Research Report

Lower Cost and Risk for SAP on Your Journey to the Cloud

by Pat Phelan

Staying on SAP's path to the cloud can be riskier than you think, even if you delay the move to SAP S/4HANA. Lower the cost and risk that SAP's roadmap is placing on you so you can focus on investments that drive competitive advantage.

What You Should Know

- SAP Business Suite customers are at a decision point on their roadmap. Whether you go quickly or slowly, we believe that SAP's intent is for all roads to lead to S/4HANA. Customers have the impression that they have only two choices.
- The slow road to S/4HANA is problematic. On the slow road, customers continue operating the deployed Business Suite and continue to pay for maintenance. This ensures an eventual upgrade path to S/4HANA, but at the risk of falling behind on innovation now. There is also significant risk if S/4HANA is slow to mature, misses the mark or worse, which has happened with some SAP products. IT leaders wonder whether it's time to make some kind of change.
- The fast road to S/4HANA has its own roadblocks. Customers can initiate a move to a new, unproven technology and application set now at a huge resource cost and risk, with the potential of not being unable to fully support the business. While S/4HANA may eventually mature into a robust business platform, today it presents existing SAP customers with the prospect of a costly re-implementation that offers no obvious ROI. Most see it as new, expensive, and risky to deploy, so it is not yet suitable for most SAP customers.
- 3rd party support is a viable option to lower your SAP operational costs and risks while saving money and waiting for the SaaS ERP market to mature.

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SAP Business Suite Customers Are at a Decision Point on Their Roadmap

SAP customers have invested many years and many millions of dollars in deploying and tuning their SAP solutions. They rely on mission-critical Business Suite (or a portion of the suite) because it is stable and mature. It contains rich functionality developed over more than 30 years, and for many customers, it's been tailored to meet their business needs. Often, it's the customizations to SAP's base software that make the solution fit their business processes.

We believe that SAP's intent is for all customers to migrate to S/4HANA. This "all roads lead to S/4HANA" approach has many SAP customers feeling that they are being forced to choose prematurely between two roadmap choices. Your eventual destination may very well still be S/4HANA, but there are smart, pragmatic roadmap options that can drive far more value now on your path to a future system while mitigating the unnecessary cost and risk of a premature decision.

- The Slow Road to S/4HANA — continue operating Business Suite, either internally deployed or hosted, and continue to pay for maintenance, ensuring an eventual upgrade path to S/4HANA when ready, but at the risk of falling behind on innovation now.
- The Fast Road to S/4HANA — initiate a move to a new, unproven technology and application set now at a huge resource cost, with an even bigger innovation opportunity cost, and risk being unable to fully support the business.

The Slow Road to S/4HANA

Many Business Suite customers tell us that they want to keep running their proven, customized SAP solutions until there is a good reason to change. Some have no near-term plans to move to S/4HANA, while the strategy for others is to wait for the success or failure of S/4HANA to play out over time, deferring a decision on whether to go to S/4HANA. Yet, this "stay and pay" strategy isn't cheap and has its own set of risks.

SAP operations costs — already thought to be high – are rising. Business Suite maintenance fees charged by SAP have increased from an average of 17 percent per year in 2008 to as much as 22 percent today. However, annual maintenance fees are just one part of the total support cost. Customers must factor in the hidden costs of running SAP — for example, the costs of applying enhancement packs, data center and infrastructure costs, and retaining expensive SAP experts in an era of baby boomer retirements. When added up, SAP support can cost much more than you think. SAP customers who analyzed their costs using Rimini Street's cost calculator for SAP maintenance and support services found that their total support costs were on average 2x what they pay SAP for their annual maintenance agreement just "to keep the lights on!"

SAP doesn't support the majority of what breaks in the typical deployed solution. SAP's "vanilla" Business Suite code base is mature — most software issues were resolved in the early years after it was first released. Most support issues that customers have now are not with the base software itself. To that point, Rimini Street receives roughly 30,000 support cases to resolve each year. Analysis of these shows that 65 percent of the support services provided by Rimini Street are for issues such as ABAP code fixes, interface issues, Z-program bugs, and performance tuning requests.

