

What Are My ERP Sourcing Options as Support for SAP ECC Ends?

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Initiatives: [IT Sourcing Strategy Development and Execution](#); [ERP](#)

Thousands of SAP ECC customers face the end of mainstream maintenance in 2027 — extended until 2030 at an additional fee. ERP sourcing, procurement and application leaders can use this research to learn the options for continuing with SAP ECC or migrating to SAP S/4HANA or another ERP solution.

Additional Perspectives

- [Invest Implications: What Are My ERP Sourcing Options as Support for SAP ECC Ends?](#)
(06 December 2023)

Overview

Key Findings

- Gartner estimates that 23,000 SAP ECC customers have not licensed SAP S/4HANA. While many current SAP customers are choosing to remain with SAP, users should consider all options before committing their path for the next decade.
- Sourcing, procurement and application leaders face the challenge of deciding whether to participate in strategic transformations, pursue tactical upgrades or take a wait-and-see approach to their SAP ERP Central Component (SAP ECC).
- Several sourcing options exist for SAP ECC users from SAP and third-party providers as they approach 2027. These options may require significant additional modernization effort, cost and risk.

Recommendations

- Communicate the future role of ERP as being almost always a core enabler of critical business for organizations, necessitating a strategic and long-term transformative view over a tactical one.
- Make sure SAP and other vendor sourcing options being developed are in line with the organization's overarching strategy, continuity requirements and modernization goals.
- Analyze how different sourcing options for SAP S/4HANA align with the projects required to deliver on your organization's modernization and investment priorities. Consider continued use of the SAP ECC landscape beyond 2027 by exploring extended maintenance from SAP or switching to third-party software maintenance providers.

Strategic Planning Assumption

By 2027, more than 17,000 (approximately 49%) of SAP ECC customers will not have upgraded to SAP S/4HANA owing to resource shortages in the application management service (AMS) market.

Introduction

SAP's ERP solution, SAP ECC, is used by an estimated 23,000 customers (67% of SAP ECC customers) who have not licensed SAP S/4HANA (for more information, see [Competitive Environment: SAP S/4HANA Application Service Providers](#)). After several date changes over the past decade, mainstream maintenance for SAP ECC ends at the close of 2027, as communicated by SAP in 2020.

Two-thirds of ECC organizations have not yet licensed SAP S/4HANA. For them, there is a challenge to justify this investment without a transformation of their business. They must therefore consider the future role of ERP in their organization and plot a path for modernization.

SAP ECC users will have to choose whether to:

- Strategically migrate to SAP S/4HANA On-Premise or RISE with SAP S/4HANA Cloud
- Tactically convert to SAP S/4HANA staying on-premises without RISE with SAP
- Change ERP vendors

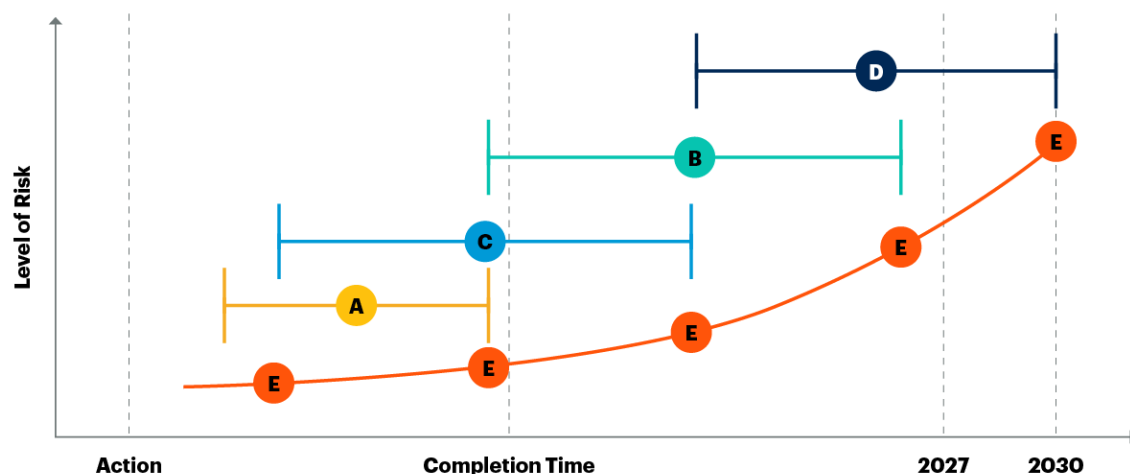
- Switch to a third-party software maintenance provider
- Continue to wait for more suitable options from SAP or SAP partners

Sourcing procurement and vendor management (SPVM) leaders have difficult business choices — and numerous sourcing options, each often requiring significant investment with modernization and change possibly taking many years to achieve. Top challenges for SAP ECC users include ROI, control and operations of their ERP landscape, future flexibility and commercial implications. The organization will likely face additional projects with significant impact and costs according to the choices made in order to achieve their business outcomes (see Figure 1).

