Building Global Development Teams

YOUR COMPLETE GUIDE TO OFFSHORE ENGINEERING

Introduction

Thank you for downloading our ebook.

When you're looking to build a global development team, it's important to know how to do it right. Our guide will give you the lowdown on leveraging world-class talent, enabling you to innovate at speed and scale fast.

From choosing the right solution, the right development partner, building a foolproof recruitment process, and collaborating with your engineering team — we've covered it all.

We trust you'll find this guide helpful.

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1. Choosing the Right Model

When you've decided to explore the concept of building a global development team, you're probably going to come across terms like 'offshoring', 'outsourcing', and occasionally even 'nearshoring'.

But they don't all mean the same thing.

Offshoring, outsourcing, and nearshoring are all different models of building remote development teams. With their unique pros, cons, and features, finding the right model that will work for your business is key. Let's dive deeper...

1.1 Outsourcing

Outsourcing means working with either freelancers, vendors who work with freelancers, or businesses who have a pre-existing software team at their disposal, to achieve a specific deliverable.

Typically, outsourcing is a contract-based, cost-driven model that allows companies that are looking to reduce operational cost gain access to part-time developers. And, because the team is employed on a project basis no resources are spent on idle workers, which can be a boon for businesses with unpredictable capacity.

WHAT'S THE DOWNSIDE?

Outsourcing companies offer very low prices, and those kinds of savings don't come without compromise.

For starters, the developers you work with aren't your employees, which means that they aren't bound to your company. The interaction you have with them is minimal, and they aren't in it for the long haul. In fact, in all probability, the engineers you hire are working on concurrent projects for clients all across the globe, leading to questionable customer focus.

Since these contractors aren't permanent employees, it can be risky to assign them significant or urgent tasks: if they disappear, you have nowhere else to turn. And with no control over development, the results can be unpredictable.

CAN OUTSOURCING WORK FOR YOUR BUSINESS?

On the one hand, if you need software built right now, and you don't have the in-house capacity to do it, outsourcing can be an option.

However, outsourcing tends to work best only when there's a strong, ongoing relationship with specific developers that you can trust. On the other hand, it isn't really sustainable in the long term and is no substitute for a dedicated development team.

PROS

- **Lower costs**
- **Flexible, project-based model**
- **No resources are spent on idle workers**

CONS

- **Lack of customer focus**
- **Not sustainable over the long term**
- **Lack of trust with developers**
- **No control over development**
- **Part-time engineers who work on concurrent projects**

1.2 Offshoring

In a nutshell, going offshore means building a permanent, dedicated development team, anywhere in the world. Though this adds a potential time difference, it eliminates the risks of engaging with short-term contractors.

There are many benefits to offshoring. The most significant advantage of building a team abroad is that you get to handpick top-quality engineers with the specialist skills you need, usually at about 50% of the at-home cost. For companies looking to scale their development team, offshoring is a proven and powerful approach.

However, that being said, the quality of offshoring depends greatly on the development company you partner with. The Scalers practice a new model of offshoring coined Offshore 2.0 — a model that is based on simplicity, transparency, and quality.

Offshore 1.0 **VS** Offshore 2.0

| Offshore 1.0	Offshore 2.0
A cost-focused mindset	Value-adding mindset
External teams	Augmented teams
Short-term focus	Long-term focus
Project based	Shared vision and mission
Crisis vulnerable	Crisis capable
Developers only execute, no added value	Extra value to your organisation
Your project is one of many for developers	Developers focused 100% on your business
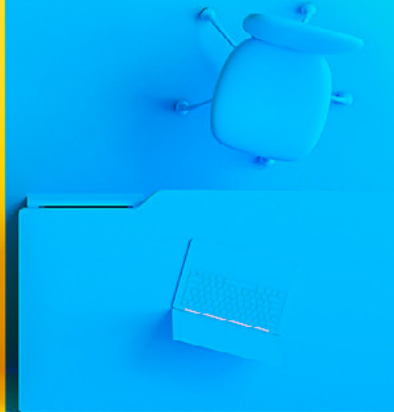
PROS

- **Access to a global talent pool**
- **Lower operational costs**
- **Scalability**
- **100% customer focus**
- **A fully-integrated team of full-time developers**
- **100% ownership**

CONS

- **Geographical distance**

1.3 Nearshoring

As the name suggests, nearshoring means 'near' to home. For instance, developers in London are very expensive while good Ukrainian developers work in a similar time zone at lower prices.

Nearshoring is useful for companies that want constant, real-time collaboration with their local engineers. Because you're sharing a time zone, logistical challenges, for the most part, are averted. You're also less likely to experience a significant culture gap between employees. However, what businesses gain from proximity, they often lose in talent scarcity. Again, the quality of engineers you engage with depends entirely on the development partner you choose.

PROS

- **Geographical proximity**
- **Lower operational costs**
- **Similar time zone**

CONS

- **Talent scarcity**

	Hiring local developers	Outsourcing	Nearshoring	Traditional offshoring	Offshore 2.0
Quality engineers	✓	✗	✗	✗	✓
Your own team	✓	✗	✓	✓	✓
Fast to hire	✗	✓	✗	✗	✓
Scalability	✗	✗	✗	✓	✓
Value for money	✗	✗	✓	✓	✓

2. Choosing the Right Destination

With so many emerging tech hubs in the world, choosing the right destination is key. So, what are your best options?

