



Building tech teams beyond borders

How IT decision makers can leverage offshore engineering talent in the race to digital first



**UNITED STATES
& CANADA EDITION**

Prologue

This paper explores how a new landscape has come into view, as businesses seek to propel past the pandemic and seize new opportunities through transformation.

And, how crippling skills shortages, increasingly competitive local talent markets, and an urgent need to place software more centrally poses businesses with a fresh challenge.

This paper is for CTOs, CIOs, Heads of Engineering — and other IT decision makers — in the United States and Canada to help them traverse this new terrain and race past the competition.

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Assessing the frontier

In 2020, 41% of global IT decision makers cited talent and skills gaps as their biggest challenge.¹ With the obstacles presented by the pandemic being addressed with further digitalization, the need for highly-talented engineers has only increased. North America is no exception, and both the United States and Canada present their own unique set of challenges.



QUICK FACT

There are almost one million unfilled software development positions in the United States



Source: CNBC



America needs talent

Businesses in the US and Canada aren't immune from the global talent shortage. Increased digitalization and movement to cloud infrastructure, the continued importance placed on cybersecurity, and the high value of data analysis and artificial intelligence means these specific skillsets are currently in high demand.

While the number of unfilled computing positions is rising rapidly with an already-large deficit, and the number of new computer-science graduates currently under 500,000 per year — the US is at risk of facing an unrealized output of over \$160bn if software engineering shortages continue at a similar pace.²

With the rapid speed of growth of tech centers in areas such as the Bay Area, Seattle, Boston, and Austin, alongside wide scale digital transformation — it's impossible to succeed and outsmart the competition without highly skilled developers.

If left unchallenged, this desert of talent will prevent ambitious businesses in the US and Canada from unleashing their full potential



QUICK FACT

189,000 openings for software developers, QA analysts and testers are projected each year over the next decade

Source: US Bureau of Labor Statistics

A hampered technology industry?

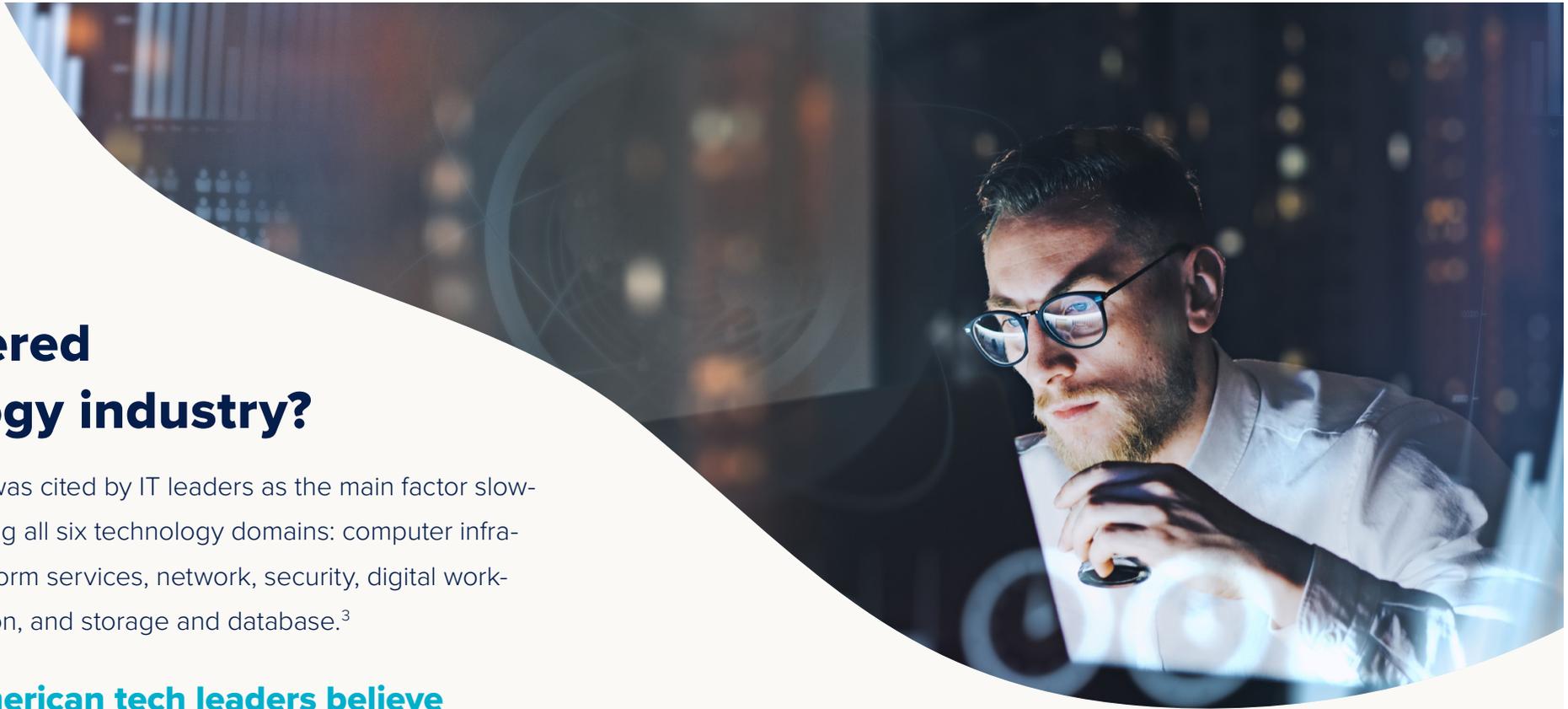
Talent availability was cited by IT leaders as the main factor slowing adoption among all six technology domains: computer infrastructure and platform services, network, security, digital workplace, IT automation, and storage and database.³

