ARCHERPOINT
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eBook

Why Staying on an Older ERP Costs More Than You Think:

The Hidden Costs of Standing Still in a Cloud-First World

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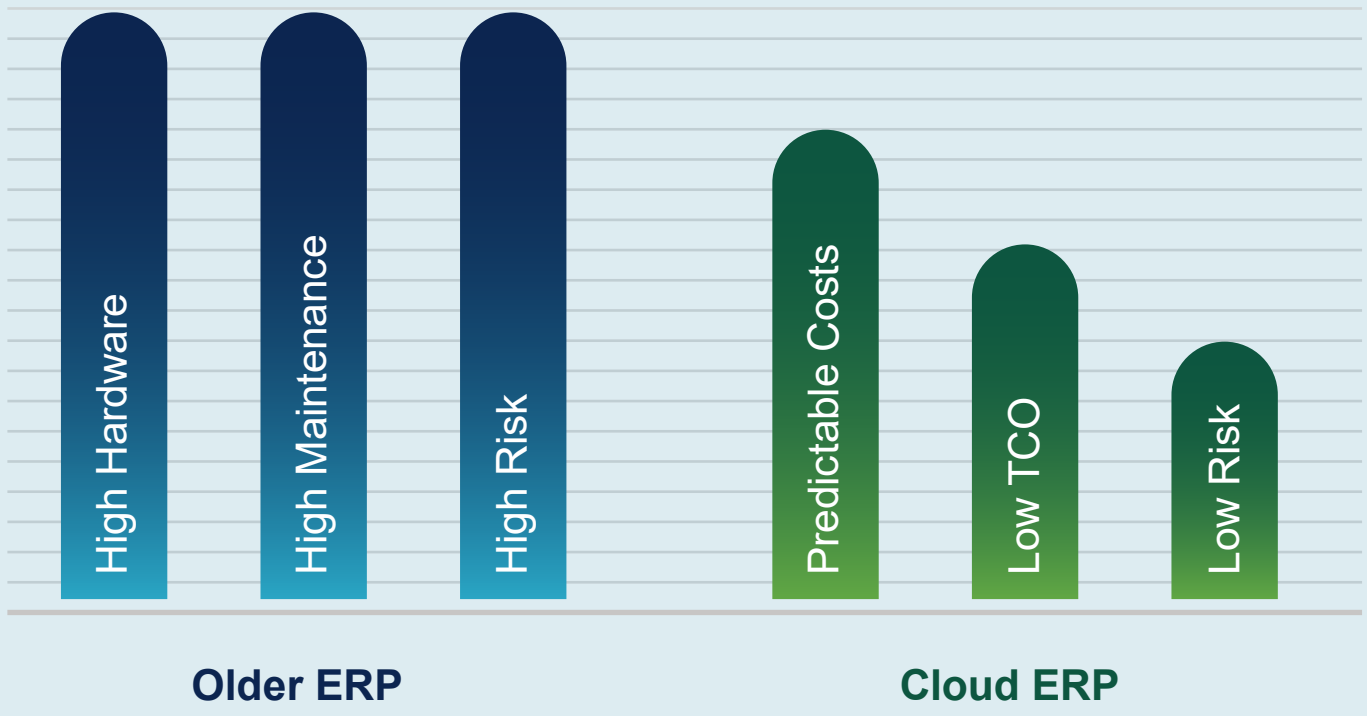
The illusion of saving money

Many companies continue to run on old ERP and accounting systems long after they've stopped delivering real value. These systems feel comfortable — familiar screens, reliable reports, and processes that have worked for years. The finance team knows how to close the books, operations can find their way around the menus, and IT keeps the servers humming along. On the surface, staying put appears to be the safer and more cost-effective choice. Best of all – they're paid for!

