

# Offering web design and web application development on the North-western European market

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European companies increasingly rely on web technologies and applications. However, most companies don't have the required in-house skills for development projects. This drives a promising market for outsourcing web design and web application development. To compete, your skills and knowledge of current design and technological trends need to be up to date. Your best opportunities are to develop your own products, or provide services for a European partner.

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## 1. Product description

### What is web design?

Web design encompasses many different skills and disciplines in the production and maintenance of websites and portals. The different areas of web design include web graphic design, user experience design, coding (including standardised code and proprietary software), content development and Search Engine Optimisation.

### What are web applications?

A web application (or web app) is any application software that runs in a web browser and is created in a browser-supported programming language and relies on a web browser to render the application. Examples of such applications are Google Drive, Dropbox, Outlook and Gmail.

### Why do European companies outsource web design and web application development?

#### Cost reduction

For 64% of executives, cost reduction is their main reason for outsourcing IT. This confirms that cost reduction

continues to be the main driver for European companies to outsource IT services like web design and web application development.

### **Tips:**

- Offer competitive pricing, but don't compromise on the quality of your services.
- Be transparent in your pricing: avoid hidden costs.

## **Lack of in-house technical skills**

Web design and web application development demand excellent technical skills. The most important skills involve:

- developing and designing web pages (including typography and colour)
- graphic design
- user experience design
- SEO and content development.

Technologies professional web designers and app developers should master include:

- HTML(5)
- CSS
- mobile platforms
- Java and JavaScript
- .Net
- Python
- PHP
- MySQL
- WordPress
- other CMS platforms

Most European companies don't have the required skills and knowledge in-house. This makes getting access to specific knowledge, expertise and tools a major driver for European companies to outsource web design and web app design.

### **Tips:**

- Follow the latest developments in web technologies to keep your knowledge and skills up to date.
- European companies often require proof of your technical skills. Provide references, testimonials and examples of recent work, preferably on your website.
- European companies increasingly ask for a try-before-you-buy experience. Offer potential buyers a pilot project or a demo to demonstrate transparency and capability. This also establishes trust.

## **Cross-platform compatibility**

Cross-platform compatibility is key in web design and web application development. Websites should be compatible with different:

- web browsers, like Google Chrome, Safari and Internet Explorer

- mobile operating systems, like Android and iOS

Rather than hiring several in-house experts, European companies often prefer outsourcing to a provider that specialises in various platforms. If your expertise is limited to a particular platform, you are at a disadvantage.

### **Tips:**

- Offer cross-platform compatible web design and web application development.
- Preferably offer your products with responsive design.

## **2. What are the challenges when it comes to outsourcing web design and web application development?**

### **Data security and privacy**

Online security breaches are a major concern for European companies. [Web applications are a target of choice for hackers](#). They accounted for the greatest number of confirmed data breaches in 2015, particularly in the finance, information, entertainment and educational sector. Approximately 40% of all confirmed data breaches were web application attacks.

Web applications can be vulnerable to:

- theft of sensitive data
- website intrusion
- denial of service attacks

These data security and privacy concerns form a threat to your service. European companies generally perceive offshore data security to be of inferior quality.

To ensure data security and privacy, your development process must include:

- authentication
- authorisation
- asset handling
- input
- logging and auditing

### **Tips:**

- Provide clear information about your company's data security and privacy measures.
- Design, develop, and install your web applications in a secure manner. Provide clear instructions to your buyer on how to use them.
- Building security into the applications from the beginning can be more effective and less disruptive in the long run.
- Apply for standards like the [ISO 27000-series on information security](#) to support your commitment to data security.
- Offer a Non-Disclosure Agreement.
- Make sure you comply with [European data protection frameworks](#). Look at the requirements section

for requirements regarding data security.

## Clear communication

Good communication between customer and service provider is essential to web design and application development. Unclear communication may cause misunderstandings and disagreements, which can lead to disputes with your buyer.

For example, developing a web application starts with defining what the app should do. Ask your buyer for example:

- What features should the application include?
- What is the target group (users) for the application?
- Which platform(s) should the application run on?
- And of course:
- What is your budget?
- What are the deadlines of the project?

The extent of communication with your buyer that a project requires depends on the type of contract:

### Fixed

With a fixed-price contract you agree on specifications, budget and deadlines in advance. During the application development you keep your buyer up to date, but you don't need to negotiate further. This type of contract is suitable for most application development projects.

### Flexible

More flexible models are Time & Material or Dedicated Team contracts. These are especially suitable for relatively complicated projects. You and your buyer discuss and agree on the specifications of the application during the development process. This also means the budget and deadlines are not set in advance. These types of contracts require intensive communication with your buyer.

### Tips

- Listen carefully to your buyer's ideas, problems and wishes and thoroughly document them. Ask questions to better understand what your buyer wants.
- Regularly update your buyer on the progress you are making.
- Be prepared to communicate with your buyer during their office hours, even if they are in a different time zone.
- If you use a fixed-price contract, make clear agreements with your buyer on a structured plan and the expected timeline of the project.
- For more information on the different types of contracts, see Cleveroad's [Types of Contracts in Outsourcing: How to Make a Wise Decision](#).

