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IMPACT REPORT

THE CASE FOR

BETA TESTING TO EVOLVE



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It's been more than 50 years since IBM introduced the concept of beta testing products before release. They found that by putting products into the hands of real potential customers in their real environments, they were able to improve quality and generate new ideas for making products better before release.

Starting in the early '90s and expanding throughout the dot-com era and cloud computing boom, beta testing has become ubiquitous at the world's best product companies. Yet despite its popularity, beta testing hasn't changed much. Systems, processes, and results continue to vary across a wide spectrum. Most companies:

- Follow loosely defined processes, which means that results vary from product to product. This makes it hard to demonstrate ROI and glean historical trends and insights.
- Use a number of siloed tools like surveys, emails, and spreadsheets. This makes it
  - Difficult to analyze the importance of each piece of feedback and prioritize it correctly.
  - Nearly impossible to recruit testers, keep them engaged, manage feedback, and track results without sinking hours of manual labor into each of those processes.

In this Impact Report, you'll see the clear case for why companies are breaking beta testing out of the stagnant phase it's been stuck in and re-imagining it into something that supports modern product development life cycles.

Key Macro Trends

It's well established that implementing customer feedback before release improves product quality and customer experiences. And that's true now more so than ever. Here are the major trends driving the importance of beta testing and the challenges companies are expecting beta to help them overcome.

TECHNOLOGY PRODUCTS HAVE CHANGED

Products have become more sophisticated. They have also become more connected. In 2020, there were more than 26.66 billion active IoT devices worldwide.

The growth of connected products means that physical products now contain software and services that have to work together. Not only that, but today's products have to work with other devices that are constantly evolving.

Testing connected products and software in all environments is key to identifying and fixing user connectivity issues and bugs before release. Making sure that connected products maintain interoperability and that software integrations work in the near and long term means beta testing is more critical now than ever before.

BUYER BEHAVIORS HAVE CHANGED

E-commerce has been steadily on the rise, but last year the pandemic caused online shopping to spike by over 30%. In 2020, 55% of consumers said they planned to skip in-store shopping completely and purchase new tech devices online. And that trend isn't going away any time soon.

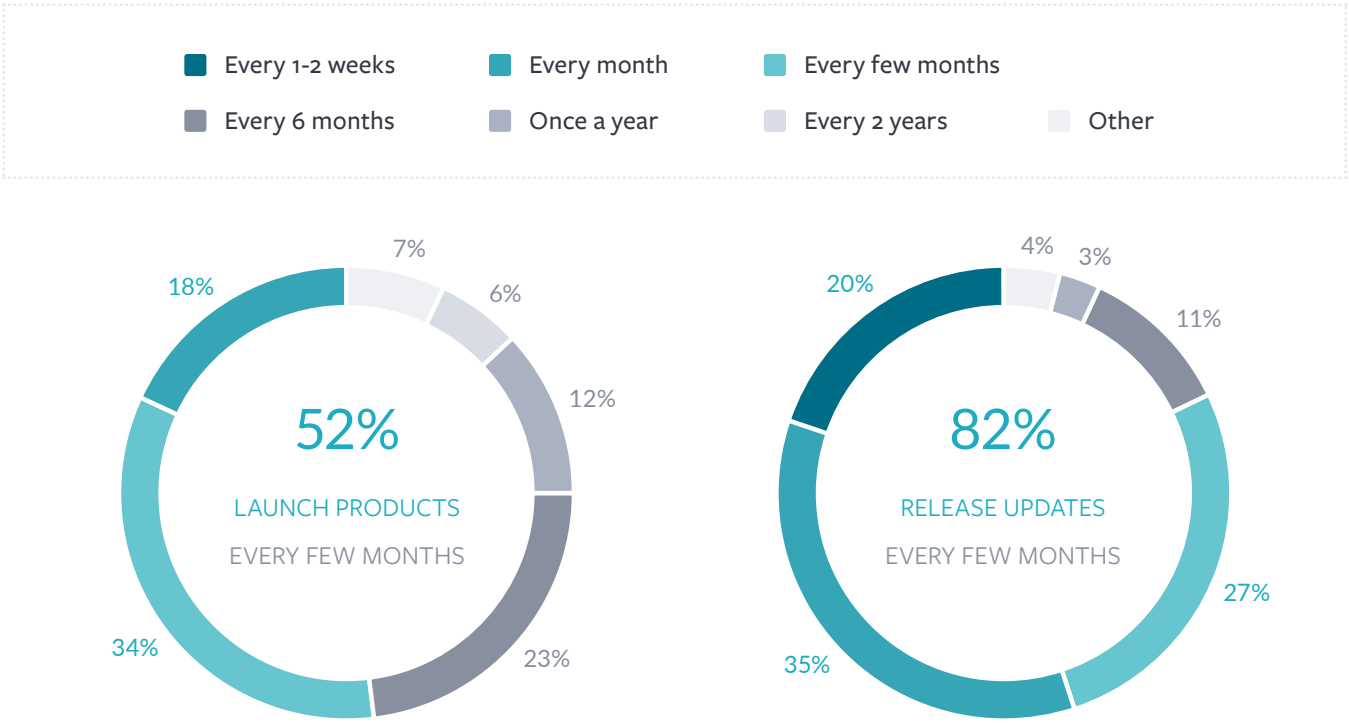
The online nature of today's markets means purchases are more research-driven and that consumers are relying more heavily on online reviews and star ratings to make their decisions. Consumers have never been more empowered to influence the buying decisions of others, and on top of that, it's never been easier to return products that failed to provide a great experience.

