



ERP Selection Surprises: 5 Hidden Costs to Avoid **Forvis Mazars**





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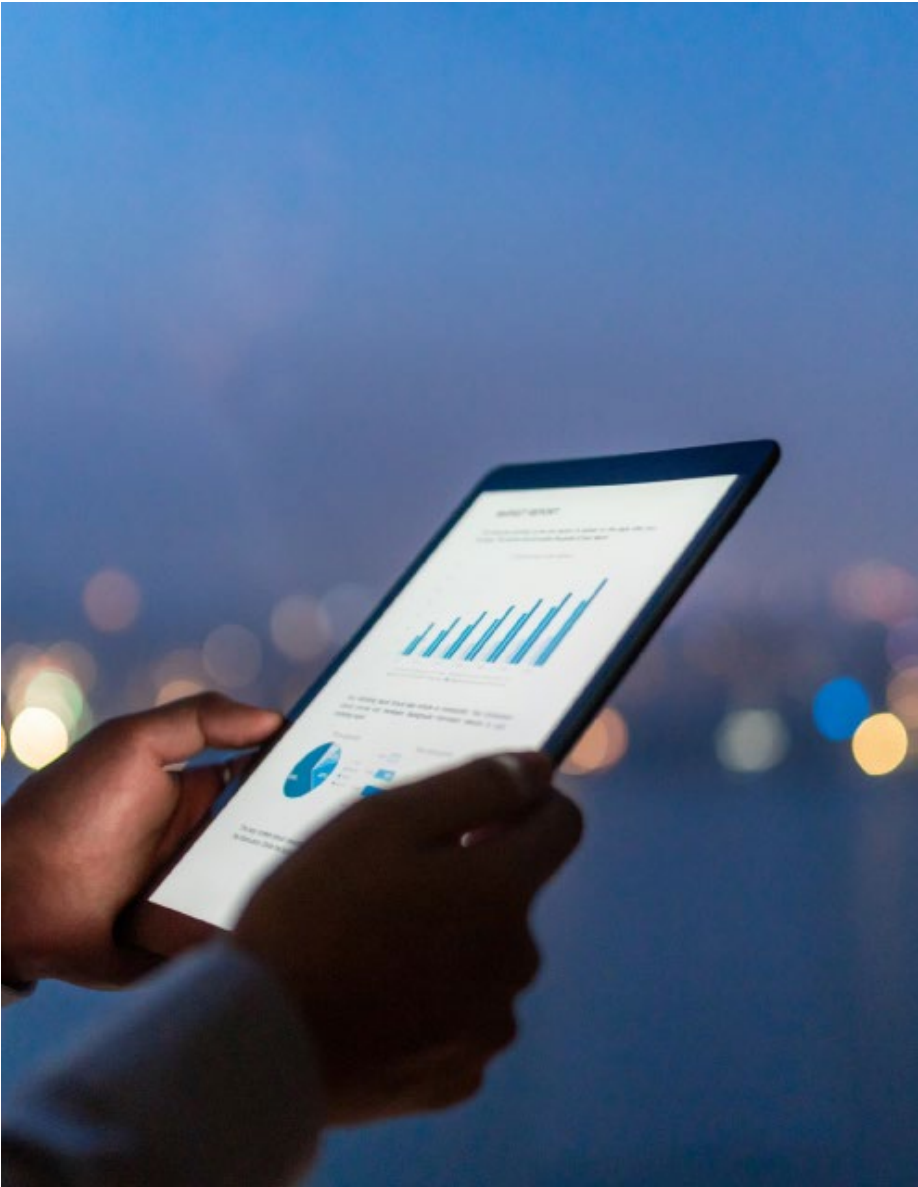
