ERP Sourcing Options as Support for SAP ECC Ends
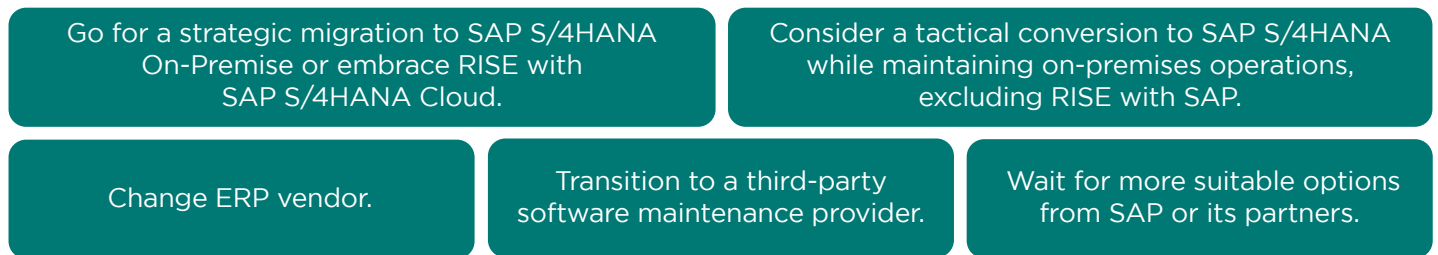
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In 2020, SAP announced the end of mainstream maintenance for SAP ECC by the close of 2027, affecting 23,000 customers (67% of SAP ECC users) without SAP S/4HANA licenses. Justifying this investment without business transformation poses a set of challenges including ROI, operational control, ERP landscape management, future adaptability, and commercial considerations. Decisions regarding the ERP's future role hold immense importance. Sourcing, procurement, and vendor management (SPVM) leaders need to assess their organization's transformation journey, which could span from addressing IT technical debt to embracing broader digital transformation initiatives.

This blog aims to assist ERP sourcing, procurement, and application leaders in understanding the options, whether continuing with SAP ECC, transitioning to SAP S/4HANA, or exploring alternative ERP solutions.

Challenges & Things to Consider While Choosing ERP Sourcing Options

There is Numerous Sourcing Options Available for SAP ECC Users. Each of these options requires significant investment, effort, cost, and risk in modernization and change possibly taking many years to achieve. So, users should evaluate each option before committing to their path for modernization.

Considering, future requirements, flexibility, and commercial implications, SAP ECC users will have to choose whether to:

Go for a strategic migration to SAP S/4HANA On-Premise or embrace RISE with SAP S/4HANA Cloud.	Consider a tactical conversion to SAP S/4HANA while maintaining on-premises operations, excluding RISE with SAP.

Change ERP vendor.	Transition to a third-party software maintenance provider.	Wait for more suitable options from SAP or its partners.

Different SAP and Non-SAP, ERP Sourcing Options for SAP ECC Usersv

SAP ECC users must consider not just the right sourcing solution for their use today, but also how these solutions align with the role of their ERP as a business enabler in the future. Here are the sourcing options:

SAP S/4HANA On-Premise Product

Users wishing to own their landscape and deploy in their own data centers, cloud Instances or infrastructure as a service (IaaS) must purchase perpetual software licenses with annual maintenance for SAP S/4HANA on premise under the BYOL model. "Brownfield" conversion lets SAP ECC users retain core customizations. Trade-in credits from the ECC suite and dual-usage rights are available. However, on premise licenses are not part of RISE with SAP, becoming increasingly hard to purchase with rising support costs. SAP's future innovations will focus on RISE, posing interoperability challenges for on premise users. Moving to RISE relinquishes on premise licenses; users should explore SAP's Premium plus Package for RISE with SAP.

RISE With SAP S/4HANA Cloud, Private Edition

RISE with SAP, Private Edition aims to simplify the ERP transition from on-premises to the cloud. It offers migration services to SAP S/4HANA Cloud and modernization for enhanced ERP capabilities. RISE with SAP includes SAP S/4HANA Cloud editions, SAP Business Technology Platform for integration, and a Signavio starter pack for business processes. It also provides tailored options as a single-tenant ERP service, though some advanced features might be unavailable, restricted, and/or might require a separate license. New sustainability, AI, and finance solutions are in the Premium plus package.