Research shows that the presence of ***even one*** noticeable bug can lead to a ½-¾ reduction in star ratings, so getting feedback from potential customers ahead of release to suss out quality and experience issues is more important than ever.

PRODUCT DEVELOPMENT HAS CHANGED

Driven by the complexity of today's products and the high expectations of consumers, companies have ditched lumbering waterfall development practices that spread major product releases over long periods of time. In fact, over 70% of today's companies are using Agile or an agile hybrid for developing and releasing at a faster, more iterative pace.

Recent data confirms agile development trends as companies are releasing more products or updates each year with a shorter time between releases:



The shift has allowed companies to enhance customer and product experiences and to remain competitive as trends and customer preferences evolve in real time.

A now famous MIT study shows that 61% of breakthrough product innovations come as a result of customer feedback. It's clear that the need for real-world customer feedback is stronger than ever, but now companies need those insights on an ongoing basis and in real time.

Beta Testing Challenges

So how has traditional beta testing stacked up against the demands of today's modern marketplace? Research shows gaps in efficiency and effectiveness that are tanking program satisfaction at many organizations.

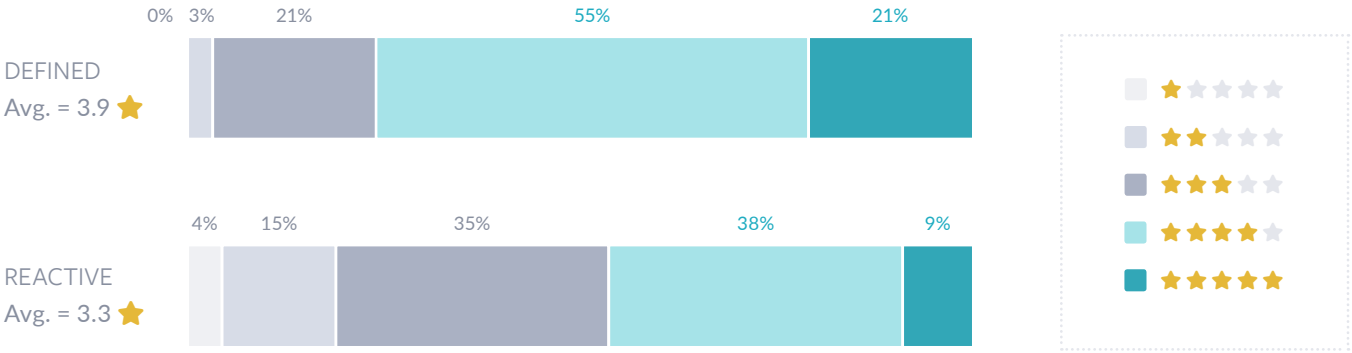
UNDEFINED PROCESSES LEAD TO INEFFECTIVE PROGRAMS

The COVID-19 era brought budget cuts and remote work that decentralized testing processes and caused some to pick up beta testing as a new responsibility. The result? Fewer companies used a defined beta testing methodology in 2020 than in 2019.



This is problematic because there is a huge gap in program effectiveness for professionals who use reactionary processes or ad-hoc tactics versus those who rely on defined processes during beta testing.

