

OURSKY

A DEFINITIVE GUIDE FOR STARTUP FOUNDERS TO CHOOSING SOFTWARE DEVELOPMENT AGENCIES



WHAT THIS GUIDE COVERS

You've validated your business idea. You know what problem you want to solve. Now you're exploring who can help you bring it to life. Sounds easy, right? Alas, it's just the tip of the iceberg.

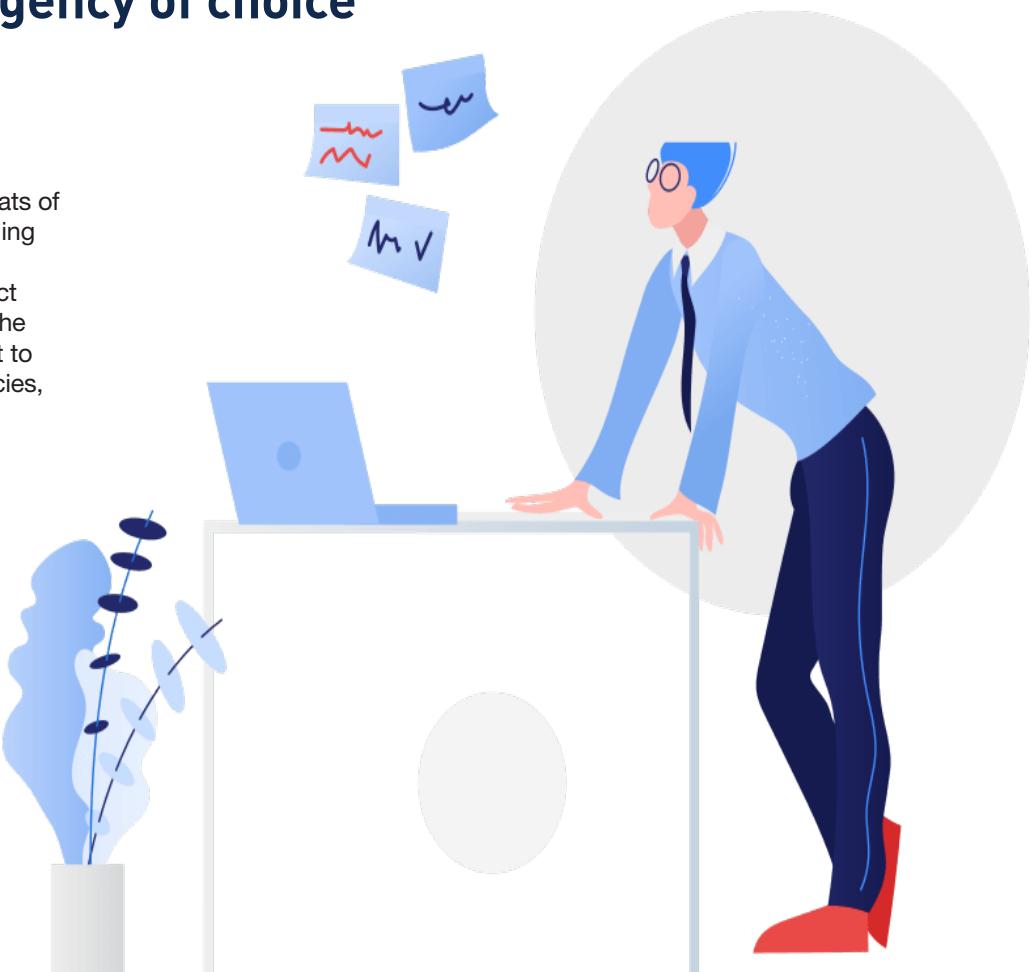
You may be surprised or confused at what goes on behind the scenes. This guide is meant to help you, the startup founder who will own and manage a digital product, navigate the often convoluted path of partnering with an agency. You don't need to have a technical background, but it will be useful to have at least a basic understanding of the technologies, software development approaches like Agile and SCRUM, and user experience/user interface (UX/UI) design.

