Buy/Partner/Make Analysis  
for

*Product Name*

**By**  
***Author's Name*  
Product Manager: *Name***

Important Note: The Buy, Partner, or Make Analysis contains analysis and other proprietary information. This document is to be used internally only and should never be saved without a password implemented or encryption.

This work is licensed by Ashley Eckhoff under the Creative Commons Attribution-ShareAlike 3.0 Unported License. To view a copy of this license, visit <http://creativecommons.org/licenses/by-sa/3.0/>.

ttp://i.creativecommons.org/l/by-sa/3.0/88x31.png

|  |
| --- |
| Template History |

If you edit the template, please add the date, your name, and a description of the change here. Remember that by using this template, you agree to provide any useful changes to the user community. By giving back, we make the entire Product Management community better.

|  |  |  |  |
| --- | --- | --- | --- |
| **Rev. #** | **Date of change** | **Name of person making change** | **Description of Change** |
| 1.0 | 27-JAN-13 | Ashley Eckhoff | Initial public release. |
| 2.0 |  |  |  |
| 3.0 |  |  |  |
| 4.0 |  |  |  |
| 5.0 |  |  |  |

|  |
| --- |
| Revision History |

|  |  |  |  |
| --- | --- | --- | --- |
| **Rev. #** | **Date of change** | **Name of person making change** | **Description of Change** |
| 1.0 |  |  |  |
| 2.0 |  |  |  |
| 3.0 |  |  |  |
| 4.0 |  |  |  |
| 5.0 |  |  |  |

*Note: Replace or delete any text in blue in this document. You will also want to delete this comment as well.*

|  |
| --- |
| Table of Contents |

1 Introduction 4

2 Decision Criteria 5

3 Associated Enhancements & Problems 5

4 Buy/Purchase Analysis 6

4.1 Potential Purchase Overview 6

4.2 Brief Description of Product 6

4.3 Product Details 6

4.4 Possible Deal Details 7

4.5 Purchase Cost Estimates 7

4.6 Purchase Conclusion 7

5 Partnership Analysis 8

5.1 Potential Partner Overview 8

5.2 Brief Description of Partner’s Business 8

5.3 Partnership Responsibilities 8

5.4 Competitive Evaluation 8

5.5 Partnership Value Proposition 8

5.6 Investment 8

5.7 Marketing Benefits/Costs 9

5.8 Sales Benefits/Costs 9

5.9 Contract & Licensing Parameters 9

5.10 Partnership Cost Estimates 10

5.11 Partnership Conclusion 10

6 Effort Required to Build “From Scratch” 11

6.1 Development Details 11

6.2 Development Cost Estimate 11

6.3 Build Conclusion 11

7 Final Recommendation 12

Appendix A: Glossary of Terms and Definitions 13

Appendix B: Bibliography 13

|  |
| --- |
| Introduction |

*The introduction should describe the need and the expected resolution. Basically, you just want to answer a bunch of background questions here.*

*What is missing from your product and why do you need it?*

*Why is it not obvious whether you should buy, partner, or make the solution?*

*Will this be an entirely new product, or is it an addition of capabilities to an existing product?*

*Does a customer drive this activity? Is it strategic? Is it needed for some specific functionality?*

*Will this allow you to enter a new vertical market, or make inroads into a new geographic area?*

*Basically, just summarize all of the details below as succinctly and clearly as possible.*

*This introduction should be a page or less.*

|  |
| --- |
| Decision Criteria |

*This is a section to list the criteria that you would like or need to meet by buying, partnering, or building the solution. The ID is simply a unique number that allows you to refer to the criteria later by shorthand. These criteria are basically the list of needs that you hope your Buy, Partner, Make decision will service. The description should briefly describe the need. The Urgency should be one of “Must Have”, “Need”, “Want”, or “Optional”. Later, you will decide how many of these criteria each of your various options meets.*

|  |  |  |
| --- | --- | --- |
| **Criteria ID** | **Criteria Description** | **Urgency** |
| C1 |  | MUST HAVE |
| C2 |  | Need |
| C3 |  | Want |
| C4 |  | Optional |
| C5 |  |  |

|  |
| --- |
| Associated Enhancements & Problems |

*List any existing Enhancement Requests or Problem Reports associated with this issue that the buy, partner, make decision might address.*

|  |  |  |  |
| --- | --- | --- | --- |
| **ER/PR Number** | **ER or PR** | **Description** | **Customer** |
| 000755 | ER | Move widget X to UI dialog Y | Acme |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

|  |
| --- |
| Buy/Purchase Analysis |

*In this section you put together information about each system you might potentially purchase. This information can be used to defend a decision to purchase. It is possible that some of this information might not be available at this stage, but every bit of data helps make the end decision easier and more defendable. This section should be copied and filled-out for each potential piece of software you might purchase.*

