

Total Maintenance Savings with Rimini Street

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Annual maintenance fee savings of 50 percent are just the “tip of the iceberg” in savings gained under Rimini Street Support. In fact, the annual maintenance fee savings are far outweighed by the additional savings that are hidden “under the water line.” Rimini Street calls the sum total of all savings the client’s Total Maintenance Savings®.

For example, if a client is paying \$1M in maintenance to SAP® or Oracle® today, the annual maintenance fee savings with Rimini Street is \$500K. That \$500K is the 33 percent of their Total Maintenance Savings or the “tip of the iceberg.” For every dollar of savings in annual support fees, there is another two dollars of savings in other support and maintenance related costs hidden “beneath the water line.” All combined, the Total Maintenance Savings is 1.5 times the vendor annual maintenance spend.

Rimini Street recently conducted a set of 13 in-depth client interviews to examine the Total Maintenance Savings enterprises are realizing by switching from SAP or Oracle support to Rimini Street and the impact and value to their organizations as a whole. These results were based on client inputs and further validated through detailed discussions. At the end of the exercise and upon final approvals from the client, a final package consisting of a value presentation, an ROI calculator and a business case document, was submitted for their internal reviews and use.

These in-depth interviews and subsequent financial analysis confirmed that clients who adopted Rimini Street third-party support typically saved 1.5 times their annual SAP or Oracle maintenance fees each and every year. We also found that some clients – depending on the extent of their customizations and upgrade philosophy, for example – experienced Total Maintenance Savings as high as 2.5 times their annual vendor maintenance fees.

This research report includes detailed cost-savings analysis of four clients:

1. **A \$12B financial services company** is saving an equivalent of 2.5 times (or \$862,262) its original Oracle annual support fees each and every year.
2. **An \$11B unified energy company** is saving an equivalent of 1.7 times (or \$3,298,000) its original Oracle annual support fees each and every year.
3. **A \$900M electronics manufacturer** is saving an equivalent of 1.3 times (or \$474,463) its original Oracle annual support fees each and every year.
4. **A \$4.5B environment services company** is saving an equivalent of (or \$4,036,401) its original Oracle annual support fees each and every year.

Total Maintenance Savings — Clients Snapshot

The table below is a snapshot of the Total Maintenance Savings that clients are gaining under Rimini Street support over a 10-year period and as a ratio of their vendor maintenance spend annually:

Estimated Annual Total Maintenance Savings by Switching to Rimini Street Support		
Rimini Street Client	Total 10-Year Maintenance Savings	Annual Savings Every Year – Vendor Maintenance Spend Ratio
\$4.2B Chemical Manufacturing Company	\$40,364,010	1.0 times
\$11B Unified Energy Company	\$32,980,000	1.7 times
\$2B Snack Manufacturing Company	\$15,029,750	1.6 times
\$1B Supply Chain Logistics Company	\$9,714,360	0.8 times
\$1.4B Energy And Services Company	\$8,987,878	1.0 times
\$12B Financial Services Company	\$8,987,878	2.5 times
\$300M Educational Institution	\$8,102,710	1.5 times
\$3B Building Products Company	\$6,733,227	2.9 times
\$100M Medical Manufacturer	\$6,704,625	0.97 times
\$75M Distribution Company	\$5,085,960	1.0 times
\$900M Distribution Company	\$5,080,040	1.5 times
\$9B Electronics Manufacturing Company	\$4,744,464	1.3 times
\$1.7B Manufacturing Company	\$4,362,188	0.87 times
Total Average Annual Savings Over Vendor Maintenance Spend		1.43 times

Case Study 1: \$12B Financial Services Company: A Cost-Savings Analysis

The details and table below highlight how this \$12B financial services company is saving an average of **\$862,262 EACH AND EVERY YEAR** for a **Total Maintenance Savings of \$8,622,624 over ten years** with Rimini Street. This savings is an equivalent of 2.5 times the original annual support fees that the company was paying Oracle each year.