But beneath that comfort lies a slow leak of time, money, and opportunity. The true costs of maintaining outdated ERP and old accounting software aren't always visible on a balance sheet. They're buried in IT maintenance hours, delayed upgrades, security risks, and lost productivity. As the technology around you continues to evolve, the effort required to keep an aging system operational grows year after year. Until one day, it fails to keep pace with your business.

This eBook explores the hidden costs — in hardware, maintenance, upgrades, and security — and demonstrates why modern cloud Enterprise Resource Planning (ERP) solutions actually reduce risk and total cost of ownership (TCO), while providing your organization with the agility it needs to thrive.



The hidden IT costs of standing still

One of the most overlooked expenses in running an older ERP system is the physical infrastructure that supports it. On-premises systems depend on servers, storage devices, and network hardware that require continuous upkeep. Over time, those costs quietly multiply.

Servers have a limited lifespan — typically three to five years — before performance drops or support expires. As they age, they become harder to maintain and more prone to failure. Replacing them involves not only the cost of the hardware but also the downtime, installation, and configuration work that comes with it. Even beyond the servers themselves, there are cooling systems, backup devices, and uninterruptible power supplies that all draw electricity and require maintenance.

Then there's the cost of simply keeping everything running. Your IT team (or managed service provider) must constantly patch operating systems, monitor databases, manage backups, and test recovery processes. Those tasks consume valuable time and labor. And because older systems often rely on outdated versions of operating systems or database software, patching becomes a balancing act: too many updates risk breaking compatibility, too few leave you vulnerable to attack.

Even worse, as time goes on, these older operating systems and business applications begin to lose support from their manufacturers. You also need to find older hardware to run them, as many will not operate properly with the latest computer hardware and operating systems.

It's not unusual for companies to retain a few specialized IT professionals whose sole purpose is to maintain their legacy ERP environment. That's an expensive dependency — and it's becoming riskier each year as fewer professionals remain trained in older technologies. The people who understand those systems are retiring or moving on, and when they do, the cost of finding or contracting replacements skyrockets.

A modern cloud ERP eliminates these hidden expenses. You don't buy or maintain hardware. You don't pay for server upgrades, cooling, or local backups. The infrastructure is managed, optimized, and secured by your cloud provider — which means your IT staff can finally focus on innovation rather than upkeep.

Servers typically have a limited lifespan of **3-5 years** before performance drops or support expires.

When is a cloud ERP not a cloud ERP?

Some vendors have attempted to give their aging software a new look by renaming it or relocating it. For instance, some ERP vendors have taken their old on-premises software, put a web server in front of it, and called it "cloud-enabled". In reality, it's still the same antiquated software running on-premises in a cloud provider's server room. These kinds of tricks do not add new capabilities to old software, except for making it easier to grant users remote access.

Accounting software is not an ERP

Another unfortunate trick is when vendors claim their product is an ERP, but in reality, it is simply accounting software. There is a difference.

Accounting software specializes in managing your financials – AR, AP, GL, month-end close, etc. And many do this very well. ERP software handles your financials, as well as much more. ERP is designed to help you manage manufacturing, inventory, sales, retail operations, and eCommerce. Adding this functionality to accounting software requires add-ons and customizations, which add complexity and cost.

The upgrade trap

If there's one thing legacy ERP users dread, it's upgrades. In older systems, upgrades are not routine. Instead, they represent major projects that occur only once every few years, typically triggered by a significant event, such as a new tax law, a software compatibility issue, or a hardware failure, which necessitates a full-blown, high-cost effort involving consultants, testing, downtime, and retraining.

Each upgrade can easily consume 20-40% of your original implementation cost. That's because older ERPs are tightly coupled to specific versions of operating systems, databases, and even web browsers. When you upgrade one, you often have to upgrade the others, setting off a domino effect that cascades through your entire IT ecosystem.

Customizations add more complexity. Over the years, many businesses have customized their ERP or accounting systems with scripts, integrations, and reports tailored to meet their unique requirements. Those modifications, while valuable at the time, often break during upgrades and must be rewritten or retested. Even when the upgrade is technically successful, users often require retraining to adapt to new interfaces or workflows.

