

Outsourcing vs Offshoring: What's the Difference?

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Although the two terms sound similar and are connected, offshoring is not the same as outsourcing. A simple way to remember the difference between the two terms is to define offshoring as being work that is done overseas while outsourcing simply refers to someone else outside of your company doing the work, this may be overseas or down the road.

When a company off-shores, it moves the location of a service or production to a location abroad usually to leverage cost advantages. For example, a business in New Zealand could outsource work to a contractor within New Zealand. This is *outsourcing*. If the company instead outsourced its work to a contractor in India or the Philippines, it would be offshoring.

Pros and Cons of Each

The downside to outsourcing is conflicting interests between clients and vendors, increased reliance on third parties, and lack of in-house expertise around key business operations. Offshoring is often criticised for transferring jobs to other countries. Other risks include language differences and poor communication which can translate into lower quality service. The benefits of offshoring include taking advantage of specialized skills that they don't have in-house and access to a skilled lower cost labor pool.

Offshore Remote Revolution — A New Business Model for SMEs

As the world's mobile and remote workforce expands rapidly companies are increasingly looking to embrace a virtual model that can access the global talent pool and low cost work force.

Managers and business leaders are now looking for different kind of solutions to staffing challenges. Aside from

the obvious cost saving benefit, offshore remote staffing enables small-to-medium size businesses to grow and test new business models. It used to be a solution only open to large organisations but now more and more SMEs are looking to hire virtual assistants or set up teams abroad with as few as ten people using companies like [GoVa](#) to minimize cost, cut down time-to-hire, and provide a platform to scale with little risk and investment.