

Offering mobile applications on the European market

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Mobile application development is rapidly developing. It is one of the most outsourced IT services among European companies. Europe's increasing IT-skills shortage continues to drive this outsourcing. Your best opportunities are to develop your own mobile applications, or provide mobile application development services for a European partner. As European companies look for specialists with niche expertise, you should focus on a specific market or technology.

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1. Product description

What are mobile applications?

Mobile applications (apps) are small, individual software applications that run on mobile devices like smartphones and tablets.

There are several types of mobile applications:

Native apps

- coded in a specific programming language, like Java for Android or Objective C for iOS
- installed on the mobile device
- fast and reliable
- have access to various functions of the mobile device, like its camera and address book
- can be used offline, without an internet connection
- because these apps only work on one platform, they are relatively expensive to develop and maintain for multiple platforms

Web apps

- designed in HTML5 to be cross-platform compatible
- websites that run in a browser, but look and feel like mobile apps
- relatively slow and with limited features

- do not have access to the functions of the mobile device
- require an internet connection

Hybrid apps

- cross-platform compatible, through a combination of HTML5 and native coding
- installed on the mobile device
- not as fast and functional as native apps
- also have access to functions of the mobile device
- can also be used offline
- because these apps are cross-platform compatible, they are cheaper to develop and maintain than native apps
- the smoother the user experience, the more native coding is required, increasing the costs

Why do European companies outsource mobile application development?

Cost reduction

For 60% 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 mobile application development. As European companies prefer a simplified pricing model, fixed pricing is the most common type of contract in this sector.

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

European companies are seeing the advantage of (custom) mobile applications for their company. However, they usually do not have in-house mobile application development skills, as this requires specific knowledge, expertise and tools. This often leads them to outsource the development of their mobile applications.

Tip:

- European companies often require proof of your technical skills. Provide references, testimonials and examples of recent work, preferably on your website.

Innovative functionality and clean design

According to European mobile application service providers, mobile applications should:

- be innovative
- be consumer-friendly
- have a 'clean' design

They expect you, as a specialist, to be up-to-date on the latest trends and developments.

Tips:

- When developing mobile applications, always keep design and functionality in mind. Stay up-to-date on trends in user experience, design and functionality. For example by following industry news and

blogs of other developers.

- Before releasing an application, make sure your team conducts all necessary Quality Assurance (QA) testing.
- There is no such thing as finished software. Mobile applications need updates to stay ahead of the latest security threats and new user features. You should always be thinking about the next step for your mobile application development.

Cross-platform mobile applications

European companies need cross-platform mobile applications that run on Android and iOS. They understand that not many developers excel in both operating systems. Rather than hiring several in-house experts, outsourcing to a company that can develop mobile applications for both platforms is more convenient. If your company's expertise is limited to a particular platform, you are at a disadvantage.

Tips:

- Offer development expertise for multiple platforms.
- Clearly state in which operating systems you excel. Be honest about your experience and skills, do not raise expectations you cannot live up to.

What are the challenges when it comes to outsourcing mobile application development?

Data security

Data security is of the utmost importance to European companies. This is especially relevant to outsourcing mobile application development, because software developers may have access to sensitive project and company information.

Tips:

- Provide clear information about your company's data security and privacy measures.
- 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 rules](#). Look at [the requirements section](#) for more information.
- Also pay attention to data security within the mobile application you develop. All software has bugs, which you need to handle appropriately.

Clear communication

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

Developing a good mobile 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 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 mobile 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 mobile application during the development process. This also means the budget and deadlines are not set in advance. These types of contracts require intense 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](#).

2. Which European markets offer opportunities for mobile application development?

Market for mobile devices and applications performs strongly

The European market for mobile devices continues to perform strongly. [The number of European smartphone subscriptions is expected to grow by 4–11% per year](#) between 2016 and 2022. The data traffic per smartphone in this period is predicted to increase by up to 42% annually. In 2015 already, around 90% of European households owned a smartphone and around 60% owned a tablet. These mobile devices are driving demand for mobile applications.

[European spending on mobile applications \(including user spending and advertising\) amounts to 30% of the global market](#). It totalled €6.1 billion in 2013 and is estimated to reach €18.7 billion by 2018. Most of this spending comes from Northern and Western Europe. [Users in Northern and Western European countries are expected to download more than 33 billion apps in 2019](#).

