

What IT Leaders Need To Know About Third-Party Support



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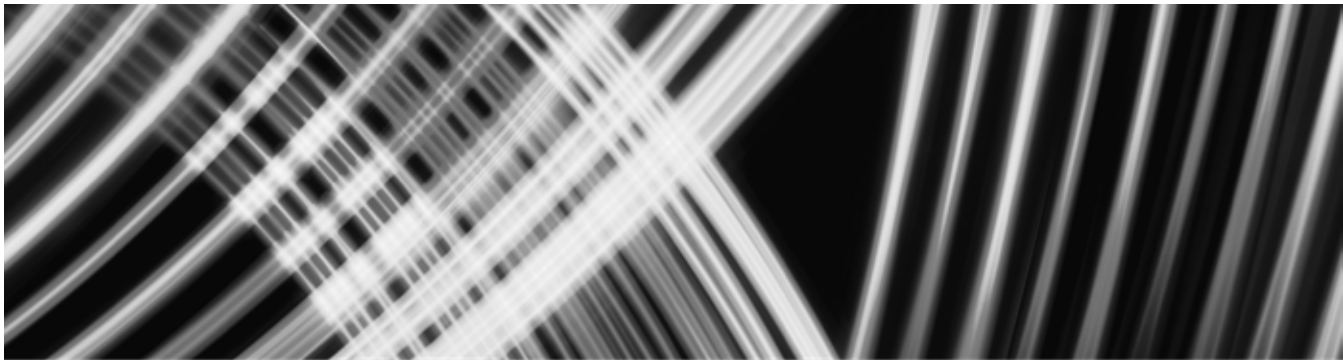
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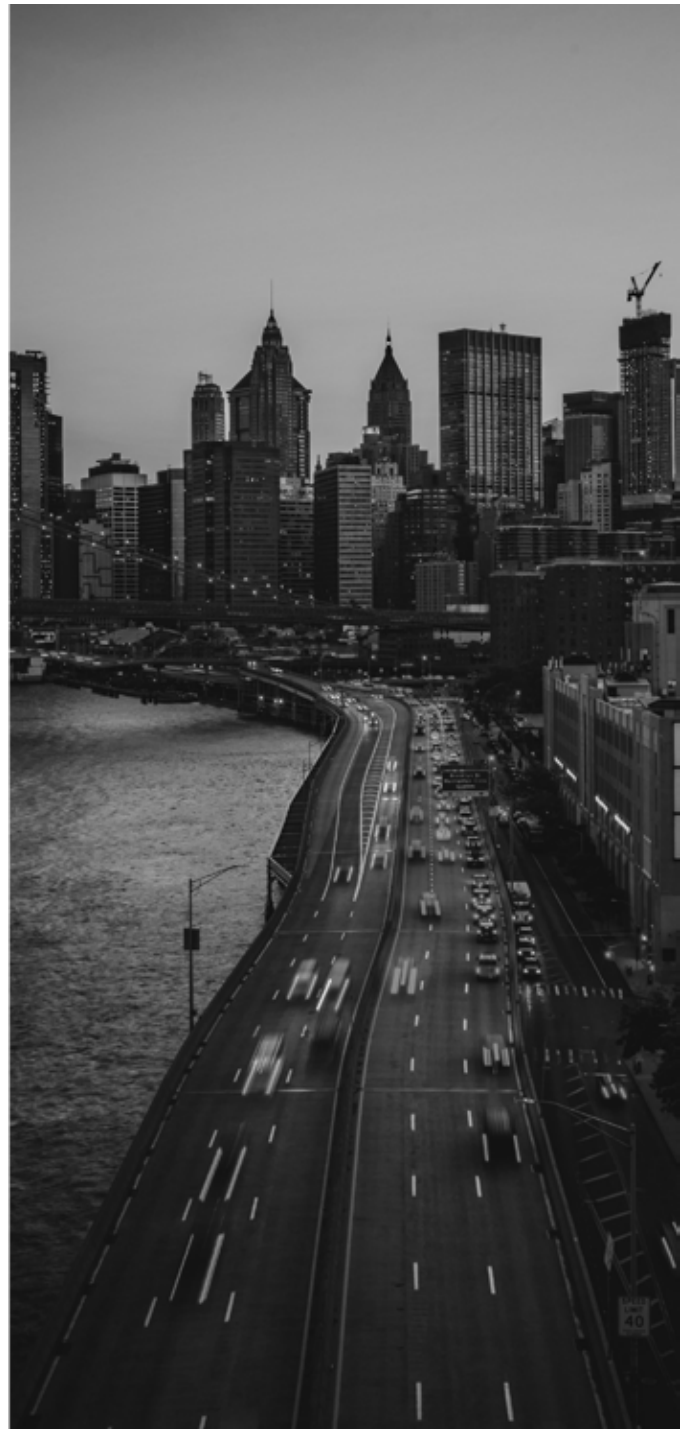
Introduction

As an IT leader, prioritization is more crucial than ever before. According to a recent Gartner CIO survey, top business priorities include digitalization, growth, and security. You must drive business-enabled technology and customer engagement while re-tooling your IT team to meet the demands of tomorrow. To meet these new challenges, you likely need to rebalance your technology budget, spending less on legacy systems, infrastructure, and operations and more on business intelligence, cybersecurity, and cloud services.

To drive this rebalance, savvy IT leaders are replacing software support provided by Oracle or SAP with third-party support. The substantial cost savings allows them to invest elsewhere to accelerate digitalization and execute growth-focused initiatives. The improved quality of service that third-party support provides, including security and vulnerability protection, can keep your enterprise applications running at peak performance.

As an added benefit, you take control of your IT roadmap back from Oracle and SAP, precluding you from forced upgrades and premature cloud migrations. The third-party support provider takes over key aspects of Oracle and SAP support so your IT team can focus on the highest business priorities and organizational strategies.

This guide helps IT leaders understand and build the internal case for third-party support while efficiently driving the due diligence and decision-making processes. Third-party support is not for every organization, but every organization should investigate it. In your role, we believe you can benefit from the tips provided herein.