North American tech leaders believe the digital skills gap is becoming a digital skills crisis

Ultimately, it's a case of supply and demand — there's an imbalance between the need for a digitally savvy workforce and the availability of workers trained in those skills. Organizations from banks to retailers to healthcare providers are becoming digital businesses.

WANTED: ELITE EXPERTISE

But there's a massive shortage in the skills needed to not just lead but simply compete in a digital-first environment. Technical expertise is required in areas like coding, AI, UX, and cloud computing. Additionally, high-level soft skills are necessary to leverage that technology to craft real-world solutions.





Spotlight: Canada

The developer shortage in Canada is driving up costs for employers hiring locally. Engineers with the right skills are a hot commodity, and they presently operate within a seller's marketplace.

Even prior to the pandemic, the pool of people to fill software engineering jobs was already a serious challenge for Canadian compa-

nies. A challenge exacerbated by freedom of movement restrictions and regulatory measures stemming the influx of skilled workers.

The drain of developers to major Canadian tech hubs such as Toronto leaves other locations thirsty for top talent. Ottawa is projecting the number of software engineering jobs will far outstrip the number of people capable of filling them by the year end of 2028.⁴

QUICK FACT

The average annual base salary for a software developer in Canada is CA\$76,000

Source: Glassdoor



Toronto accounts for 26% of the country's tech talent and employment

Source: Financial Post



North America's obstacles and opportunities

Pandemic restrictions have exasperated this battle for talent. The effects of Covid have simultaneously accelerated the continent's digital transformation, while also putting a barrier up to a key source of skills supply from abroad.

The shortage of software developers also has operational implications that affect hiring budgets and timelines.

America's tech industry is innovation ready. But there's limited access to the talent needed to drive its growth



ENABLING TRANSFORMATION

American and Canadian business leaders are acutely aware of the need to embrace technology as a means to achieve business goals, and that responding to the digital skills gap is an imperative. The availability of these skills is key to powering the ongoing transformation of businesses in the country in order to survive and thrive in a post-Covid landscape.

THE SKILLS CRISIS

Globally, there will be 149 million new technology jobs created over the next five years.⁵ To put that into perspective, that's over 86,000 new jobs in the tech space every single day. Yet paradoxically, companies in North America are facing skills shortages because the candidates they see simply don't have the ability needed to take their organizations up a level. Additionally the cost of higher education continues to spiral, with the number of graduates in related disciplines creating a large shortfall.

QUICK FACT



64% of North American IT executives see the talent shortage as the most significant barrier to the adoption of emerging technologies



Source: Gartner



Top 10 skills for tomorrow's workplace

1. Analytical thinking
2. Active learning
3. Complex problem solving
4. Critical thinking
5. Creativity
6. Social influence
7. Tech savviness
8. Tech design
9. Resilience
10. Reasoning