When asked to rate program effectiveness, 3 in 4 test managers who run customer tests using defined processes gave their programs 4+ stars. On the flip side, only 47% of test managers who run their tests using reactive processes gave their programs more than 3 stars. More than that, professionals using reactive processes are seeing program effectiveness sink deeper as time goes on, dropping by 7% in 2020 alone.



DECENTRALIZED TOOLS ARE DRIVING UP INEFFICIENCIES

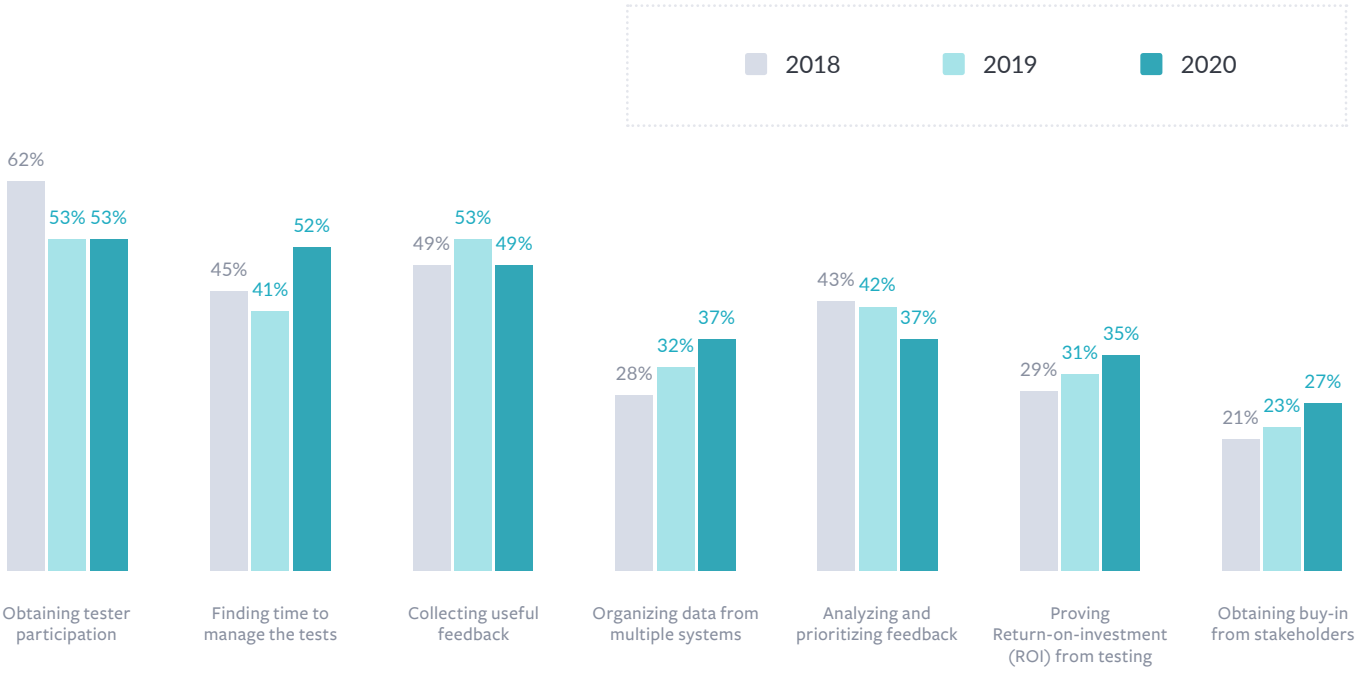
The lack of a proven beta testing methodology is also driving up the number of tools test managers are using to get the job done. Oftentimes, teams are using productivity tools that just happen to be on hand.

In 2020, ***59% were using 3 or more tools***, which is up 13% from 2019. While those tools may provide deep functionality for a specific task, they create silos and additional manual steps that waste time test managers can't afford to lose — especially since 86% have other responsibilities to take care of as part of their role.

Taking a closer look at the side effects below, it's clear why so many teams are dissatisfied with program effectiveness while using the undefined processes and decentralized tools that are common features of traditional beta testing.

