THE SCALERS®

Building tech teams beyond borders

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

UNITED KINGDOM & IRELAND EDITION

Prologue

This paper explores how a new frontier has emerged, 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 Kingdom and Ireland to help them navigate these new waters and sail swiftly past the competition.

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There was a 130% increase in UK development vacancies in the first half of 2021 alone

Source: Robert Walters Technology

29% of Irish companies can't scale at the pace they want to because of a lack of inhouse technical and digital skills

Source: Bank of Ireland: Think Business

Scouting the lay of the land

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. The region of Great Britain and Ireland is no exception, and the territories of both present their own unique set of challenges.

The region's tech skills shortage mirrors the global talent crunch: 66% of digital leaders in Britain say that lack of talent is responsible for slower digital transformation in their organisations. The country's talent shortage is most acute around cybersecurity, big data and analytics, and technical architecture.[2]

A thirst for top talent

Businesses in the United Kingdom and Ireland 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.

If left unchallenged, this desert of talent will prevent forward-thinking businesses in Ireland and Great Britain from realising their full potential

QUICK FACT

Source: Digital Leadership Report

67% of tech leaders report a skills shortage

There's an intense fight for software talent in the United Kingdom and Ireland. Larger companies have a monopoly on the best engineers, and there's simply not enough talent to go round. The businesses that want to innovate and scale at the speed they'd like are broadening their horizons beyond only hiring locally

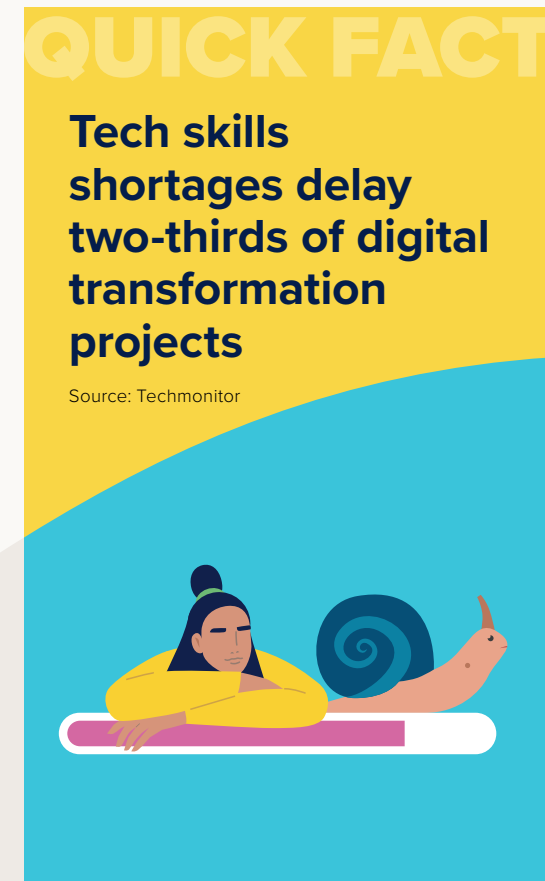**Luanne Botha,**

Head of Strategic Partnerships, The Scalers

A technology industry in flux

The tech industry as a whole grew significantly in 2021, with investment increasing 2.3x — the highest growth since 2014.[3] Despite this, 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.[4]

