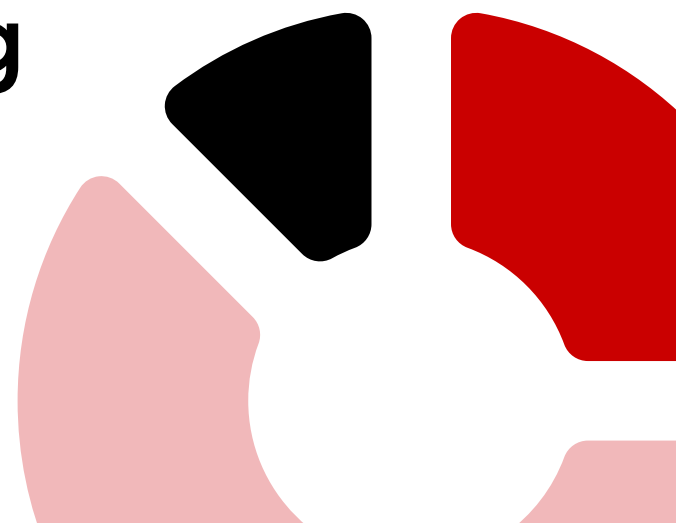
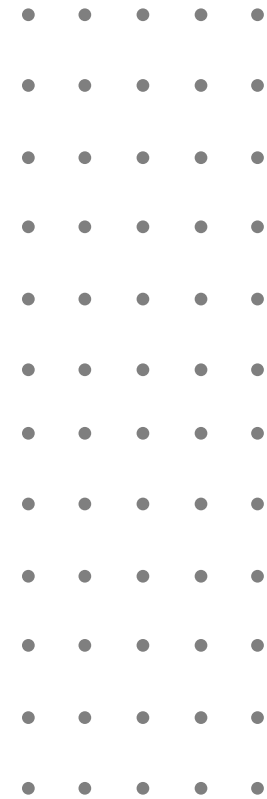




# 2022 State of Tech Staffing

Feb 2022



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# Introduction and Key Findings



## Introduction & Methodology

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From the growth of the gig economy and remote working, to the ushering in of the Great Resignation, trends like these naturally have a tremendous impact on the way that we work.

As a global software development powerhouse, we are continually invested in the state of the industry and how we can continue to support start-ups in their success. As in-house teams have become offshored, roles continue to be outsourced, and customer expectations for excellence remain as high as ever before – the marketplace is well and truly disrupted.

The world is now facing a clear supply and demand issue, where more software developers are in higher demand than ever before in today's Dev teams, and yet there has never been less in-house talent available. So, what does this new paradigm shift look like for today's tech companies, especially those working in the software development industry? How does this shift affect recently funded start-ups, who are competing during a golden age for venture capitalism, unicorn companies and investment, where opportunities for growth and success have never been greater, and the competition has never been fiercer?

### Methodology

To get deeper insight into how these start-ups are handling the shortage of tech talent for software developers, we commissioned a survey of 200 senior tech leaders in the US, all of whom work within the high-tech industry. The survey was completed by Global Surveyz, an independent survey company, and took place during January 2022.

All the companies that we surveyed have received an investment round of \$1M or more, either Seed, Round A or Round B over the past six months. Respondents included CTOs, CEOs, VPs HR, Recruitment or Talent, as well as VPs in R&D, Engineering or Technology. The respondents were recruited through a global B2B research panel and invited via email to complete the survey. The average amount of time spent on the survey was 6 minutes and 28 seconds. The answers to the majority of the non-numerical questions were randomized to prevent order bias in the answers.

## Key Findings

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### 1 Outsourcing & remote teams are the future of successful tech development

Outsourcing for software development is expected to grow 70% between 2022 and 2023, a huge leap. As the world becomes increasingly smaller, the concerns about remote teams are all but gone, with 99% of respondents seeing benefits in working remotely. What remote benefit crowns the list? More productivity, which 75% of respondents see in practice in their own remote teams.

### 2 20% of tech talent has to be replaced... How much does this cost?

Something has to change in the way that companies hire developers. For 68% of companies, it takes more than a month to recruit a developer, and on average, 20% of their recruits need to be replaced, showing a direct conflict that could lead to or exacerbate critical shortages. It's clear that organizations need a better solution for onboarding quality developers quickly, and leveraging some insurance in case these developers don't work out over time.

### 3 Cost vs. scale: Senior managers diverge on the benefits of outsourcing

While outsourcing is clearly becoming the status quo, the benefits of this approach are perceived differently across organizations. While 48% of HR leaders say their top benefit is cost savings, the CTO isn't going after an outsourcing strategy just to save money alone. Instead, the CTO's top priority is being able to scale fast (42%), followed by saving time when hiring good people (39%). Outsourcing approaches that can marry the priorities of HR and the CTO will be especially valuable in years to come.

#### 4 **Local vs. global: Where to outsource talent and *why***

While outsourcing is proving essential, 98% of respondents have concerns when thinking about outsourcing software engineering, with the largest concern being the quality of the work itself (56%). A quarter of respondents also called out high cost as a top concern. Choosing the right location to outsource from is imperative for today's companies. While local talent may break the bank, thinking outside the box to find quality, multidisciplinary offshore talent can both support the CTO with scale while ensuring that HR can keep costs to a minimum.

#### 5 **To achieve scale, it's time to reimagine outsourcing**

While risk reduction is a focus for the majority of start-ups at Seed stages, Round A and B start-ups have different priorities, and start-ups quickly become more focused on scale when they get past this critical juncture. A top challenge standing in the way of that scale is the length of time it takes to hire quality talent (66%), followed by a lack of team leads (51%). Both of these challenges could be solved with a smart outsourcing strategy, where remote work trends are embraced to hire not only developers, but middle management, too.



# State of Outsourcing

## Percentage of Software Development Outsourcing, 2021-2023

Outsourcing for software development is expected to grow more than 70% between 2022 and 2023, showing tremendous growth and evidence of businesses taking advantage of a global talent pool.

