

Rimini Street[®]

Engineered for Support[™]

9

COMMON MYTHS
ABOUT ENTERPRISE
SOFTWARE SUPPORT

introduction

Enterprise software is complicated and also mission-critical. You run your financials, sales, production, human resources and more on it. In some cases having your system down can bring your company to its knees and cost millions of dollars per hour. So quality, professional support is vital.

Traditionally the major enterprise software vendors, including Oracle®, SAP®, Microsoft® and IBM®, have simply tacked on support and maintenance as a percentage of your license costs. With these fees, the vendor has promised to deliver fixes, patches, certifications and upgrades. But is it delivering on that promise? Increasingly, companies are examining this enterprise software support model more closely. Along with evaluating value and ROI, organizations are seeking out alternative support options for their applications, databases and middleware.

This eBook looks at some of the myths and pitfalls that may have dissuaded companies from actually making the move away from their original vendor, sacrificing significant savings and innovation opportunities in the process. We contrast these lingering doubts with the facts and realities, along with some practical guidance about the choices available to you.

myth

YOUR SOFTWARE
VENDOR IS THE
ONLY SOURCE
FOR SOFTWARE
SUPPORT.

reality

PROVEN OPTIONS
EXIST OUTSIDE
OF TRADITIONAL
VENDOR SUPPORT.

In the past, the only option to retain enterprise software support was to pay the support and maintenance fees dictated by software vendors such as Oracle, SAP, Microsoft and IBM. There are several important consequences to this scenario. Obviously, you are locked in to continue to budget and pay high maintenance and support fees. And perhaps even more importantly, you are on a mandatory evolution path to continually upgrade just to stay supported. Upgrade when the vendor dictates, whether it makes good business sense or not.

Guidance

Fortunately, you have options with independent support — also known as third-party support or third-party maintenance — for enterprise software. In fact for most, independent support is not only an alternative but offers many advantages including:

- Cost savings
- Upgrade flexibility
- Support for custom code
- Better responsiveness

Hundreds of companies have switched to independent support as an alternative to Oracle, SAP, Microsoft, IBM and other providers in return for cutting their annual support fees, sometimes by as much as 50 percent, receiving better service and gaining support for customizations for example. In fact, savings with these types of benefits yield an average of 75 percent savings for independent support clients. Add in potential additional benefits, such as guidance on security, performance tuning, interoperability and upgrades, all at no additional charge. Some providers will also offer a specific primary support engineer whom you call directly and who is familiar with your implementation. Sound better than a call center staffed with entry-level engineers and frequent reliance on self-support?

Enterprise software vendors are now discounting support and maintenance because there are proven alternatives. As a result of the competition, such software vendors have been forced to the negotiation table — though likely not without kicking and screaming. If you want to negotiate a better price for support, you have to approach this properly in order to effect a change.

Guidance

First, check out your maintenance renewal date. Trying to negotiate with your software vendor after you just sent a check for next year does not put you in the driver's seat. Don't wait until the last minute. The process takes some time; ideally you should start your research at least six months prior to your software support renewal date or your termination notification deadline.

Then explore your alternative: independent support. Understand the pros and cons of independent support versus original vendor support; remember, knowledge is power in a negotiation.

Next, request a pricing proposal from an independent support vendor.

Forearmed, you can now have a knowledgeable conversation with your software vendor representative. Lay your cards on the table and let them know you have alternatives you will pursue if they remain inflexible. Be prepared for a mild panic on their part and even suggestions such as that you won't be able to return without significant penalties.



myth

ENTERPRISE
SOFTWARE VENDORS
WILL NOT DISCOUNT
SUPPORT AND
MAINTENANCE.

reality

SOFTWARE VENDORS
LIKE ORACLE AND
SAP WILL NOW
NEGOTIATE
SUPPORT COSTS.

myth

NEW SOFTWARE
RELEASES ARE
IMPORTANT
FOR NEW
FUNCTIONALITY.

reality

INDUSTRY
LEADERS ARE
LOOKING BEYOND
ERP TO ENABLE
INNOVATION.

In the early years of enterprise software, new releases from software vendors like SAP and Oracle were frequent and feature-rich. But as enterprise software has matured, the industry giants now seem slow to publish new releases and associated new functionality. Today, releases tend to be more technical in nature, offering few advantages, such as demonstrable ROI, to the business.

