

Software: Build vs Buy

Robert Sombach

Recently I was approached by a scale dealer who recounted to me that he has spent \$100K and 12+months developing a certificate management program that, even once complete, will not have the capabilities of software that is readily available for his industry today at a fraction of the price. This is not uncommon for us to hear. As a software vendor, I am regularly approached at industry events by company owners who have invested heavily into developing custom software applications on their own. Their stories are varied, and range from some success to the downright scary. So in light of these, here are a few things to keep in mind when you consider how to implement software for your business.

Best practices gained from other scale dealers:

A difficult aspect of building things yourself is that the scope of work is done in a vacuum. Dealers tend to build based on their needs today, and only based on what they deem is possible. Best practices and lessons of other dealers are not incorporated.

Here is where a software vendor that has specific industry experience comes into play. Products are designed based on the experiences and best practices of many similar service providers. Users are getting the advantage of thousands of hours of research and development that have gone into the product, as well as the continuous enhancements based on input from thousands of users.

Qualifications:

Developing a custom solution requires a unique set of skills and expertise. If you decide to go this route, make sure you have the experts capable of building, maintaining, and supporting the solution. Not just for today, but to carry you forward as well. Let's just say that your cousin's-neighbor's-kid who claims he can build a system for you inexpensively is probably not the best way to go for your business in the long-run!

Development Costs

Because of the availability of well-priced scale industry software such as *CRS-Certificate Retrieval System* and *Miracle Service*, there is no question that building your own software will cost more. Instead of incurring the entire development

cost, with a pre-built system this cost is spread over hundreds or thousands of users.

However if you have a very unique set of needs that you are not adequately able to address within an available product, then custom development can become a feasible option.

On-going maintenance of the software:

What is the size of your company's internal developer community if you are planning on doing this in-house? What happens if the lone developer leaves your company (or your cousin's-neighbor's-kid gets a new job), where does that leave you and your software? Add mobility solutions into the mix and keeping up the technology becomes a full time job. With Microsoft, Apple, Android and others releasing new devices and software updates daily, will your custom software even work tomorrow?

What is your Return on Investment (ROI)?

Regardless of whether you embark on developing an automation tool yourself, or if you invest in a third party software tool, you should be very specific on measuring your ROI. To do so, you must first establish your costs. That is often quite easy with a third party software: it has a license and maintenance fee. Homemade systems can be harder to measure, because costs are often internalized or shared: maybe your IT person is also developing the platform. Often your time in meetings and agreeing to specifications is not added to the cost, even though it can take you away from running the business. Once you are satisfied with your costs, quantify each benefit. Are your technicians able to make 1-2 more calls per week? Is your admin staff able to spend 2-3 hours a day or week less time on data re-entry? A good software vendor should provide you with a good basis for measuring ROI. It's quite often achievable for software investments to pay for themselves in as little as six to nine months.

Timing:

Developing a custom solution is a long process of defining complex business specifications, meetings, reviews, development, testing etc. At first a simple development project that

seems “do-able” can quickly morph into a never ending cycle of work. As additional functionality is considered, it brings with it more complications as the original design is stretched beyond its limit. The question becomes, can you afford to wait the months, or years, as your custom system is being developed?

If you can get a good ROI from an off-the-shelf solutions, each month that your homemade system is in development you are missing out on those returns. With *Miracle Service* for example you can be saving up to \$700 per month per technician. When you are giving up these kinds of monthly savings, the time to build your solution has an in-direct cost that should be considered along with the direct cost.

Do you have specialized needs?

Most available pre-built solutions provide out-of-the-box functionality, but it’s important to consider a system that is flexible and customizable enough to support personalization so the software can be set-up to meet your needs. Sometimes there will be wish lists for additional capabilities beyond what’s configurable in the system. In that case you should look for a vendor that supports some degree of custom development if it’s needed.

Working together with other applications:

Integration to other applications, such as accounting software is key so that the software can be used seamlessly throughout your organization. Many software vendors maintain approved

software partner status with other developers such as Intuit (makers of QuickBooks software) and Sage among others, and have undergone rigorous technical reviews to achieve these certifications. Does your software vendor or custom developer have this expertise?

The bottom line?

Even if you have just started to develop your own automation tools, it makes sense to see what is available “off the shelf”. You might be going down the right road, and your home made system may give you a good ROI. Seeing how a third party software like CRS-Certificate Retrieval System, *Miracle Service* or others stacks up to your system, or how there may be other approaches or functions does not cost anything. It could help avoid downstream problems.

If you have not gone down the road of building your own tools, a free demonstration can help you answer the question: What is possible? After all, if other dealerships are investing in automation tools, either their own or through a third party, you don’t want to get left behind.

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