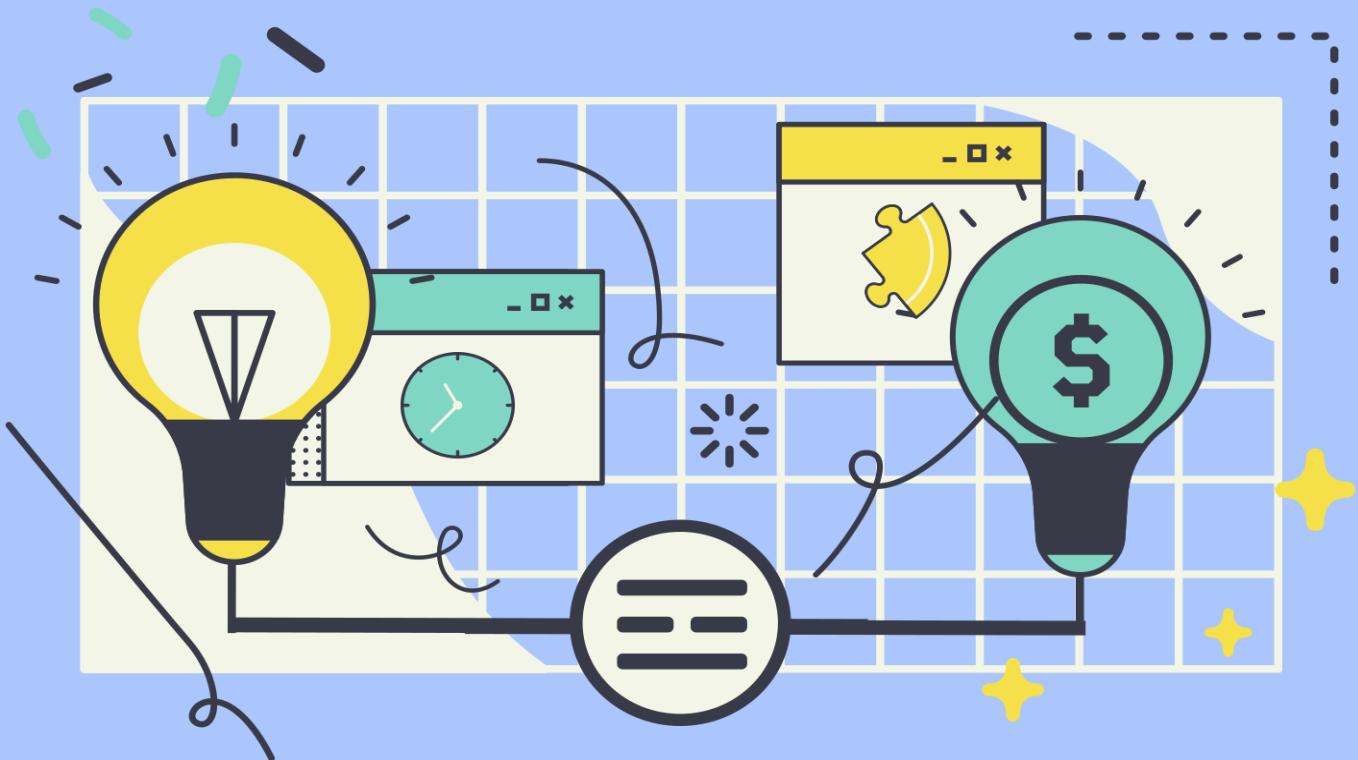
Each section of this guide will walk you through what you need to consider when approaching digital studios or agencies to find the best fit for your project — the types of software development agencies available, how to ask for quotes, and how to evaluate which agencies fit your priorities.

