

Rimini Street



Accelerating the Retailer's  
Business-Driven Roadmap  
with Third-Party Support

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# Introduction

Operating on tight margins and facing intense competition, retailers must make digital transformation their priority. In order to support the business, CIOs must show they are investing in technologies that go beyond keeping the lights on. They must align with the business and design a roadmap that enhances user experience online and offline, revamp delivery and loyalty programs, put analytics and artificial intelligence techniques to work serving customers better. They need to advance their mobile technologies to make them integral to the shopping experience, while exploring the application of augmented reality and robots in the warehouse, the back room, and the store.

Yet digital transformation comes at a price. The multimillion dollar boardroom question CIOs must answer: “How are we going to pay for this?” With 80 to 90 percent of a typical IT budget already committed to the operation of existing systems, CIOs and their finance teams must find funding.

In response, retailers have been among the early adopters of third-party enterprise software support, recognizing that the best way to achieve a return on investment in applications such as ERP is to stop paying for overpriced maintenance contracts and unnecessary upgrades.

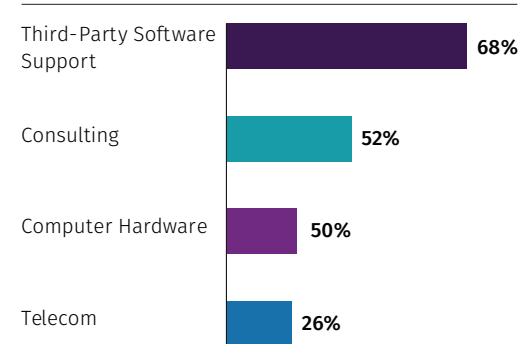
This ebook explores the reasons why third-party support may be the best way to accelerate your business-driven roadmap.

Up to **95%** profit margins are achieved by software vendors on support fees<sup>1</sup>

**89%** of SAP application licensees plan to continue running their current software release<sup>2</sup>

**65%** of Oracle application licensees find no compelling business reason to adopt a software vendor's cloud product<sup>3</sup>

What top IT spend categories are you pursuing or planning to pursue to improve service and/or reduce costs<sup>4</sup>?



According to the 2018 ProcureCon CIO and CPO report, 68 percent of IT leaders surveyed are looking at third-party software support as a means of improving service and reducing costs.

1. Oracle, Q4 FY17 Financial News Details, June 2017.

2. Rimini Street, "Survey Report: 2017 SAP Applications Strategy Findings," May 2017.

3. Rimini Street, "Oracle EBS Customers Prefer Current Proven ERP," January 2017.

4. 2018 ProcureCon CIO and CPO report.

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## Third-party support yields 75% savings on average.

An increasing number of organizations believe they are not receiving a fair value in return for their annual support and maintenance fees. The big software vendors have enjoyed a virtual monopoly on support services for their products. With today's more than 90 percent profit margin on support operations, you pay a vendor 10 dollars for every dollar the vendor spends on actual support and maintenance. Customers are coming to the conclusion that the software vendor support model is at best dated — and at worst obsolete and seemingly unfair.

Industry analysts agree: You may be spending too much on enterprise software annual support and receiving limited value in return. Ongoing maintenance and operational costs typically consume the majority of all IT budgets, averaging 90 percent, which leaves only 10 percent available for business transformation initiatives.<sup>4</sup>

Third-party support lets you cut IT entitlement costs now and gain a predictable, low-cost support model for the future. Today, highly responsive third-party support is available at an immediate 50 percent annual cost savings compared to original vendor support fees. And that's just the tip of the iceberg: Third-party support clients accrue savings not only through reduced annual maintenance fees but also through **upgrade avoidance**, getting **support for customizations**; receiving **tailored tax, legal and regulatory compliance packages**; and **reduced cost of self-support**.