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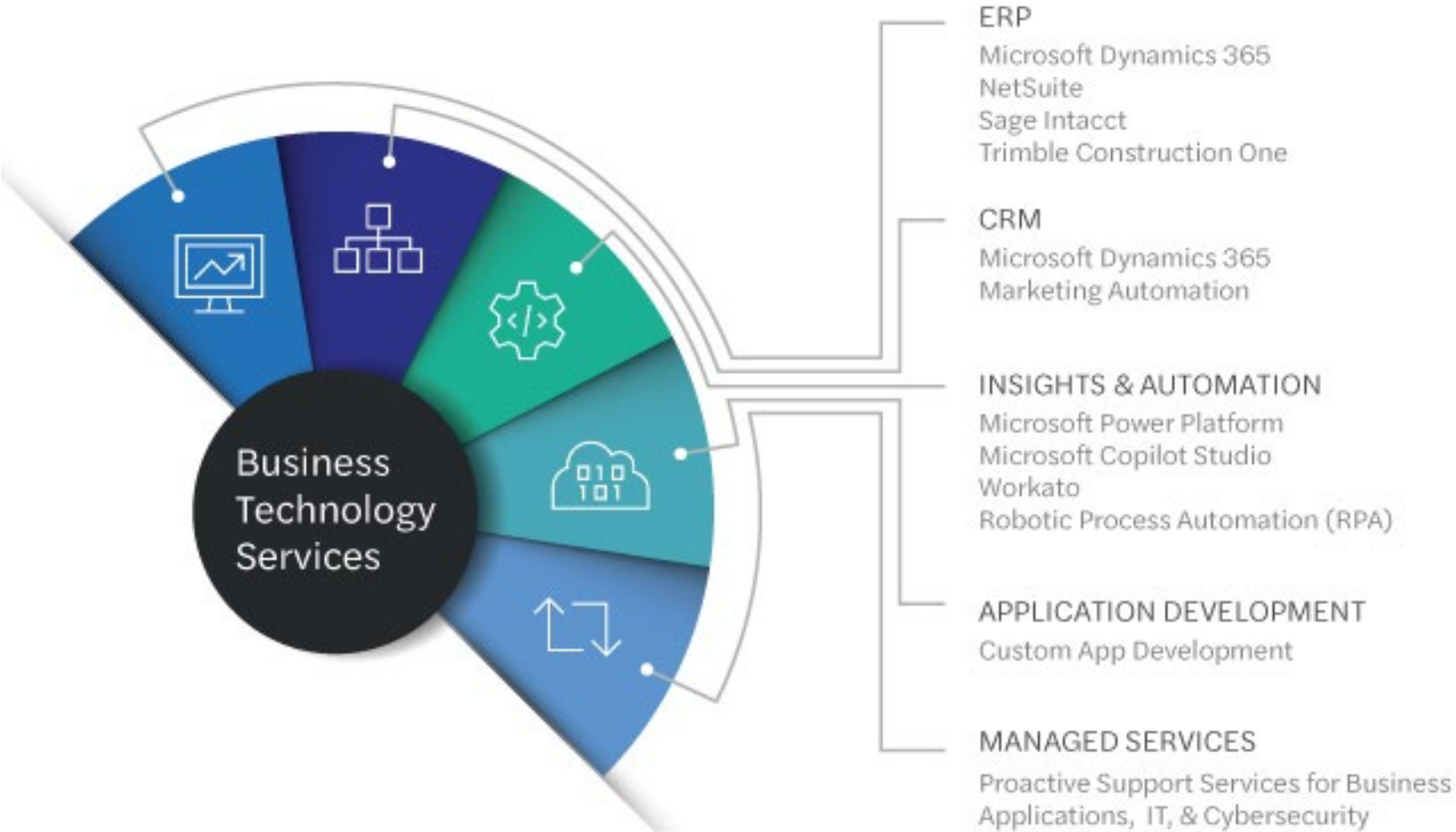
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Introductions

