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IT LEADERS ARE CONSIDERING A NEW SUPPORT AND SERVICES MODEL

SURVEY INSIGHTS

EXECUTIVE SUMMARY

In today's business environment, IT leaders are under pressure to stretch shrinking budgets to deliver innovation that drives both growth and profitability. Instead of being thought of as just a cost center, organizations are looking at technology as a strategic enabler able to generate efficiencies that drive growth and profitability.

This approach means that IT leaders need to redefine successful IT in terms of the best allocation of limited resources to drive measurable results. A critical part of adopting this approach is taking a new perspective on ERP and other mission-critical transaction systems.

To get a better idea of how your peers are embracing this new philosophy on IT, Rimini Street partnered with Censuswide Research to conduct a survey of 608 CIOs and CTOs at U.S. firms. The survey focuses on challenges that IT faces around ERP and database support, vendor relationship management, and the need for a better IT support and services model. Top support and services model takeaways from the survey include:

Takeaway #1: The vendor-based support model is broken

Today's IT strategies are increasing the number of vendors, products, and services in the enterprise applications portfolio. This puts stress on today's support models. Respondents reported multiple challenges with IT support, including:[1, 2]

Inadequate support and service model	**72%**
Lack of accountability	**62%**
Limited expertise	**46%**

Takeaway #2: Multiple IT service providers increase cost and process complexity

When coordinating vendors across support, managed services, security, and professional services, respondents encountered added complexity and fingerpointing between providers. Respondents reported their top multi-vendor pain points as:[1]

Different processes per vendor	**36%**
High cost of several vendor contracts	**36%**
Too much effort selecting and managing vendors	**35%**

At the individual vendor level, 99% of IT leaders surveyed have concerns over implementing the vendor's subscription-based licensing model. Yet, many feel forced to (42%), despite seeing clear ROI for switching from an owned, perpetual license to a monthly, subscription fee.

Takeaway #3: Addressing vulnerabilities is challenging

A multi-vendor applications and database portfolio can have a multiplying effect on existing security issues. Respondents cited the following top security concerns:[1]

Keeping up with volume of vulnerabilities	**31%**
Balancing resources	**30%**
Avoiding business disruption	**30%**

Only **50%** of respondents were satisfied with the performance of their managed service providers[3]

In this report, we'll review the survey findings related to support and services, and provide insights to help you maintain stable, successful ERP systems. We'll also discuss the benefits of a single-provider strategy and reveal the CIO/CTO wish list for selecting the right provider.

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METHODOLOGY

The research was conducted by Censuswide among a sample of 608 US respondents** consisting of CIOs and CTOs in companies with $250m+ revenue. The data was collected between April 27, 2023 - May 8, 2023. Respondents were allowed to select multiple answers for some survey questions. Tallies of percentages may exceed 100%. Censuswide abides by and employs members of the Market Research Society (MRS) and follows the MRS code of conduct, which is based on the ESOMAR principles.

**Industries: Banking, Construction, Education, Finance, Healthcare, Hospitality, IT Manufacturing, Public Sector, Retail, Telecommunications, Travel, Utilities

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KEY FINDING 1:
The Vendor Support Model is Broken

When asked to assess the support and services they receive for their Enterprise Resource Planning (ERP) systems, databases, and related technology, CIOs and CTOs reveal a clear set of issues with support they receive from enterprise IT vendors.
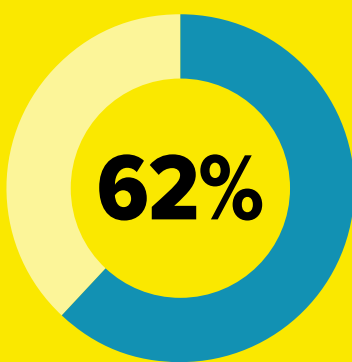
The challenges mentioned most relate to (respondents could choose all that apply):

Inadequate support and service model

72%
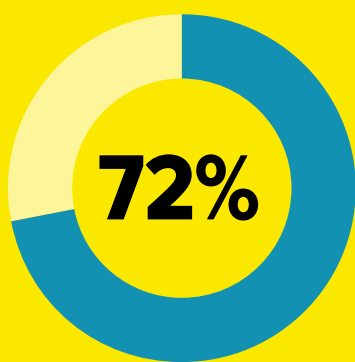
- No support for customization
- Having to reproduce issues in a separate environment
- Poor resolutions
- Poor value for money spent
- Need to upgrade to resolve issues
- Getting charged by the incident ticket

