

## Findings From the Gartner Survey on SAP Enterprise Support

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A recent survey of organizations using SAP shows a continuous disconnect between the installed base and the new SAP Enterprise Support program. SAP must increase efforts to prove value to gain acceptance.

### Key Findings

- Although only 6% have already signed, most of the respondents to our survey will eventually sign up to Enterprise Support.
- Thirty-eight percent of respondents said that SAP did not provide any business case justification, and 22% said that, despite what SAP provided, they did not perceive enough value.
- In response to the additional expenses associated with Enterprise Support, 65% of respondents are looking to alternative options, whereas before, SAP would have been the de facto choice.
- Independent third-party support options are being investigated by a minority, but growing number of organizations.

### Recommendations

- Customers should ask SAP to continue their old support agreements in 2009 and learn more about the benefits of SAP Enterprise Support, like the customers in Germany and Austria have.
- Customers should insist on a value-based approach by SAP to funding higher fees via a sound business case with a tangible return on investment.
- Customers looking at new license purchases should leverage this spending to postpone the impact of the new maintenance plan and to negotiate higher discounts to compensate for higher support costs.
- Customers able to postpone projects should consider implementing a moratorium on new SAP spending to increase leverage.

## ANALYSIS

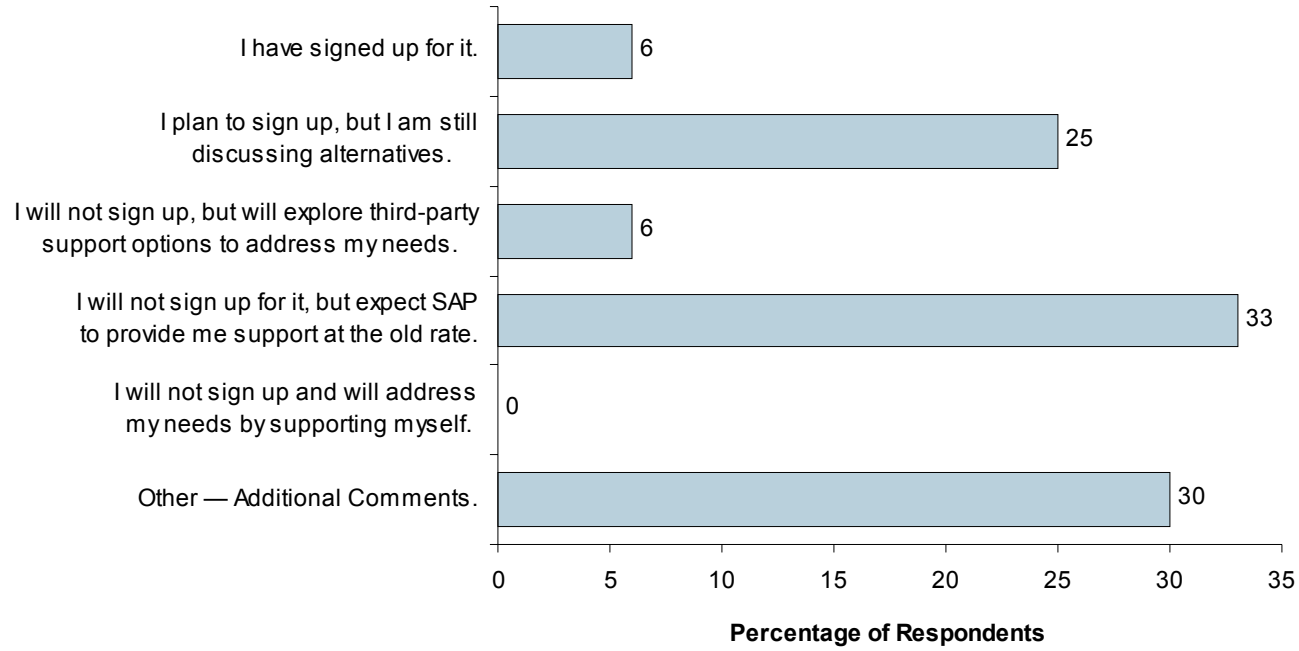
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Before the end of 2008, SAP customers will have to decide whether to move to SAP's Enterprise Support offering and pay additional maintenance fees. Gartner has received more than 370 inquiries in the past four months from concerned SAP customers specifically asking whether other SAP customers will adopt it or seek other options (see "Regional Compromise Is SAP's Response to Customer Objections"). To supplement our research from client inquiry, Gartner conducted a focused user survey for the week starting 8 December 2008 to understand the current plans of these user organizations.

