

A CFO'S GUIDE TO ERP SUCCESS

How to Choose an ERP Without Wasting Millions



Dynamics
Division

Guide to better financial visibility by
connecting operational data with finance
and moving beyond legacy systems.

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Executive Summary

ERP selection is one of the most consequential financial decisions a CFO will make. Yet the vast majority of organizations continue to navigate this process without a structured framework — resulting in budget overruns, delayed go-lives, and systems that fail to deliver the long-term value promised during the sales cycle.

This whitepaper equips CFOs and senior finance leaders with a rigorous, data-driven approach to evaluating ERP systems. It addresses the real variables that determine ERP success: total cost of ownership, financial risk exposure, vendor accountability, implementation timelines, and the hidden costs most organizations discover too late.

The ERP market is evolving rapidly. Cloud-native platforms, AI-assisted modules, and packaged implementation methodologies have changed the calculus significantly over the past five years. CFOs who enter the evaluation process with an outdated framework — one built around on-premise deployments or highly customized implementations — will consistently overpay, over-scope, and underperform against their stated objectives.

Why ERP Is a CFO Decision — Not Just an IT Decision

Enterprise Resource Planning systems sit at the intersection of financial operations, data integrity, and organizational efficiency. While technology leaders typically manage the technical evaluation, the financial implications of an ERP decision extend far beyond infrastructure choices — and the CFO who cedes this ground entirely to IT consistently ends up owning the financial consequences of decisions they did not make.

The modern ERP platform is, at its core, a financial data infrastructure. It governs how revenue is recognized, how costs are allocated, how inventory is valued, how payables and receivables are managed, and how the organization reports to its board, its lenders, and its regulators. Every one of these functions falls squarely within the CFO's domain.





The CFO's role in ERP evaluation has expanded significantly over the past decade. Beyond approving budgets, today's CFO must understand vendor risk, implementation methodology, data migration strategy, and the realistic timeline to return on investment. Organizations where the CFO plays an active governance role in ERP selection consistently report better outcomes — including faster go-lives, lower total cost of ownership, and higher post-implementation satisfaction among end users.

CFO PERSPECTIVE

The finance function does not just consume ERP data — it owns the standard of that data. When ERP fails, it most visibly fails the CFO: delayed closes, unreliable reporting, audit findings, and board-level questions that cannot be answered with confidence.

The State of ERP in the Market Today

The ERP market has undergone a fundamental transformation over the past decade. Cloud-first platforms have displaced on-premise deployments as the standard for mid-market and enterprise organizations. Subscription-based pricing has replaced large capital expenditures. And pre-configured, industry-aligned implementation packages have challenged the traditional time-and-materials consulting model.

For CFOs, these changes create both opportunity and risk. The opportunity: faster implementations, more predictable costs, and lower total cost of ownership when the right model is selected. The risk: a market crowded with vendors making similar claims, where differentiation is difficult to assess without a structured evaluation framework.

Key Market Dynamics CFOs Must Understand

75%

Of New ERP Deployments Are
Now Cloud-Based

64%

Of Traditional ERP Projects
Exceed Budget

17mo

Average Timeline For Custom
ERP Implementations

The Shift to Cloud ERP

Cloud ERP platforms — including Microsoft Dynamics 365, Oracle NetSuite, SAP S/4HANA Cloud, and Sage Intacct — now represent the majority of new enterprise deployments. Cloud deployment offers CFOs several structural advantages: elimination of infrastructure capital expenditure, continuous platform updates without re-implementation cost, and predictable subscription-based pricing that simplifies budget planning.

However, cloud deployment does not automatically mean lower total cost. Subscription fees accumulate over time, user-based pricing scales with headcount, and premium modules are frequently sold separately from base platform pricing. A rigorous cloud ERP evaluation must account for the full 5-year subscription cost, not the year-one contract value.

