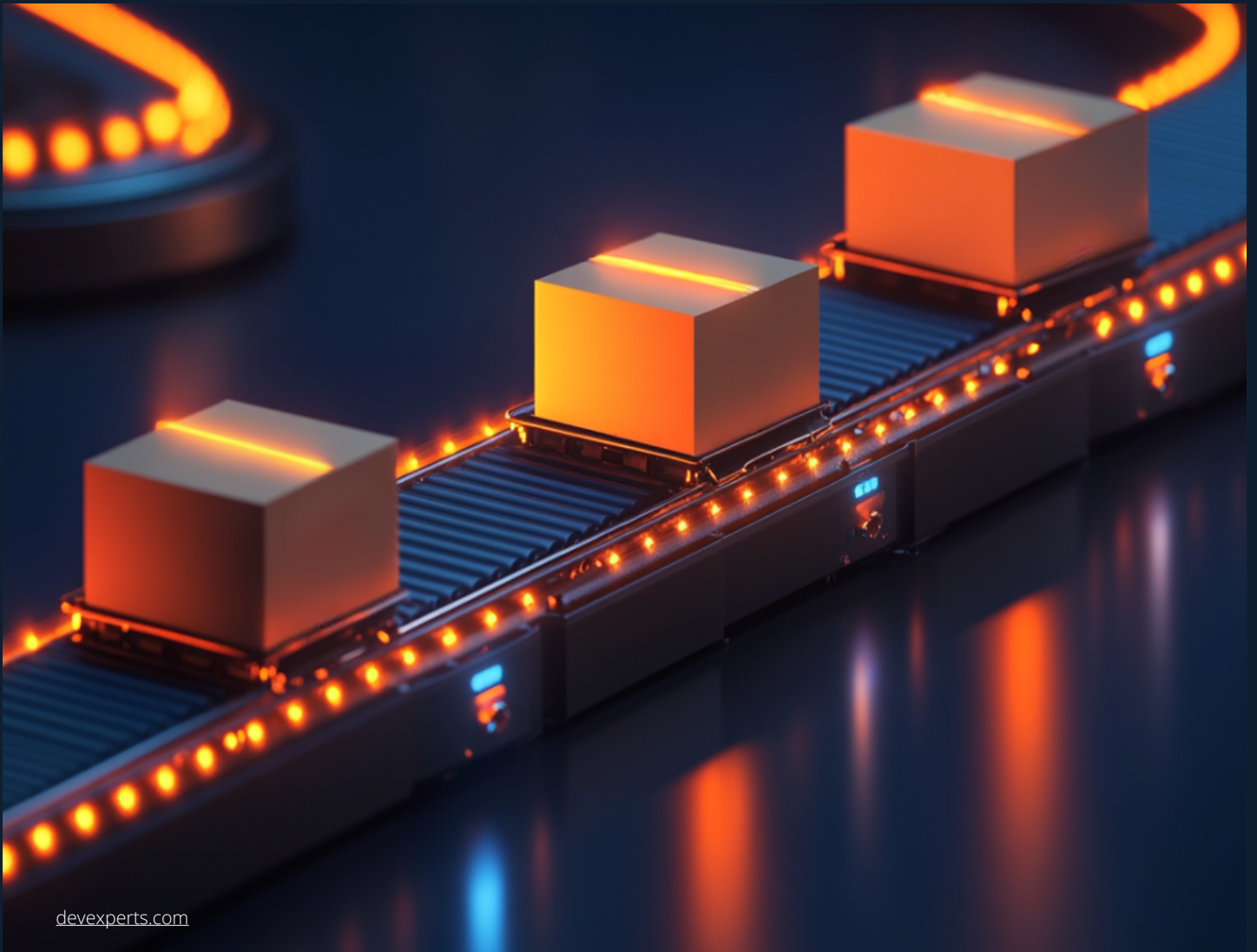# STRIKING THE BALANCE: IN-HOUSE VS OUTSOURCING

The collaborative path in trading software development

Introduction

The trading industry is evolving exponentially, making investment more affordable to all social groups. A critical side effect is the increasing load on the trading infrastructure.

A global shortage of skilled software developers makes keeping up challenging. In 2021, the deficit stood at **1.4 million** developers, and it's expected to reach 4.0 million by 2025.

Shortage of skilled software developers

1.4M → 4M
developers   developers

2021   2025

With the pressure on, firms must find ways to maintain technological advancements, reduce indirect costs, improve performance efficiency, and enhance services.

