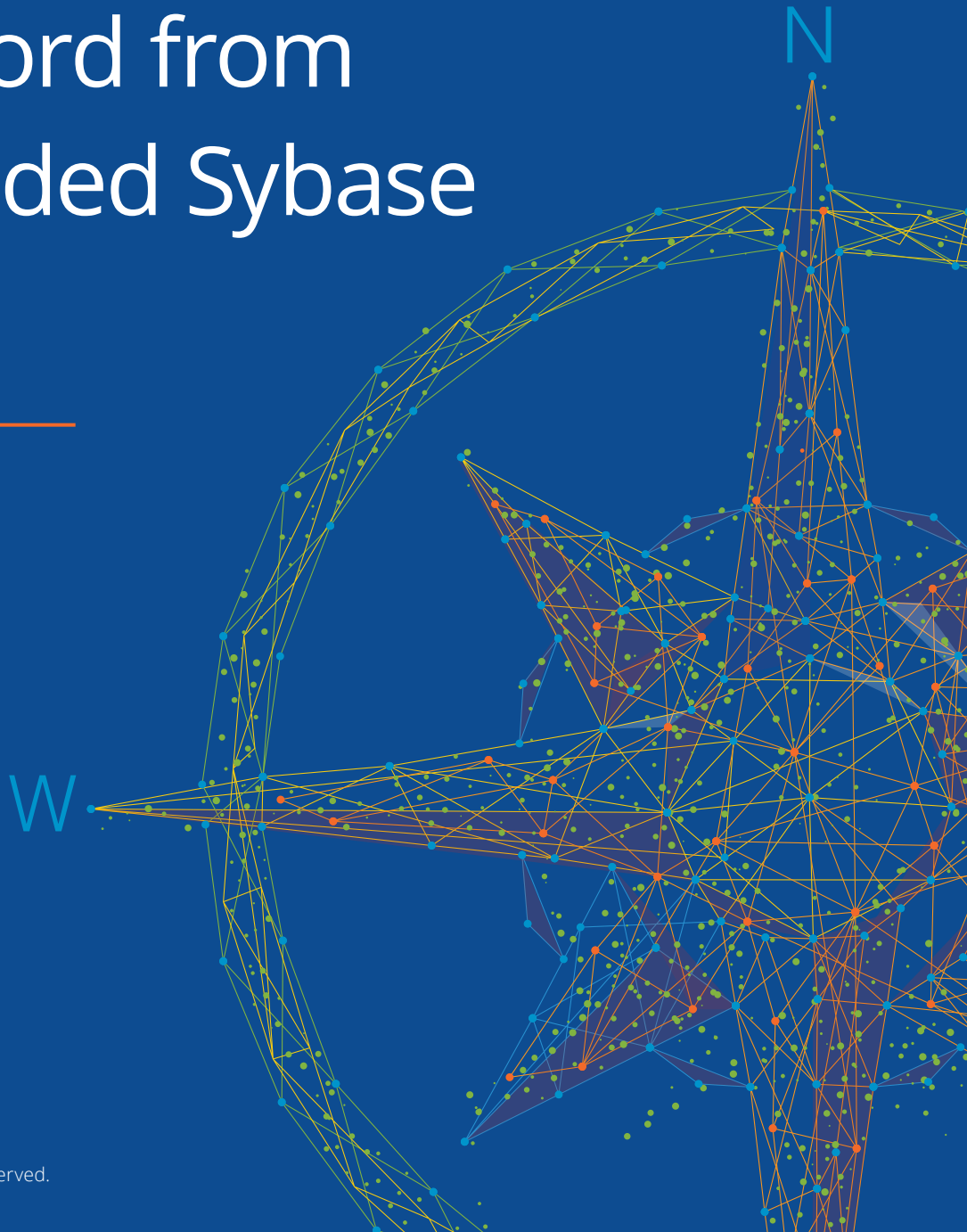


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# Cut the Cord from SAP-Provided Sybase Support

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## Executive Summary

“Cutting the cord” is increasingly common in our personal lives. Households are turning away from traditional technology services like cable and telephone “land lines” for alternatives like streaming services and mobile phones, respectively. This trend is driven by a desire for savings, a dissatisfaction with quality of service and content, and a recognition of the advantages of emerging options.

