

Comparison List \_\_\_\_\_

# **WHICH COUNTRY IS BEST FOR COST-CUTTING SOFTWARE DEVELOPMENT OUTSOURCING** \_\_\_\_\_



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As outsourcing is all the rage today, many CEOs, project managers or CIOs might be interested in outsourcing software development to a third country. With much lower salaries for high-quality software developers, this is how you get the work done with optimized results. However, the process towards such results is no piece of cakes: you need to consider so many things before making up your mind.

The most important element to be considered is, of course, your hired offshore software development team. But before getting to that, you need to have an overview of the location that you choose, or as CMC Global says, the industrial landscape in one particular country.

For those who are familiar with software outsourcing services, they'll know that there will be some similarities for service providers in every country. However, each country also has its very own patterns that can deeply affect how you work and how the result will be delivered, not to mention time zone differences and cultural gap. In this article, CMC Global will share with you our insights and experiences as an IT company as well as a service provider. Let's look at our comprehensive overview of top outsourcing countries for web development for the future.



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# OUTSOURCING DESTINATIONS IN ASIA





## VIETNAM

The software outsourcing rates in Asia is always significantly lower than their peers in other continents, due to its low living cost and a massive pool of IT talents there. Hands in hands with these perks are challenges in language, time zone, and cultural disparities.

### GSLI overall country rankings

The top three remain the same, while the United States, United Kingdom, and Germany perform well in the top 15

- Financial attractiveness
- People skills and availability
- Business environment
- Digital resonance