In general, SAP customers tell us that from a break/fix perspective, the support they get from SAP is poor. They don't see value from their annual SAP maintenance fees when they have unresolved tickets or when SAP rebuffs requests for support. For example, if a customer is not on the current enhancement pack when they call SAP's help line for support, they are advised to upgrade and then call back. If the issue is with a customization, SAP pushes it back to the customer, saying they can't help because the issue lies outside of the customer's support agreement.

SAP wants support issues to be replicated in a "vanilla" environment. In other words, SAP customers are considered "guilty until proven innocent" by its current support practices. Maintenance payments (which can be millions of dollars annually for some enterprises) are a financial burden, with little perceived benefit, that robs the enterprise of funds that could be invested in modernization or innovation.

Limited R&D going into Business Suite. Annual maintenance costs are yielding diminishing returns for SAP customers. SAP has shifted its R&D dollars to HANA, S/4HANA, and cloud offerings, limiting Business Suite development to minor enhancements and related updates. Forrester estimates that SAP spends just 1 percent of revenue in investments in Business Suite releases[1].

At the 2018 SAPPHIRE NOW event, SAP's focus was so heavily on cloud that there was practically no mention of Business Suite. Nor was there any clarification from SAP on the timing and release of a future EhP 9 release for ECC6. Customers who are certain to move to S/4HANA or the SAP cloud can perhaps, justify paying current maintenance fees as an investment in the future… but what if you're not so sure? What if you simply want a better return on investment in the meantime? Most business can't afford to wait to innovate.

Consider these numbers: If you are paying $1 million in annual support fees today, we estimate the true cost of maintenance is twice your maintenance fees — or $2 million in this example. Between now and the end-of-support date for Business Suite, that is potentially $14 million in total support costs that could be funneled to innovation and competitive advantage for your business.

Besides the numbers, if you assess options from a decision analysis perspective, committing to an unproven path before all the facts and outcomes are determined is a significant risk. Deferring the decision may be the smartest choice to make. What if you want to keep your options open until you see a real ROI emerge?

Some customers who plan to continue running Business Suite while they wait the estimated 7 to 15 years that it is likely to take for S/4HANA to mature worry that they risk falling behind on the innovation curve. S/4HANA hasn't reinvented the business of running the back office. Rather, it is a replatforming of software for traditional business processes, updated to work better in an as-a-service world. When mature, it still won't position customers to innovate the back office with next-generation business models and processes. Sweating the Business Suite asset for core back-office functionality actually puts customers in a good position to support innovation where it matters, outside of the back office.

The Fast Road to S/4HANA

Each SAP customer has unique goals, objectives and needs. A privileged few SAP customers who co-innovate with SAP to develop specific requirements may want to start down the road to S/4HANA quickly.

For the less enthusiastic customers — that is, the majority of customers — SAP has developed tactics to accelerate the decision to move to S/4HANA. For example, encouraging migration of the database backend of Business Suite to HANA as a launching point for an eventual move to S/4HANA. Unless you are interested in high-volume analytics, managing large volumes of structured and unstructured data, or in getting off of the Oracle database, the only reason to go to HANA is as a step down the road towards S/4HANA. If S/4HANA doesn't end up being the right eventual choice, the HANA move will have been a wasted investment.

For other customers, assessing the move to S/4HANA is no different from any other major software migration or upgrade project. Those deciding whether to replace Business Suite must consider whether there is business value to be gained and whether the gain offsets the investment required to obtain existing Business Suite functionality that is missing from the new solution. Couple the replacement cost with the risks involved in this type of enterprise-spanning change, and the move is not yet viable for many enterprises.

S/4HANA is an early-stage product. Business Suite is one of the richest and most complex software applications ever created, with more than 400 million lines of code developed over the course of 40 years. To-date, S/4HANA is only a subset of the functionality found in Business Suite and related industry solutions. Additionally, for SAP to completely replicate the deep functionality of ECC and industry solutions on S/4HANA cloud would be very difficult to accomplish and at odds with the simple "configuration only" approach of the multitenant SaaS model. Customers with complex SAP deployments risk loss of functionality necessary to support the business if they migrate to S/4HANA.

