

INFORMATION AND EDUCATION FOR THE SAP®-COMMUNITY



Time for Change



Jill Harrison, Hendrik Zwart and Garrit Skrock (left to right) of Rimini Street, want to change the service and support service that SAP customers receive. Anyone who needs to protect its ERP investment and does not want to risk the switch to in-memory computing, should read the Rimini Street cover story.

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Time for



Change

Nothing is as consistent as change: with its innovative and dynamic approach, SAP is well on the way to becoming a monolithic in-memory computing vendor. From 2025, SAP will only support Intel x86, Linux, HANA and Simplicity – not enough choice for many existing SAP customers. This is where Rimini Street comes in, offering a very strong alternative for service and support.

By Peter M. Färbing, editor-in-chief of E-3 Magazine

RUN SIMPLE is the order of the day, and customers are urged to do their homework when it comes to their own ERP system. For existing SAP customers, this means considering alternatives to their current service and support plans. E-3 editor-in-chief Peter Färbing spoke with Jill Harrison, Hendrik Zwart and Garrit Skrock about the service concepts that Rimini Street has in store for SAP customers. It is essential that the value of the current maintenance is assessed. The SAP community needs alternatives to monocausal SAP concepts based solely on their proprietary in-memory computing technology. Marco Lenck, head of DSAG e. V., demands uncompromising freedom of choice in all circumstances – something SAP will no longer be able to provide after 2025. Time for SAP customers to investigate alternatives, to ensure that their own investments are protected.

Investment protection

“Customers love their SAP software”, was Jill Harrison’s surprising opening statement in her interview with E-3 magazine. “Customers also love our com-

prehensive service.” Jill Harrison is a managing director at Rimini Street and responsible for Europe and Africa. In the past she has worked for SAP, Oracle and Infosys, making her knowledge of the European ERP market second to none. When she refers to SAP today, it is with nothing but admiration and respect. Nevertheless, current developments in the SAP community have her worried: SAP’s new focus puts the all-important investment protection at risk. SAP customers have invested in their ERP system for a long time, and optimised and consolidated it. Service and support costs have not decreased but, on the contrary, have risen. A widespread notion in the SAP community is that existing customers today pay higher maintenance fees for less service. Rimini Street strives to resolve this disparity with alternative support services. “Our focus is on services and support, not on software development”, is how Jill Harrison explains Rimini Street’s positioning in the market.

For Harrison, the issue of investment protection is a top priority. It’s not about disruptive innovations such as in-memory computing – Jill Harrison defines Rimini Street’s core goals as “to support our customers’ business success and the guarantee that they will be able to operate their ERP systems smoothly and without any glitches for a very long, continuous period of time.” In other words, Rimini Street is not a revolution, but a guarantee for customers that they will be able to successfully run their own SAP system, whilst retaining freedom of choice when it comes to infrastructure, operating systems and databases. At the same time, customers will be able to ensure their own security and remain independent from an in-memory computing roadmap. Hendrik Zwart, Rimini Street Germany’s sales director, goes into more detail: “Our support for SAP licensees offers signifi-

cant savings in annual costs, an outstanding level of service and the option to avoid obligatory, costly upgrades of products or support packages.” With an experienced team of SAP experts who have an average of 15 years experience in SAP development, implementation and system management, Rimini Street provides support for R/3 4.x, ECC 5.0, ECC 6.0 and BW 3.5 and earlier releases, which are used by the majority of existing SAP customers worldwide (please refer to the following for more detailed information on the technical scope).

Holistic versus disruptive

From the perspective of the SAP community and the current SAP roadmap, it seems almost impossible to compare the services and support provided by Rimini Street with the services and costs associated with the SAP maintenance fee. Rimini Street offers holistic support – irrespective of release status, modifications, Z-programs and licensing agreements. SAP, on the other hand, focuses on developing a disruptive roadmap heading towards 2025, with the single objective of promoting their own in-memory computing solution – an approach that many existing customers in the SAP community find unsettling. Two years ago, Gartner analysts had already warned of this development: Gartner observed the change of licence and service contracts to the detriment of existing customers for the sole purpose of creating an ERP platform to be controlled exclusively by SAP. It is no longer a secret that SAP is going down a disruptive path. The aim for 2025 is to offer only products running on Intel x86, Linux in one monolithic software suite with in-memory computing.

An open and holistic approach looks somewhat different: as far back as autumn 2013, Gartner recommended that the SAP community should guard any

Captions, left side:

Konstantin Grcic: Six Public Clocks

Steel, glass / 1999 / Canary Wharf, Reuters Plaza, London. The installation shows six Swiss station clocks with the typical red trowels for second hands. Different hour numerals are displayed on each of the twelve dials, but all the clocks show the same time. Munich native Konstantin Grcic is currently considered one of the world’s most influential product designers.



»» As a Rimini Street customer, you will receive a response to any critical support request within 30 minutes. ««

Garrit Skrock, global director for SAP product marketing at Rimini Street

old SAP agreements like treasure. They still contain extensive rights of use for users and engines which are subject to separate, expensive fees under newer contracts. Gartner's recommendations can be regarded as investment protection for existing SAP customers. The same goes for "our holistic approach", emphasises Jill Harrison. She explains that Rimini Street's support does not distinguish between SAP code and in-house customisations. "When a customer calls us, we provide assistance – without asking whether the problem lies in the SAP core code or elsewhere", says Harrison, with obvious pride in her company's support services. Dealing with customers provided her with enough material for numerous anecdotes which she is only too happy to share: once, following an in-depth analysis by Rimini Street, an error which was initially suspected to have originated in the SAP system turned out to be an incorrectly configured firewall. No problem for Rimini Street, emphasises Jill Harrison in her interview with E-3, because "our approach to service is always holistic."