- 1. Framing your project**
- 2. Pooling your potential partners**
- 3. Getting quotes and estimates**
- 4. Maximizing meetings and getting comparable answers**
- 5. Evaluating and partnering with your agency of choice**

Be a good product owner

As a startup founder, you also wear the hats of product owner and manager. Understanding your role will help you communicate with agencies. You will often be the key contact point between your team or startup and the agency. Having a clear vision is important to kick-starting the project, assessing agencies, and managing expectations.





1 FRAMING YOUR PROJECT

You need a clear idea of what you're building. Are you developing a consumer product? What solution does it offer? Does your product help improve customer experience (sales) or employee experience (productivity)? You need to consider your budget, timeline, and project scope.

Budget and timelines

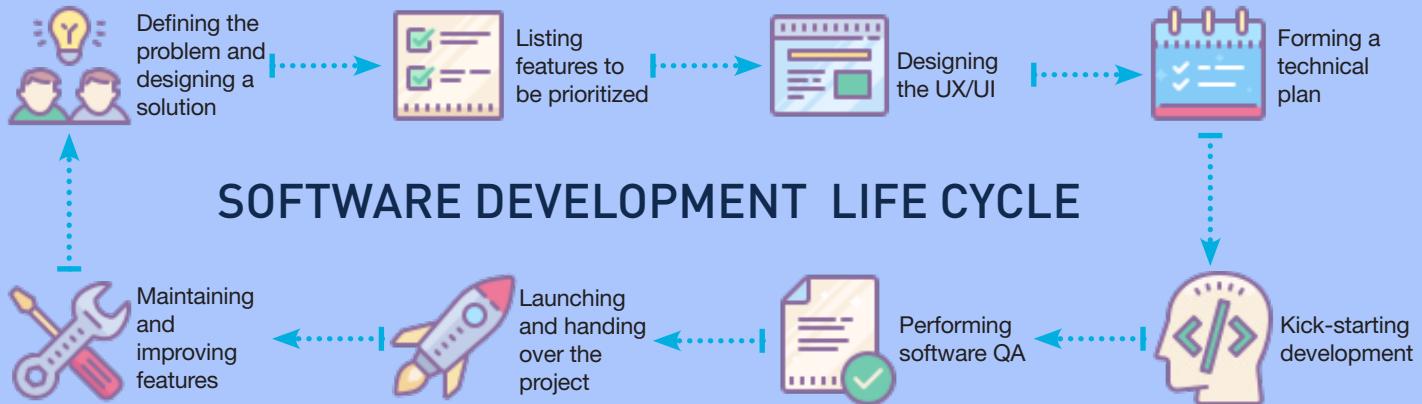
Determine if the projects have a fixed budget or hard delivery timeline that a team should work backwards from. Understanding this, the project will likely need to make sacrifices in features or quality to meet the budget and time constraints.

Feature priorities

Identify the product scope to estimate a timeline. Adjust the budget and timeline based on the scope and desired features, though you should also leave room for more flexibility to add features later on.

Understanding the software development life cycle

When contacting an agency, it's important to be clear on where you are in the software development process so you can choose a suitable partner. Below is what's usually involved in the process:



2 POOLING YOUR POTENTIAL PARTNERS

Understanding agency types

Choosing the right development agency for you is not about choosing the “best” but the most suitable for the job and your working style. After framing your project, below are steps you can keep follow when screening a suitable agency:

1. Research the types of agencies that fit your needs by checking their past clients.
2. Create a list of questions with weighted answers based on your project priorities.
3. Share your project in a meeting (background, feature list, and designs, if available).
4. Compare responses between the agencies.
5. Follow up with meetings and choose an agency.

Narrow down your options with these questions:

- Where do you want the agency to be?
- What type of agency suits the project?

Location, location, location

Location matters because it affects your workflow. However, the new normal sparked by the COVID-19 pandemic means that communication, work quality, and pricing carry a hefty weight. Here are some considerations:

- How do you typically communicate with service providers?
- Do you prefer face-to-face meetings or is video conferencing fine?
- Are you willing to use the agency's tools or do you need them to match yours?
- Do you need frequent meetings to work closely together and fine-tune the prototype?
- Are you certain of your product and would prefer regular reports?