In the world of enterprise software support, a similar transformation is underway. Long-time SAP Sybase (ASE) customers are unhappy with annual increases on already high support fees and are dissatisfied with the trend towards more hands-off, self-supportive services. SAP’s decreased investment in the development and support resources for the products line is a large part of why third-party Sybase support has risen in popularity and adoption.

Hundreds of global and domestic organizations from nearly every industry have switched from SAP-provided support to third-party alternatives. Third-party support providers restore higher quality service, reduce the cost of maintenance fees by at least 50%, and provide a safe haven until cloud solutions/digital innovations become right for their business. The significant savings immediately afforded by third-party support are, in many cases, funding and accelerating Sybase migration.

This paper explores the advantages of cutting the “support cord,” when it is appropriate, and how SAP will try to dissuade you from doing so, even when it isn’t in your best interest. Along the way, we’ll define third-party support, offer a direct feature comparison, and provide recommendations for how to navigate the topic with SAP representatives.

Cutting the support cord is never easy, but it doesn’t have to be hard for Sybase.

### Topics Outlined in This Paper:

- 1 The Popularity of Third-Party SAP Support Cord Cutting
- 2 Comparing SAP-Provided Support vs. Third-Party Support
- 3 The Case for Third-Party Sybase Support
- 4 The Hurdles SAP Deploys to Impede Your Consideration of Support Alternatives
- 5 Third-Party SAP Support Use Cases

# The Popularity of Cord Cutting for SAP Sybase Support

## Cord Cutting Began with Consumers Switching Personal Services

The consumer trend of cutting the cord on traditional cable and telephone services started over a decade ago and is gaining momentum. New market alternatives offer greater savings, flexibility, and improved quality over the dominant services of the past few decades.

According to a report from Nielsen<sup>i</sup>, there is evidence that cable TV cord cutting has increased by 48 percent over the past 8 years, totaling 16 million homes. While these consumers recognize the tradeoffs in their decisions – for example, a lower entertainment bill may mean slightly less or different content availability – they appear to judge the exchange worthwhile.

**In the business world, moving from traditional, often outdated technologies and services is becoming a common tactic.** Some organizations are cutting the “on-premise software cord” by migrating their applications to the cloud. Others are cutting the “device cord,” allowing employees to use their own computers, smartphones, or other devices for work purposes (also known as BYOD, or Bring Your Own Device). The BYOD market is on course to hit almost \$367 billion by 2022.<sup>ii</sup>

## A Similar Dynamic is Now Occurring in the World of Software Support

In the last decade and a half, third-party software support has rapidly grown as a viable replacement for traditional vendor software support. *Third-party support is defined as a replacement of vendor support by a company that is not the original software publisher.*

In relation to SAP, third-party support is always at least half the cost, extends the life of your stable, on-premise system, and typically provides more services through a designated team. Hundreds of companies have already switched from SAP support to third-party support. Recent Gartner research predicted that “The third-party software support market will grow from \$351 million in 2019 to \$1.05 billion by 2023 — a 200% increase.”<sup>iii</sup>

**As with consumer cord cutting, the growing desire of businesses to cut the support cord can be chalked up to greater savings, contract flexibility, and more responsive and comprehensive service.** There are many sources of information for comparing the features and benefits of software vendor support to third-party support. SAP customers can educate themselves through websites, blogs, analyst notes, and more.

The focus of this paper is to compare the varying approaches, business objectives, and service goals of SAP and leading third-party support providers like Spinnaker Support, with a focus on why this is especially important for Sybase customers.

At the end of the next section, you can refer to a table that directly compares features of the two support models. The paper finishes with a discussion of the primary hurdles you may need to jump once you have begun to seriously consider the alternative of third-party support.

