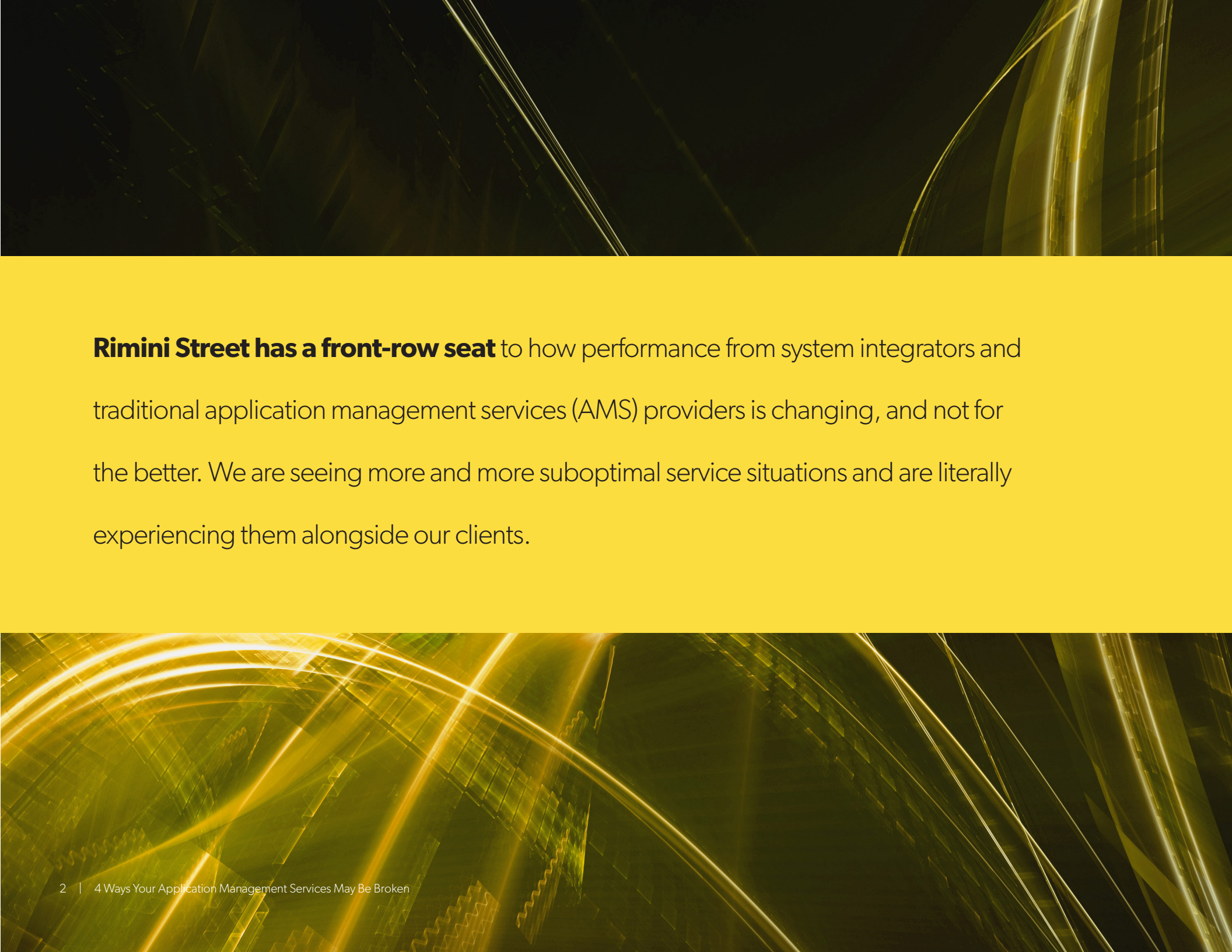


4 Ways your Application Management Services May Be Broken

And How to Rescue Key Projects

Rimini Street[®]