Today's Presenters



Nicholas Harris

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Nicholas is a highly accomplished business leader and NetSuite solution architect with over 20 years of experience. He partners with executive teams to deliver strategic technology initiatives that drive growth and optimize performance. Nicholas has a proven track record of analyzing complex business needs and implementing customized ERP solutions, resulting in measurable business results. His experience includes solution design, implementation management, team leadership, and cultivating strong client relationships through professional services. He is passionate about contributing to growing organizations by developing and executing strategic, long-term visions that achieve significant business growth.



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Marcus is an experienced NetSuite consultant at Forvis Mazars with nearly a decade of experience. He specializes in system design and architecture, problem solving, and accounting processes, including debits and credits. Marcus has served as the lead implementation manager on client projects, demonstrating his ability to guide clients through complex implementations. Throughout his consulting career, he has worked with numerous clients across various industries. He has strong relationships with NetSuite third-party providers such as Zone and Netgain. His focus is on helping clients achieve their desired outcomes and fully leverage their NetSuite environments.

Agenda

1. Introductions
2. Why ERP Selection Matters
3. Understanding Total Cost of Ownership (TCO)
4. The 5 Hidden Cost Drivers
5. How to Compare ERP Options Effectively
6. Building a Business Case
7. Q&A and Wrap-Up



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Why ERP Selection Matters



Why ERP Selection is High-Risk / High-Impact

A Decision That Shapes Your Business for the Next Decade



High-Risk Factors (What Goes Wrong)

Long-Term Commitment: ERP decisions are difficult and expensive to reverse once implemented

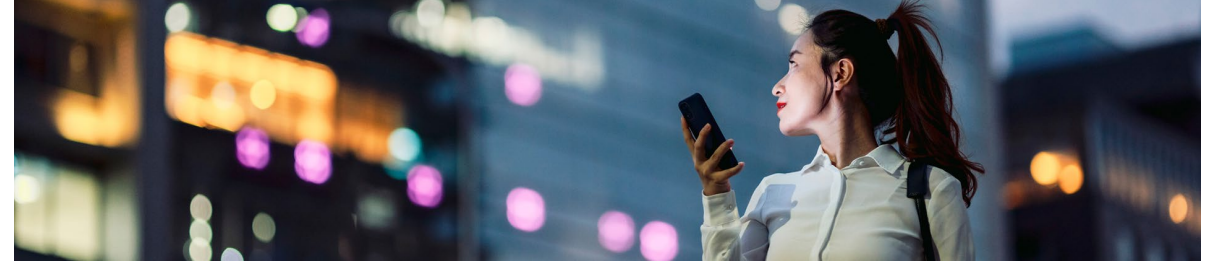
Incomplete Cost Visibility: Hidden costs emerge post-selection, impacting true TCO

Process Misalignment: Selecting technology before aligning business processes creates inefficiencies

Over-Customization: Attempting to replicate legacy workflows increases complexity and risk

Underestimated Effort: Internal resource demands and change management are often overlooked

Execution Dependency: Success depends heavily on implementation partner and delivery approach



High-Impact Outcomes (What Success Enables)

Enterprise-Wide Transformation: Unifies finance, operations, and reporting into a single platform

Scalable Growth: Supports expansion, new business models, and increasing complexity

Data-Driven Decision Making: Enables real-time visibility and strategic insight

Operational Efficiency: Reduces manual effort and improves process consistency

Stronger Financial Control: Improves accuracy, compliance, and reporting confidence

Competitive Advantage: Positions the organization to move faster and adapt to change

The Illusion of “Sticker Price”

Upfront Costs vs Total Cost Reality

Surface Level Costs

Licensing Fees: Subscription or perpetual pricing presented during vendor discussions

Implementation Estimate: Initial project scope based on limited or high-level requirements

Demo-Driven Confidence: Decisions influenced by feature demos rather than full cost understanding

Hidden Cost Layers

Scope Expansion: Additional requirements uncovered during implementation drive cost increases

Integration Costs: Connecting ERP to CRM, payroll, banking, and other systems requires additional investment

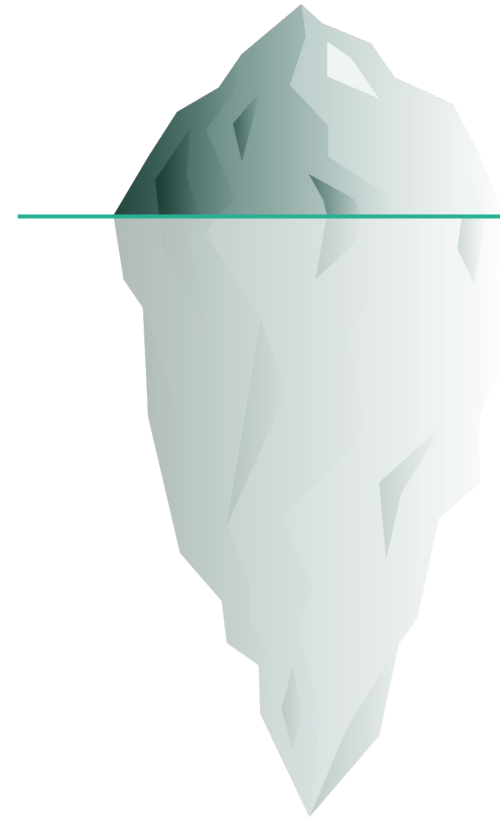
Data Migration and Cleanup: Significant effort needed to prepare, validate, and move legacy data

