

Working with Offshore vs. In-House Development Teams

Before starting a project, you face the following challenge: how to get the best team so that your idea turns into reality in the best possible way? Normally, there are two ways to answer this:

- You conduct all the necessary operations within your company,
- You decide to outsource.

The last one means the offshore model where you delegate the project to the developers abroad and the development cost is less expensive. In this blog post, we talk about the offshore vs. in-house development differences and the team model that will best fit your project and meet your needs. Keep reading to find out more!

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The main differences between in-house and offshore software development teams

We could spend hours discussing what differentiates outsourcing from working with your own IT team. However, all of them can be divided into three main *Ls*: *location, line-up, and level of salaries*. Let's consider them in detail.

1. Location

This is why you call the offshore team "offshore." Unlike the in-house developers, whom you may meet daily if you have your own software development company, the offshore developers can be based thousands of miles away. The most popular regions for outsourcing are Asia and Central/Eastern Europe. There you may find skilled and talented software engineers whose hourly rate is far below the relevant salaries in New York, London, or Stockholm.

2. Line-up

The in-house team consists of the direct hires — people that were recruited by the internal team. On the one hand, each of them is well-aware of the company's culture and business goals and proved themselves as experts in the field. On the other, not all of them are the right fit for a certain project, and not all of them are required to work on it on a full-time basis.

On the other hand, outsourcing software development companies offer experts who are dedicated to your project. Their main task is to work on your project to meet your goals; that's why they continuously present you with deliverables and track time spent on your project only.

3. Level of salaries

In most cases, this is the main reason why business owners or product owners consider outsourcing. Indeed, the cost of the development could be *2-3 times cheaper!* Just compare an average \$150 per hour rate in New York, Los Angeles, or San Francisco to the rates in Israel, Ukraine, Poland, or Colombia.

Offshore Development Teams: Pros and Cons

Offshore development teams normally supplement existing in-house IT teams. However, they can also handle post-development tasks, including support and maintenance.

Pros

Cost

You may consider this advantage to be the main one, and you would be 100% right. Why do you have to overpay for the same project? After all, you can spend the money you save on marketing. The lowest rates are in China, Pakistan, and Vietnam. However, be careful while considering hiring a team from there. We strongly recommend you to evaluate and compare candidates thoroughly, examining their portfolio and testimonials. Issues with communication and quality are so frequent there that you may end up paying twice.

Experience

If you take a look at the companies present in the outsourcing development market, you'll notice that many of them have been operating for 10-15 years. During this period, the developers had

the chance to work on various projects in different fields using different technologies. They've become highly qualified professionals who can save your time and money.

Expertise

When it comes to a new project, the in-house teams often don't have all the necessary units. For example, they may need some ML engineer or Node.js developer at a certain stage of development. But it wouldn't be reasonable to hire an employee just for a stage on a single project.

Alternatively, when working with offshore development teams, you just need to say what you want and how it should look like. Of course, you are free to specify what technologies the developers should use, but, basically, programming languages, frameworks, and cloud-based services are something they will work with. So you don't have to worry about Angular or React advantages. Let the offshore staff define the most appropriate technologies for your project and arrange the best experts to do the task.

Dedication

After you come to an agreement with the offshore developers, they will be working solely for your company: no other projects, no irrelevant tasks, no office distractions. Unlike in-house employees, offshore experts work not only for cash but also for the recommendations, reputation, and portfolio (case studies). The better they do their job, the more likely they will be contacted regarding the next project by the current client or someone new.

Cons

Less control

While outsourcing, you have less control over the project, and even less over the team. Who is doing what? Are they doing it right? These questions will bother you until the project is completed and ready for release.

To handle this, it's crucial to discuss sprints, meetings, deliverables, and documentation in advance. The more you'll communicate with the developers (or Project Manager), the more likely you'll be informed about every step they take.

Language barrier

Although you can hardly find a Project Manager or a Team Lead who can't speak English, there are still a lot of peculiar (and, sometimes, not funny at all) occasions when the developers didn't understand customers correctly or just were not able to elaborate on their messages clearly.

To avoid any inconveniences and misunderstandings, you should ensure the developers have an Upper Intermediate or Advanced level of English and double-check feature requirements and descriptions.