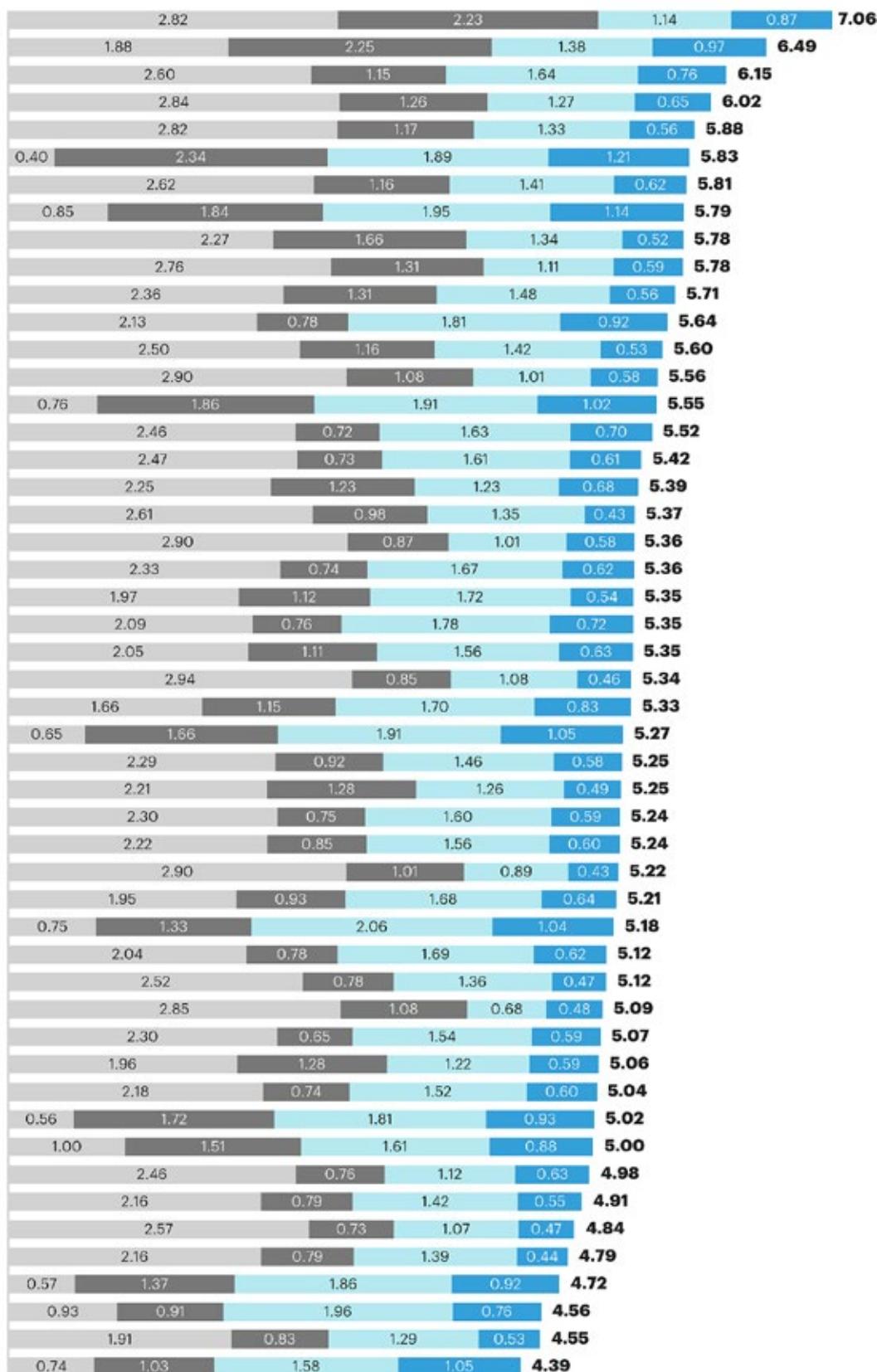
**Notes:**

For France, Germany, the United Kingdom, and the United States, Tier II locations are assessed. Numbers may not resolve due to rounding.

**Source:**

Kearney GSLI 2019

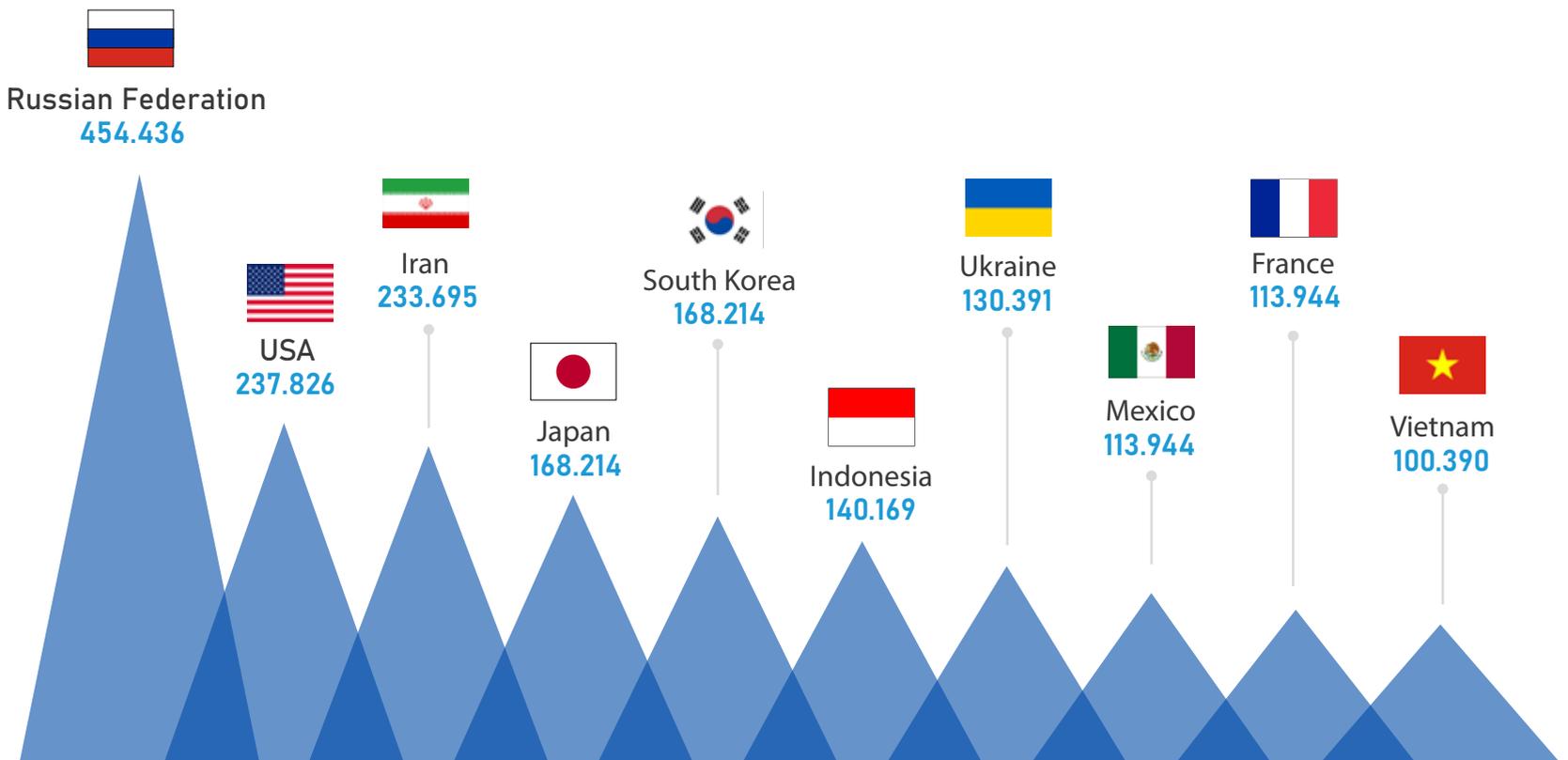
Rank	Δ	Country
1	-	India
2	-	China
3	-	Malaysia
4	-	Indonesia
5	1	<b>Vietnam</b>
6	16	United States
7	1	Thailand
8	11	United Kingdom
9	(4)	Brazil
10	(3)	Philippines
11	2	Mexico
12	13	Estonia
13	(3)	Colombia
14	-	Egypt
15	2	Germany
16	13	Lithuania
17	(2)	Bulgaria
18	5	Russia
19	1	Peru
20	4	Ukraine
21	7	Latvia
22	(13)	Chile
23	9	United Arab Emirates
24	(12)	Poland
25	(14)	Sri Lanka
26	10	Portugal
27	19	Canada
28	(10)	Romania
29	6	Argentina
30	4	Mauritius
31	(5)	Hungary
32	(11)	Bangladesh
33	(17)	Czech Republic
34	13	Singapore
35	6	Slovakia
36	(9)	Morocco
37	(7)	Pakistan
38	2	Panama
39	(2)	Turkey
40	4	Uruguay
41	1	France
42	3	Spain
43	(5)	Kenya
44	(13)	Costa Rica
45	(12)	Ghana
46	(7)	Trinidad and Tobago
47	2	Ireland
48	-	New Zealand
49	(6)	South Africa
50	-	Israel



