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# **OUTSOURCING VS. OUTSTAFFING. WHAT TO CHOOSE? OR DO YOU PREFER IN-HOUSE?**



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In the digital age much, if not everything changes. Digital transformations require qualified staff. More than ever online is key! The 'coronashift' from physical to online business increased the demand for new applications even more. However, with the high demand for skilled programmers on the market it is not easy to find and get professionals you need. This leads to stress, delayed deadlines, missed business opportunities and financial losses.

Many companies have been developing software for years almost exclusively with their own developers. "The way we develop software cannot be done outside the own office. Specialists have to keep in constant dialogue with each other and that is only possible face-to-face?"

Then the corona lockdown came and suddenly everyone was working from home. And that went quite well! The remote work model was fully proved. Many companies consider now replacing the fixed workplaces and software development in the office with working from home. After all, there is still a lack of capacity of own people and the costs remain high.

Outstaffing or outsourcing are possible solutions. But how do you adjust the organization to boost your projects with external professionals? What do you develop yourself and what do you outsource to external parties? How do you handle that? In this whitepaper, we take a closer look at the differences between continuing to develop projects with your own staff, expanding a team with external forces or outsourcing projects entirely.





# WHAT IS THE DIFFERENCE BETWEEN IT-OUTSTAFFING AND IT-OUTSOURCING?

Both terms include working remotely, but there is a significant difference in management and responsibilities. In short, outsourcing works well if you outsource stand-alone projects to an external party. However, software departments with large development teams may need to keep full control of the process in their own hands. In that case, outstaffing is a better choice: adding hired employees to your existing team as “colleagues”. As if you add a specialist to your team. Below you can read more about how you organize outstaffing and outsourcing. This way you can determine exactly which of the two partnerships best suits your organization.



# OUTSTAFFING



With outstaffing you hire an extended team of skilled professionals who work on your project remotely under your supervision. In most cases, this external team works with your internal programmers to strengthen the project. You manage the productivity and workflow of your external programmers and distribute the tasks according to your plan. The outstaffing software development company takes care of the deployment and preparation of its own staff and the training, development and evaluation of their skills. If necessary, they will look for extra professionals for your team.

So, the main difference is that outsourcing refers to all or part of the project support, while outstaffing takes care of hiring and guiding individuals.



## THE EXTENDED TEAM MODEL

This model is used for several reasons. Maybe you have an exceptional internal team and find it difficult to recruit specialists of the right level. Or the demand far exceeded the ability to scale up. You may need a proven model to help with highs and lows of the demand.

An extensive team-offering is a proven model that you can use to complement existing internal teams with the knowledge of an outstaffing-partner. These highly efficient team members have tremendous expertise in agile consulting, continuous delivery, business analysis, software engineering, quality assurance, digital and business intelligence.

These team members become part of your internal team and, thanks to their experience, they are perfectly capable of working together with your team.

## HOW IS THE MANAGEMENT OF AN EXTENDED TEAM ARRANGED?

The extended team members are managed in collaboration with the outstaffing partner and your team. This way you build one consistent team.

Once the extended team members have completed a successful on-boarding process and the KPIs have been defined, the team is in conjunction with its leadership team, fully focused and accountable for the measurement and management of performance and retention.

In addition to daily stand-ups, sprint reviews and retrospectives regularly take place. This improves the delivery process and ensures clarity at every step of the project. Reports are also made to ensure visibility of delivery and performance.

With this approach, you as a client are assured of the motivation and commitment of the hired team members. You can be sure that the quality level they deliver is fully in line with the requirements you set for your own team members.

The extended team members fully adapt to your existing internal processes and use tools such as JIRA, Confluence, Skype and Slack to ensure that the introduction to your team runs smoothly. You “convert” your extended team members not only to your development culture, but also to your company culture. You go for a full integration in your team. That is why this is often referred to as an ‘integrated model’.



# OUTSOURCING



Outsourcing means hiring a company to develop the solution you need based on your requirements. The outsourcing partner is responsible for the project workflow and manages it from A to Z. You don't have to worry about the qualified team, equipment and resources. While you focus on business operations, a tailor-made software is developed, tested, delivered and prepared for use.

It often happens that you have two or more parallel teams: in-house and outsourcing. You outsource a project, part of the project or a sprint for development. You have a development and delivery process and a separate communication process, especially in Agile. Yet the meaning is the same: the outsourcing team has arranged its management and processes internally.



## DEDICATED, EXTERNAL DEVELOPMENT TEAM MODEL

Our development team offer is a tried and tested model with which you engage a ready-managed team of an outsourcing partner. This team has various roles and is ready to take on the development of business-critical projects within your organization as an independent, permanent and multifunctional team.

**Such a hired development team usually consists of:**

- Business analyst (s),
- Project manager (s),
- Scrum Master
- Developers
- Q&A specialist

They have direct contact with your stakeholders or product manager and liaise with them on the definition and grooming of the product backlog, sprint planning and subsequent releases.

## HOW IS THE MANAGEMENT OF A DEDICATED TEAM ARRANGED?

When putting together a special development team, take into account a number of elements. Skills, maturity, retention potential and culture are strongly kept in mind by an outsourcing partner in forming a strong team. The management of the hired development team is carried out in close collaboration with clients. Clients are closely involved in identifying and proposing the most suitable team members.

As soon as the team has been formed, the on-boarding has been successfully completed and the clients' business and mission are understood along with the timescales and requirements, the work starts. The metrics then is defined, with future reporting on team performance to be aligned with, so that the Client is always aware of the progress of the project.

In addition to the stand-ups, there are regular sprint reviews and retrospectives on the status of the project. In this way, we continuously improve the delivery process and ensure clarity at every step of the project. The development team ensures that orders remain on schedule and together we continuously look for ways to make the process even better.





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# WHAT IS BEST FOR YOUR COMPANY?

Now that we know the differences, we can look at what best suits your company. Do you now need an IT outsourcing team or is it better to go for an outstaffing model? It completely depends on your needs.

Is your company not very technology oriented and do you not have internal professionals to supervise the work of the development team? Then outsourcing is a better match for you. On the other hand, if you have well-defined processes and good management to handle the external team, outstaffing is probably the best option. Each case is unique; that is why it is always a good idea to first consult with experts and find the best solution together.

Do you need expert advice on outsourcing or outstaffing software development? Do you want to know more about the exact differences between the two? The experts at E-engineers are happy to tell you more about it!



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