



Rimini Street®

Engineered for Support™

10 TELLTALE SIGNS

That It's Time to Change
Your ERP Strategy

INTRODUCTION

The advent of enterprise resource planning (ERP) software in the 1990s represented a phenomenal breakthrough for business. Companies around the world capitalized on ERP to run smarter, faster and more profitably.



Today, Oracle or SAP applications are at the heart of almost every Fortune 500 and Global 2000 company, including yours.

1980

1990

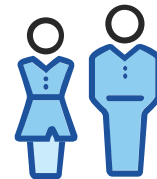
2000

2010

In the beginning, your vendor delivered great software and valuable support that helped you troubleshoot issues and optimize your systems. But over time, that model changed. The support partnership between you and your vendor has eroded and software improvements have all but disappeared.



TIME



RESOURCES



MONEY

MANDATORY EVOLUTION

This is the era of business transformation. Your IT team is expected to deliver innovation that disrupts the status quo within your industry and build a competitive advantage for your business. Yet your ERP vendor is delivering less value to you than ever before.



89% of the average IT budget is dedicated to keeping the lights on, leaving only 11% for innovative projects*

one

Basic support
fees are eating
up your budget

“Our biggest expense in IT aside from personnel costs was SAP support. Because there was no flexibility, we simply had to pay the full amount for support.”

SYMPATEX

When was the last time you conducted a cost-benefit analysis of your ERP support contract?

In ERP's early days, annual support was typically 15% of the original license cost. Today, support costs have risen to a standard 22% — a whopping 47% increase over the years.

And it's not because Oracle and SAP have been investing in making support more responsive to customers' needs. It's because vendors net up to a 90% profit margin on support revenue, accounting for roughly half their revenue streams, making investors very happy.

Vendors achieve **90%** profit
margins on support fees*

47% increase in support costs over time*

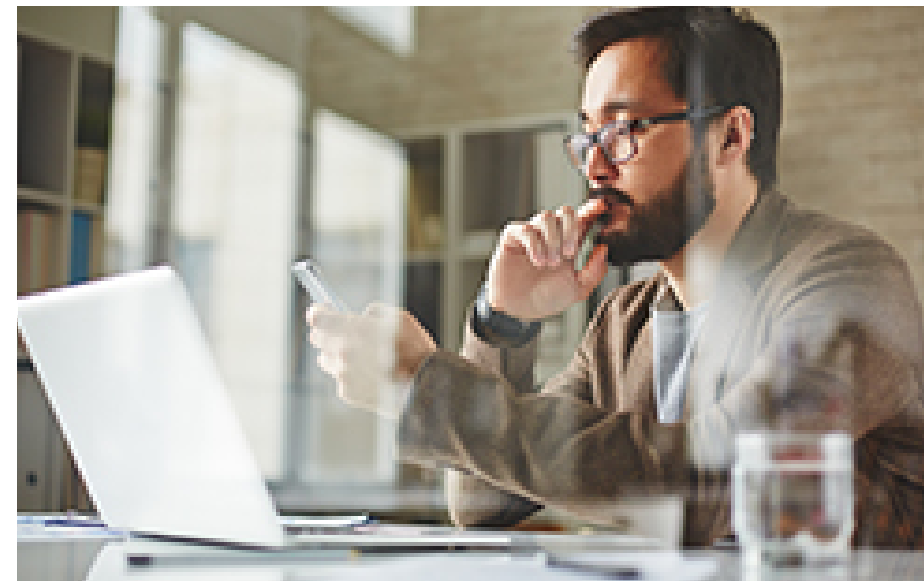
While support costs have continued to rise, the level of customer service you receive has steadily declined. When you contact vendor support about a problem, a junior-level tech might advise you to upgrade or implement a service pack that combines hundreds of other fixes.

Before you know it, one small problem has morphed into a big project with regression testing and downtime that costs a lot of money, time and resources. When you get back in touch with support, you're unlikely to get access to experienced engineers unless you navigate a maze of escalations.

Think about it: How long did you spend on the phone and how quickly was your issue resolved (if at all) the last time you called your vendor's support line?

two

You're stuck in an outdated support model



three

New features and functionality are a thing of the past

Just **1%** of SAP revenue is reinvested in enhancing existing applications*

ERP software has matured over several decades now and most of the obvious enhancements that customers have clamored for have already been made. You now see only incremental improvements in functionality. Though they do offer value, they hardly represent fair return on the high price of your support contract.

Most ERP implementations are robust and stable. Without compelling new functionality in the pipeline, many enterprises prefer to continue running the current system.

“We found we were paying a huge sum of money [to Oracle] for maintenance, but were getting neither the benefit of future enhancements nor support.”

BAUSCH + LOMB

Only **40%** of Oracle customers anticipated better functionality if they upgraded*

four

You dread
costly upgrades
and feel forced
into them

72% of SAP licensees believe their current
release meets business needs*

ERP upgrades used to represent valuable new functionality. Now, instead of looking forward to new features, you dread the vendor's expensive and disruptive upgrade treadmill. Your team is unnerved by being forced to upgrade or patch a system that has been performing very well — just to stay supported.

The cost of an upgrade can easily exceed \$1 million. And more than 56% of Oracle ERP upgrades take nine months or more.* Upgrades also pose significant risks. Licensees are concerned about testing, staff limitations, maintaining customizations and the possibility of downtime.

