



Research Report

# Assessing the ROI of Third-Party Support for Oracle Applications and Databases

An Analysis of 70 Rimini Street Client Case Studies

Study Findings Validated by Nucleus Research

October 2017

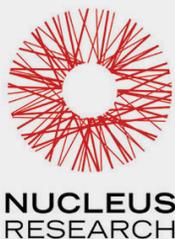
**Rimini Street**

Engineered for Support™



**Rebecca Wettemann**

Vice President  
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## Foreword

We've been following the increasing interest of Oracle customers in moving from Oracle software support to third-party support from vendors such as Rimini Street for a number of years now. As many companies' Oracle enterprise resource planning (ERP) deployments have matured, the pace of release of patches and enhancements — a key reason for remaining on Oracle software maintenance — has slowed, as has the need for these updates. At the same time, the business case for staying current with upgrades has diminished, given the cost and disruption of upgrades versus their incremental benefit. As a result, today most customers are two releases or more behind the latest version of their ERP software.

The Oracle environment has changed as well, with Oracle encouraging customers to embrace more modern technologies, which means a significant change of their Oracle footprint. Such moves are also very expensive and disruptive, making it financially untenable for companies to continue on this path of mandatory evolution. As a result, many customers are looking to third-party support as a way to save money and resources and reinvest in innovation now as they wait and see if and when this new ERP technology gains parity with their current stable Oracle system sometime in the future.

In the early days, Nucleus — and much of the market — viewed third-party support (also known as independent support or third-party maintenance) as a means for customers to cut their software support bills by at least half. However, that's just the "tip of the iceberg," as this report details. With vendors often treating software maintenance fees as a given, they haven't been challenged to win those dollars with differentiated service and support. In an increasingly cloud and subscription world, customers are becoming much more accustomed to demanding ROI from every investment on an ongoing basis, and vendor software support, in many cases, simply hasn't delivered.

In contrast, we found Rimini Street customers are taking advantage of named support engineers who know their specific environment and configurations and can more rapidly solve issues, recommend proactive steps to maximize their system health and performance, and deliver other expertise in areas such as tax compliance and support for customizations. This enables customers to save not just on support costs but also on the additional burden of their own internal teams from self-support activities in addition to avoiding the cost and disruption of low-value upgrades.

We hear two prevailing themes from CIOs relying on third-party support: the need to cut costs, and the need to invest limited resources in systems of engagement that are business-critical, such as mobility, big data, productivity, security and digital transformation technologies. Third-party support enables them to accomplish both, by freeing up scarce budget for other strategic initiatives and by reducing internal resource demands to support their ERP core system of record.

In reviewing this study, Nucleus looked at the data, results and interpretation as well as vetting a number of the companies independently to validate the study's accuracy and credibility. In looking at the four main savings areas presented in this report (maintenance fees, upgrade costs, customization support costs and self-support-related costs), we found Rimini Street's client data were representative of the savings Nucleus has assessed in numerous conversations with Rimini Street clients. Although every company's situation is a bit different, we believe customers considering third-party support from firms such as Rimini Street can expect similar benefits, saving an average of 75 percent of their current total maintenance costs.

With most companies able to justify the move to third-party support on reduced costs alone, we believe many are just beginning to recognize that this is not just a TCO effort but one that drives real upside ROI in refocusing resources on innovation.

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## Executive Summary

When users of enterprise applications and databases, such as Oracle®, consider the amount of their IT budget that is spent on their yearly maintenance costs, many focus primarily on annual maintenance fees as a large and already-budgeted expense to be paid without question. But until one starts looking deeper at this price of support and what it really means, it may not be obvious that millions of dollars, in addition to maintenance fees, are being wasted year after year because of the outdated support model of the original software vendors.

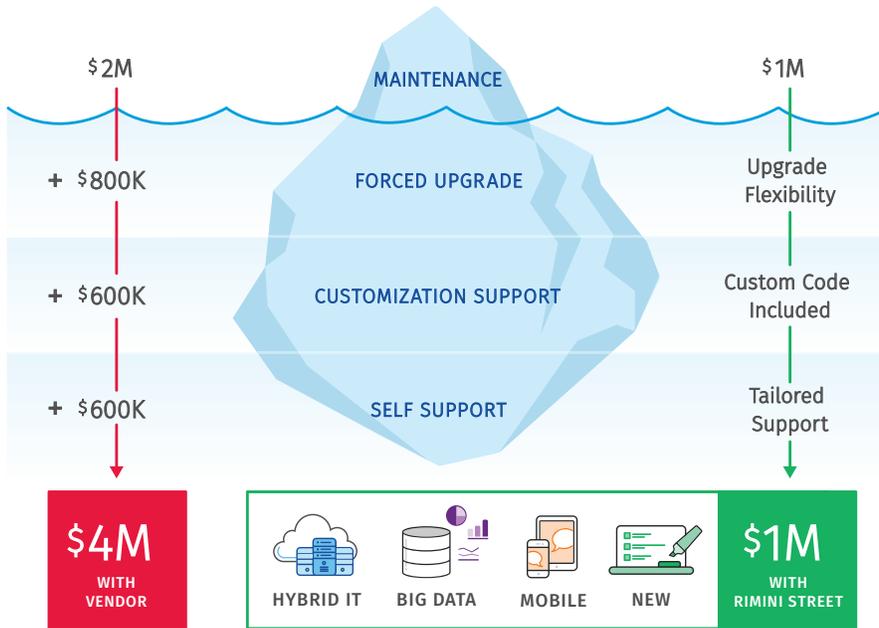
In addition to the original vendor annual support fee and support model inefficiencies, hidden costs can include upgrade costs, customization support costs and self-support costs that are financially unsustainable. When added together, these costs can bring your actual cost of maintenance to twice your annual maintenance fee — or sometime even more.