At the risk of becoming irrelevant, CIOs cannot wait on enterprise software vendors for functionality their businesses need. The advent of the cloud has spawned myriad inventive companies dedicated to providing features and functionality that the giants are not delivering in a timely fashion.

But there's a big problem: lack of funds for innovation. Initiatives such as mobility, big data and social — or even just rolling out the products you have already licensed — are stymied without budget.

Guidance

Create budget to focus on innovation that brings value to the business. Independent support can help you free up funds to implement those projects that make you a hero to your organization. Typically, independent support costs 50 percent of what software vendors would charge; additionally, any expensive and time-consuming upgrades can be avoided unless they make good business sense and can generate ROI. What could your team do for your organization if you had more money and time?

Customizations are a fact of life. Most companies customize their software and many of these modifications are significant, yet software vendors do not support custom code. You've likely chosen one or more of three options:

1. Increase staffing to internally support your customizations.
2. Hire consultants that will provide the customization support.
3. Eliminate custom code.

Your business is unique. Processes, regulations and customers, along with culture, require most companies, particularly segments such as manufacturing, to have a degree of customization. Without customizations, it's like having a GPS that only can direct you to home and work: Yes, it works — but how about some flexibility?

Guidance

What if you could have support for your customizations included with your enterprise application support fees at 50 percent less than what you are paying your vendor today? Talk to an independent support provider and ask if custom code is included as part of their standard support program.



myth

YOU MUST
SELF SUPPORT
CUSTOMIZATIONS.

reality

SUPPORT FOR
CUSTOMIZATIONS
CAN BE INCLUDED
WITH YOUR
SOFTWARE
SUPPORT.

myth

YOU MUST UPGRADE
TO STAY SUPPORTED.

reality

FORCED UPGRADES
TO MAINTAIN FULL
SUPPORT ARE
A THING OF
THE PAST.

For many years, companies have been forced to upgrade simply to maintain support. Most customers don't upgrade to the latest and greatest release when it first comes out. They don't need the functionality, and they want to wait a few years until the release is stable. According to a recent survey¹ of SAP ERP licensees, 89 percent plan to continue to rely upon their Business Suite application platforms ranging from R/3 or earlier up through ECC 6, with 57 percent finding no compelling business case to move to S/4HANA. And a recent survey² of Oracle E-Business Suite (EBS) users found that 51 percent who are on EBS releases that are no longer fully supported would prefer to remain on their current release if they had the option to remain fully supported.

Guidance

Organizations should not upgrade without a compelling business case. Important questions to ask prior to upgrading include: Will the upgrade 1) increase revenue, 2) cut costs or 3) take market share from competitors? In many cases, the answer to each question is no. But how do you maintain support when your release is no longer fully supported according to the enterprise software vendor's schedule?

First, research your support expiration dates. If loss of full support is imminent, you have two options:

1. You can go it alone with self-support. This can be challenging, is not recommended and could potentially put your organization at risk.
2. Contact an independent support provider. A safer alternative, independent support can enable you to maintain high-quality support for your enterprise software regardless of the age of your release. Plus the cost is typically 50 percent of what the original vendor is charging. Make sure to check with the support provider to ensure it will guarantee support for your release for at least 15 years.

1. Rimini Street Survey Report, "2017 SAP Applications Strategy Findings," 2017.

2. Rimini Street Survey Report, "Oracle E-Business Suite Customers Prefer Current Proven ERP," 2017.

You've been paying support and maintenance fees to your enterprise software vendor for many years, which typically entitles you to maintenance components that you can take with you when you leave their support — documents, patches, upgrades, scripts and potentially more. This means that you can likely preserve your ability to upgrade if you choose to move away when and if it makes good business sense. Archiving these elements is necessary for any desired future upgrade. You should download and archive everything you are entitled to and may want to use in the future, as of your date of separation from your original vendor's support. Anything less can jeopardize your desired future upgrade potential.

