# Five Mistakes to Avoid When Building Offshore Development Teams

# Introduction

Partnering with an **offshore software development** company can be **a very lucrative decision**. However, the key is to get it right.

Here are **five common mistakes companies commit** when offshoring, actionable advice for avoiding them and **suggestions for a better strategy.**

# 1. Underestimating the importance of an offshore development partner

When taking your software development offshore, it's crucial to **work with an offshoring partner** — the guys who know the industry, know the culture, and have seen it all before.

**WHY?**

- You're only one person and **juggling the recruitment process**, setting up an office, and all the extra administrative duties is a lot of work.
- Extending a company into another country and **building a remote team**, with a totally different social and work culture, takes expertise.
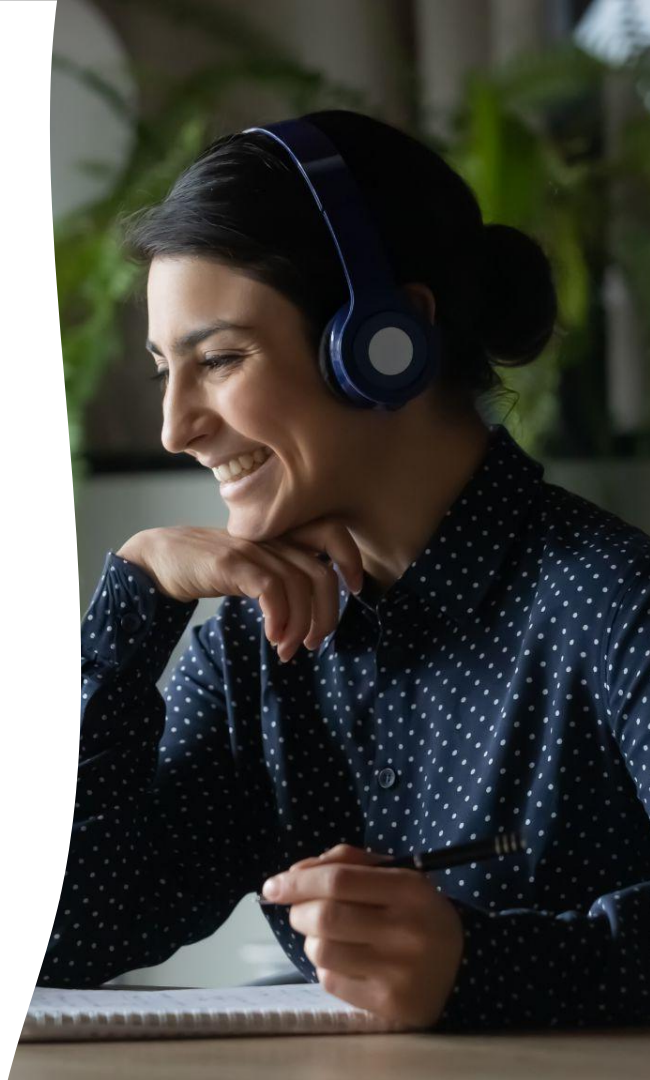
# 2. Offshoring to the wrong location

Knowing where to look for your engineers is always the first hurdle.

The first instinct of many companies is to look nearby. We're **mostly prone to valuing proximity** over talent, cost, or broader infrastructure. However, that may not always be the best decision.

**Where should you go?**

**India.**

# 2. Offshoring to the wrong location

**WHY?**

- India produces **1.5 million skilled engineers** every year.
- It is one of the world's fastest growing tech economies.
- You gain access a large pool of **English-speaking software engineers**.
- You can build your offshore development centre in cities like Bangalore that are **hubs for IT innovation**.
- Hourly salaries of highly-experienced software developers are **between €25-40.**



Source: Statista

**Leading countries**
in offshore development services

| | | | |
|---|---|---|---|
| India | 3.30 | 2.63 | 1.14 |
| China | 2.37 | 2.69 | 1.26 |
| Malaysia | 2.92 | 1.47 | 1.72 |
| Brazil | 2.65 | 2.02 | 1.27 |
| Indonesia | 3.25 | 1.53 | 1.2 |
| Thailand | 3.60 | 1.38 | 1.43 |
| Philippines | 3.13 | 1.57 | 1.17 |
| Mexico | 2.72 | 1.61 | 1.35 |

Financial attractiveness

People skills & availability

Business Environment

THE SCALERS

# 3. Focusing too heavily on costs

One way or another, every business decision that you make eventually comes down to cost.

But the key is to **focus on cost-effectiveness**, not just the cost of your offshore development team.

**So where do you draw the line?**

Research and figure out **what the 'average' fees** are from different offshoring companies and evaluate the value they deliver for the price they quote.

For instance, company X might charge 50% more than company Y. But if company X can also demonstrate a series of positive partner results (**i.e. positive ROI and product improvements)** and company Y cannot, then the more expensive option is almost certainly your best bet.

# 4. Failing to establish long-term goals

Offshore development is about **integrating full-time, permanent engineers** into your existing workforce. This means that the partnership doesn't end with just one project — it's about the long term.

**So, what should you do?**

Sit down with your offshoring partner and create a **strategic course of action** for the next two to five years. This detailed roadmap should include:

- Size of the offshore development team
- Future projects
- Growth forecast

# 5. Not setting up the right tools

Without the right tools to manage your offshore team, you're going to face significant communication and logistical challenges.

**What tools do you need?**

**1. Communication tools**

   - **Instant messaging tools** like Slack and Skype

   - **Video conferencing tools** like Zoom

**2. Project management tools**

   - Cloud storage and multi-access **platforms like G-Suite**

   - Task tracking tools like **Asana and Trello**



Source: PMI

**Project management software saves employees**

**498 hours per year**

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# Wrap it up

Even though you've partnered with an offshore development company that will **guide you every step of the way,** It's important to always bear in mind that the actual team is still yours and **you decide how it's run.**

By steering **clear of these five common mistakes**, and choosing the right partner to work with, you can establish a **successful tech team,** anywhere in the world.

# Thank you