This paper will answer the following:

- 1 The third-party support market and overview of the support model
- 2 How to determine if third-party support is right for your organization
- 3 How you can learn more about the third-party market and make deeper vendor/model comparisons
- 4 The internal stakeholders you need to assemble and how you can drive pre-sale alignment
- 5 How to counter the likely internal IT staff concerns
- 6 Your existing software license, support agreement, and support cancellation rights
- 7 How to counter the inevitable roadblocks that will come from Oracle and SAP
- 8 How third-party support enables and accelerates your organization's cloud migration
- 9 How to smoothly transition to third-party support

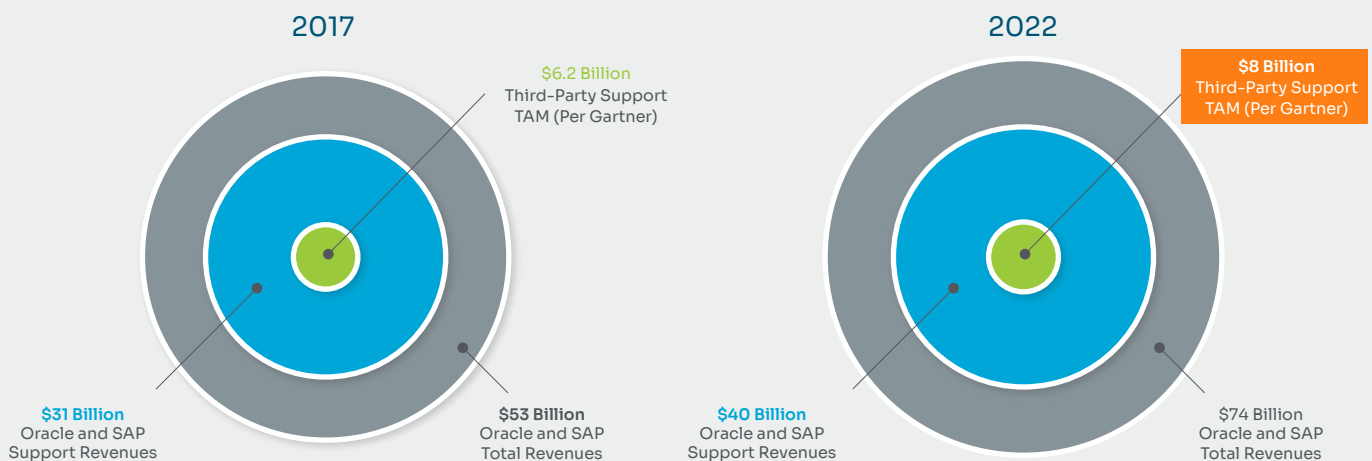
Section 1: Understanding the Third-Party Support Market and Model

The Market

Third-party software support has existed for more than fifteen years. While it began with specific Oracle applications (JD Edwards, Peoplesoft, and Siebel), third-party support is now available for virtually any Oracle or SAP on-premise enterprise or infrastructure product set – including the newest release versions.

Gartner estimates that the third-party Oracle and SAP market could reach \$8 billion by the end of 2022 – a 26% annual growth rate (see graphic below). The market has gained recent momentum from the push to the cloud. Many of the supported applications, particularly the systems of record, won't be replaced in mass by cloud offerings for 5-10 years. In the meantime, many organizations are switching to, or seriously investigating, third-party support to restore high-quality service for their existing and stable on-premise applications at a surprisingly affordable price point.

Third-party support has expanded into over 100 countries on six continents. Organizations from all industries and from medium size to Fortune 500 have already made the switch.



Data compiled from Gartner Market Statistics and Gartner Analyst Estimates



The Model

Oracle and SAP aspire to become dominant players in the cloud. They seek customers for life, preferably those purchasing the latest software and accompanying support offerings. Over the decades, they have built massive customer bases, organically and through acquisition, that use their on-premise products and require maintenance. This on-premise application support drives massive revenues and profit margins, fueling investments in cloud solutions but, ironically, not in on-premise applications. Oracle and SAP then use this lever to move customers to the cloud through a perpetual upgrade and migration cycle.

Alongside this push to the cloud, Oracle and SAP have modified the structure of their support models. Whereas customers once paid maintenance fees to get more personalized support, in-version product enhancements, and the right to new upgrades, they now pay fees for self-support tools, fewer to no enhancements, and the right to repurchase cloud-based replacement solutions. They have become de-personalized support, but many customers remain on board, paying more for each contract and viewing downgraded support through a lens of “business as usual.”

The Paradigm Shift of Third-Party Support

These conditions have given rise to proven replacement alternatives like third-party support. If you're new to the concept, understanding the differences between the vendor-provided support model and the third-party support model can be challenging. To those who are only accustomed to the software vendor approach, encompassing the new model requires a change in perspective – a paradigm shift in your expectations of what proper support is and can be.

To start, third-party support providers' business objectives differ from those of Oracle or SAP. Customer service, not software development, is job one. Third-party providers like Spinnaker Support are intensely focused on the quality and value of customer service. Profits are promptly reinvested to improve service quality and breadth for the software you currently own, not the cloud software you may eventually own.

The table below compares the fundamentals of the de-personalized software publisher and customer-focused third-party models.

| | ORACLE SUPPORT | THIRD-PARTY SUPPORT |
|---|--|--|
| Service Model | Self-service-oriented, emphasis on research | Concierge, dedicated support |
| My Oracle Support / SAP Service Marketplace | Full access | Not required |
| Primary Support Contact | Varies | Assigned senior engineer and team |
| Support Expertise | Varies | 16-years average experience |
| Response Time | SLA dictates | Average 15-minute response time |
| Ability to Escalate | Not monitored, request made reactively by customer | All issues closely monitored, done proactively without requests |
| Custom Code Support | Not covered | Included, as is anything that touches the Oracle product |
| Interoperability Support | Limited, depends on release version | Included |
| Rights to Upgrades | Included | Access to an archive of all upgrade rights, made prior to switchover from Oracle |
| Tax & Regulatory Compliance | Included, one-size-fits-all | Tailored specific to each customer's needs |
| Security & Vulnerability | Patches only | Full-stack intrusion detection, virtual patching, and compensating controls |
| Term of Support | No new fixes or interoperability support after end of standard support | Lifetime support - for as long as you need your current version |
| Lifetime Full / Comprehensive Support | Available, but very little offered | Standard |
| Advisory Services | Via Advanced Customer Services, at an additional premium fee | Included |
| Partner & User Community | Access to many online communities and partner network | Access to many online communities and partner network |

Section 2: Determining if Your Organization is a Good Candidate for Third-Party Support

IT leaders can use some standard rules of thumb to determine the fit of third-party support for their organizations. If you operate as a pure SAP or Oracle shop, always staying current with the latest software vendor versions and intending to ride these same vendors to the cloud, then third-party support is likely not a good fit. Personalized service and fast cost savings alone may not provide adequate incentive to merit a switch.

