



UTILITY BILL MANAGEMENT

# BUILD IT OR BUY IT?

To build, or not to build? When it comes to enterprise software, that is the question facing CFOs and CIOs all over the world. It's not an enviable position to be in. After all, there's a fine line between success and failure. Make the right decision, and the company's stock will ride high. Get it wrong, and the fallout can be significant; recent history is **littered** with stories of failed software implementations, many of which have ended with acrimonious court battles and enormous losses.

**So what is the right answer?**

# To Build

“When it comes time to weigh up whether to build or buy enterprise software, considering what is likely to be delivered—rather than the specifics of what was asked for—is crucial.”

## Fully Customizable & Resource Intensive

The idea of creating the ultimate solution from scratch can be extremely appealing. The functional and non-functional requirements defined by business leaders represent their perfect solution, the foundation stone that will enable their strategy for years to come.

With that in mind, the thought of creating enterprise software checks all the boxes: it can be designed specifically for a purpose, solves a unique set of problems, and should result in work processes not having to be squeezed into an off-the-shelf solution. A bespoke build should, therefore, mean no compromises are required.

The reality, however, is a little different. Resources are rarely—if ever—unlimited, and constraints lead to the prioritization of requirements. What starts as a utopian solution quickly creates imperfections. When it comes time to weigh up whether to build or buy enterprise software, factoring in what is ‘likely to be delivered’ rather than the specifics of what was asked for—is crucial.

## Build Complexity

It’s also important not to underestimate the complexity of the build. Take utility bill management software as an example. Building a single, global solution would be painstakingly difficult. The market structures are different in each country and, if that wasn’t challenging enough, every tariff has its nuances. Trying to design a solution that recognizes such differences and can effectively validate, process, pay, and report on energy spend is a major undertaking.

## Costs Add Up

Then there’s the cost to consider. A Gallup [report](#) suggests that as many as one in six IT projects end up costing more than double the original budget. Almost 70% take longer to complete than originally forecast. But the effort continues even after release. There’s the burden of continuous improvement, product development, support, and maintenance to consider, all of which can stretch for years beyond the project’s initial scope. That’s because the system needs to be robust and able to adapt as the organization grows.

Taking that into account, it should come as no surprise that custom-built software is expensive. Though costs can be reduced by offshoring most of the coding work, just to get a small system up and running from scratch can [run](#) into seven figures. Of course, that’s if all goes well; 30%—possibly as many as 70%—of enterprise development projects [fail](#) in some form.

# To Buy

“Over time, the product evolves, bringing opportunities you may have never considered before, coupled with the need to make process changes in response to system updates—and the risk that brings.”

## Faster & Cheaper

Implementing a software solution is all about solving an organizational problem. While some situations are most definitely unprecedented, the vast majority are not. In all probability, the issues your organization faces are ones a vendor has already **solved** countless times. They've had to, it's their **core** business. And as a result, they have the people and knowledge in-house and raring to go, and already equipped with a large customer base over which to spread the development costs. That's why it is usually **faster and cheaper** to buy than to build.

## New Opportunities

Software-as-a-Service (SaaS) solutions also benefit from the insights gathered through long-standing relationships with multiple and diverse clients. Where problems or potential opportunities are **identified**, the vendor can provide fixes or new features in their frequent cycle of updates. Over time, the product evolves, bringing opportunities you may have never considered before, coupled with the need to make process changes in response to system updates—and the risk that brings.

## Sometimes Compromises are Needed

An off-the-shelf product—like one for energy management—by its very nature requires compromise. It's a generic solution to a problem every organization considers unique. It won't be overly customizable and, as such, is unlikely to meet every requirement the business has. The more it does meet the brief, the more appropriate it becomes as a solution.

It's worth noting that off-the-shelf products do mean making some compromises. They are a one-size-fits-all solution to the problems organizations face every day and are unlikely to meet all the business requirements. But take the example of the utility bill management software used earlier, and the benefit is clear. A solution that can already recognize and account for the significant variations in how markets approach energy billing, will save a great deal of pain from the outset. There are many companies on the market, and it's important to find the right partnership for your organization.



## Conclusion

Before making any decision, it is important to thoroughly understand both the company's needs and what is available in the market.

The next step is to map out which technological capabilities are core to the business and which are not. Building a system from the ground up takes a considerable amount of resources. It potentially means diverting programmers, project managers, and other team members away from their day-to-day duties. If customizing a utility bill management solution means the company's latest product will hit the market 12 months later than planned, for example, the impact could be enormous.

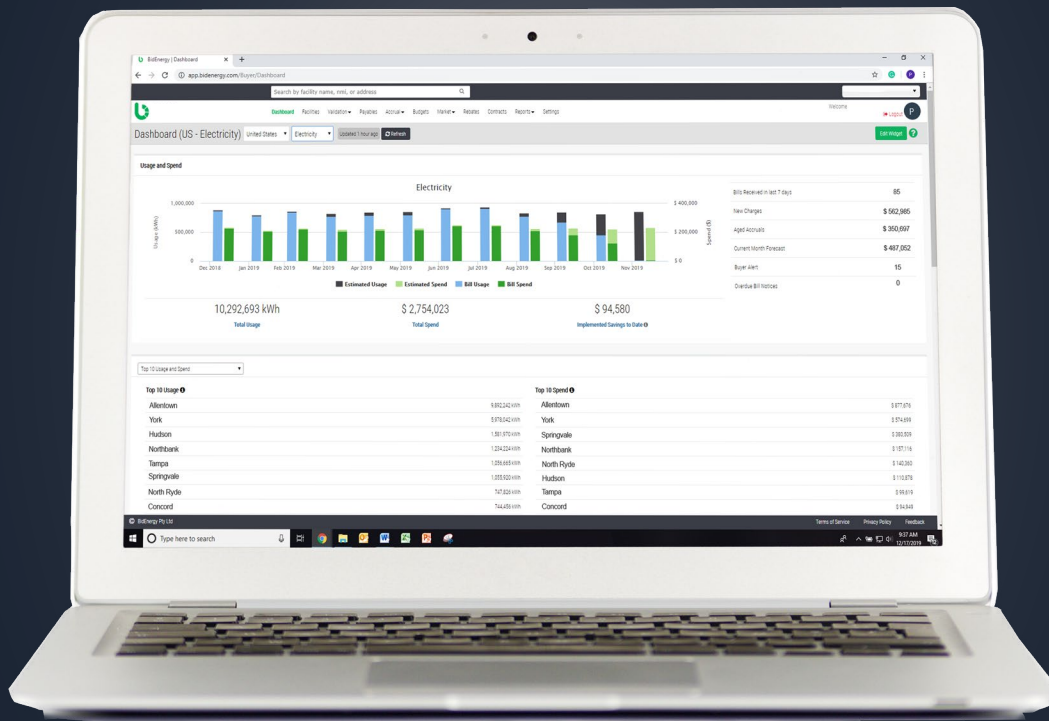
When a bespoke solution goes live, it is by no means the end of the effort. The commitment to providing the level of resources needed to ensure the solution can adapt must also be considered.

There is no question that building an enterprise software system is more expensive in the long run in terms of cost. Therefore, opting to build over buying must reflect the importance of the software to the organization's core business, its IT team's capability and knowledge, and the unique nature of the problem being tackled.

In all other circumstances, the right choice is usually to buy.

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