NXTIDE

GLOBAL SOFTWARE DEVELOPMENT RATES

Comparison of regional hourly rates
of software developers.

THE GLOBAL SOFTWARE DEVELOPERS SHORTAGE

As of 2020, the world population was 7.8 billion people. Of these 7.8 billion people about 26,9 million are software developers (according to the US Bureau of Labor Statistics). This makes for a ratio of 1 software developer per 2,880 people in the world. Considering the daily technology consumption these numbers seem to be very worrying. According to the latest software developers shortage report by the World Economic Forum, over the next decade, there will be a global shortfall of 18.2 million IT-related workers. In addition, a 2020 survey from Gartner found that over 2,5 million IT jobs will go unfilled by 2022, and this number is expected to rise as high as 5.5 million by 2025. The data suggest that global software developer and tech talent shortage aren't going away any time soon causing severe losses not only to the tech industry but to all sectors of the economy.

The impact of software developers shortage.
The global software developer and tech talent shortage are likely to harm economic growth around the globe. The shortage of tech talent will affect all industries and result in an increased loss of revenue as well as delays for new projects. According to a study by Hackerrank, a skilled developers shortage costs the economy 5.4 billion dollars every year, while another report from Gartner shows that companies can lose up to 1 million dollars for each IT employee they fail to recruit or retain.

The danger to companies and economic growth.

The tech talent shortage is particularly disruptive for fast-growing companies that need to expand their workforce to support the meteoric growth of their businesses. According to a Cisco report on digital transformation, cloud adoption, and data consumption, more than two-thirds of business executives said that the 'lack of available skills' was one of the top obstacles preventing them from rapidly transforming their businesses and seizing digital business opportunities. The tech talent shortage is an issue that companies of all sizes and in all sectors must contend with. The software developer and tech talent shortage impact every industry, including healthcare, finance, automotive, artificial intelligence (AI), robotics, and more. Researchers from Willis Towers Watson report that employers are struggling to hire and retain employees because of candidate shortages and rising turnover. The tech talent shortage also presents considerable challenges for SMBs, as they typically lack the capital to compete with larger companies for new hires.

The impact on qualified developers' salaries.

As a result of software developer and tech talent shortage, salaries are increasing around the world. For example, in the US, average salaries rose by over 20% in 2021 according to the Dice Salary Survey. 2022 and further years will likely see average US salaries increase at the same pace, while international salaries are expected to rise by 20-25%.
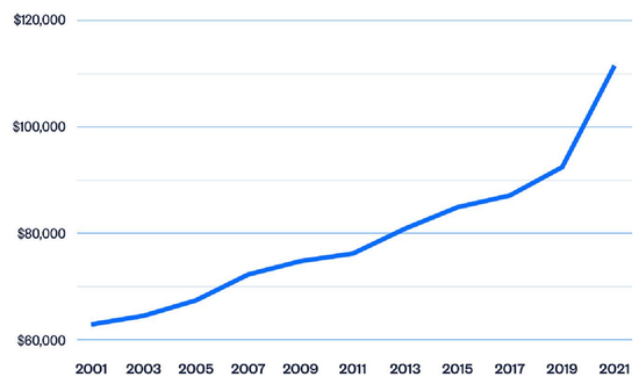
The majority of HR experts confirm those shocking numbers as they struggle with the problem on a daily basis. As employers begin competing more intensely for software developers and tech talent, non-monetary benefits are becoming increasingly important. According to the recent Clutch survey of 400 US tech workers, 64% of employees say benefits are more important than salary. Benefits expected by today's tech talent include tuition reimbursement, flexible working hours and remote work options, skill-based training or workshops, career development opportunities, professional certifications and licenses, stock options/equity incentives, better health insurance plans with lower premiums, deductibles, and more.

The countries with the largest projected demand for software skills by 2025.

The problem of the software development skills gap is most severe in the developed countries like the US, Canada, UK, Germany, and Japan. Even though there are some initiatives to increase the number of people that want to work in the tech industry, these countries still suffer from a shortage of software developers. So here is some data on where employers will need more software development experts by 2025: US – 1 million UK – 460k Canada – 387k Germany – 276k Japan – 224k.

The estimated demand is very hard to fill by using only the local supply through education and training. Although many of the countries from this list have been practicing supportive immigration solutions, the huge gap still remains.

THE STRATEGIES TO SOLVE THE SOFTWARE SKILLS SHORTAGE

Many companies have already applied special internal recruitment strategies to boost their application and retention capabilities like higher salaries, additional perks, benefits, flexible working hours and training programs for tech candidates.

They have also developed business partnerships with the local universities and recruitment agencies to increase employer brand recognision among STEM graduates and students.

Those internal strategies have worked for many years and helped many companies to ease the skills gap problem. However, the demand is growing faster than expected. The business sector had to adopt totally new strategies based on new digital workforce trends. In order to build a strong and high-performing software team, companies need access to global talent pools.

Alongside the demand for skilled software engineers, we can observe the rising interest nearshore and offshore software development services sector. Offshore development outsourcing is used by corporations and small businesses to lower costs and access highly skilled resources while maintaining control of their technology solutions.

