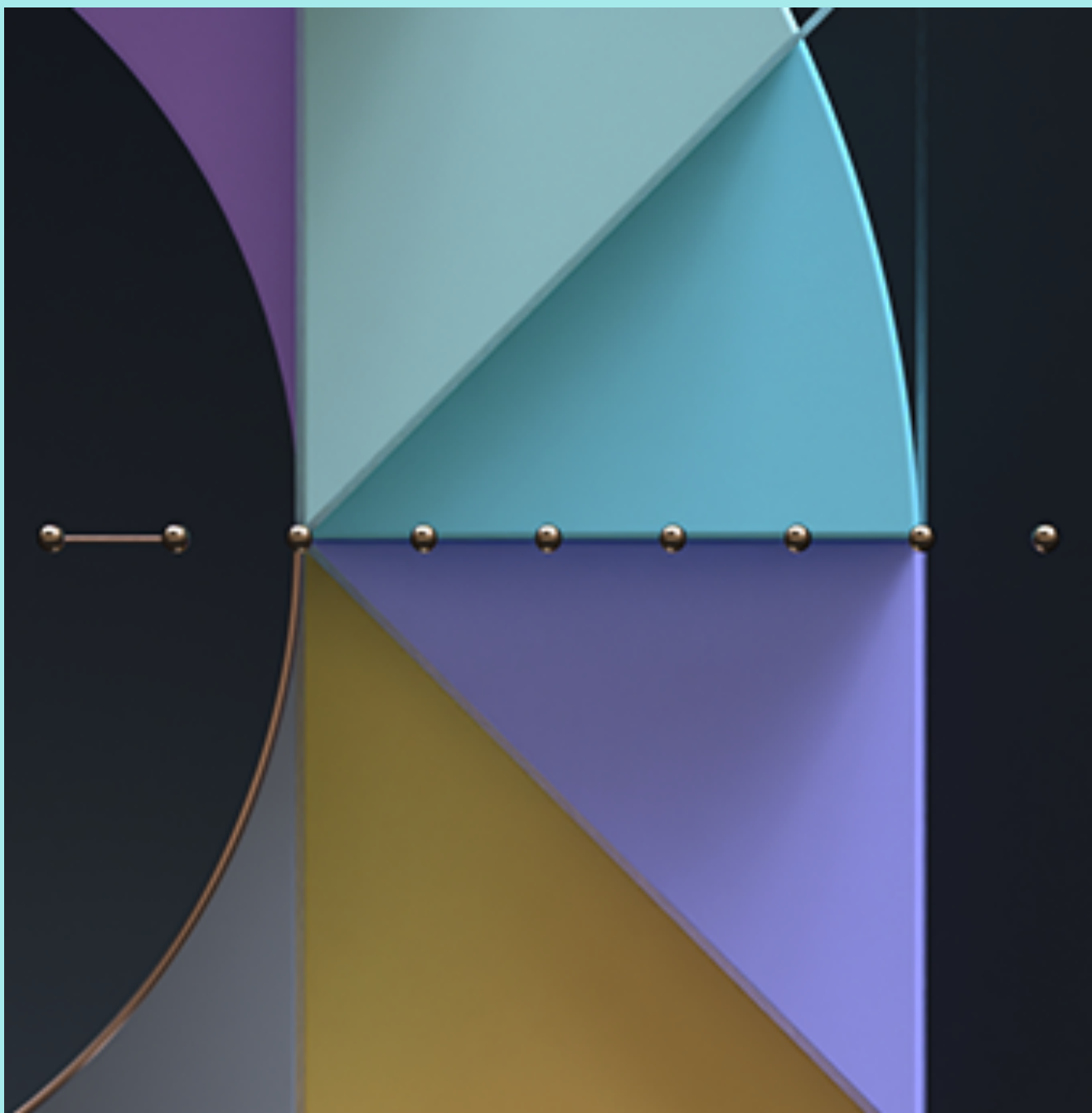# Conversational AI: When to Build and When to Buy

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Conversational Ai: When to Build and When to Buy

Know when to partner with an automation vendor and when to customize and build yourself.