Overseas
agencies
may be
cheaper than
most options



Local
agencies
have cultural
context

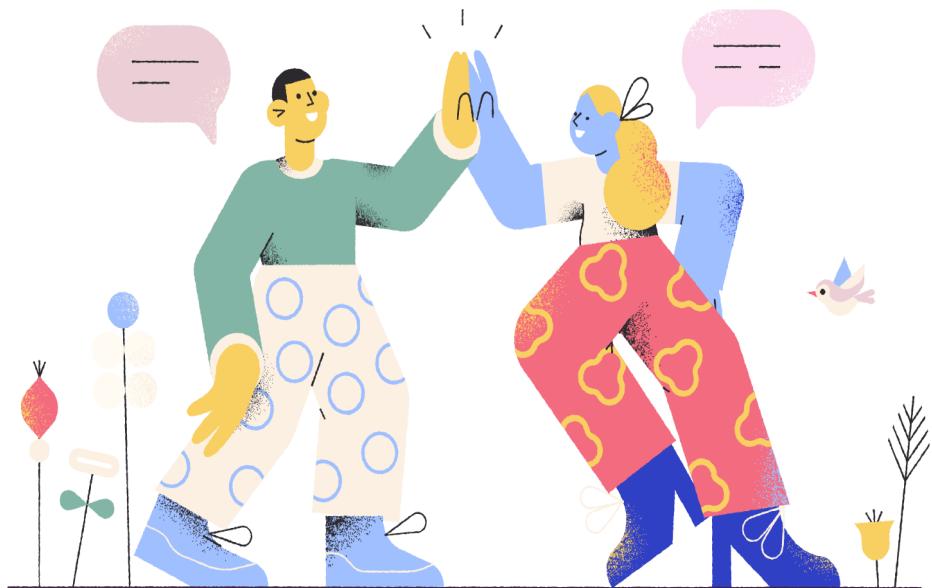


Hybrid
agencies have
local PMs
with overseas
teams

Local agencies, especially in mature markets like the US and UK, are probably priced at a premium compared to agencies abroad. While cost is a big consideration, consider the time-related overhead and look at how the workflow may compare to overseas companies. One benefit is that a local agency may provide deliverables within a tight timeline because of proximity. You can meet them personally. There are no challenges with time zones. The agency has a high cultural and contextual understanding, which is important for UX/UI design.

Depending on where you are, development costs for overseas agencies may be cheaper. While they cannot be at a physical meeting, video conferencing and real-time chats (if the time zones work out) are common solutions. In addition, good agencies will likely have tools to share their status (such as updating via email, sharing builds, using Basecamp or other project management tools). These may be good economical choices for teams with extremely defined projects.

Hybrid companies try to offer the best of both worlds, with project managers and/or developers and designers at a local office with the



rest of the team overseas. Ideally, this means that a company can offer clients the benefit of face-to-face meetings and project managers will ensure product quality. There may still be time zone difficulties, but these teams may be cost-effective as part of the development is done overseas.

Types of agencies

The types of agencies you can work with depends on the type of product you are developing. Though many agencies are versatile, they will also have specializations.



Business-oriented agencies may specialize on enterprise solutions (e.g., ERP and IT management)



Front end- and UI-focused agencies work and partner with marketing firms to provide solutions



Platform-specific (e.g., WordPress, Magento) agencies may provide **packaged software** or template apps



Digital product studios can build custom software and use technologies depending on the requirements

Business-oriented agencies

These agencies specialize in solutions such as enterprise resource planning (ERP) and IT service management. For example, they may use Sharepoint to help enterprise teams with collaboration. These agencies often work with clients to improve operational efficiency, workflows, and resource management in large organizations.

Platform-specific agencies

These agencies deliver solutions with packaged software. For example, they may only develop WordPress websites or Magento e-commerce stores. For apps, they may use standard templates or hybrid approaches to rapidly develop cross-platform apps at affordable rates. These may be good for clients who have standard requirements, such as a company blog or a simple online store.

