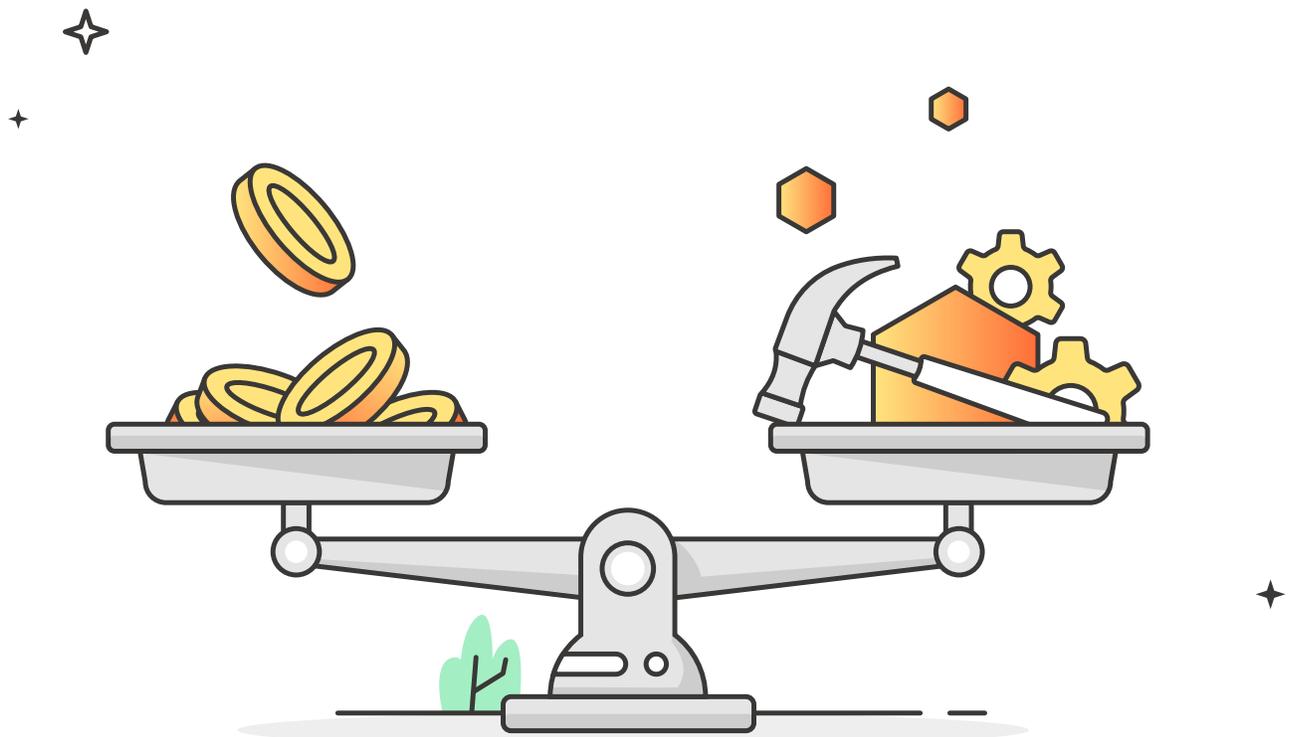




POSTMAN

# Do I Build or Buy?

By the Postman Team



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# Digital transformation

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Enterprises worldwide are faced with the choice of buying or building software. Opting to build sometimes seems attractive, either because in-house teams believe they have a unique understanding of the problem or because they are simply looking to prove their worth.

However, building in-house often brings unforeseen challenges. For example, Hershey's shift to a new order-taking and fulfillment system prevented the company from shipping \$100 million in candy in time for Halloween, causing an 18.6% drop in quarterly earnings.<sup>1</sup>

Here are some factors to consider when weighing the advantages and drawbacks of each approach.

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## Budget

Even with the most creative programmers and advanced toolsets, developing in-house software is a massive task. Businesses may save money at first by not purchasing third-party software, but they will be responsible for covering the total cost of the software's lifecycle. Therefore, development organizations must be thorough in their financial forecasting.

When calculating the true cost, it's wise to map out all aspects of the project, from design and development to testing and implementation – and how much it will cost to make changes after deployment.

With a platform like Postman, an enterprise subscription covers maintenance, support, and hosting, as well as continuous updates and improvements

Postman customer anecdotes suggest that it takes at least twice as long to build in-house, with twice the cost and half of the functionality.



