

# Onshore Development vs Offshore Development



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## Introduction

With the rapid growth of online businesses and social media, is it possible that brick and mortar businesses may soon be a thing of the past? We don't think so. Still though, you can't deny the importance of your online presence. The future isn't about who has the most Facebook Likes or Twitter followers; it's about having a strong web presence with customers coming to you.

Creating a website is an important first step for any business, but it can be difficult to know where or how to start. At the very least, you will need to hire a development team when creating a website because there are many technical aspects of building one that require specialized knowledge and skills.

With the rise in technology, many companies are turning to offshore development. With the help of this type of process, it has become easier for businesses to get their product out faster and cheaper. There are many pros and cons to both onshore development and offshore development, but the decision ultimately lies with you. It is important that you consider all your options before making a final decision.

As Entrepreneur Magazine notes,

“You can't hire the best of the best, but at the same time, you  
need people who know what they're doing”

# Businesses have risks. It's how you go about reducing it.



Onshore Development & Offshore Development have their pros and cons. Making the right decision choosing what suits your business is what's needed!

## Cost/Cost Effectiveness

Offshoring your IT business can save you money and provide quick results, but there are a few drawbacks that must be considered before making this decision:

Although offshore development services cost less, they may need more oversight from product owners to ensure quality which will add project management costs. Any needs for on-site work or in person meetings are costly due to international travel as it increases expenses exponentially.

When considering what your money pays for, it's worth mentioning that lower costs of overseas development could possibly be credited more loose or unethical labor laws from the country whose company you're outsourcing from. While it isn't necessary a consideration for your business, many companies will want an assurance that the company they've hired are working under fair conditions before investing the time into outsourcing their workforce abroad. If you want to be sure you aren't partaking in exploitation, it's worth looking into the labor laws of the country you're outsourcing to for your own peace of mind.

### Onshore Outsourcing

A company from the USA selects developers from the USA



Convenient and easy to manage

### Offshore Outsourcing

A company from Sweden recruits developers from Vietnam



Affordable, yet difficult to manage

### Nearshore Outsourcing

A German company selects a team from Poland



A good alternative to onshore development

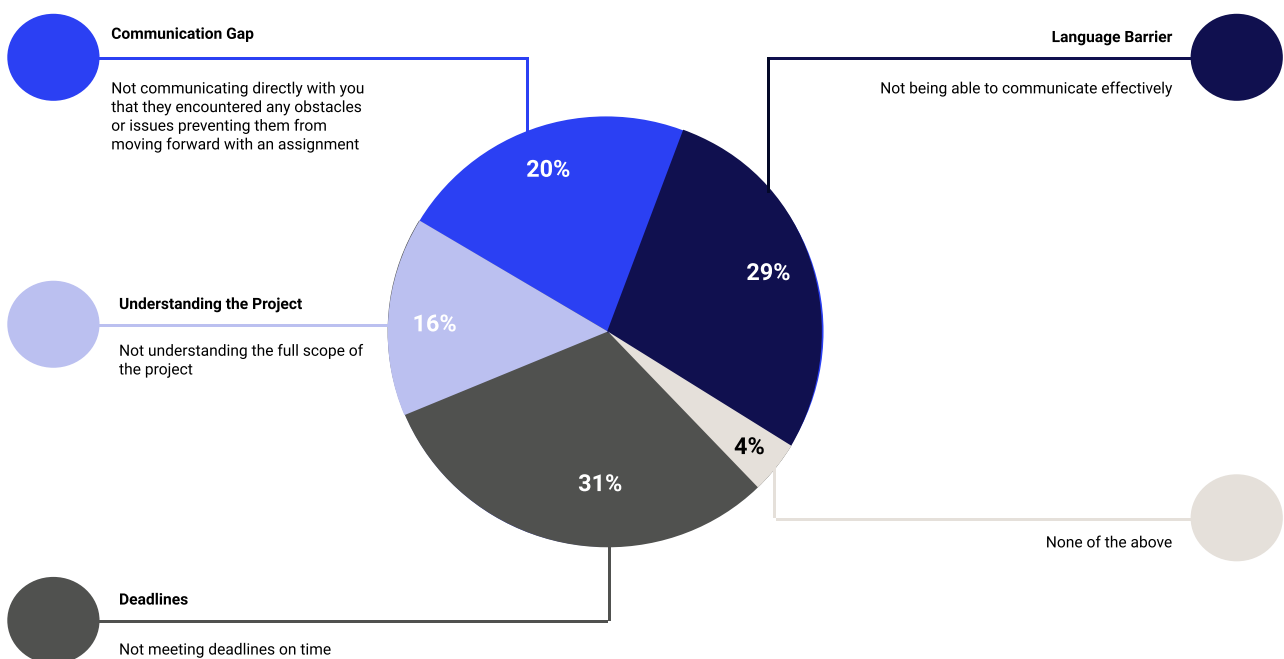
## Communication

Collaboration tools such as Slack and Jira make it easier for offshore companies to communicate but they don't necessarily put an end to their communications gap.