Tips:

- Focus on Northern and Western European countries, as mobile application spending is expected to be highest there. These countries are relatively open to international services outsourcing.
- Study mobile applications in your European target country for an idea of their look and feel.

Android and iOS are leading operating systems

The [leading mobile operating systems in Europe](#) are:

1. Android – around 65%
2. Apple iOS – around 34%
3. Windows Phone – around 0.8%

In 2012, Android overtook iOS to become Europe's main mobile operating system. Whereas Android is the operating system for various mobile phone brands, ranging from high-end to budget models, only Apple products run on iOS. This relative independence of device brands may explain Android's increasingly strong position.

Thanks to the popularity of Apple's iPads however, iOS does continue to be the [leading operating system for tablets in Europe](#). In October 2018, about 75% of tablets ran on iOS compared to 25% on Android.

Android and iOS are clearly the most interesting operating systems for you to focus on. Which offers the most potential depends on the type of device you are designing your application for.

Tips:

- Specialise in one or two leading operating systems.
- Keep up-to-date on the developments in these operating systems.
- Consider the device your application runs on, when deciding on the operating system(s) to develop it for.

Business mobile application market most lucrative

Companies can reduce costs and simplify work processes by managing and viewing data on mobile devices. This drives the demand for business-to-business mobile applications, or "enterprise apps". The market for enterprise applications is far more lucrative than that for consumer applications.

[Businesses pay more for mobile applications than consumers](#). In 2014, 31% of enterprise app developers earned over €4,600 per app per month compared to 17% of consumer app developers. And yet, 15% of those developing apps for enterprises earned more than €23,000 per app per month, compared to just 6% of consumer app developers. In addition, [most organisations expect to increase their spending on mobile apps](#). However, Gartner notes that their actual spending is often consistently lower than they forecast.

Surprisingly, most developers focus on the consumer market. This makes competition in the market for enterprise applications less fierce.

Tips:

- Focus on enterprise applications for European companies.
- Target a specific business sector, preferably one that you are experienced in. For example healthcare

or logistics.

European IT outsourcing market continues to grow

According to Whitelane Research, [44% of European companies plan to increase their IT outsourcing](#), another 33% intend to continue outsourcing at their current rate, 12% hadn't decided and a mere 11% planned to decrease their IT outsourcing activities. This indicates that the European IT outsourcing market continues to be a promising target market.

3. What trends offer opportunities on the European market for mobile applications?

Social media use continues to rise

Users often access social media platforms through mobile devices, making social media an important segment. [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.

Social media use is highest in the Netherlands, Scandinavia and the United Kingdom, around 60%. In Germany and the Mediterranean countries, this is considerably lower. These countries are expected to show relatively large growth rates in the coming years.

[Some 45% of European companies used social media in 2017](#), compared to 28% in 2013. They mainly use social media for image building and product marketing, but also to interact with customers.

Tips:

- Create an overview of the leading social media platforms in your European target country.
- Gain experience in the development of mobile applications for these platforms.

Continuous technological innovation

The market for mobile applications is constantly changing. New technological developments keep creating new opportunities for mobile applications. For example:

Cloud computing

For mobile (web) applications, cloud computing can have an advantage over more traditional technologies. Because it allows mobile users to access your applications via their mobile browsers, you don't need to use costly franchises such as app stores.

Big data

Big data environments are growing fast. They are becoming more complex and dynamic, resulting in poor usability and control over applications. There is an increasing demand for mobile applications that collect and analyse big data for companies.

Wearable technology

Wearable devices such as [smartwatches](#) are becoming more common. They offer opportunities for innovative applications. The "glanceability" of content is key. You should present information in a way that allows users to easily understand and act on it.

Internet of 'Things'

This refers to (everyday) objects that are connected to the internet and often to each other. Every year more "things" are connected, with around 6 billion connections expected in Europe by 2020. Connected "things" often come with applications to monitor and/or operate them.

Virtual / Augmented Reality (VR/AR)

VR and AR technologies are developing rapidly. Mobile VR/AR applications offer interesting possibilities. This is expected to be a consumer-first market, for example via mobile gaming applications.

4G and the promise of 5G

4G-coverage has become relatively mainstream, with low latency, high capacity and increased speed. This allows applications to leverage cloud services and functionalities to become richer. [5G promises to be considerably faster than 4G](#), which gives mobile applications a lot more options.