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The third-party software support market will grow from \$351 million in 2019 to \$1.05 billion by 2023 — a 200% increase. ”

—Gartner Research, 2019

# Comparing SAP-Provided Support vs. Third-Party Support

## SAP Support Revenue Is Impressive – and Well-Defended

SAP is a software and technology company that aspires to become a dominant player in the cloud. Over decades, they have built a base of more than 440,000 customers in 180 countries<sup>v</sup>, organically and through acquisitions. SAP wants customers for life, preferably paying customers.

On-premise software support drives massive revenues and profit margins, fueling SAP's investment in cloud solutions and shift away from on-premise applications. SAP uses support as a lever to move customers through a perpetual upgrade and migration cycle. This includes the latest push for Sybase customers to move to the HANA Cloud. This is not a true enhancement for Sybase, just a way for SAP to continue to add additional services and "stickiness" to keep its Sybase customers.

With SAP, support is largely an end to a means. It has amassed a large base of customers and rightly wants to protect its support revenues. Published reports indicate that SAP has generated about 90% or more gross profit from maintenance fees<sup>v</sup>. SAP is aggressively pushing as many customers as possible (and as fast as possible) from on-premise applications to these new cloud solutions, like HANA or S/4HANA.

## SAP: The Software-Driven Model

**For those reasons, you can define SAP-provided support as primarily "software-driven," which means a standardized approach that favors upgrades, offers more automated solutions, and solves a limited set of issues.**

In the past decade, SAP has modified its approach for delivering on-premise application support. Whereas you once paid maintenance fees to get more personalized support, in-version product enhancements, and the right to new upgrades, you now pay fees for self-support tools, fewer enhancements, and the right to repurchase cloud-based replacement solutions. The lack of interaction with humans is, in part, why SAP support is so highly profitable.

The centerpiece of SAP-provided support is the SAP Support Portal (formerly known as the SAP Service Marketplace). This portal is promoted as a one-stop-shop support solution for SAP support customers. Using the portal, maintenance-paying customers can search for SAP Notes, SAP Knowledge Base Articles, and SAP Community content, and can create new service requests. Automated tools confirm service request severity level and push out links to information that might relate to the service request description.

The SAP Support Portal is now the primary engine by which Sybase customers initiate or attempt to resolve their application issues and access the slowing number of enhancements available for Sybase. They are hoping that other Sybase customers have seen the same issue and have shared a possible resolution or that a patch becomes available to address the issue in a timely manner.

Despite the shortcomings of this software-driven model, many Sybase customers remain on board, either unaware of viable alternatives or viewing downgraded support through a lens of “business as usual with SAP.” CIOs paying high SAP support fees should assess how much time their employees are spending in the SAP Support Portal trying to resolve their own issues. They might be surprised at the amount of incremental money they are paying their people to do a job that SAP should be doing.

## Third-Party Vendors: The Support-Driven Model

In contrast, **third-party SAP support is “support-driven,” a completely different approach that emphasizes more proactive, comprehensive responses and sound technology advice at a reasonable price.**

Third-party support focuses on solving issues quickly, no matter what the source or who is required to weigh-in on the solution. This support model is intensely focused on the quality and value of customer service, not on the new, upgraded, or additional software it wants – or needs – you to buy. Third-party support providers deliver far more personalized support and respond to issues in minutes, not hours or days.

At Spinnaker Support, for example, each customer is assigned a dedicated Account Support Lead (ASL) and a global team of named engineers based on factors that include its application environment, technology stack, ticket history, geographic footprint, language requirements, IT staff capabilities, and planned IT roadmap. This support team becomes knowledgeable about every ticket logged, every conversation had, and the customer’s unique technology stack landscape. Customers describe their relationships with the service team as a “partnership” and “natural extension of our internal IT team.”

Third-party SAP support providers have different business objectives than SAP. Without a software imperative, profits are reinvested to improve service quality and breadth, i.e., new engineers, perpetual training for all service delivery personnel, more operations centers, new and enhanced service offerings, support delivery process certifications, and strengthened quality management capabilities.

