

## OUTSOURCING VS. IN-HOUSE DEVELOPMENT COSTS

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## Can't Someone Else Do It?

PAGE 22

# GAMEDEV REPORT: OUTSOURCING **VS.** IN-HOUSE



How can game studios **optimize workflow** and **save money**?

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What are the **most challenging** aspects of game development?

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In what areas do internal teams of game studios **lack experience** and **expertise**?

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Which tasks can be outsourced without compromising quality, and how can this be **done effectively**?

Outsourcing has become an increasingly prevalent practice in the global business landscape and the game development industry is no stranger to this trend.

On one side, it offers game studios the opportunity to leverage specialized skills and excel at the production stages where internal teams lack expertise, reduce operational costs, and improve efficiency.

On the other hand, game companies may face quality control issues, miscommunication, misalignments with internal game vision, and high dependencies on third-party agencies.

In our latest research report, 80 Level Team aimed to comprehensively study the biggest challenges game studios faced during game production, understand the current state of the game outsourcing market, evaluate its implications for developers and publishers, and anticipate future trends.

The report is based on the compilation of 3 sources:

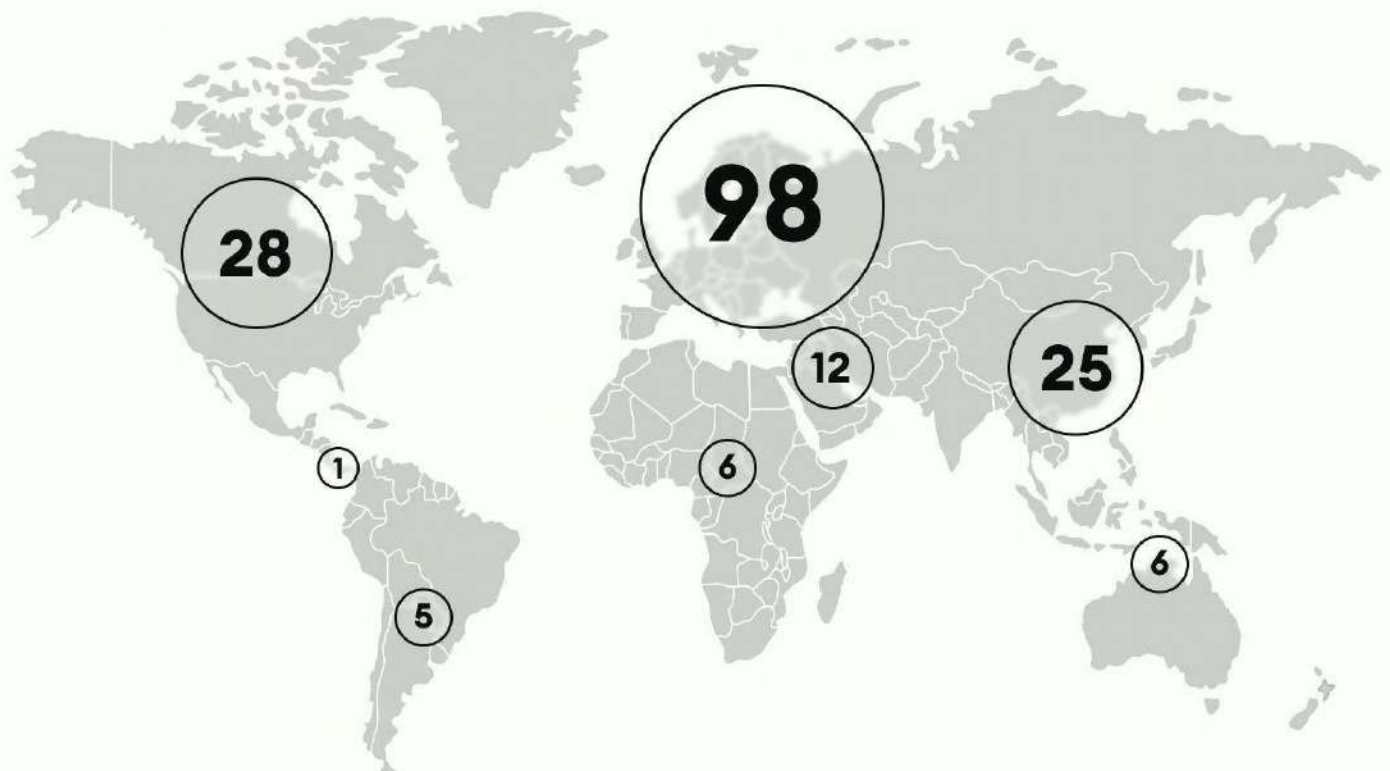
01.

## STATS AND NUMBERS FROM 80 LEVEL SURVEY | GAME STUDIOS POV

Our Research Team surveyed employees and founders of different game development and publishing studios to:

- learn about the challenges they face while making games;
- understand their perception of outsourcing;
- reveal the main factors that influence the choice of a third-party partner.

We collected 181 qualified responses from 54 countries, the top regions being Western Europe and North America. Our research survey only targeted people directly involved in the game production process with a middle level of expertise or higher.



02.

## INSIGHTS FROM 80 LEVEL INTERVIEWS WITH INDUSTRY EXPERTS | OUTSOURCERS POV

Next, we conducted in-depth interviews with several C-Level representatives of outsourcing studios to gain an insider's perspective.

These conversations were focused on gathering firsthand insights into operations, motivations, benefits, and challenges of outsourcers in the game development industry.

## Interviewees

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**Christian Retzlaff,**  
Founder & CEO at Game Art Brain  
[Full interview](#)



**Marco Testini,**  
Founder & CTO at Kabum  
[Full interview](#)



**Emilio Santos,**  
Founder & CTO at Threedee.io  
[Full Interview](#)



**Vuk Banovic,**  
Art Director at Lav Games  
[Full interview](#)



**Hamza Aatmi,**  
CEO & Art Director at Grid Paper  
[Full interview](#)

## 03.

## DATA FROM EXISTING INDUSTRY REPORTS

We also conducted an extensive analysis of different external sources, including other research reports (such as [“Insight on External Development For The Video Game Industry”](#) by XDS), and news articles. This allowed us to place our findings in a broader context, cross-verify data, and identify more trends and patterns.

Additionally, we aggregated statistical data from reputable open sources and pulled out previous 80 Level Research reports with relevant information.

The insights presented in this report will **benefit game developers and publishers** that are already outsourcing certain gamedev stages, considering it or even being against it. We hope to provide you with an extensive market overview, an understanding of how to choose partners wisely, and food for thought on which game production stages are worth delegating to the outsourcers and which should stay in-house for the sake of it.

As for **the outsourcing studios**, we strive to deliver valuable information on the ways of improving your services and brand reputation as well as securing new clients. 80 Level can even help you with that last part (keep reading and learn how).

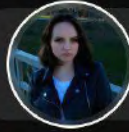
*Enjoy the Report!*

## 80 LEVEL RESEARCH TEAM

Feel free to contact us if you have any questions.



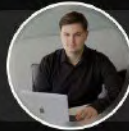
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RESEARCH

It's best when strategic decisions are wise, research-based, and backed by data. And since you've downloaded this report, we know you agree. However, all gamedev companies are different and face unique business challenges that need to be addressed.

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We do quantitative and qualitative research, tailored to your company's needs, to get you valuable market insights, driving business success.

80 Level has direct access to 1,5 million people across the globe and can conduct interviews and surveys with:

- Gamers
- Game developers
- Digital artists
- Other industry experts

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## E X E C U T I V E S U M M A R Y



The outsourcing market is predicted to hit 1.8 billion USD by 2030. In 2023, the trend of allocating multi-million dollar budgets for external development has been noted, leading to a significant increase in the number of outsourcing companies with annual gross revenue exceeding \$5 million.

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Game Promotion, Market Research, and Porting are the main areas where game studios lack internal expertise, according to the 80 Level survey.

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Game Development and Game Design were estimated as areas with a high level of internal expertise within the game studios of 80 Level survey respondents. However, those were also the most challenging production stages for the last games their companies worked on.



Art Production wasn't mentioned as one of the top areas where game studios lack internal expertise by their representatives in the 80 Level survey. It was also named as one of the "least preferable to be outsourced" areas of game development. Yet when it came to their studios' latest projects, the majority had external input in the Art Production process.

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Based on the 80 Level survey results, game developers would prefer to outsource only non-core game production activities if they had an unlimited budget, such as Localization, and Porting. However, there's a contradiction present between game development stages that are wished to be kept in-house and actually kept in-house.

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The need to meet content production demand and the lack of human resources within game studios are currently the main drivers of outsourcing.



The true cost of hiring an outsourcer is -18% higher than their hourly rate due to the additional indirect expenses. And the true cost of an internal employee might be 50% higher than the hourly rate.

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Our survey showed a negative Net Promoter Score (-23%) for respondents' last collaborations with outsourcing companies, with nearly half of the studio representatives being dissatisfied, primarily due to low-quality services and communication issues.

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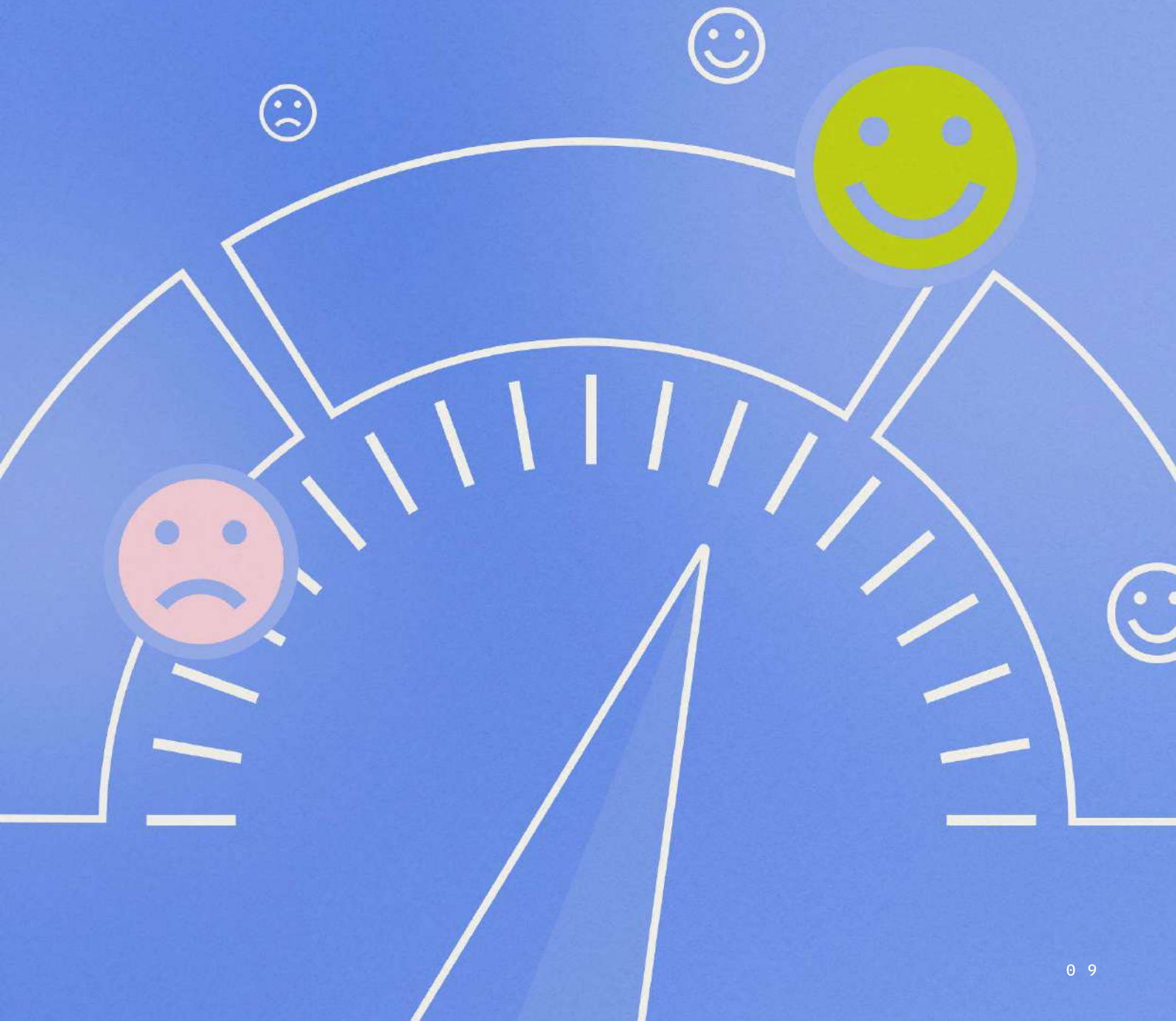
80 Level Survey revealed that a comfortable communication process matters even more than the price for game studios' decision-makers when it comes to choosing an outsourcing company to help with their projects.

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# Survey Respondents in a Nutshell



Our research survey targeted people directly involved in the game production process with a middle level of specialty or higher.

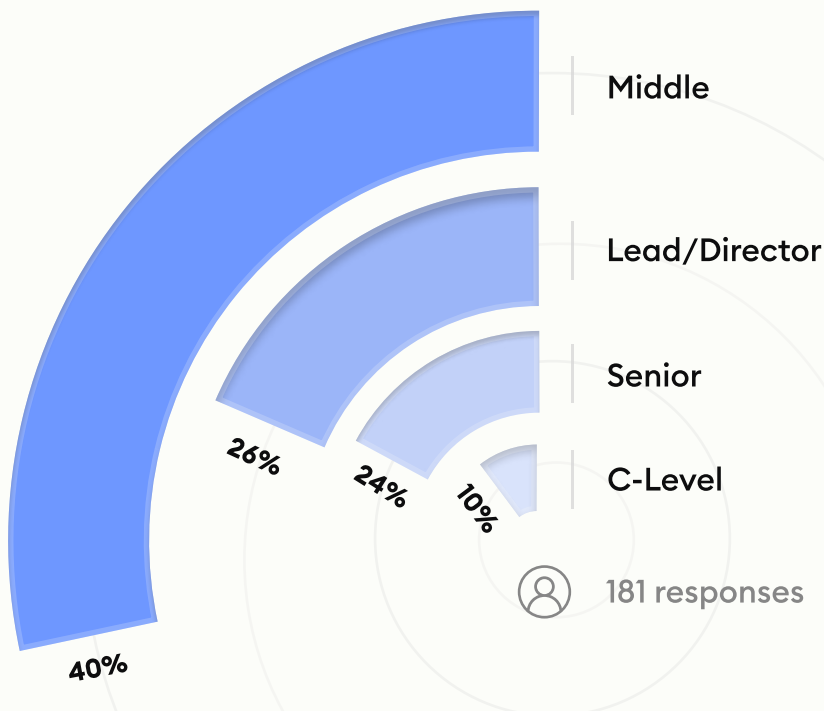
Surveyed C-Level professionals mostly specialize in Development & Programming (61%), Game Design (51%), and, of course, Management (41%).