To help customers understand the business case for moving to a third-party support model, Nucleus Research, an independent analyst firm, has validated Rimini Street findings confirming the significant savings Oracle licensees can experience in the following areas:

- **Annual support costs:** Break/fix support and tax, legal and regulatory updates
- **Upgrade costs:** The cost of forced upgrades to retain full support when vendor support windows end
- **Customization support costs:** The cost of supporting customizations that break, which is not covered as part of the standard vendor support model
- **Self-support costs:** The cost of additional resources and headcount required to deal with the extra burden and inefficiency of original vendor support, including regression testing and analysis of hundreds of fixes, issue justification and self-service support

An in-depth ROI study of 70 Rimini Street clients validates the percentage of actual savings delivered through independent or third-party support replacing original vendor support, in four categories including savings on annual support fees, upgrade costs, freeing of resources needed to support custom code and self support. Savings on these costs, when taken together, can reduce the total cost of maintenance by 75 percent on average as shown by ROI studies of Oracle and SAP licensees in this report.

This image illustrates how Rimini Street clients are able to save an average of 75 percent on their annual maintenance costs compared to traditional vendor support.



This research report outlines the types, ranges and underlying components of savings in each area. Also included are Rimini Street client use cases highlighting key recommendations and best practices to maximize the gain in total maintenance savings through the adoption of a third-party support model.

## A Business Case for Third-Party Support

Your IT budget is the greatest barrier between you and your ability to meet business demands and strategically transform to stay ahead of competition.

With 89 percent of a typical IT budget allocated to keeping the lights on and supporting ongoing operations, only 11 percent is left for other projects — namely strategic priorities that can actually increase revenue, decrease costs, or take market share from your competitors.

If you look at the overruns of IT projects in the last three years, the majority average 189 percent over budget, with big ERP projects leading the way. So how did we get here?

Nearly every Fortune 500/Global 2000 company in the world today runs Oracle or SAP. New features and functionality were added over the years to the initial applications and databases in frequent intervals, and you received real value in return.

Now the software is incredibly mature, feature-rich and technically stable. Although delivery of new features and functionality has slowed dramatically over the years, Oracle has raised maintenance fees 22 percent, and most innovations are not included in your maintenance agreement.

Oracle has now diverted most innovation to its cloud products, which is likely not covered as part of your yearly maintenance agreements. Neither are things like support for your custom code, which actual case study data has shown to account for 85 percent of your critical support issues.

The typical response from original software vendors for nearly every support question is either, “upgrade to the latest release” or “customization is the source of the problem.” These requirements to upgrade to the latest release and to support your own custom code and apply unnecessary fixes and patches can put a tremendous burden on your teams — it’s a constant resource drain that often doesn’t make sense for your business.

This vicious cycle of large maintenance investments, the continuous pressure to upgrade, and the low return on your maintenance dollars can be referred to as *mandatory evolution*.

### **Third-Party Support: A Unique Value Proposition**

Nucleus has found that many Rimini Street clients, depending on the extent of their customizations and upgrade philosophy, have saved as much as 90 percent of their total maintenance costs. Most clients reported savings of 75 percent of their total maintenance costs compared to their original vendor support.

Nucleus Research finds that companies can successfully break free from mandatory evolution by using third-party support as a means to strategically free funds and resources to ensure the continued growth and success of their organizations. Third-party support includes a number of premium features not available in the standard Oracle annual maintenance program.

## **Total Maintenance Savings: Snapshot of 70 Clients**

The table on the following pages is a snapshot of the total maintenance savings that 70 Rimini Street clients have reported as part of this research. For each client, the table shows:

- Total annual maintenance costs under original vendor support (Oracle or SAP) in the categories of maintenance fees, upgrade avoidance, customization support and maintenance efficiencies
- Total annual maintenance costs under Rimini Street support
- Total annual maintenance savings under Rimini Street support. This is derived from total annual original vendor maintenance costs minus total annual maintenance costs under Rimini Street support. (This represents the amount of spend the client can redirect toward innovation and other strategic projects as a result of switching to third-party support.)
- Total 10-year estimated savings under Rimini Street support that can be used to estimate long-term ROI
- Total annual maintenance savings under Rimini Street support as a percent of total annual maintenance costs under original vendor support