With dramatic economic growth over the last century, skilled and well-educated workforces, this small country is Japan and Korea’s new software outsourcing paradise. What makes Vietnam a lucrative IT investment is its potential in people. Right now, there are approximately 100,000 developers and 75,000 content specialists working in this field, while another 40,000 IT graduates each year.

**THE COUNTRIES WITH THE MOST ENGINEERING GRADUATES**

Top countries for graduates in engineering, manufacturing & construction\*



Charted by Statista

Besides that huge number of personnel, Vietnam also offers another good deal for software development outsourcing services: low cost with convenient geographic location. The time zone here is flexible to adapt to many different continents’ that many Canadian and American companies have chosen Vietnam for outsourcing. That is said, the magic can be done overnight: while you are sleeping, the work is being executed on the other side of the globe.

There are some drawbacks, too. The English proficiency of the population here is still on their way to improvement and right now, its chance to beat other old-timer outsourcing countries such as the Philippines and India is quite low. However, most Vietnamese big outsourcing companies with main markets focusing on foreign countries have IT professionals who speak English fluently or contractors to assist the teams in understanding the problems and customers requesting from parent companies.

Low cost is a perk of the Vietnamese IT industry. According to [a report in CIO magazine](#), Vietnam software development outsourcing is 90% cheaper than the US. Here, a top-quality engineer earns around \$18 to \$22 an hour, which is even 30% to 40% less than China, India, and Indonesia.



# THE PHILIPPINES



Manila, the Philippines' capital is considered the second-best city when it comes to [software outsourcing on a global scale by Tholons Globalization Index](#). There are so many reasons that make the Philippines one of the top-of-mind locations for software development, ranging from the IT employees' competencies and skills to the affordable price.

According to [research conducted in 2016 by the Primer](#), the Philippines ranked 13th in the English Proficiency Index worldwide and 3rd among Asian countries. With language strength, a Western lifestyle, and cultures resulting from a past of colonization, the Philippines has become an emerging destination for outsourcing. And thanks to a special relationship between the Philippines and the U.S dating back to 1951, US businesses are the biggest clients for most Philippine outsourcing companies.

