

THE NORDIC REGION

WORLD 20
QUALITY 13-
REPORT 14

TOP TRENDS

- Nearly a quarter (23%) of CIOs and IT directors interviewed from the Nordics say that their companies have centralized their testing as a single stream across the organization – a significant increase from just 11% last year.
- Some 60% of research participants from the Nordic region indicate that they are currently testing mobile applications and devices, but also claim that it is a challenge to find expertise, methods or breadth of devices and platforms to test their mobile applications thoroughly.
- As many as 87% of businesses in the Nordics report using agile, but larger companies are typically seen to implement only certain elements of agile, and experience greater difficulties adapting their processes, methods and people to the agile ways.

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Despite some recent setbacks, the economy in the Nordic region (defined in this research as Denmark, Finland, Norway and Sweden) is on the path to recovery. However, it is highly unlikely that the levels of IT spending will return soon to their pre-recession highs. Businesses in the Nordics are still feeling the effect of the prolonged period of financial weakness, and focus their IT agendas on doing more with less, reducing costs, and investing only in projects that can bring quick ROI and help speed up time-to-market. Some 61% of interviewed IT leaders from the Nordics cite cost optimization through process and technology advancements as one of their top IT priorities for this year.

The Nordic region has a long-standing culture of quality and high levels of QA maturity. Most organizations – especially larger, more established companies – have an in-depth understanding and awareness of application quality, and a strong tradition of well-documented, formalized testing procedures, backed up by supporting QA budgets. The research shows that, this year, more than a fifth (22%) of the overall IT budget is being allocated to QA and Testing – similar to the global average of 23%, and up from 18% in 2012. Customers expect higher levels of quality in IT systems and applications, and senior management sees investment in QA personnel, tools, infrastructure and processes as strategic and essential to business success.

Even though investment in new technologies has been reduced in recent years, QA spending still reflects companies' desire to get a head start on the transformational initiatives that will help them retain their competitive advantage in global markets and improve operational efficiencies. The research data reveals that the current split between new transformational work and maintenance projects in the Nordic region is 50/50 – slightly different to the global average, where the share of maintenance work outweighs new initiatives 54/46. Looking forward to 2015, the interviewed IT leaders from the Nordics are predicting that the portion of maintenance projects will decrease to 47%, freeing up more resources (53%) to focus on new transformational projects.

In an effort to save costs and increase efficiency, a growing number of businesses in the Nordic region are beginning to look at optimizing their QA function through centralization. Nearly a quarter (23%) of interviewed CIOs and IT directors from the Nordics say that their companies have centralized their testing as a single stream across the organization – a significant increase from just 11% last year. Additionally, the share of internal-only QA projects has decreased from 54% in 2012 to 39% this year, while the portion of applications tested using a co-managed engagement model has grown from 10% to 14% this year, and the share of Managed Testing Services projects has



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increased to 22% in 2013. The growing trend to share the responsibility for application testing with professional services partners is aimed at more than just cost savings. By involving trusted third-party providers with regional and vertical expertise and strong testing knowledge and tools, companies are looking to improve the overall levels of application quality, and further increase their QA maturity levels.

Partners are also beginning to play a role in the establishment of Testing Centers of Excellence (TCOEs), although most companies in the region still prefer to build TCOEs using internal resources. Out of the 29% of CIOs and IT directors who say that they have fully operational TCOEs, 18% of businesses use only in-house capabilities, while the rest engage third-party providers. Although the movement toward centralizing and industrializing the testing function is very strong in the Nordics, and the TCOE numbers are higher than the global average, the trend is most prevalent among large companies with a strong QA culture and sizeable budgets. As more companies begin to realize the tangible benefits of industrialized testing, businesses of all types and sizes across different industries are expected to join them.

While smaller companies in the region may not have implemented centralization so widely as large firms, they are definitely considered among the leaders in adopting agile development methods. As many as 87% of businesses in the Nordics report using agile. However, larger companies are typically seen to implement only certain elements of agile, and experience greater difficulties adapting their processes, methods and people to agile ways. Similarly to in other regions, research participants from the Nordics report that they face challenges in identifying an appropriate testing approach that fits with the agile development method (56%), as well as applying test automation at appropriate levels (51%), and have trouble defining the right areas on which testing should focus (50%).

In terms of Cloud adoption, the Nordic region exhibits trends similar to the rest of world. Companies remain cautious about moving their large production applications to the Cloud, although the outlook remains positive. Respondents from the Nordics predict that, by 2015, 24% of applications will be hosted in the Cloud (up from 21% in 2013) and 29% of all applications will be tested using a cloud-based environment (compared to 22% today). The subject of the Cloud is high on CIOs' agenda in the region, as companies are assessing their IT landscapes and looking for ways to optimize and rationalize their infrastructure.

Another area that will likely receive a lot of attention in the near future is mobile testing. Although 60% of research participants from the Nordic region indicate that they are currently testing mobile applications and devices, current levels of testing are less than sufficient for the increasingly important role that mobile applications are playing in the Nordic region. Companies that rely on mobile applications for their core business transactions with the customer – such as airlines and banks – are seen to invest more in the areas of mobile testing. However, even these businesses often find that they don't have the expertise, methods, or breadth of devices and platforms to thoroughly test mobile applications' functionality, performance and security. The research shows that 54% of the respondents don't have devices available and 50% lack appropriate methods and processes, whereas 44% don't have the experts. As the level of mobile testing maturity grows, companies are expected to work more closely together with service providers who can deliver a complete set of mobile testing services.

To summarize, the current focus of QA and Testing in the Nordic Region is centralization, agile development and mobile testing. These all help achieve tangible benefits such as cost savings, increased efficiency and faster time-to-market, whilst ensuring the quality of all revenue channels.

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60%

of organizations test mobile applications

87%

of businesses use agile development methods in their organization

