

Nearshoring: The New Normal

All You Need To Know About Nearshoring 2021-2022

Regardless of industry or business size, companies around the world hire third parties to carry out vital business functions to cut costs, improve quality or increase efficiency. This is not a new concept – but as the demand for top technical talent continues to rise, tools and services that facilitate outsourcing keep evolving. Nearshoring, a closer-to-home version of outsourcing, is quickly becoming the go-to choice for companies that favor close geographical proximity. Over recent years, and especially since the pandemic, Costa Rica has become an attractive nearshore location for US-based companies.

- Is nearshoring the “new normal”?
- Is it the right solution for your company?
- And if so, how do you find the partner that's right for you?

Continue reading to find the answers to these and other nearshore-related questions.

Benefits of Nearshoring

The main reasons for companies to outsource business processes are to reduce costs, improve quality, and increase efficiency. By bringing in external specialists and knowledge, companies can better focus on their main objectives and strategy.

Nearshoring is a form of outsourcing in which business processes are relocated to countries that are more cost-effective yet geographically close to the parent company's location. When a US-based company hires a software development company in Costa Rica (for example, Pixel506) instead of India, their nearshore team will be working in the same (or very close) time zone as their local team, making communication more convenient during regular business hours.

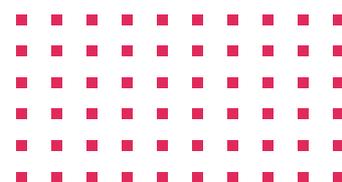
The reasons why US companies choose nearshore development may include fewer cultural discrepancies, greater speed to market, and, quite often, improved control of their intellectual property. But there are more benefits to nearshore outsource software development.

1. Improved control of intellectual property

Companies that are located in nearby countries might have the same data protection laws and regulations, and similar financial and legal constraints as the country in which your business is headquartered.

2. Less cultural discrepancies and language barriers

English is gaining importance in most Latin American countries, especially among professional services firms that work with international clients. Having less cultural discrepancies and language barriers improves communication and collaboration.



3. Similar time zones

Being in the same or similar time zone as your external team decreases the need for late-night and early-morning calls and you won't have to wait until the workday starts in another location around the world to receive a response to your email.

4. Greater speed to market

Working together with an external team that is located in a similar time zone to your own, makes the entire collaboration faster. This allows you to develop and launch your products or services much smoother and quicker than offshoring to other countries.

5. Reduces digital disruption

Traditional businesses have started to embrace digital transformation. Nearshoring plays a crucial role in this process because it's easier to enable digital transformation when working with experienced professionals who have the resources and capabilities.



Why nearshore in Costa Rica?

Now that we have disclosed why nearshoring is an attractive alternative to traditional offshore outsourcing, let's take a deeper dive into the nearshore industry in Costa Rica. Over the past decade, Latin American countries have emerged as a preferred destination to outsource business processes with Costa Rica as a major player.

1. High Education Level

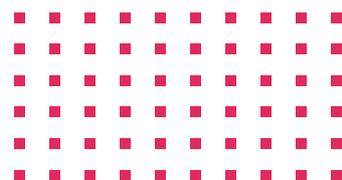
The Costa Rican educational system has been repeatedly recognized as one of the best in the region. Many Costa Rican-based companies offer a highly educated workforce with truly bilingual team members.

2. Language/Multilingual

You want to ensure that the people that you work with understand your business, your goals, and the way that you operate. In Costa Rica, English is widely spoken among business professionals so you won't have to deal with "lost in translation" issues. According to a 2020 study by Statista, Costa Rica is among the top three countries with the best English-speaking capabilities in Latin America and the Caribbean (LAC).

3. Similar Cultures

Costa Rica has a very rich and unique culture, but when it comes down to work ethic, the country is not all that different from the US and Canada. Deadlines, commitments, and responsibilities are recognized and valued.



4. Ideal Time Zone

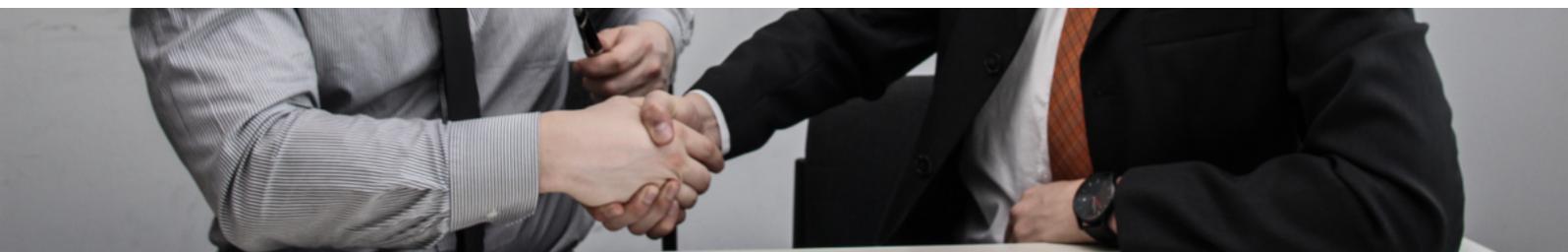
Costa Rica operates in Central Standard Time, which aligns closely with the time zones in the United States. When working with teams based in Costa Rica, you can contact one other during business hours which will keep the workflow quick and efficient.