Other respondents mainly work on Digital Art (41%), Game Design (32%), and Development & Programming (28%).

### EMPLOYMENT STATUSES & ROLES OF SURVEY RESPONDENTS

Status	Leadership	Employed
Number of Respondents	67	114
Digital Art	40%	41%
Game Design	55%	32%
Narrative / Writing	25%	4%
Audio	13%	2%
Development / Programming	61%	28%
Community / Marketing / PR	22%	4%
Sales / Business Development	28%	5%
Management	42%	13%

### LEVELS OF EXPERTISE OF SURVER RESPONDENTS



**64%**

of participants are represented by Middle and Senior employees while the rest hold leadership positions.

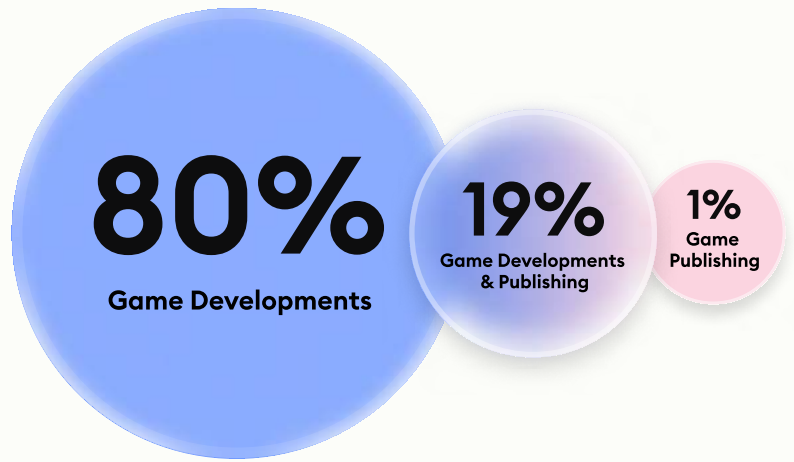
Source: 80 Level Survey 2024

**Most of the research participants work at game development studios.**

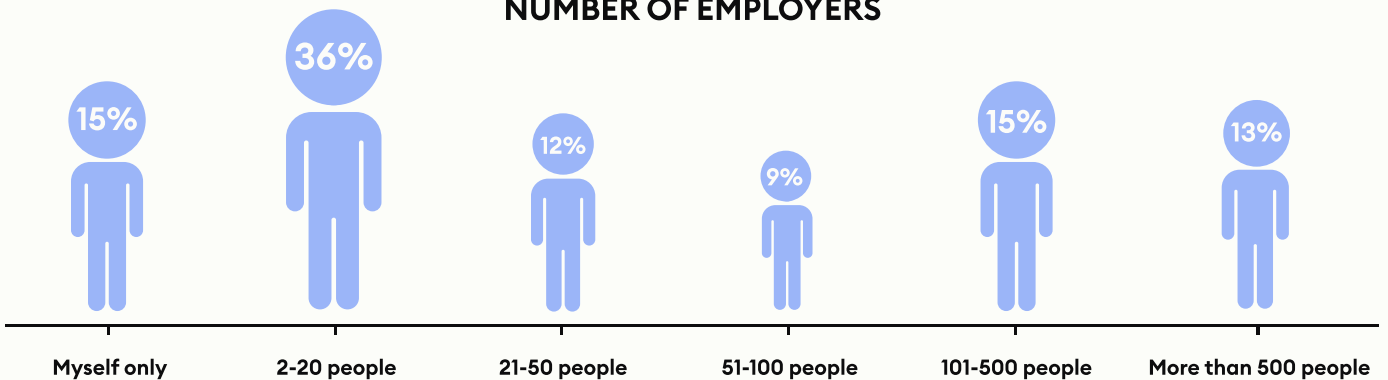
19% of survey respondents are also involved in game publishing. The studios we studied mostly represent indie projects: 36% of them have from 2 to 20 employees.

There are also 15% of big companies with 100-500 people and 13% of enterprises with a workforce exceeding 500 employees.

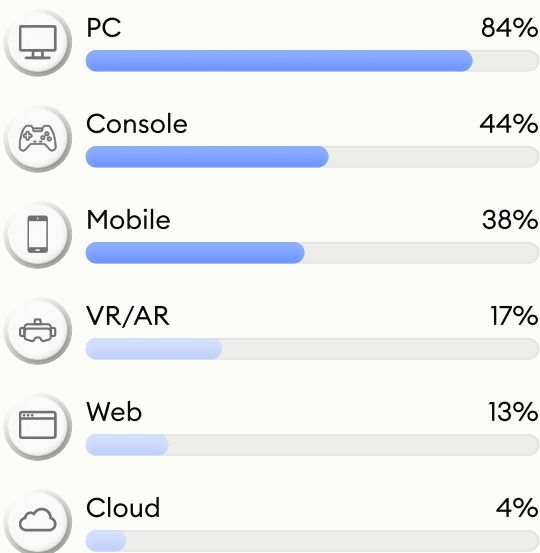
**COMPANIE'S SPECIALIZATIONS**



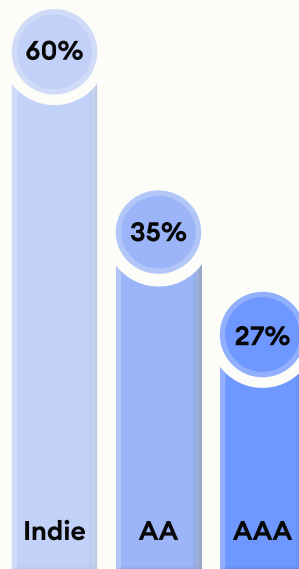
**NUMBER OF EMPLOYERS**



**GAMING PLATFORMS**



**TYPE OF GAMES**



Traditional platforms like PC (84%), Console (44%), and Mobile (38%) remain the preferred choices for game production, whereas VR/AR (17%), Web (13%), and Cloud (4%) aren't so popular among surveyed companies.

Besides, 60% of them focus on the development of indie games, AA and AAA projects are each developed by roughly one-third of the companies.

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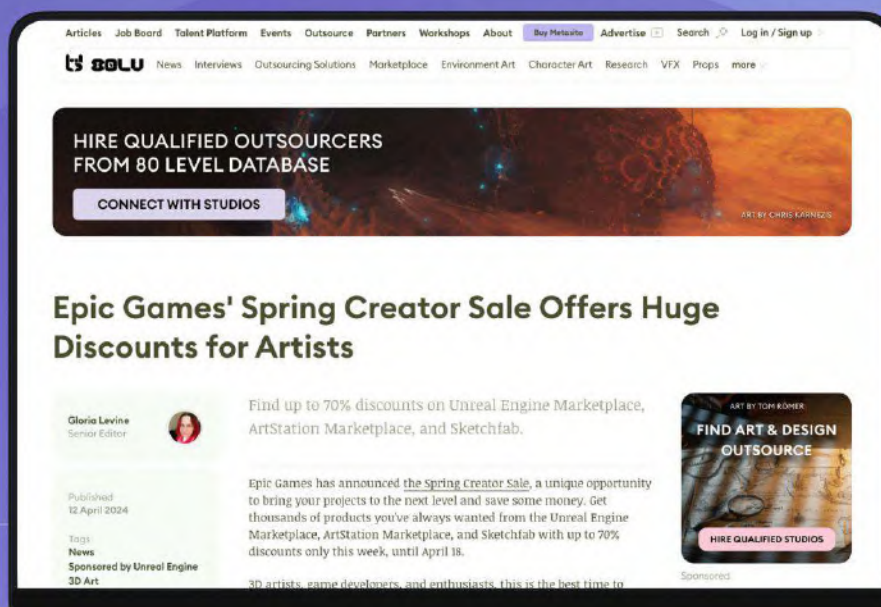
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monthly visitors

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# Internal Weaknesses & Strengths of Game Development Companies

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The first big task of the 80 Level Research study was to understand the strengths and weaknesses within game studios' internal teams.

Survey respondents shared their experience and identified areas of the game development process where their companies lack expertise.

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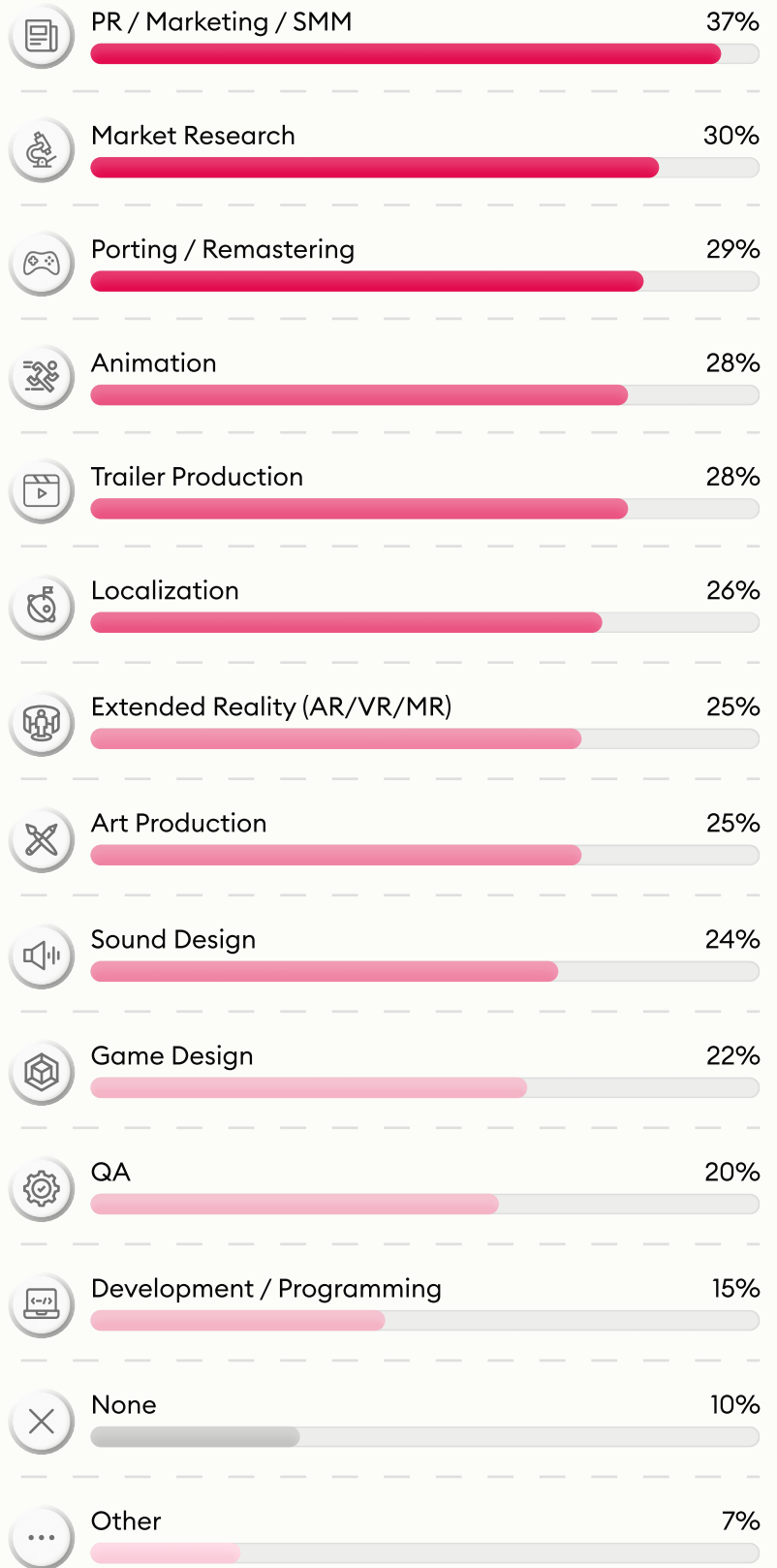
# Sorrows & Woes

Game Promotion & Advertising (37%), Market Research (30%), and Porting / Remastering (29%) were generally estimated as the weakest areas and may require some external assistance. The shortage of specialized skills in these fields can be attributed to their peripheral role in the core business activities and business size.



The least mentioned areas, such as Development (15%), QA (20%), and Game Design (22%) can be considered the main internal strengths, indicating a lower need for additional expertise in these fields.

## AREAS OF GAME DEVELOPMENT WHERE RESPONDENT'S STUDIOS LACK INTERNAL EXPERTISE



Source: 80 Level Survey 2024

# Additional Facts & Stats

In 80% of the cases, marketing-related activities (Game Promotion) were highlighted as troubling by people working in small studios (below 50 employees). The breakdown is similar for Market Research, however, the amount of bigger studios struggling in this field grew by 15%.

Studios that do AA & AAA type of games give a bit more consideration to the need to conduct Market Research.

Representatives of USA companies' showed higher concerns about their capabilities in Porting, Trailer production, and Localization than other countries.

It's worth mentioning that surveyed professionals with production-focused specialties (e.g. Digital Art, Development, Game Design) were more likely to consider Market Research, Porting, and Animation as the main areas for improvement, compared to general managers.

