

# South Africa: An offshore technology services contender

The right balance of cost,  
quality and culture



**Offshore software development partners are useful** and necessary extensions to your onshore IT capability, but they can also introduce a number of obstacles such as differing time zones, cultural and language barriers, and remote communication obstructions.

These **challenges shouldn't be underestimated** in their ability to derail or impede delivery, but when addressed intentionally in the ways we describe, they can be overcome and you can leverage the full potential of an offshore IT delivery partner.

Take a few lessons from our experience as inspiration to get more from your existing offshore engagements, and learn more about **South Africa as a remarkable destination** for IT offshoring.

# Why South Africa

*With a strong affinity to western culture, the South African software engineering workforce places a focus on being intuitive, critical and collaborative. Cost is important on any project, and although South Africa's software development costs are lower than most developed markets, the cost saving does not result in a poorer quality of service or output quality.*

## No compromise on quality and capability

South Africa has a unique offshoring value proposition - **high quality software development at a competitive price** point.

We **match onshore capabilities** in problem-solving, engagement and quality, but at a lower cost.

Our **capabilities are broader**, and we can manage complex, large deliveries, as well as provide a higher level of quality delivery compared to traditional offshoring destinations in eastern Europe and South-East Asia.

A **favourable exchange rate** further creates price advantage.

## Business-friendly environment

South Africa has a **growing talent pool** with an increasing number of people going through software development training at grassroots and tertiary levels, at **globally accredited institutions**.

Modernised information and communications technology infrastructure and the growing adoption of next-gen technology have resulted in South Africa's commendable ascent on the **Ease-of-Doing-Business index**.

The country also has a solid **legal system that respects privacy and intellectual property rights**, creating a safe and business-friendly environment for international investors.

## Cultural match

South Africa has a highly **collaborative, results-oriented workforce** with a strong cultural affinity with markets like Europe, Australia and the US.

**South Africans are resourceful and entrepreneurial**, and the country's IT professionals thrive on solving business problems.

The country has a native English-speaking workforce with a strong education system.

Countries with **strong educational systems**, particularly in the sciences and at tertiary levels tend to **produce a consistent supply of IT talent**. South Africa has a strong university education system with international alignment and accreditations.

South Africa has a **central time zone (GMT+2)** and therefore has some part of the workday overlapping with all foreign countries.

## Accolades

GSA Awards named South Africa the **Global Offshoring Destination of the Year** twice in the last five years.



South Africa has **jumped 7 positions in the World Economic Forum's Global Competitiveness Index** during the 2018-19 period, indicative of its position as a highly preferred business destination.



South Africa has a **world-leading financial services sector**, with technology being a major focus and enabler for banking, insurance and wealth management. South African technology companies are at the forefront of this.



These factors have already **attracted major global brands** like Accenture, IBM, Amazon and Capital One, and won the nation numerous industry awards.



# Software engineering in South Africa

Each of the below international businesses chose South Africa as an offshoring destination.

 Projects where Entelect has been involved as an IT services partner.

## Amazon Web Services Elastic Compute Cloud (EC2)

South African-born Chris Pinkham set up an Amazon office in Cape Town in 2004 while he was the VP of engineering. This local team steadily grew over the years, now comprising several thousand employees. The local market for software talent has supported this meteoric growth, as well as the adoption of the AWS cloud platform and tooling used in data centres all around the world.

HQ - Seattle, USA

**"Cape Town has a tremendous university system that's creating a lot of good engineers and computer science graduates. It just ended up being a perfect place for us to build a major base, and today it's one of the largest offices, for Amazon, around the world."**

- Geoff Brown, Sub-Saharan Africa Regional Manager for AWS

## Hollard Australia

Hollard Australia required a partner for two projects - a new underwriting system and a new call centre administration platform. With their parent company based in South Africa, they knew they could get better quality software at a lower price, than with a local partner.

HQ - Sydney, Australia

## Anglo American

Anglo American is in the midst of a company-wide strategy to better leverage data emanating from hundreds of systems operating at mines around the world. These projects have needed to follow a multi-disciplinary and highly agile approach to problem-solving, experimentation and implementation, and could not possibly rely on a traditional specify-build-test cycle.

