

Can hiring remote talent solve the tech skills shortage?

with Pau Sabria, Co-Founder at Remotely Works

Maddie Duke 00:02

Welcome back to *The State Of Work*, the podcast by Lano where we hear from business leaders and innovators, as well as freelancers and remote employees exploring topics to do with the benefits, limitations and solutions around remote and flexible work all around the globe. I'm your host Maddie Duke, and today I'm speaking with Pau Sabria, co-founder of Remotely Works, a software development talent marketplace that helps US-based software companies build and manage great remote teams quickly, by connecting them to top developers in Latin America. Prior to founding Remotely Works, Pau and the co-founding team built the 130 person multidisciplinary team in Latin America with their previous venture Olapic, which was acquired by Monotype in 2016. I spoke to Pau about the talent shortage faced by us tech companies, and the solutions that Remotely Works provides to companies and remote software developers alike. Welcome to *The State of Work*, Pau. It's so great to be speaking with you today.

Pau Sabria 01:07

Thank you for having me.

Maddie Duke 01:09

First, before we kick off, where are you joining from today?

Pau Sabria 01:12

I live in Brooklyn, New York, in the US.

Maddie Duke 01:15

Nice! Yeah, very hip.

Pau Sabria 01:18

Very much so.

Maddie Duke 01:19

Yeah, before we get into the nitty gritty, it would be really great if you could give us an overview first of all yourself, but also Remotely Works - it would be great to hear your, in your words, a bit of an introduction.

Pau Sabria 01:34

Sounds good. So my name is Pau. I'm originally from Barcelona. I studied electrical engineering, and then went into management consulting, and then moved into the US in 2008, to study an MBA program, and there during that MBA program, I met my co-founders of Olapic, which was a marketing technology software company. And we grew that between 2010 and 2016, when we were acquired, and after that acquisition, we stayed at the company at the parent company for three more years, and then went on to pursue new opportunities. One of those opportunities, the latest opportunity is Remotely Works, which is a marketplace where we connect great job opportunities from VC-backed US-based software startups with great engineering software development talent - in Latin America specifically.

Maddie Duke 02:42

Okay, awesome. So I'd love to hear kind of, obviously, you're based in the US. So there's a bit of a geography focus there in terms of why US-backed startups and why Latin America, but what is it about Latin America that suits this business model of pairing US-backed startups with talent in Latin America?

Pau Sabria 03:04

So the reason why our offering is appealing to US VC-backed startups is the ever growing talent crunch that software companies are suffering. It is estimated that worldwide there's an imbalance of 6x between supply and demand of software technical positions. And this is something that has been the case for the last - the good part of the last decade. And is obviously responsible for some of the inflation of salaries that we've seen. Very pronounced in the US, of course, in the main tech hubs, and those would be Silicon Valley. Seattle, Boston, New York. But obviously, it's also starting to happen in secondary cities in the US, and it has permeated internationally as well. Most notably, I think that Tel Aviv in Israel was the first one to also suffer from that, but now I just start to see.... well you know, I have a lot of friends from college in, in the industry and no matter where they live, they complain about the same shortage of talent and so we obviously think that that pain is particularly heightened in the US and therefore from a demand perspective, our marketplace focus where that pain is the biggest and, and why we focus then in servicing that that demand from Latin America is mostly timezone. We've learned that for the broad majority of that demand timezone is something that is important. There's obviously exceptions to that. There's different degrees of maturity of engineering organizations, and some of them are structured in a way in which they want around the clock development, and they have the processes to be able to do that. But for the most part, especially in the early stage when a lot of conversation needs to happen a similar timezone is a must. And therefore, for the US, obviously, that means staying within the American continent. And so we've focused mostly in Latin America, we've also dabbled into Canada, but Canada, of all of the non-US markets is the one that is also starting to experience a lot of a lot of shortage of talent, for obvious reasons, because they speak English. It's the most natural kind of neighboring place to go and hunt for developers for companies.

Maddie Duke 05:56

Yeah, okay. And is there a reason you're focusing on remote hiring rather than relocation?