Organizations that typically move to third-party support do so to address one or more of three primary circumstances:



MIGRATION



FINANCIAL RELIEF



SUSTAIN & TRANSFORM

- 1 Migration:** They are migrating from one on-premise environment, i.e., JD Edwards to another (e.g., SAP or are migrating from an on-premise environment to the cloud, e.g., Siebel CRM to Salesforce.) The third-party support vendor maintains the existing environment until the migration is complete. As a result, the customer gets excellent support and reduces maintenance costs significantly that can be redirected to fund the migration or another business initiative.
- 2 Financial Relief:** They need either short-term cost relief or are in a longer-term state of financial hardship. Third-party support is a smart, safe way to achieve meaningful cost savings and positively impact the balance sheet. Interestingly, companies newly funded by private equity firms are often mandated to reduce costs fast, thus becoming prime candidates for third-party support.
- 3 Innovation:** Today's fastest-growing driver of third-party support is the desire to innovate, often spearheaded by a journey to the cloud. Organizations are adopting third-party support to go in "sustain" mode for their on-premise applications. The money saved and additional time earned enable more intelligent and faster innovation. These organizations are perfectly content with their functional and stable on-premise applications and choose a third-party to maintain software performance, security, and interoperability while they redirect these savings toward hybrid cloud solutions.

If your organization falls within one or more of these categories, you should seriously investigate a switch to third-party support.

Section 3: Educating Yourself and Your Internal Team

As popular as third-party support has become, a learning curve is required to understand the nuances between enterprise software vendor-provided support and the third-party alternative. One must make a shift in thinking to grasp the fundamental differences. For some, especially those adverse to change, it can be an intimidating decision-making process. After all, who could provide better support for the software than the vendor who created it? The short answer is that a couple of companies already do.

Luckily, great content and resources are available, along with the confirmations of thousands of organizations that have already switched. We recommend that you peruse the websites of the third-party support leaders to gain a further appreciation for the market. Additionally, Gartner and Forrester cover the space. Turn to them for guidance on the market, pros and cons, and critical decision-making criteria.

Third-Party Support Means Immediate Cost Reductions

It is essential for you, the IT leader, to understand the cost model of third-party support. It brings measurable immediate “hard” savings compared to software vendor-provided maintenance fees. You could realize additional soft costs by avoiding unnecessary version upgrades or deducting the cost of your internal staff that provides self support and customization support. Additional pricing factors can include concessions for multi-year support agreements, discounts for licenses you’re not using, or bundling of managed services and consulting with your maintenance agreement.

To run a simple cost savings calculation, try the online calculator on the Spinnaker Support website:
spinnakersupport.com/spinnaker-support-savings-calculator



SAVINGS
CALCULATOR

How much could you save on annual Oracle or SAP Support fees?

Complete the [form](#) to immediately calculate a free customized estimate of your projected savings. Or, for a more detailed account review, [contact us today](#).



Four Helpful Points to Educate Your Internal Team

- 1** The software-vendor approach to support is outdated and has not changed in more than 30 years. You pay 20+% of license fees for annual maintenance. You get software patch fixes and enhancements, security patches, tax and regulatory updates, a knowledge portal, and the right to retain reasonable service if you stay current on new release versions. Should you not stay current, your level of support diminishes while maintenance fees increase. Key service features and access to experts can be stripped away as a negative incentive to keep you on the upgrade path.
- 2** Although the model has remained constant, the depth of software-vendor support has changed, and not for the better. Where fast access to seasoned engineers was once the rule, you now have a knowledge portal with content designed to help you diagnose and resolve issues yourself. Where you could once expect on-premise upgrades, your software is currently in “end-of-life” mode. Any enhancement to this software will rarely, if ever, pass the “meets your business ROI test.” This model serves software vendors far better than their customers and is designed to push you to follow their cloud roadmap, even if it’s not your best option.
- 3** Software vendors make between 75% and 92% margins on their support revenues, enabled by the cheaper, low-touch self-service portal concept. The enterprise software vendors are converting these astronomical profit margins into research, development, and acquisition of future cloud offerings that your organization may never adopt, given superior, highly competitive, cloud-native offerings that compete in their markets. As a result, many organizations have determined that a best-of-breed, hybrid cloud approach is better than the locked-in software vendor cloud concept.
- 4** Third-party support is eye-opening for what good support looks like. Looking back, adopters have confessed that they had settled for the status quo for too long: an expensive, decades-old service model that increasingly failed to meet their needs. However, once they switched, it was apparent that the game had changed. One third-party support for Oracle customer stated it best: “I didn’t realize that I had been trapped in 2.5-out-of-10 level service until I saw 9.0-out-of-10 level service.”

The Leading Third-Party Support Vendors

Gartner analysts that closely follow the third-party support market for Oracle and SAP will tell you that third-party support is a breath of fresh air for customers. They suggest you talk to the leading vendors because each will provide excellent support, save you money, and help you regain control of your IT roadmap.

Due diligence of the top vendors is critical to finding the company that will best partner with your IT team. We encourage you to engage each provider and do your best to filter out the sales and marketing noise. Take the time to use Gartner, current third-party support customers, and even the engineers that deliver support to relate their needs and experiences.

As you compare, look at products supported, geographic reach, standard support features, incremental services offered, processes and certifications, leadership, risk profile, etc. Then, read some of the case studies to see what benefits customers are receiving. For companies with so much in common, there are still significant differences in how they price, operate, and support their customers.



