Nearshore Outsourcing
The Definitive eBook
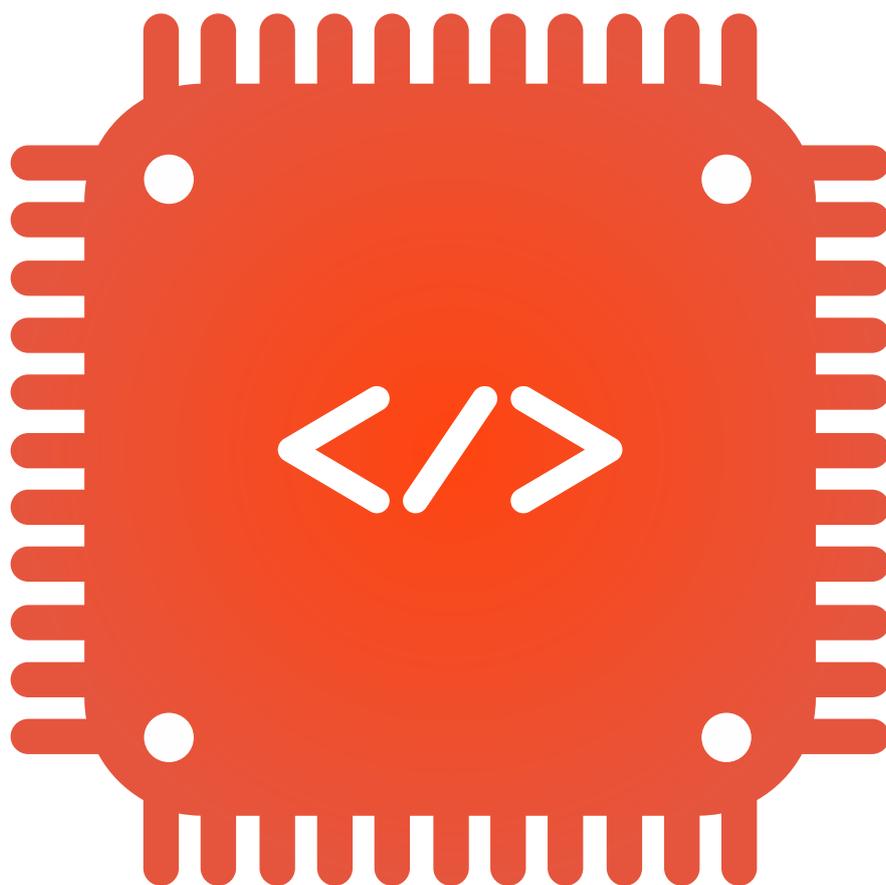
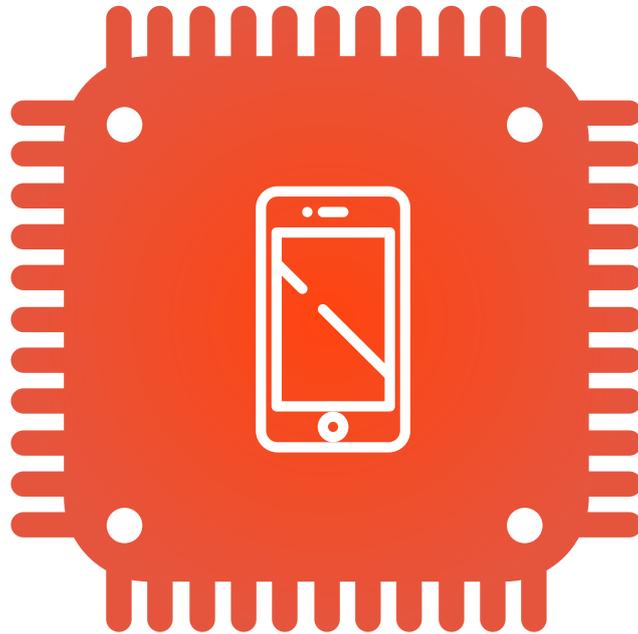- What is the Impact of Technology on the Future of Outsourcing?

