



Build, Buy, or Both: Unraveling the Restaurant Tech Debate

Essential questions to answer when
formulating your digital strategy

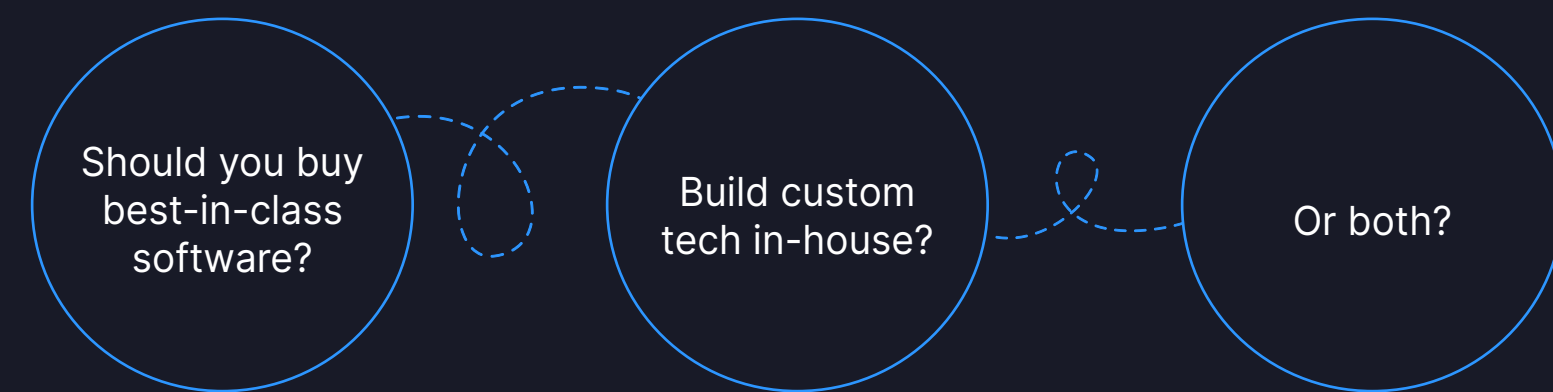


SPOILER ALERT:

There is no one-size-fits-all solution.

To meet the needs of digital-first consumers—convenience, personalization, seamless checkout, loyalty rewards, etc.—and stand out from the competition, brands across industries are racing to update and optimize their tech stacks.

But the road to success isn't always obvious.



The decision is far from binary—and can have drastically different outcomes depending on your brand's objectives, existing tech ecosystem, and budget. The trick is knowing when it's in your brand's best interest to buy and when you're better off building.

This is a crucial distinction for restaurants in particular. Due to the rapid surge in digital innovation, many are juggling legacy point solutions and newer tools that can be hard to connect. For smaller brands, buying restaurant software from one or a few tech vendors is usually a no-brainer. But for larger, more resourced brands, the answer is less straightforward.

In this guide, we shed light on the nuances of this decision, including the short- and long-term impacts, so you can forge the most profitable path for your brand.





What's inside

This guide will unpack the build/buy/both debate so you feel informed and empowered to map out the best tech strategy to meet your business goals.

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The pros and cons of **building software in-house**

Advantages

The power of building your own software can be alluring, especially to well-resourced enterprise restaurant brands.

When you own the technology, you control the roadmap and can fully differentiate your guest experience from the competition's. You determine exactly what matters and build it.

You also have the benefit of owning 100% of your data—which isn't always the case with tech vendors. The data ownership issue is often a major driver of the DIY approach, because without full access to guest data, brands aren't able to make the best decisions for their business.

Ultimately, you know your restaurant brand and guests' needs better than anyone. So why hand over the reins?



Disadvantages

As you might suspect, all that glitters is not gold. Homegrown software has its fair share of pitfalls. Before you start building in-house, consider the following.

Restaurants don't specialize in tech

Even tech-forward brands like Lyft and Airbnb use Amazon Web Services (AWS). Why? Because specialization makes for a better outcome. A business that specializes in a solution will put the needed resources, rigorous testing, and world-class engineers behind it so you can focus on what your brand does best. If your restaurant is too focused on building common tech components, your food and guest experience may suffer.

It's not a one-time choice or cost

There's a common misconception that the decision to build is a one-time choice and expense. In reality, the upfront cost of building restaurant software is just the beginning. There are ongoing costs for regular maintenance and ensuring optimal performance, security, and reliability—not to mention the cost of employing a team of tech experts.