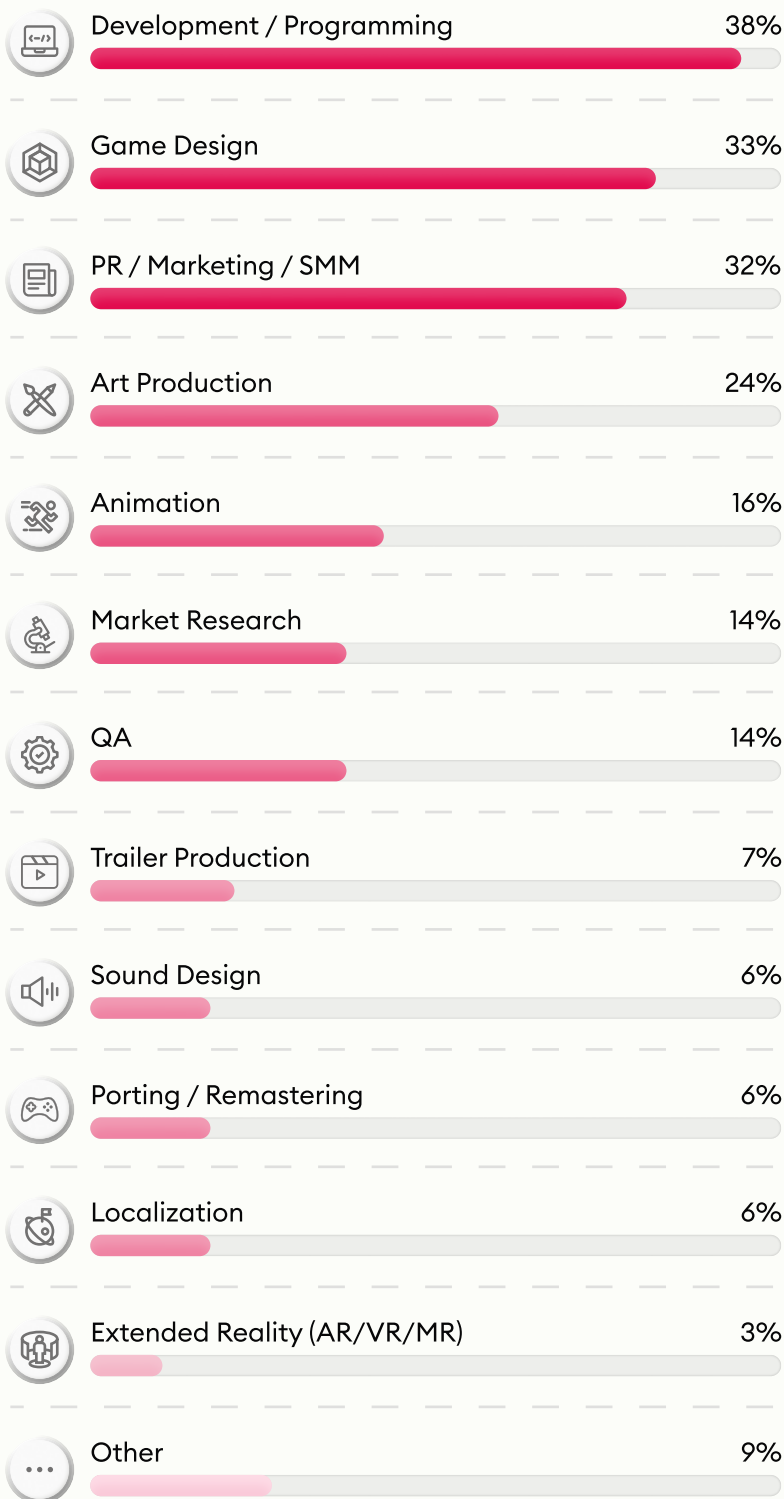
Respondents with C-Level positions expressed particular concerns about their companies' internal expertise in Trailer Production and Localization.

The absolute majority of respondents assured that their companies are fully equipped with all necessary skills internally were represented by big companies with higher budgets and differentiated departments.

Survey respondents also mentioned a lack of sufficient expertise in areas such as project management, and legal administration



### THE MOST CHALLENGING PARTS OF THE GAME PRODUCTION PROCESS FOR THE LAST GAME RESPONDENTS WORKED ON



It's interesting that Game Development and Game Design were estimated as areas with a high level of internal expertise by respondents, however, those were also the most challenging production stages for the last game their companies worked on.

Meanwhile, Market Research, Porting, Animation, Trailer Production, and Localization were named among the companies' main areas of improvement, yet didn't end up being the most problematic for the survey respondents' last project. The simplest explanation may be the fact that companies either outsourced these parts of game production or didn't do it whatsoever perceiving it as something of lesser importance.

Game Promotion (PR/Marketing/SMM), the key area with a noticeable expertise gap, was also mentioned in the top 3 challenging stages when developing the latest game. This leads us to a pretty definite conclusion that Game Marketing is this unique area which is both:

- Deemed vital for the successful launch. Studios actually put effort and try to do it internally.
- Stays very challenging. Not all attempts seem to pay off and the internal expertise does not always cut it.

Source: 80 Level Survey 2024






*We've only been doing game development internally for a couple of years, so I wouldn't have all the data needed to confirm what I'm saying. Certainly, the most expensive and time-consuming processes you face during game development are the in-engine implementation of all the code and mechanics.*

*While on the art side, the animation process. I would say that these two aspects, I would prefer to handle internally and not outsource.*



**Marco Testini,**  
 Founder & CTO at Kabum

 [Full interview](#)

# When It Rains – It Pours?

More than half of survey respondents were sure that one of the main reasons for the challenges they faced while making their latest game was a lack of expertise within their teams.

Many game projects were also negatively impacted by external factors beyond control, the lack of workforce, and poor project management. More than 30% of respondents had difficulties in different stages of the production process due to these factors.

Consequently, companies also suffered from other organizational aspects like inconsistent leadership’s vision (25%), unrealistic deadlines (23%), lack of communication between departments (20%), and unrealistic budgets (14%).

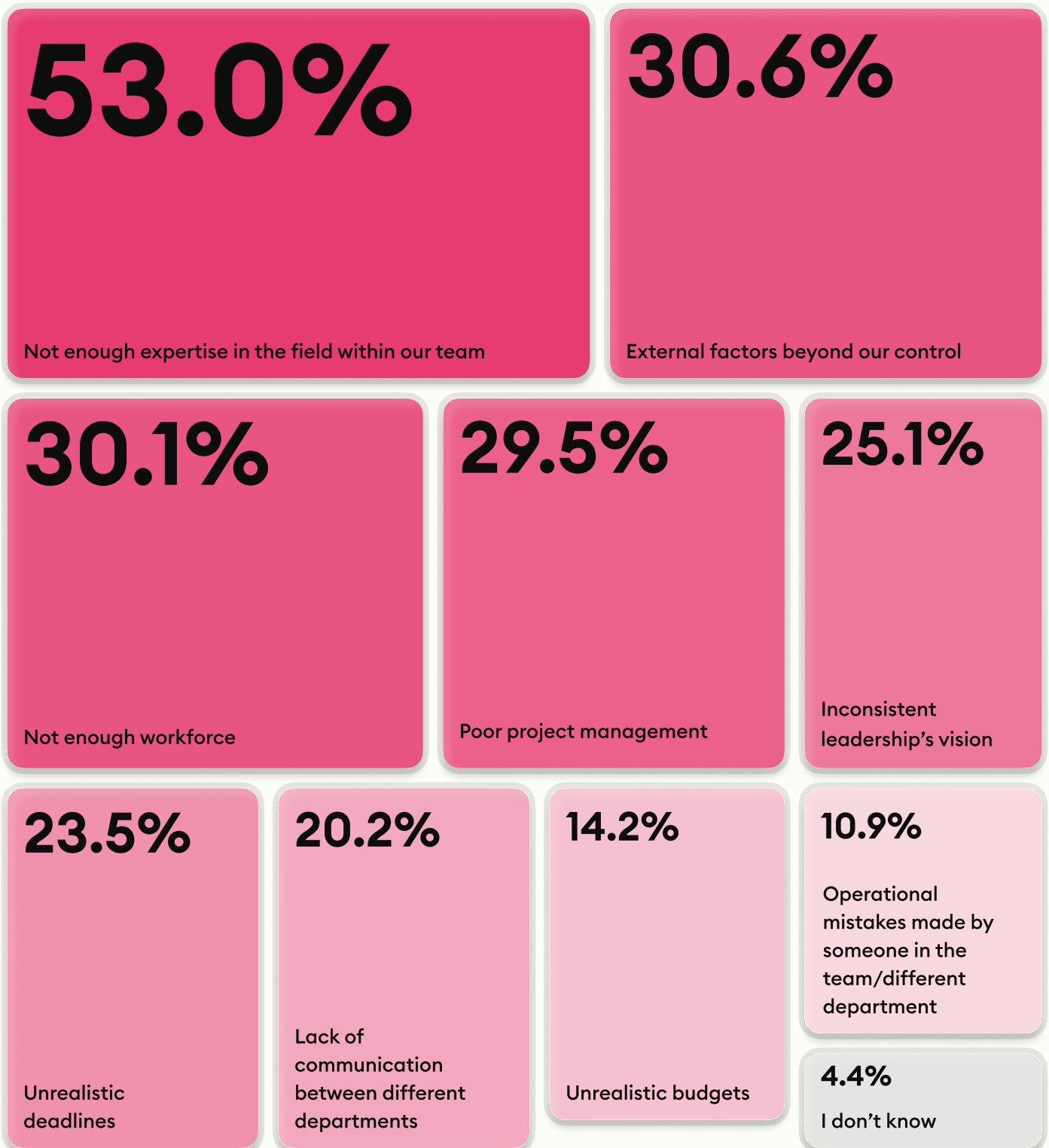
## Fascinating observations:

Lack of internal expertise was quite commonly considered not just as the main but the only blocker respondents’ studios had.

Almost 40% of respondents identified the top-3 popular factors (lack of expertise, external influence, and lack of workforce) in different combinations as the root causes for all challenges and didn’t face any “organizational” issues.

Poor project management issue was mentioned quite often but always came in bundles – either with the other organizational flaws or one of the top-3 drawbacks.

## THE MAIN FACTORS CAUSING CHALLENGES WHILE MAKING THE LATEST GAME



Source: 80 Level Survey 2024

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Mobile Ad Creative Production

3D Metasite Creation

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# Game Development Outsourcing Market Overview

The practice of outsourcing in the world of game development is blossoming, propelling a wave of innovation and creative collaborations in the industry.

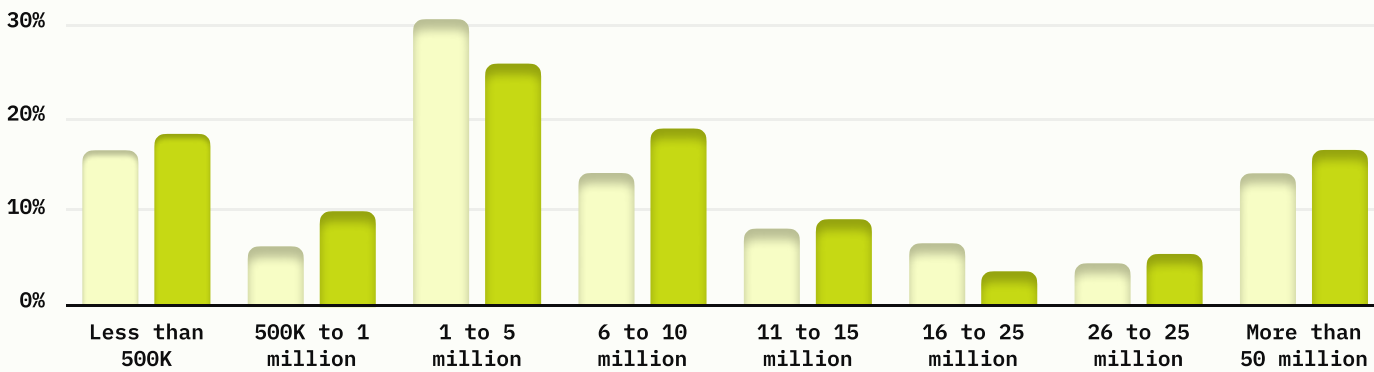
According to [Infinity Business Insights](#), **the market is expected to grow to 1.8 billion USD by 2030**. The CAGR (Compound Annual Growth Rate) from 2023 to 2030 is predicted to be 12.7%.



Only in 2021, about 70% of game companies outsourced different parts of the game development process. From IGDA's survey results, 64% of game studios think their overall productivity was increased with outsourcing.

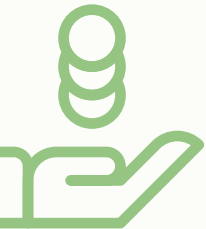
According to XDS, about 25% of game developers and publishers spend 1-5 million USD yearly on outsourcing. It's worth noting that there's a trend in allocating multi-million dollar budgets for external development.

### DEVELOPERS / PUBLISHERS: ESTIMATED ANNUAL SPENT ON OUTSOURCING



Source: External Development Summit (XDS) Report - 2023

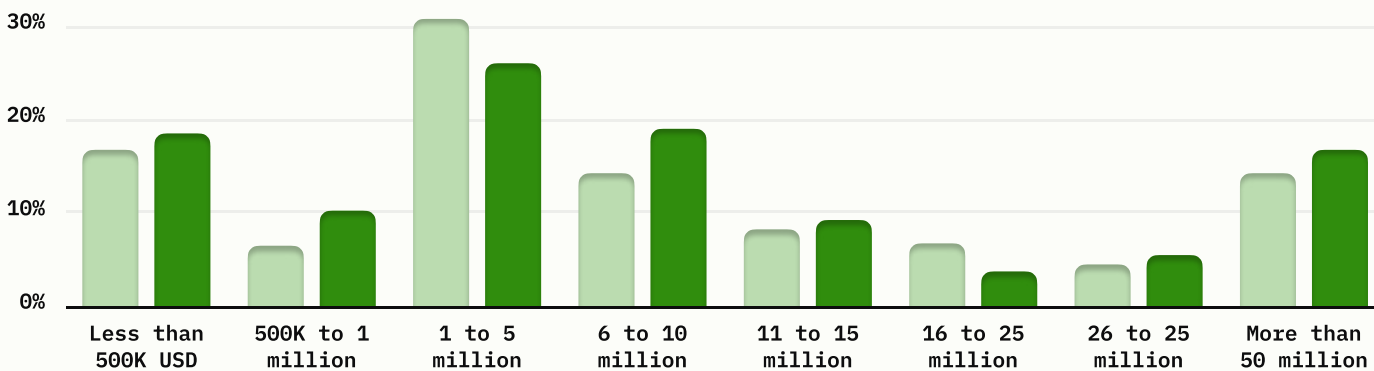
(\$ USD) 2022 2023



**In general, outsourcing agencies got more money from game developers in 2023 compared to last year.**

Although there's a decline in reporting gross revenues of about 10% in the 1-5 million USD range, the segments of outsourcing companies with gross revenue exceeding 5 million USD significantly increased compared to 2022.

