White Paper

Is Your Organization Delivering on a Business-Driven Roadmap?

The telltale signs that you need to break free from technology-dictated roadmaps

Rimini Street
Engineered for Support™

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 maintenance 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.

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Summary

For the last 20 years or so, the business of IT has been focused on transactional efficiency and cost optimization. Today, business priorities have changed to innovation and growth. Accelerate your enterprise's ability to achieve these priorities by shifting away from a vendor-dictated applications roadmap to ensure that enterprise application initiatives support business goals and objectives.

What You Should Know

- Business priorities are changing to growth and innovation. This is shifting IT's mandate from efficiency and standardization to being an open, agile and customer-engaged organization that enables business-driven outcomes.

- Vendor-dictated applications roadmaps can create roadblocks to growth and innovation. They reduce the amount of funding and resources that could be used to invest where it matters most to the business. This budget model is no longer sustainable. Something must change.

- There is another option — Rimini Street's Business-Driven Roadmap that optimizes costs, creates competitive advantage and enables growth.

- Rimini Street's Business-Driven Roadmaps contain distinct destinations defined by the business. Vendor updates may be included but they don't dictate the route, priority or timing of the roadmap. Use a Business-Driven Roadmap to allocate limited IT budget, resources and time to where they make the biggest business impact — on what is right for the business.

Analysis

Business and IT Priorities Are Changing

The increasing pace at which new information technology is becoming available is opening up new growth and innovation opportunities for business leaders and is causing them to rethink their priorities. The 2018 annual Gartner CEO Survey of concerns and priorities of nearly 500 CEOs across 32 countries confirms that CEO and Board business priorities have shifted. Today, the #1 CEO priority is growth. This is in contrast to the recession years, when cost efficiency was equally important.

According to the same Gartner report, a majority of CEOs see technology as a key enabler of growth. More business leaders are making innovative decisions aimed at enabling growth. For example, some companies are starting to reorient every aspect of their business processes and offerings around users. For many of these companies, a digital transformation will be necessary to achieve this level of innovation.

The prioritization of growth and the focus on technology as the enabler of growth are giving CIOs a mandate to innovate. Yet, in many enterprises, the current IT operating model inhibits innovation. For example, the need to invest in digital initiatives is creating an inflection point for many CIOs, whose current IT operating model can't support digital transformation. The business of IT must evolve from focusing on transactional efficiency and standardization to being an open, agile and customer-engaged organization that enables business-driven outcomes.

Vendor-Dictated Roadmaps Can Create Roadblocks to Growth and Innovation

Another challenge for IT is the budget to support growth and innovation, which can have a hefty price tag. Many CIOs are not lucky enough to get net new budget for these types of projects. Yet, CIOs can spend as much as 90 percent of their IT budget on ongoing operations and enhancements of enterprise applications, leaving just 10 percent of the budget for transformation[1]. This roadblock is often a result of locking up too much of the IT budget for adhering to software vendor policies and support models.

Many CIOs tell us that they feel pressured to spend their limited IT budget, resources and time on projects that advance the vendor's roadmap. Yet these projects don't substantially improve the implemented systems, or they create disruption to the stable environment. And they don't drive business growth or competitive advantage. We refer to this as following a vendor-dictated roadmap that benefits the software vendor, not its licensees.

Examples of roadblocks that are often created by following a vendor-dictated roadmap include:

Roadblock	Impact
End of support	Limited vendor software support windows can force customers to perform costly upgrades just to retain full support.
No ERP innovation	Costly maintenance fees paid to the vendor often don't include meaningful innovation because most vendor R&D is focused on new platforms/releases.
Forced upgrades and migrations	Vendors are trying to force customers to migrate to their new platforms and releases even though it is going to take substantial budget, resources and time, with poor ROI for many customers.
Vendor cloud lock-in	After spending significant amounts to migrate to the vendor's new platform, often cloud-based, you can be locked into that vendor's integrated cloud and licensed products at costs that are multiples of your current costs. This may be especially true when customers trade in vendor maintenance fees and underlying perpetual licenses for "cloud credits." We recommend achieving significant total savings by using "agnostic cloud providers" such as AWS, Azure and Google Cloud for perpetual software licenses you want to "lift and shift" into a cloud environment.
High cost/poor support	Despite paying expensive annual maintenance fees, often priced at 22% of license fees plus annual increases, many receive poorly rated service that is typically missing critical support features. For example, licensees often have to spend additional funds to support custom code (we find this to typically be two-third of all issues), which is not included in the typical ERP vendor's standard support service.

Collectively, these activities and costs are not generally investments driven by your business priorities and instead benefit the vendors.

A Closer Look at How Oracle and SAP Dictate Your Roadmap

Upgrades are possible. Rimini Street has supported its customers through more than 150 successful upgrades to date. Before your vendor support expires, archive the releases of the software you are entitled to. This provides the content needed to perform the upgrade. Although there is a limit to how far you can upgrade, you absolutely can upgrade on a timeline that is right for your business.

