



Buy Vs. Build

clear
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Is Building Your Own Inventory Management System a Good Idea?

There are numerous issues that companies face when they decide to build a solution in house. Scarce development resources, project cost overruns, delivery delays, unexpected technical issues, and long-term maintenance issues are a few of the problems that happen.

For these reasons, Inventory Solutions have built and hosted, flexible, “out-of-the-box” vendor managed inventory (VMI) and web-based solutions. They can be running in five days, at a fixed monthly price, with no delays. These solutions are low risk and have a lower total cost of ownership.

Q: When should my company consider building a solution over buying?

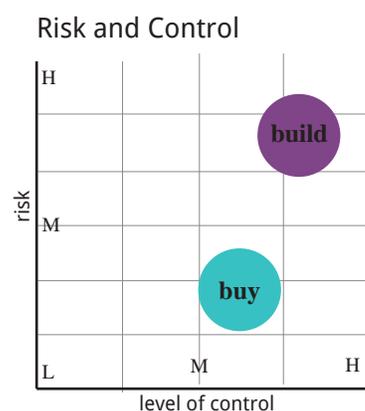
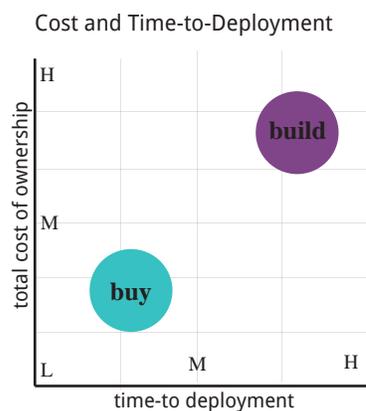
At Clear Spider we’ve often seen companies struggle with the decision to buy or to build a solution in house.

The decision process is typically the:

- o Availability of qualified development resources
- o Long-term maintenance staffing
- o Implementation time and costs
- o Project risk
- o Process understanding
- o 3rd party objectivity

legend

L: Low
M: Medium
H: High



Availability of Qualified Development Resources

If you have available resources that are experienced in developing web-based, distributed solutions, then you should consider building your own solution in house.

In addition, your staff should ideally be knowledgeable about leveraging development standards such as J2EE or .NET. If not, source an off-the-shelf solution that can readily integrate with your existing applications.

Long Term Maintenance Staffing

Q: Once there is a solution, how are you going to keep it current, from both a technology and from a process point-of-view?

For example, in the last few years, radio-frequency identification (RFID) technology, collaboration, wireless, and countless other developments, have forced companies to update their processes.

With ever increasing innovations, you need to ensure that you have the staff to manage, not only the system upgrades, but any errors that you may discover. If you don't have the staffing for this or don't want the headache, then you should consider an off-the-shelf solution that is maintained for you.

Implementation Time and Cost

Q: How quickly do you need a solution?

If you have ample time to determine the scope your project, build a project plan, free-up resources, develop and test the application, then you should consider building the solution.

Futhermore, you need to consider your budget for the project and if you will be able to pull it off in-house.

- o What are the opportunity costs?
- o What is your company's track record of getting IT projects completed on-time and on-budget?

Project Risk

Every project comes with a risk.

One major reason that organizations build in-house is that they want to build expertise in an emerging technology.

Some risks to consider:

- o Does this meet your organization's business goals?
- o What if you find that the learning curve is long and steeper than you anticipated?
- o Are you willing to take that risk?
- o When you are determining the scope of your project, have you considered all of the issues?
- o Are you willing to stick to your original scope when your users demand new features?

If you cannot alleviate these issues, then you should strongly consider a packaged solution.

Process Understanding

Collaborative inventory management processes are complex and vary, depending on your trading partner needs. If you have many diverse trading partners, building your own solution may not be a great idea. Additionally, your trading partners may want to extend the use of the collaboration solution to their trading partners.

Can this be done?

It can, if you are willing to get into the solution environment. This is especially important as your trading partners start to get more benefits from these solutions, which may force you to switch to another solution.

Third Party Objectivity

A critical concern for trading partners is data confidentiality and security. Most trading partners are leery of exchanging critical and confidential information. They feel more comfortable with a third party managing the data. Is this a critical issue for your organization?

Summary

In the growing stages of any technology, many companies think that they can build the best solution. However, as the technology evolves and becomes complicated, there are significant barriers. As the collaborative inventory management field continues to evolve, there are many reasons to consider before deciding to build a solution in-house.

Clear Spider

Today, over 100,000 companies use Clear Spider on a daily basis.

Clear Spider is a web-based inventory management solution for companies to manage either their own inventory or the inventory of their customers and suppliers. There is no hardware or software installation, so deployment is quick.

Clear Spider is easy to learn, easy to use, and easy to maintain.



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