Tips:

- Stay up-to-date on emerging technology trends and developments. Explore how you can apply them in your mobile applications.
- Specialise in a specific device or technology.
- For more information, see our studies on [cloud computing](#), [big data](#), the [Internet of Things](#) and [Virtual and Augmented Reality](#) in Europe.

Skills shortage

As the European market for mobile applications is growing fast, there is an increasing need for mobile application developers. However, there is a considerable lack of IT training, certification and experience in the European workforce. Due to the rapid technological innovations in IT, the skills of IT-graduates don't match the needs of the market. The European Commission expects [the shortage of IT-skilled staff to reach 756,000 unfilled jobs by 2020](#).

Tip:

- Promote your company's professional expertise and experience in mobile application development. Use references to support your message.

Specialisation is key

All horizontal and vertical markets in Europe offer business opportunities for mobile application development. However specialisation and niche market segments offer most opportunities. European companies are looking for developers that specialise in particular horizontal or vertical markets and/or specific technologies.

Tips:

- Specialise in (a few) horizontal/vertical markets or technologies.
- Focus on a niche market segment, a combination of a horizontal market/technology and a vertical market.

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

4. What requirements should mobile application services comply with to be allowed on the European market?

What legal and non-legal requirements must you comply with?

General Data Protection Regulation

Europe's new [General Data Protection Regulation](#) (GDPR) has come into effect on 25 May 2018. This regulation is designed to protect individuals in Europe from privacy and data breaches. Under the GDPR, any company or individual that processes data is also responsible for its protection. It applies to all companies processing the personal data of persons in Europe, regardless of the company's location. This means it also applies to you directly.

The personal data this regulation protects can range from a name or email address, to bank details, social media content, a photo or an IP address. Some key consumer rights you must comply with include consent, right to access, data portability and the right to be forgotten. You also need to practice privacy by design, meaning data protection should be included from the onset of designing systems.

Tips:

- If you process data of people in the EU, regardless of where you are in the world, make sure you comply with the GDPR.
- For more information on the GDPR (and other European legislation), see our study about [buyer requirements on the European outsourcing market](#).

Copyright - Legal protection of computer programs

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

The [Directive on the legal protection of computer programs](#) (2009/24/EC) establishes 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

Tip:

- 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.

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

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

5. What competition do you face on the European mobile application market?

Competition on the European mobile application market does not differ significantly from the outsourcing market in general. 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
- 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 for 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
- Indonesia
- Brazil
- Vietnam

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.

6. Through what channels can you get your mobile application services on 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 mobile application development assignments to you, that end user companies have contracted to them.

Tips:

- Decide on a business model. Either develop your own mobile applications, or focus on mobile application 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 and [MWC Barcelona](#) 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 mobile application services directly to end user companies. New electronic marketplaces may make this 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 mobile application development on online outsourcing marketplaces. For example [UpWork](#) and [Freelancer](#) (freelancers), [Ariba](#) (corporate) and [LinkedIn](#).

Intermediary

You can approach European service providers and end users of mobile applications 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.

App stores

If you develop your own mobile applications, you can sell them in an app store. These are online market places that bring together mobile application developers and end users. It can take some time before an app store

approves your application. Also, reaching the right audience for your application can be difficult. It requires a lot of time, effort and knowledge of your target market.

Tips:

- Blogs, tweets and Facebook posts about your new app could help improve your sales.
- Make sure your application is tested thoroughly before submitting it to an app store. Axelerant gives you [7 ways to win at mobile application testing](#).

Refer to our study on [finding buyers in the European market](#).

7. What are the end market prices for mobile applications?

Price is the main reason for companies in Europe to outsource mobile 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.

The [average hourly rate for developing an iOS or Android app](#) is:

- €64 in Western Europe
- €43 in South America
- €30 in Central/Eastern Europe
- €22 in South East Asia

The total cost of a mobile application depends on various factors that determine the amount of work, including:

- technical complexity
- the number of (versions of) platforms it has to be compatible with
- custom design components

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.
- For more information on the pricing of mobile application development, see Yalantis' [How Much Does It Cost to Make an App?](#) and Clutch's [How Much Does It Cost to Develop an App: 2017 Survey](#).

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