IDC MARKETSCAPE

IDC MarketScape: Worldwide Mobile Application Development and Testing Services 2014 Vendor Assessment

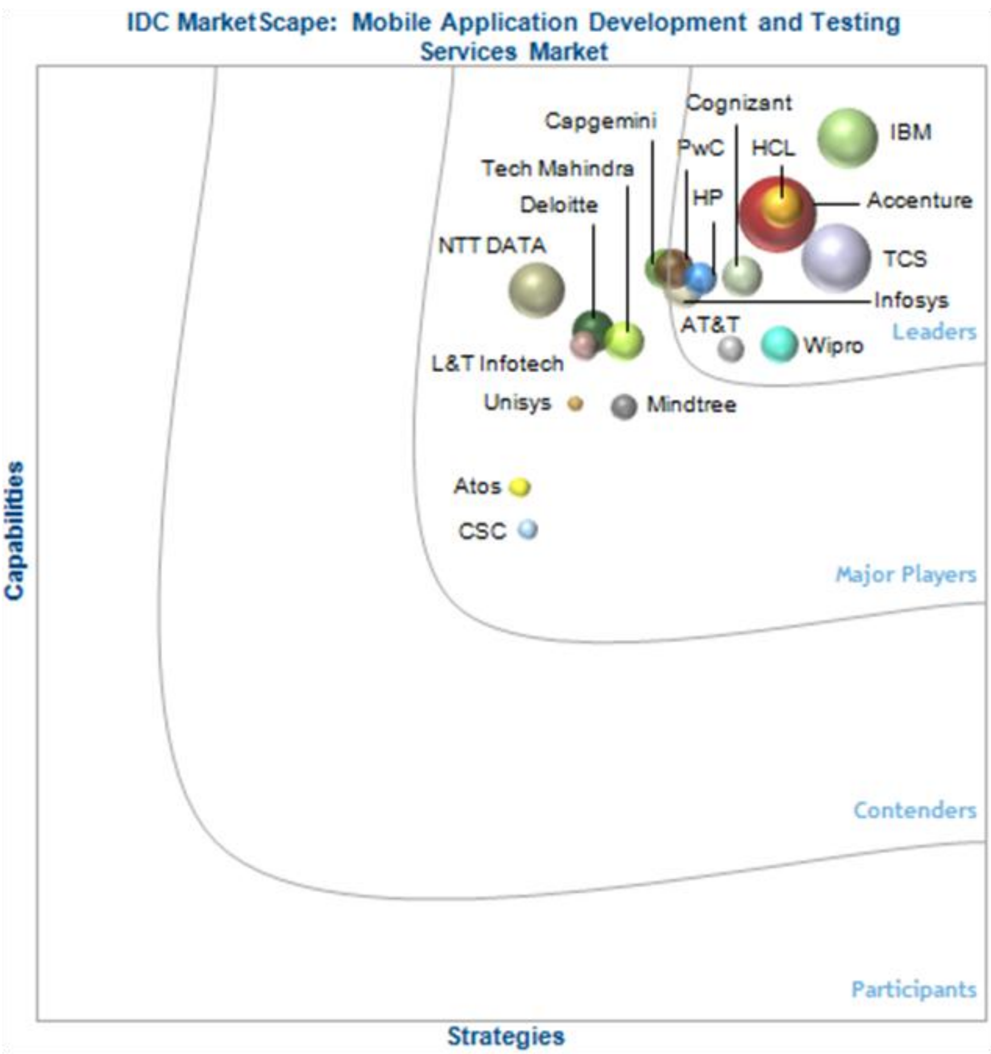
Peter Marston

THIS IDC MARKETSCAPE EXCERPT FEATURES NTT DATA

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Mobile Application Development and Testing Services Vendor Assessment



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Source: IDC, 2014

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape Worldwide Mobile Application Development and Testing Services Vendor Assessmentt (Doc #252565). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

