


EBOOK

# Customer AI: Should We Build or Buy?

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We are often asked to help with decisions about the best way to resource a Customer AI project. Here are a set of guidelines to help business leaders understand the relevant factors and make the best choice based on your goals, timeline, and project specifics. We've also provided a list of recent research for additional insights into what sets apart successful enterprise AI projects today.

# Contents

- Does this AI solution directly contribute to your company's primary products or services? [4](#)
- How will this solution give you a competitive advantage in the market? [5](#)
- How quickly do you want to deliver financial impact? [6](#)
- What is your risk if the work is not completed or not successful when you need it? [7](#)
- Do you have the right expertise and resources needed in-house? [8](#)
- Resources for further information [10](#)

## Core to Business

Does this AI solution directly contribute to your company's primary products or services?

### **Build if**

The solution is central to your company's core offerings and unique value proposition.

### **Buy if**

The solution is not something your company will sell and is not central to product or service innovation. The challenges that Customer AI addresses, such as revenue growth identification, churn reduction, and customer experience improvement, are meaningful to business results, but not part of a company's actual solution portfolio. Most leaders want to avoid diverting development resources to a non-core project, especially when using internal resources makes project outcomes uncertain.

“Artificial intelligence (AI projects) have an alarming failure rate. A recent Deloitte investigation finds that only 18% - 36% of organizations achieve their expected benefits from AI and that 87% of AI projects never make it into production.”

Robert Cooper  
DeGroote School of Business, McMaster University

## Role in Value Proposition

How will this solution give you a competitive advantage in the market?

### **Build if**

The solution is central to your company's core offerings and unique value proposition, and you will need intellectual property or other protections.

### **Buy if**

Packaged, scalable solutions are available, and your needs align with industry standards. AI solutions exist today for most go-to-market challenges, such as revenue growth and account opportunity identification, churn reduction, customer experience improvement, and service delivery improvement. They can be deployed quickly and cost effectively, and they have been proven to deliver near-term impact.

“The fundamental expectations of a seller’s role—building trust-based relationships, finding opportunities to create value for customers, and creating experiences that minimize friction—have remained constant over time. What’s new are the tools available to help sellers become more productive, especially with the rapid emergence of generative AI (gen AI) in recent years. McKinsey estimated that gen AI could open up an incremental \$0.8 trillion to \$1.2 trillion in productivity across sales and marketing”

McKinsey & Company

An unconstrained future: How generative AI could reshape B2B sales

## Timeline for Impact

### How quickly do you want to deliver financial impact?

#### **Build if**

You have ample time for development, patience for a learning curve, and the project is a long-term strategic investment that only resources from your company can deliver.

#### **Buy if**

You want to reach financial or other business goals in the near term. Application providers speed time to impact because they deliver what you want with proven success and scalability. Often, solutions can be tested and deployed in time to impact quarterly numbers. AI models from applications providers attain a high degree of accuracy so leaders can have immediate confidence in the results.

Outside providers also help you avoid mistakes and delays. They work with multiple customers and have a path to success that is always being improved, and AI models that are continuously learning. It's easier to get budget allocated when the outcome and impact are easy for all stakeholders to see and understand.

#### **Typical Scenarios for Build vs. Buy Decisions**

- **Build:** Developing a proprietary AI-driven product feature that will be sold to your customers
- **Buy:** Use AI-powered customer analytics to identify what causes customers to churn and what parts of the customer journey need the most improvement to improve retention
- **Build:** Create a custom AI algorithm for unique financial risk assessment to be sold to customers as a service
- **Buy:** Adopt an off-the-shelf AI solution for ideal customer profile definition based on actual customer revenue potential, and mapping that profile to target accounts to focus sales efforts

## Risk Tolerance

What is your risk if the work is not completed or not successful when you need it?

### **Build if**

It's a "bet the company" investment critical to future success. Leadership, boards, and investors may be more understanding about unexpected resource demands, including money, people, and time, when the outcome is central to the business's future.

### **Buy if**

The unfortunate reality is that internal AI projects often end in failure. This is an avoidable outcome when the right decisions are made about how to do the work. When established solutions exist, there is no benefit to investing time and money for an uncertain outcome. In fact, the bigger risk is slow delivery, when more time could mean lost revenue or missed retention goals.

“The clock is ticking for organizations to create significant and sustained value through their Generative AI initiatives. Promising pilots have led to more investments, escalating expectations and new challenges. During this pivotal phase, C-suites and boards are beginning to look for returns on investment. There is a chance that their interest in Generative AI could wane if initiatives don't pay off as much, or as soon, as expected.”

Deloitte Q3 2024 Report  
The State of Generative AI in the Enterprise

## Resource Availability

Do you have the right expertise and resources needed in-house?

### Build if

You have a skilled team with AI experience who are available to do the work, including specific expertise in the domain you need, and you have budget for a long-term project. Make sure to consider if the team will know how to interpret the output of the AI work into business-audience ready insights. Also confirm that your current technology and data infrastructure is sufficient to deliver the work. Don't forget to factor in the cost of ongoing application support and maintenance.

### Buy if

You don't have an internal team with the right skills, tools, and/or availability to meet your goals on time and at a reasonable cost. An outside provider helps you stick to your budget and deadline because they have done the work multiple times with a range of companies and have defined best practices. A provider also knows how to visualize and communicate insights to customer-facing teams.

“The ability of companies to achieve their data and AI vision by 2030 will rely substantially on leadership. To date, the story on this score has been a bit of a mixed bag. Only half of chief data and analytics officers, for example, feel they are able to drive innovation using data. Even high-performing companies struggle. Seventy percent of these organizations report difficulties, for instance, in developing processes for data governance and integrating data into AI models quickly.”

McKinsey & Company

Charting a Path to the Data- and AI-driven Enterprise of 2030



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# Conclusion

## **Benefits of Building**

- More control over development for mission-critical solution development
- Potential for a unique competitive advantage from new offerings
- Ownership of intellectual property

## **Benefits of Buying**

- Faster implementation and quicker time to ROI
- Access to established best practices and industry expertise
- Reduced risk of project failure
- Lower upfront costs and predictable ongoing expenses
- Regular updates and improvements from the provider
- Access to benchmarks and insights from other customers with similar challenges

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## Resources for Further Information

Want to know more about what helps AI projects succeed? Here are reports that provide useful information for leaders who want to stay informed and help their teams deliver successful outcomes.

Robert Cooper: Why AI projects fail: Lessons from new product development

<https://www.linkedin.com/pulse/why-ai-projects-fail-lessons-from-new-product-dr-robert-g-cooper-yrfoe/>

Deloitte Q3 2024 Report: The State of Generative AI in the Enterprise

<https://www2.deloitte.com/us/en/pages/consulting/articles/state-of-generative-ai-in-enterprise.html>

McKinsey & Company: An unconstrained future: How generative AI could reshape B2B sales

<https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/an-unconstrained-future-how-generative-ai-could-reshape-b2b-sales>

McKinsey & Company: Charting a Path to the Data- and AI-driven Enterprise of 2030

<https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/charting-a-path-to-the-data-and-ai-driven-enterprise-of-2030>

To learn more about Customer AI, visit <https://www.ocxcognition.com>

Access customer examples, videos from customer analytics experts, and more information on how the application of AI to customer analytics can accelerate a company's ability to deliver profitable revenue.

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