But due to the nation's unpredictable politics and economic instability, other foreign companies and investors may hesitate to start outsourcing.





# THAILAND

Sharing the same strength in English fluency, Thailand is quite a competitive player in the Asia outsourcing game. As they say, “One man's loss is another man's gain”, the economic boom in the late 80s and early 90s has brought a huge amount of foreign accuracy into Thailand. Thus, in just 3 years, they started developing considerably in varied areas, including IT outsourcing. Most customers coming to Thailand are in search of IT services such as IT consulting, mobile application development, software quality assurance or testing, web design, digital marketing, etc.

And yet, there are too many drawbacks that can hold Thailand's IT outsourcing industry down. First is the poor condition of software piracy levels. According to an article in [The Bangkok Post](#) in 2018, 66% of software installed on Thailand computers was not properly licensed. Second are the threats coming from prominent new political forces wishing to rebel now and then. The country's political instability can be a huge obstacle to prevent potential customers from choosing Thailand outsourcing companies.



India is definitely among the leading nations in this software development outsourcing field. Their advantages both lie in their workforces quantity and quality, with a huge talent pool of different skill levels. Not limited to Asia areas, India is also considered to be one of the best outsourcing countries to provide excellent software development services at very affordable prices.

However, Indians have some barriers that they are still struggling to overcome. First is the language. Despite being under the British colonization for a long period of time, the English that Indians speak has a strongly-local accent, which makes it very hard to understand and communicate. Secondly is the facility drawback. Until now, Indians have had to suffer from unstable internet and electricity. This means that somehow, one of the biggest outsourcing countries like India still has to experience power outages for hours frequently. Unbelievable, but it's true.



# INDIA





A list of top Asian IT outsourcing countries without China is not a completed one. In 2016, the HackerRank blog even voted for [China as the hypothetical “programming Olympics”](#) for the country’s technical competence, skills, and software development expertise as a whole. Every year, China has 4.7 million tech graduates, which is a much higher number than their outsourcing peers on any continent. Moreover, Chinese outsourcing agencies are offering a lower service cost than any other country around the world and even across Asia.

However, countries that are keen on outsourcing to China need to prepare for these following drawbacks. Firstly, just nearly [1 in 100 Chinese can speak English](#), according to a study by The Telegraph. This means only 10 million of China’s 1.3 billion population can communicate in English, posing a huge communication barrier for most international companies, especially those coming from the West.