As remote work becomes the norm, a lot of companies have taken this opportunity to hire anywhere in the world. They can see that it's fueling unprecedented productivity and growth, as they have become accustomed to virtual meetings and cloud. If trends continue, we expect outsourcing to keep growing and explode to an even greater extent over the next few years.

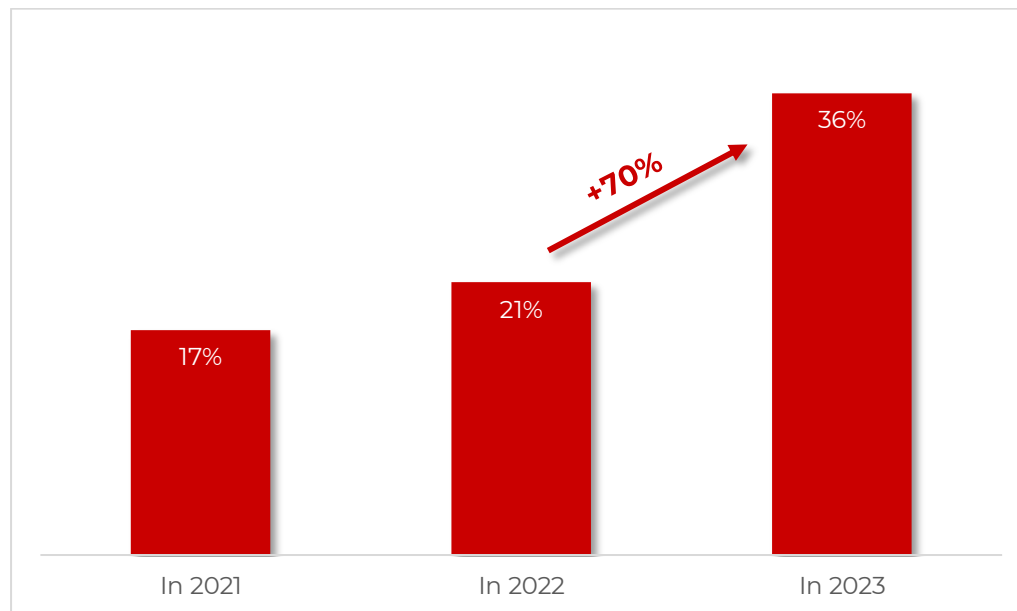


Figure 1 Percentage of Software Development Outsourcing, 2021-2023



## Percentage of Tech Talent Outsourced in 2021

The top tech role being outsourced is UI/UX designers (34%), followed by software developers (31%), and then QA (28%).

When looking at software development specifically, there is a big jump between the amount of outsourcing in the Seed round and the A round of funding, from 25% to 34%, showing growth of more than a third.

As startups move from MVP to gaining revenue, and they have raised their Round A, which is typically a large amount of money, they can't keep up with demand and need to turn to outsourcing to meet the pressure to deliver.

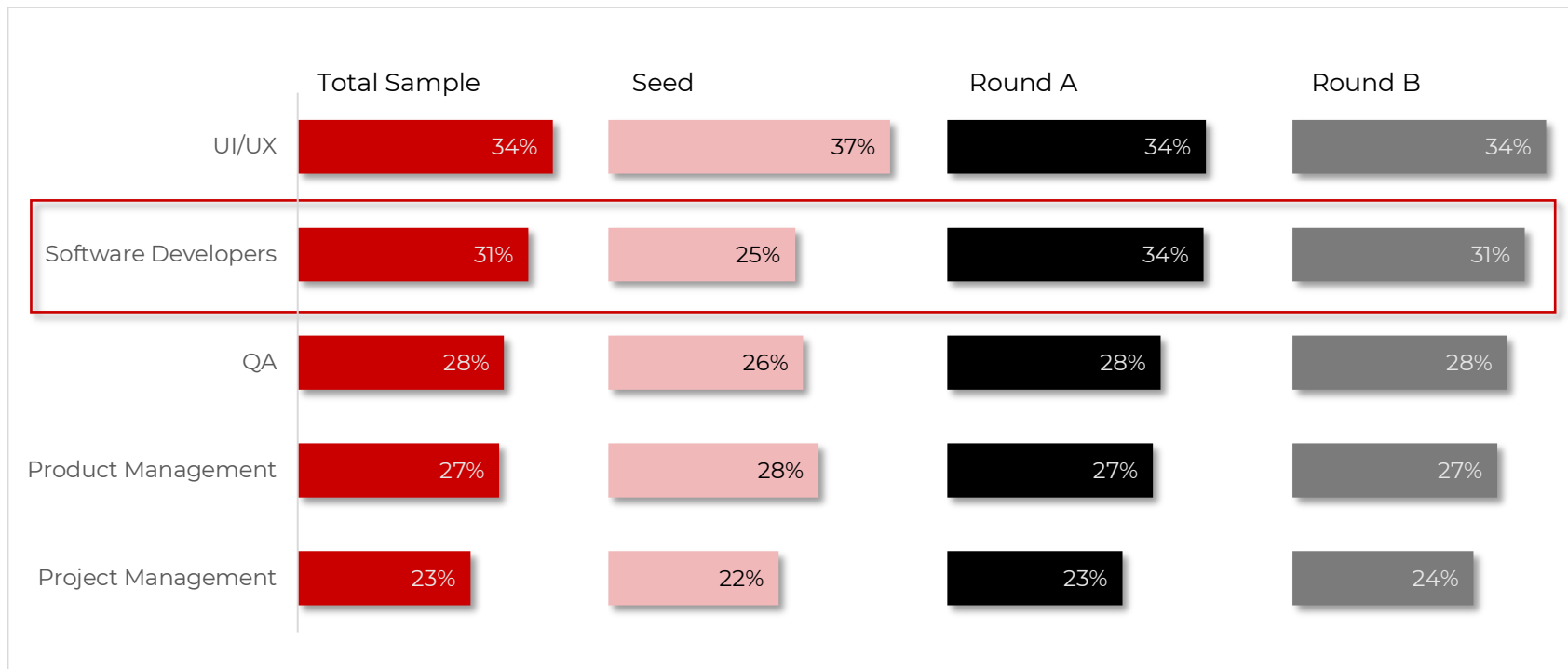


Figure 2 Percentage of Software Development Outsourced in 2021 (Weighted Average)

## Top Benefits of Outsourcing Software Development According to C-levels

The top benefit of outsourcing software development according to CTOs is the ability it brings to scale and resize development teams (42%), followed by time savings, at 39%.