## Potential Purchase Overview

**Company Name:**

**Headquarters Location:**

**Number of other major offices:**

**Company Contact Name:**

**Contact E-mail:**

**Contact Phone:**

**Company/Product Website:**

**Company Status: [Privately Owned/Public/Non-Profit]**

**Company Revenue:**

**# Employees:**

**# Customers:**

**Years in operation:**

**Purchase Level:**  Purchase Product  Purchase Entire Company or Division

## Brief Description of Product

*What does the product do?*

*What makes it unique?*

*Who are its competitors?*

*What kind of market share does it have?*

*Would you be purchasing it to get access to code or algorithms, a library, the customer base, patents, or special functionality?*

## Product Details

**Product is:**  Library  Stand-alone Product

**What language was the product written in?**

ANSI C  C++  Java  VB.Net  C#  Other:

**What OS platforms does the product operate on?**

Windows  Linux  OSX  iOS  Android  Other:

**What languages are supported in the UI?**

English  Spanish  French  Chinese  Japanese  Other:

**What languages are supported in the documentation?**

English  Spanish  French  Chinese  Japanese  Other:

**Product Asking Price:** *How much do they ask for the product? Do they discount?*

**Is their asking Price Negotiable:**  Yes  No

**Is the software patented:**  Yes  No

**If yes, list patent numbers:**

**Product Install Base:** *How many licenses of the product have been sold?*

**Expected license erosion percentage from purchase:** *What percentage of the purchased product’s customers do you expect to lose due to the purchase?*

## Possible Deal Details

**Would you expect to have access to the underlying code:**  Yes  No

**Are you part of their partner program, if one exists:**  Yes  No

**Are they part of your partnership program?**  Yes  No

**Purchase Type:**

One-time Fee  Annual Fee  Per License Royalty  Sales Percentage

**Purchase Price:** *$ amount for fees or % for royalty or sales percentage.*

**Maintenance Price:** *Can be 0 if no associated maintenance fee.*

**Will the supplier provide maintenance:**  Yes  No  For a Fee:

**Is documentation provided:**  Yes  No

**Do you expect to have exclusive usage rights:**  Yes  No  Limited duration:

**Do you expect to re-sell purchased software as a stand-alone product:**  Yes  No

## Purchase Cost Estimates

*What are the costs you expect to incur due to the purchase and integration of the company or product?*

**Cost for legal:**

**Cost to integrate:**

**Cost to document:**

**Cost to test:**

**Cost to localize:** *Can be 0 if no localization required*

**Has a full development cost analysis been completed:**  Yes  No *(I’m assuming here that your company has some sort of standard procedure for estimating development costs. This is just stating whether or not a full analysis has been done.)*

**Confidence in estimates:**  High  Medium  Low

## Purchase Conclusion

**Criteria met:** *From above - C1, C2, etc.*

**Criteria not met:** *C3, C4, etc.*

**Do you recommend purchasing this software?**  Yes  No

|  |
| --- |
| Partnership Analysis |

*In this section you gather up information about each potential partner. Some of this information might not be available at this stage, but as I stated before, every bit of data helps make the end decision easier and more defendable. Again, this section should be copied and filled-out for each partner you are evaluating.*

## Potential Partner Overview

**Partner Name:**

**Headquarters Location:**

**Number of other major offices:**

**Partner Contact:**

**Contact E-mail:**

**Contact Phone:**

**Partner Website:**

**Company Status: [Privately Owned/Public/Non-Profit/Educational Institution]**

**Company Revenue:**

**# Employees:**

**# Customers:**

**Years in operation:**

## Brief Description of Partner’s Business

*Which of the partner’s products would you be integrating? What does the product do? How does it do it? What makes it unique? Who are its competitors? What kind of market share does it have?*

## Partnership Responsibilities

*Who does the development, you, them, both? Who sells the end product? Who supports the end product?*