Customization and Extensions: Modifying the system to fit current processes introduces ongoing complexity

Internal Resource Commitment: Business users, IT, and leadership time required throughout the project

Post-Go-Live Support: Ongoing administration, optimization, and training costs

What you see is only a fraction of the true ERP investment:



- Licensing
- Initial Implementation

- Scope Expansion
- Integrations
- Data Migration
- Customization
- Internal Resources
- Ongoing Support

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Understanding Total Cost of Ownership (TCO)



Understanding Total Cost of Ownership (TCO) Beyond Upfront Investment to Long-Term Value

Core Cost Components

Licensing

Subscription or user-based pricing that scales with business growth and system usage

Implementation

Initial deployment, configuration, testing, and go-live support based on scope and complexity

Hidden and Variable Cost Drivers

Integrations and Data Migration

Connecting systems and preparing legacy data for accuracy and consistency

Customization and Extensions

Adapting the system to support unique business processes and requirements

Ongoing Operational Costs

Support and Administration

System maintenance, updates, troubleshooting, and internal ownership model

Training and Change Management

Driving adoption through onboarding, process alignment, and continuous enablement

60-70%

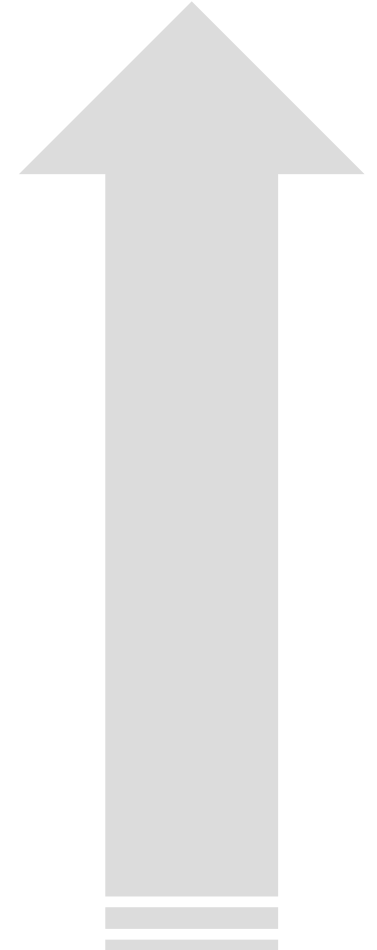
Of ERP cost occurs after the implementation

15-25%

Increase in cost from unplanned integrations

20-30%

Savings from standardization vs. customization



Common Pitfalls in ERP Selection

Many Spokes Leading to the Same Hub

Business + Process Pitfalls



Over-Focus on Features

Poor Process Alignment

Siloed Systems Thinking



Rushed Decision Timeline

Incomplete Requirements

Execution + Cost Pitfalls



Underestimating Implementation Effort

Ignoring Change Management



Hidden Integration Costs

Over-Customization Risk

Weak Executive Alignment



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The 5 Hidden Cost Drivers



Misaligned Licensing Models

The 5 Hidden Cost Drivers

Licensing Optimization

1

Misaligned Licensing Models

A poorly aligned licensing structure can significantly inflate total cost of ownership (TCO) by introducing unnecessary complexity, underutilized capacity, and unexpected cost escalations over time. Many organizations select licensing models based on vendor defaults rather than aligning them to actual user roles, transaction volume, and operational needs.

Example: An organization may license most users as full users, even though many employees only require limited, task-based access (e.g., expense entry, approvals, or data inquiry). This results in paying for functionality that is not utilized. Similarly, selecting a bundled or modular licensing structure without understanding long-term growth can lead to overpaying for features that are not needed—or being forced into costly upgrades later. A more strategic approach aligns user types, modules, and scaling structure with actual business usage, ensuring the organization pays for what it truly needs today while maintaining flexibility for future growth.