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. Organisations from banks to retailers to automotive manufacturers are becoming digital businesses.
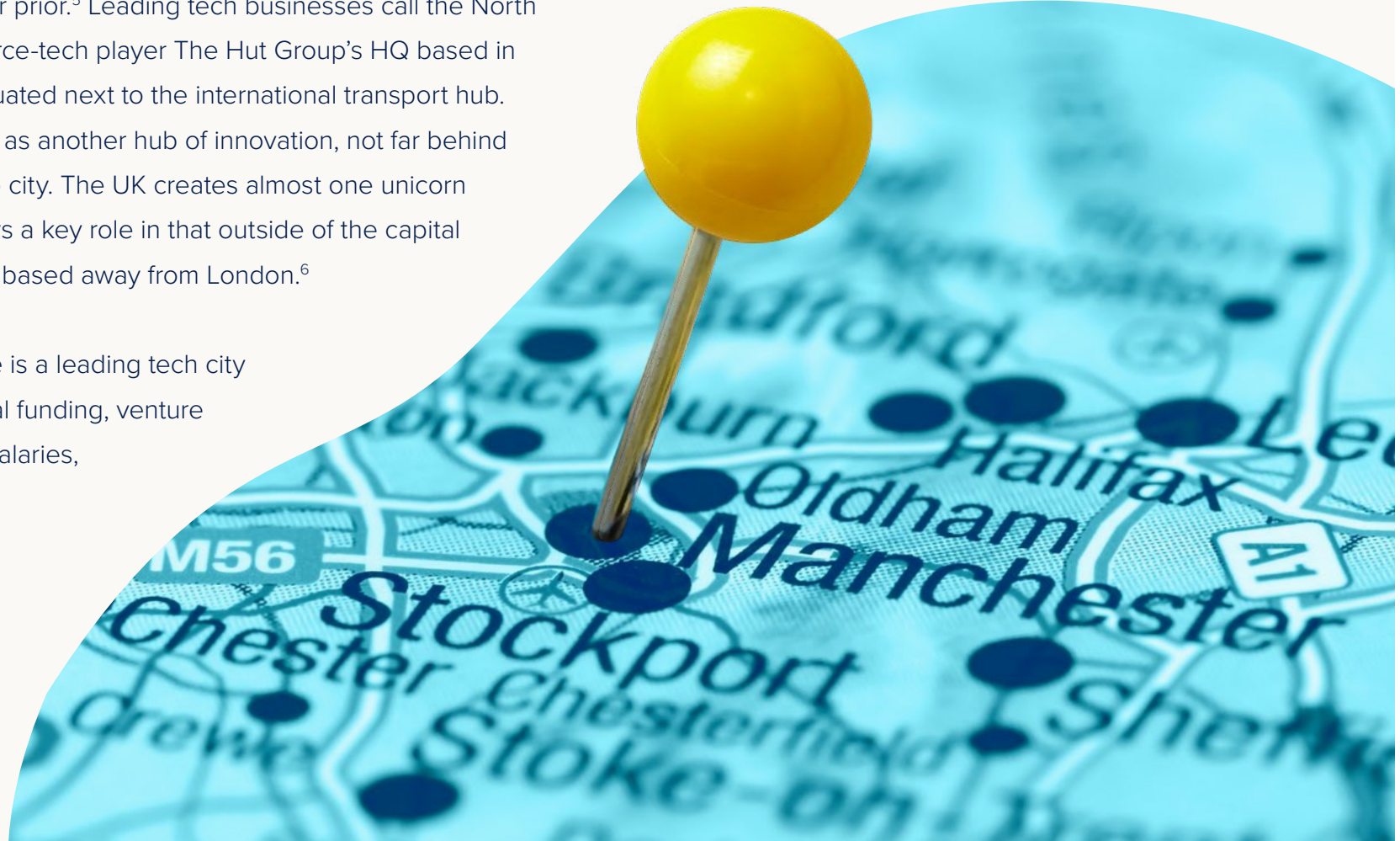
S K I L L S

British tech leaders believe the digital skills gap is becoming a digital skills crisis

QUICK FACT

Tech skills shortages delay two-thirds of digital transformation projects

Source: Techmonitor

MANCHESTER'S TECH BOOM

Manchester was revealed as the fastest-growing tech city in Europe in 2020, with £181m in investment the year prior.[5] Leading tech businesses call the North West home, with major ecommerce-tech player The Hut Group's HQ based in the newly built Airport City — situated next to the international transport hub. Similarly, Liverpool has emerged as another hub of innovation, not far behind Manchester as a thriving start-up city. The UK creates almost one unicorn a week, and the North West plays a key role in that outside of the capital with one in three new vacancies based away from London.[6]

Outside of the North, Cambridge is a leading tech city with high levels of venture-capital funding, venture capital rounds, advertised tech salaries, and number of unicorns.

