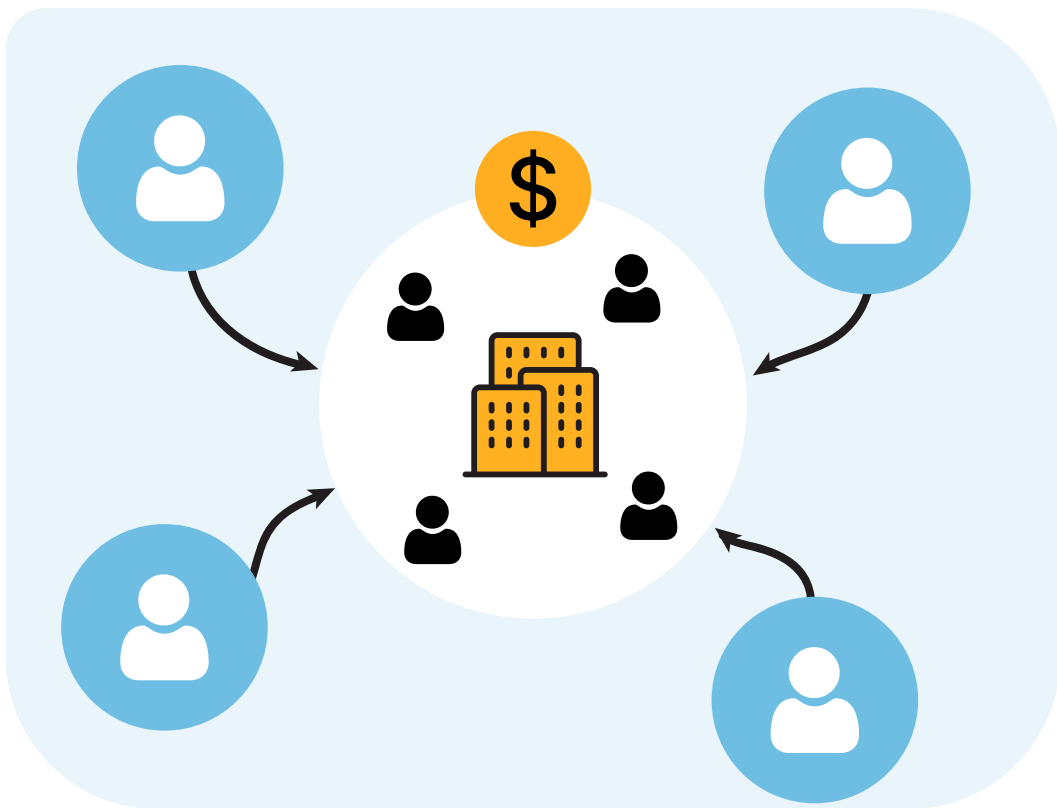




Cost-Benefit *Analysis*



**Hiring In-house vs.
Outsourced Developers**



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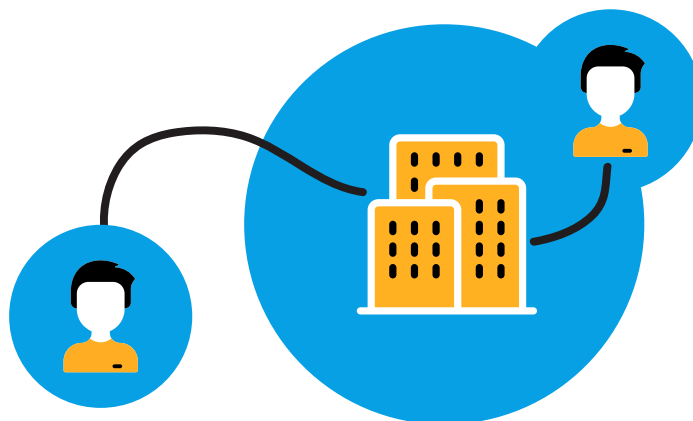
Introduction:

“Talent is equally distributed, but opportunity is not.”
- **Leila Janah, Founder, Samasource¹**

Your developers are the lifeblood of your organization. Without them, you have no website, no apps, no e-commerce, no company. A productive, efficient team of developers is the well-oiled machine that keeps your business humming and your balance sheet in the green.

With demand for these professionals at sky-high levels, companies large and small face a growing challenge to attract top talent. Some are finding affordable, exceptional developers in neighboring regions such as South America. Call them nearshored, outsourced, or distributed—these potential employees may provide a much-needed staffing solution.

The decision to hire either in-house or outsourced developers is a complex one that depends on a wide variety of factors, including budget, workload, and where your company is in its evolution.