The Rise of Packaged Implementations

A significant structural shift in how ERP is delivered has emerged: fixed-fee, pre-configured implementation packages. Major vendors and their implementation partners now offer rapid deployment methodologies — Microsoft's Rapid Start, Oracle's SuiteSuccess, SAP's Model Company — that promise go-live in 90–120 days at a defined cost.

For CFOs, this shift is consequential. It changes the risk profile of implementation significantly, and it requires a different set of evaluation questions than those used for traditional time-and-materials engagements. Section 5 of this whitepaper addresses implementation models in detail.

Vendor Consolidation and Market Risk

The ERP vendor landscape continues to consolidate. Acquisitions, mergers, and private equity involvement have changed the ownership structure of several mid-market platforms. CFOs evaluating ERP must assess vendor financial stability and long-term product roadmap commitment — not merely current feature sets. An ERP platform that is discontinued, de-invested, or radically repriced post-acquisition represents a material financial risk.

MARKET INTELLIGENCE

The ERP vendor you select today is a 7–10-year relationship. Evaluate the vendor's ownership structure, R&D investment as a percentage of revenue, customer retention rate, and published product roadmap with the same rigour you would apply to a major supplier contract.

Six Evaluation Criteria Every CFO Must Apply

A rigorous ERP evaluation should not rely on vendor demonstrations and reference calls alone. The following six criteria provide a CFO-grade assessment framework that moves beyond feature comparison and focuses on financial fit, risk management, and long-term value.



Total Cost of Ownership (TCO)

Evaluate licensing, implementation, customization, ongoing support, and upgrade costs across a full 5-year horizon. Never evaluate ERP on year-one contract value alone.



Implementation Risk Profile

Assess the vendor's and partner's on-time, on-budget delivery track record. Request auditable project data — not curated case studies — and ask specifically about projects of comparable size and complexity to yours.



Time-to-Value

Identify when the system starts providing real financial and operational benefits, not just its launch date. A system live on time but needing 12 months to stabilize isn't delivering value as planned.



Integration Complexity

Know all systems the ERP must connect with and if integrations are native, pre-built, or custom. Custom integrations add ongoing maintenance costs often missing from initial pricing.