Spotlight: Ireland

Demand for skills in areas such as data science, quantum computing, and blockchain is no longer confined to sectors such as fintech — with companies across every industry aggressively competing for top talent. In a rapidly digitalising world, is Ireland positioned to meet the skills needs of these industries?

36% of companies in Ireland say the shortage of IT skills is slowing their digital transformation, while one third claim it is hampering innovation.[7] Meanwhile Irish technology and business leaders are concerned about the level of talent emerging from universities, with 60% feeling higher education institutions only deliver 'adequate' training.[8]

At a time when every business is already, or on the verge of becoming, a digital business, leading players in the local Irish tech scene have expressed fears that another major skills gap isn't just on the way — it's already here.

QUICK FACT

The average cost of the IT skills shortage per company in Ireland was €295,489 in 2020

Source: RTE

IT decision makers are boxing with one arm tied behind their back, with ambitious goals but a lack of talent to actualise their vision
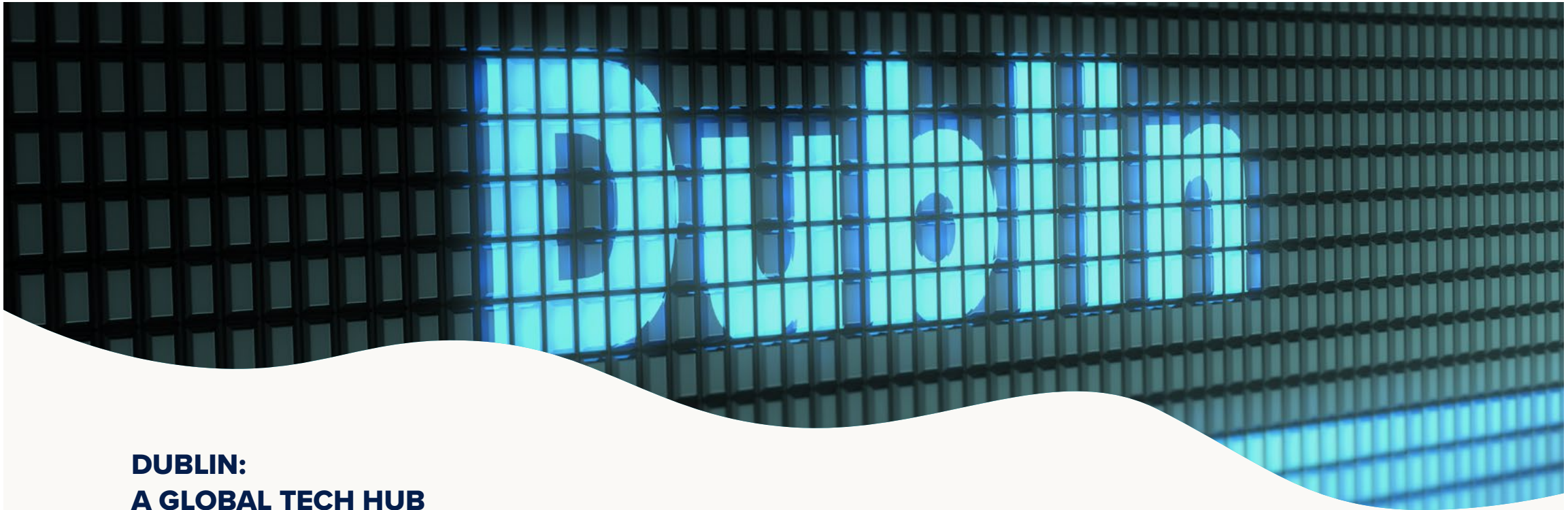
DUBLIN:
A GLOBAL TECH HUB

Known to some as the 'Silicon Valley of Europe', Ireland is the European base for some of the biggest tech companies in the world. Adding €16bn to the economy each year, the nation is second only to the US in software service exports. Key to this is the capital, with its 'Silicon Docks' area home to the European headquarters of Google, Facebook, and LinkedIn, among others.