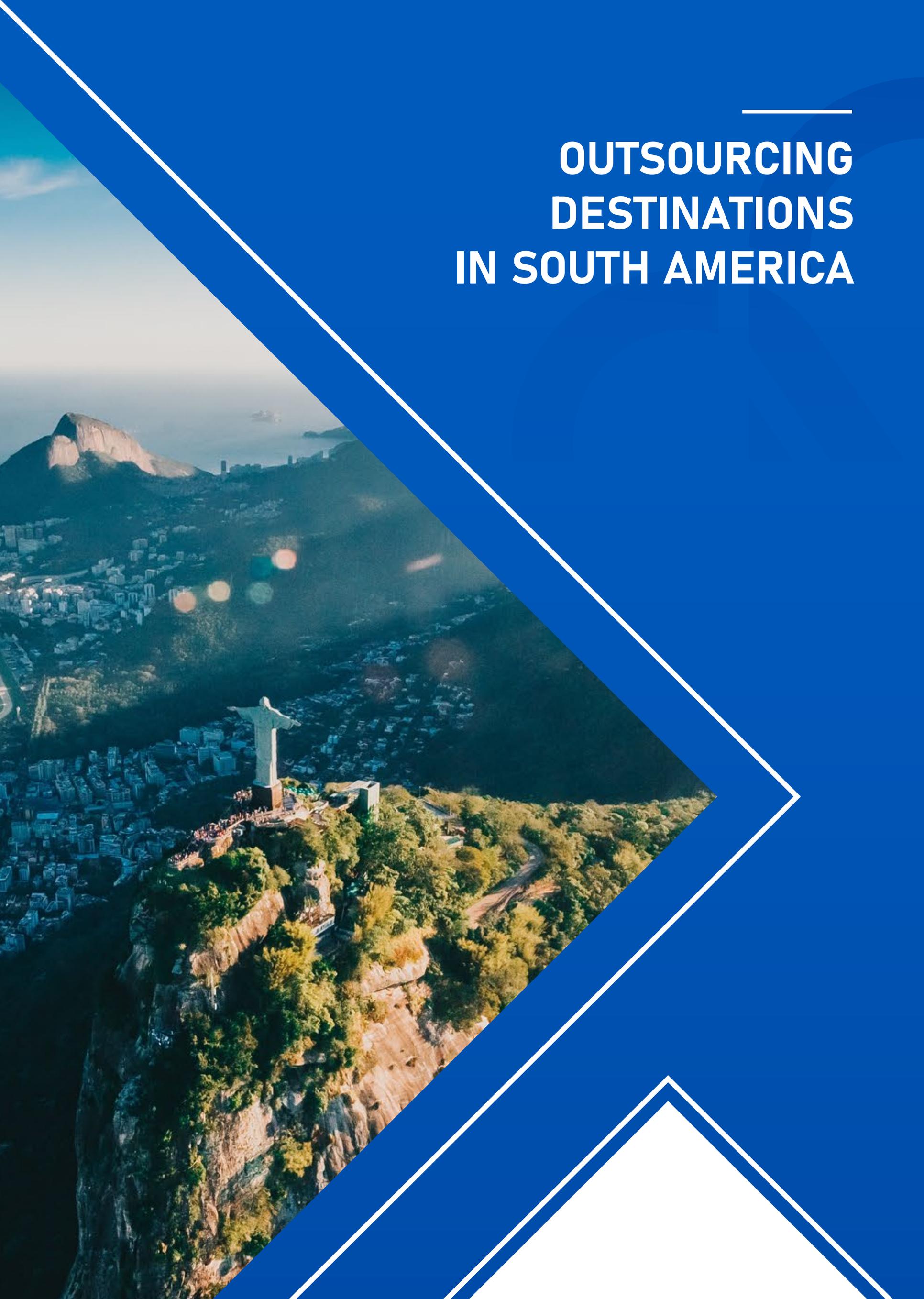
Secondly, China is widely known to have strict lax enforcement of Intellectual Property (IP) laws. And yet, you can have this problem solved by hiring a reputable outsourcing company.