Figure 1: Sourcing Solutions With ECC Transformation Paths

Sourcing Solutions With ECC Transformation Paths Illustrative

- A** Brownfield Conversion to SAP S/4HANA or 'Lift and Shift' SAP ECC to Cloud (**9 Months to 2 Years; Lowest risk**)
- B** Greenfield Reimplementation of SAP S/4HANA (**2 to 4 Years; High risk**)
- C** Selective Data Transformation to SAP S/4HANA (**12 to 30 Months; Medium risk**)
- D** Changing ERP Vendor(s) or Mixed Landscape (**3 to 5 Years; Highest risk**)
- E** Extended SAP or Third Party Software Support/Do Nothing (**Increasing risks approaching 2027/2030**)



Source: Gartner
SAP ECC = SAP ERP Central Component
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Gartner

Achieving business outcomes with ERP as the business enabler requires three elements:

- *ERP functional, technical and operational capabilities*

- *Business processes and ways of working to fully capitalize on these capabilities*
- *Clean-core with modern extensions to add functionality and attain full ERP potential*

Each sourcing option has associated DevOps and process change projects that vary in effort and sequence before, during and after a new ERP deployment. SPVM leaders cannot choose a sourcing option in isolation and must consider their organization's transformation path, which may range from upgrading IT technical debt to wider digital transformation. To achieve the three critical elements listed above, SPVM Leaders must consider these associated projects for each ERP sourcing solution (being a combination of the sourcing option and transformation path chosen).

Analysis

ERP as the Business Enabler

Moving from on-premises to a managed ERP service is a major change and holds implications across several business functions. It should be considered a business transformation, not a mere upgrade. In addition to the service provided by SAP or other vendors, users may also require implementation partners, changes to their business processes and DevOps efforts to realize the highest value from their ERP. Adoption rates of SAP S/4HANA by existing customers going live have been slowing down. Users begin to understand the magnitude of this change effort to best define their strategic path beyond 2027 (for more information, see [Quick Answer: What Is the Level of Adoption of SAP S/4HANA in 2Q23?](#)).

Organizations reviewing their ERP sourcing options for SAP ECC end of mainstream (or extended) maintenance:

- Must ask SAP to provide suitable sourcing options that align with their chosen path, whether strategic or tactical.
 - Must purchase (or consider alternative commercial arrangements) on-premises licenses if they wish to pursue a technical conversion of SAP ECC to SAP S/4HANA. On-premises licenses are required to retain landscape ownership within a user's own data centers or cloud instances.
 - Should consider RISE with SAP (bundled software licenses with SAP cloud hosting as a service) when requiring business transformation and desiring a strategic investment in their SAP partnership.
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There are many commercial and strategic considerations that need to be evaluated and several Gartner tools and resources to assist with these decisions. For more information, see [Strategic Sourcing Guide for SAP S/4HANA](#), [3 Steps to Strategic Negotiation With SAP](#), [Adopting SAP Applications in the Public Cloud](#) and [How to Choose a Suitable Variant of RISE With SAP S/4HANA Cloud](#).

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.

Develop Different SAP and Non-SAP Options

The array of procurement options and names may prove confusing. The implications and trade-offs for these choices are neither easily nor fully understood. This section breaks down the three main choices for SAP S/4HANA that — although offering similar feature sets — have fundamentally different customization, conversion and operating parameters. Alternatives are also included for anyone wishing to extend the use of their SAP ECC through RISE with SAP, partner manager cloud solutions or extended support from SAP and third-party software providers.

SAP S/4HANA On-Premise Product

Traditional purchase of perpetual software licenses with annual maintenance is mandatory for users wishing to own their landscape and deploy in their own data centers, cloud instances or infrastructure as a service (IaaS) under a bring your own license (BYOL) model. SAP ECC users can retain their core customizations if choosing a “brownfield” conversion or selective data transformation path.

