



# Build vs. Buy Guide for Risk and Due Diligence Platforms



The CENTRL platform is used by some of the largest investment groups and global banks across US, Europe, APAC and Latin America. CENTRL is a leading risk and compliance technology company that provides the most advanced software platform for managing third-party risk and due diligence.

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For Bank Network Management visit us at [globalnetwork.oncentrl.com](http://globalnetwork.oncentrl.com) or [globalnetwork.oncentrl.com/demo-request/](http://globalnetwork.oncentrl.com/demo-request/) to schedule a demo.  
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When it comes to evaluating all the features needed to build for a risk and due diligence platform, there are two levels of capabilities to consider:

**1**

The first stage is to set up the database, deal with static data within the platform, gather all relevant data in one location, establish contracts, and implement reporting capabilities.

**2**

The second stage -- in which the platform must develop to include communications, workflow automation, reporting and analytics -- is much more difficult. Platform's also much evolve to include communications, workflow automation, and reporting and analysis, is much more difficult. Platforms must evolve to include integrated communication so that clients have a single location to interact with one another.

Many organizations only consider the first phase. We occasionally encounter businesses that state they will focus on the second phase later.

However, incorporating automation and analytics into your risk and due diligence procedures provides significant value. Therefore, it should be included in your building plan from the outset. By delaying phase two, you risk squandering time and resources.

As a separate issue, many organizations also fail to account for maintenance cost and scalability needs over time, which significantly degrades any cost-savings measures anticipated in an in-house build.

Before we dive into the challenges more, we'll walk you through the entire process and overview a use case from one of our clients to prepare your build vs. buy analysis.

## ***Critical Considerations for a Build vs. Buy Comparison for Risk and Due Diligence Platforms***

As you are comparing the costs and benefits of building or buying a risk and due diligence platform, we've compiled a list of the core considerations to keep in mind.

### ***Costs to Build and Customize the Software***

The main costs of building a platform are the time, resources, and expertise needed to set up all features. If you have extra capacity available in staff who can dedicate their time to marking this software work, it would make more sense than hiring someone else to do it for you.

Unfortunately, with limited staffing and competing priorities, most organizations do not have the resources to execute a build in-house and thus, must outsource or just simply buy the software.

## *Costs and Labor Needed to Maintain the Software Over Time*

If you build the platform in-house and designate a team to manage and maintain the software, this could lower your build cost. However, this typically isn't the case.

Often, when existing in-house resources are curated to manage an in-house build over time, productivity in the areas that staff were previously responsible for begins to suffer. Ultimately, this results in higher costs to build as opposed to buying.

Also, it's important to remember that as the business evolves, changes will be needed to the software which will require further resources and potential disruptions to workflows.

## *The Impact of the Software on your Ecosystem as a Whole*

Another concern is ensuring that your in-house build contains all the necessary accommodations to suit your unique needs and can easily integrate and work in conjunction with the rest of your ecosystem.

Should this aspect be neglected, your custom build could end up reducing efficiency and collaboration between teams and other tools.



## ▶ A REAL-LIFE BUILD VS. BUY SCENARIO

Here, we'll look at one example of how we assisted a client in determining whether constructing their software would be more cost-effective than buying.

### *Determine Your Budget*

The first step in the process was for them to determine their budget. In this case, our client had a budget between \$150,000 and \$300,000.

### *Price the Resources Needed for the Build*

The next step was for the organization to assess the business and IT resources needed to create the bespoke software solution in-house.

In our example case, the client needed over 14 full time employees ranging from analysts, to programmers and testers, to implementation specialists.

It's easy to overlook that resourcing isn't limited to programmers. Software solutions or internal applications must be based on the business needs, or requirements, translated correctly into technology specifications.

All too often, this requires specialist knowledge that may not be readily available in-house. You can hire an external analyst to come and work with your business, drafting the requirements for technology - an unforeseen cost

Analysts and programmers aren't infallible. System dependencies may only come to light much further in the process, but they require fixing so the program functions as specified and required.

Further, new programs also require testing. Testing resources often come from the business, so there's an internal cost associated there, too.

