HYPERTEAMS

Globant
we are ready

HyperTeams

HyperTeams (High Performance Teams) is Globant´s Agile, SLA-based delivery model.

The "formula" for HyperTeams was created combining customer feedback, the know-how acquired from the evolution of our business, and the methodologies that have proven to work in our client's culture and our own. The model is not based on a particular creed, we are not supporters of radical ideas; we have taken the elements that work in practice and strengthened them for the industries we work with. The result is a realizable delivery model which dramatically increases the value to our clients.

Why do you need HyperTeams?

The traditional IT model normally delivers in chunks, creating a large delivery gap between what the business needs and what IT can deliver at a given point in time. This is a common anomaly in most companies where the delivery gap constrains time to market to the point of jeopardising the client's vision. Figure 1 shows a traditional "stepped" approach; the smoother curve represents HyperTeams where the high adaptability to business dynamics renders a dramatically shorter delivery gap than any other model today. This is a product of some unique attributes that are described in the next section.

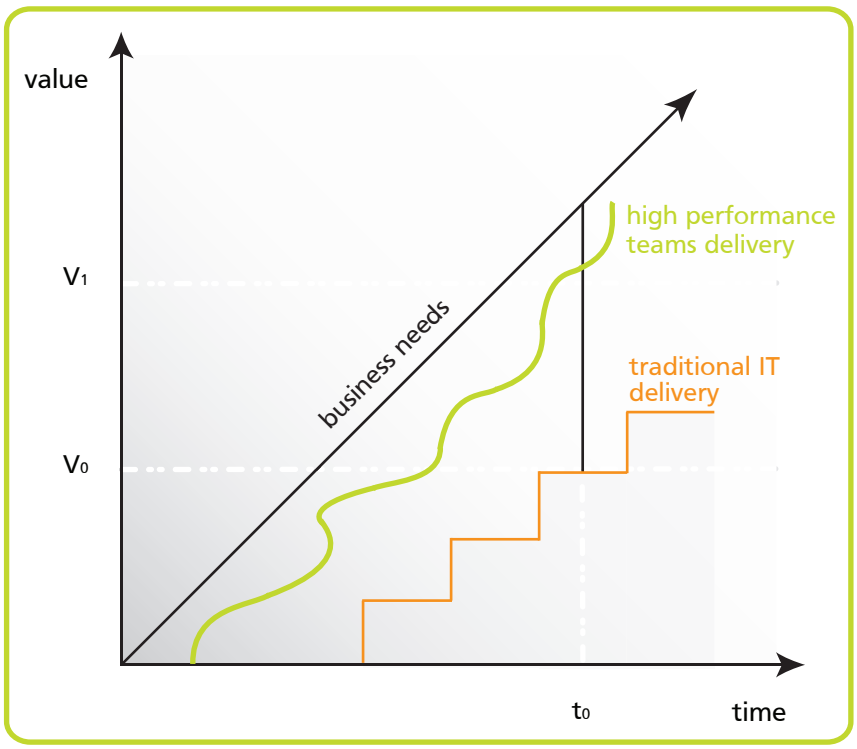

Figure 1: Globant narrows the delivery gap

The immediate benefits of this delivery model are:

- Dramatically reduces the delivery gap, enabling a faster time to market
- Guarantees higher value is created encompassing the dynamic of the client's business
- Continuous Quality Improvement fueled by evolutionary development

- Transparency due to a high visibility across the service lifecycle
- Minimized development risk through a "Virtually On-Site" technology and processes

The mid and long term benefits of the model are:

- A partnership that lowers client's operational risk by delegating to specialists, allowing the client to focus on his core business activities
- Rationalization of TCO by a sensible balance between open and proprietary architectures
- Access to Capacity On-Demand

Globant unique attributes, the foundation for HyperTeams

Before we dig deeper into the details of the model, I propose to take a step back and examine some of Globant's core attributes that facilitate HyperTeams.

Globant is Agile and...

- optimizes TCO enabling open source in the enterprise
- is not tied to one or two technology brands
- cultivates industry know-how within domain expert teams

Globant is a market leader in Latin America where...

