

German Perspective: SAP Support Offering Extends Solution Management Beyond SAP

Peter Wesche, Yvonne Genovese, Bob Igou

SAP Enterprise Support replaces Standard Support and Premium Support for all customers. While net-new customers have to accept the new fees of 22% immediately, the installed base will be charged in increments of 8% per year, starting in January 2009.

Key Findings

- SAP has redefined its support offerings for all existing and new customers, to ensure better life cycle support.
- Installed-base customers that were satisfied with the existing offerings will no longer have a low-cost option but will finally have to pay the increased fee for SAP Enterprise Support.

Recommendations

SAP customers:

- If you are attempting to address the challenges arising from service orientation and require a more flexible solution portfolio to increase your agility, evaluate the new opportunities arising from SAP's new support offering. They can be complemented with SAP MaxAttention and SAP Safeguarding for critical phases of sophisticated SAP implementations.
- If you currently use SAP Standard Support, evaluate SAP Enterprise Support and utilize the added advantages of Enterprise Support at 22% of software license to reduce your own operating cost.
- If you do not require any of the features of the new support offering, understand that this primarily represents a price increase for all customers, either now or in the future, and budget accordingly.

Prospective customers:

- SAP's changed support portfolio no longer provides the low-priced SAP Standard Support. Leverage the capabilities of SAP's new Enterprise Support to reduce solution management efforts in your organization.

WHAT YOU NEED TO KNOW

SAP's recently announced new support offering, SAP Enterprise Support, with an increased fee of 22%, will first hit net-new clients. The megavendor's backyard, Germany, still represents the largest number of installed-base customers. Many of them belonging to the SMB segment have invested in creating good relationships with SAP, the building of competency centers, contributing via user groups and delivering guidance to SAP on business process know-how. The new support offering will also be rolled out to this huge customer base with incremental fees until the 22% is reached in 2012. At the same time, SAP is waiving the surcharges for extended maintenance for the slow movers and is adding an additional year of maintenance to the original support periods for the 4.6C and 4.7 SAP R/3 releases, allowing more flexibility to migrate to SAP ERP.

EVENT

Event Facts

On 6 May 2008, SAP announced that its newest support offering, Enterprise Support, launched in February 2008, has achieved growing market adoption. SAP Enterprise Support replaces Standard Support and Premium Support for all net-new clients (that is, clients who have not used SAP software previously in any part of their organizations). It will also be rolled out to the installed base, starting January 2009.

Analysis

After gaining early market feedback on the new support offering, SAP has publicly announced that Enterprise Support is its next-generation support offering. This change will likely have a big impact on the SAP software portfolio and its recurring cost for net-new clients. SAP Standard Support for installed-base clients is priced at 17% of the user's software license and primarily covers break/fix support issues. It also provides software maintenance and support tools including Solution Manager. Customers with contracts in place prior to 1 February 2008 will move to Enterprise Support but will only be charged small increments starting from 2009 until the 22% are reached in 2012. Net-new clients after 1 February 2008 will have no choice and pay 22% of their software license for the new support offering.

The change was triggered by the reality of large-scale adoption of service-oriented architecture and the risks involved with managing components required for flexible business processes. SAP Enterprise Support is intended to address continuous innovation and investment protection by providing integrated end-to-end solution life cycle management, involving both SAP and non-SAP solutions. SAP has extended its support services and claims it can address the needs of solution management beyond SAP.

SAP Enterprise Support is delivered in three major components:

Mission-critical support: Provides continuous system checks and risk analyses, backed by an enhanced advisory center with clearly defined service-level agreements.

Solution Manager enterprise edition: Provides capabilities to handle the SAP Enhancement Packs, which are incremental upgrades that relieve SAP customers from full-release upgrades.

Run SAP methodology: Designed to complement SAP Enterprise Support and to provide solution operation standards, combining the requirements of service orientation with a proven project management methodology.

SAP Enterprise Support is compulsory for all new and Business Objects customers and will be rolled out to all clients starting in 2009. Long-term customers, particularly in Germany, Austria and Switzerland, that have established SAP expert skills should evaluate the effective advantage from the extensive SLA terms of SAP Enterprise Support and the impact on their full SAP landscape productivity, expecting to reduce operating cost by the enhanced support.

Recommendations

SAP customers:

If you are attempting to address the challenges arising from service orientation and require a more flexible solution portfolio to increase your agility, evaluate the new opportunities arising from SAP's new support offering. They can be complemented with the SAP MaxAttention and SAP Safeguarding for critical phases of sophisticated SAP implementations.

If you currently use SAP Standard Support, evaluate SAP Enterprise Support and utilize the added advantages of Enterprise Support at 22% of software license to reduce your own operating cost.

Prospective customers:

SAP's changed support portfolio no longer provides the low-priced SAP Standard Support. Leverage the capabilities of SAP's new Enterprise Support to reduce solution management efforts in your organization.

RECOMMENDED READING

"SAP R/3 4.6c Customers Search for Third-Party Support Options" — As the 2009 deadline looms for moving from Extended Maintenance to Customer-Specific Maintenance, some SAP R/3 4.6c customers are seeking alternatives to upgrading to SAP ERP 6.0. **By Pat Phelan, Alexa Bona and Bob Igou**

"2008 Sapphire Conference Shows Incremental Innovation" — The Sapphire 2008 conference suggests that SAP is shifting its marketing focus to its core applications. **By Jeff Comport and Yvonne Genovese**

"SAP Support Offering Extends Solution Management Beyond SAP" — Enterprise Support will primarily affect "net-new" SAP customers. **By Peter Wesche, Yvonne Genovese and Bob Igou**

Note 1 German Perspective

The German Perspective was provided by Peter Wesche.

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