THE EIGHT MOST IN-DEMAND SKILLS FOR THE IRISH SOFTWARE SECTOR:

Git ● JQuery ● Eclipse ● Web Service ● Web Applications Python ● Data Engineering and Data Warehousing ● HTML5

Source: Irish Tech News

Great Britain and Ireland: 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 has a negative impact on these digitalisation drives, and also has additional operational implications around timelines, budgets, and hiring for other positions.
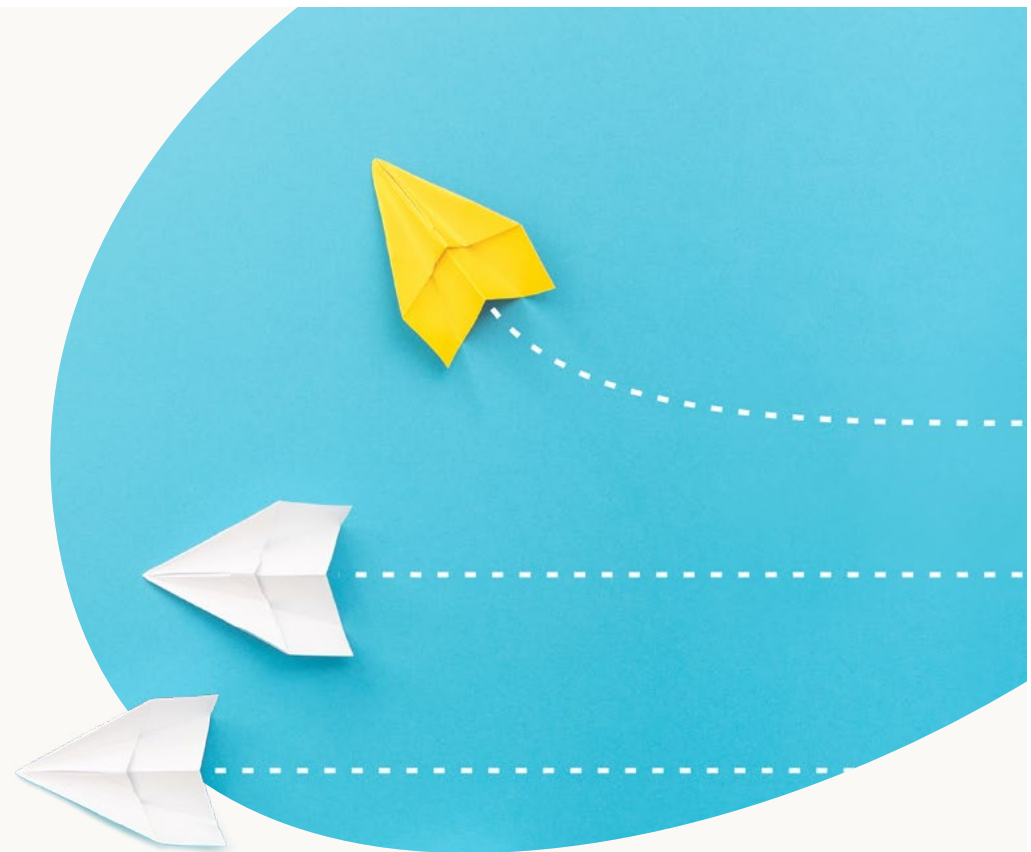
The region's industry is innovation ready. But there's limited access to the talent needed to drive its growth

ENABLING TRANSFORMATION

Irish and British 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.[9] To put that into perspective, that's over 86,000 new jobs in the tech space every single day. Yet paradoxically, companies in the UK are facing skills shortages because the candidates they see simply don't have the ability needed to take their organisations up a level.