# Average Annual Savings of 75% under Rimini Street Support Based on 70 Oracle and SAP Client ROI Studies

Rimini Street Client	Products	Savings Categories				Total Annual Maintenance Costs Under Vendor Support	Total Annual Maintenance Costs Under Rimini Street	Total Annual Maintenance Savings Under Rimini Street	Savings as % of Total Annual Maintenance Costs Under Vendor
		Above the Waterline	Below the Waterline						
		Annual Vendor Maintenance Fees	Annualized Upgrade Costs	Annual Customization Support Costs	Annual Self Support Costs				
\$12B Life Insurance Company	PSFT	\$174,524	\$400,000	\$300,000	\$75,000	\$949,524	\$87,262	\$862,262	91%
\$400M Canadian City Hall	PSFT	\$416,656	\$255,675	\$825,000	\$450,000	\$1,947,331	\$208,328	\$1,739,003	89%
\$40M Insurance Company	PSFT	\$583,042	\$800,000	\$600,000	\$150,000	\$2,133,042	\$291,521	\$1,841,521	86%
\$130M Leading Metal Manufacturer	JDE	\$74,000	\$57,000	\$118,000	\$15,000	\$264,000	\$37,000	\$227,000	86%
\$3B Building Products Company	JDE	\$322,700	\$500,000	\$135,000	\$135,000	\$1,092,700	\$161,350	\$931,350	85%
£1.2B Construction Company	SAP	£84,552	£63,414	–	£135,000	£282,966	£42,276	£240,690	85%
\$11B Energy Company	PSFT	\$1,896,000	\$3,000,000	\$500,000	\$350,000	\$5,746,000	\$948,000	\$4,798,000	84%
\$1.2B Wholesale Provider of Electricity	PSFT	\$483,030	\$764,260	\$75,000	\$75,000	\$1,397,290	\$241,515	\$1,155,775	83%
\$700M Chemical Manufacturer	EBS/OT	\$1,047,369	\$1,600,000	\$332,800	\$20,800	\$3,000,969	\$523,685	\$2,477,285	83%
\$1B Healthcare Company	EBS/OT/HYP	\$527,694	\$431,750	\$274,500	\$274,500	\$1,508,444	\$263,847	\$1,244,597	83%
\$3B Tax Services Provider	PSFT	\$303,144	\$150,000	\$225,000	\$75,000	\$753,114	\$151,557	\$601,557	80%
\$3.1B CPG Manufacturer	EBS	\$453,188	\$60,000	\$150,000	\$450,000	\$1,113,188	\$226,594	\$886,594	80%
\$10B Chemical Distributor	SAP	\$3,800,000	\$250,000	\$150,000	\$600,000	\$4,800,000	\$1,000,000	\$3,800,000	79%
\$900M Restaurant & Entertainment Company	PSFT	\$202,000	\$155,000	\$63,000	\$52,000	\$472,000	\$101,000	\$371,000	79%
\$4B Chemical Manufacturer	SAP	\$1,420,361	\$1,175,294	\$225,000	\$300,000	\$3,120,655	\$710,180	\$2,410,474	77%
\$600M Business Software Manufacturer	SAP	\$1,000,000	\$940,000	\$276,000	–	\$2,216,000	\$500,000	\$1,716,000	77%
\$18B International Defense Company	EBS/OT	\$2,487,010	\$1,800,000	\$600,000	\$600,000	\$5,487,010	\$1,243,505	\$4,243,505	77%
\$10B Insurance Company	PSFT	\$434,976	\$266,917	\$67,500	\$180,000	\$949,393	\$217,488	\$731,905	77%
\$10B Semiconductor Manufacturer	EBS/OT/HYP	\$2,000,000	\$1,636,364	\$225,000	\$225,000	\$4,086,364	\$1,000,000	\$3,086,364	76%
\$30B Food Processor & Wholesaler	JDE	\$739,664	\$663,805	\$75,000	\$75,000	\$1,543,469	\$364,832	\$1,178,637	76%
\$2B Snack Manufacturer	SAP	\$934,350	\$450,800	\$435,000	\$150,000	\$1,970,150	\$467,175	\$1,502,975	76%
\$900M Private Cancer Research Company	Siebel	\$847,344	\$755,941	\$75,000	\$75,000	\$1,753,285	\$423,672	\$1,329,613	76%
\$1.3B Fashion Design House	PSFT/JDE	\$592,004	\$468,340	\$75,000	\$75,000	\$1,210,344	\$296,002	\$914,342	76%
\$2.6B Global Asset Management Company	PSFT	\$535,000	\$218,864	\$187,500	\$150,000	\$1,091,364	\$267,500	\$823,864	75%
\$400M Manufacturer of Power Generation Systems	EBS/Agile/OT	\$891,000	\$364,000	\$297,000	\$243,000	\$1,795,000	\$445,500	\$1,349,500	75%
\$3B Office Builder Owner & Operator	PSFT/JDE	\$398,278	\$161,296	\$131,295	\$107,638	\$798,507	\$199,139	\$599,368	75%
\$5.2B Canadian Government Agency	PSFT	\$764,386	\$604,698	\$75,000	\$75,000	\$1,519,084	\$382,193	\$1,136,891	75%
\$1.5B Manufacturing Company	EBS/OT	\$1,282,000	\$524,000	\$427,000	\$350,000	\$2,583,000	\$641,000	\$1,942,000	75%
\$155M Information Technology Company	PSFT/EBS/OT	\$2,583,000	\$1,057,000	\$860,000	\$705,000	\$5,205,000	\$1,291,500	\$3,913,500	75%
\$600M Food & Beverage Company	EBS/OT	\$1,100,000	\$800,000	\$200,000	\$50,000	\$2,150,000	\$550,000	\$1,600,000	74%
\$636M Water Utility	SAP	\$421,922	\$126,577	\$135,000	\$135,000	\$818,499	\$210,961	\$607,538	74%
\$258M International Manufacturer	EBS/OT	\$395,032	\$220,000	\$75,000	\$75,000	\$765,032	\$197,516	\$567,516	74%
\$9B Electronics Manufacturer	SAP	\$338,926	\$315,000	–	–	\$653,926	\$169,463	\$484,463	74%
\$48.8B Global Biopharmaceutical Company	PSFT	\$1,050,000	\$429,000	\$300,000	\$225,000	\$2,004,000	\$525,000	\$1,479,000	74%
\$17B Industrial & Consumer Products Manufacturer	EBS/OT	\$1,545,958	\$525,480	\$427,740	\$350,670	\$2,849,848	\$772,979	\$2,076,869	73%
\$350M Pipe Manufacturer	SAP	\$227,152	\$120,000	\$30,000	\$37,500	\$414,652	\$113,576	\$301,076	73%