Section 4: Pulling Together the Right Internal Stakeholders

Support for business-critical enterprise software is necessary, and deciding to switch to a new support vendor requires a team effort. As the IT leader, you want to engage cross-department stakeholders throughout the due diligence and decision-making processes. Here are the top departments you must engage:

IT Staff

Your IT team members are most directly impacted and must be engaged early in the due-diligence process. They are vested in enterprise applications that help manage financials, payroll, global tax and regulatory compliance, manufacturing operations, and supply chain. In addition, many organizations deploy software for business intelligence and customer relationship management. On the infrastructure side, databases and middleware products are prolific and essential tools. IT is chartered to ensure these software applications perform well, are always up and running, remain secure and interoperable, and are adapted as business requirements change.

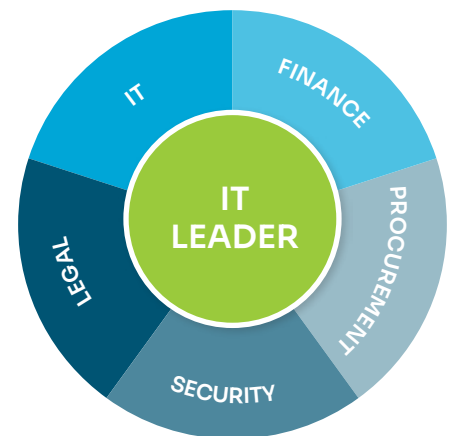
IT professionals view third-party support differently, depending on their role. IT leaders like you are more apt to take a business-case approach and embrace the idea of a third-party support model. The concept of improved service at significantly lower cost is always intriguing, especially since software providers are investing less and less to enhance on-premise software. You want to squeeze out as much value as possible from established investments, and third-party support maintains the existing systems indefinitely or until a suitable replacement offering (typically cloud) is made available and funded.

You are also concerned with keeping your staff relevant and able to embrace future conditions. Today's IT staff resources deployed to care for on-premise systems are often unprepared to handle tomorrow's IT landscapes. Third-party support experts, each with 15-30 years of deep enterprise software experience, can take virtually any current on-premise support requirement, allowing you to re-tool your team for tomorrow's cloud environment.

Be aware that front-line IT staffers often view third-party support through a personal lens and may have job-related reservations. They have been on the front lines, arm in arm with software-provider engineers, and have an emotional connection with them. Plus, as access to those engineers has diminished, your team has likely been forced to fend for themselves using SAP Service Marketplace or the My Oracle Support portal to resolve issues, network, and train.

Your IT team might see third-party support as a threat to their job security and may want the chance to ask tough technical questions to ensure third parties can handle the heat. You should ensure they get the opportunity to question the third-party engineers to become more comfortable with their capabilities. By off-loading the day-to-day demands of legacy on-premise support, the IT team can train and be re-deployed to focus on newer, more relevant technology initiatives that help the company innovate and grow.

Be prepared for the challenges. Convince your team that third-party support can benefit the business and create exciting career opportunities for them.



Procurement

Procurement, sourcing, and vendor management professionals are chartered to identify solution providers that help their organizations innovate, scale, and transform. They are challenged to improve the customer experience and to facilitate the transition to evolving technologies, with an eye on optimizing cost and improving speed to adoption. These resources can help you streamline the due diligence process by eliminating third-party vendors unsuitable for your architecture and roadmap. Ask them to pull together RFP responses and schedule necessary meetings between the vendors and your organization's internal stakeholders.

Finance

The Office of Finance is interested in any business decision that optimizes investments and reduces costs—CFOs like sure bets. Third-party support has been proven in over 3,000 enterprises. It brings dramatic, immediate savings that can help improve the bottom line (if your organization is in financial adversity) or can be redirected (if your organization is funding innovation and cloud migration). It would help if you enlisted your CFO to help push third-party support through the decision-making process.

Security

Ongoing security and vulnerability protection is paramount, so pulling those chartered to maintain application and technology stack security into the third-party support conversation is essential. Oracle, and to a lesser extent SAP, make security a big issue (more on this later). Third-party support vendors have developed equal or better solutions, and your security personnel may want to vet the offerings.

Legal

IT leaders are often concerned with weighing new vendor risks. During the decision-making process, you need to broker a conversation between your legal staff and the legal resources of the third-party support vendor. Key to a final decision is a thorough assessment of operational, financial, and legal risks.

Both Oracle and SAP have made public statements that verify the legality of third-party support that is delivered the right way by respecting the intellectual property rights of others. The risk profile is the most significant difference between the leading third-party providers. Make sure that your legal advisors are brought in at the right time and made aware of past and current legal issues and associated risks.



Section 5: Questions Raised by Your IT Staff

As mentioned in the previous section, you can expect questions – and even push back – from IT team members. Here's a list of the most frequently asked questions. You or your team can set up a call with Spinnaker Support for clear responses to these questions.

Support Processes

- 1 How can you guarantee a 15-minute response from a senior engineer?
- 2 Can you handle our large volume of tickets?
- 3 How can a third-party support vendor effectively maintain software if they can't access the code?

Customizations & Updates

- 1 How is it possible for a third-party vendor to diagnose and support customized code?
- 2 Will the customizations you add now make it harder for us to upgrade or migrate later?
- 3 How can we operate if we lose upgrade rights and enhancements?
- 4 How can we remain secure without the software providers' security patches?

Knowledgebase & Security

- 1 How can we function without the software provider portals and community?
- 2 How does a third-party support provider stay current with Oracle and SAP advancements?
- 3 How deep is a third-party support provider's knowledge of fringe/less utilized products?
- 4 Do you certify our applications for interoperability with new technology stack components?

Software Vendor Relationship

- 1 How does switching to third-party support impact our relationship with Oracle and SAP?
- 2 Will the software providers audit us more frequently if we switch to third-party support?
- 3 Isn't it just a matter of time that all third-party support vendors get sued by Oracle or SAP?

Pricing

- 1 Isn't third-party support just a cheap, low cost alternative?
- 2 How can a third-party provider deliver high-quality service at a lower cost?

Section 6: Understanding Your Software License, Support Agreement, and Support Cancellation Rights

To suggest that software providers' licensing, support policies, and practices are needlessly complex is an understatement. Their principal objective is to lock customers in and make it difficult to cut ties. Therefore, at all times, it is necessary to understand software license and software support agreements.

Your organization has usage rights that cover you should you cancel software vendor support.

This section covers the fundamental legal conditions and licensing policies every organization must understand when preparing to transition to a third-party support provider.