Different time zones

When working with an offshore team, time zones can be drastically opposite. It would be pretty difficult for customers from North America and the developers from Europe or Asia to communicate with each other during business hours. Fortunately, you can schedule a meeting at the time that fits both sides well. Another issue could be Spanish *siesta* or extended Mexican lunchtime (which usually lasts from 2 PM till 4 PM). And don't forget about the holidays — some of them may last weeks.

To overcome this pitfall, stipulate the hours and days when the team obliges to answer your calls in the contract.

In-House Development Teams: Pros and Cons

In-house teams refer to company employees who are supposed to be engaged in all development stages.

Pros

Security and control

Many business owners begin to worry when it comes to sharing some sensitive data or source code. When you develop software within your company, there could be leaks as well, but overall, there is a small probability that someone steals your idea or piece of code. Anyway, you can always use git repositories.

Communication

Internal processes, including daily stand-ups and task tracking, are important. They allow you to avoid communication gaps. Having the same culture, language, and schedule are a few benefits that the in-house model provides. Even though video conferencing is now omnipresent, some companies still prefer good old face-to-face discussions.

Business awareness

If you are not pivoting, then your employees are pretty familiar with the industry you want to operate in. They should also understand the product you are going to create much quicker than the developers from other countries. They are also aware of the company's standards, policy, and goals. All this can save time that could be spent on the feature enhancement and debugging.

Cons

Cost

We already mentioned high hourly rates for in-house employees. However, you also need to take into account rent spendings, equipment (both hardware and software), perks, training, bonuses, medical insurances, etc. As a result, the price of the software development with the in-house team may increase significantly.

Limited talent pool

We don't say there are no talented developers working in-house. Both onshore and offshore experts may be talented enough for your project. It's more about choice. Taking into account over 24 million developers in the world, it is more likely to find an expert that will be a 100% match for your project somewhere outside your office. Just specify the requirements and clarify expectations.

Lack of versatility

Unlike offshore teams that work on different projects with different technology stacks, the in-house ones don't have an opportunity to constantly extend their knowledge base and expertise. Thus, they see fewer methods and fewer approaches while solving tasks.

Offshore team vs. in-house team

	Offshore team	In-house team
Cost	:)	:(
Communication	:/	:)
Dedication	:)	:)
Versatility	:)	:/
Scalability	:)	:(

What's Your Perfect Fit: An Offshore Team or In-House Team?

Well, that depends on your goals and requirements.

Suppose you are going to create some complex application that will require regular updates, enhancements, and maintenance (meaning the development process never stops). In that case, probably, an **in-house team** is a better option.

In case you don't need new features to be released quarterly, choose offshore. Comparing onshore vs. offshore development teams won't work in this case since you are looking for quality services at a reasonable price. The onshore model in the U.S. doesn't make sense, except you prefer face-to-face real communication and worry whether developers abroad could do anything illegal with your data.

Interestingly, just a decade ago, it was believed that outsourcing is good only for small startups that can't afford to keep the whole development team in the office. But now, even big companies decide to assign certain projects to offshore teams. The explanation for this trend is that there is no need to limit yourself within one country; you can find talent anywhere in the world and arrange the right people for the job.

Mobile development, web applications development, and custom software development are the most popular services offered by the outsourcing studios. But sometimes, outsourcing doesn't mean short-term collaboration. Some American companies already opened development centers in Europe and Asia, meaning that offshore teams have become long-term contractors. Of course, in some cases, this is related to worldwide expansion, but more often, it's just about cost reduction and smart investment.

As we pointed out before, talents matter; however, let's have a look at the figures. An average hourly rate for the developer in the U.S. ranges from \$100 to \$250, whereas European and Asian programmers are worth \$35-\$80 per hour. Doing simple math, you can see how beneficial working with offshore teams can be.

Final thoughts

In many cases weighing pros and cons is not as simple as it seems. That's why we suggest doing research, reviewing portfolios, and case studies before you switch to outsourcing. At Fayrix, we are always open to discussing interesting ideas and concepts. We are constantly exploring new technologies and approaches, so that we look fit and ready for the journey of making the world a better place. Do not hesitate to contact us if we are on the same road. Let's make your software rock!