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\$30M Manufacturer of Health & Wellness Products	JDE	\$55,000	\$20,000	\$14,000	\$11,000	\$100,000	\$27,500	\$72,500	73%
\$40M Lighting & Electronics Company	JDE	\$430,000	\$175,909	\$75,000	\$75,000	\$755,909	\$215,000	\$540,909	72%
€432M Protective Clothing Manufacturer	SAP	€51,545	€41,321	–	–	€92,866	€25,773	€67,094	72%
\$1.2B Credit Insurance Company	PSFT	\$302,778	\$200,000	–	\$37,500	\$540,278	\$151,389	\$388,889	72%
\$200M Messaging Provider	SAP	\$565,924	\$113,185	\$150,000	\$150,000	\$979,109	\$282,962	\$696,147	71%
\$300M Distribution Company	SAP	\$417,192	\$225,000	–	\$75,000	\$717,192	\$208,596	\$508,596	71%
\$7.2B Sporting Goods Retailer	PSFT	\$644,270	\$299,909	\$75,000	\$75,000	\$1,094,179	\$322,135	\$772,044	71%
\$8.1B Food Processor	JDE	\$453,118	\$178,000	\$75,000	\$75,000	\$781,118	\$226,559	\$554,559	71%
\$97.5M Canadian Packaging Solutions Manufacturer	SAP	\$234,000	\$100,000	\$25,000	\$30,000	\$389,000	\$117,000	\$272,000	70%
\$528M US City with population over 750,000	PSFT/EBS/OT	\$573,186	\$234,485	\$190,871	\$156,480	\$1,155,022	\$347,518	\$807,504	70%
€20M Cloud Hosting Provider	SAP	€296,859	€155,851	–	€37,500	€490,210	€148,430	€341,781	70%
£203M Heavy Equipment Manufacturer	SAP	£109,970	£71,415	–	–	£181,385	£54,985	£126,400	70%
\$900M Automotive Services Distributor	PSFT	\$446,008	\$160,000	\$50,000	\$75,000	\$731,008	\$223,004	\$508,004	69%
\$15B Pharmaceutical Company & Medical Equipment Manufacturer	Siebel	\$2,053,820	\$840,199	\$300,000	\$150,000	\$3,344,019	\$1,026,910	\$2,317,109	69%
\$728M Medical Equipment Manufacturer	SAP/BOBJ	\$1,471,131	\$212,182	\$504,000	\$207,000	\$2,394,313	\$735,566	\$1,658,748	69%
\$570M Pharmaceutical Manufacturer	SAP	\$833,634	\$200,393	\$150,000	\$150,000	\$1,334,027	\$416,817	\$917,210	69%
€3B European Manufacturer	EBS/OT	€67,042	€38,388	–	–	€105,430	€33,521	€71,909	68%
\$800M Glass Tableware Products Manufacturer	JDE	\$531,936	\$88,977	\$120,000	\$95,004	\$835,917	\$265,968	\$569,949	68%
\$8B International Retailer	EBS/OT	\$2,709,994	\$880,223	\$300,000	\$300,000	\$4,190,217	\$1,354,997	\$2,835,220	68%
£13B Multinational Mass Media & Information Firm	Siebel	£2,992,000	£600,000	£500,000	£500,000	£4,592,000	£1,496,000	£3,096,000	67%
\$270M Newspaper Publishing Organization	PSFT	\$354,717	\$150,000	–	\$37,500	\$542,217	\$177,359	\$364,859	67%
\$3.3B Chemical Manufacturer	SAP	\$2,863,083	\$644,194	\$477,000	\$390,000	\$4,374,277	\$1,431,542	\$2,942,736	67%
\$240M Semiconductor Company	EBS/OT	\$414,898	\$97,500	\$55,000	\$55,000	\$622,398	\$207,449	\$414,949	67%
\$1.5B Fashion Company	PSFT/JDE	\$694,032	\$187,336	\$75,000	\$75,000	\$1,031,368	\$347,016	\$684,352	66%
\$1.1B Securities Company	Siebel	\$216,890	\$102,950	–	–	\$319,840	\$108,445	\$211,395	66%
\$525M Engineered Products Manufacturer	JDE	\$531,936	\$88,977	\$120,000	\$95,004	\$835,917	\$265,968	\$569,949	68%
\$275M US School District with 67,000 students	EBS/OT	\$775,792	\$245,495	\$75,000	\$37,500	\$1,133,787	\$387,896	\$745,891	66%
\$3B Technology Service Provider	SAP	\$250,832	\$114,024	–	–	\$364,856	\$125,416	\$239,440	66%
\$4B Paint Manufacturer	EBS	\$3,412,910	\$1,000,000	\$330,000	\$220,000	\$4,962,910	\$1,706,455	\$3,256,455	66%
\$560M Semiconductor Assembler	SAP	\$188,000	\$84,600	–	–	\$272,600	\$94,000	\$178,600	66%
\$29B Global Paper & Packaging Company	PSFT	\$1,050,000	–	–	\$450,000	\$1,500,000	\$525,000	\$975,000	65%
\$1.4B Energy & Services Company	PSFT	\$972,574	\$300,000	\$37,500	\$75,000	\$1,385,074	\$486,287	\$898,787	65%
\$300M Educational Institution	PSFT	\$880,542	\$260,000	\$55,000	\$55,000	\$1,250,542	\$440,271	\$810,271	65%
\$125M Manufacturing Company	EBS/OT	\$481,034	\$100,000	\$49,500	\$49,500	\$680,034	\$240,517	\$439,517	65%

