
Databender



FREE GUIDE

Own Your AI

Why Per-Seat Licensing Is Eating Your Margins

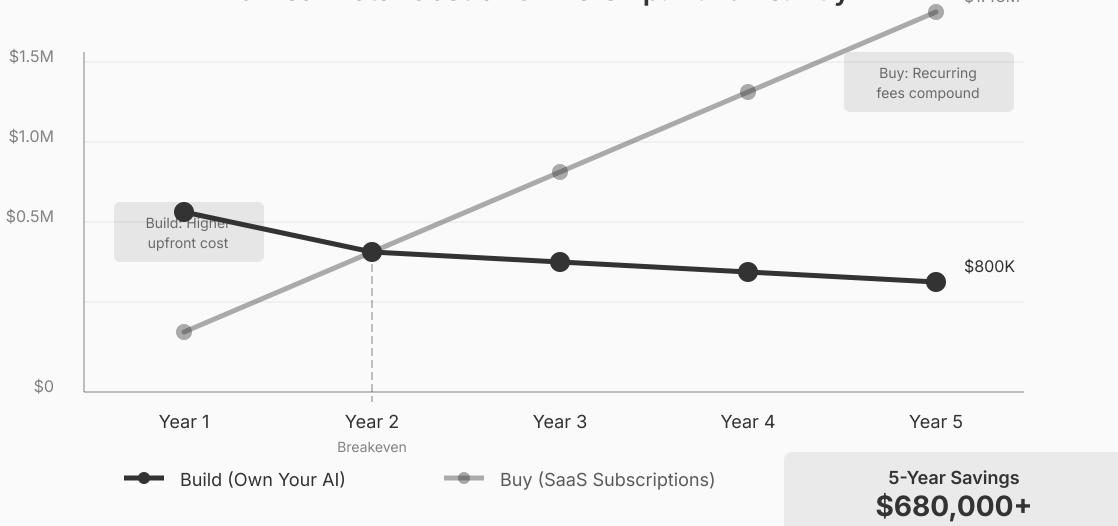
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\$680K

5-Year Savings

Building your own AI solution vs. per-seat licensing saves \$680K+ over five years.

5-Year Total Cost of Ownership: Build vs. Buy



Add up what you're paying for legal tech subscriptions. Per seat. Per month. Forever.

A 40-attorney firm easily spends \$150,000 or more annually on software subscriptions. Research tools. Document management. Practice management. E-discovery. Each one charges per user. Add a new associate? New fees. Partner joins from another firm? More fees. The meter never stops running.

Now imagine owning the software instead. One payment. No per-seat fees. Add as many users as you want. The code is yours.

Two years ago, this wasn't realistic for most firms. Custom software cost \$200K+ and took six months or more. The math didn't work. Today it does.

The Per-Seat Trap

Per-seat licensing looks reasonable when you sign. \$50 per user per month? That's nothing. But it compounds.

Fifty users at \$50 per month is \$30,000 per year. For one tool. Stack up research, document management, billing, time tracking, practice management, and you're easily north of \$100K annually. Every year. Forever.

Worse, you're renting something you could own. The vendor holds your data. The vendor sets the price. The vendor decides which features to add or remove. You're locked in because migrating is painful. They know it. They count on it.

One firm we talked to calculated they'd spent \$400,000 over five years on a document review tool. That's not counting the time lost to a clunky interface that never quite worked the way they needed. For that money, they could have built exactly what they wanted and owned it outright.

What Ownership Actually Means

When we say "you own it," we mean it literally. The code runs on your servers. You have full access. No vendor can change the terms, raise the price, or shut it down. They can't because there's no "they."

The implications are bigger than they first appear.

No recurring fees. You pay once for the build. Done. No more monthly checks. Add ten users or a hundred without adding costs. Your margins improve instead of eroding year after year.

No vendor dependency. The software works whether the vendor is having a good quarter or not. No acquisition surprises. No sunset notices. No forced upgrades that break your workflows. Your

roadmap is yours.