Anglo American has partnered with a South African technology partner to provide the scale, skillsets, technology experience and versatility to match their deep internal subject-matter expertise. These teams continue to grow as the Anglo American enterprise sees both results and potential in the engagement model along with the cost benefits of offshoring to South Africa.

HQ - London, UK

## Munich Re

The South African Munich Re business required a modernised quoting and pricing engine to service African customers with different and unique IT needs in the insurance sector.

Supported by their corporate IT team in Germany, product owners in South Africa are successfully working with a local technology delivery team to analyse, design and build this solution to cater for region specific regulatory requirements while following their international standards and technology practices.

HQ - Munich, Germany

## De Beers

De Beers Group required a bespoke, integrated sales planning system to support revenue growth, and increase flexibility for their business processes.

This project was also used as part of initiative to consider technology partners outside of their incumbent global providers to diversify their supplier risk and optimise cost. Following a global RFP process to review dozens of candidates, De Beers ultimately selected a South African technology partner for the initiative.

HQ - London, UK

## RGA

Reinsurance Group of America (RGA), through their South African office, were running smaller-scale engineering projects during 2014-2017. The success of these projects in terms of delivery pace, quality and innovation generated interest from RGA offices internationally, and has subsequently led to more substantial systems and solutions being developed from South Africa for their businesses in Africa, the UK and USA.

HQ - London, UK

## eBay Classifieds Group

eBay Classifieds Group (ECG) comprises a collection of brands that span the globe. One such brand is Gumtree in South Africa. Through this presence in Cape Town, ECG have engaged and steadily grown a technology team since 2017.

On the back of a successful transitioning of managed tech services from teams based in South-East-Asia, the South African tech team now handles agile software engineering, support and hosting for platforms on a variety of technology stacks running in Mexico, California, Canada, South Africa and Italy.

HQ - San Francisco, USA

## WooCommerce

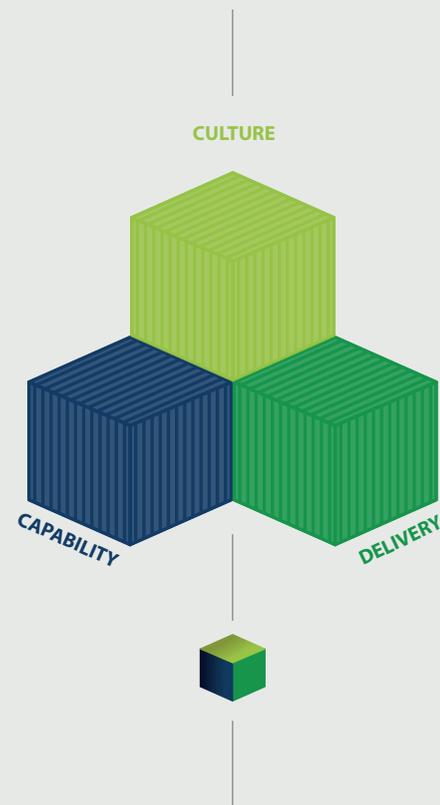
In 2007, Mark Forrester, Magnus Jepson, and Adii Pienaar teamed up online to start WooThemes, and went on to create WooCommerce as a WordPress plugin for professional eCommerce storefronts. Woo quickly became the fastest-growing eCommerce platform on the internet.

Woo was acquired by Automaticc (the company behind WordPress itself) in 2015 and the Cape Town development team continues to contribute as the platform gains market share. WooThemes was born as a globally distributed company with a presence in Cape Town, and this legacy endures today, growing to more than 150 team members in 32 countries.

HQ - San Francisco, USA

# Why Entelect

*Entelect has an international track record delivering in remote and distributed environments for customers across North and South America, Europe, Asia and Australasia, with zero compromise on collaboration and engineering quality.*



## Delivery

Entelect teams thrive on **solving complex business problems** through technology, using the same multi-disciplinary team-based model for both offshore and onshore engagements.