Using the IDC MarketScape model, IDC compared 19 organizations that provide mobile application development and testing (mADT) services with organizations with 1,000+ employees. IDC found that in a growing market, there is fierce competition and many vendors share highly similar capabilities. Using 108 criteria and nearly 40 in-depth customer interviews to compare the providers, IDC learned that the providers all possess deep capabilities to serve a variety of client needs for mobile application development and testing. But, while IDC uncovered significant similarities in the providers' capabilities, several key differences among the players existed in their strategies and approaches for future services delivery. The key differences hinged on their plans to support modern and traditional technologies in the future as well as how they intend to push levels of automation within their services delivery. With enterprises continuing to demand mobile applications to support their sales, operations, marketing, and customer and field service, the market for mADT services will continue to be robust, and enterprise-class firms have many options to choose from.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

IDC collected and analyzed data on 19 service providers within its 2014 mADT IDC MarketScape assessment. While the market arena for mobile application services is vast and there's quite an abundance of suppliers that offer mobile application services in application development and application testing, IDC narrowed down the field of players that participate in the mobile application services market based on the following criteria:

- **Multifunctional services capability across mobile application development and testing.** Each service provider was required to possess service delivery capabilities that squarely focused on mobile application development, testing, and application release.
- **Revenue.** Each service provider was required to have 2013 total revenue (for mobile application development and testing services) that exceeded $10 million.
- **Geographic presence.** Each vendor was required to have services delivery capability (i.e., feet on the ground) in each of IDC's three macroregions: the Americas, EMEA, and APAC.
- **Completed mobile application projects to date.** Each vendor was required to have completed at least 25 mobile application projects before 2014.

- **Global head count and regional minimum criteria.** Each vendor was required to have a minimum of 150 mobile application services professionals worldwide, with at least 20 professionals physically located in each of IDC's three macroregions: the Americas, EMEA, and APAC.

ESSENTIAL BUYER GUIDANCE

The increased proliferation of mobile devices (i.e., smartphones, wearables, and tablets) has had a profound effect on businesses and business processes, as well as their approaches toward mobility, and demands for mobile application services. Mobility has quickly evolved from being a luxury capability within the enterprise to becoming an integral part of how organizations operate, transform, and execute their key business processes. The evolution on the transformational journey that enterprises have taken, as well as their appetite to procure mobile application services, has, in turn, sparked significant business opportunities for service providers. Advisory and consulting firms, systems integrators, advertising and digital agencies, specialized service providers, and outsourcers have all entered the market looking to capitalize on opportunities to build mobile applications for enterprises. As a result, the increased number of mADT service providers has yielded a highly competitive services market. But, while the frenzy of mobile application development and testing demands has created robust market for mobile application services, it has also yielded a lack of technology standardization. The abundance of technology choices has forced buyers to wrestle with complex mobile application investment decisions and approaches. It has also forced service providers to make key strategic decisions and investments within their practices to meet buyer demands and decide where they look to further their capabilities and take their service offerings moving forward.

With a growing set of suppliers in the mobile application services landscape, mADT services buyers face complex choices in service provider selection for their mobile application development and testing initiatives. Added to the swelling number of suppliers, the rapid pace of technology change within mobile application technologies has made it more difficult for buyer organizations to control their IT costs. . As a result, IDC suggests buyer organizations should:

- **Think about mobile application service provider relationships over the long haul.** Before engaging with a service provider to begin discussions over a mobile application development project, buyers need to think long term about their service provider relationship. Increasingly, IDC witnesses buyer organizations looking to streamline the number of vendors they utilize (see *2014 U.S. Outsourced-Managed Cloud Services Buyer Study,* IDC #246991, February 2014). While buyers shouldn't consolidate all of their vendors down to just one, they should evaluate an optimal mix that balances minimizing costs without disrupting ongoing operations. In conversations with buying organizations over lessons learned about their mobile application projects, many buyers shared perspectives that their projects were ongoing, and not simply one or two project phases to complete the application. Instead, building application functionality was a continuous process that spanned multiple years and multiple application releases. To this end, buyers of mobile application services shouldn't approach the strategy and selection process as a onetime exercise. Rather, they should think about the longer-term relationship and vendor positioning as an asset within their organization for a multiyear relationship.
- **Align mobile application needs with provider strengths.** Key to ensuring a successful mobile application rollout is understanding your organization's needs for mobile. While there certainly

are several examples of organizations going through a trial-and-error process with mobile applications to discover what they need, those organizations quickly learn that application funding dries quickly unless some sort of business value wrings from mobile applications. As such, buyer organizations should first outline business goals and objectives with mobility before developing their first mobile application. Based on initial goals and objectives definition, buyer organizations can begin to define and dissect deeper-level requirements to what the applications need to do to support their business processes as well as build a requirements framework where buyers can begin to size and understand the complexity of their application development initiative. From there, buyers can determine where they may have capabilities to execute their goals and where they may need to complement those capabilities with third-party expertise to reach their ultimate mobility objectives.

