

How much does an ERP system cost?



Software
15-30%

Most ERP systems are priced based on the number of users so start by determining how many people will use the system. Keep in mind that companies change financial management software only about every 10 years so look for one that can grow with your company.

Infrastructure
0-10%



Unless you opt for a cloud-based ERP solution, expect to incur some hardware costs.



Third-Party Products
10-25%

Depending on your industry, you may need to purchase add-on tools to fulfill specific needs, such as tax remittance, credit card processing, payroll management or supply chain.

Renewals & Maintenance



10-20% of initial software cost

License renewals, annual maintenance fees and upgrades will keep your ERP system working better for longer.

Implementation
30-60%



A simple ERP project has an implementation to software ratio of 1:1 whereas a complicated project will require a ratio closer to 2:1. Choosing the right ERP partner can make or break the success of a project. Hourly consulting rates vary from \$100 to \$250 but so do the services included.



Training
10-15%

Your partner will need to bring your team up to speed on the new system. You may also need to change some processes to better fit the way the system works, an additional training cost.

Customizations
10-20%



About 90% of implementations require some form of customization, either through those third-party products or a partner-created customization. The closer you can fit the product to your needs, the fewer customizations you will require.

Grand Total

Overall, a typical ERP implementation can cost anywhere from \$50,000 to \$500,000. A ballpark estimate for the entire cost is roughly 5% your annual revenue.