Collaborative and agile software creation is the default, and our ideas and **critical thinking are applied to requirements** at all times.

We have an **international presence** with offices in South Africa, New Zealand and The Netherlands, and have the ability to service both offshore and onshore engagements from these locations.

## Capability

Entelect teams are multi-disciplinary and include a **broad range of capabilities** required to deliver end-to-end technology services.

These capabilities include management consulting, technology leadership, design, user experience engineering and architecture. Beyond implementation, capabilities further extend to quality assurance, as well as infrastructure and support.

Our teams are **tailored to meet the context of each engagement**, giving our customers assurance that Entelect can deliver the right-size offshoring solution under one roof.

## Culture

Entelect is a **culture-first organisation** and is recognised as a magnet for outstanding technology talent. We look after our people so they will look after you.

Our teams are **personally invested** in the outcomes. We will challenge your thinking in order to gain a proper understanding of your business, and engineer solutions that deliver real returns, in collaboration with your own onshore teams.

We **get things done** when we say we will, and have a deep understanding of what it takes to deliver in offshore engagements.

# How to get the best results from your offshore partner

*Working alongside remote teams requires a shift in mindset, process and flexibility. Here are three recommendations based on our experience of operating offshore delivery teams.*

Rethink culture

Design workflow for asynchronicity

Getting the right start



# Rethink culture

*It is difficult to maintain a sense of singular purpose and team across remote boundaries, let alone across continents. Team culture should therefore be adapted accordingly.*

## Build a one-team mindset



Fostering **trust, inclusion, team-based accountability and cultural affinity** should be a core focus for leaders in offshoring engagements that value high-performance.

Leaders should model the mindset and behaviours of a unified team. This means demonstrating respect, fairness, and treating all participants involved in a delivery as a singular team, with shared goals and priorities.

Hold everyone to a common performance standard, and ensure that **accountability is held at a team-level** for the success or failure of goals and commitments.

**Eliminate favouritism, disrespectful behaviour, cultural biases**, and 'us and them' attitudes.

Involve both sides of the border in planning, estimations, decision making and social interactions where possible.

## Assign team ambassadors



Make the one-team mindset somebody's core responsibility, on both sides.

**Relationship building activities are the bedrock of trust**, respect and a highly collaborative work environment.

This is a full-time job that requires two willing parties to own the following responsibilities:

- To own and manage the delivery and expectations on both sides.
- To **act as ambassadors for their teams and people** to the other side, to ensure that cross-border trust, alignment and affinity is cared for throughout the engagement.

## Encourage many-to-many relationships



Let problem-solvers on both sides talk directly with those who can help on the other side. Don't let hierarchy or process prevent people from building natural, synchronous and useful relationships that help them get their work done.

Allow for communication to **flow openly between team members across shores** and avoid strict communication protocols that filter everything through a single person.

**Make sure the teams understand what communication tools are available to them**, and when they are appropriate.

**Prioritise face-time between teams** regularly. This requires sacrifices on both sides due to time-zone differences and busy calendars, but it is necessary to maintain alignment and to prevent drifting expectations.

## Be explicit in your ways of working



Standards, processes and tools need to be discussed and agreed upon clearly by everyone using them.

If this mindset is shared by your onshore and offshore teams, you generate buy-in, compliance, and eliminate misunderstanding.

A singular team, means a **singular method of operation** unless otherwise prescribed.

At the start of a new offshoring engagement, **expect to take a bit of pain** to onboard a new delivery team into your ways of working.

Spend time defining, **sharing and campaigning for your ways of working** on an ongoing basis. This can be driven by the team-ambassadors on both sides.

# Design workflow for asynchronicity

*Operating software teams remotely and across conflicting time zones requires us to adapt our delivery processes and commit time differently to getting it right in an asynchronous setup.*

## Plan and deliver differently

You cannot make decisions as quickly or easily as when you have everyone co-located in the same time zone. That does not mean that you cannot be agile and change direction, it means you just need more discipline to adhere to your sprint plan.

