

Why Entrepreneurs Are Looking Towards Latin America for Nearshoring Opportunities

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Typically, the primary reason firms consider nearshore outsourcing is cost-effectiveness. A Deloitte Global Outsourcing Survey in 2020 found that 87% of IT businesses considered nearshore outsourcing to cut costs. This could show why experts project the global outsourcing market to grow by \$40.16 billion by 2025. While budget could be an essential factor in outsourcing, it's not the only reason the U.S. companies are turning to Latin America to find top-notch talent.

The region is now one of the most reliable places to access high-end developers through nearshoring. Latin America is ideal for investment because companies can leverage a low-cost labor market, rich natural resources and an expanding consumer market. Technology, especially software development in the region, is taking shape. As of 2018, Brazil led had more than 475,000 software developers while Argentina had over 114,000 software engineers. M&A activity in the region is also increasing, attracting global companies.

Overcoming a talent shortage

One of the stumbling blocks senior executives face is the shortage of talent. It can be challenging to find and recruit UI/UX designers, Machine Learning (ML) and technology experts in many countries. While many firms in the U.S. can face such

a challenge, Latin America has an increased number of specialized experts who can undertake challenging projects.

For example, Colombia is one of the countries with great tech programs institutions. Colombia's universities produce approximately 13,000 software development students annually. From 2001 to 2013, universities in Colombia produced over 340,000 IT experts.

From Mexico to Argentina, Latin America is teeming with bright young web developers, data scientists and programmers, driving rapid Latin American technology sector growth. Based on the current technological development in Latin America, experts expect the region to continue producing top-notch software development professionals to cater to the growing industry's needs.

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Benefits of nearshore outsourcing

Businesses looking to find the most up-to-date talent, reduce labor overheads and expenses and improve efficiency can turn to nearshore outsourcing. It has proved to be a successful model, and many firms are using it. It allows organizations to move their operations to a more economical location, but close enough for easy operations. Nearshoring minimizes issues such as cultural differences and decision-making level control.

Here are some ways in which nearshoring in Latin America can benefit a company:

Better communication and no time differences

It's no doubt language and cultural dissimilarities can cause considerable obstacles in the workplace that can be difficult

to overcome. Problems that may arise include legal dilemmas, delays and communication barriers. That's why many tech companies in the United States consider Latin America nearshoring because outsourcing is straightforward with minimal glitches.

There are no significant geographical differences, meaning cultural differences are fewer. Also, nearshoring allows your team to work in similar time zones. This makes it easy to collaborate with team members.

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Similar legalities

Intellectual property (IP) laws are essential when it comes to software development. Since your outsourced specialists are nearby, they probably understand your country's IP laws and will know how to navigate them when such a situation arises. This is crucial for any software development company because it prevents them from landing into legal troubles that could derail operations.

Better return on investment (ROI)

Many businesses outsource because they want increased ROI. While offshoring may seem less expensive during the initial stages, you'll likely meet extra expenses along the way because of some challenges. Issues that can lead to increased costs may include lack of control, underperformance and management issues.

Latin America has been producing savvy software developers, and it isn't showing signs of slowing down. With the shortage of technology experts globally, especially in the U.S., Latin America is well-positioned to collaborate with tech firms.

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