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WHITEPAPER

The Most Expensive ERP Test Is the One You Run in Production

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Across Saudi Arabia, the UAE, and the wider Middle East, organisations are accelerating ERP transformation at an unprecedented pace. While national digital agendas continue to drive investment, many organisations are facing a more immediate challenge: legacy ERP platforms that were designed for a different era.

Highly customised, difficult to change, expensive to maintain, and increasingly unable to support modern business expectations, these systems are becoming barriers to growth rather than enablers of it. Organisations are therefore moving to platforms such as SAP S/4HANA, Oracle Cloud ERP, and Microsoft Dynamics 365 to standardise processes, improve data quality, enable automation and AI, strengthen controls, and create more agile operating models.

But modern ERP transformation is significantly more complex than replacing one system with another. Process redesign, cloud adoption, data migration, third-party integrations, regulatory compliance, and user adoption must all come together simultaneously. A single failure in any one area can undermine the entire transformation.

This creates a simple question for leadership teams: how do we know the business is truly ready for go-live?

Testing is where ERP transformation becomes operational reality.

- ✓ **Design** can be approved
- ✓ **Build** can be completed
- ✓ **Data** can be migrated
- ✓ **Training** can be delivered

But only testing proves whether the business can actually operate on day one.

Modern ERP transformations combine legacy-system replacement, process redesign, data migration, integrations, compliance requirements, and large-scale business change. The result is a level of complexity where critical failures can remain hidden until late in delivery.

The greatest risk is not that the technology cannot be built. It is that the organisation mistakes progress for readiness.

ERP programmes rarely fail because the system does not work; they fail because nobody has proven the business can operate effectively on it before go-live.

For many organisations, the risk only becomes visible when critical business processes are exercised end-to-end. Does the trial balance reconcile correctly after migration? Does the purchase approval workflow route to the right stakeholders? Can the organisation complete month-end close, process payroll, receive inventory, or generate statutory reports without manual intervention? These are not technical questions. They are business readiness questions, and they can only be answered through effective testing.

Whether organisations are moving from legacy SAP ECC environments to SAP S/4HANA, replacing ageing Oracle platforms with Oracle Cloud ERP, or modernising through Microsoft Dynamics 365, the challenge is ultimately the same: proving that the business is ready to operate safely and effectively on the new platform.

What makes ERP transformation different from many other technology programmes is that success is not determined by whether the system works in isolation. Success depends on whether business processes, data, integrations, controls, and people all work together under real operating conditions. Testing is the only stage in the transformation lifecycle where these elements come together and can be validated as a whole.

ERP programmes rarely fail because the technology doesn't work. They fail because production becomes the first place the organisation discovers whether it works.



This paper makes a single argument. Testing is the mechanism through which delivery assurance is established and maintained.

Not testing as a late quality-assurance chore, but testing as the enterprise control point where delivery risk becomes visible and measurable, where go/no-go decisions earn an evidence base, and where the promise of the business case is finally proven. Treated that way, testing is the difference between a transformation an organisation can stand behind and one it simply switches on and hopes for.

“*The organisation mistakes progress for readiness*”

The Confidence Problem

The numbers explain why this matters. Gartner forecasts that **approximately 75% of ERP initiatives fail to achieve their intended business outcomes fully**. The McKinsey and University of Oxford study of large IT programmes found they run, on average, 45% over budget while delivering 56% less value than planned. And the Consortium for Information and Software Quality has estimated the cost of poor software quality in the US economy at roughly \$2.41 trillion.

Read together, these figures point to one conclusion. Failure is not the exception in enterprise systems; it is close to the base rate. And it is rarely a coding problem. It is a confidence problem: the steady erosion of an organisation's ability to know, with evidence rather than optimism, that what it is about to switch on will actually work.

Confidence, in this sense, is not a feeling. It is the accumulated, evidenced answer to the one question every sponsor eventually has to face on the eve of go-live: do we actually know this will work, or are we hoping it will? Testing is how an organisation earns the right to answer the first way.

How Delivery Confidence Erodes

Lost confidence is not a single event. It is a chain reaction that begins quietly, early in the programme, and only becomes visible once it is expensive to fix. It tends to unfold in the same sequence every time.



Figure 1. The ERP confidence erosion chain — each stage quietly creates the next.