- time zone compatibility facilitates communication and therefore enables Agility
- our Globers share most cultural attributes of our clients
- the labor pool in this market is untapped and we are the leader employer

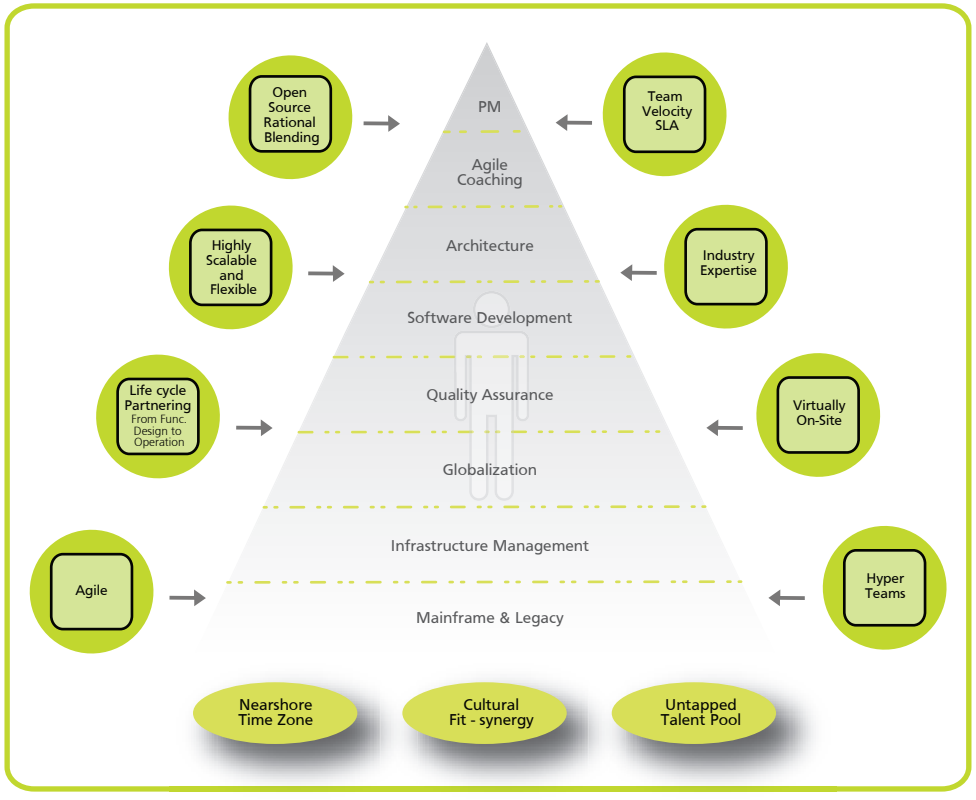

Figure 2: Globant´s value proposition

What makes HyperTeams a breakthrough value proposition?

The first element is obviously our **talented Professional Pool**. We are referring to the breadth of talent in Latin America that finds Globant as top employer. In this context, the value of Globant is the ability to capture and retain the best people. We are leaders in our country and we are rapidly expanding into Brazil, Mexico and other countries in Latin America. Globant's expertise spans multiple technologies across multiple verticals and the roles that cover the full IT needs lifecycle from infrastructure management and application development to globalization services.

We have strengthened this strong raw quality with a delivery framework composed of value elements that make our service capable to boost our client's IT delivery throughput and sustain it while improving quality.

The HyperTeams model enriches the value of our talent pool by vigorously executing the processes and the methodology framework that permit us to objectively measure and constantly monitor performance, ensuring that the following goals/guarantees are met:

Productivity: How do we make sure that a team is performing to plan, according to expectations? How flexible is the team to change direction? Globant uses a body of Agile Practices where productivity is a function of Team Velocity. A team blended rate is tied to a Team Velocity level during Project Chartering. This blended rate guarantees a certain level of seniority for the team, the required skill set and domain experience to achieve the expected throughput at the end of each iteration. Additionally, client teams can integrate our Agile Coaching service from the very beginning of the project to get up to speed with Agile practices integrated to the service level guarantees given by the HyperTeams model. Agile coaches generally engage as of the Project Coaching phase.