Rimini Street enables existing SAP customers to run their current, stable release for a minimum of ten years without needing to upgrade. Compared to the SAP maintenance fee, Rimini Street customers can save up to 50 per cent in annual support costs. In addition to the reduction in annual support costs combined with avoiding obligatory upgrades, the cost savings may exceed 90 per cent of the total cost of continuous annual SAP support. So how does that work? "As a Rimini Street customer, you will be assigned a primary support engineer (PSE) who will respond to all mission-critical support requests within 30 minutes", explains Garrit Skrock, SAP global product marketing director at Rimini Street. "Our PSEs work closely with a team of SAP experts in order to provide, if necessary, application fixes and updates for mission-critical SAP applications and customised software."

Less is more

Rimini Street focuses on retaining the value of, and maintaining, existing SAP systems. "We support our customers' entire ERP systems, including any modifications", stresses Jill Harrison in her E-3 interview. Experience has shown how important this approach is, as only 15 per cent of support requests relate to the SAP code itself, while the remaining 85 per cent are to do with modifi-

cations on the part of the existing SAP customer. Many satisfied SAP users have optimised, harmonised and consolidated their systems over the years. SAP has launched an initiative to reintroduce many Z-programs as standard. Although these efforts do make sense, standard functions must be weighed up with the intellectual property of SAP users. Many business processes reflect a unique selling proposition and competitive advantage, making a reintroduction to the standard potentially counterproductive. In such cases, ensuring ongoing maintenance and running statutory updates are much more crucial. Rimini Street support allows SAP customers to avoid costly upgrades of products and support packages with thousands of irrelevant fixes. As a result, the SAP system remains agile without the additional expense of evaluating unnecessary enhancement packages.

A survey carried out last year investigated how members of DSAG (the German-speaking SAP User Group) rate the value of the maintenance service provided in relation to the associated maintenance fees. The conclusion was that DSAG members are sceptical. And what's more, their scepticism is stronger than their satisfaction levels. Concerns are growing that SAP is primarily investing in innovation, while established SAP products such as ERP/ECC 6.0 are only moderately improved or not at all. This results, in part, to dissatisfaction among users. Naturally, SAP is looking into the future, with a focus on launching a homogeneous Intel-Linux in-memory computing platform in 2025. However, existing SAP customers have an established relationship with the company and are concerned about protecting their investments. Thus the dissatisfaction among DSAG members and the SAP community, who demand affordable support for existing environments and are less keen on pre-financing a future monolit-



»» SAP is a great product and we want to keep it alive! ««

Jill Harrison, managing director for Europe and Africa at Rimini Street

hic system. When it comes to changes in the law, which, according to the maintenance agreement, SAP is required to include as standard without any additional costs, the DSAG survey paints a positive picture. 154 respondents are of the opinion that SAP is attending to its duty when it comes to changes to legal requirements. 60 are somewhat dissatisfied, 66 are neutral. A third of respondents did not comment on this issue at all. DSAG remains committed to ensuring that software maintenance under the standard maintenance service, including the implementation of any legal requirements where required, is guaranteed for all releases as part of the mainstream maintenance service. Rimini Street also offers the latest tax, legal and regulatory changes to ensure that SAP applications are always up to date. “We provide custom updates to our customers for up to 200 countries, and we consistently deliver them before the manufacturer’s update date”, says Rimini Street’s Hendrik Zwart.

Added value, innovation and IT budget

As for the added value discussion, which has been going on for some time now, SAP still has a lot of convincing to do – although the figures have improved slightly, according to the DSAG. A survey carried out last year found that almost one fifth of respondents have a favourable or neutral approach to the “more expensive” support model. A total of 42 per cent of respondents, however, consider it to offer little or no added value. What’s interesting to note is that almost 40 per cent chose not to comment on this issue. Nevertheless, a positive trend is emerging. In a similar survey last year, almost three quarters of respondents were of the opinion that the enterprise support offers little to no added value. It is also interesting to identify the release statuses from which existing SAP customers derived their added value. In addition to maintenance-related questions, DSAG also obtained information on the status of the software systems. About two-thirds of responding support professionals had installed an enhancement package for their ERP/ECC 6.0. When it comes to business functions through which SAP provides functional innovations or extensions, most users rely on free functions, and only a small percentage on fee-based ones. For most, the business function model lacks transparency. As a result, the business functions are hardly ever activated.

For Rimini Street, the added value lies in adaptation, interoperability and performance tuning. “Rimini Street understands that many companies modify their SAP applications, and offers valuable customisation support”, emphasises Garrit Skrock, referring to the numerous



»» *Our service for existing SAP customers offers potential savings.* ««

Hendrik Zwart, sales director for DACH region at Rimini Street

highly innovative Z-programs implemented by users, which are often subject to IP regulations. Rimini Street’s interoperability support includes strategic guidelines to prepare for potential changes in the infrastructure, as well as assisting existing SAP customers with reviewing new platform certificates and resolving interoperability conflicts. Furthermore, Rimini Street offers proactive guidelines and reactive support to ensure acceptable response times and performance levels. Consequently, Rimini Street supplies the added value of alternative software support with a focus on personal service.

