TRENDS REPORT

The Current State Of Independent Third-Party Software Support

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FORRESTER

Summary

Across all industries and markets globally, software is one of the largest categories of IT spend, and spending on the largest enterprise software vendors like SAP, Oracle, IBM, and Microsoft has only increased over the last decade. This has led technology leaders to explore cost-saving opportunities on annual maintenance and support, and it's why independent third-party software support (TPSS) vendors have become so valuable. This report guides technology leaders on how the large-vendor TPSS market has evolved and how to work with these vendors.

Third-Party Software Support Offers A Low-Cost Alternative

Forrester defines third-party software support as an independent, low-cost alternative to software product maintenance and software product support that's packaged by mega vendors like SAP, Oracle, IBM, and Microsoft with the original software purchase. TPSS vendors are not authorized channel partners and have no relationship with the original software creator, original equipment manufacturer (OEM), or independent software vendor (ISV). Legally, TPSS vendors cannot access the OEM's intellectual property, including original software, software updates, firmware updates, or security updates. They also cannot obtain OEM backline support. What TPSS vendors offer is alternative independent software support.

Mega software vendors like SAP and Oracle generally serve the upper end of the market, such as large enterprises with annual revenue of over $5 billion and midmarket enterprises with annual revenue between $1 billion and $5 billion. The enterprise software licensing price for both large and upper-midmarket enterprises is high, and so is the annual maintenance and support cost. How expensive is it? Consider that:

- **Annual maintenance and support are often 20% or more of the license fee …** For Oracle, the annual maintenance and support cost is generally 22% of the net licensing fee. This cost can vary depending on several factors, such as the products you have, the tier of the products, how long the products have been on that level, past price increases, etc.
- **… and these costs can increase over time.** SAP's annual maintenance cost is typically 17% to 22% of the maintenance base, plus annual adjustments for inflation. SAP's support agreement terms and conditions allow for annual adjustments to support fees after the initial term and first renewal term. SAP has increased maintenance fees in the past, including a 2022 increase by up to 3.3% and a 2024 fee increase by roughly 5%.

Third-Party Software Support Offers Additional Advantages For Cost-Constrained Organizations

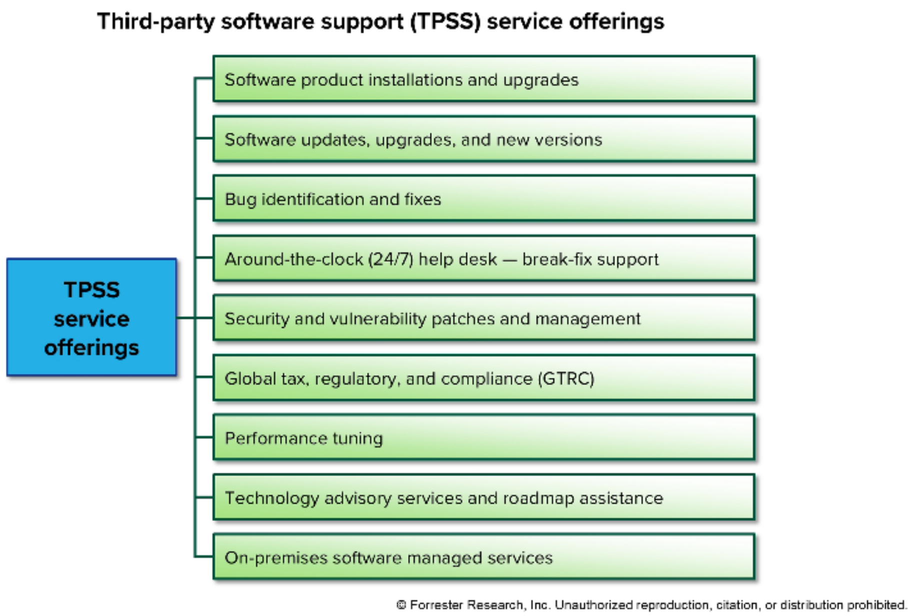
Given the ongoing global economic uncertainty, not all organizations allocate funds for large applications and business transformation efforts. The ones with budgetary concerns are tightening their IT spend on old on-premises applications and reserving funds for mandatory application upgrades and modernizations only. Software product maintenance and support is often the first item that is reviewed for cost optimizations, and organizations find the TPSS market very attractive, as these vendors can offer significant cost savings. Some of the advantages include:

