



# THE TOTAL COST OF SOFTWARE OWNERSHIP: Can You Afford to be Cheap?

We've heard it time and time again: economic times are tough. From start-ups to Fortune 500, companies of all shapes and sizes are searching for ways to control spending. If it's time for you to choose an affiliate tracking software platform, should you apply discount-shopping techniques?

Companies in all industries struggle with this dilemma. How much is too much – or too little – to spend? No one wants to spend money unnecessarily, but is it wise to trust a low-cost provider? Do you get what you pay for?

## Total Cost of Ownership

There are a wide variety of affiliate tracking solutions available which means that it is easy to become confused by the many factors that need to be considered, including the costs associated with each. Initial setup costs can range in price from zero up to thousands of dollars, but the key metric to consider is what is known as total cost of ownership (TCO).

TCO is a calculation designed to analyze the complete cost of an item throughout its lifecycle to determine the economic value of an investment. In addition to the initial purchase price, the TCO of any affiliate tracking solution includes expenses associated with data migration, reliability, security and training. It also includes long-term costs associated with scalability (or lack thereof), as well as the potential negative impacts of diminished performance and data recovery processes in the event of a system failure or outage.

## Look at the Big Picture

The selection process should begin by asking what functionality is needed to successfully run the business, what functions are mission-critical and which processes cause the most pain. Once a list of considerations has been assembled, they should be ranked by priority. The following questions will help determine if the software that seems to be a “really good price” is actually a good fit or not.

- **Can it be highly customized?** Look for a software platform that allows the integration and reinforcement of brand identity – this shouldn't just be accomplished by modifying the color scheme and adding a simple logo, but should provide true white-labeling with custom style sheets and 100 percent customizable interfaces.
- **How much flexibility is there?** Your software needs to work with your business processes – you shouldn't need to change your processes to fit the software. Look for flexible architecture and application programming interfaces

(APIs) that go beyond basic data queries. Additional tools such as open data layers and functionality layers will allow the manipulation of data – giving greater insight into business operations and opportunities that exist.

- **Does the software have advanced tracking technology?** Not all tracking methodologies fit every company or every situation. Look past cookie-based tracking and search for a solution that also offers server-to-server, multi-session and hybrid tracking technologies. The system should be stress tested and certified accurate at high volumes using various tracking technologies.
- **What fraud prevention components are included?** Fraud can ruin a business. Check that any software solution has advanced affiliate fraud management tools to safeguard your investment. Effective components could include: comprehensive third-party background information, real-time fraud trending alerts on real-world data, affiliate quality scoring, and thorough fraud-specific, drill-down reporting capabilities.
- **Can this software grow as the company grows?** Don't just select a vendor that fits today's needs. Look down the road at whether the solution can effectively manage a growing business in the long-term. Choose a scalable solution that is proven to scale without technical barriers as traffic volumes and revenues increase. Also, seek out an established vendor with deep domain expertise.
- **Is there reliable product support?** Confirm that the vendor has scalable support procedures in place. Small software solution-providers might provide the telephone number of their CEO, but it can be false security to have a company's entire revenue stream dependent upon a single point of failure such as a busy CEO.

## Last But Not Least, Evaluate the Cost

Remember, TCO is more than just the purchase price: it's the total ownership cost over time. What seems to be a great deal today can quickly go sour when faced with set up problems, skyrocketing training costs, server downtime and a lack of support. In the end, short-term decisions made solely on price may lead to long-term business regrets. [rp

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