- **Narrow vendors down to a shortlist.** As evidenced through this evaluation, there are plenty of service providers that offer enterprise-class mobile application services. And honestly, delineating among the strengths and weaknesses of each provider is highly involved and significantly complex because all service providers possess similar capabilities. Avoid complicating the selection process with vast amounts of vendors. It wastes your time and the vendors' time. To ease the selection process, focus vendor procurement on a distinct few providers and narrow providers down to criteria focused on delivery capability, forward-looking strategy and, most importantly, cultural fit with your organization.

VENDOR SUMMARY PROFILES

IDC evaluated 19 service providers against more than 100 criteria as part of its mADT IDC MarketScape analysis. IDC also interviewed nearly 40 buyer organizations to learn about how the organizations were able to generate business results from using service providers to build and test mobile applications. Vendors that participated in the analysis included Accenture, AT&T, Atos, Capgemini, Cognizant, CSC, Deloitte, HCL, HP, IBM, Infosys, L&T Infotech, Mindtree, NTT DATA, PwC, Tata Consultancy Services, Tech Mahindra, Unisys, and Wipro.

NTT DATA

NTT DATA's capabilities and forward-looking strategy positioned the service provider as a Major Player in the IDC MarketScape for mADT services. NTT DATA possesses a mix of service capabilities across traditional technologies, native mobile device technologies (i.e., iOS, Android, Windows Mobile), cloud platforms, Web technologies, and MEAPs, with Web technologies and native mobile device technologies taking up the largest percentage of its mADT services portfolio.

Strengths

NTT DATA is strong in the areas of delivery model and appropriateness, pricing model options and alignment, and customer satisfaction ratings criteria. The vendor earned its position, in part, for its global delivery capability and its use of mostly commercially available tools to build and test mobile applications. Higher usage of commercial tools means that buyer organizations are not locked into proprietary technology stacks that could limit future technology options for buyers. Transparent pricing, fast turnaround for quotes, and a balanced discounting strategy earned the provider high marks in IDC's pricing model options and alignment criterion. When IDC spoke with NTT DATA clients, we found that clients that used NTT DATA to build their mobile applications were very pleased with the services they received. Customers said that NTT's understanding of their businesses and cultural environments helped set NTT apart from other vendors clients considered. Customers felt NTT was proactive in its service execution, offered visionary thought leadership, and gave clients a sense that NTT was a trusted partner tied to the success of their mobile application projects. Customers also mentioned that NTT DATA had the requisite technical expertise as well as industry knowledge to execute mobile application projects and that the vendor was highly responsive toward customer needs.

Challenges

IDC MarketScape criteria of marketing and employee management are areas where NTT DATA can improve its competitive positioning. By comparison, NTT's percentage of marketing spend, when measured against peers, was below the peer group average. Through the IDC MarketScape evaluation, IDC found that some competitors are spending close to 20% of their mobile application services SG&A on marketing to build their sales pipeline and stimulate mobile application services growth opportunities. Separately, NTT DATA's total number of resources committed to mADT services was below the peer group average. In addition, the number of countries where NTT DATA had mobile application services resources physically located was below the peer group average. Dedicating higher amounts of SG&A toward marketing as well as making investments in mobile application services resources in newer geographies could help NTT DATA stimulate new business as well as help the provider generate potential deals in newer geographies and industries where the NTT brand is lesser known.

