

Consolidated Audit Trail (CAT) resurrects the age-old question ‘Build vs. Buy?’

by Alex Rabaev | Oct 11, 2019

Well, like any other complicated problem there isn't a 'one size fits all' answer. Multiple variables will be at the heart of your decision making, including your firm's scope, long-term strategy, maintenance, etc. Hopefully below will give your firm some guidance on things to consider making the right strategic decision.

Case for working with a dependable vendor:

Price: Your budget will likely be a #1 driver. Cost that will be associated with building an in-house solution will likely far exceed a pre-determined solution. Depending on your size, it may be economical to give up convenience of proprietary built vs. out of the box solution.

Time: Conforming with expected regulatory timelines is critical, both from reputational standpoint and having to avoid a potential regulatory fine/action. Possibility of slippage is a reason enough for you to consider a vendor solution.

Industry knowledge: SME knowledge is not replaceable, but where proficiency is lacking utilizing a vendor may be optimal way to go to market. A reputable vendor will ensure the solution aligns to the actual rule and regulator's expectations.

Scale: Overtime the vendor will receive continuous feedback as it relates to the solution, and economies of scale will dictate that their solution will continue to improve and serve your broader needs.

Reasons to consider looking to internal solution:

Accountability: Don't confuse 'service offering' that meets your needs with your obligations. Just because you are utilizing a given solution that seems to 'work', it doesn't alleviate your overall responsibility for the accuracy of the reporting. 'Safety in numbers' will not work when external audit is conducted.

Ongoing maintenance: Going with a vendor is never truly 'plug n' play'. You will have to ensure you implement and deploy the solution. Involvement and scope will depend on size/needs of your firm.

Limitations: You will find yourself locked into the solution and proposal that aims to address broader needs but may not be customizable to your specific business and overtime may generate unwanted limitations which will be difficult to overcome.

Cost: up-front price may be attractive but consider the longevity and ongoing dependability. Price point shouldn't be limited to 'go-to-market' mentally.

In Conclusion

Overall, in-house built is not replaceable, but it may be more practical to consider outside solutions. The decision is never one dimensional and never in the moment, as it will transcend scope and time. Your decision should balance practical short-term considerations and long-term strategy/vision.