Lack of accountability

62%

- Recurring issues without root cause resolution
- Having to explain the same problem multiple times
- Lack of responsiveness and ownership
- Multi-vendor hand-offs or lack of vendor accountability

Limited expertise

46%
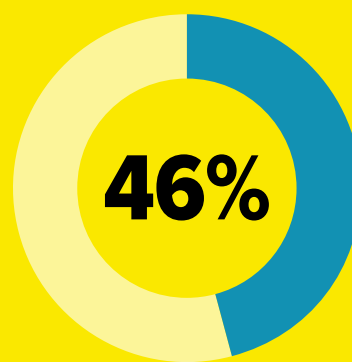
- Needing to consult additional experts for independent advice
- Difficulty getting direct access to experts
- Escalating to an experienced engineer

NEED TO KNOW

The data confirms that technology leaders are:

- Experiencing critical challenges with their IT support and services
- Missing the accountability needed for optimal enterprise software operations
- Frustrated about lack of access to vendor expertise, forcing them to seek out independent advice

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KEY FINDING 2:
Multiple IT Service Providers Increase Cost and Process Complexity

Alongside the operational problems set out above, many respondents clearly find that managing multiple service providers is an unwieldy task.

Around a third of respondents cite the following difficulties when they try to coordinate IT support, managed services, security and/or professional services (figures exclude those using in-house support):
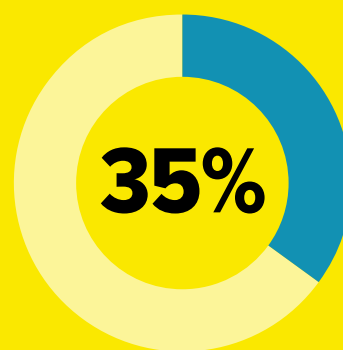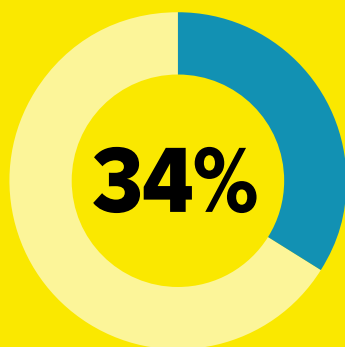
Different process per vendor
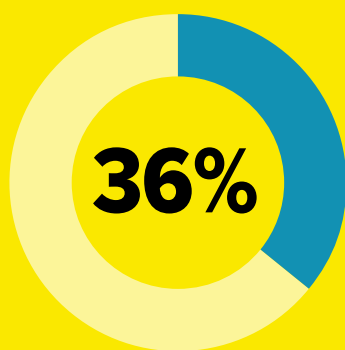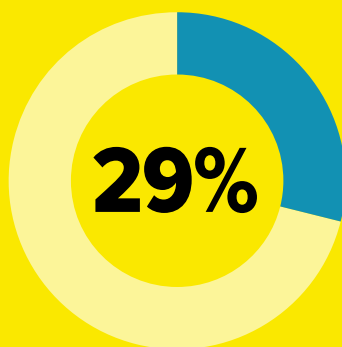
36%

