KINGLAND | PUBLIC ACCOUNTING

Buy vs. DIY
Risk and Regulatory System Analysis

Introduction

Technology is critically important for public accounting firms to get right. Pressures from regulators and competitors demand the efficiency, consistency, and differentiation that technology affords. Firms have always had the decision in front of them to 'build vs. buy' each system, choosing the path to either create the system they need from the ground up or buy an enterprise system off-the-shelf.

Today, a third path has emerged that is an iteration of "build", which includes elements of 'build' and 'buy' for firms to consider. The third path is to "do it yourself", or DIY, by purchasing foundational components and layering in configurations and integrations to develop an internal solution.

The DIY path became viable to consider for public accounting firms with the rise of robust general purpose and open source software. In general, firms take this process for DIY:

1. Create business, feature, and technical requirements for the solution
2. Determine the appropriate architecture and design of the technical solution based on the requirements
3. Conduct proof of concepts on database management, workflow, rules management, dynamic question management, integration layer, and business reporting foundational software components
4. Conduct vendor and security reviews on each foundational software component
5. Select the proper foundational software components

6. Set up the cloud accounts and configurations where the solution will operate as well as any DevOps pipelines for the development project
7. Integrate the foundational software components together in accordance with the requirements, architecture, and design
8. Configure and customize the foundational software components in accordance with the requirements, architecture, and design
9. Build additional software where the underlying foundational software components do not meet the requirements
10. Test the system with stakeholders
11. Correct defects from testing
12. Deploy the software

After deployment of the software to the user community, firms selecting DIY are then required to enhance the system based on business needs and regulatory requirements as well as maintain the various versions and security of the underlying foundational software components.

Firms are left with the same critical decision - how does this compare to buying an enterprise system off the shelf? Should firms buy or DIY?

Kingland embarked on a study of this question given its prevalence in public accounting.

In this whitepaper, we examine five different criteria firms should consider when making this kind of decision. Using those criteria, we then put the analysis to practice by undergoing an analysis to answer this question as it pertains to Kingland's public accounting products. We will specifically look to Kingland's Decision Management and Entity Management products for specific systems examples.

Framing the Question

A firm's decision to buy or DIY is analogous to acquiring a vehicle. We will explore two scenarios of acquiring a vehicle:

DIY Option
The business need is to compete in an F1 race. To compete well, a firm will assemble a car unique to them by acquiring the component parts.

Buy Option
The business need is going to restaurants, the office, and other similar functions. In this option, a firm will purchase a car off the lot or order one from the dealer.

Notice the difference…the business need drives the decision, not the availability of the parts.

Decision makers are many times blinded and confused as technology professionals discuss individual component parts, of which each individual component may appear inexpensive to the business leader. An example of the general purpose components firms will look to for a DIY system are represented in **Figure 1**. The technology professional will remind decision makers that the firm may already use one or more of these systems in another area of the organization, and the firm could leverage that to further reduce cost for their new system.

Yet, issues abound during the assembly of the new system. Technical and business requirement hurdles materialize as each component is configured and customized to play its part in the ecosystem. Whether it is differences in integration needs (e.g., one component needs API to consume data, and the other can only send a flat file), or limitations in configuration (e.g., conflict checking questions need to dynamically change based on services delivered), hundreds to thousands of assumptions are required to be checked throughout the assembly process.

These issues tend to be addressed too late in the process, causing financial overruns, deployment delays, and long-term maintenance considerations. While these issues may be acceptable to win an F1 race, they are not if I am attempting to get to the restaurant to meet with friends or family.

In order to assess the 'buy vs DIY' decision for risk and regulatory systems, we will decompose and frame the question along the following criteria:

1. Competitive Advantage & Growth
2. Skillset
3. Financial Cost
4. Timeline
5. Common Problem & Solution

Through analysis of each criterion above, this whitepaper will guide firms to make the right decision regardless of the system's purpose. For the purposes of this analysis, we will use Entity Management and Decision Management as two systems to simulate the decision-making process between buy and DIY. Each of these systems is designed for the following purpose:

Entity Management: Enables firms to understand their scope of services and orchestrate change across client, client affiliate, and engagement data.