GROW With SAP S/4HANA Cloud, Public Edition

GROW with SAP S/4HANA Cloud, public edition, is a multitenant fully managed SaaS on a public cloud without a conversion path from SAP ECC. While not as developed as other solutions, it doesn't support core customizations and uses an extensibility approach that may lead to functionality gaps. It's SAP's only cloud-native SAP S/4HANA solution, compatible with other cloud solutions on SAP BTP. Recommended for users seeking a low-IT-touch, fully managed service through ERP reimplementation, aiming for standardized best practices, or in a multi-instance two-tier ERP architecture.

SAP ECC on ERP, Private Edition

SAP ECC on ERP, Private Edition is another option for SAP ECC users to transition their current SAP ECC landscape to SAP ERP, private edition, to initiate their move to cloud, without migrating to SAP S/4HANA. However, they should carefully evaluate how this fits into their future cloud and SAP S/4HANA strategy before making a decision. Opting for a subscription model at this juncture would entail relinquishing ownership of SAP ECC perpetual software licenses and limiting future possibilities.

SAP Partner-Managed Cloud (PMC) Services

SAP PMC providers provide custom-managed service contracts that encompass various solutions such as SAP ECC, SAP S/4HANA, SAP S/4HANA Cloud, and other SAP services, along with non-SAP solutions, all governed by a single contract under their respective terms. PMC managed-service contracts are perfect for clients seeking turnkey, end-to-end, and integrated solutions. Transitioning to SAP PMC does not affect the SAP mainstream or extended maintenance dates.

Extended SAP Support

SAP provides extended maintenance for ECC 2028-2030 (EHP 6, 7, 8) and S/4HANA 1709-1909 from 2023-2025. After 2027, an option for extended maintenance for SAP Business Suite 7 on-premises incurs a 2% premium which is included in ERP private cloud subscriptions. This will increase the maintenance fee to 24%, about a 10% annual cost rise from pre-2028. This option is available until 2030. Post-2030, SAP ECC will move to customer-specific maintenance with reduced commitments.

Third-Party Software Support

Users contemplating a switch to third-party maintenance to sustain their SAP ECC for as long as feasible should weigh the associated details, risks, and implications of opting for third-party support. This approach aligns with those not planning to transition to SAP S/4HANA or include SAP in their future plans. Industries with mature operations on tight margins, where innovation may offer limited benefits, may find this strategy appealing. While significant annual savings are possible, upgrading SAP ECC software or migrating the landscape to other environments may prove challenging without access to SAP resources. So, users considering this route are advised to carefully examine the specifics.

Approach to Choosing the Right ERP Sourcing Option

Choosing the Right ERP Sourcing Option for SAP ECC Users:

Must ask SAP to provide suitable sourcing options from SAP that aligns with their chosen path, whether it's strategic or tactical.	Must purchase on-premises licenses for Conversion, if they aiming to convert SAP ECC to SAP S/4HANA. These licenses allow users to maintain ownership of their landscape within their own data centers or cloud instances.	Seeking business transformation and aiming for strategic investment in their SAP partnership should consider RISE with SAP, which provides bundled software licenses along with SAP cloud hosting as a service.
Must ensure the chosen sourcing option is in line with the organization's overarching strategy, continuity requirements, and modernization goals.	Recognize that ERP systems are core enablers of critical business functions. This recognition calls for a strategic and long-term transformative approach rather than a purely tactical one.	Considering continued use of the SAP ECC landscape beyond 2027, explore options such as extended maintenance from SAP or switching to third-party software maintenance providers.

Navigating ERP Sourcing for SAP ECC Users

This blog has shed light on the myriad sourcing options available to SAP ECC users. The choice of sourcing option becomes paramount. The right ERP sourcing option will not only address immediate needs but also pave the way for sustained growth and agility. SA ECC users are encouraged to weigh the pros and cons, consult with SAP, and embark on a transformative journey that aligns seamlessly with their organizational vision and goals.

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