However, despite significant issues surrounding quality, communication, time zones, local legal context, etc., many business leaders are willing to take on this challenge if it means they can continue focusing on what's most important for them – growing the company.

The rise of international outsourcing

Outsourcing was already a well-known solution in the local job markets. However, when it comes to software development it was scaled to an international level in the last 20 years.

Many companies simply decide to transfer their software departments to countries with more software skills potential to meet the internal needs for growth.
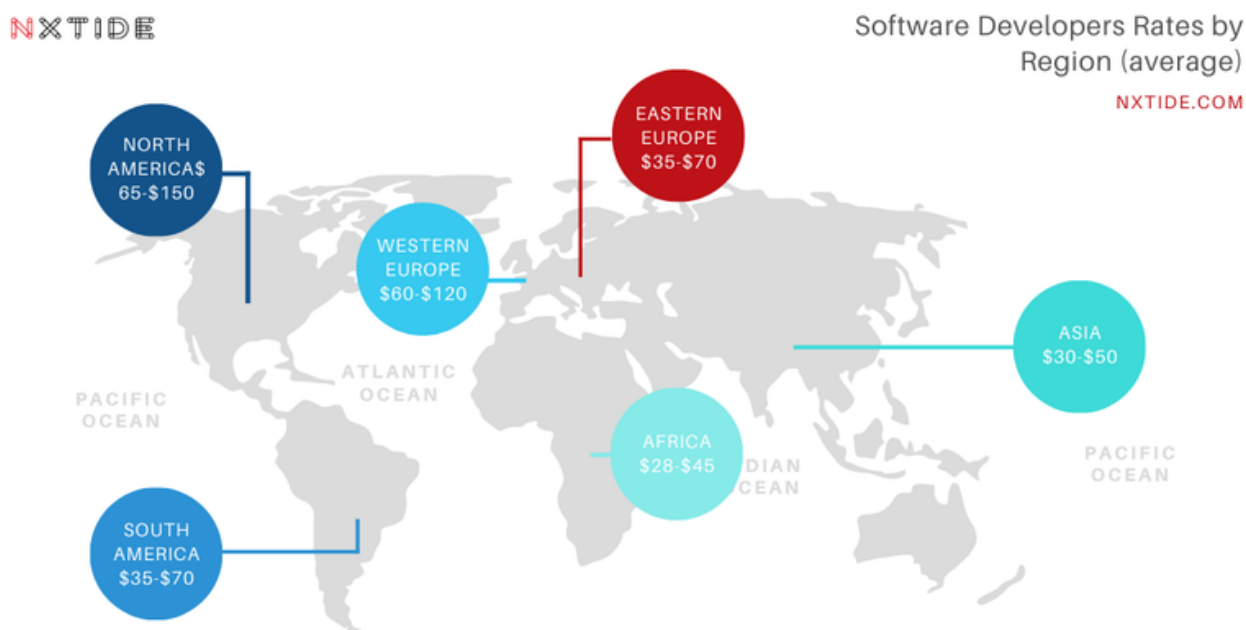
THE GLOBAL SOFTWARE DEVELOPERS RATES

Globalization trends and the continuous skills gap have persuaded many companies to move their entire software development operations to countries with larger talent pools and reasonable nearshore / offshore software development rates.

These structures have taken the names like IT Hubs, R&D Clusters, or Nearshore / Offshore Software Development Centers (ODC).

Let's now take a look at the basic software developers' rates in main regions of the world:

NXTIDE

Software Developers Rates by Region (average)

NXTIDE.COM

- NORTH AMERICA $65-$150
- EASTERN EUROPE $35-$70
- WESTERN EUROPE $60-$120
- ASIA $30-$50
- AFRICA $28-$45
- SOUTH AMERICA $35-$70

Offshore software development rates can range from as low as $20 / hour (for simple support and maintenance tasks) to $200+ / hour for custom-built applications. These figures depend on several factors such as the experience of the software developers, type and size of projects, time zone differences, local living costs and so on. According to the latest reports, almost 60% of global companies hire offshore programmers to optimize software development costs and fill critical vacancies.

While offshore developer rates vary from country to country, you may still save 40% to 70% of overall expenses. For example, the typical hourly rate for a senior developer in Eastern Europe, costs between $30 and $65; offshore developer rates in Asia and Africa are generally between $20 and $45 each hour. In Latin America, software development costs range from $35 to $70 an hour.

The qualified software developer rate in the US is $65–$130 per hour, whereas it's only $30–$60 in Poland, Romania or Ukraine (Top 10 countries by skills and education).

NXTIDE

Let's now take a look at more detailed data referring to specific software industry job roles.