You must be extremely agile to stay competitive

The breakneck speed of technology innovation means your work is never done; the AI boom is a prime example. And guests' needs are constantly evolving. How quickly will you be able to pivot and take advantage of the next big thing? Staying ahead of the curve is a real challenge when you're trying to run a restaurant. Be honest about the capabilities of your in-house team compared to the hundreds of engineers working to maintain an enterprise-grade SaaS solution.

Seamless integration isn't guaranteed

Tech integration is essential to streamlining restaurant operations, eliminating data silos, and getting a holistic view of your guest journey. Since you won't have access to a SaaS company's network of trusted integration partners, you'll have to diligently vet partners for your homegrown solution. You'll also have to build direct integrations to other restaurant systems—which can take experienced developers numerous hours of manual work—and maintain them when new features and updates are released.

Scaling can be challenging

If your restaurant brand expands and order volume climbs, will your homegrown software be able to keep up? DIY solutions not built to scale can create unnecessary friction for guests and employees, capacity management issues, and roadblocks when adding new sales channels or franchisees.



How to have your cake and eat it, too: A hybrid approach

Just as Lyft and Airbnb rely on AWS for data and infrastructure solutions—while building differentiators in-house—some restaurant brands are willing and able to build certain software solutions and buy others off-the-shelf from specialized vendors.

[Chick-fil-A](#), for example, takes a “buy when possible, build when necessary” approach to its tech stack. If a best-in-class SaaS product meets its needs and fits into its larger tech ecosystem, Chick-fil-A will buy it to reduce time-to-market and avoid the high long-term costs of ownership, management, and support of custom software. If there is no viable option in the market and the brand would prefer to differentiate itself, it will build the solution internally.

To make this hybrid approach work, you need:



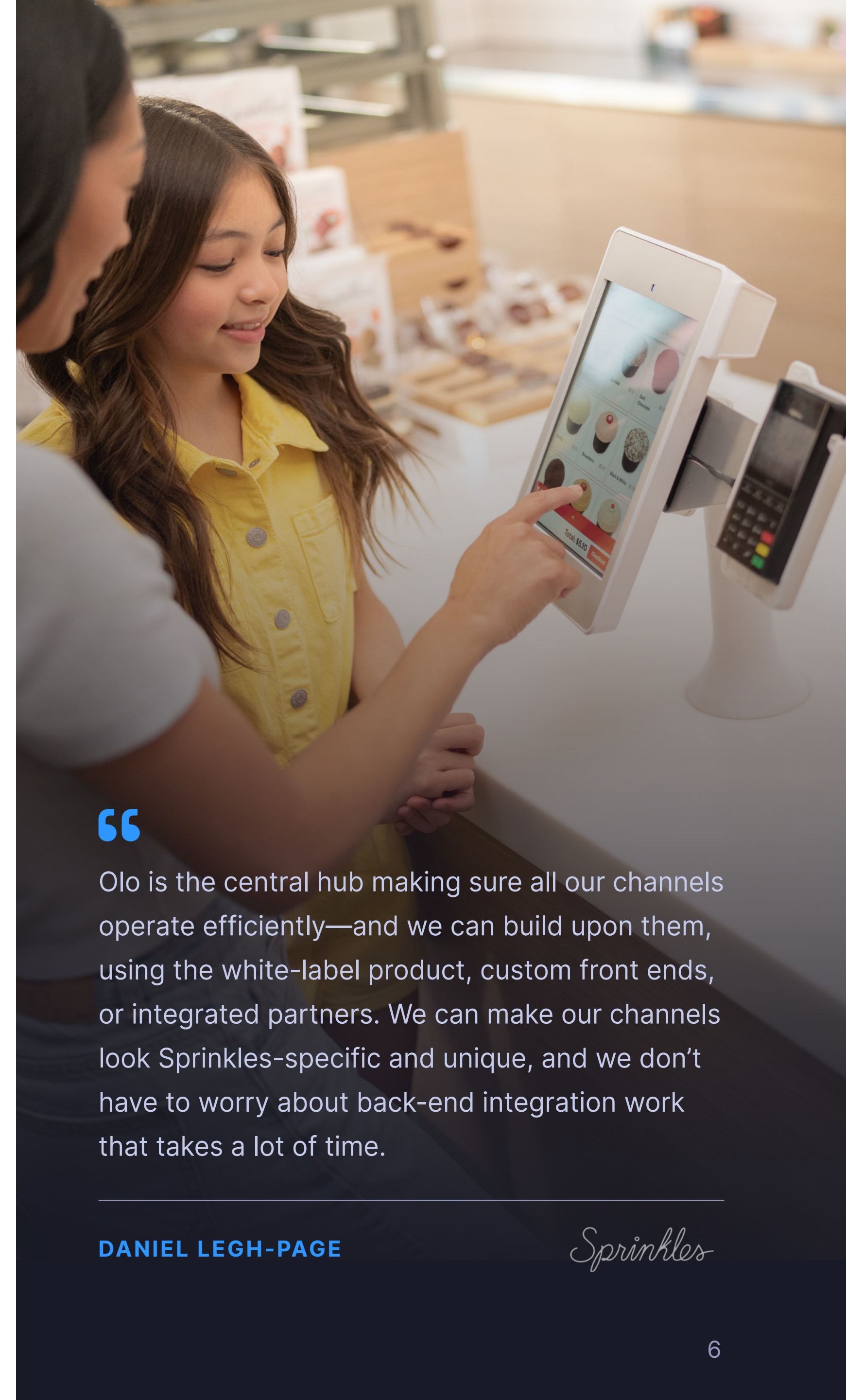
A partner with an open SaaS platform, modular solutions, and reliable integrations