Decision Management: Enables firms to automate and govern the most important decisions in a firm's conflict checking, independence checking, services authorization, and client acceptance processes.
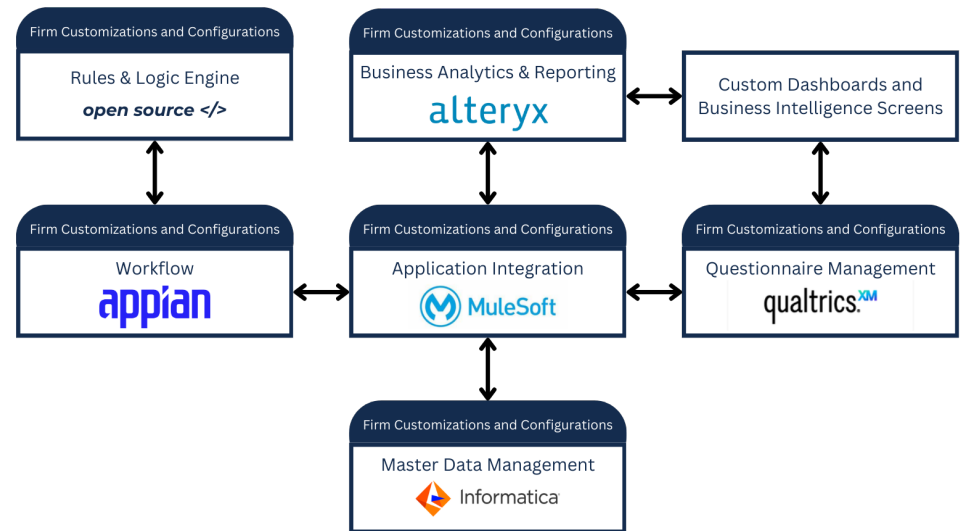

Figure 1 - Example DIY Component Architecture

High Level Summary

The conclusion of our analysis is expressed in the table below. A firm will likely have more success choosing the route where they meet the most criteria.

Criteria	A firm should BUY if...	A firm should DIY if...
Competitive Advantage & Growth	• The purpose of the software is industry standard (Human Resource Management, Risk & Compliance, Security, CRM, etc.). • The firm does not expect to sell the software or package software in client services.	• The system creates a competitive advantage unique to the firm's services. • Intellectual property ownership is required to sell the software to clients.
Skillset	• Business expertise germane to the system need is lacking depth or sufficient breadth for both initial build and management long-term. • Software development is not a core competency of the firm. • New resources will need to be hired or contracted specifically for the new system.	• Business expertise is deep and broad as the system is the business. • Software development resources are staffed as part of other business operations. • Software development resources are available for the new system assembly and ongoing maintenance and enhancements.
Financial Cost	• Multiple new components are needed to have a successful system rollout. • New capabilities and process support not defined today are expected in the next 3-5 years.	• Component systems needed are already available in-house, requiring minor change, minimal component integration, and without additional costs. • Capabilities are clearly defined and likely unchanging over the next 3-5 years.
Timeline	• The firm is under external pressure to have the system by a certain time (e.g. regulatory reviews, consent order) or internal business drivers exist to move quickly. • The system supports critical business operations, where delaying rollout would create significant risk.	• Timeline is flexible to meet higher capability priorities. • The firm has a track record of similar DIY systems successfully launching with long-term maintenance.
Common Problem & Solution	• The business problem being solved is ubiquitous in their industry. • Firms receive benefit from "being part of a team" of firms due to regulatory or other matters.	• Common solutions are not available • Replicating what other firms are doing will create a disadvantage for the firm.
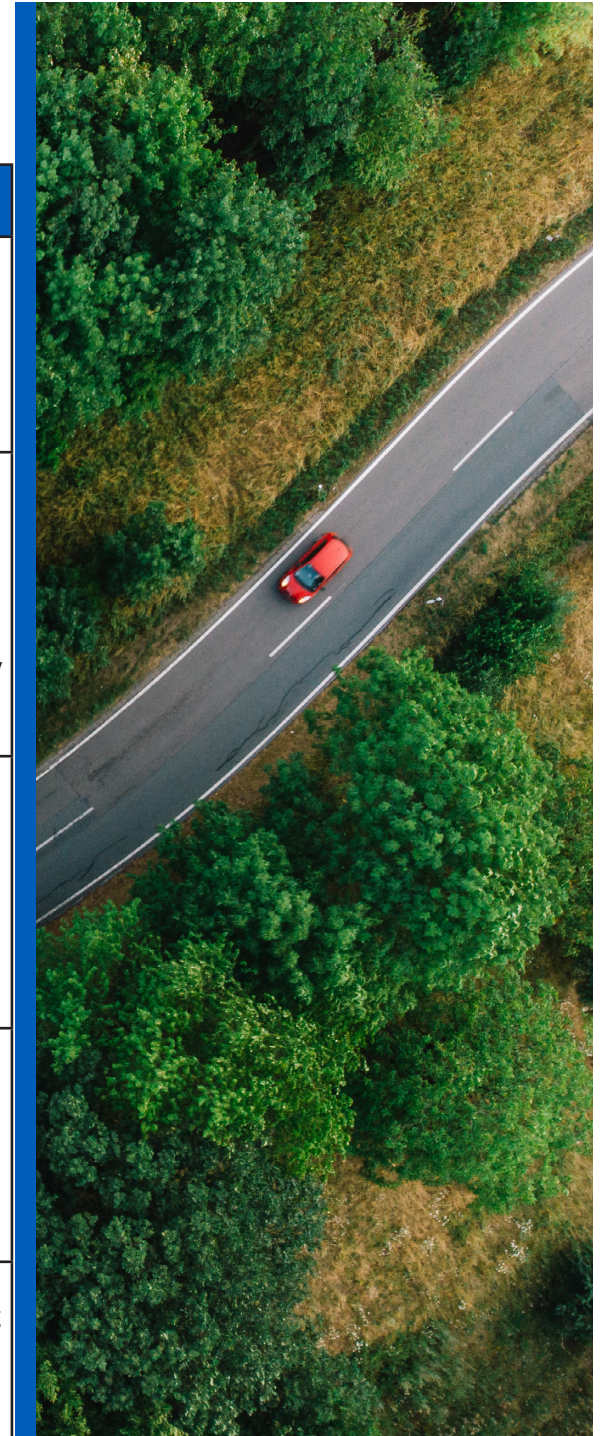
Competitive Advantage & Growth