- **Reduction and control of software budgets.** Overall, TPSS vendors can provide an average of about 50% annual savings in software maintenance and support when compared to the annual maintenance and support pricing for SAP and Oracle, and they offer a variety of services (see Figure 1).
- **Special services for custom code.** It is well known that the SAP and Oracle support contracts do not support customers' custom code and product customizations. Often, customers must support customizations on their own or leverage help from the application management services (AMS) vendor at an added cost. Historically, TPSS vendors have always supported custom code and product customizations, sometimes even with better service-level agreements (SLAs), which organizations find very attractive.
- **Increased flexibility with custom contracts.** With TPSS vendors, organizations can opt out of new features, upgrades, and any changes they don't need or that are too cost prohibitive. The ability to create custom contracts with TPSS vendors allows for this flexibility.
- **Flexible commercial terms and short-term agreements.** With big vendors like SAP and Oracle, the maintenance and support contract lengths are generally fixed and rigid commitments. With TPSS vendors, organizations can negotiate shorter-term agreements (monthly, quarterly, yearly) and further customize these agreements to support only certain product-specific needs.
- **Negotiation leverage with big vendors.** It is also well known that the big software vendors generate significant revenue via their annual maintenance and support. SAP currently has €11 billion in maintenance revenue. The TPSS market is a big threat to this revenue stream. Organizations often use low-cost TPSS proposals to negotiate and bargain for better support deals with the big vendors.
- **Extending the life of already-owned existing software.** Most organizations eventually face end of support for their existing on-premises software. In the past, that timeline used to be 10 to 15 years. Lately, however, the end-of-support and even extended-support timelines are much shorter due to the big enterprise software vendors aggressively moving to SaaS and vendor-managed cloud offerings. With shorter deadlines, organizations find themselves continually investing in expensive updates and new capabilities while managing daily operations, which has been challenging and disruptive to their business. The TPSS market allows organizations to take a break from the continuous changes and buy

themselves more time so they can plan for their application transformation on their own timeline.

Figure 1

Third-Party Software Support (TPSS) Service Offerings



The Five Most Popular Independent TPSS Vendors

Below are the five most popular independent TPSS vendors selected by clients seeking support for SAP, Oracle, IBM, and Microsoft (see Figure 2). Technology leaders can start investigating specific vendors based on the specific software coverage they need, the type of support services they need, and commercial flexibility.

- **Origina.** Founded in 2012, Origina offers global, 24/7 third-party software support for IBM products. Origina is comparatively smaller than other popular TPSS vendors but has a few hundred customers. It does offer contractually binding SLAs. It also pulls from a pool of independent global IBM experts, who are assigned on a per-product basis for the support term. Origina does not provide global tax, regulatory, and compliance (GTRC) services, as IBM products do not require it. Origina also offers software license audit services and protection against entitlement risk.

- **Rimini Street.** Rimini Street, founded in 2005, is a leading provider of third-party support for Oracle and SAP software along with several other mission-critical applications. It is also a Salesforce and AWS partner. It has over 5,600 clients spanning Fortune 500, Fortune Global 100, midmarket, public-sector, and other organizations covering a broad range of industries. It has a global staff 1,200-plus full-time engineers, developers, and service delivery professionals, with highly experienced primary support engineers. Rimini Street now also offers AMS for both Oracle and SAP.

