Eastern Europe

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Important trends

- The share of IT budgets allocated to Quality Assurance (QA) and Testing has grown from a quarter (2014) to one-third.
- Up to 39% of the testing now occurs in the Cloud, which is an increase of 14% over 2014.
- Security is a top IT priority for 83% of the East European IT executives interviewed this year. At 6.35 on a scale of 1-7, security is ranked more highly in Eastern Europe than in any other region, outstripping the global average of 6.19.

One in five East European executives interviewed for the World Quality Report 2015 say they are facing challenges with integrating new applications in the existing ecosystem. Likewise, 50% — 11% more than the global average — report that budgetary constraints are hampering application development. For years, complex portfolios comprising disparate applications have arrested innovation in the region. Maintenance has traditionally consumed a significant share of IT budgets, leaving very little for new developments.

However, across sectors, there are early signs of investments in application portfolio rationalization, making room for the adoption of new technologies and Digital Transformation. East European (Poland, Czech Republic and Hungary) organizations are now showing evidence of a broad-based IT optimization drive as they limit spends on legacy modernization and maintenance.

The share of IT budgets allocated to Quality Assurance (QA) and Testing has grown from a quarter (2014) to one-third. And in line with the global average, only half of the QA and Testing spend is dedicated to maintenance, reflecting both efficiency in the deployment of funds and the enhanced maturity of testing organizations in Eastern Europe. Industrialized near-shore centers servicing European organizations' IT requirements are driving some of those changes, particularly in Poland where survey respondents spend up to 40% of their IT budgets on QA and Testing.

Optimization and a push for new technology call for specialized skill sets, driving up the budgets for talent acquisition and training. Organizations allocate up to one-third of the QA and Testing budget to HR and staffing, 3% more than North America. Again, higher spends on talent can be partly attributed to aggressive hiring by shared service centers, leveraging the low-cost base to support the rapidly changing business dynamics of their global entities. Poland and Czech Republic spend as much as 36% of the QA and Testing budget on HR and staffing costs.

Agile development is gaining ground in the region with 63% of the research participants using the methodology to align IT with business priorities – the highest across continental Europe. Up to 40% of those use functional automation and agile life cycle management tools, while one-third use test and behavior driven development. Although widespread, the agile component of portfolios is limited and in early stages of adoption in most organizations. Likewise, the region is the second highest adopter of DevOps principles (85%), trailing only Southern Europe and the Nordics (both 87%), but only a quarter of the respondents say 70-90% of their projects use DevOps. Further, 31% lack appropriate test environment and data, although a quarter of the respondents see no real difficulties with testing in agile. The Telecom and Financial Services sectors are early adopters of agile, given their interest in Digital Transformation.

Only 9% of the respondents plan to start an agile Testing Center of Excellence (TCOE), while two in three respondents interviewed in the region say decentralization for improved agility is an important element in the setup of TCOEs. In setting up agile TCOEs, nearly 43% found that testing teams weren't as agile as development teams. TCOEs in Eastern Europe are run largely as internal, shared accelerators, and while 16% are run with external partners, output-based pricing or SLA-based testing is not very common. Half of those interviewed in the region either already benefit from an internal TCOE, or plan to develop one in the next two years.

With a relatively lower cost-base (cost/resource compared to Western Europe), East European organizations aren't incentivized to automate test cases. At 43%, the region lags the global average of automated test cases by 2%. Incidentally, an equal 71% of the IT leaders interviewed cite better detection of defects and better control and transparency of test activities as drivers of automation. Those drivers indicate a change in preferences from earlier years when the focus of automation was purely on cost reduction. Up to 63% find frequent

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changes in application functionality a major challenge in achieving the desired level of test automation.

As Retail, Telecom and Financial Services sectors drive a big push forward with Digital Transformation, organizations in Eastern Europe are spending more on testing business intelligence and analytics, Cloud, mobile and multichannel applications. While 19% of the QA and Testing budget allocated to new development is invested in business intelligence and analytics, 18% is consumed by the Cloud. The latter must be viewed in the context of a sharp spike in testing in the Cloud. Up to 39% of the testing now occurs in the Cloud, which is an increase of 14% over 2014. Up to 58% of the respondents perform functional tests on cloud services; 44% use the Cloud for security testing. Nearly one-third (31%) say more than 40% of their applications rest in a public cloud.

Not much has changed with mobile testing in Eastern Europe over the last year. The proportion of respondents testing mobile increased from 69% in 2013 to 89% last year, staying almost flat at 91% in 2015. However, the number of participants citing the lack of right test tools as a barrier to mobile testing has gone down by 10% to 39% this year. Similarly, there has been an improvement in the availability of time, expertise, systems and processes to test mobile over the last year. Much of the testing is centered on security, with more than half (54%) striving to ensure protection of data on devices and networks.

Security is a top IT priority for 83% of the East European IT executives interviewed this year. At 6.35 on a scale of 1-7, security is ranked more highly in Eastern Europe than in any other region, outstripping the global average of 6.19. However, not all organizations from the region set up security testing units as part of the QA and Testing group. In some cases it's entirely outsourced or managed by an expert partner, while others task a separate corporate security unit internally, with IT reporting in on relevant aspects. Nearly a quarter (24%) of the respondents use managed applications security testing services, much lower than the global average (35%), while more than half (59%) prefer internal security teams with owned tools. Up to 71% involve security teams much earlier, in the requirements definition phase of the application lifecycle.

The security risks in Eastern Europe stem from the lack of resources allocated to test data management. Not all organizations have a structured framework for Master Data Management in the first place. Data masking practices are at best inconsistent — only 17% say they copy production data that is anonymized before testing. However, 13% still copy production data as is, as regulation plays catch up on data norms. Up to 15% use spreadsheets to manually generate new test data.

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