The budget, resources, and talent to build the custom solution—and then maintain, update, and market it over the long term

In the most successful build-and-buy scenarios, a restaurant brand will purchase generally available tech components made with economies of scale and then build bespoke software on top that adds value and is specific to the brand’s goals.

That’s been [Sprinkles](#)’ recipe for success. As part of its digital transformation, the cupcake brand implemented Olo’s solutions for same-day ordering and integrated delivery. Then, with Olo’s support, the brand added self-service kiosks to all of its bakeries and built a fully custom, front-end ordering website on the Olo API.



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Olo is the central hub making sure all our channels operate efficiently—and we can build upon them, using the white-label product, custom front ends, or integrated partners. We can make our channels look Sprinkles-specific and unique, and we don’t have to worry about back-end integration work that takes a lot of time.

DANIEL LEGH-PAGE

Sprinkles

7 essential questions to answer when formulating your tech strategy

When deciding to build, buy, or take a hybrid approach to your restaurant tech stack, ask yourself these essential questions.

1 Is custom tech a core value proposition of your brand?

One of the most important considerations is differentiation. Will one-of-a-kind tech put your restaurant brand in a league of its own? Will guests see and be directly affected by your custom solution?

If you answered yes to either question, it could be a smart investment to build at least part of your tech stack. If not, it's probably not worth spending time and money reinventing the wheel.



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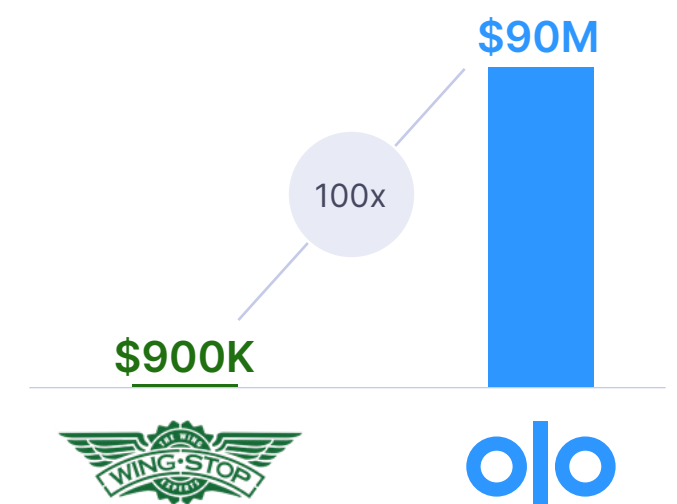
2 Will the short- and long-term costs be justified?

A restaurant brand could put a year's worth (or more) of SaaS fees into custom software development—while paying a tech partner to keep day-to-day operations running—and still produce an inferior product. And, because the work is never “done” once a solution is rolled out, the investment doesn't stop there.

Unlike a SaaS company that creates digital solutions at scale for thousands of customers, most restaurant brands can't justify the exorbitant cost of a homegrown solution that provides marginal value for a limited number of locations or concepts.

For example, Wingstop invested [\\$50M](#) to build a proprietary online ordering platform—and that's just the upfront cost of development. It's conceivable the brand will now spend [~\\$900K annually](#) on maintenance and marketing for the platform. Olo spends 100x that amount each year (\$90M) on R&D to support 700 brands—which is far more than a single restaurant could invest.

