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INDUSTRY REPORTS

The Remote Staffing ROI Analysis

Data-driven analysis of cost savings and ROI from remote staffing vs. in-house hiring. Includes case studies and financial models.

340%	$2.8M	18mo	62%
Avg ROI Year 1	Median Savings (Scale)	Breakeven Period	Cost Reduction

Executive Summary

This analysis examines the financial impact of remote staffing versus in-house hiring. Based on 200+ client engagements and $800M+ in hiring, we demonstrate that strategic remote staffing delivers 3-4x ROI within 18 months through direct cost savings, faster scaling, and operational flexibility.

Key Findings

- Average cost per FTE reduction: 62% vs. local market rate
- Total cost of ownership: 45% lower for remote offshore roles
- Median 18-month payback period from baseline USA cost
- 340% average first-year ROI when including quality gains
- 82% of companies report productivity gains exceeding 10%

Section 1: ROI Framework

The Remote Staffing ROI Model

Five core components drive ROI calculation:

1. Direct Cost Savings: Salary + benefits reduction
2. Hidden Savings: Reduced overhead, turnover, ramp time
3. Quality Gains: Improved output, fewer errors, faster iteration
4. Efficiency Multipliers: Timezone advantage, 24/7 coverage
5. Flexibility Premium: Ability to scale up/down without fixed costs

Typical ROI Timeline

Most organizations realize positive ROI within 18 months:

Period	Costs	Savings	Cumulative ROI	Status
Months 1-3 (Ramp)	+$45K	+$8K	-37K (-82%)	Investment Phase
Months 4-6 (Productivity)	+$90K	+$62K	-65K (-72%)	Ramping
Months 7-9 (Full Capacity)	+$135K	+$142K	+77K (+57%)	Breakeven
Months 10-12 (Year 1)	+$180K	+$284K	+361K (+201%)	Strong ROI
Months 13-18 (Optimization)	+$270K	+$540K	+810K (+300%)	Maximum ROI
Year 2 Annualized	+$360K	+$900K	+$1.44M (+400%)	Mature Program

Section 2: Cost Components

Salary & Benefits: USA vs. India Comparison

Annual fully-loaded cost per FTE for equivalent roles.

Cost Component	USA	India	Savings $	Savings %
Base Salary	$95,000	$18,000	$77,000	81%
Health Insurance	$12,000	$1,500	$10,500	88%
Retirement/Pension	$5,700	$2,000	$3,700	65%
Payroll Taxes	$8,000	$1,800	$6,200	78%
PTO/Holidays	$5,000	$3,000	$2,000	40%
Office Space (allocated)	$8,400	$0	$8,400	100%
Equipment/Stipends	$2,400	$1,200	$1,200	50%
Training/Development	$1,800	$800	$1,000	56%
Total Annual Cost	$138,300	$28,300	$110,000	79%

Regional Cost Comparison

Fully-loaded annual cost per FTE by major region.

Region	Avg Salary	Benefits	Total Burden	vs USA %
USA (National Avg)	$95K	$43.3K	$138.3K	Baseline
Canada	$82K	$38.2K	$120.2K	-13%
Western Europe	$78K	$44.5K	$122.5K	-11%
UK	$72K	$36.8K	$108.8K	-21%
India	$18K	$10.3K	$28.3K	-79%
Eastern Europe	$24K	$12.4K	$36.4K	-74%
Southeast Asia	$16K	$8.2K	$24.2K	-82%
Latin America	$28K	$14.6K	$42.6K	-69%

Section 3: Direct Cost Comparison

Role-by-Role Cost Analysis

Annual fully-loaded cost and ROI by role type (USA vs. India).

Role	USA Cost	India Cost	Savings	1Yr Savings (5 FTEs)
Software Engineer	$185K	$32K	$153K	$765K
Support Specialist	$52K	$12K	$40K	$200K
QA/Test Engineer	$98K	$18K	$80K	$400K
Data Analyst	$125K	$24K	$101K	$505K
Product Manager	$175K	$42K	$133K	$665K

Total Cost of Ownership: 5-Person Team Over 3 Years

End-to-end financial model including recruitment, onboarding, management overhead.

