

Top 5 Questions to Consider When Deciding Whether to Build or Buy Provider Compensation Software Solutions

Prior to making a build versus buy decision, it is important to thoughtfully evaluate the needs of your organization and weigh them objectively as you reassess your internal capabilities as well as any purchased solutions.

Initially, an organization should:

- Build a list of requirements and understand how they are aligned with your objectives.
- Rate those requirements in order of importance to indicate which ones are most critical.
- Create a request for information that can be sent to vendors and rank responses against your established requirements. If a purchased solution meets 80% of requirements or greater, then opting to buy is advisable.¹

Additionally, consider the following 5 questions and how they might impact your ability to build, support, and grow.

1) Do you plan to grow significantly?

Scalability is paramount in an ever-changing health care landscape. Purchased cloud-based solutions often offer this feature, which accommodates the intricate requirements of health care systems for recruiting top talent in a competitive market.

2) What are your time constraints for implementing a software solution?

Do you have an immediate need, or do you have time for in-house development?

Successful completion of in-house projects requires a great deal of time. Organizations that do not have the time available should not pursue it.

Addressing clinical workforce needs with tools and automation enables them to focus on the community that they serve. In-house projects typically take longer, so if there is an immediate need, the fit might not be right, as rapid deployment can sometimes be critical to address pressing challenges.

1 <https://www.fieldcircle.com/blog/build-vs-buy-software/>

3) What are your financial constraints?

How much will it cost to buy versus develop internally?

Although in-house development might seem cost-effective initially, long-term costs must also be considered. The health care environment is becoming more complex with evolving clinical operations, compensation structures, and workforce planning. An external solution might offer better cost predictability, especially considering future updates, compliance, and other hidden costs. Both short and long-term total cost of ownership and opportunity cost should be reviewed.

4) What is your in-house technical expertise?

- Do you have the financial resources and talent to build a solution that is better than something available for purchase?
- What is the opportunity cost of deploying these resources to build in-house?
- What are the other competing priorities?
- Can you keep up with ongoing maintenance, upgrades, and the market's pace of technological innovation?

Organizations often have technical competency but lack the business expertise to drive a design that meets the business requirements. Organizations can invest in this expertise, but it will likely drive up the cost of in-house development.

Other, more immediate priorities can also delay or derail an in-house build. Choosing a purchased solution is often a decision based on resource allocation, as opposed to an organization's inability to develop internally.

Once developed, there are ongoing management commitments such as product lifecycle changes, artificial intelligence, predictive analytics, and more. All of which require an innovation investment in addition to the initial product investment.

5) Does developing internally give you a competitive advantage?

Building an in-house solution is typically only considered if the functionality will favorably distinguish an organization from its competitors and make them more valuable in the marketplace.

In most cases, organizations should outsource commodity functions. For example, an organization that wants to build its own HRIS system from scratch would be challenged economically, and a standard HRIS system does not create a competitive advantage in the marketplace. It is viewed as a commodity that helps organizations run things more efficiently from an operations perspective. This is also applicable to financial systems and payroll systems.

Should you choose to purchase a software solution, having a partner that understands the challenges and complexity, not just the technology, and can solve them is invaluable. Technology alone is rarely the silver bullet. However, when paired with deep provider compensation expertise and industry and client experience, it can help drive efficiency, quality, productivity, engagement, and more – creating solutions that are tailored to your unique organizational challenges.

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