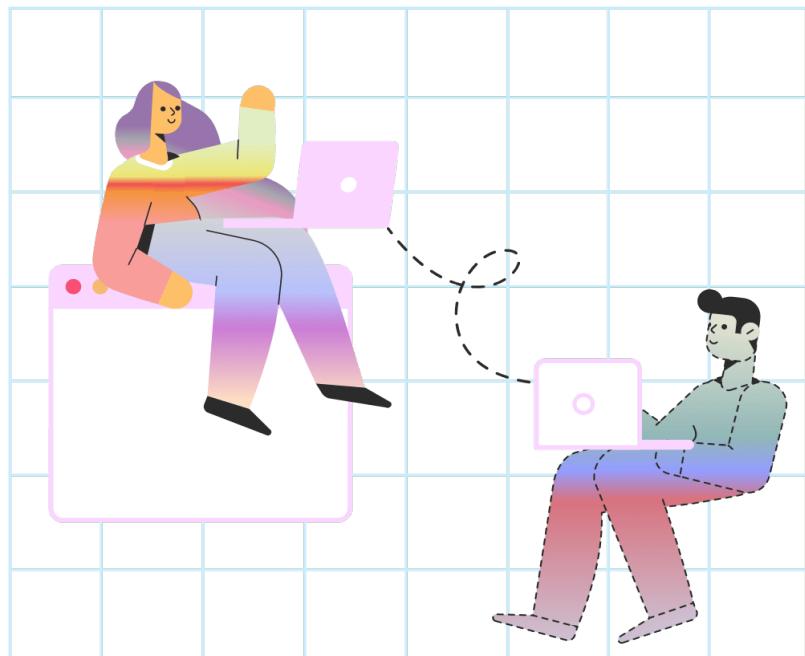
Agencies that work with marketing firms

These agencies frequently team up with marketing firms. For example, a client may be looking for a solution to support its digital marketing, such as an event website or a consumer engagement app. These agencies are usually front-end- and UI-focused using sleek graphic designs rather than an emphasizing on codebase quality or overall user experience.

Digital product agencies

Digital product studios will often be used for custom-built products. A UX-driven approach requires designing product features that are necessary for specific use cases. The technologies used for each project will vary. For example, a rapid prototype may use the React framework for cross-platform development. A B2C app may require iOS development that integrates into existing application programming interfaces (APIs). A financial institution may need a custom AI algorithm to synthesize and analyze all the different data formats it has collected over the years.

After you've shortlisted agencies based on your workflow, budget, timeline, and product needs, the next thing to do is to contact them.



3 GETTING QUOTES AND ESTIMATES

Contact agencies through referrals or online search. Be sure to check their portfolios to get a sense of the types of projects a team has focused on in the past. Well-known agencies are often in-demand and will have projects scheduled at least three months in advance. Do your research and schedule meetings early to avoid finding a suitable company, only to discover that their timeline does not match yours.

Here's what typically happens:

1. The founder or project manager contacts the agency.
 2. The client briefly describes the project scope and shows available user stories, wireframes, or designs for the envisioned app, product, or solution.
 3. The agency or consultant provides follow-up documents (e.g., functional specifications, high-level user stories or features) based on client description and deliver a ballpark figure for design and/or development.
 4. The client refines project scope based on the documents and budget.
 5. The agency or consultant refines the high-level user stories and provides a quote.
- Oursky does design quotes first and development quotes after designs, but agencies have their own preferences.
6. The agency or consultant confirms scope, budget, and schedule with client.
 7. Contract is signed.

Setting up the first meeting

The first point of contact is usually via email. As a potential client, you can briefly describe the project and attach relevant files. Sought-after agencies have a high volume of inquiries, so having a succinct project description and relevant files will significantly help. Requesting them to sign non-disclosure agreements (NDAs) before an initial meeting may deter them from responding.