Implementation Complexity

The 5 Hidden Cost Drivers

Execution Risk and Delivery Efficiency

2 Implementation Complexity

Underestimating complexity in scope, requirements, and delivery is the primary driver of ERP cost overruns. Without well-defined processes or sufficient system knowledge, organizations face rework and delays. Replicating legacy workflows instead of adopting standard functionality, along with ungoverned scope expansion, compounds the problem further.

Example: An organization may begin with a targeted implementation focused on financials, but during execution, additional requirements emerge across inventory, reporting, and integrations. Without a clearly defined scope and phased approach, the project expands beyond its original intent—introducing scope creep, extended timelines, and increased consulting costs. Similarly, selecting the wrong implementation tier (e.g., over-engineered solution or insufficient baseline configuration) can result in either excessive customization or missed functionality, both driving inefficiency and cost.

Integrations and Data Migration

The 5 Hidden Cost Drivers

System Connectivity and Data Readiness

3 Integrations and Data Migration

Integrating an ERP with existing applications and migrating legacy data often proves far costlier than expected. Many organizations underestimate the effort required to connect systems, standardize data, and ensure data quality. Integration complexity grows as the number of systems increases—CRM, payroll, inventory, and third-party platforms often require middleware, custom integrations, or ongoing maintenance. Poor data quality demands extensive cleansing before migration can proceed.

Example: An organization may assume customer, vendor, and transactional data can be migrated directly into the new ERP. However, during implementation, data inconsistencies—such as duplicate records, incomplete fields, or conflicting formats—require extensive cleansing and validation, adding both time and cost. Similarly, integrating with systems like CRM or payroll can require custom APIs or middleware solutions. Without proper planning, this leads to unexpected integration costs, extended timelines, and ongoing maintenance requirements.

Customization and Technical Debt

The 5 Hidden Cost Drivers

Sustainability and Long-Term System Health

4 Customization and Technical Debt

Over-customizing an ERP system to replicate legacy workflows generates technical debt that raises maintenance costs, limits scalability, and heightens risk as business needs evolve.

Example: An organization may customize workflows, reports, or transaction logic to replicate legacy processes exactly. While this may ease initial adoption, it creates challenges when applying system updates or upgrades—requiring rework, testing, and additional consulting effort. Over time, the cost of maintaining customizations grows as new features are released and integrations evolve. What begins as a short-term solution becomes a long-term constraint, resulting in higher maintenance costs, upgrade delays, and increased risk when making system changes.

Change Management and Adoption

The 5 Hidden Cost Drivers

User Enablement and Organizational Alignment

5 Change Management and Adoption

No ERP delivers value if users don't adopt it. Neglecting training, communication, and executive sponsorship breeds resistance and underutilization. True implementation success hinges on organizational behavioral change, not just system deployment. Absent structured change management, even a well-built system lacks real business impact.

Example: An organization may go live with a fully implemented ERP system, but without adequate training, users revert to spreadsheets or manual workarounds. Over time, data integrity declines, reporting becomes unreliable, and the organization fails to realize the expected ROI. Additionally, without strong executive sponsorship and aligned messaging, employees may resist process changes, creating fragmentation and limiting adoption. This results in reduced productivity, lower system utilization, and diminished return on investment.

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How to Compare ERP Options Effectively



How to Compare ERP Solutions

Making the Right Decisions for Long-Term Value



Comparison Pitfalls (What Goes Wrong)

Feature-First Evaluation: Overemphasizing demos and functionality instead of business fit

Cost-Only Focus: Comparing license and implementation price without full TCO visibility

Incomplete Requirements: Evaluating solutions without clearly defined business needs

Short-Term Thinking: Selecting a system that meets today's needs but not future growth

Vendor Bias: Relying on vendor-driven narratives rather than objective analysis

Lack of Structure: Inconsistent or informal evaluation methods across stakeholders



Effective Comparison Approach (Enable Success)

Requirements-Based Evaluation: Align solutions to core business processes and priorities

Total Cost Perspective: Evaluate full TCO including licensing, implementation, and long-term costs

Fit-for-Purpose Selection: Identify solutions that meet ~80–85% of needs out-of-the-box

Scalability and Flexibility: Ensure the system supports growth, complexity, and evolving models

Ecosystem Strength: Consider integrations, partner network, and extensibility

Objective Scoring Framework: Use structured criteria to compare vendors consistently

Key Dimensions in ERP Selection

Move from Feature Comparison -> Value-based Comparison

Dimension	Key Question
Fit	Does it support our core business processes?
Scalability	Will it grow as we grow?
Cost Structure	How does Total Cost of Ownership evolve over time?
Ecosystem	What integrations and partners exist?
Usability	Will our users actually adopt it?