### 3. What is the demand for web design and web application development in Europe?

#### Market for web design and web application services/solutions is growing

European internet use is among the highest in the world. This makes it especially important for European companies to have a website. [Around 74% of European companies had a website in 2014 \(update coming in November 2016\)](#). This is up about 7% from 2010.

Northern/Western European companies are most likely to have a website. Finland and Denmark lead with 95% and 91% respectively. A notable exception is France with 64%. Rates are lowest in Eastern/Southern Europe, especially in Bulgaria and Romania with <50%.

*\* Nordic countries: Finland, Denmark, Sweden, Iceland and Norway*

As most companies turn to external service providers for web design and web application, this offers you interesting opportunities.

#### Tips:

- Focus on Northern and Western European countries, as demand for web design and web applications is highest there. Furthermore, these countries are most open to international services outsourcing.
- Study websites in your European target country for an idea of their look and feel.

### 4. Which trends offer opportunities on the European market for web design and web application services/solutions?

#### Continuous technological advances

Constantly developing technological inventions and search engine requirements drive the web design and web application market. Technological trends for 2016 include:

- Motion User Interface - used for quickly creating animation and CSS transitions.
- Responsive design - providing an optimal viewing experience across various devices (mobile phones, desktop, smart watches etc.).
- Single page applications - load a single HTML page and dynamically update that page as the user interacts with the app.
- The Internet of Things - by linking smart objects to the internet, IoT enables data exchange where it previously wasn't possible.
- Containers - contains all the dependencies an application requires to run on its own. This means developers can build, test, run and deploy an app anywhere faster. The app runs regardless of the environment it is in.

#### Tips:

- Follow technical developments and innovations to keep your knowledge and skills up to date.

## Skills shortage

There is a considerable lack of IT training, certification and experience in the European workforce. Due to the rapid technological innovations, the skills of IT-graduates don't match the needs of the market. The European Commission expects [the shortage of IT-skilled staff may reach 825,000 by 2020](#). Because of this, European companies need to outsource their web design and application development to providers with the required expertise. This offers you good opportunities.

### Tips:

- Closely follow upcoming web design and application developments and build capacity in these technologies.
- Emphasise your professional web design and application development skills in your marketing, as well as the lower cost you offer.

## Design trends

Techniques for web design and web application development do not differ very much between countries worldwide. However, the way websites look varies per country. This is mainly due to cultural differences. For example, having their websites meet the latest design trends is generally more important to Western than to Southern/Eastern European companies.

Design trends for 2016 include:

- rich typography
- dynamic story-telling
- micro interaction
- age-responsive design
- no more hamburger menus
- duotones
- vibrant colour schemes
- broken grid layouts
- custom illustration and iconography

### Tips:

- When developing web design and applications, always keep design and functionality in mind. Stay up to date on trends in design and functionality, for example by following industry news and blogs of other developers.

## Social media use continues to rise

[The popularity of social media use continues to rise](#), with 47% of Western Europeans regularly using it in 2016. This share is expected to reach 52% by 2020.

[39% of European companies used social media in 2015](#), compared to 30% in 2013. They mainly use it for image building and product marketing, but also to interact with customers. This drives a need for new business models that include social functions, for example, social media integration in their website.

### Tips:

- Include social media functions/tools in your products and services.

## Increasing use of enhanced open source tools

Open source software has simplified the writing of web applications by facilitating [rapid application development](#) (RAD). It allows development teams to focus on the parts of their application that are unique to their goals, without having to resolve common development issues like user management. Open source web applications are more flexible, making users less dependent on third-party servers.

European companies increasingly use enhanced open source tools, such as:

- PHP
- MySQL
- WordPress

### Tips:

- Use open source tools for your web design and web application development.

See our study about [trends on the European outsourcing market](#) for more information on general trends.

## 5. What requirements should web design and web application services comply with to be allowed on the European market?

### European data protection legislation

The European Union protects the privacy of its citizens with the [Data Protection Directive](#) (95/46/EC), by regulating:

- the processing of personal data
- the free movement of personal data

For example:

- personal data may only be processed with the consent of the subject
- personal data must be processed confidentially and securely

The vast changes in technology since 1995 demand a stronger, more universal regulation. Therefore in May 2016, the new [General Data Protection Regulation](#) (GDPR, EU 2016/680) and [Directive \(EU\) 2016/680](#) on data protection came into force. This GDPR is set to replace the original Data Protection Directive. All member states have to implement it into national legislation by May 2018.

The main change you have to prepare for is that the GDPR makes you responsible for data protection. Under the old directive, any data by which an individual can be identified was the sole responsibility of the data controller (owner). However under the GDPR, any company or individual that processes data is also responsible for its protection. This includes parties from outside the European Union, like you. This means your data protection systems need to be in order.

## Tips

- Read more about the [protection of personal data](#) on the website of the European Commission. It also keeps you updated on the reforms of the European data protection legislation.

## Copyright - Legal protection of computer programs

The European Union has established specific rules to protect computer programs by means of copyright.

