Backbase

Innovate at the speed of digital: making the best "buy plus build" decision for your bank

The best of both worlds

Let's get the obvious out of the way — you already know that neither buying from vendors nor building from scratch works as a complete strategy for your bank's tech modernization. In a vacuum, these options for creating platform components have enough drawbacks to make them unfeasible, including everything from sky-high budgets to cookie-cutter solutions. So it stands to reason that the best approach is a combination of the two, uniting the best of both worlds while cutting out the rest.

But here's the tricky part. How much do you buy and how much do you build?

There's no "right" answer here — and every bank has their own assets and limitations to consider — which makes this a complex decision. And as a tech leader, you already have your fair share of challenges: staying ahead of the game, creating business value, and doing it all while cutting costs. An extra headache is the last thing you need.

But thankfully, in this guide, you'll find out how to create the best "buy plus build" blend for your bank, which will help you integrate powerful out-of-the-box platform features and customer journeys into your existing tech ecosystem. That will allow you to foster immediate implementation and even accelerate your time to market.

Sound good?
Let's just set the scene, then we can get started.

To buy or to build, that's the question
Here's a quick recap of the two options at hand, as well as a few of the most notable pros and cons:
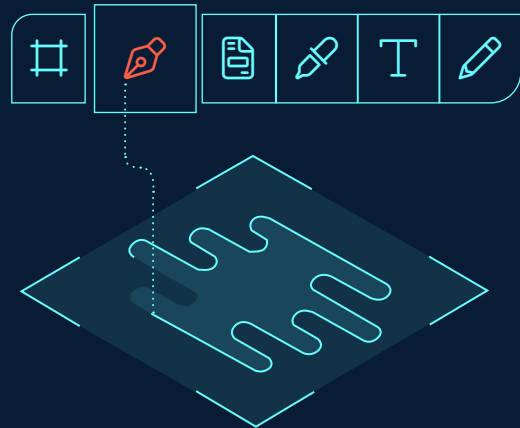
Buy
Creating customized
digital banking solutions

Build
Partnering with a solution
or platform vendor

Buy

Creating customized digital banking solutions from scratch, either in-house or with the help of an external vendor.

Pros: control and customization

- **Control** — building in-house gives you full control of the required capabilities.

- **Customization** — it also allows you to modernize your experiences to differentiate and match market standards.

Cons: hidden costs and lack of resources

- **Hidden costs** — banks often forget to consider hidden costs like inflexible delivery processes, monolithic legacy applications, legacy IT operating models, complex transactions, and poor data quality.

- **Lack of resources** — and what's more, few banks have teams that are fully prepared to devote months — or even years — to developing and maintaining these systems.

Build

Partnering with a solution or platform vendor to outsource digital banking solutions.

✓ Pros: innovative possibilities and faster time to market

- **Innovative possibilities** — you can innovate beyond your in-house skillsets by leveraging the resources of best-in-class partners.

- **Faster time to market** — better yet, these partners will help you innovate at speed while minimizing risk.

✕ Cons: cookie-cutter solutions and hidden costs

- **Cookie-cutter solutions** — unfortunately, buying often results in the inability to create deeply customized customer experiences, origination/distribution features, and business functions, such as sales and management.

- **Significant costs** — this can be a limiting factor, as the vendor dependency can be restrictive and providers can lose motivation after the completion of the specified deliverables.

The power of buy plus build

Luckily, you don't have to choose. The only thing you have to do is decide how much you want to buy and how much you want to build. Make no mistake, it's still a challenging decision, but the end result will be worth it.