- How to Build a Better Enterprise with Outsourcing

- The Ultimate Nearshore Guide of 2019

What is the Impact of Technology on the Future of Outsourcing?

Outsourcing is Changing

Outsourcing has been the talk of the town for decades now. With the ability to increase efficiency, get more reach, ensure companies gain a greater competitive advantage, and the chance to allow for an improved focus on the core business activities, outsourcing is now one of the most popular ways to take businesses to a whole new level.

But how will the future technological watersheds impact outsourcing? By reading this expanded outsourcing article, you'll be able to understand what is outsourcing, what are the different types of outsourcing, and how outsourcing will be affected by the current technological novelties.

What is Outsourcing

Outsourcing is essentially a specific agreement where a corporation gets to hire another enterprise that becomes responsible for an existing or planned activity that could be done internally. It is the known practice of getting both services and goods from an external - usually foreign - supplier.

This method is normally used in those industries which find that there is a labor shortage for specific job positions or the industries in which labor costs are simply too high.

At times, outsourcing involves transferring both assets and employees from one company to another. Companies get to grow and their needs start getting too specific, and that's why outsourcing has really become remarkably popular over the last 20 years.

In addition, with the advent of the startup world, outsourcing has been able to provide the means for both entrepreneurs and founders to actually find top-notch global talent at a discount, getting to either create their business from scratch or improve upon a team they already have.

Even though some people believe outsourcing is still mired in negative connotations, this way of working has been revolutionizing the world.

In fact, here's a list of job sectors that have been predominantly outsourced in recent years:

-IT Services
-Manufacturing
-Call Centers
-Distribution
-R&D

What are the most popular IT jobs that are currently being outsourced?

-Web hosting & operations
-IT security
-Network operations
-App development
-App maintenance
-Disaster recovery
-Desktop support
-Data center operations
-Database administration
-Help Desk

Why do companies outsource? Because - via outsourcing - corporations get to actually reduce their overhead in order to produce a product, which means they get to effectively increase their profits.

Need a rundown of the list of reasons why people outsource?

Here it is:

-Reduce time to market
-Boost the speed of a project
-Improve the customer focus
-Control expenditures
-Get access to IT resources
-Increase the speed of corporate transformation
-Take advantage of managerial expertise

All over the world, businesses are using outsourcing to cut the costs of labor which include employee wages, tech, equipment and overhead. This type of arrangement is also used by enterprises that want to focus on those specific core aspects of their business, allowing the less critical operations to be taken care of by external personnel.

Even though the communication between the company and the external provider can be deemed difficult, outsourcing has proven to be one of the most successful business methods of all time.

Here are some outsourcing stats for you to understand just how successful:

-The revenue of the Business Process Outsourcing industry hit a staggering $23.6 billion in 2018

-The market size for international outsourced customer experience is a whopping $75.1 billion and will rise to $82.6 billion in less than two short years

-The healthcare industry has showcased the most remarkable outsourcing growth - up to 36% - whereas the HR sector has registered a growth of 32%

-The legal process outsourcing market is expected to reach $27.19 billion by the year 2024

Advantages of Outsourcing

There are many advantages to outsourcing. The most important one? Outsourcing promotes an incredible cost reduction.

In fact, outsourcing is currently equated with the idea of saving money. This is so because outsourcing effectively lowers labor costs, allows for cheaper infrastructure, and even for a beneficial tax system in the specific outsourcing location.

Another great advantage? Outsourcing allows companies - whether big or small - to gain access to a wealth of resources which would simply be either too costly or unavailable in their specific country. Resources which happen to be scarce in a particular country can be found in another, and companies can reach talented employees using the benefits of outsourcing.

Here are some other outsourcing advantages you should get to know about:

-Accelerates business processes
-Promotes a better use of internal HR resources
-Frees up strategic personnel
-Can result in tax savings
-Allows industries to focus on core competencies

Types of Outsourcing

There are currently four different types of outsourcing.

What is the most common type of outsourcing? Professional outsourcing. It includes any type of professional, specialized services.