Combined, the cost savings from third-party support averages 75 percent<sup>5</sup> of the total cost of support, including vendor annual maintenance fees. You can put these substantial savings to work right away to avoid staff layoffs, pursue strategic business initiatives or retain them as future reserves.

4. Gartner, "Gartner IT Key Metrics Data, 2019: Executive Summary."

5. Gartner, "Gartner IT Key Metrics Data, 2019: Executive Summary."

While support costs have continued to rise, the level of customer service you receive seems to have steadily declined. When you contact your software support vendor about a problem, a junior-level technician might advise you to upgrade or implement a service pack that combines hundreds of other fixes. The technician may also suggest that it is a custom code issue and is therefore your problem. Before you know it, one small issue has morphed into a big project with regression testing and downtime that costs a lot of money and consumes time and other resources. When you get back in touch with support, it is difficult to get access to experienced engineers unless you navigate a maze of escalations.

Third-party support takes a fundamentally different approach, emphasizing full service over self-service. In place of a help-desk generalist taking your call, you speak to a support engineer with an average of 15 years' experience who can directly debug software and address your issues, with no escalations required and custom code supported.

As clients experience responsive support, they come to rely on and truly leverage their third-party support program. Organizations that historically logged only five or six issues a year with their vendor may suddenly call third-party support 10 or 15 times a month. Why? The most frequent response is, "You actually fix our issues!" Cases that had been logged with software vendors for years but never addressed, including some of the toughest and most complex issues, are frequently resolved in days or weeks.

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You can  
receive better  
service from  
third-party  
support.

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## No upgrades, updates or migrations are required.

Although product upgrades 10 or 15 years ago delivered vital new features to automate core business processes, that's not usually the case now. Today's proven software applications are highly functional and reliably support tens of thousands of organizations and billions of dollars in transactions.

Extending the life of a current release through third-party support reduces risks and costs. New software releases can take months or years to fully vet and debug, disrupting the previously stable production environment. Likewise, the constant deployment of software vendor fix bundles introduces its own set of risks. With third-party support, you can run your highly functional, stable release for 15 years or more, even if it has been customized to meet your unique needs. Think about the return on investment you'd achieve from running your current application or database for 20 years without expensive and disruptive upgrades.

However, your application is not frozen with third-party support. Your current production release does not have to be your last. If you are not yet running your software vendor's latest release, you can download it and related components before transitioning to a third-party support program. This lets you run your existing release with the flexibility to move to the archived release if you see value in the upgrade.

And while software vendors have invested in developing cloud versions of their apps and acquiring companies to meet those goals, their customers seem less enthusiastic about the functionality and migration costs of these options. Today's trends include investments in hybrid IT — innovating around core systems of record with best-of-breed applications that enhance the customer experience, improve employee relations and drive commerce.

By delaying or avoiding costly and disruptive product upgrades, you'll have more time and money to invest in strategic initiatives that may improve your company's bottom line today.

Getting more mileage from enterprise software requires specialized services that some third-party support providers offer as part of a standard support program at no additional cost.

**Customization Support** Few organizations run core business applications without modifications. While software vendors generally don't support custom code as part of standard support, leading third-party organizations consider it essential.

**Interoperability Support** Advanced technical services can help future-proof enterprise software while responding to changing infrastructure and expiring vendor support windows. Such services can resolve application and infrastructure interoperability, compatibility and integration issues at all layers of the technology stack.

**Performance Support** With the expertise acquired over time from helping clients with the same issues, third-party support can deliver the response times and system performance levels you need.

**Security** Many organizations do not have the resources or expertise to secure the enterprise. Third-party support should provide actionable intelligence to reduce potential exposure, including vulnerability analysis alerts and expert assistance in identifying and choosing critical security controls (and vendors) beyond ERP and database systems.

**Proactive Support** What if you could identify potential application and technology stack issues before they occur? Some third-party support providers offer secure monitoring, proactive database health checks and tailored reports with best practices recommendations to stabilize the IT environment.