This mirrors what we saw above, where outsourcing becomes more prevalent at the Round A stage, the point where scale matters more than ever. Outsourcing can help to achieve this scale, while also saving time on traditional hiring processes.

In contrast, HR leaders see the top benefit as cost savings (48%). HR's focus is on reducing expenses, while the CTOs are asking for support with scale and growth. This misalignment between teams highlights the different focuses across the business as well as a critical need for efficient outsourcing that delivers quality, but cuts costs and lengthy processes.

\*This question allowed more than one answer and as result, percentages will add up to more than 100%

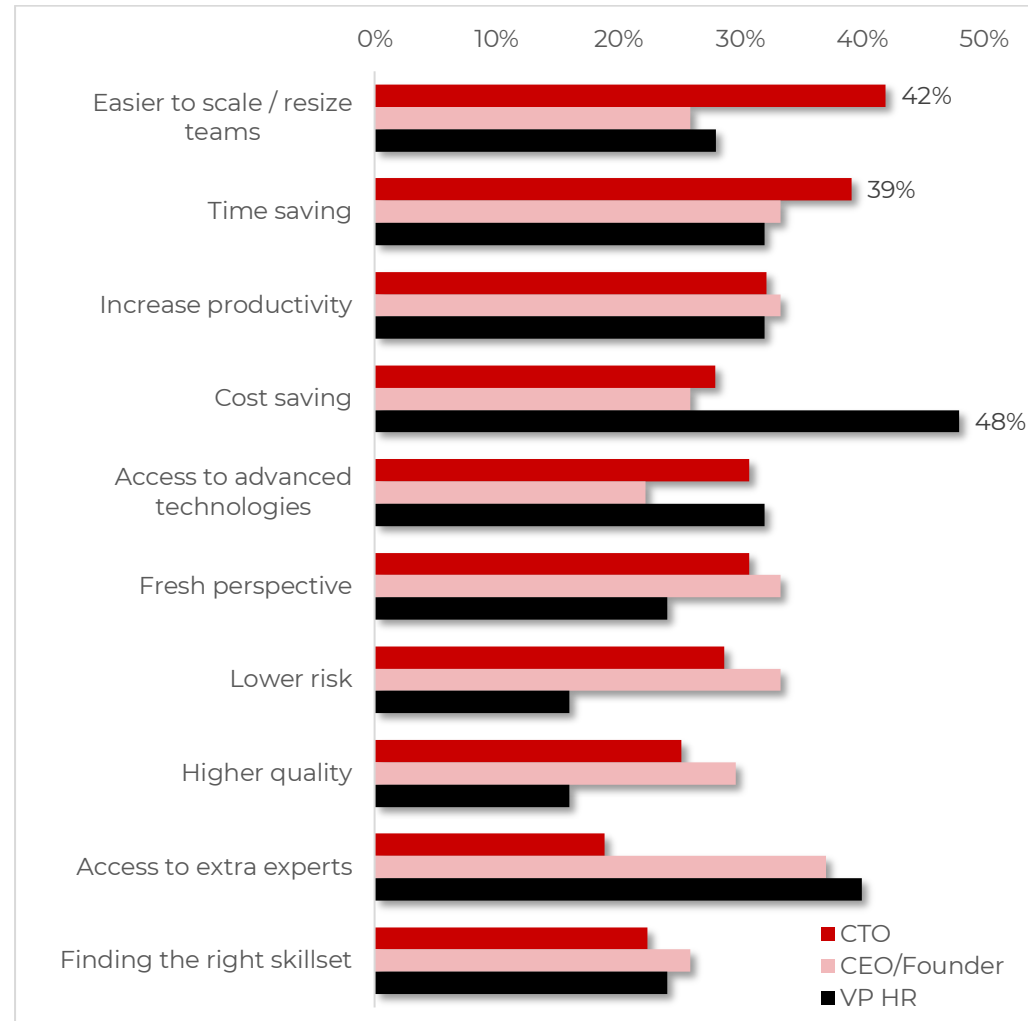


Figure 3 Top Benefits of Outsourcing Software Development According to C-levels

## Top Benefits of Outsourcing Software Development by Funding Stage

The top benefits to outsourcing software development are scalability of team size (38%), time saving (38%) and increased productivity (33%).

While Seed startups see outsourcing as primarily an excellent way to reduce risk (52%), as they grow, the focus diverts from risk and moves more towards time savings (46%) and scaling teams. (45%)

When comparing companies after Round A & B, easier ability to scale is the top reason for round A (34%), while for round B, it is time savings (46%).

