



7 Reasons Why IT Teams Choose Third-Party IT Support for ERP Software

Rimini Street[®]

Introduction

Whether they are ramping up businesses for growth or responding to tight margins and intense competition, CIOs must make digital transformation a priority. That means showing they are making investments that go beyond keeping the lights on.

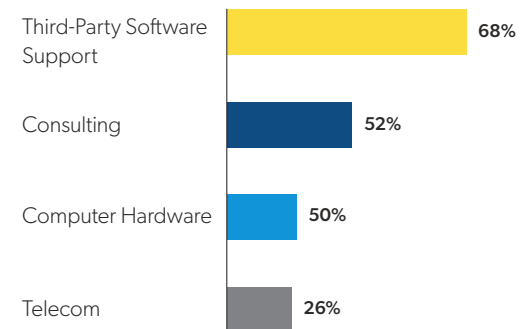
Yet digital transformation comes at a price. IT leaders must align their investments with business priorities. That means designing a technology roadmap that translates into business results such as winning new customers and ensuring the loyalty of existing customers. They must sort through technology hype and decide whether investing in blockchain or augmented reality apps makes sense as a priority or long-term goal. At the same time, they must consider immediate, practical opportunities to optimize business processes with streamlined workflow and better use of data.

The multimillion dollar boardroom question CIOs must answer is: “How are we going to pay for this?” With 80 to 90% of a typical IT budget already committed to the operation of existing systems, CIOs and their finance teams must find funding.

Adopters of third-party enterprise software support recognize that the best way to achieve a decent return on investment, especially with applications such as ERP software, is to stop paying for overpriced maintenance contracts and unnecessary upgrades.

This e-book explores seven ways that IT teams benefit from third-party IT support for ERP software, and how it can [accelerate your Business-Driven Roadmap](#).

What top IT spend categories are you pursuing or planning to pursue to improve service and/or reduce costs⁴?



According to the 2018 ProcureCon CIO and CPO report, 68% of IT leaders surveyed are looking at third-party software support as a means of improving service and reducing costs.

Greater than **90%** profit margins are achieved by software vendors on support fees¹

Nearly **80%** of SAP survey respondent licensees plan to continue to run their customized, mature SAP systems²

97% of respondent Oracle EBS licensee IT organizations report that their current ERP release meets their business needs³

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Reason 1: Third-party IT support yields 75% savings on average.⁶

An increasing number of organizations believe they are not receiving a fair value in return for their annual support and maintenance fees. For years, big ERP software vendors have enjoyed a virtual monopoly on ERP support services for their products. With more than 90% profit margin on support operations, you pay a vendor 10 dollars for every dollar the vendor spends on actual support and maintenance. Licensees are coming to the conclusion that the ERP software vendor support model is at best dated — and at worst obsolete and seemingly unfair.

Industry analysts agree: You may be spending too much on enterprise software annual support and receiving limited value in return. Ongoing operations and enhancements typically consume the majority of IT budgets, averaging 90%, which leaves only 10% available for business transformation initiatives.⁵

Third-party support lets you cut IT costs immediately and gain a predictable, low-cost support model for the future. Today, highly responsive third-party IT support is available at an immediate annual cost savings compared to original vendor support fees, sometimes by as much as 50%. And that's just the tip of the iceberg: Third-party support clients accrue savings not only through reduced annual maintenance fees but also through benefits such as upgrade avoidance; getting support for customizations; receiving tailored tax, legal, and regulatory updates; and reduced cost of self-support.

According to a Rimini Street impact study that was validated by independent analyst firm Nucleus Research, a sample of 70 Oracle and SAP licensees averaged saving 75% of the total cost of support, including vendor annual maintenance fees.⁶ You can put these substantial savings to work right away to avoid staff layoffs, pursue strategic business initiatives, or retain them as future reserves.

Reason 2: IT teams can receive better service from third-party IT support.

While ERP support costs have continued to rise, the level of customer service provided seems to have steadily declined. When you contact your ERP software support vendor about a problem, a junior-level technician might advise you to upgrade or implement a service pack that combines hundreds of other fixes. The technician may also suggest that it is a custom code issue and is therefore your problem. Before you know it, one small issue has morphed into a big project with regression testing and downtime that costs a lot of money and consumes time and other resources. When you get back in touch with support, it is difficult to get access to experienced engineers unless you navigate a maze of escalations.

Third-party IT support takes a fundamentally different approach, typically emphasizing full service over self-service. In place of a help-desk generalist taking your call, you may speak to a highly experienced support engineer who can directly debug software and address your issues, with no escalations required and custom code supported.

As clients experience responsive support, they come to rely on and truly leverage their third-party support program. Organizations that historically logged only five or six issues a year with their vendor may suddenly call third-party support 10 or 15 times a month. Why? The most frequent response is, "You actually fix our issues!" Cases that had been logged with ERP software vendors for years but never addressed, including some of the toughest and most complex issues, are frequently resolved in days or weeks.

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Reason 3: No upgrades, updates, or migrations are required.

Although product upgrades 10 or 15 years ago delivered vital new features to automate core business processes, that's not usually the case now. Today's proven software applications are highly functional and reliably support tens of thousands of organizations and billions of dollars in transactions.

Extending the life of a current release through third-party support reduces risks and costs. New ERP software releases can take months or years to fully vet and debug, disrupting the previously stable production environment. Likewise, the constant deployment of software vendor fix bundles introduces its own set of risks. With third-party IT support, you can run your highly functional, stable release for 15 years or more, even if it has been customized to meet your unique needs. Think about the return on investment you'd achieve from running your current application or database for 20 years without expensive and disruptive upgrades.

