

The Role of Custom Software for a Mid-Sized Business

Businesses are faced with a choice when selecting the software to help run their business: elect for low cost and short-term flexibility, at the expense of long-term strategic options, or choose a high-end product with a large price tag that the company may never outgrow, but at the expense of day-to-day flexibility. More and more businesses are opting for the middle-road: a custom software solution that will provide the appropriate mix of flexibility, price, and power. The Trade-off between Scalability and Flexibility Microsoft Excel and other off-the-shelf (OTS) or consumer grade applications, such as Access, are very flexible in the way they manage data. They are agnostic as to the specific types of data stored and arranged, and create a number of generic tools available for mining and manipulating data. Alternatively, high-end, typically industry vertical-specific applications are inflexible as to the type of data, where and how the data is stored and which operations are available to manipulate and explore data. However, by trading flexibility for scalability, these high-end solutions are able to perform complex manipulation and reporting efficiently on very large quantities of data. The Trade-off between Power and Price With a higher degree of scalability and processing power comes a hefty price tag. The initial license cost can be tens of thousands of dollars per license; annual maintenance and upgrade fees can easily reach 40% of the original purchase price; and the lost productivity and costs of integrating the new software into a company's unique business situation can easily double or triple the explicit purchase and installation price. Additional ongoing costs include keeping staff up-to-date on the new functionality of the latest release, and paying high-priced vendor consultants to enable your expensive piece of software to do what you need to run your business. Consumer grade or retail software can cost hundreds of dollars per user without a fixed maintenance fee. They usually have major feature upgrades priced at 50 to 75 percent of the cost of a new license. In return for reduced up-front licensing and implementation cost, however, retail consumer software suffers from performance issues when either the sheer amount of data overwhelms the entry-level installation, or when the custom needs of the user exceed the design of the off-the-shelf product. The Custom Software Solution Businesses seeking a rich feature set without the large price tag must consider custom software. Custom software prices are typically negotiated based on your needs and wants, and on the complexity of the finished application. Custom software combines the functionality of both off-the-shelf and high-end software packages but allows the features to be tailored to the needs of the customer. The customer defines documentation requirements, functional requirements, and technical support procedures modified to his or her business process and existing IT infrastructure. Custom software can be a pay-as-you-go pricing model, where you only pay for what you need, and since you are buying customized functionality, you get a very powerful vertical application at a comparatively low price.

About the Author

Nate Richards is Founder and CEO of Entrance Software, a [Custom Software Development and Consulting Company](#). With nearly a decade of professional software development experience, he has developed a breadth of knowledge of numerous technologies and the role of [custom software](#) in the business world.

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