*“While the initial move to third-party support is often tactical and focused on lowering costs, more and more companies are embracing third-party support as a way to accelerate ERP issue resolution, reduce the burden of tax compliance and other issues, and take advantage of qualified experts to minimize disruption to their ERP environment.”*

**Rebecca Wettemann**  
Vice President  
Nucleus Research

*“Selecting Rimini Street to support our Oracle EBS, Agile and Database environments was an easy decision. We are pleased with the benefits we are receiving from Rimini Street support, including significant savings, a premium level of service and strategic value to our business.”*

Director of IT  
\$400M Power Generation Systems  
Manufacturer

*“With independent support, we were able to avoid the cost of forced upgrades and months of business disruption. This allowed us to continue to drive a strategic business agenda.”*

CIO  
\$700M Chemical Manufacturer

## Study Analysis: Major Themes

The organizations interviewed for this study noted that the total cost savings stemming from their switch to Rimini Street support is derived from four distinct sources:

- 1. Maintenance fees:** Rimini Street charges 50 percent of what the client was formerly paying to Oracle for annual support fees
- 2. Upgrade avoidance:** The cost avoidance of not having to undertake forced upgrades merely to retain full vendor support with no sound ROI
- 3. Customization support:** The cost avoidance of not having to use in-house or external resources to fix issues or custom code that breaks
- 4. Self support:** The cost avoidance of not having to budget for the additional resources and headcount required to deal with the additional burden and inefficiency of traditional vendor support processes

In the following, we will explain each of these distinct savings categories in more detail, with examples cited from the organizations interviewed.

### High and Rising Costs of Oracle Support

IT organizations can benefit from Rimini Street savings of 50 percent or more on support fees and maintenance costs. That can immediately impact their bottom line in addition to receiving premium support for Oracle applications and databases as well as the highest level of enterprise software support available.

### Expensive, Disruptive and Minimal-Value Upgrades

Based on a recent Rimini Street survey<sup>1</sup> of Oracle E-Business Suite licensee application strategies, findings show that 83 percent of those surveyed plan to remain on their existing EBS applications. The majority of those who are on releases in Sustaining Support would prefer to remain on their current release if they had the option to be fully supported.

One of the biggest benefits that licensees experienced with Rimini Street was avoiding the cost and disruption of upgrades. While keeping current on license maintenance fees usually entitles customers to software upgrades, upgrades may require rebuilding and retesting of customizations and integrations, along with reports, interfaces and data conversion, which could result in a significant investment in both internal and external resources.

Savings from upgrade avoidance will depend on the level of maturity of the application and the number of components deployed and integrated. Rimini Street clients interviewed for this study save hundreds of thousands of dollars a year — for example, one Rimini Street client was able to eliminate upgrades, with an average savings of \$500,000 in internal costs and \$250,000 in external costs per avoided upgrade.

<sup>1</sup> Rimini Street Report, “Oracle EBS Customers Prefer Current Proven ERP,” May 2017.

Statements from organizations interviewed confirm the lack of value felt due to pressured and expensive upgrades:

- “Oracle urged [the CIO] to upgrade to a newer version of its software, but he declined because he didn’t see a lot of extra value for a product that would have cost him \$10 million to \$20 million to purchase and implement.”

[Wall Street Journal Blog, July 20, 2015](#)

- “The company didn’t have the appetite, either financially or from a resource standpoint, to go through an unnecessary upgrade process. Since we produce biological products, we’re FDA regulated, so an upgrade would be extremely difficult and cumbersome in terms of meeting FDA requirements. A tremendous amount of formal documentation is required whenever we make any type of system change.”

*Director of IT, Immunotherapy Developer*

## Oracle Cloud Not on the Horizon

According to a recent survey<sup>2</sup>, more than 90 percent of Oracle respondents are not considering Oracle Cloud ERP as their primary business system. Why? Respondents say it’s not ready or they are only adopting some components or their organization is evaluating other options. Just nine percent of respondents have adopted Oracle ERP Cloud as their primary ERP, or are seriously considering it. Twenty-six percent are using or considering using Oracle ERP Cloud components in co-existence.

The majority of cloud ERP adopters have been small-to-midsize companies or subsidiaries of big companies, underscoring the fact that large enterprises require the more extensive functionality available in on-premises ERP.<sup>3</sup> While Oracle has been investing in cloud ERP for years, even Oracle promotes its ERP Cloud not as a replacement, but a coexistence strategy where customers run part of their operations on their current on-premises ERP, and part on Oracle Cloud ERP. Larry Ellison, executive chairman of Oracle stated, “Coexistence of cloud and on-premises computing is going to be a decades-long process, if not forever.”<sup>4</sup> Companies are happy with the rich functionality in their stable Oracle applications and plan on remaining with their core ERP. Many customers clearly don’t want to be forced into the Oracle cloud.

## High Customization Support Costs

The majority of the issues in today’s mature enterprise software are not in the vanilla code delivered by Oracle. Most issues are in the code a client has customized to fit its unique business requirements.

