

Regional Compromise Is SAP's Response to Customer Objections

Peter Wesche, Bob Igou

In an unexpected turn, SAP will allow its customers in Germany and Austria to receive support based on their existing maintenance contracts. Gartner believes that customers in other geographies will ask for equal treatment.

NEWS ANALYSIS

Event

- On 10 December 2008, a group of almost 100 organizations that use SAP software held a joint press conference to reveal an action plan targeting SAP's new maintenance policy and related fees.
- On 9 December 2008, in an interview with Financial Times Deutschland, SAP Germany, the sales subsidiary of SAP AG, said that it has agreed that its German and Austrian customers can retain their existing maintenance contracts at current prices through 2009.

Analysis

SAP disclosed its plan to increase maintenance fees and implement new compliance policies during July 2008 (see "SAP Enterprise Support Becomes a Common Support Platform for the Client Base"). These plans triggered a significant increase in the volume of customers of SAP asking Gartner for advice. At Gartner, inquiries about SAP from customers all over the world reached a peak of more than 370 in 2H08, four times more than what we received during 2H07. Since its July announcement, SAP had been working on improving the value proposition and communication of its new maintenance policies. The week before the press conference was announced, the German-speaking SAP user group DSAG — SAP's largest user group, representing more than 10% of SAP's installed base customers worldwide — issued a list of eight reasons why customers should reject the new SAP Enterprise support program.

Under SAP's new plan, SAP customers in Germany and Austria will continue to receive support at the pre-existing level of their support contracts, or may choose to voluntarily move to SAP Enterprise Support. However, SAP indicated in a Financial Times Deutschland interview that the support fees for the existing contracts will be increased in 2010, as contractually permitted. SAP has not introduced a major increase in support fees for 11 years.

While Gartner believes that the requirement for a low-cost support option is valid everywhere, SAP has not offered the same options to customers in other countries, stating that the existing contracts remain valid. Gartner believes that customers who have issues with the new support policies will continue to negotiate with SAP and seek support from their respective SAP user groups. We believe such customers will leverage the task force of SAP User Group Executive Network (SUGEN), a group announced by SAP in November 2008, to arrive at a settlement that addresses their concerns or they will not renew.

RECOMMENDATIONS

Germany- and Austria-based SAP customers:

- Use 2009 to negotiate a solid future-proof support contract.
- Gain insights into SAP's support improvements from customers using SAP Enterprise Support.

SAP customers in other regions:

- Insist that SAP treat all customers according to a common policy.

- Participate in user forums in your region to ensure SAP hears your voice.

RECOMMENDED READING

- "German Perspective: Guidelines for Responding to SAP's Increased Maintenance Fees" — Gartner offers a six-step plan aimed at reducing the impact of the cost increase. **By Peter Wesche and Alexa Bona**
- "SAP Enterprise Support Becomes a Common Support Platform for the Client Base" — Gartner outlines what SAP intends to change in contracts for SAP Enterprise Support. **By Peter Wesche, Bob Igou and Jane Disbrow**

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