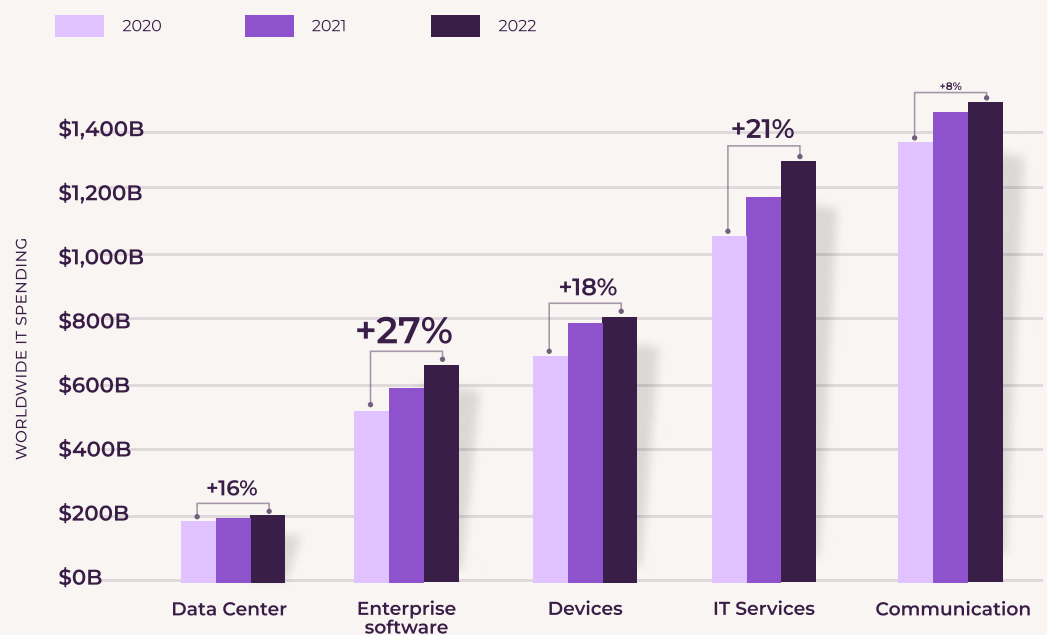# Locus

Making The Right
Buy Vs. Build Decision
For Your Last Mile

IT Teams Are Becoming Soaring Cost Centers For Enterprises

With global spending for digital transformation initiatives expected to reach $2.8 trillion by 2025, businesses have ramped up their tech infrastructure investments. Global logistics is also transforming rapidly as organizations grapple with booming demand and fluctuating consumer behavior.

27% increase

in spending on enterprise software in the last two years

WORLDWIDE IT SPENDING

Legend: 2020, 2021, 2022

	2020	2021	2022	Change
Data Center	~$180B	~$190B	~$200B	+16%
Enterprise software	~$520B	~$590B	~$660B	+27%
Devices	~$690B	~$780B	~$800B	+18%
IT Services	~$1,060B	~$1,170B	~$1,300B	+21%
Communication	~$1,360B	~$1,420B	~$1,450B	+8%

Source: State of SaaS, SVB

Last Mile Complexities Are Evolving At Lightning Speed

Existing systems cannot keep up with newer fulfillment models & delivery windows being introduced almost overnight. As visibility, resiliency, & usability take center stage, organizations have had to evaluate their existing tech stack. Logistics models must align with the best industry practices to manage escalations and ensure on-time deliveries. This raises a larger question - **should companies build from scratch or invest in a ready-to-deploy, off-the-shelf last mile logistics solution?**

Factors That Can Help You Decide:

Pace Of Innovation

Experience & Expertise

Maintenance & Tech Debt

Opportunity Cost

Time To Value

01

PACE OF INNOVATION
To Buy Or Build Can Come At The Cost Of Business Growth

It takes 6-12 months to build the first version of a well-functioning, user-friendly platform. Technology innovations are being snapped up to solve a wide range of problems & raise the status quo.

BUY

Logistics is the primary focus of innovation for SaaS vendors. With a SaaS platform, you to go to market at a breakneck pace, capitalizing on the expertise of industry SMEs.

SaaS platforms are **built to be flexible & scalable.** At the scale that SaaS vendors operate, points of failure become evident more quickly compared to a custom-built solution.