However, standard Oracle support programs do not cover customized code, making vendor support increasingly irrelevant as companies continue to modify their systems to meet legitimate business demands.

*“The ERP landscape is changing dramatically, and many CIOs are hesitant to make a move until the vendors’ emerging modern applications and roadmaps are more clearly defined. A move to third-party support enables them to take their time in making a new implementation decision while keeping business critical systems secure and operational at a lower cost.”*

**Rebecca Wettemann**

*Vice President  
Nucleus Research*

*“[Oracle’s] response to us was always, ‘You need to upgrade.’ But we didn’t think the latest version of the software was worth it — upgrading [our] PeopleSoft applications would cost an estimated \$15 million, take 12-18 months, and represented an enormous and unacceptable business disruption.”*

*VP Information Technology  
\$2B Staffing Agency*

<sup>2</sup> Rimini Street Report, “Oracle EBS Customers Prefer Current Proven ERP,” May 2017.

<sup>3</sup> Forrester, The SaaS ERP Applications Landscape, September 23, 2015.

<sup>4</sup> Oracle, “[Oracle E-Business Suite and Oracle Cloud](#),” June 2016.

*“With Oracle, you were always kind of tiptoeing around any customizations that you added because the moment they discovered any, it was either, ‘Well, we can’t help you since you’ve customized that particular part of the application,’ or ‘You need to disable your customization so we can prove that it’s not what’s causing the problem.’ With Rimini Street, it was always made clear to us, even before we came on board, that customization support was core to their support program.”*

*Director of Corporate Systems  
£1.9B Design and Engineering Firm*

*“Now I’ve got an expert immediately on the phone or online the very first time, even when I call about issues relating to customized code. I don’t have to go to a third, fourth, or fifth level of support and explain my issue again. And that has saved us an immense amount of time with finding the solutions to issues and getting the products rolled out in the timely manner that we need to.”*

*EVP and CIO  
\$1.5B Building Manufacturer*

*“Before, we would try to figure out issues on our own because it was just easier that way. If we couldn’t solve them, we would then recreate and test the issue in a separate database to prove the problem wasn’t related to custom code before taking it to [Oracle].”*

*IT Director  
\$400M Hospitality Services Firm*

Rimini Street covers the support of user-modified code at no extra charge. Nearly two-thirds of issues that Rimini Street resolves for its clients are issues that the vendor’s support program would not have otherwise covered.

Statements from the organizations interviewed confirm the cost avoidance of not having to use in-house or external resources to fix customizations that break:

- “We custom-designed a lot of our functionality and hence had high custom support costs. That is \$500K annually — about five FTEs.”  
*CIO, \$4B Chemical Manufacturing Company*
- “We had customized a great deal and found trying to get support [from Oracle] wasn’t a good use of our resources. Over time we came to support the platform ourselves.”  
*Director Business Technologies, Pharmaceutical and Medical Device Manufacturer*

## Inefficiencies Due to Self Support

This category of savings represents the cost avoidance of not having to budget for the additional resources and headcount required to deal with the inefficiency of vendor support, including the following as reported in client interviews:

### 1. Business impact of faster resolution of trouble tickets

Rimini Street clients consistently found they had more rapid resolution of issues, and, as a result, were able to deploy internal staff and consulting resources to other development projects.

Rimini Street assigns each client a named, regional Primary Support Engineer, backed by a team of experts who can assess, diagnose and resolve client issues 24/7/365, with a guaranteed 15-minute response time for critical issues.

The alternative many clients face is the cost and time of their support teams hunting online for potential issue resolutions on Oracle support portals or forums or being forced to replicate an issue in a vanilla environment, which can drastically increase support costs and time to resolution.

### 2. Resource savings for tax consulting

Nucleus Research also found some customers had to employ consultants to help them determine which Oracle tax updates were applicable to their business. Five Rimini Street clients said the support they received included specific guidance on which tax updates needed to be applied based on their particular business operations.

Rimini Street provides timely compliance updates tailored to the precise scope of the client’s unique business — versus burdening the client with hundreds of Oracle-provided updates inclusive of all jurisdictions — eliminating the management of unrelated updates, additional analysis or regression testing.

### 3. Personalized, more relevant support — No more self support

In general, clients found Rimini Street support to be more proactive, responsive and personalized than the support provided under traditional vendor license maintenance contracts. In many cases, the solution from a vendor is to hire additional professional services and incur costs in addition to licensing and maintenance fees. The Rimini Street support offering allows for a Level 3 engineer as point of contact to address general inquiries, troubleshoot issues, assess code to diagnose problems and identify real solutions.

Statements from clients interviewed confirm the cost avoidance of no longer dealing with vendor support inefficiencies:

- “We tried every path possible to replicate and get help. We could never get a resolution from the vendor. Our teams spend 30 percent of their time fixing the issues themselves.”
- “We ended up not having to back fill one support team member whose sole job was looking for solutions. Very much so. That is about £60,000–£70,000 savings.”
- “We had sunk \$180K into this project and it was nowhere near completion. We transferred all the issues to Rimini Street and we are now down to one open issue. If not for Rimini Street, that \$180K would have become \$360K. We are saving hundreds to thousands of hours and about 3.5 FTEs every year on support issues.”