When testing is the last thing a programme does, production becomes the first place the whole system is genuinely tested.

It begins when testing is treated as a phase that follows build rather than a discipline that runs alongside it. Because testing starts late, integration issues stay hidden; the system is checked function by function while the connections between functions go unexamined. That weakness is compounded by data.

When migrated information is incomplete or unreconciled, even a correctly configured system produces the wrong answers, and the tests meant to catch this are validating against a foundation no one trusts. By the time business users arrive, usually at user acceptance testing, they are meeting the system for the first time rather than confirming something already proven, and they have neither the time nor the setup to test the scenarios that matter most. As their involvement thins, ownership of the outcome drifts back to IT. The final link is the most dangerous of all: with no objective evidence of readiness, the go-live decision is made on status reports and goodwill.



When Confidence Fails: The Cost in Practice

The cost of getting this wrong is not theoretical, and it is rarely small. When delivery confidence is never built, the bill does not disappear; it is deferred to the worst possible moment, the weeks immediately after go-live, when the business is already depending on the system to run.

Birmingham City Council (Oracle, 2022). The warning signs were there to be read — and they were not read. Europe's largest local authority went live on an Oracle system that its own external auditor, Grant Thornton, would later judge to have had "sub-optimal" testing before the go-live decision. The verdict was blunt: had the true state of that testing been laid out clearly, the programme would almost certainly never have been approved to proceed. What followed escalated fast. A budget estimated at £19 million climbed toward a figure north of £200 million. The council issued a Section 114 notice, the local-government equivalent of declaring itself bankrupt. And the replacement reconciliation system, re-tested in 2025, passed just 73.3% of cases against a 95% acceptance threshold, carried ten severe defects, and slipped its go-live yet again — three years on, the programme still could not prove it was safe to run. Different institution. Different sector. The same root cause: a commitment to go-live made without the evidence to support it.

Zimmer Biomet. The pattern is not historical. After a 2024 go-live, the medical-device manufacturer brought a \$172 million claim against its implementation partner, describing a system riddled with defects that left it, in its own words, barely operational for a critical period, unable to ship product, raise invoices, or produce basic reporting. Different decade, different platform, the same root cause: a commitment to go-live made without the evidence to support it.

In both cases the lesson is identical. Testing is not where a programme proves the software. It is where the business proves it can keep running

ASSURE: An Operating Model for Delivery Confidence

If testing is the control point, an organisation needs a way to run it as one. ASSURE is that operating model. It is not a methodology to hand to a test team; it is a set of leadership commitments that build delivery confidence from the first design workshop through to the go-live decision. Each element reverses a habit that quietly erodes confidence.

- **Align to business outcomes.** Test against how the business is meant to run, not how the system happened to be configured. A passing test should mean the business is ready, which keeps everyone honest about what success actually looks like.
- **Start early.** Bring validation into design rather than saving it for a phase at the end. The earlier a defect surfaces, the cheaper it is to resolve, and the risk being controlled is the late, expensive surprise that derails a go-live.
- **Strengthen data.** Treat data as a product to be proven, with reconciliation owned by the business. Untrusted data invalidates every test above it, so this is the foundation the rest of the programme stands on.
- **Unify coverage.** Test end-to-end across value streams rather than function by function, so the cross-system failures appear in a controlled environment before cutover, not in production after it.
- **Reinforce governance.** Make readiness measurable through objective entry and exit criteria, so the go/no-go decision rests on evidence rather than sentiment and cannot be quietly renegotiated under deadline pressure.
- **Enable ownership.** Put named business leaders in charge of acceptance, with the authority to delay a release. Confidence the business does not own is confidence the business will not stand behind.

Taken together, these six moves shift testing from something a programme does to something an organisation governs.

“*Testing failures do not stay technical. They become business failures, measured in disrupted operations and material financial loss.*”



The Delivery Confidence Pyramid

Confidence has a structure, and it pays to be explicit about it. Delivery confidence is built in layers, and each layer depends entirely on the one beneath it.