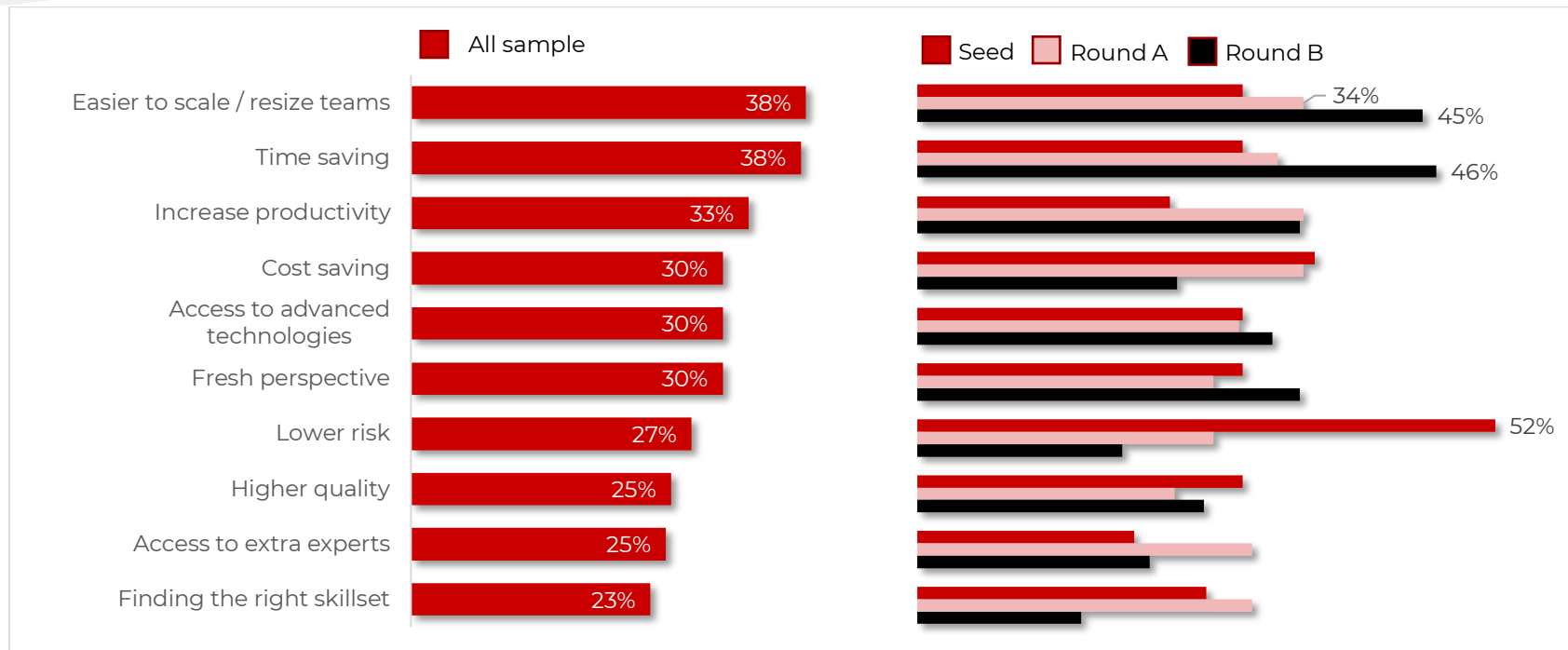


Figure 4 Top Benefits of Outsourcing Software Development

## Biggest Concerns with Outsourcing Software Engineering

98% of people have concerns about outsourcing software engineering. The biggest concern by far is the quality of resources (56%).

25% of people say they are concerned that outsourcing is too expensive. This is interesting when considered against HR's earlier belief that outsourcing will support cost-savings.

It's possible that not enough people consider offshoring and are limiting themselves to only looking at onshore alternatives. The key is to think globally, but choose wisely when considering the best talent the world has to offer. This is critical for achieving reduced costs while simultaneously alleviating the top concern – ensuring quality of resources. When the right locations are chosen, quality and cost-savings can co-exist.

\*This question allowed more than one answer and as result, percentages will add up to more than 100%

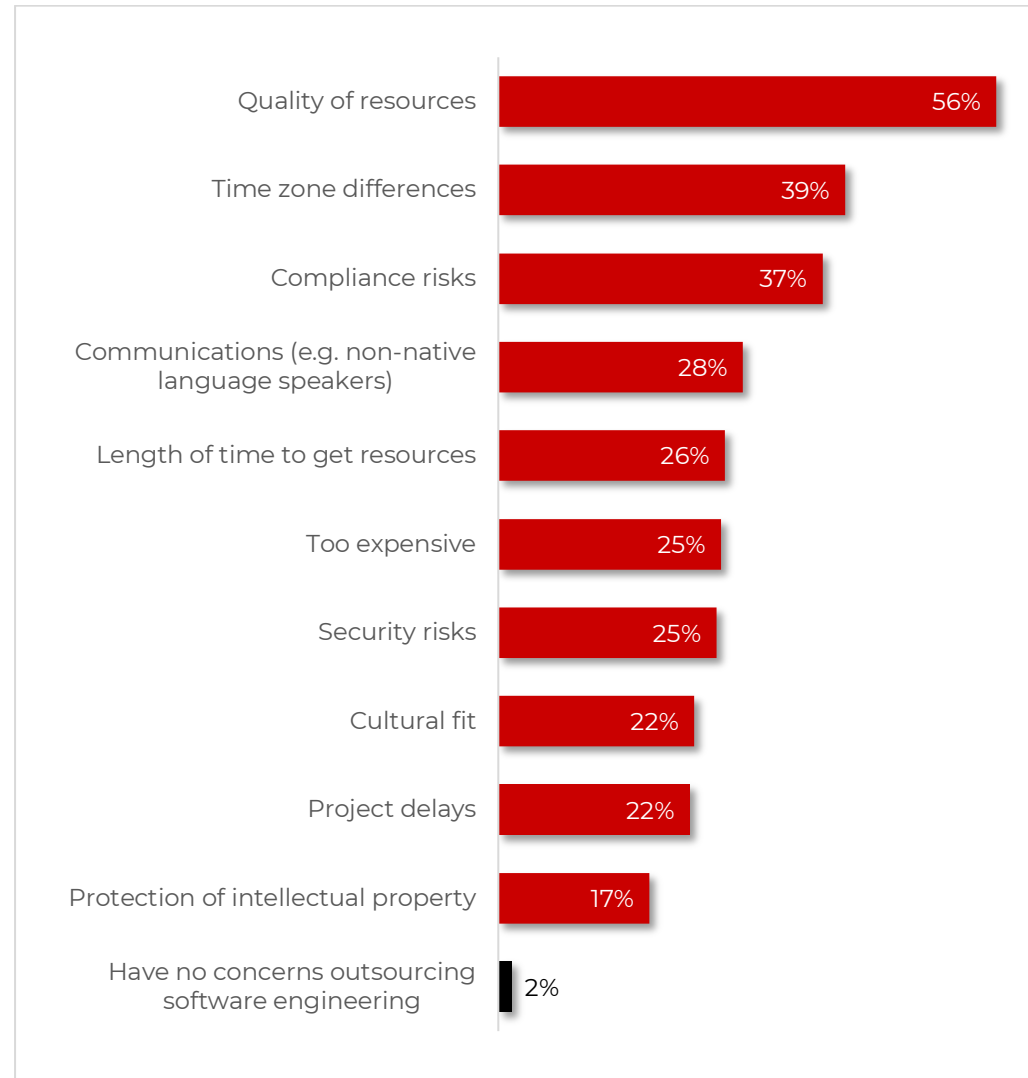
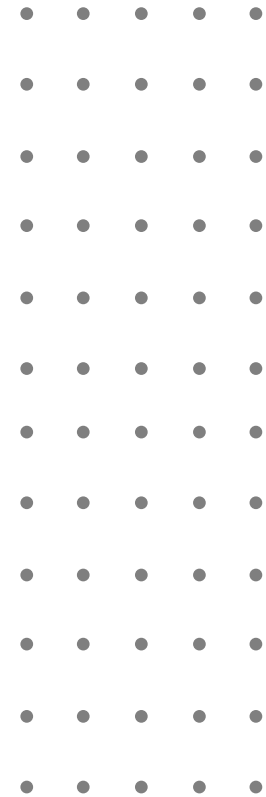


