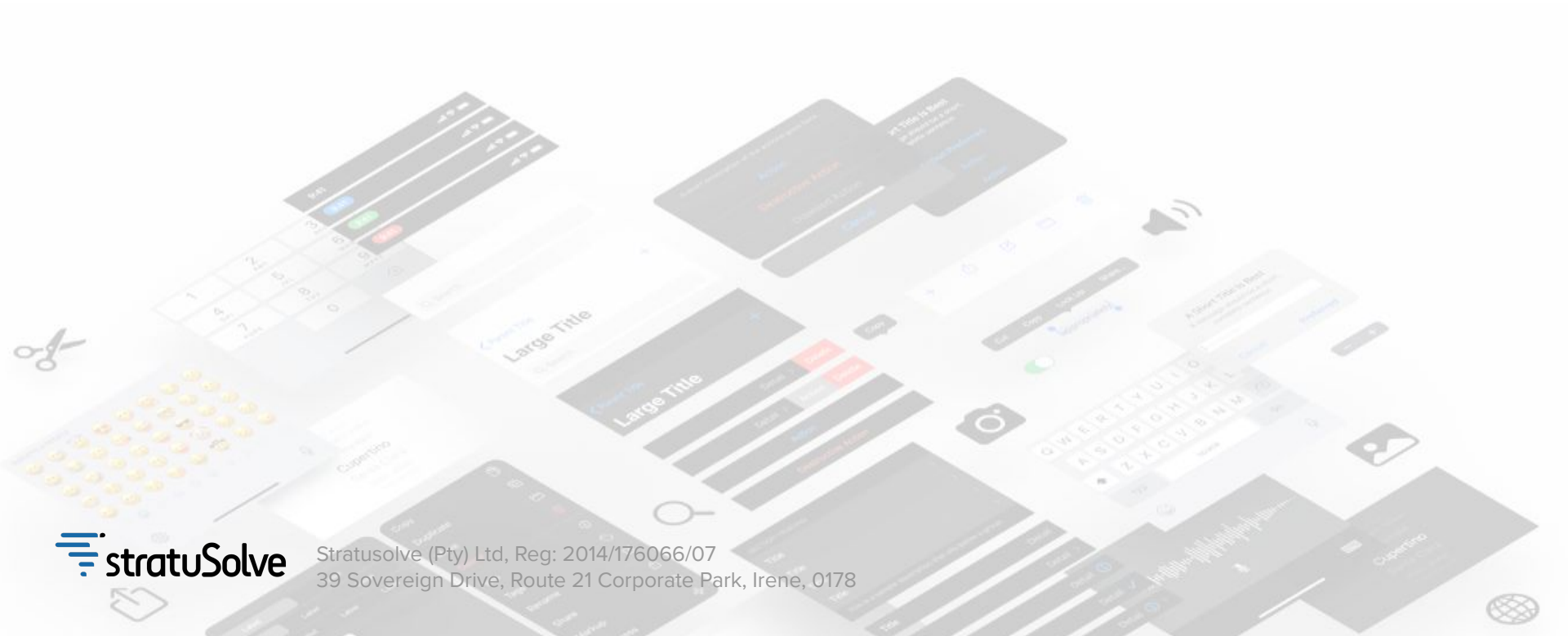


Value explanation & cost comparison for typical software development projects



What are you buying?

You are reading this whitepaper because you are either:

- considering investing in a custom-developed software solution that will fit your purposes, or
- you've realized that your business needs to transform in order to adopt a digital approach for its processes and innovations.

Custom software development is a challenging undertaking that can seem easier than it actually is. This is especially true if you have not been exposed to the reality of delivering such projects.

The reality of software development:

Most custom software projects fail, and for a variety of reasons, but the most common of these is long turnaround times.

Typical scenario:

You have an idea. You task a developer to build that idea. You only see how they interpreted your idea once they are done building it. This process costs a lot of money and you might have to go through it multiple times since the developer's interpretation might not have matched what you had envisioned. This can end up becoming too costly to justify continued development.

Benefits of a custom-developed software solution:

- You decide what functionality is important to you and whether it should be part of your product.
- You have the ability to **continually innovate** on an established base.
- You **own the intellectual property** that you create and have the option to onsell this as an additional revenue stream.

What are you buying?



Software development is **always a costly exercise**:

- You need to pay one or multiple software developers to build your product.
- **Your product is never finished** (unless it is decommissioned). No matter what you might be thinking, a software project will always need continued development.

The average software developer in South Africa earns around R35,000 to R80,000 per month.

With overheads, this translates to an estimated hourly cost of R420ph to R950ph.

This means that a small development team of only 2 intermediate developers will be charged at around R180,000 per month, if they worked on your project on a full-time basis.