By replacing Oracle support for its PeopleSoft HCM 8.3 and FSCM 8.8 applications with Rimini Street Support in late 2008, this company realized an immediate reduction in annual support fees by 50 percent. This annual support fee savings – combined with savings due to a deferred migration to SAP (estimated at \$8M) and 2.5 FTEs dedicated to supporting customizations and testing updates, etc., who are now redeployed to other IT initiatives – is resulting in a 10-year total maintenance savings in excess of \$8,622,624 distributed across the four main categories as shown in the table below:

10-Year Cost Comparison				
Savings Category	Vendor	Rimini Street	Savings	Savings %
Annual Support Fees	\$1,547,624	\$675,000	\$872,624	56.4%
Upgrades	\$4,000,000	\$ –	\$4,000,000	100.0%
Customization Support	\$3,000,000	\$ –	\$3,000,000	100.0%
Maintenance Resources	\$750,000	\$ –	\$750,000	100.0%
Totals	\$9,297,624	\$675,000	\$8,622,624	92.7%

Following is a breakdown of the savings annually that this company is seeing as a result of moving to Rimini Street:

Paying \$174,000 in Annual Maintenance Fees		
\$87,262	50% savings on annual Oracle maintenance fees (including annual 3% increases)	
\$400,000	Annualized savings by avoiding or delaying the SAP migration	
\$300,000	Customization Support liberates 2 FTEs*	
\$75,000	Maintenance Support liberates 0.50 FTEs*	
\$862,262	Total savings annually	

The above calculations are based on the following input variables provided and verified by the interviewed company:

- ▼ Original annual maintenance from Oracle: **\$135,000**
- ▼ Annual increase in Oracle maintenance fees: **3%**
- ▼ Upgrade frequency: **1 migration to SAP**
- ▼ Cost for upgrade: **\$4M (\$8M total combining AZL & FFIC)**
- ▼ Loaded tech full-time equivalent (FTE) cost: **\$150,000**
- ▼ FTEs saved (or redeployed) by including support for customizations: **2**
- ▼ FTEs saved (or redeployed) by reducing levels of testing and maintenance updates from upgrades: **0.5**

Case Study 2: \$11B Unified Energy Company: A Cost-Savings Analysis

The details and table below highlight how this \$11B unified energy company is saving an average of **\$3,298,000 EACH AND EVERY YEAR** for a **Total Maintenance Savings of \$32,980,000 over ten years** with Rimini Street. This savings is an equivalent of 1.7 times the original annual support fees that this company was paying Oracle each year.

By replacing Oracle support for its PeopleSoft HCM 8.3 and FSCM 8.4 applications with Rimini Street Support in Q1 2012, this company realized an immediate reduction in annual support fees by 50 percent. This annual support fee savings – combined with savings due to two deferred upgrades (estimated at \$7–8M per system) and with approximately six FTEs dedicated to supporting customizations, implementing tax updates and resolving issues themselves – is resulting in a 10-year total maintenance savings in excess of \$32,980,000, distributed across the four main categories as shown in the table below:

10-Year Cost Comparison				
Savings Category	Vendor	Rimini Street	Savings	Savings %
Annual Support Fees	\$18,960,000	\$9,480,000	\$9,480,000	50.0%
Upgrades	\$15,000,000	\$ –	\$15,000,000	100.0%
Customization Support	\$5,000,000	\$ –	\$5,000,000	100.0%
Maintenance Resources	\$3,500,000	\$ –	\$3,500,000	100.0%
Totals	\$42,460,000	\$9,480,000	\$32,980,000	77.7%

Following is a breakdown of the savings annually that this company is seeing as a result of moving to Rimini Street:

Paying \$1,896,000 in Annual Maintenance Fees	
\$948,000	50% savings on \$1,896,000
\$1,500,000	Annualized savings by avoiding or delaying upgrades
\$500,000	3.3 FTEs*
\$350,000	2.3 FTEs*
\$3,298,000	Total savings annually

The above calculations are based on the following input variables provided and verified by the interviewed company:

- ▼ Original annual maintenance from Oracle: **\$1,896,000**
- ▼ Annual increase in Oracle maintenance fees: **3%**
- ▼ Upgrade frequency: **Every 4 Years**
- ▼ Cost for upgrade: **\$7-8M per system (FIN and HCM)**
- ▼ Loaded tech full-time equivalent (FTE) cost: **\$150,000**
- ▼ FTEs saved (or redeployed) by including support for customizations: **5**
- ▼ FTEs saved (or redeployed) by reducing levels of testing and maintenance updates from upgrades : **3.5**

Case Study 3: \$900M Electronics Manufacturer: A Cost-Savings Analysis

The details and table below highlight how a \$900M electronics manufacturer is saving an average of **\$474,463 EACH AND EVERY YEAR** for a **Total Maintenance Savings of \$4,744,634 over ten years** with Rimini Street. This savings is an equivalent of 1.3 times the original annual support fees that this company was paying SAP each year.

