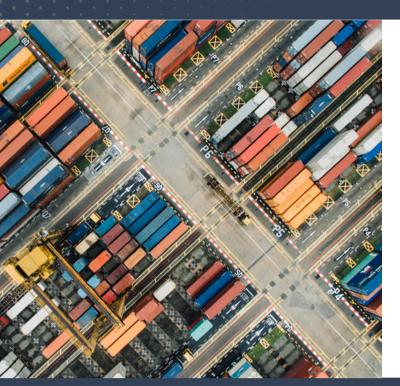# Build vs buy: TMS buying guide

Total cost of ownership of a transport management system

First-time transportation management system (TMS) buyers are often faced with a crucial decision: to build or to buy a TMS. It's a pivotal decision that maps your resources, funding, and personnel for the next 5-10 years. Before you decide, calculate the total cost of ownership (TCO) for each solution that accounts for direct and indirect costs.

Direct costs

Software build direct costs are often the upfront expenses for new purchases. Those expenses can include the initial hardware or cloud-computing, subscription or licensing, administrative or project management personnel, implementation, consulting, and software education & training.

Indirect costs

The less obvious expenses are often called indirect or hidden costs associated with maintenance.

Indirect costs can include:

Ongoing maintenance and support required to keep the software secure, usable, and current

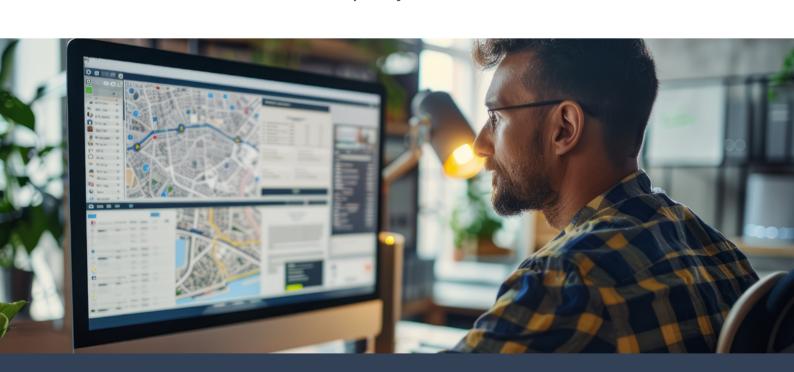Software productivity downtime costs when the inevitable outage strikes

Continuous training and education for new employees and customers

Recruiting and hiring resources to employ key staff members

Lost opportunity analysis when resources and staff are diverted away from the core competency

If you're not diligent about calculating TCO, indirect costs will deteriorate your ROI and diminish your customer sentiment along the way. TCO is one of the primary reasons for the dramatic market shift away from on-premises solutions to cloud-based, software-as-a-service (SaaS) solutions. Scrap the build and buy a configurable TMS that's engineered to grow with your business and integrate with existing systems.

Read our eBook, TMS journey buying guide, to establish the best path to TMS purchase.

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