Figure 5 Biggest Concerns with Outsourcing Software Engineering

# The Impact of Staffing & Managing Engineering Teams



## Time to Recruit Developers and Replacement Rate

On average, it takes 7.5 weeks to recruit a software developer and more than 68% of companies indicated it takes them more than a month to recruit developers (figure 6).

Yet on average, more than 20% of developers need to be replaced. 68% of companies are replacing more than 10% of their tech hires (figure 7).

Companies need a solution for reducing the time it takes to recruit developers, and protection in case they don't work out.

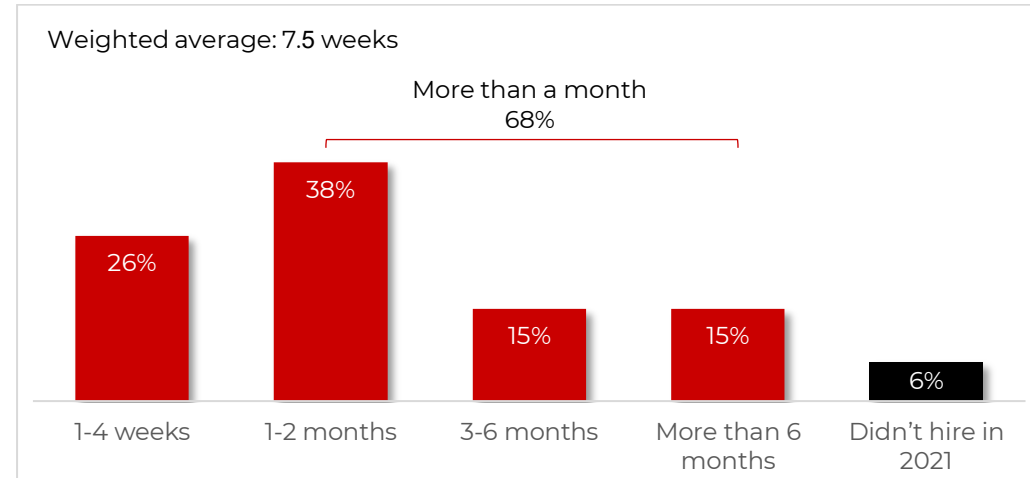


Figure 6 Time to Recruit Software Developers

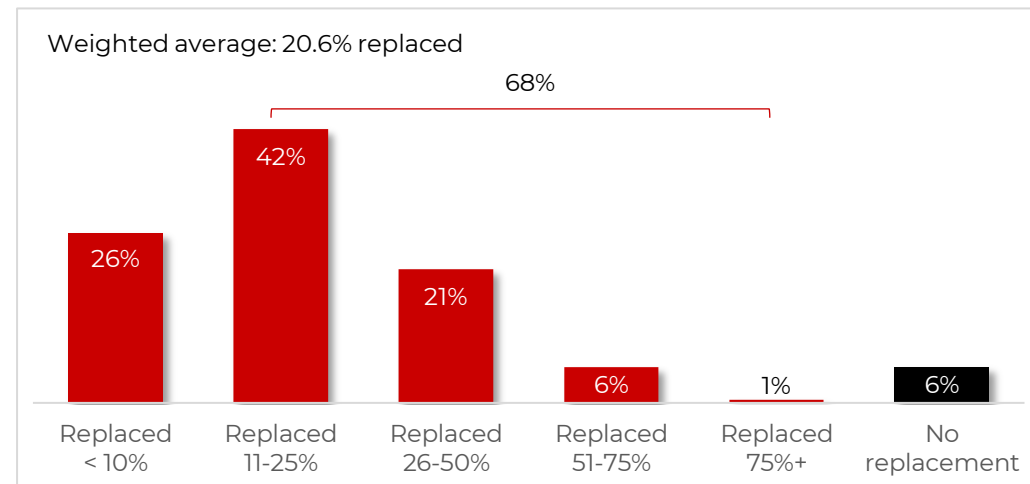


Figure 7 Percentage of Tech Hires that are Replaced

\*Percentages on figures 5 and 6 do not add up to 100% due to rounding up of numbers

## Software Development Languages in Use

Python is the most popular software development language in use (55%). Despite that, all seven options are widely used by more than a quarter of respondents as one of their main tools. It's hard for organizations to find developers who have the right skill sets, as there is no clear dominant development language in use, and so businesses need to find developers with wide abilities and experience.

