



How One Customer Cut The Total Cost of Maintenance For Its SAP® System

Speakers:

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Today's Speakers



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Agenda

- Introduction and Welcome**

- Cutting the Total Cost of Maintenance for SAP System**
By Eric Robinson, Color Spot Nurseries

- Third-Party Support for SAP Systems: How It Works**
By Greg Leiner, Rimini Street

- Questions and Answers**

Rimini Street - Summary

- Rimini Street support becomes your annual support program
- Best value in enterprise software support
 - At least 50% savings in annual support fees
 - Avoid costly upgrades
 - Additional support features at no extra cost
 - Ultra-responsive service
- 5 product lines
 - Siebel, PeopleSoft, JD Edwards, SAP and E-Business Suite
- Global service offering
 - Contracted support in 60+ countries across four continents
 - Tax, legal, and regulatory capability for 190+ countries
- Third-party support industry leader

“The leading provider for third-party maintenance services is Rimini Street.”

Paul Hamerman, VP, Forrester Research

“Application Upgrades: How To Make Upgrade Decisions When Business Value Proves Elusive”, June 25, 2010





Eric Robinson
Director of Information Technology
Color Spot Nurseries



Color Spot Nurseries Overview



- **Company:** 3rd Largest Wholesale Nursery in the U.S.
- **Headquarters:** Fallbrook, California, with 10 Locations in California and Texas
- **Revenue/Size:** \$200 MM in sales in 26 States, 2,000 Employees
- **SAP Profile:**
 - SAP Implementation in 2001
 - SAP Version 4.7 - Modules FI/CO, MM/PP, SD, HR/Payroll with RSI Tax Engine
 - 330 SAP Users
 - Internal SAP COE and outsourced Basis support



What Drove the Decision?



Challenges and Issues

- Color Spot faced increasing annual maintenance costs with no end in sight
- No opportunity for lower cost support options
- Cost of an upgrade outweighed any potential business benefits
- Limit customizations to avoid upgrade issues
- Current support was poor for small I.T. staff

Options Considered



1. Continue on the same path and expect to upgrade at some point
2. Cancel current support contract and rely on internal staff
3. Search for Valued Added Reseller (VAR) options
4. Explore third-party provider for maintenance



Why Rimini Street?



- Research into third-party support leads to Rimini Street as legitimate, leading third-party support provider
- Rimini Street demonstration of SAP expertise and experience among managers and engineers
- Realization that Color Spot could obtain increased value and achieve cost reduction goals for annual support
- Positive References
- Support of customized objects and core modifications
- Ability to run SAP cost effectively into foreseeable future

Decision Process and Considerations



- Performed due diligence on expertise, track record, viability and references for Rimini Street
- Considerations around third-party support:
 - New functionality
 - Tax and Regulations support
 - Ability to support customizations
 - Responsiveness
 - Expertise level
 - Platform commitment
 - Future Interoperability (SAP, O.S., Database)
 - Core bug resolution
 - Attracting I.T. talent in the future to support an old version
 - 10-year plan
- Presented justification and value proposition to senior management team



Support Engagement and Approach



- Expert-level SAP PSE engages with Color Spot staff to get full clarification of issue
- PSE leverages expert resources within Rimini Street to propose solution
- Options are thoroughly presented along with relevant pros and cons for each choice
- Thorough review of solution is provided and then tested by Rimini Street in development system
- Complete functional and technical documentation is provided

Sample: Issue Resolution



Problem

Business Requirement for Color Spot Nurseries to report delivery and billings in conjunction with proof of delivery processing using SAP's SIS (Sales Information System)

Severity--/P3

Cause

Not standard functionality

Impact

Business is required to post and report on delivery information including quantities and billings

Business needs this information to validate delivery has been confirmed and associated billings are accurate.



Rimini Street Response

Expert level Primary Support Engineer (PSE) works together with Client to determine root cause of issue and debugs and investigates SIS reporting functionality.

A key differentiator is that this may not have been considered in scope as part of other support services as considered a customization.

Solution

A custom program was developed to support this requirement

Implementation

A customer program was developed to meet business needs. Solution was tested in development platform and later transported to production for final resolution.