This is an opportunity for both sides to get to know each other. The agency can better understand the product and see if it's something they'd like to work on. For you, they're a chance to further explain the product, get expert advice, and assess whether the agency is easy to communicate and work with.

Understanding an agency is more important than getting a quote

Agencies often receive inbound inquiries that start with a request for a quote estimate. Ballpark estimations can vary dramatically based on the agency's assumptions, quick calculations, and past experience. Setting up the first meeting is more important than the initial quote as agencies also want to understand your idea before giving an estimate.



4 MAXIMIZING MEETINGS AND GETTING COMPARABLE ANSWERS

Let's assume that you'll be getting quotes from a few agencies. In follow-up meetings, you should prepare questions to standardize the information you'll receive. This will help you make an informed decision about what's included in the price and the agency's working style and approach.

Convey your idea first

You should focus on relaying your idea than getting an exact price. The more relevant information you can provide, the better the agency can narrow down their estimate.

The discussions would roughly revolve around these:

- Creating a list of features or simple user stories
- Sharing the project's background
- Defining the problems, ideas, business objectives, and data
- Developing user personas
- Sharing reference apps

Ask for clarifications

A big price difference between agencies may indicate that you need to better define your project scope. Agencies usually make initial assumptions based on materials they've been given. Some may provide initial estimates before a first meeting, while others may provide it after the meeting. In either case, these initial estimates should be treated as a way to start a conversation to understand how an agency works, what services are included, or what technologies they use.

Initial clarifying questions that can immediately affect the project scope and price. For example, if you want to develop an app for iOS and Android, ask the agencies if they are planning to build native, React Native, or hybrid apps. Do these agencies have services that require additional fees, such as software QA? Some apps may have multiple components that can increase costs, such as a marketplace app requiring an individual component for a public user, service provider, and admin portal.

Prepare a list of background questions

Agencies differentiate themselves in how they answer questions — where they invest their resources or if they'd be able to deliver on their promises. They must be able to transparently explain their process and why certain requests are not realistic, rather than make general guarantees or name-drop popular tech jargon.

A standard list of questions helps you to collect consistent information. Their responses will also provide more context for their price estimates, or perhaps even a refusal to provide one. Give weight to the questions so that you have reflected and understood your project's priorities (for example, speed vs. long-term maintenance costs).



What's your agency's culture and vision?

This can include an overview of the company, its leadership, and executive team; years in business, size of agency, and office locations; if there is overseas development; differentiation from competitors; and team composition (sales/consultants, PM, designers, developers, QA).

Why ask: Do you like the culture? This is a good way to find out whether an agency can communicate effectively.

What are your services?

Agencies may provide a description for consulting, design, development, software QA, and maintenance. Ask for deliverables at each stage and who owns the code at the end of a project.

Why ask: Can the company provide services that fit your needs? Understand how they deliver their work and what the upfront and long-term costs are.

How do you communicate with clients?

Learn what communication channels the agency uses and how they keep clients updated about the project's progress (such as reports, project management software, milestone meetings, etc.). An agency should be able to list the items they need from a client at each stage along with critical dates for project management.

Why ask: Learn if their communication style and workflow can match your requirements.

What's your development life cycle methodology?

Understand the agency's development philosophy — why they adopt it and how they've refined it (if they have at all) — and their development best practices.

Why ask: There are many ways to manage a project and each approach has their strengths and weakness. Is their approach useful for your case?

What technologies do you use?

