**The Hidden Costs of Full-Time Software Developers**

by Drew Hendricks

Software development is one of the hottest areas for outsourcing, with businesses realizing that they can easily assign projects to workers in remote areas and save money. Programming talent is not limited to any geographic area, especially now that so many organizations have dedicated themselves to cultivating and nurturing [technology talent in developing nation](https://www.bcgperspectives.com/content/articles/development-globalization-bridging-skills-gap-developing-countries/)[s](http://www.bcgperspectives.com/content/articles/development-globalization-bridging-skills-gap-developing-countries/).

But some companies steadfastly stick to the practice of paying salaried developers to handle all of their programming needs. These may be software development firms that provide applications to a variety of clients or businesses that have a full-time need for software development and upgrades.

“There are a myriad of reasons why enlisting the help of specialized freelance, tech talent can make a tangible impact on a company’s bottom line,” says [10x Management](http://10xmanagement.com/) Founder, Rishon Blumberg. “In addition to getting fast access to high level technical expertise, working with a freelancer can save an organization money in a variety of ways.”

If your organization is one of the many paying salaries to full-time software developers, there are a few hidden costs that could make a difference. Outsourcing could eliminate these costs, giving your business an annual financial savings that can then be put toward other expenses.

**Environmental Distractions**

Despite predictions that telecommuting is the future of work,[only 37 percent](http://www.gallup.com/poll/184649/telecommuting-work-climbs.aspx) of American professionals work from home. Software developers fit the ideal profile for remote work, since their daily tasks are often completed in solitude. For the many businesses that still require full-time salaried developers to work on site, there are many productivity challenges, especially in the popular open-plan offices.[One study found](https://harmon.ie/blog/businesses-waste-10375person-year-distractions-infographic) that workplace distractions cost companies $10,375 per person annually. Businesses may actually find that hiring remote workers saves money if they allow those developers to work from the comfort of home.

**Local Cost of Living**

Assuming a business hires local full-timers, the cost of living must be factored into the overall expense. Salaries[can vary](http://money.cnn.com/calculator/pf/cost-of-living/) from one area to another and full-time workers are more likely to demand the local market rate before accepting a position. By using contractors and freelancers, businesses have the option of hiring a worker in an area with a lower cost of living, even if the worker is required to come into the office occasionally for meetings.

**Office Space**

Salaried software developers are more likely to need dedicated physical space, even if that space is shared with other telecommuters. By switching to contract workers, a business can eliminate that commitment, which frees up desk space for other workers. For a new business, contracting out software development means that they can invest in a smaller office lease, if they choose any space at all. This saves money on utilities, rent, and office equipment, since contractors customarily use their own computers, printers, and scanners.

**Limited Perspective**

When a business limits itself to the same group of salaried employees, working year after year, that business can easily fall into a rut. Contractors[bring in new perspectives](http://www.10xmanagement.com/engineers-should-be-taught-to-fight/), often suggesting improvements that come from their own outside experience. Business leaders may feel more comfortable asking a temporary worker for thoughts and ideas and the contractor, in response, may feel freer to speak up. This is especially true if a business regularly brings in new contractors to work specifically on one or two projects. New contractors will have a fresh perspective, since they haven’t been involved in the company’s work on other projects.

**High Turnover**

While the research on the cost of losing an employee[varies widely](http://www.zanebenefits.com/blog/bid/312123/Employee-Retention-The-Real-Cost-of-Losing-an-Employee), most business owners realize that recruiting, interviewing, and training new workers is a considerable expense. A contractor commands an hourly wage, based primarily on the level of experience and expertise that contractor brings to a project. Instead of paying top dollar for a salaried worker at that level, a business can usually afford an hourly wage for the duration of a project for a contractor. The specialized information that a developer needs to learn can usually be passed on quickly, but the advanced coding skills a programmer has can easily transfer from one project to the next.

There are benefits to hiring full-time salaried software developers, but businesses should weigh them against the pitfalls. By understanding the full cost of each approach, leaders can make fully-informed decisions and choose the option that works best for them.