## SAP Customers Are Looking for Cost-Relief

**SAP’s support does not come cheap, and this is a primary driver for cutting the support cord.**

For non-cloud SAP solutions, the annual expenses are 18-25% of the total license price, increasing by 2-4% per year. With traditional, on-premise products, the first year’s cost of support is included with the purchase of the software licenses, with continuous renewals for one or more years required afterwards. After 3-5 years, the cumulative cost of support begins to reach or exceed the purchase price of the original licenses.

Annual support fees for on-premise products also include the rights to release upgrades. With the newer cloud replacement products (SaaS), support and upgrades are included in the subscription fee. Note that any “upgrade” from an on-premise perpetual license to a SaaS model is not an upgrade as traditionally thought of in the enterprise software market but is a relicensing and reimplementation event.

Most organizations budget hundreds of thousands to millions of dollars for these annual expenses, which Gartner has shown to be second largest cost in the IT budget<sup>vi</sup>. They justify them as an unavoidable and necessary part of “doing business” with SAP. SAP reinforces this perception by asking, “Who could be more capable of supporting your critical enterprise software infrastructure than the publisher of the solution?” For certain, SAP support is indeed worthwhile for newly purchased products with a steep learning curve and an abundance of updates.

But for companies with stable environments, knowledgeable end users, and no desire to upgrade, the high-cost of Sybase support doesn't correlate with the returned value. **Cutting the SAP support cord can save more than 50% on support fees**, a tremendous windfall for any IT department.

Organizations under financial pressure, looking to maintain existing environments during a migration, or simply wanting to sustain their on-premise applications find third-party support a fiscally attractive alternative. Many customers redirect the significant savings they receive on reduced maintenance fees to accelerate their eventual Sybase migration.

## SAP Customers Also Want a Higher Quality of Service

**But cutting the support cord is about more than just savings. It also has to be about quality of service.**

Many IT teams are frustrated by the limited number of highly experienced Sybase resources at SAP and are resigned to a lower quality experience. This includes no support for customizations (where most support issues originate), partial coverage for interoperability, shallow security protection, and having to justify support for what they consider to be highest priority (P1) issues. End users often settle for working with unsolved minor bugs that will never be patched, or they develop their own customizations to address issues in the base software.

Many support issues require a combination of functional analysis and development, and SAP's support infrastructure is not designed to drive cross-functional teamwork for issue resolution. Sybase support resources, no doubt very knowledgeable, work in silos – and have become less common and difficult to access.

Teaming across products, technology stack components, interfaces, non-SAP products, etc. to identify and resolve issues is not performed well by SAP. With no consistent point of ownership, the support experience runs far longer and is far less coordinated than your team needs for sensitive technical issues.

Instead, the third-party support-driven model emphasizes quick responses, comprehensive coverage, highly experienced engineers, and shared ownership across all departments. Searching through the SAP Support Portal is no longer necessary.

At Spinnaker Support, for example, Service Level Agreements (SLAs) mandate quick response (less than 15 minutes), and the only objective is to ensure that every ticket is successfully resolved in a timely manner. Sybase customers can continue to run the product they love for many years, and third-party support covers them for as long as they need it.



The table below offers a direct feature comparison of SAP Support and third-party support with Spinnaker Support.

	SPINNAKER SUPPORT	SAP SUPPORT
SERVICE MODEL	Concierge, dedicated support	Self-service-oriented, emphasis on research
THE SAP SUPPORT PORTAL	Not required	Full access
PRIMARY SUPPORT CONTACT	Dedicated lead with assigned team	Varies
SUPPORT EXPERTISE	19+ years average experience	Varies
RESPONSE TIME	Average 5-minutes	SLA dictates
ABILITY TO ESCALATE	All issues closely monitored, done proactively without requests	Not monitored, request made reactively by customer
CUSTOM CODE SUPPORT	Included, as is anything that touches the SAP product	Not included
INTEROPERABILITY SUPPORT	Included	Limited, depends on release version
RIGHTS TO UPGRADES	Access to an archive of all upgrade rights, made prior to switchover from SAP	Included
SECURITY & VULNERABILITY	Full-stack intrusion detection, virtual patching, and compensating controls	Patches only
TERM OF SUPPORT	Lifetime support - for as long as you need your current version	No new fixes or interoperability support after end of standard support
LIFETIME FULL / COMPREHENSIVE SUPPORT	Standard	Available, but very little offered
ADVISORY SERVICES	Included	Not included, can be purchased by additional fee