How will the system help the firm differentiate and grow revenue faster?

The competitive advantage the system will give the firm is the most important criteria to consider when deciding to buy a system or assemble a solution as a DIY project. If a system creates a firm's secrets to growth, implements a unique strategy in the marketplace, or is considered intellectual property, then it is worthwhile to invest in the unique configuration and customization that DIY affords and create something truly unique to the firm. For example, systems that directly improve and differentiate a firm's client services (e.g. an audit platform) could benefit from the additional cost, skillset, and timeline required.

In the case where software is sold to clients as part of a firm's business model, a DIY system, or more appropriately a fully custom technology platform, may be required to protect and legitimize the business model. Although public accounting firms use dozens of software applications in the service of their clients, few systems are core to their business model.

If the firm's desired system is in support of common organizational or requirements across the profession, then differentiation or unique implementation will not create significant competitive advantage. Systems supporting human resources, security, professional obligations, compliance, and risk management do not materially differentiate between firms because the goals of each type of system are common for each firm in the public accounting profession.

As Jeff Bezos famously said, "Focus on what makes your beer taste better," by focusing your resources to create systems that are strategically differentiating while maximizing shared investment from vendors for systems that can be bought.

Skillset

What knowledge is needed in-house to set up and operate the system?

For a system that is bought, a firm focuses their skills on administration and support. In order to assemble a DIY system, a firm needs to understand how the internal components of database architecture, workflow engines, rules management, integration layers, and reporting can be configured with each other component. Firms are required to dedicate multiple skilled resources, similar to specialized mechanics for a car, in order to keep the system running. In a buy scenario, those skilled resources are outsourced to the supplier, just like regular oil changes.

When a firm assembles a DIY system, the issue of finding the right talent will come up. Companies that sell software have these kinds of resources with the right skillset to commit *because their software is their business*. However, software is not the business of public accounting firms. Getting people with the right depth and breadth of business and technological expertise to assemble a system will complicate and delay the system launch plan. It is not a short-term commitment either. The people with these skillsets will need to stay on for the long term in order to maintain and upgrade the system. As each component of the assembled DIY system (e.g. Informatica, Alteryx, MuleSoft) is independently updated by the provider, the firm will need to be able to digest the change and ensure that each component remains effective for the business.

The following skills are critical for teams to have when developing, integrating, and customizing software:

Business Acumen / Subject Matter Expertise: Technology professionals enjoy technology; however, systems are built to address business issues. The proper business acumen for risk and regulatory systems is critical to ensure that the right software is developed. This subject matter expertise is not as easy as re-assigning consultants, as the risk and regulatory matters of a public accounting firm are not understood at the depth in the practice areas that is necessary to build, enhance, and maintain a system.

System Architecture and Design: Understanding of system architecture and the ability to design scalable and secure systems.

Multi-Development Language Proficiency: Knowledge of multiple programming languages is crucial in order to be effective working with multiple platforms and their disparate configuration or customization options.

Software Development Lifecycle (SDLC): Expertise with how software is defined, developed, tested, and deployed is needed to keep costs down and output quality high. Nearly every organization has some level of expertise in SDLC; however, what is the maturity of that expertise? An industry wide tool is CMMI, provided by ISACA, to assess your team's maturity. Few organizations have the processes and resources available to a DIY project that demonstrate the level of maturity needed to successfully execute a DIY project in this risk and regulatory space.

