ERP SOFTWARE **PRICING GUIDE**

Your comprehensive guide to the cost of implementing ERP software

GUIDE HIGHLIGHTS

- The latest pricing information from leading vendors
- A comparison of the two major ERP pricing models
- Calculating ERP TCO, free ERP, and more

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Written by experienced ERP project managers, this guide will give you a headstart on your ERP software pricing research, including:

PRICING MODELS

ERP pricing models can offer a daunting challenge whether it's your first system purchase, an active operational upgrade, or a holistic migration from one platform to another. In order to ensure accurate cost calculations, not only do you require a strong comprehension of company scale, but you must also understand the intricacies of the multitude of ERP pricing plans.

For example, if you are a small business requiring extensive IT processing capacity, system cost and capability must be considered to be highly-critical decision elements, as any move you make can have a direct impact on daily financial operations. On the other hand, if you are a technology manager at a mid- or large-scale company, while any ERP cost estimation should always be considered carefully, the sheer size of enterprise resources tend to insulate less-than-efficient cost decision-making, even though hidden impacts may create larger problems downstream.

In today's typical ERP purchase landscape there are two generally accepted models to choose from. These include; perpetual licensing, often associated with on-premise systems, and the Software as a Service model (SaaS), often associated with cloud-based systems. Each model offers advantages and disadvantages, however, a consideration of enterprise scale should again apply at the outset of any business deliberation between the two. Please bear in mind that there are also hybridized ERP price models available which borrow elements of the two models discussed below.

PERPETUAL LICENSE PRICING

Simply put, a perpetual license will allow you to use the licensed ERP system indefinitely. This model has been well established for many years as it allows a company to host the software on their own servers and provides them a well-defined initial cost of ownership.

Despite historical popularity, perpetual licenses are often a point of friction for small businesses where the upfront costs and IT infrastructure requirements make a SaaS deployment the more attractive pricing model. On the other hand, large businesses with established IT infrastructures will often find that a perpetual license offers a lower total cost of ownership (TCO) in the long-term.

Aside from the large upfront cost, one of the primary disadvantages of this ERP pricing model is its limitation on growth. Not only will a business have to add more infrastructure to keep up with their current system requirements, but they may also struggle to make a required system change due to high capital outlay at the start of the project.

SaaS SUBSCRIPTION

An increasingly popular choice for small businesses, SaaS subscription pricing for ERP provides the system on an "on-demand" basis without lengthy contracts or large upfront costs. The cost of the subscription is often linked to the number of users for a system or the volume of transactions.

As mentioned above, SaaS subscription is considered to be a good fit for growing businesses due to the flexibility present in many ERP pricing plans. This flexibility may come in the form of automated system upgrades, or a user plan which can be adapted on a monthly basis allowing the growing business to manage system costs efficiently as they expand.

On the downside, speed of growth can breed complexity that can lead to resource cost spikes driven by rapid and consequent growth. The impact is simple, while the system itself may be efficiently paid for, managing any new activity typically requires more well-trained users performing more tasks on the system.

To conclude, the differences between each ERP pricing model are primarily driven by scale, followed by costs associated with outlay for licensing and hardware or infrastructure development. Downstream of the initial implementation costs many other internal IT and ERP management costs come into play as well, but these will be considered when we discuss ERP TCO.

ERP PRICE LIST

Pricing information from Q2 2020.
Check back for regular updates.

VENDOR	PRODUCT	MODEL	COST	SOURCE
abas Software	abas ERP	Monthly Subscription	$1,440	
Apero Solutions	Apero Latitude ERP	Perpetual License	$2,500 / user	
ApparelMagic	ApparelMagic	Monthly Subscription	From $80	
Aquilon Software	Aquilon ERP	Monthly Subscription	$99 / user	
BizAutomation ERP	BizAutomation Cloud ERP	Monthly Subscription	$79.95 / user	
Bizowie	Bizowie Cloud ERP	Monthly Subscription	From $1,000	
Blue Link Associates Limited	Blue Link Elite	Monthly Subscription	From $500	
Cetec	Cetec ERP	Monthly Subscription	$40 / user	