The latest IT trend study by Capgemini states that: “CIOs have various tools at their disposal to increase efficiency. They consider the best cost-benefit ratio to come from standardisation, followed by automation. While the CIOs have barely changed the level of automation in infrastructure and application management compared to the previous year, it has increased by five per cent in business process management, and by ten per cent in application management. In part, this is down to the increased use of agile methods, which has grown in all areas from development to operations, support and project management, compared to the previous year – from an average of 25.3 per cent for all projects to 27.9 per cent. At one company in five, agile methods are now deployed in almost half of all projects, and almost 80 per cent of respondents expect this figure to increase further.” Rimini Street has the ability to play a key role in this process: introducing a more affordable standardised maintenance fee for the SAP system creates room for innova-



tion. Automating operations together with an experienced service partner could generate huge potential for innovation. From many conversations with customers, Garrit Skrock knows that, to a large extent, any decision in favour of Rimini Street involves the CFO as well as the CIO.

The latest Capgemini study also shows how important affordable maintenance fees can become: around 60 per cent of the respondent CIOs’ IT budgets is dedicated to software, and almost 40 per cent to hardware. Specifically, 40.5 per cent is spent on operation, maintenance and upkeep, and 20.9 per cent on updates, upgrades and enhancements. The same share of the budget goes into replacement and redesign. This leaves only 9.1 per cent of the budget for evaluating innovations, according to the Capgemini study authors – at least that’s 2.6 percentage points more than in 2014. As a result, Rimini Street takes the unambiguous view that with any change to the service and support strategy, the CFO is responsible for the financial benefits, and the CIO for innovation and IT growth.

Freedom of choice

Freedom of choice and the aforementioned investment protection, however, are paramount. “Cost savings are only one dimension”, says Jill Harrison in her E-3 interview. Retaining the freedom to choose what is to be implemented, creating space for innovation, and safeguarding successful growth are the order of the day for her. The DSAG Board has also called for retaining freedom of choice in reference to the latest SAP roadmap. Rimini Street provides secure support with no restriction on the release status, giving existing SAP customers the necessary investment protection and the required freedom of choice. “SAP is a great product and we want to keep it alive!” concludes Rimini Street manager Jill Harrison in her E-3 interview.

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Commentary

Yes to maintenance fees – but who is the right partner to challenge the principles of SAP?

Never change a running system



Peter M. Färbinger

Most existing customers are still reeling from the shock of the SAP maintenance fee increase. The five percentage point increase from 17 per cent to 22 per cent meant a price hike of nearly 30 per cent! This exorbitant price increase was entirely unjustified, and SAP had to cut back in many areas – but in the long term, all existing customers will have to pay their 22 per cent maintenance fee. It is therefore time to question the value of this annual investment

and investigate potential alternatives – and to compare the current SAP roadmap with one's own needs and abilities.

Compared to other software vendors, a 22 per cent annual maintenance fee may not appear dramatically high, but for existing SAP customers, it is a slap in the face. For decades, users collaborated with Walldorf constructively and critically: Walldorf included ideas proposed by existing customers in the development process – the issue of intellectual property (IP) was never, and never had to be, discussed. It was a community of values, a successful SAP community in which everyone had found their place. Or as the Romantics would say: it was too good to last forever!

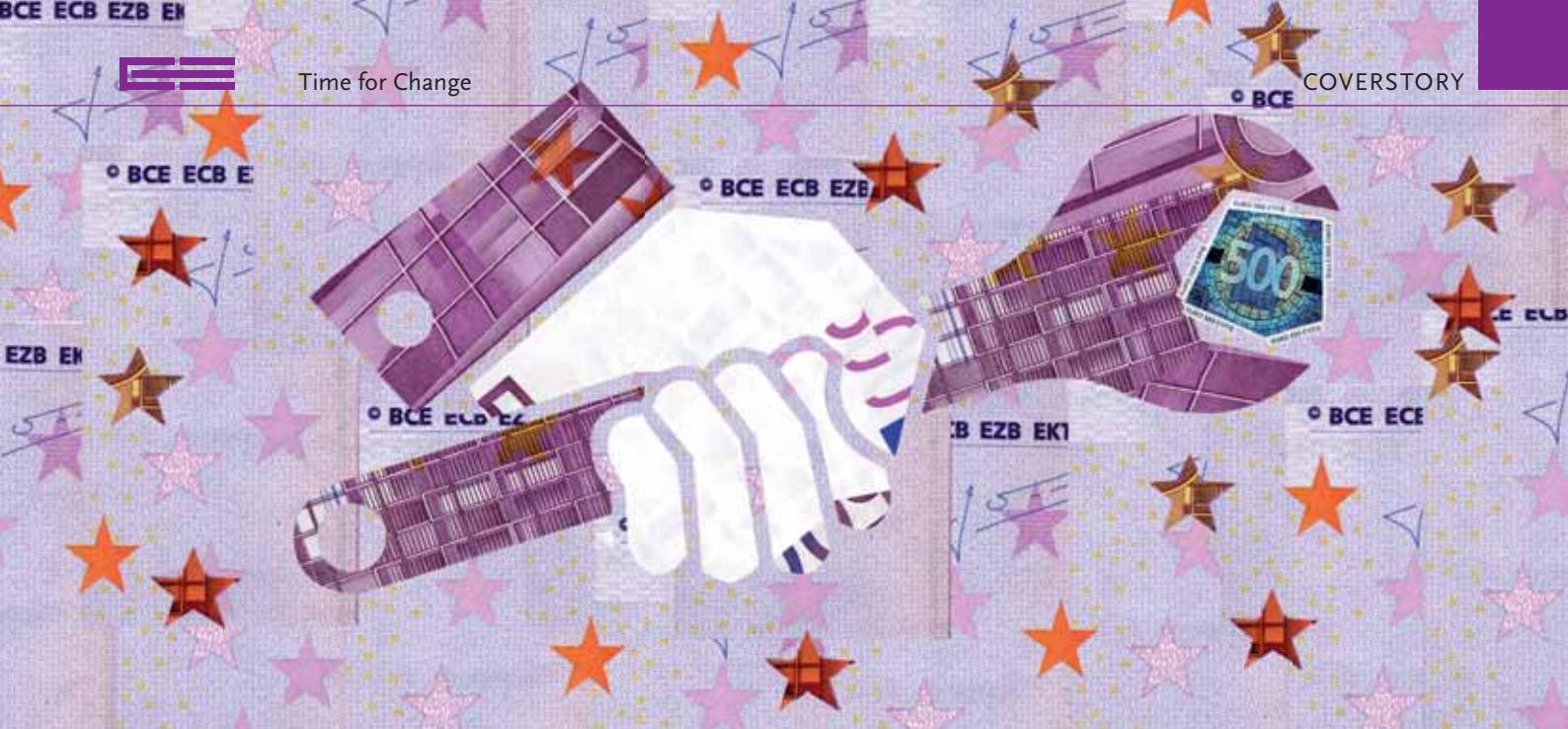
The 22 per cent maintenance fee was an affront to SAP's existing customers, who had ensured SAP's success for many years. The rapid and successful growth of SAP was based in part on the company's own ability, but also on the loyalty and cooperation of existing customers. This foundation of SAP's community of values has been corrupted by the Walldorf top management for a number of years now – high time to look for new service and support partners.