This means it can include administrative, purchasing, legal, or accounting job positions. When a company hires an accounting firm to take care of internal finances, that company is effectively outsourcing.

Another type of outsourcing? IT outsourcing.

Outsourcing IT development tasks is very common, with companies such as Google, Skype, BaseCamp or WhatsApp diving into this practice on a regular basis. Outsourcing IT services to remote professionals or even offshore developers is the norm.

Manufacturing outsourcing is another type you should become acquainted with. When businesses need to create a physical product that has to be manufactured, it is sometimes better to ensure the manufacturing process happens elsewhere, so as to slash costs.

Outsourcing manufacturing is all about hiring a specific manufacturing company that gets to produce goods at a much cheaper price.

The final type of outsourcing available to international companies? Project outsourcing.

When businesses need a particular set of skills or help with a specific project - but don't need full-time employee help - that's known as project outsourcing.

Imagine a company wants to create a mobile app. It doesn't have the resources to do it and doesn't want to have to go through the hassle of hiring a set of [product development](#) professionals that shall remain in-house. That's when the company's leaders can simply opt for project outsourcing and hire an external provider.

Now that we know what is outsourcing, what are the benefits of outsourcing, and which are the most important advantages that allow this type of business method to be so popular, we will now dive into how technological changes promise to impact outsourcing.

How Tech Changes Will Impact Outsourcing

Service Delivery & Automation

One of the ways in which technological power has impacted outsourcing is in the manner in which these services are now delivered. With both RPO and IVR showcasing a tremendous impact in the Business Process Outsourcing sector, we'll start witnessing a cost reduction when it comes to delivering outsourcing services.

However, there is a big change coming about: something which can be the beginning of the end for outsourcing. In fact, with automation, outsourcing needs will start to require fewer people.

Moreover, automation will mean that companies will need fewer staff members, which may change the basic concept of outsourcing: if automation can reduce the human element of the specific service, does this mean companies will progressively opt out of outsourcing, choosing to go on-shore instead?

B2B Companies

Tech has had a tremendous impact when it comes to the B2B realm. In the past, when companies needed a website that was built with a large capacity, they would resort to a huge SI since they actually had both the server capacity and the expertise to provide support.

Now, the cloud bonanza has changed that. In fact, when company leaders want a new website that can handle incredibly high volumes they can simply opt for signing up for a specific cloud provider and get to pay for that particular use.

But, if companies cease to need to outsource the huge SI for hosting purposes, does that mean they will stop needing it for the application? It seems likely.

In recent years, we've noticed the advent of much smaller app developers who can provide services to the larger enterprises, since both open source software and cloud hosting have opened new doors.

Other Changes Bound to Make a Mark

Outsourcing will be impacted by both automation and the cloud revolution. But what other changes shall become a reality in the near future?

According to most experts, the outsourcing industry will stop fixating on cost savings and will get to focus on delivering more value-added & strategic services. Moreover, end-user enterprises have been increasingly welcoming Robotic Process Automation as a great alternative to actually outsourcing transactional work.

However, companies which have been outsourcing for many years and want to transition to Robotic Process Automation must be wary of the fact that they might not be able to eliminate as many vacancies as they thought possible. Indeed, bots can usually automate parts of jobs and even tasks, but not entire, full job positions altogether.

Another revolution that promises to come with technological change and will definitely affect outsourcing as we know it today? Global business services organizations will now be part of more progressive environments that will get to manage a company's outsourcing efforts together with shared service efforts. In addition, they will drive cross-functional adoption of both analytics and data, as well as Internal Audit Outsourcing.

Another change which will be happening sooner than expected is the fact that labor arbitrage will keep on losing its once-unflagging importance as an outsourcing booster since Robotic Process Automation seems to be a great alternative to lower the costs of labor.

Last but not least, technological shifts will allow outsourcing to become a word that doesn't carry a negative connotation. Why? Because people will start to focus more on both the pros and cons of IA as well as the impact it shall have on markets and professionals, which means they will start to worry not about the loss of blue collar jobs but the loss of highly-educated positions instead.