Version Control: Knowledge of source control tools like Git enable multi-person teams to manage thousands of lines of code and system configurations across components in a DIY system assembly. Where systems are built from the ground up, teams manage millions of lines of code through version control technologies.

Cloud Computing: Knowledge of the unique services offered by cloud services providers (CSPs) like AWS, Azure, or GCP is increasingly important to understand how to optimize a system for that environment, and intelligently work with other component systems hosted on those services.

Database Management: Ability to stand up and manage databases effectively for the requirements of the system that will rely on them. While a given software component may scale, the system must scale, so understanding and implementing the proper database structures is critical for a risk and regulatory system.

DevOps Practices: Expertise with continuous integration and deployment to streamline development in order to efficiently integrate security and efficiency into the engineering team's practices to build and deploy the solution.

Security Best Practices: Knowledge of security protocols to protect data and applications. These practices must include in-depth knowledge of software components being used as well as how the resulting solution interacts with the CSP of choice, not just industry best practices.

The decision to buy or DIY will swing significantly to either side depending on the skillset of internal resources that can be committed to the system. Two questions exist. First, does the firm have the right resources? If so, are these resources available or are they providing valuable, and billable, client services? For most public accounting firms, resources with the aforementioned skillsets either do not exist or are considered billable to clients. Therefore, unless the project meets other criteria, the typical Cobbler's Children Dilemma will persist, creating unnecessary suffering for the firm.

Financial Cost

What are the initial and ongoing costs involved?

The financial cost of the system is the most discussed criteria for a firm to decide between buying off the shelf or doing it themselves. Due to the nature of the costs involved, firms can be misguided to think that a DIY system will be less expensive. Going back to the car analogy, it is true that purchasing a new engine, a new transmission, or a set of new tires individually costs less than purchasing a new car. A shopper may even purchase all of the components needed and scrap materials they already have for a new car under the cost of buying one off the lot. **However, the acquisition of component parts is just the beginning of costs.** The parts must be assembled, customized, and extended to have a functional car.

This situation is similar to the scenario of building a DIY business system. Many firms license general purpose software for master data management and business reporting. The delta in cost to acquire additional components like workflow and integration tooling appears low cost on paper. The real and unbounded cost is realized when the system is being assembled, extended and customized to work together. Many times, the costs are tremendous as the components are not designed to work together.

A useful example is IBM in the 2010's with their information management suite. IBM chose to build a suite for the market by acquiring many individual software companies. They bought MDM, ETL, data profiling software, business analytics, statistical software, and many more firms. They branded it as working together; however, every user ran into the same thing – none of the tools were designed to work together. Within the MDM product, the different feature levels (e.g. standard, enterprise) did not work appropriately when you attempted to upgrade. Years later and millions of dollars of investment by IBM, the product suite now functions better. This example occurs to many organizations each year as they attempt to DIY.

In Kingland's analysis of similar systems either purchased from a vendor or assembled internally, internal assembly reaches nearly three times the cost of the purchased system in the first 3 years due to the people costs that are allocated. As seen in **Figure 2**, internal costs significantly drop off after the initial rollout as the firm is pressured to reduce cost. However, the costs spike 2-3 years after as maintenance and upgrade requirements mount. After this second spike, cost will stick on an ongoing basis as technical debt and necessary upgrades are tackled by the firm. Ongoing maintenance and upgrade costs are variable depending on the makeup of the system. The fact remains that any kind of system requires ongoing maintenance. In the case of a bought system, ongoing costs are contracted for the term used and therefore relatively unchanging.

Maintenance and enhancement over the long term is especially important to consider for a risk and regulatory system. Regulations change, and the system will be examined by regulatory authorities periodically. Due to the nature of these systems, security is paramount, and in a DIY system, security must be considered by the firm for every component, the integrations between components, extensions, and customizations. Can a firm simply stop maintaining and investing? No. Therefore, a long-term financial commitment is necessary to keep the technology updated, integrated, and enhanced. For a DIY system, this requirement means elevated business and engineering resources assigned for the long term. For a "Buy" decision, most of these resources are the responsibility of the vendor.
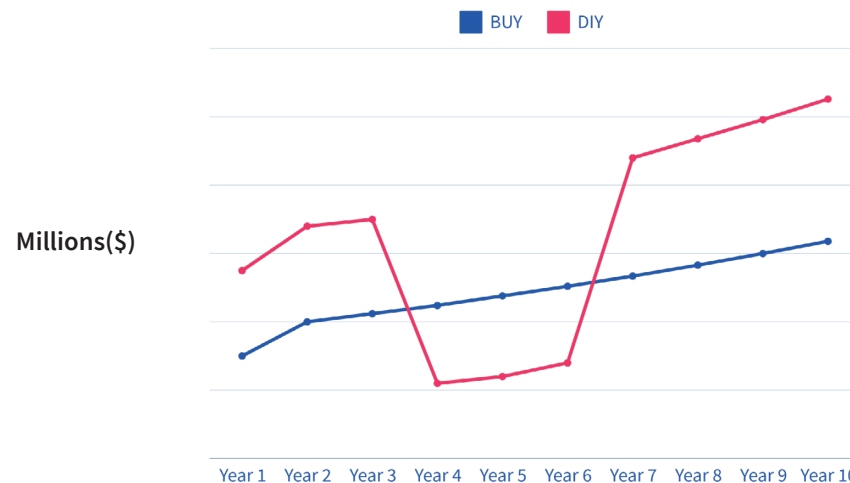