Pau Sabria 06:03

Yeah, this is something that we, we in our past company at Olapic, it's how we implemented our strategy. Relocation is not necessarily super easy. And in part this also due to the limits of of the immigration system in the US, there are a lot of restrictions and quarters in terms of visas, that that make that be like an extremely uncertain way of running a company and uncertainty, like startups are already very uncertain - you don't want to add more uncertainty to them. And so the plan is, well at least for us, to always establish remote engineering hubs that would be proud to work and be treated as first class citizens by the core HQ in the US, but at the same time, give them a purpose and a willingness to stay in their country of origin. Because it helps the local development, because it allows them to also live a life close to their families. And because it can work. Companies can make it work in a way that benefits all parties. And, and then on a second aspect, obviously, is that there is a protective element to it, which obviously, if you move people into the US, then they are all, again, subject to the same dynamics of the talent markets in the US. And the likelihood is that they will get poached by Google, by Facebook, Uber whoever bids the highest at that point. So that's why we decided to focus on that structure.

Maddie Duke 08:05

And is there a big push from candidates to be working remotely?

Pau Sabria 08:10

Yeah, and this has been particularly true after the coronavirus pandemic, where a lot of people realized that they were able to kind of do this type of job anywhere - from anywhere - and particularly the engineering organizations realize that, that actually that nothing broke.

Maddie Duke 08:34

Yeah.

Pau Sabria 08:35

And so that a lot of those assumptions that they had us to make have to be working in the same office, under the same roof - don't necessarily hold the test of that pandemic. And so for the most part, we have developers that do want to stay where they are from or where they currently live. It is also true that there are developers that for whatever personal circumstances want to move to other countries and want to relocate and want to do that type of job and, and, and, and potentially, remotely is a stepping stone towards making that dream like a reality. But for the most part, it is something that is significantly more complex and is part of our core value proposition. As I said, having a company's sponsor a visa with the uncertainty and the time schedule of what that means, can take a significant amount of time. And what we've seen mostly from Latin America because of its ties to Europe, we have seen people being able to secure citizenships from a European country and then make the jump is much more common to make the jump into Europe than into the US in our experience.

Maddie Duke 10:04

Okay, yeah. And how do you approach compliance and employment law? In this case, then I mean, of course, some startups prefer to work with contractors or freelancers, even in this field.

But when it comes to employment and employing people remotely, do you help your clients on the startup side, facilitate that process as well,

Pau Sabria 10:28

the we have a view in which we, we there is the world of compliance is is is, is essentially a world of risk mitigation. And so I think it's really hard to have a risk free employment anywhere even in the US. Things can happen at any given point. And so the question is, what are the risks that each software deve is willing to commit to or how they plan to make it work. And given what risk decided to choose? How do they mitigate them? And in our experience, and again, back in Olapic, we had a team of 130 people in Argentina, we were exposed to all sorts of risks. We tried, like contractors situations, and we tried full employment with subsidiary situations. And the reality is that no solution is perfect. Far from far from it, but you need to decide which one - what flavor do you like - and how do you deal with it. On the contractor situation, obviously, you need to be compliant with contractor regulations, both locally and in the US. And therefore, there are certain things that you will be able to do or not be able to do. And on the subsidiary slash employment situation, you will be subject to local labor laws and the consequences of that, and so on. And so at the end of the day, I think of the intrapreneur fear as someone that needs to decide whether they want to focus their attention, energy, and which risks Do they really can, like, kill the startup and in their different phases of development. And so what we see is that is that startup companies tend to like the contractor situation first, as they get their bearings, because obviously has a lower friction, and the risks can be managed in a in a much easier way. And try to provide as good of an experience to the contractor as if they were treated like an employee. And the question is, how do you then create processes and put processes in place to enable that distinction between how you treat employees in the US and how do you take contractors elsewhere. And that's where remotely can help in creating those processes, HR processes and create that distance that satisfies the risk appetite of the startup and satisfies the contract or loss in the different geographies where they have developers.

Maddie Duke 13:30

Yeah okay. So it's mostly that startups are, at least in the beginning, preferring to work with contractors. Do you have any that are like, we want to employ someone, and then you have to, you know, help them decide whether they need to set up an entity or, you know, like, use an EOR or something like that?

