ICALIA LABS

6 WAYS

Nearshore Outsourcing

Can Benefit Your Business Today

Nearshore software development has become one of the most popular ways of working in the software industry,

not only in the United States but also in other developed countries around the world. As you can probably imagine, nearshore software development takes place when a company outsources software development work to a country adjacent to its own.
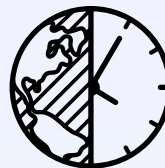
The nearshore development model involves hiring a company in a neighboring or nearby country to provide services, usually at a better cost. An example of this would be a company in the US hiring services from a company in Mexico. Here, both countries share a common border and have many more linguistic and cultural similarities than offshore would be able to provide.

The benefits and advantages of going the nearshore route are much more numerous than offshore and other forms of software development. Some of these include:

Lower software
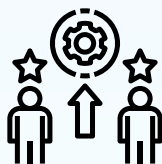development costs

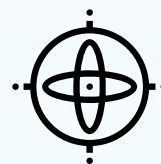Similar time zones for better
working efficiency

Geographical proximity for
ease of travel

Better communication
between teams

Expand the talent pool

Focus on core business

In this brief eBook, we'll touch on each of these benefits as we aim to highlight the true convenience nearshore is bringing to thousands of companies in the US and around the world.

1.

Nearshore results in 90% cost savings

ONSHORE

NEARSHORE

On average, companies using nearshore software development resources save 90% of their budget each year.

For example, the cost of hiring full-time software developers in the US is much higher than it would be to outsource the same experienced talent in nearshore countries.

Consider this: the average annual salary for software developers in the US is around $94,000. Hire the same talent in Latin America (for example, Mexico) and you can cut that number in half.

Furthermore, at this salary, Latin American developers are still earning above the average national salary, so it really is a financial win-win for every party involved.

Another option for nearshoring is to implement a hybrid approach. Leveraging an onshore senior staff member combined with nearshore talent establishes a blended rate that significantly reduces overall engagement costs. As mentioned, relying on 100% onshore teams is much more expensive. Hybrid teams offer an alternative and deliver much the same quality at 60-70% of the cost, depending on the team make-up and size.

Of course, the cheapest option isn't always the smartest option. We recommend you do your research and get in touch with an experienced nearshore software development company to make sure quality is at the core of any project you decide to invest in.

Five things to keep in mind when considering price for a nearshore software development project:

1. Which partner you'll be hiring: Make sure you hire the right nearshore software development provider that puts quality and innovation first.

2. The full scope of the project you're about to start: Make sure the provider has the ability to envision the project, validate, prototype and ensure the backlog is as complete as possible at the outset.

3. Price ranges based on job role: For example, senior software developers will cost more than junior software developers, but they are more experienced.

4. Pay rates per country: Pay rates vary by country. For example, it usually costs more to hire nearshore providers in Chile than it would cost to do the same in Mexico.

5. The type of contract: Make sure you're aware of what will be the most beneficial contract type for your company. Are you considering hourly hires, simply paying for a complete project upfront, or working indefinitely with a team?

2.

Get work done in the same time zone

One of the main reasons nearshore software development has become so popular - especially since Covid-19 forced people to adjust to the way they work - is the convenience of working in the same time zone.

Unlike offshore development, where companies hire teams that may be as far away as another continent, nearshore boasts the opportunity for teams in different countries to be working in the same, or a very similar, time zone altogether.

Why is this the best way of working across borders? Well, simply put, work gets done faster, and as people start and end their day at similar times, the probability of something urgent being left until the next day drastically decreases.

In offshore software development projects, one of the biggest challenges for international teams is the huge gap between time zones. For example, the US is around 7-9 hours behind India. That means that when Americans are preparing to start their day, teams in India are just about to clock out. This causes long wait times for something to get done or for someone to get back to you and, in turn, projects may find themselves on "hold" as different parties, in distant time zones, struggle to be in sync.