**Interesting data point:** The average cost overrun for building in-house was 27%—but that figure masks a far more alarming one. Researchers found a “fat tail” of gigantic overages. Fully one in six projects they studied was a “black swan,” with a cost overrun of 200%.<sup>1</sup>

## Time to value

Time to value is an essential factor because developing in-house takes time and team conviction. Going in-house may be a good option if there are few time constraints and the organization can wait for a solution to be built.

Before embarking, it's smart to determine how urgently the business needs a solution; how the business will be affected while it waits; and the proliferation of the problem they are trying to fix, as in most cases, the problem is not new but growing.

**Interesting data points:** A survey of 200 IT decision-makers conducted by Gartner found that organizations that chose a cloud-based solution for their software needs saw a 30% increase in productivity and a 40% reduction in development costs compared with those who chose in-house development.<sup>2</sup>

The average time overrun is 222% of the original estimate. The average is 230% for large corporations, 202% for medium-sized businesses, and 239% for startups and small enterprises.<sup>3</sup>



# Project complexity & functionality

A [study](#) by PwC, which reviewed thousands of projects from 200 companies in 30 countries and across industries, found that only 2.5% of the companies completed all parts of their project.

Most of these projects are intended to solve a specific pain point. Platform solutions, on the other hand, are constantly updated to ensure they have the latest features, guided by customer interviews, market analysts, industry experts, and a mission to continuously add value.

In contrast, homegrown systems often develop poor integrations and interoperability as the business evolves and employee turnover grows.

**Interesting data point:** According to a survey by the Project Management Institute (PMI), 15% of IT projects were considered failures, meaning they were either canceled before their completion or fell short of their goals.<sup>4</sup>

Only 30% of digital transformation projects fully meet their goals, while most projects still need to achieve their desired business outcomes.<sup>5</sup>

56% of large IT projects don't meet their original vision and are launched with sacrificed features and value, while 19% never reach the market.<sup>6</sup>

Just 40% of initially specified project features and functions were available in the end product in large companies.<sup>5</sup>

"No one company surveyed relied on internal resources without external vendor support. A business cannot transform itself entirely from within."<sup>3</sup> – The Standish Group



# Digital transformations require vendor involvement

Often underestimated in the investment thesis for in-house projects are post-implementation costs for maintenance, such as hosting and storage, as well as support. These items are typically included in the subscription fee for cloud-based solutions.

Subscriptions often include access to customer success teams, evangelists, and education teams whose responsibility is providing continuous interactions and content to support enterprises.

**Interesting data point:** According to Forrester's research, a business that deploys Salesforce Lightning to boost productivity and shorten application development cycles can expect a 341% return on investment after three years.<sup>7</sup>

## Future needs

In digital transformation, the business requirements for developer tools are evolving quickly. Delivering software updates as frequently as needed is a challenge for in-house project teams. In contrast, vendors of cloud-based applications continuously provide new features and functionality at a fast pace, have flexible roadmaps, and collaborate with customers to develop features and adopt emerging technologies to meet their expectations.

**Interesting data point:** By 2025, more than 85% of organizations will adopt a cloud-first principle and require cloud-native architectures and technologies to implement their digital strategies fully.<sup>8</sup>



# Conclusion

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The decision to build or buy software for digital transformation is complex, requiring consideration of factors such as budget, time to value, project complexity, and functionality. Building in-house can require significant time and add costs throughout the software lifecycle. Buying a solution can yield increased productivity and cost savings.

Buying a platform solution like Postman can mean fixed costs for SaaS license subscriptions, including maintenance, support, and hosting.

Both options have advantages and drawbacks, and organizations must weigh these factors. Ultimately, organizations should conduct thorough research and consult with experts to make an informed decision that will align with their digital transformation goals.

## NOTES

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# About Postman

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Postman is the world's leading API platform, used by more than 25 million developers and 500,000 organizations, including 98% of the Fortune 500. Postman is helping developers and professionals build the API-first world by simplifying each step of the API lifecycle and streamlining collaboration—enabling users to create better APIs, faster.

Postman is privately held, with funding from Battery Ventures, BOND, Coatue, CRV, Insight Partners, and Nexus Venture Partners. The company is headquartered in San Francisco and has an office in Bangalore, where it was founded. Learn more at [postman.com](https://postman.com) or connect with Postman on Twitter via [@getpostman](https://twitter.com/getpostman).