The net effect is that companies put off upgrades for as long as possible. The ERP version drifts further and further behind; the supporting technology becomes obsolete. When the upgrade can no longer be delayed, it becomes far more disruptive and expensive than necessary.

In contrast, a cloud ERP removes this cycle completely. Updates happen automatically — typically several times a year — without the disruption found with most on-premises upgrade projects. New features, compliance updates, and performance improvements roll out continuously, keeping your system current. What used to be an unpredictable capital expense becomes a manageable operating cost.

The high cost of falling behind on security

Security is one of the most expensive and least visible costs of running outdated technology. Every year, the threat landscape grows more sophisticated, and yet older ERP and accounting systems were never designed to defend against today's cyberattacks.

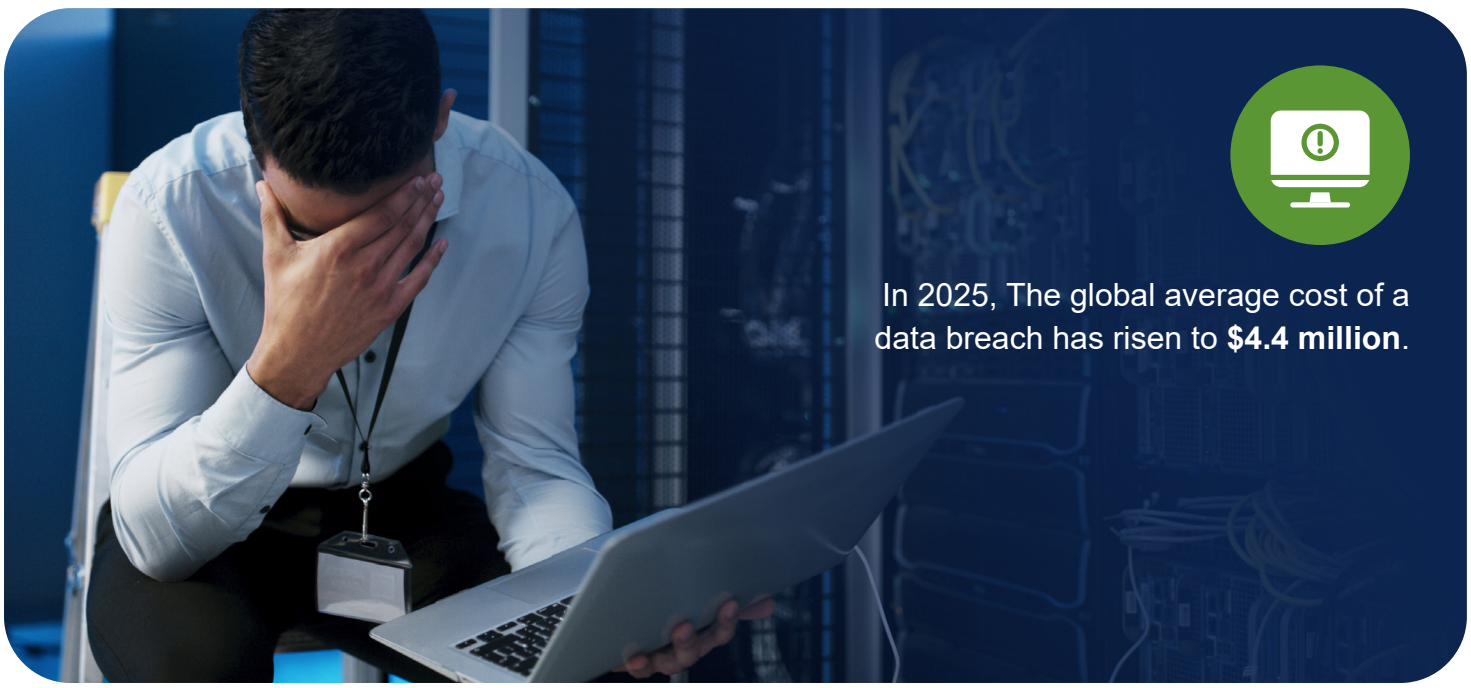
Legacy environments often run on unsupported operating systems or databases that no longer receive security patches. They rely on outdated authentication methods and often lack modern encryption for data in transit and at rest. Even with a strong firewall and antivirus solution, the internal architecture of the software itself can still become an easy target for exploitation.