Oracle

Oracle is now pressuring customers down a path to its new platforms. Yet, customers have made significant investments in implementing highly functional, stable enterprise software systems, likely including some configurations, customizations and add-ons that meet specific business needs. These finely tuned systems can serve as reliable, robust operational platforms for many years to come.

- End of Full Support by 2025:
  One of the ways the vendors are forcing the issue of moving to their new products is creating artificial end-of-support dates. For example, by 2025, all Oracle EBS, PeopleSoft, JDE and Siebel releases will move to "Sustaining Support," except for the very latest release (latest update for JDE)[2]. “Sustaining Support” means you will no longer receive new bug fixes; software updates; or tax, legal and regulatory updates. Nor will you benefit from premier-support level SLAs.
- Continuous Updates:
  For those licensees who elect to upgrade to the latest release: Oracle has changed the adoption model for Oracle applications so that licensees now have to continuously update the applications, meaning as new updates come out you must download, analyze and apply updates[3]. It’s like a never-ending upgrade! Worse yet, we believe, based on our very detailed analysis, that these continuous updates have very little value for many licensees.
- Two Percent of CIOs See Oracle as Integral to Cloud Strategy:
  These aspects of Oracle’s vendor-dictated roadmap may not be the best choice for your business, so one obvious question is whether you should make the significant investment of budget, resources and time to migrate to new Oracle cloud products. Many enterprises that do their due diligence are saying "no" to the Oracle cloud route.

> “When a customer who is on-prem paying us support moves to the cloud, they pay us more money. They don’t pay us one to one, they don’t pay us two to one, they pay us more like three to one. In some cases more than three to one.”
>
> — **Mark Hurd**
> *CEO, Oracle*

For example, according to a recent CIO survey from Morgan Stanley[4], only two percent of CIOs see Oracle as the vendor most integral to their cloud computing strategy. That is telling. Clients are questioning Oracle as a future cloud platform, maturity of Oracle cloud offerings, and the business case for abandoning their current, mature and stable system investments.

Gartner called the Oracle Cloud infrastructure a "bare-bones 'Minimum Viable Product'"[5], and yet another analyst noted that some Oracle cloud applications can be 2 to 3x more expensive to implement than the best-in-class cloud competitor[6].

- 3x Cost:
  Given its challenges in getting clients to migrate to new cloud products, why is Oracle pushing them so hard to migrate to its new cloud products? Even though it is falling further behind best-in-class cloud platform leaders, Oracle has publicly stated to its investors that licensees who migrate to its cloud products will actually pay Oracle up to 3x more compared to what they pay today for their perpetually licensed applications and vendor support[7].

SAP

SAP has a similar strategy for pressuring licensees down a path to S/4HANA by 2025. The strategy devalues customers' significant investments in implementing mature 4.x or ECC enterprise software that is meeting their business needs today and that is capable of meeting their needs for years to come.

- End of Mainstream Maintenance for Business Suite by 2025:
  Many SAP customers are feeling the pressure from SAP to license and migrate to the S/4HANA platform due to the planned end of mainstream maintenance date for Business Suite 7 core application releases announced for 2025. The vast majority of SAP customers — 89 percent from a recent survey[8] — plan to run their stable and proven SAP ERP releases while waiting for S/4HANA to mature and for the cost and risk to decrease and an ROI to emerge. This has created a decision point for CIOs as they determine their SAP roadmap and strategy for the next decade and beyond. Do they continue to pay maintenance on a mature product that will see minimal change while they wait? Or do they lower their maintenance costs and shift the funds to investments that matter more to the business?
- Costly Migration and Immature Product:
  Given the costs of a "Rip and Replace" migration to SAP S/4HANA and the level of maturity of the S/4HANA platform, we believe a migration to S/4HANA has a questionable return on investment for most SAP licensees. S/4HANA is still an early-stage product and lacks a strong business benefit for most licensees operating on mature, feature-rich 4.x and ECC platforms. Rimini Street has developed a cost model that estimates that it can cost customers an average of $35 million USD to migrate to S/4HANA and operate the system over a seven year period.
- The $35 Million USD Cost Estimate Covers Three Core S/4HANA Modules:
  Core Finance, Plan to Product, and Order to Cash. It includes licensing and support, hardware, implementation, upgrades and feature packs over seven years. This initial estimate is based on industry benchmarks and leading industry analyst validation. Upon request, Rimini Street can help develop a detailed S/4HANA cost analysis based on your business needs, timing and roll-out strategy.

- **Higher Long-Term Operating Costs – 2X:**
  SAP's long-term strategy is to shift its business model to incorporate more high-growth, high-margin, predictable recurring revenue through cloud subscriptions. SAP customers who switch from their existing, internally-deployed SAP Business Suite applications to SAP Cloud applications will pay, on average, double their current annual maintenance fees. According to figures shared by SAP's CFO at a SAP Investor Symposium, annual subscription fees are more than double compared to current "installed" annual maintenance fees.

