



White paper

We'll just write our own

Build versus Buy, and the costs of building your own tools

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We'll just write our own

Purchasing an off-the-shelf product is usually about 20 times cheaper than building it yourself. There's a good reason for this. The original manufacturer recovers his research and development costs over many sales, and profits from repeated resale of the same design. If the product has undergone a few updates, then it has probably benefited from years of refinement to the same basic design, and has enjoyed the creative input from a lot of independent sources. The level of detail and refinement is usually high. Yet many software people still do not fully grasp this understanding. Software people are independent, and often choose to roll their own products for use in their organization rather than purchase them off the shelf. They are willingly ignorant of several factors of this decision, including the cost of development, the cost of leaving their core competencies to create a tool they'll never sell, the relatively poor level of refinement their resulting product will have, and the cost of ongoing maintenance. The final costs are easily 20 to 100 times higher than purchasing off the shelf.

This point is made clear by the example of purchasing an automobile. You can purchase an off-the-shelf automobile for \$20,000, yet it would cost you well over \$1,000,000 to design and build your own. When you were finished, the result would be an unsafe and unreliable disaster. As product markets mature, this point becomes more obvious. The software market just hasn't caught up to the automobile manufacturing industry.

I once knew a talented engineer who didn't get this. He was so talented that he wrote everything himself, including the compilers and development tools used to produce his company's products. Instead of buying a \$300 Microsoft compiler, he built his own for \$20,000. In the end, his wasn't as full featured as the Microsoft compiler, but he was proud of it.

About Us

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