SAP appears to be shifting from a single-platform mega suite to a virtual suite. This is creating confusion over what will be in S/4HANA versus what will be bolted on. Lack of clarity perpetuates the indirect access audit risk. Also, SAP doesn't have a stellar track record for providing new code that aligns with business needs (think: Business By Design or SRM before the acquisition of Ariba). Will S/4HANA add to the list of SAP disappointments? It is still too early to know whether SAP will be successful in winning widespread adoption of S/4HANA.

[1] See https://go.forrester.com/blogs/13-02-14-saps_maintenance_price_hike_should_concern_sourcing_professionals_and_their_cios/.

We are not saying you should never go to S/4HANA. Rather, before making a commitment to it, conduct a detailed assessment of the functional fit, including a gap analysis and estimated costs to fill the gaps. The internally deployed and cloud versions of S/4HANA contain functionality differences, making it necessary to choose an S/4 starting point for the comparison. The fit/gap result can be used as a benchmark to monitor SAP's functionality improvements over time. Expect many S/4HANA mandatory upgrades as the solution evolves and matures — this translates to constant disruption. Once S/4HANA evolves to a point where it reduces risk to the business to a manageable level, consider whether there is a business case for making the change.

The financial impact is untenable for most customers. Companies tend to underestimate the effort and risk associated with enterprise application implementations, and there is no reason to assume it will be any different with S/4HANA. The financial burden of moving to S/4 has several aspects such as the cost of:

- The implementation itself
- Filling functional gaps mentioned earlier
- Replacing/revising customizations
- Integration
- Business disruption
- Retooling and reskilling staff/organizational change
- Global rollout

Conduct a cost assessment to identify the hidden costs involved in migrating to S/4HANA.

Although SaaS hype indicates that S/4HANA implementations cost less than customer-installed implementations, this holds true for only the simplest sets of requirements where there are few interfaces, standard requirements and limited variations in configuration. As soon as complicating factors enter the equation, costs quickly escalate to as much or more than a customer-installed implementation. Whether retooling existing customizations, building new functionality or buying bolt-on capabilities, the cost of filling functional gaps must also be factored in to the total cost of a move to S/4HANA.

The costs involved in organizational change must be factored in as well. Consider how well your original SAP rollout went due to factors such as organizational readiness, new skills and training required, and business process changes involved. If you are good at organizational change, the disruption cost will be less, but for many customers this is an area that is consistently under-planned and under-budgeted. It will not be any less disruptive when moving to S/4HANA, particularly since significant business process standardization may be required to fit into SAP's version of standard (beyond any enterprise-wide standardization that has already occurred).

Staff with public and private cloud skills are in high demand, creating another barrier to moving to S/4HANA. A shortage of S/4HANA skills will exacerbate the disruption at least for the next 3 to 5 years. A shortage of ERP skills, in general, is increasing the pressure on IT leaders. As SAP Business Suite nears 40 years on the market, the experts that support it are starting to age out of the work force, putting a staffing burden on almost every SAP customer with in-house support teams. The challenge of replacing and training SAP experts is complicated by IT resources preferring to work on new technologies. This is made worse by the need for resources to staff S/4HANA and innovation projects.

Your S/4HANA adoption strategy and timing may also need to include activities such as a decustomization effort and technical landscape simplification. You will need a plan for transitioning existing customizations. Customizations and complex integrations will make SAP-driven upgrades of shared business logic more complex to apply and will introduce additional risk and cost. Getting SAP's multiple integration offerings to work together seamlessly over its platform as a service (PaaS) is still a work in progress and requires specialized skills.

The fast road isn't all that fast. Clients of any size will likely need at least three years from start of budget and planning to execution and go-live given all of the moving parts that must work together for success. Large clients who were (or still are) in implementation/rollout mode for 5 or more years should expect similar rollout timeframes for S/4HANA. Our customer-vetted cost calculator shows that S/4HANA can cost as much as $94 million to fully deploy over time for every $1 million you pay in annual maintenance. Rimini Street representatives can walk you through a cost calculator to estimateF what the outlay would be for your enterprise.