Plan features so that **dependencies are minimised where possible**. Alternatively, you can do this by creating modularised work packages that can be tackled independently.

**Turnaround times on questions can be a major obstacle**, and so you need to manage technical questions and resolution as a matter of process. A useful way to do this is to use your issue tracking system to create tickets for questions and manage accountability as with any other task.

**Make decisions transparent and available**. Teams on both sides of an offshore engagement will benefit from recording their conversations and making them available to the other team to go through when they come online. The story and context behind decision making is important for offshore team members to grasp, and apply correctly in their work.

## Meet and interact differently

If possible, set daily **stand-up and stand-down** meetings with the teams at the beginning and end of each work day. The goal of the meeting should be handover or alignment of work done and work to be done for that day. This should also be used as an opportunity to discuss and eliminate impediments.

**If you can't find an overlap** to hold joint standups, you may have to rely on a fully asynchronous communication approach like email, persistent chat or recorded video/audio for operational activities.

Prepare to have **late night or early morning demos**. Real-time conversation is critical for your offshore team to get feedback and gauge sentiment.

Maintain a **standby duty roster**, where someone from the off-duty team will be available to field calls, escalations or matters of urgency on both sides if needed.

# Get the right start

*Leaders on both sides of a remote engagement need to pay heightened attention in the initial weeks to ensure things are working well, and adapt away from things that aren't.*

## Actively solicit feedback in the early stages

**Ask for granular status reporting on projects.** This will arm you with delivery performance data and help you to understand any underlying process or collaboration issues, as well as to inform your remedial actions more precisely. In addition to this, it will help to drive productive and spontaneous conversations between team members about process, culture and collaboration issues that are impeding delivery.

**Keep your finger on the pulse of sentiment with tactical face-time.** Set up check-in sessions with team-members on both sides of the engagement. This will allow you to understand how well your culture campaign is working, and will inform any cultural remediation actions that may be necessary.

## Lead with candid conversation

**Share progress and issues, threats and wins openly in the team.** This will create alignment on delivery and culture issues between teams, team ambassadors and executive sponsors, especially in the early stages of each engagement. Don't be afraid to hold difficult conversations in an open-format. This approach will allow you to reach an optimum state quickly.

Create a safe space for **honest and constructive conversation** about what is working and what isn't for teams on both sides, by rewarding and encouraging those who do so publicly.

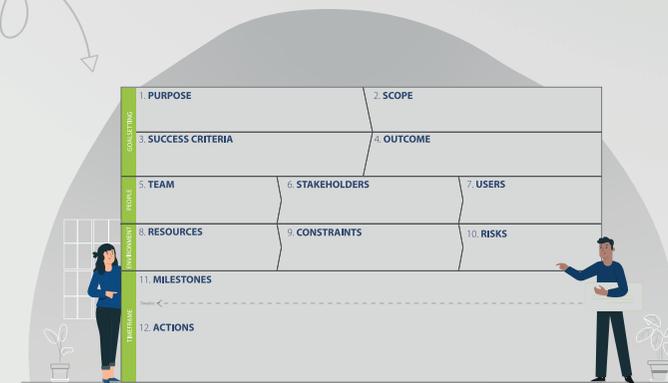
## Crystallise context

**Useful tools** for maintaining transparency and alignment in offshoring engagements.

- A **project canvas** can be a valuable tool to keep the team aligned and build a common understanding of the project that they are endeavouring to deliver together. The goal of a project canvas exercise is for the execution team to clearly and collaboratively define the project goals, success criteria, milestones, stakeholders, constraints and risks. This, along with the business canvas becomes a living public document available for any team member to revisit and consider in their daily decision making process.

- A **business canvas** is a tool for creating understanding about how your business works and can help drive better decision making in project teams. The goal of the business canvas is for the product owners or executive sponsors to introduce the execution team to the fundamentals of their business - revenue streams, customer segments, value proposition, objectives, partners and sales channels. This context creates an affinity and common-understanding of the business dynamics outside of the immediate project.