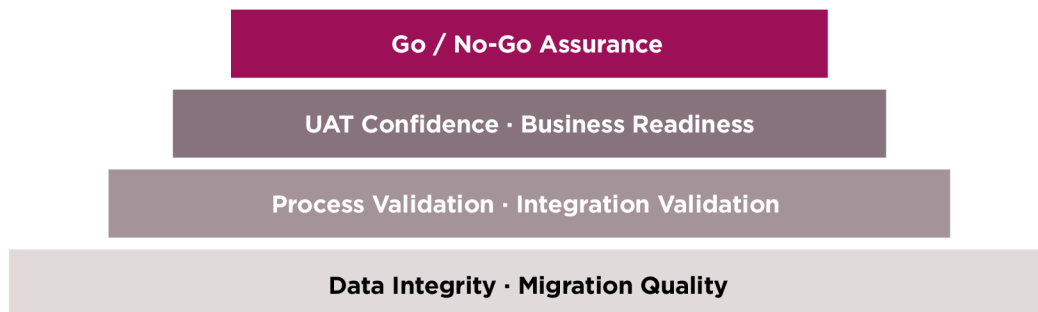


Figure 2. *The ERP delivery confidence pyramid — built from the bottom up, not the top down.*

At the base sit data integrity and migration quality, because nothing built on untrusted data can itself be trusted. Above that comes process and integration validation, the proof that the system behaves as a connected whole. Higher still is business readiness, confirmed through user acceptance. Only at the very top does genuine go/no-go assurance become possible.

Operational readiness cannot be declared at the top of the pyramid. It has to be built layer by layer from the ground up.

The practical implication is that a go-live decision is only ever as sound as the layers beneath it. An organisation that rushes to the apex without building the base is not making a decision. It is taking a gamble and calling it a plan.

A Readiness Gate That Means Something

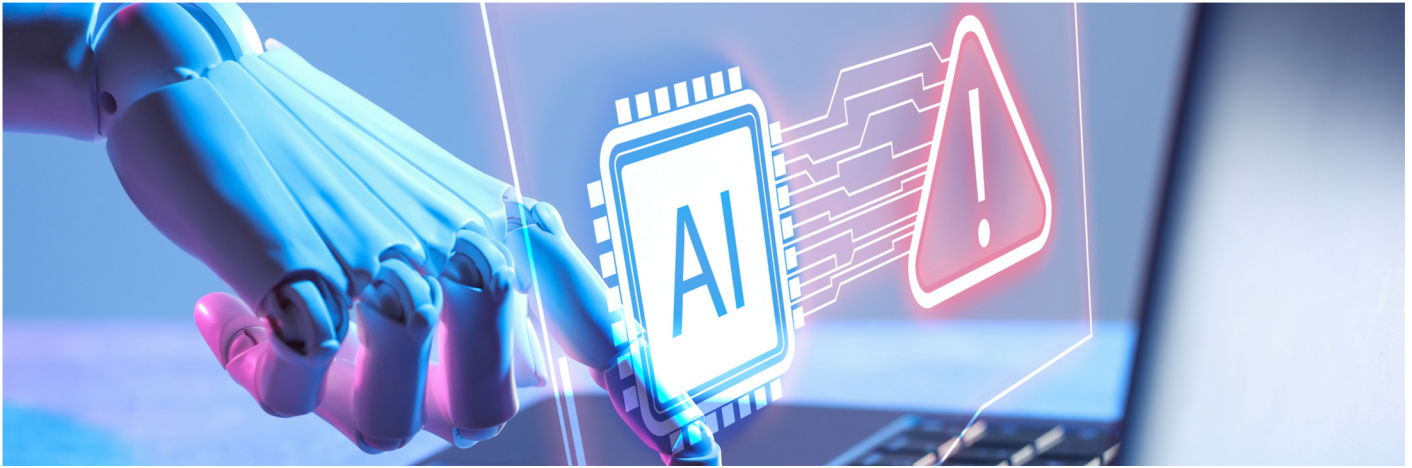
The advantage of treating testing as a control point is that readiness stops being a matter of opinion. It becomes something an executive committee can see at a glance. A readiness gate sets the thresholds a programme must meet before it may go live, and holds the decision to them.

The power of a gate like this is not the specific numbers, which every organisation should set to its own risk appetite. It is the discipline of agreeing them in writing, in advance, and refusing to renegotiate them in the room on the night of go-live. Green means go. Amber means a conditional go, with named risks and owners. Red means no-go, however inconvenient the timing. A gate that cannot say no is not a gate.

