

# Tech outsourcing pros and cons

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Pros and Cons of Information Technology Offshoring Outsourcing Information Technology (IT) has many advantages and disadvantages. IT Outsourcing is just similar to any other type of overseas development services. Nowadays Offshore Software Development is expanding all over the world. Previously, outsourcing decision was as simple as checking the budget, experience of the service provider and present in-house ability. Outsourcing is a hot button issue for many Americans. There are some that agree it is a good way to save money, and there are some who believe it takes jobs away from Americans. Pros The following is a list of pros for offshore outsourcing: 1. Better quality, at lower cost in shorter times. Service providers provide qualitative services not at high cost but competitive rates. Asia is known for its service, and this attribute clubbed with qualitative manpower makes Asia, especially India an ideal outsourcing destination. 2. Cost effectiveness Products or services can be purchased at lower costs for consumers. Outsourcing a company's IT requirements save you as much as 30% of company's expenditure and that says for itself. One can always resort to Offshore Software Development to implement huge projects, which may not be affordable to a company in the western world. Offshoring not only takes care of the development costs but also slashes hiring costs, training costs, and cost of infrastructure to a larger extent. 3. Controls costs by cutting labor costs and therefore maintains profits. (weir, 2009) 4. Companies can concentrate on core activities when they outsource while it offloads its non-core activities to other service providers (Sohail, 2012). 5. Outsourcing can help companies handle overflow situations (Sohail, 2012). 6. Outsourcing is great for providing opportunities that would not normally be available for the

people in that country. 7. Opportunities for employees of diverse cultures to learn about other cultures and experience training in areas that will improve the betterment of their lives. 8. Outsourcing enables companies the ability to offer support and care for customers covering all time zones. 9. Proper training of employee's in other countries, will make our company a World Wide leader in its industry that stands above other companies like it. 10. The ability to hire a staff that is highly educated, at a fraction of the cost. 11. Being able to use the foreign trade agreements to reach customers from all over the world increasing the revenue. Cons The following is a list of cons for offshore outsourcing: 1. Foreign resident operations are harder to monitor and do not have the same rules and regulations as the local operations (Gorg H. & Hanley A., 2011). 2. Outsourcing can open companies up to breaches in confidentiality and security (Jain & Swarup, 2011). 3. Job losses for Americans by giving jobs to other countries. 4. Outsourcing can hollow out an organizations, by "farming out" too many jobs. The heart of the company can be run in other countries, and the control can shift more easily (Bajec P. & Jakomin I. 2011). 5. Flexibility can be an issue if the outsourcing partner is against changes in the business environment (The dark Side of Outsourcing, 2007). 6. Communication problems also can lead to challenges in communication. In this kind of setup for support e-mails, instant messaging is more important as you have everything in black and white rather than having verbal commitments. 7. Time-zones can be a problem when the customer, and the vendor are in two different time-zones. It is really important to understand the difference between time for online meetings and requirement between the customers and vendors. 8. Cultural and

language differences between two countries also can cause the disadvantage for technology off-shoring. 9. Service provider of technology support in the trend to diversify its own business may neglect and not give better performance to customer in all projects. Offshore outsourcing can have advantages as well as disadvantages. It is a debate that runs through America as well as many other countries, and one that may never be agreed upon. When companies chose to outsource, they must weigh many factors and decide if it is the right decision for them. Reference A-1 Technology-Innovation in the software industry. Offshore outsourcing needs a careful plan. (2006). Retrieved from <http://blog.a1technology.com/2006/10/offshore-outsourcing-needs-careful.html> Bajec, P., & Jakomin, I. (2011). The next big opportunity to build intelligent outsourcing transport problems, *An International Scientific Journal*, 6(3), 41-50. Gorg, H., & Hanley, A. (2011). Services outsourcing and innovation: An empirical investigation. *Economic Inquiry*, 49(2), 321-333. doi: 10.1111/j.1465-7295.2010.00299.x IT Outsourcing with Advantages and Disadvantages. (2012, summer). Retrieved from [http://www.offshoringtimes.com/Pages/2007/offshore\\_news1444.html](http://www.offshoringtimes.com/Pages/2007/offshore_news1444.html) Jain, S., & Swarup, K. (2011). Offshore Outsourcing: A Strategic Approach towards Maximizing Organization Value. *Synergy* (0973-8819), 9(2), 59. Sohail, M. (2012). Outsourcing the information technology function: Perspectives from employees. *South African Journal Of Business Management*, 43(2), 51. The Dark side of Outsourcing. (2007). Retrieved from [http://offshoreitoutsourcing.com/documents/outsourcing\\_problems.asp](http://offshoreitoutsourcing.com/documents/outsourcing_problems.asp) Weir, A. (2009). Corporate America. Discover