



# How to avoid most common outsourcing mistakes



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# I. Introduction

Consumers have rapidly increased their technology adoption and usage since the outbreak of the COVID-19 pandemic. So-called “digital transformation” efforts have come and gone.

*In 2021, only 21% of global purchase influencers said their firms nominated digital transformation as a key action to address business model change. (\*[Forrester study](#))*

Ongoing digital sameness and falling returns on IT investments force firms to seek new means to demonstrate business value in crowded markets. Leading firms will unlock the creativity of their employees and surround them with intelligent technologies such as automation and predictions engines that focus on outcomes, not just financial results.

This shift will establish a new era of transformation comprising human-centered technology initiatives that form a tight link between customer experience (CX) and employee experience (EX), drive competitive advantage, and deliver a 3% to 5% net gain in productivity.

*In 2022, 10% of technology executives will prioritize investments in strategic partnerships and innovation practices at three times the rate of their competitors to radically expand their organization's creative and innovative capacity. (\*[Forrester study](#))*

With cyberattacks continuing to target smaller vendors and suppliers, SolarWinds-style headlines will plague organizations that don't invest in the risk management trifecta: people, process, and technology. Innovative companies will ensure the tech stack (not a single tool or Excel) includes risk assessment, supply chain mapping, real-time risk intelligence, and business continuity management.

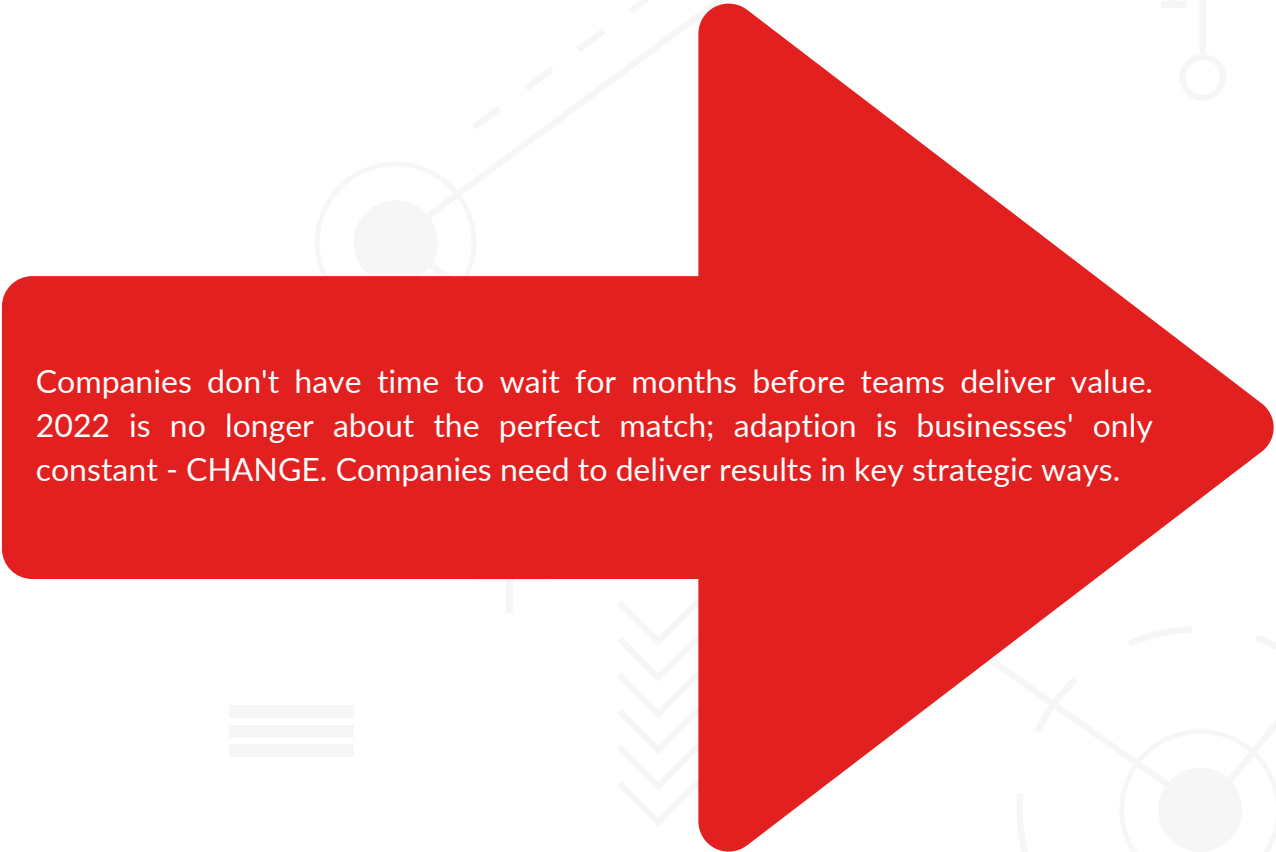
In this e-book, you will learn about how to tackle the digital transformation, why outsourcing is the key for 2022 and what are mistakes you should avoid accelerating innovation through outsourcing.

