

Selecting a Software Development Vendor : Positive Signs and Deal Breakers That Can Save You Money

Apple assembles its smartphones in China, and BMW has factories in India, China, and Brazil.

Software development vendors can be represented as offshore development centers or dedicated team extensions in India, Ukraine, or Malaysia.

According to Deloitte's 2021 Global Shared Services and Outsourcing survey, 65% of IT services go toward outsourcing [up from 58% in 2019] and 48% of R&D [down from 52% in 2019].

What percentage of the total FTEs (approximately) are located in the local business, at corporate, or in a GBS model?

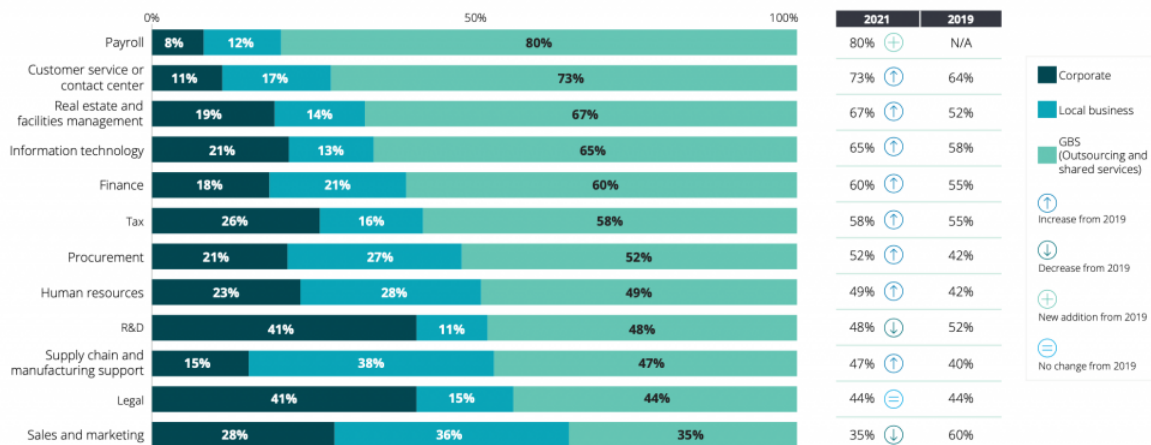


Figure 1. Percent of Full Time Equivalents in local business, corporate and Global Business Services

Source: Deloitte

The survey's first takeaway, which comes from 500+ executives at leading corporations, is telling: **"Spend more time on the service provider selection process"**.

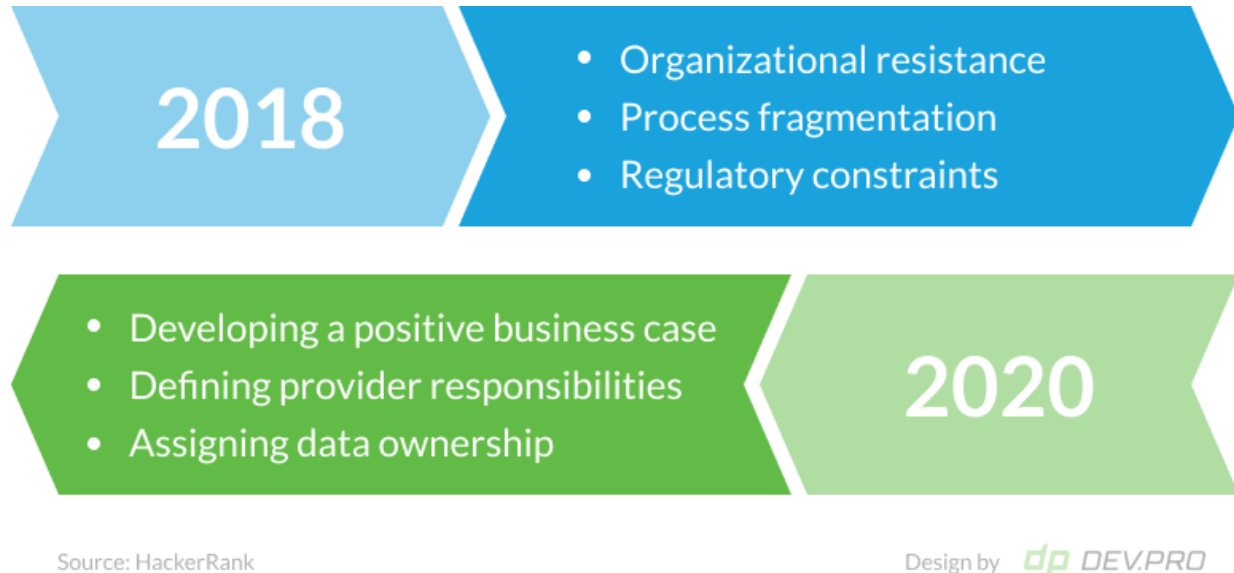


Figure 2. Top lessons learned in outsourcing
Source: Deloitte

How do you start the process of choosing a software development company abroad?