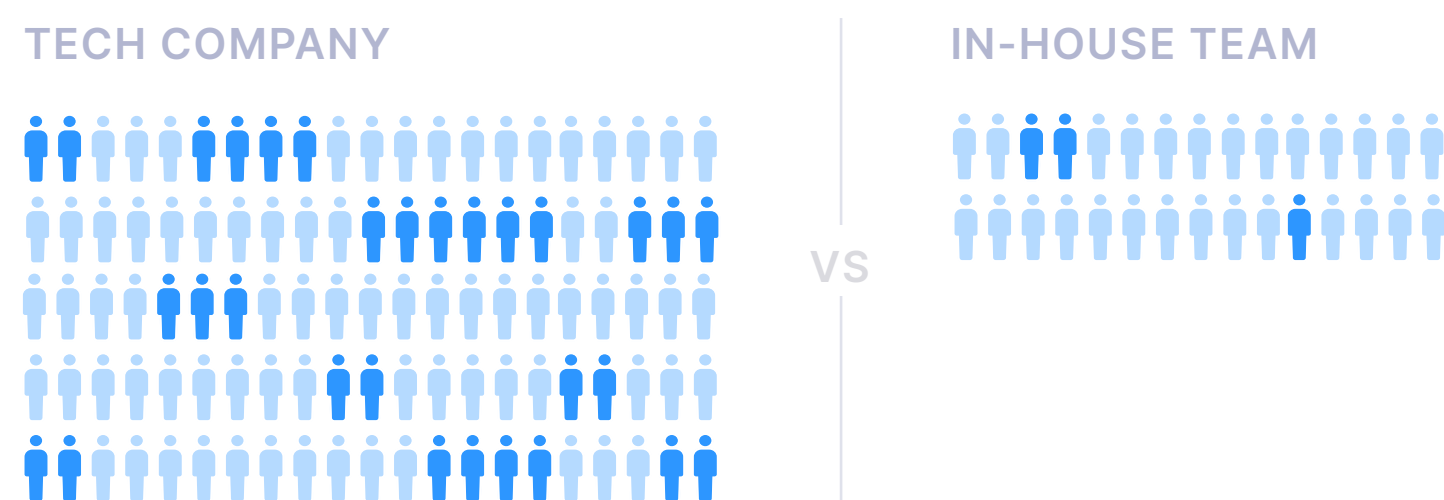
And even with the decision to spend \$50M on software development, Wingstop is [continuing its relationship with Olo](#)—using an Olo integration for an automated voice ordering system—highlighting the need for additional tech integrations on top of homegrown systems.



3 Can you compete with tech companies to attract and retain top talent?

Restaurant brands have complex environments. In addition to technology, they need operations, culinary, real estate, marketing, and training. Because the economics are better for tech companies, they naturally attract more talented engineers interested in growing their careers.

Beyond the talent aspect, partnering with a tech company—particularly one that specializes in restaurants—allows you to tap into the knowledge base of a wide range of customers and their guests, integration partners, and specialists, all in the name of building the best possible solution for an entire industry. A restaurant team building in-house is limited to input from a much smaller pool of experts.



4 Will building tech take focus and resources away from what matters most?

For restaurant brands, it's difficult (if not impossible) to match the operational focus of a tech company intent on building software that will be resold to thousands of customers. Tech companies invest their time, money, and resources into product design, engineering, maintenance, and optimization to stay competitive in their verticals.

Building a memorable, authentic guest experience matters most for restaurant brands—and it's already a heavy lift. Shifting your focus to building the technology behind that experience may result in resources being spread too thin, which could hurt your bottom line and reputation.

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All of the Olo products allow us to focus on our core competency: making great burgers and fries. The technology and engagement behind the scenes, the plumbing, that's Olo's competency.

STEVE TELLER
Vice President of Digital Strategy

FIVE GUYS
BURGERS and FRIES

5 Can guests wait for mission-critical systems to be built?

If a tech solution is a priority and will solve a unique problem for your restaurant business, what is the cost of delaying implementation while it's built internally?

By the time a tech company finds a product market fit, they've gone through at least five iterations with rigorous testing, bug fixes, and multiple rounds of addressing user feedback. Buying a solution comes with hard-earned ease of use, advanced features, product stability, and ongoing support from day zero.

Building custom software likely means having one-fifth of the capabilities and ROI on day 365.