From an initial business view that "only programmers" were needed here, there's the additional costs now for analysts, programmers, bug fixing, testing, and so on. The costs continue to increase.

### *Price Out Your Additional Customizations*

After performing testing, implementing bug fixes, closing other application dependencies and adding some customization needs, the client found that the original budget simply wasn't sufficient, and had a major cost overrun come implementation.

## Price Ongoing Maintenance, Infrastructure and Upkeep

As stated previously, an often overlooked concept when determining whether to build vs. buy software is maintenance costs. When you consider the time and costs to upkeep software and the amount of maintenance that must be done regularly, it frequently represents a significant expense.

By the end of the exercise, the client required \$1,238,400 for the build, customizations, and maintenance, and this was just for the costs that they were able to spell out. They knew others may pop up along the way. Needless to say, this surpassed their original \$300,000 budget, only covered a portion of their needs, and wouldn't provide any upgrades a software provider would provide for free over time.

| BUILD VS BUY CALCS                              |             |             |            |                    |
|---|-------------|-------------|------------|--------------------|
| BUILD COSTS                                     |             |             |            |                    |
| BUDGET  | SPEND       |             | BALANCE    |                    |
| \$300,000                                       | \$1,238,400 |             | -\$938,400 |                    |
|   | #FTE        | HOURLY RATE | HOURS      | COST               |
| ANALYSTS  | 2           | 200         | 540        | \$216,000          |
| PROGRAMMERS                                     | 4           | 195         | 900        | \$702,000          |
| TESTERS   | 3           | 60          | 540        | \$97,200           |
| IMPLEMENTATION                                  | 2           | 150         | 120        | \$36,000           |
| FIXES   | 2           | 195         | 180        | \$70,200           |
| INFRASTRUCTURE                                  | N/A         | 100         | 1170       | \$117,000          |
|   |             |             |            | <b>\$1,238,400</b> |
| BUY COSTS                                       |             |             |            |                    |
| From \$150-300k per year depending on your size |             |             |            |                    |
|   |             |             |            |                    |

While this type of outcome is not consistent in all situations, it provides an excellent and typical overview of the often overlooked aspects of a software build that all organizations should consider when assessing their initial costs and budget needs.

## *Consider your all in costs to "Buy"*

The benefits from buying a dedicated software is that you pay a small portion of the overall development that went into the application, as the provider's other customers are sharing in that cost. In this way, you don't pay large sums for standard items like administration, and new features and upgrades are generally rolled out to you and all customers as a part of your singular subscription fee. A standard way the subscription fee is calculated is based on the size of your implementation, so that smaller companies pay some parts less than very large companies, to also correspond to the benefits each receive.

**Purchasing a solution can fall in a range from \$150-300k per year depending on your size, which is in almost all cases vastly more cost-effective than building a solution internally.**

## ▶ DECIDE TO PURCHASE? WE HAVE OPTIONS.

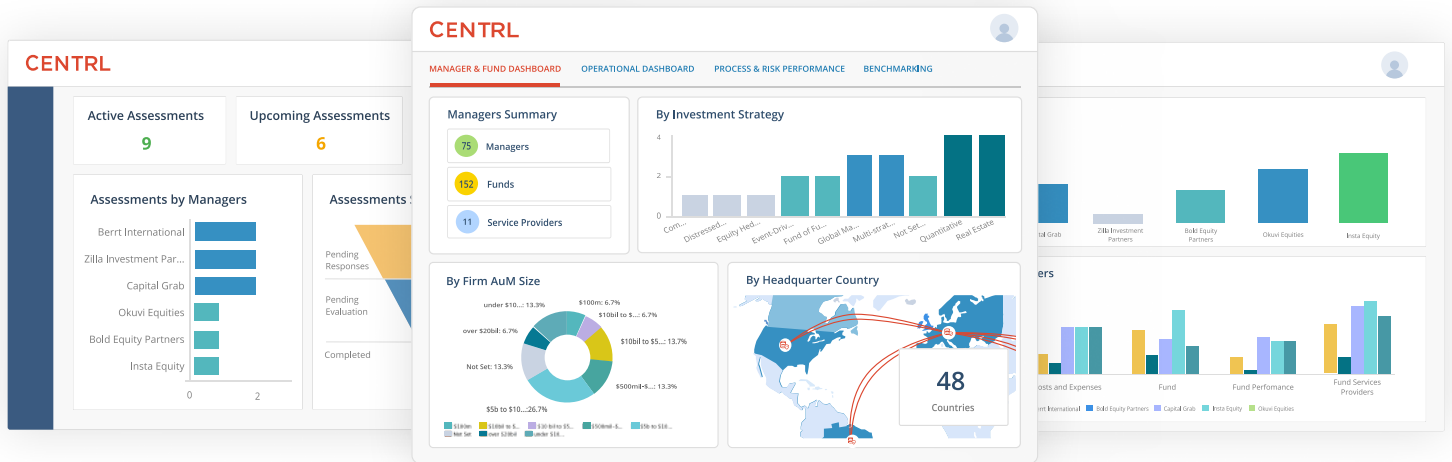
CENTRL is a software provider for offering the most advanced platform for third-party risk, operational due diligence, and bank network management. Below are a summary of our core due diligence and risk management platforms.