Experience



- Rimini Street has been a **Strategic partner** and trusted advisor
- **Deep understanding** of SAP system and Color Spot's specific IT environment
- **Proactive and clear communication** of monthly tax, legal and regulatory updates
- **Go to great depth** to understand and resolve our problems and issues
- **Direct communication** with all levels of support team
- Have not received a “**works as designed**” or “this is a consulting issue” response from Rimini Street

Benefits and Value Received



- Color Spot has reduced SAP maintenance costs **from 20% of budget to 9%** in year one
- Color Spot can **confidently run and develop** on the SAP application for another 10 years or more without upgrades
- **Spending less time researching issues** and is able to rely on our support partner to help us
- Business users have not been impacted by the transition to Rimini Street support – **Business as usual** and in some cases better

Recommendations



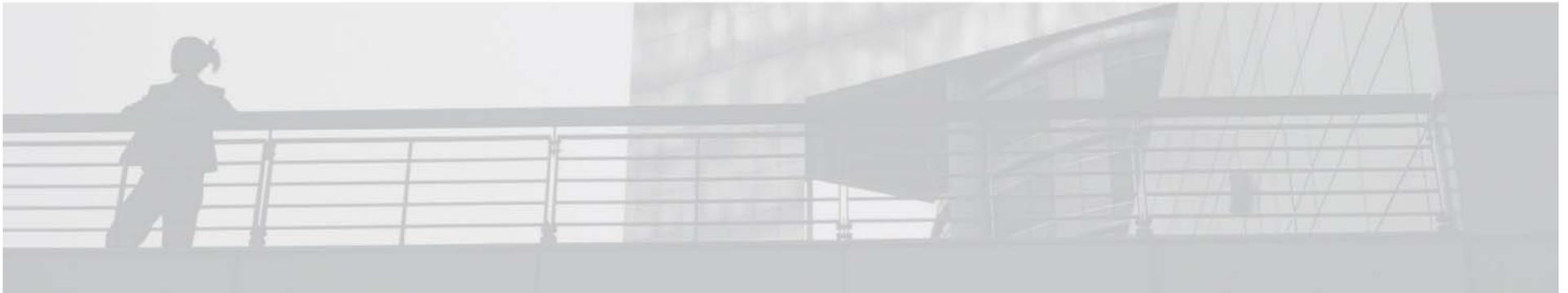
- **Align business and IT strategy** — Does business dictate ERP solution or does business adopt “Software Best Business Practices”
- **Review service and support report scorecard** — Assess performance and value
- **Measure efforts required for future upgrades** — Cost benefit analysis
- **Understand your Total Cost of Maintenance (TCM)** — Include support fees, upgrades, support pack analysis, customizations, unused licenses