Outsourcing Must Adapt

Automation will probably mean that IT outsourcing stands to withstand a blow. The changes occurring in the third decade of the 21st Century are ushered in by the evolution of D&A and IA, and will definitely have a deep impact on both the international offshore and nearshore services, as well as outsourcing markets.

This means service providers which can actually integrate and exploit IA and D&A will get to boost their services. As for those who fail to understand how automation and tech changes are going to impact outsourcing? They will obviously lag behind and will have to deal with profound challenges in the coming years.
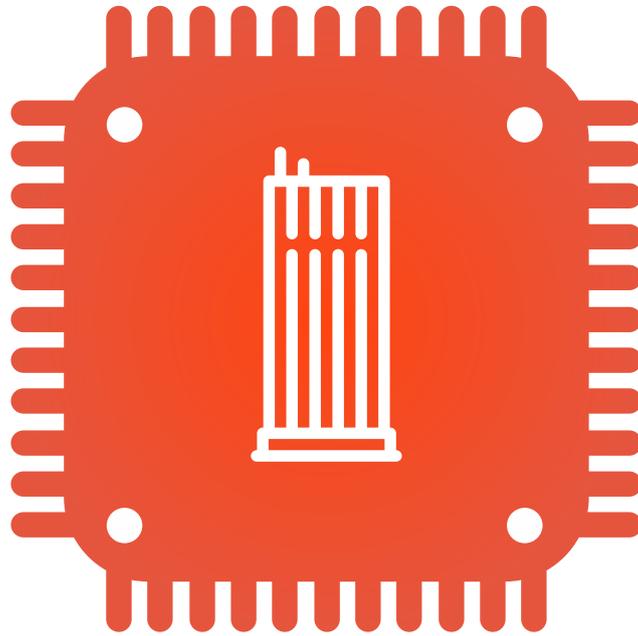
How to Build a Better Enterprise with Outsourcing

Companies Need Outsourcing

According to the latest data available, 65% of the companies that have outsourced in 2019 will likely continue to do so in the future. Moreover, 37% of worldwide corporations are planning on increasing the amount of work they actually outsource for app development.

These numbers showcase the amazing power of outsourcing, but they do not allow you to understand how outsourcing can effectively help companies succeed in a fiercely competitive business environment. By reading this complete outsourcing article, you'll get to know how outsourcing helps build better, stronger, and more streamlined enterprises.

How Outsourcing can Help Build a Better Enterprise

Outsourcing Helps you Control Costs

One of the pet peeves of any decent business entrepreneur? The fear of going overboard on overall costs that can risk the stability of the company itself.

How can outsourcing help? Outsourcing helps you control costs.

Outsourcing can actually help reduce the costs which are related with both hiring and training newly-signed employees. In addition, it can help business leaders make sure they reduce the actual number of professionals needed.

Let's say the office has been growing. You've noticed that your HR expert extraordinaire has ceased to be able to keep up with all the different demands of the specific business in terms of human resources.

What to do? You can hire a part-time professional and hope to God everything works for the best.

The other choice? Outsourcing.

In fact, you can go ahead and effectively outsource some of those important tasks to a specialized company. That way, you won't only be escaping a grueling selection process but also be saving precious time since your outsourced professional won't need the same sort of instructions and training that a brand-new employee would forcibly require.

What does this mean? With this outsourcing solution, you'll be freeing up your current employee. This means they will be able to focus on their specific tasks.

What about you? You'll be sure to be relaxed since you know that there is an outsourced professional who's now diving into a task.

This alternative brings another advantage: costs which were once fixed can actually get to become variable costs, which means you can drive more capital to your business. At the end of the day, outsourcing helps build more successful and streamlined enterprises due to the fact that you can get to control and reduce costs.

In fact, outsourcing allows you to make sure you're spending less money on fixed costs while also getting to control variable costs which can mean huge savings to boot.

Become More Focused

Another reason why outsourcing can help you ensure your corporation is a top-notch, full-throttle, perfectly sound organization? Outsourcing allows you to become more focused than ever before.