Think of it this way: when it comes to digital transformation, you have no time to waste, but you also don't want to create the same solution as your competitors. By using out-of-the-box platform capabilities and customer journeys, you can leverage readily available functionality for up to 80% of what you need, allowing you to build a modern mobile or web app on top of your core banking infrastructure. That means your engineers will be able to focus on helping you create unique, differentiating value, rather than wasting time building basic functionalities from scratch. But how does it work?
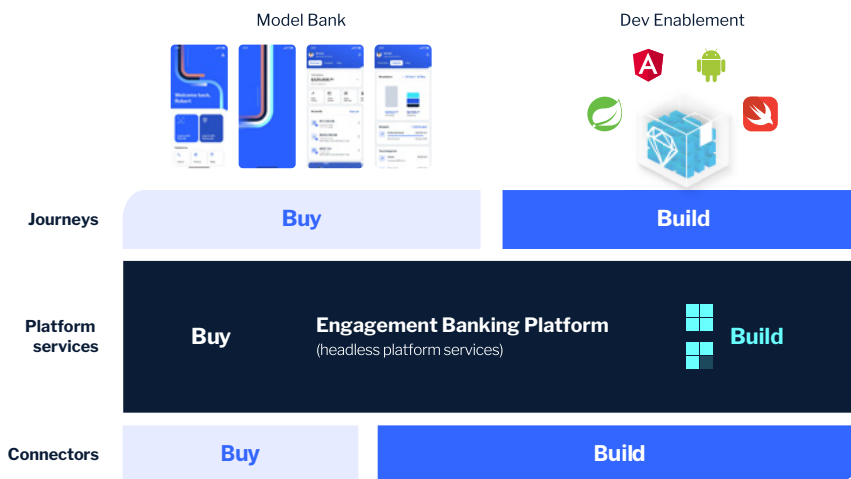
You start by purchasing a foundational backbone with ready-to-implement, API-led, easy integration functionality to get to market quickly. Then, you can bring your technology vision to life by building tailored solutions on top to best fit your bank's needs. Or, as we say, **buy for speed, build for differentiation.**

In short
Buy plus build gives you:

- The power to reduce technical debt

- Improved agility and innovation power

- Lower operating costs

- The opportunity to reallocate budget to value creation

Model Bank   Dev Enablement

Journeys	Buy	**Build**
Platform services	**Buy** — Engagement Banking Platform (headless platform services)	**Build**
Connectors	**Buy**	**Build**

This approach takes the best parts of the buy and build options, creating a hybrid that gives you speed, flexibility, and customizability, all while minimizing risk and cost. That way, you can focus on what you do best: creating differentiating and modernizing experiences to match market standards — while improving efficiencies and reducing technical debt — allowing you to elevate business value in the process.

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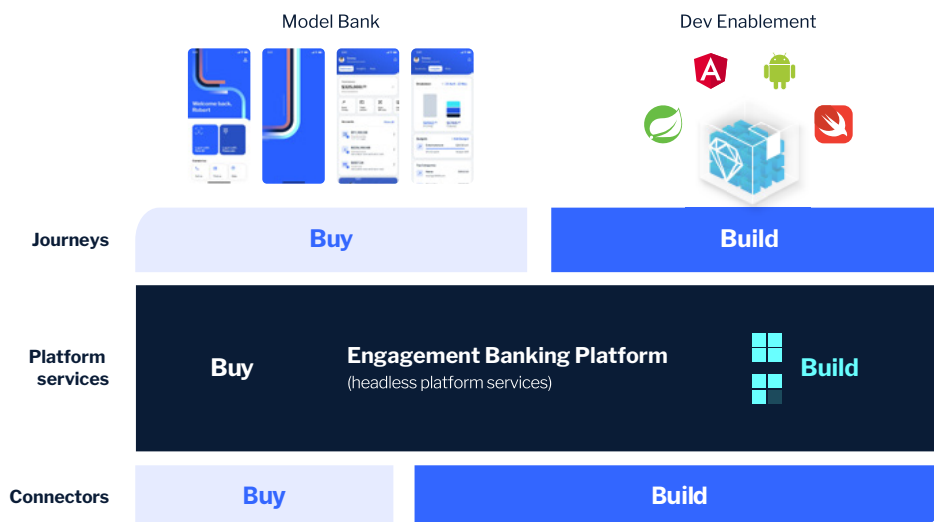
What do I buy and what do I build?

Now that you know it's possible to get the best of both worlds, you just have to decide which components you'd like to buy and which ones you'd like to build later. And if you do it right, you'll be able to maximize impact and differentiation. No pressure, right? But it's not as hard as you may think.

