## Outsourcing vs in-house models

First of all, what are the outsourcing and in-house software development models?

**in-house software development** means you hire a team of employees who are part of your company to develop your needed applications (services)[website or mobile app]. Usually, this means hiring specialists one by one, through job boards and LinkedIn profiles. In theory, it’s possible to find and hire a full in-house team at once, but in reality, it’s a bit of a unicorn occurrence.

When you **outsource development**, it means you contract with professionals **outside your company** and don’t hire employees. You can choose to outsource application development to a company or to freelance developers. Companies usually offer both separate specialists and full-stack teams depending on your needs. You’ll likely need to hand-pick freelancers one by one.

Outsourcing and in-house development are both popular models with their own pros and cons. The following is our breakdown of the arguments for in-house web development vs outsourcing web development.

## Advantages of in-house software development

When it comes to creating proprietary software, the advantages of in-house software development are:

* Close control over the development process
* Unhindered communication
* Understanding of business goals on the part of developers
* A team dedicated solely to your product
* Flexibility

Let’s go over each.

#### Close control over the development process

An in-house team resides where you and your employees work, which makes it easier to reach them. Even during the pandemic, an **in-house team will still be in the same state or country**, at the very least.

You can monitor your team regularly when they’re a couple of offices or an unscheduled phone call away. You’ll always be able to drop by — physically or digitally — to see how the project is going, ask questions, and suggest changes.

**Unhindered communicat**ion: Your in-house team **speaks your language** — both literally and figuratively. The opportunity to meet and discuss the project face to face at any time, without complex arrangements, makes it easy to clearly communicate your ideas.

#### Understanding of business goals on the part of developers

The job of outsourced third-party contractors is simply to build a product the way a client tells them to. While there are companies that value their clients’ businesses and don’t blindly follow instructions, not all outsourcers are like that. And nothing beats a team whose own future profits depend on the product’s success.

An in-house team is **immersed in the company’s business** and shares the corporate spirit, so in-house specialists are usually dedicated to the project.

Besides, some inside information that might affect a product can’t or won’t be shared with outsiders.

#### Dedication to your product

Most outsourcing developers, whether companies or freelance specialists, juggle several products simultaneously. When one project is in the low engagement stage where little needs to be done, they’ll take up another, since they’re usually paid for hours worked.

In-house teams, on the other hand, **dedicate themselves fully** to the software they’re building for their employers. With an in-house team, you won’t encounter a clash of schedules when you want or need to urgently implement changes.

#### Flexibility

In terms of software development, flexibility means the ability to **make changes right away**; it’s one of the **big in-house advantages**, and it stems from all the benefits above. In-house teams have more flexibility because they’re:

* More geographically accessible
* Better able to communicate with the product owner
* Involved with one product only (or several, but for a single company) and don’t need to re-adjust their schedules too much to make changes
* Able to understand the business well since they see it from the inside

## Disadvantages of in-house software development

In-house software development is more often than not used by big companies with software products that are in need of constant long-term development services. There are reasons for that, and you’ll need to keep some things in mind when you choose in-house development:

* It costs more than outsourcing development
* You’ll need to find and keep talent
* You’ll need to think about upskilling and innovation

#### Higher costs

When you outsource software development, you pay developers only for the time they work on your product. The cost can be based on worker-hours or story points, but either way, you pay for the work done and nothing more.

For an in-house team, you’ll not only have to **pay salaries** (and competitive ones at that) but provide a **social package** — sick leave, vacations, holidays, health insurance, etc. If the team works from your office, you’ll also need to provide **high-end equipment**. Developer-grade computers don’t come cheap.

#### Finding and keeping talent

Building an in-house development team can be a challenge, especially if you’re not operating from an area with a strong software development industry. And while Silicon Valley isn’t the only place where talented developers reside, **not every region and country has a strong IT presence**.

Hiring developers to relocate to where your offices are might cost an arm and a leg, and very few specialists are willing to relocate somewhere with little future prospects.

Besides, to keep developers working for you, you’ll need to **offer benefits** on par with or above the industry standard. This can prove unprofitable when development enters low-load stages.

Another difficulty may arise if you have no experience in IT. You’ll need to consult professionals to know what kinds of specialists you need and what experience they should have.

#### Upskilling and innovation

It’s not uncommon for professionals working on the same product for a lengthy period of time not to keep up with the latest innovations in the industry. That’s because in an in-house team, developers have little to no competition and, hence, **little to no motivation to educate themselves** unless they’re passionate about their job.

In this case, it falls upon the employer to motivate employees and pay for their education and upskilling as well as for upgrading their equipment so it’s compatible with the latest technologies.

## When to choose in-house development

Considering all the advantages and disadvantages of in-house development listed above, we’d recommend hiring an in-house team when:

* You have a long-term project that will require constant work from developers
* You have no financial restrictions and would like total control over the development process

## Advantages of outsourcing software development

More and more companies are choosing to outsource all or part of their software development. Even Google outsources parts of their products. Outsourcing is a sensible decision for:

* Saving money
* Launching faster
* Accessing a wider pool of specialists
* Promoting team education and innovation
* Ensuring skill versatility and team scalability

#### Saving money

Whether you hire an outsourcing company or separate freelancers, they’ll already be equipped with everything they need to get the job done, including a workspace and equipment. No office-related costs will be on you, which will cut your spending significantly, especially if your project is relatively long.

Additionally, when there’s a **decrease in activity within a project**, you can put the project on hold and come back to it later with the same people working on it (granted, you’ll have to negotiate with the team beforehand). With in-house development, you can lose your employees to other companies when there’s no work for them, and luring them back will be far more challenging.

#### Launching faster

Good outsourcers — teams and individual freelancers — usually have several projects lined up. To keep up with everything, they **set deadlines and meet them**. Besides, most outsourcing agreements include fines for violating deadlines without an acceptable reason. This means that with the exception of some really unexpected circumstances, a team of outsourcers will deliver your project in a timely manner. In-house teams, by virtue of being more flexible with changes and fixes, can fail to meet strict deadlines.

#### Accessing more specialists

When it comes to in-house software development options, your selection of professionals will be limited to your geographical area. Inviting developers from out of state will cost you extra and might prove impossible for a multitude of reasons. If you live somewhere where the IT industry isn’t very strong, finding quality developers will be a struggle.

With outsourcing, you can **choose developers from all over the world**. You can combine several freelance developers and/or software development companies from different countries for the best results.

#### Promoting education and innovation

**Outsourcers** — both company-bound and freelancers — **constantly up their skills**. It’s essential for them to stay relevant on the market. Quality software development specialists keep their eyes wide open for everything within the industry that can give them an edge over competitors. You won’t need to nudge them in the direction of new tech solutions or improving their skills, and you won’t need to pay for it.

In-house teams, on the other hand, can sometimes get stuck in the same place if they only work on one product for years. Chances are, you’ll have to motivate your in-house employees to upgrade their skills.

#### Ensuring skill versatility and team scalability

Outsourcing, especially with a reputable company, comes with the **benefit of team versatility**. If a certain developer is unfamiliar with a specific technology, chances are there’s a specialist within his or her reach who is familiar with it and can provide expertise without delay. In the same situation with an in-house team, you’ll have to spend time and money on either finding more developers or educating your existing employees.