SAP S/4HANA product licenses are entitled to trade-in credits from their ECC suite as well as dual-usage rights that avoid maintenance on both systems during transition.

SAP S/4HANA on-premises product licenses are not part of RISE with SAP. Purchasing these software licenses is reported to be increasingly difficult. Annual maintenance for on-premises support costs were raised over the past two years; this should be factored into future cost risks.

SAP have announced that their innovations will be limited to RISE customers, so users should consider the strategic implications of retaining on-premises landscapes. SAP users who choose to remain outside RISE with SAP will face increasing difficulty for interoperability with cloud solutions. Users moving to RISE with SAP should note that this move will relinquish any on-premises software licenses they hold. They should consider SAP's new Premium Plus Package for RISE with SAP programs to assist and guide customers choosing to take this path. ¹

RISE With SAP S/4HANA Cloud, Private Edition

RISE with SAP was launched in February 2021 with the aim of easing the journey of ERP from on-premises to cloud. SAP promotes:

- A portfolio of services for migration to and integration of SAP S/4HANA Cloud
- Modernization to incorporate these ERP services and realize their full potential

RISE with SAP includes, at a minimum:

- ERP services such as SAP S/4HANA Cloud, private edition, and SAP S/4HANA Cloud, public edition
- SAP Business Technology Platform (BTP) for integration and extensions
- SAP Signavio starter pack, which includes a business process solution (certain components only)

RISE with SAP S/4HANA Cloud, private edition, offers a range of variants for individual needs (for more information, see [How to Choose a Suitable Variant of RISE With SAP S/4HANA Cloud](#)). This is a single-tenant ERP service. Note, however, that “the usage of some features ... might be unavailable, restricted and/or might require a separate license.” ²

New features for sustainability, use of AI and advanced finance solutions are only available in the Premium Plus package for RISE with SAP.

Private edition users have a choice of hyperscaler. This service, however, is not deployed in the client's instance because all RISE services are hosted on SAP's private cloud.

No conversion credit or dual usage scheme is currently available for users moving to RISE with SAP subscriptions.

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 with no conversion path from SAP ECC. It is not as mature as the solutions listed above. Core customizations are not supported by this service, which uses an extensibility approach that, being less mature, might lead to functionality or process gaps.

This is SAP's only cloud-native SAP S/4HANA solution that interoperates with other cloud solutions offered and developed on SAP BTP. Given the modern software architecture, this service should be considered by users striving toward a low-IT-touch, fully managed service through an ERP reimplementation. It suits those with a desire to adopt standardized best-practice business processes or as part of a multi-instance two-tier ERP architecture.

SAP ECC on ERP, Private Edition

Users can move their existing SAP ECC landscape to SAP ERP, private edition, as a first step toward cloud that does not include a move to SAP S/4HANA. However, users must consider how this aligns with their future cloud and SAP S/4HANA strategy before they commit. Moving to a subscription model at this stage will cause them to cede ownership of SAP ECC perpetual software licenses and reduce future options.

SAP Partner-Managed Cloud (PMC) Services

SAP PMC providers offer custom-managed service contracts that can include different solutions. These include, for example, SAP ECC, SAP S/4HANA, SAP S/4HANA Cloud and other SAP services as well as other non-SAP solutions governed by a single contract under their own terms.

PMC managed-service contracts are ideal for clients looking for turnkey, end-to-end and integrated solutions. Moving to SAP PMC changes neither the SAP mainstream nor extended maintenance dates.

Extended SAP Support

SAP offers extended maintenance for ECC 2028 to 2030 (latest EHP's 6, 7, 8) and for S/4HANA releases 1709 to 1909 in the time frame 2023 to 2025 (see Note 1 for details).

Extended maintenance will be available as an option after 2027 for a premium of two additional percentage points for SAP Business Suite 7 products on-premises (included in subscription for ERP Private Cloud). Annual maintenance is charged as a percentage of the license purchase cost, typically 22%, so this 2% premium will increase the maintenance fee in this example to 24%, which equates to an annual cost increase closer to 10% of the price paid before 2028. This extended maintenance option is available until the end of 2030. Thereafter, SAP has stated that SAP ECC will fall into customer-specific maintenance with reduced commitments.

Third-Party Software Support

Users considering switching their ECC software to third-party maintenance providers should consider the details and risks of such a big decision (see Note 2 for more). This strategy fits well with those not intending to adopt SAP S/4HANA or including SAP in their future roadmap. Users who wish to operate their SAP ECC as long as commercially viable should also consider the ramifications of a decision to adopt third-party support. For example, mature industries running on lean margins where there may be limited value gained from innovation might want to consider this strategy.

