

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

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On 16 July 2008, SAP announced that its new support offering, SAP Enterprise Support, will become the common platform for supporting all SAP customers. This research covers the features of this new offering and the steps that IT organizations should take to realize its benefits.

Key Findings

- As previously announced by SAP on 6 May 2008, net-new customers will pay an increased fee of 22% of net contract value immediately.
- The support fee for the installed base will be gradually increased, starting in 2009 and reaching the full 22% in 2012, even though Enterprise Support is being delivered as of 1 July 2008.
- SAP Enterprise Support customers on r.4.6C and r.4.7 are no longer required to pay additional 4% extended maintenance as of January 2009, thereby saving maintenance fees for customers using those versions.
- SAP has extended the support windows for both releases by one year each for SAP Enterprise Support customers, allowing most of the installed base more flexibility and more time to prepare for the migrations.

Recommendations

- Ask SAP for the new SAP Enterprise Support terms and conditions, including the financial penalties for not meeting the service-level agreements (SLAs), and map them to your support efforts to discover new ways of collaboration.
- Share the pain points in the system landscape management with the support resources to leverage the power of SAP's support commitments.
- Implement a rigid feedback mechanism and measurement to allow SAP to adjust the service delivery in the early stages. Take advantage of the ecosystem when incorporated in the services execution by SAP, but do not compromise on skills.
- Track and document SAP's response time to critical support incidents and report cases to SAP account management where the SLAs are not being achieved. Be diligent about escalating shortfalls.

ANALYSIS

The reasons for introducing SAP Enterprise Support include the increased complexity of application landscapes, and the interactions and interference of application components, in particular with the advent of service-oriented architecture. End users expect services that ensure a seamless operation of end-to-end business scenarios. Although the requirement for improved support services cannot be debated, the provision of different support programs can hardly be managed by one vendor. From this perspective, the expansion of this new offering to the entire client base is not surprising and will allow SAP to focus all efforts on delivering on the promise of extended system landscape responsibility. It also enables SAP to increase its maintenance and support revenue to the same level (22%) that Oracle has charged for years.

The downside for IT organizations is that SAP's support portfolio presents fewer options and less flexibility for customers, by dropping SAP Standard Support from the previous options of SAP Standard Support, SAP Premium Support (at 22%) and SAP MaxAttention. Previously, SAP Standard Support was a foundation offering, and SAP Premium Support and SAP MaxAttention were options layered on SAP Standard Support.

The additional cost for most user organizations is considerable and does not fit with today's economic challenges, unless the additional support services facilitate reliable operations and enable organizations to reduce their operating costs. This requires both sides to work under new assumptions, with the reallocation of skills and new partnerships. This process will take time — not months, but years. SAP's approach to increase the fees in small increments during four years accommodates this transition phase and the loss of SAP Standard Support as a lower-cost option.

To accomplish the rollout of the new offering to everyone using SAP puts a lot of pressure on SAP and its partners. It unveils a race for talent and a superior collaboration with the ecosystem, assigning new roles and responsibilities, and including a redesign of the delivery chain. Without a wise collaborative effort, SAP will not be able to ramp up its service promise arising from the SLAs and quality checks to its entire installed base. It must now prove that the new offering is worth the effort and the money. Because SAP is promising more for more money, users should be extremely vigilant that services are provided and that service levels are met. If not, then this is nothing but a price increase, and not a repackaging of services.

SAP Enterprise Support compares well with other industry software maintenance and support offerings priced at the 22% level. Two features that make it competitive at this price are contractual SLAs and account relationship management. For SLAs, SAP guarantees a one-hour initial reaction time and a corrective measure within four hours for a priority-one support incident. For priority-two-level incidents, SAP delivers the first qualified response within four hours. SLAs generally imply financial penalties; when asked about penalties, SAP stated: "Although the specific terms of the SLA are contractually confidential and not divulged, SAP does face financial penalties for failure to meet the SLA."

For account relationship management, SAP created a support advisory center to act as a single point of contact for customers for the resolution of support issues. The support advisory center is an additional level of contact for working mission-critical support incidents, beyond the standard incident handling and escalation processes SAP has in place. By having a team that can cover 24/7 operations, SAP reduces the effect of having a single named individual that typically only can cover 8/5 operations.

Current SAP customers are receiving notifications about SAP's new Enterprise Support. Although the company has been promoting higher premium support levels for several years, the customers

that have signed up for these new support levels have been a relatively small percentage of the SAP customer base. Whether customers will welcome this new offering is still to be determined, but in today's economic environment, many organizations will not be happy to see prices increasing. Any negotiated, customized contract terms and conditions will still be honored by SAP, which should provide some price protection for customers who have such terms and conditions in place. However, even SAP's Enterprise Support offering states that SAP can change technical support entitlements at a future time; SAP customers should attempt to lock in the current entitlements for some period of time (for example, five years) to ensure that entitlements are not reduced.

RECOMMENDED READING

"SAP Support Offering Extends Solution Management Beyond SAP"

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