## The Case for Third-Party Sybase Support

Your transactional data must be available at a moment's notice, and so your operations depend on Sybase running smoothly and efficiently. Following SAP's acquisition of Sybase in 2011, Sybase customers witnessed a steady decline in the commitment to deliver new innovations, product enhancements, and appropriate support resources.

If you recall the days of the 1-800-8Sybase hotline, you remember that Sybase support was live, immediate, and helpful. SAP customers are realizing less and less value from portal-based self-support and forced upgrades/migrations. This has fueled the rise of interest in third-party support, which aims to deliver the same – or better – high-touch, high-quality assistance for all priorities of support requests.

The five primary advantages:

- 1 **You substantially reduce your IT cost.** You pay for what you use, which lowers your overhead and gives you the option to do what you need with the recovered budget. That could be addressing budget cuts or investment in new technologies and resources.
- 2 **You receive fast responses.** Third-party support focuses on diagnosing and solving issues quickly, responding to issues in minutes, not hours or days. Faster response times help to minimize the business impact of technical problems.
- 3 **You receive extended coverage.** Third-party support covers a wider variety of issues, including break/fix, interoperability, customizations, security and vulnerability management, and sound technology advice.
- 4 **You're covered for as long as you need.** Unlike SAP, third-party vendors provide lifetime support for current and legacy End of Life Sybase versions, alleviating the need for unnecessary upgrades and patches.
- 5 **You work with the best engineers.** At Spinnaker Support, for example, we hire only the best in the business, and you receive service from Sybase professionals with decades of experience.

With the increased reduction of administrators, engineers, and developers, and the likely 2025 End of Mainstream Maintenance (EoMM) for Sybase 16.0, organizations like yours are feeling new pressure to either upgrade to SAP HANA and wait for 16.1 or migrate to an alternative database platform. By switching to third-party Sybase support, you not only gain a better quality and cost of support, but you can remain on your existing Sybase solutions for as long as needed to determine your product strategy.

But beware: SAP may not want you to leave their support. In the next section, we'll discuss the ways in which SAP will try to dissuade you from transitioning to third-party support to receive these benefits.

## The Hurdles SAP Deploys to Impede Your Consideration of Support Alternatives

As third-party SAP support has skyrocketed in popularity, SAP has become more aggressive in defending its lucrative support stream. Here we describe – and offer potential solutions for – the five most common hurdles SAP will use to hinder your decision to leave its support program.

### Enforcing Complex Software Licensing and Support Policies



**SUMMARY:** SAP uses its complex license and support policies to “lock in” net new revenue streams and support annuity streams for its SAP ASE, SAP Replication, SAP IQ product lines. SAP’s Enterprise License policy with these products, which means that all common license sets must maintain a common support level, and comingled license sets (e.g. Database and Middleware) in the same contract will complicate discussions. The SAP Support Renewal Team is under no obligation to – and rarely will – work with a customer to detangle comingled licenses or co-terminate disparate renewal dates.



**RECOMMENDATIONS:** With knowledge, planning, and smart product acquisition strategies, you can moderate restrictive SAP license and support practices by:

- Understanding the SAP Technical Support Policy.
- Opting out of the Auto Renew feature in the Renewal Marketplace (SAP automatically opts you in when using this tool).
- Engaging one of the many expert License Optimization firms to help you organize your SAP licenses and support agreements for maximum flexibility.

