

**Summary:** One of the key issues we encounter in our mobile practice is a simple question that continues to baffle most enterprises: How long should it take to develop a mobile app and how much money will it cost? One would expect that as business units and IT organizations become more experienced with mobile app development, they would get more precise with their estimates and establish internal benchmarks and metrics. Yet, in talking with various companies, we find that there is a broad spectrum of timeframes and budgets even for anything that is above a basic single page mobile app. MGI Research recently conducted the State of Mobile Apps industry study focused on mobile app development, management and security. In this research report we highlight survey data focused on timeframes and budgets.

**Key Issues:**

- **Mobile Strategies** – Is your company in-line, ahead-of or behind competition in mobile?
- **Mobile App Priorities for the Next 12 Months** – How are organizations prioritizing their mobile efforts for the next 12 months?
- **Mobile Budgets** – How to properly plan for and optimize a budget for a successful mobile effort?
- **Tools** - Are you falling behind in adoption of standards and technology tools? Platform vs. Toolkit vs. Outsource vs. Package?
- **Mobile Skills and Organizational Best Practices** – How are “best in class” companies organized to meet the mobile Time-to-Market requirements? What separates the leading mobile app adopters from the average?
- **Mobile Application Portfolio Metrics** – How do different companies measure their mobile efforts?

This latest mobile app study was aimed primarily at large and mid-sized enterprises and business units with responses both from IT organizations as well as LOB management. We asked survey participants a number of key questions about their perception of success or failure with mobile apps, the time, cost and skills it takes to develop a mobile app and where do they think their companies fit vis-à-vis competition. In particular, we looked for two things:

- The degree to which enterprises now feel that they are making tangible progress with all aspects of mobile apps – from design and development to deployment, management, security, strategy, staffing, metrics and budgeting.
- What separates the companies that are producing outstanding results in mobile from the average?

**TIME**

When it came to timeframe, mobile app projects tend to be relatively contained in terms of time-to-market with nearly half (48%) of companies taking six months or less to develop an average mobile app.

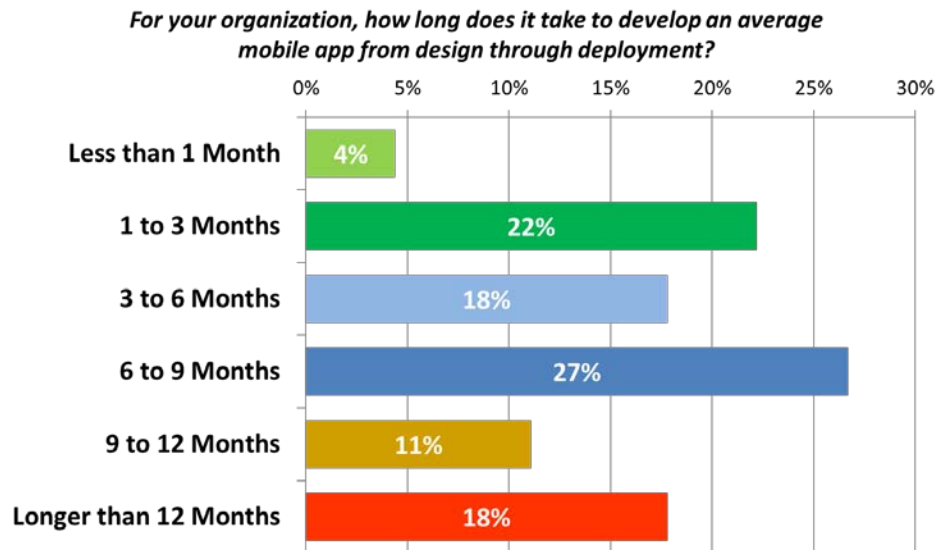
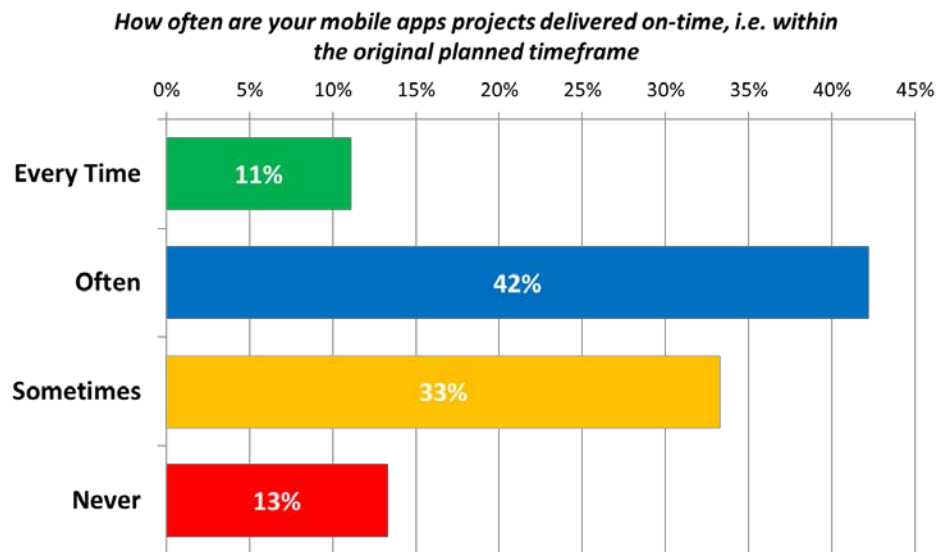