It's all about keeping the right balance: a moderate price increase is perfectly acceptable if the service provided is reasonable in relation to the maintenance fee. Some past enhancement packages (EhPs), however, were of dubious quality. The distinction between Standard and Enterprise Support proved counterproductive, and did more to anger the existing customer base than generate financial gains for SAP. The restricted range of features of the "public domain" SolMan for standard support customers did little to build trust. SAP is focused on Suite 4 to the detriment of existing ECC 5.0/6.0 customers using ERP and Suite 7 – high time to look for new service and support partners.

Nothing is as consistent as change: with more money in Walldorf's pocket, existing SAP customers should and must demand more services from the global ERP market leader – but the opposite is happening: On the one hand, SAP is expanding its range of products and services through numerous, expensive acquisitions; yet on the other hand, its core portfolio has been reduced significantly. By 2025, the centre of the SAP community can be expected to be completely eradicated. Suite 4 with the in-memory computing database is set to replace Suite 7 with AnyDB. If SAP kills off Suite 7 now, Rimini Street is the only way forward. As of 2025, there will be no more freedom of choice for existing customers. Oracle, IBM and Microsoft are history – high time to look for new service and support partners.

Deadline 2025: SAP is naturally entitled to develop its business in line with its own ideas and expectations. By the same token, existing customers need to consider the issue of investment protection. When your roadmap is no longer compatible with SAP's strategy, then it's high time to take action! Now is the time to act, because 2025 is still a few years away. The abolition of freedom of choice has already been decided. SAP's focus is on a pure in-memory computing model with an Intel x86 server and Linux – and perhaps an IBM Power option. For companies who want to, or have to, continue to use other hardware platforms, operating systems and databases, (AnyDB) SAP was previously an excellent choice. SAP's future, however, is monolithic and ultimately monopolised. The current unity is gradually being transformed by SAP into a one-sided dependency – high time to look for new service and support partners.

Innovation is the icing on the cake, but IT experts say: never change a running system! Companies whose roadmaps include both investment protection and innovation will need to find an alternative service and support partner for their SAP systems. Although SAP is embarking on a new, interesting and perhaps successful path with Suite 4, it will probably only be relevant for a small minority of existing customers. Existing SAP customers who have successfully customised their systems, and who enjoy perfect business processes and a stable ERP architecture, are well advised to look for a new partner to maintain their existing ERP landscape with AnyDB, or have the courage to take the plunge into the new in-memory computing paradigm. There will be no middle ground this time. Existing customers are faced with a choice: alternative service and support, or in-memory computing.



Rimini Street: Premium support for premium ERP systems

Innovation and added value

Pressure to innovate in IT departments has never been greater than today. Megatrends such as cloud computing and mobility have created user expectations that must be fulfilled. If IT specialists do not want to get left behind, the necessary funds will have to be sourced from somewhere.



CEO **Seth Ravin** founded Rimini Street in 2005

The profit is in the purchase, according to an old saying from the retail industry. If only we were in such a comfortable situation, many CIOs will think. Even today, the bargaining power of the big software manufacturers such as Microsoft, SAP and Oracle still seems overwhelming.

Their ERP solutions represent the beating heart of company value creation in the form of data and processes. Managers who have spent a large part of their IT budget buying and especially customising ERP standard software create

an optimal solution for their company. However, the downside is increasing maintenance costs – support for (mostly large-scale) customisations extends far beyond the standard maintenance services provided by the manufacturer – and the resulting limited potential for investment in innovation.

