IT organizations must integrate new technologies with key legacy systems to innovate, evolve, and optimize their IT infrastructure for critical business processes. The right support provider can help minimize risk and maximize performance as enterprises transition to running sustainable digital business models.

Key Considerations When Evaluating Support Providers for Enterprise Software

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Introduction

While enterprises navigate the tricky journey of digital transformation (DX), maintaining and optimizing existing enterprise software remain key concerns for CIOs and IT managers. Most IT organizations rely on external support providers to maximize the performance of their enterprise software. While this support was historically available only from the original software vendor, an alternative has emerged in recent years — third-party support for enterprise software.

Third-party support is well established in the hardware market, but the proprietary nature of software makes it a newer concept for enterprise software. In this model, IT organizations sign an agreement with a third-party support provider for a specific business application, instead of a maintenance and support agreement with the original software vendor. Given the intellectual property (IP) in enterprise software, third-party support providers are limited in their deliverables. They do not have access to proprietary software code from the original vendor, including software patches, so they can't fix any problems that occur in that code. However, they do offer other support activities such as workarounds and custom code fixes to address software problems.

CIOs and IT managers transitioning to new digital business models should closely examine the potential benefits and risks of vendor and third-party enterprise software support. IDC recommends carefully considering the key concerns outlined in the following sections as a way to approach this exercise.

AT A GLANCE

KEY TAKEAWAYS

» Evaluate potential support providers across the enterprise software stack, carefully considering relevant business process and workload.

» Examine your IT footprint and road map carefully, including the digital business plan — with a focus on the IT landscape in one, three, and five years.

» Consider the plan for software vendor engagement as part of the transition to running a digital business and how that affects requirements for maintaining legacy infrastructure during migration.

What Are Some Primary Concerns When Evaluating Alternatives for Enterprise Software Support?

IDC believes that there are many factors for CIOs and business managers to assess when they are considering alternatives for enterprise software support. Enterprises need to maximize performance and IT service delivery while still optimizing the total cost of ownership for enterprise software in the long term. CIOs and business managers should examine these options with an eye to mitigating security and compliance risks, the amount of change anticipated in the business, and the level of ongoing support required for enterprise software.

Security and Compliance Requirements Across Your Industry

Security across the enterprise is a critical challenge for CIOs and business managers as they face constant and ongoing threats — not just from hackers and organized crime but also from state actors. To combat these threats, most enterprises have strict compliance and governance processes to maintain security across all aspects of IT service delivery. In some industries, strict regulations are in place to ensure organizations meet the required standards and performance.

CIOs and business managers should complete a thorough analysis of security requirements across the enterprise when considering alternative support providers. The penalties associated with a customer or IP data breach can be enormous, with potential damage to revenue, branding, and customer trust. Protecting critical systems is nonnegotiable, especially with regard to legal and regulatory updates for business-critical software. For most industries, minimizing the occurrence of cyberattacks by adopting best practices for security hygiene and consistently applying application-level security patches from software vendors is necessary to ensure ongoing IT compliance.

Key questions to ask include:

» How will third-party providers address security concerns as new threats arise and new vulnerabilities are discovered?

» How will the provider manage data privacy? Does it have confidentiality policies? Can it protect any confidential software IP information and insights?

» Can third-party providers meet the procedures and regulations required by your auditing and compliance team? Do they produce audit trails that meet your requirements?

» Does the contract include clear, detailed language regarding how third-party providers will handle the software vendor's IP? Can third-party providers furnish proof of their legal right to access anything termed "vendor IP"?

Top Strategic Priorities for Your Organization over the Next Five Years

Many enterprises around the world are part of highly competitive industries that are quickly transitioning to digital business. IDC believes the importance of technology adoption will only increase as top performers move rapidly to capture new markets and introduce new products. Enterprises competing in these industries will require continued innovation across the business supported by an agile IT environment that can drive the necessary change. IDC research shows that a number of industries are rapidly expanding their IT spend in DX capabilities, as demonstrated in Table 1.

