# Best IT Outsourcing Models: How Do They Work?

*Here are the top IT outsourcing models, types, and key drivers including staff augmentation, dedicated IT team, ODC, offshoring, nearshoring, and more.*

CALIFORNIA , LOS ANGELES , UNITED STATES OF AMERICA , July 16, 2022 /EINPresswire.com/ -- The growing list of IT outsourcing benefits and global IT talent shortage leads an increasing number of companies to hire remote software development companies.
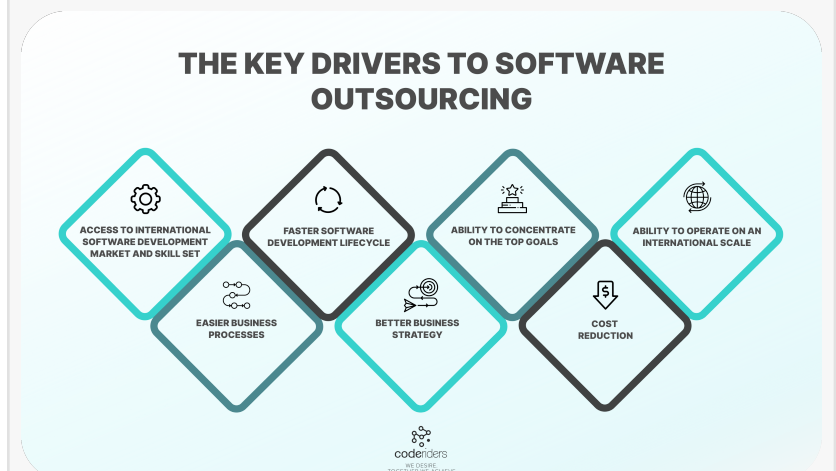
All types of IT outsourcing have one thing in common - working with software development companies or dedicated software developers from the top IT hubs.

The key drivers to IT outsourcing include:
 Access to outsourcing software development services or specific skill-set that are too expensive or do not exist in the local market,
 Facilitated business processes or software development lifecycle (especially if the client has limited tech expertise),
 Faster software development process,
 A better business strategy,
 Ability to concentrate on the top goals of the company (if software solutions are not a priority),



A picture showing the main types of IT outsourcing with an example of a famous IT hub



Software outsourcing has its advantages like software solution cost reduction, larger IT talent pool, better business strategy, etc

Cost reduction,
 Ability to operate on an international scale.

Advantages of Software Outsourcing
There are numerous international tech hubs that provide a wide range of web and app development services with multiple tech stacks. For example, CodeRiders is an Armenia-based software outsourcing company. Most of our clients hire us for the following services:
 Web development and design,
 Mobile app development,
 Custom software development services,
 Software development maintenance and support.

Cost reduction. In the era of technology, IT services and solutions are an absolute necessity. However, hiring software developers is expensive. Especially in such developed countries as the USA, Canada,



Advantages of software outsourcing include IT cost reduction, access to global IT talent pool, better software development strategy etc

Australia, Eastern Europe, Nordics, etc. in developing countries results in lower salaries and operational costs, which makes affordable high-quality software services a reality. For example, in Armenia companies can hire dedicated software engineers at an hourly price of $25-$50, which is almost impossible in developed countries.

Faster software development lifecycle (consulting, software development, implementation, maintenance, and support)

Possibility to expand the team and upscale fast. Software outsourcing firms have well-trained IT teams. They prioritize providing high-quality software solutions and enough resources.

Flexible working hours. Nightshifts, working beyond or extra working hours is expensive if a company works with in-house software developers. On the other hand, in software outsourcing flexibility is at its highest level. For example, you can hire an IT team from a different time zone.

No additional resources for IT team management. If you do not want to invest additional efforts in tech-related matters and are not a "tech person" yourself, you do not have to hire an additional employee to manage the software development project.

Types of IT Outsourcing

Nearshoring
Nearshoring or nearshore IT outsourcing is the process of outsourcing your software development needs to a software company located in a nearby country.
Let's review one of CodeRiders' projects as an example. We worked with a German computer software company, Abramov Software GmbH. They hired some of our software developers to upgrade an existing e-commerce solution with new technologies and ensure its proper functioning. This is a typical example of nearshoring.

Offshoring
Offshoring or offshore IT outsourcing is the process of working with software companies from distant countries. Offshoring is inconvenient for companies that need real-time communication. On the flip side, if a business operates beyond working hours or night-shift offshoring is beneficial. Besides its affordability, offshore IT companies charge no extra fees for providing services during non-working hours.
For example, CodeRiders worked with an Australia-based lifestyle management software company, Dwel. Our software developers built and implemented custom lifestyle management software from scratch. We carried the whole software development lifecycle, which lasted a year. It was an ideal option for our client because our software services were extremely affordable compared to the Australian IT market, and they did not need to be fully included in the software development lifecycle. Occasional reports and testing were enough for the client.

Onshoring or homeshoring
Onshore software outsourcing or homesourcing is the practice of handling software services to a third-party IT team, located in the same country. Onshoring is extremely common in famous IT hubs.

Multisourcing
Multirsourcing is the process of hiring multiple software vendors from the same or different countries. A typical example of multisourcing is one of our current projects at CodeRiders. Our client hired one of CodeRiders' front-end React.js software developers to work on an investment website. However, he is not the only developer in this project. He works and cooperates closely with other fellow developers from Ukraine who were working on the project before he started.

Software Development Outsourcing Models
Staff Augmentation
Staff augmentation is a software outsourcing model or a strategy where the company assesses its existing staff and determines additional skill and labor requirements. In staff augmentation, a company can hire additional tech resources on an external basis to cover their tech needs temporarily or permanently.

Example: A Namibia-based wealth management system hired 2 of CodeRiders' software developers to join their in-house team. One of our senior developers had a lead developer role,

and the second one was a full-time developer.

Dedicated Software Development Team
Hiring a dedicated software development team is ideal for clients looking for long-term cooperation without too much involvement in the software development lifecycle. Usually, dedicated software development teams work on long-term and complicated projects and are self-organized and responsible for the quality of their work. To manage and be informed about the progress of your software vendor, you can define specific fixed hours for daily reports and demonstrations.
Example: A Switezlarnd-based leading CRM portal for business management, Worldsoft Business Suite, hired 2 of CodeRiders' software developers to work on its SaaS project of e-mail marketing software development.

ODC (Offshore Development Center)
ODC is in the process of locating its full-time software developers and other IT specialists in an international tech hub. The goal is to enter a larger talent pool, where the number of IT specialists is much higher while the salary is lower.

Project-Based Software Outsourcing
Companies from different industries with a one-time need for software solutions usually choose the project-based software outsourcing model. Example: A Hong Kong-based English school needed an online school management system and a classroom management app. Two senior software developers from CodeRiders worked for them.

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