Why is my product never finished?

- Innovation in the software space happens at a rapid pace. When your product is finally delivered, your competition might already be working on a new and improved version of it and you need to be able to stay ahead, or at least keep up.
- Once you start using your product you will naturally start to see and think of new features that will make it even better.
- Any software project will **always** require continued maintenance. As long as users make use of the product, they will find ways to break it that you haven't thought of.

Typical cost of custom-developed software



Typical **initial** development cost (Small team of 2 intermediate developers):

Project size	Estimated initial development cost
Small-sized projects (2 - 6 weeks of development)	Around R180,000
Medium-sized projects (2 - 4 months of development)	Around R540,000
Large-sized projects (6 - 18 months, or longer, of development)	Around R2,500,000

But, **ongoing development**, at least in the form of maintenance, **will always take place** after the initial development:

Project size	Estimated ongoing development cost
Small-sized projects	Can be estimated at 5% - 10% of the total monthly cost for the initial development per month at R9,000pm - R18,000pm
Medium-sized projects	Can be estimated at $\pm 10\%$ of the total monthly cost for the initial development per month at R25,000pm - R54,000pm
Large-sized projects	Can be estimated at a minimum of 10% of the total monthly cost for the initial development per month at >R250,000pm

*Estimates are indicative of development ONLY and exclude functions such as project planning, testing and deployment

Typical cost of custom-developed software



The estimated **total development cost** for typical project sizes **over 24 months**:

Project size	Estimated total development cost
Small-sized projects	R180k + (R14k x 23 months) = ±R500,000
Medium-sized projects	R540k + (R40k x 21 months) = ±R1,400,000
Large-sized projects	R2.5M + (R400k x 10 months) = ±R6,500,000

Why use a framework like Divblox?



Your custom software project is now **delivered in a 5th of the time** it would've taken with traditional tools and technologies.

Typical scenario:

You have an idea. Your developers now use a framework that is built to allow you to start seeing **results in days**.

This means that you can start providing feedback early on to reduce the inevitable mismatch between your vision and the developer's interpretation.

This potentially **saves a massive amount of development cost** by avoiding drawn out back-and-forth rebuilds.

Typical cost of a Divblox project



Typical **initial** development cost (Small team of 2 intermediate developers):

Project size	Estimated initial development cost
Small-sized projects (2 - 6 weeks of development)	Around R45,000
Medium-sized projects (2 - 4 months of development)	Around R180,000
Large-sized projects (6 - 18 months, or longer, of development)	Around R720,000

But, **ongoing development**, at least in the form of maintenance, **will always take place** after the initial development:

Project size	Estimated ongoing development cost
Small-sized projects	Can be estimated at 5% - 10% of the total monthly cost for the initial development per month at R2,250pm - R4,500pm
Medium-sized projects	Can be estimated at $\pm 10\%$ of the total monthly cost for the initial development per month at R9,000pm - R18,000pm
Large-sized projects	Can be estimated at a minimum of 10% of the total monthly cost for the initial development per month at >R72,000pm

*Estimates are indicative of development ONLY and exclude functions such as project planning, testing and deployment

Why use a framework like Divblox?



In order to use the Divblox framework and **gain a 5x development speed increase**, a license fee is introduced into the costing components.

This license fee is catered for your project size:

Project Size	Monthly Divblox license fee
Small-sized projects	R0 to R5,000 per month
Medium-sized projects	R2,500 to R15,000 per month
Large-sized projects	R10,000 to R200,000 per month

The estimated **total development cost** for typical project sizes **over 24 months**, without Divblox compared to with Divblox:

Project size	Estimated total cost WITHOUT Divblox	Estimated total cost WITH Divblox	Total estimated SAVING with Divblox
Small	±R500,000	$R45k + ((R3.6k + \sim R2K) \times 23 \text{ months}) = \pm R174,000$	$R500,000 - R174,000 = \pm R326,000, (\text{Or } \pm R14k \text{ pm})$
Medium	±R1,400,000	$R180k + ((R14k + \sim R10k) \times 22 \text{ months}) = \pm R700,000$	$R1,400,000 - R700,000 = \pm R700,000, (\text{Or } \pm R30k \text{ pm})$
Large	±R6,500,000	$R720k + ((R150k + \sim R40k) \times 20 \text{ months}) = \pm R4,500,000$	$R6,500,000 - R4,500,000 = \pm R2,000,000, (\text{Or } \pm R85k \text{ pm})$

*Estimates are indicative of development ONLY and exclude functions such as project planning, testing and deployment

Ready to do this?



If developing your own software solution is something that is important to you and/or your business, please reach out to us:

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