

New SAP Maintenance Option Offers Longer-Term Support at Higher Cost

Peter Wesche, Bob Igou, Pat Phelan, Thomas Otter

SAP has extended the maintenance window for R/3 4.6c. This allows organizations to consolidate migrations but comes with a premium fee for R/3 4.6c installations if users have chosen SAP Standard Support.

NEWS ANALYSIS

Event

On 28 September 2010, this press announcement — <http://searchsap.techtarget.com/news/2240022788/SAP-extends-support-and-maintenance-on-R-3-46> — revealed that users can now choose to remain on R/3 4.6c until March 2013 and buy Extended Maintenance support at a 2% uplift to the original 4% uplift, making the offer more expensive than SAP Enterprise Support, SAP's premium support program. Customers that have chosen Enterprise Support will be able to stay on 4.6c with no additional uplift.

Analysis

The extension of the official support window for 4.6c installations aligns the support periods with those of SAP R/3 Enterprise and mySAP ERP 2004. This allows organizations to coordinate final migration to SAP's current mainstream release SAP ERP 6.0 on a common timeline. It also gives customers operating several older versions and the related support teams in the SAP ecosystem two more years to leave the R/3 product line.

The move reinforces SAP's desire to move all customers to its Enterprise Support option. Changing to SAP Standard Support will increase the support cost for installations in extended maintenance, particularly for 4.6c.

R/3 4.6c and older releases still have a strong presence in the installed base. The relatively high price of SAP support has created an opportunity for third-party support providers and has fueled significant growth at the most prominent provider, Rimini Street. We believe that SAP's extension of its maintenance period is a move to increase its customers' trust in its support strategy and prevent them from turning to third-party alternatives.

SAP, like other software providers, will continue to derive stable income from support revenue in the long term. The 6% increase for extended maintenance sets a new benchmark for SAP systems. It is also a wake-up call for those organizations that believe they can save money by delaying their migration projects.

Although SAP's support timelines are now clear, the financial impact of SAP's Extended Maintenance is difficult to calculate in a mixed environment. This is because SAP divides the total number of users by the prorated portions in the respective systems. When users are on several systems, the related fraction is difficult to calculate. However, evidence from our clients' contract-related inquiries indicates that, although nearly half of the customers in extended maintenance are unclear about the calculation, none of them pay more than they expect to.

RECOMMENDATIONS

Organizations that have not yet migrated to SAP ERP 6.0:

- Start your migration planning now because the official support for the older releases will cease in two and a half years.

Organizations that will complete their migration from affected products before the end of March 2013:

- Examine the costs and benefits of opting for SAP Standard Support over Enterprise Support.

Organizations that do not expect to complete their migration before the end of March 2013:

- Look at switching to SAP Enterprise Support.

RECOMMENDED READING

- "SAP Reintroduces Standard Support: Customers Should Choose Carefully"— SAP allows all customers to choose SAP Standard Support at 18% as a low-cost option for maintenance and support of all installed software from 2010 and will allow switching. **By Peter Wesche and others**
- "Toolkit: How to Choose the Right SAP Support Program"— Gartner provides this Toolkit to enable SAP user organizations to determine the decision parameters when choosing between SAP Standard Support and Enterprise Support. **By Peter Wesche**

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REGIONAL HEADQUARTERS

Corporate Headquarters

56 Top Gallant Road
Stamford, CT 06902-7700
U.S.A.
+1 203 964 0096

European Headquarters

Tamesis
The Glanty
Egham
Surrey, TW20 9AW
UNITED KINGDOM
+44 1784 431611

Asia/Pacific Headquarters

Gartner Australasia Pty. Ltd.
Level 9, 141 Walker Street
North Sydney
New South Wales 2060
AUSTRALIA
+61 2 9459 4600

Japan Headquarters

Gartner Japan Ltd.
Aobadai Hills, 6F
7-7, Aobadai, 4-chome
Meguro-ku, Tokyo 153-0042
JAPAN
+81 3 3481 3670

Latin America Headquarters

Gartner do Brazil
Av. das Nações Unidas, 12551
9º andar—World Trade Center
04578-903—São Paulo SP
BRAZIL
+55 11 3443 1509