Pau Sabria 13:50

We haven't, we haven't pursued that, that option yet with any of our customers. Important also, probably because we're a young company ourselves - we were founded a year and a half ago, less than a year and a half ago. And we, we ourselves didn't place our first engineer until about a year ago. And so so it's still early to see how how things evolve. And if I were to draw parallelism, probably our experience with with our own company in the past was a good a good example of that we started with contractors wiring money through Western Union, like that type of kind of setup, which was very, very, very cumbersome. And, and that to some degree, risky. The reality was that eventually, that we learned, how are the things or how we should have done the things, what type of legal agreements we should have in place, what types of processes we

should have in place to kind of minimize that. Eventually at Olapic we they create the subsidiary and we create the, the the the full employment type of figure, and we did it on our own is also true that we never, we didn't even know that were such a thing as employment of record back then, even though what in the US obviously is a very common practice to have it just to be able to secure health insurance at an affordable price. And we did implement that in the US. We didn't know that that existed outside outside the US. And so we did it, we did it ourselves. And certainly it's a pain, like setting up your own subsidiary takes forever, you need to notarize, translate, put the Hague apostille, it's not an easy process.

Maddie Duke 15:54

Yeah.

Pau Sabria 15:55

And that leads into, you know, a lot of companies essentially not committing until they are very, very, very sure that this is something they want to do.

Maddie Duke 16:06

And also, you know, you'd want to, you'd want there to be a talent pool there that's significant enough to kind of warrant this effort that goes into that slide. It's it makes certainly seem to make sense if you're employing, say 100 people in in in one country or one part of the world. But if you're hiring one somewhere and one somewhere else, you'd certainly be looking for other solutions.

Pau Sabria 16:30

Exactly.

Build and grow your global team with Lano. Companies that want to hire talent in a country where they don't have a business presence or legal entity can use learners all in one platform to compliantly hire remote, full time employees or freelance talent in over 150 countries. Find out more at lano.io.

Maddie Duke 16:54

Drawing from your experience, both with Remotely Works as well as your experience growing and expanding the team at Olapic, do you have any advice for people that are looking to onboard or hire talent from Latin America specifically, but also remotely in general?

Pau Sabria 17:12

Yeah, I think that the probably the biggest recommendation, and where we make the most amount of work, it's kind of what we would call the 101 of our remote work - and by remote work again, I mean, you're based outside the US, not US, like remote within the US. It's just to be extra mindful of the cultural differences. And this is something that can feel a little bit odd. Especially to the companies that have operated within the US for the most part. There's no malice, I think it's just, you know, not being aware that the word may be working in different ways in different countries. And that could mean extra work and extra complexity for the HR

team. And oftentimes that extra complexity is not necessarily super welcome. But things/ examples for that would be your holiday and vacation policy may need to change, mostly because, you know, no one in Argentina cares about Fourth of July - it's a holiday in the US.

Maddie Duke 18:34

Yeah.

Pau Sabria 18:36

And while you want to have a team that obviously is, you know, as aligned as possible with those types of perk, something that needs to be taken into account is that those developers also have families and they also have local celebrations that they need to be able to enjoy unless they want to be feel alienated in a way from their own daily personal lives.

Maddie Duke 19:00

Yeah.

Pau Sabria 19:02

And so that is one of the things that very quickly gets adjusted and corrected and people understand and start to be mindful about it. And then obviously, from our communications, how you communicate, and when you communicate to the team, obviously there's a cultural aspect that spans not only in how you operate as a company, but also how you interview people. There are cultural gaps in what is expected from a candidate what is expected behavior and qualitative aspects that in the US may be very strong and may be maybe very kind of common sense or almost like muscle memory that then when you go outside the US that's not how people do it. For instance, a good example of that is - it is expected in the US I still have an innate sense of curiosity, question the company, come very prepared with really good questions as as incessant as possible - on what's like to show that you don't really want to join, and you have to kind of convince me to join. And that's, that's good, expected strong behavior in a candidate. Whereas in other places, in Argentina and other places in, in Latin America, that's not necessarily the case that's, that may come across as rude or like someone that is not engaged actually in a company. And so what do we see oftentimes is hiring managers that, that that are disappointed because a strong candidate technically didn't seem to say, show interest because they didn't have very good questions, or they have, you know, we're not like thinking hard about the opportunity, right, whereas the other one was trying to be respectful.