According to **IBM's 2025 Cost of a Data Breach Report**, the global average cost of a data breach has risen to $4.4 million. That figure includes direct financial losses, downtime, investigation costs, regulatory fines, and long-term reputational damage. Even small or mid-sized manufacturers and distributors can face six-figure recovery costs, not to mention the operational chaos that comes with lost data or suspended production.

Beyond external threats, there's also the issue of compliance and internal controls. Many older accounting and ERP systems don't provide detailed audit trails, role-based permissions, or multi-factor authentication — all now considered basic requirements for financial integrity and cybersecurity insurance. Meanwhile, regulators expect greater transparency and accountability. Without these controls in place, companies expose themselves to compliance risk and audit failures.

Cloud ERP platforms take a radically different approach. Built on modern cloud platforms, such as Microsoft Azure and Amazon Web Services (AWS), they provide an enterprise-grade security foundation that includes encryption by default, advanced threat protection, and identity management. Access can be securely managed by role and location. At the same time, continuous monitoring by the hosting provider's global security operations center provides protection levels that no individual business could match on its own

In short, the cost of maintaining your own outdated infrastructure doesn't just show up in IT budgets — it shows up in your risk exposure. And in today's world, that can be the most expensive cost of all.



The hidden costs of backup, access, and compliance

Old accounting and ERP systems were designed for an era when most employees worked from the office. As remote and hybrid work became the norm, organizations had to add remote access capabilities using VPNs or remote desktop servers. Each of these adds another layer of complexity, licensing fees, and security vulnerability.

Maintaining these systems involves managing network firewalls, renewing VPN certificates, and ensuring that remote users can access data securely without compromising security. When something breaks, productivity grinds to a halt until IT can troubleshoot the problem. And even when it works, these methods are slower, less reliable, and more costly than the secure browser-based access available in modern cloud ERPs.

Backup and disaster recovery are also much more complex — and riskier — to manage on-premises. Backups must be scheduled, tested, and stored offsite to protect against fire, flood, or ransomware. However, many organizations fail to regularly test their recovery processes, leaving them uncertain whether their data can be fully restored in a crisis.

Cloud ERPs automatically handle backups, maintaining redundant copies of data in multiple geographic regions and continuously testing recovery routines. What once required multiple systems and manual oversight now happens in the background, without added cost or labor.

The innovation penalty

While the financial costs of maintaining legacy systems are significant, the opportunity costs are even higher. Older ERPs limit agility — the very trait businesses need most in today's economy.

When a new opportunity arises, such as a new product line, an eCommerce expansion, or a need to integrate with a supplier portal, older ERPs and accounting systems often can't adapt without extensive customization. IT departments resort to spreadsheets, middleware, or third-party workarounds just to keep data flowing. Each workaround introduces additional complexity, increased failure points, and technical debt.

Modern cloud ERP systems are designed for flexibility. For example, many cloud ERP systems can connect with Microsoft 365 applications like Outlook and Teams, eCommerce platforms like Shopify and Amazon, and Power BI for analytics and reporting. Most also offer automation and low-code app development. That means you can extend your ERP without modifying the core and without waiting months for developers to make the changes.

Cloud systems also make advanced tools, such as artificial intelligence and machine learning, accessible. Instead of running manual reports, you can gain predictive insights about cash flow, inventory trends, and customer demand — insights that were once reserved for large enterprises with dedicated data teams.

By clinging to outdated technology, companies not only pay more to maintain what they have, but they also miss the innovations that drive efficiency and competitive advantage.

