

# The Illusion of Reselling Custom IT Solutions: Unraveling the Hurdles in Recouping Costs



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Are you considering taking your in-house IT solutions and selling them for extra cash? You're not the only one. It is an excellent idea - turning something you already have into a money-making venture. But let me tell you, it's more challenging than it looks. Several challenges are involved in turning internal tools into products you can sell. This article discusses why repackaging custom IT solutions is appealing, the difficulties in making internal tools marketable, and why it's not always a walk in the park.

### **The Illusion of Reselling Custom IT Solutions: Unraveling the Hurdles in Recouping Costs**

Many IT organizations are often tempted to believe that the custom solutions they develop in-house can be resold to external markets, offering a way to recover costs and generate profit. It's an appealing concept—transforming an internal expense into a potential revenue stream. However, the reality is frequently much more complex. The journey from creating an internal tool to developing a marketable product presents challenges that many organizations overlook. This article explores the allure of reselling custom IT solutions, the hidden obstacles in turning internal tools into marketable products, and why this aspiration often proves to be difficult.

## **The Allure of Reselling Custom Solutions**

The concept of reselling customized IT solutions stems from a straightforward idea. If a solution is valuable enough to justify its development for internal use, others in the industry will likely be willing to pay for it. This belief is strong among organizations that have made significant investments in creating innovative tools tailored to their business processes. The possibility of recovering development costs and generating additional revenue is appealing, especially when IT budgets are tightly managed. This attraction is often intensified by stories of companies successfully transitioning from developing internal tools to launching commercial products. However, such success stories are more the exception than the rule, and they frequently involve factors that most IT organizations may not easily replicate.

## **Part 2: Navigating the Challenges of Turning Internal Tools into Marketable Products**

### **Product Development vs. Tool Development**

Reselling custom IT solutions presents significant challenges because creating an internal tool is different from developing a market-ready product. Internal tools are customized to meet an organization's specific needs, requiring further work to transform them into products that are suitable for the market. This additional work often involves refining the user interface, enhancing security features, and improving scalability. As a result, these efforts can lead to higher costs and longer development times than anticipated.

### **Customization Complexity and Customer Expectations**

Internal tools are often designed with the unique processes of a specific company in mind, making them highly tailored and specialized. However, external customers have different needs, workflows, and industry regulations. Modifying a solution to accommodate these varied requirements can lead to extensive customization efforts, adding layers of complexity that challenge the simplicity of the original tool. Additionally, customers expect polished, user-friendly, and highly adaptable solutions. Meeting these expectations involves additional development, rigorous testing, and continuous feedback loops, which can significantly increase the anticipated costs.

### **Compliance and Legal Hurdles**

Once a solution moves beyond internal use, it becomes subject to external standards and regulations, which differ across industries and regions. Compliance with data protection laws, industry regulations, and software standards introduces another layer of complexity, primarily if the tool handles sensitive data. Addressing these regulatory requirements requires specialized knowledge and frequent updates and may even entail obtaining certifications, which can be costly and time-consuming.

## **The Challenge of Support and Maintenance**

When selling a product externally, ongoing support and maintenance are essential expectations. Unlike an internal tool that an organization's IT department can manage and repair, an external product necessitates dedicated customer support teams, robust documentation, and comprehensive training resources. This framework introduces an additional layer of overhead that organizations may initially overlook. Moreover, support needs often increase alongside the product's customer base, requiring the scaling of the support function—long-term operational expenses.

## **Marketing and Brand Positioning**

Launching a product involves more than just technology; it also requires effective marketing and brand positioning. An internal tool turned product must compete with established players and other alternative solutions. Building brand recognition and differentiating the product often demands dedicated marketing efforts, pricing strategies, and sometimes even partnerships with industry influencers. This process can consume significant resources, and companies may find establishing a market presence more challenging and costly than anticipated.

## **Risk of Diluting Core Business Focus**

Finally, a strategy to commercialize internal tools can distract from the organization's primary business goals. Product development, marketing, compliance, and customer support require attention and funding to improve core operations. For many organizations, this shift can burden the primary business and decrease efficiency, ultimately defeating the custom tool's original purpose.

## **Conclusion: Navigating the Mirage**

Turning internal IT tools into profitable products is intriguing, but it presents hidden challenges that organizations must consider. The journey to productization is complex and resource-intensive, involving diverse customer expectations, legal requirements, support,

and scaling efforts. Organizations must evaluate whether the potential revenue justifies these efforts or if they should focus on their core competencies and invest in other areas for better returns. For most, reselling custom IT solutions seems unattainable, not because of a lack of potential but because of the intricacies of turning internal innovations into marketable products.