In-house or outsourced



The Developer *Landscape*

The marketplace for developers is huge—\$38 billion in the U.S. alone—and is only expected to grow.² Billion-dollar corporate giants such as Accenture, IBM, and Tata Consulting Services dominate the industry, and they are complemented by a long list of smaller companies who are also looking to fill much-needed developer positions.

And the industry is booming south of the U.S. border. While India remains an outsourcing powerhouse, Latin America is fast becoming a practical alternative, with venture capital and private equity investments topping \$11 billion in 2017,³ with staff augmentation playing a significant role in this movement.

This trend has caught the eye of major U.S. corporations, many of which have taken to hiring developers directly in this region. Although it may seem easier at first to cut out the middleman, hiring without the benefit of local expertise or physical offices to house staff will ultimately breed confusion and delays in growing your team.





Cost Benefit Analysis: *In-house Vs. Outsourced*

In order to understand the perks and pitfalls of outsourced developers, it's helpful to ask why a company would consider them in the first place:

Your growth is through the roof and you need to staff up quickly.

Your workload has your teams underwater, and qualified developers are hard to find in your area.

Quality is essential, but your budget is limited.

You need the entire team to be in the same time zone to optimize productivity and ensure that bugs or other issues are addressed immediately. This last point has led many U.S. companies to move away from India and into markets like South America.





It's also worth touching on some unfortunate trends that have clouded outsourcing's reputation:

A perceived lack of quality control

Irregular working hours and disparate time zones that can slow progress.

Language barriers and subsequent communication challenges with developers.

An "us versus them" mentality between in-house and outsourced teams.

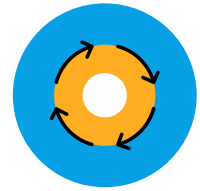
A lack of clarity around long-term priorities.

Keeping these issues in mind, there are several factors at play when determining whether outsourcing is right for your business.

Once you are up and running, staff augmentation can be a valuable extension of your team when it no longer has the capacity to handle the workload.



1. Stage of Lifecycle



If you're just starting up and carving out your identity as a company, an in-house team is, by and large, necessary. You need people sitting in rooms together, breathing the same air, arguing, drawing on whiteboards, and creating something from nothing.

You need time to cultivate strong technical leadership, develop your MVP, and identify target markets. These processes take longer and can be more painful on a video chat or with half a world separating you. But once you are up and running, staff augmentation can be a valuable extension of your team when it no longer has the capacity to handle the workload.

Once you have a road map for your product and real-time feedback from customers, the question changes from, "Who are we?" to, "How quickly can we grow to meet demand?" With staff augmentation at your disposal, the hiring discussion quickly broadens from finding the best person within commuting distance to finding the best person anywhere on the planet.

Companies like Jobsity are an efficient and affordable way to accomplish this, finding and training developers who will come to be part of your workplace family.⁴



2. Cost per Hire



In a market where tech giants like Google and Facebook offer as much as \$200,000 for mid-level developers,⁵ it can be nearly impossible for smaller firms to attract premium talent. Top positions like DevOps specialists and site reliability engineers are among the best paid and report high job satisfaction, making it difficult to woo them away from their current employer.⁶

A distributed team can save up to 50 percent of the cost of an in-house hire while maintaining a high standard of skills.

Staff augmentation can save you from a costly and time-consuming hiring process. A system that typically takes months to accomplish for an in-house employee—find an external recruiting company, provide it with your requirements, sort through applicants—can be done in as little as a few weeks. When contracts and deadlines hang in the balance, this can make a real difference.



Plus, many small to midsize companies don't have the internal expertise to interpret developer resumes properly. A nearshoring staffing firm that specializes in developers brings resources and expertise in the field to simplify and shorten the hiring process.⁷



3. Hard and Soft Skills



Hard skills are abundant across the globe. There are many companies that can recruit highly technical people to fill your developer needs. But employees are not black boxes, all manufactured to look and act identically.

Soft skills—a worker’s ability to fit within your company culture—are arguably more important when you’re assembling a distributed team. From attention to detail to presence on the phone to punctuality, small details make a big difference.

Some skills are rooted in passion, and in experience accumulated over time—things that cannot be taught. At Jobsity, we specialize in giving our developers the structure to develop these skills, which include clear, transparent communication; a rigorous attention to detail; and a commitment to the team. All of this culminates in a product that is client-ready.

