taazaa

The $2 Million Line Item Nobody Questions

Why firms paying $400K+ a year for stable software should consider owning it instead

If the process has not meaningfully changed in five years, why are you still paying annual innovation premiums on it?



Table of Contents

Executive Overview 1

The Pricing Problem Is Getting Worse, Not Better 2

Where Firms Feel This Most 4

The Build Math Has Changed 7

What $21 Million in Waste Looks Like 9

What a Review Actually Looks Like 11

The CFO Case in One Paragraph 14

Executive Overview

A CFO we work with pulled up her annual software spend last quarter and pointed at a line item: $430,000 a year for a lease management platform. She asked her team when the last meaningful product update had shipped. Nobody could remember. The price, though, had gone up 8% at the last renewal.

So here is the question we do not hear often enough: if the process has not moved in years, why are you still paying annual innovation premiums on it?

We are not arguing that firms should rip and replace their entire stack. That would be a mistake. But a meaningful slice of enterprise software sits in a category best described as stable, repetitive, and quietly overpriced. For those specific systems, the economics of building your own have shifted more than most people realize.

The Pricing Problem Is Getting Worse, Not Better ↓



Let us ground this in actual numbers rather than intuition. The Vertice SaaS Inflation Index reported that SaaS pricing rose 11.4% year over year as of January 2025. General inflation across G7 economies clocked in at 2.7% during the same window. That is a four-to-one gap between what your software vendors charge and what everything else in the economy costs.

Gartner's January 2025 IT spending forecast confirms the pattern at a macro level: global software spending is projected to reach $1.24 trillion in 2025, up 14.2%.

But here is the part that should concern every finance leader:

> Gartner analyst John-David Lovelock observed that a significant portion of increased CIO budgets will simply offset vendor price hikes on existing recurring contracts. Not new capabilities. Not better outcomes. Just treading water at a higher rate.

The contract mechanics compound this quietly. Enterprise SaaS agreements typically embed 5% to 10% annual escalation clauses at renewal, according to UpperEdge's October 2025 analysis. Some vendors now structure these as annual multipliers that compound. A three-year deal with a 3% annual escalator does not simply add 9% at renewal. It stacks. And most procurement teams discover the real number only when the invoice lands.

We are not claiming every vendor operates in bad faith. But the structural incentives are worth understanding clearly.

Where Firms Feel This Most



Three categories of software surface repeatedly when we talk with C-suites and finance teams. They share a common trait: the underlying business logic barely moves from one year to the next.



Lease Management and Accounting

Lease accounting compliance rules changed in 2019 (ASC 842 | IFRS 16), and that was a significant overhaul. But it came after 20-plus years of relative stability under ASC 840/FAS13. Since that transition, the day-to-day reporting has been remarkably consistent: abstracts, critical dates, payment schedules, and the same outputs quarter after quarter.

The lease management software market reached $5.65 billion in 2024 according to Grand View Research. Enterprise vendors like CoStar and Nakisa charge custom pricing that can run well into six figures. Mid-market tools like FinQuery (formerly LeaseQuery) average $25,000 to $128,000 per year based on Vendr's 2025 transaction data. For firms managing complex multi-entity, multi-standard portfolios with implementation, integration, and configuration layered on top, total cost of ownership can comfortably clear $400,000 annually.

Ask yourself honestly: is the reporting logic inside that platform really evolving year to year? For most firms we have spoken with, the answer is no.



Invoice Processing and AP Workflow

The business rules here are blunt: capture, match, route, approve, pay, audit. Internal policy drives the approval chains and exception handling, not the vendor's product roadmap. Ardent Partners' 2025 AP Metrics That Matter report found that top-performing AP departments process invoices at $2.78 each, while the broader market averages $12.88. That performance gap is not about which platform you bought. It is about whether the workflow reflects how your team actually operates, or whether you have contorted your process to fit someone else's architecture.



Resource Management and Workflow Tools

Maintenance ticketing, capital project tracking, and tenant improvement coordination tend to be deeply specific to each firm's operations and almost never require annual overhauls. Yet the licensing model assumes perpetual innovation that rarely materializes in actual use.

The Build Math Has Changed

We should be upfront about something: building custom software used to be a genuinely difficult sell. Projects ran long, budgets ballooned, and the results were unpredictable. That calculus has shifted meaningfully in the past few years.