Find Out More About Hybrid Cloud Strategy

Kevin Patel   
AUG 14, 2016 00:02 AM

Hybrid cloud refers to a cloud computing environment that uses a blend of third party public cloud and private cloud service by orchestrating between these platforms. That is, it pulls in operations, traditional data center infrastructure and applications to offer an efficient customized solution that enterprises need. Hybrid cloud offers businesses more data deployment options and flexibility by allowing the movement of workloads between public and private clouds as computing costs and needs change over time.

Hybrid cloud is mostly valuable for workloads that are dynamic or highly changeable. For instance, a transactional order system that tends to experience a spike in demand during the holiday season is an ideal candidate for [hybrid cloud](http://www.xangati.com/product-portfolio/). This application could run on the private cloud, only using cloud bursting when accessing additional computing resources that are in a public cloud. To connect public and private cloud resources, a hybrid cloud environment is required.

Cloud infrastructure is a highly efficient advancement of the scale out deployment and server virtualization model even though it is not ideal for all applications. A good hybrid strategy requires proper planning as opposed to taking simple steps. This ensures that the plan will be operational. Generally, a cloud computing strategy is like a business strategy, hence must be planned in the context of business objectives and goals.

Here are some of the major stages in planning a hybrid cloud strategy:

* **Assess the Current State of your IT Strategy**

You need to begin by assessing the present state of your IT strategy and how effective it is in serving the business. IT organizations have grown in an unplanned fashion. Despite having begun like well planned hardware and software sets, they have grown over time into a collection of multiple computing silos.

Although your IT infrastructure may be a well orchestrated and planned environment, it is like to resemble a garage that is packed and disorganized. Furthermore, it is likely to be between two extremes. That is, it provides the kind of manageability and flexibility that supports business change and new initiative or it is a collection of different software products, different servers as well as a variety of disconnected tools.

Ultimately, your assessment must be honest to ensure you understand what is working and what does not work. Look at the systems that are vital to the business operations and the applications that no longer embrace the changing trends. In addition, assess the flexibility of the existing infrastructure, in a situation where the business must undergo change.

* **The Future of your Business**

It is important to not only understand the current state of the business, but also how it is likely to evolve in the next 3 to 5 years. Some of the questions that you need to ask include the following:

**What is the future of the business?**

**Do you belong to an industry the experiences dramatic shifts in how suppliers, customers and business partners collaborate?**

**Are your emerging competitors implementing technological ap**

**What opportunities present new business strategies whose driving force is emerging technologies?**

If there are changes in your industry you need to ensure that you have the right technology to enjoy a competitive advantage. Thus, this process presents unanticipated advantages like preparing you for in depth understanding of the opportunities that are emerging as well as position your business for change.

* **Learn and Experiment with Cloud Computing**

When you know the current state of your business as well as its possible future, take time to experiment and learn the cloud computing options. Take time to understand the best practices and various cloud computing options that can be helpful to your business. You can also examine the strategies your peers are using and the results they are getting. Some of the questions that you may ask include the following:

**What innovations are marketing young companies?**

**What best practices have worked for other companies within your industry?**

**What innovations are young companies bringing to market?**

**How can you present a new approach that will allow you to compete effectively with large organizations in your industry?**

The best thing about cloud computing is that you can experiment. That is, a majority of the companies offer trials of their technology. Furthermore, open source offering gives the opportunity to test if the options will serve your business for free.

* **Get your Most Strategic Partners Involved in the Process**

It is crucial to get strategic partners involved in this process. Your customers and suppliers are your best customers, as they will help you understand how they can collaborate with you in future. While at it, be sure to take into account- privacy, security and governance policies that you must adhere to, as these become part of how you deal with cloud computing as an organization.

* **Plan for Implementation**

It is impractical to try and get everything done at once, thus you will need an implementation plan through which you can deploy sections of your overall plan.

You could begin by providing controlled access to public cloud service for developers trying a new application with the aim of supporting a business initiative that is experimental.

Ultimately, you should always look at your hybrid cloud strategy as being a multi-year effort. This is because it includes everything from the private cloud service to supporting the emerging internal development as well as deployment needs to a means of leveraging public services in liaison with the data center.

**About the author**

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