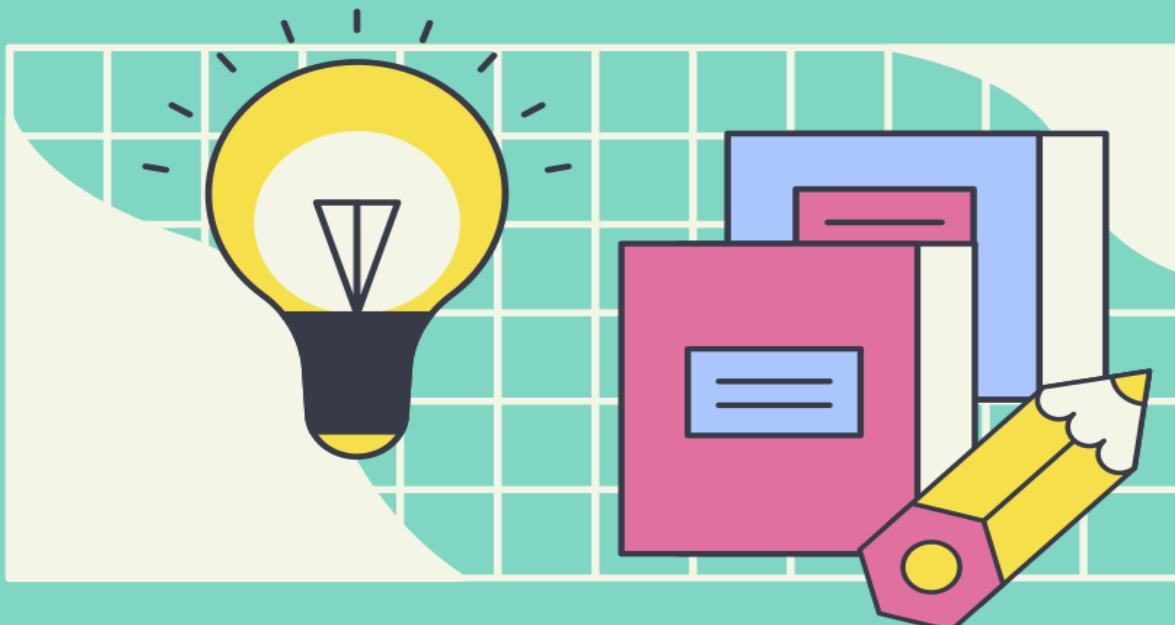
Learn the agency's experience with technologies needed for your product. What do they use for iOS, Android, web, or machine learning projects?

Why ask: Rather than look for agencies that use a wide range of technologies, it's more important to know if the technologies they use meet your scope or budget. A common mismatch arises, for example, when your app requires native iOS or Android development, but the agency uses mostly Ionic for cross-platform development.

Can you provide case studies?

Treat them with a grain of salt. Ask for past clients, awards, and summaries of similar projects that used technologies that may apply to your project.

Why ask: While having recognized brands as clients may be a promising first signal, it's more important that the agency is able to competently articulate the logic behind the solution. Check if the projects with big companies are just branding exercises or actual products that are still used. If you have a technical team member, ask them to look at the technologies used and how the product was architected. This reveals their attention to codebase quality.



Honesty is the best policy

You should also test how transparent the agency is with their processes. It reflects their culture and how they communicate with clients. Here are some questions you should ask them:

- Does your source code come with a unit test? If yes, what is your code coverage commitment? This is a “bad question” that is meant to reveal when an agency is not familiar with unit tests.
- Does your team conduct regular code reviews? Can you share how it is done?
- How does your design team read and follow the iOS Human Interface Guidelines and Material Design Guidelines for Android?
- If I give you a completed UX/UI design, how would you like me to provide the design requirement to your developers?
- How many junior/senior developers does your team have? How do you maintain quality across teams with different compositions?

How an agency answers is more important than a “right” or “wrong” answer. You don’t need to have technical know-how to assess the quality of their responses. By now, you should have a clearer picture of the agency’s company culture; approach to product and software development; suitability for your project; and approach to project quotes and estimates. The next step is to gather the information from the various agencies and evaluate your options.

5 EVALUATING AND PARTNERING WITH YOUR AGENCY OF CHOICE

There is no single factor that determines the best partner. However, there are some key indicators that can make the decision more obvious. Return to your original questions: Where do you want the agency to be? What type of agency suits the project?

