THE SCALERS®

Building tech teams beyond borders

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

AUSTRALIA & NEW ZEALAND 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 Australia and New Zealand to help them navigate these new waters and sail smoothly past the competition.

TABLE OF CONTENTS

Australasia: navigating new territory

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 digitalisation, the need for highly-talented engineers has only increased. Australia and New Zealand are no exception, and each poses its own unique set of challenges.

54% of Australian CIOs say the pandemic has 'significantly' increased the skills shortage
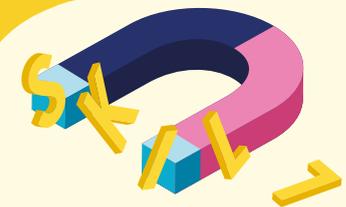
Source: Economic Times

Australia's thirst for talent

Australia and New Zealand aren't immune from the global talent shortage. Increased digitisation 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.

QUICK FACT

Australia needs an extra 60,000 IT workers every year

Source: Digital Pulse Report, ACS

If left unchallenged, this shortage of talent will prevent forward-thinking businesses in Australia and New Zealand from unleashing their full potential

At the moment there is a war for talent within the software engineering sector in Australia. This means companies with bigger budgets buying engineers from other companies, who in turn do the same, which then creates a domino effect. Unfortunately there simply isn't anywhere near the volume of candidates coming through at the moment to fill all these empty roles. This is forcing companies to change up their approach and look elsewhere if they want to survive, innovate, and succeed.

Simon Walsh,
Global Business Development,
The Scalers

A thriving technology industry

The tech sector contributes almost 7% to the nation's GDP. [2] Australia as a market is an early adopter of new tech, and ranks highly alongside Singapore and Sweden for technological readiness. The digital technologies sector contributes A$122 billion to the Australian economy every year.[3]

Additionally, major global tech companies often choose Australia as their key launchpad from which to expand into the APAC region.

QUICK FACT

44% of Australian companies are 'innovation active'

Source: Department of Industry, Innovation and Science
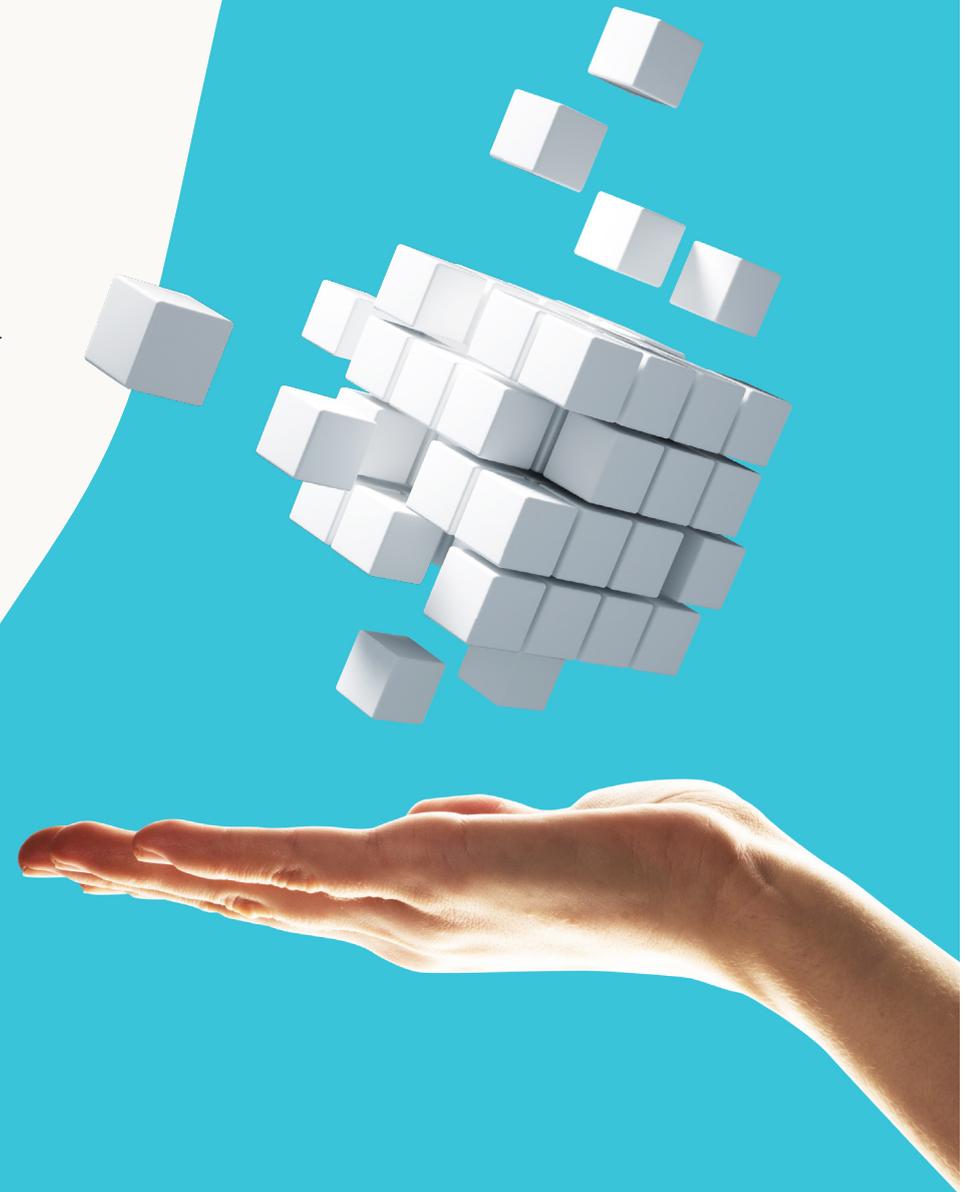
Spotlight: New Zealand

