

# **Nearshore Agile Development:** Faster, Leaner, and Higher Performing



By the Editors at Nearshore Americas

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## Faster, Leaner, and Higher Performing

**IT organizations want more value from their offshore development partners. Many of them are now discovering that there is a whole new world of talent within the Americas.**

By the Editors at Nearshore Americas

Typically companies turn to outsourcing to save money and operate more efficiently. In the past, to accomplish these goals, organizations frequently outsourced functions to lower-cost locations in India, China, and Eastern Europe.

But recently, companies have learned that outsourcing business functions to a faraway location on the other side of the world has its drawbacks, including cultural differences, communication issues, and time differences.

So, more and more companies are turning to nearshoring—outsourcing to countries that are much closer home—to realize the benefits they once sought from offshore outsourcing. For North American companies, that often means that Latin American countries like Brazil, Mexico, or Argentina are becoming increasingly attractive.

The most obvious benefits provided by nearshoring are related to the proximity of the nearshore country to the home country. Brazil, in particular, has a long-standing history in the IT field with about five decades of experience in the industry. With a population close to 200 million, and because it has so many IT experts—nearly two million, according to Brasscom, the Brazilian Association of IT and Communication Companies—Brazil is fast becoming a strong candidate for North American companies that want to outsource their IT functions closer to home.

Additionally, IT firms in Latin America are thought of as remarkably flexible compared to those in other countries. Along with that, analysts agree that Latin American countries are also flexible and open to new ideas, lending them to innovative and progressive ways of doing business. And because many of the countries are so technologically advanced, Latin America offers a private-sector environment that is conducive to business.

In traditional offshore locations, the time difference is a major obstacle to the successful completion of software development projects. The real trouble is that teams don't get to speak with each other or, at the very least, they have a very limited opportunity to do so. Therefore, there's a need for extensive documentation, which is mostly waste, and it results in a lot of rework and unhappy clients.

According to some industry analysts, in order to be successful in application development projects, companies have to communicate frequently, and they need some visibility into what people are doing, which is easier and less expensive in nearshore countries because of the time zones.

And if executives need to visit a critical service center or otherwise supervise an important project, they'll save valuable time—not to mention money—and be more productive if they have to fly only a few hours to get to their destinations

instead of a few days. Even the jet lag is less; that doesn't sound like a big problem, but why would a company really want to increase the amount of project pain?

Direct real-time communication makes it possible to identify any potential misunderstanding immediately, before it becomes a real issue. This is aligned with the lean principle of making problems visible rather than hiding them, which would be the case if you couldn't speak directly with the team because of the time zone difference.

What analysts are seeing increasingly is a propensity to do software development using a nearshoring model, and that's predominantly because of the challenges of the time zone.

Early on in projects, there's a high amount of unknown, there's a high amount of uncertainty. There are many things that companies just don't know at the start of a project, and when they have to wait to talk to somebody or when the window of communication is very small, then it's incredibly difficult to solve those problems, particularly if the company is working as a team with its outsourcer.

With the significant time zone differences of very remote offshore engagements, companies don't have that overlapping of working hours. They can create an overlapping of time by making people come in at 10 at night and finish at 10 in the morning, but that just adds to the pain, to the stress, to the friction that they already have because projects are always hard. So companies can keep the amount of pain to a minimum by using a nearshoring model, which analysts agree is very valuable because teams can take advantage of the shared time.

Furthermore, Latin America's European heritage opens up possibilities for cultural compatibility with companies in the U.S.

Analysts and executives alike agree that with nearshoring in the Americas there is definitely a significant overlap of cultures. Benefits such as cultural affinity, time zone, and travel convenience extend to all nearshore providers. However, the way these simple advantages branch out to tangible business benefits is what sets the top performers apart from the rest of the crowd. And among them, Brazil-based Ci&T stands out for its unique value proposition.

## **Lean Application Development**

In the software world, Lean means choosing tools and platforms that fit the current requirements of the user, not paying for hundreds of features that will never be used (or may be used years from now). In application development, it means delivering software quickly and frequently, delaying commitment to features implementation until absolutely necessary, focusing on what is of value to the customer, and cutting out all the waste.

This is contradictory to the status quo of extensive requirements-gathering phases, but it has been proven to bring better results. It allows users to think about the problem at hand—and developers to take development strategies from the customer's mouth to working software in a very short amount of time. It eliminates



waiting time, including waiting for customer approvals. It reduces unnecessary documentation, making the whole process less expensive. It reduces the timeframe for moving a piece of working software to production from six months to six weeks.

As a nearshore provider of IT services, particularly in the field of application development, Ci&T is innovating by adopting and adapting techniques that enable the company to respond more quickly to customer needs.

Ci&T is a pioneer in the application of Agile methodologies and Lean thinking in software development. The company's project teams leverage Agile methods in 100% of engagements, with an eye toward achieving maximum project efficiency and better quality software with each application delivered.

Ci&T complements these methods with Lean principles, enabling teams to deliver features that provide value to the business. Using the most robust tools in the Lean IT toolkit, including the Val IT framework and value engineering, Ci&T completes projects at a faster pace, with lower costs, higher quality, more agility, and with results that extend beyond the typical "software delivered" success metric to truly speak to the business needs of the organization.

### **What It Means to Be Lean**

Originally developed for use in manufacturing, Lean thinking is a philosophy that focuses on delivering greater value by eliminating waste in the value chain. When applied in an IT organization, Lean principles enable higher levels of customer engagement and IT-business alignment. Projects are completed faster, success is measured continuously, and software is developed with only those features that deliver value to the business.

### **The specific principles of Lean thinking in IT are:**

**Understand Value**—Truly examine the definition of value for the customer and focus on delivering only that. Use value as the measuring stick to decide what to do and when to do it.