Source: WEF

The top three in-demand programming languages for the US in 2022

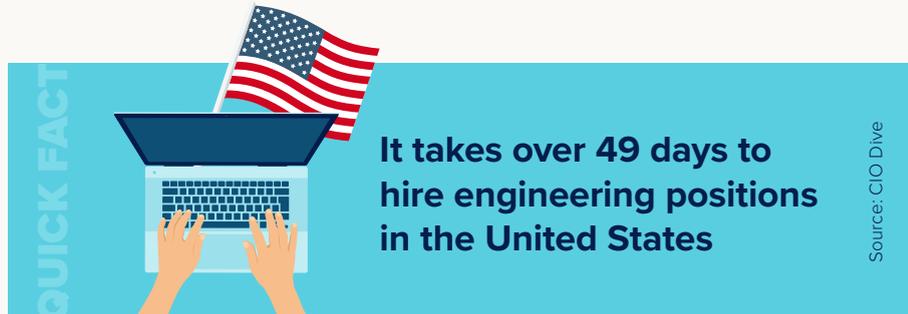
1. JavaScript
2. Java
3. Python

Source: ZDNet



RECRUITMENT WITH RESTRICTIONS

Shortages aren't always a result of a lack of engineers overall, but a lack of high-quality, qualified talent. There is a scarcity of in-demand skills alongside particular positions that are hard to fill. The kinds of skills that are hard to find can be predicted in line with emergent tech and new languages.⁶ Development roles are among the positions that take the longest time to fill, which can disrupt day-to-day core business — and make it harder to scale at the speed desired by ambitious businesses.



As an example, an organization might find it harder to find applicants with the right talent for roles like AI, as such positions require specific skills and languages that are dependent on

education and experience. Universities, coding academies, and bootcamps are trying to bridge the gap between what's needed and what's currently available.

It's building for the future when innovation is needed today. As a result, North American businesses are restricted by hiring locally



Navigating a seller's market

As the demand for engineers with the right skills skyrockets, larger and more prestigious organizations gain an edge in attracting the best people. Put simply, the tech giants have a monopoly on elite talent. Because there's fewer skilled engineers to choose from, local salaries have increased significantly, with major players pricing smaller and medium sized companies out of the race.

In addition, there's a struggle in retention as engineers are tempted away by larger competitors as transformation drives increase across the continent. Many top-tier engineers place work-life balance, along with the ability and support to work from home, higher in importance than salaried compensation alone.



QUICK FACT

The demand for engineers with the right skills is expected to grow 22% by 2029

Source: US Bureau of Labor Statistics



Winning the race to digital first

Two years on from the onset of Covid restrictions and digital transformation across sectors has further hastened and increased in urgency. Overtaking the competition and pulling ahead of challengers in the race to digital-first business has become an objective of principal strategic importance for organizational leaders in both North America and other major markets.

DELIVERING ON DIGITAL DEMANDS

To go digital first means approaching any new opportunity or strategy with the aim that the solution should be as digital as pos-

sible. It is to imagine as much of the service being created as possible being used by customers in digital form. Digital first refers to the practice of putting emphasis on a business model that prioritizes digital processes internally and digital offerings externally.

QUICK FACT

60% of CIOs report that skills shortages make it hard for their companies to keep up with competitors

Source: SIA



THE LAND OF OPPORTUNITY

There exists a world of opportunity well within grasp for American and Canadian businesses across a range of industries. In retail, established players can fend off new entrants with augmented reality solutions designed to give shoppers the best of both the physical and digital worlds. In automotive, the mobility space seeks new solutions to help people get where they need to go, made possible by new technologies. In banking, challenger fintechs are turning the industry upside down with online-only offerings and multi-currency accounts catering to the global citizen.

But innovation isn't possible without world-class development talent



Fighting on the front foot

If businesses want to place software more centrally in their strategic priorities as a response to Covid and medal in the race to digital first, then the need for elite skills is clear. As the digital space continues to grow, the fight for top talent will become even more competitive.

A BATTLE FOR TALENT

North American tech leaders need to ensure that they have attractive compensation and employee benefits, as well as enticing projects to attract the truly top-tier engineers and retain them. Alternatively, they need to look at new ways of building their tech teams, to avoid the highly competitive race for local talent in what is increasingly a seller's market.



Elite Indian engineering talent can help you bring innovative customer offerings to market at speed, and meet your strategic objectives faster than your competitors

Stuart Cleary,

Chief Revenue Officer, The Scalars



Scaling beyond the States

With increased transformation initiatives and the need to scale fast defining the landscape, engineering skills shortages in the US and Canada are intensifying the battle for local talent. Quite simply, there's never been a better time for IT decision makers to build their tech teams beyond borders, leveraging overseas pools of highly talented engineers to help them get ahead of the competition.

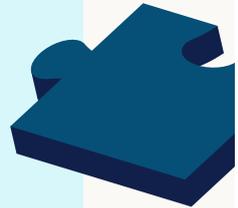


Harnessing global talent

Offshore teams can give businesses an added advantage and act as a secret weapon. By extending development operations to a talent-rich offshore destination, and partnering with an expert ‘on-the-ground’ offshore partner — leaders are able to:

- ★ **Plug skills gaps with highly talented engineers**
- ★ **Deliver high-quality products more quickly**
- ★ **Scale fast in line with strategic objectives**

With the right offshore partner taking care of the nuts and bolts of recruitment, setting up the team, the operational heavy lifting, and the day-to-day administration — the business is able to keep focus on driving change and developing new products and services for their customers.



