

Buy vs. Build Customer Experience Management Software

Banks ran the equivalent of a 50-meter dash towards digital transformation during the pandemic. They were largely successful at keeping customers happy. However, what customers want and expect today continues to morph and change, with no end in sight.

As technology advances, business customers expect their experiences to mirror those innovations. Every enterprise recognizes the need to overhaul customer experience - not because the trade publications trumpet it - but because it affects their business outcomes. Frustrated customers naturally lead to higher churn, lower retention, and poor satisfaction scores, all which drag down financial performance.



“At a typical bank, as much as 70% of the technology spend is for run-the-bank priorities including technical debt and legacy infrastructure.”

— McKinsey

CXM technology has exploded as a result of the lackluster success companies have had trying to bolt CX functionality onto existing tools like CRMs. CXM platforms have stepped into a gaping hole to fix what's broken in customer service.

Until now, CX solutions delivered insights after the fact -based on customer opinions of what happened in the past. No longer!

Next-generation CXM technology, like our CXMEngine, is proactive. In the moment, it provides companies with a customer's interaction data to guide their journeys more seamlessly. It's a whole new way of managing customer experience.

As business line leaders seek out the fastest, most effective technologies to strengthen their KPIs, CIOs get involved. With the goal of supporting business goals but an eye on the budget, they have to decide: what is best for our enterprise... to buy or build an in-house CXM?

Four Factors: Buy vs. Build CXM Software

“Most of the enterprises we work with are business-led companies in which the technology augments and satisfies the business need, not the other way around.”

— Mike Schwartz, Chief Operating Officer, OvationCXM

Mike Schwartz, OvationCXM's Chief Operating Officer, evaluated buy vs. build decisions within financial services organizations for more than two decades as a CIO, CTO and COO.

According to Schwartz, there are four priorities CIOs consider when evaluating the pros and cons of buying vs. building a customer experience management (CXM) platform: time, scope, money, and quality.

1. Determining the Project Scope

“...technology is forever changing and there's so much that's unpredictable even when you have a plan in place.”

— Liz Tluchowski, CIO/CISO, World Insurance

The first step is detailing the business needs a CXM will solve. Not just today but in the future. One challenge in building customer experience technology is how difficult it's become to accurately forecast the future. It's nearly impossible to know how customer expectations may change what's demanded of enterprise software next month or next year.

Financial services companies have a growing number of interdependencies with third-party providers. They are expanding their ecosystem to either match the competition, deliver on new demands from customers, or to fast-track new offerings.

For CXM platforms specifically, Schwartz explains the complexity:

“Not only does the company have to aggregate its own customer data to gain a comprehensive view of its customer journeys, but it also has to gain visibility into the data from the systems of other partners, on their schedules, using their interfaces that may or may not exist!”

In our experience with clients it's not uncommon for them to have as many as 10 internal systems plus a CRM, payment processor, and multiple merchant systems to collate into a single data funnel.

CXM Scope Questions

Which business problem(s) does the technology solve?

Will this new technology drive revenue?

Will the scope need to change in the future?

What is the likelihood it will have to adapt to new use cases?

Does it need to be scalable?

If we build it, does it provide a competitive advantage or is it table stakes?

Does it rely on providers and partners to cooperate?

Those intuitive and seamless experiences that customers want are increasingly reliant on data and interactions from other organizations.

“Banks have customer data here and user data there and legacy customers on another platform in a different location,” Schwartz continued. “How do you bring all of that data together when it is the only way to solve the customer experience business problem? That is hard to build.”

2. Defining CXM Timeline

Building technology in-house appears to provide ultimate control, but because it now interconnects with so many ecosystem providers, gaining cooperation in a timely manner is not easy. The timeline to complete a build project can be slowed as the enterprise waits for action and reacts to changes from these external third-parties.

According to Harvard Business Review, 1 in 6 technology projects had a schedule overrun of 70%.

Schwartz believes most new enterprise technologies could be built to a minimum viable product within about two years - IF enough money was thrown at it, it was highly prioritized, and internal resources were made available.

“A CIO has dozens of simultaneous challenges to address at any point in time, and they are never as simple as you think.”

— Mike Schwartz, Chief Operating Officer, OvationCXM

CXM Timing Questions

How quickly does the business unit need this?

How difficult will it be to build this?

Do we have the time to build it or would we have to shift other priorities?

How much cooperation is required from stakeholders like our core provider, internal departments, partners, or other outside providers?

In the case of a platform like OvationCXM's CXMEngine, Schwartz estimates it would take closer to three to four years to build it.