## Competitive Evaluation

*Do you compete with this partner? If so, where?*

## Partnership Value Proposition

*Can you sell to the partner’s installed base?*

*Can you collect royalties?*

*Can you expand your own installed base?*

*Can you expand into new markets?*

*Does the partnership bring any other value outside of the actual product?*

## Investment

*Here you document what your possible investment in the partnership may be. What will you need to provide (outside of the actual development) to make the partnership a success?*

**Will you need to provide co-marketing dollars:**  Yes  No Amount:

**Will the partner get access to your sales pipeline:**  Yes  No

## Marketing Benefits/Costs

*What benefits might you get from this partnership on the marketing side?*

*What marketing costs might you incur?*

*Will there be press releases?*

*Will there be analyst events?*

*Will there be articles written for trade press and publications?*

*Do you expect co-marketing opportunities tradeshows? User groups?*

*Do you anticipate the partner will be willing to cross-promote our products?*

*Should they be listed on your website? Do you expect to be listed on theirs?*

## Sales Benefits/Costs

*What type of Sales Agreement do you anticipate? Standard Fee? Royalty?*

*What do you expect the amount of that fee or royalty to be?*

*Estimate of fee and royalty revenue:*

*Estimate of Annual Sales:*

**Joint sales opportunities**

|  |  |
| --- | --- |
| **Customer Name** | **Expected Timing** |
|  |  |
|  |  |
|  |  |
|  |  |

**Sales Channel**

*How will this partnership impact your sales channel?*

*Will you sell the product with direct Sales? Through vendors?*

*Will you sell our products independently?*

*Will you cross-sell our products together?*

**Benefits**

*Do you expect to have access to their sales pipeline?*

*Do you expect that partner will be able to provide new sales leads?*

**Pull-through revenue** *(How much more will you sell because of partnership?)*

|  |  |
| --- | --- |
| **Product** | **Expected Pull-through Revenue** |
|  |  |
|  |  |
|  |  |
|  |  |

## Contract & Licensing Parameters

**Would you be selling the partner’s applications and paying outgoing royalties (OEM)?**

*(Yes or No)*

**Would partner need copies of your software/products?** *Yes, or no.**If yes, please list product(s)/ area(s) and purpose (Demos, testing, etc.)*

**What would the plans be to expand this partnership over time?**

*Would you expect to add additional products?*

*Would partner expect to develop future applications against your products?*

*Would you expect to expand into new geographies?*

## Partnership Cost Estimates

**Cost for legal:**

**Cost to integrate:**

**Cost to document:**

**Cost to test:**

**Has a full development cost analysis been completed:**  Yes  No

**Confidence in estimates:**  High  Medium  Low

## Partnership Conclusion

**Criteria met:** *From above - C1, C2, etc.*

**Criteria not met:** *C3, C4, etc.*

**Do you recommend partnering with this company?**  Yes  No

# 

|  |
| --- |
| Effort Required to Build “From Scratch” |

## Development Details

**Do you have the people you need in place to design this solution:**  Yes  No

**If no, how many do you expect to need to hire:**

**Do you expect those hires to be US hires or foreign:**  US  Low Cost Geography

**What development group do you expect to do the work:**

## Development Cost Estimate

**Cost to develop:**

**Cost to document:**

**Cost to test:**

**Cost to localize:**

**Cost to integrate with other products:**  *Can be 0 if no extra integration required*

**Has a full development cost analysis been completed:**  Yes  No

**Confidence in estimates:**  High  Medium  Low

## Build Conclusion

**Criteria met:** *From above - C1, C2, etc.*

**Criteria not met:** *C3, C4, etc.*

**Do you recommend developing this software ourselves?**  Yes  No

|  |
| --- |
| Final Recommendation |

**Buy**  **Partner**  **Make**

*Give the final recommendation. Summarize the reasons why this is the right choice. Give the reasons why the other options are the wrong choice. Possibly describe your “Plan B” if this choice doesn’t work out. This summary should be a page or less.*

|  |
| --- |
| 1. Glossary of Terms and Definitions |

*Definitions of any nonstandard terms, etc. should be defined here. Make sure to document any acronyms you use above. Please do not assume that everyone knows what an acronym means.*

|  |
| --- |
| 1. Bibliography |

*Links to any relevant sources go here. These could be magazines, webpages, books, news sources, white papers, reports, etc. These might be repeated from above, but this just localizes them in one place for easy reference.*