Guidance:

Upgrading on your own schedule is a wonderful freedom, but archiving the upgrade materials you're entitled to in order to protect this ability has to be done with precision. It's typically not something you want to tackle on your own. So assuming you want to align with an independent support provider, investigate how that support provider will assist you in archiving. Does it employ archiving processes that are ISO 9001-compliant to help you store what you are entitled to? How many archives have they scoped for clients? How many clients have upgraded under their support? Asking these simple questions can help you align with the right support provider to seek to preserve your ability to upgrade in the future.



myth

YOU WILL BE
UNABLE TO
UPGRADE IF YOU
MOVE AWAY FROM
VENDOR SUPPORT.

reality

YOU ARE NOT
FROZEN IF YOU
LEAVE VENDOR
SUPPORT.

myth

IF YOU LEAVE
VENDOR SUPPORT
YOU LOSE ACCESS
TO NEW MODULES
AND LICENSES.

reality

CUSTOMERS CAN
PURCHASE NEW
LICENSES AND
MODULES.

You need to buy an additional module or seats from your enterprise software vendor because of growth to support the business. No problem.

The sales and support departments of enterprise software vendors are two separate organizations with different objectives. While the support group may not like it, the sales group is more than happy to take your money so it can make quota and earn commission. You are, after all, still a customer.

Guidance

Independent support customers continue to grow and expand their businesses. Many buy more enterprise software licenses to support these efforts. In fact, some have used the savings they achieved by switching to independent support and funded a new SAP or Oracle global expansion. Enterprise software customers of Oracle, SAP, Microsoft, IBM and others routinely purchase new seats and modules outside of vendor support. These companies won't turn you away if you wish to buy new licenses or products.

Tax, legal and regulatory updates are incredibly complex. Every day around the world, regulations, standards and legislation affecting payroll and transaction taxes, financial accounting, reporting and compliance are constantly changing. You need to prepare for and respond to a variety of events — including recurring updates, ad hoc regulation and policy changes, and major transitions such as new IFRS accounting standards. Payroll, human resources, benefits, pension, accounts payable, asset management and other applications require high-quality and timely tax, legal and regulatory updates for local, state, provincial and national jurisdiction compliance.

Guidance

There are alternatives to the tax, legal and regulatory updates you receive from your original vendor. Some independent support providers as well as some tax and regulatory specialists provide these services. But because of this issue's criticality, you need to vet a provider diligently to understand its processes and quality control. ISO 9001 certification is important in this regard because it helps ensure quality and consistency. For example, no single source of tax, legal and regulatory data provides the information needed to assure a complete scope and full accuracy — it's imperative to compare multiple sources. Therefore, to ensure the veracity of its research and deliverables, your provider of updates should utilize a triple-check methodology that includes direct government verification, use of the leading regulatory research reporting services, and tertiary sources that include top global accounting and legal firms.

You should determine if the provider has a dedicated internal team with decades of experience to ensure completeness and accuracy. Don't rely on a vendor that outsources this critical function. Find out if a provider supplies updates for the geographies and languages you need, not just now but in the future. Finally, it should be able to provide updates that are tailored to your specific needs and implementation — not just a bundle of unnecessary updates that causes you more work, more testing and potential issues.



myth

THE VENDOR IS
THE ONLY SOURCE
OF TAX, LEGAL
AND REGULATORY
UPDATES.

reality

THERE ARE PROVEN
ALTERNATIVES TO
ORACLE AND SAP.

myth

IF YOU WANT TO RETURN TO YOUR VENDOR, THERE WILL BE EXPENSIVE PENALTIES.

Once an organization leaves their original enterprise software vendor support, it becomes a prospect all over again. Former independent support clients have certainly been able to relicense the latest software release at very attractive terms, and have even ended up with license fees discounted up to 90 percent. Choice means more negotiation leverage and a better bargaining position for you, the customer.

Guidance:

Choice is the name of the game. There is a lot of competition for enterprise software business, particularly with the advent of cloud including companies like Workday and NetSuite. Your purchase orders are thereby enthusiastically welcomed by big software vendors such as Oracle, SAP, Microsoft and IBM.

reality

THE VENDORS WANT YOUR BUSINESS.

10 Telltale Signs That It's Time to Change Your ERP Strategy



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ABOUT RIMINI STREET, INC.

Rimini Street is a global provider of enterprise software products and services, and the leading independent 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, independent support provider.

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