Maddie Duke 21:00

Yes, yeah, I think that that's a really, really great distinction to make, because, particularly at that point, you know, people talk a lot about cultural differences when you're working with a team that split between different locations and different cultures. And that can also obviously, happen with co-located workplaces, because the world is a very, you know, multicultural place, but in that onboarding, and sorry, like, interviewing you, when you're still in that recruitment process, being aware of those differences, that, you know, at that stage already is also really important, because that'll help you kind of mitigate, like prejudice in a way, like not prejudice, maybe. But

um, yeah, as you say that the perceiving one thing as disinterested when it's intended to be polite, or respectful. Yeah, that's a really great point.

Pau Sabria 21:57

And similarly, I think that this is not just an effort that needs to be made on the side of the company, correct? So part of the work that we do at Remotely, is we have training programs and, and learning experiences that help and prepare the developer to know what to expect, yeah. And what to do, behavior would be one of those norms. And I think that it has to be met in the middle in the sense that both a developer needs to be in an effort to get closer to what the company, after all, they're trying to get hired, correct? And so it's something that needs to happen on both sides. But certainly, it's one of the challenges that we see in these early phases of us, mostly US-centric companies going abroad.

Maddie Duke 22:57

And so does Remotely Works act as a marketplace where there are job listings and talent, like how does it actually work in practice? Do you actually play an active role in matching people up or is it more like a self managed marketplace?

Pau Sabria 23:14

Correct. So on the demand side, so when we work with our customers, we put a lot of effort into vetting the companies so we ask questions about the founders, we record their why, they think why they're working on that problem in the first place. We almost serve as like a VC almost like we question their true willingness to do this, because if they don't believe in themselves, then it's going to be hard for them to convince others to join. We look at the finances, we'll look at the run rate, are they going to stay in business? What do we think the prospects of the company are? We look at what is exciting, what is the technical challenge and we start to distill all of those aspects that we think are important because we don't want to be wasting anyone's effort in pursuing an opportunity that is not worthwhile. And, and also because that gives us the type of understanding of what the company looks for and what type of profile is ideal. So that's phase one, phase two, we are constantly looking for great talent. And we we we establish a relationship with a talent and we distill what are the career aspirations that they have and we see ourselves less as recruiters and more like talent managers on the talent managers that you will see one of the agencies in Hollywood and what we what we help is like then, based on the the the the career progression, the second than the aspiration of a developer, we try to figure out if we have opportunities in those companies that we have vetted before. And when we do we do the match manually. And so yes, this is a managed marketplace, there is no such thing as you know, going and seeing a job post and then applying to a job post. In fact, it's rarely the case that we pitch a job post, we generally pitch a company, okay, which is quite unique for for the marketplace. The first thing that we that we show the, the talent is never a specific role, or a specific position. It's more about what the company is, how their engineering organization behaves, what tech stack they have, what are the people who are the people that are already working there? What are they looking for, at the broad level, that type of profile of a company, and it's when they've seen that, that they feel that that's something that could be interesting to them, then they say, Well, I'd be interested in a full stack position here are like the back end

challenge, because they understand better the product, the mission and the team behind it, and how it operates. And then we see if we have the position, and then they can drill down into what are the roles and the specifics of that position, the challenge of deposition, etc, etc.

Maddie Duke 26:32

Okay. Have you seen any trends in terms of what the talent is looking for in a company? I mean, maybe if we put aside the distinction between employee versus contractor, because obviously, you know, contractors don't have the same rights and benefits as an employee. So maybe considering that difference, I guess, is there is there an overall trend in terms of what people are looking for?

Pau Sabria 26:57

Yeah, we, for us, mostly, we attract developers that that work for local companies. So for them, the experience of working for a US companies is very, very attractive. That usually comes with a salary race, which is really expected. And we, of course, have very competitive salaries as a result of our demand coming from the US.

Maddie Duke 27:27

Yeah.