A 2025 TCO analysis from SoftwareSeni found that SaaS subscriptions over a five-year period typically exceed initial custom development costs by 72%. For mid-market organizations, the crossover point lands around 33 months. After that threshold, annual operating and maintenance costs for owned software run lower than what you would hand to the vendor each year.

There is a caveat worth stating clearly: this only works for stable, rules-based processes where the vendor's annual release cycle adds nothing material that you would actually adopt. We are absolutely not suggesting you build your own Yardi or MRI from scratch. That would be a tall order and, frankly, a mistake for most organizations. But the specific modules inside those platforms that handle static, well-defined workflows — the lease accounting engine, the AP routing logic, the preventive maintenance scheduler — are legitimate candidates for ownership.

Gartner's 2025 SaaS Economics research found that hidden integration, training, and customization expenses push true SaaS TCO to 150% to 200% above the sticker price. The figure on your contract may represent only 40% to 60% of what you actually spend over the life of the agreement. When you apply that multiplier to a $400,000 annual license, the honest comparison is not $400K versus build cost. It is $600K to $800K in real TCO versus build cost.

That reframing tends to change the conversation quickly.

What $21 Million in Waste Looks Like



Here is a number that made us pause and reread. Zylo's 2025 SaaS Management Index, drawing on analysis of more than $40 billion in SaaS spending across hundreds of enterprises, concluded that 52.7% of purchased SaaS licenses go completely unused. The average organization wastes $21 million per year on software nobody opens.

Not all of that applies to firms specifically, and we would not pretend otherwise. But even a modest fraction of that figure represents material dollars. The pattern tracks with what Flexera's 2025 State of ITAM report uncovered separately: 25% to 30% of IT budgets end up absorbed by redundant tools, underutilized licenses, and poor visibility into what is actually deployed across the organization.

> **The real question is not whether your portfolio includes waste. It almost certainly does.**
>
> **The question is whether you have identified precisely where it accumulates and what to do about it.**

What a Review Actually Looks Like ↓



We are not advocating a wholesale migration away from commercial software. That would be reckless, and we would be the first to tell you so. What we are suggesting is a structured, clear-eyed review of where your licensing dollars actually go.

Start by pulling every system with annual total cost of ownership above $400,000 (or consider a lower threshold as appropriate). For firms, the usual suspects include lease management, AP and invoice processing, maintenance and workflow management, tenant communications, and reporting platforms. Do not count systems where the vendor's roadmap delivers genuine value you actually consume. Concentrate on the ones where paying for continuous innovation has become more of a polite fiction than operational reality.

Then score each one on stability.

- How frequently do the underlying business rules change?
- How much of the vendor's annual release do you actually adopt?
- What would break if the software froze at its current version for three years?

If the honest answers are rarely, almost none, and nothing significant, you have found a candidate worth evaluating.

The last step is modeling the economics.

Run a six- to eight-week feasibility study that maps build cost, operating cost, and payback period against the five-year licensing trajectory, including the escalation clauses and the hidden costs Gartner documented. Be conservative on the build estimate and generous on the vendor side.

If the numbers still work out after that scrutiny, you have a genuine option worth pursuing.

That third step is where we come in. Taazaa has built custom replacements for exactly these kinds of stable, rules-based systems across multiple industries.

We are not a product company collecting license fees.
We build software you own outright.

The CFO Case in One Paragraph

If you are a firm spending $400,000 or more per year on software that runs a stable, repetitive process, and that process has not meaningfully evolved in three to five years, you are likely committing $2 million or more over a five-year window for something that could be built and owned for considerably less. With SaaS prices climbing at four to five times the rate of general inflation and contract escalators compounding quietly in the background, the gap between renting and owning widens with every renewal cycle. This is not an IT procurement decision. It is a capital allocation question, and it belongs on the CFO's desk.



What We'd Suggest as a Starting Point 

We would begin with a conversation. Not a demo, not a pitch deck. A 30-minute call where we examine your software stack together, identify the one or two systems worth evaluating seriously, and give you a candid assessment of whether a build approach makes economic sense for your situation. Sometimes it does not, and we will tell you that directly.

Let's talk.

About Taazaa



Taazaa is a single-source partner for organizations looking for custom software solutions. Our in-house expertise covers the entire development lifecycle, including strategy, design, development, implementation, training, and support.

Learn more at Taazaa.com.