Equally important as time to value are the points of potential failure once a system is rolled out. Leveraging an outside tech vendor offers risk mitigation against a scenario in which an internal employee exits a company and takes intricate knowledge of a proprietary system with them. And, a new in-house engineer could take 3–6 months to ramp.

6 Beyond the dollar amount, how high is the opportunity cost?

The time spent waiting for a homegrown solution to be ready is not the only cost. The likelihood that it will be underdeveloped compared to existing solutions is high. This may result in missed value that would have come from having a tech partner that drives results immediately.

In addition, the difficulty in keeping up with the industry's evolution at pace could put your brand further behind your competitors. All of this increases opportunity cost long-term.

7 Will a homegrown solution integrate with other solutions?

There is a real probability that a homegrown solution won't seamlessly integrate with other technologies or crucial value-added features used by your brand. If your systems don't share data, you can't streamline operations, personalize the guest experience, or make data-driven business decisions.

A SaaS company can eliminate the burden by hand-picking, guiding, and managing integration partners. By leveraging their experience, expertise, and trusted network, you reduce the risk of aligning with the wrong partner—and you can easily find a replacement if needed.



CHART

Key considerations in the build/buy/both debate

Answering those upfront questions can help you avoid costly missteps that make it increasingly difficult to course-correct over time. Too often, once material investments are made, brands fall prey to the sunk-cost fallacy and continue iterating on systems that could more easily be replaced with proven solutions already in the market.

Here's a visual to further help you weigh your options.

KEY CONSIDERATION	BUILD	BUY	BOTH
Differentiation	<ul style="list-style-type: none"> • One-of-a-kind tech could set your brand apart • You control the product roadmap • If guests aren't directly impacted, you're wasting money 	<ul style="list-style-type: none"> • You'll save time and money by not reinventing the wheel • You'll likely influence rather than own the roadmap 	<ul style="list-style-type: none"> • You can build bespoke software that adds value and meets your brand's unique needs—and buy everything else
Cost	<ul style="list-style-type: none"> • Expensive investment with no finish line • Eats up budget that could be used elsewhere • You pay for exactly what you want and nothing you don't 	<ul style="list-style-type: none"> • No need to fund an in-house team for development or maintenance • Tech solutions have their share of expenses (initial set-up fee, monthly fee per location, etc.) 	<ul style="list-style-type: none"> • You'll save by purchasing components that are generally available • You can allocate the rest of your budget to an in-house team dedicated to your custom solution
Talent	<ul style="list-style-type: none"> • In-house engineers are singularly focused on creating your solution • Difficult to compete with tech companies for engineering talent 	<ul style="list-style-type: none"> • Top-tier engineers gravitate to tech companies with advancement opportunities • They're building for thousands of customers 	<ul style="list-style-type: none"> • Difficult to compete with tech companies for engineering talent • Your in-house team can concentrate on your custom solution, while your vendor's team keeps your core components humming
Agility	<ul style="list-style-type: none"> • A smaller team means slower development, but less red tape could enable quicker pivots • Hard to keep up with the evolution of tech and guests' needs 	<ul style="list-style-type: none"> • Vendors have larger teams that can consistently add new features, test, fix bugs, and build integrations • The features most important to your brand may not be top priorities for your vendor or fellow customers 	<ul style="list-style-type: none"> • With a large team dedicated to enhancing your core tech components, you can afford to invest more time in the development and maintenance of your custom solution