"With CXMEngine, we've already done the heavy lifting and connected enterprises to their customers and to their partners. We've also invested years to build the business logic that draws insights from that aggregated data," said Schwartz.

CXMEngine has also built the architecture to on-ramp pre-built connectors to streamline data sharing between financial providers and their core providers, CRMs, customer support platforms and partners to automate the data gathering. Clients can be up and running on CXMEngine in 60-90 days.

3. Determining Buy vs. Build Budget

The vast number of enterprises have a wealth of expertise in-house to build their own solutions, but it doesn't always make sense financially. Project Management Institute (PMI) reported that 43% of IT projects exceed their initial budgets.

CXM Budget Questions

How many people will I need to build this technology?

How expensive will it be to maintain and update the technology, both in actual cost and resources?

How will a larger upfront cost compare to a pay-as-you-go solution for the enterprise's financial performance?

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Buying a CXM solution not only solves the time problem - you can gain quick access to meet urgent customer service needs - but it typically has a significantly lower upfront cost.

On the flip side, if a company builds its own software, it won't have ongoing monthly costs related to licenses or scaling, but expenses creep up for ongoing resourcing to maintain the architecture and evolve it to new use cases. In fact, at a typical bank, up to 70% of its technology spend goes toward daily operating priorities including technical debt and infrastructure.

4. Defining Quality: What Will We Get From a CXM?

A CIO's job is to deliver the planned scope on schedule and on budget. But ultimately, "it better work!" IT leaders must have full confidence that buying a technology will solve the business problem and not add more crises to the CIO's plate.

CXM Quality Questions

Does this technology already exist in the market?
Is it better than something we could build ourselves?

All of this robust analysis might be best captured in one simple question: Can you afford to wait three or four years to fix your customer experiences? Or do you need a CXM platform that works today?



That's why
CXMEngine by
OvationCXM is here!

Learn more about CXMEngine on
the next page

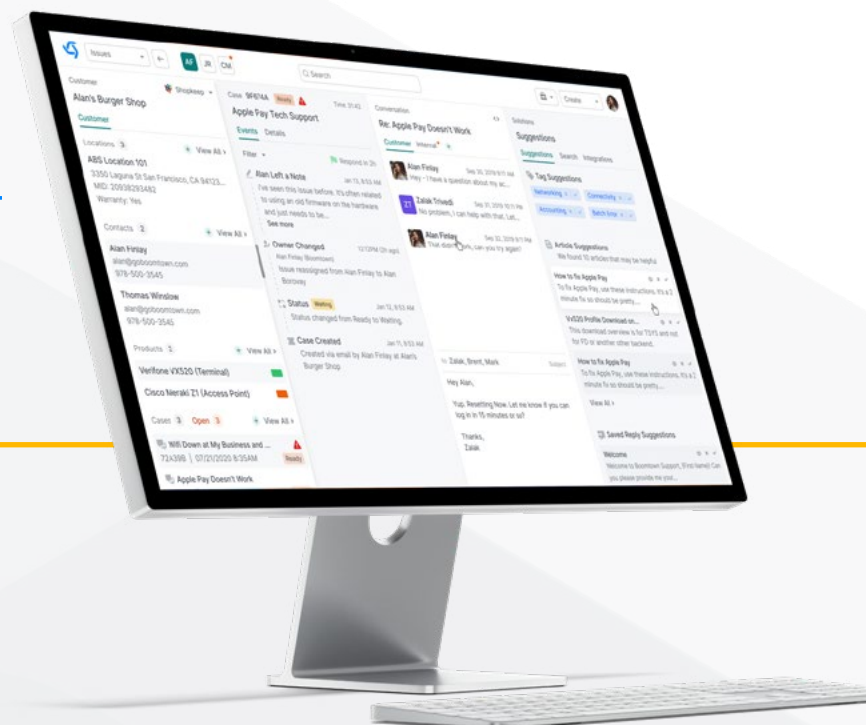
About CXMEngine

CXMEngine is the first customer experience management platform to eliminate frustrating customer experiences in the moments that matter. It connects information from a customer's interactions, wherever they occur within the enterprise or throughout the partner ecosystem, and displays them on a single screen.

Using sophisticated journey orchestration and automation tools, companies can fully visualize how their clients are progressing in a journey, guide them forward and leverage multi-channel communication to connect with them where they are. The business outcomes are staggering. Some of our clients report:

- 25% reduction in attrition
- Net Promoter Scores tripled in nine months
- 25% drop in call volume

Learn more about the next-generation [Customer Experience Management platform, CXMEngine.](#)



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