

FREE GUIDE

The Build vs. Buy Checklist

A practical, data-backed framework for deciding whether to keep paying for SaaS or invest in custom software.

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Every growing business hits the same inflection point: the tools that got you here are starting to hold you back. You're paying for features you don't use, working around limitations that shouldn't exist, and watching your software costs climb every time you hire someone new.

This guide gives you a structured way to decide whether custom software makes sense for your business. No sales pitch — just a framework backed by industry data that you can apply to any tool in your stack.

1. The Real Cost of "Buy"

SaaS pricing looks simple on the surface — \$50/user/month, \$500/month flat, whatever the plan page says. But the true cost is almost always higher than the sticker price. According to Zylo's 2025 SaaS Management Index, organizations waste an average of \$21 million annually on unused SaaS licenses — and even SMBs aren't immune.

Calculate your actual annual cost per tool:

- Monthly subscription fee × 12
- Per-user fees × number of users × 12 (include users who barely log in)
- Add-ons, premium tiers, or integrations you pay extra for
- Time spent on workarounds — hours/week × hourly cost × 52
- Training time for new employees to learn the tool
- Data export/migration costs if you ever want to leave

The numbers are staggering: The average company spends \$4,830 per employee per year on SaaS (Zylo, 2025) — and 53% of those licenses go unused. For a 30-person company, that's potentially \$145,000/year, with over \$75,000 going to waste. SaaS prices are rising 12% year-over-year while general inflation sits at 2.7% (Vertice SaaS Inflation Index).

2. The Scaling Trap

Here's the part most businesses don't realize until it's too late: SaaS costs grow every time your business grows.

Per-user pricing means that every hire increases your software bill — not just for one tool, but across your entire stack. Hire 10 people and your SaaS costs jump by \$4,000–\$8,000/month. Hire 50 and you're looking at \$20,000–\$40,000/month in software alone.

How SaaS costs scale vs. custom software:

Team Size	SaaS Cost (3 tools, \$50/user/mo)	Custom Software Cost
10 employees	\$18,000/year	\$0–\$1,200/year (hosting)
25 employees	\$45,000/year	\$0–\$1,200/year
50 employees	\$90,000/year	\$0–\$1,200/year
100 employees	\$180,000/year	\$0–\$1,200/year

With custom software, your 100th employee costs the same as your 10th: nothing extra. No per-user fees. No per-seat licensing. The software is yours — it doesn't care how many people use it.

The key insight: SaaS is a tax on growth. Every time your business succeeds and you need to bring on more people, your software vendors take a cut. Custom software decouples your technology costs from your headcount — so growth makes your unit economics better, not worse.

3. When "Buy" Still Makes Sense

Custom software isn't always the answer. Off-the-shelf tools are the right choice when:

- The tool does exactly what you need — you use 80%+ of its features
- Your process is standard for your industry (email, accounting, payroll)
- The tool's ecosystem (integrations, community, support) is critical to you
- You have fewer than 10 users and the per-user cost is manageable
- The tool is actively developed and improving in ways that matter to you

If most of these are true, the tool is probably working for you. Keep it.

4. When "Build" Makes Sense

Custom software starts making financial and operational sense when you recognize these patterns:

The cost signals

- You're paying for 100% of a tool but using a fraction of its features — Pendo found that 80% of SaaS features are rarely or never used
- Per-user pricing means costs scale linearly as you hire
- You're paying for multiple tools that overlap — the average company uses 101–130 SaaS apps (Okta/BetterCloud, 2025)
- Annual tool spend exceeds \$20,000 and is growing faster than revenue

The operations signals

- Your team spends hours on manual work — 40% of workers spend a quarter of their week on repetitive tasks; managers lose up to 8 hours per week (Smartsheet)
- You've built spreadsheet workarounds to fill gaps the tool can't handle
- Onboarding new employees takes weeks because of tool complexity
- You've submitted feature requests that were ignored or deprioritized
- Your business process has to bend around the software, not the other way around

The risk signals

- Critical business data lives in a vendor's system you don't control
- A price increase or feature removal would seriously disrupt your operations
- You have compliance, security, or data residency requirements the tool doesn't fully meet

Rule of thumb: If 5 or more of these describe your situation, custom software is worth exploring. If 8+ resonate, you're almost certainly overpaying for tools that don't fit.