For this electronics manufacturer, it was all about cost savings and remaining on its current release for as long as possible without having to upgrade. The company did not see the functionality in costly new releases to make upgrading worthwhile. By replacing vendor support for its SAP R/3 4.6c applications with Rimini Street Support in October 2009, this manufacturer avoided two unnecessary upgrades in 10 years with each upgrade estimated at approximately \$800,000. This, combined with the annual maintenance fee savings, is resulting in a 10-year total maintenance savings in excess of \$4,744,634 distributed across the four main categories as shown in the table below:

10-Year Cost Comparison				
Savings Category	Vendor	Rimini Street	Savings	Savings %
Annual Support Fees	\$3,708,450	\$2,113,817	\$1,594,634	43.0%
Upgrades	\$3,150,000	\$ –	\$3,150,000	100.0%
Customization Support	\$ –	\$ –	\$ –	0.0%
Maintenance Resources	\$ –	\$ –	\$ –	0.0%
Totals	\$6,858,450	\$2,113,817	\$4,744,634	69.2%

Following is a breakdown of the savings annually that this company is seeing as a result of moving to Rimini Street:

Paying an average of \$370,845 in Annual Maintenance Fees	
\$159,463	Average % savings on \$370,845 to SAP
\$315,000	Annualized savings by avoiding or delaying upgrades, not applying support packs
\$0	0 FTEs*
\$0	0 FTEs*
\$474,463	Total savings annually

The above calculations are based on the following input variables provided and verified by the interviewed company:

- ▼ Original annual maintenance from SAP : **\$370,845**
- ▼ Annual increase in SAP maintenance fees: **0%**
- ▼ Upgrade frequency: **4 years**
- ▼ Cost for upgrade: **\$800,000**
- ▼ Annual cost for Support Packs/Enhancement Packs: **\$75,000**
- ▼ Loaded tech full-time equivalent (FTE) cost: **\$150,000**
- ▼ FTEs saved (or redeployed) by including support for customizations: **0 annually**
- ▼ FTEs saved (or redeployed) by reducing levels of testing and deployment of support packs: **0 annually**

Case Study 4: \$4.5B Environmental Services Company: A Cost-Savings Analysis

The details and table below highlight how a \$4.5B environment services company is saving an average of **\$4,036,401 EACH AND EVERY YEAR** for a **Total Maintenance Savings of \$40,364,010 over ten years** with Rimini Street. This savings is an equivalent of the original annual support fees that this company was paying SAP each year.

Faced with rising vendor support fees, this company was looking to save money on SAP support and its associated third-party applications as well as maximize its sizeable investment in the SAP ecosystem. In addition to the substantial reduction in maintenance fees, partnering with Rimini Street has provided this company with the flexibility and ability to remain on its stable SAP application, eliminating the need for a forced upgrade.

This combined savings, in addition to liberating 4.5 FTEs hitherto dedicated to supporting customizations and self-support, is resulting in a 10-year total maintenance savings in excess of \$40,364,010 distributed across the four main categories as shown in the table below:

10-Year Cost Comparison				
Savings Category	Vendor	Rimini Street	Savings	Savings %
Annual Support Fees	\$41,639,010	\$13,200,000	\$28,439,010	68.3%
Upgrades & SP's	\$5,175,000	\$ –	\$5,175,000	100.0%
Customization Support	\$3,000,000	\$ –	\$3,000,000	100.0%
Maintenance Resources	\$3,750,000	\$ –	\$3,750,000	100.0%
Totals	\$53,564,010	\$13,200,000	\$40,364,010	75.4%

Following is a breakdown of the savings annually that this company is seeing as a result of moving to Rimini Street:

Paying \$4,163,901 in Annual Maintenance Fees	
\$2,843,901	Annual maintenance savings
\$517,500	Annualized savings by avoiding or delaying upgrades
\$300,000	Customization support liberates 2.0 FTEs*
\$375,000	Maintenance support liberates 2.5 FTEs*
\$4,036,401	Total savings annually

The above calculations are based on the following input variables provided and verified by the interviewed company:

