SINGLE-PROVIDER OR BEST-OF-BREED: WHICH APPROACH IS RIGHT FOR YOUR ORGANIZATION?

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Debates about a single-provider approach versus a best-of-breed tech stack have divided IT professionals for decades.

In recent years, the best-of-breed approach has grown more appealing to many businesses. A best-of-breed approach integrates solutions from various vendors to provide the best operational functionality for the business. When executed correctly, a best-of-breed approach gives businesses the flexibility to customize their tech stack to their specific needs.

However, a best-of-breed approach can also leave organizations with a collection of disparate service providers that have overlapping capabilities, which unnecessarily increases operational costs. The complexity of best-of-breed also makes it difficult for IT teams to integrate and manage disparate services without assistance.

On the other hand, a single-provider approach (or simply condensing the number of providers you work with) can be just as effective. Today's ERP systems feature components that are on par with best-of-breed applications and come pre-integrated, allowing for easier upgrades, fewer solution providers and more cost savings. Yet, a single-solution approach can sometimes limit the customization and flexibility of organizations' tech stacks.

Ultimately, it's important to weigh the advantages and disadvantages of both the best-of-breed and single-provider approaches. Each approach offers unique benefits and drawbacks, but both have the capacity to benefit your organization. To aid in your decision-making process, here are some additional factors to contemplate when determining which approach best aligns with your organization's specific requirements.

Is a single-provider approach right for you?
A single-provider approach may be the right solution if your organization is spending too much on the cloud and not seeing sufficient results. Organizations currently use just 56% of their SaaS licenses, impacting budgets in underutilized applications.

In contrast, a single-provider approach prioritizes fewer applications that align with business needs rather than many that perform similar functions. This more centralized approach helps streamline projects while preventing silos and bottlenecks.

Having fewer providers also helps when it comes to integrations. A provider that offers multiple applications has built integrations into the architecture ahead of time. This built-in integration means IT departments spend less time configuring new applications with existing systems and can devote their time to other responsibilities. And with fewer provider relationships to juggle, IT can troubleshoot issues faster and prevent avoidable malfunctions.

At the same time, a single-provider approach can make outages and security issues seem more impactful when they occur. This isn't related to the quality of the provider. It's simply logistical—fewer providers mean more mission-critical applications and processes are tied to each provider, so an issue on the provider's end results in a greater impact on your organization.

Vetting providers ahead of time can minimize risks related to a single-provider approach. Ensure that your potential provider understands the nuances of your industry and can offer consistent, timely support as you migrate mission-critical data and applications from existing systems into the new ERP.

When the implementation phase ends, continue to strengthen your relationship over time through consistent meetings and communication. A strong relationship will prove vital when issues arise.

Is a best-of-breed approach right for you?
There's a reason why many organizations have gravitated toward the best-of-breed approach in the past. When executed properly, a best-of-breed approach enables IT leaders' greater flexibility and personalization as they build out their tech stack strategy.

For example, suppose you're looking to integrate new solutions for HR and finance. A single provider may have an HR solution that's a perfect fit, but their finance solution may fall short of your requirements. In this situation, you would have to settle and make do with a less-than-optimal finance solution.

But with a best-of-breed approach, you're free to pick and choose the individual solutions that are right for each practice area. And with best-of-breed solutions generally having higher implementation costs, the risk of locking yourself into your chosen solutions is minimized.

During a cybersecurity incident, reducing the downtime of mission-critical applications is crucial. With this approach, these applications might be spread out across a wider attack surface such as multiple clouds, reducing the impact of a single outage.

However, there are potential downsides to consider. A best-of-breed approach means your organization might be more vulnerable to integration issues and security exposures. The average large organization now employs 130 SaaS applications, making integrations highly complex.

With many IT budgets under pressure, some organizations lack the bandwidth to integrate and manage disparate services. Poor integration leads to a lack of visibility, which can negate the security benefits of this approach.

No matter which approach you choose, a reliable provider is key.
Both a best-of-breed and a single-provider approach can benefit your organization—it all boils down to your specific needs and financial outlook.

But in each approach, working with the right providers is necessary for success. In a single-provider approach, you need a partner that offers advanced solutions in multiple practice areas and can seamlessly integrate these solutions. In a best-of-breed approach, you need a partner that understands your specific industry and needs—and is responsive when issues arise.

At the end of the day, debates about the effectiveness of each approach will persist. But effectively managing your chosen approach is the most important indicator of future success.