Third-Party Support for SAP Systems

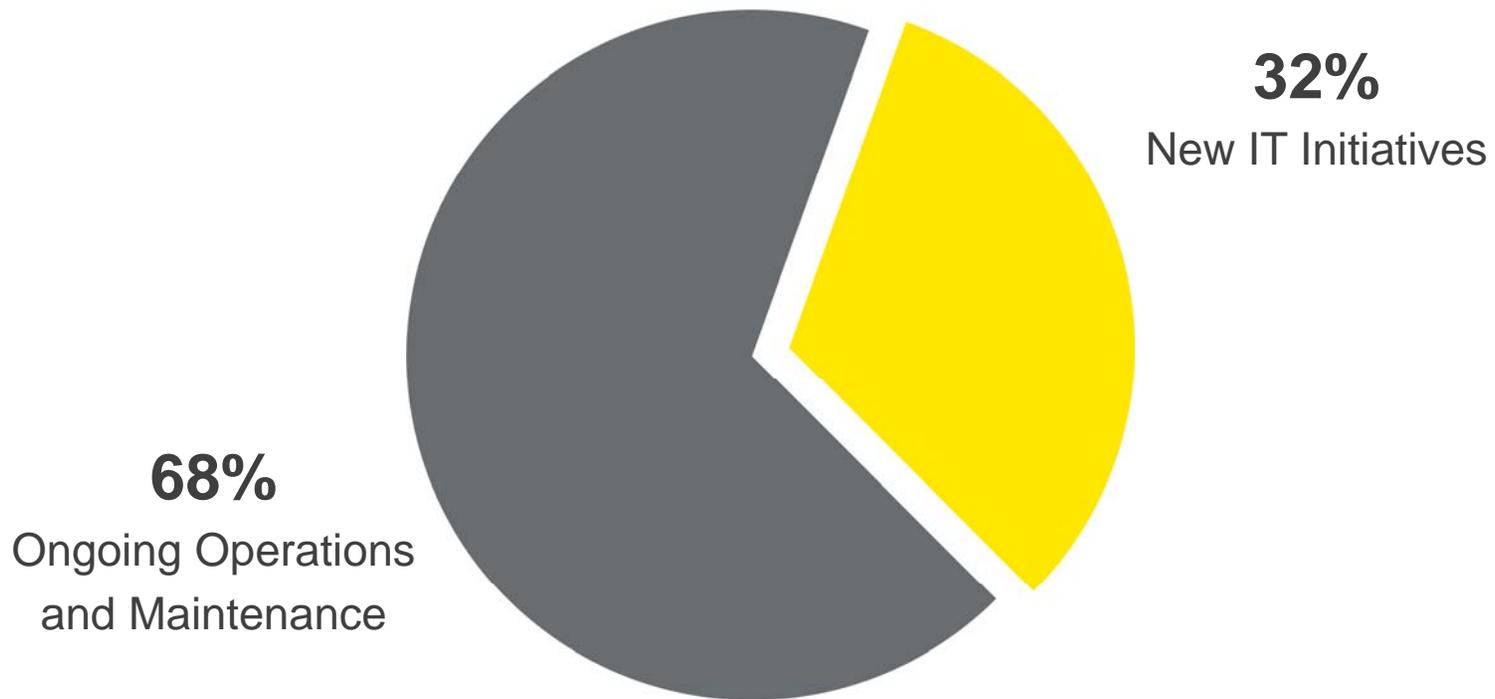


Greg Leiner
Director, SAP Sales Engineering
Rimini Street



Current IT Operating Budget Allocation

IT Operating Budget Allocation*



*Forrester Research, The State of Enterprise IT Budgets, August 2009

SAP Total Cost of Ownership Data

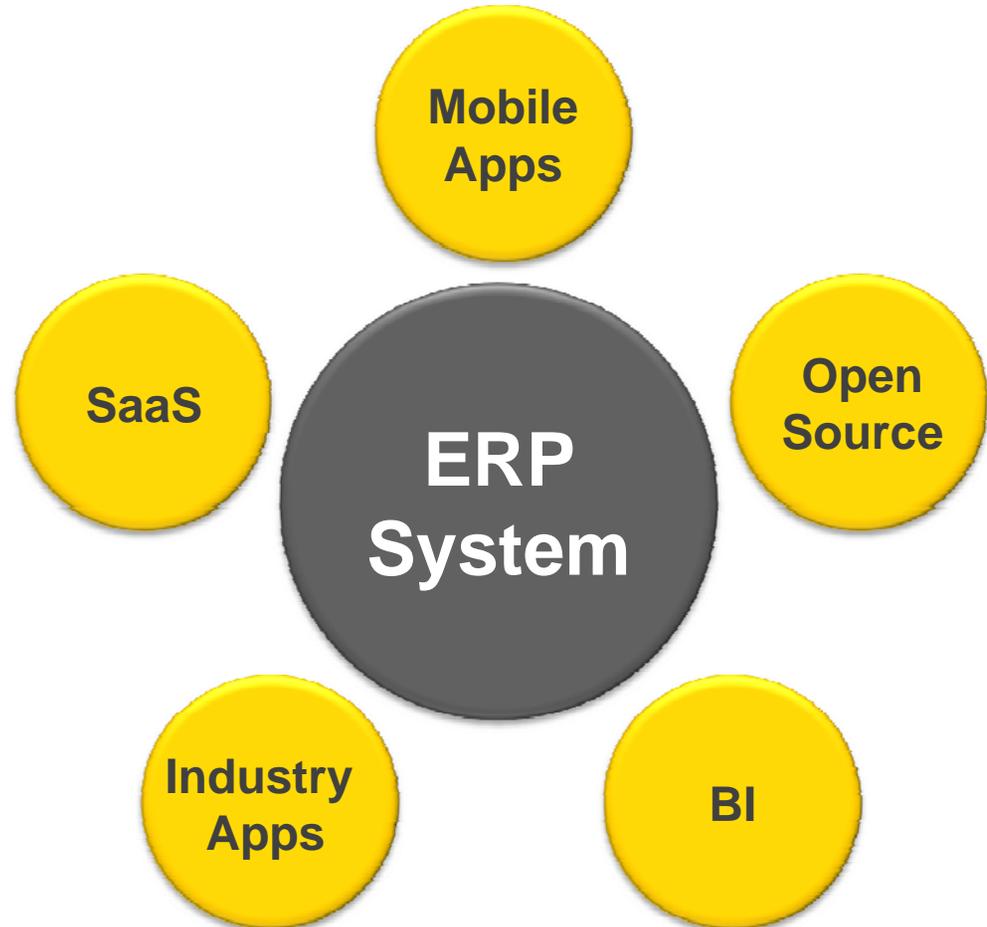
- The average cost of SAP development and support across the surveyed organizations is **\$5,670 per user per year**.
- The effort involved in implementing Support Packages averages **73 person days per support package**, with the majority of the effort associated with testing (42 days).
- For a mid-size company this can easily result in hundreds of thousands of dollars labor effort every year, to stay current on SP's
- Some estimates put this effort at over \$5B per year

