



THE NEARSHORE PLAYBOOK

A Guide to Nearshore Software Development by
number8.



NEARSHORE. OFFSHORE. ONSHORE.

WHAT'S THE DIFFERENCE?

Software development outsourcing has been on the rise for decades as companies look to cut costs, focus on core business, and solve capacity issues. This increase in demand has led to thousands of outsourcing options and vendors. It can sometimes be difficult to find the right model for your company due to the endless amount of choice available.

The first thing to consider when choosing an outsourcing vendor is location.

OFFSHORE - INDIA, CHINA, EUROPE

Offshore outsourcing occurs when an organization outsources software development services to a vendor located in a far-away location. This model is attractive to some companies due to low hourly rates. However, time zone, language, and cultural barriers often create significant challenges including unforeseen expenses.

ONSHORE - U.S. BASED TEAMS

Onshore outsourcing describes a situation in which a company outsources development to a third-party vendor located in the United States. This model is often more expensive than other outsourcing models, but typically yields high quality results.

NEARSHORE - LATIN AMERICA

Nearshore outsourcing happens when an organization works with a software development company located in close proximity to the United States. This typically includes highly technical countries in Latin America like Costa Rica. Working with a nearshore firm helps organizations avoid the barriers associated with outsourcing to far-away locations and costs significantly less than working with U.S. based onshore teams.

COMPARING PRODUCTIVITY AND PRICE FOR

CUSTOM SOFTWARE DEVELOPMENT

CALULATING COST - WHAT YOU PAY FOR THE OUTPUT OF 6 FULL TIME EMPLOYEES					
Model	Rate	Time Zone	Productivity	Engagement	Total Cost
Internal Hires	\$95 / Hr.	+/- 0-2 Hours	1 Developer	Full Time Equivalent	\$1.14 Million
Nearshore	\$45 / Hr.	+/- 0-2 Hours	1 Developer	Staff Augmentation	\$540,000
Offshore	\$20 / Hr.	+/- 10-15 Hours	3 Developers	Seperate Team / Complete Outsource	\$720,000

**US rates include an assumed 39% overhead cost for taxes, benefits, PTO, etc.*

Nearshore is often the best value when it comes to outsourcing software development. Although offshore pricing initially looks lower, take into consideration that poor quality software costs U.S. companies almost **\$3 trillion** annually. Common issues stem from low productivity, software failures, legacy systems, fixing defects, and cancelled projects. All of these issues are more prominent with an offshore partner. In contrast, Latin Americans are more culturally similar to Americans and therefore are much more likely to speak up when there is a better solution, tool, or process.

Internal hires and onshore outsourcing are great ways to ensure you're receiving quality development and remaining agile. But, unfortunately top talent isn't always available. Check out our article on **Why U.S. Companies are Struggling to Hire Great IT Talent** to learn more.

OUTSOURCING & AGILITY.