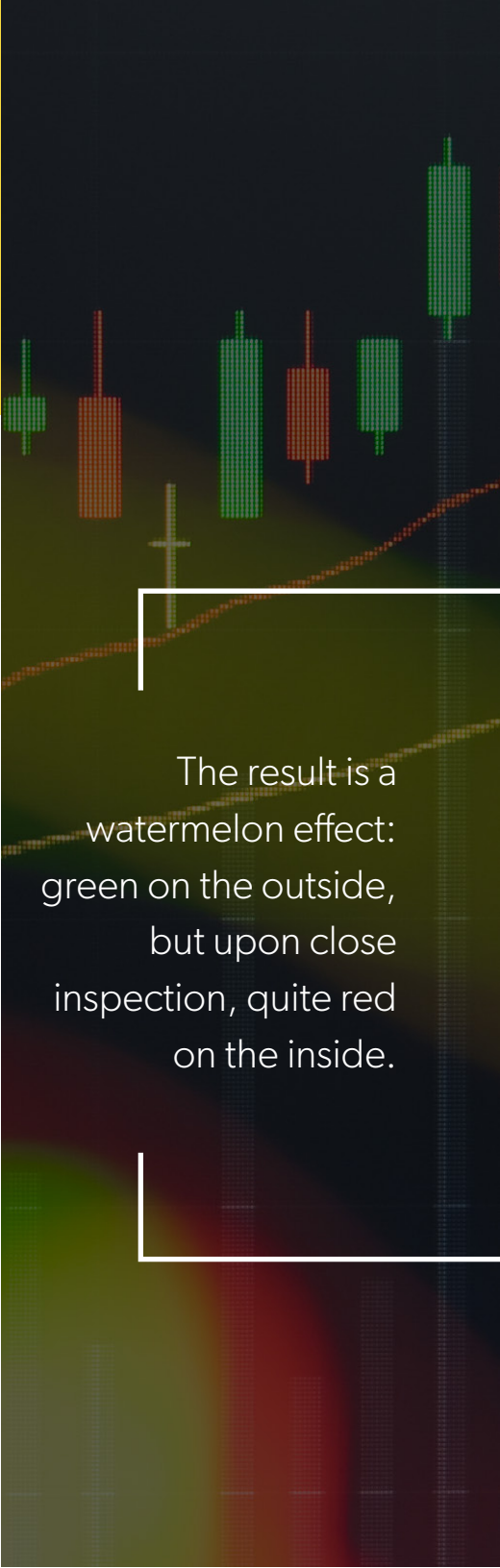
Rimini Street has a front-row seat to how performance from system integrators and traditional application management services (AMS) providers is changing, and not for the better. We are seeing more and more suboptimal service situations and are literally experiencing them alongside our clients.

The watermelon effect

Increasingly, Rimini Street is asked to assist where one or more managed services providers is already in place. We clean up bad code that was written for an upgrade or a strategic project; and correct a wide variety of other software malfunctions. This is a bad position for those clients who are paying a good deal of money for underperformance.

The ITIL 4 Foundation guide describes this type of situation as the “Watermelon SLA Effect,” indicating a mismatch between the AMS provider’s perception of its own service performance and the client’s perception of its performance.¹ The AMS provider thinks all is well — a green icon on a service dashboard. The client’s reality is a red icon on a results dashboard; all is not well when project milestones are missed and scope creep increases. The result is a watermelon effect: green on the outside, but upon close inspection, quite red on the inside.

With so many broken processes and poorly written customizations coming our way, we wondered why this was happening. So we analyzed the historical application managed services ticket queues of Rimini Street clients who eventually became Rimini Street AMS clients. The results were eye-opening.



The result is a watermelon effect: green on the outside, but upon close inspection, quite red on the inside.

Benchmarking the pitfalls of traditional AMS models: what we discovered

Rimini Street engineers analyzed tens of thousands of tickets from our clients' managed services ticket queues — going back as far as possible, up to three years prior in some cases. The analysis revealed four scenarios where AMS performance wasn't as it seemed. Here's what we found:

- Previous AMS provider could not keep pace with ticket volume; so project milestones were out of reach.
- Previous AMS provider had minimal or no skills in proactive problem-solving and preventative maintenance.
- Previous AMS provider had highly uneven service delivery.
- IT team's managed services staff time was heavily skewed toward user administration.



**Do any of these four scenarios
sound like your AMS?**

1

Not keeping pace — project milestones are out of reach

Under its previous AMS provider, one current Rimini Street AMS for SAP client experienced a decrease in ERP project loads and upgrades, but case queues actually grew.² Rimini Street analyzed nearly 4,900 tickets from January 2018 through October 2020. We discovered that approximately 50% of the cases were simple, common issues and services requests for ADAP, HR and Payroll, and SAP Materials Management modules. But the former AMS provider just couldn't keep up, so backlogs continued to grow. Tickets were lost in an abyss. Figure 1 shows the breakout of major categories for the service requests during that time period.