CHINA

The software development industry in China is flourishing, with the country employing over 6,000,000 successful software engineers at a growth rate of 3.4% every year. Guangzhou, Shenzhen, Shanghai, Beijing, and Hangzhou contribute to over 60% of China's software industry income.

With many promising local companies emerging in the country, foreign businesses are also entering the market to try and capture this opportunity before their competitors do.

China

Ukraine

The Philippines

India
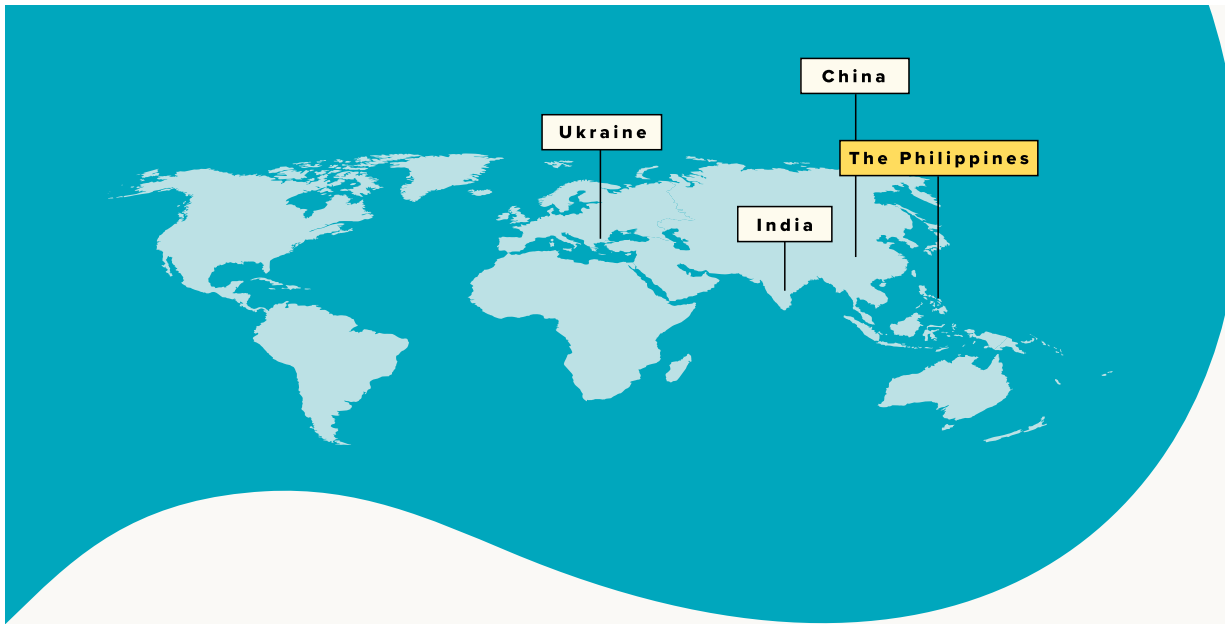
THE PHILIPPINES

What's promising about the IT industry in the Philip-pines is that it's still evolving. This also means that hiring successful software developers won't be as expensive in the West.

The country, once known for its booming BPO industry, is slowly moving towards establishing a strong foundation in the IT space. Software applications with the possible integration of sensory technology and AI are being built by the day, and it's only the beginning.

China

Ukraine

The Philippines
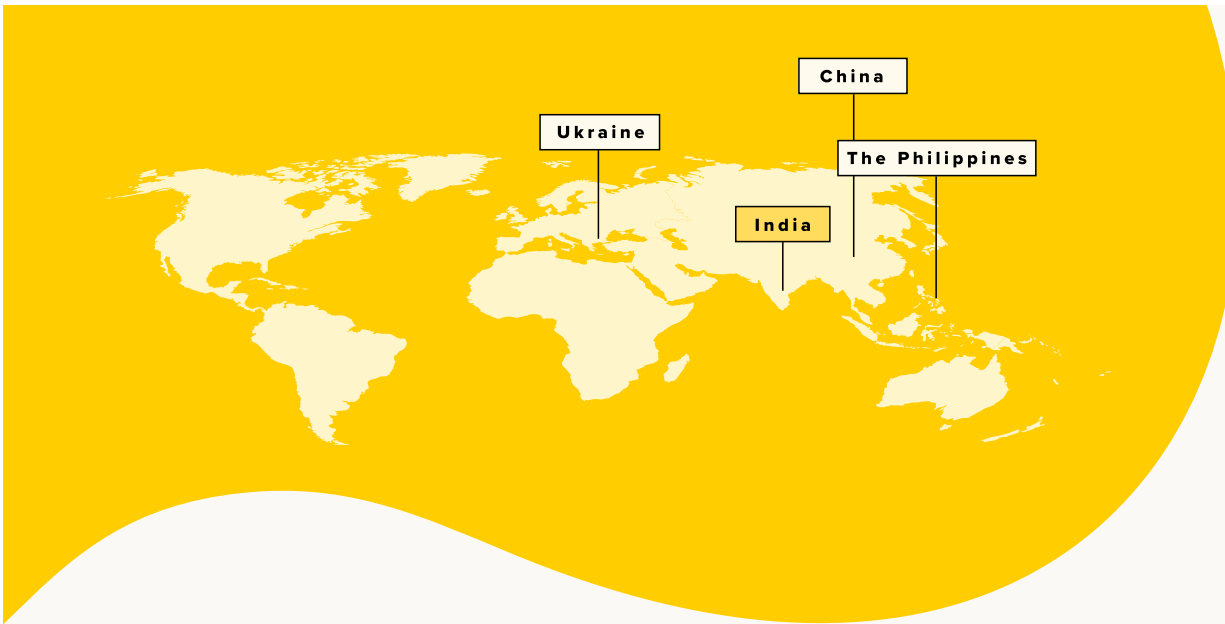
India

educated, qualified, English-speaking software developers, equipped with the skills that you need to scale your business.