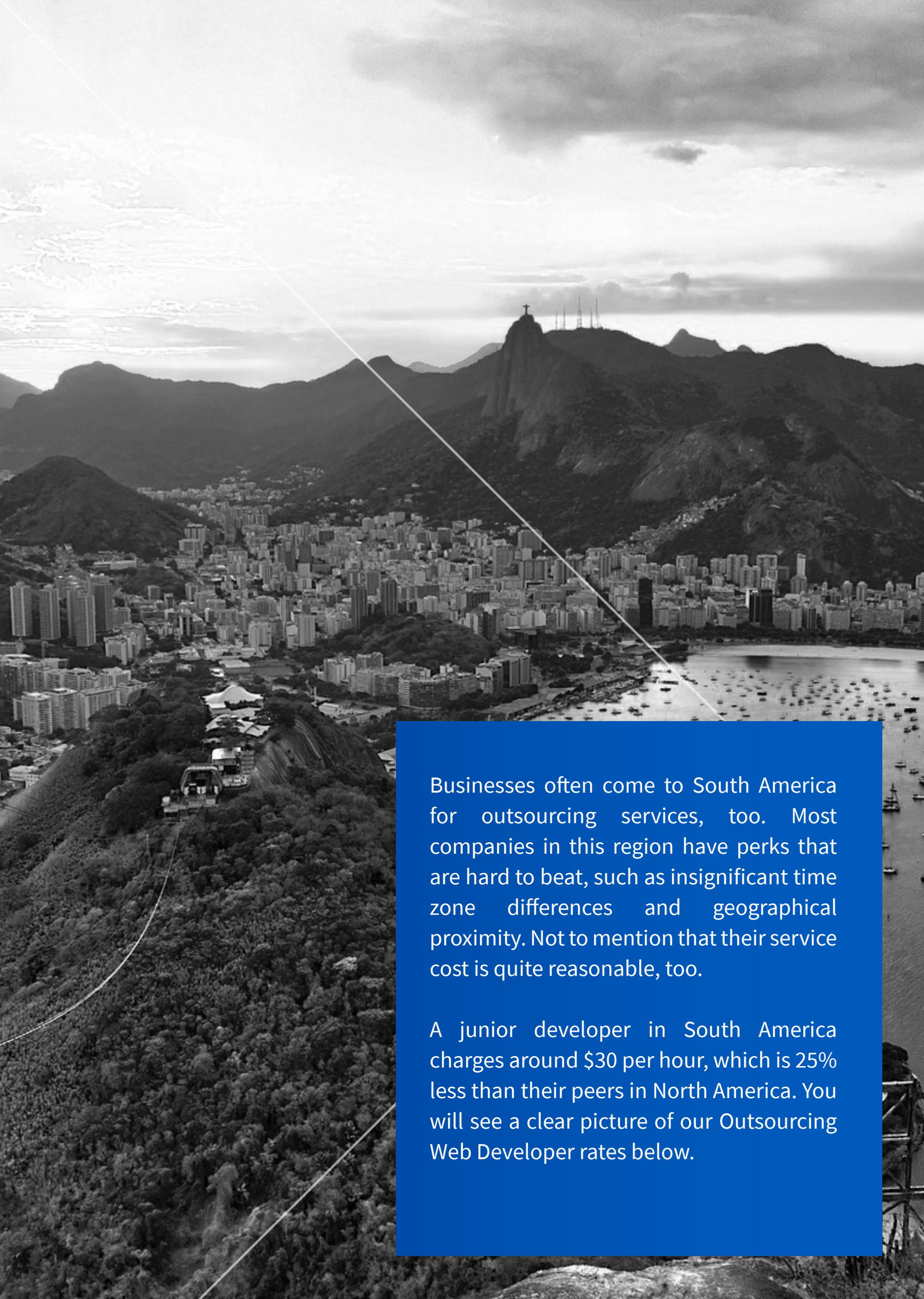
# CHINA



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# OUTSOURCING DESTINATIONS IN SOUTH AMERICA





Businesses often come to South America for outsourcing services, too. Most companies in this region have perks that are hard to beat, such as insignificant time zone differences and geographical proximity. Not to mention that their service cost is quite reasonable, too.

A junior developer in South America charges around \$30 per hour, which is 25% less than their peers in North America. You will see a clear picture of our Outsourcing Web Developer rates below.

Argentina has stable growth and a pleasant economic climate demonstrated by the 53rd rank in the International Monetary Fund's 2017 GDP outlook. Its government shows huge support for the field by passing many laws to support IT initiatives and attract more international business to the country.

In Argentina, a developer usually charges \$30-50 per hour. Therefore, even though the outsourcing industry comes mostly out of Buenos Aires, there are still rooms to scale up and create more outsourcing centers here.



# ARGENTINA





# BRAZIL

Brazil is South America's largest economy with the appearance of many Fortune 500 companies, especially those in the IT industry such as IBM and HP. Among them, many of which really benefit from the talents and cost efficiency of skilled Brazilian software outsourcing services.

Most Brazilian are fluent in English, giving it a strong advantage towards Asian and African peers. But most importantly, Brazil has two most critical things to rank itself on CMC Global's list of top outsourcing countries, which are nearshore location and the potential of IT resources. With more than 250,000 IT professionals, and around 23,000 new IT graduates to be on board each year, such an ideal place and a large talent pool guarantee this country as a good selection for any companies interested in Brazil outsourcing.





# COLOMBIA

Colombia is one of the top software development outsourcing hotspots in the South America area. Here, tech jobs are not only cheaper for the customers, but also helps this small country to reach an international technology benchmark.

This leap is the result of 2 main reasons: the great support from the government and its telecommunications infrastructure. The government's huge investment and tempting benefits policies for global IT leading companies and its world-class infrastructure years ago. Moreover, the telecommunications infrastructure in its sprawling, high-altitude capital - Bogota ranks 4th in terms of broadband penetration among 46 South American cities.

All reasons combined, many companies all around the world head to Colombia as an ideal outsourcing destination to hire software developers. The two cities to have attracted investment the most are the capital - Bogotá, and Medellín.



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# OUTSOURCING DESTINATIONS IN EUROPE





There is no doubt about the skill of software developers in Europe, and you can get your high hopes with excellent density, too. Even with a much higher rate, outsourcing in Europe is still a popular destination for companies in need of outsourcing qualified developers with intermediate or upper-intermediate English.



