



HOW CHOOSING THE RIGHT MANAGED  
CLOUD SERVICE PROVIDER CAN MAXIMIZE  
THE VALUE OF YOUR SAP DEPLOYMENT

Stratecast

F R O S T  S U L L I V A N

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## INTRODUCTION

As enterprises transform their IT infrastructure and operations to meet the challenges of a new, digital economy, they are revisiting each workload to determine the optimal delivery model and environment: cloud or traditional; physical or virtual; self-managed or expert-managed.



35% of businesses are using managed application services; another 36% plan to add managed services in the next two years.



For an increasing number of workloads, enterprises are choosing managed services, in which an expert third-party Managed Service Provider (MSP) hosts and manages applications. According to a 2015 Frost & Sullivan survey of IT decision-makers, 35% of businesses are using managed services for some of their applications; another 36% plan to add managed services in the next two years. Furthermore, among current managed services users, over half (52%) plan to significantly increase their usage in the next two years. The growth of managed services reflects the escalating complexity of the IT environment, in which most applications require integration with data and applications from a variety of sources, and may be subject to compliance and security regulations.

Complexity is usually the driver when IT leaders turn to expert MSPs for assistance with far-reaching Enterprise Resource Planning (ERP) and financial workloads, such as SAP. Such legacy workloads are critical to business operations, but require significant effort to maintain. By outsourcing to an expert MSP, businesses benefit from continually optimized workload management, while focusing their own resources on other strategic business initiatives.

However, not all MSPs offer the same level of service; and enterprises that do not choose wisely may find they are receiving bare levels of infrastructure and application maintenance that do not keep pace with their IT transformation goals. In this brief, we offer a new definition of “managed services” for today’s strategically-focused IT leaders, as well as tips for choosing a service provider that will maximize the value to your company.

## THE NEW MANAGED SERVICES

Managed services have evolved in the past decade, reflecting both the opportunities afforded by new delivery models such as cloud, and the shift in IT responsibilities from tactical asset managers to strategic business enablers. Today’s managed application solutions create a partnership between the enterprise and the managed service provider, in which the MSP contributes cloud-based technology, infrastructure, and application expertise, and the enterprise retains oversight of application performance goals.

The cloud plays an important role in next-generation managed services, and an important differentiator between today’s forward-looking MSPs and yesterday’s “managed hosting” service providers. Traditional hosting service providers offer physical infrastructure, and manually manage your application, likely the same way they have for

decades. Traditional hosters may justify their approach by targeting legacy applications (like SAP) that are not built for cloud deployment or easily virtualized. Old-school applications require old-school management techniques, they may argue.

However, “cloud management” does not require “cloud applications.” An expert cloud-managed service provider is able to overlay sophisticated cloud-based management and orchestration platforms on top of your legacy applications. This approach avoids labor-intensive, costly, and error-prone manual management tasks; and introduces cloud efficiencies, visibility, and integration capabilities.

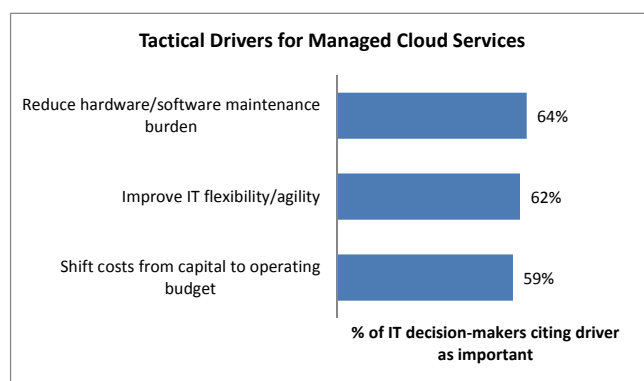
## Why Enterprises Turn to Managed Services

As IT leaders conduct a workload-by-workload assessment for optimal delivery models, their choices are driven by both tactical and strategic needs.