**Roadmap Planning** Leading providers have teams of experienced, creative engineers to help you map your innovation plan. And funding application development for an improved customer experience with cloud, social, mobile and big data is made possible with the savings from third-party support.

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You can receive  
premium support  
services at no  
additional cost.

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## A dedicated global team can provide tax, legal and regulatory updates.

Tax, payroll, accounting, fixed-asset and related rates, regulations and standards are constantly changing, forcing you to prepare for and respond to a variety of events, including regularly scheduled updates, ad hoc regulations and major transitions such as new IFRS accounting standards. Keeping your applications updated frequently with the latest tax and regulatory changes around the globe is critical to keeping your business operations accurate and compliant.

Expect a highly experienced tax, legal and regulatory team that provides timely and accurate delivery of these updates, so you remain in compliance. Clients receive scheduled updates throughout the year, typically several business days ahead of the software vendor's schedule. And unlike a software vendor's approach, updates are provided separately rather than bundled with unrelated changes. You receive just the updates you need for your operations, without a long list of additional updates that are not needed but must still be deployed and tested.

The dedicated team works closely with local, state, provincial and federal government representatives and all major tax and regulatory services to immediately identify, scope, code, test, package and reverify the latest updates from government agencies, helping to ensure high quality, accurate deliverables and fast update delivery cycles.

The future of enterprise software is as exciting as it is uncertain. Software-as-a-service (SaaS), cloud computing, service-oriented architecture (SOA) and open source software are among the many technology options you may exploit in the future. The next ten years will be marked by unprecedented mergers and acquisitions with fierce competition over differing application architectures, middleware and SOA technology standards. New technologies in development could emerge as a dominant force within a short time, displacing current software leaders.

While the details of next-generation software platforms are still hazy, it is clear you should evaluate them by asking, “Do they provide real business value?”

Third-party support gives you the time and technical expertise you need to maintain your current systems and architecture securely while you assess these new options. A smart strategy is to review and select the best next-generation software platforms once the platforms have been built, widely deployed and tested. This approach allows you to design a business-driven roadmap, then compare the business value of moving to a new platform against the benefits of running your existing system. At each step, you are making decisions that support your digital transformation use cases.

Third-party software support plays a key role in this strategy, enabling you to apply cost savings to more strategic business initiatives for your organization rather than continuing to invest in the research and development efforts of your software vendor through your maintenance fees. Many companies that move to third-party support save enough to license the next generation of software, and have funds left over for other critical IT projects.

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You can reduce  
risk and position  
yourself for the  
next proven  
technology  
platform.



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## Third-party support from Rimini Street is a proven, trusted option.

Prominent industry analysts and members of the media have recognized the role of third-party support in a comprehensive IT strategy. Today, third-party support has been embraced by world-class organizations of all sizes. Rimini Street, for example, has experienced significant and sustained growth since the company launched in 2005. Organizations worldwide, including midmarket, public sector and Fortune 500 companies have made the switch to Rimini Street.

Enterprise software licensees have made the move to Rimini Street because we offer an alternative that has delivered immediate ROI. And yes, our clients can and do continue to work with their original software vendors to purchase additional licenses or modules. Our SLA is 15 minutes or less for critical issues, with actual response time of less than five minutes on average. You'll find smart and passionate support engineers at Rimini Street. These experienced professionals are committed to a single, vital goal: to provide the finest in enterprise software support.





## **ABOUT RIMINI STREET, INC.**

Rimini Street, Inc. (Nasdaq: RMNI) is a global provider of enterprise software products and services, the leading third-party support provider for Oracle and SAP software products and a Salesforce® partner. The company offers premium, ultra-responsive and integrated application management and support services that enable enterprise software licensees to save significant costs, free up resources for innovation and achieve better business outcomes. Global Fortune 500, midmarket, public sector and other organizations from a broad range of industries rely on Rimini Street as their trusted enterprise software products and services provider.

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