QUICK FACT

Java is a requirement in 35% of UK developer vacancies

Source: Robert Walters Technology

The number of young people taking IT subjects at GCSE has dropped 40% since 2015

Source: BBC

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.[10] 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.

It takes 65 days on average to fill a tech vacancy in the United Kingdom

Source: IntaPeople

QUICK FACT

A QUESTION OF EDUCATION?

As an example, an organisation 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.

Fewer than half of British employers believe young people are leaving full-time education with sufficiently advanced digital skills, while 76% of firms think a lack of digital skills will affect their profitability.[11] Internal training, university partnerships with tech giants to run coding courses, and other initiatives are some avenues being taken to lessen the shortfall.

QUICK FACT

76% of Irish tech leaders believe digital skills education in schools falls short

Source: Irish Business Focus
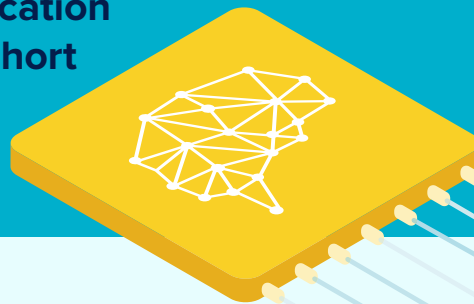
The skills deficit is growing, restricting businesses in the UK and Ireland when hiring only within the region

Boxing clever
in a seller's market

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

QUICK FACT

Tech vacancy salaries are around 44% higher than non-tech positions

Source: Tech Nation

A BATTLE FOR DEVELOPMENT TALENT

Software developers are still the most in-demand tech role across the United Kingdom. These positions make up 9% of all tech vacanices, with prospective engineers being offered an average salary that's 12% higher than in 2020 — an example of the fight for talent in action.[12]

British and Irish tech leaders need to ensure that they have at-tractive 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.

The average salary for a Java developer in Great Britain was £80,000 per year in 2021

Source: GOV.UK

The number of UK tech jobs outweighed that of other key European countries by 1.3 times

Source: Tech Nation

QUICK FACT

RETENTION MOVES CENTRE STAGE

The average advertised digital tech salary in the United Kingdom is £50,663, which is 44% higher than non-digital positions.[13] Additionally, 80% of digital leaders in the UK say job retention is more difficult as post-pandemic work-life priorities shift. Lastly, four in ten tech executives say they cannot retain key talent as they're being offered higher salaries to move elsewhere.[14]

> **The tech skills shortage is more challenging than ever. Trying to retain the best talent is exacerbating an existing problem**

FIGHTING ON THE FRONT FOOT

If businesses want to place software more centrally in their strategic priorities as a response to Covid and make the podium 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.

The opportunities presented by transformation are clear — 77% of Irish business leaders say the investment made in digital technology will have a lasting positive impact on their organisation.[15] To transform successfully then organisations need to be ready to place software, and its developers, centric to the business. And, developers are the engine room of any digitalisation drives.