### Tactical, IT-focused Drivers

From the earliest days, managed services have been positioned as a way for IT organizations to offload less desirable or less valuable tasks, freeing staff technicians to support higher-value functions. This view still holds sway, with IT decision-makers citing a number of tactical reasons driving their decision to move to cloud-based services, including:

- Reduction of hardware/software maintenance burden (cited by 64% of IT decision-makers surveyed by Frost & Sullivan)
- Improve IT flexibility (cited by 62%)
- Shift costs from capital to operating budget (59%)

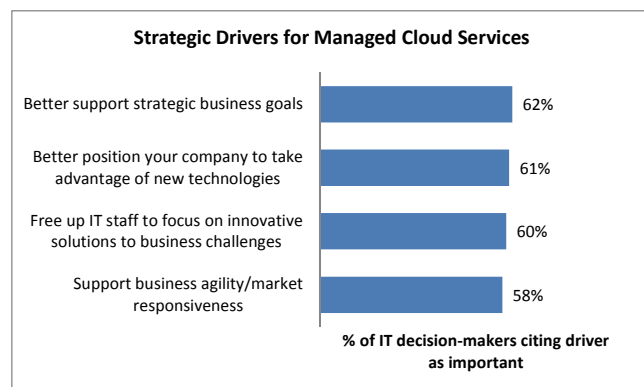


### Strategic Drivers

While these tactical drivers are still valid, today’s IT organizations demand more from their managed services partner than just an extra pair of hands. Instead of just duplicating the effort of the IT organization, they expect their managed services provider to significantly enhance operations. The right MSP will not only manage the application deployment optimally, but will also adapt and integrate into the enterprise IT strategy, supporting business goals for agility, market responsiveness, and employee productivity. In addition, the MSP should introduce automation, integration, and intelligence into the application environment, maximizing the strategic business value of the workload.

Strategic drivers cited by IT decision-makers include:

- Better support strategic business goals (cited by 62%)
- Better position the company to take advantage of new technologies (61%)
- Free up their staff to focus on innovative solutions (60%)
- Support business agility/market responsiveness (58%)



## MANAGED SERVICES FOR SAP

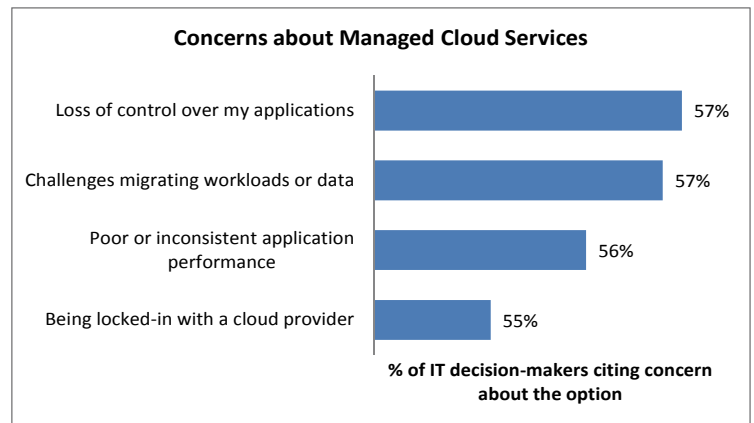
While many applications are available as managed options, complex legacy applications like SAP are prime candidates, for several reasons:

- Sprawling, far-reaching SAP deployments require significant effort to maintain, encompassing both the frequent software updates and patches (often requiring re-mapping to databases and other applications), as well as maintenance of the supporting infrastructure (which is generally configured for high-availability). Enterprises may need to employ a full staff of SAP specialists to keep the workloads running smoothly.
- Legacy SAP installations are difficult or impossible to port into an easy-to-maintain cloud environment. Often dating back many years, and customized with proprietary solutions, the non-standardized SAP software may resist automation initiatives (such as DevOps) deployed in other areas of the business.
- At the same time, SAP is usually extremely important to the operations of the business, incorporating critical business processes and data. Businesses can't afford for something to go wrong.

By turning over responsibility for SAP to a managed service provider, the enterprise hopes to gain staffing flexibility, minimize out-of-process software update procedures, optimize underlying infrastructure costs via a cloud-based model, and share responsibility for uptime via a contractual relationship with a third-party.

However, enterprises also harbor some concern regarding handing their most critical workloads to a managed service provider. Such concerns include:

- Loss of control over applications (57%)
- Challenges associated with migrating workloads (cited by 57%)
- Poor or inconsistent application performance (56%)
- Provider lock-in (55%)



To ensure that enterprises derive maximum benefit from their managed SAP services—without introducing risk to the business—they must choose the right managed service provider.

