



“Solutions that Empower your Workforce”

Organization: Enterprise IT – Public Sector
Project: Case Study on Mobile Development
Technologies: iOS and Android

With a mentoring investment of approximately \$45,000 the organization saved approximately \$388,344 by not outsourcing. Visit our blog: <http://thesagegrpmentoring.com/> to see ROI Data

Project Background

Organization’s IT team was asked to consider developing the organization’s official iOS and Android mobile apps. The team had some mobile experience and developed the backend systems integration. IT management team had to decide on a course of action whether to build or buy the mobile solutions.

Planning

The challenges involved talent, systems integration, tight timeline and budget. The development staff met as a team to assess each challenge and consider the viability of building or buying the solution.

In order to assist the build versus buy decision and to determine whether to insource or outsource the development a ROI calculation was performed. The calculation considered in-house resource costs including labor burden and outsource resources considering higher resource costs and yearly application maintenance.

Mentoring Solution

After deliberations and guided by ROI data the in-house team was selected to develop the iOS mobile solution. The team skills would be enhanced through The Sage Group mentoring services. This proved invaluable to saving costs, building a quality app with systems integration and motivating the team. Also, the team learned necessary new skills for future development.

Result

The IT management team was able to save approximately **\$388,344** in development costs by insourcing the solution with the assistance of expert mentoring. The team maintains and enhances the apps and is able to produce other mobile solutions increasing the return on investment.

Mobile App Cost Savings and Return on Investment

Management entered the following data in the calculation.

| | | Insource | Outsource |
|---|--|------------------|------------------|
| 1 | Primary Resources | 2 | 2 |
| 2 | Project timeline (months) | 6 | 6 |
| 3 | Average Hours per Week | 40 | 40 |
| 4 | Resource Cost Rate | \$60 | \$200 |
| 5 | Mentoring Costs (insource) | \$45,000 | \$0 |
| 6 | Support Resource Costs | \$97,920 | \$326,400 |
| 7 | Labor Burden Costs (insource) | \$63,936 | *\$0 |
| 8 | Maintenance/Assurance (outsource 1 year) | \$0 | \$76,800 |
| | Total Costs | \$322,056 | \$710,400 |
| | Cost Savings using insourced team | \$388,344 | |

*Software Maintenance/Assurance of up to 20% may be required in future years.