License Rights

Review your master software license agreements and understand critical terms:

- A **'license set'** refers to all products related to each other via code base, such as Oracle Enterprise Edition, extra-cost options such as partitioning and management packs.
- **'Matching service levels'** refer to Oracle's policy that prohibits canceling support of a subset of products from within a license set. Together, these two policies dictate Oracle's all-or-nothing approach to software support. SAP incorporates its own terms to accomplish the same essential outcomes.
- **'Common license sets'** are sets of licenses for which there is a common foundation of code if you own different versions under separate agreements. SAP and Oracle will argue that the same support terms bind these. However, as long as each is on a separate ordering document referencing unique terms, each is governed differently. Thus, you can transition pieces of your application footprint in the timing sequence dictated by the maintenance end date.
- **'Common support level'** means that products on an individual ordering document are to be maintained at the same service level, i.e., Platinum, Enterprise, Standard, etc.

Make sure to confirm that license use allows the licensee (you) and authorized representatives to use and modify the code and create inventories of owned licenses currently in and not in use.

Support Agreement Rights

Review your SAP or Oracle support services agreement(s) and note which "licensed products" are governed by a specific contract. Confirm rights explicitly related to the use of software publisher tools (i.e., SAP's Solution Manager) that are granted per the terms of the support agreement rather than under a perpetual use license agreement.

Support Cancellation Rights

Confirm the terms and conditions of canceling your existing support contract(s), which vary by the software provider. These include the contract expiration date, cancellation notice period (often 90 days), where and to whom cancellation is submitted, and the delivery format, i.e., email, written letter, or other.

It's no secret that Oracle and SAP earn substantial revenue on software license updates and product support. However, expensive, inflexible support renewals and complicated contracts garner the loudest complaints about Oracle. Knowing and exercising your rights will help you counter Oracle and SAP sales tactics and enable a smooth transition to third-party support.

Section 7: Countering the Roadblocks from Oracle and SAP

Oracle and SAP have been known to create roadblocks to canceling support agreements to retain support revenues. This section will identify some of these barriers and provide tips to help you navigate them.



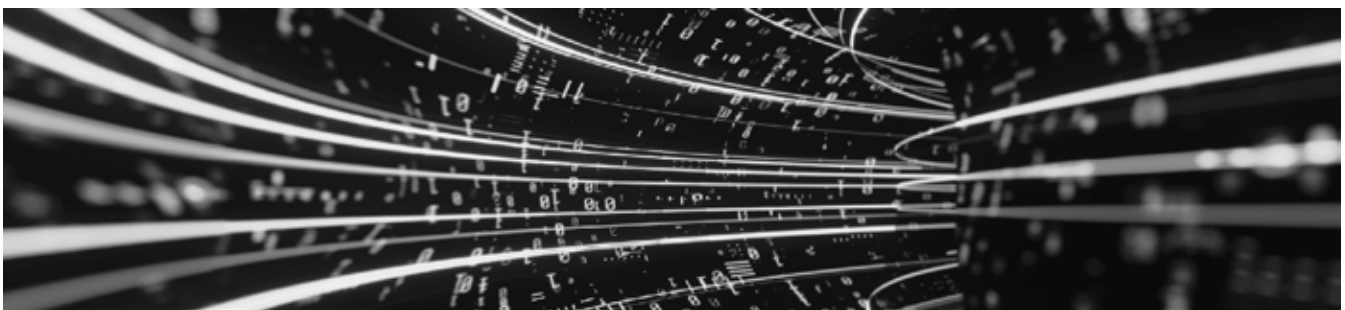
Roadblock 1: Sales Tactics Designed to Drive Customers to Cloud

Rightfully so, Oracle and SAP are very protective of their massive customer bases. Current customers contribute over \$30 billion yearly in support fees, earning the software providers more than \$25 billion in gross profit margin. In addition, both companies are reinvesting a significant portion of their profits into research, acquisitions, development, and launch of new technologies and cloud offerings designed to replace the existing on-premise systems that are generating profit in the first place.

These vendors do not hide the fact they are betting heavily on their next-generation cloud offerings. In various ways, they incentivize existing customers to migrate sooner rather than later, even though some industry experts feel these solutions are not yet mature or inferior to best-of-breed offerings. As a result, your IT leadership is best suited to determine readiness, fit, and roadmap strategy.

Attractive discounts and flexible payment options for cloud licenses are favored tactics for pushing unwanted upgrades and migration, regardless of whether or not they lead to unforeseen costs or risks. Software vendors will generally not provide a discount for unused on-premise licenses (shelfware), but in some cases, they will allow a trade-in of shelfware for cloud futures. However, such a trade is often not prudent for the customer because they can retain the shelfware (a valuable commodity) instead of trading it in for cloud futures they may or may not use.

If you continue to resist these overtures, the software vendors may reduce your support fees, and you should press them for a deeper discount, citing your knowledge of the cost benefits of third-party support. Note that, in addition to the significant cost reduction offered by a third-party support provider, certain third-party vendors will give pricing concessions for shelfware, allowing you to align support fees with licenses in use.





Roadblock 2: The Threat of an Audit

When sales, discounting tactics, and incentives don't work, Oracle and SAP may try another tactic: an audit review. Audits happen; Oracle and SAP customers can expect to be audited every 3-5 years, so it's best always to be prepared to defend.

Several trigger events can push you to the head of the line:

- Your company has just undergone a merger or failed to renew a Universal Licensing Agreement (ULA).
- You have not purchased new licenses in several years.
- You are not moving to Oracle or SAP cloud fast enough.
- You have sent a letter of intent to cancel vendor-provided software support.

According to Gartner research, of the 15 or so audit triggers, canceling support is ranked 9th. Reviewing your existing license contracts (original, renewed, and amended) to understand specific terms and clauses is imperative. Watch for language and embedded links that make it easier to fall out of compliance. Consider contacting a third-party support vendor for licensing options and advice if you receive an audit.



Roadblock 3: Claims of Inadequate Security and Vulnerability Protection

Customers perceive security as one of the top barriers to moving away from Oracle or SAP support. Oracle and SAP want their customers to believe they are the only vendor to secure your enterprise software. Their advertising misrepresents third-party support as an inferior security solution and could be a tactic to deflect attention from their security protection inadequacies.