BUILD

Building your solution presents a valid case if the **requirements fall unique to your organization.**
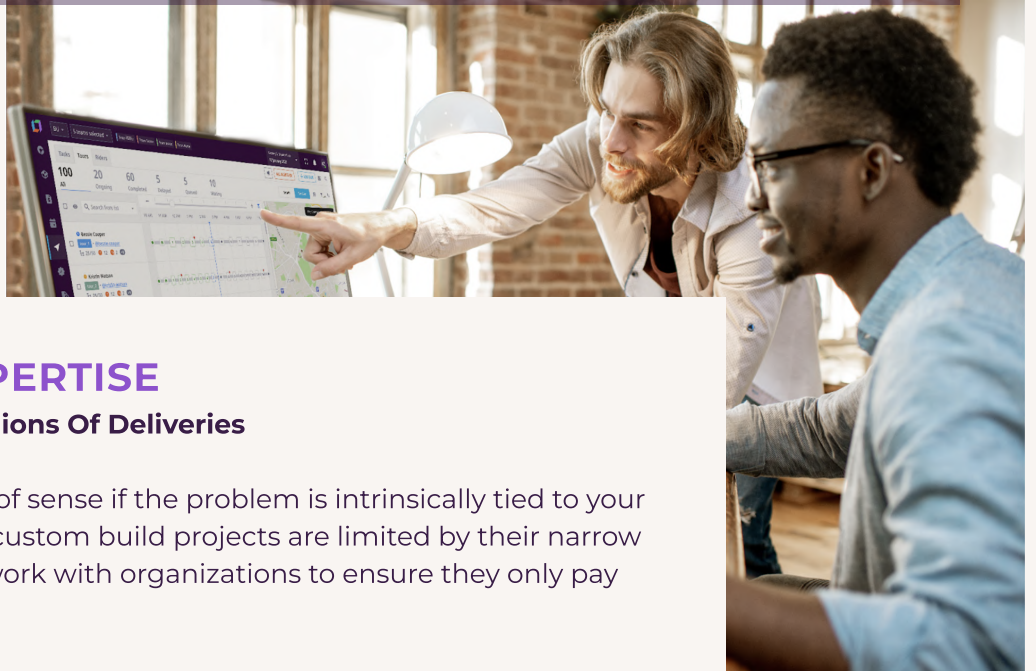
By the time a solution is ready to deploy, the **tech stack of your custom build might become outdated**.

Key Insights

Pace of innovation doesn't always match your product roadmap.

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02

EXPERIENCE & EXPERTISE
Leverage AI-Trained Over Millions Of Deliveries

Building software makes a lot of sense if the problem is intrinsically tied to your core competencies. However, custom build projects are limited by their narrow scope. Modern SaaS vendors work with organizations to ensure they only pay for the features they need.

Key Insights

Single-purpose, custom-built solutions are less responsive to the rapid evolution of development scope.

BUY

With continuous iterations and enhancements, SaaS platforms offer features that solve wide-ranging problems.

With over hundreds of deployments, SaaS vendors have the benefit of going through phases of procurement, solutioning, deployment & change management, bringing best practices learned on the field to enterprises that buy from them.

BUILD

Building your solution entails first building a team of subject matter experts that can execute your vision under specific time & budget constraints.
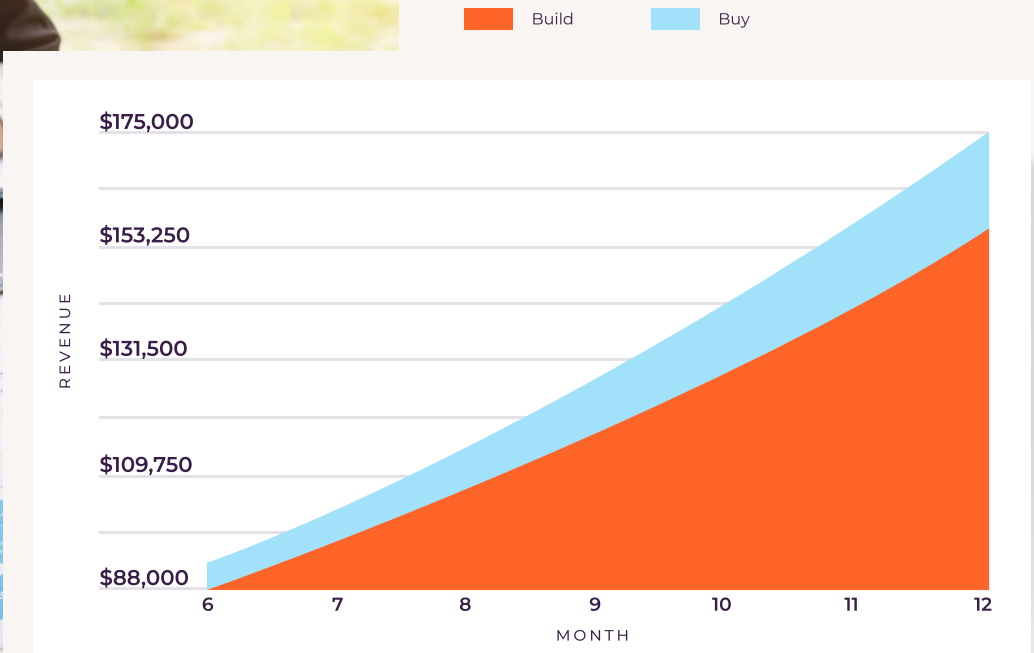
Building software in-house can distract internal resources from core business activities and add to the IT team's responsibilities.