No business case to support a move to S/4HANA. If the immaturity of S/4HANA and the cost/disruption to implement it are not barriers to proceeding, the question is whether there is a business case for change. Many SAP customers who are choosing to remain on Business Suite indicate that they can't identify sufficient business improvement to be gained by moving to S/4HANA. Even SUGEN (SAP User Group Executive Network), an umbrella organization of user groups, states that it is still "not able to build a business case."

Diginomica's Jon Reed interviewed several of the leaders of SUGEN and came back with this quote from chair Gianmaria Perancin: *"We have been speaking about this problem with the business case at least for three years now. We still miss a solution. Otherwise we would see I think a much better adoption of S/4HANA."* This is not surprising, because most SAP customers have invested many years and many millions of dollars in getting Business Suite to fit their needs.

Back-office functions found in Business Suite (e.g., buy, pay, record, and report the state of the business) are not normally differentiators that make the business more competitive. Likewise, a move to S/4HANA does little to achieve business transformation. Most innovation is happening outside of the back office, so the investment in innovation will be an additional burden to shoulder on top of a move to S/4HANA. Given the shocking cost of an S/4HANA implementation, throwing away the existing investment for a solution that won't move the needle on improving the business is hard to justify.

"...the [S/4HANA] implementation caused disruption in our supply chain operations during the quarter. This led to delayed shipments and loss of productivity, which negatively impacted our third quarter results. During this system migration, we have encountered a number of change management issues impacting our workforce and manufacturing partners as they adapt to the new platform and processes."

Patrik Frisk, President and COO
Under Armour

High-pressure sales tactics to adopt S/4HANA. Our customers and prospects tell us that potential large indirect access fees resulting from audits are a fear factor that SAP exploits in negotiations to leverage a move to S/4HANA. Some SAP customers have obtained S/4HANA subscriptions as a result of an audit even though they had no immediate intention to migrate to S/4HANA. We believe that this type of audit has been on the rise in the last few years as SAP attempts to squeeze more revenue out of its customer base.

To calm customer audit concerns, in April 2018 SAP announced a new model for its digital-access licensing policies (aka "Indirect Access[2]"). However, according to a blog[3] published by SUGEN, the policy changes seem to have raised as many questions as they've answered. Customers are at risk of SAP using these same indirect access rules as leverage against those who are seeking innovation elsewhere. The risk lies in any integration between Business Suite and third-party software and cloud services.

Buying S/4HANA software is not the best way to lower your audit risk. Do a self-audit and conduct other readiness exercises. If extra expertise is needed in order to be thorough, engage a firm that provides SAP audit defense services.

Another tactic is the end-of-support date being touted as a "must change by" date "or else" you won't receive any more product updates. It's an empty threat because software, unlike milk, doesn't spoil once you pass the "use by" date. The product doesn't wear out. Even if they started now, many complex companies wouldn't be able to get S/4HANA deployed by the stated deadline.

Finally, as one customer stated "SAP is giving us a really good deal to move to S/4HANA now." SAP is offering up to $1 million of credit for new cloud products but you must "use or lose" the entire $1 million and lock into a five-year service agreement. If you want the cloud software, this is a good buy-in opportunity. However, it is a bad deal if you don't need the software, particularly because you will still be paying the same amount of annual maintenance for your legacy software plus the subscription costs of the cloud products once the $1 million credit has been used up.

Using "cheap buy-in cost" as a driver to move to S/4HANA is a recipe for disaster. The software cost has always been the cheapest part of an application implementation project. What if features in S/4HANA don't align with your business needs? How much will the migration cost in total, especially if you haven't assessed whether S/4HANA will fit your needs?

The opportunity cost of a too-fast S/4HANA reimplementation is potentially enormous. How much near-term innovation and competitive advantage could you drive by repurposing those implementation dollars?

There is a Better Option

We believe that in 10 to 15 years almost all SAP customers will face some "rip & replace" implementation of their back office applications in order to adopt new, transformational business models. Right now, however, the process innovation that would drive new application design hasn't occurred. Nor are back-office applications (in the cloud or internally deployed) driving process transformation. For example, S/4HANA is to a great extent just a reskinned ECC.