Our survey was based on 67 responses on a sample of all 550 Gartner clients that had contacted Gartner previously on SAP commercial-related inquiries (see Note 1). Given the time constraints many SAP customers are under to make decisions by year-end, we only gave respondents four days to answer the survey. The methodology used was an e-mail-embedded survey, consisting of five multiple choice questions, allowing "other" as a last alternative to allow personal comments. The results in this study are representative of the respondent base, but not necessarily of the market as a whole.

From our survey, the following trends were noted:

**Figure 1. Rate of Acceptance of SAP Enterprise Support**

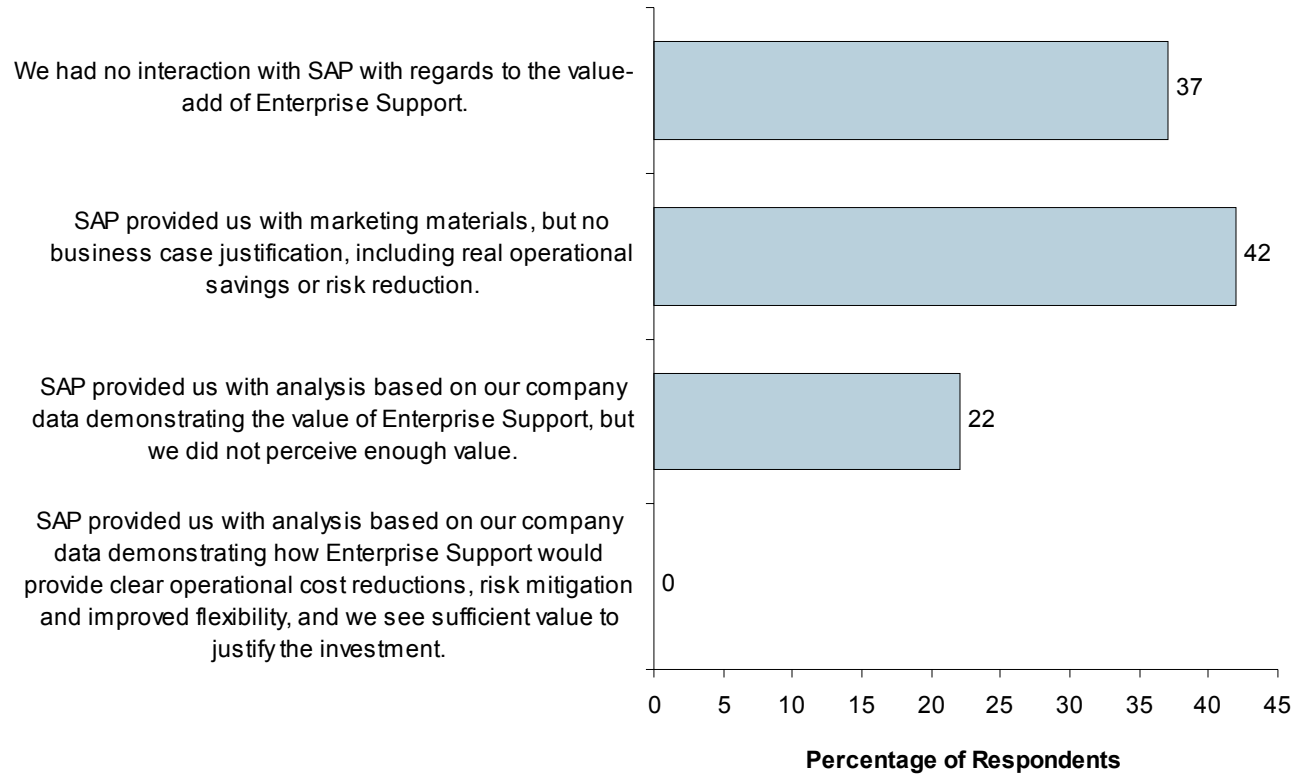


Source: Gartner (December 2008)

**Gartner asked the respondents if they were planning to accept the new SAP Enterprise Support offering at 22% for their ongoing support and maintenance.**

The acceptance is still relatively low, but the survey indicates that most will reluctantly sign up for Enterprise Support. However, allowing for the fact that the responses were made prior to the SAP announcement last week (see "Regional Compromise Is SAP's Response to Customer Objections"), only 6% of respondents stated they have already accepted Enterprise Support, but 25% stated they are planning to accept the offer before the end of 2008, but are still discussing alternatives. However, although 30% were still unsure of their actions, comments to the survey questions indicate that most of those felt that they will have little choice but to accept the offering. Thirty-three percent stated they are not signing up for Enterprise Support and are still expecting SAP to offer support at the 17% rate. Based on the comments to the survey in this section, some have maintenance caps, some have Product Support Large Enterprise (PSLE) status (see Note 2) or are looking to obtain it, and the rest are hoping that SAP offers a lower-priced offering as a result of negative customer feedback. Six percent said they are not signing up, and they are investigating independent third-party, non-SAP support options for their installed licenses.