Stability: No matter how capable a team can be, if attrition is high, we can't deliver to expectations. Statistically the Latin American market has lower attrition than other outsourcing destinations and Globant takes special care in the career development of its staff which creates a record low attrition rate in our space. Attrition in the IT market is a condition from which nobody can fully escape. Globant can contractually guarantee stability in any on-going project through a shadowing and mentoring program that enables fast learning curves and effective knowledge capture/retention.

Visibility: Globant has infrastructure in place to minimize the potentially negative impact of distributed teams. This can be seen in two dimensions: a) level and quality of team members' interaction and b) certainty of project progress and proactive correction of deviations. The communication framework, our trained people skills and our video conferencing infrastructure create a "Virtually On-site" experience among distributed teams.

Scalability: Globant commits to expanding and contracting team capacity on demand within a definable response times. This brings scalability into the HyperTeams' formula.

IP Security: We provide the data isolation levels compatible with your data protection policy, from Secure VPNs to client-exclusive isolated facilities.

The various elements of HyperTeams are therefore configured in a Service Level Agreement as parameters:

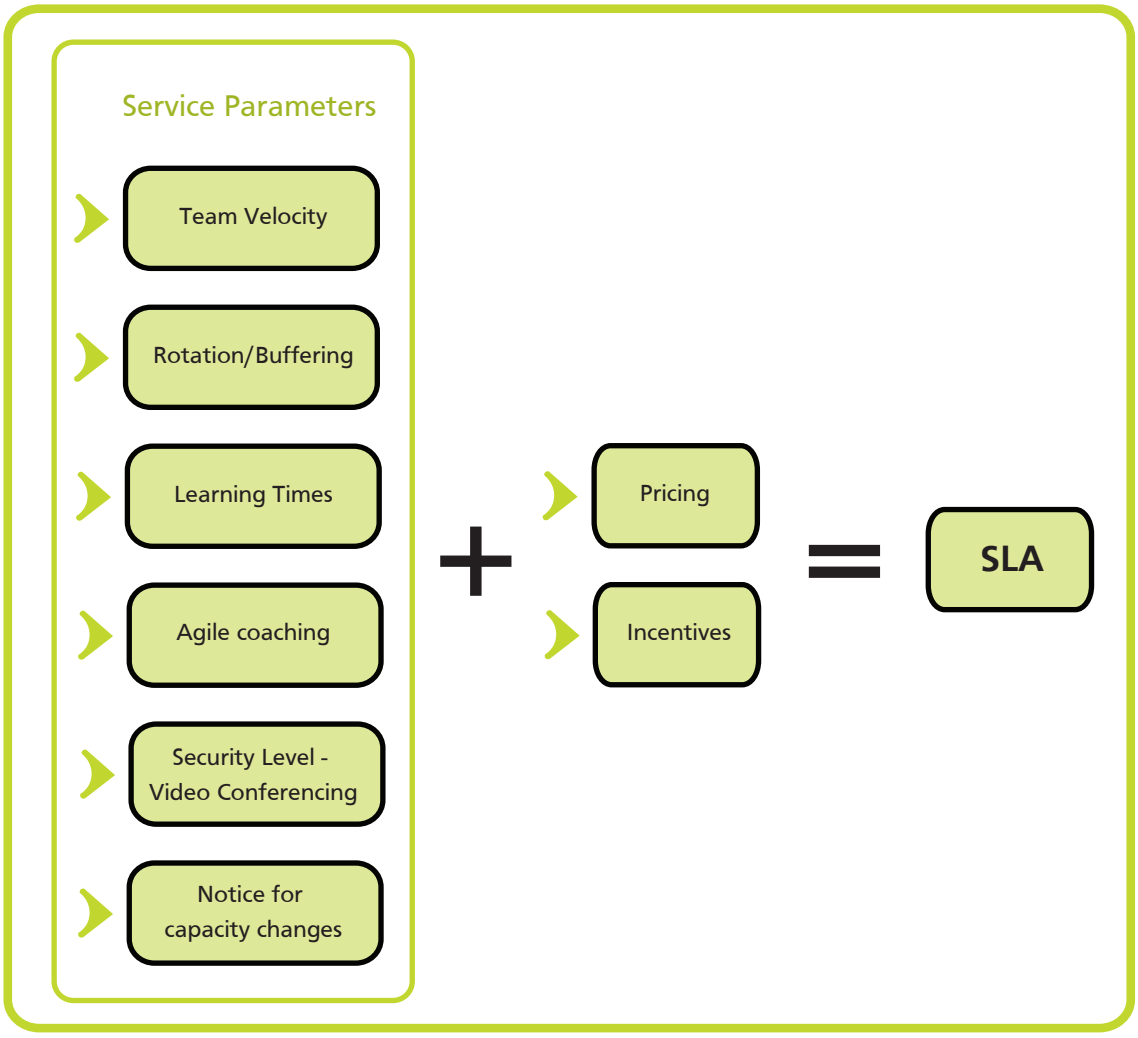

