

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

>| 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
<b>0: Concept</b>	5%	Business case approved
<b>1: Discovery</b>	15%	Requirements defined
<b>2: Foundation</b>	25%	MVP delivered
<b>3: Build</b>	35%	Full features + testing
<b>4: Launch</b>	15%	Production deployed
<b>5: Optimize</b>	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  $\pm 50\%$ , Requirements  $\pm 25\%$ , Architecture  $\pm 15\%$ . **Only commit fixed budgets after architecture validation.**