This country has been boarding over 60,000 Romanians working in the local outsourcing sector. These people are contributing to almost 20% of the Central and East Europe outsourced software development workforce. Along with Ukraine, Roamina has a huge number of huge international clients like Dell, IBM, Oracle, Microsoft, and Ubisoft.

Another prominent advantage of outsourcing to Romania is their English fluency: Romania is among the top 16 in Europe for English proficiency, higher than France, Spain, Italy, or Greece. This country even ranks 20th in the world, according to [a report by local Digi24](#). Their location also provides an ideal and comfortable connection for local software outsourcing companies to meet with their clients.

# ROMANIA





# UKRAINE

Ukraine is among the most promising countries to offer excellent software outsourcing services. Being the perfect mixture of Western and local features as it is, this state has the advantages of a skill pool of nearly 100,000 IT and Software professionals who have great latest technology capabilities. This country is particularly famous for its C++ programmers and other fields of software development.

Even though not everyone in Ukraine speaks English, a huge percentage of the IT community (80%) are fluent in English. And with the time zone here overlapping with the US and UK's time zone, it is quite easy to set regular meetings between the offshore teams and their clients. You can be sure that there are almost no communication barriers when working with a Ukrainian outsourcing company.

Plus, the Ukrainian education system has a total of over 30,000 students in IT-related fields, which is a force that can't be ignored. World's large corporations such as Microsoft, Intel USA, Nokia, are all importers of Ukraine's software services.





According to the [HackerRank report on the world's best software engineers](#), Poland ranks the third with astonishing numbers: 7,7% of their programmers started programming when they were 5–10. Polish IT talents are among the most skilled Java developers globally and even ranked in the top five for other programming languages, for instance, Python, Shell, or Ruby. Poland has attracted numerous multinational organizations with their efficient software outsourcing solutions. It ranks among the first Eastern European nations to provide cutting-edge technologies and affordable programming experts.

For European or US companies, working with Poland agencies is a no brainer since they have merely any cultural differences, adjustable time zone differences and proximity. That means more simple communication and a higher rate of successful collaborations.

However, Poland companies pay their developers quite well, up to \$1,000 more than their neighboring European countries. For instance, while a Ukrainian developer can earn \$2,000/month, his peers of the same level would make over \$3,000 in Poland. You can say that their service is worth the high price.

# POLAND



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# WHICH COUNTRY BEST FITS YOUR NEED



You have dozens of selections in the list above, however, to find the best-fit destination for an effective and cost-cutting web development solution you need to carefully consider and make your own comparison checklist before starting. Normally, there are four key success factors that you need to think about before starting a project with a third party:

- Technical Skill Evaluation**
- Service Rates**
- Government's Policy and Legislation**
- Cultural Compatibility and Communication**

Let's walk through all factors:

## 1 TECHNICAL SKILL EVALUATION

Asian Countries	South American Countries	European Countries	African Countries
A key strength for Asian players is the availability of a huge pool of high-quality IT talents. What is more, IT engineering is now a trending major in these countries, giving them the advantages of a young, eager, and highly-educated labor force in the future.	With such a great IT pool of talents, one can find thousands of highly skilled developers from this growing hub of advanced agile development. Most South American professionals tend to have stronger teamwork since they communicate more openly and directly.	European developers are generally well-regarded and acknowledged than their Asian and African peers. Most of the countries were used to being a part of the Soviet Union, which explains why they can establish such relatively high-quality technical education. Poland, Romania, and Ukraine developers all rank as the most proficient and experienced developers in custom software, web/app development.	Today, education has become a top priority in most countries, and the ones in Africa are not excluded. These reforms directly affect the IT industry in a good way with 10% of school being upgraded with new multimedia laboratories and good internet connectivity each year.