### OUTSOURCERS' ESTIMATED GROSS ANNUAL REVENUE



Source: External Development Summit (XDS) Report - 2023

(\$ USD) 2022 2023

# Can't Someone Else Do It?

**“** *Imagine you have an unlimited budget and the ability to make decisions.*

*Which stages of game development would you most likely consider outsourcing while working on your next project? ”*

# Most Likely to Be Outsourced

This won't be a surprise, but based on the 80 Level Survey results, developers and publishers are more willing to outsource non-core game production activities. Such as Localization, Porting, Game Promotion, Trailer Production, and Market Research.

Despite facing challenges in Game Development and Game Design while working

on the last project, most of the respondents are not ready to give it away to a third-party agency. This statement is especially prominent for Game Design which was unanimously put in the last place by 37% of professionals.

It seems important for the studio representatives to keep the visual side of game

production in-house as well. Art Production and Animation were the next least likely to be outsourced areas on the list. So all those are the challenges our respondents are presumably willing to take. **But that's where it gets interesting!**

## GAMEDEV AREAS THAT RESPONDENTS ARE READY TO OUTSOURCE (IF THERE'S AN UNLIMITED BUDGET)

FROM MOST LIKELY TO LEAST LIKELY



59% of 80 Level Survey respondents (107 of 181) had experience working with gamedev outsourcing companies. In the latest projects in their studios, the majority of them delegated Art Production to third-party companies (61%).

**It's a very captivating dynamic because Art Production wasn't mentioned as one of the areas where the internal studio departments lack expertise, moreover, it was named as one of the "least likely to be outsourced" on the list here (by C-Level decision-makers, too).**

Both Localization (33%) and QA (32%) were also outsourced quite often. However, that totally aligns with the respondents' vision of delegating less core game production activities expressed previously.

The overall chart breakdown for this question is quite accurate for small studios (<50 employees). While it was more common for the bigger companies to delegate engineering (another area mentioned as the least likely to be outsourced in the previous question) and sound design.

“

*If we want to include in outsourcing everything that is not purely art, I think it is appropriate to have specialized external teams doing consulting for sales and porting strategies.*

*In summary, when asking for outsourcing help it is important to look for specialized teams in specific areas, such as the animation of stylized fantastic creatures or the creation of photorealistic urban environments, etc.”*

”



**Marco Testini,**  
 Founder & CTO at Kabum

 [Full interview](#)

## OUTSOURCED IN THE LATEST GAMEDEV PROJECT



Source: 80 Level Survey 2024



Data from external sources add up to the contradiction between game production stages that wished to be kept in-house and actually kept in-house.

According to XDS, Art, Animation, and Cinematics/VFX were the top-3 areas the outsourcing studios were focused on in 2023. Art and Animation have been holding highest spots on the list of provided services since 2020.

Whereas Cinematics/VFX jumped to third place in 2023, growing by 8% compared to 2022.

What's more, Development and Engineering outsourcing was also quite popular.

### MAIN SERVICES PROVIDED BY OUTSOURCERS IN 2023

Service	2023	2022	2021	2020
Art	75%	79%	70%	74%
Animation	49%	40%	44%	57%
Cinematix/VFX	32%	23%	23%	34%
Game Development - PC/Online	31%	30%	32%	39%
Engineering	27%	22%	27%	20%
Game Development - Mobile	26%	24%	35%	39%
Game Development - Console	22%	30%	32%	36%
UX/UI	22%	20%	19%	21%
QA	18%	14%	15%	22%
Motion/Facial Capture	18%	10%	-	-
Game Development - VR/AR	16%	16%	24%	35%
Audio	16%	11%	8%	15%
Game Development - Cloud-based	10%	12%	-	-
Localization	12%	8%	8%	15%

Source: External Development Summit (XDS) Report - 2023

LET'S DIVE DEEPER INTO EACH OF THE MOST DEMANDED OUTSOURCING AREAS.

# Creative Work Outsourcing



Although creative work turned out to be the most delegated game production area, some art and design stages of gamedev can remain in-house.

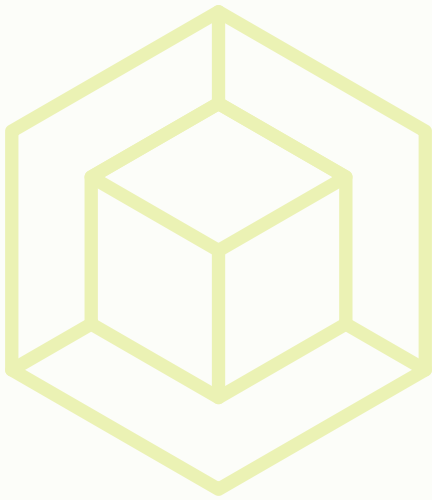
XDS revealed that Game Design, Narrative Writing, and Information Design were mostly done in-house in 2023 – more than half of game developers and publishers surveyed by them used internal resources in these areas.

**That correlates with the results of the 80 Level Survey. Game Design was almost unanimously named as the least likely to be outsourced stage of production by our respondents.**

However, 3D Art (specifically Characters, Props, Environments, Weapons, Animation) and 2D Characters production was way more likely made by outsourcers in 2023, according to the XDS data.

Game companies and art outsourcers have been collaborating more often in recent years. Here are some successful cases of such partnerships:

- Winking Studios collaborates with big game companies like Tencent, Ubisoft, Netease, NCSOFT, Square Enix, and EA. For instance, they contributed to concept art, 3D modeling, and rigging for Ubisoft's game *Skull and Bones*.
- N-iX Game and VR Studio made maps for PlayQ's game *Charm King* – they produced more than 40 maps that perfectly matched the game style. According to N-iX Game, they are determined to continue cooperation with PlayQ.



# Engineering Outsourcing

Similar to creative work, not all aspects of engineering have a high likelihood of being outsourced. For example, the [XDS report](#) demonstrates that Rapid Prototyping, Dev Ops, Engine Development, and Gameplay Engineering are the main spheres that remain in-house. In 2023, game developers and publishers relied on the internal teams mainly in these areas.

XDS experts mentioned that Porting, PC/Console Co-dev, UI Engineering, AR/VR, and Mobile Co-dev were the top 5 more likely to-be-outsourced areas in 2023, according to their survey.

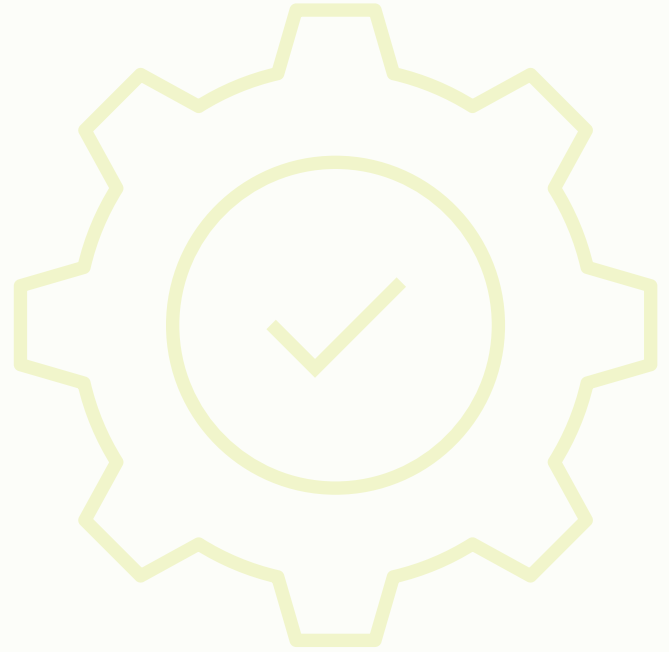
## Some successful cases of development outsourcing:

- [NetherRealm Studios outsourced](#) the development of the mobile version of "Mortal Kombat X" to Virtuos. The version became a hit generating more than \$150 million in its first year.
- [The Coalition worked with Splash Damage](#) on the game Gears of War 4. Splash Damage's extensive experience helped streamline the production of the multiplayer ecosystem.
- The talents from [Ubisoft's Singapore studio](#) were developing naval battles in "Assassin's Creed 3".

# Quality Assurance Outsourcing

In 2021, the worldwide market for game testing services was valued at 772 million USD. Analysts predict it will reach 2 billion USD by 2031, with the QA market share accounting for more than 75%.

TestFort experts highlight that QA outsourcing can be especially beneficial when a game studio works with software products in a niche industry, utilizing a unique tech stack or specialized types of testing like IoT testing, hardware testing, and implementation of AI to QA. They are assured that game QA outsourcing works for both short and long-term projects. QA from external consultants can allow companies to receive in-depth expertise, complete time-sensitive tasks, and provide time to focus on core business goals.



- One of the most popular game studios Zynga has partnerships with external QA teams. FarmVille and Words with Friends are the examples of the successful cooperation of Zynga and QA outsourcers who helped the company to test games for bugs and improve usability.
- Another example is Sega of America planning to outsource game QA, reducing a portion of its in-house workforce.

# Localization

## Outsourcing



According to the [BLEND report](#), nearly half (46%) of the top 50 game development companies invested in localization in 2023 – among them PlayStation, Xbox, Roblox, and Nintendo, which have their websites translated into over 43 languages.

Game studios can face the following [challenges](#) when localizing games:

- Paying attention to specific dialects, expressions, and formatting.
- Maintaining a balance between accuracy and fluency.
- Keeping up with trends and reflecting them through localization.









To overcome these challenges, game developers can cooperate with outsourcers.

There are already many successful cases of game localization outsourcing:

- [MYTONA](#) outsourced the [game localization](#) of their game *Cooking Diary* to INLINGO. The game was translated into English, Japanese, Traditional Chinese, Simplified Chinese, Korean, Italian, French, German, Spanish, European Portuguese, and Indonesian.
- [Square Enix](#) cooperates with [localization agencies](#) to target different markets. One of their games *Final Fantasy VII* demonstrates deep localization that considers cultural peculiarities and has voice acting.
- [Sega of America](#) is also strategizing to delegate game localization to optimize internal efforts.

According to our previous research, localization is especially needed for games planned to be released in China, South Korea, and most Southeast Asian countries like Vietnam, Indonesia, and Thailand. Below you can see a table with the EF English Proficiency Index in some Eastern countries.

### ENGLISH LEVEL IN DIFFERENT COUNTRIES

Country	Official Language	EF English Proficiency Index	English Level
 Singapore	English, Malay, Chinese, Tamil	635	Very high
 Philippines	Philippine, English	592	High
 Malaysia	Malay, English	562	High
 South Korea	Korean	525	Moderate
 Vietnam	Vietnamese	486	Low
 Indonesia	Indonesian	466	Low
 China	Chinese	464	Low
 Thailand	Thai	419	Very low

Source: EF English Proficiency Index 2023

# Investigating the Whys

# Main Outsourcing Drivers



Feedback from 80 Level survey respondents demonstrates that in the case of having an unlimited budget, they would prefer to outsource ancillary game development stages.

“  
It's better to do everything inside. But the less impact on the product, the lower the risks of outsourcing.” \*

“  
Less crucial roles that don't require someone to be fully aware of the project when making content that fits in with others' work and requires less feedback to get right.”

They also don't want to outsource anything that gives identity to their games and brings joy while working on them.

“  
Most things could be outsourced, including art, sound, animations, etc. But the programming itself needs to be done in-house. As well as certain touches to the games that give them uniqueness and are harder to implement if they are made by an outsourcer. Sometimes you try to figure out what you've written in your own code, with your own comment IDs and signs.”

“  
Anything vital to the actual game development that is needed all throughout production itself should be done in-house, things like marketing can be done by specialists outside.”

“  
People tend to outsource art and animation but in the end, you always have to do a portion of that in-house just to fix the errors of the outsourcer. Game design and Q&A are too important to outsource.”

“  
Keep focus on what we do well, versus reinventing the wheel. Keep the process fun, it's games we are building after all.”

However, as proven by findings in the previous section, outsourcing exclusively non-core game production stages only works in the ideal world. The actual market state data (where an unlimited budget is a myth) represent a different picture.

