

The Challenge of New Software: Buy vs Build

When considering the 'Buy vs. Build' decision, those with an Enterprise Architecture background like our team at Exigo, always look at the decision holistically rather than for one reason such as budget, convenience, timeline, or team experience and dynamic.

Here are a few reasons we encourage companies to think about buying software before they invest in building software with their own team and resources.

Cost

Consider the costs associated with the effort, including implementation and ongoing costs. Will the company need added tech infrastructure? Will it need added staff to implement and more people to support it and customers after it's launched? Statistically, 70% of all software costs generally occur after implementation.

An experienced software partner will aid in clearly articulating the total costs, including implementation, infrastructure, and ongoing support.

Choosing to build a solution that an organization hasn't built previously often leads to greatly underestimated costs and timeline or deadline issues both initially and with delivery of ongoing features and improvements. Those with expertise in building or consulting on internal, development-heavy projects can attest that, despite everyone's best efforts, none of the complex, large, internal projects they oversaw launched on time or within budget. In our conversations with these consultants and companies, sometimes the projects were up to 3x larger of an effort or budget than originally projected.

Scale and Complexity

If a project is complex and requires specific experience to build and support, find a software partner who can offer a proven, mature solution.

An existing platform solution should use technical best practices learned from research, trial and error, and from feedback of clients over the years. These solutions will constantly improve development over the years and include critical features already.

It's tough for a company whose primary skills aren't in enterprise software to build best-in-class solutions when they haven't learned about what processes work or don't work. The market's maturity will generally weed out poor solutions from the best ones.

Advantages of an Established Software Partnership:

- It already exists and has the capabilities needed for business growth.
- Allows extensive customization through admin, APIs, and SDKs.
- Allows for integrations, flexibility, and extensibility to meet varying client requirements.
- It's fast, usable, and bug-free, saving months of testing time on complex projects.
- Supplies training, documentation, and ongoing support.
- The vendor consistently updates and improves features to prepare and predict market needs.

Time to Value

Building software is generally an enormous effort requiring many internal employees across multiple departments

to envision, build, deploy and support. Unless the subject matter expertise is in-house, it will take longer than buying something and configuring it for an existing need.

Buying allows for deployment and value much faster than building it. If a home-grown solution is slower to release, competition has the advantage of innovation, allowing them to reach consumers with new products, services, offers before others. It allows other businesses the opportunity to dominate the market, even with a substandard product simply because they got there first.

- Before building any software internally, ask these basic questions:
- Is the primary business goal to build software or to sell the company's product or service?
- Have long-term costs of software infrastructure (for at least five years) been considered?
- Will the software require specific, nuanced technical, industry, or market know-how?
- Can business growth goals wait for internal teams to create, debug, and launch the software?
- Does the business plan have a technology-development timeline of 2-5 years and potential revenue delay built into its plan?

If the answer to these questions is "No," you should strongly consider buying something to solve business challenges instead.

Risk and Reward

There are risks to buying or building software. Most often buying software offers the lowest risk option when it comes to initial and then ongoing costs and maintenance. Sometimes buying software can be a short-term risk for resource management, feature set, or launch timelines because of the software partner. However, if you build it, those problems land directly on your desk.

Support In Place

Buying a solution will also allow an organization to rely on the partner's professional support structures with well-defined SLAs, uptime guarantees, compliance, and regulations. Building it requires training individuals in-house or hiring more support staff.

Another benefit of buying a solution is that the partner gets ongoing feedback from clients and that leads to proactive bug squashing, feature development, and other enhancements. The best platform solutions have teams to build new features, assist clients, and support the ever-changing software landscape.

Summary

Since there's so much talent in engineers and developers today, many companies could build just about anything. The trick is to know which path to choose based on the company's and customer's best interests.

If it's differentiating for the industry, very well understood, and a small effort, then consider building the software. If some competitors already use a similar software tool, there is not a competitive advantage to build one too.

Consider buying a well-known, industry-proven software provider with the capabilities needed and integrating it into the overall business strategy if timeline is critical, it requires fast time to value, and will need to pivot quickly to meet the needs of the marketplace.

TASK	BUILD	BUY
Define business requirements, technical requirements, reporting requirements	✗	You define the business requirements only
Design the solution architecture as well as wireframe any UI	✗	Vendor does so you don't have to
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Design and Setup the Cloud infrastructure	✗	Vendor does so you don't have to
Develop the solution	✗	Vendor does so you don't have to
Test and Debug	✗	Vendor does so you don't have to
Create training materials and other documentation	✗	Vendor does so you don't have to
Train end users	✗	Many vendors provide or support this process materials
Train support staff	✗	Vendor does so you don't have to
Integrate solution into company processes	✗	✗
Provide support	✗	Vendor does so you don't have to
Perform regular maintenance (backups, patching, bug fixes, product enhancements)	✗	Vendor does so you don't have to

*If you have more questions about building your own software vs buying a solution, please contact sales@exigo.com or send us text message to **(435) 222-2550**.*