Conversational AI—the foundation of which is a robust conversational AI chatbot—has cemented its place as an essential strategy for enterprises looking to stand out in their industry and grow into the future

The decision to build or buy a conversational AI solution can be a hard one for enterprises. While it might seem that investing in building a custom solution with tools such as IBM Watson, Google Dialogflow, or Salesforce Einstein will do a better job at addressing your business's unique needs, it also comes with a host of pitfalls including higher maintenance costs, longer timelines, and lower ROI.

It's no wonder that 90% of DIY conversational platforms fail within 6 months to one year.

This sheet will showcase the difference between building and buying a solution in terms of:

→ Total cost of ownership
→ Time to launch
→ ROI

Total cost of ownership

Which option is more economical to set up and maintain?

When thinking about the total costs associated with building a tool or buying one, it can be boiled down to people and tech. The main thing to keep in mind is building a conversational AI platform is a complex undertaking. To put things in perspective, Ada is a whole organization dedicated to just that. You'll need programmers, engineers, and data scientists familiar with machine learning and natural language processing. You'll also need project managers, QA testers, and training budgets set aside. Let's dive into what that looks like.

Build	Buy
People	**People**
10+ Developers/Engineers For Approximately 1 Year On Average 2 Conversational AI Full-Time Equivalents (FTEs) To Drive 1 QA Tester For Bugs, Stress Testing, And General Quality Assurance 2 Data Analytics FTEs To Build Out A Measurement Engine And Drive Insights From The Conversations 1 Project Manager To Capture Requirements, Drive Timelines, And See The Platform Through To Creation 1 Change Management Leader To Train The Escalation Agents And Implementation Team On How To Get Value Out Of The Product 1 Cybersecurity Officer To Manage Authentication, User Management, And Data Protection - And A Portion Of The Above For Ongoing Maintenance And Improvements	1 Product Owner / Bot Manager / ACX Manager 1 Dev Resource FTE Over The Fiscal Year For Any Custom Integration Work To Legacy Systems
Tech	**Tech**
- Cloud Computing Servers - Data Warehousing And Storage - Privacy And Security Auditing And Response Solutions	- Platform Subscription Fee - Incremental Usage Fees Aligned To Value

Takeaways

1. The upfront investment to build a customized solution is 10-20x that of a partner platform like Ada.

2. Aside from the higher financial cost, you should also consider the opportunity cost in a build solution. Think about what critical projects you'll be diverging resources from to build a conversational AI platform.

For example, will your recruitment team have to focus primarily on finding the talent to build out the team, or will you contract that out to an agency and pay big fees to keep your talent team focused on recruiting your core skill sets?

3. As tech changes so quickly and the CX landscape continues to evolve, the amount of resources required for a DIY solution to keep pace would require high investment every year

4. Enterprises can benefit from their partner platform's onboarding and education processes to train agents, leading to higher implementation success rates and better value for the business.

Time to launch

Which option can launch and help me see value faster?

With an investment as high-value as building a conversational AI platform, there are a number of time-consuming milestones between getting approval to work on a solution and rolling it out. At the very least, you'll need to identify the key stakeholders, gather the requirements for the solution, hire the team or create a task force in your existing departments, develop the solution, test and iterate to improve it, train the teams on using it, and finally roll it out.

Think about how much time each of those steps take, and what kind of effort is involved in the details of those steps as well.

How much time to recruit the talent if you don't have it in house? How many people are involved in the process? Once the team starts working, how much time will they need to ramp on internal processes?

A high stakes investment coupled with the hands-on difficulty of building a conversational platform lead to a process that takes 1-2 years on average to launch. The time to value is even longer.

On the other hand, Ada can get an enterprise client launched in less than 30 days, using automated onboarding and best practice guidance from Automated Customer Experience (ACX®) Consultants. Not only will this facilitate a faster launch, it will also help you get the most value as soon as possible.

The cost savings and revenue generation with a platform like Ada begin after a month, and customers typically generate a positive ROI well into their first year of the contract.

Takeaways

1. Building a conversation automation platform is both high stakes and difficult, requiring company-wide involvement and long development timelines.

2. You won't start seeing the value of a DIY solution for at least 2 years.

3. A conversational AI platform can help you launch and see results 12-15x faster.

ROI

Which options delivers better results?