  Oracle and Rimini Street were in litigation for over 13 years for copyright infringement, with several countersuits and appeals by Rimini Street. Oracle, in turn, has extended its commitment to offer premier support for PeopleSoft through at least 2035. In mid-2024, Rimini Street stated that it will exit support for PeopleSoft. It has chosen to refocus on adding support for other products. In October 2024, Rimini Street announced a new partnership with ServiceNow in which it will design, deploy, and manage ServiceNow's Now Platform as an innovation layer for enterprise resource planning (ERP) customers. This steps up its game for SAP customers that choose not to migrate to RISE.

- **Spinnaker Support.** Founded in 2008, Spinnaker Support has over 1,300 customers, many of which are well-recognized brands. It stands as one of the most notable TPSS vendors for Oracle, SAP, and VMware. It also offers managed services for Oracle and SAP. Spinnaker Support is well known for its "Ultimate Support Guarantee" for Oracle and SAP, where it guarantees its service delivery or it will help pay reinstatement fees for the customer's return to support by the previous OEM vendor if Spinnaker Support does not meet the terms of its client agreement. It has about 550 full-time employees and highly experienced support engineers. Spinnaker Support is privately held, which offers flexibility for customers. It has not faced any major litigation. Conversely, it also supports products for a lifetime. Spinnaker Support has a proprietary AI tool for ticket triaging.

- **Support Revolution.** Support Revolution, launched in 2012, has provided support for Oracle and SAP for over 25 years, starting in the PDG Consulting days. It is one of the few TPSS vendors with no de-support dates, and it supports all versions of Oracle and SAP software including customizations. Its SLAs guarantee both a response time and resolution time for all incidents. Support Revolution boasts that its Oracle and SAP customers saved an average of 64% in support costs last year. It also offers a full range of implementation, change management, and advanced security services (with Trend Micro Deep Security) for an additional charge.

- **US Cloud.** US Cloud was founded in 2017 following the launch of Microsoft Unified Support, which was the biggest change in Microsoft support in over a decade. Its mission was to use the company's substantial Microsoft expertise (tracing back to its Fpweb.net days) to offer quality Microsoft support at lower, affordable rates. US Cloud has grown substantially, with current clients ranging from Fortune 500 enterprises to midsize companies across the globe. With over 550 customers converting to US Cloud in the last two years, it is one of the fastest-growing companies. It claims fast resolution times for an average 30% to 50% reduction on Microsoft Premier/Unified Support, as well as 100% US-based, domestic Microsoft-certified engineers with 15 years of average staff experience screened for security and compliance.

Figure 2

TPSS Product Coverage For The Five Most Selected Vendors

Third-party software support (TPSS) product coverage

Origina (NA, EMEA, APAC)	Rimini Street (NA, EMEA, APAC, LATAM)	Spinnaker Support (NA, EMEA, APAC, LATAM)	Support Revolution (NA, EMEA, APAC)	US Cloud (NA, EMEA, APAC)
• **IBM** ◦ InfoSphere, WebSphere Application Server, Z Mainframe, App Connect Enterprise, DB2, Domino • **HCL** • **VMware**	• **Oracle** ◦ EBS, Fusion Middleware, Hyperion, JD Edwards, Retail (Retek), Oracle Database, Siebel, ATG Web Commerce, Agile PLM • **SAP** ◦ ECC and Business Suite, S/4HANA, HANA Database, Business Objects, ASE Database • **Microsoft** ◦ SQL Server • **IBM** ◦ DB2 • **Salesforce** • **ServiceNow** • **VMware** • **Open-source databases** ◦ PostgreSQL, MySQL, MariaDB, MongoDB	• **Oracle** ◦ EBS, Fusion Middleware, Hyperion, JD Edwards, Retail (Retek), Oracle Database, Siebel, PeopleSoft, ATG Web Commerce, Endeca, Agile PLM, Demantra • **SAP** ◦ Business Suite and Apps, BI Components, Sybase/ASE Database, Basis, BI, SAP databases • **Microsoft** ◦ SQL Server • **VMware** • **Open-source databases**	• **Oracle** ◦ EBS, Fusion Middleware, Exadata, Hyperion, JD Edwards, Business Intelligence, Retail-J, Oracle Database, Siebel, Fusion, Hardware, PeopleSoft, Primavera • **SAP** ◦ R3, ECC, Business Suite, S/4HANA, HANA Database, Business Objects, Business Warehouse, HANA, Sybase/ASE Database • **IBM** ◦ DB2 • **VMware**	• **Microsoft** ◦ Premier/Unified

