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common myths about enterprise software support services

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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 comprehensive, ultra-responsive enterprise software support services are 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 alternative support services options for their applications, databases, and middleware.

This e-book 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

Enterprise software vendors are 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 services was to pay the support and maintenance fees dictated by software vendors such as Oracle, SAP, Microsoft, and IBM. There are several important consequences of 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 fully supported. Upgrade when the vendor dictates, whether it makes good business sense or not, or lose access to full support.

Guidance

Fortunately, you have options with independent support — also known as independent, 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

Thousands 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%, receiving better service, and gaining support for customizations. In fact, a study of 70 clients of a leading third-party support provider found that savings with these types of benefits yielded an average of 75% on total maintenance costs.[1] 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?

[1] Rimini Street, "The Impact of Moving to Independent, Third-Party Software Support," 2020.

Original 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 negotiating table — though likely kicking and screaming. If you want to negotiate a better price for enterprise software support services, you have to approach this scenario properly in order to effect a change.

Guidance

First, check your maintenance renewal date. Trying to negotiate with your software vendor after you have 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.

You can now have a knowledgeable conversation with your software vendor representatives. 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 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 for 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 large vendors 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% of what enterprise 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 additional capabilities?

Guidance

What if you could have support for your customizations included with your enterprise application support fees at 50% 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 its standard support program.

myth

You must self support customizations.

reality

Support for customizations can be included with your enterprise software support services.

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 2019 survey[2] of SAP ERP licensees, nearly 80% of SAP licensees plan to continue to run their customized, mature SAP systems to at least or beyond SAP's [originally] planned 2025 end of ECC6 mainstream maintenance date (SAP has since extended that date to 2027) with 67% having no plans to migrate or are undecided about moving to S/4HANA. A separate survey of Oracle E-Business Suite (EBS) users[3] found that 40% of respondents running releases no longer fully supported (<12.1) have definitive plans to upgrade and 85% of those who are planning to upgrade are doing so for maintenance reasons.

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 enterprise software support services regardless of the age of your release. Plus the cost is typically 50% 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.

2 Rimini Street Survey Report, "How SAP Customers Are Responding to the Planned End of ECC6 Mainstream Maintenance Deadline," 2020.
3 Rimini Street Survey Report, "Licensees' Insights into the Future of Their Oracle EBS Roadmaps," 2020.

You've been paying support and maintenance fees to your enterprise software vendor for many years, which typically means you may be able to take maintenance components with you before you leave its 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 has it scoped for clients? How many clients have upgraded under its support? Asking these simple questions can help you align with the right support provider 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 to fund 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 its 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%. Choice means more negotiation leverage and a better bargaining position.

Guidance

Choice is the name of the game. There is a lot of competition for enterprise software business, particularly with the advent of cloud offerings from companies like Workday and NetSuite. Your purchase orders are 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

READ E-BOOK

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