Manufacturer margins versus customer innovation

This situation was what drove the experienced software manager Seth Ravin to start Rimini Street in 2005. Customers would be able to maintain and optimise their company solutions with the manufacturer-independent software maintenance and support services provided by Rimini Street. At the same time, they would have more money in their pocket to invest in real innovations without having to constantly and substantially raise their IT budgets. What at first glance seems like trying to square the circle, is in reality the result of sober analysis. Based on SAP's annual report, Seth Ravin recognised that support and maintenance services generated a large share of the profits. Such profit margins are only possible in the software industry (see also the Gartner chart on the next page). That is why he promised his first customers and interested parties "cost-efficient, premium support for ERP premium systems". Since then, he has kept his promise to just under a thousand customers – 50 per cent lower maintenance costs in the first year,

and savings of up to 90 per cent for maintenance and support over a period of ten years. Of course, for tax reasons, no company system can stand completely still for ten years. This is why Rimini Street provides the latest taxation, legal and regulatory adjustments as part of its services, keeping the SAP and Oracle applications of customers in these fields continuously updated. Rimini Street provides its customers in some 200 countries with countless customer-specific updates, in most cases before the official update from the relevant provider is released.

Premium service for all SAP customers

With its experienced team of SAP experts – each with an average of 15 years experience in SAP development, implementation and systems management – Rimini Street provides SAP users with first-class support for all modules that are part of the R/3 and ECC releases of SAP (see info box for further information). Each Rimini Street customer is assigned a "Primary Support Engineer" (PSE), a direct contact who will respond to any high-priority support query within thirty minutes – often in less than five minutes. These PSEs work closely with a team of SAP experts in order to provide, if necessary, fixes and updates for important SAP applications, and to create personalised software. Customers can expect this high-quality service for priority one and priority two enquiries 24 hours a day, 365 days a year.



More than 1,000 signed maintenance agreements

The success of this idea over the last ten years has been infectious. By now, some 1,000 companies of various sizes, and from the most diverse industries worldwide, have come to rely on the maintenance and support services provided by Rimini Street. Almost 500 employees – German corporate customers are supported by the Munich branch – provide a level of service that is oriented towards the premium support of manufacturers such as SAP and Oracle. This means that Rimini Street does not just maintain the manufacturer's standard product, but all the individual customisations in the customer's system as well. In the 2014 business year, the company achieved worldwide revenues of over 86 million U.S. dollars. This represented an increase in sales of over 42 per cent compared to the previous year. (pmf)

The following ERP product lines and modules are covered by Rimini Street support:

- SAP ERP Releases R/3, ECC 5.0, ECC 6.0 plus EhPs
- SAP ERP Releases R/3, ECC 5.0, ECC 6.0 plus EhPs
- All modules including FI, CO, MM, PP, SD and QM as well as CRM, SRM and SCM
- IS modules such as IS/Retail, IS/Media
- Business Objects
- Oracle: E-Business Suite,
- Database, middleware and retail
- Hyperion
- Siebel
- PeopleSoft
- JDEdwards

ROI for maintenance and support – or is independent the way to go?

Unwavering loyalty

In the 2014 business year, SAP earned more than half their worldwide revenue from maintenance and support services. However, according to Forrester Research, the Walldorf company only gave one per cent of this back to their customers in the form of innovations to existing systems.

By *Garrit Skrock, Rimini Street Germany*

In his blog post of 14 February 2013, industry analyst Duncan Jones emphasised that “SAP's maintenance hikes should concern sourcing professionals and CIOs.” “SAP only invests about one per cent of revenue in updating core products through enhancement packs [...]” Nevertheless, many customers have remained loyal – until now. Why is this?

Whether it is Forrester Research or Constellation Research – market researchers and analysts who do customer surveys keep coming to the conclusion that cost reductions are the most important reason for switching to independent support. Other factors, such as dissatisfaction with the quality of support provided by the manufacturer and more scope for real innovation, were increasingly cited. No wonder then, that regular surveys reveal that more than half of companies surveyed are considering cancelling their maintenance and support contracts with the manufacturer and wish to switch to an independent maintenance provider such as Rimini Street.

Strong manufacturer loyalty

However, loyalty to manufacturers remains understandably strong. ERP systems developed over many years and tailored to the individual organisation's requirements are indeed a success, and help to ensure a competitive position in the long term. Moreover, the SAP solution is a very powerful system with an extensive and sophisticated range of features, which forms the lifeblood of many companies' business processes, and is perfectly integrated in heterogeneous environments such as third-party software.

Independent software maintenance

From a business point of view, it is vital that independent software maintenance does not mean a complete break-up of the relationship with the manufacturer. This is because from the perspective of CIOs, it is less about using independent support to save their ERP core over the long term than about ex-



Garrit Skrock, SAP global product marketing director

tending and adding to their sophisticated and indispensable SAP system with new solutions – whether they are ERP solutions or from a third-party manufacturer.

Deadline: 30 September

Nevertheless, many companies initially fear that the manufacturer may no longer sell to them if they have cancelled their maintenance and support contracts. Experiences in the SAP community, however, show that this fear is unfounded. This is because, in the overwhelming majority of cases, the company has a right to independent support and can, for example, cancel their support contract with SAP as of the 30 September of each year, unless this right is specifically ruled out, or the time period for support is specified as several years. Usually, the prior purchase of perpetual software licences is required. The licence keys do not then lose their validity if the maintenance contract is cancelled.

It is true that competition is good for business. And companies benefit from this. By using Rimini Street services, they can halve their ongoing maintenance and support costs, and at the same time acquire new SAP solutions in order to keep their SAP landscape up to date. The Rimini Street customer base grew dramatically last year – with revenue growth of 42 per cent compared to the previous year. The German customer list boasts brands such as German Telekom and Toyota Informations-Systeme. The sales of all Rimini Street customers



»» Many companies do not currently see any innovation potential for their business processes. ««

Marco Lenck, DSAG e. V., on SAP Hana and SoH

total over 86 million U.S. dollars. Rimini Street provides support for over 200 different SAP applications.