Figure 1 - Time to Develop a Mobile App

In aggregate, 75% of all companies reported a nine months or less development cycle for mobile apps. This is largely in-line with our surveys from prior years and reflects the fast pace of change in the mobile industry as well as progress in introducing various mobile development tools.

Despite the short timeframes for development that tend to compare favorably with timeframes for other IT development projects, when it comes to on-time delivery, mobile app projects are characterized by very poor predictability of timing.

Only eleven percent (about 1 in 10) organizations report a consistent on-time delivery of mobile projects.



**Figure 2 - On-Time Delivery of Mobile Apps**

## COST

Cost and budgeting are two areas that cause significant questions for all enterprises, especially for those just getting into mobile development. Study results indicate that on average 68% of the companies spend \$100K or less per mobile app and 48% of companies (roughly half) spend less than \$50K per app.

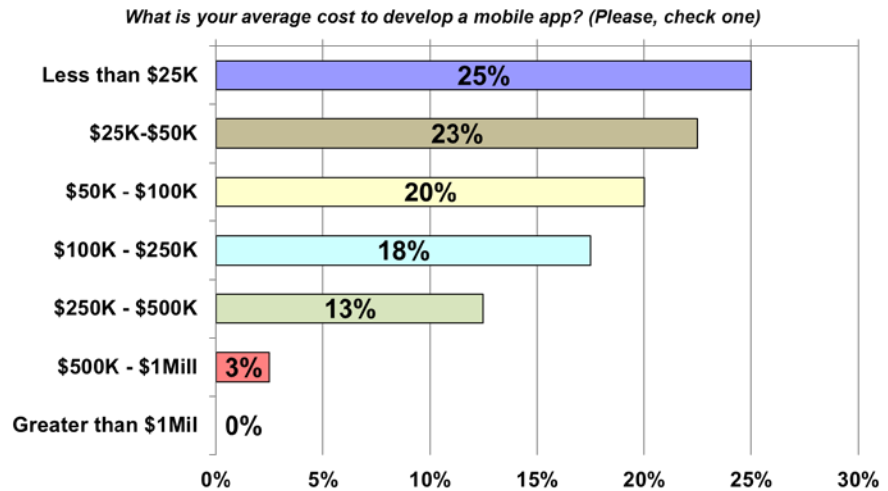


Figure 3 - Cost to Develop a Mobile App

When it relates to budget, only one in seven mobile app projects (about 16%) consistently deliver results within the original budget.