BETA TESTING BRINGS THE SAME CHALLENGES YEAR AFTER YEAR

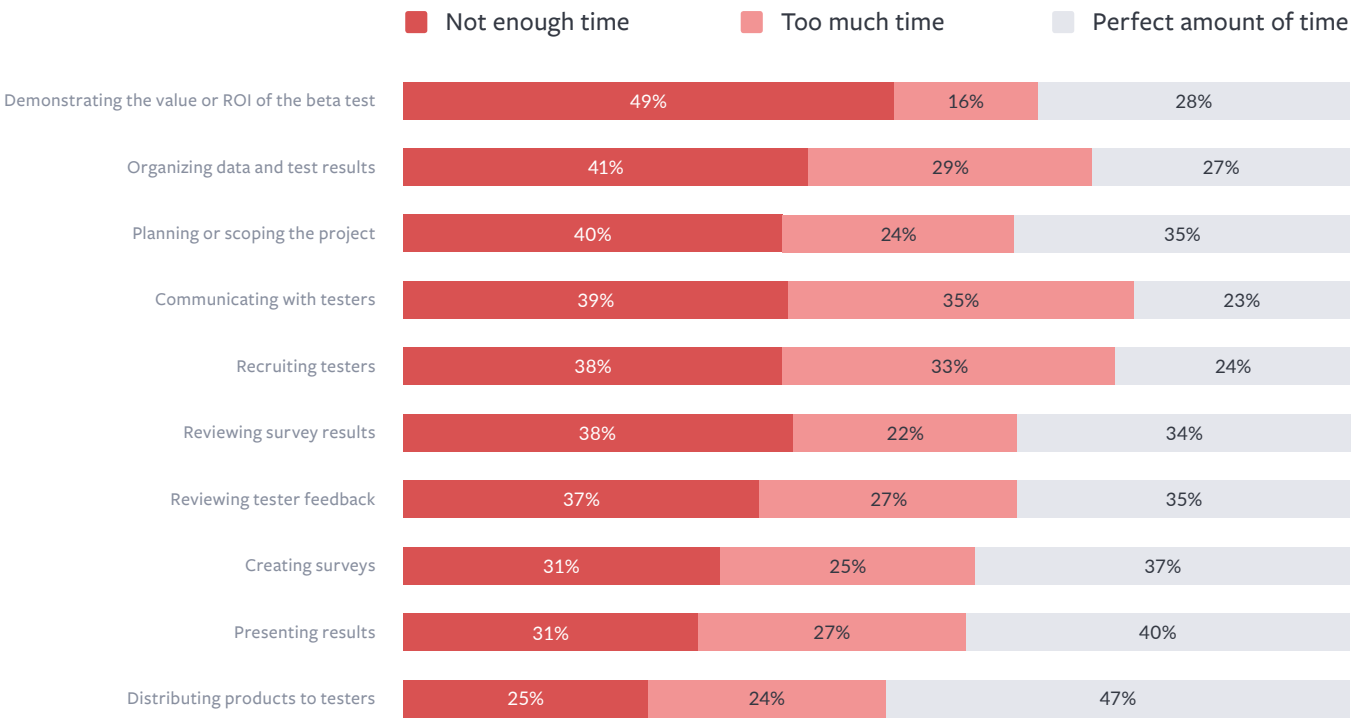
Research shows that for the past three years, testing professionals have identified the same seven challenges of running successful beta tests:



Recent data also shows that it's only getting harder to find time to manage tests, organize data in multiple systems, prove ROI, and obtain stakeholder buy-in.

Additionally, it's difficult for professionals to allocate time for key test execution tasks, with more professionals experiencing this challenge every year. For some, that means spending too much time on manual tasks. On the flip side, many are not spending

enough time on key tasks that will ultimately impact product quality. On average, ***nearly ⅔ of test managers say they don't spend the right amount of time managing their tests***.



That's no surprise since few companies have dedicated resources for their beta testing efforts. In 2020, just ***14% of beta test managers ran tests as their primary job***. And just 31% said they had the help they needed to execute tests effectively.

Without processes, scalable systems, and the workforce they need, teams have to weigh their beta testing investments against responsibilities that are more critical to their success at their organizations. This often leads to ineffective beta test management and an inability to deliver actionable feedback and measurable results.

COMPANIES AREN'T BUILDING THE TESTER COMMUNITIES THEY NEED

Many companies are not building and nurturing communities of testers who are available to test their products on-demand. Instead, they are approaching tester recruitment on a project-by-project basis. These companies are facing recruitment challenges like:

- Prolonged recruitment periods
- Inability to find enough testers
- Inability to identify testers with the right demographic and technographic traits

For those companies, challenges during recruitment are building into larger issues come testing time. The inability to fill projects with enthusiastic testers who match targeted profiles directly contributes to low project engagement and feedback that doesn't have a tangible impact on product success.