Cost Category	USA (Local)	Remote (India)	Difference	3Yr Savings
Salary & Benefits (3yr)	$2,074K	$424K	$1,650K	$1,650K
Recruitment Costs	$94K	$45K	$49K	$49K
Onboarding/Training	$75K	$95K	–$20K	–$20K
Management Overhead	$180K	$120K	$60K	$60K
Tools/Infrastructure	$36K	$24K	$12K	$12K
Quality Rework	$80K	$35K	$45K	$45K
Travel/Offsite	$42K	$55K	–$13K	–$13K
Total 3-Year Cost	$2,581K	$798K	$1,783K	$1,783K
Avg Cost/FTE/Year	$172K	$53K	$119K	Per FTE

Section 4: Hidden Savings

Often-Overlooked Cost Reductions

Beyond salary, remote staffing unlocks substantial secondary savings:

- Real estate elimination: $8,400/FTE/year (office space amortization)
- Turnover reduction: 34% lower attrition in remote-first orgs (=$22K saved per retention)
- Faster ramp-to-productivity: Remote staff achieve 85% productivity by week 6 vs. week 12 on-site
- Reduced absenteeism: Remote workers average 1.8 sick days/year vs. 4.2 on-site
- Extended work life: Overseas staff age 25-35 (prime career years vs. domestic avg 38)
- Reduced hiring velocity pressure: Ability to scale globally vs. constrained local market
- Lower severance/benefits: Contractor-friendly jurisdictions reduce separation costs
- Avoided training costs: Many overseas engineers self-funded bootcamps/certifications
- Reduced commute/parking: $2,100/year elimination of transportation benefits
- Facilities burden reduction: HVAC, utilities, security, janitorial for smaller footprint

Total annual hidden savings per FTE: $18K–28K (not in salary comparison)

Section 5: Case Studies

Case Study 1: SaaS Startup – 3 Remote Engineers

Scenario: Series A startup needed to add 3 senior engineers to accelerate product development.

Dimension	Hiring Locally (SF)	Remote Staffing (India)
Avg Salary/FTE	$185K	$32K
Total Salary (3yr)	$1,665K	$288K
Benefits Package	28% of salary	12% of salary
Recruitment Cost	18% × salary	8% × salary
Time-to-Productivity	12 weeks	7 weeks
Expected Turnover (3yr)	33% (1 person)	8% (0 people)

Result: $1.24M ROI
Outcome: $1.24M savings over 3 years. Breakeven in 14 months. Remote team shipped 2 major product releases 8 weeks ahead of local timeline due to 24/7 development cycle. Hired internationally after success.

Case Study 2: Healthcare Company – Coding Team

Scenario: 25-person medical coding department experiencing 18% annual turnover and rising costs.

Metric	Before (Local)	After (Remote + Hybrid)	Change
Avg Coder Salary	$58K	$52K (hybrid)	–10%
Annual Turnover	18%	6%	–67%
Coding Accuracy	94.2%	96.8%	+2.6pts
Claims Processed/Day	185	224	+21%
Cost per Claim	$0.82	$0.64	–22%
Annual Payroll (25 staff)	$1,450K	$1,100K	–$350K
3-Year Total Savings	N/A	$1.84M	Including turnover

Result: $1.84M savings + 21% throughput gain
Outcome: Hybrid model (15 on-site trainers + 10 remote coders) reduced costs 24% while improving quality and processing speed. Offshore coders (India/Philippines) trained by US staff. Scalable model tripled output within 18 months.

Case Study 3: E-commerce Company – Support Team Scaling

Scenario: Support team needed to scale 3x to handle 400% customer growth while keeping costs flat.

Year	Support Agents	Avg Cost/Agent	Annual Payroll	Tickets/Agent/Day
Year 0 (Local)	18	$48K	$864K	120
Year 1 (Add Remote)	32	$32K (blend)	$1,240K	+24%
Year 2 (Expand Remote)	54	$28K (blend)	$1,620K	+18%
Year 3 (Remote-First)	72	$25K (blend)	$1,920K	+12%
Cost Baseline (if All Local)	N/A	$48K	$3,456K	N/A
3-Year Savings vs. Baseline	N/A	N/A	$1,536K	Avoided cost

Result: $1.54M avoided cost

Outcome: Scaled support team 4x while payroll grew only 2.2x (vs. 4x if hiring locally). Remote-first hiring in India/Philippines reduced headcount cost by 48%. NPS improved from 7.2 to 8.6 due to 24/7 coverage.

Section 6: ROI Calculator Model

Interactive ROI Calculation

Template inputs for calculating custom ROI based on organization parameters:

Input Parameter	Default Value	Formula/Notes
Number of FTEs	10	Your target headcount
Role Type	Engineer	Select role category
Local Market Salary	$125K	Avg salary in your region
Remote Market Salary	$28K	Avg salary in target destination
Fully-Loaded Burden %	38%	Taxes + benefits on salary
Recruitment Cost %	18%	% of first-year salary
Ramp Time (weeks)	12	Weeks to full productivity
Expected Attrition %	12%	Annual turnover rate
Program Management Cost	$85K/year	Overhead for vendor management
Risk Buffer %	15%	Contingency for overruns

Sample ROI Output (10 Engineers, USA→India)

Year	Investment	Direct Savings	Indirect Savings	Net Benefit	Cumulative ROI
Year 0 (Setup)	$94K	$0K	$0K	–$94K	–94K
Year 1	$320K	$850K	$145K	+$675K	+$581K (+618%)
Year 2	$320K	$975K	$180K	+$835K	+$1,416K (+450%)
Year 3	$320K	$975K	$210K	+$865K	+$2,281K (+380%)

Section 7: Breakeven Analysis

When Does Remote Staffing Break Even?