Software Development Vendor Selection Algorithm

We have covered the process in detail here, but here's a short table with the main steps:



Design by **dp DEV.PRO**

Figure 3. Software development company selection algorithm

How to Choose the Right IT Outsourcing Vendor for Your Scale-Up: Green Flags and Deal Breakers

Signs of a Good Cooperation

Proper Website and Digital Presence

You'd expect a software development vendor to have a strong digital presence. However, some reputable companies don't have a built-out website. This doesn't mean they underdeliver when it comes to [software development](#) — it just means marketing is not their priority.

Referrals and Recurring Business

Business that comes through recommendation and word of mouth is the best sign that a company is a good fit.

As users, we trust what peers say about the services they've used. In fact, verbal referrals yield the highest conversion rate — [32%](#)!

FYI: 90% of DevPro business is through referrals.

Ranking Charts Presence

[Clutch](#) and [GoodFirms](#), among others, have created easy-to-navigate databases of software development suppliers. These databases have verified user reviews that can serve as a testimonial for services rendered.

Again, some companies choose not to pursue client reviews, seeing it as an intrusion into client's privacy. While reading existing reviews raises trust, a lack of reviews doesn't necessarily indicate an untrustworthy company.

Download "How to Interview Offshore Software Development Vendor" Checklist
[How to Interview Offshore Software Development Vendor](#)

Number of Current Employees and Job Vacancies

Checking a few job sites for open positions can give you an idea of the company's size and how much they are recruiting.

Looking for a perfect fit? If you are a bigger company, you'll probably be more comfortable with a larger vendor. A smaller company may be better off with a boutique operation.

Clear Legal Structure and Jurisdiction

However thorough your due diligence may be, unplanned events can always arise. Having your contract jurisdiction residence in the U.S. or EU offers peace of mind to a US or EU client.

If your vendor of choice does not offer this feature, you may want to get more information on their country of residence's legal system and investor rights protections before inking the deal.

Security of Your Software Development Vendor

Security, specifically cybersecurity, is a growing concern in the industry. A Thales study found that 56% of IT specialists experienced a security breach and 47% mentioned growth in cyberattacks.

If your shortlisted IT outsourcing partner practices a "zero rust" approach, you can assume that your data will be safeguarded according to the latest cybersecurity protocols.

FYI: Dev.Pro takes a proactive approach to security on all levels:

- **Legal** [Standard provisions for Confidentiality, IP ownership, GDPR, team trained in managing data according to ISO 27001, possibility of background checks etc.]
- **Physical** [card-only access, 24/7 security and CCTV, multiple power and internet lines]
- **Technical** [network intrusion prevention system, antiviruses, vulnerability scanning, Security information and event management SIEM Splunk]

Recruitment Capacity

While this is not critical for smaller companies, recruitment capacity is a major decision factor for scale-ups that need to expand quickly to live up to promises made to investors.

If the country where the vendor resides has an ample talent pool, plenty of fresh tech graduates flooding the market annually, as well as a solid recruitment team, you'll know that your staffing needs can be met.

Similar Expertise on Portfolio

Do you need a smart contract? Are you after a UX/UI solution? Looking to create a

custom data visualization tool for your team?

Whatever your mission, look for a vendor with similar experience mentioned in their [portfolio](#) and [competencies](#).

Red Flags: Signs You Need to Move on to Another Software Development Vendor

Responsiveness Levels

You want an agile vendor when it comes to outsourcing IT services, but not one that is prone to downtime and bugs.

It's normal to answer or acknowledge receipt of a corporate enquiry within four business hours. If things take too long with a highly motivated sales department, beware of the responsiveness levels with technical crew who get paid by the hour.

Heavy Discounts

When a business provides a heavy discount, [without being asked for one], this means they are either:

- Overpriced
- Think their clients are unintelligent and could fall for a simple marketing trick
- There will be surcharges and additional costs down the line

There are two reasons where heavy discounting could be acceptable:

1. A new business is developing its reputation and is looking for cases for a portfolio.
2. As an anti-crisis measure if the entire market is down

Otherwise, think twice if you see a deep discount.

Repeated Poor Rankings by Employees on Local Platforms

Each country has a networking platform for IT professionals, like [DOU](#) in Ukraine [a hybrid between Facebook, Statista and Glassdoor for IT domain].

Going through the employee reviews will help understand how a company treats its workers.