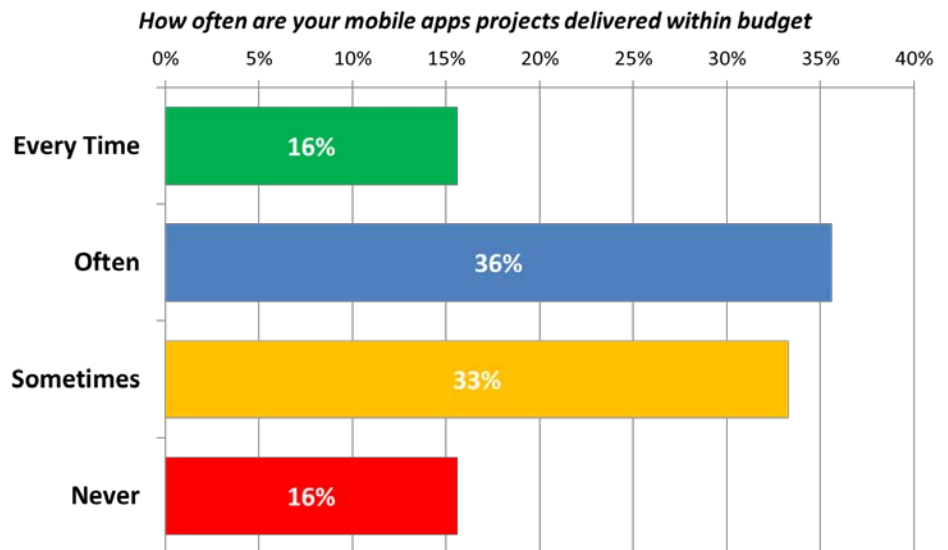


Figure 4 - Within Budget Performance of Mobile App Development

This lack of budgetary precision is a lingering problem that should get better as companies gain experience with mobile development and tools mature in their sophistication.

There is a marked difference between those who reported a “Huge Success” with mobile vs. the average in terms of within-budget delivery. Within the leadership group (those that have had a “Huge Success” with mobile), 20% of mobile app projects are consistently delivered within the original budget while those that have not had a “Huge Success” with mobile apps report that only 8% of mobile app projects are consistently delivered within the original budget. Perhaps not so coincidentally, experience with mobile apps is also a large factor - among those that see themselves as successful in mobile, over 30% have a track record of 5 years or more with developing mobile apps.

Taken together with the lack of on-time mobile app delivery, this paints a rather humbling picture of mobile development efficiency and agility. There seems to be a wide gap between what the business sponsors see as fast-enough and cheap-enough for mobile app development and the current delivery capability by internal and external resources. Level of expertise with mobile apps may offer a partial explanation for this gap. In our view, the maturity or immaturity of tools and processes hold an equal share of blame.

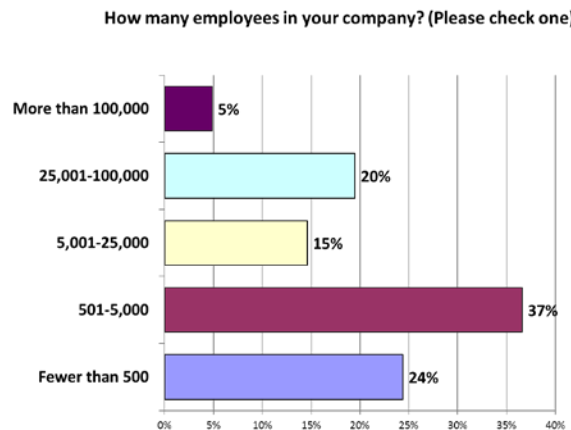
**Bottom Line:** We see many best-in-class organizations constantly measuring their on-time and on-budget performance as well as in search of new creative performance metrics. Not all apps are created equal, but the results of the study show a meaningful density of results across a wide range and number of companies that operate within variety of regulatory contexts and geographies. Nearly half the companies in the study reported that a typical mobile app takes less than 6 months to develop and costs less than \$100K.

## Study Methodology

The full results of the mobile app study are available to MGI Research clients. The study was conducted mostly online and included opinions from key corporate decision makers across industries and company sizes:

- Senior management (24%)
- Information Technology (49%)
- Decision Makers (43%)
- Recommenders (63%)

Over 40% of responses were from companies with more than 5,000 employees.



## About MGI Research

MGI Research is a strategic advisory firm focused on disruptive trends in technology. Our clients include major corporate IT buyers, technology supplier CEOs, CFOs, and CMOs and the institutional investor community.

We help business executives and corporate IT organizations optimize technology strategies, narrow down purchasing choices, speed up evaluation processes and reduce risk and cost through negotiation assistance.

We act as a confidential strategy advisor to tech supplier CXOs by helping optimize strategies and tactics and through focus on growth and valuation.

We counsel technology investors in generating and validating new ideas.

Our offerings include subscription research and advisory services, company ratings (MGI360), proprietary quantitative tools and indicators such as the MGI Cloud30 Index, company valuation services and events such as the Billing Innovators Summit, SaaS Innovators Summit and Cloud Innovators Summit.

The company was founded by senior research analysts from firms such as Gartner, Soundview and Morgan Stanley.

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