



NEARSHORE SOFTWARE DEVELOPMENT OFFICE GUIDE

How to Open Your Own Software
Development Center in Poland

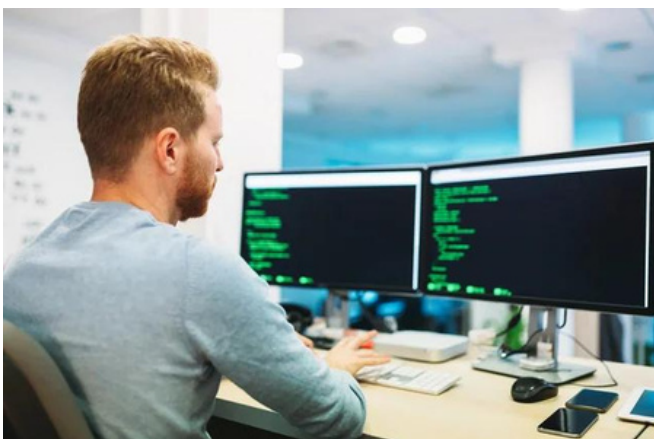
THE NEARSHORE SOFTWARE DEVELOPMENT OFFICE TERMINOLOGY AND LANDSCAPE



Nearshoring and offshoring have become popular trends in the software industry over the past few years. More and more companies are choosing to outsource their software development needs to offshore development centers (ODCs) and nearshore software development offices (NSDO). This is mostly driven by rapid technological advancement and enormous worldwide software developers shortage. (more about this topic [here](#))

Offshoring means outsourcing work to a country or region that is geographically distant from the company's home country. Nearshoring, on the other hand, refers to outsourcing work to a nearby country.

Most companies prefer to have stable communication, control with NDO even when it means higher costs in comparison to some more offshore locations.



Nearshore software development offices offer companies several advantages:

- **Easier access to global talent:**

By locating in a country with a well-educated and skilled workforce, companies can gain access to talented developers who may not be available locally.

- **Cost savings:**

Nearshore development offices are typically cheaper to operate than onshore development centers.

- **Increased flexibility:**

Nearshore offices can be quickly ramped up or down in response to changes in demand.

THE MAIN CHARACTERISTICS OF THE NEARSHORE SOFTWARE DEVELOPMENT MODEL:

There are several key characteristics that distinguish a successful nearshore development from an offshore software development model:

- **Communication**

Nearshore software development offices rely on strong communication between developers and stakeholders. Regular communication is essential for ensuring that the developers are on track and meeting the company's expectations.

- **Processes**

Nearshore development offices should have well-defined processes in place for managing projects, code reviews, testing, and other key activities.

- **Tools**

Nearshore development offices need to have access to the right tools and technologies to be effective. This includes tools for project management, code reviews, testing, and collaboration.

- **Culture**

The culture of a nearshore development office is critical to its success. The office should have a positive and productive work environment that encourages creativity and collaboration.



There are also several standard factors to consider:

- Location (dependant on your main operational location)
- Size (this will determine the potential location and costs)
- Operating model (with or without the support of the third party)
- Staffing (type of employment contracts, HR strategy, employer branding etc)
- Scope of services (R&D, software team, full-stack software hub. Nearshore development offices typically offer software development services, but may also offer other services such as QA, testing, and project management)

THE TOP LOCATIONS FOR NEARSHORE SOFTWARE DEVELOPMENT OFFICE

Historically, the main location for outsourcing was Asia with its market leaders like India, China, and the Philippines. By now software development has been dispersed all over the world with software developers working in more than 65 countries worldwide.

When it comes to software nearshoring, the regions that have gained more importance and strong reputation are:

- **Central & Eastern Europe** – a region that stands out defined by a high concentration of software labs and R&D centers along the west coast of the Black Sea from Romania through Bulgaria, an amazingly good education system providing good education at reasonable prices combined with low cost of living. Although the CEE region is great for European companies (close time zone), we are experiencing very intense activity from the US businesses.
- **South America and Mexico** – a region with large metropolises and software development hubs is not a surprise since they certainly can provide software developers fast and at quite competitive rates. By definition, it is perfect nearshore outsourcing for US companies due to its similar time zone.

Central and Eastern Europe are well known for their IT and software development potential. Countries like Poland, Ukraine, the Czech Republic, Slovakia, Romania, and Bulgaria are estimated to host nearly 2 million extremely strong software developers (the skills ranks placed their skills in the top 10 worldwide several years in a row).

Most of the mentioned countries are already EU member states with full access to the EU free market and Schengen zone.



Poland is the largest country in Central and Eastern Europe, with a population of 38.5 million people. The Polish economy has been one of the strongest in Europe in recent years. The country has a GDP of \$0,6 billion (2021) and enjoys a stable political environment.

The IT sector in Poland is one of the most dynamically developing sectors of the Polish economy. In 2019, it accounted for 6% of GDP and 9% of industrial production. The main growth drivers are the development of digital technologies, an increase in the number of Internet users, and e-commerce.