When thinking about what ROI would look like for a conversational AI platform, first think about who's using it and for what purpose. Your automation platform should serve the needs of your sales, marketing, and support teams. Sales and marketing's goals would be automated lead generation and intelligent prospect triage, while support would be more interested in engagement and containment rates. All of this should factor into your ROI calculation.

First, in the 11-23 extra months it takes to build a solution, you're already missing out on cost savings and revenue you could have received with a partner. Second, after you've deployed, it takes a few additional months to achieve a 10-20% containment rate—which may fluctuate as tech and CX automation advancements outpace your internal team's ability to evolve the

Using Ada, our clients have
seen on average:

→ **30 days:** Achieve a 30% containment rate and a 10% lift in lead generation

→ **180 days:** Achieve 60% containment rate and 2x engagement with customers

Here's an example of what those numbers might look like for an enterprise with 300K interactions per year:

1/3 of 300K interactions = 100K interactions

100K interactions x $5 (average cost per interaction) = $500K

That's $500K in cost savings for a small deployment in 1 year, and a pretty pessimistic outlook at that, where the containment rate remains stagnant at around 30% for the entire year—which is not usually the case. Our clients consistently see a 70% containment rate in their first 3 months of deployment.

In terms of lead generation, Ada's conversational AI intelligently generates leads and routes the highest priority prospects to the right people at the right time. This bumps up your web conversion rate by at least 10% in the first 30 days. If typical revenue from web conversion is $10 million, that's a total $1.5 million missed opportunity per year, in both revenue and sunk costs.

Takeaways

1. Longer development times for a custom built solution means you'll be missing out on a year's worth of savings that you would get with an automation partner.

2. If you're only building a solution to automate FAQ and support tickets, you're missing out on revenue from automating lead generation as well.

3. Partnering with a conversational AI platform with a proven track record leads is better assurance for your ROI.

4. Partnering with Ada is the fastest way to recoup your automation investments and see their value.

Other considerations

Which option is more flexible? Which option has better longevity?

Considering the size of the investment you're putting on building a conversational AI solution, you have to think strategically about how it's being used, what ecosystems it's being developed for, and what would happen should those ecosystems change. For example, if you ever elect to change your CRM or Live Chat solution, your DIY tool cannot evolve with the rest of your tech strategy. Changing the integrations you have custom-built will take months of effort for your dev team and disrupt the representation of your brand: your chatbot.

And it doesn't even need to be big decisions like that. For example, if you want to introduce new integrations to automate different parts of your CX strategy, your development and engineering teams will need to manually set up those integrations, test them, and deploy them.

On the other hand, partnering with a platform that has no-code, out-of-the-box integrations offers you the flexibility to pivot when you need to with very little downtime. You can make the strategic decision to switch CRM providers with less than 1 hour of your dev's time and no impact to your customers who are trying to interact with you.

You can also benefit from a whole host of integrations—such as calendar, data enrichment, payment, and social messaging integrations—that can be turned on with a simple click of a button.

In fact, the right integrations can be integral to boosting conversions and increasing revenue; seamless integration of your tech stack at various stages of the funnel can enhance your customer profile, allowing you to offer a more personalized experience that drives conversion.

Integrations also allow sales, marketing, and support teams to coexist in one experience, offering a unified CX across the entire customer journey, and at each individual touchpoint.

Is there ever a valid reason to build a conversational AI platform? There is, if you truly believe that every single component of the solution needs to be customized to your business—where you have no APIs available to internal solutions, a nomenclature unrecognizable by an NLU partner, and you have endless developers who have no other backlog of projects to support.

Does that sound like you? Probably not.

Going with a "buy" solution that is enterprise-ready and partnering with the right platform will cost you less, be a lower load on your organization, get you to value faster, and have a better ROI.

Get in touch with Ada today.

Ada is the leading technology provider of Automated Brand Interactions, empowering the world's fastest growing companies, like Zoom, Facebook, and Square, with best-in-class solutions that deliver digital-first, omni-channel experiences at scale.

Fueling interactions between brands and the people who love them—prospective and loyal customers, stakeholders and employees—Ada transforms reactive CX models into proactive, tailored profit generators that span the entire customer journey. For more information, visit www.ada.cx.

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