Source: 2009 SAP Support Practices Benchmark Survey, by Panaya Inc, 2009

Innovate Around the Edges, Not Through ERP Upgrades

“Despite hundreds of billions of wasted on failed R&D projects, most market influencers would agree that enterprise software vendors have produced a dearth of innovation over the past decade...Innovation came from the consumer tech side and next-generation solution providers.”

– Ray Wang, Constellation Research



Rimini Street Client Examples of Innovation At the Edges

Business Process Area	“Innovate” Solution
Reporting	Xcel4Apps Zoptions SpinifexT
Supply Chain	Process Weaver Precision Supply Chain Manhattan
Data Management	WinShuttle BackOffice
HR	Kaba Kronos
CRM	ABAP Custom Development Salesforce.com

Rimini Street SAP Clients (sample list)

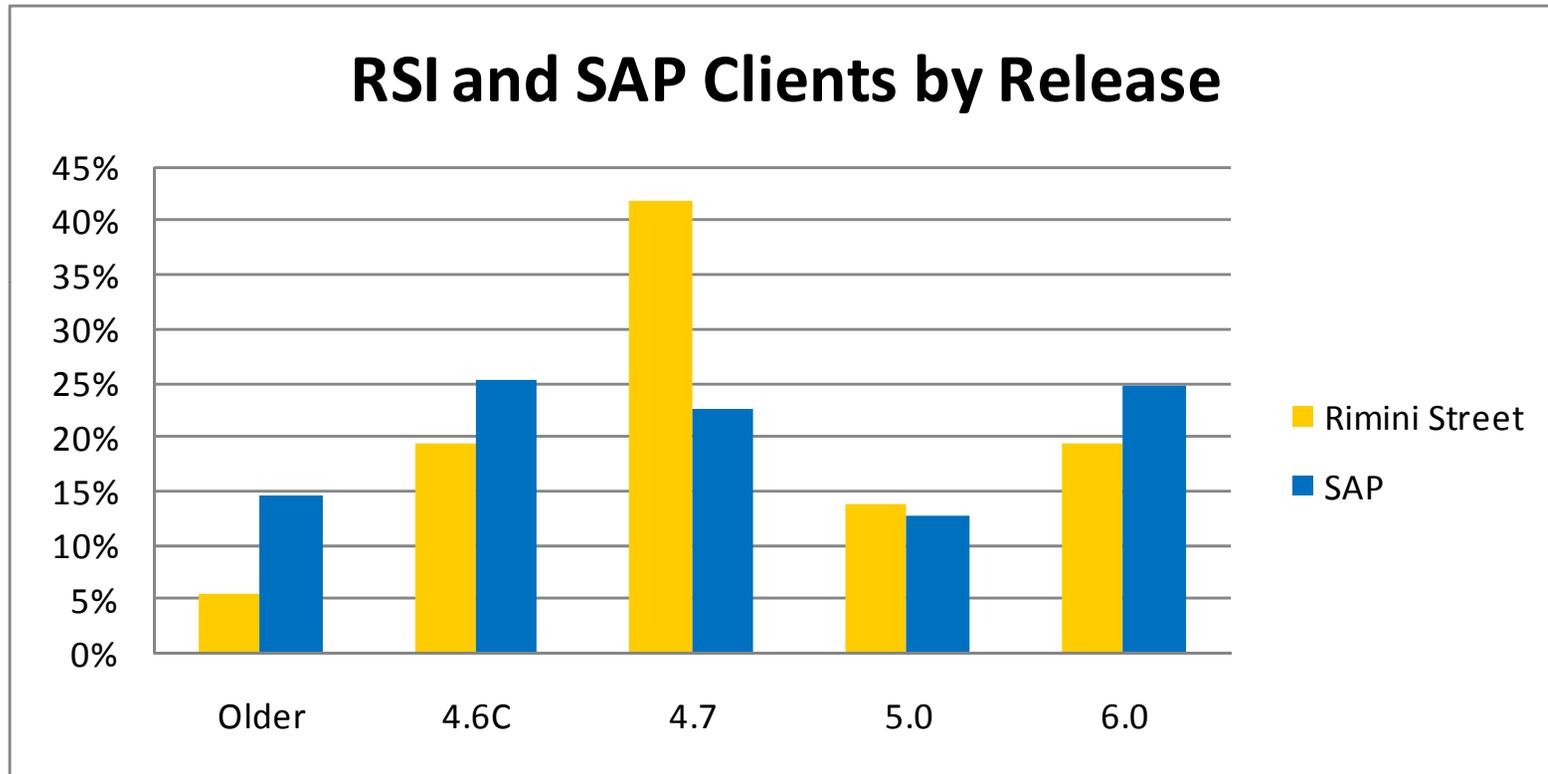
Rimini Street
Redefining Enterprise Software Support™



