



GUIDEBOOK

PROGRAM: ENTERPRISE APPLICATIONS
DOCUMENT NUMBER: T117



**NUCLEUS
RESEARCH**

GUIDEBOOK
**A BUSINESS-DRIVEN IT
ROADMAP WITH RIMINI
STREET**

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THE BOTTOM LINE

Enterprise IT leaders must manage both the complexity of their enterprise application footprint and demands for innovation and digital transformation. At the same time, they must attract and retain skilled staff while the majority of their budget is devoted to keeping the lights on. On top of these challenges, they face the uncertainty of the future of their enterprise applications as vendors reduce support and upgrade investment while pushing them to migrate to their cloud-driven roadmap. Nucleus analyzed the experiences of companies that had taken a different path, moving to a business-driven roadmap supported by Rimini Street third-party support. We found that this approach enabled them to reduce substantially their overall application support costs, increase staff productivity and retention, and regain a sense of control of their IT and application strategy. Reduced dependence on a vendor-driven roadmap improved their agility and capacity to deliver innovation while reducing vendor dependence and reducing risk.

THE SITUATION

Enterprise IT leaders face resources challenges every day. Many have made significant investments in existing applications that are both business-critical and represent a significant resource burden—both in terms of staff and money—on their operational budget. At the same time, they're being tasked with digital transformation, moving to the cloud, mastering artificial intelligence (AI) and analytics, delivering mobile access, and a number of other initiatives to help their organizations remain competitive with a relatively flat budget.

The resource constraints of CIOs have been a common theme for decades. However, pressure from enterprise application vendors to move to their new cloud solutions is growing. Some vendors are stating end-of-life support for customers' existing application footprint, while others are simply increasing pressure on customers to move from existing applications by limiting investment in new features and making support for aging applications more onerous.

To be fair, vendors are also offering attractive incentives for customers to move from their legacy offerings to new cloud applications—but those moves require both financial and resource investment, and potential risk and disruption. In exploring the issue, Nucleus found that many customers are looking at other options, including moving to a more business-driven roadmap that reduces their dependence on the vendor and relies on third-party support from companies such as Rimini Street to take more control over their IT planning and resource allocation.

THE SOLUTION

Rimini Street provides third-party support for enterprise applications and databases from SAP, Oracle, IBM, and Microsoft, enabling customers to eliminate their software license maintenance contracts and instead rely on Rimini for ongoing support and updates.

Applications and systems covered by Rimini Street support include:

- Oracle E-Business Suite, JD Edwards, PeopleSoft, Agile PLM, Siebel, ATG Web Commerce, Retail, Database, Fusion Middleware, and Hyperion
- SAP Business Suite, HANA Database, Business Objects, and Sybase
- IBM Db2
- Microsoft SQL Server

Rimini Street's initial value proposition and attraction for clients was the ability to save 50 percent or more by moving from a vendor license maintenance contract to Rimini Street support services (Nucleus Research *K26 – Benefits from third-party support: Rimini Street*, June 2010). However, over time, in its analysis of Rimini Street clients, Nucleus has validated Rimini Street's "Iceberg" model that shows savings beyond initial license maintenance savings. In some cases, this enables companies to cut 90 percent of their resources (staff and money) allocated to existing application support by reducing the cost associated with forced upgrades and updates, customization support, and self-support: with named engineers, 15-minute urgent response times, and client prioritization of issues, internal staff spend less time on day-to-day issue resolution.

Beyond license maintenance, Rimini Street customers can eliminate up to 90 percent of resources devoted to existing application support.

To understand better how moving to third-party support such as Rimini Street can support companies' move from a vendor-driven to a business-driven roadmap, Nucleus conducted in-depth interviews with a number of Rimini Street customers.

WHY A BUSINESS-DRIVEN ROADMAP

Nucleus found that, while many customers initially moved to third-party support because of a desire to reduce maintenance costs on maturing applications, those with a more strategic view leveraged Rimini Street to achieve three main objectives:

- Maximize the value of current mature investments. Companies wanted to be able to plan upgrades, patches, customizations, and other applications in a way that best fit their business needs and budgets.
- Free up resources and capacity to be allocated to areas of innovation and differentiation. Rather than paying maintenance fees to support applications that were maturing and could largely be internally supported, they wanted to invest that money and resource savings in digital transformation, mobile applications, artificial intelligence (AI), and other areas to drive business differentiation.
- Reduce risk. Companies wanted to gain control of their application lifecycle and cloud migration plans without being constrained by vendor-defined timelines. They wanted to reduce both the risk of disruption to the business and the risk that they would move to a new solution that was unproven or not the best fit for their business. Overall, they wanted to “future proof” their application strategy and define a roadmap for continuous change that was predicated on business needs, not the (sometimes unpredictable) path of dominant vendors.