## 2 SERVICE RATES

Asian Countries	South American Countries	European Countries	African Countries
<p>Without a doubt, the Asia outsourcing market offers the world's best deal for IT and software development. With countries such as Vietnam, China, and India, international companies can save from \$30 to \$100 per hour in the charges rate for software and IT development outsourcing services.</p>	<p>Depending on the task's requirement, complexity, and other criteria, you can hire an experienced software developer in South America for \$30 or \$50. Top specialists can charge two or three times higher, but the hourly rate on the average doesn't exceed \$50.</p>	<p>Even the price for outsourcing services of European companies is often higher than their competitors coming from Africa or Asia, you can expect a pretty lower cost in comparison to their counterparts in the West.</p>	<p>The truth being said, you can hardly find any cheaper outsourcing software development services option than the one you have in Africa. In countries such as Egypt, Kenya, Morocco, or Nigeria, software developers would charge for \$20 or less per hour.</p>

## 3 GOVERNMENT'S POLICY AND LEGISLATION

Asian Countries	South American Countries	European Countries	African Countries
<p>Many third-world countries have just recently switched their focus from hardware devices production to providing IT services. So, early-adopters such as India, China, and Thailand take their chances to establish a pro-IT policy to boost their outsourcing software development capabilities. Vietnam is now on the rise to become a leading player in their area, too.</p>	<p>Here, the government understands the importance of IT outsourcing businesses to their economics very soon. Thus, many laws were passed to support technology initiatives and attract international customers.</p>	<p>Some of the leading countries here are members of the European Union. Therefore, you can be confident that most outsourcing nations will comply with the organization's standards in data, and IT to provide the European standards products and services.</p>	<p>African governments fully understand the opportunities that digital technology can bring out to their economy and society as a whole. Thus, IT companies are being supported by governments in terms of technical research and development. Such support has created an environment where outsourcing initiatives can establish legitimate software development services and grow fast</p>



**4** CULTURAL COMPATIBILITY AND COMMUNICATION

Asian Countries	South American Countries	European Countries	African Countries
<p>This is an obvious downside for all Asia countries when working with clients coming from the West. Apart from countries with deep impacts from colonization such as the Philippines, the English literacy rates in most Asian nations are not high. However, big outsourcing companies such as CMC Global, with almost three decades of experience, always have teams of professional IT comtors who ensure a smooth and effective communication process between the offshore team and their clients.</p>	<p>In South America, most countries are strongly influenced by European civilizations in terms of culture. Therefore, their work styles, business approaches, and problem-solving mindset are quite identical to their customer, making it easier for collaboration and a sustainable partnership.</p>	<p>Customers from North America, Western Europe, and even Australia are all fond of European outsourcing agencies for their language proficiency, skills, and cultural fit. With many similarities in working style and mindset, clients coming from the West can effortlessly interact with the external development team.</p>	<p>In developing African countries such as Egypt, Arab is the main language despite having English and French being the secondary one. Thus, you may have some struggles with communicating. However, these sub-Saharan countries are now having huge cultural integration with Western clients, thus changing their working styles and priority foreign language gradually.</p>

To sum up, as you can see, the best nation for outsourcing software development could be India. Customers can search for technological innovation in rising countries such as China and the Philippines. But for those who are genuinely looking for outsourcing solutions, new entrants with eager and dedicated employees such as Vietnam and Thailand are also great choices with growing talent pools of software service delivery.



With 27 years of experience acquired from CMC Corporation in the field of Information & Communication Technology (ICT), CMC Global has been providing a wide range of comprehensive IT services, from consulting solutions to implementing infrastructure to achieve the highest level of requirements.

CMC Global applies proven industry standards in operation and management systems to ensure the highest quality of services and meet customer satisfaction. CMC Global integrates international standards and quality management practices such as CMMi and ISO 27001 into the entire software development process, thus enhancing project delivery qualifications.



**COMPETITIVE PRICING POLICY**

CMC Global offer reliable and high-quality services at a competitive price range that is worthy of our client’s trust and investment. With our help, the ODC project to your business can begin much sooner with much lower expenses compared to building everything from scratch.



**EXPERIENCED RESOURCES**

Here at CMC Global, we maintain a stringent procedure of recruitment to ensure a staff consisting of a pool of highly-skilled, certified and proficient software developers. They can help our clients reach their business goals using unparalleled domain expertise combined with cutting-edge technologies.



**SECURITY**

Partnering with CMC Global, our clients can still retain full control over the project management, even from the staff selection stage for the ODC. We also adopt a flexible and scalable model that allows effective resources allocation in accordance with our clients’ demand. All projects in CMC Global is guaranteed with 100% absolute security.

We’re happy to discuss with you to find out success solution.

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