Figure 2 - Relative Cost Relationship

Timeline

How soon does the system need to be in production usage?

The timeline criteria is the most deterministic that we analyzed. Buying a system will take less calendar time compared to that of an equivalent DIY system. Logically speaking, the system is already available under the buy decision, and any unique configurations that will be needed for the firm will need to be made in both cases. Knowing that, how critical is timeline for risk and regulatory systems?

To be clear, individual vendors make series of claims, such as "We guarantee that you will be operational in 8 weeks." A careful study of these claims by firms shows that they amount to very good marketing language that is not based in fact. The first challenge that firms have is that the claims have so many legal and operational caveats that they become meaningless. No doubt exists that "something" can occur in "8 weeks," but the probability that the "something" is what you need approaches zero based on the nature of your business.

The second challenge is that the vendor is looking at their product only – not the integration between multiple products. Using the analysis, the individual motor will run immediately (with fuel and a starter), but that does not mean that the car is moving until the entire drive assembly is finished. The sum of the parts matter.

Kingland has studied the delivery time of similar projects to identify differences between buying and configuring a system and assembling one from component parts themselves DIY. We see a difference of 18-27 months, with buying a system taking 6-9 months and configuring a system internally taking a firm 24-36 months (see **Figure 3**).

Typically, risk and regulatory systems are driven by key business strategy updates, regulatory pressures, or outright regulatory actions. Due to these drivers, risk and regulatory systems are not great candidates for internal DIY.
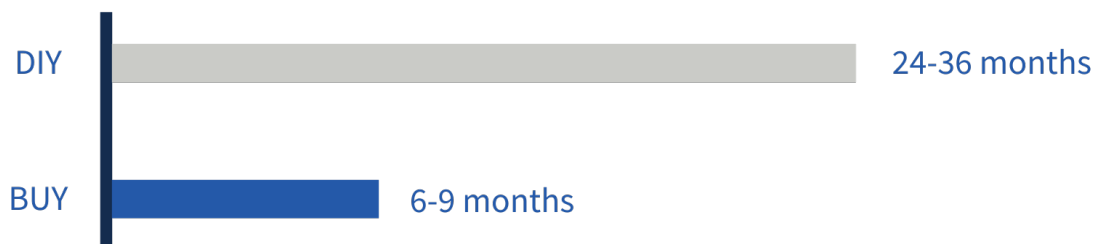
DIY 24-36 months

BUY 6-9 months

Figure 3 - Example Schedule Difference

Common Problem & Solution

Can the firm contribute to and benefit from a common solution?

Everyone is familiar with the phrase "no need to reinvent the wheel." This phrase is used when a person or organization wants to avoid duplicating efforts, and it is applicable in helping us respond to the final criteria in our analysis. Recreating solutions to problems that have already been solved takes resources that do not need to be spent. More importantly, the risk of failure is lower with a time-tested solution than the same risk of a newly created solution.

If we extend the car analogy used in the beginning of the whitepaper, we can see how this criteria applies. Even in the case of car manufacturers, certain components like the wheel have already been mastered by companies that focus on those components. The car is manufactured by BMW, but the tires are still coming from Goodyear. The same logic applies to software development. Kingland develops its own software, and in that development, we leverage certain components that have already been optimized (e.g. Elasticsearch, AWS webhosting architecture, encryption algorithms). Just as Kingland's business would not benefit from recreating

components that already exist, public accounting firms must determine whether recreating a solution in the market provides them benefits or creates risks.

The firm that chooses to DIY a project for a risk and compliance system in this case is taking on a new risk – the risk of going alone. A larger group of firms addresses their common regulatory obligations as a group, but individual firms can still successfully come to a solution. The individual solution will be different to regulators when it comes time for inspection, and this can draw unique attention to better understand the role of the solution in the firm's system of quality management. On the other hand, firms using a common solution benefit from the familiarity for inspecting regulators. The question for firms becomes whether there is "safety" from being subscribed to a product bought that other public accounting firms use or if there is more upside in having a solution bespoke to the organization.