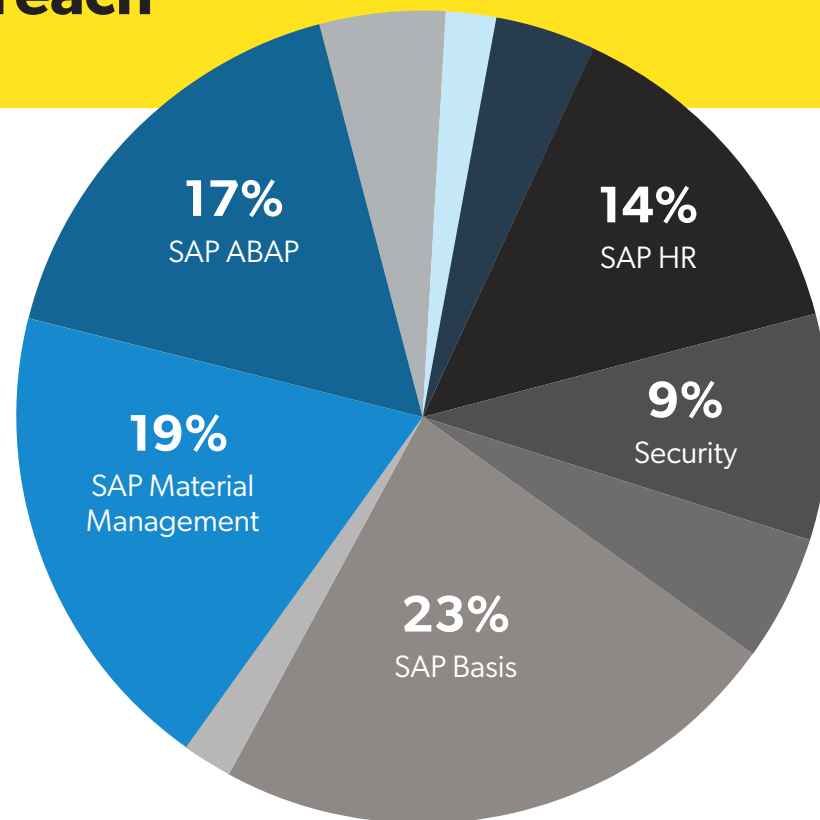
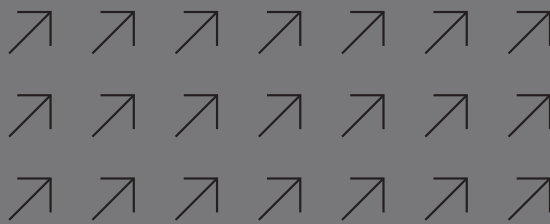


Figure 1
Client Ticket Analysis: Service Request Categories
 AMS for SAP Vendor
 January 2018 through October 2020
 Source: Rimini Street