Figure 3: Structure of the HyperTeams Service Level Agreement (SLA)

Deploying HyperTeams

The first step is to define the various guarantee parameters, associated pricing and incentives in a Project/Service Charter exercise which takes from 1 to 3 weeks (see Figure 4). The goal of the Project Charter is to understand the vision, the scope and the business priorities, to define the high level IT architecture, the operational vision, the risks, the composition of the team, the SLA parameter values and, of course, the budget.

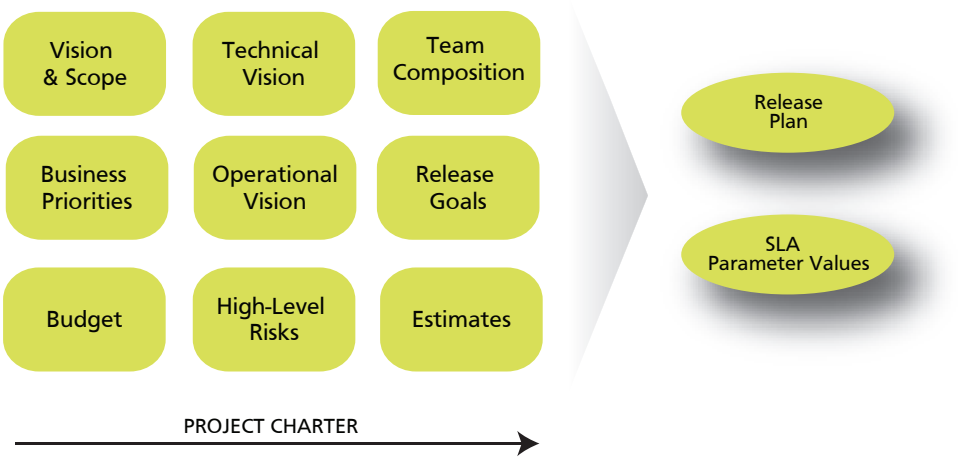

Figure 4: Main components & outputs of the Project Charter

Inputs to the Charter include a high level list of desired features to be executed. These features can be user stories for software development or specifications (if the project is an IT infrastructure effort). The features are used to estimate size, calculate duration and put together a probabilistic schedule.

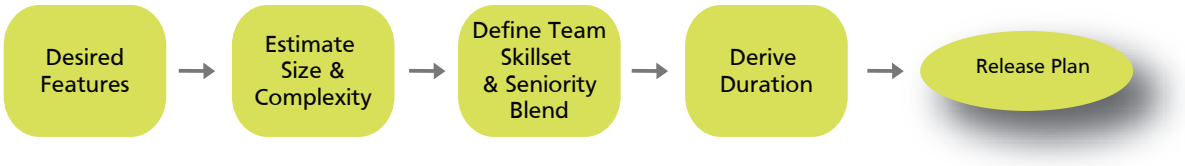

Figure 5: Estimation process during Project Chartering

We assign an effort point value to each feature. The raw values are not important - what really matters are their relative values between features. The first approach is to select a feature that one expects to be one of the smallest and assign one point; other approach is to find one that is anticipated to be medium. We use expert opinion, analogies with other features and disaggregation techniques to estimate the relative effort necessary to build the features.