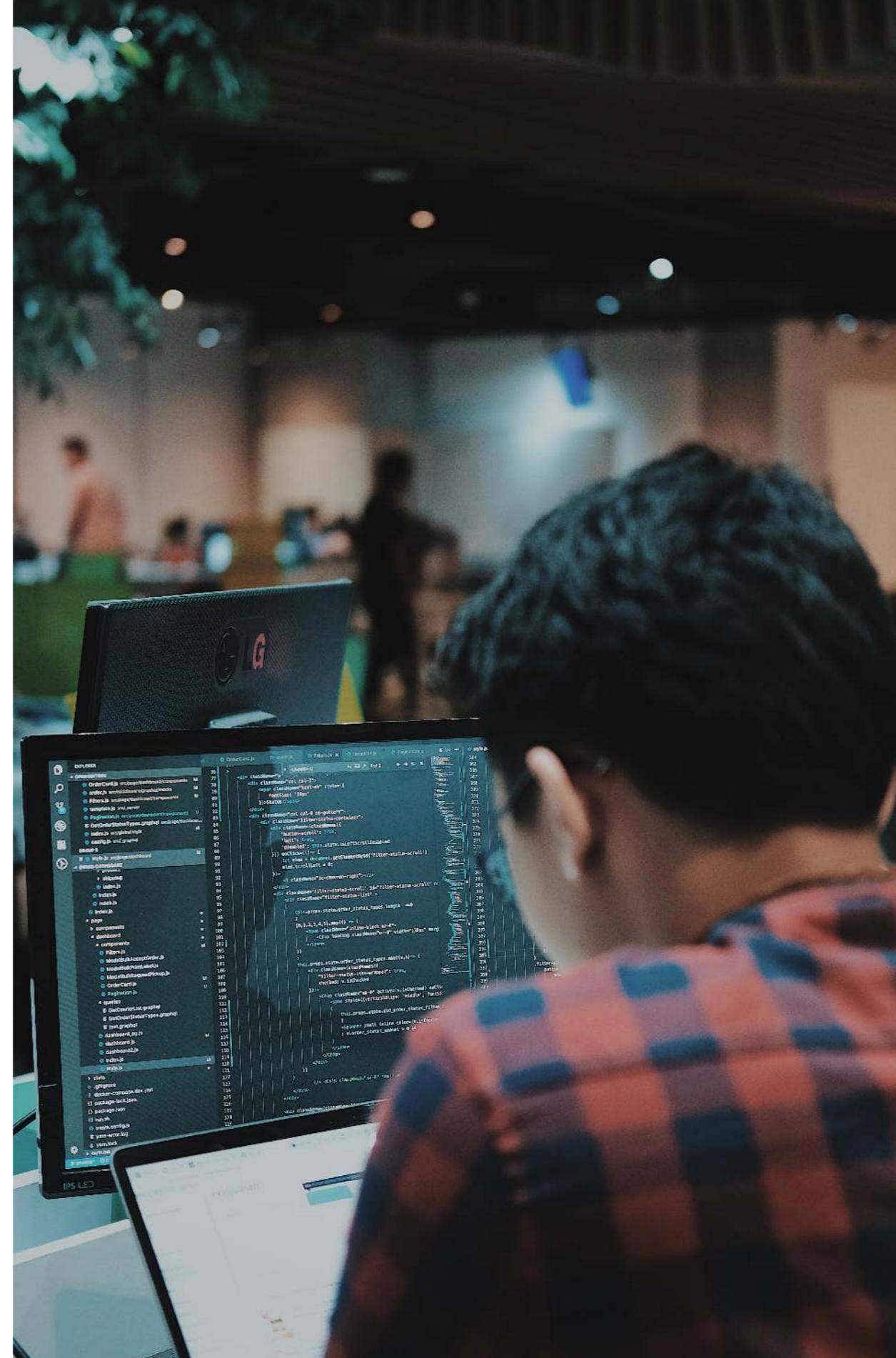
One of the biggest obstacles to outsourcing is maintaining an agile development process while collaborating with your vendor. If you've implemented an agile framework, it is critical your vendor's team is also committed to the following practices:

- **Individuals and interactions** over processes and tools.
- **Working Software** over comprehensive documentation
- **Customer Collaboration** over contract negotiation
- **Responding to change** over following a plan

number8 launched in 2008 when our founder saw how difficult it was to adopt an agile methodology while working with an offshore partner. It has since been our mission to provide cost-effective outsourcing options to agile companies.

We believe one of the most effective ways to maintain agility while outsourcing is to embrace a staff augmentation model. In this model, remote developers join your internal development teams and work on your schedule. This allows your organization to fill specific skill gaps without changing your internal processes.

In addition, staff augmentation allows you to scale up and/or down quickly so that you only pay for the development you need, when you need it.