And because of the lower cost of living in India, the average salary that you would be paying for a developer would be significantly lower than a local engineer.

INDIA

According to NASSCOM, over 80% of firms in the US and Europe prefer to build an offshore team in India. Even though countries like the Philippines and China have emerged as promising competitors, India still holds the first place.

India generates 1.5 million engineers every year — that's 1.5 million tech talents, meticulously trained to approach technology and its constraints with an open mind. When you're building a team in India, you get access to highly

China

Ukraine

The Philippines

India

UKRAINE

Software development is the most popular field in Ukraine, with the Ukrainian IT industry expected to reach over $10 billion in value by the end of 2020. In fact, The World Economic Forum named Ukraine in the list of the top 10 countries that produce the most number of STEM graduates in the world.

Choosing the Right Partner

Once you've chosen the right model and destination for your business, it's time to engage with the right partner.

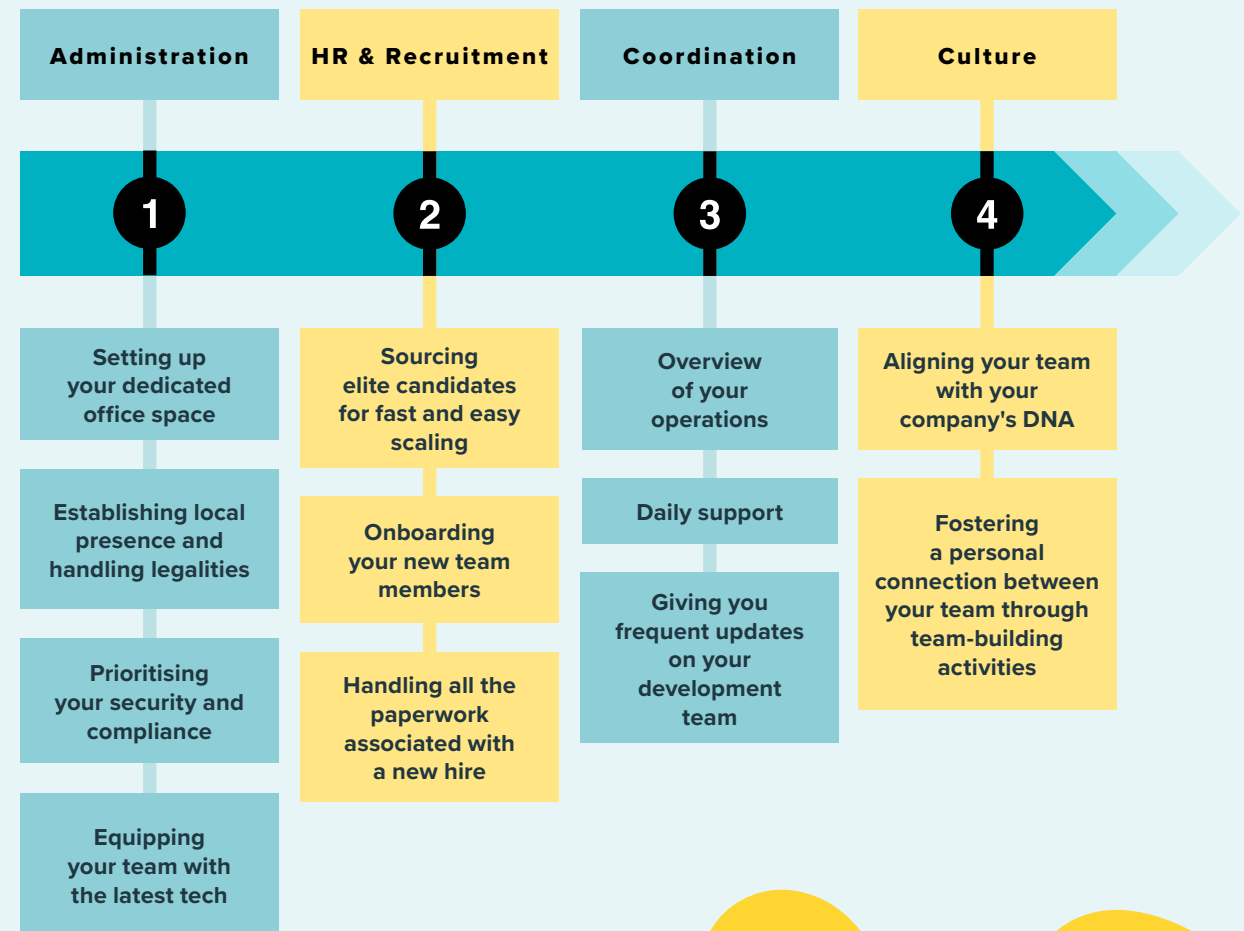## 3.1 But Do You Even Need a Development Partner?