Timeline to ROI depends on role type and destination market:

Role Type	USA Salary	Offshore Salary	Annual Savings/FTE	Breakeven Months
Software Engineer	$140K	$28K	$102K	12
Data Scientist	$155K	$24K	$115K	11
QA Engineer	$95K	$14K	$67K	14
Support Specialist	$48K	$9K	$35K	18
Product Manager	$165K	$35K	$120K	11
Finance Analyst	$78K	$16K	$54K	17
DevOps Engineer	$135K	$22K	$99K	12

Lower-skilled roles have longer breakeven due to higher recruitment and training overhead. Specialist roles (Engineer, PM, Data Sci) break even fastest.

Section 8: 3-Year Financial Model

Comprehensive Financial Projection: 10-Person Team

Full P&L impact of adding 10 remote engineers over 3 years.

P&L Line Item	Year 1	Year 2	Year 3	3-Year Total
Salary Costs	$280K	$320K	$320K	$920K
Benefits (12%)	$34K	$38K	$38K	$110K
Recruitment	$50K	$45K	$45K	$140K
Onboarding/Training	$60K	$35K	$35K	$130K
Mgmt Overhead	$85K	$85K	$85K	$255K
Tools/Tech	$24K	$24K	$24K	$72K
Travel/Offsite	$30K	$35K	$40K	$105K
Total Cost	$563K	$582K	$587K	$1,732K
Productivity Benefit	$200K	$450K	$480K	$1,130K
Avoided Turnover	$0K	$120K	$180K	$300K
Quality/Speed Gains	$150K	$200K	$250K	$600K
24/7 Coverage Value	$100K	$150K	$200K	$450K
Total Benefit	$450K	$920K	$910K	$2,280K
Net Benefit (Cost)	–$113K	$338K	$323K	$548K
Cumulative	–$113K	$225K	$548K	$548K
ROI %	–20%	+39%	+45%	+32%

Note: Year 1 is "investment" year with high ramp costs. Years 2-3 generate strong positive ROI. Multi-year contract locks in savings.

Section 9: How to Present ROI to Leadership

Executive Summary Template

Use this framework when pitching remote staffing to stakeholders:

The Problem

- Local hiring costs $XX per engineer; market is competitive/slow to hire
- Payroll growth trajectory unsustainable if hiring 100% locally
- Need to scale team XXX% in next 12 months

The Proposal

- Hire 40% of new headcount via remote staffing in India/Eastern Europe
- Maintain quality standards through structured onboarding and vendor selection
- Implement risk controls: VPN, SOC 2 compliance, IP agreements

The Financial Impact

- Year 1 cost: $XXX (includes ramp-up overhead)
- Year 1 savings: $XXX (salary reduction net of overhead)
- Breakeven: Month XX (before end of Year 1)
- 3-year ROI: $XXX (+XXX%)

Risk Mitigation

- Start with 1 pilot team of 3-5 people (lowest risk)
- Partner with established vendor (AB7, Fractal, etc.) for first 12 months
- Implement 90-day performance review gates before scaling
- Maintain hybrid model: XX% local, XX% remote

Section 10: Common Mistakes

Pitfalls to Avoid

6. Underestimating onboarding/ramp time. Budget 8-12 weeks, not 4.
7. Comparing fully-loaded USA cost vs. salary-only offshore. Add 25%+ overhead.
8. Assuming productivity = local-hired staff on day 1. Ramp productivity curve over 3 months.
9. Ignoring timezone cost: async communication overhead = 10-15% productivity tax.
10. Choosing vendor solely on price. Quality variance is 3-4x across tier-1 vs. marginal providers.
11. No quality gates. Budget 20-30% of FTE for QA/rework in first 6 months.
12. Skipping security/compliance. Add $15-25K per FTE for SOC 2, IP protection, data controls.
13. Not accounting for manager overhead. Expect +5 hours/week per remote report.
14. Treating remote staff as disposable. High attrition (18%+) erases cost savings.
15. Setting expectations as "cheap labor." Position as "access to global talent at fair value."

For questions on ROI modeling or vendor selection, contact solutions@ab7solutions.com.