> Because nearshore is all about diverse teams in different countries being able to work in easy-to-collaborate time zones, work gets done faster, with fewer roadblocks and more efficiency.
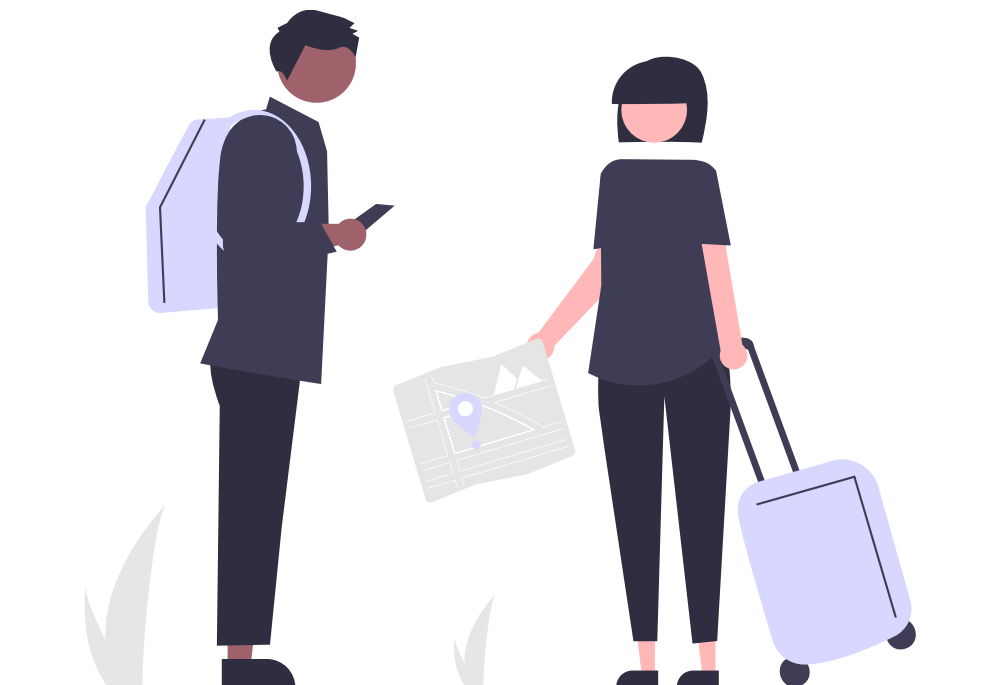
3.
Travel easily with geographical proximity

Travel will always be a part of business. Being able to travel easily and quickly from one destination to another is another reason why nearshore is the most convenient form of outsourcing.

Travel routes between countries like the US and Mexico are frequent, low-cost, and popular; meaning multiple flights between both countries are scheduled daily and anyone can travel between destinations without (or with minimal) layovers.

This makes it a lot easier for you to closely monitor your project processes. Nearshoring allows visits from your subcontracted team from time to time due to their proximity to your workplace.
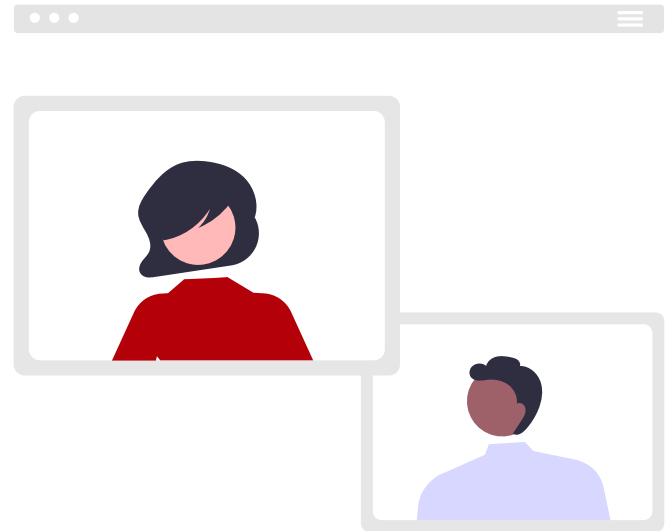
4.

Communicate, without hassle

Cultural and language barriers can be extremely challenging for effective team collaboration and they are usually difficult to overcome in the long run. These barriers result in frequent communication issues, project delays, and frequent misunderstandings between team members.

Working with a team with a similar culture, time zone, and language makes it possible for the nearshore team to integrate with your team seamlessly. Communication and collaboration also end up being more fluid, making the transfer of knowledge easier.