## Pressuring You to Move to the SAP Cloud



**SUMMARY:** SAP does not hide the fact that they are betting heavily on their next generation cloud offerings and are incentivizing Sybase customers to migrate sooner rather than later. SAP account managers will continue to push upgrades and migration to HANA Enterprise Cloud (HEC) by offering attractive discounts and flexible payment options.

**RECOMMENDATIONS:** Be prepared for sales tactics by going through these questions with your IT staff to build your case for third-party support:

- **PRODUCTS:** How many products do you own licenses and pay support that were never deployed or are no longer utilized? What versions are installed? What versions of software are available versus those already deployed? Is there a next planned release on your product roadmap?
- **SUPPORT USAGE:** What are your support call volumes? Are you logging enough support tickets to justify your support spend?
- **COSTS:** Are your SAP support costs increasing while your support quality decreases?
- **ROADMAP:** Are your SAP products still doing the job your company needs them to do? What is your five-year strategy: To remain on your current Sybase application versions, migrate to the cloud, or adopt a hybrid model? What is the business justification for future investment in a new release or cloud solution?

## Delivering or Threatening an Audit



**SUMMARY:** On average, SAP customers can expect to be audited by SAP every 3-5 years, so it's best to always be prepared in the event your organization gets selected at random. Trigger events can include mergers and acquisitions, failure to renew an SAP User License, lack of recent purchases, resistance to moving to the SAP cloud, and a letter of intent to cancel SAP support.

**RECOMMENDATIONS:** Contrary to what your account manager might say, switching to third-party support is low on the list of triggers. In the annual Spinnaker Support survey, 89% of responding customers reported that they were audited less or the same after switching to Spinnaker Support. 2% saw an audit increase, and the remaining 9% told us that it was too soon to tell if auditing levels had changed.

That said, it is very important to review your SAP contracts (original, renewed, and amended) to understand specific terms and clauses. If you have virtual environments, you must understand how they are configured and how, or if, they utilize SAP programs.

## Claiming that Leaving Will Damage Your Overall SAP Relationship



**SUMMARY:** SAP account management will tell you that a move away from SAP support will damage or end your overarching relationship with SAP. They may say you can't purchase new licenses or must pay reinstatement fees and penalties to re-engage.

**RECOMMENDATIONS:** This is simply not true. Many SAP customers that have made the switch to third-party support have successfully returned to SAP. To date, we know of no Spinnaker Support customers who ever paid back or reinstatement fees. Everything is negotiable. In fact, when returning to SAP, you're treated as a new customer (an improved relationship) in a better future negotiating position than if you had stayed current on SAP support. We recommend negotiating with the license sales rep and not the support sales rep to get the best possible deal.

## Offering a Last-Minute Discount Even Though They Say They Wouldn't



**SUMMARY:** If you cancel support prior to renewal and wait long enough, and if SAP really wants your business, it's an open secret that they have the option to offer you an appealing discount to renew, even though they say, "We don't do discounts." They may also dangle attractive pricing for products like HANA Cloud where it makes sense to keep you moving forward on SAP products. That pricing is not likely a discount, as you may need to add more resources to maintain it.

**RECOMMENDATIONS:** It's true that some organizations successfully use the quotes from third-party support vendors to draw down the price of Sybase support. But before you e-sign that document, take a minute to remember what is motivating you to consider leaving SAP-provided support in the first place. If you're frustrated with the quality of Sybase resources and engineers, then you'll still have that to contend with that at any price.

Should you find yourself in this situation, we recommend that you gather with your team and the third-party vendor of your choice and discuss your options. And always review the fine print of the contract to see what changes SAP may have made to make the pricing work for its bottom line. Nothing is free.

## Third-Party SAP Support Use Cases

As a leading global provider of SAP third-party support, Spinnaker Support has helped many organizations make the case to replace SAP-provided Sybase support. Here's how two of our customers (kept anonymous by request) have benefited from the transition to Spinnaker Support.