Triggers For Using Third-Party Software Support

The TPSS market started flourishing in 2005, when customers of Oracle, SAP, IBM, and Microsoft were exploring new business models for operations while assessing their existing software application landscape and IT spend. Early TPSS adopters paved the way for other organizations to see the successful reduction in annual support cost and, in many cases, get better support coverage — especially for customers with software customizations to address niche requirements. While the TPSS market is small, the services offered are highly mature, with skilled staff, great SLAs, and global coverage. Over the past two decades, TPSS has grown in popularity and adoption, supporting clients in many different industries, including regulated industries, so much so that many TPSS vendors have added new products that they now support independently. The massive acceleration in the TPSS market is due to six fundamental reasons:

1. **Customers on their way to cloud migrations.** Over the last five years, SaaS and vendor-hosted cloud offerings from the mega software vendors have increased in lieu of their heritage on-premises software. Customers that traditionally used on-premises applications like ERP, human capital management (HCM), supply chain management (SCM), CRM, and more — along with several old tech stack solutions like on-premises databases — are now evaluating SaaS and vendor-managed cloud offerings, shifting from a capital expense to an operational expense model and potential changes in total cost of ownership (TCO). Customers in these situations generally look for any reduction in IT spend, knowing that their current production environment will be frozen to functional changes while a cloud migration is in process. TPSS serves as an interim support mechanism that's stable, comprehensive, and reliable, with an added value of significant cost savings and support for software customizations.

2. **Increases in vendor annual support fees.** Due to inflation, many software vendors are starting to increase the annual maintenance and support fees for existing customers. Sometimes these increases occur every year, leading to a cumulative increase over time. Another reason for such increases, though hotly debated, is the vendor's "carrot or stick" attempt to motivate the on-premises customer base to a SaaS or vendor-hosted cloud offering. In ERP, SCM, and HCM, the global move to the cloud is steady, but it's not as rapid as for non-enterprise software. This puts an additional burden on software vendors to maintain technical, functional, product, and system security personnel to support all the older versions of their software for customers. Additionally, many customers do not have price

protection language in their contracts. Customers seeing no way out of this certainty of increasing costs move to TPSS as a viable alternative with comprehensive SLA agreements.

3. **Organizational changes that necessitate software alternatives.** Most enterprise clients using ERP, SCM, HCM, and other applications have used the on-premises versions for about 15 to 20 years or longer. Enterprise clients deeply rooted in the mega software vendors often remain committed to the same vendor when considering newer versions; however, we're seeing signs of change in the last two years. Due to an increase in mergers and acquisitions as well as spin-offs and divestures, organizations aren't the same as they were 15 to 20 years ago, leading them to consider bigger or smaller/leaner software. Examples of such cases would be a previous SAP customer considering Epicor, IFS, or Infor today as leaner, cost-effective options. Private equity deals are also on the rise, which sometimes require a company to use the same enterprise software as the other companies in the portfolio. TPSS is a great intermediary option while that decision is being made and during the final migration to a different vendor software.

4. **Highly stable production systems.** Organizations that have used enterprise-grade software for decades and have built niche customizations to meet their unique business requirements find that their production environments are very stable, and the number of break-fix tickets or true system issues are almost nonexistent or at a low volume. For such organizations, paying a premium price for annual vendor maintenance and support is excessive — akin to paying full coverage on a 15-year-old vehicle where the cost to repair or replace an equal-value vehicle in the event of total loss is lower than the total premium paid over time. Since the risk factors for such cases are limited, organizations can benefit from third-party support until they move to a SaaS or hosted-cloud software option. In some cases, they can just stay with the on-premises software for an extended duration to reap maximum value out of the original perpetual license investments.