According to Oracle's published security policy, they monitor for common vulnerabilities and exposures. Fixes are created as cumulative patches delivered quarterly or one-off fixes for critically deemed updates. Furthermore, they prioritize based on a scoring system related to their ability to address the issue. Unfortunately, these security protection measures are entirely reactive. The patches contain no customer-specific security intelligence and block threats only with no proactive threat management solution.

Ensure you arrange a meeting between your IT and security professionals and the third-party support security experts. The best third-party providers offer a proactive, full technology stack solution that integrates accessible security experts, proven processes, modern detection tools, and continuous monitoring practices. It's a superior approach to software vendor patches through a comprehensive defense-in-depth strategy focused on hardening your system. The third-party support vendor should be able to clearly explain its processes and how they are certified under global standards.

Depending on the size of your company, plus the internal capabilities of your security team, you may already have security covered. If you don't, carefully evaluate the offerings, ask for references, and decide for yourself.



Roadblock 4: Challenging the Legality of Third-Party Support

It's no secret that Oracle is deep in litigation with Rimini Street, a leading third-party support provider. In 2010, Oracle filed a lawsuit against Rimini Street, alleging software copyright violations. The case went to trial in 2015, culminating in a jury verdict in Oracle's favor for LEGALITY of Rimini Street's 93 counts of copyright infringement and violating state computer fraud statutes. Including assessed legal and other expenses, Oracle was awarded about \$124 million plus a permanent injunction that restricted Rimini Street from continuing to engage in the infringing activities. In 2017, an appellate court reversed the computer fraud verdict and a portion of the legal expenses. Currently, aspects of the case related to the permanent injunction are still under appeal.

In 2014, Rimini Street filed a lawsuit against Oracle, requesting a declaration that its current support model does not infringe on Oracle's copyrights. Oracle counter-sued, alleging that Rimini Street is still violating copyrights. A review of the litigation documents suggests that Oracle's aggressive pursuit of Rimini Street reflects years of perceived intentional abuse and misuse of Oracle copyrights.

Third-party support is entirely legal when delivered the right way. [A recent research paper published by Gartner](#) affirms that there is no legal reason a third-party couldn't provide vendor replacement support for Oracle customers. Executives from Oracle and SAP have publicly acknowledged that third-party support is legally viable as long as the intellectual property rights of the software publisher are respected and observed.

Spinnaker Support understands precisely what practices and processes have been deemed unlawful and has taken significant precautions to deliver support correctly. We have proven that third-party support is a safe, demonstrated alternative to Oracle and SAP support.



Roadblock 5: Severing Support Permanently Damages Your Relationship with the Software Vendor

Finally, Oracle and SAP customers should understand that a move away from their support does not damage or end the overarching relationship with the software vendor. The vendor, of course, will not be happy with your migration away from their support. They will alert you of temporary or permanent blocked access to self-support portals and upgrade rights for on-premise products (which, as noted earlier, are slowing or no longer scheduled).

Customers should not be worried about losing the specific information, patches, and upgrades they are entitled to – depending on their unique licensing agreement with the software vendor. A third-party support provider can ensure that all published patches and updates available up to the date of the cancellation are downloaded and archived on the customer's servers for future use. Although fewer customers than you might expect ever access the archived information, they appreciate having a safety net should they choose to use it.

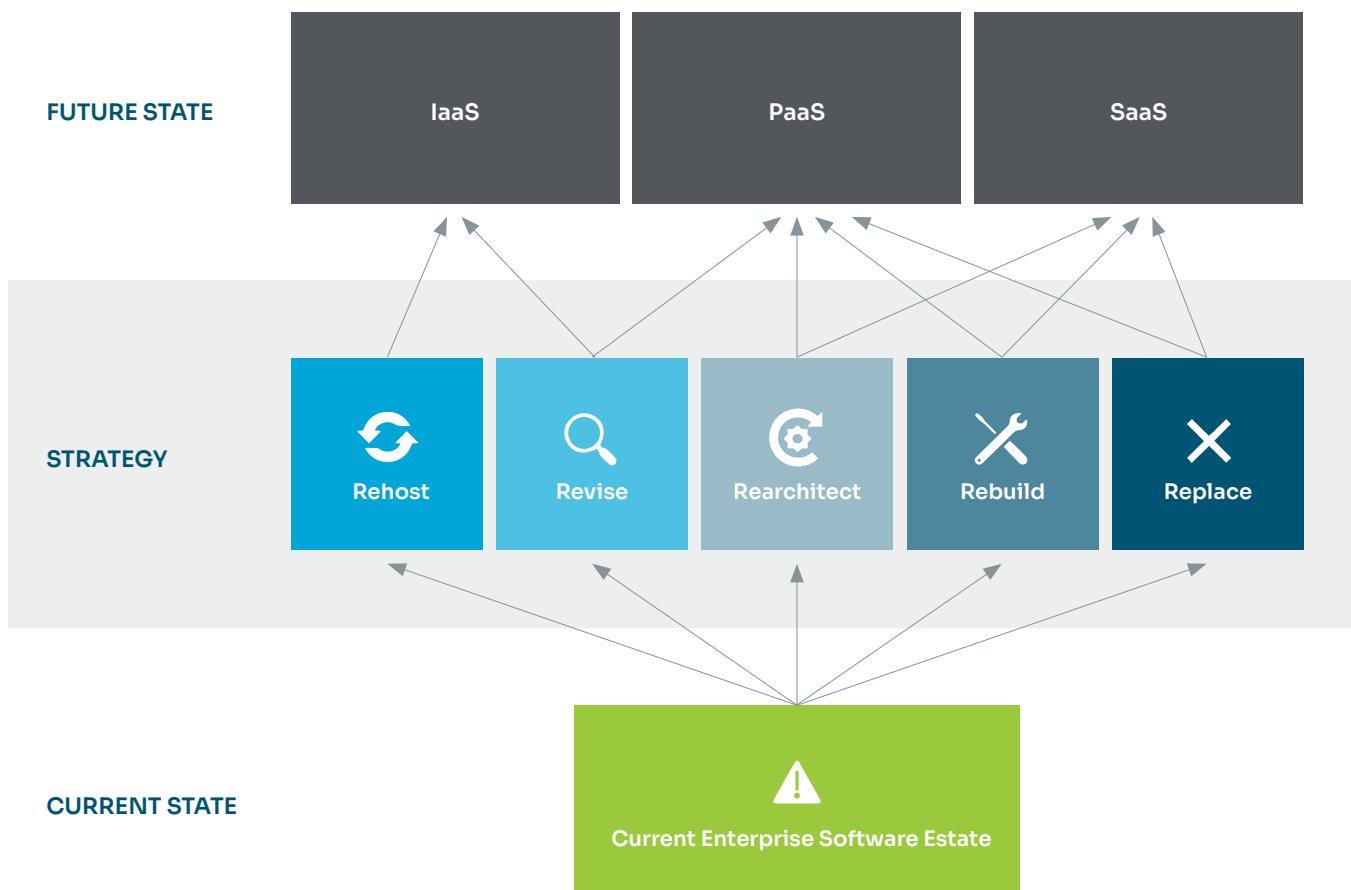
Many customers who successfully switched to third-party support eventually return to vendor support, most often due to changing business circumstances. The average period an Oracle or SAP customer stays with a third-party support vendor exceeds four years. The software vendors will always welcome you back should you want to upgrade or migrate – with no back penalties. Returning to Oracle or SAP support will also provide ample leverage for price negotiations, as you are usually treated as a new customer.