The nearshore team will be able to adapt to your processes and requirements in a faster space because fewer barriers are involved.

When building products and working with engineering teams, communication should never be a problem, as it is probably one of the most essential ingredients of any kind of successful business. Unlike offshoring, nearshoring brings more clarity to the communication process between you and your nearshore team.
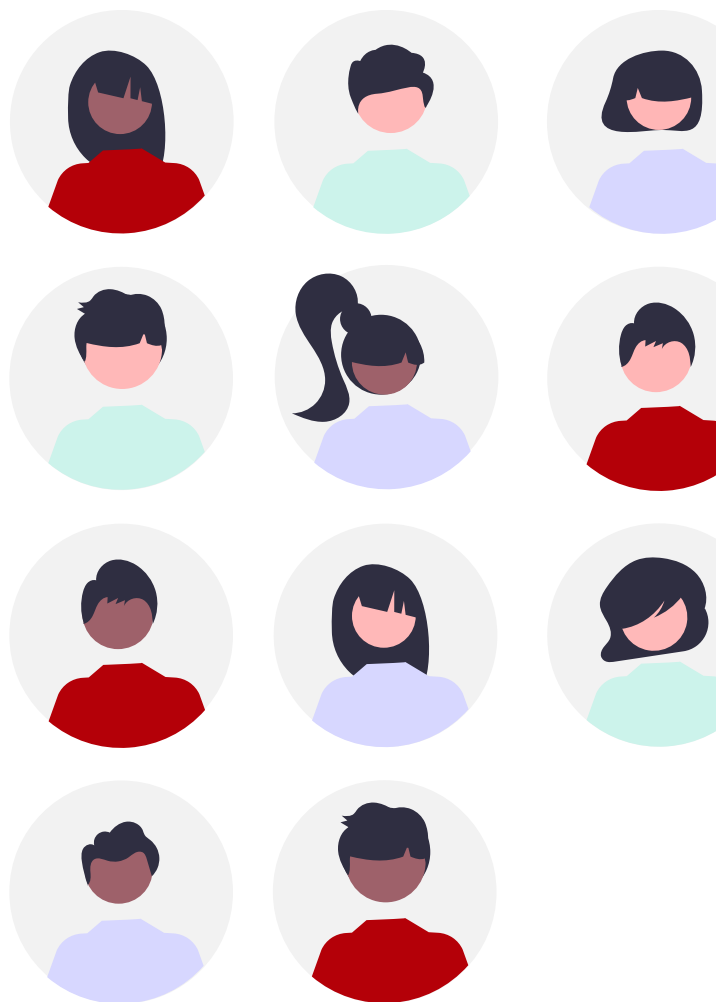
5.
Extend your talent pool

When you go the nearshore route and hire a team in an adjacent country, you broaden your pool of talent by finding more capable and skilled talent to work on your projects.

Latin America is an emerging leader when it comes to what it can offer talent-wise, and many companies considering nearshore software development are already investing in hiring experienced software engineers in the region.

According to numerous sources a staggering number of around 1 million graphic developers in Latin America are currently working as software developers.

Just Brazil and Mexico combined boast over 700,000 skilled developers! Many of them are currently working nearshore for companies outside their home countries. This also means that Latin America is home to software engineering expertise that people and companies should seriously consider for nearshore software development projects now, and in the future.

6.

Focus on core business

When companies outsource some of their IT requirements through nearshoring, they can focus more on their core competencies, projects, and whatever is under higher priority. Nearshore software development ensures that businesses invest the required time and resources in necessary tasks. It also prevents in-house employees from becoming overwhelmed and burnt out from excessive functions that are not equal to their skill levels.

All in all, it is an effective way for businesses to concentrate on what is truly essential.

About
Icalia Labs

Icalia Labs is a world-class nearshore software product firm enabling businesses to translate their digital strategies into tangible value.

With a customer-centric design and an engineering culture, the firm guides its clients through an agile framework to acquire new digital capabilities and fortify their innovation-to-market mindset.

Icalia Labs delivers value through a frictionless software environment, assembling the right people, products, and processes into the mix. We have grown our team all across the Americas, leveraging economies of scale to achieve more in less time while providing better solutions.

Schedule a time to talk with us today.

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