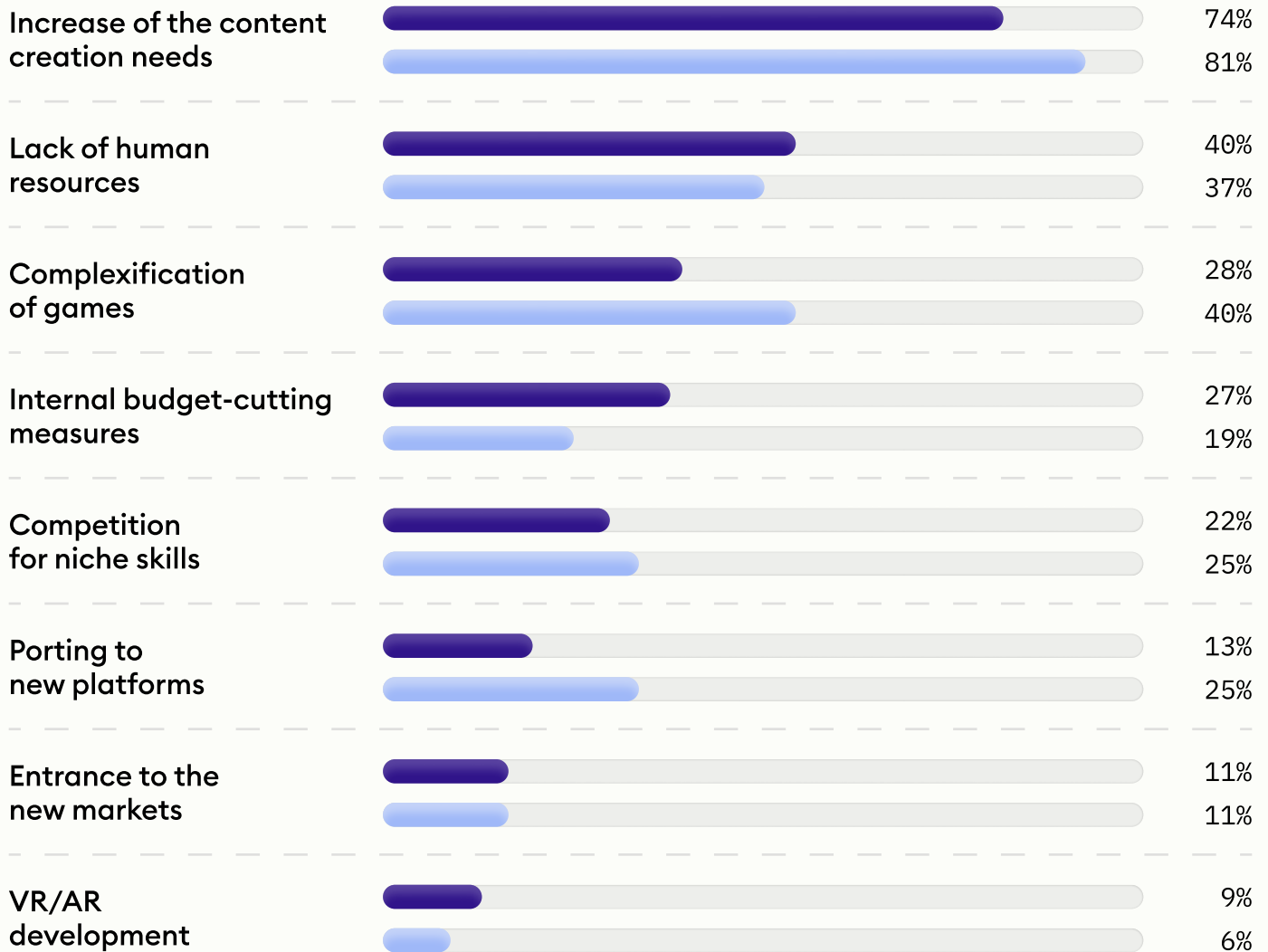
XDS revealed that the need to meet content production demand continues to be the main reason behind turning to third-party agencies (74%) in the overall outsourcing drivers breakdown. However, this factor's importance dropped by 8% in 2023 vs. 2022. One possible cause is the rise of generative AI. This factor is followed by the lack of human resources (40%), studios' intentions to make more complex games (28%), or the desire to decrease development costs (27%).

\* All quotes are from the anonymous participants of 80 Level Survey 2024



## GAMEDEV OUTSOURCE DRIVERS

● 2022 ● 2023



Source: External Development Summit (XDS) Report - 2023

If a team lacks skills in a particular area, it is more practical to collaborate with external specialists who have extensive experience to improve the quality of the work.

“ \_\_\_\_\_ \*  
 It's just a personal opinion, it doesn't represent the company's vision.

*Chosen as most likely to outsource are those development stages that could be delivered by dedicated professionals. For example, localization is quite a [serious] question for AAA projects and it's better to ask professionals than hire a team. Sound is also a thing that can be done by others. I ranked them in reverse order*

*of studio competency. We are small enough that it doesn't make sense to put things like Localization or bulk QA under our roof permanently, and those are easy items to give to someone else.*

\* All quotes from the anonymous participants of 80 Level Survey 2024

This information is also validated by our interviewees. Vuk Banovic, Art Director at Lav Games, believes that outsourcing some parts of projects to experts proves beneficial when the company lacks a dedicated internal specialist in that area. He is assured that building specialized departments from scratch can be time-intensive and challenging:


“

*Primarily, it's about finding the ideal talent and building departments from scratch, which usually takes years. It's not something you can achieve within a few months or even a single year. A coding department alone, which includes specialized areas like gameplay tools and AI, requires a range of expertise. Assembling a group of people that can gel into a productive team is quite challenging. Plus, it's easier to manage when you work with a team that has proven skills, communication, and reliability, whether through outsourcing or partnerships, rather than building such a team from the ground up. We're open to the idea, but we're just not there yet.*

”



**Vuk Banovic,**  
Art Director at Lav Games

 [Full interview](#)

“


*We often outsource for animation systems and other complex tasks that we don't have the in-house talent for. It's better to outsource these tasks, learn from the experience, and then have your team build upon the work of these experts rather than starting from scratch.*

*If we don't know how to do something, we hire someone for a few weeks, learn how they did it, and then our in-house team takes over. This approach helps bridge the gap in expertise, which can be challenging for smaller teams.*

”



**Emilio Santos,**  
Founder & CTO at Threedee.io

 [Full interview](#)

Moreover, many non-core tasks can be executed independently of the primary game development process and don't require a lot of supervision, according to the studio representatives surveyed by 80 Level.

“

*Trailer Production, Marketing, Porting, and Localization, are less dependent on project development. Consistency in a team composition when developing a core game/vertical slice is a must-have*

”

“

*Based on experience in previous projects (>5), Localization, Art Production, Animation, Trailer Production, and Market Research can be outsourced with only a little internal overhead.*

”

\* All quotes from the anonymous participants of 80 Level Survey 2024



**Xsolla**

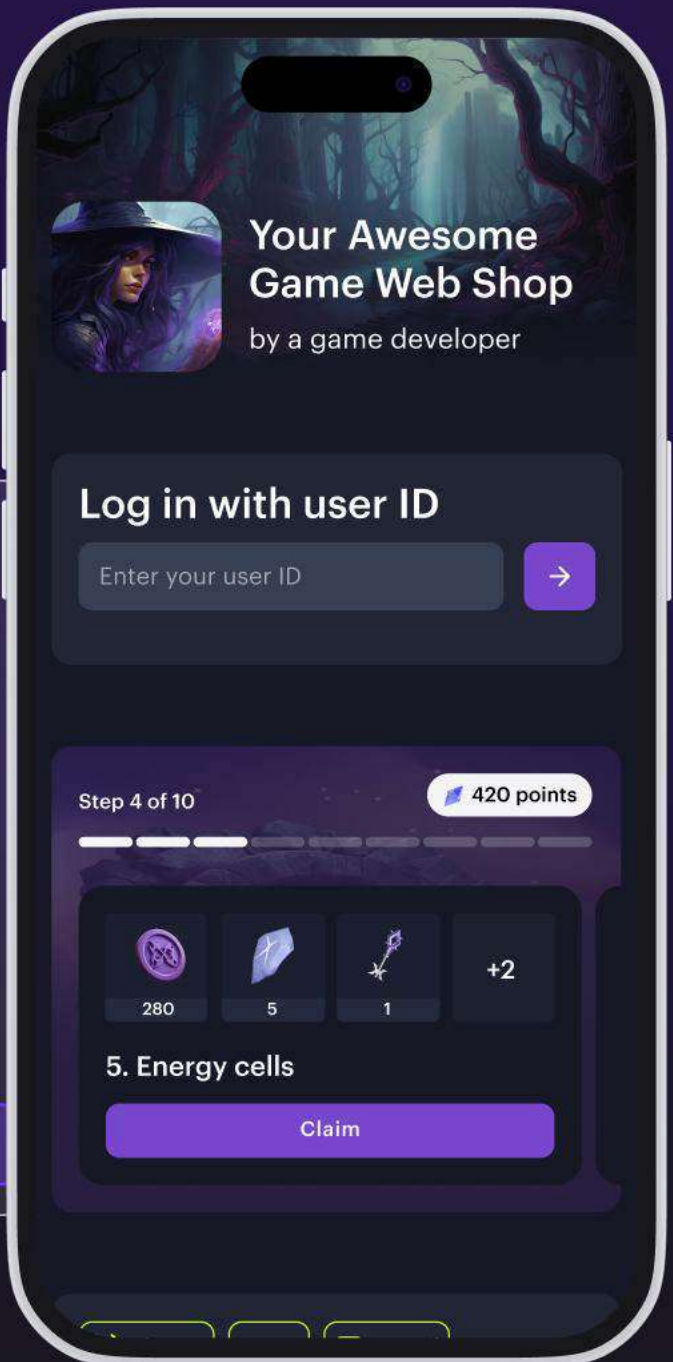
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# OUTSOURCING VS IN-HOUSE

## DEVELOPMENT COSTS

Some 80 Level Survey respondents also stated that outsourcing is cheaper and less time-consuming than hiring internal professionals because companies need certain areas of game development only for short periods within a project.

“ *In-house localization is expensive and only needed at the end of the project. Marketing, PR, and all other non-dev tasks are best handled by experts, which are expensive to hire and retain.* ”

“ *Extended Reality, Localization, QA, Trailer Production, and Porting needs are very time-specific so it doesn't make sense to ramp up an in-house team and have to let ramp them down after the project ends and before new needs arise.* ”


“ *With an in-house team at a gaming company, once you hire a game artist, you are committed to that individual, even if the game's direction or style evolves beyond their skill set. For example, if you hire artists for a realistic game and then switch to a hyper-casual game, those artists might not want to or not be able to adapt to the new style.* ”

*This is when hiring an outsourcing studio can be beneficial— we can adapt to any style you request and can be let go without any complications once the job is done.*



**Christian Retzlaff,**

Founder & CEO at Game Art Brain

 [Full interview](#)

Choosing external resources or relying on in-house development can significantly impact a project's efficiency, cost, and outcome. [SDLC Corp](#) highlights the following advantages and drawbacks of outsourcing different parts of game development:

## GAME DEVELOPMENT OUTSOURCING

### BENEFITS

- + Access to a Wide Range of Talented Professionals
- + Reduced Costs
- + Faster Time to Market
- + Focus on Core Competencies
- + Access to Advanced Technologies
- + Scalability

- Communication and Coordination Difficulties
- Quality Control Issues
- Risk of Intellectual Property Theft
- Cultural and Language Differences
- Dependence on External Partners

### DRAWBACKS

Source: SDLC Corp

\* All quotes from the anonymous participants of 80 Level Survey 2024



*I believe that outsourcing mainly benefits small teams. Through outsourcing, these teams can achieve quality results faster. Another advantage is the networking benefits that come with multiple teams collaborating, sharing different knowledge, and contaminating each other, which I think is the best way for evolution.*

*We have a client who specifically asked us for art for their mobile video game, and for it to be done in a super-optimized way and with extreme stylization, we specialize in that. So certainly for them, our contribution was very important in leading them to a significant saving of time and therefore money in terms of research and development.*



**Marco Testini,**  
 Founder & CTO at Kabum

 [Full interview](#)




*The main reason is cost. And the biggest cost, not only in gaming but in almost every industry, is labor. When we encounter a task that we're not experienced in, we turn to freelancers. We use platforms like Upwork ourselves. We've also used Fiverr in the past. This way you can hire somebody for just a month. After that, you get what you need done. You keep your core team intact without needing to expand, which is very, very expensive. You would have to pay people full-time, regardless of whether you need their skills at that moment.*

*Accessing expertise from real experts without having to hire them full-time is a significant advantage. And generally, you can say it's not only about saving money but also time. This is a business where time is of the essence; you need to get your game out as quickly as possible.*



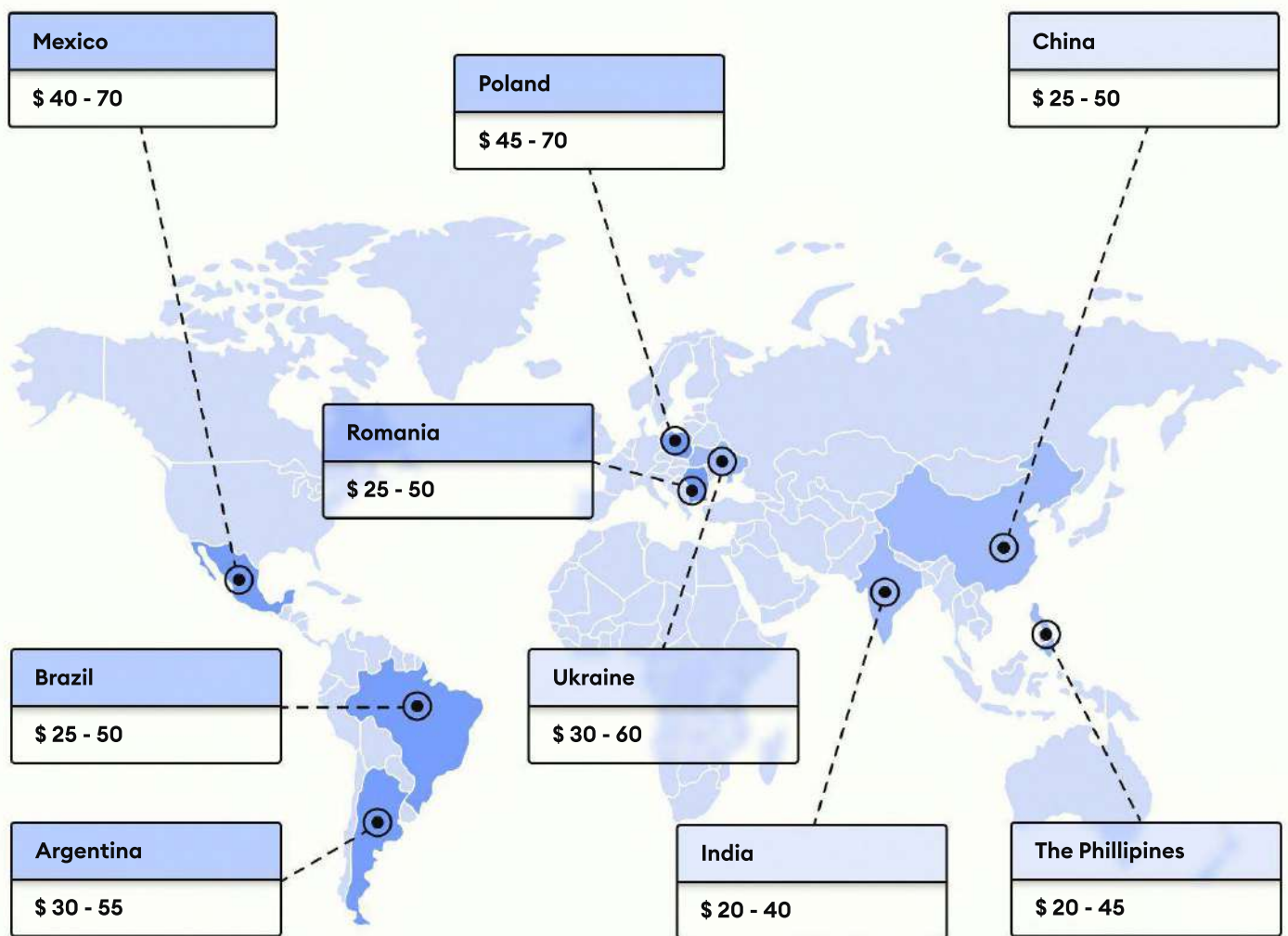
**Emilio Santos,**  
 Founder & CTO at Threedee.io

 [Full interview](#)

In 2024, the average hourly rate in outsourcing is 50-100 USD per person (in Europe & the USA).