### *CENTRL for Risk and Due Diligence*

CENTRL is the leading software provider offering the most advanced platform for third party risk and due diligence management within the enterprise financial services space. Leading global banks and investment groups come to us for numerous use cases, from investment due diligence, depository and securities services, wealth management, asset management, CSD/CCPS, custody operations and many more. They do so because our platform provides deep automation and actionable insights -- providing both cost and efficiency savings which quick pay for the software investment, while at the same time increasing the quality of your operations and enabling your team to focus and exceed in what matters. Furthermore, leading banks and investment groups choose CENTRL because the platform is enterprise-grade, flexible to grow and adapt to your needs, while at the same time exceptionally secure -- having passed security reviews by Top 10 global banks.

Additionally, below are summaries of two of our popular purpose-built solutions within the many we support in the enterprise risk and due diligence space for the financial services market.

# ODD360 for Operational Due Diligence



Due to the traditional manual processes associated with performing operational due diligence reviews coupled with often limited staffing resources, ODD professionals often struggle to perform due diligence on all aspects of their investment managers.

The COVID-19 epidemic has prompted the change to move towards a more automated solution to manage this process remotely, and leading organizations have used purpose-built operational due diligence technology to embrace the change.

Institutions can now scale ODD, completing their reporting in a fraction of the time, eliminating manual procedures while improving the quality of oversight using [ODD360](#).

ODD360 is a multi-party operational due diligence platform used by both managers and investors to streamline the entire operational due diligence process.

“ Now, it’s all there on the system, we can see where everything is and where it is at in the process... Process is far smoother. It saves our team a couple of months each year now. And, given the reduced back-and-forth over email and excel spreadsheets, it generally reduces the time it takes us to do our weekly, monthly, quarterly, and annual reporting activities by about 50%.”

- Global Fund of Funds

“ We looked at all the ODD solutions in the market and chose CENTRL because it was the most complete solution. It is very easy to use, has the greatest depth of functionality and analytics and provides flexibility to adapt it to our process.”

- Leading ODD Consultant

# BNM360 for Bank Network Management



Banks manage trillions of dollars of assets in accounts with custodians and other third parties, and they must ensure asset protection. They also have a growing need to automate their due diligence procedures to improve risk oversight due to increased risk and regulatory pressure.

**BNM360** is the most feature-rich network management platform for automating account administration and due diligence with configurable workflows, deep analytics, and simplicity of implementation.

To learn more about CENTRL's software suite and how it can support your organization, [reach out today](#).

“ We had far too many manual workarounds with the current system and decided to take a look at CENTRL. During the demo, every time we asked if the system can do this or that, they showed us the functionality. We were all very impressed.”

- Network Management Specialist, Global Bank

“ CENTRL has met and in most cases exceeded every benchmark we had for cyber security and resilience. I am frankly surprised how quickly they were able to gain approval.”

- IT Director, Global Bank

# CENTRL



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## More Resources

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Visit <https://oncentrl.com/resources> for more best practices on operational due diligence, global bank network management, and broader third party risk and due diligence topics.

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