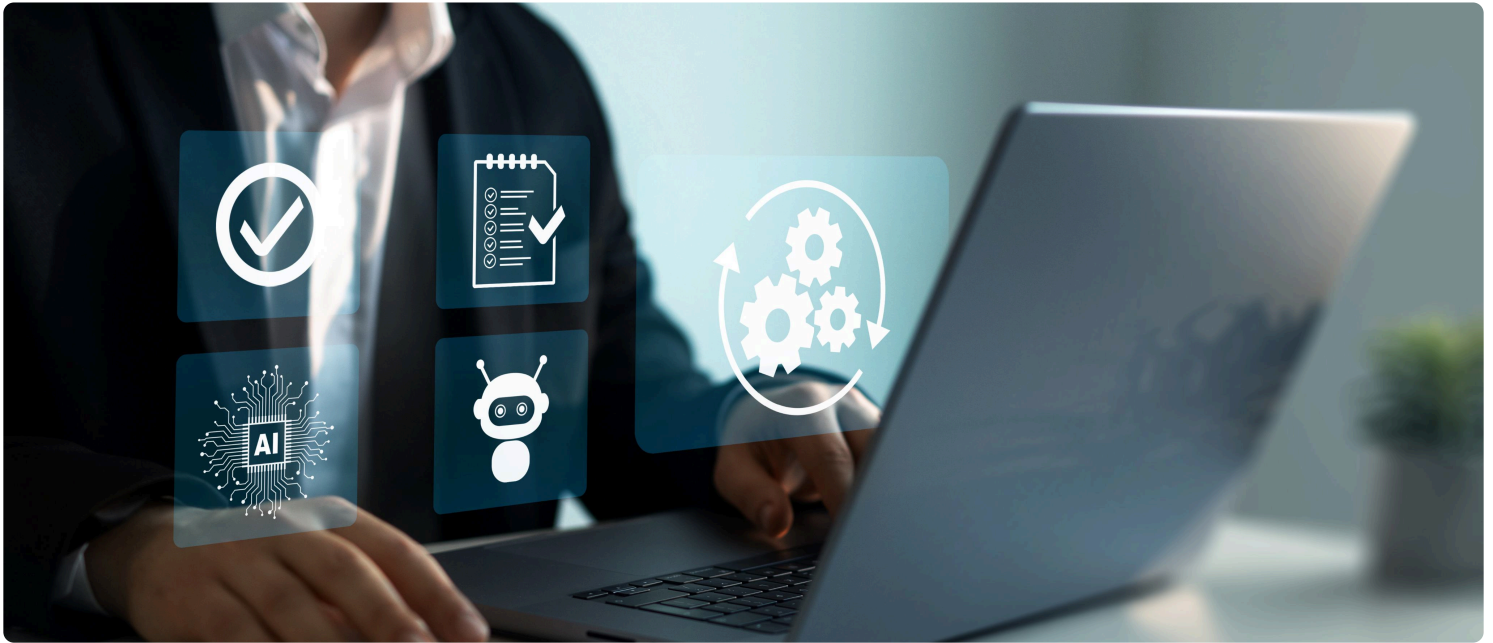
Scalability and Upgrade Path

Confirm the platform can grow with your organization and that major version upgrades do not require re-implementation or significant re-investment. Ask for the upgrade history and associated cost for current clients.



Vendor Financial Stability

Evaluate the vendor's market position, ownership structure, R&D investment, and long-term product roadmap. ERP is a decade-long relationship — vendor health matters as much as product capability.



Applying the Criteria: A Weighting Approach

Not all criteria carry equal weight for every organization. A CFO leading an ERP evaluation in a high-growth company with aggressive go-live requirements may weight Time-to-Value and Implementation Risk Profile most heavily. A CFO in a heavily regulated industry may weight Integration Complexity and Vendor Financial Stability above all others.

We recommend that the CFO-led evaluation team assign a relative weight to each criterion before vendor scoring begins. This prevents post-hoc rationalization — the common pattern where evaluation teams unconsciously adjust their criteria weighting to justify a vendor they have already emotionally selected.

EVALUATION DISCIPLINE

Define your weighting before you see vendor demonstrations. Once a vendor has delivered a compelling presentation, it becomes cognitively difficult to apply objective criteria.

Document your weights, share them with the full evaluation committee, and hold the process to them.

Understanding Total Cost of Ownership

The single most common CFO regret in ERP projects is underestimating the true cost. Initial licensing or subscription fees represent only a fraction of what an organization will spend over the life of the system. A financially sound ERP evaluation requires a full 5-year Total Cost of Ownership model built before any vendor is selected.

The following framework breaks ERP costs into their constituent components — many of which are routinely omitted from vendor proposals and internal business cases alike.

The Complete TCO Framework

Cost Category	What CFOs Consistently Underestimate
Software Licensing / SaaS Fees	User-based pricing that scales with headcount; premium module add-ons priced separately; annual escalation clauses embedded in multi-year agreements
Implementation Services	Scope creep driven by inadequate initial discovery; change orders that accumulate during the project; extended timelines that inflate consulting fees beyond contracted amounts
Data Migration	Legacy data cleansing, transformation, and validation effort — typically underestimated by 40–60% in initial project scoping
Customization & Development	Ongoing maintenance burden of custom code; upgrade incompatibilities that require re-development with each major platform release
Training & Change Management	Productivity loss during system transition; re-training costs following staff turnover; ongoing training for new hires on a non-intuitive system
Infrastructure & Integration	Middleware licensing, API development, third-party connector fees, and the ongoing cost of maintaining point-to-point integrations

Cost Category	What CFOs Consistently Underestimate
Annual Support & Maintenance	Vendor support tier costs; internal IT headcount allocated to system support; third-party managed services fees
Upgrade & Re-implementation	Major version upgrades — particularly in heavily customized deployments — can require investment approaching the original implementation cost

The Cost of Customization: A Special Note for CFOs

Customization is the primary driver of ERP cost overruns — both during implementation and over the full system lifecycle. Every line of custom code represents a future liability: it must be maintained, tested, and re-validated with each platform update. Organizations that implement heavily customized ERP solutions consistently report higher total cost of ownership and greater difficulty executing platform upgrades.