An Analytic Tool: What is best for your firm's risk and regulatory decision?

Through this whitepaper, Kingland has developed the following tool to help you assess the right decision for your firm for a risk and regulatory system.

	Yes	No
Competitive Advantage & Growth		
Does the risk or regulatory system lead to a material competitive advantage for your firm?		
Does your firm require ownership of the intellectual property of the system for resell to its clients?		
If you selected Yes to either of the above questions, DIY is likely the best option. Otherwise, Buy is selected for "Competitive Advantage & Growth".		
Skillset		
Does your firm have the requisite and available subject matter expertise related to risk and regulatory matters to assign long term to the system?		
Does your firm have software development resources to commit to the assembly, extension, and customization of the system?		
Is software development practices a core competency of your firm with high maturity as evidenced by industry standards like ISACA CMMI?		
If you selected Yes to each of the above questions, DIY is selected for "Skillset". Otherwise, Buy is selected for "Skillset".		
Financial Cost		
Does your firm expect little to no change required of the system over the next 5 years?		
Does your firm have a financial commitment to maintain and enhance the system in the following years? (component upgrades, re-integration, security, etc.)		
Are most component systems to DIY already licensed?		
If you selected Yes to each of the above questions, DIY is selected for "Financial Cost". Otherwise, Buy is selected for "Financial Cost".		
Timeline		
Are the scheduling deadlines for the system's operation all internal to the firm?		
Does the firm have a backup system or process in place to avoid regulatory enforcement action?		
If you selected Yes to both of the above questions, DIY is selected for "Timeline". Otherwise, Buy is selected for "Timeline".		
Common Problem & Solution		
Is there value to create a system yourself instead of leveraging a system available to be configured in the market?		
If you selected Yes to the above question, DIY is selected for "Common Problem & Solution". Otherwise, Buy is selected for "Common Problem & Solution".		

Now, let's use the table below to summarize your results.

Area	Conclusion
Competitive Advantage & Growth	*<DIY or Buy>*
Skillset	*<DIY or Buy>*
Financial Cost	*<DIY or Buy>*
Timeline	*<DIY or Buy>*
Common Problem & Solution	*<DIY or Buy>*

Our research shows that each organization will weight each area differently; however, we see the following trends:

Competitive Advantage & Growth: A risk and regulatory system is rarely considered "competitive" or a "key growth area". Therefore, this area tends to be "Buy" instead of "DIY".

Skillset: Firms tend to overstate both the business and technical capabilities that will be assigned to a project of this nature as they focus on the size of key practice areas. This situation tends to have this category be approximately 50-50 DIY versus Buy when firms apply this criterion.

Financial Cost: Firms have acquired a lot of software over the years, lowering the initial cost of acquisition. However, firms tend to underestimate the amount of assembly, integration, customization, and maintenance. Due to these factors, this category tends to be approximately 50-50 DIY versus Buy when firms apply this criterion.

Timeline: As firms are looking to move quickly in risk and regulatory matters, the timelines associated with "Buy" tend to be considered superior.

Common Problem & Solution: In the space of risk and regulatory systems, "Buy" tends to be considered the superior choice given the perceptions of regulators.

Applying Analysis Criteria to Kingland Products

Risk, regulatory, and independence software is Kingland's business. We have baked in the public accounting expertise gained over 25 years to create solutions that firms purchase fit for their purpose. With software as the central focus of Kingland, the appropriate resources with the best skillsets can be invested in continually to build and support the systems that many firms use. The centralized investment in one vendor enables multiple firms to benefit from the common system improvements, instead of costs duplicating between each firm independently creating their own similar system.

One clear example of the effects of centralized investment at Kingland is in its achievement of CMMI Level 5[1]. CMMI Level 5, the highest rating offered, demonstrates that the company is focused on continuous improvement and is built to pivot and respond to opportunity and change. This investment translates to more efficient software project completion with lower risk to Kingland's clients.

In this section, we apply the four analysis criteria that we laid out to Kingland's Entity Management and Decision Management products.

ENTITY MANAGEMENT

Entity Management enables firms to understand their scope of services and orchestrate change across client, client affiliate, and engagement data. The software accomplishes these business needs through specifically curated data models, automated workflow routing, data quality rules, regulatory compliance rules, and client affiliate inheritance algorithms. A DIY implementation would be challenged to re-create the differentiating factors at a price point and schedule reasonably comparable to Entity Management fees. The process of meeting regulatory obligations can be approached slightly differently between firms; however, the end goal is the same; maintaining independence as a firm and managing client relationships to enable a modern public accounting firm multi-disciplinary model. A common, optimized solution can be created once and leveraged for the market broadly.