> **Put simply, obtaining top talent is an imperative that organisations cannot afford to get wrong, as they seek to transform at an unprecedented rate**
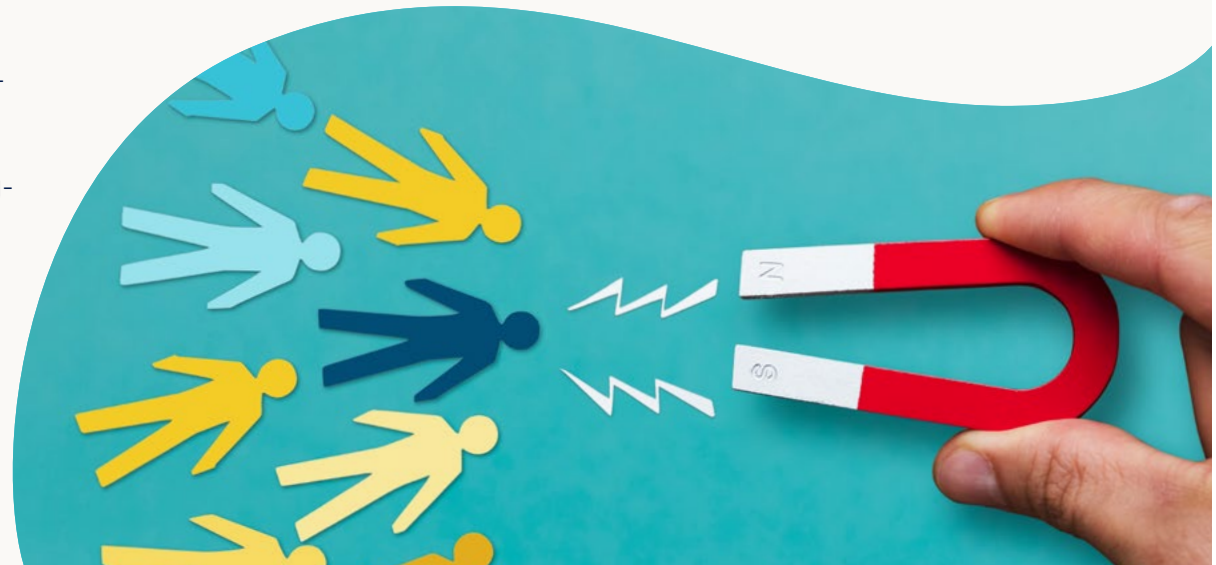
Victory in the race to digital first

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 organisational leaders in both Britain, Ireland, 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 possible. 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 prioritises digital processes internally and digital offerings externally.

QUICK FACT

Digitalisation could be worth more than €300 billion to the Irish economy in 2023

Source: Irish Times

British business executives reported an average loss of 10% of revenues as a result of the digital skills gap

Source: FE News

AN OPEN FRONTIER

There exists a world of opportunity well within grasp for businesses in both Britain and Ireland 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
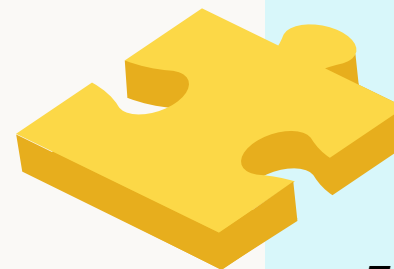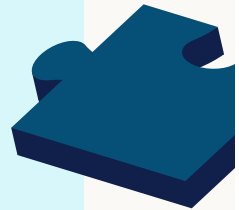
For technology leaders, offshoring used to be about finding a price they couldn't get at home; today it's about finding the skills and people they can't get at home

Emilien Coquard,
CEO & Co-Founder, The Scalers

Scaling beyond borders

With increased transformation initiatives and the need to scale fast defining the landscape, engineering skills shortages in the UK and Ireland 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.

GOING BEYOND: OPPORTUNITY TO SCALE

Businesses are able to expand premises and recruit any role without the usual financial risk or operational disruption. Acquiring new office space is time consuming and costly, and sometimes the space isn't adequate for the speed of growth — or ends up being too large for requirements. Likewise, senior team members and decision makers taking time out of their day for extensive recruitment processes isn't an ideal situation when trying to deliver high-quality software at scale.

Elite offshore 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 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.

