address this issue.

Together with the move to centralize the QA and Testing processes and metrics, Eastern European organizations are adjusting the structure of their QA and Testing function to respond better to changing business needs. The 2014 research shows a decline in the number of IT executives who report not having a separate testing stream within the organization (from 19% in 2013 to 14% in



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2014), an increase in the share of centralized testing functions (from 17% to 24%), and a slight increase in the proportion of highly decentralized QA and Testing organizations (from 9% to 10%). However, the majority of senior IT leaders interviewed state that their organizations feature a combination of centralized and decentralized testing streams (48%), which suggests that companies are finding their own solution to the optimal structure of the QA and Testing team that best fits within their business and organizational model.

Traditionally, Eastern European companies have had a strong preference for using internal resources for QA and Testing. During the period of rapid economic development in the region, companies invested in building strong internal QA and Testing teams, taking advantage of the availability and relatively low cost of local labor. However, with the shift toward IT optimization and rationalization, and the advancement of digital technologies, many organizations now find that their internal teams don't always possess the necessary skills and expertise to support new projects, and their QA and Testing teams are not structured to deliver optimal effectiveness. The growing trend toward outsourcing that was observed last year continues. Respondents from Poland, Hungary and the Czech Republic state that their share of internal-only model has further reduced to 38% from 40% in 2013, and organizations have adopted a mix of outsourcing engagements, ranging from staff augmentation to managed services for their new IT projects.

Eastern European companies remain cautious about cloud adoption. The share of applications hosted in the Cloud and tested in cloud environments has remained virtually unchanged from 2013. The 2014 research

shows that 20% of applications have been migrated to the Cloud and 25% of systems are tested in a cloud infrastructure. Amid many important IT initiatives that are underway in Eastern Europe, cloud does not appear to have the highest priority. Many organizations have not yet taken the initial steps necessary to get their systems ready for cloud migration, such as adopting virtualization or building a private cloud. The outlook for cloud adoption however remains positive, with research participants from Poland, Hungary and the Czech Republic predicting that by 2017, as much as 30% of all applications will be hosted in the Cloud and 40% will be tested using cloud-based environments.

The discipline of mobile testing is also yet to reach full maturity levels. Although the number of participants stating that their organizations perform mobile testing has risen sharply from 69% in 2013 to 89% in 2014, most organizations still don't view testing of mobile applications as a strategic activity. When asked about any challenges in the testing of mobile applications and devices, 49% of Eastern European IT leaders interviewed cite lack of availability of the right testing tools, followed by an equal number of participants (45%) stating that their organizations don't have the methods, devices or enough time to validate mobile applications. The number of participants reporting having major obstacles to mobile testing is higher than the worldwide average, indicating that companies in Eastern Europe are still in the early stages in mobile testing maturity. Due to the lack of internal expertise in this area, many Eastern European companies are turning to specialized service providers to help them develop and execute their mobile testing strategies, and this area is likely to experience strong growth in the next two years.



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