It's recommended, and there are two reasons why:

One, because though the model is simple, there's still a lot of work behind the scenes. You have to first set up a business entity in a foreign land, find and set up a workspace, recruit the best engineers, handle all the administrative duties and daily tasks, all from your local office. The right partner, on the other hand, takes care of all that for you. They'll have an entire team on the ground that will dedicatedly work on building your remote workforce.

Also, extending your business into another country with an entirely different culture and background takes expertise. If you want to build a house, you need the assistance of an architect. Similarly, if you're going to build a development team, you need to hire a partner that can understand the talent pool of that country and your specific requirements to tailor a process that can work for your business.
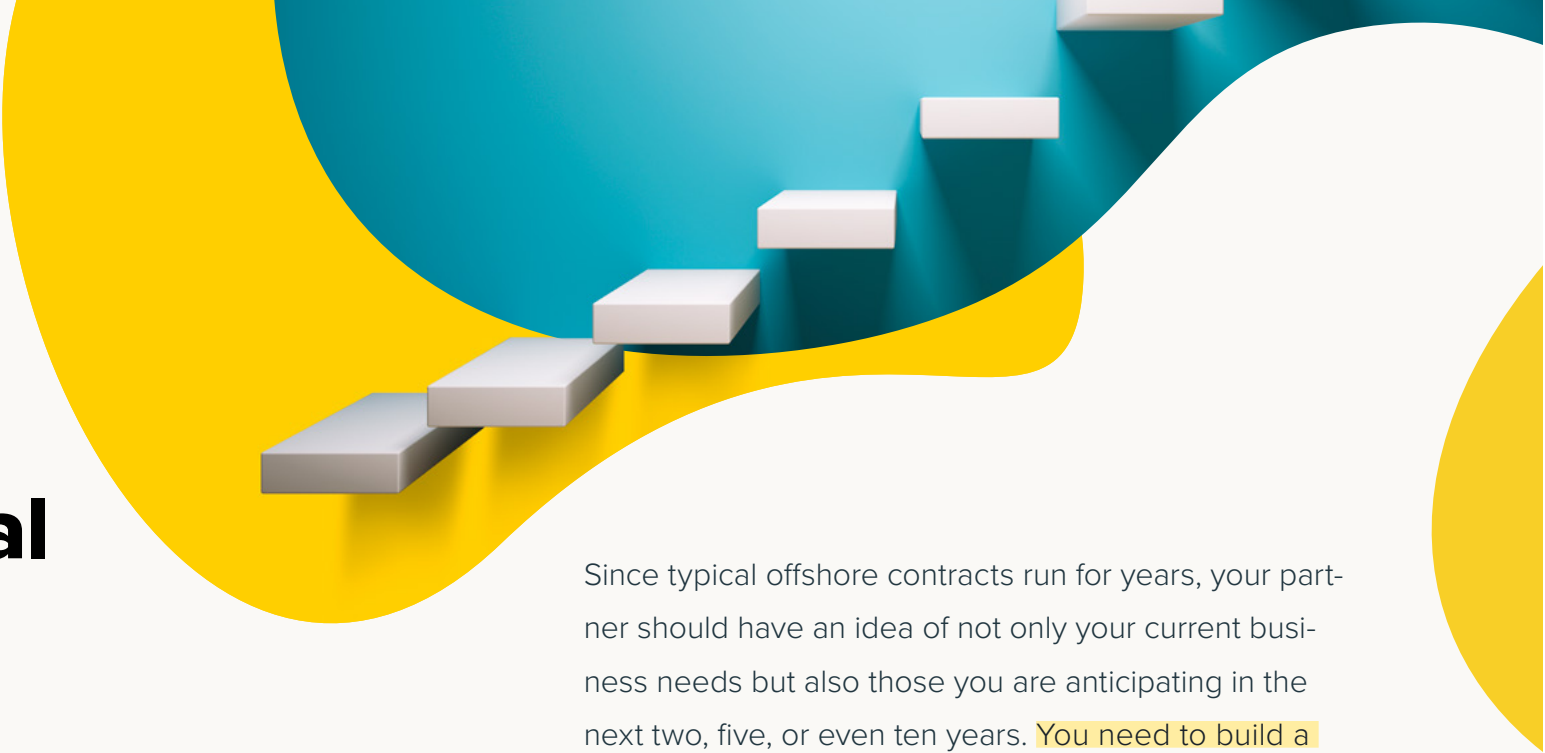
A holistic approach

Administration	HR & Recruitment	Coordination	Culture
1	**2**	**3**	**4**
Setting up your dedicated office space	Sourcing elite candidates for fast and easy scaling	Overview of your operations	Aligning your team with your company's DNA
Establishing local presence and handling legalities	Onboarding your new team members	Daily support	Fostering a personal connection between your team through team-building activities
Prioritising your security and compliance	Handling all the paperwork associated with a new hire	Giving you frequent updates on your development team	
Equipping your team with the latest tech			

Unfortunately, there are plenty of businesses that call themselves 'offshore development specialists', but in fact, offer outsourcing. **The key is to understand the difference between the two.**

If you decide to go with the offshore model, the right partner will manage the entire recruitment process, payroll, taxation, local registrations, legalities, acquiring a dedicated office space, onboarding the employees, employing dedicated HRs, hiring of the administrative staff to take care of the day-to-day duties, and more.