## WHAT TO LOOK FOR IN A CLOUD MANAGED SERVICE PROVIDER FOR SAP: A CHECKLIST

Of course, you expect any company that calls itself an SAP service provider to be able to perform routine maintenance and updates. But to maximize the value of engaging a managed services partner, consider these often-overlooked criteria:

- **Certified managed cloud services provider, not hosting services provider:** SAP offers a range of certifications for its extensive partner network, including a certification for service providers that host SAP on behalf of clients, and a certification for those that manage SAP in a cloud environment for their clients. Understanding the differences is essential to the value you receive. With hosting

services, you get hosting infrastructure, maintained by the provider, but must manage the application with your own resources.

In contrast, with managed services, the provider offers full support of the entire stack, from the infrastructure to the application. Furthermore, even though your legacy SAP software is not cloud-native, you can still benefit from cloud advantages when the managed services provider deploys the SAP software on flexible cloud-based platforms. Such platforms automate provisioning and management tasks, streamlining the maintenance process and ensuring high performance levels. In addition, a sophisticated management platform is necessary to provide clients with desired visibility into application performance metrics, enabling the enterprise to retain a level of control over the application. Fully 77% of IT decision-makers surveyed by Frost & Sullivan cited “visibility into costs and performance” as important to their choice of provider; while 76% cited “easy to use management and reporting portal.”

- ✓ **Tip:** If a provider claims to be “SAP-certified,” probe on what type of certification the company has achieved, and make sure you fully understand the details behind the services offered.
- ✓ **Tip:** Look for a cloud-managed service provider that utilizes a high-performance management platform that can deliver the insights you need to run your business.
- **SAP expertise:** SAP is likely to serve as the operational backbone of your company, full of rich functionality. Some core functions may date back decades, while new functions are added every year. Only a provider with a long and deep relationship with SAP can be trusted to understand how the various apps and functions should interrelate with each other and with other business systems you use, to best benefit your business. Furthermore, enterprises surveyed by Frost & Sullivan require more than “institutional expertise”; 70% say that expertise of the MSP’s technical personnel is important to their choice of a provider.
  - ✓ **Tip:** Look for a provider with a long history with SAP. A deep partnership means your provider may know (and have influence into) SAP’s roadmap, including what functions are being added and enhanced. Better yet, seek out one of the few SAP cloud providers that co-develop solutions directly with SAP to solve enterprise IT and business challenges.
- **Application-level Service Level Agreements (SLAs):** Enterprise IT leaders have a mixed view of SLAs, judging from their responses in the Frost & Sullivan survey. In choosing a managed service provider, fully 82% look for “SLAs that align with my business priorities”; and 67% say “high availability SLAs” are important. Yet, a surprising number of enterprises do scant investigation into cloud service SLAs. Thirty-six percent say they “look for the highest availability percentage”—regardless of what is covered or excluded; and 23% admit that, as long as the provider offers an availability SLA, they “do not pay attention to the terms.”

When your business operations are at stake, it is worth spending time investigating SLA terms and conditions. SLAs that promise “infrastructure” or “technology” availability may exclude software-related outages, leaving your employees unable to access their applications, with little recourse.

- ✓ **Tip:** Make sure your provider is willing to offer contractual assurances that you will have the availability you need. If your critical apps must be “always-on,” ensure the provider will work with you to configure and manage appropriate business continuity solutions.