DBA Manufacturing	DBA Manufacturing	Annual Subscription	$295 / user *minimum 5 users	
Deltek	Deltek Vision	Monthly Subscription	$375	
Deltek	Maconomy	Monthly Subscription	$1,000	
Deskera	Deskera ERP	Monthly Subscription	$100 / user	
Ecount	Ecount ERP	Monthly Subscription	From $55 / unlimited users	
Epicor Software Corporation	Epicor	Monthly Subscription	$175 / user*	
EquipSoft ERP	Equipsoft ERP Rapid Edition	Monthly Subscription	$170 / user *Minimum 10 users	
ERP.BG	EnterpriseOne	Monthly Subscription	€50 / user	
ERPNext	ERPNext	Annual Subscription	From $25 / user	
Exact	Exact Max ERP	Monthly Subscription	From $319	
Expandable Software ERP	Expandable ERP	Monthly Subscription	$250	
Factumsoft ERP	Factumsoft ERP	Annual Subscription	$1,000 / user	
Focus Softnet	Focus 9	Monthly Subscription	$120 / user	

Geneva Systems	Geneva Business Management System	Monthly Subscription	$1,200	
Genius ERP	Genius ERP	Monthly Subscription	From £75 / user	
Godlan	Golan ERP	Monthly Subscription	$166 / user	
HansaWorld ERP	Standard Accounts	Monthly Subscription	From £7.99 per module	
Horizon Software	MRP Plus Small Business Edition	Perpetual License*	From $750 between 2-5 users	
iDempiere	iDempiere	Free*	Free*	
Ilscipio	Scipio ERP	Free*	From free* *Professional starting at $5000 annually	
Info-Power International	ABW	Perpetual License	$1000 one time fee	
IQMS	EnterpriseIQ	Monthly Subscription	$2,900	
Jonar	Paragon ERP	Monthly Subscription	From $150 / user *Up to 25 users	
JustFoodERP	Foundation Edition	Monthly Subscription	$170 / user ($95,000 implementation)	
JustFoodERP	Professional Edition	Monthly Subscription	$170 / user ($125,000 implementation)	
JustFoodERP	Enterprise Edition	Monthly Subscription	$170 / user ($300,000 implementation)	
Kenandy	Kenandy ERP	Monthly Subscription	$200	

Kolibrys	Kolibrys ERP	Annual subscription	From €7,500	
KPI	KPI ERP	Monthly Subscription	From $380 *For 5 users	
Magnetize	Magnetize	Monthly Subscription	$20 / user	
Marello	Marello	*Free	*Free	
Megaventory	Megaventory	Monthly Subscription	From $135	
Microsoft	Dynamics 365 for Operations	Monthly Subscription	£143 / user	
MIE Solutions	MIE Trak PRO	Monthly Subscription	$125 / user	
Miles	Business by Miles	Monthly Subscription	$99 + $20 / user	
MRPeasy	MRPeasy	Monthly Subscription	From £37 / user	
My Office Apps	Kechie	Monthly subscription	From $99 / user*	
Nouvolution N41	N41 Apparel ERP	Perpetual Lincense	$2,000 / license	
Odoo	Odoo Enterprise	Monthly Subscription	From €22.50 / user	
Odoo	Odoo Online	Monthly Subscription	From €22.50 / user	

Onramp Solutions	Onramp Solutions ERP	Monthly Subscription	From $2,500 (unlimited users)	
Open Systems ERP	Traverse	Monthly Subscription	From $175 / user	
OpenBravo	OpenBravo Business Suite	Annual Subscription	From €831 / month	
OpenPro	OpenPro ERP	Perpetual License	$1000 / user	
Oracle	Oracle ERP	Monthly Subscription	$1,200	
Parity Corporation	Parity Factory	Perpetual License	From $40,000	
Plex	Plex Manufacturing Cloud	Monthly Subscription	$1,440	
ProcessPro	ProcessPro Premier	Annual Subscription	$3,000 / user*	
Rootstock Software	Rootstock ERP	Monthly Subscription	$175 / user*	
Salesorder.com	Salesorder.com	Monthly Subscription	FRom $100 / user	
SAP ERP	SAP S/4HANA	Monthly Subscription	From $220 / user	
Synergy Resources	Visual ERP	Annual Subscription	$4,000 / license	
SYSPRO	SYSPRO	Monthly Subscription	From $200 / user	