TECHNICAL PROCESSES

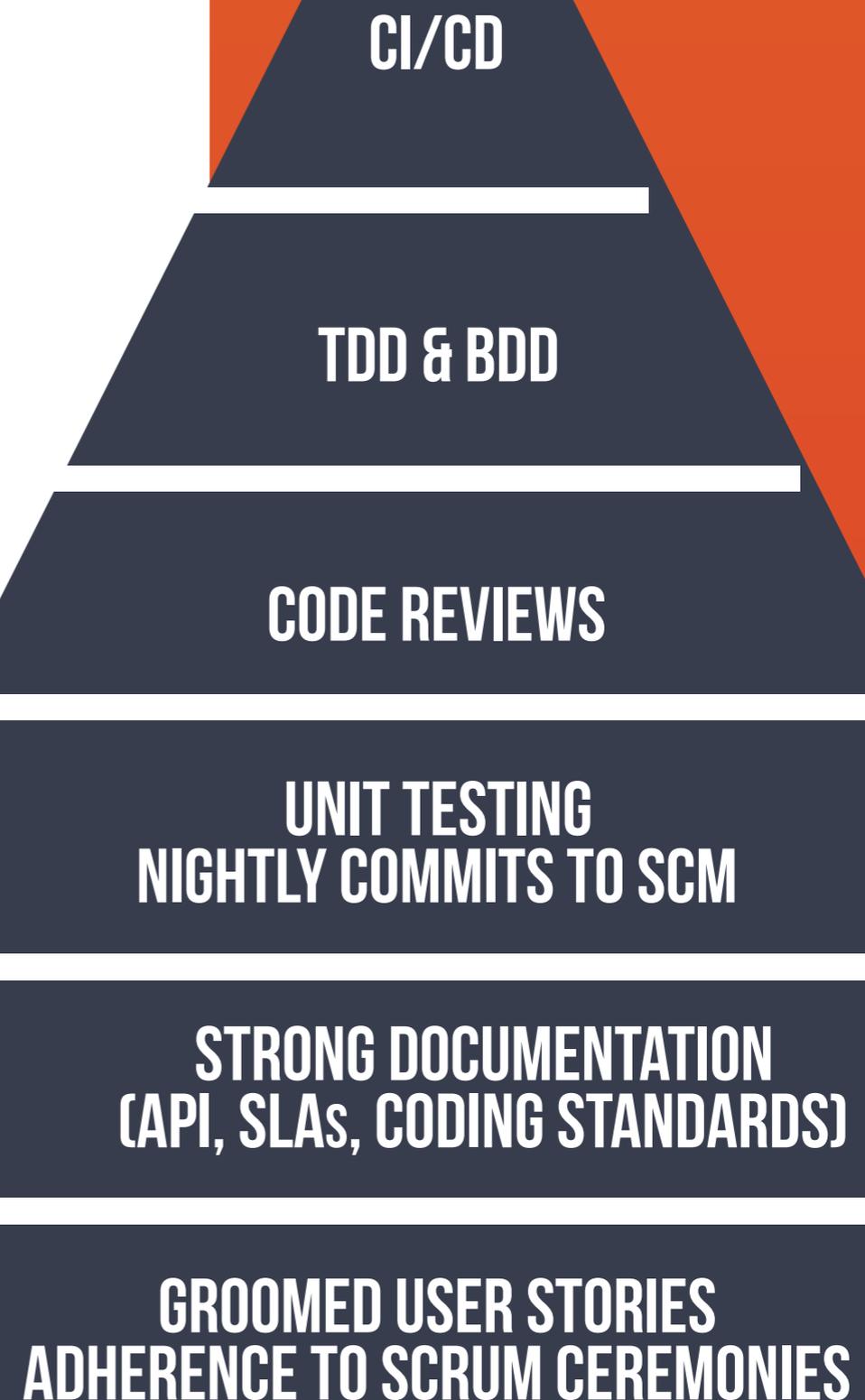
THAT CAN INCREASE OFFSITE PRODUCTIVITY.

Any outsourcing vendor you choose needs to have a firm grasp of your Software Development Lifecycle (SDLC) in order to be an integral part of your development team.

Your SDLC is the process your company has put in place to produce the highest quality software possible at the lowest cost and in the shortest time. You may be familiar with SDLC models like waterfall, spiral, v-shaped, or our preferred model, agile.

There are six technical practices that dramatically increases an offsite consultant's ability to produce relevant contributions to a client team.

- 1. Groomed User Stories / Adherence to Scrum User Stories**
- 2. Strong Documentation (API, SLAs, Coding Standards)**
- 3. Unit Testing / Nightly Commits to SCM**
- 4. Code Reviews**
- 5. Test-driven Development & Behavior-driven Development**
- 6. Continuous Integration / Continuous Deployment**



THE NEXT STEPS

HOW TO CHOOSE A NEARSHORE PARTNER

Most nearshore vendors provide you with advantages like time zone similarity, cultural affinity, and English-fluency. number8 is unique because we provide our clients with all of those benefits plus the strength and agility their teams need in order to get more done.

Our process starts with helping you identify your unique skill gaps. We then custom recruit over 13 Latin American countries to find your perfect candidate. All number8 consultants are rigorously vetted through live coding assessments, personality tests, background checks, and live interviews with members of our management team. It is only when all of this is complete, that we send their profile to your inbox.

Once you receive a candidate's profile, we strongly encourage you to interview them like you would any internal team member to ensure they're an excellent addition to your development team.

In addition, number8 charges no additional fees outside the agreed upon hourly rate of the consultant. We also have no minimums on developers, making us a great option for start ups and small business looking for a single developer to add to their team.

READY TO GET STARTED?

CONTACT US TODAY TO SPEAK WITH A NUMBER8 RELATIONSHIP MANAGER ABOUT YOUR ORGANIZATION.

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number8
Develop Without Limits.