Section 8: How Third-Party Support Enables and Accelerates the Right Cloud Migration Paths

The journey to the cloud is confusing, costly, personal, and complicated. The fastest-growing driver of third-party support adoption is the desire to move on-premise software to the cloud. Many organizations have cloud goals but need more time to be ready to pull the trigger, so they switch to third-party support to maintain robust and reliable systems. At the same time, they navigate the complexities and develop the strategies that best fit their cloud roadmap. There's no reason to rush to the cloud or succumb to the aggressive tactics of Oracle and SAP, whose business plans revolve around pushing their customers to the cloud and locking them into long-term engagements.

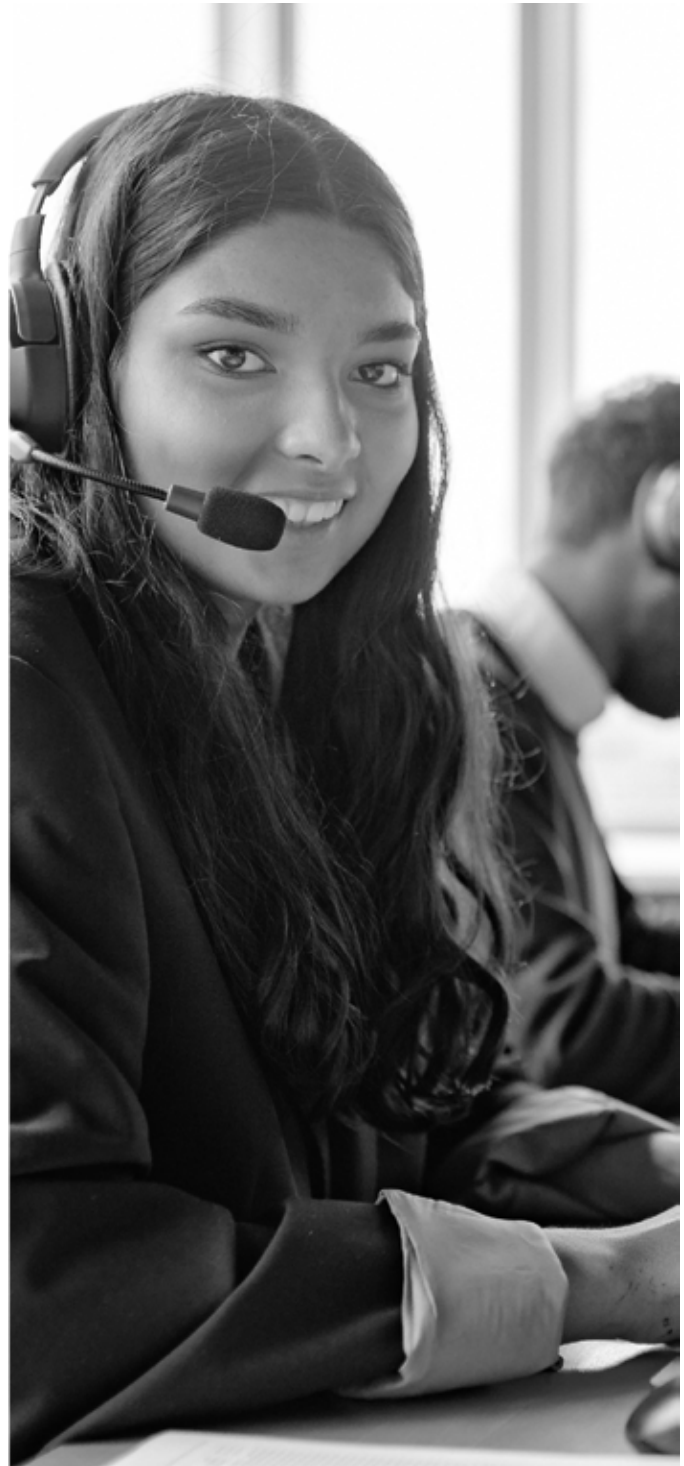
Per Gartner, there are five distinct strategies that enterprises are deploying to migrate their on-premise applications and infrastructures to the cloud: rehosting, revising, rearchitecting, rebuilding, and replacing. Each enterprise has its unique IT landscape, with various software product lines, so there is no one-size-fits-all cloud migration strategy. The best approach usually involves the execution of more than one of the five deployment strategies.



Third-party support providers are helping customers migrate to the cloud in these ways:

- 1. Delivering savings on annual support fees for stable on-premise applications that can be reallocated to fund cloud migration.**
A growing number of third-party support customers are still firming their cloud strategies. Their on-premise applications are functioning well with years of value ahead. Third-party support providers will take care of these applications until a customer decides to migrate.
- 2. Affording time to investigate and identify the optimal cloud migration strategy.**
This means time to build funds and wait for cloud solutions to mature properly. More time can counter pressure Oracle and SAP apply to lock in their customers because there's no reason to get hooked into an inferior cloud strategy.
- 3. Providing the right staff and skills at the right time to support your current and future IT initiatives.** Third-party providers provide the deep software skills required to support today's application environment while customers re-tool their internal teams to prepare for tomorrow's digital/cloud environment.
- 4. Offering adaptability on terms that matter to your organization's bottom line.** As customers move from on-premise to the cloud, a third-party support vendor offers flexible commercial terms that align services and fees with ever-changing IT infrastructure conditions.