3.2 How Can You Choose Your Ideal Offshore Partner?

We've made a consolidated checklist of all the parameters that you need to tick off before you sign on the dotted line.

#	Parameter	Description	
1	A simplistic model	Are they offering you a solution that is easy to implement, transparent, fully integrated, and hands off?	✓
2	Demonstrable experience	Can they showcase a portfolio that highlights their successful history of building offshore development teams — their approach, roadmaps, timelines, and results?	✓
3	Ability to find talent	Can they guarantee that they will hire a team of world-class engineers for your business? Is their recruitment process bulletproof?	✓
4	Operational costs	Is their solution based solely on cost or cost-effectiveness? Can they get specific about quotes, timelines, cost-breakdowns, and any future or hidden expenses?	✓
5	Management capabilities	Can you trust them to manage all the administration tasks with due diligence, irrespective of the geographical limitations?	✓
6	Working environment	Can they create a great workplace for your development team? What parameters do they focus on when setting up the office space?	✓
7	Cultural fit	Will they be able to bridge the culture gap between the East and the West? How do they ensure that employees do not experience cultural differences?	✓
8	Scalability	Can you hire anywhere between 2–100+ developers? Will they be able to expand your team at the pace you want them to?	✓

4. Establishing an Operational Roadmap

Before you start hiring your champions, it's essential to put together a clear roadmap with your development partner — a set of actionable steps for the near future.

WHY?

Working with a development partner means that you are looking at the long term. There are short-term milestones, of course, but as you're integrating a full-time, permanent team into your business, the focus must be on the future.

Since typical offshore contracts run for years, your partner should have an idea of not only your current business needs but also those you are anticipating in the next two, five, or even ten years. You need to build a process that offers flexibility and adaptability, to ensure that you can influence changes within your global development team if need be, without broader disruption to the company.

THE KICK-OFF

Once your roadmap is in place, it's all systems go. This is also when the model becomes completely hands off — you can work directly with your development team while your partner will take care of everything else.

5. How We Do It at The Scalers

We build scalable, results-driven development teams in Bangalore using a unique model of talent sourcing, managed operations, and cultural alignment.

① Getting your future developers excited

Once you decide to partner with us, the first step in our process is to gather all the relevant information about your business, to create what we call the 'Client Engagement Page'. It contains data about what your business does and any promotional content that can explain how your organisation operates.

This serves as an information centre that showcases your offerings for the future developers in your team. The client engagement page is then sent out to potential candidates before their interview.

2 **S e t t i n g   u p
a n   a c c o u n t   o n   o u r
i n t e r n a l   p l a t f o r m**

Every client has access to our internal assessment platform, TEAMS, which offers straightforward tracking of recruitment processes.

WHAT'S ON IT?

⭐ **A list of all the employees** that have been successfully hired and are now part of the team.

⭐ **A database of all the open positions,** the allocated budget for each hire, and their respective job descriptions that we create from scratch.

⭐ **A comprehensive list of all the candidates** that are in the pipeline at any given point of time, their interview scripts, their coding assignments, and other relevant information.

⭐ **A calendar** that is updated when a new employee is set to join and the timelines for consecutive hires.