The Productivity is quantified as Team Velocity: the measure of the team's rate of progress. Since Velocity is associated to delivering features it is possible to associate by the type and number of features delivered how much value is being added to the business in each iteration. The Team Velocity becomes apparent over the first few iterations, so estimation errors can be corrected early. The iteration estimation is summarized in Figure 6.

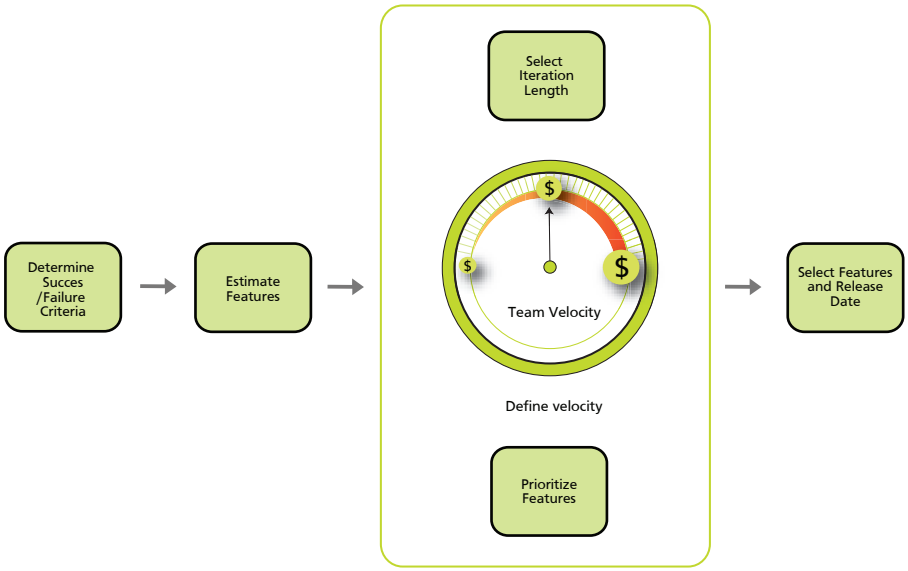

Figure 6: Iteration level planning

The Acceptance criteria are always defined while the story is being written so that everyone on the team is on the same page as to what "done" constitutes. This is a combination of schedule, scope and resource goals. It is not only a set of test cases or a technical specification based on immature requirements. We always assume that requirements are not mature and will have some volatility to them.

As mentioned earlier, we must define the velocity to get to an end date.