High cost of several vendor contracts

35%

Too much effort selecting and managing vendors

35%
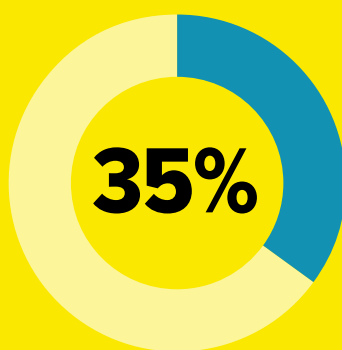
Different vendors blame each other

34%

Service hand-offs lost between vendors

29%

Lengthier project lead times

27%
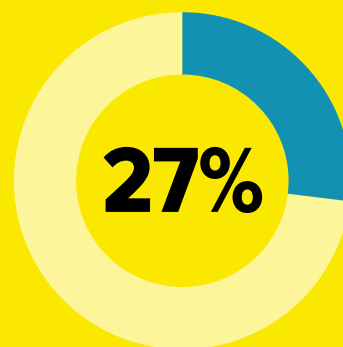
NEED TO KNOW

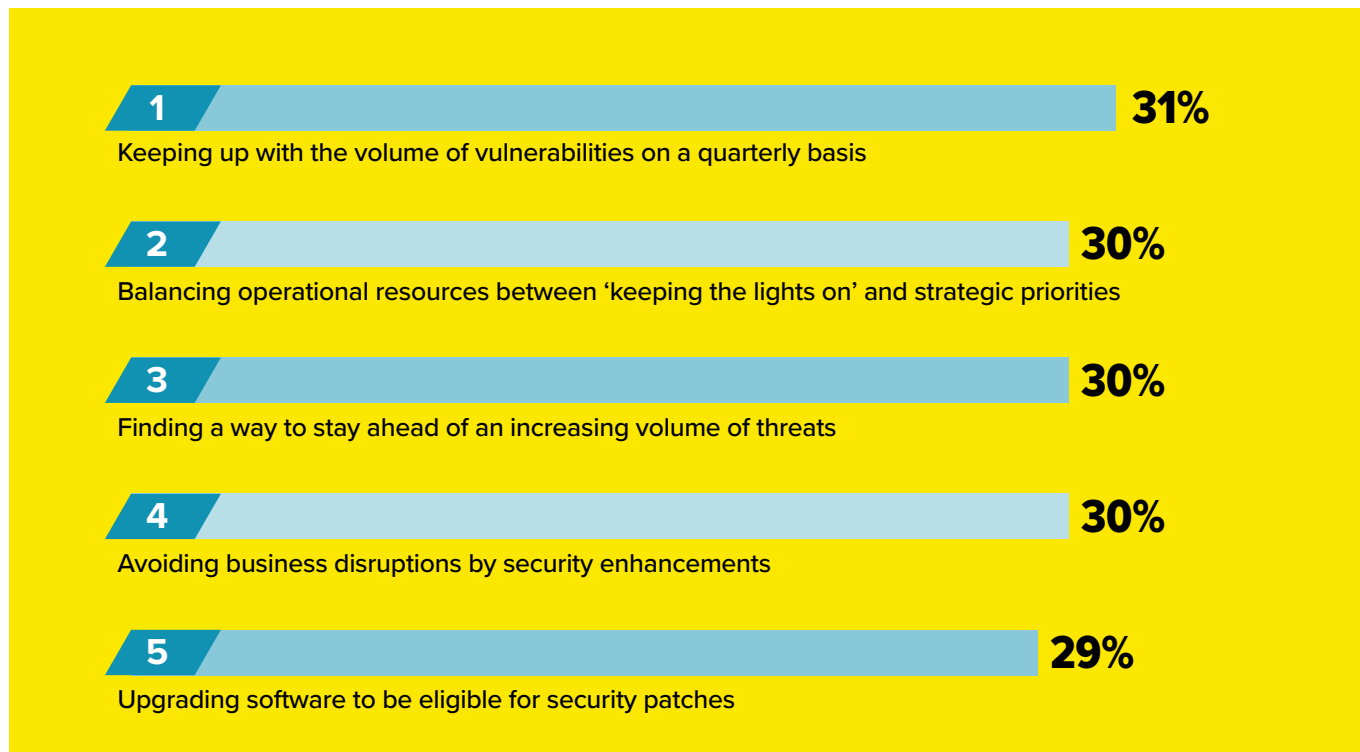With respect to managing multiple IT service providers, CIOs and CTOs are:

- Frustrated at the many inconveniences associated with managing multiple vendors
- Considering a switch to a single-provider strategy
- Focused on a more efficient, affordable support and managed services model

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KEY FINDING 3:
Addressing Vulnerabilities is Challenging

When considering security concerns that relate to application, database, and adjacent technology, the five main challenges that CIOs and CTOs surveyed report are:

1 Keeping up with the volume of vulnerabilities on a quarterly basis — **31%**

2 Balancing operational resources between 'keeping the lights on' and strategic priorities — **30%**

3 Finding a way to stay ahead of an increasing volume of threats — **30%**

4 Avoiding business disruptions by security enhancements — **30%**

5 Upgrading software to be eligible for security patches — **29%**

More than a quarter of respondents also cite attracting and retaining security talent (28%) and lacking resources to apply and test patches (27%) as other security challenges they face.

NEED TO KNOW

The rising cost of data breaches, the shift towards holding company officers and board members personally responsible for data breaches, and economic uncertainties are forcing IT security strategies into the spotlight. Security insights include:

- Firms are able to fix between 5% and 20% of known vulnerabilities per month

- A security posture that mitigates risk from data breaches while also minimizing operational impacts on business is more important than ever

- The proliferation of security concerns, reduced budgets, and lack of security talent is now driving security strategies

- Patching the increasing number of vulnerabilities is difficult to implement

"Reaching an all-time high, the cost of a data breach averaged $4.35 million in 2022. This figure represents a 2.6% increase from last year, when the average cost of a breach was $4.24 million. The average cost has climbed 12.7% from $3.86 million in 2020."