03

MAINTENANCE & TECH DEBT
Set The Foundation For A Better Return On Investment

Calculating the direct, upfront cost of building software in-house is very difficult. All custom development comes with hidden or masked expenses in the form of tech debt & sunk costs. These costs can add up to hundreds of thousands of dollars (if not millions!). A SaaS platform, however, eliminates or significantly reduces your investment as costs of installation, configuration, & customization are usually stated upfront.

Build ■ Buy ■

$175,000

$153,250

$131,500

$109,750

$88,000

REVENUE

6   7   8   9   10   11   12

MONTH

Source: Baremetrics

You have a higher chance of getting a better return on investment from a SaaS platform than from an in-house solution.

Key Insights

40% of

engineering time & resources are spent only on maintaining an in-house solution.

BUY

SaaS solutions make the cost of ownership more predictable as maintenance & operational costs are spread evenly across clients. Ultimately, you benefit from economies of scale.

In-house development makes you the sole owner of code maintenance and enhancements year after year. SaaS vendors, instead, bring you industry-leading features and performance without the pain of tech debt and other redundancies.

BUILD

A robust system is built on layers of redundancies to provide reliable operations in case sub-systems fail. Adding layers of redundancies in an in-house solution ensures continuity & performance efficiency but adds on massive tech debt.

Building a custom solution will also require internal compliance frameworks that will match global data security, privacy, & regulatory standards, causing a long-term drain of monetary & technical resources.

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04

OPPORTUNITY COST
Staying Ahead Of The Market & Competition

Every day, a new requirement arises that is critical to keeping your customers happy. As you dedicate significant resources to building the infrastructure for your last mile, **is your competition getting ahead?**

Key Insights

Only 37%
of organizations seek first-mover advantage in the face of time-sensitive market disruptions.

BUY

A ready-to-deploy platform accelerates your time to market as you benefit from the platform's already-live functionality without spending significant resources on a single problem.

A SaaS platform lets you keep pace with your competition but also outdo them towards bringing innovation to your business model and new features to your customers and users.

BUILD

Building software in-house can steal precious internal resources from high-profit opportunities.

05

TIME TO VALUE
Manage Change Effectively

Only 20% of the total cost of an in-house solution is attributed to the initial roll-out and building. Rest 80% is attributed to support after launch, bug fixes, upgrades, platform migrations, and so on. New features are identified as the project scope increases, resulting in an extended time to market.

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Key Insights

1 in 6 IT projects struggles with an average cost overrun of 200% & a development timeframe overrun of almost 70%.

BUY

With a ready-to-deploy solution, leverage flexible deployment options from rapid through staggered to match the pace of change needed at your organization.

Most SaaS platforms are actively working on improving their existing feature set. It gives you the ability to adapt to current & future needs rapidly without a significant time investment.

BUILD

Each delayed decision can add to a cost overrun of 27%. Sometimes, the cost of waiting for the project to be built may be more than the return it may bring.

With Ever-Moving Goal Posts, Buying A SaaS Platform May Be The Right Decision For You

80% of organizations worldwide plan to migrate to SaaS applications by 2025. SaaS vendors like Locus can provide you with a competitive edge via their deep industry knowledge & a rich partner ecosystem.

The Locus Dispatch Management Platform can bring real-world optimization for all your order-to-delivery needs. Our world-class solutions teams can customize a well-established last mile framework specific to your business, but with a significantly lighter fit, no hidden costs, & definitely a higher ROI.

DELIVERY SCHEDULING

FLEET VISIBILITY

DRIVER COMPANION APP

ROUTE PLANNING

TRACKING PAGE

GROWTH, DELIVERED.

Gartner

Featured In The Gartner Market Guide For Vehicle Routing And Scheduling & Last Mile Technologies