Sweat the asset: This is a good time to stick with Business Suite and maximize the value from that asset while you wait for the radical process and application changes to emerge. When going this route, 10 to 15 years is a long time to pay maintenance fees on a mature Business Suite code base that is experiencing minimal enhancement. Stop overpaying for your maintenance contract when third-party support provides more meaningful and complete support.

Because Rimini Street has no agenda to drive you to an upgrade or a cloud service, we support every version for at least 15 years from the date that you switch to Rimini Street support — including those customizations and integrations that vendor maintenance agreements consider out of bounds.

Wait and see: S/4HANA is a serious platform. It's early in its life cycle and adoption, but will continue to mature and improve with time. If you are taking a *"wait and see"* approach to migrating to S4/HANA, we expect migration costs will decrease and ROI will increase every year of delayed migration. That is, the platform will mature while functional gaps and deployment risks will decrease over time. In the interim, however, why continue to pay maintenance fees on the mature Business Suite code base?

If you are planning a move or are already *on the fast road to S/4HANA*, the result will likely be a "*hybrid enterprise applications platform*." Hybrid in this sense means some applications, infrastructure and middleware deployed internally and some deployed in the cloud. The exception to the hybrid model will be a few customers who have put all of their information technology in the cloud. The hybrid environment brings its own set of management and support challenges, particularly in the areas of integration, orchestrated break/fix, and performance monitoring. In a hybrid platform strategy, these services can become fragmented by vendor or technology. That makes a unified approach to application support all the more important.

Rimini Street will support SAP customers no matter what path they choose. In fact, we already support S/4HANA customers as well as ECC6 Business Suite customers. Whether you decide to take the slow road or fast road to S/4HANA (or something in between), we believe that third-party support offers a better route with options on the destination. If you are on the slow road, use Rimini Street to reduce your SAP operations costs, squeeze more value out of your existing investment, save money and get great support while waiting for the SaaS market to mature. Innovate and grow using funds unlocked from maintenance fees and develop a pragmatic road to S/4HANA or another destination when the time is right.

[2] https://news.sap.com/2018/04/sap-unveils-first-of-its-kind-new-pricing-model/

[3] https://cdn2.hubspot.net/hubfs/2712081/docs/Licensing%20Resource%20Center%20Landing%20Pg./SUGEN-indirect-licensing-press-release_Apr2018.pdf

Even if you are all in for S/4HANA now, Rimini Street's family of extensibility solutions can also lay the foundation for a hybrid IT strategy that combines existing, mature, internally deployed systems of record with systems of engagement that may include innovative cloud-based technologies. These services help with managing the cost and lowering the risk of your path forward with SAP. Meanwhile, enjoy strong ROI for every year that you leverage your existing SAP assets. The savings from using Rimini Street could eventually pay for the cost of a future migration to S4/HANA or any other next-generation platform.

While you wait for that to happen, move to Rimini Street.

Reduce SAP operations costs and save money. Defer or avoid the cost and risk of deploying S/4HANA while saving up to 90 percent on the total cost of maintenance. Eliminate the worry about the migration deadline. Save even more on operations costs by moving your existing SAP applications infrastructure to infrastructure as a service (IaaS). Eliminate forced upgrades driven by SAP's agenda rather than your own. Save while waiting for the S/4HANA migration costs to drop over time as the product matures. As the director of applications at PBF Energy stated, " … we don't want to be on the 'leading edge' of technology. We want to see other refinery companies move to S/4HANA first before we consider it."

Get premium support for all bugs and issues including customization code. Continue to gain value from of your investments in customizations that optimize how your Business Suite solutions work for you. Our customers tell us that supporting their customizations is a key benefit received from Rimini Street that they couldn't get from SAP.

Continue to evaluate your next-generation enterprise application options while the market matures. Avoid being forced to make a risky decision now and gain the flexibility to evaluate S/4HANA over time. Make a decision when the time is right for you. It also buys time until back-office processes and technology have been transformed to work substantially differently than they do today. When the time comes, if there is a better solution than S/4HANA, you will have avoided making a huge and premature technology investment.