KEY BENEFITS

Nucleus found that customers adopting a business-driven roadmap maintained by third-party support from Rimini Street achieved benefits in five main areas: reduced maintenance costs, improved ability to negotiate, increased agility and flexibility, accelerated innovation, and improved IT staff engagement and retention.

REDUCED MAINTENANCE COSTS

Nucleus has found that customers moving from vendor license maintenance to third-party support are typically able to reduce their annual support spend by at least 50 percent, but that is only one area of application maintenance savings associated with third-party support. Other key areas of maintenance savings that could amount to up to 90 percent of their total maintenance expenditure included:

- Reduced ongoing internal support costs associated with patches and updates.
Nucleus found that customers can rely on Rimini Street’s expertise to evaluate and

determine what patches and updates are necessary and only install those updates, reducing the overall burden of application maintenance.

- Reduced time associated with issue and case resolution. Because Rimini Street provides a dedicated support representative with knowledge of a customer's specific environment, configurations, and customizations, support tickets are more rapidly resolved with less time and effort from internal staff resources.
- Reduced time associated with customization support. Nucleus found that customers could depend on Rimini Street to support customizations in a way that made operational management of those customizations much less time consuming for their staff.

Rimini Street customers said:

- *"We used to apply patches to [Oracle] E-Business Suite every month or two. It's freed up enormous cycles with staff where they can focus on more value-added work. The reality of it is you move from a monthly process of just taking whatever Oracle's spitting out and applying it, and you don't have to do it anymore."*
- *"The savings count, but it's also about the time. We would spend two to three months in the summer on patches. If we weren't on the latest patch and had an issue, SAP would always tell us that was the problem. Now we save all that time."*

Beyond the 50 percent or more saved on annual license maintenance fees by moving to Rimini Street, Nucleus found that customers were able to save an additional 10 to 15 percent of IT staff time, on average, associated with eliminating the time needed to review

Rimini Street customers were able to increase staff productivity by 10 to 15 percent by reducing their vendor-driven application management burden.

and assess the impact of vendor-driven patches and updates and accelerate the time to resolve issues.

IMPROVED NEGOTIATION

Nucleus found that once customers made the move to third-party support, they were able to manage their vendors more effectively. This included reducing the time and effort

associated with usage audits, securing attractive pricing on additional licenses or ancillary products not covered by third-party support, and ultimately securing attractive pricing on new enterprise application licenses when they made the decision to move back to the vendor. Customers said:

- *“We are a good HCM customer for Oracle. I believe a lot of that has kept them at bay from a license audit perspective. As long as you buy some piece of it you’re fine—they’re not going to come and harass you if they think you’re getting into their cloud.”*
- *“One of the big concerns is about how I can buy new licenses that SAP tells me I can’t, but it’s illegal for them not to sell them to me if I need them to comply. They’re trying to scare clients from terminating maintenance because they don’t think through the problem. Ultimately, when I needed more licenses, they agreed to sell them to me without maintenance at the same discount we previously enjoyed.”*
- *“The other fear is if you terminate maintenance you won’t be able to buy new products. We were looking at other BI tools and SAP was very willing to sell us BusinessObjects.”*
- *“There was fear that we wouldn’t be able to go back should we decide to adopt their new cloud offering. We found that, at the end, they want to sell us licenses, and our move to support didn’t impact that—it even put us in a better position.”*

INCREASED AGILITY AND FLEXIBILITY

Nucleus found that Rimini Street customers were able to increase agility and flexibility in two main ways by moving to a business-driven roadmap unhindered by vendor policies and practices:

- They were able to make customizations and extensions of their existing software footprint as demanded by the business without concern for performance or other issues that the vendor couldn’t or wouldn’t resolve.
- They were able to use their savings, both in budgets and productivity, to invest in areas of business demand, and look beyond the vendor footprint to find best-of-breed technologies that could support their efforts in digital transformation and other areas.