APPENDIX

Reading an IDC MarketScape Graph

The mADT services IDC MarketScape vendor assessment represents IDC's opinion on key vendors that possess not only the key capabilities today to serve customer needs in mobile application development and testing services but also the strategies to serve evolving customer needs in the next few years. As part of the IDC MarketScape model, IDC defines measures for success by two primary categories:

- **Capabilities.** Positioning on the y-axis, or capabilities axis, reflects the vendor's current capabilities and menu of services and how well it is aligned to customer needs. The capabilities category focuses on the capabilities of the company and services today. In this category, IDC reviews how well a vendor is building, pricing, positioning, and/or delivering services capabilities that enable it to execute its chosen strategy in the market. On the y-axis, a position toward the top (north of center) indicates a strong set of differentiated capabilities to be successful in today's market.
- **Strategy.** Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in the next few years. The strategy category focuses on high-level strategic decisions and underlying assumptions about road maps for service offerings, customer segmentation, business, and go-to-market plans for the next few years. In this category, IDC reviews whether or not a vendor's strategy in various areas are aligned with projected customer requirements. On the x-axis, a position toward the right (east

of center) indicates a strategy that is not only well aligned with customer requirements but also agile and differentiated from the pack.

The IDC MarketScape figure (refer back to Figure 1) shows each vendor's position in the vendor assessment chart. Vendor market share is represented by the size of the circles.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of a review board of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Scoring Scale Criteria and Definitions

IDC's *U.S. Applications Outsourcing Survey,* conducted in 4Q13, helped shape many of the scoring scale criteria and definitions in the IDC MarketScape for mADT services. The study probed buyers on maturity levels, interests, and preferences for a variety of mobile application services centered on mobile application development and testing. The survey findings highlighted several key areas where buyers expect mobile application service providers to possess and excel at a range of capabilities, and IDC utilized that survey data to help structure and shape evaluation scoring. In addition, results of the survey also influenced criteria weightings for various categories reviewed in the evaluation.

Service Provider Customer Interviews

As part of this IDC MarketScape, IDC conducted interviews with vendor-provided client references. IDC utilized these customer interviews to learn about six areas: the customers' project backgrounds, how customers approached the service provider selection process and what critical criteria they used to select their vendor, what sort of results customers were able to generate from their mobile applications, next steps for their mobile applications, key lessons learned, and what customers felt were the differentiating and key strengths their chosen mobile application service provider possessed. IDC then leveraged the results of the interviews to establish weighting scales that were most meaningful to the feedback customers gave.

Weightings

Criteria weightings used in this IDC MarketScape were sourced and derived primarily through the customer interviews IDC conducted. Customer interviews revealed multiple criteria that buyer organizations cited as critical in their service provider selection processes. IDC distilled and consolidated the criteria customers shared into several major categories and weighted criteria based on volume of responses within the categories across the IDC MarketScape model.

This mADT assessment is designed to evaluate the characteristics of each firm and each firm's global presence, measured by head count and share of vendor revenue coming from IDC-defined macroregions. Many specialty technology services organizations, digital agencies, and traditional consulting services firms compete in various elements of the mADT services market. As such, this evaluation is not an exhaustive list of all the players to consider for a particular project in each and every phase of the mobile application development life cycle. Instead, this evaluation reviews the primary players that offer capabilities spanning the development, testing, and release of mobile applications that are part of executing a mobile application delivery. Factors like business and information technology (IT) objectives, business and IT requirements, and the business and IT culture of an organization play integral roles in determining which firms should be considered as potential candidates for a mobile application services engagement, as well as a longer-term application outsourcing agreement.

Note: All numbers in this document may not be exact due to rounding.

Market Definition

Mobile Application Development and Testing Services

Mobile application development and testing services are professional services activities around building, testing, and release of mobile applications for buyer organizations. It is the delivery of application construction services to customers aimed at developing mobile applications to support business functions and needs and can be broken down into the following areas:

- **Mobile application development services.** These professional services revolve around the use of third-party services to build mobile applications. This includes the range of activities involved in defining customer application requirements, translating requirements into technical application functionality through user experience design and creative design concepts, developing a technical architecture schematic and design for the mobile application based on design and business requirements, and ultimately engineering the mobile application.
- **Mobile application testing services.** These professional services revolve around the use of third-party services to test mobile applications across areas like application functionality, security, performance, mobile device operability, integration, and usability. Services can span and include test planning and advisory, test scope definition, test case development, test case execution, testing/quality assurance process remediation, regression testing, system testing, environment testing (including cloud), end-to-end testing, user acceptance testing, automation testing, and other testing areas.