Hourly rates in main outsourcing regions are presented below.

### HOURLY RATES IN 9 KEY OUTSOURCING REGIONS



Source: Brainhub

When choosing between an in-house specialist and an outsourcer, a company can evaluate the cost implications by comparing the outsourcing fee with an employee's pay rate in a certain country. Based on the [80 Level Research Salary Survey](#), here are the following average salaries of game development specialists across various countries:



### THE USA

36% of game development professionals from the USA have a salary of more than 150.000 USD



### THE UK

The majority of game development professionals from the UK have a salary between 40.000 – 59.999 USD



### CANADA

None of gamedev professionals from Canada receive a salary less than 40.000 USD

40% have a salary in a bracket of 100.000 – 150.000 USD

19% have a salary higher than 150.000 USD



### GERMANY

The majority of game developers from Germany receive the salary between 30.000 and 79.999 USD



### SPAIN

38% of gamedev specialists from Spain have a salary of 20.000 – 29.999 USD

22% earn 40.000 – 49.999 USD



### INDIA

54% of gamedev professionals from India have a salary under 9.999 USD

15% earn 10.000 – 19.999 USD



### SWEDEN

The biggest chunk of respondents (28%) have a salary of 50.000 – 59.999 USD

The majority in the country earn 30.000 – 79.999 USD



### FRANCE

Overall, the majority of local gamedevs have a salary between 20.000 and 49.999 USD



### POLAND

31% of game development professionals in Poland have a salary of 30.000 – 39.999 USD






*The competition is incredibly tough, particularly as a German studio, given the prevailing price standards. Adhering to Germany's minimum wage regulations makes it challenging to compete with studios in regions with lower labor costs. Sometimes, we have to rely on freelancers due to the high expenses associated with full-time hires in Germany.*

*When clients present significantly lower budget offers, we're forced to decline, even if it means passing up exciting opportunities like the one we had with Sega. It's painful to turn down projects, but maintaining profitability is essential for our sustainability.*



**Christian Retzlaff,**

Founder & CEO at Game Art Brain

 [Full interview](#)



It's necessary to consider additional expenses to understand the actual cost of outsourcing. Toptal made a calculator to compare the expenses of an in-house employee vs. an outsourcer including extra expenses. According to this tool, the true cost of an external consultant is 18% higher than their hourly rate due to general and administrative expenses (salaries + legal fees, accounting fees, etc).

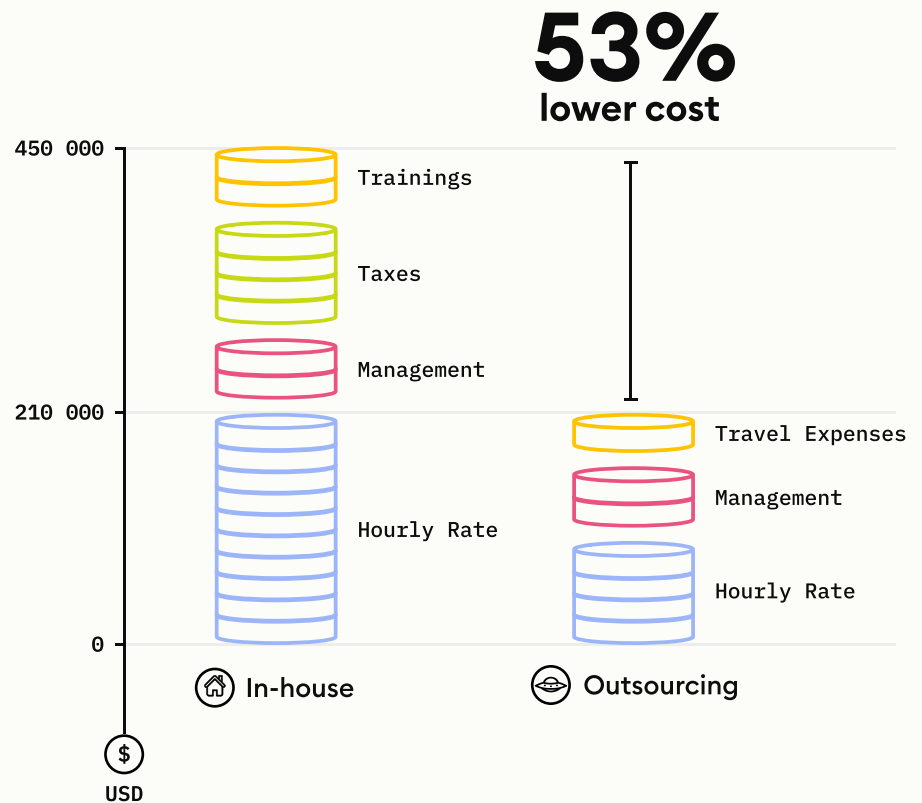
What is more interesting is that the real cost of an internal specialist is approximately 2 times higher than their hourly rate. In this case, in addition to general and administrative expenses, a company must pay fringe benefits (healthcare, paid time off, retirement contributions, etc) and overhead (computer equipment, rent, hosting services, etc), making outsourcing more cost-effective in some cases.

In their Global Software Development Rates 2020 report, Existek presented a visual comparison of external vs. internal project expenses, including hidden costs.

In their example, they assumed that the mystery on-site project required 10 developers, each putting in 500 hours of work with an average rate of \$70 per hour for an in-house employee vs. \$35 for an offshore outsourcer. In both cases, hourly rates of workers were the highest expenditure item, but taxes and training costs for in-house employees also contributed to the increase in the internal project budget.

Besides, in many cases, finding an external specialist can be less time-consuming than recruiting an employee. Depending on project specificity, it takes 1-4 weeks to find an outsourcer whereas employee recruitment takes around 40 days with extra expenses for a company.

### INTERNAL VS EXTERNAL DEVELOPMENT COSTS FOR A 5000-MAN-HOURS PROJECT



The primary reason game studios and simulation companies should consider outsourcing is the easy access to talent without undergoing the lengthy and costly recruitment process. For example, hiring an artist directly can incur substantial recruitment costs, easily reaching \$10,000 to \$20,000 just to find the right talent. Outsourcing studio has already found and secured that talent for you, eliminating the need for you to undergo a costly search.



**Hamza Aatmi,**  
CEO & Art Director at Grid Paper

[Full interview](#)

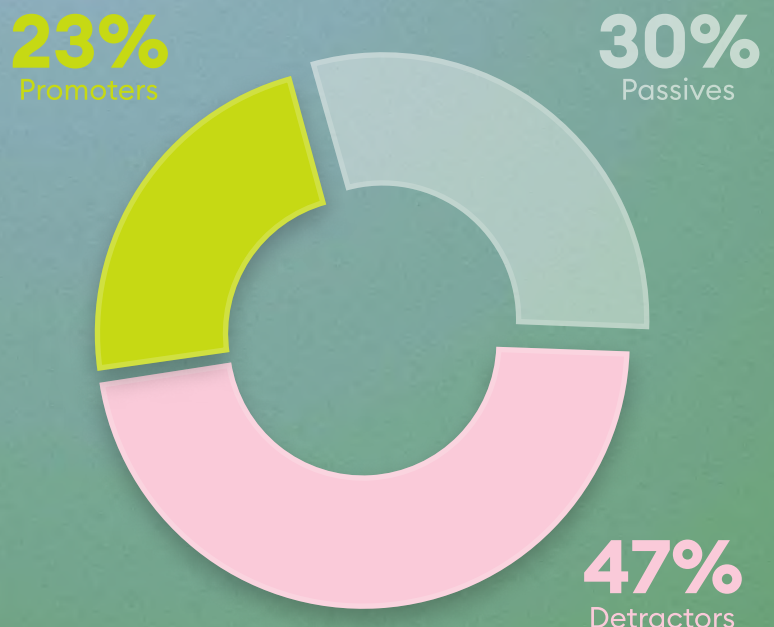
# Game Studios' Experience with Outsourcers

## NPS Score

The NPS score measures customer loyalty by looking at their likelihood of recommending a business service to others.

Among 80 Level survey participants who worked with outsourcing companies, the aggregated NPS score was negative (-24%).

Almost half (47%) of respondents didn't have a very positive experience of working with outsourcers (detractors with a score below 6). Around 30% fell into the passives category (7 or 8) and only 23% were extremely satisfied with their partnerships with external professionals.



NPS = %Promoters - %Detractors

**NPS = -24%**

Source: 80 Level Survey 2024

## MAIN REASONS BEHIND LOWER NPS SCORE



Source: 80 Level Survey 2024

Interestingly, representatives of bigger studios expressed slightly more fulfillment with the outsourcing results and this group had more promoters than small game companies.

Among those who weren't fully happy with

the outsourcing agencies (score below 7) people mostly emphasized the low quality of services provided.

Besides, 30% of game studios suffered from unnecessary complications in the communication processes. 19% of outsourcers failed

to fulfill what they had committed to initially. Fewer respondents reported instances of not adhering to the original contract's pricing terms (10%) and outsourcers failing to meet deadlines (2%).

Comparing 80 Level data with [the XDS report](#), poor communication was also the second biggest challenge faced by game studios working with outsourcers in 2023, bypassed only by the lack of outsourcers' capacity.

[XDS also revealed](#) the main work challenges from the Outsourcers' POV. Third-party studios suffered from decreasing work demand in 2023. Half of them expressed concern about shifting project schedules, delays, and cancellations caused by it. Besides, inadequate documentation, vague project direction, as well as an excessive number of unplanned iterations were mentioned by 29% of the XDS annual survey respondents as significant challenges in working with game developers and publishers.




*The main thing about communication is always being direct. If you can do something, say you can do it. If you can't, then say you can't. Honesty is crucial. Being straightforward and honest helps avoid 90% of problems when it comes to communication.*

*It's always good to commit to what you can actually deliver. Some outsourcing studios might claim, "Alright, we can do everything," but in reality, they might not have the capability or experience.*



**Hamza Aatmi,**

CEO & Art Director at Grid Paper

 [Full interview](#)

## TOP 5 ISSUES ENCOUNTERED BY OUTSOURCES

Issue	2023	2022
Shifting project schedules, cancellation & delays	50%	43%
Inadequate documentation & project direction	29%	28%
Excessive number of unplanned iterations	29%	37%
Differences between outsourcers' vs. clients' time estimations	25%	35%
Client's internal restructuring & acquisitions	21%	13%

Source: External Development Summit (XDS) Report - 2023

Developers and publishers are usually very loyal to their art partners. They prefer to collaborate with outsourcers they are familiar with. Only 4% of them change more than half of their art outsourcers year to year.


60% of studios retain about 75% of the external artists they worked with before, according to the XDS report.



*Outsourcing companies face challenges similar to those in any other industry. One such hurdle is gaining the trust of other companies along with maintaining high quality, meeting deadlines, and staying within allocated budgets.*



**Marco Testini,**  
Founder & CTO at Kabum

 [Full interview](#)



## THE FREQUENCY OF CHANGING ART OUTSOURCERS YEAR-OVER-YEAR

Frequency	2023	2022	2021	2020
100% are the same	10%	8%	4%	8%
75% are the same	60%	61%	67%	68%
50% are the same	22%	18%	23%	23%
<50% are the same	4%	5%	3%	3%

Source: External Development Summit (XDS) Report - 2023

The loyalty of developers and publishers to their engineering partners is lower compared to the external artists. Only a third continued outsourcing 75% of the engineering tasks to the same agencies.