The DIY equivalent for Entity Management would need to focus heavily on a curated data model of legal entities, natural persons, and relationships between them; configuration of data quality rules; data visualization and management tools; and regulatory compliance ruleset implementation. Beyond the core functional requirements, the system also needs to consider performance, scalability, security, user experience, and low code options for configurability. In order to tune performance and scalability correctly, each component will need to be assessed to identify if it is a bottleneck in the ecosystem. If a component is found to be a bottleneck (e.g. most MDM providers are unable to calculate the set of impacted affiliate records for a proposed service in the desired amount of time) then that component will need to be upgraded with additional computing resources to make the rest of the system function.

The following components will be essential to assembling a DIY system:

DIY Component	Purpose
Master Data Management	Store legal entity and person data records, including relationships, service engagements, and restrictions.
Workflow Management	Enable change management workflows against the dataset.
Data Quality Rules Engine	Ensure the data is well governed, maintaining quality.
Regulatory Compliance Rules Engine	Apply regulatory rulesets to understand impact of restrictive services across affiliate relationships.
Notifications - Email Server	Supports the delivery of email notifications to individuals pertaining to data changes.
Routing Rules Engine	Defines the desired business logic behind automated workflow routing and notifications.
Business Analytics and Reporting	Summarize insights of the data and provide reporting to the business.
Application Integration	Streamline integration needs between each component system to communicate through one common channel instead of independent communication between each component.
User Interface	Enable users to search corporate hierarchies, restricted lists, engagements, etc. Certain components, such as MDM, may have heavy customization or a separate integrated component is acquired and deployed.

ENTITY MANAGEMENT

	Yes	No
Competitive Advantage & Growth		
Does the risk or regulatory system lead to a material competitive advantage for your firm?		
Does your firm require ownership of the intellectual property of the system for resell to its clients?		
If you selected Yes to either of the above questions, DIY is likely the best option. Otherwise, Buy is selected for "Competitive Advantage & Growth".		
Skillset		
Does your firm have the requisite and available subject matter expertise related to risk and regulatory matters to assign long term to the system?		
Does your firm have software development resources to commit to the assembly, extension, and customization of the system?		
Is software development practices a core competency of your firm with high maturity as evidenced by industry standards like ISACA CMMI?		
If you selected Yes to each of the above questions, DIY is selected for "Skillset". Otherwise, Buy is selected for "Skillset".		
Financial Cost		
Does your firm expect little to no change required of the system over the next 5 years?		
Does your firm have a financial commitment to maintain and enhance the system in the following years? (component upgrades, re-integration, security, etc.)		
Are most component systems to DIY already licensed?		
If you selected Yes to each of the above questions, DIY is selected for "Financial Cost". Otherwise, Buy is selected for "Financial Cost".		
Timeline		
Are the scheduling deadlines for the system's operation all internal to the firm?		
Does the firm have a backup system or process in place to avoid regulatory enforcement action?		
If you selected Yes to both of the above questions, DIY is selected for "Timeline". Otherwise, Buy is selected for "Timeline".		
Common Problem & Solution		
Is there value to create a system yourself instead of leveraging a system available to be configured in the market?		
If you selected Yes to the above question, DIY is selected for "Common Problem & Solution". Otherwise, Buy is selected for "Common Problem & Solution".		

Now, let's use the table below to summarize your results.

Area	Conclusion
Competitive Advantage & Growth	*<DIY or Buy>*
Skillset	*<DIY or Buy>*
Financial Cost	*<DIY or Buy>*
Timeline	*<DIY or Buy>*
Common Problem & Solution	*<DIY or Buy>*

Kingland has invested millions of dollars into processing efficiencies for affiliate hierarchies and the implementation of United States SEC, United Kingdom FRC, IESBA, European Union, and other regulatory affiliate rulesets. These capabilities are available to all firms off the shelf, and firms realize the cost benefits of these capabilities more depending on the complexity of their clients.

In order to put this analysis into action for your firm, use the checklist above to test your decision making and confirm if you are better off deciding to buy or DIY an Entity Management system.

DECISION MANAGEMENT

Public accounting firms have multiple uses for Decision Management, including:

- **Scope of Service Independence:** Regulators require that each accounting firm maintain independence from their clients in fact and in appearance.
- **Conflict Checking:** Stakeholders require that public accounting firms are not "on both sides of a transaction" (M&A, bankruptcy, etc.), not violate internal policies related to service combinations, and other such matters.
- **Acceptance & Continuance:** Firms must consider risks and benefits of engaging with a client on a given service.

For this case, we look at Decision Management for its coverage of the **acceptance and continuance** process.