As you can see in this chart, buying out-of-the-box journeys for customers and employees, coupled with back-end connectors to downstream systems, will get you to market fast, while building will allow you to create customized, API-driven experiences on top to differentiate from the pack.
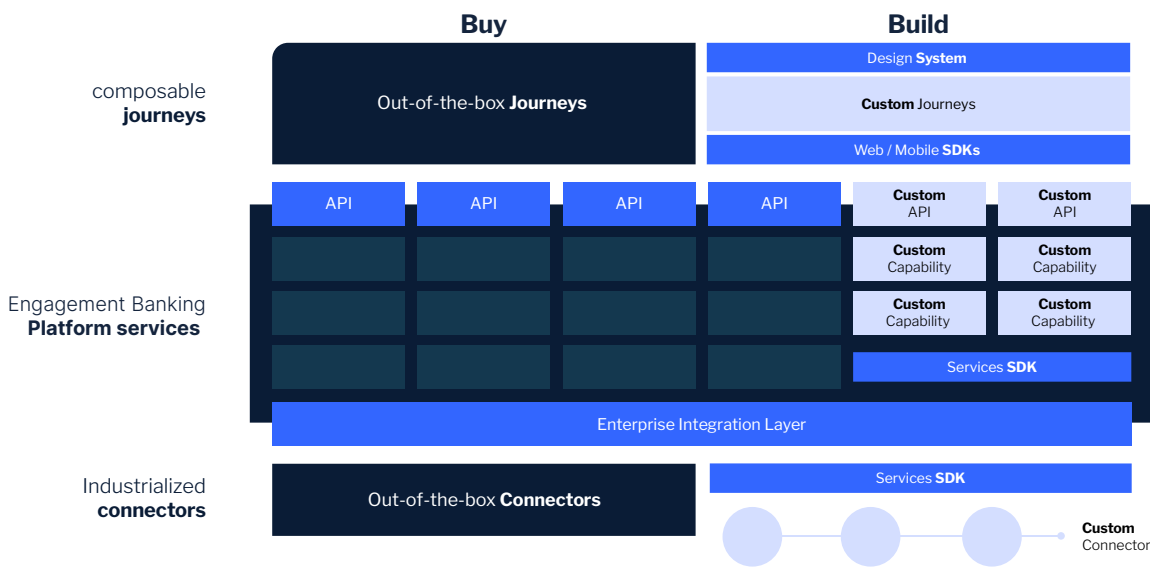
Two key questions for making your ideal "buy + build" decision

01 What is the maturity level of the technology?

From genesis to commodity, how can you best orchestrate the right mix of components and how they operate? More mature tech is easier to buy, whereas new tech often requires building so you can get things just right.

02 Is the tech visible or invisible to the end-user?

Focus on the visible components that are long-term differentiators and outsource the invisible ones, when possible. Or, to put it another way, if customers don't see it, why bother reinventing the wheel?

How much you buy and build will differ from bank to bank, based on your needs, your in-house skill sets, and the experiences you want to create. But if you use the tech's maturity level and visibility to your customers as your North Star, you'll have a solid idea of where to begin.

Customer story

One of our customers was trying to juggle five apps, multiple websites, and over 800 branches, resulting in an inconsistent customer experience, as well as fractured employee journeys.

As part of their priority initiatives, this bank had started building a single app for all lines of business — such as retail and business banking — powered by one platform. But after two years of working on their own, they realized that building a solution without help was running up costs and significantly delaying the project.

Now, they're using the Backbase Engagement Banking Platform to build digital Retail and Business offerings. Our products will help them deliver seamless experiences to their customers, including digital engagement channels and in-branch services. And they're already seeing results. In fact, by working with us, this bank was able to deliver an MVP app in just six months.

Their implementation advice? Don't reinvent capabilities that have already been perfected. Instead, adopt what's already been proven and build things that are unique to your bank.

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Backbase: your partner in digital innovation

We know that implementing platform components isn't a walk in the park. But with the power of buy plus build, you can get to market quickly — and with lower risk — then focus on driving business value, differentiation, and operation cost optimization. That will free up your budget so you can focus on innovation.

And to make things even easier, Backbase is on hand to help you at every stage of the journey. By leveraging the composable fabric of our Engagement Banking Platform, you'll get everything you need to thrive — and then build tailored solutions on top to differentiate from your competition. We'll help you turbocharge your digital factory so you can reallocate your budget from maintenance to innovation. And isn't that every banker's dream?