Report: "Cost of a Data Breach," IBM, 2023

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CONCLUSION:
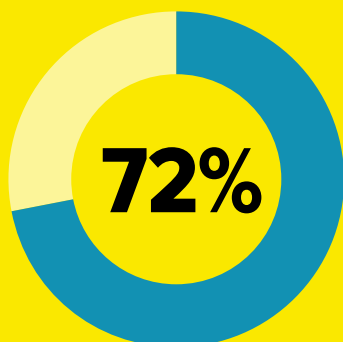# TECH LEADERS WANT TO CONSOLIDATE SERVICES

CIOs and CTOs are prioritizing agility and security while maximizing their IT budget. However, they are frustrated with the level of support and services they receive, the constraints of managing several providers, and unclear ROI from their IT investments. Consequently, 61% of CIOs and CTOs surveyed are keen to consolidate support and managed services into a single provider.[4]

Software is the second-highest IT spend category industrywide, according to Gartner in "Market Guide for Independent Third-Party Support for IBM, Microsoft, Oracle and SAP Software," which drives sourcing, procurement, and vendor management leaders to analyze cost-saving opportunities offered by third-party providers.

When choosing a strategic partner for IT support and services, CIOs and CTOs surveyed are seeking the following combination (respondents could choose up to three answer options):

Integrated approach

High-quality service with human-first expertise

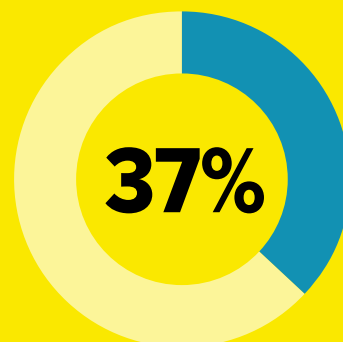**Objective and personalized guidance**

72%

52%

37%

- Integrated support and managed services to resolve real-time issues
- More effective cross-provider alignment
- The provider's willingness to work closely with the organization
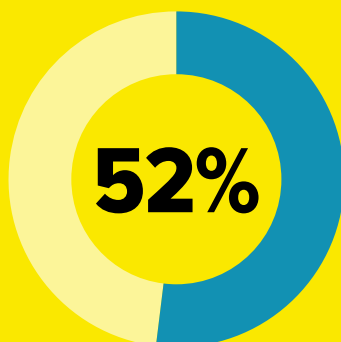
- Having a track record of delivering high-quality services
- Easy access to human expertise

- The provider's ability to give objective and personalized roadmap guidance

Offering a single point of support and service to today's technology leaders isn't enough to inspire confidence. Providers must ensure they can demonstrate the added value that consolidation brings, such as the ability to give objective, agnostic, and personalized roadmap guidance. Ultimately, IT leaders are looking to their providers for agility, flexibility, and for a strategic partner to help plan their digital transformation roadmap and see it through to success.

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About Rimini Street, Inc.

Rimini Street, Inc. (Nasdaq: RMNI), a Russell 2000® Company, is a global provider of end-to-end enterprise software support, products and services, the leading third-party support provider for Oracle and SAP software and a Salesforce and AWS partner. The Company has operations globally and offers a comprehensive family of unified solutions to run, manage, support, customize, configure, connect, protect, monitor, and optimize enterprise application, database, and technology software, and enables clients to achieve better business outcomes, significantly reduce costs and reallocate resources for innovation. To date, over 5,200 Fortune 500, Fortune Global 100, midmarket, public sector, and other organizations from a broad range of industries have relied on Rimini Street as their trusted enterprise software solutions provider. To learn more, please visit https://www.riministreet.com, and connect with Rimini Street on Twitter, Facebook and LinkedIn. (IR-RMNI)

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About Censuswide

Censuswide is an international market research consultancy headquartered in Clerkenwell, London. Our dedicated and passionate teams are expert across various areas, including healthcare, corporate, international and consumer research. Over the years we have partnered with insights, communication and marketing teams in the world's most respected companies. At the heart of our business is our clients and we pride ourselves on our care. Our dedicated account managers provide expert consultancy through a project's various stages and we work closely with clients to understand their challenges.

Endnotes

[1] Multiple responses allowed. Percentages may exceed 100%.
[2] Answers have been combined with other answers.
[3] Stat combines "Very Satisfied" and "Somewhat Satisfied" responses.
[4] Stat combines "Strongly Agree" and "Agree" responses.