NXTIDE

Regional Software Developers rates by roles

NXTIDE.COM

Region	Jr. Software Developer	Sr. Software Developer	IT Project Manager	DevOps Engineer	Tech Lead / System Architect
North Amerrica	$65 - $140	$110 - $175	$80 - $150	$95 - $195	$100 - $200
Western Europe	$60 - $110	$100 - $155	$75 - $140	$70 - $150	$100 - $180
Eastern Europe	$30 - $70	$55 - $90	$50 - $90	$50 - $100	$60 - $120
South America	$35- $70	$55 - $95	$45 - $90	$45- $100	$55 - $120
Asia (India Philippines)	$30 - $50	$45 - $65	$41 - $70	$38 - $90	$50 - $90

As we can see the average offshore development rates in CEE, Soth America and Asia regions are much lower when it comes to almost all positions. However when we always need to consider additional factors like:

– business environment (infrastructure, law)
– working time zones
– standardized work culture

All those factors can shape a different market outlook than simple hourly rates comparison.

The rising importance of the CEE region on the software development map

It's surprising that the CEE countries' potential for software development and IT outsourcing is so often underestimated. This part of the world hasn't been active in the global economy until the early 90's and actually missed the attention of investors in the next years after. The total number of software developers in the region is estimated to reach an impressive 2 mln in 2025.

THE CHARACTERISTICS OF TOP CEE OFFSHORE SOFTWARE DEVELOPMENT COUNTRIES.

1) Poland – the software development and IT industry capital in Central and Eastern Europe. This country is a perfect location for nearshore software development with a skilled workforce, economic stability and a significant level of local IT expertise. The hourly software developers' rates here are much lower when compared to Western European ones – from $35 to $70 an hour.

2) Czech Republic – the second-largest outsourcing software development country in the region, with more than 40 known IT companies. The coding costs for this country are estimated to be $40–$90 an hour.

3) Slovakia – although it has no major outsourcing players yet, its skilled workforce is becoming very competitive in the European market. Software developer rates here vary from $35 to $70 an hour.

4) Romania – is known as a promising destination for nearshore software development and many companies already got know it and use it as their outsourcing location (Cisco, EMC, HP or IBM). The costs of offshore programming here are estimated to be $30–$65 an hour.

5) Bulgaria – recently attracted some attention from the US companies like Amazon or Microsoft. Once considered too expensive (programming costs are estimated to be $30–$60 an hour), Bulgaria is quickly becoming one of the most popular outsourcing locations in Eastern Europe.

6) Ukraine – this country has already confirmed its status as one of the top 10 offshore software development countries in the world. With the highly developed telecom, finance, and education sectors, it became a very interesting destination for global outsourcing companies. The software developer rates are estimated to be $25–$60 an hour here.

The table below is presenting some basic information regarding the potential of CEE countries:

N⊠TIDE

Eastern Europe Potential in Numbers

NXTIDE.COM

Region	Poland	Czech Republic	Romania	Bulgaria	Ukraina
#Sofware Developers	585 000	171 000	212 000	135 000	645 000
Software Skills Rank	#3	#6 (#2)	#11	#14	#5
Population	37,6M	10,7M	19,3M	6,9M	44,1M
Doing Business Rank	#22	#23	#32	#37	#46
Annual GDP Growth	4,3%	3,1%	4,1%	4,5%	3,2%

CREATING YOUR OWN OFFSHORE SOFTWARE DEVELOPMENT CENTER.

Opening a nearshore or offshore software development center is a complex operation, but overall the potential gains exceed the total risks.

NxTide is a specialized company focusing on building local, remote Software Development Teams or larger Software Development Centers in major cities of Poland. We take care of all recruitment and quality control processes making it faster and more cost-effective for you.

KNOW-HOW & RESOURCES

You gain access to the technology stack and the recruitment power of the service provider.

EXPEDITED TIME TO MARKET

The operational subsidiary of your company can even be set up in less than a year.

YOUR OWN BRAND

Employees feel a stronger bond with the company's brand & core values.

LIMITED, SHARED RISK

The contractual agreement determines the extent to which each side takes responsibility.

MINIMAL, INITIAL COST

A part of organizational and recruitment costs are covered by us.

FLEXIBILITY & SCALABILITY

You can easily scale up teams and specialists at each stage of the project.

Over 800 000 software developers and IT professionals are located in several academic cities with modern business infrastructure.
Openning your local software development office is very simple.

Kraków

Warsaw

Wrocław

Katowice

Poznań

Łódź

Gdańsk

Bydgoszcz

NXTIDE

PROFESSIONAL SOFTWARE DEVELOPMENT TEAMS

We have built software teams with variety of skills and technologies

TRUSTED NEARSHORE DEVELOPMENT PARTNER

We can offer help to company of any size and needs. We have created small software teams (5-10 people) and sophisticated nearshore / offshore development center (up to 200 software engineers).

SOFTWARE DEVELOPMENT EXPERTIZE

NXTIDE

EXPERIENCE IN BUILDING AND MANAGING IT TEAMS

For over 14 years we have managed IT Teams in different projects all over the world.
Now - we use our knowledge to advise and scale other companies.

BOOK A MEETING WITH US

NXTIDE

Pragmatic Coders

ALEJA 29 LISTOPADA 20
31-401 KRAKÓW, POLAND
VAT ID: PL 6772398603

BOOK A MEETING