Since we closely work with investment firms and global banks, helping them build trading infrastructure from the ground up, we witness how outsourcing helps scale teams and hire new engineers in a shorter time and within budget.

Outsourced software development also allows businesses to benefit from the skills and expertise of professionals specializing in a particular technology, regardless of location.

This guide shares the pathway to outsourcing software development and combining it with internal teams.

Let's get into it.

The challenges and limitations of only using internal teams can be resolved by outsourcing

Banks and investment firms face pressing challenges while maintaining and upgrading their technology infrastructure. Firms rely on decades-old tech. Internal teams will often try to patch over issues but are met with complicated old coding. This can create bottlenecks if not all team members are familiar with the legacy code.

The result? They're exposed to risk. A lot of it.

KEY RISK 1

The tech talent gap

One of the most significant obstacles is the tech talent gap. The lack of adequate resources and skills within internal teams can severely hinder the ability to implement and maintain the necessary upgrades.

KEY RISK 2

Technology issues

Rectifying the instability of back-office software, correcting bugs, adding features, and ensuring system design remains flexible to evolving needs are critical tasks that require specialized expertise and ample resources. Plus, new technologies bring added complexity and interoperability challenges.

KEY RISK 3

Falling behind the competition

Failing to invest in and effectively leverage new trading technologies can put organizations at a significant disadvantage compared to their rivals who have successfully implemented and integrated these advanced features.

Overcoming these challenges with internal teams alone can be an uphill battle, often resulting in delays, increased costs, and compromised quality.

SECTION 2

How outsourcing takes the load off internal teams

Faced with the challenges and limitations of relying solely on internal tech teams, an increasing number of firms are turning towards outsourcing.

By leveraging specialist external software development teams, like Devexperts, you can avoid the substantial overheads associated with maintaining a large, permanent in-house workforce, including salaries, benefits, training, and team-building activities.

Outsourcing also allows for greater flexibility in scaling resources up or down based on project demands, eliminating the need for costly long-term commitments. The ever-evolving nature of technologies necessitates a constant influx of specialized knowledge and skills. Outsourcing unlocks access to a pool of highly skilled engineers and subject matter experts, with deep technical expertise.

Projects can be executed with the utmost quality and efficiency, enabling internal teams to focus on their core competencies, freeing up valuable time and resources.

Trading system development is on the rise

According to IBISWorld research, trading system development reached over $11 billion last year, as both industrial and individual investors increased their use of online trading platforms.

It's one of the reasons why so many firms turn to Devexperts. We have 800 software engineers supporting over 12m end-users worldwide, with 25 industry awards.

800
software
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25
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Quality is key. We have one of the industry's best quality assurance teams ensuring high-grade testing processes. All of our QA engineers have a minimum of 3 years of experience in software quality assurance, and they are certified by ISTQB.

Furthermore, our communication, cultural alignment, and collaboration between internal and external teams create a cohesive and productive working relationship.

SECTION 3

Introducing the Devexperts' development outsourcing model

Devexperts' outsourcing model has evolved into a mature and well-defined approach. We use industry best practices when collaborating with clients, aiming for long-term success. Here's a quick overview of our approach:

Discovery phase
1

Quick summary: A dedicated discovery team works with the client to collect exact requirements.

At the core of this model lies a structured process that begins with a dedicated discovery phase. Our highly skilled project managers, solution architects, and business analysts work closely with your product heads to collect and document exact requirements.
This collaborative approach ensures we understand the client's unique needs and objectives.

Strategy alignment
2

Quick summary: Align business and technology goals, prepare the solution architecture, and evaluate the scope and size of the project.

Once the requirements are clearly defined, the focus shifts to strategy alignment.
This involves aligning business and technology goals with the proposed solution architecture. Through a detailed evaluation of the project's scope and size, we provide accurate estimates for the resources, effort, and timelines required to execute the project.

Estimations
3

Quick summary: Prepare and agree on resources, effort estimations, and timelines/milestones of the project.

Accurate estimations are crucial for successful project execution. By involving you in the estimation process, we aim to mitigate risks, optimize resource allocation, and increase the likelihood of delivering the project within the agreed-upon budget and timeline.

Development
4

Quick summary: Start development sprints keeping the client's IT & product teams in the loop, and prepare the project for testing and client acceptance.

We adopt the Agile methodology to promote continuous collaboration and improvement. Our development team works hand-in-hand with your IT and product teams, ensuring seamless integration and consistent alignment.