This method really does help you to simply focus on your specific enterprise without any added distractions to thwart your path. You'll no longer have to ponder upon minor aspects and tiny trepidations that could actually hinder your progress and take your eyes off the ball.

Now, you can rest assured and focus on spending your time where it matters, ensuring that both your services and products become better, allowing you to guarantee you are going in the right direction as far as strategy is concerned.

The need to focus is even more important for those businesses which still happen to be at their initial stage. In fact, small business owners know that each minute of the day counts and - if you happen to take advantage of a tiny staff - the day will always feel like it should be a bit longer.

In the beginning, you'll set up the business, think about leveraging uniquely crafted brand awareness activations, generate leads, acquire new customers, etc. You'll be stressed, nervous, and prepared to throw in the towel.

With outsourcing, though, you'll know that - without impacting fixed costs - you can use some helping hands to enlighten your path and take care of important aspects while you focus on what really matters: the strategy that should guide your phenomenal enterprise.

For instance, at this startup stage, hiring a graphic designer, a specialized bookkeeper, an expert project manager or even a virtual assistant can make a world of a difference.

Take Advantage of Expert Know-How

What is the most important thing on planet Earth? While misguided folks will try to convince you that "money" is the correct answer, they would be undeniably wrong.

In fact, the most important thing is information. Knowledge - in whichever shape or form it takes - is precious.

For a company which needs to innovate in order to carve out a specific niche that allows it to find an audience and thrive? Even more so.

How does outsourcing help you get cutting-edge knowledge? With outsourcing, you'll get to capitalize on highly-specialized scientific knowledge.

You'll get access to industry experts. These are people you won't need to train, whose social security you won't have to worry about, and who will be fully committed to your company while you need them. All of that commitment and intelligent labor for a fraction of the actual cost of going ahead and hiring an in-house professional that would do the exact same task.

Let's say you happen to be getting ready to create a brand-new website. You basically have two choices: hire an employee that would start getting committed to the company, privy to the culture and environment, but who would sooner or later have to be made redundant. Or you could opt for the outsourcing way, and get a remarkably qualified product development expert who can create the website..

By hiring this outsourced professional, you'll be sure to maximize processes without having to be made to hire someone you know will have to be let go after the specific website gets done - since small business owners don't have the same IT needs of huge enterprises.

The additional benefit? The fact that - a lot of the times - these highly specialized experts will frequently come with their own hyper updated tech equipment.

This means you can take advantage of an employee plus the tech tools they need to make that website, for instance. This is another way to save costs.

Another massive boon of outsourcing when it comes to taking advantage of groundbreaking know-how? A lot of extraordinary professionals have already learned that they can actually make more money by diving into an array of specialized tech jobs rather than by staying at the same corporation forever.

This means that - through outsourcing - you won't simply be getting expertise from some run-of-the-mill jobseeker: you'll be taking full advantage of some of the most intelligent, dedicated, and professional experts in the world.

Tech & Infrastructure

Another way in which outsourcing professionals can help you create a much more successful corporation in the 21st century? The fact that outsourcing - especially IT outsourcing - can help you save costs when it comes to infrastructure and technology.

Outsourcing actually eviscerates the need for you to invest in pricey infrastructure. Why? Because the professional you'll outsource will actually go ahead and take full responsibility, ensuring that he's locked both the business process and the tech infrastructure needed to take a project through to completion.

Most outsourcing pros are used to crafting different solutions for diverse companies and know that - by having their own tech infrastructure in place - they get a tremendous advantage they can leverage to dive into more companies and better projects.

By investing in outsourcing, business leaders will be making sure that they not only get a highly-specialized expert: they also get the tools that expert will need to get the job done, ensure the company becomes better prepared for the digital age, and automatically create more successful business opportunities in the process.

Time Zone

One of the most terrifying aspects of owning a business in the digital age? The fact that it feels like the day is never finally done with.

Technology has brought about a sense of timelessness. Businesses have ceased operating in finely defined time frames. Now, they are full-time, 24-hour enterprises that need to provide services as soon as possible, every day, everywhere, every single time.

