In-house vs outsourced development

Most people who want to develop an app are not technically savvy. When they are ready to develop an app, they always ask themselves if they know anyone that can write code. If you know someone who can, you should consider what it takes to develop a successful app. You need to consider growth hacking, technical architecture and development when developing an app. We will take a look at the pros and cons of hiring your own team vs outsourcing the development.

Planning

This is pretty much the most crucial stage of the development process. The advantage of working with an outsourced partner who helps with the planning stage is that they have done this before. Developers who help with planning have knowledge on coding hacks that help increase your chances of going viral, hacks that help with customer retention. If you bring someone on board that hasn't done this before and you miss some of these hacks it could end up costing you millions down the road. Uber for example, built an invite system via email or Facebook when they started that allowed users to send a coupon to their friends and this simple hack helped Uber acquire users as a rapid pace and easily saved them 8 figures down the road.

Development

When you use an outsourced developer, it's not just one guy writing code for you. Many people think that hiring a developer or 2 will get the job done and that's just not true. An outsourced developer will have anywhere from 6-12 people working on your project for 2-6 months depending on the complexity of the project. A typical project has a Technical Architect, a Business Analyst, a designer and 1-3 developers for each language you are developing for (IOS, Android, Web).

Costs

Let's compare the costs of hiring internal developers as opposed to outsourcing a 200k project to a world class development team. Internally, you will need to pay each of the employees that you hire roughly 80k a year. Also, you will need to pay for equipment and office space for each of these employees. Also included will be payroll taxes and health insurance. Studies actually show that you can save up to 75% and get better quality of work when you outsource the development to a world class development team.

Obstacles

When you work with an outsourced developer you will get a quote and a fixed time for delivery. These companies also have processes in place to keep the project moving along smoothly. Hiring an internal team is much harder to manage. If any of you have worked for a company that have an internal IT/development team, you know that they never hit development times on projects that they are working on. It's the same when you hire a team to develop your app for you. UI/UX design and quality are actually the 2 biggest obstacles that people face when they try to hire a team to do develop the app internally. Keep this in mind, people buy products and not ideas, and this is why it's so important to knock it out of the box the first time you go to market.

Recommendation

We advise all of our clients to work with a world class outsourced development team for your version 1 and eventually move towards hiring an internal team. As a savvy business person you will know when the time is right and any good developer will help transition the code over to your team.

The Lean Startup is a great book to read if you want to get more information on how to start a business, get it off the ground and get the best possible ROI on every dollar you spend. Development costs will be the first important business decision that you are face with and it is critical to start off by making good decisions. Feel free to reach out to us at DevFactori if you have any questions.