Testing 5

Quick summary: Involving a QA team specializing in financial software, combining manual and automated QA testing.

As development progresses, a dedicated quality assurance (QA) team employs a combination of manual and automated testing approaches to deliver thoroughly vetted and high-quality software. An example of serious testing can be running over 20,000 automated tests regularly to check the stability and functionality after any update.

Production 6

Quick summary: Following the user acceptance test, Devexperts will assist with launching the platform into production and coaching the client's tech personnel.

You don't want to jeopardize the company's reputation due to errors in the production phase. You can rely on our team of professionals to check and eliminate any possible errors. This step also includes providing coaching and knowledge transfer to your technical personnel, ensuring a smooth transition, and skills to manage and maintain the system moving forward.

Maintenance & support 7

Quick summary: Continuous monitoring and improvements of the existing software.

The journey does not end with the initial deployment. After the solution delivery, there's a team of maintenance engineers monitoring performance 24/7. This dedicated team is able to address any emerging challenges.

Open communication, transparency, and commitment are crucial throughout. This type of collaborative outsourcing model complements your internal team, helping to overcome challenges with access to specialists, flexible resources, and a proven framework for robust, scalable solutions.

Outsourcing in action: Real-life example

Work with trading system development software companies that can demonstrate extensive experience in the field and a proven track record of successful projects.

Devexperts has custom-developed 86+ trading platforms for brokers, banks, and exchanges worldwide since 2002.

Example: **Back office software for leading Asia-Pacific financial services provider**

Our client, a South East Asia bank with a global presence in 20+ countries, needed a reliable vendor to develop a Python/Django-based solution, that could upgrade their current system, to scale their operations and service their growing user base.

Devexperts rectified the instability of the back office software, corrected all bugs, and added additional features. A key component to the success of this project was overcoming the need for accreditation from a regional regulator to proceed.

The Devexperts team's attention to detail and knowledge of the specifics of the broker's business were excellent during the entire development process.

VP, the client

Combining outsourcing with your in-house team: Striking the perfect balance

Now, here comes the million-dollar question: how do you find the right equilibrium between in-house and outsourcing? The outsourcing vs. in-house debate isn't about choosing one over the other. It's about finding a balance that suits your business needs.

Acting as an extension of your team

When integrating outsourced services, it's essential to ensure that external teams don't just operate as temporary support but act as extensions of the in-house teams. Devexperts excels in this by implementing a structured process that begins with a comprehensive discovery phase, where outsourced experts work closely with internal teams to align on the project requirements and goals.

Clear communication

For successful collaboration, organizations should focus on establishing clear communication channels that enable both outsourced and in-house teams to share updates, feedback, and developments in real time. For example, Devexperts supports this through regular strategy alignment sessions, ensuring that both the business and technology goals are synchronized across teams.

Knowledge transfer

Equally important is setting up systematic knowledge transfer sessions. At Devexperts, these are structured as regular workshops or meetings where outsourced experts share their specialized knowledge with internal teams, thereby enhancing skill sets and ensuring all members are aligned with the project's goals and the company's long-term vision. This not only optimizes the development process but also enhances the scalability and agility of the business.

By creating a culture that values ongoing learning and cross-team collaboration, organizations can mitigate common pitfalls of outsourcing, such as knowledge silos and the feeling of disconnect between the internal and external teams.

Outsource trading tech development with confidence

Outsourcing software development is a trend on the rise. Whether it's a move towards full outsourcing or a supplement to internal teams, with each passing year we're seeing more factors pushing firms towards this approach. Key factors include increasingly complex markets, regulation pressures, market structure changes like T+1, and the war for talent.

By tapping into a vast pool of specialized professionals, firms not only augment their capabilities but also gain agility in their trading technology operations. This allows firms to address complex challenges with precision, benefiting from the infusion of fresh, cutting-edge ideas and practices that only external experts can provide.

The collaboration between external experts and in-house teams ensures that technological advancements keep pace with market demands, enabling firms to scale efficiently and adaptively without the overheads associated with expanding in-house teams.

Through its structured outsourcing model, Devexperts blends rigorous discovery phases with continuous strategy alignment to ensure every project is aligned with core business objectives. The result is a seamless extension of in-house capabilities, characterized by an efficient transfer of knowledge.

If you're ready to start a project, get in touch.
We'd love to hear from you.

GET IN TOUCH