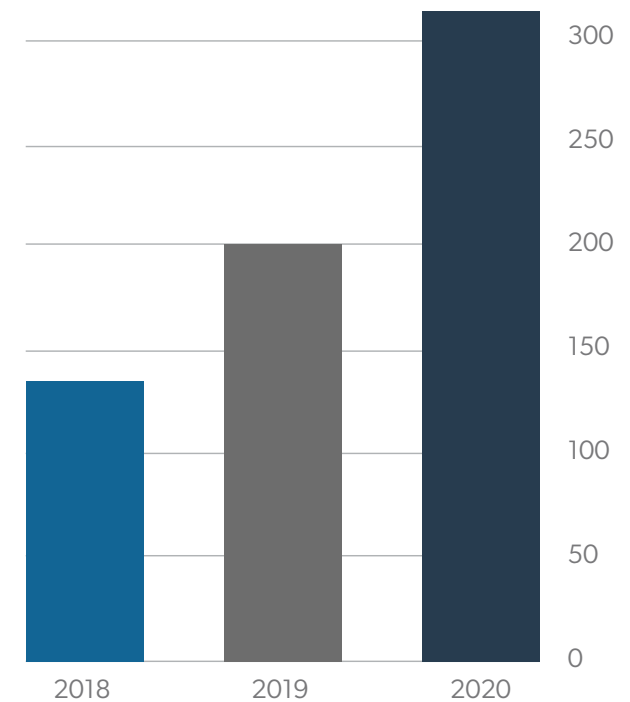


2

No proactive problem-solving or preventative maintenance

For one Rimini Street AMS for Oracle JD Edwards client, under its previous AMS provider, too many things were breaking repeatedly. The AMS vendor's proactive problem-solving skills and preventative maintenance methodologies were all but absent. Rimini Street analyzed the tickets and discovered a considerable increase in tickets both monthly and yearly from 2018 to 2020.³ In fact, the number of tickets in a six-month period in 2020 was twice the number raised for a seven-month period in 2018. Performance targets fell as issues were bounced among lower-skilled, outsourced AMS resources, requiring repeated explanations. Figure 2 shows the annual growth in open tickets across the three-year period.

Figure 2
Client Ticket Analysis: Annual Open Ticket Growth
AMS for Oracle JDE Vendor
2018 - 2020
Source: Rimini Street



3

Highly uneven service delivery

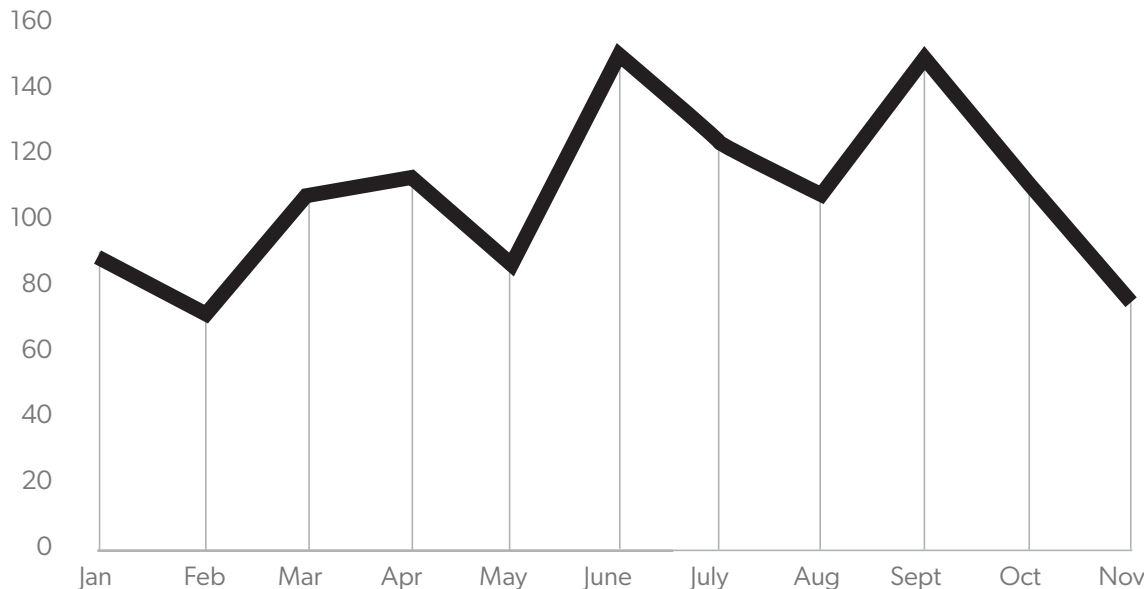
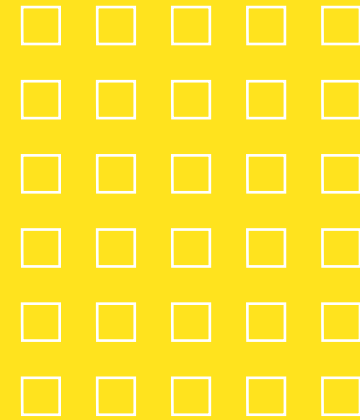
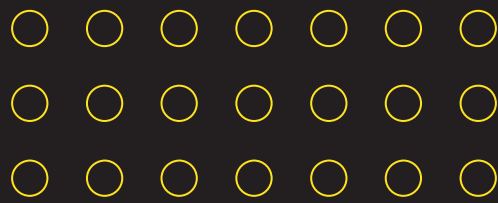


Figure 3
Client Ticket Analysis: Monthly Open Tickets
AMS for Oracle EBS Vendor
1/20/20 – 11/20/20
Source: Rimini Street

Under its former AMS provider, one current Rimini Street AMS for Oracle EBS client was finding there was no way to rely on issues being resolved quickly. These tickets, too, seemingly were lost in the service abyss. Rimini Street analyzed the tickets for 10 months in 2020 and discovered an uneven trend of 1,700 open tickets (an average of 140 tickets per month), with multiple peaks and valleys throughout the year.⁴ The line of business (LOB) stakeholders were losing confidence in the AMS vendor's ability to deliver projects on time, and there were growing concerns from the client's risk and compliance teams. Figure 3 shows the monthly variation of open tickets for the time period.