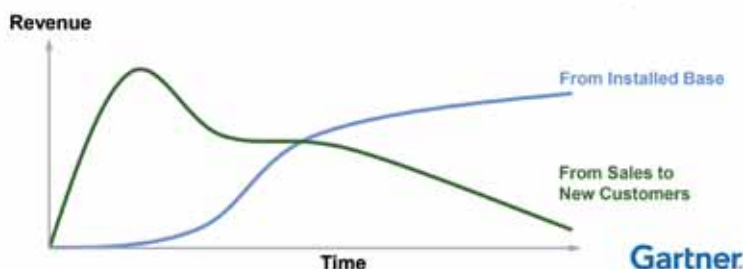
Independent support versus cloud

Cloud solutions are commonly adopted so that users can achieve cost savings. Indeed, if one only takes capital costs into account, especially initial investment costs and implementation effort, there no longer seems to be any justification for individual implementations of SAP solutions. However, according to recent press reports, this price advantage is reversed after four years. Gartner analyst Christian Hestermann was quoted as saying that “for SAP customers, migration to the cloud is more costly in the long term than the previous licensing model.”

Cost is certainly not everything; associated benefits are much more decisive. But according to a DSAG survey of existing SAP customers from June and July of last year, even in this regard there are significant doubts. The corresponding DSAG press statement from 14 October 2014 stated that: “Over 80 per cent of survey participants said that they do not use the Business Suite on HANA (SoH).” And the DSAG survey found the reason why: “It is not primarily down to cost or technical understanding. The main problem is that many customers do not see a business case for it. Many companies do not currently see any innovation potential for their business processes”, says Marco Lenck [Chairman of the German-speaking SAP User Group (DSAG)]. The DSAG results are echoed internationally. The American SAP user group ASUG came to similar conclusions in a survey from summer 2014.

Market Uncertainty Drives Vendors to Focus on Installed-base Revenue

- ✓ Account lock-in strategies, leveraging unfavorable terms in contracts
- ✓ Market consolidation
- ✓ Upsell, cross-sell across stack
- ✓ License, maintenance, and service model adjustments



Cost reduction & innovation

The basic advantages of independent software maintenance – cost reductions and the resulting increase in resources for innovation – still exist. What’s more, companies working with Rimini Street are in a position to keep operating their current extensive SAP system, thereby giving innovations such as S4/HANA time to mature and prove their worth in practice. This gives customers the opportunity to determine their specific benefits and make well-founded investment decisions. These companies can then use the resources freed up by their premium support in a targeted manner to purchase and implement innovative SAP solutions that are genuinely suited to them – whether these are in the cloud or on premise. Working with an independent software maintenance provider is not a one-way street, but instead creates more independence and freedom of choice. (pmf)

Do SAP, Oracle, IBM and Microsoft revenues rely on excessive maintenance fees for existing customers? Source: Gartner Symposium ITxpo 2013, Barcelona.



Independent support from Rimini Street in practice

A bigger budget for growth and innovation

For most companies, ERP provides the backbone for all their business activities. To enable continuous, productive work, the ERP components must be kept up to date, and errors and problems must be quickly and effectively resolved.

This means that efficient ERP software support is almost as important for companies as the software from Walldorf itself. In addition to support from SAP, independent support such as that provided by Rimini Street is now available on the market. The examples of Univar and Sympatex show the advantages that internationally successful companies can gain from this.

The Rimini Street support model allows companies to not only reduce their yearly expenditure on support and maintenance by half, but also to adhere to taxation and regulatory requirements – a particular challenge for companies that operate internationally due to numerous differences between administrative regimes across the globe. Almost 1,000 customers currently benefit from Rimini Street's support services, including chemical specialist Univar and German textile manufacturer Sympatex.

High value, low price

Univar has increased its level of support and now saves 50 per cent on its maintenance costs. In mid-2014,

chemical specialist Univar decided to switch to the Rimini Street independent support model. As one of the leading companies worldwide involved in the distribution of industrial and specialty chemicals, this U.S. company delivers products from its comprehensive portfolio to almost 115,000 customers. In 2013, Univar generated sales of 10.3 billion U.S. dollars. Its network of more than 260 subsidiaries in North America, Europe, the Asia-Pacific region and Latin America form the core of the company. Univar is also a key player on the international market.

As a large multinational company, Univar depends on the smooth operation of its SAP infrastructure. In order to continue to guarantee operational efficiency, software maintenance costs for ECC 5.0 and 6.0 systems were increasing steadily – this was the reason for Univar's decision to consider alternative support possibilities. "As a global company, we constantly strive to gain added value for every dollar we spend. For me, this means winning back control of our ERP software schedule and optimising our investment in SAP software", says Erik Viens, chief information officer for Univar.

Univar compared several options in order to reduce the costs incurred as far as possible. Due to its attractive pricing and high level of service, they eventually decided on Rimini Street. Last but not least, the references which were available for Rimini Street convinced Univar of the performance of their model – "The excellent reputation of Rimini Street in the sector, and its ability to put us in contact with other CIOs in order to exchange experience, confirmed my decision to switch to independent support", says Erik Viens. By switching to Rimini Street support, Univar was able to halve its support and maintenance costs, not least because support for customer customisations is included in the Rimini Street maintenance model at no extra charge.

As a result, internal employees and developers, who previously had to provide support for these individual customisations, gained time to devote towards value-creating activities. In addition, Rimini Street optimises interoperability with the rest of the IT infrastructure, enhancing the performance of the system – support requests due to conflicts within the IT infrastructure have been significantly reduced.