However, your application is not necessarily frozen with third-party support. Your current production release does not have to be your last. If you are not yet running your software vendor's latest release, you may be able to download it and related components before transitioning to a third-party ERP support program. Archiving the upgrade materials you are entitled to helps you run your existing release with the flexibility to move to the archived release if you see value in the upgrade.

And while ERP software vendors have invested in developing cloud versions of their apps and acquired companies to meet those goals, their licensees seem less enthusiastic about the functionality and migration costs of these options. Today's trends include investments in hybrid IT — innovating around core systems of record with best-of-breed applications that enhance the customer experience, improve employee relations, and drive commerce.

By delaying or avoiding costly and disruptive product upgrades, you'll have more capacity to invest in strategic initiatives that may improve your company's bottom line today.



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Reason 4: IT teams can receive premium support services at no additional cost.

Getting more mileage from enterprise software requires specialized services that some third-party support providers offer as part of a standard support program at no additional cost.

Customization Support Few organizations run core business applications without modifications. While ERP software vendors generally don't support custom code as part of standard support, leading third-party organizations consider it essential.

Interoperability Support Advanced technical services can help future-proof enterprise software while responding to changing infrastructure and expiring vendor support windows. Such services can resolve application and infrastructure interoperability, compatibility, and integration issues at all layers of the technology stack.

Performance Support With the expertise acquired over time from helping clients with the same issues, third-party IT support can deliver the response times and system performance levels you need.

Security Many IT teams realize they need to take a layered approach to security. Third-party support should provide actionable intelligence to reduce potential exposure, including vulnerability analysis alerts and expert assistance in identifying and choosing critical security controls (and vendors) beyond ERP software and database systems.

Proactive Support What if you could identify potential application and technology stack issues before they occur? Some third-party support providers offer secure monitoring, proactive database health checks, and tailored reports with best practices recommendations to stabilize the IT environment.

Roadmap Planning Leading providers have teams of experienced, creative engineers to help you map your innovation plan. And funding application development for an improved customer experience with cloud, social, mobile, and big data is made possible with the savings from third-party support.

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Reason 5: A dedicated global team can provide tax, legal, and regulatory updates.

Tax, payroll, accounting, fixed-asset, and related rates, regulations, and standards are constantly changing, forcing you to prepare for and respond to a variety of events, including regularly scheduled updates, ad-hoc regulations, and major transitions such as new IFRS accounting standards. Keeping your applications updated frequently with the latest tax and regulatory changes around the globe is critical to keeping your business operations accurate and compliant.

Expect a highly experienced tax, legal, and regulatory team that provides timely and accurate delivery of these updates, so you remain in compliance. Clients should receive scheduled updates throughout the year, typically several business days ahead of the ERP software vendor's schedule. And unlike a software vendor's approach, updates are generally provided separately rather than bundled with unrelated changes. You should receive just the updates you need for your operations, without a long list of additional updates that are not needed but must still be deployed and tested.

The dedicated team works closely with local, state, provincial, and federal government representatives, and all major tax and regulatory services to immediately identify, scope, code, test, package, and reverify the latest updates from government agencies, helping to ensure high-quality, accurate deliverables and fast update delivery cycles.



Reason 6: IT teams maintain flexibility to adopt technologies that make sense for the business.

The future of enterprise software is as exciting as it is uncertain. Software-as-a-service (SaaS), cloud computing, artificial intelligence, and open-source software are among the many technology options you may exploit in the future. The next ten years will be marked by unprecedented mergers and acquisitions with fierce competition over differing application architectures, middleware, and integration technology standards. New technologies in development could emerge as a dominant force within a short time, displacing current software leaders.

While the details of next-generation software platforms are still hazy, it is clear you should evaluate them by asking, “Do they provide real business value?”

Third-party IT support gives you the time and technical expertise you need to maintain your current systems and architecture securely while you assess these new options. A smart strategy is to review and select the best next-generation software platforms once the platforms have been built, widely deployed, and tested. This approach allows you to design a Business-Driven Roadmap, then compare the business value of moving to a new platform against the benefits of running your existing system. At each step, you are making decisions that support your digital transformation use cases.

Third-party software support plays a key role in this strategy, enabling you to apply cost savings to more strategic business initiatives for your organization rather than continuing to invest in the research and development efforts of your ERP software vendor through your maintenance fees. Many companies that move to third-party ERP support save enough to license the next generation of software and have funds left over for other critical projects for their IT teams.



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Reason 7: Third-party support from Rimini Street is a proven, trusted option.

Prominent industry analysts and members of the media have recognized the role of third-party support in a comprehensive IT strategy. Today, third-party IT support has been embraced by world-class organizations of all sizes. Rimini Street, for example, has experienced significant and sustained growth since the company launched in 2005. Organizations worldwide, including midmarket, public sector, and Fortune 500 companies have made the switch to [Rimini Street](#).

Enterprise software licensees have made the move to Rimini Street because we offer an alternative that has delivered immediate ROI. And yes, our clients can and do continue to work with their original ERP software vendors to purchase additional licenses or modules. [Our response time SLA is 10 minutes or less for P1 critical issues](#), with actual response time of less than five minutes on average. You'll find smart and passionate support engineers at Rimini Street. These experienced professionals are committed to a single, vital goal: to provide the finest in enterprise software support to IT teams.

Learn more about client success with Rimini Street:

Oracle EBS Customers Funding New Growth and Innovation

[READ EBOOK](#)

How SAP Leaders Can Navigate Through IT Budget Constraints and Conserve Cash

[WATCH ON-DEMAND WEBINAR](#)

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