American Wood Moulding, L.L.C.



Third-Party Support is Not Just for Old Releases



* SAP customers by release data provided by Ray Wang, Constellation Research, Q1, 2011

Rimini Street – SAP Practice

- Tripled the number of SAP clients in 2010 to over 45 total
 - Strong, positive references
 - Outstanding client service
 - Client systems supporting operations in 20 countries
- Very experienced Primary Support Engineers
 - 50 Current Team Members
 - Average 14 years direct SAP experience
- Ultra-responsive service levels
 - Average case response time 3.5 minutes
 - Guaranteed 90% Live Call Answering During Business Hours
 - Guaranteed 30-Minute or Less Response By Senior Engineers for Critical Issues
 - Auto Management Escalation for Service Level Commitments

“With Rimini Street third-party support, we save more than 50% in annual support costs for our SAP system and enjoy ultra-responsive service from an experienced team of SAP engineers.”

Aidan Henderson, VP Enterprise Delivery, Pegasus Solutions

Contract Structure Approach

- Contract Structure
 - Consulting Services Agreement
 - RSI Provides Labor to Update “Objects” – Same as Customizations Provided by Implementation Partners such as IBM, Accenture, etc.
 - Intellectual Property Rights In Accordance With SAP License Agreement
- Legal Rights to Use Third-Party Support Services
 - Same Rights As Hiring Any Consultant Working on System
 - Utilize standard delivered SAP toolset

Rimini Street Support Program Features

Standard Support Program Features

Named, Regional Primary Support Engineer for Each Client

Named, Global Account Manager for Each Client

Global, 24/7 Support Coverage

Guaranteed 30 Minutes or Less Response Time SLA

Global Tax, Legal and Regulatory Updates

Break/Fix Support and Diagnostics

Support for ALL SAP Configurations

Support for SAP Enhancements

Full Support for 10 Years or More

No Required Upgrades

Performance and Interoperability Support

Flexible Coverage Periods & Payment Terms

Primary Support Engineer (PSE)

Support Methodology

- Named Primary Support Engineer (PSE), by time zone
- Global Engineering Team
- Personalized support
- Expedited issue resolution
- Proactive “How-to” discussions
- Deep knowledge of users IT environment



Global Tax, Legal & Regulatory Support

- Rimini Street Global Tax, Legal and Regulatory Update Service is a proven service validated over many years with hundreds of clients
 - Over 15,000 updates delivered since 2006
 - Coverage across multiple product lines and supporting ERP installations in 60+ countries with support capability for 190 countries
 - Global, multi-national clients with hundreds of thousands of employees
- Rimini Street has industry-leading process and deliverables
 - Fast “legislature-to-live”SM process
 - Comprehensive scope of research and updates from a single vendor
 - 500 government sites – 5,000 information sources – 26,000 localities covered
 - Tailored updates to reduce complexity and speed deployment for clients
 - Next-generation three-tier sourcing process with patent-pending technology ensures accuracy and veracity and timeliness
 - Integrated service and support minimizes issues and ensures uptime for clients

In Summary

- **Alternative for Annual Maintenance (Tier 3)**
 - Break/fix for application code
 - Support for technology foundation
 - Tax, legal and regulatory updates
 - Named, regional primary support engineer (PSE) and account manager
- **At Least 10 Years of Release Support**
 - Reduced maintenance labor
 - Full ROI out of implementation investment
- **Contract Structure**
 - Specialized consulting services agreement
 - Rimini Street utilizes standard SAP delivered tools under same framework as system integration firms

Q&A Session



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Submit Your Questions Now

Thank you

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