5. Side-by-Side Comparison

Once you've identified a tool worth replacing, compare it against a custom-built alternative:

	Off-the-Shelf (Buy)	Custom Software (Build)
Upfront cost	Low (monthly subscription)	Higher (one-time project fee)
Ongoing cost	Per-user, scales with team	Hosting only (\$0–100/mo)
Cost at 50 users	50× what you paid at 1 user	Same as 1 user
Break-even	Never — you rent forever	Often under 12 months
Fit	Generic — you adapt to it	Exact — built for your workflow
Changes	Feature request and wait	Built this week
Data ownership	Vendor controls it	You own everything
Price stability	12% annual increases (avg)	Fixed — you own the software
Risk	Vendor can change pricing/features	You control the roadmap

6. The Decision Framework

For each tool you're evaluating, answer these four questions:

1 What does this tool actually cost me per year?

Include subscription, per-user fees, add-ons, and the hourly cost of workarounds. Most people underestimate this by 40-60%.

2 What percentage of this tool do I actually use?

If you're using less than 30% of the features, you're paying for someone else's product. Below 50% and custom starts looking attractive.

3 What would it cost to build just the part I need?

Custom doesn't mean rebuilding the entire tool. It means building the 15-20% you actually use — purpose-built, with no bloat. This is often \$2,000-\$10,000, not the \$50K+ most people assume.

4 What does this cost me at 2× my current headcount?

Project your SaaS cost at double your team size. If the number makes you uncomfortable, that's the scaling trap at work. Custom software doesn't change at all.

7. Common Objections (And Honest Answers)

"Custom software is too expensive."

It used to be. Modern development approaches — pre-built foundations, component-based architecture, battle-tested infrastructure — have dropped the cost dramatically. Meanwhile, SaaS prices are rising 12% annually (nearly 5× general inflation). A custom application can cost less than a year or two of SaaS subscriptions — and you own it forever. More importantly, your cost doesn't increase when you hire your next 10, 20, or 50 employees.

"What if my needs change?"

That's actually the strongest argument for custom software. When you own the code, changes happen in days — not "we'll add it to the roadmap" with no timeline. A simple retainer (\$250–500/month) gives you continuous improvements without change orders.

"What about maintenance and security?"

Any reputable custom development partner handles hosting, security, and maintenance. Look for one that includes a post-launch support period (6+ months) and offers affordable ongoing retainers. You should never be left holding code you can't support.

"I don't have time for a big project."

If you're building from scratch, yes — it's a big project. But if your development partner has a pre-built foundation (authentication, data management, APIs, hosting, security already done), your project starts at the 80% mark. Weeks, not months.

8. Your Next Step

Pick the one tool in your stack that scored highest on the "build" signals. Calculate its true annual cost – then project that cost at double your current team size. If the gap between what you're paying today and what you'd pay at scale makes you uncomfortable, custom software is worth a conversation.

Your software costs don't have to grow every time your business does.

Sources

- | Zylo 2025 SaaS Management Index – \$21M avg annual license waste, 53% unused, \$4,830/employee
- | Pendo Feature Adoption Report – 80% of SaaS features rarely or never used
- | Okta Businesses at Work 2025 – Average organization uses 101+ SaaS apps
- | BetterCloud 2025 State of SaaS – Average of 106–130 SaaS apps per company
- | Vertice SaaS Inflation Index – SaaS prices rising 12% annually, nearly 5× inflation
- | Smartsheet Automation Survey – 40% of workers spend 25% of their week on repetitive tasks
- | Productiv SaaS Statistics – 40% of SaaS licenses go unused across 100M analyzed

Want to run the numbers on your stack?

Book a free consultation. We'll walk through your current tools, calculate true costs, and tell you honestly whether custom makes sense.

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