Innovate where it matters. Increase the pace of innovation and drive competitive advantage by investing freed-up money where it matters instead of deferring innovation in order to rip and replace ERP. Add new capabilities and features around the edges of your stable and mature SAP platform using products that provide better functionality at a lower cost. Rodobens, a leading automotive and real estate provider is an example of a customer who chose to focus on innovating with vertical solutions over S/4HANA. PBF Energy is also an example of innovating where it matters. They have a strategic focus on maintaining their existing ECC platform and adding best-in-class cloud solutions from a variety of vendors without having to settle for lowest common denominator single-suite options.

Offload SAP support to Rimini Street so that staff can focus on innovation. This is especially important if you have a large number of customizations because SAP doesn't support them. Customization support is included in Rimini Street's standard offering, reducing the burden on your own staff.

Continue to grow and evolve. Canceling your SAP maintenance agreement doesn't typically cancel the expansion options in your license agreement (Rimini Street recommends consulting your legal representatives to review all relevant licenses and terms of use). As your company grows and evolves, you can still add new seats for licensed products (again, we recommend that you review your license agreement with your legal representatives). If you switched to Rimini Street while on an older Business Suite release, you can still upgrade while under Rimini Street support. Goss International Inc., is a global company running ECC 6.0 in 5 countries, has a long-term focus on implementing new SAP features and capabilities, including Salesforce, while being supported by Rimini Street.

If and when it makes sense to reengage with SAP, you will be in the driver's seat for future negotiations. SAP appears to be aggressively trying to recapture customers who are moving away from its maintenance program, making it easy to move forward with S/4HANA subscriptions or return to SAP for maintenance on your existing licenses. We have not heard of our former clients having to pay back-maintenance penalties upon returning to the vendor even though customers often hear such rhetoric when they are preparing to drop their maintenance contract. Instead, SAP has welcomed former Rimini clients who reinstated their maintenance contracts. In other scenarios, customers have relicensed the software at very steep discounts with or without maintenance included.

Customers looking at S/4HANA after canceling SAP maintenance have more negotiating leverage because they are not locked into the decision — they have the flexibility to choose from non-SAP options. There is a better option than letting SAP dictate your enterprise technology roadmap. You can make your own decisions and preserve your freedom of choice.

Figure 1 provides an example of alternative routes for S/4HANA along with sample benefits and risks. These are not mutually exclusive, so consider one or more of these alternative routes:

Rimini Street has freed up my staff so we can focus more on the requirements of our customers, internal as well as external. We've taken on improvements like Warehouse Management, Concur travel and expense management, and big projects like Salesforce."

Mike Masters,
Director of Global Applications
Goss International

Figure 1. Alternative Routes for S/4HANA

Alternative Route	Rimini Street Supports	Description	Benefits	Risks
Sweat the asset	Yes	Continue running your deployed SAP solution.	– No cost or disruption from upgrades or system replacement. – Squeeze more ROI out of existing SAP investment.	– High SAP maintenance fees for a mature code base that is experiencing minimal enhancement. – High operations costs inhibit innovation where it matters.
Wait and see	Yes	Continue running your deployed SAP solution. Wait and see whether S/4HANA matures sufficiently or whether there eventually is a business case for change.	– Squeeze more ROI out of existing SAP investment. – No cash outlay or disruption for unproven or potentially unnecessary solution. – Migration costs should decrease and ROI should increase every year of delayed migration. – Buy time while waiting for S/4HANA to mature.	– High SAP maintenance – High operations costs
Move to a specialized IaaS vendor	Yes	Outsource SAP infrastructure. 'Lift and shift' hardware and perhaps the database to as-a-service. Application management is an optional additional service.	– Reduce IT complexity, costs, and operational risk. – Buy time while waiting for S/4HANA to mature.	– High SAP maintenance fees for a mature code base that is experiencing minimal enhancement.
Start with a migration to the HANA database	Yes	This achieves SAP's goal of getting customers off of the Oracle database. Also, it is a positioning move for customers who are easing in to a planned move to S/4HANA. EhP7 is a prerequisite.	– Beneficial for customers who need the HANA data base capabilities. – In-Memory Data Platform can handle both transactions and analytics in memory on a single data copy. – Can reside in the cloud or be deployed internally. – Customers can take advantage of subscription-based pricing and easy scalability. – Buy time while waiting for S/4HANA to mature.	– High SAP maintenance fees – Using the HANA database creates lock-in - increases dependence on SAP technology. – Could be a low ROI investment if there is no eventual move to S/4HANA. – No business case for most customers. – HANA is not ideal for non-SAP applications and data due to the cost of full-use licenses that are required to support non-SAP application workloads.
Move to SAP's IaaS using HANA Enterprise Cloud (HEC) (Requires HANA database)	Yes if deployed on a private cloud	This is private cloud hosting with SAP on a single instance of the SAP HANA in-memory database platform. It includes Infrastructure-as-a-Service plus managed services for SAP software. Customers can run custom SAP HANA applications as well as software for select third-party applications approved by SAP.	– SAP provides the infrastructure as well as the deployment and management of approved applications in a private cloud environment. – It is a steps towards moving to SAP's full-stack solution, but at the cost of restricting non-SAP alternatives. – Buy time while waiting for S/4HANA to mature.	– High SAP maintenance fees – HEC creates lock-in and increases dependence on SAP technology, including the HANA database. – Could be a low ROI investment if there is no eventual move to S/4HANA. – One difference between HEC and a traditional hosting provider is the approval needed to run non-SAP applications in the HEC environment. Where the data center that your data will reside on is located needs to be assessed for data privacy restrictions.