TGI	Enterprise 21 ERP	Perpetual License	$3,000 / license	
Total ETO	Total ETO	Monthly Subscription	From $85 / user	
Valuechain	DNA	Monthly Subscription	£50 / user*	
Vicinity Manufacturing ERP	Vicinity Software	Monthly Subscription	From $300	
Vienna Advantage	Vienna Advantage ERP	Not Available	From free*	
Visionet	HauteLogic	Monthly Subscription	From $190	
xTuple	xTuple Distribution	Monthly Subscription	$90 / user	
xTuple	xTuple Manufacturing	Monthly Subscription	$130 / user	
xTuple	xTuple	Monthly Subscription	$150 / user	

* Price displayed is an average cost per user, actual prices may vary. There is no such thing as a free lunch (or free ERP in many cases). Be sure to read our explanation of free ERP on page 11. Where pricing sources are hosted on erpfocus.com, pricing was provided directly by the vendor

HOW THIS DATA WAS GATHERED

Pricing information for ERP software is notoriously difficult to pinpoint as the costs involved can display extensive variety from project to project . The information shown above was gathered from a variety of public sources including, where possible, the vendor's pricing documentation (click on the source icon next to each product for more information). This data should be used as a rough estimate of average ERP prices and does not constitute an official price quote. Please contact customerteam@erpfocus.com to report pricing changes.

FREE ERP EXPLAINED

In 1966 science fiction writer Robert Heinlein leveraged a 1930's business adage, turning it into the iconic literary acronym TANSTAFL (aka 'There ain't no such thing as a free lunch') and making it a centerpiece of his seminal work entitled 'The Moon Is A Harsh Mistress'. While you may enjoy a discourse on the book another time, our focus here is not the consideration of a work of fiction, but rather how TANSTAFL may, or may not apply in the case of today's free ERP software market.

CAVEATS OF FREE ERP SOFTWARE

From both research and educational perspectives free ERP systems can be a great way to learn about the operating vagaries of complex software systems; particularly given today's access to cloud-based platforms. In this environment, sophisticated systems can be turned upside down, tinkered with, or blown up entirely, with little negative impact other than the potential of wasting installation time on systems that may offer neither complete documentation, nor direct support. However, in the commercial world, time is money and any ERP technology based on a free pricing model tends to offer a framework for processes at best, or time-engulfing black hole at its worst.

Beyond these caveats, free ERP software systems are rarely without a financial cost, since these platforms require the same implementation, configuration, and maintenance expenses as any other costed variant. Secondly, open-source or free systems can experience irregular performance results due to an understandable lack of infrastructure investment behind the product. The point here is simple; just because a system is 'free' it doesn't necessarily follow that the product will be provide good long term value.

Having said all that, there are some particularly good products on the free ERP market, with two of the better choices discussed below:

OPENBRAVO ERP

At the mid-level OpenBravo comes to mind as a solid and quite scalable approach to the reduced cost promise of web-based ERP. The system is modular in nature, and three variants offering a free open source option, followed by a mid level system costing $4500 annually, and an entirely fleshed-out enterprise level levelling out at $22k.

IDEMPIERE

At the 'big dog' level of free ERP, iDempiere offers a highly-sophisticated code base, clever user interfaces, and deep reporting capabilities. Although the system is open-source and free, to get the most out of the technology you should already have a well-trained IT group ready to handle implementation and configuration, backed up by one or more third-party ERP consultants for support. Depending on the scale of the target enterprise, costs to get the system running efficiently can be as low at $5k, and at the upper end, as much as $250k annually.