Built for your firm. Off-the-shelf software is designed for the average customer. Your firm isn't average. Custom software matches how you actually work, not how a product manager in San Francisco thinks you should work.

Why the Math Changed

Custom software used to be expensive because it required large teams working for months. A basic document intelligence system might need four developers for six months. At fully-loaded costs, that's \$300K or more before you've deployed anything.

AI changed the equation. Senior developers working with AI tools produce what used to require a team. The same project that cost \$300K now runs \$30-50K. Six months becomes six weeks. The quality? Same or better.

This isn't theoretical. We've built document search systems, contract review tools, and knowledge management platforms at these prices. The quality matches or exceeds the SaaS alternatives. The difference is you own the result.

The Five-Year Comparison

Let's do the math on a real scenario: document intelligence for a 50-attorney firm.

Option A: SaaS subscription. \$80 per user per month. 50 users. That's \$48,000 per year, or \$240,000 over five years. You own nothing at the end. The vendor can raise prices. The vendor can change features. The vendor can get acquired by someone you don't like.

Option B: Custom build. \$40,000 one-time cost. Add \$5,000 per year for maintenance and updates. Five-year total: \$65,000. You own the software. Add users at no cost. Modify it when

your needs change. No dependency on anyone's roadmap but your own.

The savings compound. After five years, you've kept \$175,000 in the firm instead of sending it to a vendor. After ten years, that gap is \$450,000+. And here's the part most firms miss: SaaS depreciates the moment you stop paying. Custom software appreciates as you add data and refine it.

Not every tool makes sense to build. Your core DMS and billing system should stay as SaaS. But for AI-powered capabilities specific to how your firm works? The economics favor ownership.

What Custom AI Looks Like

You're not building from scratch. Modern AI development assembles proven components into solutions tailored to your needs.

A typical document intelligence build includes:

- Ingestion pipeline that processes your existing documents
- Search interface where attorneys ask questions in plain English
- Retrieval system that finds relevant passages with citations
- Security layer that keeps everything on your servers

The foundation is the same across firms. The customization is in how it connects to your systems, what document types it prioritizes, and how the interface fits your workflows.

Build time is typically four to eight weeks. Your attorneys are using it within two months of starting.

Getting Ethics Committee Approval

Custom AI that runs on your servers is actually easier to approve than cloud-based tools.

The ethics questions get simpler. Does client data leave the building? No. Does a third party have access? No. Can you audit everything? Yes. Can you shut it down immediately if needed? Yes.

One firm's ethics committee had spent months reviewing cloud AI vendors. They approved the on-premise alternative in two weeks. The security posture was clearly better. There was nothing to debate.

Where Ownership Makes Sense

Not everything should be custom-built. Here's how to think about it:

Build when:

- You're paying substantial per-seat fees for something AI could handle
- The workflow is specific to your practice and off-the-shelf tools don't quite fit
- Client data privacy is a concern with cloud-based options
- You need flexibility to modify the tool as your needs evolve

Keep SaaS when:

- The tool is genuinely commoditized (accounting software, email)
- The vendor's scale provides features you couldn't replicate cost-effectively
- The tool doesn't touch sensitive client data
- Switching costs are low if you need to move later

Document intelligence, research automation, contract review, and knowledge management are prime candidates for ownership. These are high-value, high-cost categories where custom builds pay for themselves quickly.

The First Step

Start with one tool. Pick the per-seat subscription that annoys you most. The one where you're paying for features you don't use, or the interface doesn't match how your firm works, or the vendor keeps raising prices.

Get a cost estimate for a custom replacement. Compare the numbers. If the build pays for itself in 18 months or less, it's worth doing.

The firms making this shift now will have advantages that compound. Every year they're not paying subscription fees is money reinvested elsewhere. Every custom tool is built exactly for how they work. Their competitors will still be renting software and hoping the vendor doesn't change the terms.

Ready to see what ownership would cost for your firm? [Schedule a conversation](#) or explore our legal-specific solutions.