Pau Sabria 27:28

But we, we also only focus in very senior talent. Okay, so in our vetting process, for developers, most of the talent that comes to us, generally speaking, is junior and doesn't make the cut into the network. And the way we talk with every single one that applies, we send an email we, we justify why they're not being accepted and read every single reply that they sent to us. And oftentimes, what we see there is that a lot of people see the opportunity in software development, or trying to build a career in software development, and they struggle to, to find good opportunities there. And they feel attracted to Remotely naturally, because of the type of demand that we have, the challenges there. And what I often recommend junior software developer is that they should try to find a local company, ideally, with good engineering managers that can groom them in a way into becoming a mid level and then a senior developer and that there are a lot of practices that I do believe is are better suited for a local and deployment kind of desk-to-desk sitting one next to each other, and someone over viewing your laptop on top of on top of you to build those habits and to build those best practices in a professional software development. And the idea of doing that remotely is more challenging. And I think that that's the reason why a lot of companies are less likely to start hiring abroad by hiring junior people, because grooming someone in any function really is hard to manage someone junior into becoming a good developer or a good employee from abroad.

Maddie Duke 29:31

Yeah, that's a really interesting point as well. I'm just going to apologize for something someone's drilling in the in the apartment above, I think. So apologies for the noise. But yeah, I think that's a really interesting note to think about. Because I think when we have these conversations about remote work, where we often are talking very broadly and there's an

assumption about a certain level of work experience, you know, we're talking kind of mid to senior level talent, we're talking obviously, we're talking white collar jobs, we're not even touching on anything else, you know, like. And so to think about junior, yeah, someone starting out in their career in a co-located situation, so that they do, too, to think about when someone's actually ready to make that switch. But then also thinking about the the more senior people training and grooming, as you say, those junior more junior talent, then they have to come into the office, you know, like, or there has to be some kind of compromise where there's enough senior people available in the location where the junior people are kind of starting out to make that work. I don't know, I don't really have a question for you there. I just think it's a really interesting distinction to make and something to think about.

Pau Sabria 30:52

And I think and I think that as our expectation, again, drawing from our experience at Olapic, is that as more as the our customers start to build larger and larger teams abroad, that then they will have that stepping stone infrastructure in those local countries that then they will be able to bring more junior people into those organizations...

Maddie Duke 31:16

Yeah.

Pau Sabria 31:17

...Well, to have a proper career progression in those organizations.

Maddie Duke 31:21

Yep.

Pau Sabria 31:22

But certainly doesn't feel like that's the landing, stepping, move for those for those teams, you need somewhat autonomous talent. On the senior front, though, what we see especially the ones that are really, really good developers, and that we see an increase appetite for, for filtering companies beyond the economics of the deal. Beyond the salary, the bonuses, the perks, the benefits, the even the stock options, what we see is the the, the need for that something else that comes from the product, the mission of the company, does it have an impact or not? Who are you working with? Like a lot of those aspects are the things that tend to matter more to developers, to senior developers.

Maddie Duke 32:19

Yeah, okay. Yeah. And do you see thinking further into the future for Remotely Works? Do you see yourself covering any different fields of work or talent, or any different kind of types of companies? Maybe those more more well established? You know, not so early stage startups that are, yeah, a bit more established or anything, what's the future?

Pau Sabria 32:46

For the foreseeable future, we'll continue to focus on that segment of companies on VC backed startups, for the most part, still focused in the US. With the, the, what we do expect is that, that the talent will potentially go more global. So we expect the requirement of several times to fade away as more people realize, and evolve in the methods of remote working in terms of software development, and the practices allow for having anyone anywhere, they already do, but it's just getting used to it.

Maddie Duke 33:33

Yeah.

Pau Sabria 33:34

And so we do expect to offer talent from elsewhere in the world. The second, the second aspect that we also expect to focus more on is as we are a marketplace that for the most part, our priorities to be very talent centric. So we try to satisfy the needs of the developer above those of the company. Obviously, we tried to satisfy both, but it's the one words that take precedence would be would be the developer. And as a result of that, we do expect to get into other types of services. The developer needs both professional development, almost we get back and expand on that concept of enabling and helping the developer prepare for the interview. One could think of all the other things that one could prepare for, yeah, whether it's learning new technologies or improving on their English skills, etc.

