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SaaS subscription vs. your own custom software

The software market is changing fast. AI now makes custom development faster and more affordable than ever — but many of the reasons companies moved to SaaS in the first place are still valid. This overview helps you think through what is right for your situation.

+ Case FOR custom software

1. COST — THE NEW ECONOMICS OF AI-ASSISTED DEVELOPMENT

- **No monthly subscription forever.** You pay once to build and own the result. AI-assisted development has brought build costs down significantly.
- **Costs scale with your business,** not with SaaS seat pricing. As your team grows you pay nothing extra.
- **No price hikes** from a vendor changing their commercial model. Your software is yours regardless of market shifts.
- **ROI rule of thumb:** if annual SaaS spend x 2–3 years exceeds your build estimate, custom is financially sound.

2. FIT — SOFTWARE THAT MATCHES YOUR EXACT PROCESS

- **Built around how you actually work,** not how the SaaS vendor thinks you should work.
- **No forced workarounds** or paying for modules you never use.
- **Integrates exactly** with your other systems, data flows, and team structure.
- **AI features** tailored to your data and workflows — not generic add-ons bolted on by a vendor.

3. DATA OWNERSHIP AND PRIVACY

- **You control where your data lives.** Host in the EU if required for GDPR or sector regulations.
- **No risk of a vendor** selling, sharing, or training AI models on your business data.
- **Sensitive client data** stays within your own environment, fully auditable.

4. STRATEGIC INDEPENDENCE

- **No vendor lock-in.** Switch technology, hosting, or development partners freely at any time.
- **Software becomes a business asset** — it can grow, be licensed, or become a competitive advantage.
- **No exposure** to a SaaS provider going bust, pivoting, or being acquired.

5. THE AI OPPORTUNITY RIGHT NOW

- **AI makes custom development** faster and more affordable than five years ago. Rapid prototyping is real and proven.
- **Entire SaaS categories can be replaced** — forms, reporting, dashboards, workflows — at a fraction of the subscription cost.
- **A tailored AI integration** in your own software consistently outperforms a generic vendor AI bolt-on.

- Case FOR keeping SaaS

1. UPFRONT INVESTMENT AND TIME TO LAUNCH

- **Custom software requires** a build investment before you see anything working. SaaS you can start tomorrow.
- **Specification takes time.** Getting requirements right is critical and demands real effort from your team.
- **Longer initial runway** before the software is mature enough to match a well-developed SaaS product.

2. ONGOING MAINTENANCE IS YOUR RESPONSIBILITY

- **Security patches,** dependency updates, and bug fixes need to be managed and budgeted for continuously.
- **As your business evolves,** new features must be commissioned — that requires an ongoing development relationship.
- **SaaS vendors invest** in R&D; continuously; with custom software you must fund every new capability yourself.

3. SAAS STILL WINS FOR COMMODITY FUNCTIONS

- **Accounting, email, CRM, HR, e-signing** — mature, well-priced, and simply not worth rebuilding from scratch.
- **Best-practice features** (audit trails, role management, mobile apps) are already built into leading SaaS products.
- **Integrations with banks,** tax authorities, and industry platforms are maintained by SaaS vendors on your behalf.

4. RISK: COMPLEXITY AND QUALITY

- **Poor requirement specification** is the single biggest reason custom projects overrun or underdeliver.
- **Choosing the wrong partner** can leave you with unmaintainable, insecure code that costs more to fix than rebuild.
- **QA, testing, and deployment pipelines** require discipline — not every development partner provides this reliably.

5. SWITCHING COST FROM YOUR CURRENT SAAS

- **Your team is trained** on the existing SaaS product. Change management takes real time and energy.
- **Data migration** from SaaS to a new system can be technically complex and error-prone if not planned well.
- **During transition** you may need to run both systems in parallel, doubling effort for a period.

KEY DECISION FACTORS — WHEN DOES EACH OPTION MAKE SENSE?

When does custom pay off?
Your annual SaaS spend x 2–3 years exceeds the build estimate. Your process is genuinely unique. Data privacy or sovereignty is critical. You need AI tailored to your own data rather than a generic vendor feature.

When should you keep SaaS?
The function is a commodity (accounting, HR, email). Your team depends on it daily and migration would cost more than it saves. The vendor roadmap still fits your direction and pricing remains fair.

A middle path worth considering:
Keep SaaS for commodity tasks; replace only the tools where you have a unique process or data advantage. Start with a rapid prototype to test feasibility and cost before making a full commitment.