

# Application Services: Time to Revive Quality Assurance with an Evolved Vision

October 2022: Complimentary Abstract / Table of Contents



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## Background of the research

### Investing in quality assurance with an evolved vision

The COVID-19 pandemic had slowed enterprise investments in quality initiatives. However, with enterprises increasing their investment in digital technologies starting 2021, it has become imperative to solve for the challenges from the quality lens with respect to capability, talent, and scalability that these digital investments are bringing across.

Enterprises should evolve their vision for Quality Assurance (QA) by transitioning from QA focused on application efficiency to QA focused on business growth in order to achieve optimum value. Going forward, enterprises should focus on the success factors to achieve the vision of QA for business growth and focus on the value they are getting out the QA initiatives.

Everest Group has identified a 4R approach to help enterprises revive their QA mandate. The 4R approach will help enterprises expand their scope of quality assurance to cover even business and value assurance.

#### The scope of this report includes:

- Application Services (AS) market size (split across geographies and industry verticals)
- AS buyer trends across geographies, industry verticals, and revenue sizes
- Key trends shaping the AS market (Key focus on making QA investments for business growth)

#### Scope of this report



**Geography**  
Global



**Industry**  
Market activity and investments  
of application service providers  
across all industries



**Services**  
Application services

## Summary of key messages



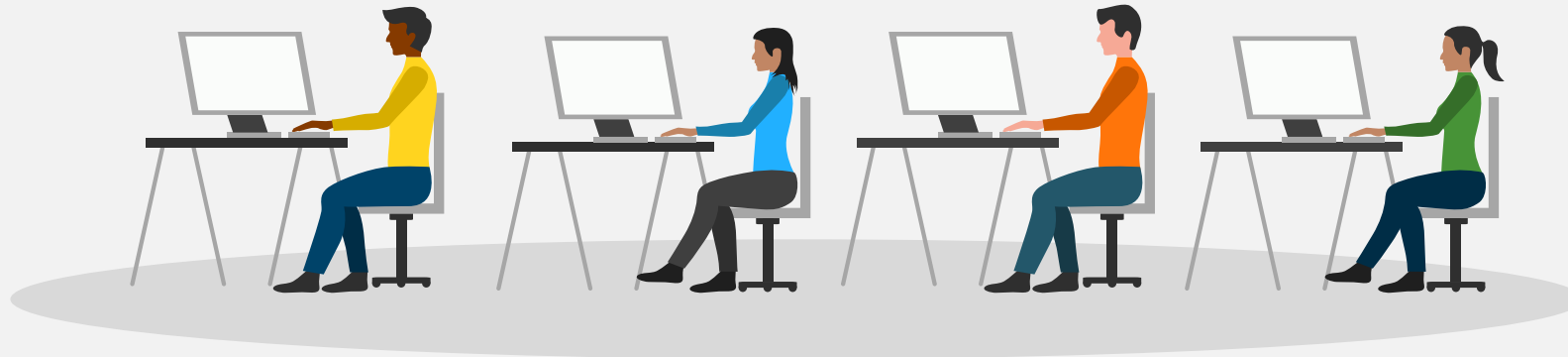
### Application services market – key trends

- As enterprises continue to experiment with next-generation technologies and phygital systems and scale the recently-built applications, the risk profile of enterprises is changing substantially, making QA services more important than ever
- Talent crunch and high attrition continue to act as major inhibitors in the implementation journey of next-generation technologies in the enterprise technology landscape
- Enterprises are looking for more value from their QA engagements with service providers in terms of helping them implement their new vision for QA to cover business and value assurance
- To seek more value, enterprises are open to work with non-incumbents and niche suppliers. We see one of every three QA engagements now being signed by a non-incumbent



### Application services market – overview and enterprise adoption

- Enterprises continue to prefer short-term engagements (less than three years) to avoid vendor lock-in
- Large application modernization deals momentum is decelerating due to two reasons: (a) low-hanging fruits are taken care of; (b) enterprises are turning cautious with mega-projects
- North America has traditionally dominated the AS market from demand side; however, the needle is shifting toward Europe and APAC. The share of North America in AS deals has gradually been decreasing; however, it continues to lead by deal value
- Application services demand from smaller enterprises is growing YoY, reinforcing the fact that optimizing the application estate has become a universal mandate

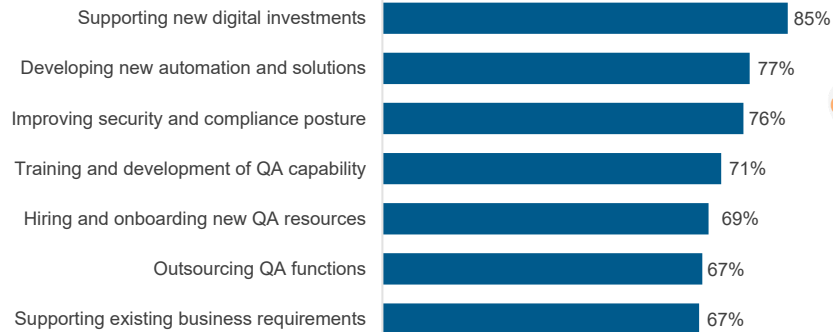


# This study offers four distinct chapters providing a deep dive into key aspects of application services market; below are four charts to illustrate the depth of the report