⭐ **All the monthly invoices** that are billed for the team.
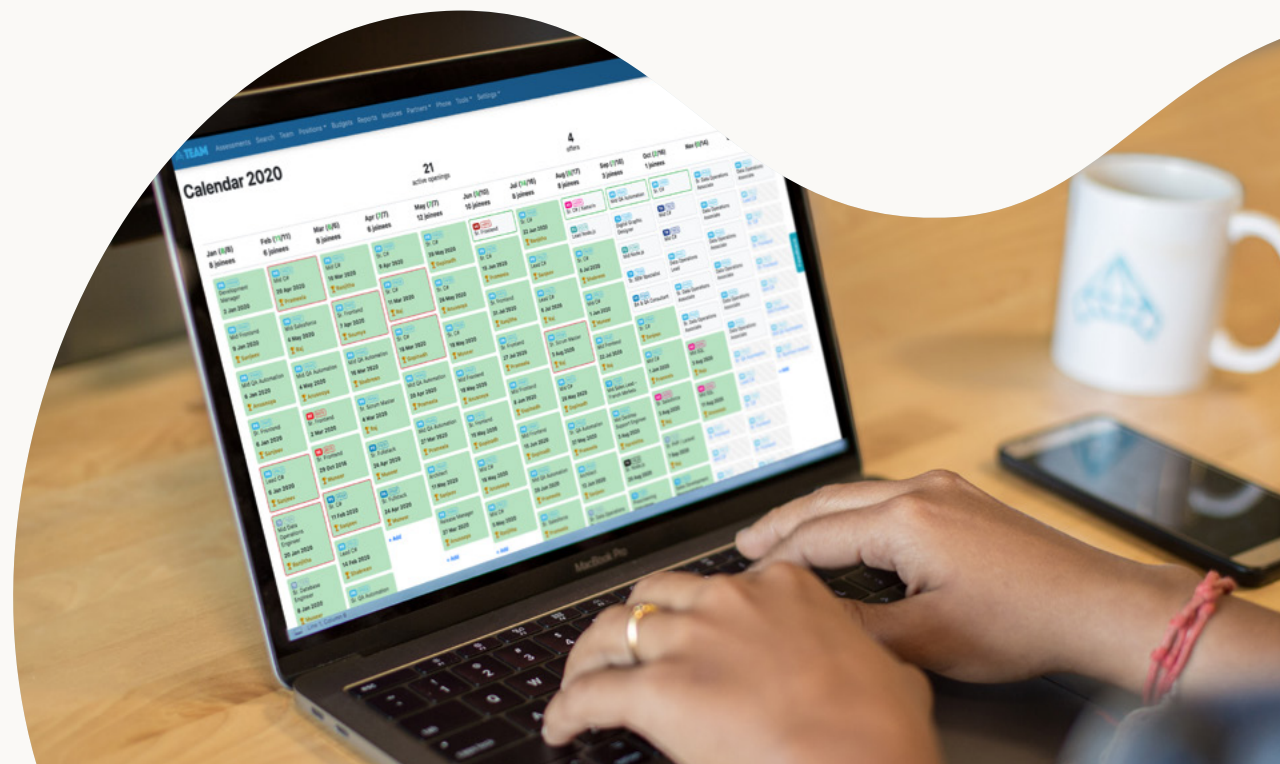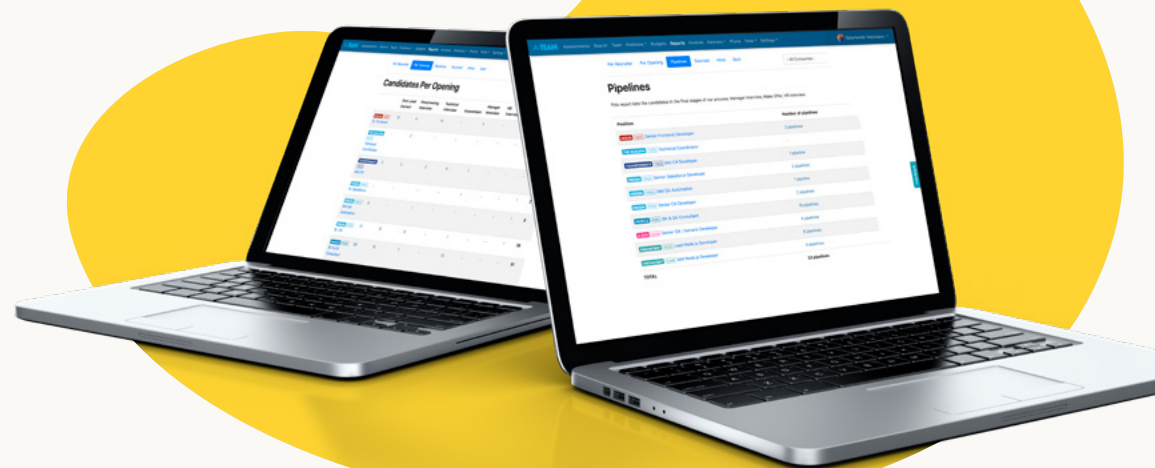
3 Preparing the job descriptions

Next, we create the job descriptions of all the open profiles and add them to the Assessment Platform and RecruiterBox. When we draft them, we always format to remain as close to your branding as possible.

4 Interview Scripts

Finally, the technical recruitment team drafts scripts for the interview process, i.e. for the pre-screening interview, technical interview, and the coding exercise.
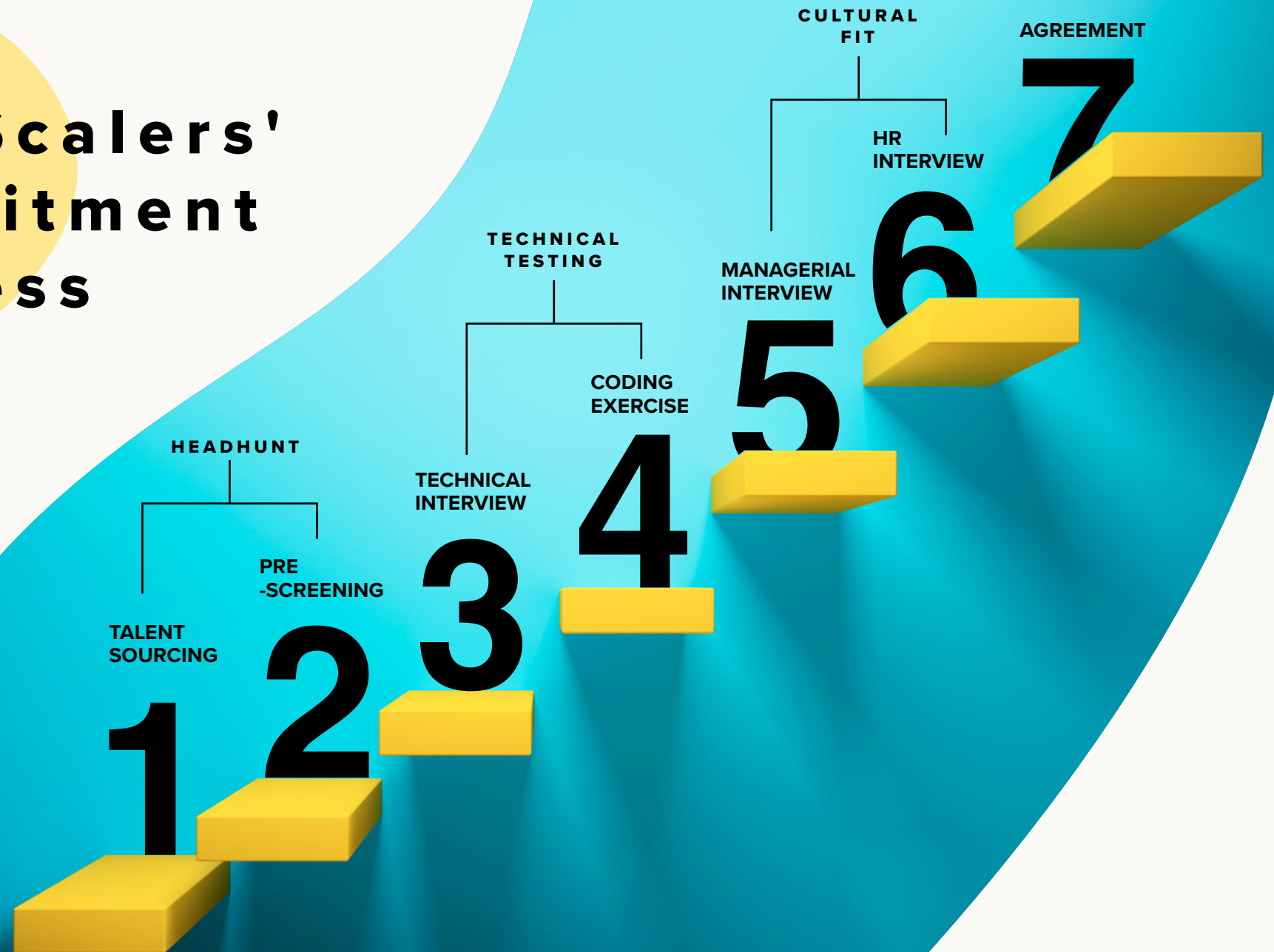
6. The Recruitment Process

