

Proof of SAP Maintenance Value Still Pending

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SAP plans to postpone a maintenance fee increase due to further investigation of key performance indicator benefits. This temporary solution may not change the long-term impact of increased maintenance fees.

NEWS ANALYSIS

Event

On 1 December 2009, SAP announced that it would postpone a decision to charge customers higher maintenance fees for its enterprise support, pending additional customer feedback in 2010. SAP has formed a new task force to reach out to customers and user groups to continue the dialogue and incorporate their feedback. SAP plans to provide the outcomes of the task force at the beginning of 2010.

Analysis

Gartner's initial view of the SAP key performance indicator (KPI) project remains unchanged — the KPIs will be hard to quantify, difficult to relate to business value and hard to replicate across a diverse customer base. SAP has made the right decision to postpone a support increase, pending a closer investigation of whether it can demonstrate value for the maintenance increase. The independent verification by Gartner Consulting was instrumental in this decision. Gartner believes that SAP customers should view this move as a postponement of a decision and not a definitive end to SAP plans to increase maintenance.

While this move eases the immediate pressure on 2010 client budgets, it does little to eliminate client questions about the value of maintenance. SAP is not alone among many application vendors now under pressure to show value for maintenance. SAP is one of the few vendors attempting to definitively demonstrate value. For now, SAP's maintenance percentage remains lower than its biggest competitor (Oracle) with most customers at 18.36% of the software license fee. However, new SAP customers will continue to pay the industry average of 22%.

In the future, SAP may choose to forgo announcements about maintenance increases and quietly replicate the behavior of competitors by taking the maximum increases they are entitled to in current customer contracts. The new task force may be instrumental in demonstrating value for the customers involved, but that value may not easily transfer to your specific implementation of SAP.

RECOMMENDATIONS

SAP clients:

- Review contracts to understand the annual limits on maintenance fee increases and plan budgets for the maximum increases in 2011 and beyond.
- Monitor the value demonstrated by the new task force for any news of potential increases and support benefits.
- Establish your own organizational metrics that show increased or decreased value associated with SAP maintenance offerings. Customer-specific metrics and proof will assist in any future contract negotiations with SAP.

RECOMMENDED READING

- "Navigating the SAP and SUGEN Enterprise Support Arrangements" — A new agreement with SAP User Group Executive Network (SUGEN) holds promise, but there

is still significant work for SAP to do to convince customers of the value of this offering.
By Thomas Otter, Yvonne Genovese and Peter Wesche

- "Vendor Rating: SAP" —SAP has sound finances, a large customer base and a broad application portfolio, but remains challenged by recent acquisition and support changes that have disquieted customer. **By Thomas Otter and others**

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