The CFO's role in customization governance is to set a clear threshold — expressed in financial terms — for what justifies custom development versus process adaptation. A process that costs \$200,000 to replicate in custom code, but could be addressed by modifying an internal workflow, is not a sound investment.

FINANCIAL BENCHMARK

For a mid-market organization, implementation and ongoing services typically amount to 2–3x the annual software license cost over a five-year period. CFOs who build their business case around license fees alone consistently face unplanned budget requests within 18 months of go-live. Model conservatively: assume 20% implementation contingency and a 15% annual support cost as a percentage of license value.

Implementation Models: Fixed-Fee vs. Traditional

One of the most significant structural decisions in an ERP project is the choice of implementation model. Two primary models dominate the market: fixed-fee packaged implementations and traditional time-and-materials engagements. Each carries a different risk profile, cost structure, and organizational requirement — and the right choice depends on factors that are specific to each organization.



Fixed-Fee Implementation Model

Fixed-fee implementations deliver a pre-configured, scope-limited ERP system for a defined price and timeline. The vendor or partner commits to going live within a specified period — typically 90–180 days — at a contracted cost. Cost overruns are absorbed by the partner, not the client.

This model has grown significantly in adoption as major vendors have developed pre-configured industry packages. Microsoft's Rapid Start for Dynamics 365, Oracle's SuiteSuccess, and SAP's Model Company methodology all support fixed-fee delivery through their partner ecosystems.



Traditional Time-and-Materials Model

Traditional implementations are custom-designed solutions built around detailed requirements analysis, tailored workflows, and deep integration with existing systems. The client pays for time and materials consumed — with the final cost contingent on scope, complexity, and the efficiency of the project team.

This model offers maximum flexibility and is appropriate for organizations with genuinely unique processes, complex regulatory requirements, or legacy system integrations that cannot be served by pre-configured packages.



Side-by-Side Comparison

Factor	Fixed-Fee Model	Traditional Model
Initial Cost	Lower and capped at contract value	Large enterprises, finance
Budget Overrun Risk	Low — overruns absorbed by partner	High — 64% of projects exceed budget
Go-Live Timeline	3-6 months typical	12-18 months average
Customization Level	Limited; configuration over custom code	Extensive; built to specification
Process Fit	80-90% standard fit; some process adaptation required	100% fit target; processes preserved
Scope Flexibility	Rigidly defined; changes via formal order	Flexible; scope can evolve (risk of creep)
TCO Over 5 Years	Lower — minimal custom code to maintain	Higher — custom code compounds over time
Right For	Organizations with standard processes, lean IT teams, tight timelines	Organizations with unique requirements, strong IT resources, flexible timelines

How to Choose the Right Model

The decision between fixed-fee and traditional implementation is not primarily a technology decision — it is a financial risk decision. CFOs should apply the following logic:

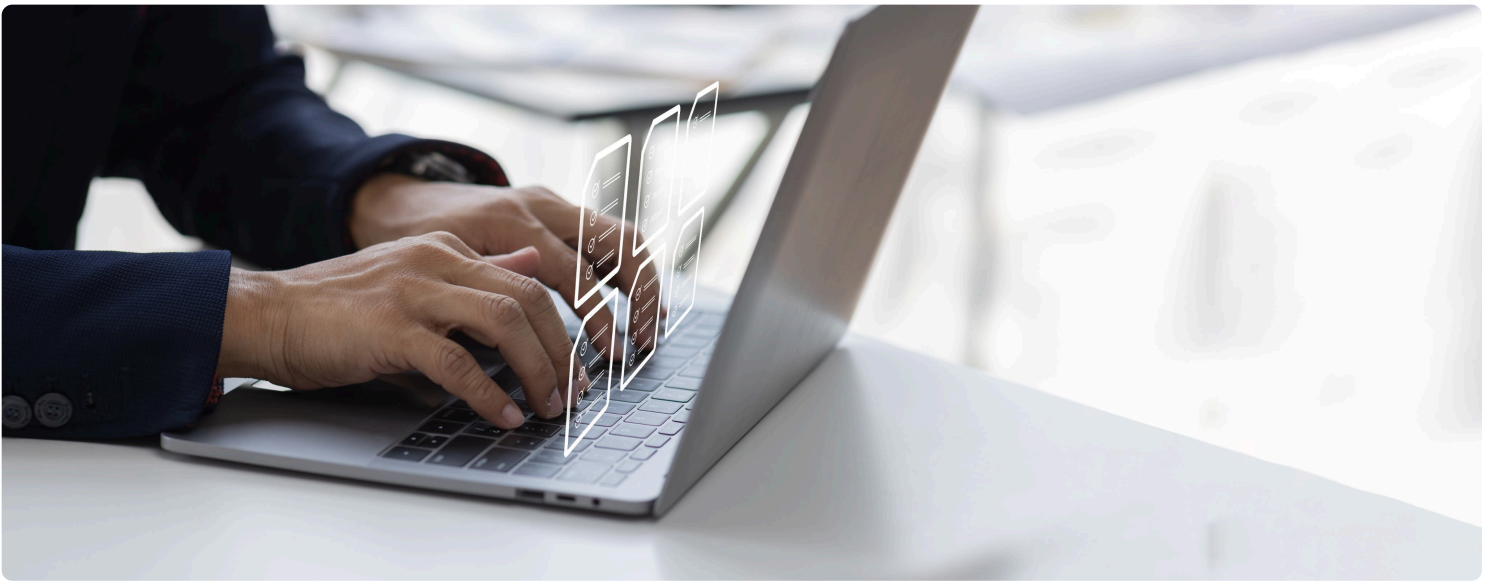
- ⦿ If budget certainty is essential for board approval, and your processes are largely standard for your industry: fixed-fee is the lower-risk choice.
- ⦿ If your organization has genuinely differentiated processes that cannot be standardized without competitive disadvantage: traditional may be necessary, but must be governed with exceptional budget discipline.
- ⦿ If you have a hard deadline — a system sunset, a divestiture, a regulatory requirement — fixed-fee's defined timeline eliminates a significant category of project risk.
- ⦿ If your IT team has deep ERP implementation experience and strong project governance: traditional can be executed successfully. Without this capability, the risk profile is materially higher.

CFO RISK FRAMING

The question is not 'which model gives us the most functionality?' The question is 'which model minimizes financial and operational risk given our constraints?' Most mid-market organizations are better served by 90% functionality delivered on time than 100% functionality delivered 9 months late and 60% over budget.

Questions Every CFO Must Ask ERP Vendors

Vendor presentations are designed to highlight strengths and manage exposure on risk areas. A structured set of CFO-level questions shifts the dynamic — from a product demonstration to a financial due diligence process. The following questions are organized by theme and designed to surface the information most relevant to a rigorous financial evaluation.



On Cost and Commercial Terms

- What is the total contracted value, and what is explicitly excluded from that number?
- How are scope changes priced, and what triggers a formal change order?
- Under what conditions can the implementation fee increase beyond the contracted amount?
- What is your firm's on-budget delivery rate, and can you provide auditable project data — not selected case studies — to support that figure?
- What annual escalation clauses are embedded in the subscription agreement?

On Implementation and Delivery

- What is your average go-live timeline for organizations of our size and operational complexity?
- Who specifically will lead our implementation from kickoff to go-live — and will they remain on our project throughout?
- What are the most common causes of timeline overruns in your engagements, and how do you contractually manage them?
- How do you handle data migration risk — and who bears responsibility if data quality issues delay the go-live?
- What does client-side resourcing look like — how many hours per week will our internal team need to commit during implementation?