This budget model is no longer sustainable. Something must change.

There is Another Option — Rimini Street's Business-Driven Roadmap

CIOs have two choices in order to be more responsive to the business — a vendor-dictated roadmap that benefits the vendor or a Business-Driven Roadmap that optimizes costs, while at the same time creating competitive advantage and growth:

1. Vendor-Dictated Roadmap:
Follow the vendor's application and technology stack roadmap and face the roadblocks to innovation described earlier. Invest in forced updates, upgrades and migration costs designed to meet the vendor's needs. This approach of "staying current" puts the vendor's priorities first and doesn't directly tie IT investments to specific improvements in the business. It may also reduce the amount of IT budget available to put toward investments in technology that support business priorities.

OR

2. Business-Driven Roadmap:
Design your applications roadmap around business's objectives and priorities, not the vendor's. Leverage vendor software and solutions where it makes sense. Do it on your terms, on your timetable and with the flexibility, funding and freedom to focus on initiatives that support the growth and competitive advantage goals of the business.

With 2025 marking the move to Sustaining Support for all but Oracle's latest releases and 2025 also marking the end of mainstream maintenance for SAP's flagship product Business Suite 7, and the new IT mission to drive growth and competitive advantage, now is the time to choose which path you will follow for the next 5, 10 or more years.

What A Business-Driven Roadmap Is

Rimini Street's Business-Driven Roadmap is a plan for the enterprise's applications investment journey. A key attribute of the Business-Driven Roadmap is that there is a distinct destination (or series of destinations) defined by the business. Another attribute is that the roadmap's investments, priorities and timing support the CEO's goals such as growth or investments in innovation like becoming a digital business. In other words, they are what motivates your business.

There is no one-size-fits-all applications roadmap, and a single view of the roadmap will likely be too limited to show the various application and technology layers involved in how your IT strategies will be executed. Your enterprise application vendor's updates should be included when planning a Business-Driven Roadmap if they contribute to achieving a business goal. However, vendor updates don't dictate the route, priority or timing of the roadmap.

Rimini Street's Business-Driven Roadmap maximizes the value of your current, stable and mature software investment and technology foundation without forced upgrades or migrations that don't advance the journey to achieving business goals. It allows you to allocate limited IT budget, resources and time where they make the biggest business impact — on what is right for the business. It also provides flexibility designed around your unique business objectives, executed on your terms and timing.

The Business-Driven Roadmap makes visible the company's "innovation capacity" and facilitates resource/ manpower planning to provide the right skills in the right quantities. CIOs who decide to stop following their vendor-dictated roadmaps can create capacity to innovate! Staff that was focused on "staying current" will be freed up to focus on innovation.

A Business-Driven Roadmap helps improve IT performance overall. It improves IT's ability to make modernization decisions that support business goals. You still need to support existing solutions, so going to an alternative support model such as third-party support is a key part of the decision process. It dramatically reduces support costs which frees up even more funds and staff for innovation. This is how your business transformation can be "powered by Rimini Street."

Case Study:

Client Chose a Business-Driven Roadmap Powered by Rimini Street

A global leader in industrial, commercial and institutional maintenance products and services, and one of the largest companies in the world to sell such products through direct marketing, has been a Rimini Street client since 2013. A key reason for the client's move to Rimini was to avoid risk triggered by Oracle's EBS 11 "End of Support" announcement. The client had just launched its EBS 11.5.10 global rollout when Oracle announced end of support for that release.

That's when the client started exploring an option that would allow it to continue on, supported, on its EBS 11.5 platform. The client spoke with leading industry analyst Gartner and learned about the Rimini Street option.

The client has a very active and complex environment — a global Oracle presence across North America, Europe and Asia. It has three instances of Oracle EBS 11i and R12 with more than 15 million lines of custom code, as well as scores of custom interfaces with sales tools, transportation, banks, third-party logistics providers and other systems.

The biggest benefit the client realized was not having to upgrade for a minimum of 15 years and being able to get robust, excellent support for their applications and release levels. It did not have to undertake a very costly upgrade, stop its global rollout, or tie up resources for many months or years of disruption. And of course, it was very happy with the new level of service it was receiving from Rimini Street.

With Rimini Street, the company found a true partnership that helped mitigate the risk that a vendor-dictated roadmap would have caused. It is now executing a Business-Driven Roadmap designed to meet its business needs. It is achieving milestones and progressing its business agenda of competitive advantage and growth mainly because it was not forced to upgrade its Oracle EBS 11i system as would have been required under Oracle's vendor-dictated roadmap.

Now, that's the power of a Business-Driven Roadmap powered by Rimini Street.

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