There's evidence that the tech sector in New Zealand is also facing a crisis. It's currently in the top three industries in regards to exports, but like Australia — it has been enormously affected by restrictions imposed by the pandemic.

QUICK FACT

Talent shortages have left 20% of business in New Zealand unable to achieve their transformation initiatives

DEMAND OUTSTRIPS SUPPLY

Between 2015 and 2020, it's estimated that 4,000-5,000 skilled tech professionals immigrated to New Zealand — but the pandemic put a stop to this. The impact has been immense and the demand for digital skills far outweighs supply.

STATE OF EMERGENCY

So acute is the talent crunch, governmental measures have been taken to relieve some of the pressure on New Zealand's tech firms to support their growth and earnings derived from export. In December 2021, the government announced it would allow a temporary border exception to allow the influx of 600 much-needed tech workers — but this still isn't enough to fulfil requirements.

QUICK FACT

Reports suggest that there are 10,000 open positions that NZ companies are struggling to fill
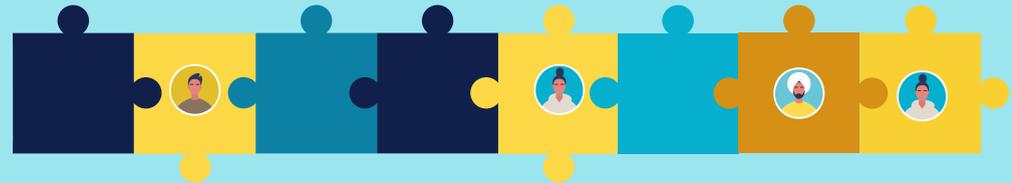
Source: IT Brief

Oceania's obstacles and opportunities

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

Net migration added 250,000 people to Australia's population in 2019. By March 2021, for the first time in almost a century, net migration resulted in 95,000 fewer people in Australia.[5] For a nation dependent on an influx of overseas talent, this poses a problem.

Australia's tech industry is expanding. But there's limited access to the talent needed to drive its growth

POWERING TRANSFORMATION

Australian 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.

QUICK FACT

Australia will need an estimated 156,000 more digital technology workers by 2025

Source: Deloitte Access Economics

The most common programming languages demanded in Australia are SQL (requested in 14% of job postings), Java (10%) and DevOps (9%).[6] But, the county's universities are simply not producing enough engineering graduates to give innovative businesses the skills they need to scale.

Navigating a fierce seller's market

Because there's less engineering talent to choose from, local salaries have increased enormously, 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. Alongside this, the rapid rise in digital transformation has led to employees requiring greater support to remain productive outside of the office, stating that work-life balance is now of higher importance than salaried compensation alone.

Additionally, Australian businesses typically have a large percentage of their IT and engineering workforce employed as short-term contractors. With an exacerbated shortage of available talent, companies have begun to hire these contractors on a permanent basis — further driving costs.

The cost of hiring locally in Australia has risen 4% YoY

Source: Australian Financial Review

Talent acquisition and retention is the biggest concern for 69% of Australian business leaders

Source: KPMG

RESTRICTIVE REGULATIONS

Australia is the leading economy in the APAC region. With it's skilled workforce, high standard of living, high-performance economy, and natural resources — it's long been a magnet for skilled migration.