Multiple low reviews are a signal of a poor working environment, so you might want to think twice before hiring such a software development vendor.

C-Suite Is Unreachable

If you have not been offered a line of communication with a superior at an early stage in the negotiation process, this is a sign that they think:

1. You are not good enough to be a partner.
2. The c-suite doesn't care if you join their lineup of partners

Aggressive Marketing Approach

While marketing people are multi-faceted professionals with a varied spectrum of knowledge, an aggressive marketing strategy may be a sign of:

- A quantity over quality approach to client development. This may mean the company operates on a "conveyor belt" system that doesn't allow for a customized service
- Absence of a strategic company direction

Reactive Attitude Towards Events

You want a partner who you can rely on to act in your best interest as soon as possible and will be proactive.

If a partner demonstrates reactive responses from the early start, don't expect, they will spring into action later to prevent failures or address any technical issues.

Bonus Section: Common Fears in Tech Vendor Selection

Our sales team has been answering the fears of our potential partners for 10 years .

Below are some of the concerns DevPro hears from incoming leads.

Safety

Is Ukraine a safe place? We have offices in Kharkiv, Kyiv, and Dnipro. These are safe cities each with more than a million inhabitants. The dormant conflict is limited to a small part of the eastern Ukraine, while other parts of the country are perfectly safe to reside in and conduct business.

Talent Pool Accessibility

With over 212K developers and 16K STEM graduates every year, Ukraine is one of the biggest tech talent pools in Eastern Europe.

Dev.Pro started hiring from abroad, too, with the first recruits from Kazakhstan joining the company recently.

Level of Tech Skills

According to HackerRank, Ukraine is 11th in the world when it comes to the quality of developers.

RANK	COUNTRY	SCORE INDEX
1	China	100.0
2	Russia	99.9
3	Poland	98.0
4	Switzerland	97.9
5	Hungary	93.9
6	Japan	92.1
7	Taiwan	91.2
8	France	91.2
9	Czech Republic	90.7
10	Italy	90.2
11	Ukraine	88.7
12	Bulgaria	87.2
13	Singapore	87.1
14	Germany	84.3
15	Finland	84.3
16	Belgium	84.1
17	Hong Kong	83.6
18	Spain	83.4
19	Australia	83.2
20	Romania	81.9
21	Canada	81.7
22	South Korea	81.7
23	Vietnam	81.1
24	Greece	80.8
25	Sweden	79.9

*Figure 4. Comparison in which country are the best developers
Source: [HackerRank](#)*

RANK	COUNTRY	SCORE INDEX
26	Netherlands	78.9
27	Chile	78.4
28	United States	78.0
29	United Kingdom	77.7
30	Turkey	77.5
31	India	76.0
32	Ireland	75.9
33	Mexico	75.7
34	Denmark	75.6

35	Israel	74.8
36	Norway	74.6
37	Portugal	74.2
38	Brazil	73.4
39	Argentina	72.1
40	Indonesia	71.8
41	New Zealand	71.6
42	Egypt	69.3
43	South Africa	68.3
44	Bangladesh	67.8
45	Columbia	66.0
46	Phillippines	63.8
47	Malaysia	61.8
48	Nigeria	61.3
49	Sri Lanka	60.4
50	Pakistan	57.4

Figure 5. Comparison in which country are the best developers
Source: [HackerRank](#)

Command of English

Most of our technical specialists have an intermediate level of English or higher. All key client-facing personnel, like PMs and tech leads, have upper-intermediate or advanced levels.

FYI: Most software development companies in Ukraine, including DevPro, offer free English language classes to their teams.

Engagement Model

Depending on your budgets, scope of work, deadlines you may need to opt for:

- Time-and-material model
- Fixed cost per project
- Dedicated team format

All other terms and modes of cooperation are a hybrid or based on the above models. If you opt for staff augmentation or team extension, it's still a version of one of the three main formats.

Time Zone Differences

As an [offshore](#) developer, with 4 hours of working hours overlapping between Ukraine and the East Coast, we make sure to follow these two rules for communication between teams:

1. Schedule a set of regular meetings during the overlapping hours to sync both teams daily and weekly – from team level through Nexus-level standups and c-suite discussions.
2. Ensure there are 1 or 2 tech team leads, who function as the knowledge keepers of the project minutia and trickle down information from the showstoppers and blocker accordingly.

In Conclusion

Selecting a tech vendor is an important decision that requires time and thought.

If you thought the startup stage was tough, wait until you have to navigate the scale up phase. You need a partner that is transparent, dependable, and trustworthy.

DevPro ticks those boxes. When the time comes, our sales team would appreciate a chance to be included in your RFP list. [Send your enquiries here](#) to judge our level of responsiveness, proactivity, and expertise yourself.