4 Overspending scarce IT resources on user administration

For one Rimini Street AMS for Salesforce® client, all managed services had previously been handled in-house. Salesforce user adoption had stalled and sales productivity was stifled. Rimini Street analyzed the tickets and discovered that 57% of the IT team's time was being spent on user administration.⁵ The team was buried in a queue of enhancements, and because skilled resources were scarce, there was no capacity to be proactive. All the money spent to generate new leads and customers was at risk. Figure 4 shows the allocation of IT staff time prior to the client's engagement with Rimini Street.

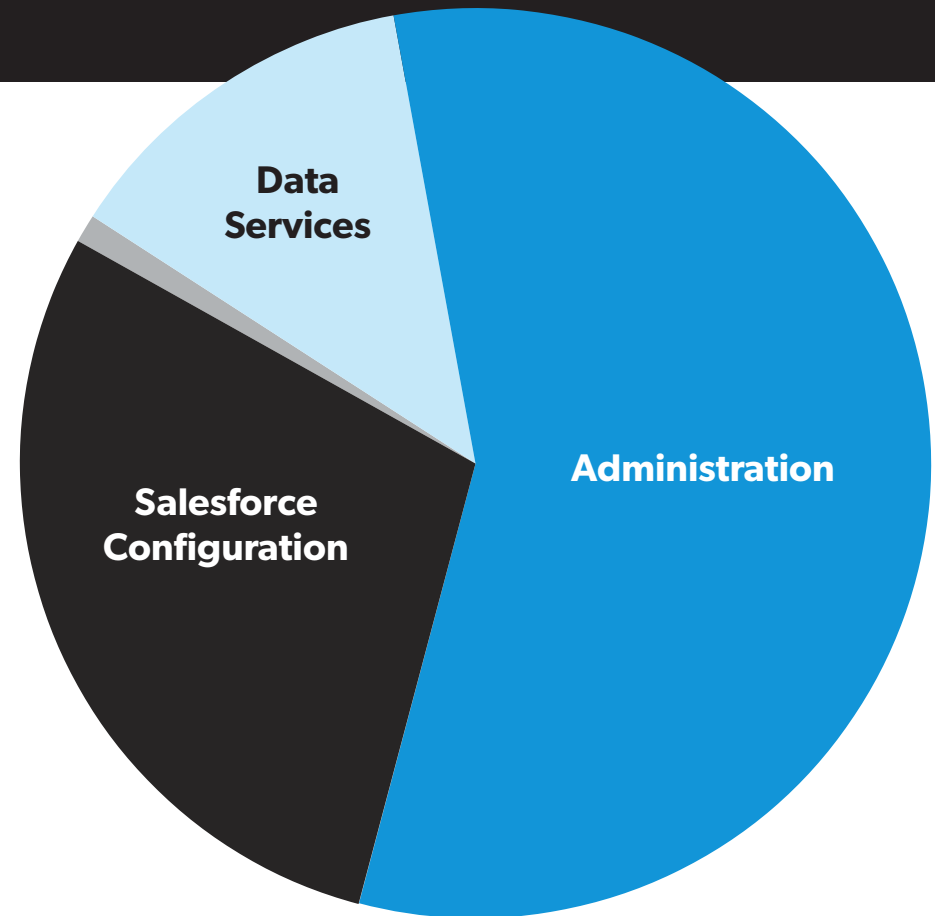


Figure 4
Managed Services Analysis for IT Time of Staff
Rimini Street AMS for Salesforce Client
Source: Rimini Street

Further insights from our analysis

Traditional AMS models do not always create win/win outcomes for the provider and the client. They can actually skew much more favorably toward providers, due in part to the compensation structure of an AMS contract and the employment of lower-skilled labor.

The bottom line is: provider revenue is maximized by more hours or more tickets rather than by resolving tickets as quickly as possible. And even if rapid ticket closing was a goal, lower-skilled labor faces much greater difficulty in reaching that goal than highly skilled labor — and requires many more hours to keep projects on track.