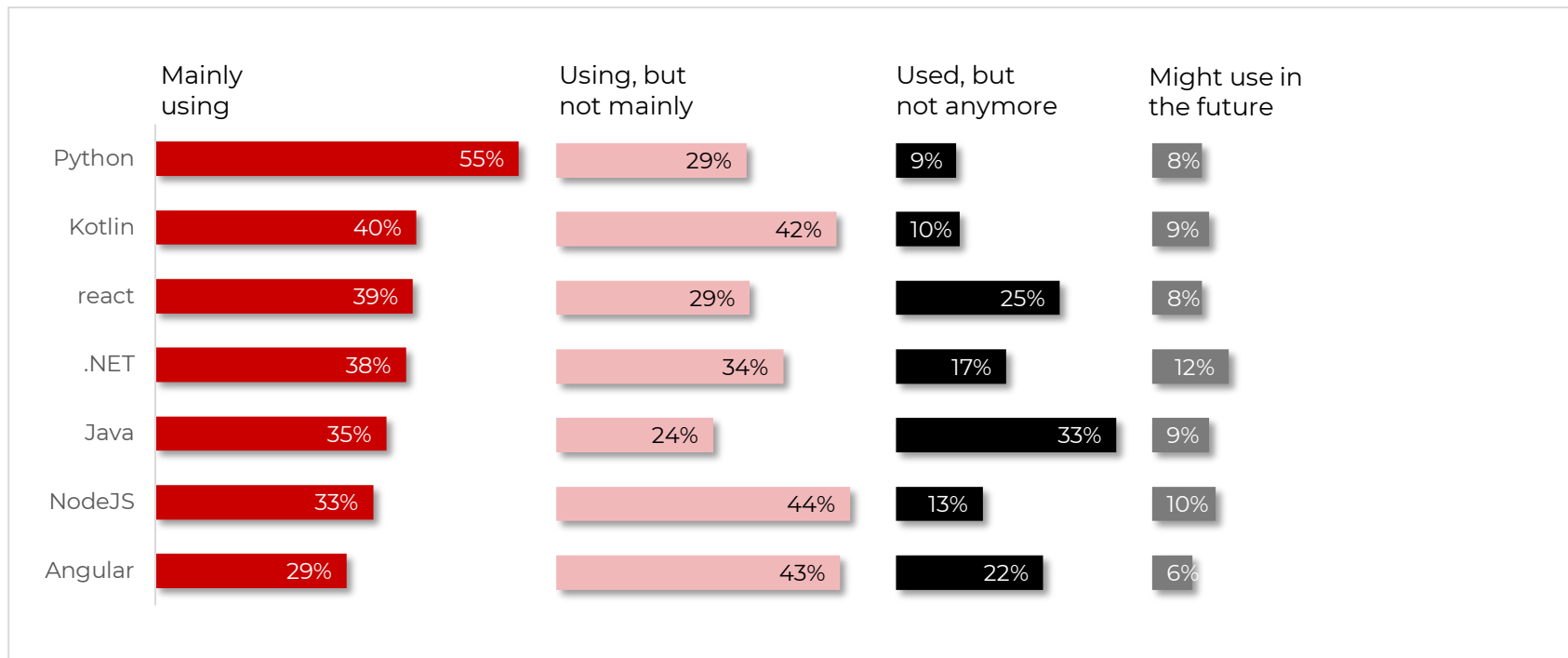


Figure 8 Top Software Development Languages in Use

## Biggest Benefits of Remote Teams

99% of people see benefits in remote teams. The top benefits they see are more productivity (53%), greater cost-savings (33%) and better cross-team collaboration (32%). These are all benefits that help teams to scale.

This perceived benefit translates well with how remote teams impact work in reality. 75% of survey respondents indicated that having remote teams does in fact increase productivity. In fact, only 6% said it decreased productivity (figure 10).