A personal ERP butler

As part of its exclusive 24/7 service model, a personal primary support engineer (PSE) is available to Univar every day of the year. They provide a highly qualified primary contact, which means that no more resources are required for maintenance work, or additional staff needed due to inefficient, complicated support processes and measures. Finally, Rimini Street guarantees support for the current, stable software version for at least fifteen years. Univar is therefore able to continue to use its current system, avoiding the updates which would have been necessary in order to maintain support for the SAP system.

Better, faster and more proficient

“Since we switched from SAP to Rimini Street, our support system has significantly improved, and my team has benefited from comprehensive, fast and competent responses from our primary support engineer”, says Erik Viens, summing up his experience. “Even more importantly, I am now able to invest the significant savings we have made directly into projects that are important for our business. Not many providers are able to keep their promises so reliably, and I am very happy to be able to say that Rimini Street has exceeded our expectations.”

Univar used their freed-up budget to promote several projects that are critical to their business, including initiatives in customer loyalty, customer management and business intelligence. In addition, the company invested in its e-commerce platforms in order to optimise their customers’ user experience. Univar benefited in many ways, including improved competitiveness in the global market.

Numerous companies already have their SAP systems maintained by Rimini Street in Germany too. Customers include:

- Albani Group GmbH & Co. KG
- Deutsche Telekom
- DSB AG
- Ruwel Werke GmbH
- Sympatex
- Toyota Informations-Systeme GmbH

Everything under control at Sympatex

Even when tax laws change, textile specialist Sympatex continues to lead the way. Apart from a significant reduction in the budget required for support, companies can gain further advantages from switching to an independent maintenance model. In particular, companies which operate internationally are frequently faced with the challenge of complying with specific taxation and regulatory legislation; in addition, regulations concerning salaries and payroll, accounting, fixed assets and supply chain management are subject to constant change.

This issue was faced by Sympatex Holding, an international textile manufacturer with headquarters in Unterföhring near Munich. Founded in 1986, the company produces high-tech functional materials for clothing, shoes, accessories, workwear and technical applications and is one of the world’s leading providers of high-tech functional textiles. With its current workforce of around 300, the Sympatex Group operates in 18 countries and serves customers such as Pierre Cardin and Tommy Hilf-

iger with innovative products based on modern and environmentally friendly textile processing technology.

Because of this strong global presence, Sympatex has to deal with many tax and legal regulations as part of its daily business activities – both in Germany and other international markets. As interruptions to production operations could bring the company to a standstill, it is vital that the textile specialist can rely on the smooth operation of its business-critical SAP system.

ECC 6.0 support

Since 2010, Rimini Street has provided maintenance services for the company’s central SAP EEC 6.0 system, which is deployed to operate key company divisions such as financial accounting, controlling, materials management, quality assurance, sales and distribution, and travel management. In addition to reducing maintenance costs by 50 per cent, Sympatex can now reliably fulfil all national and international regulatory requirements, thanks to Rimini Street. The standard support programme provided by Rimini Street also includes the Rimini Street Tax Engine, an ISO 9001:2008

Ten-year comparison for a provider with \$4.5 billion in sales Saving: \$40 million

Savings Category	Vendor	Rimini Street	Savings	Savings %
Annual Support Fees	\$41,639,010	\$13,200,000	\$28,439,010	68.3%
Upgrades & SP's	\$5,175,000	\$ –	\$5,175,000	100.0%
Customization Support	\$3,000,000	\$ –	\$3,000,000	100.0%
Maintenance Resources	\$3,750,000	\$ –	\$3,750,000	100.0%
Totals	\$53,564,010	\$13,200,000	\$40,364,010	75.4%

An existing SAP customer with a turnover of \$4.5 billion can save around \$40 million in upkeep and support/maintenance fees over a ten-year period. Time for Change: CIOs and CFOs agree when it comes to the potential of independent support and maintenance. Further information is available at: www.riministreet.com/einsparungen-E3



certified tax aid that supports customers in complying with statutory and regulatory requirements. With this support, companies of all sizes can ensure that their applications are customised according to the most recent legal developments, and that they are compliant with all essential regulations.

In order to ensure timely provision of the relevant updates, Rimini Street employs their own expert team, consisting of experienced lawyers and legal experts, who cooperate directly with state bodies. In this way, changes for almost 200 countries can be identified and analysed, and the required updates can be prepared – since 2005, Rimini Street has

already delivered over 85,000 of these updates.

The textile manufacturer was affected by a major change around 2013 when German lawmakers passed the Law to Amend and Simplify Company Taxation and Travel Expense Tax Laws, which came into force on 1 January 2014. Due to these changes, the expense management module in SAP needed to undergo significant adjustments – changes which Sympatex was able to implement in an efficient and timely manner with the help of Rimini Street. Rimini Street provided the company with all required code changes and SAP table updates, and also made available documents de-

tailing the necessary adjustments to the internal processes used to track travel costs, accommodation, meals and expenses incurred abroad as required by the changes to the law.

“I was very impressed by Rimini Street’s meticulous approach to any changes to the law”, emphasises Hasso Ercelebi, Symantex chief information officer. “I appreciated that Rimini Street tackled the matter in such depth and willingly engaged in open dialogue with us about the correct interpretation of the – at times, rather vague – wording of the law. Rimini Street made every effort to ensure that every detail was right, and to offer us a sound solution.” (pmf)



The Rimini Street business case: Independent software maintenance is more than just cost saving

With money comes happiness

Providers of independent ERP software maintenance such as Rimini Street are known for charging only half the price of support from the manufacturer. However, independent support is capable of much more than just saving costs. It’s also about quality and strategic control of IT.