On Long-Term Value and Vendor Stability

- What does a major platform upgrade require from our team and from your firm — and what has it cost your existing clients?
- How much custom code will be written in our implementation, and what is the ongoing maintenance and upgrade risk associated with it?
- Can you provide references from clients who have been live on your platform for three or more years — specifically regarding post-go-live support quality?
- What is your product roadmap for the next 24 months, and how do customers formally participate in roadmap development?
- What is your company's ownership structure, and how does that affect long-term investment in the platform?

Red Flags That Signal the Wrong Partner

Not all ERP vendors and implementation partners are equally equipped to serve your organization. The following warning signs — observed consistently across troubled ERP engagements — should prompt serious reconsideration before any contract is signed.



Vague or Verbal Scope Definitions

If the Statement of Work does not enumerate deliverables, modules, data migration scope, integrations, and acceptance criteria with precision, the contract protects the vendor — not you. Every ambiguity in scope becomes a future change order at your expense.



No Auditable Delivery Data

A vendor who cannot provide on-time and on-budget statistics across a meaningful sample of projects has something to conceal. 'We always deliver' is not a data point. Ask for the number, and ask how it is calculated.



Excessive Customization Promises

A partner who agrees to build anything you ask without pushback, without flagging upgrade risk, and without proposing process alternatives is not protecting your long-term total cost of ownership. They are protecting the size of their engagement.



Junior or Rotating Implementation Teams

Ask who will lead your project from kickoff to go-live. Confirm in writing that this individual will not be reassigned mid-engagement. Many firms sell engagements with senior talent and deliver them with junior resources.



Unclear Change Order Process

If the vendor cannot clearly explain how scope changes are identified, priced, approved, and tracked, budget overruns are a near-certainty. A professional implementation partner has a defined change management process and will explain it without hesitation.



References Only from Recent Go-Lives

Customers who have been live for less than 12 months have not yet experienced upgrade cycles, year-two support responsiveness, or the compounding cost of early customization decisions. Ask specifically for references from clients who are 3+ years post go-live.



**Underestimated
Data Migration
Scope**

Data migration is consistently the most underestimated component of ERP implementations. If a vendor's proposal allocates minimal time or budget to data cleansing, transformation, and validation, they have either not done thorough discovery or they expect to recover the cost through change orders.



**No Post-Go-Live
Support
Structure**

Implementation and ongoing support require fundamentally different capabilities and team structures. Confirm that the partner has a defined, staffed support organization — not a commitment to 'handle issues as they arise' through the same team that delivered the implementation.



Building the Internal Business Case

Before an ERP investment can proceed, the CFO must construct a business case that withstands board-level scrutiny. A financially rigorous ERP business case addresses three dimensions: cost justification, risk quantification, and strategic alignment. The most effective business cases present ERP modernization not as a technology purchase but as a financial infrastructure investment.

STEP 1

Quantify the Cost of Inaction

The business case does not begin with ERP costs — it begins with the cost of the status quo. Manual processes, disconnected systems, and delayed financial reporting carry real, quantifiable costs that are rarely aggregated and presented to leadership. Build a rigorous baseline that captures:

- ✓ Finance team hours spent weekly on manual reconciliation, data extraction, re-entry, and error correction — converted to fully-loaded labor cost

- ✓ Additional days added to the monthly close cycle attributable to system fragmentation — converted to cost per day of delayed management reporting

- ✓ Audit findings, compliance exceptions, or regulatory risk attributable to data inconsistency across disconnected systems

- ✓ Operational losses from inventory discrepancies, billing errors, revenue recognition delays, or reporting failures

- ✓ The cost of maintaining legacy infrastructure — licensing, support contracts, and internal IT resources dedicated to systems that will be replaced



STEP 2

Model the 5-Year Financial Impact

A credible business case projects investment and return over a five-year horizon. The model should include full TCO using the framework from Section 4, projected efficiency savings with conservative assumptions, and a clearly stated payback period and internal rate of return.