From a high-level perspective, we have also observed that:

- AMS have become commoditized and industrialized, with price as the driver.
- Labor arbitrage is a smart strategy for AMS vendors.
- AMS delivered by a low-cost labor pool come with significant opportunity costs.

AMS provider revenue streams have been under considerable pressure, which has led to:

- an overfocus on cost reduction as a value proposition
- a push by vendors to increase revenue from SAP and Oracle clients through accelerated adoption of SaaS

Our conclusion from the analysis? AMS clients are not getting what they're paying for. **Fortunately, there's a better way.**



Fixing your AMS: Integrated support + AMS brings performance targets back within reach

There's good news: You can fix your AMS. Companies are now rethinking the services they use from top AMS vendors in order to bring their performance targets back within reach. Rimini Street can help.

Rimini Street provides single-source solutions focused exclusively on optimizing your IT support. Our comprehensive approach — a convergence of Product Support and Application Management Services, delivered by highly-skilled engineers — helps minimize the disruption and accountability issues that can occur with multiple managed services providers. This helps to improve key performance indicators (KPIs), make project milestones more predictable, and drive incremental business value.

For a Rimini Street AMS for SAP energy client, our integrated support, IT service delivery, and expertise in preventative maintenance and proactive problem solving helped the client achieve higher quality outcomes, meet its KPIs, and drive business process improvements.⁶ Figure 5 shows KPI improvements (incident management reductions) for the 11-month period of October 2019 – September 2020.

Through the COVID-19 pandemic, Rimini Street helped this energy client drive business process improvements, creating self-funding capabilities for incremental business value:

- automated month-end closing and scheduling for client resources; reduced business risk and potential errors from manual efforts
- improved meter-to-cash process: reduced open incidents by 22% by collaborating with production managers and delivering fixes for a number of chronic electric billing issues
- enhanced business continuity: accelerated availability of flexible installment plans for customers — an initiative that was developed, tested, and implemented within 48 hours

75%

Reduction in Overall
Open Incidents

20%

Reduction in Overall
Open Volumes

31%

Reduction in Ariba
Open Incidents

38%

Reduction in Human
Resources Open Incidents

22%

Reduction in Meter to
Cash Open Incidents

Figure 5
KPI Improvements
Rimini Street AMS for SAP Energy Client
October 2019 - September 2020
Source: Rimini Street

The best ticket in AMS is the one that is never created

The Rimini Street AMS philosophy is simple: the best ticket is the one that is never opened. We focus on proactively solving IT support and business process problems. We strive to keep things from breaking in the first place. Rimini Street offers a full range of integrated AMS + Product Support services for SAP, Oracle, and Salesforce. The service includes unlimited Service Requests and Incidents, with scoped enhancement capacity — all at a simple, annual subscription price. Figure 6 shows our model.

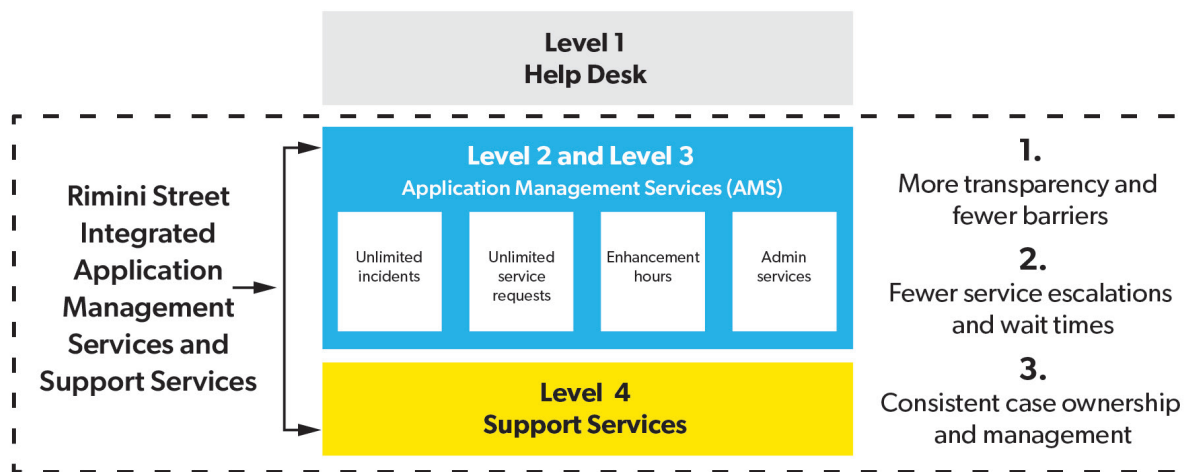


Figure 6
Rimini Street Integrated AMS + Product Support Services

The Rimini Street model is single source, built on expertise in problem management — and comes with unlimited use, a subscription price, and expert engineering talent. Figure 7 shows our approach.