ERP VENDOR TIERS EXPLAINED

The tiered classification of enterprise software systems originally emerged in the mid-80's. While the market has largely discarded this fundamental taxonomy, ERP system developers and consultants have continued to favor and utilize the arrangement. Consequently, ERP systems are often still categorized in a three-tier approach which should be considered whenever vetting the scope, complexity and price of ERP software products.

In many cases modern ERP systems defy easy categorization as they are often defined by deep-dependencies on third-party integrations, along with flexible system scale and functionality. Despite this, you are bound to come across the 'tiered' system at some point during your ERP selection decision. As a result we thought we'd offer a refresher on just what each tier covers, along with what general pricing level is typically applied.

TIER 3 ERP VENDORS

This level is typically associated with customers that fall into an annual gross revenue range of $0 - $20 million. At the low end of this spectrum the category is typically classified as being a 'Mom and Pop' enterprise, while at the upper range the term 'small-businesses in transition' is often used. In the former case, today's fully-integrated SaaS ERP systems appear to be most favored primarily due to initial purchase and implementation pricing, while at the latter level, hybridized systems, utilizing both on-premise and SaaS platforms, had been the norm until recently but are now being supplanted by mid-scale SaaS systems. Systems that are most compliant with this level are Intuit's SaaS platform and the like. Often these systems will offer a fraction of what a core ERP system offers at a fraction of the price.

TIER 2 ERP VENDORS

This tier is typically favoured by enterprises that fall into an annual gross revenue range of between $20 million - $250 million. At the low end more sophisticated hybrid systems exist, while at the upper end more sophisticated SaaS systems are offered by brands such as Plex, Sage, and NetSuite. These systems typically offer space to grow as a basic requisite, and intrinsic processing elements are designed to scale easily over time, with a minimum of additional cost. These systems are often offered alongside a range of other enterprise software products which can expand ERP functionality through integration (with added cost of course).

TIER 1 ERP VENDORS

This level is typically applied to enterprises that exceed an annual gross revenue of $250 million. At the low end of this tier, multiple fully integrated ERP modules, deep customization capabilities and the support for mass relational data access exist. At the high end, well, nearly any statistical or reporting issue that can be identified can be subsequently resolved. ERP vendors most associated with this tier are SAP, Oracle, and Microsoft, while large tier 2 vendors such as Epicor are always pushing for inclusion. As one can imagine, there really is no limit to the upper cost ranges for these implementations.

ERP TOTAL COST OF OWNERSHIP (TCO) ELEMENTS

The modern definition of total cost of ownership (TCO) was established in the mid-80's by Gartner Research, although prior to this event, the concepts of identifying, calculating and measuring the cost of known operational expenses had been applied since the industrial age. However, the emergence of new technologies, primarily in the form of computing and software systems, required a different slant on previously accepted cost accounting methods. Consequently, in the ERP market, the Gartner definition became the ultimate rule rather than the exception.

Without going through a formal discourse regarding TCO, in practical terms, the term total cost of ownership suggests how much money an enterprise will be required to purchase, prepare for, and initiate a full-span ERP installation. We'll define four tiers of focus, however, please bear in mind that every enterprise is different; so be prepared to apply your own subjective thinking to this taxonomy.

NECESSARY ADDS

The goal of this section is to define and establish each term, so that enterprise knowledge engineers can identify necessary focus items while attempting to discard as much hyperbole as possible. Again, some tiers and/or individual elements may be irrelevant to your own situation, but better to consider each element in your TCO calculation to see which applies, rather than miss something important which later becomes a hidden cost.

CAPITAL DEVELOPMENT

In formal terms, this means "...the expansion of established firms." However, the term can also be applied when enterprises' desire to grow business systems, such as the purchase, and implementation of an ERP system, while mitigating impacts on measurable enterprise cash-flow.

From a TCO calculation perspective, measured costs can include:

Principal pay-back - original investment value including; opportunity costs and initial purchase price etc.

Interest - the cost of borrowing to acquire or construct a long-term asset.

