One of the oldest considerations in the world of IT is whether an organization should consider the long process of defining complex business specifications, in an effort to internally build new enterprise applications. In the past, the question was easier for some organizations to answer because in most cases enterprise applications delivered, on average, about 75 percent of the features, functions and adaptability that organizations had on their wish lists. With progress, and as new options and considerations emerged, the decision has become much more complicated.

Today, technology decision-makers are taking a longer look at how their decisions impact the rest of the organization – deep diving into all considerations before choosing a course of action. When assessing new enterprise solutions, regardless of the type of solution being looked at, they’re examining a number of organizational considerations that need to be in order before they can even begin to look at the technical ones. They know that before they venture down the long road of assessments, criteria definitions and endless meetings, they need to conduct an internal assessment of their IT department and the role it plays at their organization. Depending on their findings, this initial organizational assessment may provide an early glimpse into their future course of action.

Having a complete view of your organization – as well as a full picture of the applications being considered and the capabilities they offer – will help you ascertain which is the correct decision for your business: to build or to buy. Ten specific considerations can help.

1. **The Size of the Developer Community/Do You Have the Skills In House?**

The size of the developer community for the technology being considered will have a direct impact on how quickly you can staff-up your team and deliver on expected milestones for your project. In the case of Performance Management, for example, most solutions provide out-of-the-box functionality for your efforts, but as always there will be wish lists for additional capabilities beyond what’s shipped in the standard application. This is why it’s so important to consider technologies that support some degree of custom development, so that you can deploy custom utilities, toolkits and value-add capabilities to your core deployment. As such, contrary to what you would expect, the developer profile and the size of the developer community is still critical to the ongoing success of any Performance Management application, especially if you plan to introduce customizations internally.

2. **Expertise in the Subject/Solution Area**

Assuming you have the technical skills in-house for your project, the next area of consideration is expertise in the business area the application serves. For example, for Performance Management users the world has changed dramatically over the past five years, as dynamic user-focused interactive tools drive progress beyond the traditional world of producing Briefing Books or strategy maps. Today’s world involves everything from gadget-driven dashboards and calculation engine-powered Performance Management scorecards, to embedded mobile Business Intelligence applications, interactive reports, interactive bank statements and interactive invoices and statements that can grab output from print streams and transform what’s normally unstructured data into user-ready information. The decision matrix should include selections for each of the functional areas noted and an honest assessment of whether you have the skills to develop these capabilities in-house. Lastly, look at whether the expertise you have internally in the subject area can deliver the functionality needed to succeed in today’s highly competitive market.

3. **Readiness of a Solution in the Open Market**

Another thing to consider is how readily available the solution you are considering is on the open market. Are there hundreds of vendors, are there a handful of vendors, or are there very few niche players from organizations whose size is questionable, posing a risk that they are not sound financially? In Performance Management, for example, the success of Actuate Corporation’s BIRT solution has allowed for the continual reinvestment in the development of its Performance Management capabilities and technologies years ahead of its competitors. This success has allowed Actuate to deliver enhanced value to customers through its free BIRT for Performance Analytics product, trials and value-add marketplace applications.

4. **How Specific to Your Organization are the Requirements?**

Some enterprise applications are so specific to an organization that building becomes the only option. Typically these applications or
systems deliver functionality that is needed to drive a function or business unit within that organization – in this case it’s difficult to find experts outside of your own business. Performance Management, on the other hand, is a very complex application that exists in a competitive market with numerous players providing a fair amount of choice with regards to functionality.

5 Timeline Considerations

Even organizations with the best intentions will run into delays when they embark on building an application that is outside of their area of expertise. Organizations that are considering the build option should seriously examine the impact of other demands placed on IT, which could stall any new projects, and gain a better understanding of what the costs associated with these delays are to the business.

In the world of Performance Management, time is money and any delay in deploying enhancements to your Performance Management application, if they could provide additional insight into any aspect of organizational performance, could result in lost opportunities and market share. With over 18 years of experience delivering Performance Management solutions to its customers, Actuate has a proven record, with over 4,600 successful deployments to some of the world’s most effective private and public organizations. A repeatable and successful approach ensures accurate time and cost estimates, which eliminate project delays.

6 Support Considerations

A critical success factor that many organizations forget to include when making a build-versus-buy decision is an analysis of both short- and long-term support costs for your technology project. Support is crucial to the ongoing provision of any software implementation, because it directly influences user adoption and the ultimate success of such an initiative. But it’s a cost that doesn’t always get inherited by IT, and as such it is sometimes overlooked. Despite this oversight, support still costs your company real dollars, paid for by a business unit within your organization. So whether you have a distinct support organization or it’s part of your IT department, it’s important to include both short-term and long-term projections for support costs. Other things to consider in your projections would be costs associated with support for new employees, feature upgrades and regional support staff, among others.

7 Adaptability, Reliability, Scalability and Usability

When subject-matter expertise comes into play, so do adaptability, reliability, scalability and usability – because that’s how software companies are rated. Integration to other systems, databases, plug-ins, tools and utilities are also key to the ongoing success of any technology initiative in today’s new world of seamlessly delivered, tweet-inspired social media. Open source and the prevalence of Software-as-a-Service (SaaS) applications have, over time, made users accustomed to being able to access free value-add components through Marketplace offerings. Actuate is a very good example of how an Open Source company can deliver best-in-class Performance Management capabilities with the ability to integrate into any database or print stream, or leverage third-party tools to add tremendous value to any deployment.

8 Short- and Long-Term Costs and Savings

Short- and long-term costs and savings are fairly straightforward. They involve comparing internal cost estimates to vendor solution costs. Other things to include when you are looking at building a Performance Management application include big-ticket items such as: costs to plan out dynamic custom scorecards, a Performance Management calculation engine, visual display option flexibility such as Briefing Books and strategy maps, a testing environment, quality assurance and end-user training.

9 Impact of Feature Deficits on Performance

Typically, when an organization chooses to build an application internally there’s always a feature deficit on its delivery, caused by changing priorities and shifting timelines. In the case of Performance Management and new options available for SaaS deployment, organizations are receiving the most comprehensive and up-to-date set of capabilities available, with little or no lag in terms of how long an organization has to wait to onboard these features.

10 Technology Considerations

The last step in conducting your build-versus-buy assessment is to review the specific technology features in order to finalize your decision. Determine whether building is an option for your organization, and assess vendors for your Performance Management project.

For any type of build-versus-buy decision you need to look at what your vendors of choice can provide, and then assess whether you can do it and do it cheaper than the subject-matter expert. Does it make good business sense to take IT off other critical activities to participate in this project? Or are there more benefits to partnering with a vendor that can deliver the same set of capabilities at reduced costs while providing the features needed to remain competitive and succeed in today’s global marketplace? You be the judge.

To find out more about the build versus buy decision and how it relates to Performance Management, as well as how Actuate’s BIRT for Performance Analytics fits in, read Perform Magazine, Volume 8, Issue 1, at www.actuate.com/info/perform-vol8issue1/.