Outsourcing is the transfer of services that would otherwise be performed internally to a third-party service provider to drive cost optimization and efficiencies.

## II. Why outsource software development in 2022?

Overall demand for IT outsourcing has accelerated meaningfully from the throes of the pandemic. Recent survey results show buyer dynamics evolving, which will require service providers to adapt to these emerging trends to remain competitive and accelerate growth.

With digital transformation, organizations have become dependent on the success of creative applications and extensions that the IT industry could provide. More certainly, IT has become a key competitive edge for most organizations. The outsourcing landscape has changed in the past years. It's no longer about the best price wins! More and more companies look for differentiation; they want a partner, ideally nearshoring or outsourcing, who can create value and create it from the beginning.



Companies don't have time to wait for months before teams deliver value. 2022 is no longer about the perfect match; adaption is businesses' only constant - CHANGE. Companies need to deliver results in key strategic ways.

A significant part of outsourced jobs is created due to the digitalization of traditional industries such as healthcare, education, finance, banking, telecom.

Let's tackle why outsource from the point of view of the innovation and the changes that will naturally come.

## II. Why outsource software development in 2022?

**In 2022, investment in smart infrastructure will increase by 40% (\*[Forrester](#))**

Infrastructure investment is an effective way to stimulate GDP. The US, the EU, and China launched related initiatives backed by trillions of dollars of stimulus. IoT and edge technologies that ride advanced networks like 5G have demonstrated that they can empower smart, connected ports, roads, and trains. It's a strong match, and in 2022, we expect smart infrastructure investments to gain remarkable growth powered by this government spending windfall in all geographies. To facilitate pandemic recovery, city planners will prioritize initiatives to provide citizens with internet connectivity, address public health, and manage critical resources (e.g., water, power, lighting) using smart meters and predictive grid monitoring. Stakeholders will also harness insight captured from edge devices and IoT-enabled infrastructure to modify traffic patterns to reduce congestion, evaluate multimedia data to deliver insight for security applications, and/or combine 5G, vehicle-to-everything (V2X), and edge technologies to enable autonomous vehicles (e.g., container trucks, automated guided vehicles) in ports and airports.

Companies need to invest in infrastructure not to be left behind and lose competitive advantage. To stay relevant in today's market, companies develop new products and services with the information technology infrastructure in mind. Throughout history, some companies failed to remain relevant for their customers, and the effect was drastic, revenue decreased, lower brand value and even went bankrupt.

Introducing technological change into an organization offers management a different set of challenges. Companies are not alone in finding innovative solutions if they team up with software outsourcing firms.

## II. Why outsource software development in 2022?

### **At least 5 large companies will introduce bias bounties in 2022. (\*[RetailWire](#))**

Bias bounties are modeled on bug bounties, which reward users who detect problems in security software. In the case of bias bounties, users are rewarded for identifying bias in AI systems. This year, Twitter launched the first significant bias bounty and awarded \$3,500 to a student who proved that its image cropping algorithm favors lighter, slimmer, and younger faces. In 2022, other major tech companies such as Google and Microsoft will implement bias bounties, as will non-technology companies, including banks and healthcare companies. AI professionals should consider using bias bounties as a canary in the coal mine when incomplete data or existing inequity may lead to discriminatory outcomes from AI systems. With trust high on stakeholders' agenda, organizations will have to drive decision-making based on levers of trust such as accountability and integrity, making bias elimination ever more critical.

The elimination of bias requires companies to work together with users to find AI "misbehaving," which is a reshaping in the communication between businesses and clients that requires lower effort for both parties. Bias bounty is a step forward for enterprises to become early adopters, giving technologies more capabilities and adjustments by involving outsiders to participate in the process.

*By 2023, 65% of larger enterprises using captive offshore or nearshore service delivery centers will have adopted a multicountry sourcing strategy for these services. (\*[Gartner study](#))*

An agile organization can quickly adapt and respond to a constantly changing environment. They thrive in an environment that is both unpredictable and complex. To be truly agile, a company must develop a rapid learning and decision cycle and a network of teams and individuals who are empowered by technology. Together, they all need to be driven by a common goal.

*By 2024, 30% of corporate teams will be without an executive due to the agile and hybrid nature of work (\*[Gartner Study](#))*

The rise of hybrid workforces demonstrates that many managers lack the skills needed to manage employees in remote or hybrid environments, with just 47% of employees believing their manager can lead the team to success in the future.