Potential pay-off penalties - additional costs calculated on the original investment value including; late fees, payment schedule extensions, other administrative/legal costs etc.

Equity/share costs over time - extended costs relating to the completion, or modification of investment monies associated with a final purchase. This element can also be calculated on the basis of 'share points' where equity is delivered rather than being tendered as a cash value.

SOFTWARE

Digitized sets of instructions resulting in the manipulation, management, and consolidation of individual data records, and/or a formal structure that delivers meaningful business/user information. In the case of a consolidated ERP platform, this definition can be represented by one or more modules integrated within a single system infrastructure.

Core platform – in ERP, this term typically applies to modules that relate to general ledger, accounts receivable, accounts payable, payroll, and/or inventory; although in manufacturing, it also specifically relates to a host of production elements such as scheduling, raw materials management, and various other critical path modules.

Operational security – in the past, security systems were largely seen to be as discrete, value-added components with the enterprise ERP segment. However, as cloud-computing has become more prominent, fully-integrated security elements have emerged.

Nevertheless, from a TCO perspective, the cost of implementing a full-span security system should be seen as a stand-alone component, in order to ensure that any affiliated costs are identified accurately.

Low-level utilities – similar to security systems, today's cloud-based systems typically include necessary utilities as part of its operating infrastructure. However, while the cloud approach appears to be emergent, certain enterprise types still demand more traditional approaches to ERP operations.

For example, certain process manufacturers, such as pharmaceutical operators, tend to appreciate hybrid or even stand-alone systems best due to necessary policy and/or regulatory requirements. Consequently, TCO cost calculations must always be defined by constraints set by the market itself.

Custom builds – this cost calculation typically applies to cloud-based systems, although hybrid and stand-alone ERP systems have become so sophisticated that up to 15% of all resources platforms encompass some level of customization. Consequently, in order to understand the practical cost of a particular platform, all-in costs must be calculated and included within a TCO

analysis.

Linking code – in the same way that code customization has become critical to today's ERP operations, affiliate or linked code bases that connect current with legacy-based systems must apply to any accurate TCO evaluation.

Training and educational applications – more times than not, TCO analysis fail to account for training and educational system costs. Part of this problem relates to a perception that knowledge-based systems are not typically seen to be relevant costs relating to the ERP platform itself.

However, to be somewhat blunt, no one has ever seen a resources-based system run itself, populate itself with data, or use resultant information to put a buck on the bottom line. Consequently, don't fool yourself when you're calculating the cost of ownership of an ERP implementation, because the ERP system doesn't make money, well-trained workers do.

On-going training programs – as one might expect, this is a follow-on cost component relating to core training/education. Sometimes, an enterprise may be able to simply run the same workforce programs until folks get the point, but more times than not, they don't for a host of reasons.

Consequently, it's always a good idea to leave some cost margin in the training budget just in case that you have to try a different set of educational precepts.

Process re-engineering costs - your existing processes will need to be optimized to make them more efficient, and improve or implement best practices instilled from your ERP. Although this can be time-consuming, it can be a lot cheaper than the alternative of customizing an ERP system to fit an existing (non-profitable) process.

Process auditing costs (both internal and external) - existing software processes need to be evaluated and audited for many factors including system usage, functional ERP usage, and to find processes which need to be further optimized for re-engineering. This means hiring someone or having existing personnel perform an ERP audit which takes time, and we all know - time means money.

SYSTEMS IMPLEMENTATION

Systems implementation is the process of ensuring that an information system reaches an overall operational standard. Some process elements are more critical than others, and consequently, demand more unconventional cost scrutiny at a TCO level. Here are some of the usual suspects.

Data migration – assuming that an ERP implementation is driven by an upgrade from one ERP system to another, many folks fail to account for the cost of migrating one datastore to another, newer, variant. Consequently, if you find yourself in this situation, mind this caveat, since in many cases the cost of successfully migrating mass data from one system to another can be from 10% - 15% of its final total cost of ownership.

Upgrades – in many cases, this cost component may appear to be as useful as calculating the future value of a dollar, since it is largely based on something that hasn't happened yet. Nevertheless, take the time to investigate these costs and apply them within any TCO in order to avoid any nasty surprises downstream.

