

Build or Buy?

"On average, 60% of the cost of software comes after it has been purchased and installed"

Your company started out small – just you and maybe a mate. You organized your files into folders, and organized your emails in your inbox. All good. Then you grew a bit, and needed a bit more organization, so you started creating Excel lists. Lists of Products. Lists of People. Lists of Projects. You name it, you had an Excel list for it. You even added some cool formulas. Again, all good. Then you grew a bit more, and the Excel lists began to creak and groan under the weight. Why was this? Why is it that these simple systems worked well when you were small, but became burdensome as you grew? The answer to this question is workflow. When you were small, everyone knew what to do and when to do it, so the IT system was simply a passive data store. As you got bigger, you needed to standardize, enforce and automate (where possible) your business processes, so that all staff, new and old, were following the same operating procedures. This is something Excel was simply never designed to do.

So what software can you use to "manage your business processes"? It all boils down to two basic options: you either "Build" or "Buy".

In days gone by the "Build" option was often a well-intentioned staff member (more often than not self-taught) who would cobble together an Access database (while still doing his or her day job) to try herding all the business processes into one app. There are several problems with this approach, but one of the biggest is that the business owner would soon feel that he had created a "maintenance monster". This Access database needed constant feeding, care and attention, and over time the cost of maintaining it would outstrip the initial cost of building it. Then, to make a bad problem worse, the staff member that originally wrote it would leave and now no one knew what to do with it.

A second variant of the "Build" option is to pay a software developer to hand-craft exactly what you want. For an hourly rate they will ask you lots of questions about how you currently work then carefully document this as your "business requirements". Then they will set off and build a piece of software that implements all of these requirements. Great! What could possibly go wrong with that? Well in practice lots of things can go wrong. One of the biggest problems with this approach is it assumes that the way you are currently working is already optimal; that your business processes are as good as they can be and now you just need some software to manage them. This assumption almost always turns out to be wrong. Just because you have "always done it this way" does not mean that is the best way it should continue to be done with a software solution. Of course you realise this during the development process and start requesting changes and improvements, but this all adds more time and cost than was originally planned.

This brings us to option 2: "Buy". With this option, you Google around on the internet and try finding an off-the-shelf commercial package that already does most of what you want. You will probably find a handful to choose from, and they will offer trial versions and online demo videos for you to get a pretty good idea of the feature set. Now the big problem with this approach is that you are never going to find something that does everything you want, exactly the way you want it. This is where you need to apply some common sense and the good old 80/20 rule. If you find an existing software solution that matches 80% of what you want, it will be much cheaper and easier for you to change the 20% of how you

currently work to fit in with that software. I know that feels like the tail wagging the dog, but we are all old enough here to know that life is a series of compromises.

The reason it makes so much sense to change the 20% of your business to fit the software you buy is it reduces the total cost of ownership (TCO). If you buy a standard off the shelf package and don't fiddle with it you give yourself the best chance of eliminating ongoing software maintenance costs. A standard package comes with the manufacturers support and updates, and often plenty of online help through user group forums and blogs.