Agile integration is a method for effortlessly integrating microservices into the architecture and removing or updating them without interrupting other services. A new service that interacts with the environment includes routing, orchestration, messaging, or data services.



## II. Why outsource software development in 2022?

*This is a view of integration from the application or service level.*

### **Distributed integration: Flexibility to adapt**

Distributed integration is simple and relies on APIs. Traditional integrations are centralized. However, a distributed integration allows for functionality to be provided and scaled as needed. Distributed integration is simpler to implement in apps and microservices systems.

### **APIs: Connect and manage efficiently**

APIs offer a way for users (internal and external) to connect to your company's assets. This allows firms to enhance their company value by extending their knowledge assets. APIs also make integration easier and cooperation more efficient.

Managing, protecting, metering, and monitoring API usage is crucial to delivering more competitive digital services.

### **Containers: Scale with demand**

Containers provide a framework for continuous development and deployment since they employ image catalogs for repeatability and can be handled programmatically. Containerized applications can be deployed in various ways, including on-premises, private or public clouds, and hybrid environments. Containers are essential to microservices architecture because they can automatically orchestrate those apps using a container platform.

## Cloud

Many of today's major firms have already slashed the cost of their IT departments by outsourcing lower-end support and development and unloading the costly weight of bulky, useless IT gear to third-party IT infrastructure service providers.

Cloud is already here - and has been for a long - for small-to-medium businesses. Using a shared-service utility paradigm, you may access practically any bundled apps in the Cloud and have a service provider supply the services you require. You already have your Ultimates, ADPs, Netsuites, SFDCs, and the like in the Cloud, and you can pick how many employees to maintain in-house to serve those services vs. having them delivered by third-party service providers.

*Global spending on cloud services is expected to reach over \$482 billion in 2022 (\*[Gartner Study](#)).*

Organizations that adopt dynamic, cloud-based operational models are better positioned to compete in today's fast-changing business climate. These businesses not only see the short-term benefits of cloud computing, but they also position themselves to be early adopters of the disruptive developments that will shape the future.

Artificial intelligence (AI), the Internet of Things (IoT), edge computing, and advanced data analytics are all part of the next big wave of technological upheaval. As part of an organization's digital business technology platform, these innovations are usually virtually linked to a cloud basis.

Consider switching from a "cloud-first" strategy to a "cloud-smart" approach, which balances cloud adoption with the organization's particular circumstances and goals, as well as commercial value.

For IT executives, cloud migration is an opportunity. Cloud computing will progressively dominate company IT choices as it becomes more popular through 2024.

### **More SME's will start to introduce outsourcing**

When done correctly, outsourcing allows small firms to access a wide range of professional skills without incurring the expenditures of recruiting and training, resulting in lower operational inefficiencies and faster time to market. Rather than forming an in-house IT department, small firms may outsource to a specialized service provider that can give quick knowledge, experience, and resources assistance for a fraction of the cost.

Human resources, accounting and payroll, and digital marketing are all areas where small firms may effectively outsource. With the interconnectivity of digital technologies like cloud computing, small company outsourcing will grow significantly over the next decade.

There are three major factors will make SME's look into outsourcing.



## Cloud

### A. 24/7 availability

Hotels and fintech firms, for example, must be available 24 hours a day, seven days a week. In most areas, operating 24 hours a day, seven days a week is too expensive in most areas. On the other hand, Offshore staffing allows companies to quickly assemble available teams 24 hours a day, seven days a week. In reality, having 24/7 employees in other countries is relatively common due to time zone variations. Businesses may also take advantage of varied time zones with offshore teams by using 24/7 shift coverage.

### B. Accessing talented professionals at the push of a click

Small and medium-sized companies are not limited in hiring top talent from around the world. Thanks to the internet and other modern facilities, there is no barrier to what a business can accomplish. By simply teaming up with outsourcing companies, everything can be achieved and improved beyond the limits.

For decades, corporate offshore and outsourcing have been elements of company globalization plans. As a result, the corporate community is more knowledgeable and agile in assessing possibilities and managing transitions.

### C. The competitive and strategic advantages are huge

Outsourcing allows businesses to eliminate mundane and repetitive jobs, freeing their time to focus on their core competencies and business issues that demand human contact and judgment.

Many businesses utilize out-of-the-box software and may not be getting the most out of it. This is because these systems cannot be tailored to an organization's objectives and goals. Outsourcing software customization and integration to third-party professionals, on the other hand, allows you to maximize its potential.

The perks mentioned above lead us to the primary benefits provided by strategically outsourced services. Every company aspires to be the best in its industry and to have a competitive advantage over its competitors. Transformation across various aspects can help companies become more adaptable, develop faster, cut expenses, and remain ahead of the competition.