Exceptions and Exclusions

Mobile application development and testing services exclude all of the consulting and advisory activities defined under enterprise mobility consulting and systems integration services. As such, this study does not assess the IT consulting or systems integration components of enterprise mobility life-cycle services, nor does it assess the ongoing operational management or hosted application management of mobile application management.

LEARN MORE

Related Research

- *Cloud-Based Application Services: 2014 U.S. Customer Strategies* (IDC #251856, October 2014)
- *Testing Services: 2014 U.S. Customer Strategies* (IDC #250532, August 2014)
- *Worldwide and U.S. Application Management Services 2013 Vendor Shares: IDC's Top 10 Vendors* (IDC #249973, July 2014)
- *Worldwide and U.S. Discrete Testing Services 2014-2018 Forecast* (IDC #249925, July 2014)
- *Best Practices of Mobile Application Deployment* (IDC #249126, June 2014)
- *Hosted Application Management Services: 2014 U.S. Customer Strategies* (IDC #248354, May 2014)
- *Worldwide and U.S. Hosted Application Management Services 2014-2018 Forecast* (IDC #247992, April 2014)
- *Worldwide and U.S. Application Management Services 2014-2018 Forecast* (IDC #247991, April 2014)
- *Worldwide and U.S. Custom Application Development Services 2014-2018 Forecast* (IDC #247984, April 2014)
- *IDC MarketScape: Worldwide Mobile Application Development, Testing, Management, and Infrastructure Services 2014 Vendor Assessment* (IDC #247480, March 2014)
- *Application Outsourcing Trends — How to Win Next-Generation AO Deals* (IDC #247173, March 2014)
- *Application Services: 2014 U.S. Customer Strategies* (IDC #246782, February 2014)
- *Mobile Application Services: 2014 U.S. Customer Strategies* (IDC #246781, February 2014)
- *Atos Frames Strategy for North American Growth* (IDC #244547, November 2013)
- *Worldwide and U.S. Application Management Services 2013-2017 Forecast Update: November 2013* (IDC #244361, November 2013)
- *Worldwide and U.S. Custom Application Development Services 2013-2017 Forecast Update: November 2013* (IDC #244470, November 2013)
- *Accenture 2013 Analyst Conference: Analytics, Cloud, and Mobility Catalyze Accenture's Future for Application Development and Application Management* (IDC #244278, November 2013)
- *Capgemini: Driving to the Future But in Need of a More Definitive Path* (IDC #243173, September 2013)
- *Infosys' Pursuit for Relentless Innovation* (IDC #242973, September 2013)
- *Worldwide and U.S. Application Management Services 2012 Vendor Shares: IDC's Top 10 Vendors* (IDC #242298, July 2013)

- *Worldwide and U.S. Discrete Testing Services 2013–2017 Forecast: Cloud and Mobility Drive Growth* (IDC #241998, July 2013)

Synopsis

This IDC study represents a vendor assessment of providers offering enterprise mobile application development and testing (mADT) services through the IDC MarketScape model. The assessment reviews both quantitative and qualitative characteristics that define current market demands and expected buyer needs for mADT services. The evaluation is based on a comprehensive and rigorous framework that assesses how each vendor stacks up to its peers, and the framework highlights the key factors that are expected to be the most significant for achieving success in the mADT services market over the short and long terms.

"Mobility continues to be a major enterprise initiative, and organizations are hard at work building and enhancing their mobile applications to build business agility. Many early adopters of mobile application services have achieved business benefits from their mobile applications, and those successes have ignited other organizations to weave mobility into their business applications to enhance employee productivity, elevate customer service, beef up revenue, and reduce activity costs." — Pete Marston, research manager, Application Development, Testing, and Management Services (ADTMS) at IDC

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

Global Headquarters

5 Speen Street
Framingham, MA 01701
USA
508.872.8200
Twitter: @IDC
idc-insights-community.com
www.idc.com