For technology leaders, offshoring used to be about finding a price they couldn't get at home; today it's about finding the skills and people they can't get at home

Emilien Coquard,
CEO & Co-Founder, The Scalers

Think local or think global?

Imagine a business has decided to build a fantastic customer offering. It needs the best developers in the industry to help make a best-in-class product, and top-tier QA leads to ensure the product passes all the required tests and is the most reliable solution on the market. Unfortunately, the existing development team does not have the expertise required.

India will overtake the US in number of software developers by 2023



Source: GoRemotely

THINKING LOCALLY



If a business wants to hire to hire a team of elite talent, this could take months and has large cost implications given salary and location. More importantly, the developers may not possess the skills needed to meet strategic goals. This will almost certainly affect core business.

VS

THINKING GLOBALLY



The business has access to wider talent pools, making building a team of top talent a speedier process — with significantly less time spent on recruitment than at home. In addition, the talent brought into the organisation have the skills required to develop a best-in-class product, test rigorously, and quicken time to market.

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The Scalers' proven approach promotes a strong and unified culture — with your company DNA instilled throughout. It's a seamless extension of your existing team, with genuine colleagues, not outsourced help

Deepak Arunachalam,
COO, The Scalers



Getting ahead of the game

After the challenges of the past two years, two things have become certain. Firstly, leaders now understand that they must embrace the shift to software-driven business. Secondly, transforming into a technology-first enterprise can't be left to the sole oversight of the CTO or CIO. To be successful, the right culture must be adopted by the leadership team and instilled throughout the whole organization.

ALIGNMENT IS KEY

As a result, an offshore team must be totally aligned to an organization's vision and mission. This is made possible by working with an experienced offshore partner, who will enable fluid collaboration between the team at home and the team abroad. Essentially, to create one global engineering team.



The smarter way to go offshore

Offshore development is a way for businesses to access talent from global pools and scale fast. It stands apart from outsourcing as the developers you work with only work for your business. With outsourcing, engineers juggle multiple clients simultaneously. This makes it ideal for short-term projects, but there's simply no cultural buy-in to your business' mission and strategic vision.

The teams we build in Bangalore are powered by our unique model — combining finely-tuned recruitment and managed operations with total alignment operationally and culturally. Your developers work only for you and add long-term value to your organization. And, when you're ready to scale up we spring our recruitment process into action and deliver the additional specialists you need.



Say goodbye to lengthy recruitment initiatives and hello to the model that makes scaling plain sailing



Think beyond traditional offshoring

Outsourcing and what some people consider traditional offshoring are ultimately interchangeable terms. Most of the outsourcing and offshoring companies on the market promise you talent you can't find at home. However, many of our current partners previously tried different offshore solutions and the common complaint is a lack of quality.

A PROVEN APPROACH

Our model of building global development teams delivers something else entirely: high value, long term, fully aligned. How? Because of top-notch operations and a seven-step recruitment process that whittles down candidates to deliver you the top 1% of talent on the market — with you making the final hiring decision.

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 optimizing 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.

Put simply, The Scalers' 'Offshore 2.0' model is offshoring that finally works.



Offshore 1.0 vs Offshore 2.0

A cost-focused mindset

External teams

Short-term focus

Project based

Crisis vulnerable

Developers only execute,
no added value

Your project is one of
many for developers



Value-adding mindset

Augmented teams

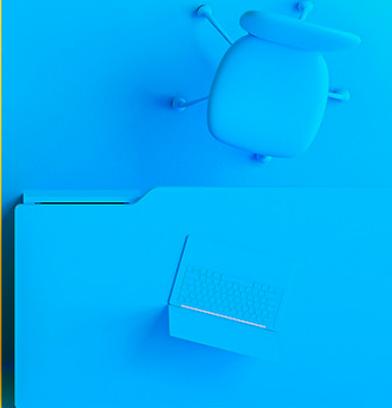
Long-term focus

Shared vision and mission

Crisis capable

Extra value to your
organisation

Developers focused 100%
on your business



Leverage The Scalers' proven model

It's as simple as 1,2,3...