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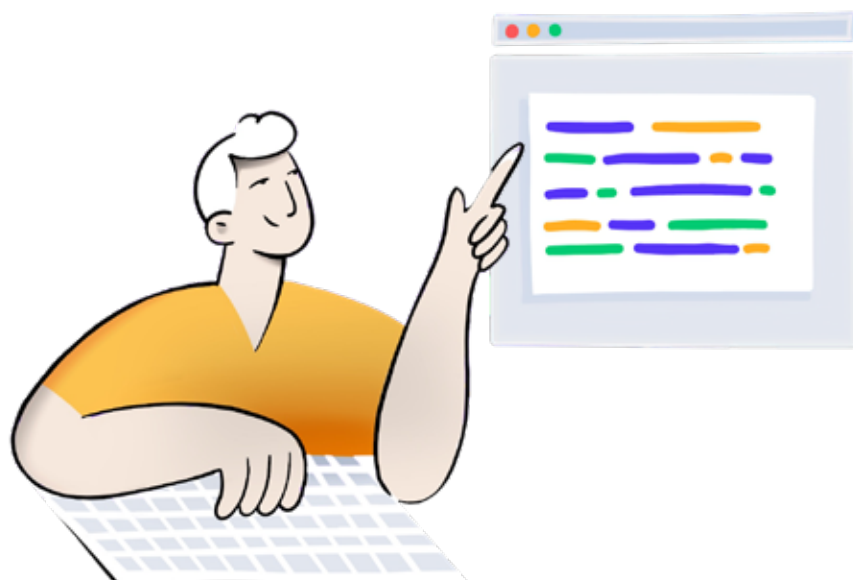
4. Convenience



Although traditional outsourcing locations are known to provide workers at a lower cost, their distance from the typical U.S. work schedule has become a growing problem. India can be as much as 10.5 hours ahead of the East Coast.⁸ This can muddle the development process to the point of causing rewrites, delivery delays, and a final product that doesn't hold up to your quality standards.

In contrast, nearshore markets like South America (known as "Silicon Vallecitos") share the same time zone as the East Coast, or are an hour adjacent to it.⁹ Colombia and Ecuador, in particular, are known as regional tech hubs with a vast network of developers and engineers at the ready, easily reachable via a four-hour flight from many southern U.S. cities.

Most professionals in this region speak English fluently and are familiar with U.S. customs and culture. This creates a shorthand and ease of work that can boost productivity to a level that is not easily matched by other outsourcing markets.





5. Client Needs



Ultimately, the question of whether an augmented team is right for your company depends on what best serves the needs of your individual clients. Do they just need someone to finish a one-off project, or do they require adding a new full-time member to your team? Is your goal short-term task fulfillment or a long-term engagement with a customer?



Outsourcing has traditionally been used to increase staffing on a specific project—deadlines loom large, and your team needs a boost to get your delivery out the door on time. Staff augmentation takes a

different approach—complement your in-house employees with remote team members who each play an integral role in daily operations. Although they may be thousands of miles away, they work side by side every day with their in-house colleagues.

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But It's Not for *Everyone*

Although staff augmentation can be just the thing to fill a company's talent gaps, it's not the solution for every organization.

If any of these sound like your company, it may not be the right time to dip your toes in augmented waters:



You don't have tech leadership already in-house. Key roles like this are typically not as effective when filled remotely.

Your business requires client-facing staff on-site or in the field talking to customers. Video conferencing simply can't fill that need.

You frequently work on certain types of projects—hardware, IoT tech—that require developers and engineers to all be in the same room.

You need a blend of business acumen and technical expertise, a combination that can be difficult to find in emerging markets like South America.



You may want a complete U.S. cultural experience (chatter around the watercooler about sports, politics, and so on). Maybe in-person lunches, after-work events, or weekend retreats are key to your company's style. Those things can't be distributed.

Your in-house team consists entirely of business staff. Start local to establish your tech side, and then look to an augmentation firm to help build it. The exact ratio (60/40, 50/50) will depend on your budget and timetable.

You need to know how to work remotely. If you rely on talking to someone in the next cube or flash meetings where everyone pokes their heads out of their offices, you'll need to change your business practices to make a distributed team work.¹⁰ Have clear goals and know your staff, whether they sit next to you or are in a canoe in the middle of the Atlantic.



Take Your Team (And Work) To the Next Level

At the end of the day, your company's needs and budget will determine whether a distributed team is a good fit. If it is, extending your productivity with outsourced team members who are experts in their fields can save you money and improve your efficiency.

With Jobsity, every member of your distributed team will feel like a full employee. Whether in meetings or on deadline, our developers will fit seamlessly into your work process.

We bring you to meet your team. It's just as important for your company to make a good impression on the developer. In-person human interaction is essential when you're building an effective team, even when a portion of it is thousands of miles away.

All innovations begin with an idea, then a conversation. Chat with the Jobsity team and see how nearshore staff augmentation can help your company.¹¹





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