

An Overview of Offshore Staff Augmentation Vs. Managed Services

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The severe consequences of COVID-19 have left many organizations to seek help from business models associated with IT outsourcing and out staffing. Two of the most important models are known as offshore staff augmentation and offshore managed services. Both have their roots in IT outsourcing but are completely different in their functionalities.

Staff augmentation:

Staff augmentation is the process of hiring a remote employee or a team for a specific project for a certain period. They may not fully integrate into the in-house team of the organization.

Managed services:

Managed service is the process of outsourcing management responsibilities and strategic operational functions to a managed service provider (MSP). The MSP assignments between two organizations are typically longer-term engagements.

Staff augmentation vs. Managed services:

1. The staff augmentation model enables an organization the flexibility to fill any resource gap during project execution, while avoiding hiring people into fixed positions. Staff augmentation serves the organization better when skills are required for immediate and

short-term engagements. While MSPs provide a wide range of expertise, skills, and solutions to an entity for a longer period to address to the changing business demands.

2. You've complete control over the result of the project. This business model enables you to monitor every phase of a process and ensures high-quality service delivery. MSPs take charge of the project right from the initial phase till the end. The provider keeps an eye on every process of the project. However, the vendor is responsible for the outcome of the project.
3. The short-term employee engagement saves the cost of hiring full-time employee. You get the expertise of highly skilled team by paying the fees for the number of hours worked. The MSPs fix the cost of services. However, the cost may vary depending on the type of technical skill required. The market costs for a certain skill adjust according to the demand of a specific technical skillset.
4. For staff augmentation projects, subject matter training may not be required, though new staff augmented resource may require training in client-specific processes, tools, and technologies. While, MSPs might require quite some subject matter awareness, and knowledge transfer to deliver the outcomes.
5. Staff augmentation model doesn't commit to provide a desired outcome from the performance of an activity. They are committed to give technical resources who will put in the hours of effort. While managed service is a service commitment. MSPs are committed to deliver an outcome at a defined price.
6. The pricing under staff augmentation is tied to the availability and hours worked. While pricing under managed services is tied to service levels, and outcome.

Managed service providers offer resources not only to solve problems but also to understand the reason for the occurrence of the problems. However, staff augmentation is only about getting the tasks done. Sometimes it is difficult for staff augmentation resources to produce a desired result by only using the same defective internal processes that prevent in-house employees from solving an operational problem on their own.

Overall, if you as a decision maker in an organization can effectively choose between these models considering their advantages and disadvantages, you can accomplish your business goals. Both are great options for IT outsourcing especially in an offshore model.