- ✓ Year 1–5 total cost of ownership (implementation + licensing + support + ongoing)

- ✓ Projected labor savings from process automation and reduced manual effort

- ✓ Projected reduction in close cycle time — expressed in days and converted to cost

- ✓ Projected reduction in error rates and associated rework cost

- ✓ Revenue impact of improved reporting speed and decision-making quality

- ✓ Risk-adjusted savings from improved audit readiness and compliance posture



STEP 3

Frame the Risk Argument

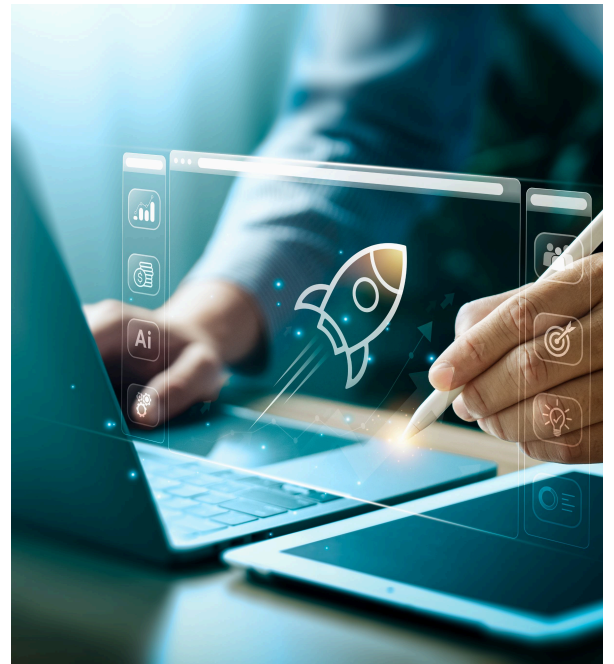
Boards and executive committees respond to risk framing as powerfully as they respond to return projections. Present ERP modernization as a risk mitigation initiative — reducing exposure to financial reporting errors, regulatory non-compliance, audit findings, operational disruption from legacy system failure, and the reputational risk of reporting delays.

STEP 4

Define Success Metrics Before the Board Approves

Establish clear, measurable outcomes that will define success at 12 and 24 months post-go-live. Committing to these metrics before approval serves two purposes: it demonstrates CFO confidence in the investment thesis, and it creates accountability that governs the implementation. Recommended metrics include:

- ✓ Days to monthly close — baseline and target
- ✓ Finance FTE hours per month on manual data tasks — baseline and target
- ✓ Reporting accuracy rate — number of restatements or corrections per quarter
- ✓ System uptime and support ticket resolution time — vendor SLA compliance
- ✓ User adoption rate at 90 days post go-live



BOARD-LEVEL FRAMING

The most effective ERP business cases lead with operational and risk metrics that resonate with the full board — not just the finance committee. Frame the investment in terms of the competitive cost of slow financial visibility, the audit risk of fragmented data, and the organizational cost of a finance team spending half its time managing spreadsheets rather than generating insight.

Your Decision-Making Framework

The following framework synthesizes the evaluation criteria, risk considerations, and financial analysis from this whitepaper into a structured 10-step decision process. It is designed to be used as a working governance tool – one that brings discipline, consistency, and documentation to a process that too often relies on vendor relationships and internal advocacy.