How can outsourcing help companies become better prepared for this straightforward fact? Outsourcing specific personnel allows you to ensure your company is always ready to go. This means that - whether it's day or night - you'll be able to outsource specific tasks and take advantage of professionals located all over the globe.

For instance, let's say you sell a product. With this time zone-bending solution, you guarantee that there will always be someone ready to pick up the phone, answer the customer's keen questions, and deliver your products.

No longer will you feel like a failure by knowing that no one was there to help deliver the solution your customers wanted: you'll be live 24 hours per day, using time zones as if they were different arrows in your corporate quiver.

This remarkable advantage gives you the amazing benefit of establishing a corporation which lives and breathes through round-the-clock business, allowing you to ensure you sell more products, get impeccably sound customer support, and leave your customers elated, satisfied, and ready to continue purchasing.

Better, Faster, Stronger

The ultimate goal of outsourcing? To ensure your business becomes streamlined.

By reducing costs, allowing you to take advantage of highly-specialized outsourced employees who can use their own infrastructure to build great solutions, and by being available 24/7 to customers who need to get your awesome product, you'll get to effectively deliver services faster than ever before.

With outsourcing, you can ensure you have high-quality deliverables while also getting to decrease the lead time it actually takes for your outstanding product to reach the desired marketplace. Outsourcing gives you access to better professionals, expert know-how, a radically different perception of the boundaries of time, as well as the opportunity to get your ideas converted into specific products, and your company better prepared to deliver the value-added proposition.

The overall quality boost that your business operations will effectively receive from outsourcing? That seems to be the biggest advantage of outsourcing, and a perfect reason for you to dive into this business modality as soon as possible.

With outsourcing, you'll be able to effectively create streamlined processes, take advantage of a tech-perfect company, and ensure you get to deliver your products every single time, no matter where your customers happen to come from.

Faster, better, stronger. What else could a business possibly need to succeed?

Outsourcing is the Way to Go

With the ability to ensure companies get an expert boost, the ideal of a time zone annihilation, the perfect tech-oriented tools needed to craft specific solutions, and the optimized cost-efficient power of not having to increase fixed costs to get some progress, outsourcing will continue to be the go-to move for any business leader who's keen on succeeding.

In the future, while there may be some changes to the nature of outsourcing, one thing is certain: this method is a true helper of corporations, allows leaders to control risk, makes sure enterprises expand sooner, ensures streamlined processes, remarkably advanced know-how, and the wealth of tools that businesses need to become competitive.
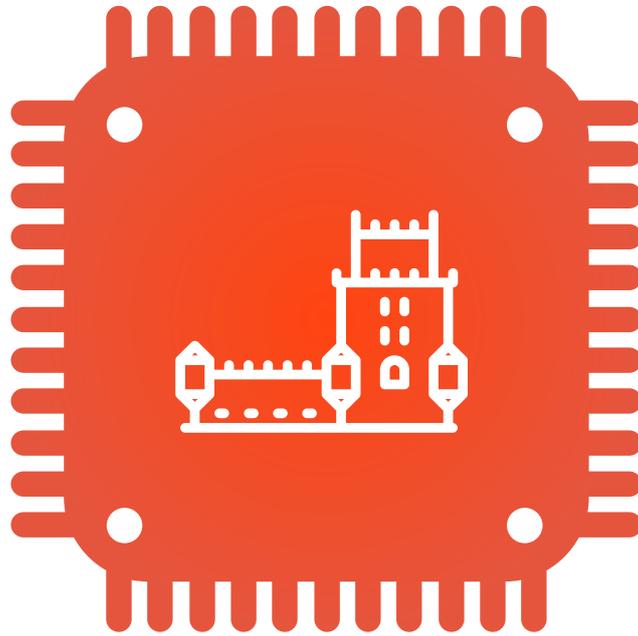
The Ultimate Nearshore Guide of 2019

Nearshore is the Way

Nearshore stands to be one of the most remarkable working methods ever, opening up companies to extraordinary human resources, possible tax savings, and ensuring more workforce stability than ever thought possible in this era.

