Why Companies Must Leverage Outsourced Development Teams to Weather Economic Downturns and Layoffs

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Economic downturns persist in recent times in the face of the Russian-Ukrainian war, rising inflation and unpredictable markets. In the U.S. technology sector, giants such as Amazon, Apple, Microsoft and Google are laying off thousands of workers. As of the end of March, there are around 131,000 tech workers in the U.S. who have been laid off so far in 2023.

Despite these short-term measures to strengthen organizations against the global economic slowdown, companies still need to find ways to manage existing technical debt and innovate at the same time. We've seen skillful companies leverage managed development to not only enhance existing systems but also tap into niche skill sets they otherwise would not have access to.

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Keeping up with the workplace evolution

Economic distress, marked by massive layoffs and fears of a recession, has both workers and companies wary of what's to come. The economic slowdowns that could turn into a full-blown crisis could further accelerate not only changes in the industry but the ongoing evolution of the workforce itself.

Since the Covid-19 pandemic, there has been a cultural shift in how we work. Alternative work modes such as the fully remote distributed teams setups and hybrid work schemes are continually being embraced by companies in various industries and are here to stay.

A March 2023 report by Pew Research Center showed that working from home still has a steady hold on U.S. workers. About 35% of workers are staying home full-time, 41% have settled into hybrid work, and those who rarely work at home or never are at 12% each. The majority of the surveyed hybrid workers noted that their setup had helped their ability to balance work and personal life, a notable positive lifestyle change for many.

Embracing the evolution with “managed networks”

Accepting, embracing and adapting this evolution of the workplace will be essential for companies to weather the coming storms. The transition might be daunting for some companies, but with the right strategic investments in innovation, it can be more of a seamless process and a positive experience for both management and workers.

There has been rapid growth and shift in the gig economy due to strong demand for outsourced services from professional service firms and large enterprises. Gig workers increased by 34% in 2021 alone.

One alternative work mode that is gaining traction is “managed networks,” which combine different outsourcing types to ensure a pool of individual talents or teams that are tailor fit for the project. Managed talent networks enable companies to assemble on-demand teams with specific competencies, ensuring that they can immediately produce output that is in line with the company’s goals. These competencies can consist of core skills such as engineering-focused, design-focused, project

management-focused or a multitude of combinations based on needs.

Tech companies can turn to managed networks to get managed software development talent and teams with project managers that can provide flexibility and agility. These talent networks can keep up with tech demands much like non-full-time equivalent (non-FTE) workers, without necessarily expanding their existing in-house workforce.

Even as U.S. markets are down, globalizing the workforce can enable companies to enjoy the perks of hiring innovative-thinking workers from different backgrounds and creative methods – a massive pool of expertise from wherever in the world.

Companies can utilize the flexibility that comes with a workforce from different parts of the world with a more digital and remote mindset. Because of the differences in time zones and work methods, global talents can ensure that their services are more efficient and optimized.

Other advantages of managed networks for development teams include round-the-clock work, efficiency, faster delivery of quality projects and flexibility for teams and the organization.

Adapting new technological advancements in managing remote working teams – such as communication and collaboration tools – can improve individual capabilities, increase individual productivity and performance, as well as augment the efficiency of the team. According to Constellation Research, tech projects made by and assisted by outsourced talents and teams are staffed 30% more efficiently on average and reduce customer dissatisfaction by half compared to traditional industry projects.

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Tech advancements and innovation are critical for outsourced development teams

Technology advancements such as video conferencing/meeting platforms, collaboration tools and artificial intelligence (AI) can now accommodate different types of remote workforces and are already reshaping entire industries.

These advancements in communication technology have made the modern workforce more agile, collaborative and dynamic as exhibited by outsourced tech workers, especially for managed networks. With outsourced teams using these digital tools, operations are conducted smoothly, team members are on the same page, and leaders can efficiently manage and delegate tasks for faster delivery of quality projects.

Strategic investments in innovation during crises could help companies take the edge against their competitors. Modern business models that utilize a more open approach to hiring not only have access to the best talent but are also enjoying other benefits such as affordability due to flexibility that enables the company to scale up without heavily adding to your bottom line.

Riding the digital acceleration

What some would see as a dire condition actually presents an opportunity for companies to adapt and future-proof their businesses and services. A Mckinsey & Company survey showed that more than three-quarters of organizations agreed that the then-emerging Covid-19 crisis will create new opportunities for growth back in 2020.

Post-pandemic, this is truer than ever as the World Economic Forum sees a “transition point” for the entire tech industry,

with investors looking toward companies that have solid fundamentals while creating meaningful change toward future growth and profitability. This situation shows how essential innovation is — not only getting the work done but also remaining competitive and at the top of the pack.

Companies must lean into the modern ways of working and tap the unmatched potential of the remote workforce. By investing in innovation and integrating new platforms, companies can be at the forefront of the era of workplace revolution, one that emphasizes flexibility and agility in the face of adversity.

Digital acceleration that takes a step-by-step approach to innovation is the new playbook for companies to drive tangible results while also de-risking and increasing the speed-to-value of investments, according to the WEF.

This digital acceleration has overridden the industry's digital transformation drive, especially with changes not only within the industry but the entire workforce due to the economic situation the world finds itself in. It is up to companies to decide if they want to invest and innovate and be ahead of their competitors.

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