The bottom line is this — you need world-class developers that are an extension of your local team, wholly and completely dedicated to, and employed by, your company.

And that's where your development partner's expertise becomes invaluable. Because they've had significant experience in hiring software teams, they are likely to have a standard recruitment process.

For example, at The Scalers, our recruitment method is focused around two principles: **building the most efficient team possible for our partners while making the entire process hassle free.**

The Scalers' recruitment process

HEADHUNT

TALENT SOURCING

PRE -SCREENING

1

2

TECHNICAL TESTING

TECHNICAL INTERVIEW

CODING EXERCISE

3

4

MANAGERIAL INTERVIEW

5

CULTURAL FIT

HR INTERVIEW

6

AGREEMENT

7

7. Admin and HR Kick-Off

After you've been successfully onboarded as our partner, we initiate the Admin and HR kick-off that involves assessing the office space requirements, hardware and software specifications, and any other admin necessities. This is also when our client-partner explains to the HR team the recruitment requirements, timelines, and the budget.

Now, all that's left is to start building your team!

8. Onboarding Employees

At The Scalers, we always schedule weekly catch-up calls with the selected candidates to see if there's anything they need. It's all about engaging new employees and making them feel like they made the right choice.

The onboarding process can have a dramatic effect on job performance and employee satisfaction. In fact, a study conducted by the Aberdeen Group showed that organisations with a standard onboarding process experience 54% greater productivity.

A pleasant onboarding process will always make your employees feel like part of 'the family' — even if you don't phrase it that way. We also like to assign our new hires a 'buddy' — someone who knows the ropes of the business, chats easily and is nice to be around. Having a 'go-to' person in a new work environment helps reduce isolation among new employees.

Apart from this, we walk them through the organisational structure, prepare a dedicated workspace, and equip them with all the tools they need. As a rule, we also put a lot of focus on the first 45 days: if the new hires are happy, involved, and productive at this stage, then we're confident that they're a great long-term match for the team.

> *As the Chief Happiness Officer (CHO) for Preqin in Bangalore, my primary responsibility is the people. My role is to ensure seamless day-to-day operations, create a nurturing environment for the distributed engineering team to thrive in, and make Preqin's Bangalore office a great place to work.*

Shatabdi Dey,
CHO, Preqin

9.

Working With Your Development Team

When you have an extended offshore development team, it's important to remember that they're as much a part of your organisation as your local team is. The only real difference here is that they sit elsewhere.