But what is nearshore all about, what are its major advantages, and why is nearshore the very best solution for so many different companies? By reading this expanded nearshore guide, you will be able to learn more about a type of business method which is revolutionizing industries every single day, becoming able to understand if this is the right solution for your business.

What is Nearshore?

The practice of getting services performed by human resources who are located in neighboring nations rather than doing it in your home country is known as nearshore outsourcing. There are many companies in Spain, for example, which decided to opt for nearshore outsourcing, allowing the neighboring country - Portugal - to reap the rewards.

Indeed, nearshore takes advantage of geographical proximity to ensure that communications and travel expenses become optimized. Moreover, since neighboring nations often share some important cultural traits, there is no harsh adaptation process - which can be the case with regular outsourcing.

At the end of the day, nearshore outsourcing is the process of delegating specific tasks - usually related to the IT world - to countries which are close at hand.

Companies all over the world are already diving into nearshore. They have shifted work to certain organizations within their own strategic regions, which allows them to save costs and find particular human resources who specialize in tasks that simply couldn't be managed in-house.

The Gist of Nearshore

The nearshoring of IT systems and software development has become popular among many companies in the past decade. In fact, this solution represents an effective cost reduction by allowing for the transfer of IT operations to neighboring countries which are not only culturally similar but also characterized by lower costs.

The radically lower IT costs that still guarantee impeccable overall services, the easy collaboration with nearshore IT companies, the fact that the companies involved tend to share the same time zone, and a similar cultural environment that ensures communication is simple and straightforward are the proof that nearshore is here to stay.

Nowadays, there are countries which are known for being top nearshore locations. They are global destinations for IT project outsourcing, using skilled human resources, reduced costs, and cultural alignment to blaze new trails every single day.

But, when it's all said and done, what are the advantages that you should bear in mind when considering opting for nearshore?

Nearshore Outsourcing Advantages

There are many different advantages of nearshore outsourcing.

First and foremost, nearshore ensures a strategic cost reduction. In fact, businesses can get to save about 40% of the costs they would incur if they decided to do the same work in-house.

Why is that? Because there aren't hugely disadvantageous currency differences when it comes to two neighboring countries, which means this solution is the most logical one.

Another advantage? The fact that neighboring countries usually share the same time zone.

This is quite important in business. Creating an IT product, for instance, can be an impossible task if companies need to resort to a business located far away, in a completely different part of the world, with a radically divergent time zone.

That's why successful businesses tend to outsource their work to countries which happen to have the same time zone. This ensures communication is much easier, and that all the business activities can work in tandem - without damaging production costs and ruining scheduled deliverables.

Another great advantage of nearshore is the fact that it ensures better communication between interested parties. Since there usually isn't a marked cultural difference between countries which are near one another, people share the same mindset in what regards business practices and methods. This ensures that communication is clear, straightforward and that every member of both companies is on the same page.

In addition, there is also a similarity between the languages spoken by the two companies. This means it's easy for management to communicate with the outsourcing partner, establishing the right calendarization, and ensuring deliverables are met every single time.

Here's an added list of amazing nearshore benefits:

-Easily managed, since management can simply hop on a plane and make a quick trip to check up on the project's progress
-Great Total Cost of Engagement, which means that a mature nearshore project is quite competitive
-Remarkable gains in productivity, since services are based on Service Level Agreements (SLAs), which means the total value will always be measured taking results, not time sheets, into consideration
-As the governments of countries in which IT nearshore companies abound are trying to support this growing industry by creating better taxation laws and provisions, nearshore will effectively allow for an advantageous tax reduction.

Nearshore VS In-House Software Development

Nearshore ensures tremendous cost savings, the ability that managers have to quickly make a trip and visit the neighboring country's business facilities, and makes sure cultural alignment allows everyone to become successful.

But what about in-house software development?

Here are the advantages of onshoring projects:

-Since key stakeholders tend to prefer immediate face-to-face communication, this type of working method may be a favorite
-If the company fails to have experience engaging with external providers, they can simply prefer to remain in-house

-In some countries, such as the mighty USA, companies might not really need to hire nearshore services, since they have a huge array of experts at their disposal.