As one customer said, *“It used to be that Oracle was the default standard. We’ve gotten away from that and embraced Tableau, Azure SQL data warehouse, and mobile application development using .NET. They’re healthy choices that have made us more agile and better able to service our business. It wouldn’t have happened if we had stayed on the Oracle path.”*

ACCELERATED INNOVATION

The common theme Nucleus heard from customers that had abandoned the vendor-driven roadmap was that they could plan a roadmap for innovation with business leaders. Although resource constraints were always an issue, they were spending less time on day-to-day application management and vendor-specific skill development. Because of this, they could identify and invest in technologies and skills for innovation in areas such as mobile applications and artificial intelligence (AI), as well optimize existing applications that would drive differentiation for their business. Customers said:

- *“Before, users would ask IT [for changes] and if it was going to take customizations, I would say ‘no,’ because it made upgrading more difficult. Once you abandon that constraint, you have a business-driven system instead of a software-driven business. We make SAP do exactly what we want. When the business says, ‘This is our practice and what we want,’ we make modifications to make it work that way.”*
- *“With Rimini, if we made core modifications and it impacts the system they can come in and fix it for us. You can build exactly what you want and be laser focused on developing something specific to your organization instead of waiting for the vendor and hoping.”*

IMPROVED STAFF ENGAGEMENT AND RETENTION

Another key theme Nucleus uncovered in conversations with Rimini Street customers was that staff were initially concerned about the impact of a move away from the vendor on their skills and job viability. However, they quickly found that the new challenges and opportunities presented by a business-driven roadmap drove greater opportunities for skill enhancement and resume building. Customers said:

- *“We were an Oracle shop for 15 years. Convincing the team took six to nine months—it was a change from the way they did things they were comfortable with. We got most of them there.”*
- *“One of the concerns about terminating maintenance was the team was excited about the latest and greatest—they want the hot things on their resume. With third-party support that’s exactly what they got to do. Rimini Street took care of the mundane things and IT got to work on ‘sexy’ projects like analytics, mobility, and our own custom mobility solutions. We didn’t lose a single SAP person in 8 years.”*
- *“The opportunity to learn new things not-Oracle was welcomed. We had a BI footprint with Oracle and took those engineers and focused them on cloud, Snowflake, Azure, AWS, and more interesting BI and data analytics platforms, and that’s a huge resume builder for them.”*

In a competitive labor environment, retaining effective IT staff is always a concern. It is important to note that, by and large, IT leaders adopting a business-driven roadmap were able to offer more challenging opportunities to existing staff and effectively recruit new IT staff that saw the ability to build skills in new technologies (rather than old enterprise software) as a career objective.

BEST PRACTICES

In considering a move to a business-driven roadmap enabled by third-party support, Nucleus found that organizations were most successful when they followed a few common strategies.

KNOW YOUR FOOTPRINT

They evaluated their overall application footprint. In many cases, identifying areas of opportunity with their existing vendor, such as cloud innovations in domains such as human capital management (HCM), made sense for investment. They found they could invest in those areas and maintain a healthy relationship with their vendor while moving to third-party support for other parts of their existing footprint.

UNDERSTAND THE VENDOR CONTEXT

They understood their vendors' pain points and both tactical and strategic realities. As major enterprise vendors push to move customers to cloud—and show their cloud and ancillary application adoption results to investors—those on a business-driven roadmap found they could use those vendor-driven sales incentives and quarterly timing to negotiate effectively what they needed from those vendors to support their strategic goals.

PAINT A BUSINESS PICTURE BEYOND COST SAVINGS

They communicated their business case clearly in terms of both cost savings and indirect benefits, from management down to IT staff. Although cost savings are important, helping IT staff understand how a shift in priorities from managing existing applications to investing in new areas could benefit them was important for a successful transition.

OWN YOUR ROADMAP

Finally, they let their roadmap dictate their timing. In moving to third-party support, they were able to take a “wait and see” approach to moving to the cloud solution of their

existing vendor, or move to new vendors entirely, at a pace that made sense for their business and IT resources.

CONCLUSION

As major enterprise application vendors continue to shift their business models and investments to cloud applications, IT decision makers must make difficult choices about their IT footprint and strategy. With increasing pressure from vendors to move to emerging cloud applications, many are reticent to undertake a significant migration to an immature solution when their existing applications are mature and still supporting business needs. In analyzing the experience of Rimini Street customers taking a business-driven roadmap approach, Nucleus found they were able to reduce the portion of their IT budget and resources devoted to support of legacy applications while gaining access to support that better met their needs. This better enabled them to plan and negotiate investment in new technologies, develop a sustainable future plan for digital transformation on their own terms, and reduce disruption and risk.



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