Regulations around skilled-migration visas and ANZSCO codes have left some leaders in the technology industry feeling restricted, leaving them unable to adapt quickly enough to the ever-changing sector. Ultimately, an increasing number of businesses are fishing for top talent in the same pool, with rising salaries in a scarce market hindering scaling.

Shifting sands and new strategies for growth

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

A BATTLE FOR TALENT

With the technology sector having the highest attrition rate (13.2%) of any other sector at present — Australasian 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.

Thinking globally prevents nimble startups from taking your market share. Offshore talent can help you meet your strategic objectives faster than your competitors

Stuart Cleary,

Chief Revenue Officer, The Scalers

Scaling beyond borders

With increased transformation initiatives and the need to scale fast defining the landscape, engineering skills shortages in Australia and New Zealand 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.

QUICK FACT

The market size of the outsourcing industry in Australia increased faster than the economy overall and is projected to hit A$52bn in 2022

Source: IBIS World

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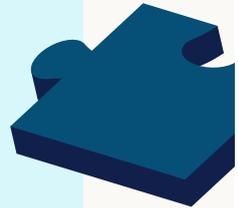
For technology leaders, offshoring used to be about finding a price they couldn't get at home; today it's about finding the skills and people they can't get at home

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.

THINKING LOCALLY

If a business wants 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.

> *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

Leading from the front

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 organisation.

ALIGNMENT IS KEY

As a result, an offshore team must be totally aligned to an organisation'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 organisation. 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 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.

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

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
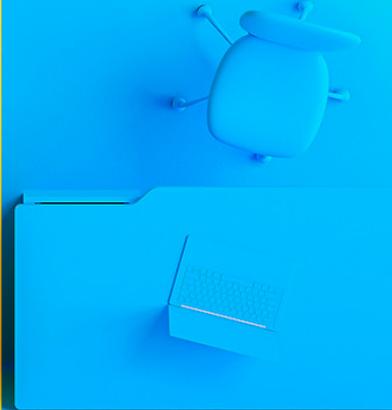
Leverage The Scalers' proven model

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

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 major cities in Australasia also makes it ideal for working with European teams and businesses.

The time difference between Bangalore and Sydney is five and a half hours
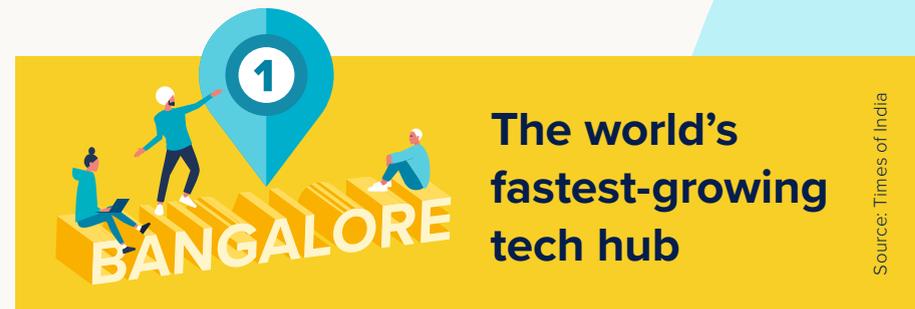
The world's fastest-growing tech hub

Source: Times of India

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 centres, 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

Case study: building a team for an Australian tech company

OVERVIEW:

Global software tech firm who are HQ'd in Sydney and have offices in Europe and the US.

CHALLENGE:

With the majority of their engineering team being based out of Sydney, they were struggling to find the quality and volume of engineers required locally. Searching in the US and Europe was also proving difficult for a number of reasons like cost to hire within the local in-region structure, so they had to look elsewhere. The Scalers' operational model, Bangalore time zone, and depth of talent were the three key drivers for them to partner up.

THE STORY SO FAR:

The Scalers sourced fresh engineering talent in the Bangalore market to suit their unique requirements, and built them an integrated team in Bangalore beginning with five software developers in a scrum team. Additionally, they were allocated a dedicated workspace furnished with the latest tech, and security protocols mirroring the setup in Sydney — helping to make collaboration as seamless as possible.

THE FUTURE:

The initial team now operates like any other within their wider engineering setup and recruitment is already underway for two further teams, as the model continues to prove its value.

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 satisfaction** and 150% yearly team 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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