TRADITIONAL BETA TESTING DOES NOT HAVE ORGANIZATION-WIDE ALIGNMENT

Beta testing tends to suffer from poor stakeholder support and cross-functional alignment. Much of that has to do with the fact that the data is often presented in ways that are hard for each stakeholder group to make use of. Without the right methodology, common vernacular, and reporting that drives insights, cross-departmental collaboration on beta tests is painfully slow and ineffective. Sometimes it's non-existent. For example:

- Product teams are looking for actionable insights to drive roadmap decisions, and a community of on-demand testers that can be leveraged throughout the entire PDLC.
- QA teams want to achieve expanded test coverage in a fraction of the time and without having to invest in buying more devices for the lab.
- Engineering teams need prioritized insights so they can focus on fixing issues and implementing new features that have the greatest impact.
- Marketing teams want a better understanding of customers and what they liked best about your product so they can more effectively market it at release.
- P&L owners, finance, and leadership are looking to leverage early feedback and star ratings to help with predictability of product sales.

In order for beta testing to be successful, stakeholders across the organization need to understand the value they will receive, and how to use testing results to achieve it.

BETA TESTING DOES NOT SUPPORT AGILE

With 52% of companies releasing new products every few months and ***82% of companies releasing product updates every few months***, companies need pre-release feedback from customers at every turn. Yet challenges like understaffing, decentralization, and lack of processes are preventing beta testing from keeping up with the rapid pace. The practice was developed to accommodate product releases that followed a waterfall methodology, and it hasn't changed much since then. Beta testing simply doesn't provide the type of real-time and continuous insights the modern product organizations need.

Where Do We Go From Here?

It's not all bad news. Research shows that companies using ***Delta Testing*** (a form of evolved beta testing) are more satisfied with program effectiveness and are consistently releasing products that are more successful on a global scale.

WHAT IS DELTA TESTING?

Delta Testing is the modern practice of capturing continuous feedback from potential customers before every product release — whether it's a major launch or a minor update.

Companies use Delta Testing to generate the insights they need to make informed decisions about what to fix, improve, and promote throughout the entire product development life cycle.

The secret is a proven methodology for building a tester community and streamlining testing processes. It allows companies to

generate more relevant feedback, deliver actionable product recommendations, and maximize customer testing success.

The Delta Testing methodology is built on decades of experience collecting and analyzing feedback on thousands of product releases. It was developed to help companies improve repeatability and scale the practice throughout their organizations.

CONTINUOUSLY DRIVING QUALITY AND INNOVATION THROUGHOUT THE PRODUCT DEVELOPMENT LIFE CYCLE

Product quality and innovation can only reach maximum output if feedback from the right audiences is being pulled in throughout the entire product development life cycle. And companies using the standardized lexicon, reports, and dashboards offered by Delta Testing are experiencing greater stakeholder alignment across the entire product development lifecycle:

- During product definition as they ask potential customers to test competitor products,
- When conducting user experience research and real-world QA checks with teams of employees,
- As the product undergoes final improvements before launch using insights from target market testers, and
- Throughout product maturity as customers test updates and new features before they are released.

IMPROVING PROGRAM EFFECTIVENESS WITH DELTA TESTING

Research from 2020 shows that companies using the defined processes and automation of the Delta Testing methodology are seeing:

- 40%+ reduction in time to run customer tests
- 75%+ increase in participation and tester engagement
- 40-50%+ reduction in project and related costs
- ½+ star rating increase by addressing discovered issues
- 646% ROI over a three year span

As both the pace of connected product adoption and technological evolution accelerate, more and more companies are using Delta Testing to amplify the voice of their customers, support agile development with real-time insights, and increase product success.

About Centercode

Centercode helps companies deliver flawless products through Delta Testing. With a network of hundreds of thousands of testers, a team of expert consultants, and a software platform that automates the whole process, Centercode makes it simple to manage pre-release product tests.

Product managers, engineers, and testing professionals use Centercode to collect more product feedback with less time invested. They use pre-prioritized insights from Centercode to make data-driven product decisions and impact success at release.