- ▼ Original annual maintenance from SAP : **\$4,163,901**
- ▼ Annual increase in SAP maintenance fees: **0% (typically 3-5%)**
- ▼ Upgrade frequency: **4 years (years 1 , 5 and 9)**
- ▼ Cost for upgrade: **\$1,500,000 (conservative)**
- ▼ Annual Cost for Support Packs : **\$75,000**
- ▼ Loaded Tech Full-Time Equiv. (FTE) cost: **\$150,000**
- ▼ FTEs Saved (or redeployed) by included support for customizations : **2.0 FTE**
- ▼ FTEs Saved (or redeployed) by reducing levels of testing and updates: **2.5 annually (conservative)**

Appendix A: Total Maintenance Savings Model

Annual Maintenance Fee Savings Are Just the “Tip of the Iceberg”

An illustrative model for the results of this research is an iceberg metaphor: Rimini Street clients typically report that their guaranteed savings of 50 percent on vendor annual maintenance fees are dwarfed by the additional savings that are hidden “under the water line.”

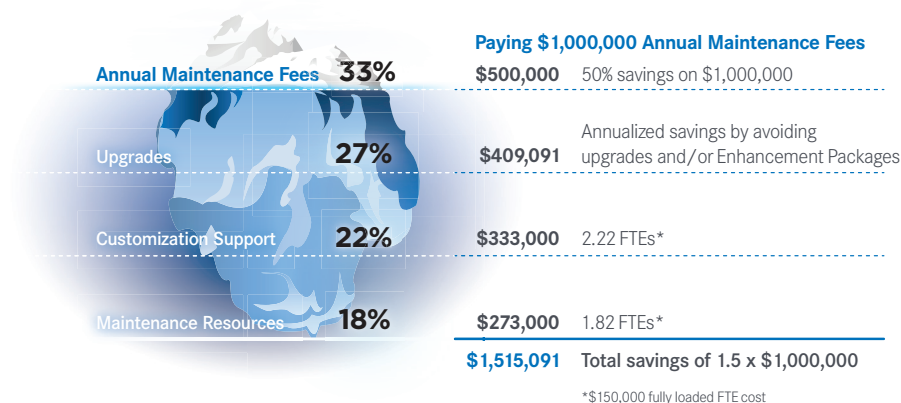


Figure 1: Components of Total Maintenance Savings

Demonstrated Total Maintenance Savings = 1.5x Current Vendor Annual Support Fees

Example: If the client is paying \$1M in maintenance to SAP today, its immediate annual maintenance fee savings with Rimini Street is \$500K. That \$500K is the 33 percent of its Total Maintenance Savings “above the water line.” But for every dollar of savings in annual support fees, Rimini Street clients typically report two dollars of savings in other support- and maintenance-related costs. All combined, a useful rule of thumb is that the client’s reported Total Maintenance Savings is 1.5 times its annual vendor maintenance spend.

Total Maintenance Savings Summary

Annual Maintenance Fees – Clients report saving 50 percent off vendor annual maintenance fees under Rimini Street Support. The research conducted for this study indicates that this category of savings is only the “tip of the iceberg” in savings gained under Rimini Street Support.

Upgrades – Rimini Street clients report cost avoidance due to not having to undertake forced upgrades just to stay supported, or upgrades without a sound ROI. Upgrading is often the largest expense incurred to retain vendor enterprise software support.

Customization Support – The majority of the support issues in today’s mature enterprise software are not in the vanilla code delivered by the software vendor. Most issues are in the code the client has customized to fit its unique business requirements. Clients report incremental savings from Rimini Street’s support for customized code.

Maintenance Resources – Clients interviewed in this study reported significant savings based on the cost avoidance of not having to hire additional resources to deal with the extra burden and inefficiencies of vendor support – For example, assessing and testing hundreds of irrelevant fixes and unnecessary tax and regulatory updates, spending several hours on self service or time and resources spent justifying the issue by replicating in a ‘vanilla’ environment. For a complex software environment, the cost savings just based on these examples can be the equivalent of several FTEs.

About Rimini Street, Inc.

Rimini Street is the leading independent provider of enterprise software support services. The company is redefining enterprise support services with an innovative, award-winning program that enables Oracle and SAP licensees to save up to 50 percent on their annual support fees. Clients can remain on their current software release without any required upgrades or migrations for at least 10 years. Hundreds of clients, including global, Fortune 500, midmarket, and public sector organizations from virtually all industries have selected Rimini Street as their trusted, independent support provider.

To learn more, please visit www.riministreet.com or call within the USA +1 888-870-9692 or internationally +1 702-839-9671.

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