When teams are working from different parts of the world, traditional methods can be difficult because there may not always be someone available who speaks fluent English or understands what others say in other languages. Much like how certain words have unknown meanings across various cultures (like Japanese), even when people speak directly with one another over video conference software things still get lost among translation issues- which means somebody has usually got something important left out! These language and cultural barriers will often lead to impediments in the progress of your product.

The time difference between an offshore and their onshore team can make scheduling meetings more difficult as well. This may cause communications to bottleneck, which will ultimately slow down your business's productivity. Not only does communication shift between time zones complicate coordination efforts among counterparts scattered across vast distances but also means having check-in/out procedures established before starting any new tasks - all things typically taken care during initial planning phases if working indoors (or close by).

## CHALLENGES EXPERIENCED BY OFFSHORING



## Product Process

Offshore development teams can deliver projects much quicker due in part because they have larger talent pools. Larger team size allows for more people working on each project and often leads faster release cycles which can make them attractive partners with startup companies looking for an advantage over their competitors. Offshore teams are faster at creating working products, but they require more iterations for a quality result.

The quality of one's work heavily relies upon the level at which they communicate. Better communications mean more efficient production methods that reduce turnaround times between receiving feedback on designs or prototypes; this also ensures customers get what's promised quicker than before without any hassle. Offshore talent pools tend to be larger and more capable of quick delivery, but misunderstanding can lead not only to an increased wait time for your final deliverable but also to unnecessary iterations in its creation. Onshore teams have Security, Legality, and Overall Talent Standard smaller talent pools dedicated to projects, but your project will require less iterations to meet the quality standards due to ease of communication and accessibility.

## Security, Legality, and Overall Talent Standard

This one is the only situation when hiring onshore has a clear advantage over hiring offshore. Offshore companies can offer you the same service as their onshore counterparts do under one set of copyright or IP regulations. However, offshore organizations are subject only to local laws which could conflict with international norms governing intellectual property rights ownership and usage restrictions, etc. This is especially true if they're located outside of Europe or North America, where most data centers operate out their servers due solely because those regions don't have strict privacy protections like other parts do. The difference between countries' copyright and IP laws may not just cause legality issues within what product you receive, it may also cause restrictions on what the offshore team can deliver within their country's laws.

There is a dearth of talent when it comes to offshore developers, which can be challenging for companies. They often have different educational standards and work in less conventional environments than what you might expect from your own company culture. This combined with large pools of talent will expose you to many new working disciplines, which situationally can be either a great experience or a detriment to your product. What is for certain, however, is that this makes surveying and reviewing talent either unpredictable or next to impossible.

### Some Facts

According to PMI Research, 15% of IT projects are total failures, with a primary cause of that failure being attributed to poor communication.

29% of cases fail by risking their need for high-quality and success due to communication gap, and lack of understanding.

### Benefits of Onshore Development

Reduced costs to produce a given software product over local salaries

Likely less mobility of software developers, providing a more coherent team

Onshore would cost less than in-house, but would be more easily accessible and ingrained to the local work ethics for a coherent experience

### **What suits my project?**

Onshore development is typically best for large, labor-intensive projects. It's also a great option if you want to take advantage of local expertise and resources in order to better customize your project or overcome challenges specific to your local audiences.

Offshore development is great for maintaining or updating established systems. It can also be utilized for one-off projects on that are not possible in your country of origin due to time restrictions and cost constraints. Offshoring also gives companies the ability to make improvements to existing systems with ease.

Some companies utilize a hybrid approach, utilizing both onshore and offshore teams for development projects. The onshore teams maintain clear and frequent communications and assume all the risks on your behalf when utilizing offshore assets.

### **But what should I choose?**

Ultimately, the most important thing to remember is that no one size fits all. You have a unique business with different needs and risks that you're willing to take for your company's growth. The most important thing to consider before hiring a team is the needs of your business, your customer, and how to best meet the expectations of both. To help you make an informed decision about which type of outsourcing might be best for your company, we recommend talking with both types of teams so you can get a better understanding of what each can offer. If you'd like more information, reach out to PSG Solutions today to hear our unique experience with both!