Eliminate deal-breakers

Deal breakers are your project’s bottom-line requirements, which can be based on timeline, budget, or technology, to name a few. Sometimes your preferred agency might just not be able to fit your project into their schedule. Your budget limitations, too, may mean working with a modified template app to do a quick prototype and prove your concept first.

Here are what you need to consider:

- Preferred communication style
- Specific technology requirements
- Specific UX or codebase quality
- Budget limitation
- Hard deadlines

Consider which trade-offs you’re willing to make for both the project’s immediate and future needs. Knowing them beforehand will help you manage expectations and work more effectively with the agency you’ll partner with.

Pricing models:

Fixed-cost or estimations

Some vendors propose a fixed cost rather than a ballpark figure. The latter implies their business model. Some will charge less for development upfront, allowing for a fixed-cost model, but generate revenue from hosting or post-launch maintenance if you are using their services and



they keep the codebase. Agencies may also be able to do fixed costs because they are using preexisting template apps and can make minor customizations. Using template apps that don't fit the project requirements will run the risk of poor-quality software.

Some agencies (Oursky included) will provide an estimate based on features and quote per day, with the philosophy of handing over the codebase upon project completion and not sacrificing code quality to meet fixed project deadlines. The most cost-effective approach depends on your project's needs (for example, if it is a one-off prototype, or if it will require future updates or long-term production).

Consider flexibility:

Can design and development quotes be separated?

Resist the temptation of deciding based solely on project cost estimations. Any guesstimate will be based on similar and past experience. Projects can only be narrowed down after a UX/UI design or technical design is completed. The designs can be provided by the client, third party, or the agency.

If the designs are provided by the client or third-party, ensure that they are what the agency needs. If you don't have designs, you can opt to commission one. Not all agencies offer this service, but the ones that do should provide deliverables that allow clients to take the files to be used by other third-party developers (or your own internal team). If you already have design materials and specifications that meet development needs, you can skip this.

We strongly recommend that you ask for development estimates after designs are completed. Some initial design work, such as wireframes, can be done by a project manager to anchor discussions. Project scopes can also vary based on each case, so services can include a consultation, project management service, design, development, code diagnostics, or maintenance service.

Understand the agency's specialties, capabilities, and technologies

Any agency claiming they can do everything is a huge red flag. Every agency has one or two specialties. Their capabilities must align with your requirements. For example, does the agency focus on web apps or develop only with React Native for cross-platform development? Do they focus in one area like building Shopify and Magento e-commerce stores? When they say they do artificial intelligence (AI) development, what projects have they worked on? Check beyond the logos and case studies and use meetings to learn about the products they've built and whether they're still in use.

Learn how the agency communicates

The negotiation period is a good opportunity to see how well an agency communicates. Will they be able to propose solutions based on your priorities? Can they explain the trade-offs between hybrid and native apps? Don't be afraid to ask questions. Learn how an agency makes recommendations because it tells how they will communicate with you moving forward.

Know how they allocate resources

Consider how agencies assign resources to projects. For example, a project may have a dedicated project manager, designer, and developer. Few agencies will have a dedicated software QA team, so learn how they do it. Some software QA services may have additional fees and good agencies will be transparent about how they itemize their service. Knowing how they allocate their resources helps you better understand why their pricing varies.

By adding all the necessary services for your project, such as software QA or long-term maintenance services, you may find that the agency's quotes are closer to what they initially estimated.

There are a variety of software development agencies out there that can help you build your app, e-commerce store, or AI solution. The keys to success are knowing your role as a product owner, providing relevant information, and facilitating good communication with a team that fits your working style and timeline needs.

We wish you the best in finding your software development partner!





OURSKY

Oursky is a software development agency made up of passionate craftsmen who continuously create and reinvent award-winning digital experiences.

Oursky brings ideas to life by using the latest technologies, employing agile and data-driven methodologies, and adopting a lean, iterative, and user-centric approach.

Learn more at oursky.com or contact us at hello@oursky.com.