Your team is left to wonder: Does an upgrade really benefit our business and IT interests?

“Since [SAP] upgrades to subsequent versions provide few or no advantages for the user, we can’t help but think twice about performing upgrades that involve such high costs.”

KUMAGAI GUMI

73% of Oracle licensees cite end of support
as the most compelling reason to upgrade*



You've implemented vital customizations that streamline business processes, help achieve SLA targets and ensure compliance. The original vanilla code in your ERP platform might be unrecognizable.

But when a conflict arises between a customization and, say, a vendor patch kit, your IT team is left to clean up the mess. ERP vendors won't support your custom code. "You broke it, you fix it," is effectively the vendor's response.

So, on top of your hefty ERP vendor support contract, you're also paying internal personnel or consultants to maintain those critical customizations, both with strategic initiatives to optimize custom code and tactical fire drills when something breaks.

five

You're footing the bill for customization support

90% of ERP systems are customized*

85% of Priority 1 issues are custom-code related*

65% of all issues are custom-code related*

six

You've accepted your time-consuming, self-support model

Are you spending time filling a support gap so that you can meet your SLAs? Consider the hours your team spends trying to troubleshoot or fix problems before they even contact the vendor.

We call that call avoidance and it increases your costs and drains your resources. It is the natural reaction to a broken ERP support model that is no longer relevant.

In fact, the cost of these self-support activities is often equal to half the cost of your annual support fee.

"I used to spend hours researching case resolutions myself and was led around the world with vendor support depending on the time of day."

COUNTY OF CUYAHOGA

seven

There's not enough
time or money to
innovate quickly



Your IT team is eager to tackle innovative projects and transform into a digital-first business with the agility necessary to compete in today's fast-changing world. But innovation costs money. And chances are that most of your IT budget is spent keeping the lights on.

With limited resources, innovation can still happen, but it just doesn't happen as swiftly as the business wants it to. Meanwhile, more nimble competitors are taking advantage of cloud, mobile, social, big data and the Internet of Things. They're progressing toward hybrid IT environments that combine legacy systems of record with cloud solutions of engagement.

82% of CIOs are taking a
hybrid IT approach
to transformation*

“Shadow IT is rampant. Only recently have CIOs begun to realize the full extent of the cloud sprawl across their organizations and the pitfalls for their business.”

CISCO SYSTEMS

If your IT department isn't keeping up with growing business demands, lines of business have likely been deploying solutions independently. The result is shadow IT, usually cloud-based services that proliferate without your IT team's involvement or oversight as business units seek greater flexibility and competitive differentiation.

Shadow IT introduces risks to data security, regulatory compliance, business continuity and SLA performance. It also represents an additional IT budget line item when a critical security fix or interoperability troubleshooting is needed.

eight

Shadow IT has become a regular, unwelcome distraction

112% growth in shadow IT systems in 2015*

1,220 shadow IT cloud apps running within the typical enterprise*

60% of Oracle licensees see no strong business case to migrate to Oracle cloud applications*

nine

Your vendor's cloud roadmap is years out and undefined

Oracle promises that their ERP software functionality will be available in the cloud someday. SAP promises that S/4HANA will be their next-generation business suite. But when can you really plan for these scenarios?

Based on expert analysis, it seems to be at least five to 10 years down the road — if it happens at all.

These strategies have been surrounded by confusion and doubt for years.

Gradual rollouts of cloud versions of Oracle Fusion and new SAP S/4HANA updates have triggered lukewarm interest from customers.

Acquisitions of cloud vendors, such as Oracle's buy of NetSuite and SAP's purchase of Concur, have introduced more questions about ERP roadmaps.

So you haven't seen clear business value and you need full control over how innovation unfolds in your enterprise.

Don't spend the next 5+ years waiting. It's time for change.

9 out of 10

SAP customers have no interest in moving to S/4HANA*

ten There is a better way.

Let's recap.

1 Basic support fees are eating up your budget

2 You're stuck in an outdated support model

3 New features and functionality are a thing of the past

4 You dread costly upgrades and feel forced into them

5 You're footing the bill for customization support

6 You've accepted your time-consuming, self-support model

7 There's not enough time or money to innovate quickly

8 Shadow IT has become a regular, unwelcome distraction

9 Your vendor's cloud roadmap is years out and undefined

conclusion

Adopt a strategy of innovation agility and create opportunities for your organization today.

Instead of continuing to make massive investments in an ERP system that already works, liberate your resources — your people, your money, your time — and invest in initiatives that drive business growth.

- Develop a hybrid IT environment
- Take advantage of big data capabilities
- Implement mobile or social solutions

Freeing your resources allows you to innovate throughout your organization by empowering your business units and better engaging with your employees, partners and customers. That's the power of innovation agility.

You Could Be Achieving:

75%

Average client savings compared to annual vendor support fee*

<5 minutes

Average response time from a senior engineer 24/7/365 anywhere in the world for critical issues

4.8/5.0

Average client satisfaction score*

>99%

of clients received defect-free tax, legal and regulatory updates worldwide across product lines

SOURCES

- 1
 - 2
 - 3
 - 4
 - 5
 - 6
 - 7
 - 8
 - 9
 - 10
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