5. Politically and Economically Stable

Costa Rica is arguably the most economically stable and environmentally progressive country in Latin America. It is also one of the few countries in the world that does not have a standing army. Instead of arms, the country invests its money in education.

6. Top-Quality Connectivity

Costa Rica has a relatively modern telecommunication infrastructure and the second-highest Internet coverage in Latin America. According to a SUTEL report, fiber-optic internet lines in Costa Rica grew 146% between June 2019 and June 2020.



How to pick a nearshore partner

When you have decided to outsource your business functions to Costa Rica, you will need to find a partner that can deliver. There is no harm in shopping around and evaluating different agencies before hiring one. There are several key factors that you should consider.

1. Security

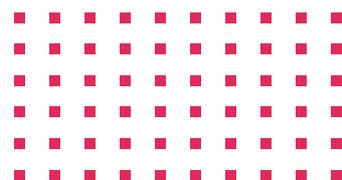
You always want to make sure that your intellectual property is protected and that your rights to it are secured. Ask potential partners about their security procedures, Master Service Agreements (MSA), and Non-Disclosure Agreements (NDA).

Pixel506: “Our clients own all accounts, assets, and performance data of campaigns and projects that we have developed and executed for them. If you decide to cancel your contract with us, we will hand over all the completed work.”

2. Language/Multilingual

When working with external teams, you should be able to communicate in a clear, goal-oriented way that leaves no room for interpretation. Ask potential partners about their communication styles, communication tools, and the level of English of their staff.

Pixel506: “We have a vast array of communication tools to keep projects running smoothly, incl. Slack, Zoom, and Figma. We can integrate the tools that you prefer, or introduce you to the tools available to us. All of our team members speak English.”



3. Quality

A company that can show you a strong track record of software development projects and positive client testimonials will assure you that you are dealing with a professional agency that you can trust.

Pixel506: “Fortunately, pretty much all companies that give us a chance stay with us. At pixel506.com/case-studies, you can find some of our most rewarding work, although this is only a fraction of our experience and services offered.”

4. Turnover

When interviewing a potential nearshore company, make sure to ask them about their turnover rates and what processes they have in place to ensure new staff is well-trained before they are being assigned to your company and your projects.

Pixel506: “We highly appreciate the people that we work for and with. By treating each other with respect and care, we build positive, high-quality, long-term relationships; these are actually things we hear pretty regularly from clients and team members.”

5. Talent

Ask potential partners about their team's experience and education to better understand what to expect. You can also inquire about their hiring process and to what extent they involve their clients.

Pixel506: “We are committed to finding the right candidates for our clients but we don't focus solely on technical skills—we are firm believers that finding the right cultural fit between your in-house team and your external team is just as important.”



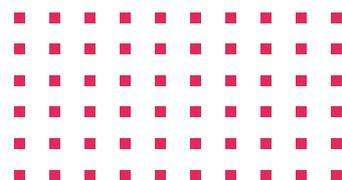
Why nearshore with Pixel506?

Pixel506 is a Brooklyn-born company that is headquartered in Costa Rica and has team members based in Peru, Nicaragua, and Colombia. Together with 85+ talented and dedicated professionals, we help businesses gain a competitive advantage and exceed business goals through user experience strategies, data services, and digital solutions.

But we are more than a software development company; we're an end-to-end solutions provider. This means that we deliver every aspect of an innovative solution from start to finish. We bring strategy, technology, creative and digital marketing together into one customized solution.

We understand the US market well but also aim to fully understand each individual clients' needs and requirements. We always have our client's needs in mind and seek to build long-term relationships, rather than short-term advantageous business connections.

Founded in 2009, we have over a decade of experience helping big, medium, and small companies succeed in the digital world. Contact us today to see how we can help—we look forward to getting to know you, as well as your business, over a digital cup of coffee.





Do you want to improve your business productivity?

With Pixel506's nearshore services, your business will enjoy numerous advantages. Let us manage your digital solutions, so you can focus on further growing your business. Get the help without the hassle.

Get Started



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