This [Directive on the legal protection of computer programs](#) (2009/24/EC) means that:

- you have to make sure not to breach any copyright when placing your computer programme on the market
- your products are also protected against unauthorised reproduction

## Tips

- Read more on the [legal protection of computer programs](#) on the website of the European Commission.

## What additional requirements do buyers often have?

### Voluntary data security ISO standards

Data security is one of the main challenges for service providers. This includes both data protection and recovery systems. Many European buyers expect you to have information security and management systems in place, especially in industries where security is essential, such as finance and banking or mobile applications. The [ISO 27000-series on information security](#) contains common standards for information security.

## Tips:

- Make sure you have effective security processes and systems in place, from business-continuity and disaster-recovery to virus protection.
- Ask your buyer to what extent they require you to implement a security management system like the [ISO 27002 code of practice for information security](#).
- See our study about [buyer requirements on the European outsourcing market](#) for more information.

## 6. What competition do you face on the European web design and web application market?

Competition on the European web design and web application market does not differ significantly from the outsourcing market in general. See our study about [competition on the European outsourcing market](#) for an overview. Also refer to our [top 10 tips for doing business with European buyers](#).

### Nearshoring more popular than offshoring

European companies prefer to outsource services to providers within the same country (onshoring). When outsourcing abroad, they prefer nearshore locations because of:



- proximity
- language
- cultural similarities
- there being little or no time difference

These are usually Eastern European countries, due to their relatively low wages. For example:

- Poland
- Bulgaria
- Romania

However, prices in nearshore countries are rising. This makes service providers in these countries less competitive compared to offshore service providers. That means you can either form subcontracting partnerships with them, or compete with them.

**Offshoring destinations with the strongest potential** are:

- India
- China
- Malaysia
- Brazil
- Indonesia
- Thailand
- Philippines

### **Tips:**

- Limit the possible disadvantages of being offshore. Provide excellent communication, availability in the required time zone and good security and privacy measures.
- Differentiate yourself from onshore and nearshore providers to remain competitive. Emphasise how you are different in your marketing message. Do not only compete on price, but also analyse what other advantages you can offer. For example access to skills, specialised industry expertise or around-the-clock operations (24/7).
- Research what your competitors are doing right and wrong. This can help you differentiate yourself from them.
- Partner with nearshore service providers, as Eastern European companies are looking for cheaper destinations. Many service providers in developing countries have not yet recognised this opportunity.

## **7. Through what channels can you get your web design and web application services onto the European market?**

### **Subcontracting by European service providers**

Subcontracting by European service providers is your most realistic market entry channel. It means that European service providers subcontract web design and application development assignments to you, which end user companies have contracted to them.

### **Tips:**

- Decide on a business model. Either develop your own web design and applications, or focus on

development for a European partner.

- Target service providers whose size is in line with your capacity.
- Focus on companies that serve the same industries as your company.
- Attend relevant industry events in your target country to meet potential partners. This also allows you to learn more about their business culture. For example [CeBIT](#) in Germany, [Digital Design Days](#) in Italy and [Smashing Conference](#) in Spain.
- Use industry associations to find potential customers in Europe. For example [Bitkom](#) in Germany, [Nederland ICT](#) in the Netherlands and [UKITA](#) in the United Kingdom.
- National outsourcing associations can also be interesting sources to find potential customers. For example [Global Sourcing Association](#) in the United Kingdom, [Outsourcing Verband](#) in Germany and [Platform Outsourcing](#) in the Netherlands.
- Develop good promotional tools, such as a professional company website and a company leaflet. Also invest in Search Engine Marketing, so potential customers can easily find your company online.

## Direct sales to end users

You can also try to sell your web design and web application services directly to end user companies. Especially in Western Europe, companies are generally quite open to international partnerships. New electronic marketplaces may make it easier. These marketplaces are a cheap marketing tool. Although they mainly contain smaller projects for freelancers, they could lead to pilot projects for companies. However, you need excellent end-market knowledge.

### Tips:

- Research the end-market segment that you want to focus on. This allows you to effectively market your company.
- Look for potential leads in the field of web design and application development on online outsourcing marketplaces, for example [UpWork](#) and [Freelancer](#) (freelancers) or [Ariba](#) and [Hubwoo](#) (corporate).

## Intermediary

You can approach European service providers and end users of cloud services directly, or through an intermediary. A local contact person is an advantage, especially if you are located in a lesser-known outsourcing destination. Intermediaries, such as a consultant/matchmaker or sales/marketing representative, can therefore be an important channel to establish contact with potential buyers.

See our study about [market channels and segments on the European outsourcing market](#) for more general information. Also refer to our study on [finding buyers in the European market](#).

## 8. What are the end-market prices for web design and web applications?

Price is the main reason for companies in Europe to outsource web design and application development to developing countries. Staff salaries make up a large share of the costs of IT services. This means outsourcing to


countries with lower wages can lead to considerable savings. For example, the average annual salary of a software developer in Western Europe is between €36,000 and €50,000. In offshore destinations, this is usually significantly lower.

### Tips:


- Research the average salaries for software developers in your European target country. For example via [Payscale](#), a global database for salary profiles.
- Emphasise the potential salary savings in your marketing activities.

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