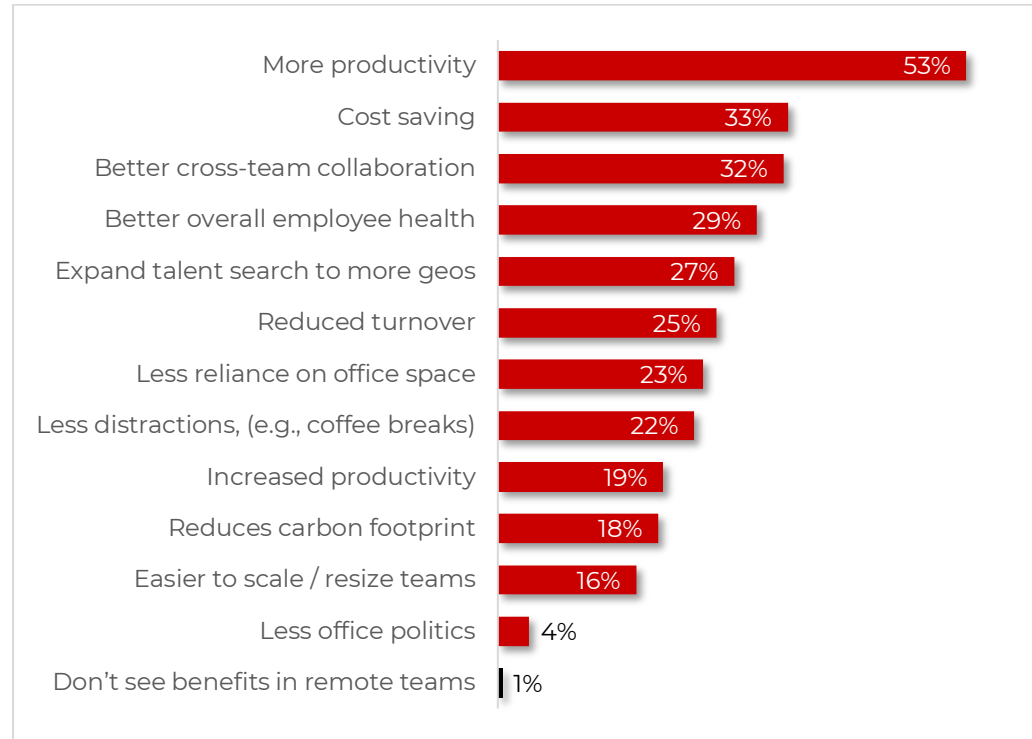


Figure 9 Biggest Benefits of Remote Teams

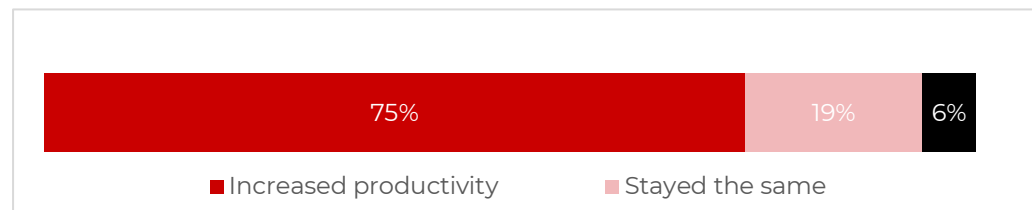


Figure 10 Impact of Remote Teams on Productivity

\*Question 9 allowed more than one answer and as result, percentages will add up to more than 100%



## Top Challenges with Staffing and Managing Engineering Teams

98% of respondents admitted to having challenges with staffing and managing engineering teams.

The top challenges are the length of time it takes to hire quality talent (66%), a lack of team leads (51%) and the time-zone differences (51%).

A lack of team leads is a top challenge, where respondents feel they don't have enough middle management. We've seen that CTOs care about fast scale, and a lack of middle management is standing in their way and stopping them from growing. In this new remote-first world, pairing outsourced team leads with the offshore teams they will ultimately be managing is an opportunity that would alleviate this issue for today's tech leadership.

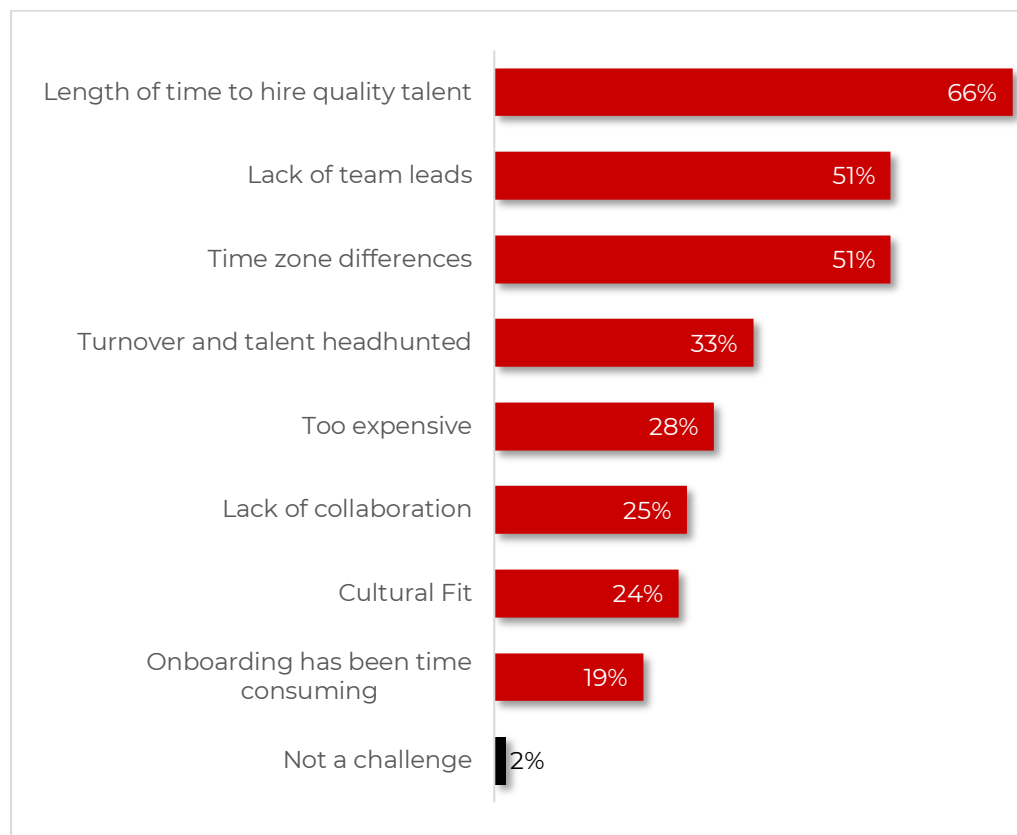



Figure 11 Top Challenges with Staffing and Managing Engineering Teams

\*This question allowed more than one answer and as result, percentages will add up to more than 100%