Infrastructure testing – if this element isn't being accounted for in a proper ERP TCO calculation, it should be. Consider this, if a shiny ERP platform seems to runs like a pig, rather than a racehorse, it's likely that somewhere in the bowels of the enterprises' infrastructure something is slowing the whole thing down.

As a result, bear in mind that no enterprise system stands alone, even if it's housed in the cloud. So, ensure that you cost-account for any test programs to ensure that all pipes leading to and from the ERP platform are free from bottlenecks.

Elements in this case include:

Systems testing – As the old saying goes, time is money. The more times you test an ERP platform before you launch, the more stable that system will become. So, take the time to test the 'guts' of your enterprise, while also costing out any time necessary to prove stability not guess at it.

In this case, testing includes;

- Installation and initial stability
- Pre-move data stability
- Post-data-migration stability
- Module integration run-throughs
- Pre-launch stability
- Post spin-up tests.

Stand-in and special personnel costs - did you hire an ERP consultant during your implementation? The consulting fee must be included in your total cost of ownership in an ERP

system implementation, as well as additional expenses they may accumulate.

Risk management - considering and identifying potential vulnerabilities, upgrade availability, patch and future license management etc. This includes compliance assurance reviews, risk prioritization, and internal sign-offs.

Scalability expenses - as your business grows, your ERP needs will likely grow with it which means implementing new modules, adding more users, or upgrading the system completely (if upgrades aren't included in the purchase/subscription cost). If two years after implementing you choose to add an additional 50 users, and two modules, then this needs to be accounted for in your TCO calculation.

Project management costs - how much it costs to keep the implementation running smoothly: this includes the cost of the team members keeping the ERP project on track, and your project manager (internal or external).

Legacy platform decommissioning costs - your old system will be switched off and your new system will be the new way of life, but there are important real-world elements to consider such as closing your legacy system to new transactions, reducing availability of your legacy ERP, and ultimately removing the legacy ERP completely.

PEOPLE

This tier should be self-evident; however, calculating how much a workforce costs, in terms of defining an accurate TCO, can help make or break an enterprise budget after-the-fact.

This tier should be considered in the context of cost elements including:

Downtime and outage costs - this is the amount of time your system is offline, usually during implementation, resulting in non-productive hours or hours when customers are unable to submit orders.

Reduced productivity costs - i.e. acclimatization to the system, and diminished money-making ability. Your employees' wages remain the same, but their productiveness is limited until the new system goes online. Don't leave this 'soft cost' out of your TCO calculation or the cost of buying a support program to cover the time lost.

ERP project team responsibilities - your ERP project needs to be equipped with your best personnel to ensure your system meets all requirements, and implements smoothly. This means that your ERP project team will be spending a lot of time on the ERP project, rather than their day-to-day duties which means either providing cover for their existing position, or an