TABLE 1: *Worldwide Annual DX/Non-DX Spending by Industry*

Industry	DX Spending (%)	Non-DX Spending (%)
Manufacturing and resources	56	44
Transportation and utilities	55	45
Personal and consumer services	48	52
Retail and wholesale	47	53
Healthcare providers	43	57
Professional services	42	58
Media	33	67
Financial services	30	70
Telecommunications	29	71

Source: IDC's Worldwide Digital Transformation (DX) Spending Guide, April 2022 (V1 2022)

For many enterprises, adopting new digital business models will require a large and expanding IT investment to achieve the desired results. In addition, organizations that are growing rapidly through acquisition and significant geographic expansions could require flexibility and scale from their support providers to enter new markets and introduce the latest products. For those organizations, vendor support could be a better fit. CIOs should carefully plan their innovation road map, considering new technology adoption and ongoing vendor relationships that can be necessary for a rapidly changing IT landscape.

Key questions to ask include:

» How quickly is your industry embracing digital transformation? How much continuous innovation will be required to capture new markets, introduce new products, and improve the customer experience?

» What is your technology innovation road map to achieve strategic competitive advantage? Which ongoing strategic vendor relationships will be necessary for a rapidly changing IT landscape?

» What is your organization's strategy for growth? Will you acquire rival and complementary organizations to expand or grow organically by reinventing business models and introducing new products?

» How extensive is your current landscape with the vendor under consideration? What is your mid- to long-term strategy for the software environment from this vendor?

Evolving Support Requirements for Business-Critical Software

When examining support requirements for business-critical software, CIOs and IT managers should consider a complete audit of the current environment for the vendor's solutions. Organizations should conduct a careful analysis of the support features most critical to maintaining system performance and supporting critical business processes. Most enterprise software vendors continue to build advanced support capabilities into enterprise software, including features such as in-product support and access to predictive and prescriptive recommendations.

In addition, when problems occur, original software vendors can offer access to engineering talent with advanced expertise as well as support features and functionality that incorporate machine learning and automation to help streamline ongoing operations. They also are consistently expanding advanced support IP to detect, isolate, diagnose, and repair issues before they affect end users. Further, customers can leverage an array of expanded toolsets and utilities from software vendors — including expanded portals, training, expert guidance, assistance transitioning from custom code to standard functionality, and upgrade assistance.

Key questions to ask include:

» Do third-party providers offer a direct-to-customer support model with instant access to technical expertise?

» Will third-party providers include coverage for the relevant custom code in your enterprise software? Does that include modifying existing code and developing new code when necessary (i.e., for workarounds to compensate for lost functionality)?

» Can third-party providers guarantee access to the same team for the duration of your contract?

» Can third-party providers meet specific service-level agreements (SLAs) that are required for internal or external customers?

Ongoing Access to IT Expertise to Help Enable a Sustainable Digital Business

In terms of overall IT expertise and support, both software vendors and third-party support providers can offer potential benefits in distinct situations. The dramatic changes necessary for successful digital transformation initiatives require specific expertise in advanced new technologies such as artificial intelligence and machine learning across multicloud IT infrastructure. Historically, software vendors have had an advantage when working with new technologies in the IT environment — especially their own IP. With expanded advanced support technology and application life-cycle management tools, software vendors are well positioned to help IT organizations manage these migrations.

On the other hand, third-party support providers can provide coverage for legacy IT infrastructure — a significant component of many IT environments. Since many third-party providers in the software space use the direct access model, most customers will have a primary contact with extensive knowledge of their IT environment. These support professionals should be able to answer questions regarding strategies for existing IT assets and managing custom code going forward. Their knowledge of these applications in real-world scenarios could prove helpful for CIOs and IT managers who plan to maintain their legacy infrastructure for quite some time.

Key questions to ask include:

» What kind of coverage is included for a legacy infrastructure software environment? What specific software is covered?

» Can third-party providers furnish customer testimonials and case studies of custom code modifications and/or expansions to support this software going forward?

» Do third-party providers guarantee the direct access model for all covered enterprise software, regardless of original vendor?

» Can third-party providers include specific support delivery details in the contract? Examples include escalations, detailed plans for issues that cannot be resolved (especially in source code), and provisions for access to workarounds.

» Do third-party providers offer guidance that can help rationalize the IT environment on a digital transformation journey?

How Should an Organization Consider the Ongoing Cost of Software Support?

