FACT SHEET

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<u>Accelerance Fact Sheet on Software Development Outsourcing</u> –
ts and Data Points

- In the U.S. alone, the economic impact of software is over a trillion dollars, and it supports millions of jobs and economic gains in all 50 states, according to *The $1 Trillion Economic Impact of Software* report by BSA | The Software Alliance.

- The worldwide software developer population is so vast. In fact, it's currently at 21 million and set to reach 25 million by 2021, according to the *Global Developer Population and Demographics* from Evans Data.

- In 2015, there were some 2.5 million IT job openings in the United States, including software development – more than at any time since 2001, based on intelligence from President Barack Obama and his administration. And in the United States alone, tens of thousands of advertised jobs for app developers, software engineers and data scientists go unfilled. Some postings for apps developers, for instance, have been open 30 days or longer, according to Glassdoor.

- And while there are millions of developers across the globe, research shows that employers still come up short when trying to find world-class software professionals in North America. In a recent North American study from the Technology Councils of North America, in conjunction with the Apollo Education Group and the University of Phoenix, 83 percent of employers reported a shortage of software development professionals, mostly due to the lack of   local talent. So while software talent does exist everywhere, qualified and experienced talent may not be nearby, thus pushing companies to consider the global outsourcing market.

A 2016 _____ notes clients are more frequently considering outsourcing to capture and enable innovation. A total of 59 percent of survey respondents also believe outsourcing offers an opportunity to reduce costs, but the savviest organizations, according to Deloitte, are using outsourcing to increase top-line growth by driving innovation into the business itself.

- Deloitte's _____ notes more than one-third (35 percent) of survey respondents already measure the value of innovation – like tapping creative methods for improving quality and enhancing the user experience, to propel competitive advantage – in their outsourcing relationships. "In response to the increasing emphasis on delivering value beyond cost savings, service providers are rapidly evolving into innovation centers with the aim of creating improvement opportunities for their clients," says Deloitte.

- [The Global Sourcing Association](#) (GSA) says outsourcing delivers more comprehensive value than ever before. In fact, the organization recently conducted a survey of 158 of its members to learn more about added-value through outsourcing relationships. The results reveal 81 percent of respondents believe outsourcing has made their company more competitive as an added value. GSA also shares that by 2017 most new outsourcing contracts will be based around value, business outcomes and results, in addition to profitability.

- Profitability is always a part of any software development outsourcing discussion. Why? Because when an enterprise outsources software development to a nearshore or offshore team, it lowers its costs and the company becomes more profitable. Inevitably, that's why 70 percent of buyers plan to increase outsourcing – with 35 percent set to do so significantly – according to the 2016 _____ by [The Global Sourcing Association](#).

- For enterprises that rely on *Global Sourcing* custom-built software to run their businesses, [KPMG's _____ _____](#) reports they'll have to spend money through technology investments to eventually save money through systems that are more cost-efficient. Perhaps added value, in addition to cost savings, will make global outsourcing even more attractive for those businesses.

The Study of Product Teams Performance 2016 The Accelerate team's personal new survey and report – _____ – offers some high-value insights for software product companies, independent software vendors and other product teams. The study considers the product development mechanics that high-performing organizations embrace, and reveals key factors of a product or software development team's success. The study's analysis shows strong correlations with high performance when organizations: effectively prioritize their backlog; have a clear definition of "done" within the team; and don't over emphasize development costs when prioritizing requirements, amongst other critical performance indicators. Also of note: A total of 52.1 percent of the survey's respondents name [Agile/Scrum as the methodology](#) most often associated with increasing their team's product profitability. Blended (some Waterfall, some Agile) is a distant second most frequently given answer with 22.4 percent of responses. While Waterfall (3.5 percent) and Kanban (2.8 percent) fall short, a significant 15.7 percent of respondents say they are unclear which methodology is associated with growing their product's profitability. [The study can be downloaded here >>>.](#)

- On average, IT spending on QA and testing has risen to an average of 35 percent of total IT spend, according to the _____, and IT spending allocated to application quality and performance will continue to rise, reaching 40 percent by 2018. The key message: Invest in QA via your budget and avoid unnecessary costs later.

- Almost three-quarters *Mobile* of mobile apps ship with as many as 10 bugs, according to the 2015 _____ of more than 500 software developers from [Evans Data Corporation](#). Some estimates go as high as 50 bugs, calling into question the effectiveness of testing and quality

assurance (QA) of some developers. So making the right software development outsourcing choice, to guarantee quality, is vital.

- According to a study, _____ – conducted by Ventana Research and sponsored by Planview and Financial Executives Research Foundation – companies with more up-to-date, accurate research and data indicate that they are better able to conduct contingency planning, adapt to change and make consistently good choices for major initiatives, such as software development and software development outsourcing.

- A company's fundamental obstacle to meeting its software development goals can be "getting out of its own way" and deciding to outsource; so it can focus on the right things – the overall vision – for the software and enterprise. If the company doesn't, it could mean disaster. According to a study from McKinsey&Company and the University of Oxford, 17 percent of IT efforts go so bad that they can threaten the very existence of the company.

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3