Just because it’s paid for doesn’t mean it’s not costing you money

Many businesses justify staying on their current ERP by saying, “We’ve already paid for it, we own it!” But ownership is misleading. Even after a system is fully paid for, the cost of maintaining it never stops. Every upgrade to the ERP software, database, or operating system comes with costs, including new hardware, consulting fees, testing cycles, and downtime. Annual maintenance contracts with the vendor typically cost 18 to 22 percent of the original license price, even for updates you might not install.

Meanwhile, as the rest of your technology stack evolves, incompatibilities emerge. A new version of Windows, a browser update, or a change in a third-party integration can cause unexpected failures. The older your ERP, the harder it becomes to maintain stability across all these moving parts. Cloud ERP systems completely change this model. You no longer purchase perpetual licenses or pay annual maintenance. Instead, you pay a predictable subscription fee that includes hosting, updates, security, and support. The total cost of ownership becomes clear and consistent, with no surprises lurking in upgrade cycles or server rooms.

Missed opportunities

Staying on aging software also leads to missed opportunities, which may not be immediately apparent. For instance, you may be paying for customized add-ons designed to meet the specific requirements of your company or industry. Most modern ERP systems have incorporated many of these industry requirements into their core product, allowing you to eliminate the cost and complexity of these add-ons.

Similarly, many organizations have adjusted their business processes around the quirks that come with older accounting and ERP software. These processes might involve manual tasks, duplicated efforts, and excessive use of Excel spreadsheets. Modern ERP systems can help streamline inefficient processes, reduce errors, and increase productivity.

Comparing costs

When companies finally sit down to calculate the total cost of running their on-premises ERP, they're often surprised. Hardware replacement every few years, IT staff time, software maintenance, consulting for upgrades, energy costs, and downtime all add up to far more than the original purchase price.

Independent studies have shown that over five years, a cloud ERP can cost 30 to 50 percent less than maintaining an equivalent on-premises system. But the savings don't end there. The value also comes from increased uptime, faster decision-making, reduced risk, and the ability to scale without significant capital investment.

In other words, it's not just cheaper to run a modern ERP — it's smarter for the business. The focus shifts from maintaining systems to improving processes and delivering better customer service. CFOs gain predictable costs and real-time data. IT leaders free up resources to innovate. Operations teams work more efficiently and accurately. Everyone wins — except the old server gathering dust in the corner.

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Preparing for change

Transitioning from an older ERP or accounting system to a modern cloud platform doesn't have to be overwhelming. In fact, most successful migrations follow a phased approach. It starts with assessing your current environment — the servers, licenses, and manual processes that keep your system running. Once you understand your baseline costs and inefficiencies, it becomes clear how much is being spent to maintain the status quo.

Next comes the business case. Decision-makers often find that by the time they factor in IT labor, hardware replacement, and security risk, the payback period for moving to the cloud is surprisingly short — often within one to two years. Selecting the right implementation partner is key.

From there, implementation can proceed in phases: start with finance and core operations, then add production, warehouse, or eCommerce integrations as your team adapts. Because cloud ERP is modular, you can expand functionality at your own pace.

The cost of waiting

Every month that passes, an older ERP adds cost and risk in IT time, lost efficiency, and increased exposure to security threats. The longer you wait, the more complex and more expensive it becomes to catch up. Modern ERP systems are not merely updated versions of existing systems. They represent a fundamental shift from simply maintaining technology to leveraging it. With automatic updates, better security, and seamless integration across your entire business, they eliminate the hidden costs that quietly erode your margins year after year.

If your ERP system is more than five years old, it's time to take a hard look at what it's really costing you. The question isn't whether you can afford to modernize, it's how much longer you can afford not to.

Microsoft Dynamics 365 Business Central is a comprehensive, cloud-based ERP used by over 50,000 companies worldwide. **Take a short quiz to determine if Business Central** might be a good fit for your organization.

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