THE ADVANTAGES OF NEARSHORE SOFTWARE DEVELOPMENT OFFICE IN POLAND

Region	Poland	Czech Republic	Romania	Bulgaria	Ukraina
#Software Developers	585 000	171 000	212 000	135 000	645 000
Software Skills Rank	#3	#6 (#2)	#11	#14	#5
Population	37,6M	10,7M	19,3M	6,9M	44,1M
Doing Business Rank	#22	#23	#32	#37	#46
Annual GDP Growth	4,3%	3,1%	4,1%	4,5%	3,2%

THE LARGE SOFTWARE DEVELOPER'S TALENT POOL

Poland has a large and highly skilled software developers talent pool. According to the latest studies, there are over 650,000 software developers in Poland, which is the third-largest number in Europe after Germany and the UK. The majority of them (over 60%) have university degrees in computer science or mathematics. Moreover, Polish developers are known for their skills in .NET, Java, Python, and PHP development.

Poland has a proven offshore software development track record. Over the years, it has become home to many world-class offshore development centers and nearshore software development offices. Multinational companies such as Google, Microsoft, IBM, and Intel have offshore development centers in Poland.

THE ATTRACTIVE NEARSHORE SOFTWARE DEVELOPERS RATES

Polish software developers are among the most affordable in Europe. Their rates are up to 60% lower than the rates in other Western European countries.

The typical hourly rate for a Polish offshore developer is \$25-\$35, which is much lower than the rates in the UK (\$50-\$100) and the US (\$75-\$150). The table below shows some more details on this topic.

Region	Jr. Software Developer	Sr. Software Developer	IT Project Manager	DevOps Engineer	Tech Lead / System Architect
North America	\$65 - \$140	\$110 - \$175	\$80 - \$150	\$95 - \$195	\$100 - \$200
Western Europe	\$60 - \$110	\$100 - \$155	\$75 - \$140	\$70 - \$150	\$100 - \$180
Eastern Europe	\$30 - \$70	\$55 - \$90	\$50 - \$90	\$50 - \$100	\$60 - \$120
South America	\$35 - \$70	\$55 - \$95	\$45 - \$90	\$45 - \$100	\$55 - \$120
Asia (India Philippines)	\$30 - \$50	\$45 - \$65	\$41 - \$70	\$38 - \$90	\$50 - \$90

THE COUNTRY HAS A WELL-EDUCATED AND HIGHLY SKILLED WORKFORCE

As mentioned before, over 60% of Polish software developers have university degrees in computer science or mathematics. Additionally, the country has a well-educated and highly skilled workforce. According to the latest World Bank report, Poland ranks high in terms of pupil-teacher ratio (1:14) and gross tertiary enrollment rate (77%).

This score places Poland ahead of countries such as Germany, France, and the UK.

The polish student's scores are also pretty good. In the latest PISA (Programme for International Student Assessment) study, Poland ranked 13th out of 72 countries in mathematics, 9th in science, and 5th in reading. This proves some huge human potential for offshore / nearshore software development services.

FLUENT ENGLISH SKILLS MAKING COMMUNICATION EASY AND EFFICIENT

Polish software developers are fluent in English, which makes communication easy and efficient. In fact, most of them have at least C1 level of English proficiency, according to the Common European Framework of Reference for Languages.

Communication with software engineers is a very important factor in setting up a successful Nearshore Software Development Office or Offshore Development Center.

POLISH SOFTWARE ENGINEERS POSITION IN GLOBAL RANKS.

The latest ranks from the world's biggest offshore software development companies show that Polish developers are highly sought-after.

They are ranked 5th in the world in terms of quality and 9th in terms of cost-effectiveness. This perfect quality/cost ratio makes a difference in comparison with other outsourcing locations.



The exclusive Hackers Global Rank placed Poland 5th in the world for software development outsourcing.

The other ranks that prove the high quality of skills:

- Nearshore Value Index: Poland is in 3rd position
- The best offshore destinations for IT outsourcing: Poland is in 5th position
- 50 countries with the best developers: Poland is in 8th position

THE STRONG WORK ETHIC

Polish workers are known for their strong work ethic through years of working abroad and in many BPOs. They are highly motivated and always willing to go the extra mile to get the job done. Close relations with the western countries provided also huge improvements when it comes to standards and frameworks crucial for the effectiveness of work.

Here is a quote from one of the former MS-Tech Directors: “I am extremely happy with the developers I have working for me and would not hesitate to recommend this destination to anyone looking for a nearshore software development office.”

THE VIBRANT BUSINESS CLIMATE WITH GREAT INFRASTRUCTURE AND A STABLE ECONOMY

Poland offers a favorable business climate with low taxes and a stable economy. In fact, it is one of the most promising economies in Europe. The global “Doing Business Rank” place country in the 38th position, out of 190 economies.

Poland also has excellent infrastructure, including high-speed internet and transport links. This makes it easy for companies to do business without any limitations. According to the latest data, the country has the fastest average internet speed in Europe – at 113.6 Mbps.

As a member of the European Union, it provides investors and companies with access to the largest single market of over 500 million people. This is a very significant advantage over many offshore software development locations.

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