



The World Is Flat....Now What?

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Here is the (multi-) million-dollar question: If you were able to piece together a dream team of software developers, where in the world would you look and what would you look for? India? Russia? Poland? Brazil? Infrastructure? Hourly Rates? Accredited Education Systems? As the list of questions gets longer, the scorecards get harder to interpret. The global distribution of talent, while generally viewed upon as an immense opportunity, can ultimately lead to seven to eight figure guesses.

Interesting trends can be identified by applying TopCoder's patented rating system to its competitive member base of over 150,000. TopCoder has recently released rankings of how various countries stack up in terms of average talent across multiple disciplines, including algorithm, software design and software development. The country ratings used to derive these rankings are weighted averages of individuals competing within the previous 180 days. The results are telling: Eastern Europe is consistent. China is exploding.

Algorithmic Talent: As expected, Eastern Europe and North America had strong showings across all three categories. Russia and Poland are particularly strong in algorithm competitions – mathematic-based coding contests. A recent paper developed Dr. Jan Madey and Krzysztof Diks of the University of Warsaw states that Poland's success in software development is due primarily to the focus and resources provided to gifted students at an early age. A large number of dedicated organizations like Poland's Ministry of National Education as well as formal corporate sponsors like Prokom Software provide critical support to promote excellence.

Identifying Eastern Europe as a source of algorithmic-oriented talent is neither new nor surprising. It was a group of Polish professors, after all, who first cracked the German Enigma codes during World War II. Dr Madey also proudly points out that The University of Warsaw has consistently ranked first globally among computer science programs since February 2005.

China: Among the more obvious trends, perhaps, is the overall quality and consistency of talent coming out of China relative to the other players. TopCoder has seen a tremendous amount of productivity from this region. Not only is the average rating across disciplines impressive, but quantity of output is off-the-charts. For example, over the past year, Chinese competitors have accounted for wins in over 28% of the software design competition and over 66% of development competitions. Like Poland, this abundance of talent is a direct result of state sponsored efforts to

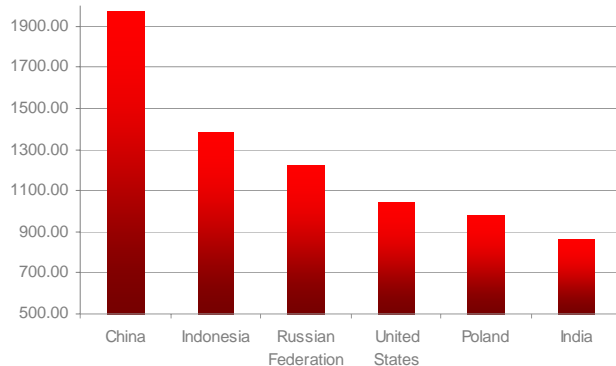
Rank	Name	Average Rating
1	Russian Federation	2962.32
2	Poland	2905.05
3	China	2821.45
4	Canada	2508.46
5	Ukraine	2502.72
6	United States	2411.11
7	Japan	2344.58
8	Slovakia	2234.08
9	Netherlands	2212.78
10	South Korea	2196.6
11	Germany	2172.09
12	Croatia	2150.34
13	Belarus	2077.63
14	Romania	2066.00
15	India	1979.09
16	Iran	1963.56
17	Viet Nam	1956.87
18	Sweden	1924.56
19	Argentina	1912.45
20	Bulgaria	1900.62



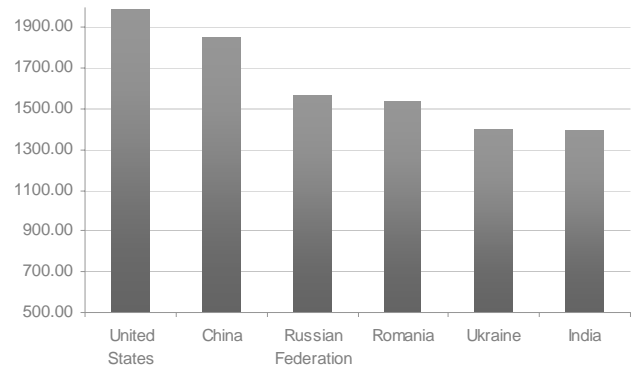
promote economic growth. In fact, encouraging both innovation and the services sectors were singled out by the Chinese government in its current five-year plan for national economic and social development. This support has created a glut of IT resources looking to differentiate themselves in a highly competitive labor market. TopCoder provides these individuals a platform with which to refine their skills, distinguish their talents, and (if they are good enough) earn an income.

While talent and cost levels are attractive, engaging Chinese resources is not without its challenges. According to a November 2007 Gartner report, “Organizations wishing to engage China today should plan and budget for more substantial levels of project management, change management and governance requirements, given the current immaturity of the market.”¹

TopCoder Country Rankings - Design Average Rating



TopCoder Country Rankings - Development Average Ratings



Ultimately, the tremendous benefits of accessing a global resource pool far outweigh the complexity of engaging it. Nevertheless, the apparent need to pick a horse is forcing companies to make a difficult choice that excludes some of the world’s most promising minds. While interesting to see which countries top TopCoder’s rankings, it is equally impressive to see how the talent is truly distributed to all four corners of the globe.

At TopCoder, we have the luxury of not caring about where the talent comes from. We feel that placing a geographical wager on where the most talented or economical resources are today and will be tomorrow is unnecessary given the tools at our disposal. Using the internet and social networking technology, TopCoder engages a community of over 150,000 developers from more than 200 countries to develop software for our clients. The TopCoder competitive software development methodology means that our resource pool evolves with an ever-changing global talent landscape in real-time.

¹ “Analysis of China as an Offshore Services Location, 30 November 2007 ID # G00153091