We build your team

Candidate sourcing from Bangalore's elite talent pool

Seven step recruitment process with technical tests and cultural fit assessment

Strong focus on alignment both operationally and culturally



We run your operations

Dedicated workspace and high-spec equipment

Fully managed administration and HR

A data-driven approach with regular reporting



You scale without limits

Your continual 'mission support' on the ground

Scaling on demand in line with your strategic objectives

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When thinking about what the next generation is going to look like in terms of where these creators and developers are going to come from — I think it's obvious India is going to be a huge part of that

Mark Zuckerberg, CEO, Facebook,

Hindu Times

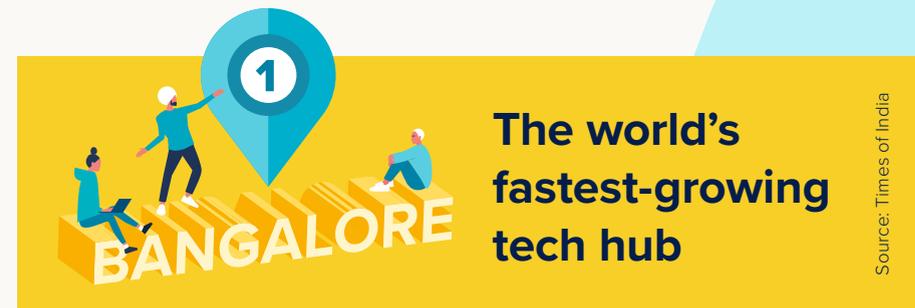


Bangalore: an oasis of top talent

Bangalore is home to one million software developers, and the range of skills and technologies available is simply unmatched in other popular offshore locations such as the Philippines. Similarly, the level of talent and quality possessed by the engineers gives overseas companies an extraordinary pool to recruit from.

As India's capital of innovation and with the well-known, world-class quality of engineering talent the country has on offer, you'll find yourself alongside major corporations as well as fast-growth startups — with high-grade infrastructure built to support the city's tech sector.

**The time difference between
Bangalore and New York
is ten and a half hours**



The infographic features a yellow background with a blue location pin icon containing the number '1'. Below the pin, three stylized human figures are shown interacting with a 3D bar chart where the tallest bar is labeled 'BANGALORE'. To the right of the chart, the text reads 'The world's fastest-growing tech hub'. A vertical line of text on the far right edge of the yellow box says 'Source: Times of India'.



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Bangalore in the spotlight



World-class technical institutions



Second largest tech ecosystem in the world



Won 'Most Dynamic City in the World', two years in a row



Massive hub for R&D centers, including Google, Amazon, and Microsoft



Other locations simply don't have the range of talent, skillsets, and quality of engineers as Bangalore

Simon Walsh,
Global Business Development,
The Scalers



INTRODUCING: OUR EUROPEAN OPERATIONS CENTER

Our Bangalore location is ideally located for companies on the East Coast of the US, as well as Toronto. For companies in Vancouver or the West Coast of the United States, our recently launched European center in Bucharest, Romania gives you a near-equal time difference.

**The time difference between
New York and Bucharest
is seven hours**

Now with our operations in Bangalore, India as well as Bucharest, Romania you have the flexible option of either location dependent on your requirements — the choice is yours.



Case study: building and scaling a tech team for a US retailer

A market-leading direct retailer had previously relied on third-party outsourcing to manage their ecommerce platform, but they wanted to streamline their operations and have their own integrated tech team in house.

The Scalers built them a dedicated team in Bangalore to help modernize processes, upgrade their technology, and prepare for future growth. Due to the pandemic, all new hires were virtually onboarded. There was a question mark around remote delivery being possible, but it has been answered successfully with proven results and a commitment to continued expansion.

With an initial team of five growing to eight developers covering Magento, EDI, Drupal, MuleSoft, and JDE, alongside three quality assurance engineers — the team is expanding fast. With ambitious plans for 2022, they plan to further scale their Indian team to 15+ engineers with the aim of being a faster and more agile modern enterprise.



Why The Scalers?

From 5 to 100+ engineers, we build world-class development teams in Bangalore. Beat the tech talent shortage at home and accelerate your innovation.

- ★ **Elite development talent** sourced from the top 1% in Bangalore
- ★ **Fully managed operations** — we do your heavy lifting
- ★ **A focus on cultural alignment** and buy in to your vision and mission
- ★ **Your developers** are 100% dedicated to you
- ★ **On-demand scaling** as and when you want to increase capacity
- ★ **100% customer retention** since founded
- ★ **250%** average yearly teams' growth
- ★ **European organisation combined** with Indian engineering talent
- ★ **Proven model = Offshoring** that (finally) works!

**Put simply, it's
the smarter way
to go offshore.**



Sources

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Go offshore with The Scalers.

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