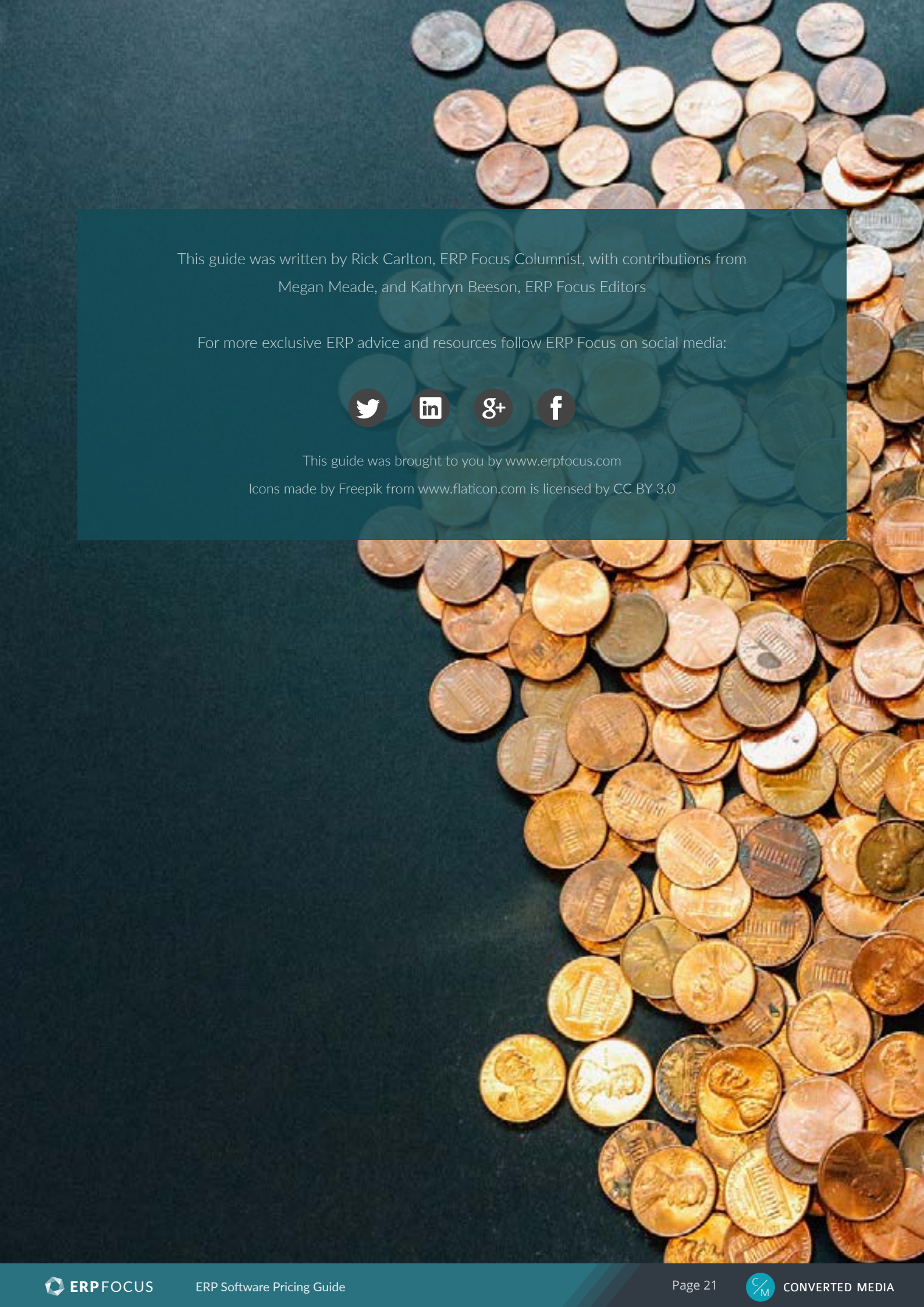
increase in labor hours.

All of these elements, along with virtually every other hidden element that costs more than the price of a paperclip, should be applied to an ERP TCO in order to understand where one's budget is going. Cost, not revenue, is often the primary gating issue when it comes down to executing a successful ERP project.

By now, it should be clearer than before that all critical elements relating to the development and calculation of an accurate TCO are paramount. The best enterprise in the world, mated with the most cutting-edge ERP system will fail if cost awareness is not maintained throughout an implementation since this particular technical expansion sets up nearly everything else that follows.

ERP platforms are not like other enterprise systems since they tend to subsume every other affiliate system, rule, and policy within a typical business operating infrastructure. Consequently, over time the ERP platform itself becomes a most critical revenue driver and begins to forms the backbone of all revenue bearing operations.

However, if an enterprise is unwilling or unable to understand its total cost of ownership at the implementation, costs can run away over time. This lack of sensitivity can hurt a company's bottom line, and could even cause a complete failure. So, developing an accurate TCO process is important as a general matter, but is even more necessary when it comes to an ERP involvement.



This guide was written by Rick Carlton, ERP Focus Columnist, with contributions from Megan Meade, and Kathryn Beeson, ERP Focus Editors

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