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KEY CONSIDERATION	BUILD	BUY	BOTH
Expertise	<ul style="list-style-type: none"> You know your brand and your guests' needs better than anyone Restaurants don't specialize in tech Can create friction for guests and employees, capacity management issues, and roadblocks for new sales channels or franchisees Hard to maintain and improve over time Unexpected downtime can severely impact your bottom line and reputation 	<ul style="list-style-type: none"> Decreased risk of downtime Vendor is responsible for maintenance and upgrades Vendor can provide guidance and resources for optimization and scaling Even vendors that specialize in restaurant tech don't have the same intimate knowledge of your brand—or your guests—that you do 	<ul style="list-style-type: none"> Peace of mind that core components are taken care of by specialized vendor You'll assume some, but not all risk, by only building differentiated software on top
Integrations	<ul style="list-style-type: none"> Lack of seamless integration with other systems will create data silos and inhibit growth Building integrations takes time and expertise Vetting partners can be laborious, but you're not locked into anyone 	<ul style="list-style-type: none"> Vendors typically have a trusted network of integration partners you can use If an integration partner fails to perform, you can easily find a replacement Some vendors may not integrate with your current systems 	<ul style="list-style-type: none"> As you vet partners and build direct integrations for your custom tech, you can trust that your SaaS solutions are sharing data with your other systems
Time to Value	<ul style="list-style-type: none"> Expect one-fifth of the capabilities and ROI of a proven SaaS solution on day 365 If it's a core value prop of the brand, your homegrown solution could be worth the wait 	<ul style="list-style-type: none"> Immediate results Ease of use, advanced features, stability, and ongoing support Some SaaS solutions necessitate expert guidance to help you derive value quickly 	<ul style="list-style-type: none"> SaaS solutions can provide the reliability you need today so you can focus on building custom software with a longer timeline
Focus	<ul style="list-style-type: none"> For a custom solution to be worth the investment, you have to be totally in tune with the needs of your brand and guests It's nearly impossible to match the operational focus of a tech company building software for thousands of customers Shifting focus away from your food and guest experience could hurt your bottom line and reputation 	<ul style="list-style-type: none"> Vendor invests its time, money, and resources into product design, engineering, maintenance, and optimization—so you can focus on what you do best They're not singularly focused on your brand 	<ul style="list-style-type: none"> A tech vendor will free you up to focus more on your custom solution, but you'll have to be careful not to spread your brand too thin



Carl's Jr. and Hardee's enter a new era of digital hospitality

When its homegrown digital ordering platform struggled to meet ever-changing guest needs, CKE leveraged Olo's solutions and tech integrations to create a frictionless guest experience and help its iconic brands become digitally relevant in the QSR industry. Since rolling out Olo Ordering, Rails, and Dispatch, the brand has seen a significant lift in digital transactions, average check, and efficiency—plus, a reduction in manual work and human error.

20%

increase in
average check

5%

increase in the number
of digital transactions

“

Other QSR brands were so much further along in their digital evolution, and Olo allowed us to get caught up quickly without having to build it all from scratch. A true build vs. buy paradigm. The speed to market and the true partnership we've fostered over this short time have made Carl's Jr. and Hardee's digitally relevant.

PHIL CRAWFORD

former Chief Technology Officer at CKE



The bottom line

The real question restaurant brands need to answer when considering building custom software is:

What business do you actually want to be in?

The work doesn't stop once the software is built (think: integrations, updates, analytics, etc.). An increasingly short tech lifecycle means anything built today will be irrelevant in 18 months. In other words, it's a merry-go-round of cost and attention distracting you from your mission. There is no finish line.

Regardless, there is no one-size-fits-all solution for restaurant tech. And some brands—especially large, well-resourced ones—will still pursue homegrown solutions to meet their needs.

Whether you build components in-house, integrate solutions from different vendors, do a little of both, or rely on one end-to-end platform, it's important to do what's best for your brand—not just for today but in preparation for what's to come.

| How Olo can help

If you're looking to buy restaurant software or build and buy, Olo has the end-to-end, modular solutions and integrations you need to accelerate the future.

Trusted by 700+ brands—including 65% of the top 100 U.S. restaurants—to be the backbone of their digital operations, Olo invests over \$90 million annually in R&D to ensure systems are secure, reliable, and evolving today to meet your needs tomorrow.

As you scale, you can integrate what's working and migrate from what's not by leveraging Olo's network of 400 tech partners—the largest and most flexible restaurant tech ecosystem.

With 20 years of experience supporting brands across service models, Olo has the expertise to consult your team on the best solutions and integrations to meet your business objectives and guests' needs as the industry evolves.

Want help formulating your digital strategy?

Whether you're starting from scratch or looking to optimize your current tech stack, Olo has the experience, industry insight, end-to-end modular solutions, and partner network to take your brand to the next level. Reach out for a free consultation from our team of restaurant tech experts.

Talk to an expert →

About Olo | Hospitality at Scale™

Olo (NYSE: OLO) is a leading restaurant technology provider with ordering, payment, and guest engagement solutions that help brands increase orders, streamline operations, and improve the guest experience. Each day, Olo processes millions of orders on its open SaaS platform, gathering the right data from each touchpoint into a single source—so restaurants can better understand and better serve every guest on every channel, every time. Over 700 restaurant brands trust Olo and its network of more than 400 integration partners to innovate on behalf of the restaurant community, accelerating technology's positive impact and creating a world where every restaurant guest feels like a regular. Learn more at olo.com.

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