To Build or To Buy: That is the Question

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The benefits a CDP can bring is already recognized by the majority of businesses. The question they are facing now is not one of it but of how. Is it better to build one's own CDP or to purchase something that is already set? The answer does depend on the particular needs of your organization, though in most would be better off buying than building.

CDPs are no longer in the realm of cool tech reserved only for early adopters. The Forbes Insights/Treasure Data report Data Versus Goliath: Customer Data Strategies to Disrupt the Disruptors 78 percent were on their way to implementing a CDP or already had one in place, and 45 percent said their businesses already used one. This makes sense in light of the other findings in the report.

Just one third of respondents felt they have the capability to put together "a single view of their customer" that brings together data points distributed across different applications. It takes a CDP to break through those silos. It unifies the demographic, behavioral, and transactional data of customer records to build a 360 degree view that forms the basis of personalized communication and marketing.

Now that so many businesses are seeking to reap the benefits of a CDP, they need to consider whether they are better off buying it or building their own .Of course the answer to that depends on your goals, your budget, and your timeframe.

CDP Goals and Data Integration

Most organizations share the goals of getting more out of their data and being able to be more on target, responsive, and agile in their interactions with their customers. But each company has to assess what its particular goals are with respect to differentiating itself from its competitors and what it takes to achieve it.

It is possible that some companies may still want to build their own if they are so technologically advanced that another company would not be able to keep up or would fail to meet more than a quarter of the business' CDP goals.

But they do have to remember that building a CDP is not a matter of one-and-done; it requires ongoing attention from people with the skills and time to maintain it, tweak it,

and find ways to tap the value of the data it gathers. Accordingly, a custom-built CDP requires significant work from data specialists, system and software engineers, web developers, and project managers, among others.

The key is to be sure that the CDP supplier is an innovative business that is constantly working on features to improve their systems like building in machine learning to accelerate and automate results. When your CDP comes from such a vendor, you can find that the system you get is flexible and designed to scale up to meet your business' changing needs as it grows.

In fact, the CDP's supplier's experience servicing many businesses is what gives them the expertise to enable their clients towards implementing their own customizations on a tried-and-true platform that is designed to deliver rapid results due to their superior data enrichment and integration capabilities.

Thanks to its existing relationship with data partners and publishers, a CDP from a well-established company like Zylotech enables your business to tap into more data on your customers than you'd be able to build up on your own. A major function of the CDP is data enrichment and integration to ensure that your customer data is clean, complete, and unified.

If a business is seeking to build its own CDP, though, it will have to work on setting up the connections to external data sources and integrate them to achieve the kind of 360 degree view of the customer that an AI-empowered CDP with proven results.

CDP Budget

If you are concerned about your Total Cost of Ownership (TCO) for a CDP, buying it is clearly the more economical choice. The cost of buying a CDP is usually less than $300,000 a year. What it costs to build and keep it up in-house can cost you several times that amount, as it entails a lot more time and effort to build a singular system.

Consequently, only businesses that have greater financial resources to devote to their marketing efforts can even consider building their own, and even then only if they know they have the ability to carry it out based on their own history of building custom tech. They have to just consider the upfront costs but understand the hidden costs, as well.

CDP Time-to-Market

Even companies that are not short on money may be short on time. And building your own CDP can take not just months but years for businesses to build up their own CDP, and they really won't know if it will work as expected until they put it to the test at the end of all that time. On the other hand, implementing a CDP from a vendor typically just takes a number of weeks or a few months.

Another hidden time cost involved in building is the opportunity cost towards designating their personnel's time to the construction and maintenance of the CDP. Those skilled engineers, developers, managers, and data experts could have been doing something else that would add value to the business during the many months they had to work on implementing and updating the in-house solution.

The Better Buy Delivers More

What emerges from the assessment is that in most cases, businesses would be better off buying than building. Buying enables them to start seeing an ROI on the CDP much more quickly. They also get the benefit of the expertise of vendors who know the tech and can tailor it to their needs without draining their in-house resources. Buying is not just the more economical but also the better overall option, especially when you factor in the various hidden costs involved in building.

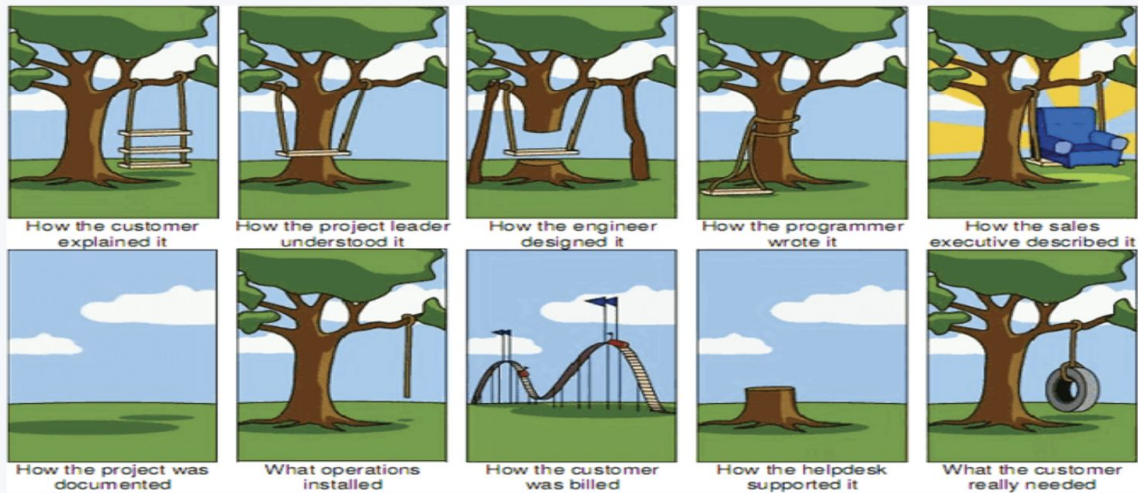# Build or buy a Customer Data Platform?

Fig i. How a large scale IT project plays out

Source: tamingdata

A pre-packaged CDP that is crafted for an industry offers the best of both worlds - quick time to value of a 'plug and play' solution and custom-fit of a bespoke solution. The time and costs involved for upkeep are much lower, and there are no harsh surprises.