BOARD & EXECUTIVE BRIEFING

The Real Cost of SAP: A Five-to-Seven-Year TCO Guide

FOR CFO · CIO · Board

Licence cost is only one line in the SAP economic equation; the decision should compare fully scoped lifecycle scenarios.

The decision in context

01 Build a reconciled baseline of licences, hosting, operations, support, integration, security, internal effort and business workarounds.

02 Add transition costs: migration, testing, data, training, parallel running, hypercare and contingency.

What a defensible decision requires

A decision should be based on a common fact base, realistic alternatives, explicit assumptions, a named business owner and a measurable follow-through plan. Avoid comparing a narrow low-cost scenario with a broader transformation scope.

Five evaluation dimensions

DIMENSION	BOARD / MANAGEMENT TEST
01	Recurring run-rate and escalation
02	One-time programme and transition cost
03	Internal and business effort
04	Operational risk and service resilience
05	Benefits confidence and exit flexibility

How to apply the framework

Score each feasible option on the five dimensions using a documented 1–5 scale. Agree weights before seeing the result; record assumptions and unresolved dependencies. The score is a decision aid, not a substitute for executive judgement.

Financial discipline

Compare the cash profile, recurring operating cost, one-off transition investment, delivery contingency, downside exposure and post-implementation ownership. Benefits should have baselines, timing and accountable sponsors.

Questions before approval

01. Does finance reconcile the starting baseline?

02. Have internal labour and dual running been included?

03. What is the 5–7-year cash profile in each scenario?

04. Which savings require operating-model change?

Recommended next steps

1. Commission a short, evidence-based baseline assessment. 2. Agree two or three credible options and common evaluation criteria. 3. Validate the business case and operational dependencies. 4. Assign delivery and benefits accountability. 5. Approve the next decision gate, not an untested end-state promise.

About Carlavia

Carlavia combines enterprise technology expertise with practical business transformation, hands-on delivery, management accountability and disciplined cost control. We support clients in making informed decisions and carrying them through execution.

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