### Not-for-Profit Health Insurer

In 2018, a large regional healthcare business was running several older systems that it had planned to retire in 2-3 years. These stable systems, including SAP Sybase Enterprise Edition and Crystal Reports, were low risk, and the organization did not anticipate upgrading them within the remaining lifespan. For those reasons, it decided to seek out an alternative to SAP support that would provide immediate cost savings.

It began to investigate third-party SAP support options and quickly identified and selected Spinnaker Support for the competitive savings and overall Sybase skills and resources. The organization sees 73% savings (hundreds of thousands of dollars) with Spinnaker Support and is contracted for multiple years. Regarding the selection process, one individual stated:

**“ We chose Spinnaker Support over their competitors because the sales and support staff were much easier to work with, and so much less pushy than your competitors. ”**

### Global Financial Services

This financial institution is responsible for post trade clearing and settlements, processing trillions of dollars of securities transactions on a daily basis. By late 2019, it had been diminishing the footprint of its Sybase application, which included Sybase ASE and Sybase IQ Enterprise Edition. The organization was looking for a third-party vendor that offered contract flexibility and a cost structure that would provide immediate savings from SAP.

After learning about the different SAP third-party support providers at a Gartner conference, IT leaders met with Spinnaker Support and began the discovery process, which included calling references, a financial review, and a required risk assessment. After an extensive evaluation, they selected Spinnaker Support in early 2020 for its Sybase competency, infrastructure, strict business practices, and proven ability to support its nearly 300 Sybase users. Spinnaker Support established a multi-year agreement with flexible commercial terms and savings of just less than \$900K. The company now receives significantly improved support through personalized service and access to an assigned team of experienced support personnel.

# Is Now the Right Time to Cut the SAP Support Cord?

Every organization is distinct, with unique resources, technical stack, and support needs. As you consider whether third-party Sybase support is right for your organization, we leave you with the following recommendations:

- **Discuss the insights and tips provided in this paper** with your organization's leadership. Focus on the competing approaches, philosophies, and costs.
- **Compare the features and benefits of both the SAP and third-party support models for Sybase.** Ask for clarity from third-party vendors for anything that doesn't seem clear.
- **Build your case early** and make sure it addresses the needs and concerns of all internal stakeholders such as IT, procurement, finance, and legal.
- **Prior to any discussion with SAP, prepare by researching and understanding your SAP agreements.** Don't allow SAP's hurdles to impede the pace or direction of your IT strategy.

## Third-party support places control of your Sybase roadmap back in your hands.

It provides superior support and affords significant savings until you're ready to progress on your IT strategy, whether that's staying on Sybase or migrating to another product. Don't settle for inferior Sybase support when a better alternative is immediately available.

## Disclaimer

The information provided in this White Paper is based on market research and on the perspectives and opinions of Spinnaker Support and is presented for information and discussion purposes only. None of the information contained herein should be construed as the provision of legal advice and should not be used as a substitute for obtaining legal advice from an attorney. The information contained herein is subject to change, no part of this draft document is legally binding or enforceable. Please do not copy or disseminate this White Paper without including this disclaimer.

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<sup>v</sup> Manufacturing Automation, <https://www.automationmag.com/1309-SAP-defends-its-90-maintenance-margins/>

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## ABOUT US

Spinnaker Support is the leading global provider of third-party support and managed services for enterprises that run Sybase, ASE and IQ. Spinnaker Support clients gain more comprehensive and responsive service, save an average of 62% on their support fees, and can remain on their current software releases indefinitely. They trust Spinnaker Support to keep their enterprise applications running at peak performance and to help them navigate from on-premise to hybrid to cloud.

Spinnaker Support operates from nine regional operations centers located in Denver, London, Moscow, Mumbai, Paris, Singapore, Seoul, Tel Aviv, Sydney, and Tokyo. Our award-winning blend of services span Sybase, SAP Database, SAP E-Business Suite, SAP Middleware products, JD Edwards, Agile PLM, ATG/Endeca, BusinessObjects, Hyperion, PeopleSoft, Retail, SAP, Siebel, and more.

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