By Hendrik Zwart, Rimini Street Germany

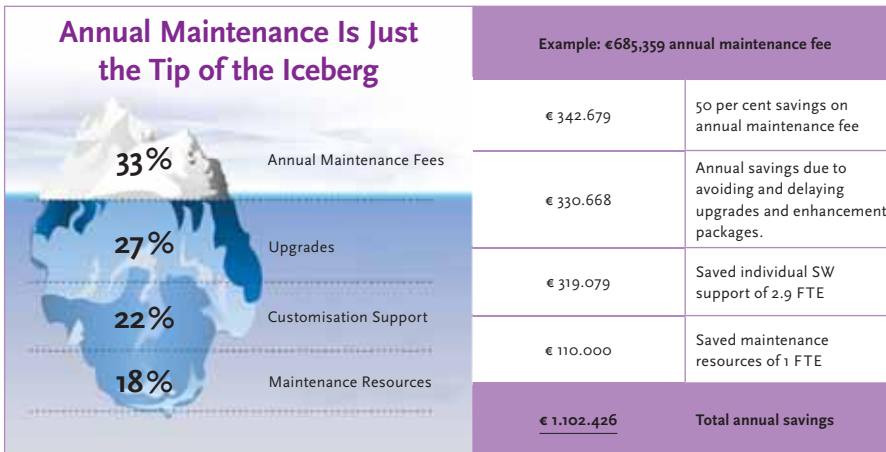
Independent support is becoming increasingly important for ERP users, as a recent study undertaken in cooperation with Nucleus Research proves. This is because it is not just about costs, but also and more importantly, quality and strategic control of IT. In addition to simple cost savings, there are three main areas in which improvements can

be achieved with independent software maintenance, as a study of 27 Rimini Street customers has shown.

Costly and unnecessary upgrades

The updates provided regularly as part of the ERP manufacturers’ application

support require a significant expenditure of time and money. The average expenditure for companies with less than 500 SAP users is 150 working days or 125,000 U.S. dollars, while for very large organisations with over 2,500 SAP workplaces, 3,350 working days or 1.4 million U.S. dollars are lost. Even more important than the expense, however, is the fact



The tip of the iceberg – savings and improvements due to independent software maintenance do not just affect annual maintenance fees. More information is available in the Nucleus Research report, where Rimini Street customers share their experiences: www.riministreet.com/e3-nucleus



Hendrik Zwart,
Sales Director

individual customisations. For SAP, these include the Z-programs, and the ABAP and Java add-ons. This is because they reflect a company's intellectual property (IP) and are what positively distinguishes the company from its competitors over time. This is why companies expend so much time and effort on customisations. This situation is reflected in the support queries that Rimini Street receives. About two-thirds of these are not related to SAP standard code, but to customer-specific extensions and modifications. For this reason, many companies employ highly paid internal or external advisers to close this support gap. With providers of independent maintenance such as Rimini Street, support extends beyond the standard code to the customer's specific ERP landscape, including all extensions and customisations.

Coordination effort and standards

Many companies attempt to simulate their issues in customisations or extensions to the ERP standard code in order to take advantage of the manufacturer's support service. This is better than being left completely without support, but naturally requires the commitment of significant additional staff and financial resources. Another cause of additional coordination effort is the regular taxati-on updates that SAP, for example, publishes as part of its support. Depending on the individual customer's situation, some of these may not be relevant and won't require implementation to the production system. However, the customer must generally work out for themselves which parts of the Support Packs or OS Notes are necessary, often by entrusting internal or external experts with this task. With Rimini Street, on the other hand, this service is included at no additional cost. This has always been their intended approach. Every Rimini Street customer is assigned a round-the-clock contact partner whom they can consult for any

maintenance question regarding their ERP landscape. This means that customers and support employees always know what they are talking about, which reduces the potential for misunderstandings and the requirement for additional consultation significantly.

Investing instead of saving

Processes and quality of support are aspects which increase the potential for savings beyond a simple decrease in maintenance costs. Nucleus Research confirmed that a Rimini Street customer reduces their annual maintenance costs by one and a half times. If they previously spent a million U.S. dollars on ERP maintenance charges, as a result of switching to Rimini Support, they now have an additional one and a half million U.S. dollars available in their IT budget (see Figure). Instead of using highly qualified internal or external ERP specialists to respond to support queries, these resources are available for important strategic projects. Finally, investment is the most intelligent way of saving, or as Rebecca Wettemann, Vice President of Nucleus Research puts it: "Independent support is an effective strategy to free up funding for innovation and strategic initiatives. Rimini Street clients, on average, save one and a half times their annual vendor maintenance fees each and every year. These are real savings that can be diverted to growth projects and innovation." (pmf)

that it is less important to companies to benefit from new functionalities than to maintain existing services. 67 per cent of companies which responded to a Panaya study gave this as their main reason for implementing SAP upgrades. Correspondingly, 76 per cent of the respondents to another Panaya study said that they had not activated any new business functionalities since their last upgrade. Companies which only implement upgrades in order to maintain existing support services can completely avoid this expense by using independent software maintenance services.

Intellectual property

The biggest advantage to SAP software from a business point of view is often the

DIGI plus Nucleus Research study:
riministreet.com/e3-nucleus

DIGI plus Rimini Street online tool
to calculate the savings:
www.riministreet.com/savings-calculator