So, make sure to include them in any important discussions, ask them for ideas, brainstorm together, appreciate their efforts, and collaborate on day-to-day tasks. In fact, our clients don't refer to their development team in Bangalore as an 'offshore' team because they're not treated as a separate entity but as an integral part of their organisation.
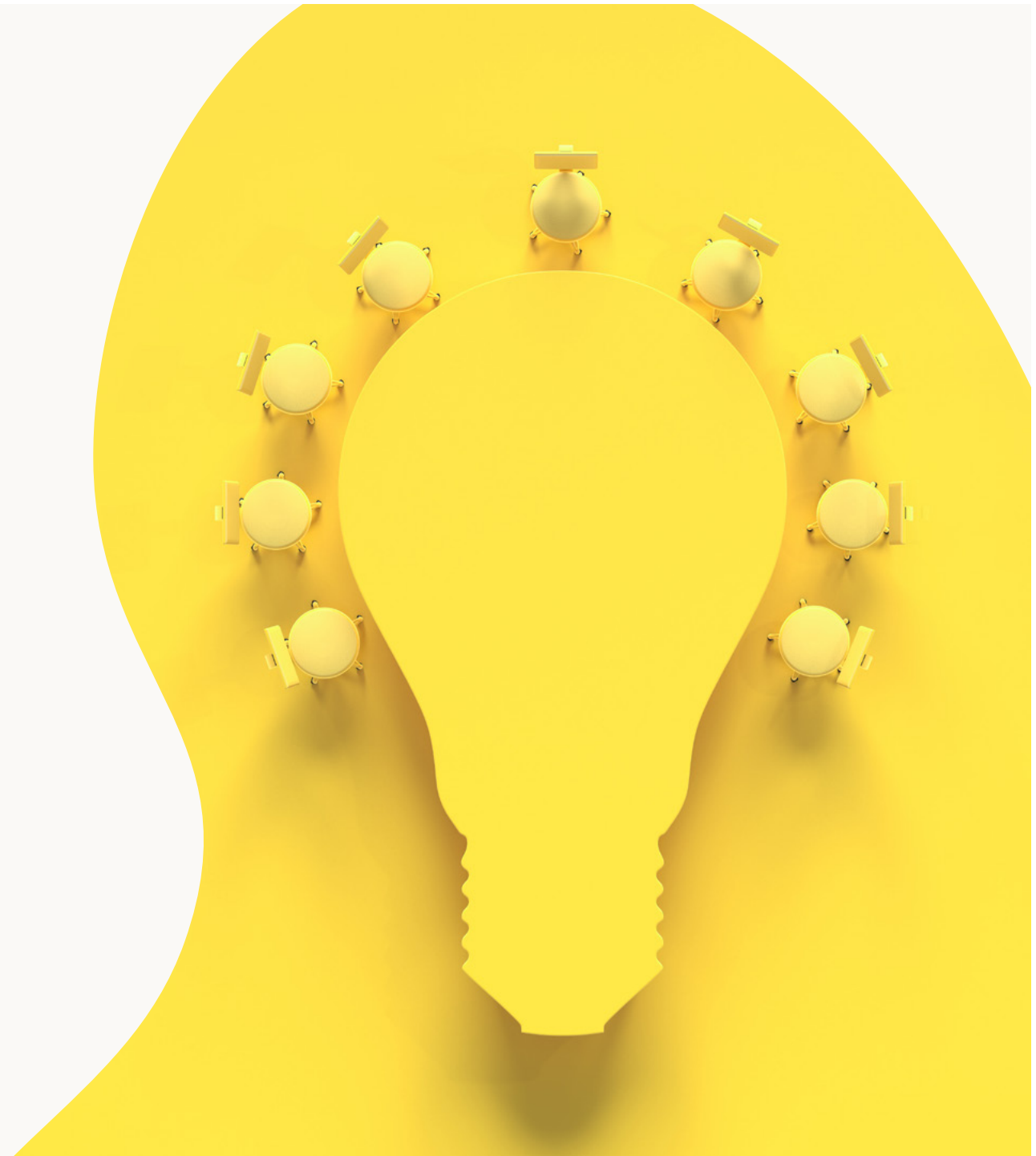
CULTURE AND COMPATIBILITY

Many businesses today are leveraging **global diversity, bringing together people from different cultures and backgrounds.**

While in theory, globalisation helps organisations to scale their business, the vast cultural and societal differences can result in a roadblock. So, how can you ensure that it doesn't happen with your team?

SIMPLY ACKNOWLEDGE AND APPRECIATE THE CULTURAL DIFFERENCES.

Address the elephant in the room: **your team is now culturally diverse, and that can manifest in different forms:** language, behavioural differences, values, and even meanings attached to specific words and actions.

10. Collaboration With Your Offshore Development Partner

Your offshore partner is your trusted advisor on the ground — a team that ensures everything is running smoothly. At The Scalers, we have a dedicated account management team as well as a CHO for each of our clients.

THE CHO

The Chief Happiness Officer (CHO) acts as a bridge between the stakeholders and the team in India. The CHO is also responsible for ensuring that the employees are happy, perks and salaries are presented on time, and the local and offshore teams collaborate effectively.

THE ACCOUNT MANAGEMENT TEAM

Recruitment

Our account management team gathers data about your business model, project plans, number of developers to be hired, their technical expertise, and more. This information is then refined, mapped out, and used as a guide to our recruitment process.

Site visits

At least once a year, the Account Management Director will spend a few days at your 'home' office. When you visit your team in Bangalore, we arrange team-building activities, dinners, and valuable social opportunities during the stay. It's all part of the service and at no extra cost.

Support

With your team in place and operational, the AM team issues weekly recruitment updates (offers released, number of new starts, etc.) **plus executive monthly reports on the key events from that month**. You also enjoy a weekly call with the Account Management Director — a great chance to discuss progress or plans for the future.

Conclusion

Developers are the lifeblood of your tech team, so it's important to source and hire the right talent. With the right development partner, you can tap into global talent pools and access the skills that you can't always find at home while optimising costs. And, while they take care of the recruitment, setting up your team, the operational heavy lifting, and the day-to-day administration — you're able to keep your focus on creating innovative, new customer offerings.

Our model promotes a strong and unified team culture — with your company DNA instilled throughout. It's a cross-continent extension of your existing team, you work with them the same as you do with your developers at home — they're genuine colleagues, not outsourced help. **Put simply, it's offshoring that finally works.**

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