In Kingland's experience, the initial assessment for many firms making this decision is to DIY because of the perceived unique complexities. The firm examines their process to complete conflict, independence, business relationship, sanctions, and anti-money laundering checks and concludes that it will need to be configured from scratch. Layering risk identification and management on top of this, it seems like DIY is the only viable option to the firm.

Upon closer inspection, the discrete steps involved are common across firms and do not require the amount of rebuilding involved in a DIY solution. Similar to Entity Management's data configurability to close the gap, Decision Management's configurable workflow enables firms to arrive at production system more quickly than if the same system were configured on top of general-purpose workflow tooling.

A firm will need to combine the following core components in order to successfully recreate Decision Management in a DIY assembly:

DIY Component	Purpose
Master Data Management	Store company and person data records, including current and pending client relationships, service engagements, restrictions, and KYC data.
Workflow Management	Enables responses to discrete forms in parallel and in sequence to resolve decisions on client acceptance, conflicts and services authorization. Also enables automatic routing by detected risk.
Questionnaire Form Management	Enable the firm to define unique questioning by service line, client classification, and by level of risk.
Notifications – Email Server	Supports the delivery of thousands of email notifications to partners and practitioners.
Routing Rules Engine	Defines the desired business logic behind automated workflow routing and notifications.
Business Analytics and Reporting	Summarize progress across decisions, gain insights on rejection rates, and provide reporting to the business.
Application Integration	Streamline integration needs between each component system to communicate through one common channel instead of independent communication between each component. Also required to pull in sanctions and AML / KYC data from third party sources.
User Interface	Combine the workflow management and form response data into one common user interface to maximize system efficiency.

DECISION MANAGEMENT

	Yes	No
Competitive Advantage & Growth		
Does the risk or regulatory system lead to a material competitive advantage for your firm?		
Does your firm require ownership of the intellectual property of the system for resell to its clients?		
If you selected Yes to either of the above questions, DIY is likely the best option. Otherwise, Buy is selected for "Competitive Advantage & Growth".		
Skillset		
Does your firm have the requisite and available subject matter expertise related to risk and regulatory matters to assign long term to the system?		
Does your firm have software development resources to commit to the assembly, extension, and customization of the system?		
Is software development practices a core competency of your firm with high maturity as evidenced by industry standards like ISACA CMMI?		
If you selected Yes to each of the above questions, DIY is selected for "Skillset". Otherwise, Buy is selected for "Skillset".		
Financial Cost		
Does your firm expect little to no change required of the system over the next 5 years?		
Does your firm have a financial commitment to maintain and enhance the system in the following years? (component upgrades, re-integration, security, etc.)		
Are most component systems to DIY already licensed?		
If you selected Yes to each of the above questions, DIY is selected for "Financial Cost". Otherwise, Buy is selected for "Financial Cost".		
Timeline		
Are the scheduling deadlines for the system's operation all internal to the firm?		
Does the firm have a backup system or process in place to avoid regulatory enforcement action?		
If you selected Yes to both of the above questions, DIY is selected for "Timeline". Otherwise, Buy is selected for "Timeline".		
Common Problem & Solution		
Is there value to create a system yourself instead of leveraging a system available to be configured in the market?		
If you selected Yes to the above question, DIY is selected for "Common Problem & Solution". Otherwise, Buy is selected for "Common Problem & Solution".		

Now, let's use the table below to summarize your results.

Area	Conclusion
Competitive Advantage & Growth	*<DIY or Buy>*
Skillset	*<DIY or Buy>*
Financial Cost	*<DIY or Buy>*
Timeline	*<DIY or Buy>*
Common Problem & Solution	*<DIY or Buy>*

In order to assemble a DIY client acceptance system, a firm will need to focus primarily on workflow configuration tooling and several data integrations. Client acceptance at its core is a risk based decision with many unique data points about business relationships, scope of services, sanctions, affiliate relationships, and more. This data is rarely all together in one place for a firm to process acceptance decisions before such a system exists. Data sourcing will need to be done regardless of the path chosen, but the cost of developing and implementing integration between sources is where cost disparity will come up.

To put this analysis into action for your firm, use the above checklist to test your decision making and confirm if you are better off deciding to buy or DIY a Decision Management system.

Contact our team today to run through the Buy vs. DIY analysis with your firm.

KINGLAND

Tony Brownlee
President, Chief Revenue Officer
Tony.Brownlee@Kingland.com

KINGLAND

Jesse Sommerfeld
Senior Product Manager
Jesse.Sommerfeld@Kingland.com

KINGLAND

Alex Olson
Executive Vice President
Alex.Olson@Kingland.com

KINGLAND

Colin Ward
Industry Specialist
Colin.Ward@Kingland.com

KINGLAND

Matt Good
Senior Vice President
Matt.Good@Kingland.com

Learn more about industry
leading enterprise systems at

www.kingland.com