## Enterprise application services investments in QA

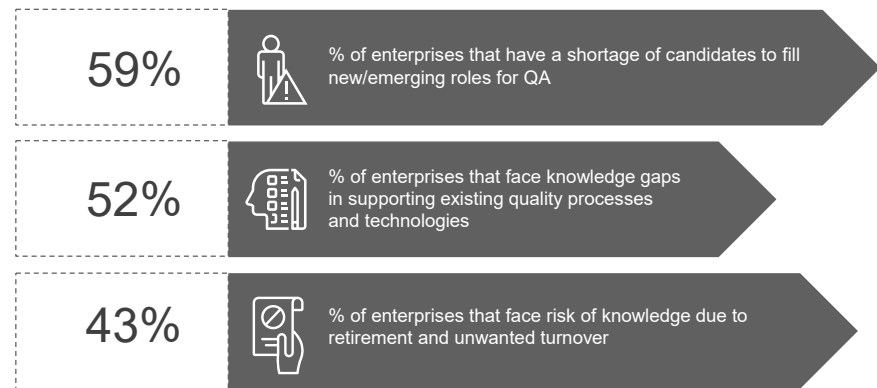
QA budget change (next 12 months)  
2022, percentage of respondents

100% = 163



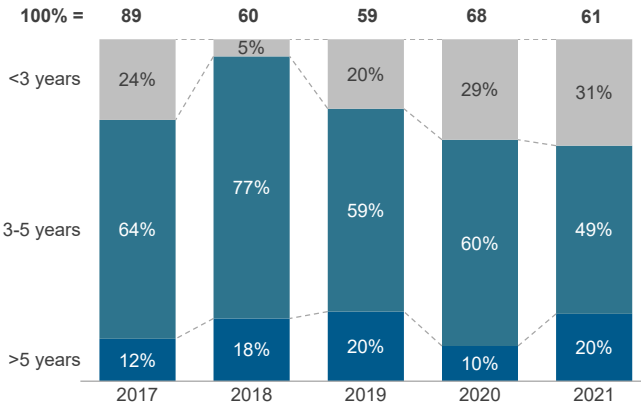
## Talent gaps in existing QA function

100% = 163



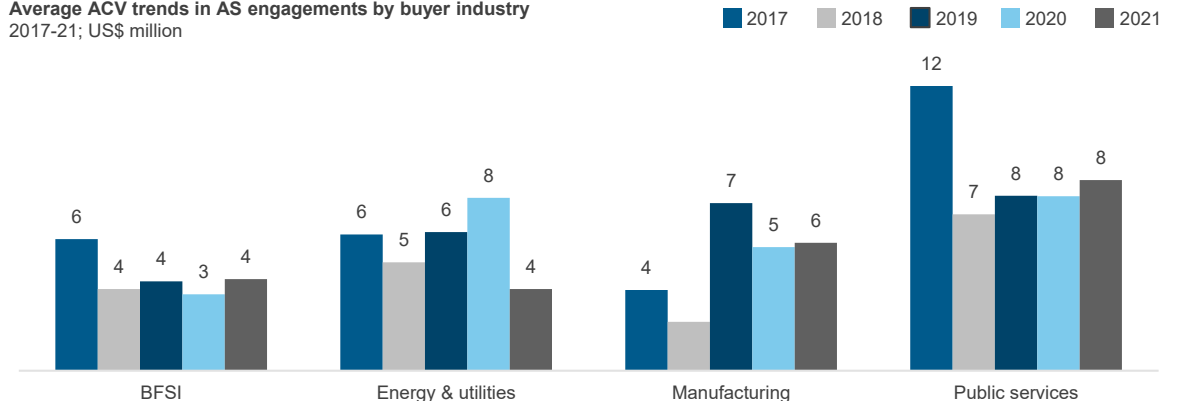
## Deal duration trends in AS engagements

Deal duration trends in AS engagements  
2017-21; number of deals



## Average Annual Contract Value trends in AS engagements by buyer industry

Average ACV trends in AS engagements by buyer industry  
2017-21; US\$ million



# Research calendar

## Application Services

■ Published
 ■ Planned
 ■ Current release

Reports title	Release date
Enterprise Quality Assurance (QA) – Service Provider Compendium 2022	January 2022
Low-code Workflow Automation Platforms Compendium 2022	January 2022
Low-code Application Development Platforms PEAK Matrix® Assessment 2022	March 2022
Integration Platform Trailblazers: Top 10 Start-ups Unifying Enterprise Applications	March 2022
The Post-pandemic IT Playbook	March 2022
Enterprise Pulse 2022: Solving the Talent Conundrum around Availability, Attrition, and Reskilling of the Workforce	June 2022
Decoding Transformation Success Factors: Battling the Talent Crunch with a Technology-first Strategy	July 2022
Webinar Deck: Low-Code for Digital Transformation – Debunk the Myths and Explore the Possibilities	August 2022
Multi-cloud Application Development Services PEAK Matrix® Assessment 2022	September 2022
Multi-cloud Application Development – Service Provider Compendium 2022	September 2022
<b>Application Services: Time to Revive Quality Assurance with an Evolved Vision</b>	<b>October 2022</b>
Sustainability in Software – Paving the Way for a Greener IT Landscape	Q4 2022
Multi-cloud Application Development State of the Market 2022	Q4 2022
Design and Prototyping Tools State of the Market 2022	Q4 2022
Automation Solutions PEAK Matrix® Assessment 2022	Q4 2022

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