- A **team charter** is a document that describes core principles for how teams interact and work with each other, and can be useful for driving collaboration and the goals of the work that is underway. Team charters are public assets that can be displayed on walls, desks at home and in the office, or virtual backgrounds. They are most effective when created collaboratively with all team members on both sides of the engagement.



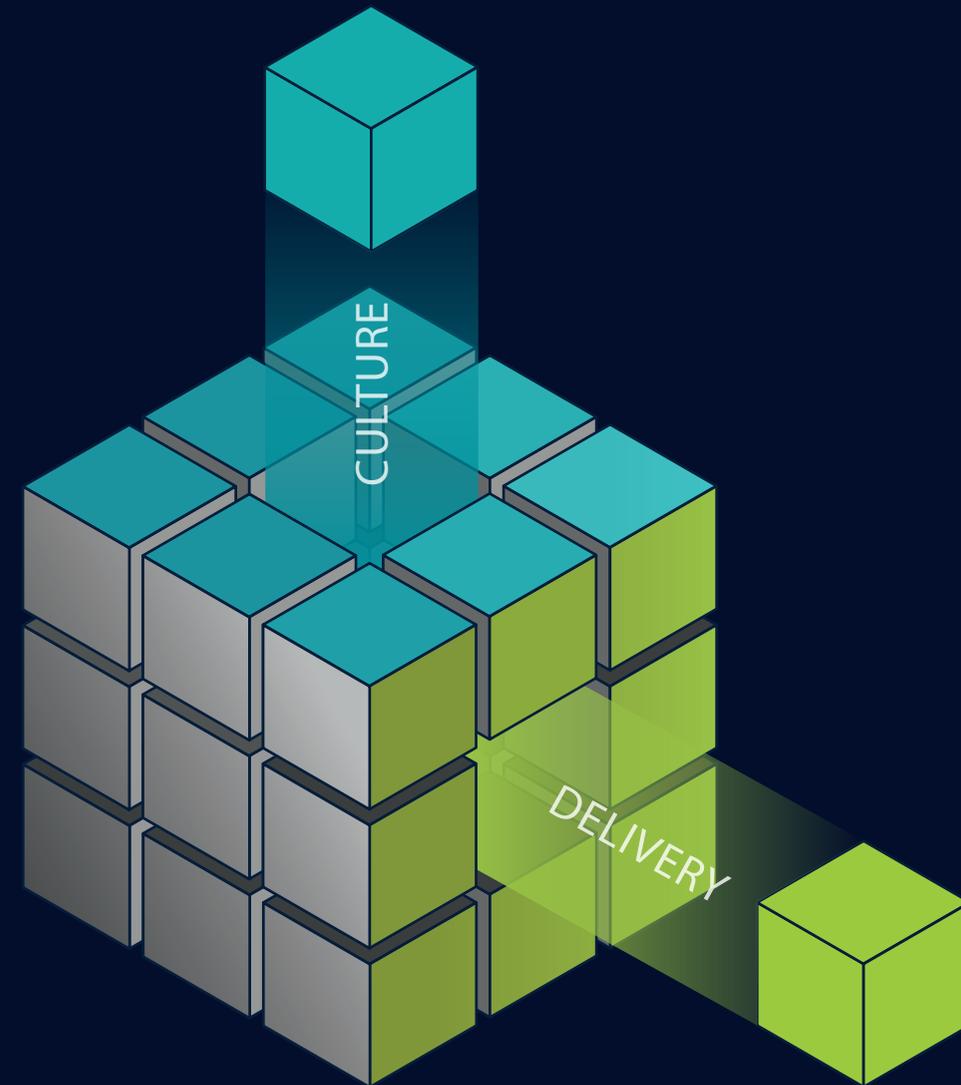
# START THE CONVERSATION

→ [solutions@entelect.co.za](mailto:solutions@entelect.co.za)

*For 20 years, Entelect has been building and running diverse technology teams for a global customer base.*

*We'd like to share our experiences operating offshore engagements that deliver results over the long term, and maintain compelling cost savings.*

Shape your business for the future.





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