What “Right-Fit” ERP Looks Like

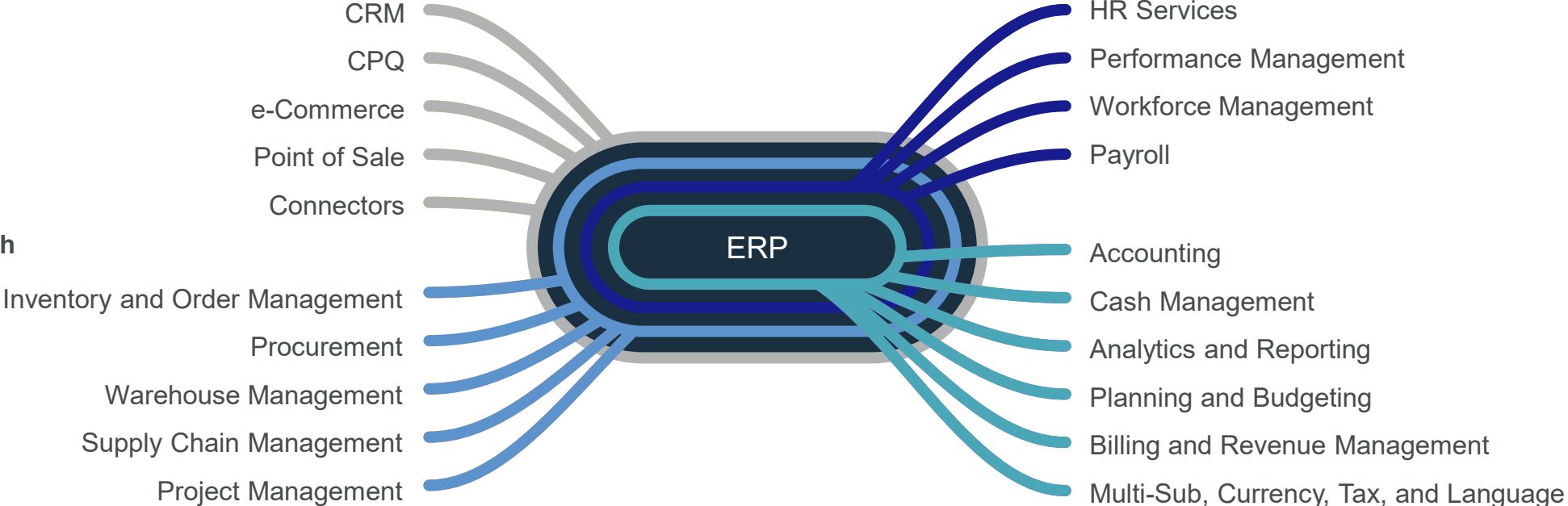
ERP Evaluation Criteria

Meets 80-85% of Requirements Out of the Box
Balances

Process Alignment

Minimal Customization

Clear Roadmap for Growth



06

Building a Business Use Case for ERP



Building a Business Use Case for ERP

Aligning ERP Investment to Measurable Business Value

Core Value Drivers

Operational Efficiency

Reduction in manual processes, improved workflow automation, and increased productivity across finance and operations

Data and Visibility

Real-time reporting and centralized data improve decision-making and reduce reliance on spreadsheets

Quantifiable Business Benefits

Cost Reduction

Elimination of redundant systems and manual effort drives measurable cost savings

Revenue Enablement

Improved order-to-cash, forecasting, and customer visibility support growth and scalability

Strategic Business Outcomes

Scalability and Growth

Supports expansion, new business models, and increasing transaction volume without added complexity

Risk and Control Improvements

Stronger financial controls, compliance, and audit readiness reduce exposure and improve confidence

15-30%

Reduction in manual effort through process automation

20-40%

Faster financial close and reporting cycles

10-20%

Reduction in operating costs through system consolidation

2-3x ROI

Typical return realized over 3-5 years with successful ERP adoption



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Q&A and Wrap-Up



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