Enterprises considering software support alternatives are typically looking to reduce the annual cost of maintenance and support, which is often a significant part of the IT budget. A comprehensive examination of support options for enterprise software should include a full account of the remaining life-cycle cost for that software. Moving off vendor support often requires changes that can increase the total cost of ownership, depending on the ultimate plan for the IT environment. For example, unknown costs in software support are often associated with:

» Third-party applications or industry niche solutions currently supported by the vendor, which may later require a plan to self-support or even new and separate support agreements under another provider

» Reversing customizations and specialized configurations that maintained interoperability under a third-party provider when returning to the vendor for new technology

» Transition costs, including maintaining multiple support contracts for a software solution when migrating to and/or from different support providers to ensure adequate coverage for business-critical applications

» Loss of usage rights for vendor-provided support software, including advanced application life-cycle management solutions that could require complex workarounds or replacement software and support costs

» Incremental licensing costs due to loss of preferred discounting/strategic relationship with software vendor

» Additional consulting fees related to tax, regulatory, legal, or hardware changes

In the current environment, savvy technology providers are working closely with their customers to help address any budget issues faced in these difficult times. Organizations should consider providers with robust cost optimization practices that can help improve cost management, maximize investment in their solutions, and plan for future technology implementations.

Considering Oracle Software Support

Oracle offers a comprehensive portfolio of support services for Oracle software, hardware, cloud solutions, and engineered systems. With a history of acquiring companies across its businesses, Oracle has dedicated significant resources to simplify its services portfolio and offer the same options for IT organizations regardless of Oracle technology.

Oracle Premier Support for Software

Oracle Premier Support for Software is the company's foundational software support offering, available across all software solutions in the Oracle portfolio. Oracle Premier Support for Software offers a comprehensive mix of proactive and reactive software support services, with key features that include the following:

» Software enhancements and updates, including critical security patches

» 24 x 7 access to Oracle Software experts via phone, email, and web portal

» My Oracle Support (MOS), a single online portal with access to proactive and reactive support tools, configuration and upgrade assistance tools, and Oracle-guided communities

» On-demand health checks and patch recommendations

» Access to priority service request handling when using proactive support tool

» A patch conflict assessment tool that can check system requirements and identify potential conflicts to prepare for patches and updates

The My Oracle Support portal serves as the "go-to" dashboard for Oracle Premier Support customers, where they can manage all aspects of their support. MOS features a robust set of support deliverables, including system health monitoring, service request information, proactive and preventive tools and recommendations, knowledge base articles, and an online support community that features documents, discussions, private messaging capabilities, people finders, and best practice recommendations.

Challenges

IDC anticipates that even with this robust portfolio, Oracle will face some challenges in the dynamic market of support services. The increased adoption of proactive and preventive support and expanded automated remote support can dramatically improve system performance, IT operations, and business outcomes. However, providers must couple that delivery with outstanding service when customers reach out directly for assistance. As customer interactions with support staff decrease, the importance of each interaction increases substantially. Oracle must continue to ensure it maintains and improves support delivery so that all support interactions are fast, high-quality, and high-value engagements that can maintain customer satisfaction and improve customer loyalty.

In addition, like most support providers, Oracle will have to focus on evolving its services offerings to accommodate changing customer budgets over the next five years. Most enterprises will require new technology investments to achieve a successful digital transformation. However, technology vendors must be prepared to demonstrate and communicate clear, tangible, and measurable results from those investments to business managers. This can often be accomplished by expanding access to nontraditional support capabilities (such as ongoing optimization and training) as part of a support engagement, especially for as-a-service solutions where business questions are often more pressing than technology questions.

Conclusion

As enterprises transform their IT environment to support new digital business models, support providers are critical to help maintain ongoing IT operations and improve IT service delivery. IDC recommends evaluating potential support providers with a careful eye to the entire software landscape as well as the planned road map for the overall IT ecosystem. The move to digital is real, and the benefits of an automated IT infrastructure that leverages artificial intelligence and machine learning capabilities can be significant. The right support provider can be a key asset as CIOs and IT managers plan for their next-generation IT environment.

About the Analyst

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Elaina Stergiades is the Research Director for IDC's Software Support Services program. In this position, she provides insight and analysis of industry trends and market strategies for software vendors supporting applications, development environment and systems software. Elaina is also responsible for research, writing, and program development focused on the software support services market.

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