

**73%**

MARKET LEADERS  
BUILT CORE TECH

**2.3x**

HIGHER LONG-TERM  
ROI VS BUY

**45%**

LOWER 5-YEAR  
TOTAL COST

**24-48**

MONTH TYPICAL  
PAYBACK

**CORE PRINCIPLE**

**Own what differentiates; leverage what commoditizes.** The Build decision is rarely binary—successful organizations build core differentiating capabilities while buying or partnering for commoditized needs.

**BUILD DECISION MATRIX**

Rate each factor 1-5, multiply by weight, sum total. **Score >3.5 = Build** | **2.5-3.5 = Analyze** | **<2.5 = Buy/Partner**

FACTOR	STRONG BUILD SIGNAL (5)	WEAK BUILD SIGNAL (1)	WEIGHT
<b>Strategic Importance</b>	Core differentiator	Commodity capability	<b>25%</b>
<b>Customization Needs</b>	Highly specific to business	Standard requirements	<b>20%</b>
<b>IP Value</b>	Significant proprietary value	Limited unique innovation	<b>15%</b>
<b>Time Horizon</b>	Long-term (5+ years)	Short-term tactical	<b>15%</b>
<b>Internal Capability</b>	Strong technical talent	Limited expertise	<b>10%</b>
<b>Market Availability</b>	No adequate solutions	Multiple proven vendors	<b>10%</b>
<b>Integration Complexity</b>	Deep integration required	Standalone functionality	<b>5%</b>

**ECONOMICS COMPARISON (5-YEAR VIEW)**

**BUILD**

Upfront: **\$2-10M+**  
Time to Value: **12-36 mo**  
5-Year TCO: **LOWEST**  
Exit Cost: **LOW**

**BUY (M&A)**

Upfront: **\$5-50M+**  
Time to Value: **3-12 mo**  
5-Year TCO: **MODERATE**  
Exit Cost: **HIGH**

**PARTNER**

Upfront: **\$100K-500K**  
Time to Value: **1-6 mo**  
5-Year TCO: **HIGHEST**  
Exit Cost: **LOW**

**THE BUILD SPECTRUM**

**Config**  
LOW

**Integrate**  
LOW-MED

**Extend**  
MEDIUM

**Component**  
MED-HIGH

**Platform**  
HIGH

**Ecosystem**  
V.HIGH

Most successful builds fall in Component or Platform categories. Reserve Ecosystem builds for orgs with demonstrated success.

### CASE STUDIES: BUILD-FIRST SUCCESS

#### Netflix Streaming

#### \$1B+ saved/year

Built Open Connect CDN: 80% cost reduction vs commercial. Recommendation engine drives 80% of discovery.

#### Stripe FinTech

#### API-First Platform

Built payments, fraud detection, Atlas, Treasury—each leveraging shared infrastructure for compounding moat.

#### Amazon Tech/Retail

#### AWS from Internal

Internal infrastructure transformed into AWS—world's largest cloud platform and major profit center.

### RISK ASSESSMENT MATRIX

Risk Category	BUILD	BUY	PARTNER
Execution Risk	HIGH	LOW	MEDIUM
Timeline Risk	HIGH	MEDIUM	LOW
Strategic Risk	LOW	HIGH	MEDIUM
Long-term Dependency	LOW	HIGH	HIGH

Build carries more short-term execution risk but lower long-term strategic risk. Buy/Partner dependency risks compound over time.

### INDUSTRY BUILD PRIORITIES

#### Financial Services

Risk models, trading, compliance

#### Healthcare

Clinical decision, patient engagement

#### E-Commerce

Recommendations, pricing, fulfillment

#### SaaS / Technology

Core product, dev tools, ML/AI

#### Manufacturing

Production optimization, QC

#### Media

Content delivery, personalization

### STAGE-GATE INVESTMENT

GATE	BUDGET	CRITERIA
0: Concept	5%	Business case approved
1: Discovery	15%	Requirements defined
2: Foundation	25%	MVP delivered
3: Build	35%	Full features + testing
4: Launch	15%	Production deployed
5: Optimize	5%	Value confirmed

### EXECUTIVE TAKEAWAYS

- 1 **Build for Differentiation.** Reserve Build for capabilities that define competitive advantage. Buy or partner for everything else.
- 2 **Invest Long-Term.** Expect 24-48 month payback but plan for 5-10 year horizons. Build creates appreciating assets.
- 3 **Align Talent Strategy.** Build success requires attracting and retaining technical expertise. Budget for retention from Day 1.
- 4 **Plan Integration.** Underestimating integration is the #1 cause of failures. Start simple, scale intentionally.

#### CFO BEST PRACTICE

Apply 'cone of uncertainty': Concept ±50%, Requirements ±25%, Architecture ±15%. **Only commit fixed budgets after architecture validation.**