

WHITE PAPER · TECHNOLOGY DECISIONS

Build or Buy

A decision framework for custom software and SaaS: when each is right, how to compare total cost of ownership over five years, and how to decide with evidence instead of instinct.

September 2026

At a glance

Who this is for: Executives, product leaders, CIOs and finance leaders deciding whether to develop software, buy a packaged product or combine the two.

Few technology decisions shape cost and capability for longer than the choice to build or buy. Get it wrong one way and the business bends its processes around a product that does not fit, paying for workarounds and licenses that grow every year. Get it wrong the other way and it spends heavily to rebuild something the market already sells.

The right answer depends less on technology than on the process being supported. Where a process is standard, buying is usually faster and cheaper. Where it differentiates the business, involves complex integration or must scale in ways licensing punishes, building often wins. Many of the best outcomes combine the two: buy the standard core, build what makes the business different.

This paper sets out the criteria for each path, a five year total cost of ownership model that puts both options on the same footing, a weighted scorecard and a seven step decision process that ends in a small proof before a large commitment.

Key findings

Process first, technology second

The strongest predictor of the right choice is whether the process is standard or differentiating.

Compare five years, not year one

License growth, workarounds, maintenance and exit costs only appear over a multi year view.

Hybrid is often best

Buying the standard core and building extensions and integrations through supported APIs combines speed with fit.

Exit is part of the price

Data portability and switching costs belong in the decision. EU rules on switching cloud providers have applied since September 12, 2025.

Prove before committing

A proof of concept, pilot or MVP tests the riskiest assumption before the large spend.

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01

When to buy, when to build

Signal	Points to buy	Points to build
The process	Standard across your industry, such as payroll, accounting or email	Distinctive, and part of why customers choose you
Fit	A product covers most requirements with configuration	Every product needs heavy customization or workarounds
Integration	Few systems to connect, with standard connectors	Many systems, custom data flows or real time needs
Scale economics	Per user or per transaction pricing stays affordable as you grow	Licensing grows faster than the value it provides
Speed	You need it working in weeks	You can phase delivery and value long term control
Data and IP	Vendor hosting and data terms are acceptable	You need to own the data model, the code and the roadmap
Skills	No appetite to own software long term	You can own it directly or through a long term partner

Hybrid is a legitimate answer. Buy a platform such as an ERP or CRM for the standard core, then build extensions, portals and integrations through supported APIs without modifying the core system.

02

Total cost of ownership over five years

Year one costs flatter the option with lower setup fees. A five year view puts both paths on the same footing. Estimate each line for both options, year by year, then compare totals and the shape of the spend.

Cost line	Buy (packaged or SaaS)	Build (custom)
Upfront	Implementation, configuration, data migration, training	Discovery, design, development, testing, data migration, training
Recurring platform	Subscriptions or licenses per user, module or transaction, and expected renewal increases	Hosting, infrastructure and third party services
Change	Customization limits, workarounds and paid add ons	Enhancements on your own roadmap
Integration	Connectors, middleware and custom integration work	Integration built in, maintained with the system
Run and maintain	Vendor managed upgrades; your admin and support time	Maintenance, security updates, monitoring and support
Risk and exit	Price changes, product changes, data export and switching costs	Key person dependence, technical debt, documentation

Add the business side of the ledger for each option: revenue enabled, hours saved, errors avoided and time to value. The cheapest option is not the right one if it delays or limits the outcome.

03

A weighted scorecard

Score each option from 1 to 5 against criteria weighted for your situation. Agree the weights before scoring, so the result is not reverse engineered.

Criterion	Example weight	Question to answer
Fit to requirements	25 percent	How much of the must have list does it meet without workarounds?
Five year cost	20 percent	What is the total cost of ownership, including exit?
Time to value	15 percent	How soon do users get the benefit?
Strategic control	15 percent	Who owns the roadmap, data and code?
Integration	10 percent	How well does it connect to the systems that matter?
Risk	10 percent	What could go wrong, and how bad would it be?
Ability to run it	5 percent	Can we operate and support it over time?

A seven step decision process

- 1 Define the process**
Describe the business process and the outcome it must produce. Decide whether it is standard or differentiating.
- 2 Prioritize requirements**
Separate must have from should have and could have. Most decisions turn on a small number of must haves.
- 3 Scan the market**
Shortlist products that cover the must haves. Ask vendors to demonstrate your scenarios, not their standard demo.
- 4 Model five year cost**
Complete the total cost of ownership model for the shortlisted products and a custom build.
- 5 Assess risk and exit**
Review contracts, data portability, security and vendor stability, and the delivery risk of a build.
- 6 Score and decide**
Apply the weighted scorecard, record the reasoning and name the decision owner.
- 7 Prove it**
Run a proof of concept, pilot or MVP on the riskiest assumption before committing the full budget.

Common mistakes

- Comparing year one prices instead of five year totals.
- Letting a vendor demonstration replace testing with your own data and scenarios.
- Underestimating integration, data migration and change management on both paths.
- Building commodity functions that the market already sells well.
- Buying a product for a differentiating process and customizing it until upgrades become painful.
- Ignoring exit: how data leaves, what it costs and how long it takes.
- Deciding without a named owner accountable for the outcome.

Decision checklist

- ☐ The business process and desired outcome are written down.
- ☐ We have agreed whether the process is standard or differentiating.
- ☐ Requirements are prioritized into must, should and could have.
- ☐ At least two products and a custom option were assessed.
- ☐ Vendors demonstrated our scenarios with our data.
- ☐ Five year total cost of ownership is modeled for each option.
- ☐ Integration and data migration costs are included on both sides.
- ☐ Contracts, data portability and exit costs were reviewed.
- ☐ Scorecard weights were agreed before scoring.
- ☐ A proof of concept, pilot or MVP tests the riskiest assumption.
- ☐ A named owner is accountable for the decision and the outcome.

NEXT STEPS

How Inventh can help

Inventh is an AI and custom software development company. We design, build and run AI systems, custom applications and data platforms, with consulting to decide what is worth building first. The services most relevant to this paper:

Application Development Consulting

Independent build or buy analysis, architecture and technology selection, compared on total cost of ownership.

<https://inventh.com/services/application-development-consulting/>

Custom Software Development

Applications built around how your business actually runs, when building is the right answer.

<https://inventh.com/services/custom-software-development/>

Enterprise Application Development

Extensions and integrations for ERP and CRM platforms through supported APIs, for the hybrid path.

<https://inventh.com/services/custom-software-development/enterprise-application-development/>

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REFERENCES

Sources

- European Commission: Data Act, applicable from September 12, 2025. <https://digital-strategy.ec.europa.eu/en/policies/data-act>

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