We'll leave you with these three recommendations as you embark on your digital transformation journey:

Use capability maps, process-led planning, and decision/selection approaches to determine the best solution for your bank.

Use composable banking fabric and open architecture to support varying mixtures of the buy and build approaches to better serve your bank's needs.

Evolve your digital value proposition to take advantage of both buy and build scenarios.

But don't forget —you're not in this alone

We understand that the solution has to be as unique as your bank, so we have an entire team dedicated to helping you meet your specific goals. Contact us to schedule a chat or a demo today.

Schedule a chat

The Backbase Engagement Banking Platform

The open platform to rapidly modernize your bank

Backbase is here to give your financial institution the power to **break free from the constraints of legacy IT systems** and embrace an Engagement Banking model. With our **powerful whitelabel platform,** you can gradually replace — or even decompose — your disparate systems. And when you factor in over 400+ composable, pre-integrated capabilities, you'll gain the flexibility you need to rapidly modernize your digital channel infrastructure.

Another key to our process is our **unique "buy plus build" operating model,** which enables your bank to gain speed while standing out from the pack. By **buying and adopting out-of-the-box platform features** and adding them directly into your existing tech ecosystem, you'll be ready to deliver immediate value. Our platform can be adopted within your bank's existing polyglot landscape, enabling you to continue leveraging multiple programming languages and technology frameworks. And thanks to our **composable banking fabric,** your in-house developers and vendors will have the freedom to **create unique, differentiating value,** rather than reinventing the wheel by building basic functionalities from scratch. With all the right ingredients in place, you'll be able to reallocate your budget to change your bank, rather than just keeping the lights on

Harness the power of a **new-generation digital banking platform** for rapid innovation. The Backbase Engagement Banking Platform connects quickly and securely to your downstream systems of record, such as core systems and CRMs, as well as third-party fintechs in your tech stack. Our platform offers the **most comprehensive digital engine rooms** on the market today, enabling you to **seamlessly orchestrate all your customer and employee interactions** across any channel. The platform APIs empower you to **rapidly create differentiating user experiences** — so you can focus on delivering real business value.

Discover the power of an omnichannel platform, one that co-exists with your other techs, vendors, and banking standards, allowing you to **create hyper-efficient digital factory models and de-risk your transformation.** Together, we'll dismantle the barriers you're facing and help you **re-architect banking around your customers** — allowing you to lead the way in the future of finance.

Visit our website today to discover how the Backbase Engagement Banking Platform can help you meet your digital transformation goals.

About Backbase

Backbase is on a mission to re-architect banking around the customer.

We created the Backbase Engagement Banking Platform — a unified platform with the customer at the center, helping banks orchestrate seamless journeys across every stage of the customer lifecycle.

We make it simple for banks to orchestrate seamless customer journeys, all on a unified platform. From customer onboarding, to customer servicing, customer loyalty and loan origination, we help financial institutions surpass customers' expectations in every phase of the customer lifecycle. Built from the ground up with the customer at the heart, our Engagement Banking Platform easily plugs into existing core banking systems and comes pre-integrated with the latest fintechs so financial institutions can innovate at scale.

Industry analysts Forrester, Gartner, Celent, Omdia, and IDC continuously recognize Backbase's category leadership position. Over 150 financials around the world have embraced the Backbase Engagement Banking Platform - including Advanzia, Banco Caja Social, Banco de la Nación Perú, Bank of the Philippine Islands, Citizens Bank, ENT Credit Union, Greater Bank, HDFC, Judo Bank, KeyBank, National Bank of Bahrain, Navy Federal Credit Union, Natwest, Raiffeisen, SchoolsFirst Federal Credit Union, Standard Bank, Société Générale, TPBank, Washington State Employee Credit Union and Wildfire Credit Union.

Backbase is a privately owned fintech company, founded in 2003 in Amsterdam (global HQ), with regional offices in Atlanta (Americas HQ), New York, Boise, Mexico City, Toronto, London, Cardiff, Dubai, Kraków, Singapore, and Sydney.

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