

# Cost Analysis: Hiring Dedicated Developers vs. In-House Teams



# Introduction

As a founder, deciding between hiring dedicated developers or building an in-house team is crucial. This guide breaks down the costs associated with each option, helping you make an informed decision that aligns with your business goals.

## Quick Comparison

### Dedicated Teams



### In-House Teams



#### Model



A dedicated development team is a group of external professionals working exclusively on your project, offering flexibility and access to diverse talent.

#### Model



An in-house team consists of employees hired by your company, working on-site and fully integrated.

#### Pros



Cost-effective, scalable, access to specialized skills

#### Pros



Seamless communication, direct oversight, alignment with company culture

#### Cons



Less direct control, potential communication challenges

#### Cons



Higher costs, longer setup time, limited talent pool

# Breaking Down The Costs



## Upfront Costs

### Recruitment

Hiring in-house developers involves expenses like job postings, recruitment agencies, and interview processes. Conversely, dedicated teams are assembled by the provider, eliminating these costs.

### Training & Onboarding

In-house hires may require training, which consumes time and resources. Dedicated teams are typically ready to start immediately, reducing onboarding expenses.



## Ongoing Expenses

### Salaries & Benefits

In-house developers' salaries, health insurance, and other benefits can be substantial. Dedicated teams often operate on a contractual basis, potentially lowering these costs.

### Overhead

Office space, equipment, and utilities add to in-house expenses. Dedicated teams work remotely, minimizing these overheads.



## Hidden Costs to Consider

### Turnover

Replacing in-house staff can be costly and disrupt projects. Dedicated team providers handle turnover, ensuring continuity.

### Productivity Loss

In-house teams may face downtime due to vacations or sick leave. Dedicated teams can adjust resources to maintain productivity.

# Cost Comparison: Real Numbers

## Scenario 1

## Startup Launching an MVP

You're a new startup developing and launching your (MVP) to enter the market.

### In-House Team

6-month project

Recruitment costs	€15,000
Salaries (3 developers, avg. salary €90K/year)	€135,000
Benefits & overhead (20% of salaries)	€27,000
Equipment/software/licenses	€8,000
<b>Total</b>	<b>~€185,000</b>

### Dedicated Development Team

6-month project

Flat monthly fee (€15,000/month for 3 developers and 1 QA)	€26,000
Setup and administrative costs	Included
<b>Total</b>	<b>€156 000</b>

**Savings with Dedicated Team:**

**~€29,000**

# Cost Comparison: Real Numbers

## Scenario 3

## Established Enterprise Seeking Specialized Talent

An enterprise-level company needs specialized AI expertise for a 9-month project.

### In-House Team

9-month project

Recruitment & specialized headhunting	€40,000
Salaries (4 AI specialists, avg. €150K/year)	€450,000
Benefits & overhead (20%)	€90,000
Specialized training & certifications	€15,000
Workspace & equipment setup	€20,000
<b>Total</b>	<b>~€615,000</b>

### Dedicated Development Team

9-month project

Monthly fee (4 AI specialists at €40,000/month)	€360,000
Specialized training and certifications	Included
Overhead & workspace costs	Included
<b>Total</b>	<b>€360,000</b>

**Savings with Dedicated Team:**

**~€255 000**

# Cost Comparison: Real Numbers

## Scenario 2

## Growth-Stage Company Scaling Quickly

You're a SaaS company rapidly expanding your product features over 1 year.

### In-House Team

1-year project

Recruitment & onboarding costs (6 developers)	€30,000
Salaries (6 developers, avg. €110K/year each)	€660,000
Benefits & overhead (20% of salaries)	€132,000
Workspace & equipment	€25,000
Management costs (PM salaries, HR overhead)	€80,000
<b>Total</b>	<b>~€927,000</b>

### Dedicated Development Team

1-year project

Monthly fee (6 developers + 2 QA at €52,000)	€624,000
Management and overhead	Included
<b>Total</b>	<b>€624,000</b>

**Savings with Dedicated Team:**

**~€303,000**

# How To Decide What's Right For Your Business

## 01 Cost Considerations

- ◆ Compare total costs (upfront, ongoing, and hidden costs) of each option.
- ◆ Decide if lower upfront expenses or predictable monthly costs align better with your cash flow.

## 02 Project Urgency and Timelines

- ◆ If quick delivery is crucial, a dedicated team can typically ramp up faster.
- ◆ For long-term, steady-paced projects, in-house teams might be more cost-effective in the long run.

## 03 Scalability and Flexibility

- ◆ If you expect rapid growth or fluctuations in project scope, dedicated teams offer quicker scalability.
- ◆ Consider if maintaining a fixed team size (in-house) fits your future growth plans.

## 04 Specialized Skill Requirements

- ◆ For niche expertise (AI, blockchain, cybersecurity), dedicated teams offer easier access to specialized talent pools.
- ◆ Evaluate whether your in-house recruiting capabilities can meet these specialized needs effectively.

## 05 Risk Management

- ◆ Dedicated teams share project-related risks and responsibilities, reducing your overall risk exposure.
- ◆ Assess your comfort with outsourcing versus holding all accountability internally.

Choosing between hiring dedicated developers and building an in-house team depends on your specific business needs, budget, and project requirements.

By carefully analyzing the costs and benefits outlined in this guide, you can make a decision that propels your business forward.

## Ready To Build Your Dream Team?

Let's discuss how our team of experts can add value to your product and deliver faster results.

Let's chat: [mail@halo-lab.com](mailto:mail@halo-lab.com)