Maddie Duke 34:31

Yeah, career progression. Great.

Pau Sabria 34:34

And the second aspect is financial services. Fortunately for for these developers, that there are category of employment, and the nature of their work and who they work with, and the nature of the the relationship, the legal relationship between them and the customer is, is one that doesn't lend itself very well to through the traditional processes of traditional banks, and accessing service, financial services, which is ironic, given the salary ranges that these developers are able to attract. And so the we see there a massive opportunity in terms of delivering products that suit the needs of the developers. And given that we already have a relationship with them, it seems normal that we would be able to grow into that direction as well.

Maddie Duke 35:34

And so sorry, just you don't mean to pay people for, you know, to facilitate global payments for their work, rather like the actual financial systems that they can't access in their own countries because they're not employed there.

Pau Sabria 35:49

Correct. And it's the same in the US, right? If you're in the US, and you don't have a W2, which is your labor contract, then you cannot get a mortgage.

Maddie Duke 36:03

I say, yeah, that's, yeah, I mean, it's definitely the thing, like, I'm also a freelancer, and I'm self employed, and it's definitely harder to prove, you know, you can serve as a loan, for example.

Pau Sabria 36:18

Correct. Like you have one of the most extreme examples of this is Ben Bernanke, as the former chairman of the Fed (Federal Reserve), in the US, the one that essentially dealt with the crisis of 2008, and the meltdown of the housing market in the US. After his job at the Fed, well, he had he published the book, and he had more of a, quote unquote, self employment life and couldn't get a mortgage.

Maddie Duke 36:53

Yeah.

Pau Sabria 36:18

Right? And so it's kind of absurd, that no matter how much money you make, or what type of job you have, that you're not able to access financial services, despite the risk, and for the most part, this is oftentimes when you, you know, double click on it, and you try to understand why it's happening. Oftentimes, it's just that the systems in the local branch of the set bank, the screen doesn't allow you to click like it doesn't allow you to press next without having a specific field filled up, right? And so that doesn't feel like a good justification for approving or not someone.

Maddie Duke 37:36

Yeah, the systems need to catch up. Well, that's fantastic that you're, you know, planning to create a solution there. I think that's a fantastic idea. To wrap up Pau, what do you think some of the trends are in developer recruitment?

Pau Sabria 37:49

Maybe a cautionary tale or warning ahead. We think that generally the trend for software development, particular employment is going to be one that is going to be quite interesting. We think that the pressure that you're currently seeing those tech hubs in the US, Silicon Valley, Boston, New York, and Seattle, is likely to decompress a little bit, as more people start to explore elsewhere, maybe not depending on the demand. Like the reality is like, there's so much demand that maybe doesn't even decompress, but at least that pressure expands on to other places. We do expect that that will increase salaries everywhere in the world, as it reaches some sort of equilibrium between these like spikes in the US and elsewhere being significantly lower, it should increase the tide everywhere. So it's likely that you will get salaries increases globally, for this type of of talent. But you are likely as a company as a local company, you're likely to compete with companies from everywhere else, which is going to make it harder. And you start to see that, like, I'm from Spain, and I have friends that have local companies, software companies in Spain, and they started in the recent years, it's like complaining about Amazon and about Klarna, like every major large company that has landed afoot in Spain, that's likely to kind of go much faster globally, and start competing with everyone from anywhere else. And adapt to that reality and adapt that to the expectations that if you anchor your expectations for

salary, perks and everything else to what you've seen up in the deal now, while you're, you're you are you're going to be facing a very, very different reality relatively soon. And that said, I think it's a good thing, I think it's a good thing for talent to have that type of expertise to have that type of exposure. And then in the long term that's going to enable new local companies that have different levels of experience will have different level of addition, and, and is generally a good thing for the world. But all of that intensity from those local pet hops is actually melting into the rest of the world and spreading out so that more new better products are created everywhere.

Maddie Duke 40:34

Great. Well, thanks so much for your insights there. And it's been really interesting chatting to you and hearing about Remotely Works. I wish you all the best. And thanks for joining me on *The State Of Work*.

Pau Sabria 40:47

Thank you so much - thank you for having me.

Maddie Duke 40:51

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