## THE FREQUENCY OF CHANGING ENGINEERING OUTSOURCERS YEAR-OVER-YEAR

Frequency	2023	2022	2021	2020
100% are the same	3%	6%	10%	14%
75% are the same	31%	39%	27%	60%
50% are the same	14%	12%	18%	26%
<50% are the same	9%	9%	3%	0%

Source: External Development Summit (XDS) Report - 2023

# More Money = Better Quality?

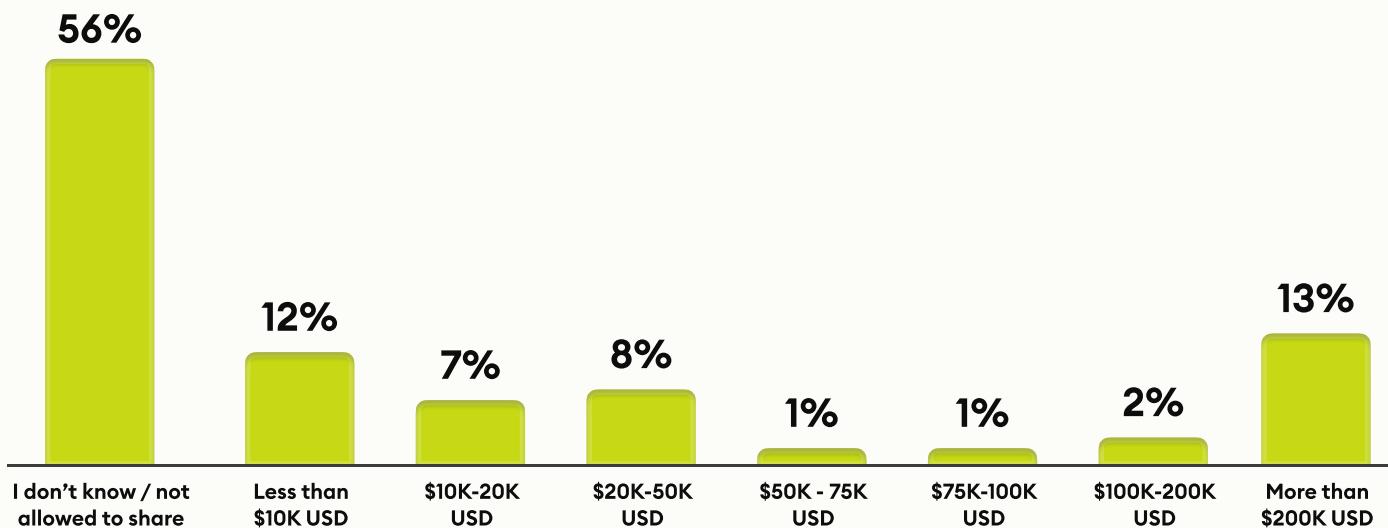
Most respondents weren't able to share information about the outsourcing budgets they had. Among those who did we could identify 2 main groups. The first group includes companies that spend large sums on outsourcing projects – more than \$200,000 (13%). The second group is characterized by studios with

low budgets for outsourcing – less than \$10,000 (12%). The rest of the budgets (19%) were distributed somewhere in the middle with an inclination towards smaller sums.

It didn't come as a surprise that most representatives of bigger studios (80%) weren't allowed to share anything money-related,

and those who did almost unanimously mentioned \$200k+ budgets. However, it's interesting that ~20% of small studios (<50 employees) also invested more than \$100k into outsourcing for their latest projects.

## BUDGET SPENT ON THE LATEST OUTSOURCING PARTNERSHIP



Source: 80 Level Survey 2024

It was a pleasant discovery that among all respondents from bigger studios whose company paid more than \$200,000 – almost everybody gave the highest NPS score

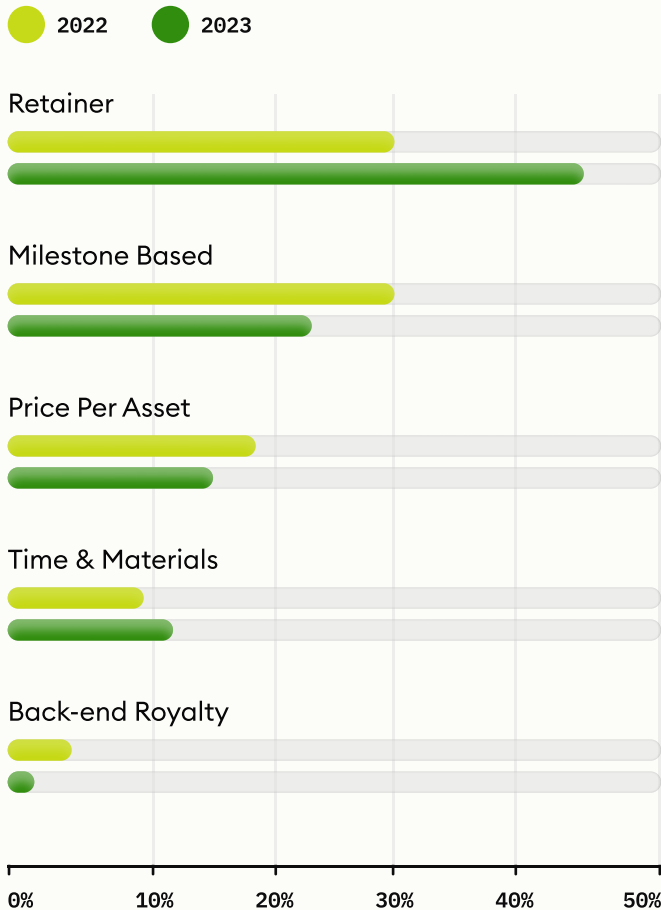
to their outsourcers. Looks like more money does guarantee better quality for some. Unfortunately, that wasn't always the case for smaller companies.

A few respondents were quite disappointed with the work process and the final price not aligning with the initial agreement.



# Payment Models

## PAYMENT MODELS PREFERRED BY DEVELOPERS/PUBLISHERS

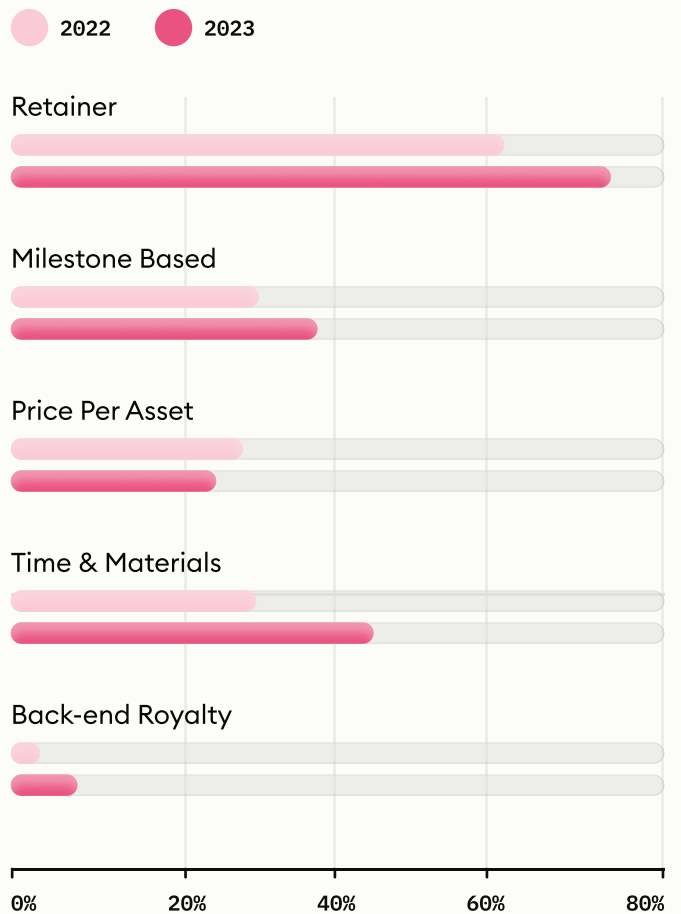


Source: External Development Summit (XDS) Report - 2023

Developers and publishers prefer to work with outsourcers through retainer agreements. This model gained popularity in 2023: more than 40% of game studios relied on this approach. Another widespread model is milestone-based payment: more than 20% of developers and publishers preferred to apply it when cooperating with external partners in 2023.

Like game developers, outsourcers prefer retainer agreements: approximately 80% of outsourcing studios were willing to use this payment model in 2023. Payment for time and materials ranked second on this list – over 40% of outsourcers preferred to utilize it.

## PAYMENT MODELS PREFERRED BY OUTSOURCERS



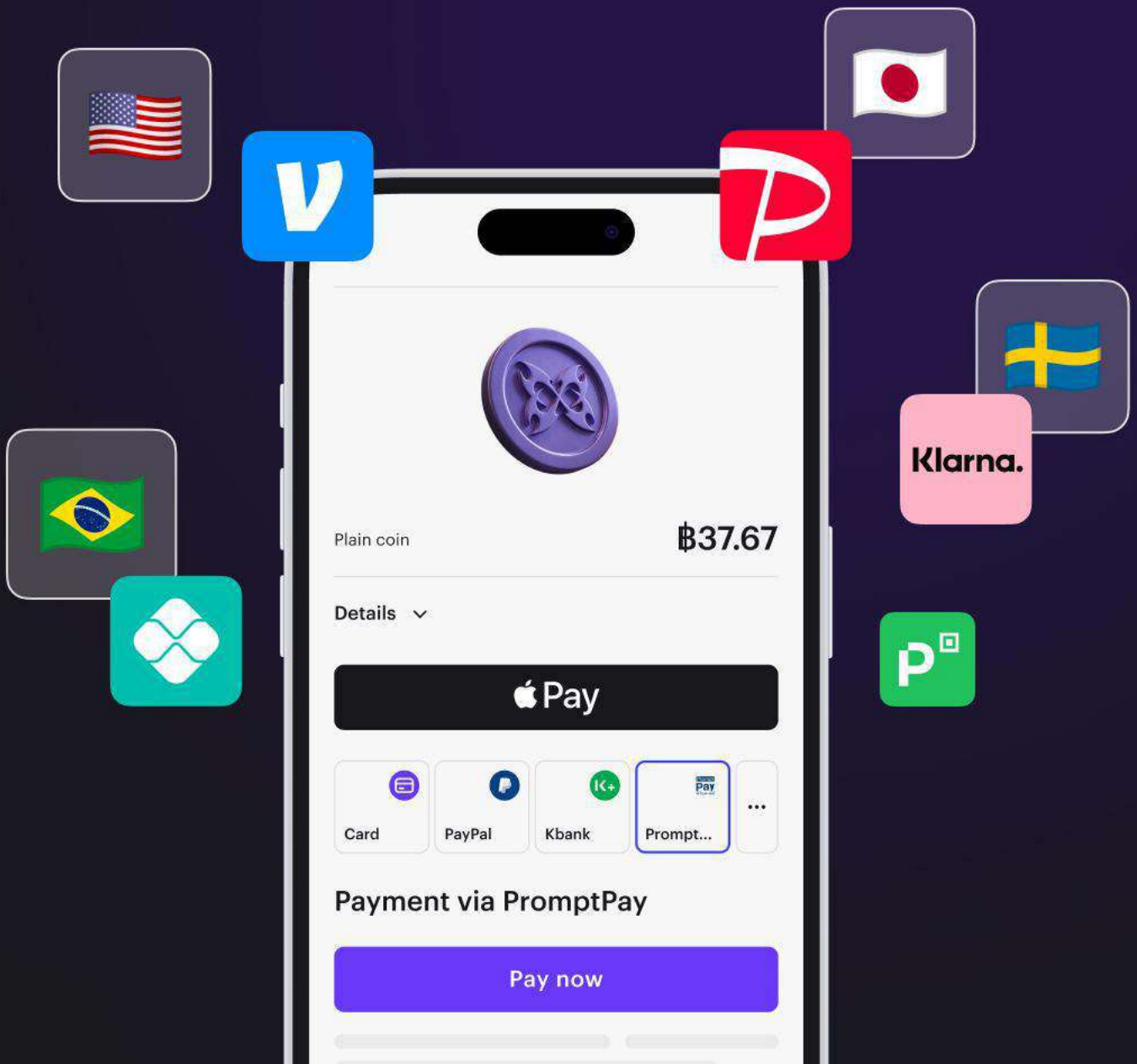
Source: External Development Summit (XDS) Report - 2023



Xsolla

# ACCEPT PAYMENTS GLOBALLY WITH XSOLLA PAY STATION

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# FANTASTIC OUTSOURCERS & WHERE TO FIND THEM

Half of the studio representatives who had worked with outsourcers also participated in the decision-making process of choosing their third-party partners (55 people).

They shared more details about this experience and named the factors that most influenced their judgment.

This section had a quite even distribution between respondents from big and small studios.

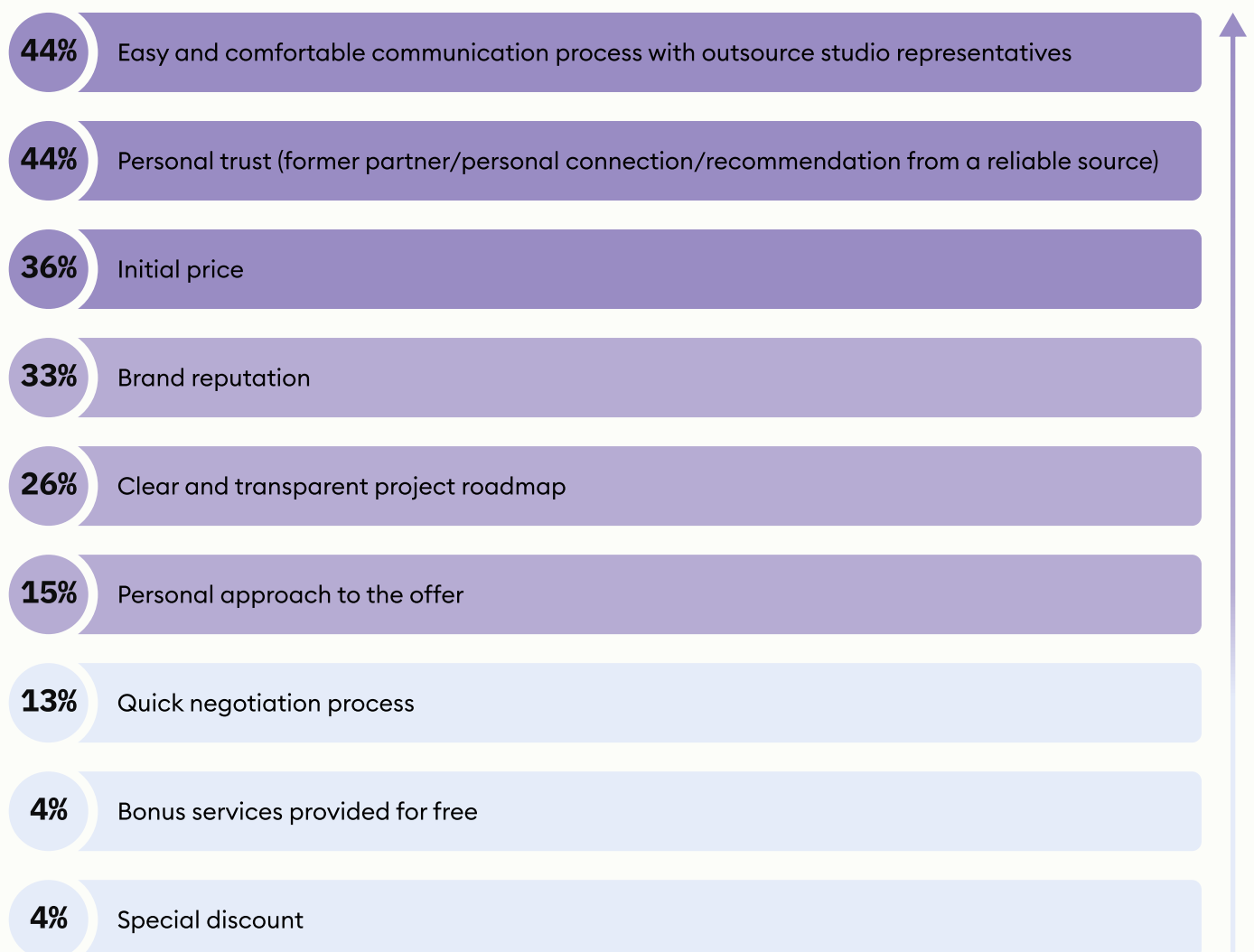
The absolute majority of them were in Senior or C-level positions.