*By 2022, Gartner believes the potential for further geopolitical disruptions will accelerate the uptake of intelligent automation of managed services by more than 25% and spur the movement of these services onshore to mature country locations. (\*Gartner study)*

### III. What are the common mistakes you should avoid when outsourcing?

Whether you find yourself in the position to outsource for the first time or you have outsourced before, there are some important aspects to consider to avoid failure and make the most out of your decision.

#### ***Prioritize cost efficiency over value***

With the increasing digital transformation, IT outsourcing has become more than a simple cost reduction technique to prioritize cost-efficiency over value. Therefore, this new method is driven by organizational growth, customer experience, and competitive disruption.

The shift from the cost-driven to cost-and-quality-driven approach to choosing a tech vendor has opened the doors to the Eastern European tech talent market.

When companies choose between vendors, priority should be given to the vendor that brings the most value for the cost incurred. Value comes from the efficiency of delivery, from implementing what is required for the business; in this domain, understanding the client's business is a key differentiator.

#### ***Not having the right combination between business understanding and technical expertise***

Pairing technical skills with business understanding can differentiate between outsourcing with a dedicated team versus working with people for their specialized roles. Having a team that can see and understands both sides of a project will make communication easier, planning faster, and ultimately bring more value to the business.

#### ***Treat the outsourced team as an external team and not as a strategy to scale***

Due to changes in the way we work, due to COVID 19, companies need to adapt fast to the industry changes. Nowadays, companies need to integrate the internal team and the offshore team, making them one.

People lead from purpose, so treating them as an external team will not generate value in the long term. When you incorporate the outsourcing team into the internal team, both groups will reach goals faster.

### III. What are the common mistakes you should avoid when outsourcing?

#### ***Not having an expert on your side***

Many partnerships fail due to not setting expectations clearly from the beginning or from not meeting them along the way. Usually, when you start outsourcing for the first time, you need to analyze with the nearshore team to check the business requirements. If you don't have any business requirements, it is wise to ask the outsourced team to write it so an expert can put it under review. Your expert can continuously assess value over time the team produces as well as ensure constant communication.

#### ***Put significant problems into perspective by being a critical thinker***

When you start looking for a nearshore partner, it is an excellent time to think about new concepts to improve your business model even further. Setting up a timeframe and coming up with new projects or ideas in the following months will set you apart from your competition. Agility in software development drives changes in the way businesses and outsourcing companies interact.



## IV. What are the STRATEGIC BENEFITS OF outsourcing?

### Strategic Benefits

Access to expertise when and where needed

Attract talent

Cost-and-quality efficient

Agility and transparency

Support for product development

In the differentiation process, mindit.io put the client's shoes on to understand and offer the best expertise and innovative solutions.

### From Strategic to Tactical Layer

mindit.io blends technical expertise and business expertise in multiple industries

mindit.io puts people first

mindit.io is the place where right skills and values are brought for a fair rate

Agility and transparency are qualities that mindit.io always deliver

mindit.io supports companies throughout their journey in fully deploying or implementing a new product or service, even improve the existing ones

Create a differentiator

## V. Conclusions

When developing a business solution, you always have two alternatives: hire an in-house team or outsource the project.

Because outsourcing is a long-term relationship, finding the correct partner is critical to achieving your commercial, financial, and technological goals. The most important advice is to choose an experienced, but not necessarily significant, supplier since smaller businesses are more likely to pay attention and aim to give superior service.

While many companies find it challenging to outsource their needs, outsourcing may help them expand and become more efficient. Many well-known worldwide organizations, such as GitHub, Skype, and Slack, have already done so. The only question is if you're willing to follow in their footsteps?

If you answered yes, these are the primary considerations you should make when selecting an outsourcing partner for your next company concept or project.

### Outsourcing steps

#### Consultancy

Consultancy is the first step in our partnership. In this step, we will offer the needed support and help in making the right decision. Our experts will provide some of the best solutions and strategies to prevent problems and improve performance. In every step, project management is present, where we will guide you by advising on and executing the best structure and composition for the project.

#### Analysis

In this phase, we will divide the project into specific business needs. The analysis phase also includes estimating the price and the team that will turn the project into reality.

#### Development

After we agree on the budget estimation and assign the team that will work on the project, we will start the development phase. Here, we put into perspective the requirements and deliver a solution based on them. The architecture is built to fit your needs, and we will ensure that every component is working correctly. After the development phase, our support and maintenance are available, and we will provide expert troubleshooting of complex technical challenges such as fixing bugs, implementing new features along with updating legacy app.





We can be your outsourced development team.

We are a partner, not a reactive supplier.

We keep our promises - we always deliver!

Let's meet

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