Alternative Route	Rimini Street Supports	Description	Benefits	Risks
Deploy SAP Cloud Platform — formerly SAP HANA Cloud Platform — for custom development (Requires HANA database)	No	Think of SAP's HANA Cloud Platform (HCP) as a PaaS that allows customers and partners to extend existing applications (either cloud or internally deployed) and create new applications. SAP says that HCP is an open, standards-based platform that allows "connectivity with any system of record."	– Customers can create or expose new capabilities in an easy-to-use, easy-to-access format. – HCP offers integration services between the applications in the cloud and on the ground. – Buy time while waiting for S/4HANA to mature.	– High SAP maintenance fees – HCP creates lock-in/ increases dependence on SAP technology, including the HANA database. – Could be a low ROI investment if there is no eventual move to S/4HANA.
Start small with individual SAP cloud offerings	Software components deployed on a private cloud; Integrations to public cloud components	Deploy one or more cloud applications (e.g., SuccessFactors, Hybris, Concur) or perhaps S/4HANA Simple Finance to achieve cloud capability.	– Deploying smaller cloud solutions will cause less disruption than a full S/4HANA deployment. – Develop digital talent that can be leveraged on other cloud initiatives. – Buy time while waiting for S/4HANA to mature.	– High SAP maintenance fees – Customers could create lock-in with SAP if choosing a cloud application that requires the HANA database.
Pilot S/4HANA to confirm fit, locate gaps, and estimate deployment costs	Yes if deployed on a private cloud	S/4HANA is in the early stage of functional maturity. Customers who have an interest in — or are getting pressure to — move to S/4HANA should evaluate their decision before moving forward or before initiating a full S/4HANA deployment.	– Provide visibility into how well the solution can support the business and whether the business will experience new capabilities or will lose required functionality. – Fit/gap information will provide a better base for estimating deployment costs.	– High SAP maintenance fees – Customers may have to pay for subscriptions to use in the pilot. – Piloting takes time and resources. – It's not a zero-cost effort. – For many, there is no strong business case and unclear ROI.
All in with S/4HANA	Yes if deployed on a private cloud	This choice is most suitable right now for customers who have partnered with SAP to build out the solution to fit.	– Customers will have a vertically integrated stack and early dibs on extending the functional footprint.	– For existing customers, S4/ HANA is a migration project. – Increases dependence on SAP technology. – For many, there is no strong business case and unclear ROI. – High deployment costs will not be offset by meaningful business improvement. – Poor functional fit right now.

Source: Rimini Street, August, 2018

To find your way to the best outcome, draw your own roadmap. Whatever road you take, Rimini Street can help you get there.

Rimini Street®

Engineered for Support™

Worldwide Headquarters

3993 Howard Hughes Parkway, Suite 500
Las Vegas, NV 89169

Toll Free 888-870-9692 | Main 702-839-9671
Fax 702-973-7491

info@riministreet.com **www.riministreet.com**