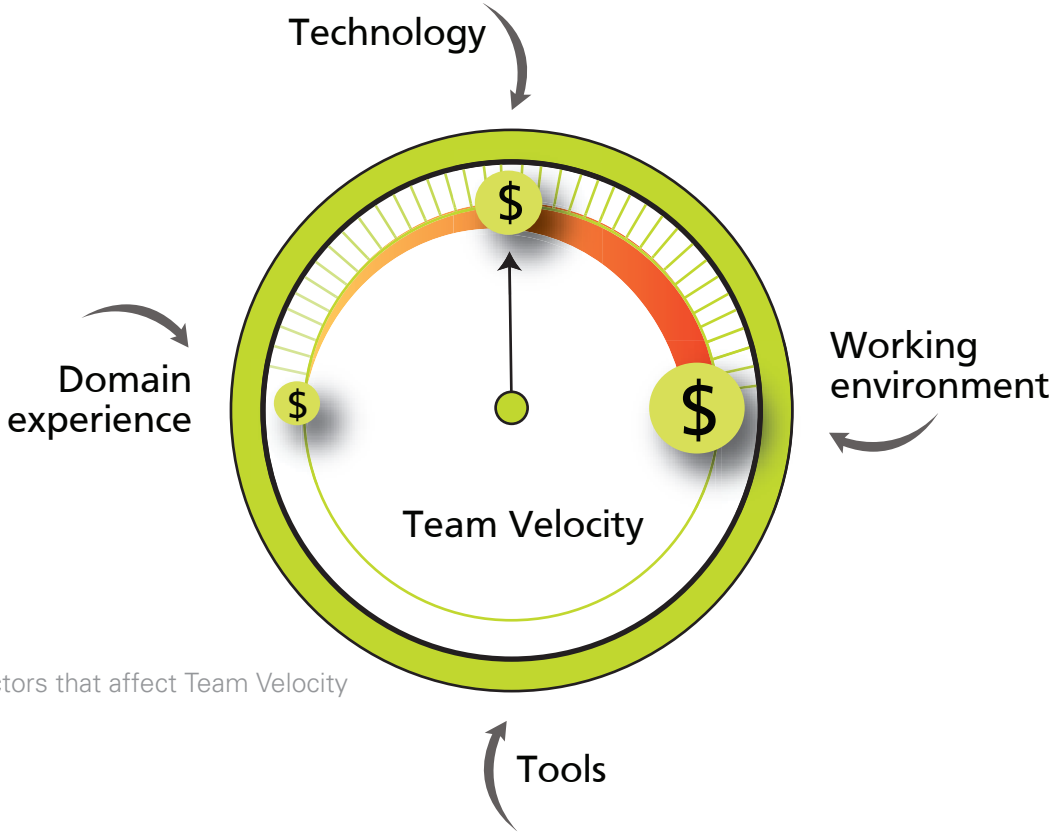

Figure 6: Factors that affect Team Velocity

Team Velocity is a function of several variables: technology, domain experience, relationships with the domain owner (e.g. have they ever worked together?), tools and working environment. Every variable affects team composition: size, skills and seniority. Having understood what the business needs and when, we can suggest a team composition that is cost effective and delivers to the Velocity required to minimize the delivery gap (see Figure 1).

We would subsequently establish a team blended rate. And this rate is associated to the expected Team Velocity. As represented in Figure 6, a higher velocity represents more experience and/or skills for a given project and therefore commands a higher rate.

Because we have the opportunity to go through the discovery phase during the Project Charter, Globant then can commit to an expected productivity range (Team Velocity) iteration by iteration. If Globant does not deliver as expected, the velocity will be lower and the penalty for Globant is a lower blended rate.

The practice has the following benefits:

- The Client and Globant teams are always aligned.
- The team is Agile… and changes are welcome as "exchanges" to boost collaboration between team members and the client. We prefer to call "Exchange Requests" each time the client and Globant teams need to change features or specification. We make a change request and estimate the effort but simultaneously we also remove lower priority functionality requiring at least the same effort so we don't push out the release deadline, unless that is an acceptable alternative.
- Since the Velocity agreement is tied to pricing, not meeting the agreed Velocity is highly visible to Globant and the client, and enables very early corrective measures. This visibility is so transparent that every department at the client's or at Globant's is capable of understanding the situation. Because the project progress is quantified into the number of features delivered vs. the number of features expected and the issues are measured as the level of impact in the plan, which can prevent functionality from being released, all this information can be consolidated in a Dashboard. The Dashboard is universally understood by the management team and is an excellent instrument for weekly departmental or even board level meetings when dealing with larger projects or programs.
- For example, let's suppose that the first iteration did not meet the Velocity agreement… the Board will get alerted with a pages progress report; the PMO will get daily productivity updates on every single feature progress and can intervene the project when there are risks with poor mitigation; the client's Business units will understand exactly what percentage of committed features are done daily and after testing them every 2 to 4 weeks, they will be able to assess the value delivered and provide corrective feedback.
- There are no grey areas: either a feature is done or not done. Partial completion reporting is not tolerable under this model and that eliminates speculation.

While doing the Project Charter, the size of the iterations is determined and its duration, often between 2 and 4 weeks is set; the features are prioritised; and a release date is defined. If the project is feature-driven, we sum the estimates of all needed features and divide by the expected velocity. These efforts drive the Release Plan.