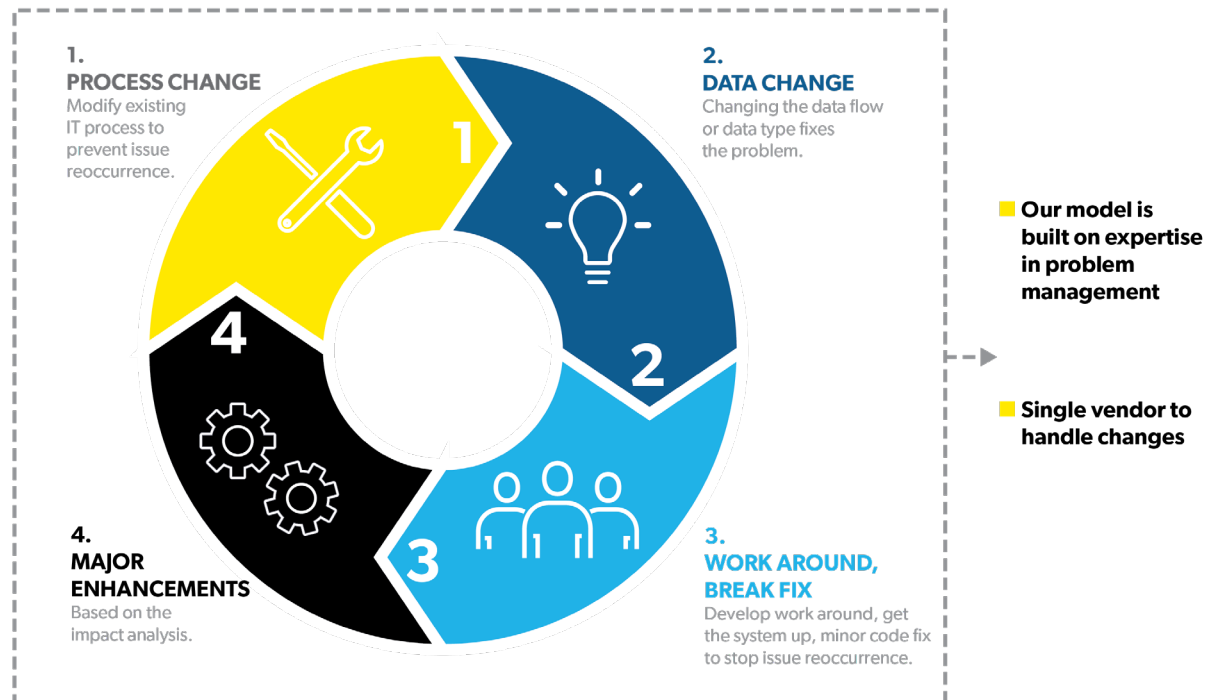


Figure 7
Rimini Street Problem Management and Root Cause Approach

Start fixing your AMS today

If you're unhappy with your current AMS provider — or if it seems like project milestones are constantly being pushed out — let's talk. We can review your recent AMS ticket history, identify trends, and share insights with you on the results.

[Learn more about Rimini Street Application Management Services](#) to help get your projects back on track.



References

¹BMC Software, Inc., "[Service Level Management in ITIL 4](#)," May 21, 2019.

²Rimini Street Confidential Client Ticket Analysis; AMS for SAP Vendor, January 2018 - October 2020.

³Rimini Street Confidential Client Ticket Analysis; AMS for Oracle JDE Vendor, 2018 - 2020.

⁴Rimini Street Confidential Client Ticket Analysis; AMS for Oracle EBS Vendor, 1/20/20 - 11/20/20.

⁵Rimini Street Confidential Client Ticket Analysis; Historical In-House Managed Services for Salesforce.

⁶Rimini Street Confidential Operational Performance Client Executive Readout AMS for SAP October 2019 - September 2020.

Rimini Street®

riministreet.com
info@riministreet.com
twitter.com/riministreet
linkedin.com/company/rimini-street

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