*“We then realized that our version of PeopleSoft didn’t support the free payroll tax updates that our previous vendor provided. We didn’t have the appetite to spend \$50,000 annually on updates, so we began looking to see if we could get those tax updates at a more compelling price — and it turned out Rimini Street bundles them in at no extra charge.”*

*IT Director  
\$400M Hospitality Services Firm*

*“We were able to reduce our IT budget, which made it possible to reallocate a portion of our savings to better support the business’ needs, like developing these advanced portal capabilities for our customers and consultants.”*

*VP IT  
International Retailer*

*“Many organizations relying on Rimini Street for patches and bug fixes spent less time on application maintenance because they only had to install critical updates such as compliance or tax-related code, instead of the entire upgrade package typically delivered by the vendor. This resulted in reducing both installation and testing time. As one customer said, ‘Now we only have 25 percent of one person’s time to apply updates — it was definitely a lot more before.’”*

**Rebecca Wettemann**  
*Vice President  
Nucleus Research*

*"We found forward-thinking CIOs are looking at third-party support from Rimini Street as not just a TCO play but as an ROI play – enabling them to free up both internal resources and cash to invest in innovation and business differentiation."*

**Rebecca Wettemann**

Vice President  
Nucleus Research

## Conclusion

Executives interviewed as part of this client study responded to the question, "What advice do you have for other CIOs based on your experience with moving to a third-party support model?" Following are four specific insights and areas of advice that provide peer validation as you build a business case across your organization to consider the Rimini Street third-party support program.

### Key Takeaways:

- Determine the true value you receive for your Oracle maintenance spend.
- Don't upgrade just to stay supported — and don't upgrade if there is no business case.
- Ensure the support process works.
- Free up funds for growth and innovation.

### 1. Determine the true value you receive for your Oracle maintenance spend.

"Rimini Street has been highly responsive, highly reliable, highly professional and highly knowledgeable — and when you compare that to the price we're paying, it seems like a very high-value equation and business model."

— *IS Director of Business Applications, 440-Bed Hospital*

"Rimini Street has brought to us a true partnership. We're getting a higher level of service, with more experienced engineers, at a price point that's considerably lower. It's a win all across the board for [us]."

— *Chief Information Officer, Major Charitable Organization*

### 2. Don't upgrade just to stay supported — and don't upgrade if there is no business case/ROI.

"It was obvious Oracle wasn't putting much real investment into its legacy products — Oracle clearly seems to be investing mostly in its cloud business models with little in the way of enhancements for our EBS system."

— *Director of Corporate Systems, Design and Engineering Firm*

"Our earlier JD Edwards implementation (in 2011) was a painful process that was more expensive and took far longer than anticipated. When we evaluated another upgrade project there was no inherent need to do so. Moving to third-party support allows us to stay on a version that is stable and efficient and now we have this funding to invest in new projects for the business including enhancements and new product roll-outs."

— *IT Director, Architectural and Ornamental Metal Supply Company*

### **3. Get your issues fixed, period — Ensure the support process works.**

Most companies interviewed felt burdened by the amount of time and money spent justifying their technical issues at every step through the Oracle support process, in addition to questioning the level of support received from Oracle. This is a key element of the value equation that often goes unconsidered. Regardless of what you're paying in support costs, without timely and effective case resolution, any continued investment in maintenance should be seriously questioned.

A major UK retailer faced an issue heading into the Christmas holiday, a critical time for a retailer. "It was a big problem that was holding up our business — everyone was on conference calls all through the night. After Rimini Street came in, we found that a user had uploaded five duplicate prices. Because Rimini Street understands the environment so well, they are better able to sort things like this out more quickly."

— *Director of IT Service and Operations, Major UK Retailer*

"Rimini Street takes ownership and they take that responsibility seriously. The senior engineer looking at your problem is not just going to give you a patch number and tell you to make the fix yourself; they are accountable for actually fixing your problem and then confirming that they've fixed it for you."

— *Global Applications Director, Specialty Services Company*

### **4. Free up funds for growth and innovation.**

Many client companies are able to take their substantial cost savings from Rimini Street support and reinvest into new and innovative IT initiatives that enable business growth and create a competitive advantage.

"We took the money we saved and created an eCommerce site for estimating, designing, engineering and delivering our metal buildings to customers. Today that business segment is worth about \$100 million a year."

— *EVP and CIO, Building Manufacturer*

"With Rimini Street, our EBS applications and Oracle Databases will be a solid and secure platform for our business needs moving forward, and a perfect fit for our strategy to optimize IT costs and better align IT to drive business innovation and competitive advantage."

— *Director of IT Service and Operations, Major UK Retailer*

## APPENDIX

### Case Study 1: \$1.5B Building Manufacturer

*Total maintenance savings with Rimini Street Support: Over \$1.9 million annually, at least \$19,420,000 in 10 years*

*Reinvestment in innovation: Put \$500,000 into eCommerce channel that now generates \$100,000,000 revenue per year*

This \$1.5 billion U.S.-based manufacturing company with more than 5,300 employees will save \$1,942,000 each year for the next 10 years, for a total maintenance savings of \$19,420,000 — representing a total maintenance savings of 75 percent over the annual support costs each year incurred under Oracle support.

#### Background

- Dissatisfied with high support costs: “It would have cost us \$10–15 million over three to five years just to continue to be on Oracle Support.”
- Highly customized: “We used to spend at least 50–60 percent of our time working with custom code, logging tickets, trying to get responses back, searching the Web trying to find answers.”