**Eliminate Waste**—Anything that does not add value is waste. Understand where waste occurs in the overall value chain and streamline efforts to eliminate this waste.

**Flow Continually**—Establish continuity, constantly delivering at a regular pace while avoiding bumps in the road, such that value is being delivered and waste deleted at every possible stage.

**Pull**—Make what is pulled by the customer when they need it, not what is entered into the inventory (piles of "requirements").

**Continuous Improvement**—Make problems visible, constantly re-evaluating the process to improve efficiency and effectiveness.

**Seek perfection**—Strive for perfection at every stage and realize that, while perfection is unattainable, clients demand nothing less.

According to a July 2010 independent Forrester Research report titled *Ci&T's Path To Lean Methods*, "Ci&T's Lean approach is twice as productive as its original approach based on the Rational Unified Process, producing higher-quality software and greater customer satisfaction.... Ci&T [has] built out a Lean culture coupled with an Agile delivery model that provides almost double the productivity as well as increases in

both quality and customer satisfaction... Rather than delivering project deliverables to a plan, Ci&T engages with clients using value management and frequent delivery to ensure customer success."

Traditionally, software development has followed the waterfall model, which has often led to very poor software, even when the vendor is following the customer's requirements. The opportunity for innovation is usually destroyed in traditional development models. Ci&T's Agile approach to working with customers has proven successful, according to analysts.

Agile is all about improving the way in which we deliver and solve some of the common misconceptions around software delivery. So, Agile is in response to the weaknesses in the classic waterfall or sequential-flow kind of models, analysts say. Instead of writing down the requirements in infinite detail, signing off on them, and handing them over the wall, vendors and their customers collaborate on requirements, deciding what's the most important.

That way they're actually incrementally building a requirement set instead of building the whole set at the beginning. When a large number of requirements are written in the beginning of a project, other requirements will be written that are going to influence the initial requirements—and then they have to be rewritten.

## **Dealing with the unknown and mitigating risk is at the heart of Agile development, and that requires extensive collaboration and discussion.**

Although customers and vendors must plan very vigorously in Agile, they plan relatively short bursts of activity that require informal tacit knowledge to be exchanged. But that becomes incredibly hard if the vendors are available only at

10 at night and you have only a two-hour window of overlap with them. So Agile, by its very nature, tends to encourage the nearshore model and amplify the pains of a farshore model.

Ci&T uses these Lean methods to create a new approach to engaging its clients, and that results in better products. And Ci&T does this by maximizing the number 1 advantage nearshore providers have over India and other offshore developers—time zone.

According to another July 2010 Forrester Research white paper, titled *Agile Systems Integrators: Plausible Or Paradoxical?*, "adopting an Agile or lean approach often requires frequent collaboration. In an outsourcing model, time zones can make this harder, as both organizations need to be in the office to collaborate. Thus, nearshoring models combined with embedded local resources can help enable this level of interaction."

Being in nearly the same time zone enables Ci&T to really get the most out of these types of development models. It also allows the project teams to employ Agile/Lean development practices that require close collaboration and frequent interaction without requiring anyone to stay up late or get up early in the morning.



By adopting these best practices, nearshore providers improve the quality of the products they deliver, as well as encourage a stronger partnership with customers that allows for a more innovative working relationship and a clearer focus on value.

And having the same teams and business people working together for long periods of time reduces the investment required in each project to provide business context and effective value management.

Ci&T has also been able to transform “cultural affinity” and “creativity,” two things that pertain to Brazilians, into real and tangible business benefits. Cultural affinity can be seen in the proactive attitude of Ci&T’s teams—they are not merely “order takers.” Ci&T is really concerned about and contributes to generating value for its customers. In fact, one of Ci&T’s financial services clients in New York City said, “Ci&T is on the cutting edge. They go beyond the requirements. They’re helping to define the system itself.”

Creativity translates into Ci&T’s unparalleled ability to deliver interactive services (digital marketing capabilities, mobile apps, mobile sites, online campaigns involving sites and social media) and innovation—capabilities that other providers, either nearshore or farshore, don’t always possess.

## **Real-World Example of Ci&T’s Agile Methods at Work**

Internet giant Yahoo! was looking to strengthen and expand its presence in Latin America. In order to do this, Yahoo!

knew that it needed a development partner to help create hotspots to support the expansion and maintenance of its platform products. Yahoo! was looking for a partner with capabilities such as:

- A team highly qualified in LAMP technology
- Cost effectiveness
- Scalability and process innovation
- Ability to quickly adapt its process to Yahoo! Methodology

Yahoo! selected Ci&T and, working with its team of experts, was able to leverage the newest and best technologies for Web development. This allowed Yahoo! to meet the needs of its portal, which has more than 345 million users worldwide. Leveraging Agile methods, Ci&T was able to deliver all the requested hotspots to Yahoo! quickly.

Thanks to Ci&T, Yahoo! has been able to extend its presence in Latin America, as well as its ability to deliver sponsored sites as fast as three days from the definition of layout to market. And Ci&T met 100% of launch dates for all of the hotspot projects. “One of our most successful outsourcing partnerships is with Ci&T,” said James Stephenson, Director of Engineering at Yahoo! “Ci&T delivers consistent quality and transparency into its management services—emphasizing both predictability and punctuality in development.”

## **Conclusion**

*Nearshore locales like Brazil are perfect for North American companies looking to benefit from outsourcing while boosting a more collaborative, value-driven software development process. Ci&T’s development centers in Brazil put creative design and technology expertise in near-local time zones, saving clients time and money and helping them to gain competitive advantages by focusing on business value. By employing Lean thinking, Ci&T is able to cut waste out of the process and provide its clients with what they need, when they need it.*