

## New Benchmarking to Guide SAP Enterprise Support Fees

**Peter Wesche**

SAP has introduced collaborative benchmarking for Enterprise Support and reduced yearly fee increases for its installed base, but not all clients will achieve the same value as benchmarked clients.

## NEWS ANALYSIS

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### Event

On 29 April 2009, SAP and SAP User Group Executive Network (SUGEN) announced that they are implementing an agreement on a defined list of key performance indicators (KPIs) and changes to SAP's 2008 Enterprise Support Pricing Program. The changes, which apply to licenses established before July 2008, include:

- SAP will increase fees for SAP Enterprise Support only if clients can meet value targets via SUGEN benchmarking efforts, but it will still honor existing contracts.
- The SUGEN KPI index will map single benchmarking KPIs to business value for clients that fully comply with and use SAP Enterprise Support.
- SAP will reduce the former phased increases to a maximum of 3.1% per year from 2010 and provide a cap of 22% on maintenance fees through 2015, extending the phased in pricing by three years.

### Analysis

Although the announcement marks the first time that a major software vendor has tried to deliver a tangible value proposition for support fees, the value that SAP clients receive will depend on their ability to achieve a level of maturity similar to SAP benchmarking customers.

The new benchmarking effort and changes to its 2008 SAP Enterprise Support Pricing Program are SAP's response to ongoing negotiations with customers, who are questioning the vendor's justification for its support fees because of their impact on customers' budgets. The announcement could help SAP re-establish and strengthen its client relationships in a challenging economic climate where enterprises are scrutinizing support fees more than before.

SAP has committed to tying future fees to the value SAP Enterprise Support actually delivers. SUGEN will supervise the performance index that SAP will use to measure this value. In contrast to SAP's earlier attempts to impose new support structures after limited interaction with its huge installed base, this alignment to user groups reflects a positive change in attitude.

The potential value that this benchmarking effort can deliver will depend on how well and easily customers can establish the required support environment and how effectively technical KPIs translate into savings during the next four years.

### RECOMMENDATIONS

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#### **SAP Enterprise Support customers:**

- Evaluate the new benchmarks and leverage SUGEN.
- Ask SAP to provide detailed best practices for implementing the support program to ensure that you reap benefits similar to what benchmarking customers receive.

#### **Potential SAP Enterprise Support customers:**

- Compare the business benefits SAP Enterprise Support could deliver against the resources you must invest to comply with the technical prerequisites.

- Use SAP's promise to adjust fees only with achieved targets as a guide to resolve payment issues.

**All SAP customers:**

- Compare the performance of SAP's solution innovations and support services with recurring fees in order to limit spending to effective solutions that your business requires.

**RECOMMENDED READING**

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- "SAP Enterprise Support Becomes a Common Support Platform for the Client Base" — SAP Enterprise Support will become the common platform to support all SAP customers and will increase SAP maintenance fees to 22% of the customer's licensing base. **By Peter Wesche and others**
- "Application Software: Maintenance and Support Guidelines" — Understand high-level maintenance and support offerings and what to expect in negotiations for maintenance and support entitlements for standard perpetual application software. **By Jane Disbrow and Bob Igou**

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