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 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 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

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
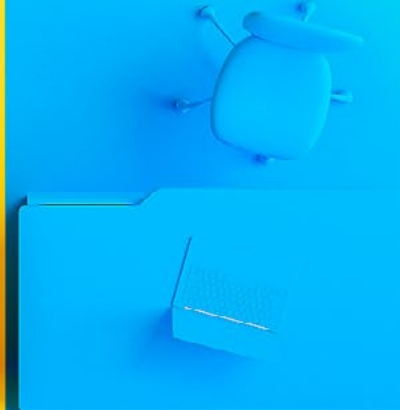
Leverage The Scalers' proven model

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
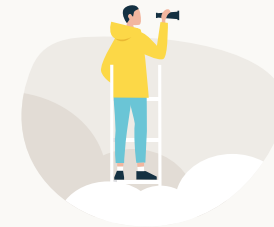
We run your operations

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 London and Bangaloreis only four and a half hours during DST

BANGALORE

The world's fastest-growing tech hub

Source: Times of India
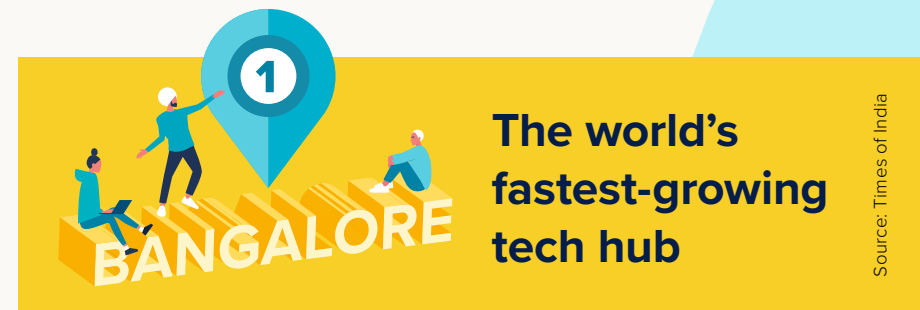
Bangalore in the spotlight

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

INTRODUCING:
OUR EUROPEAN OPERATIONS CENTRE

Our Bangalore location is ideally located for companies in the UK and Ireland who want their offshore team to start work several hours in advance of HQ. For companies who need a nearshoring option closer to home, our recently launched European centre in Bucharest, Romania gives you a much closer time difference. You have the flexible option of either location dependent on your requirements — the choice is yours.
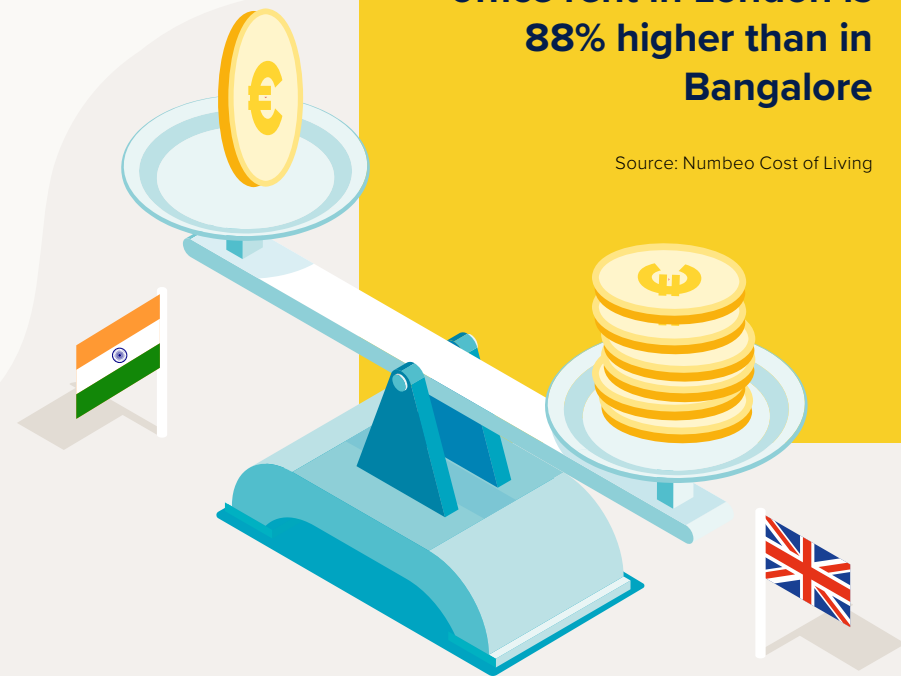
The time difference between London and Bucharest is one hour all year round