- **Data residency/security compliance:** Security and compliance remain top concerns of enterprises. Seventy-eight percent of IT decision-makers list “security assurance” as important to their choice of a provider; and 73% cite compliance assurance. The concerns are real for SAP applications, which are likely to contain or access sensitive employee, customer, and financial data. Such data may be subject to a wide range of regional and national regulations, which can change literally overnight.
  - ✓ **Tip:** Look for a provider that is well versed in dynamic data sovereignty and handling laws, and that will work with you to ensure compliance.
  - ✓ **Tip:** Be sure the provider you choose has an extensive network of data centers, including a physical data center presence in the areas where you do business, to support local data sovereignty laws. Because your business may grow into new markets, you need to be sure your provider has a roadmap that aligns with your own plans.
  - ✓ **Tip:** Ensure that the provider has a robust, secure network, connecting the data centers, so that you have common visibility and reporting across locations. Steer away from providers that rely on the best-effort public Internet for data transfer between their cloud centers.
- **Flexible services to align with your hybrid IT environment:** According to Frost & Sullivan research, nearly three-quarters of enterprises will be using a hybrid IT environment by 2017. In such an environment, applications, data, and services are deployed across a range of infrastructure options, perhaps sharing content or code. A far-reaching, enterprise-wide system like SAP should integrate with other systems that your business depends on (for example, Customer Relationship Management, Human Resources, or financial applications), both on-premises and cloud-based. When SAP or other systems are upgraded, someone needs to ensure that the integrated applications continue to work well together. If you’re not willing to allocate your own specialists, you will need the managed services provider to take charge.
  - ✓ **Tip:** Look for a provider whose expertise ranges beyond SAP and beyond its own hosting environment (to include your own data center).
  - ✓ **Tip:** Ensure that the provider complements its Managed SAP services with managed infrastructure services, offering a complete environment for any business software you deploy (for example, Oracle e-Business Suite or PeopleSoft).
- **Intelligence and scalability for future growth:** You can assume that the way you use your SAP system will change in the future. You likely will add applications and functions, and increase the amount and type of data you access, in HANA and other databases. You will depend more on platform intelligence and analytics to derive maximum value from your data.

The right managed services provider will be your partner in running critical business operations, managing your SAP applications to achieve your goals. In fact, 82% of IT decision-makers say it is important that a service provider work with them to build service parameters based on business outcomes.

- ✓ **Tip:** Be sure your provider has the infrastructure and platform that can scale with your needs, ensuring you have access to sufficient capacity without loss of performance.
- ✓ **Tip:** Look for an industry leader in intelligent platforms, who can offer cognitive capabilities that can maximize the value of your SAP-derived data.

## WHY IBM CLOUD MANAGED SERVICES FOR SAP APPLICATIONS?

IBM has been supporting SAP application delivery for over two decades, starting with strategic outsourcing of SAP R/3 as early as 1994, and offering standardized SAP Hosting and Cloud solutions starting in 2005. Today, IBM offers a portfolio of products and services that includes SAP-optimized converged systems; hosted and managed application cloud services; professional and outsourcing services; and as SAP's delivery partner for deploying the SAP HANA Enterprise Cloud. The long history and body of expertise in SAP deployments, combined with IBM's global reach, has encouraged multinational and national enterprises to entrust the management of their SAP applications to IBM.

For many enterprises, a benefit of turning to IBM is that the company provides a hybrid environment, one that supports both SAP business solutions, as well as other business software (such as Microsoft Active Directory and custom software) that integrates with SAP workloads. Specific workloads can be deployed on the appropriate infrastructure (the IBM Softlayer cloud infrastructure, the ITIL-compliant IBM Cloud, or even the customer's premises-based private cloud), and managed by IBM experts.

IBM Cloud Managed Services for SAP Applications ride on a high-performance management platform that relies on standardization and automation, to provision infrastructure quickly and optimally, thus ensuring consistent performance. Thanks to the robust IBM global backbone network, clients can place an image in one of IBM's SAP-certified cloud centers, and replicate it to other centers worldwide, allowing distribution to geographically dispersed users without loss of performance.

IBM offers a range of uptime service level agreements, from 97.5% to 99.9% through the application layer, for its Cloud Managed Services for SAP, enabling clients to cost-effectively meet their availability needs per application.

## THE LAST WORD

It is easy to find a service provider willing to take over management of your SAP system. But when the applications are so vital to your organization, and harbor a gold mine of operational data, it isn't enough to hand off the "grunt work." Instead, you need a managed services provider that understands not only SAP, but also your business. The right MSP will manage SAP in the context of your business, ensuring that you retain visibility into performance, that the application integrates with adjacent workloads, and even that you derive maximum benefit from SAP data through sophisticated cognitive capabilities.

As enterprise IT organizations implement a hybrid environment, they are seeking out the optimal deployment model and service for each workload. For their critical SAP deployments, they will increasingly seek out a managed service provider that does more than provide basic maintenance. Instead, they will look for a partner that can deliver maximum value from their SAP applications, with minimal effort. For many, the right choice is IBM Cloud Managed Services for SAP.

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