

*ERP modernization is not a technology decision. It's the CFO's career-defining capital bet — and most are approaching it like a software upgrade.*

## ERP: The \$100M Decision

*You've heard the pitch. One unified platform. Clean. Efficient. Scalable. Here's what they don't tell you in those vendor presentations.*

*ERP implementations are ugly. Support is cumbersome. And when your business model shifts — which it will — ERP becomes the anchor dragging you down, not the engine pulling you forward.*

*CFOs are deferring ERP upgrades for the same reason companies once clung to AS/400s: capital scarcity, unclear ROI, and the high cost of being wrong. Deferral is itself a decision, and it carries compounding benefits.*

### WHY THIS MATTERS NOW

Break-even for large ERP implementations can require \$4B+ in revenue to offset the investment. *Most companies will never reach that threshold.*

Risk-adjusted ROI, once you factor in the statistically near-certain delays, overruns, and scope creep, is frequently negative — though vendors never present it that way.

## Where ERP Investments Actually Go Wrong

**Every change becomes a capital event.** In tightly integrated ERP systems, what looks like a minor operational tweak cascades across finance, reporting, and procurement. Your "simple business pivot" becomes a full-scale IT capital project with enterprise-wide risk exposure.

**The one-size-fits-nobody problem.** Your portfolio likely spans fundamentally different business models. Forcing these into a single monolithic ERP template doesn't create efficiency — it creates expensive compromises across every business unit.

**Market speed vs. ERP speed.** Your customers are shifting faster than your systems can adapt. Strategic pivots that could start with targeted contract and billing changes instead demand full-scale re-platforming.

*ERP is a 3–5-year illiquid bet.*

*Product-embedded IT is a 12–18 month, higher-yield instrument.*

## The Dog Chasing Its Tail

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The deeper problem with monolithic ERP is not cost or complexity — it is timing. By the time a large ERP implementation is complete, the business it was designed to serve has changed. Customer segments have shifted. Revenue models have evolved. Supply chains have been restructured. The system goes live into a world it was not built for, and the organization immediately begins the process of customizing, patching, and working around it — while the next wave of change is already arriving.

Three forces are accelerating this dynamic and making it worse with every passing year.

1. The first is revenue model transformation. The systems that actually touch customers and generate revenue — CRM, contracting, order management, delivery, and service management — need to be reimagined, not migrated. A new customer segment, a new pricing model, or a new service offering cannot wait three years for an ERP release cycle. By the time the ERP is ready, the market window has closed or the competitor has moved. Organizations that tie revenue-enabling systems to ERP timelines are not being disciplined — they are surrendering their ability to compete.
2. The second is supply chain fragility. The assumption of stable, global, low-cost supply chains that justified large centralized ERP architectures is gone. Localization, nearshoring, and supplier diversification favor smaller, specialized systems that can be deployed, modified, and replaced without enterprise-wide disruption. The monolithic ERP that was designed for a world of predictable global flows is now an anchor in a world that rewards agility.
3. The third is functional empowerment. Business units are no longer willing to wait for IT release cycles to serve their customers or close their books. The decentralization of technology decision-making is not a governance failure — it is a rational response to the pace of change. ERP architectures that assume central control are fighting a tide that will not turn.

Together, these three forces describe a system chasing its own tail: the ERP is never quite finished, never quite current, and never quite aligned with the business that funded it. The capital keeps flowing. The flexibility keeps shrinking.

## The Strategic Fork: System of Record vs. Value Generator

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**ERP as System of Record.** A stable financial backbone focused on governance and compliance. Innovation and agility happen in adjacent cloud layers. Capital priority: keep it running reliably at minimum cost while minimizing ERP footprint and maximizing integration flexibility.

**ERP as Value Generator.** An adaptive platform designed to flex with business model changes — running dual order management systems during transitions, integrating best-of-breed platforms without disruptive overhauls.

The CFO who answers this question explicitly is making a defensible strategic decision. The CFO who defers is making the same decision by default, without the governance that would protect them when it goes wrong. ERP isn't dying — it's becoming the new AS/400: essential, expensive, and increasingly unexamined.

## KEY TAKEAWAYS

- ERP is a 3–5 year illiquid bet. The strategic question is what role it plays in the capital allocation strategy — not which vendor wins.
- Break-even for large ERP programs can require \$4B+ in revenue. Most companies will never reach that threshold.
- Risk-adjusted ROI is frequently negative when you factor in statistically near-certain delays, overruns, and scope creep.
- The strategic fork: ERP as stable System of Record vs. ERP as adaptive Value Generator. Answering this explicitly is the defensible decision.
- ERP isn't dying — it's becoming the new AS/400: essential, expensive, and increasingly unexamined.

### PLATEAU STRATEGY

Capital Efficacy  
Series

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*Four continents. Multiple capital cycles. I've watched brilliant CFOs get blindsided — by vendors selling certainty, by organizations caught in politics, by leaders advancing careers ahead of the balance sheet.*

*We work alongside CFOs so they walk into every room ready for the conversation that defines whether they keep the seat.*

### GET IN TOUCH

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