In-house projects may showcase some advantages. However, overall, in-house projects seem to pave the way for failure.

Why does in-house pale in comparison to nearshore? First and foremost, in-house software development will mean a talent scarcity in the long run.

By not wanting to invest in hiring a specialized nearshore enterprise, businesses will fail to get access to the most talented human resources, ensuring their companies lack the competitive and scientific edge they need to succeed.

Moreover, hiring specialists to perform tasks in-house is usually a risky business.

Why?

For three reasons:

-The hiring process can be expensive and slow
-Since onsite professionals actually need a space to work at your offices, you might have to change your location to hire people, which obviously increases overhead costs
-Typically, onshore programmers want to receive extraordinarily hefty wages, which will have a crucial budgetary impact

At the end of the day, when a company needs a wealth of different skills and programming language abilities, it usually gives up, knowing it's almost impossible to find the super talented employees they're looking for.

Companies which specialize in nearshore, on the other hand? They have exactly what those businesses are looking for: different human resources who are keen on diverse programming languages, amazing Quality Assurance Engineers with years of experience and - most importantly - a group of enthusiastic IT experts who have worked in different projects for diverse companies with a great range of deliverables to boot.

Experience in multiple projects ensures nearshore companies have become the go-to move for enterprises which are looking to supercharge their business and create technologically-perfect products that stand the test of time and are delivered fast.

Another major disadvantage of deciding to go in-house? The project's overall price is going to be shamefully costly.

Creating an in-house project may mean you have to invest in training personnel, educating your employees, and that you will undoubtedly spend a lot of money on different types of hardware, licenses, and equipment.

In the beginning, the in-house project may seem like the cheapest way to go. As time goes by, business leaders are often forced to change their mind, seeing their overhead costs boosted by all the unexpected expenses that come along with the development of innovative tech solutions.

Another mistake that leaders make when they choose to go in-house? The fact that - even though they may be able to count with talented IT-oriented employees - the specific development required for that particular solution might not be a fit for them.

Let's say you've spent money training your employees, allowing them to learn remarkably complex notions and dive into challenging technologies. You have purchased costly equipment, the most advanced hardware in the game, and are ready to go.

The problem? The specific project you want to dive into just isn't a good fit for your particular IT specialists. It may be that they are highly specialized in a number of interesting technologies but, unfortunately, none of them are well-equipped to master the tech that's crucial to create the product you need.

What does that mean? You've just spent an enormous amount of money training your employees, you've bought expensive equipment and the latest hardware, but your human resources simply fail to be able to master the knowledge needed to take the project through to completion.

This means that fundamental aspects of the development may get lost in translation and cause future problems. It may be that you failed to thoroughly analyze the project's requirements beforehand, something which wouldn't pass by an expert nearshore team, used to developing exactly the kind of complex product your team simply won't be able to master.

Since nearshore-oriented enterprises have a wealth of specialists that focus on analysis and design, these people will definitely ensure that their findings will allow them to develop the right solutions without risking an oversight.

Need a recap to know all you can get from nearshore?

Here it is:

-Nearshore gives your company access to super-experienced professionals who have the skills and effective workflow processes you need at a much better value
-Time zone and travel conundrums get bypassed since geographical proximity becomes real
-Agile development helps the time zone-aligned, real-time collaborative effort come to fruition
-The tech communities located all over the world are fluent in English and ensure a cultural affinity with most of the tech enterprises that demand these services

The Time to Go Near is Now

With the ability to promote impeccable cost reduction, provide some important tax savings, allow companies to take full advantage of the most talented and experienced human resources, and the time-zone harmony that ensures proximity and closeness become real, nearshore tech is simply the best choice for companies which need critical IT services performed by the world's most competent IT professionals.

By investing in nearshore, business leaders will ensure they control their overhead, trust the analytical and planning abilities of experienced workers, and guarantee that they get perfect innovative products that can help them reach new business heights.