

## BPO/TECHNOLOGY

# Nearshoring in Latin America

Nearshoring refers to the relocation of positions, particularly within IT and software development, to neighboring countries with competitive advantages and attractive options for investment.

Latin America is recognized as an important participant in the global subcontracting industry for nearshoring. In particular, Brazil, Mexico, Colombia, Argentina, and Chile are competing as emerging outsourcing hubs for BPO companies.

For businesses who leverage talent based in Latin America, advantages include education levels of talent, English proficiency, shared time zones, and tech infrastructure, amongst other things. With the consistent rise of global ecosystems, these advantages are becoming easier to benefit from.

## Growth of the tech industry in Brazil

Brazil is the largest technology market in Latin America, offering a highly developed ecosystem and a significant talent pool, making it a key destination for nearshoring and digital investment.

Over the past decade, Brazil's tech industry has experienced strong and consistent growth, driven by digital transformation, enterprise demand, and increased adoption of cloud and AI technologies.

Additionally, **Brazil produces over 150,000 engineering and IT graduates annually**<sup>2</sup>, contributing to one of the largest technical talent pipelines in the region.

The country has a mature IT services sector, covering software development, enterprise solutions, and large-scale digital projects. Brazil also stands out for its deep specialization in areas such as fintech, agritech, and enterprise software. While English proficiency varies, major tech hubs offer strong bilingual capabilities, supporting international operations.

### An extraordinary source of talent

The supply of nearshore developer talent is growing enormously, leading with Brazil and Mexico.

- **LATAM:** 2 million+ software developers<sup>3</sup>
- **Mexico:** ~550,000–700,000+ software developers<sup>3</sup>
- **Brazil:** ~750,000+ software developers<sup>4</sup>

### Key advantages

- Language proficiency
- Shared time zones
- Developed tech infrastructure
- Geographic proximity

### Cities with the highest concentration of talent

- São Paulo
- Rio de Janeiro
- Belo Horizonte
- Curitiba
- Porto Alegre

### Key advantages to nearshoring in Brazil

- Largest Talent Pool in LATAM
- Advanced Tech Ecosystem
- Strong Industry Specialization
- Large Domestic Market & Innovation Hubs

## Data security

Transferring crucial business data involves certain risks, especially when projects are subcontracted to a third party. Subcontracting companies may attend to more than one client at a time, including their competitors, which increases the possibility of theft or filtration of data.

Latin American countries generally do not follow international guidelines for data protection, including the European Union's GDPR (General Data Protection Regulation). However, countries such as Argentina, Brazil, and Mexico have created their own policies for the protection of data, aligned with those of the GDPR.

The First Advantage screening platforms are designed to standardize the collection of personal data and limit the quantity of data necessary to carry out the background screening process.

## Background screening recommendations for nearshored workers

When hiring nearshored talent, it's important to partner with a global background screening provider who delivers innovative solutions, helps to support compliance regulations, and enables trust across the employee lifecycle.

HR teams could increase confidence when nearshoring by incorporating screens such as identity verification, education and employment verifications, drug screening, credit history, and criminal records.

Concerns about work quality are common in nearshore projects, making thorough background screening essential. Fortunately, these screenings can be conducted remotely while maintaining efficiency and rigor.

## Economic impact

### \$70-80 USD Billion

Estimated potential annual economic gains that nearshoring could generate for Latin America, driven by its large industrial base and domestic market.<sup>3</sup>

*Inter-American Development Bank (IDB)*

## Ready to learn more?

<sup>1</sup>September 15, 2025. Link: <https://alcor.com/latin-american-developers/>

<sup>2</sup>May 5, 2024. Link: <https://blog.nextideatech.com/how-many-software-developers-in-latin-america/>

<sup>3</sup><https://www.santander.com/en/press-room/features/the-power-of-nearshoring-in-the-americas>

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