5. **Software-vendor-declared end of support or end of life.** Customers of large software vendors have all experienced product end-of-life or end-of-support events at some point in the last two decades. Often, the end-of-support dates are followed by extended support, which offers limited support such as critical security patches. TPSS vendors offer support beyond the extended-support end date, which is often necessary to extend the life of the software if a move to another solution has not been completed. Customized agreements from vendors are an option; however, they are always very expensive. For organizations with stringent IT budgets, using TPSS vendors to extend the life of the software is a lifeline that allows business operations to continue without significant additional investments

in upgrades or new vendor software. TPSS vendors often support such products for 15 years or more.

6. **Business control of enterprise software roadmap decisions.** About 10 to 20 years ago, upgrading from one software version to the next often added significant new capabilities, features and functions, architecture, UX, and revamped underlying toolsets. Premium annual maintenance and support made sense, as the cumulative changes were significant. As products matured, changes in subsequent versions were reduced, making the hefty annual support cost justification weak. However, with the shift to SaaS and vendor-hosted cloud options in the last five years, there are once again major changes to architecture, the underlying platform, and critical AI-related innovations. Clients must invest in large, multiyear, multimillion-dollar transformation programs to take advantage of these changes. In addition, this is essentially vendor-driven transformation, not business-driven transformation when the organization is ready to do so. TPSS vendors offer more control over the transformation roadmap by giving organizations more time to make massive changes to systems controlling key operations.

Key Considerations And Recommended Actions

Organizations looking to work with TPSS vendors should consider and act on the following:

1. Conduct A Feasibility Study

Use the “Triggers For Using Third-Party Software Support” section, above, to guide you in assessing the feasibility of using TPSS and whether it is the right option to pursue.

2. Conduct RFPs To Assess Services Provided And Price Options

Conduct a detailed RFP with all TPSS vendors, assessing their services offered, support package tiers, SLAs, and price options for the specific product your organization needs. Additionally, gather security considerations and liability clauses to ensure that the vendor aligns with your organization’s requirements.

3. Evaluate Risk Factors And Perform Risk Assessments

To evaluate the risk factors, make sure to:

- **Review your long-term technology strategy.** What products do you plan to use from Oracle, SAP, IBM, Microsoft, and other big vendors? Assess all vendor roadmaps and upcoming releases and evaluate which version you’d like to be on before cutting off the maintenance and support contact. Understand the versions you are entitled to have and use upon cancellation. You shouldn't cancel vendor support until after an official move to a TPSS vendor occurs.

- **Understand the TPSS support packages and tiers of support.** Often, the higher tiers have more comprehensive support. Understand break-fix ticket SLAs from the TPSS vendors by evaluating the last 24 months of break-fix tickets, the type of ticket issues, and their severity to understand how those same issues might be handled with a TPSS vendor and what the traffic might look like. Discuss this with the TPSS vendors.

- **Evaluate each term and condition with legal counsel.** Work with legal counsel to understand liability conditions, especially for organizations in regulated industries. Understand the penalty cost in cases where you may have to revert to the vendor OEM to reinstate support in case of a critical severity issues that only the vendor OEM can fix. That often involves back payment from the date of cancellation plus an added penalty.

- **Be ready for a vendor audit.** Often, cancellation of vendor maintenance and support triggers a software audit. Organizations should maintain an exhaustive list of their product licenses, installations, and actual product and license usage, along with all the original contracts and extensions. In case of an audit, assessing the vendor-stated license or usage violations against your own inventory will help you respond to audit concerns or negotiate a downgraded penalty in case of discrepancies.

4. Consider Trial Periods And Check Customer References

Some independent TPSS vendors allow for a one- or three-month trial engagement at no charge, allowing organizations to experience what it is like to work with them. You may use the trial period to assess the product knowledge and expertise of the TPSS vendor's technical staff, functional knowledge and coverage, response time, and resolution rate. You may also try out how customization may be handled. Lastly, you must directly talk to customer references to validate your findings and assess their overall experience and satisfaction with TPSS.

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