**Figure 2. Degree of Information About SAP Enterprise Support**



Source: Gartner (December 2008)

## **Respondents were asked if SAP had demonstrated the value of SAP Enterprise Support to their organization.**

In line with research from Gartner client inquiry, the vast majority of respondents were not seeing information from SAP on the value of Enterprise Support. Significantly, 37% stated they had had no interaction with SAP regarding the value-add, and a further 42% stated they had received some marketing materials but no business case justification from SAP. SAP had provided the remainder (22%) with business case justification, but those respondents did not perceive enough value concerning Enterprise Support. Notably, no one in our survey felt that the business case analysis of Enterprise Support yielded sufficient benefits to justify Enterprise Support. This is consistent with what our clients have told Gartner in inquiries about the increased investment required for Enterprise Support.

## **We asked how the respondents planned to respond to the additional expense for SAP's application support offering.**

Respondents could select multiple options to this question. Although a large number of respondents (56%) plan to leverage new SAP deals to lower the maintenance fees, a remarkable percentage (55%) say they plan to postpone new license purchases. The trends show customers are planning reduced SAP investments and actively looking at alternatives for new solutions, where SAP would have been the de facto choice previously. Although standard SAP terms make it difficult to de-support, 41% are investigating the possibility of de-supporting their unused licenses.

The results of the survey correspond closely to what Gartner hears from clients every day during inquiries. The survey indicates that the majority of respondent customers appear to be signing up for Enterprise Support, not because of the value it promises, but only because they feel they have no other option. It is important that readers note that the survey took place prior to SAP's announcement that it would extend the 17% maintenance rates to all its customers in Germany and Austria, at least through 2009. We believe that this announcement will prompt more clients to pressure SAP to apply this policy change worldwide. However, were SAP to extend the policy, this would still only offer SAP customers a one-year reprieve to justify the increases and make all the changes required internally to extract value from Enterprise Support. Clients should, therefore, continue to voice their concerns about the additional expense to SAP account managers and carefully monitor user group initiatives. Clients should also recognize that the fact that the majority of customers in our survey are looking for non-SAP alternatives for new solutions may prompt SAP to re-examine the maintenance policy, even after the 2009 deadline.

## **Explicit Clients' Comments**

Customers had the opportunity to phrase their own remarks by answering the "other" category, to deviate from the standard answers. About 30% of respondents made use of this option. The additional comments provided can be grouped into two main categories: efforts to fight cost increases (21%), and actions to turn away from SAP as their strategic choice (18%). The wording of clients' responses indicates a loss of confidence in the vendor relationship, which is a change in the previous perception that SAP would always remain a trustful business partner.

## **How to Improve the Communication**

It became clear from the survey that there still is a huge information deficit among SAP's clients. Because SAP has indicated on several occasions that it is difficult to make customers fully understand and investigate the new offerings, Gartner believes it will not be until the second half

of 2009 that customers will have a full understanding of the features and possible advantages of SAP Enterprise Support and the internal efforts required to realize them. After the initial introduction of the new terms of Enterprise Support in July ("SAP Enterprise Support Becomes a Common Support Platform for the Client Base"), SAP has made greater efforts to provide information to clients. This survey, as well as calls from clients, indicates that not enough information has been received. For those clients who have received information, it usually triggers additional discussions and questions. The level of collaboration needed from both sides to implement SAP Enterprise Support requires a know-how transfer that has initially been underestimated and can be established only with diligence and patience. However, we believe this will be difficult to achieve, given the lack of information regarding the value and business case for Enterprise Support that is pervading the SAP customer base at present.

## **RECOMMENDED READING**

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"German Perspective: Guidelines for Responding to SAP's Increased Maintenance Fees"

"SAP Enterprise Support Becomes a Common Support Platform for the Client Base"

"Regional Compromise Is SAP's Response to Customer Objections"

### **Note 1**

#### **Profile of Sample and Respondents**

The survey was sent to all Gartner clients that had contacted Gartner since 2006 on SAP-related issues, either in inquiries or as members of the best-practice councils. Out of this sample, 41 addresses were no longer active or respondents had moved to other functions. A total of 67 responded within four business days, representing 13% of the survey's sample.

Seventy-nine percent of the respondents had annual maintenance fees from SAP of more than \$500,000.

Six percent of the respondents represent large enterprises that are not affected by SAP Enterprise Support.

### **Note 2**

#### **PSLE Status**

SAP is offering Product Support Large Enterprise for very large enterprises at 17%, at thresholds of more than €5 million of consolidated annual support fees and more than €30 million of contract value. This support does not contain the advanced features of SAP Enterprise Support.

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