Step	Action	Key Output
01	Establish CFO-led evaluation governance	Steering committee formed; decision timeline defined; evaluation criteria weighted
02	Define financial boundaries	Approved budget envelope; 5-year TCO ceiling; contingency reserve established
03	Assess organizational readiness	Internal resource availability confirmed; change management capacity evaluated
04	Document current-state cost baseline	Quantified cost of inaction; baseline metrics for post-implementation comparison
05	Issue structured RFP with weighted criteria	Vendor responses evaluated against standardized, pre-weighted framework
06	Conduct financial due diligence on vendors	TCO comparison; delivery track record analysis; vendor financial stability assessment
07	Evaluate implementation model and methodology	Go-live timeline confidence; risk mitigation approach; resourcing plan reviewed

Step	Action	Key Output
01	Conduct reference checks — long-tenured clients only	Validated post-go-live satisfaction; support quality; upgrade experience documented
02	Negotiate commercial terms with precision	Defined scope document; change order process agreed; SLA commitments contractualized
03	Present to board with risk-adjusted business case	Investment authority approved; success metrics defined; governance framework activated

Common Decision-Making Failures — and How to Avoid Them



Demo-Driven Selection

Evaluation teams often favor the vendor who presents most impressively rather than the one whose delivery record is strongest. Structured scoring with pre-defined weights prevents this.



Incomplete Financial Modeling

Business case models frequently undercount TCO by excluding ongoing support, upgrade costs, and the compounding cost of customization. Use the Section 4 framework to ensure completeness.



Insufficient Scalability Analysis

Many organizations select ERP based on features relevant to today's operations without adequately modeling the cost and complexity of growing into or beyond the platform.



Underinvesting in Change Management

Even well-selected ERP systems fail when the organization is not adequately prepared for the change. Budget for change management as a first-class project workstream, not an afterthought.



Late-Stage Reference Checks

Reference calls conducted too late in the process — after commercial terms are agreed — provide no decision-making value. Conduct references before shortlisting, not after selection.

Conclusion & Next Steps with Folio3 Dynamics

ERP selection is not a technology decision — it is a financial governance decision. The CFOs who navigate it successfully do so by applying the same discipline to vendor evaluation and investment justification that they apply to every other material financial commitment their organizations make.

The cost of a poor ERP decision is not limited to the initial budget overrun. It compounds over years: in the maintenance cost of unnecessary customization, in the productivity loss of a system that does not fit the organization, in the risk exposure of unreliable financial data, and in the political cost of having committed to an initiative that failed to deliver its stated return.

The cost of a well-governed ERP decision, by contrast, is finite, predictable, and — when the right framework is applied — substantially lower than initial estimates typically suggest. Organizations that approach ERP with rigour, patience, and CFO leadership consistently outperform those that move fast, underinvest in evaluation, and overpay in consequence.

Use this whitepaper as a working document throughout your evaluation process. The criteria, questions, framework, and red flags outlined here are not theoretical constructs — they reflect the consistent patterns that distinguish successful ERP investments from troubled ones across hundreds of mid-market and enterprise implementations.



How Folio3 Dynamics Supports CFO-Led ERP Evaluation

Folio3 Dynamics is a Microsoft Dynamics 365 implementation and support partner with deep expertise in finance-function transformation. We work alongside CFOs and their teams to bring financial rigour, implementation accountability, and long-term partnership to ERP projects of every scale.

CFO-Grade Evaluation Support

We provide structured ERP readiness assessments that quantify the cost of your current state and model the financial impact of modernization — before you commit to any vendor.

Transparent Implementation Pricing

Our Dynamics 365 implementations are delivered with defined scope, transparent pricing, and contractual accountability — so the number you approve is the number you pay.

Senior-Led Project Delivery

We assign senior consultants to lead engagements from kickoff to go-live, and maintain long-term support relationships with clients that extend well beyond implementation.

Dedicated Post-Go-Live Support

Our post-implementation support team is separate from our delivery practice — staffed, structured, and measured by SLA — not managed informally by the people who built the system.

Microsoft Dynamics 365 Expertise

We specialize in Microsoft Dynamics 365 Finance, Business Central, and the full Dynamics ecosystem — with deep knowledge of finance module configuration, reporting, and integration.

Ready to Start Your ERP Evaluation?

Folio3 Dynamics helps CFOs and finance leaders navigate ERP selection with clarity, structure, and financial discipline.

Speak with our ERP advisory team for a complimentary evaluation readiness assessment.