Easy and comfortable communication process and personal trust/recommendation from a trusted source turned out to be the main factors that influenced the choice of outsourcers. Each of these factors was prioritized by 44% of survey participants.

Communication and personal trust were both listed higher than the price which landed in the 3rd place with 36% of respondents considering its impact on their choices.

# What Do Game Studios Want?

## THE MAIN FACTORS INFLUENCING THE CHOICE OF OUTSOURCERS



Source: 80 Level Survey 2024

“

*Sharing a common language significantly enhances understanding. As a native Spanish speaker, we've found it much more effective to collaborate with partners from Latin America. This common linguistic ground facilitates clearer communication. While many in India speak good English due to its colonial past, the situation can vary in other regions, like Eastern Europe, where many game studios are now turning to outsourcing.*

*The key tip is to ensure clear communication before hiring. It's crucial that your instructions are understood exactly as intended. Misinterpretations can lead to wasted efforts and diverging from project objectives.*


*Constant engagement is my second tip. Maintaining regular contact, perhaps two to three times a week ensures that the project stays on course and that the implemented work aligns with your expectations. Miscommunications, even over small details, can significantly derail a project.*

*Lastly, check the reputation of your outsourcing partners. If they've listed previous projects, reach out to those clients to gauge their experience. A team with a proven track record is more likely to deliver quality work.*

”

**Emilio Santos,**

Founder &amp; CTO at Threedee.io

 [Full interview](#)

Besides, it makes sense for the outsourcing agencies to invest in building brand reputation and ensure that all project roadmaps provided for clients are clear & transparent. These two factors also played a significant role in the

decision-making process of 80 Level Survey participants (33% and 26% respectively).

Meanwhile, the opportunity to get discounts or bonus services for free as well as a quick negotiation process ended up being the least

influential factor when choosing the outsourcers. Game studios are ready to pay in full and go through calls and legal papers as long as they are satisfied with the communication process and feel like the potential partner is trustworthy.



The outsourcing company's portfolio in these areas plays a crucial role in the decision-making process. Game developers look for partners with a proven track record of delivering high-quality results within specified timelines. Positive reviews and recommendations from previous clients can boost the credibility of an outsourcing company.

Developers prefer outsourcing partners that offer flexibility and scalability to adjust to changing project needs. This includes the ability to ramp up or down resources quickly, depending on project demands.

Another key thing could also be sharing similar values, work ethics, and creative vision to ensure alignment of goals and objectives.

Last but not least, aspect that I would like to mention is that of safeguarding the intellectual property of projects. An outsourcing firm that succeeds in ensuring data protection by having robust security measures to safeguard sensitive information may influence the choice of one firm over another.



**Marco Testini,**  
Founder & CTO at Kabum

[Full interview](#)

Meanwhile, outsourcing agencies prioritize price above all when it comes to partnering with game studios. They also prefer to play the long game and focus on strategic collaborations with a high chance of getting more projects in the future. From the [XDS report](#), these two factors had the biggest influence on the desire of outsourcers to cooperate with game developers and publishers.

The [XDS team](#) also reported a slight decline of “the project’s/client’s prestige” as a partnership driver in 2023. That may show that outsourcing agencies are getting more open to different types of collaborations.

### TOP 5 REASONS FOR OUTSOURCERS TO WORK WITH GAME DEVELOPERS/PUBLISHERS

Reason	2023	2022
Rates the client can pay	58%	53%
Potential for future projects	51%	51%
Prestige of project/client	48%	53%
Avialability of resources to accommodate client needs	44%	33%
Project scale / the amount of tasks	29%	24%

Source: External Development Summit (XDS) Report - 2023

# Through the Grapevine

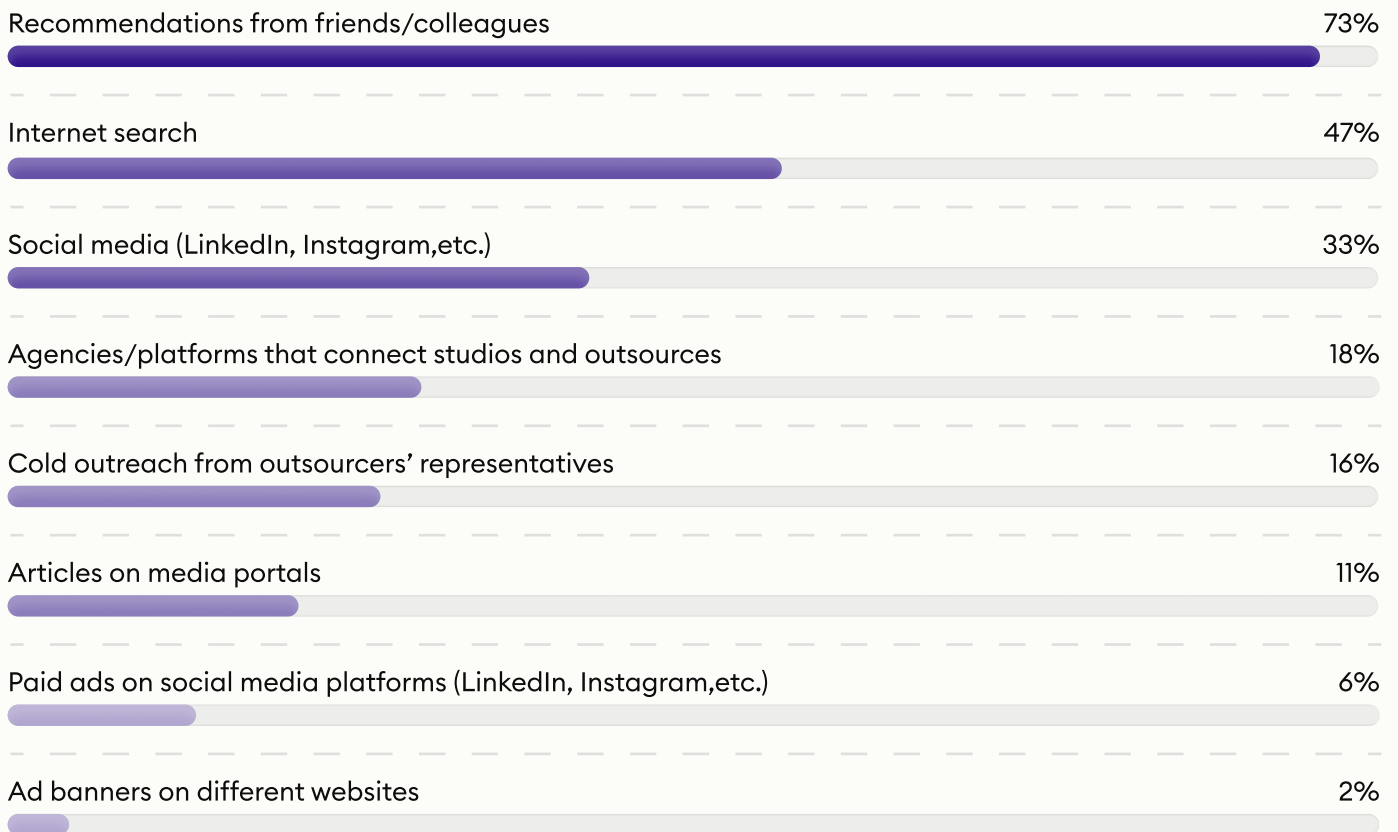
Personal connections play the most crucial role for game companies looking for outsourcers. 73% of studio representatives surveyed by 80 Level turn to recommendations from friends and colleagues before contacting potential service providers. This stat is backed by [the XDS 2023 report](#). In 2023, 80% of game developers and publishers

surveyed by them found their partners through internal referrals and company resources.

Internet search is the second most popular way to find external agencies for 80 Level survey respondents. Around half of them just go and Google the services they need. Social media channels can also work in connecting game developers and outsourcers, 33% of surveyed professionals go to LinkedIn, Instagram, or other platforms.

18% of game studios' decision-makers also utilize third-party agencies to findoutsourcers, 16% respond to cold outreach, and 11% read media articles. While direct paid advertisement (such as website banners and social media ads) doesn't seem to work whatsoever. So if you are an outsourcing agency that wants to gain more visibility by investing in advertisement campaigns - make sure that it's not just obvious and direct paid placements. **Play it smart and be creative!**

## MOST USED SOURCES FOR FINDING OUTSOURCES



Source: 80 Level Survey 2024

“  
*One million dollar question. In our case, we have a well-indexed website, and a good percentage of customers come from there. Following that, I would mention that LinkedIn has offered us effective tools for researching our customers. However, a lot is also done by word of mouth and being present at important trade shows.*



**Marco Testini,**  
 Founder & CTO at Kabum

 [Full interview](#)




“  
*We're fortunate to have reached a point where clients actively seek us out. This has been the trend for the past two years. Prior to this, we actively engaged in networking at conventions, outreach initiatives, cold emailing, and multi-platform advertising. Presently, our presence on LinkedIn, boasting over 8,000 followers,*

*significantly expands our reach, allowing us to regularly share updates and offers. Additionally, platforms like ArtStation contribute to our lead generation through our impressive portfolio. While occasional client experiences haven't been perfect, the majority often refer others to us.*



**Christian Retzlaff,**  
 Founder & CEO at Game Art Brain

 [Full interview](#)





# What Does the Future Hold?

The experts believe that outsourcing will transform from just a one-way transaction to a co-development between clients and service providers. We will see more respect, trust, cooperation, and willingness to share ideas in this sphere. The partnership will become long-lasting and entail new projects in the game industry. Moreover, external development will likely include more automation, AI, VR, AR, and blockchain technologies

“

*Indie developers, often lacking the resources and manpower of larger studios, are turning to outsourcing for various aspects of game development. This trend enables them to focus on their core competencies while leveraging external expertise for other tasks.*

*There is a shift towards increasingly sophisticated and high-quality content, where more and more specific skills are needed. This is something that should not be underestimated and is increasing the demand for outsourced services.*

”



**Marco Testini,**  
Founder & CTO at Kabum

[!\[\]\(d3102649f02e825ddb76dc3de0190154\_img.jpg\) Full interview](#)

“

*Opening of new markets is a significant trend.*

*Initially, we started our company with a focus on outsourcing for video games, but we've found ourselves branching into other markets, which has been a pleasant surprise.*

*For example, video game technology is now being utilized in simulations, including AR simulations. We have a client who applies this technology in cruises and vehicle training, such as for autonomous driving vehicles.*

”



**Hamza Aatmi,**  
CEO & Art Director at Grid Paper

[!\[\]\(19d44b37fb4fa155bf9d60c77a3d3cb2\_img.jpg\) Full interview](#)



Based on my observations and conversations, one trend seems to be specialization. Teams in Latin America, for example. They aim to excel in specific areas, making themselves highly attractive to potential clients. This specialization can give them a strong reputation and a portfolio of prior work that showcases their expertise.

For instance, there are studios that focus exclusively on RPGs. That's all they do, which makes them a great option for RPG projects. Their specialization provides confidence to clients because they can demonstrate their expertise with examples of past RPGs they've developed. In contrast, a generalist studio claiming to handle any type of project might not inspire the same level of trust.



**Emilio Santos,**  
 Founder & CTO at  
 Threedee.io

[Full interview](#)



**Christian Retzlaff,**

Founder & CEO  
 at Game Art Brain

[Full interview](#)



Initially, we received numerous inquiries through ArtStation, but that trend has shifted. There has been a significant increase in outsourcers registering on ArtStation and engaging in game studio searches since the onset of COVID-19. This surge is due to the emergence of many small companies during the pandemic, resulting in heightened competition.

These small companies and artist collectives, even those with 6-8 members, pose formidable competition, reshaping the market landscape.



Unfortunately, game studios and outsourcing agencies suppose that the economy will continue to be unstable, costs will increase more due to geopolitics, and there will be a shortage of talent on the market. There are concerns on both sides: outsourcers are worried about the impact of AI on art production and game developers think that

their competitors can acquire service providers in the future which can result in a supply decrease.

According to our interviewees, external factors also led to restructurings and layoffs within some game development companies.

“


*I don't think next year will be much different from this one. With everything happening, like the Embracer Group's recent activities and studios being bought out, there have been serious layoffs, but they've retained all the IPs. These IPs will need to be worked on eventually, which might benefit the outsourcing and co-development business, but I don't see it happening next year. The full cycle of recovery and getting those projects up and running isn't likely to be completed by next year. It'll probably be the year after next when things start to improve.*

*Next year might be slightly better than this one, simply because all the layoffs and restructuring need to cycle through, which typically takes a year.*



**Vuk Banovic,**

Art Director at Lav Games

 [Full interview](#)

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*When the gaming industry faces challenges, art outsourcing studios are among the first to feel the effects. In Germany, government funding for game development has been halted since the outbreak of the Ukrainian war two years ago. Previously, substantial funding was available, but the suspension of German support has left the industry financially strained. This situation isn't limited to Germany alone; similar scenarios have unfolded in other countries as well.*

*As projects decrease and funding diminishes in the industry, widespread layoffs have been reported. We've observed this firsthand through our outreach efforts. Moreover, since the onset of COVID-19, many companies have become more cautious with their finances, either due to lingering uncertainty or shifts in priorities.*



**Christian Retzlaff,**

Founder & CEO at Game Art Brain

 [Full interview](#)

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