Readiness Dimension	Go Threshold
Critical business scenarios executed	> 95%
Severity 1 defects	0
Severity 2 defects	< 5
Data reconciliation accuracy	> 99%
Integration success rate	> 98%
Business sign-off completed	100%
Cutover rehearsal completed	Yes

Figure 3. An illustrative ERP readiness gate.





The Middle East and AI Imperative

Nowhere is this discipline more consequential than in the Middle East. The region is investing in enterprise transformation at a pace few markets can match, driven by Saudi Vision 2030 and comparable national agendas across the Gulf. The IMF and others have documented how central digital transformation has become to the region's economic strategy, and both government and private-sector programmes are being delivered against ambitious, publicly committed timelines.

Two regional realities sharpen the stakes. First, those timelines are compressed and politically visible, which puts pressure on exactly the activities, design, data, and testing, that are easiest to shorten and most dangerous to skip. Second, regulatory integration has become a condition of go-live rather than a feature to add later. In Saudi Arabia in particular, a system must now demonstrate compliance with national requirements before it can operate, not grow into it afterwards.

“*Regulatory compliance has become a go-live dependency. Testing is now a business and regulatory assurance function, not a technical exercise.*”

For boards across the region, the implication is direct.

Testing is no longer a technical workstream buried in a programme plan. It is where business continuity and regulatory standing are either secured or quietly put at risk.

The rise of AI is also changing the economics of ERP testing. Historically, test teams spent significant effort creating test scripts, maintaining regression packs, identifying coverage gaps, and analysing defects. AI-enabled testing tools are beginning to automate many of these activities, accelerating test preparation and improving coverage.

According to Capgemini's World Quality Report 2025-26, 89% of organisations are either piloting or implementing AI-enabled quality engineering capabilities, reflecting the growing recognition that traditional testing approaches alone cannot keep pace with the complexity of modern enterprise systems.

In leading ERP programmes, AI is increasingly being used to:

- Generate test scenarios from business requirements
- Identify high-risk business processes
- Predict defect hotspots based on historical trends
- Automate regression testing across releases
- Improve test-data generation and management
- Provide earlier visibility of delivery risks

However, AI does not remove the need for business validation.

It can improve the efficiency of testing, but it cannot determine whether a process is operationally acceptable. Human judgement remains essential. The future of ERP assurance is therefore likely to be AI-augmented testing rather than AI-replaced testing. Organisations that embrace AI-enabled quality assurance will be able to test more extensively, identify risk earlier, and improve delivery assurance without increasing testing effort proportionally.

From Instability to Controlled Go-Live

The shift from hope to evidence is achievable, and we have seen it first-hand.

A major Middle East retail organisation had struggled through earlier ERP release cycles, with the same pattern recurring each time: defects surfacing late, during user acceptance testing and cutover rehearsal, when little time remained to resolve them. Confidence in each go-live was low, and post-go-live disruption had come to be expected.

Argon & Co was engaged to change the operating model rather than simply add more testing. We strengthened QA governance, moved ownership of testing into the business, and introduced structured go/no-go readiness controls. End-to-end business scenario testing replaced fragmented functional checks. Migration was rehearsed in stages rather than attempted once. Exit criteria were made objective, and readiness was reported to executives in terms they could act on. This resulted in a stable production deployment, materially reduced post-go-live disruption, improved business engagement throughout testing, and significantly stronger executive assurance at go-live.

Conclusion

ERP landscapes are becoming more integrated, more regulated, and more business-critical with every year that passes. As they do, the nature of testing changes with them. It is no longer a technical activity to be compressed when timelines tighten. It is an enterprise risk and assurance capability, and the most reliable single indicator of whether a transformation will deliver what it promised. The organisations that understand this stop asking whether the system is built, and start asking whether they can prove it is ready.

At Argon & Co, we help organisations across the Middle East strengthen ERP delivery confidence through independent QA, design assurance, test governance, and go-live services across SAP, Oracle, and Microsoft transformation programmes.

“*The organisations that deliver successful ERP transformations are not those that build fastest. They are those that establish confidence before they commit to go-live.*”

About Argon & Co

Argon & Co is a global management consultancy that specialises in operations strategy and transformation. With expertise spanning supply chain planning, manufacturing, logistics, procurement, finance, and shared services, we work together with clients to transform their businesses and generate real change. Our people are engaging to work with and trusted by clients to get the job done. We have offices across Europe, Australasia, America, Asia and the Middle East.

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