QUICK FACT

The cost of living in India is 68% lower than the United Kingdom

The average city centre office rent in London is 88% higher than in Bangalore

Source: Numbeo Cost of Living

# Case study: scaling a UK fintech to 150+ engineers

Preqin, a UK fintech specialising in data and insights, wanted to expand capacity. They had a bulging pipeline of projects and wanted to launch and continually deliver a new flagship product. However, hiring locally in London was proving difficult due to skills shortages and incredibly high costs.

The Scalers build them a dedicated development team in Bangalore, starting small to begin with by hiring four engineers in a scrum team. Within six months, this had grown to over 50 engineers. Additionally, everything on the ground had been taken care of — including a spacious office, all equipment, payroll and administration, and ongoin operational support.

Today, with over 200 engineers and data analysts combined and continually growing, Preqin Bangalore is the engineering hub for all the company's technical projects — including the successful delivery of their flagship product and successive iterations. And, the centre is an integral and integrated part of their global development operations.

READ FULL CASE STUDY >
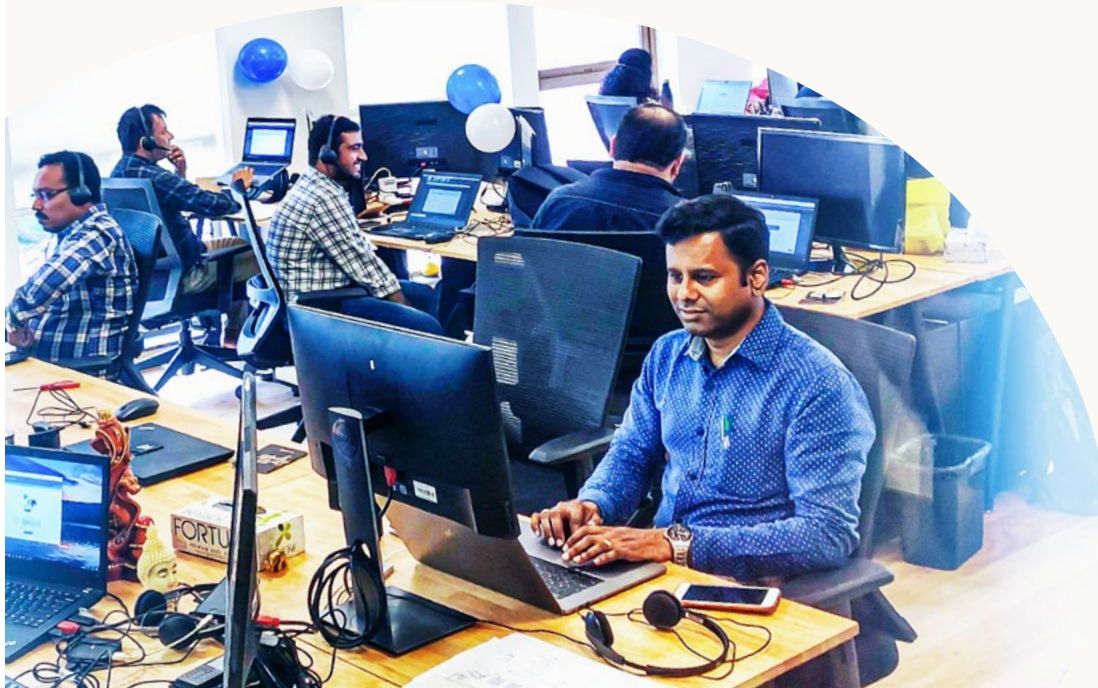
Why The Scalers?

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.

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London v Bangalore cost of living comparison

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with The Scalers.

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