#### Estimated Annual Total Maintenance Savings by Switching to Third-Party Support

Category	Annual Oracle Support Costs	Annual Rimini Street Costs	Annual Rimini Street Savings
Annual Support Fees	\$1,282,000	\$641,000	\$641,000
Upgrades and Enhancement Packages	\$524,000	–	\$524,000
Customization Support	\$427,000	–	\$427,000
Maintenance Resources	\$350,000	–	\$350,000
<b>Totals</b>	<b>\$2,583,000</b>	<b>\$641,000</b>	<b>\$1,942,000</b>

#### Financial Summary

This client cut its annual support fees by 50 percent and saved \$641,000 every year on annual maintenance fees; will save \$524,000 annually by avoiding upgrades over a 10-year period; will save \$427,000 (or the equivalent of 2.8 FTEs) annually by avoiding paying dedicated resources or external consultants to fix customizations that break; and will save \$350,000 (or the equivalent of 2.3 FTEs) annually by avoiding paying for additional resources and headcount required to deal with the extra burden and inefficiencies of original vendor support.

#### Results with Rimini Street Support

Reinvested small part of savings in innovation: “We took the money we saved and created an eCommerce site for estimating, designing, engineering and delivering our metal buildings to customers. Today that business segment is worth about \$100 million a year.”

— EVP and CIO

## Case Study 2: \$8.1B Food Processor

Total maintenance savings with Rimini Street Support: \$555K annually, \$5.5 million in 10 years

This \$8.1 billion U.S.-based food processor with more than 17,000 employees will save \$554,000 each year for the next 10 years, for a total maintenance savings of \$5,540,000. That's a 71 percent savings compared to the original cost of annual Oracle support fees.

### Background

- Dissatisfied with high maintenance costs
- Wanted to get better service
- Needed to optimize costs in order to invest in growing and supporting the business

### Estimated Annual Total Maintenance Savings by Switching to Rimini Street

Category	Annual Oracle Support Costs	Annual Rimini Street Costs	Annual Rimini Street Savings
Annual Support Fees	\$453,000	\$226,000	\$226,000
Upgrades and Enhancement Packages	\$178,000	–	\$178,000
Customization Support	\$75,000	–	\$75,000
Maintenance Resources	\$75,000	–	\$75,000
Totals	\$781,000	\$226,000	\$554,000

### Financial Summary

This client will cut its annual support fees by 50 percent and save \$554,000 every year on annual maintenance fees; will save \$178,000 annually by avoiding upgrades over a 10-year period; will save \$75,000 annually by avoiding paying dedicated resources or external consultants to fix customizations that break; and will save \$75,000 annually by avoiding paying for additional resources and headcount required to deal with the extra burden and inefficiencies of original vendor support.

### Results with Rimini Street Support:

- Slashed maintenance fees: “Saving over \$550K in maintenance costs annually.”

“What the savings from Rimini Street has done for us is allow us to take that money and reinvest in some of our BI and data platforms. They’ve clearly helped us in fixing our bottom line from a cost perspective.”

- CIO

### Case Study 3: \$11.5B Energy Company

*Total maintenance savings with Rimini Street Support: \$3,298,000 annually, ~\$33 million in 10 years*

This \$11.5 billion U.S.-based energy company with more than 13,000 employees will save \$3,298,000 each year for the next 10 years, for a total maintenance savings of almost \$33 million dollars. That’s a savings of 78 percent compared to the original annual support costs incurred with Oracle.

#### Background

- Suffered critical issue with payroll, could not pinpoint the problem and original vendor response was poor
- Needed to ensure technical and business continuity with experts
- Wanted to rethink long-term IT roadmap with older applications and a complex environment

Category	Annual Oracle Support Costs	Annual Rimini Street Costs	Annual Rimini Street Savings
Annual Support Fees	\$1,896,000	\$948,000	\$948,000
Upgrades and Enhancement Packages	\$1,500,000		\$1,500,000
Customization Support	\$500,000		\$500,000
Maintenance Resources	\$350,000		\$350,000
<b>Totals</b>	<b>\$4,246,000</b>	<b>\$948,000</b>	<b>\$3,298,000</b>

#### Financial Summary

This client will cut its annual support fees by 50 percent and save \$3,298,000 every year on annual maintenance fees; will save \$1,500,000 by avoiding upgrades and over a 10-year period; will save \$500,000 annually by avoiding paying dedicated resources or external consultants to fix customizations that break; and will save \$350,000 annually by avoiding paying for additional resources and headcount required to deal with the extra burden and inefficiencies of original vendor support.

#### Results with Rimini Street Support:

- Slashed maintenance fees: Saving more than \$948K in maintenance fees annually
- Secured premium support service and technical expertise to resolve current and future issues

“We tried every path possible to replicate and get help. We could never get a resolution from [Oracle]. Our teams spend 30 percent of their time fixing the issues themselves.”

– CIO

**About Nucleus Research**

Nucleus Research is a global provider of investigative, case-based technology research and advisory services that provide real-world insight into maximizing technology value. For more information, visit [NucleusResearch.com](http://NucleusResearch.com) or follow us on Twitter @NucleusResearch.

**About Rimini Street, Inc.**

Rimini Street is a global provider of enterprise software products and services, and the leading third-party support provider for Oracle and SAP products. The company has redefined enterprise support services since 2005 with an innovative, award-winning program that enables licensees of IBM, Microsoft, Oracle, SAP and other enterprise software vendors to save up to 90 percent on total support costs. Clients can remain on their current software release without any required upgrades for a minimum of 15 years. Global Fortune 500, midmarket, public sector and other organizations from a broad range of industries rely on Rimini Street as their trusted, third-party support provider.

# Rimini Street

Engineered for Support™

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