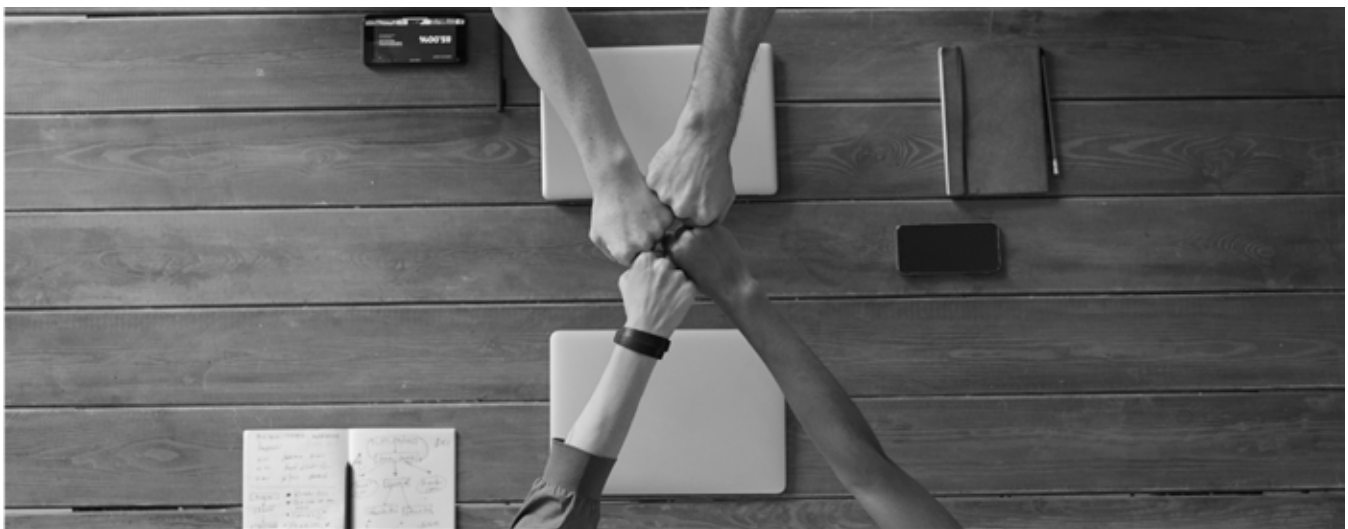
There's no reason to rush to the cloud if you're not ready. Third-party support gives its customers the latitude they need to fund, staff, and time their move to the cloud.



Section 9: Smoothly Transitioning to Third-Party Support

As a procurement or sourcing professional, part of your mission is to identify and vet new vendors quickly and accurately. Switching from software vendor support to third-party support is a straightforward process. Here are four tips that can help:

1. **Work with the IT department to gather specifics of your software application landscape.** This includes product lines in scope, language requirements, countries requiring tax and regulatory updates, used versus unused licenses, etc. Collecting these will help streamline the pricing and onboarding processes.
2. **Gather a two to a three-year history of tickets issued to Oracle or SAP (types, priority level, etc.)** This history impacts pricing, as well as resourcing.
3. **Review your license, support, and cancellation agreements. Know your rights.** Know end-of-maintenance dates. Cancel as contractually required by the software vendors.
4. **Build enough time to archive the information you can legally download and store.** Depending on your application landscape, you should allow 4-12 weeks before the switchover date.



Conclusion

This guide provides recommendations and information to build a business case for switching from Oracle or SAP provided software support to third-party support. We advise you to continue to educate yourself, anticipate the inevitable barriers from the software publisher, and successfully address and mitigate the concerns of your IT staff.

Five Key Takeaways from this Guide:

1. **Third-party support is a proven and popular alternative for organizations looking to reduce spending and retain high-quality support.** Third-party support has expanded into over 100 countries on six continents, with organizations from all industries, medium size to Fortune 500, have already made the switch.
2. **Not all enterprises are suitable for third-party support.** Ideal candidates are those migrating from one on-premise environment to another or from an on-premise environment to the cloud, experiencing financial hardship or needing to optimize their software support budgets, and/or wanting to direct savings to enable smarter and faster innovation.
3. **Educating yourself and your internal team is paramount to success.** There is a learning curve to understanding the nuances between enterprise software vendor-provided support and the third-party alternative. We encourage questioning whether the software vendor roadmap aligns with your enterprise's business interests.
4. **It's recommended to include stakeholders outside of your IT department.** The decision to switch to a new support vendor requires a team effort. As the IT leader, you want to engage cross-department stakeholders throughout the due diligence and decision-making processes, including Procurement, Finance, Security, and Legal.
5. **Be sure to understand your rights and how to counter the barriers erected by software publishers.** Oracle and SAP licensing and support policies and practices are needlessly complex, and the two companies will throw confusing claims, threats of audits, or tricky sales tactics to dissuade you from switching to third-party support. Ensure to work with your legal and IT teams to understand the facets of your licensing and rights before you embark on a conversation with them.

HIGHEST RATED CUSTOMER SATISFACTION

In our customer survey, we reported a 98.1% overall satisfaction.



Hopefully, this guide has offered usable insights into the third-party support market to help you determine whether it is right for your organization. Remember that moving away from Oracle or SAP maintenance to save money and receive dedicated support does not end your vendor relationship. On the contrary, it could improve your position by informing the software vendor that they need to work harder to improve the value of their services and retain your long-term business.

If you would like to get more information about our support services, please contact your local sales representative or contact us at spinnakersupport.com



About Us

Today's leaders are navigating an increasingly uncertain and ever-changing world. They can't be held back by restrictive, ineffective, or complicated software systems as they move their organizations forward. Spinnaker optimizes software ecosystems through services designed for sustainable transformation, maximizing software investments and freeing up the capital and resources leaders need to navigate the future with certainty.

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