# Demographics of Respondents

## Type of Software, Last Funding Round, Job Seniority, Job Role and More

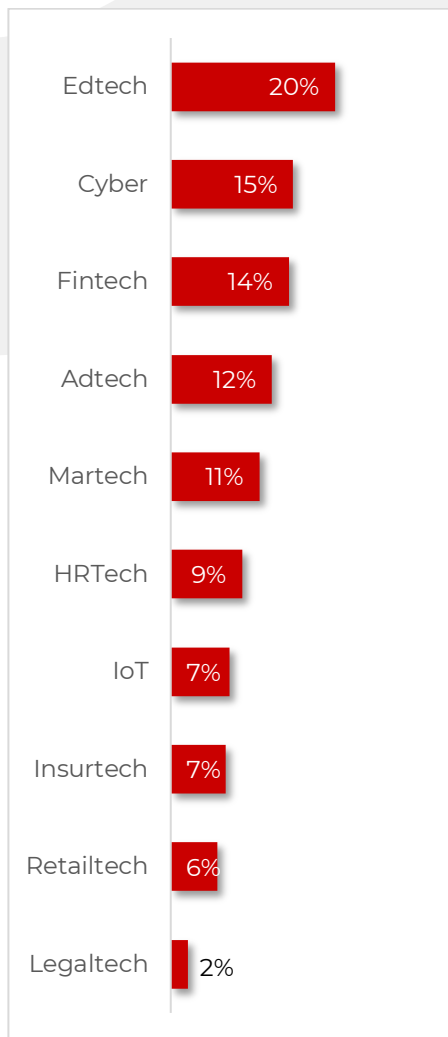


Figure 12 Type of Software Developed

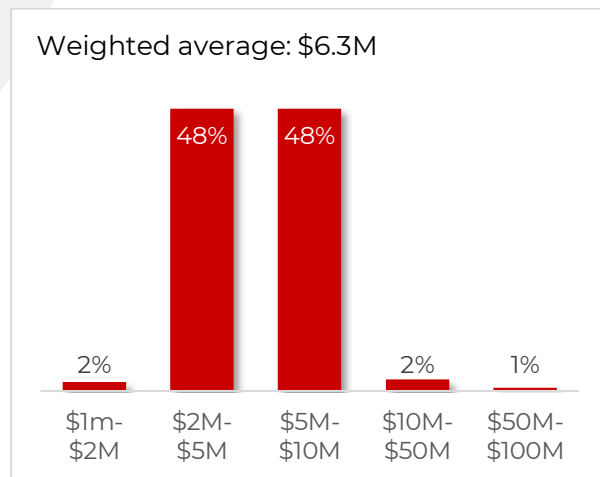


Figure 13 Size of Last Round

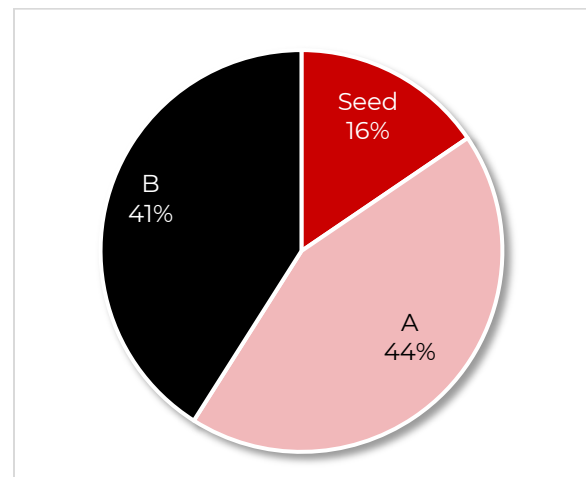


Figure 14 Last Funding Round

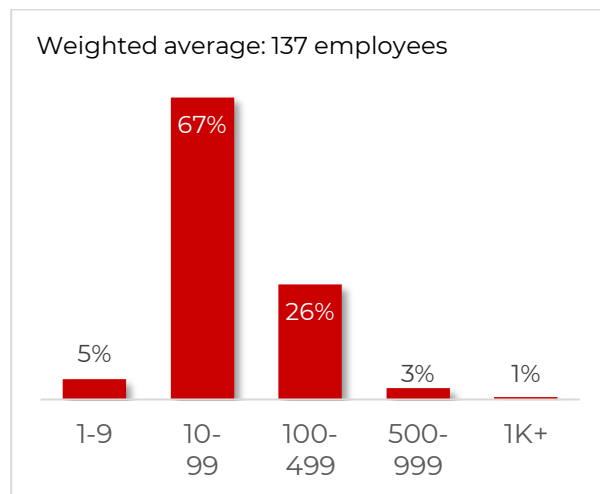


Figure 15 Size of Tech Team

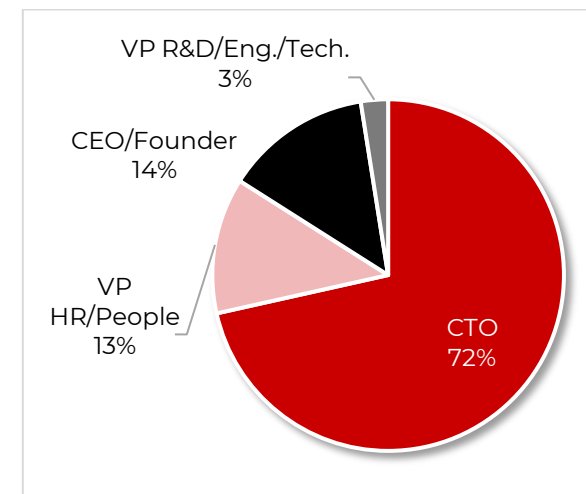


Figure 16 Role

## About Commit

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Commit is a global tech services company with offices in New York, Israel and Ukraine. The company was founded in 2005 and has over 600 multi-disciplinary innovation experts who serve a broad range of companies from small startups to large enterprises in multiple business sectors. Commit has over 30 Unicorns in its portfolio and offers innovative, end-to-end technology solutions by developing custom software and IoT platforms. Launched in Q4 2021 in response to the rapidly escalating job supply requirements, Commit's new Cloud of People team-building solution applies the rapid scalability and flexibility seen in cloud technology to provide a risk-free method of quickly building successful development project teams in less than two weeks. Additionally, Commit's complete and comprehensive engineering powerhouse of resources and proprietary Flexible R&D methodology helps transform their clients' technology vision into high-quality products while reducing costs and improving time-to-market. Due to Commit's ability to rapidly scale resources based on project needs, our larger customers benefit from more efficient staffing, while 91% of our startup customers launch successfully into their market.

Talk to us

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