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 & more

INDEX

Written by experience 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 2017.
Check back for regular updates.

VENDOR	PRODUCT	MODEL	COST	SOURCE
abas Software	abas ERP	Annual Subscription	$1,440 / user*	ℹ
Acumatica	Acumatica Cloud ERP	Annual Subscription	$200 / user*	ℹ
Blue Link Associates Limited	Blue Link Elite	Annual Subscription	$1,000 / user*	ℹ
Cetec	Cetec ERP	Monthly Subscription	$40 / user	ℹ
DBA Manufacturing	DBA Manufacturing	Annual Subscription	$2995 / 5 users	ℹ
Deacom, Inc.	DEACOM ERP Software	Perpetual License	$7,000 / user*	ℹ
Deltek	Ajera	Annual Subscription	$393 / user*	ℹ
Deltek	Deltek Vision	Annual Subscription	$375 / user*	ℹ

Deltek	Maconomy	Perpetual License	$1,000 / user*	ⓘ
Ecount	Ecount ERP	Monthly Subscription	$55 / unlimited users	ⓘ
Epicor Software Corporation	Epicor	Annual Subscription	$645 / user*	ⓘ
ERPNext	ERPNext	Annual Subscription	From free*	ⓘ
Exact	Exact ERP	Monthly Subscription	From $319	ⓘ
KPI	KPI ERP	Monthly Subscription	From $299 / 5 users	ⓘ
Horizon Software	MRP Plus Small Business Edition	Perpetual License	From $500 / user	ⓘ
iDempiere	iDempiere	Free	Free*	ⓘ
IQMS	EnterpriseIQ	Perpetual License	$3,000 / user*	ⓘ
My Office Apps	Kechie	Monthly subscription	From $99 / user*	ⓘ
NetSuite Inc.	NetSuite	Annual Subscription	$1,188 / user*	ⓘ
OpenBravo	OpenBravo Business Suite	Annual Subscription	From free*	ⓘ
OpenPro	OpenPro ERP	Perpetual License	$9000 / 5 users	ⓘ
Oracle	E-Business Suite	Annual Subscription	$1,200 / user*	ⓘ

Plex Systems	Plex Online	Annual Subscription	$1,440 / user*	ⓘ
ProcessPro	ProcessPro Premier	Annual Subscription	$3,000 / user*	ⓘ
Rootstock Software	Rootstock ERP	Monthly Subscription	$175 / user*	ⓘ
Sage	Sage ERP X3	Perpetual License	$2,610 / user*	ⓘ
SYSPRO	SYSPRO	Annual Subscription	$600 / user*	ⓘ
TFG4000	TFG4000 Standard Edition	Monthly Subscription	$55 / 5 users	ⓘ
TFG4000	TFG4000 Standard Edition	Perpetual License	$900 / 5 users	ⓘ
Valuechain	DNA	Monthly Subscription	£50 / user*	ⓘ
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 9. 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 three of the better choices discussed below:

ERPNEXT

On the lower-level of the cost curve ERPNext represents one of the more innovative development shops among today's crop of open source ERP developers. The user interface is particularly simple and clean, and many processes appear to be quite intuitive and straightforward. The platform is free for when self-hosted and the only downside is that the system's scalability is somewhat limited within the 'free' price bracket, but for small enterprises ranging from $0 to $2 million gross, it will get the job done with a minimum of fuss.

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 per.

IDEMPIERE

Finally, 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 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 and Infor 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.

DIFFERING DEFINITIONS

That said, and just to refresh the reader's mind, here is how Gartner formally defines TCO "For IT, TCO includes hardware and software acquisition, management and support, communications, end-user expenses and the opportunity cost of downtime, training and other productivity losses."

Now, there is a school of thought which excludes the software acquisition costs in ERP TCO calculations. Some of you may be about to jump up and yell, "how can the software cost not be a vital element of TCO?". Well it is and it isn't, depending on who's doing the measuring. Some financial folks consider pre-operational software and license purchases to be 'capital expenses' (CAPEX) and, therefore not necessarily related to the calculation of active 'after purchase' operational costs. At the end of the day, adding or discarding these cost elements within an ERP TCO analysis typically comes down to the particular pricing model employed or the desires of an enterprise's COO or CFO.

Now that we've put paid to fuzzy accounting concepts associated with what is, and isn't a valid calculation, let's look at some of the common elements which should be included in an ERP TCO:

• Networking hardware and software costs

• Server hardware and software costs

• Workstation hardware and software costs

• Installation and integration of hardware and software costs

• Data migration costs

- Risk management; i.e. potential vulnerabilities, upgrade availability, patch and future license management etc.

- Infrastructure enhancement costs

- Power costs, i.e. affiliate equipment, climate systems, backup power systems

- Quality assurance and testing costs

- Downtime and outage costs

- Reduced productivity costs, i.e. acclimatization to system, diminished money-making ability

- Security including potential breaches, loss of brand reputation, recovery and future prevention

- Backup systems management and recovery costs

- Training costs

- Process auditing costs, i.e. internal and external

- Process re-engineering costs

- Insurance costs

- Stand-in and special personnel costs

- Project management costs

- Future upgrade or scalability expenses

- Legacy platform decommissioning costs

All of these elements, along with virtually every other hidden element that costs more than the price of a paper clip, 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.

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