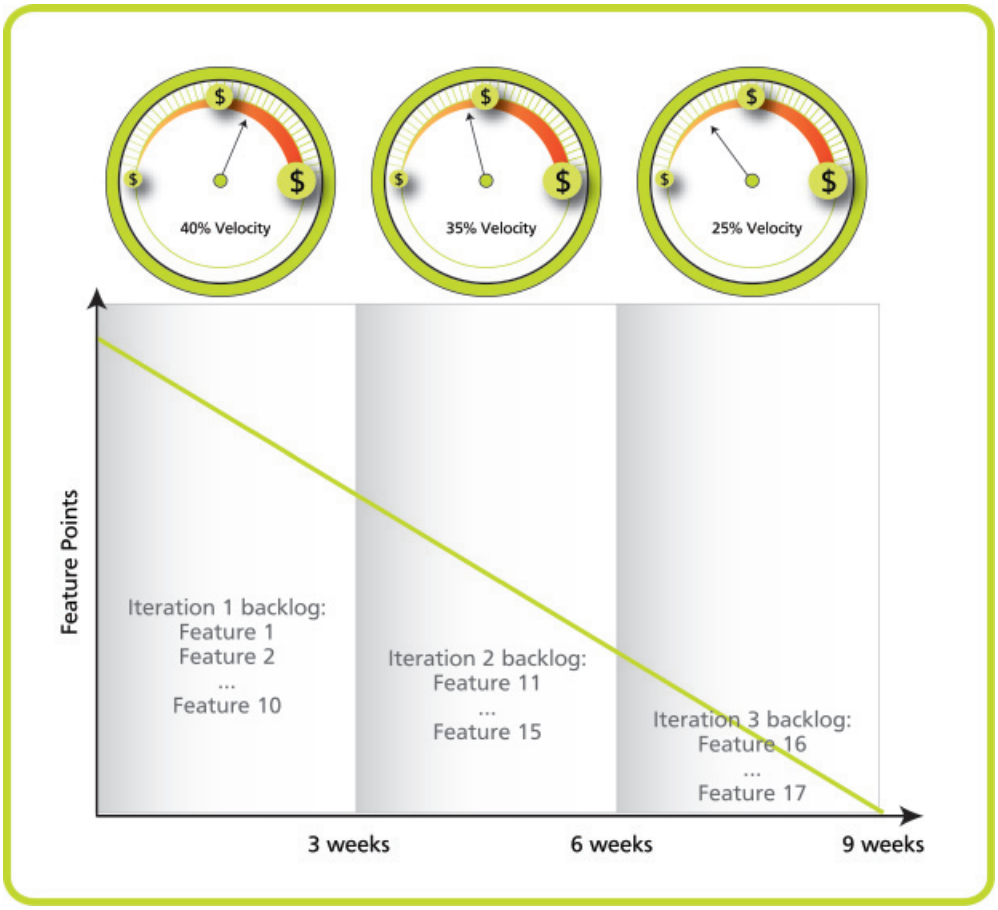

Figure 7: Release plan with preset iteration Team Velocities

As you can see in Figure 7, the charter produces a Release plan where features have been estimated and selected and pricing has been set according to the Velocity required. At this point, the various guarantee parameters would have been defined and settled in the SLA.

At the outset, the client will select the absolutely mandatory work…the minimal marketable feature set. It is this that is then used to define the Velocity. The estimates for that work are summed. This represents the minimum that can be released. Secondly the client may pick 25% to 40% more work, selecting toward the 25% for projects with more uncertainty or less tolerance for schedule risk. If we are able to deliver the committed features plus some of the optional, then we would expect to get a bonus and that is reflected in a higher blended rate. At this point it is important to note that all rates (low, medium and high for overachievement) are defined before any service begins.

Globant shares the loss and the gain where the size of the penalty and the reward are fully aligned with our client´s value expectations at any point within the lifecycle of the service. This risk-sharing, high performance and communication model explicitly addresses most of the pains in the outsourcing industry today and is a cornerstone for developing high value, long term partnerships with our clients.