Users can potentially make large annual savings, however, by upgrading SAP ECC software or undertaking any lift and shift of their landscape to other environments. Note that this will be more difficult without access to SAP software resources. Users considering this option are advised to look at the details carefully. For further information, see [Market Guide for Independent Third-Party Support for IBM, Microsoft, Oracle and SAP Software](#).

Table 1 shows all of the sourcing solutions described above with benefits and challenges for each, as well as an indication of which transformation path they might be suitable for.

Table 1: SAP Sourcing Options by Benefits and Challenges With Suitable ERP Paths
(Enlarged table in Appendix)

SAP Sourcing Options ↓	Benefits ↓	Challenges ↓	Suitable ERP Paths* ↓
SAP S/4HANA Product+ SAP Partner(s) for AMS + MSP contract + Cloud vendor contract	<ul style="list-style-type: none"> ■ Perpetual license purchase ■ Minimal business disruption ■ Lowest risk and time scales ■ ECC license trade-in ■ Dual usage rights 	<ul style="list-style-type: none"> ■ Limited purchase discounts ■ Future strategic cloud innovations on SAP BTP ■ External access outside SAP BTP ecosystem is unclear ■ Annual maintenance increases (CPI increase with 3.3% cap announced in January 2023) 	(A) "Brownfield" technical conversions (B) "Greenfield" reimplementation (C) Selective data transformation (D) SAP two-tier ERP
RISE with SAP S/4HANA Cloud, private edition + SAP Partner(s) for AMS	<ul style="list-style-type: none"> ■ Subscription fees include service hosting costs ■ Credits for SAP BTP and SAP Signavio starter pack services 	<ul style="list-style-type: none"> ■ Fees difficult to predict ■ Features might be restricted or require additional licenses ■ Some limited cloud software features ■ No dual-usage rights or conversion credit 	(A) Brownfield technical conversions (B) Greenfield reimplementation (C) Selective data transformation (D) SAP two-tier ERP
GROW with SAP S/4HANA Cloud, public edition	<ul style="list-style-type: none"> ■ Fully managed SaaS aimed at mid-market ■ Cloud-native innovation seamless with SAP BTP 	<ul style="list-style-type: none"> ■ No conversion from ECC ■ Less advanced functionality ■ No dual-usage rights or trade-in ■ Web service with less user control 	(B) Greenfield reimplementation (D) SAP two-tier ERP
SAP ECC on ERP, private edition	<ul style="list-style-type: none"> ■ First step to cloud hosting ■ Subscription fees include service hosting costs and extended maintenance 	<ul style="list-style-type: none"> ■ Surrender of ECC licenses ■ Exit terms may restrict future choices 	(A3) RISE with SAP ECC
SAP PMC Services	<ul style="list-style-type: none"> ■ Can include a mix of RISE and non-RISE solutions ■ Potentially expanded landscape beyond ERP with other SAP or non-SAP components ■ Support including SLA on partner terms 	<ul style="list-style-type: none"> ■ RISE components still subject to SAP options and operations 	Can include all transformation paths (A), (B), (C), (D) and (E) excludes (A3)
Extended SAP Support	<ul style="list-style-type: none"> ■ Continuity of software support optional, can be chosen or not ■ Fee included in ERP Private cloud subscription 	<ul style="list-style-type: none"> ■ Approximately 10% increase in costs for SAP Business Suite 7 products ■ Only available from 2028 to 2030 for latest three respective enhancement packs 	(E) users wishing to delay their move to SAP S/4HANA
Third-party software support	<ul style="list-style-type: none"> ■ Potential reduction in annual costs ■ Solution beyond 2030 	<ul style="list-style-type: none"> ■ More difficult to lift and shift landscape without SAP resources ■ Alienation with SAP 	(E) users not wishing to move to SAP S/4HANA

*Note 3 provides further details on SAP ECC user paths to a modern or extended ERP

Source: Gartner (November 2023)

Ensure Solutions Are Aligned With the Organization's Goals

SPVM leaders facing withdrawal of mainstream maintenance software support at the end of 2027 must develop real sourcing choices with consideration of their journey to a new modern ERP or extended use of their current ERP. These must align with their organization's approach to modernization, use of new technology, cost rationalization and agility. SPVM leaders should consider the five different transformation paths for their ERP (see Figure 2).

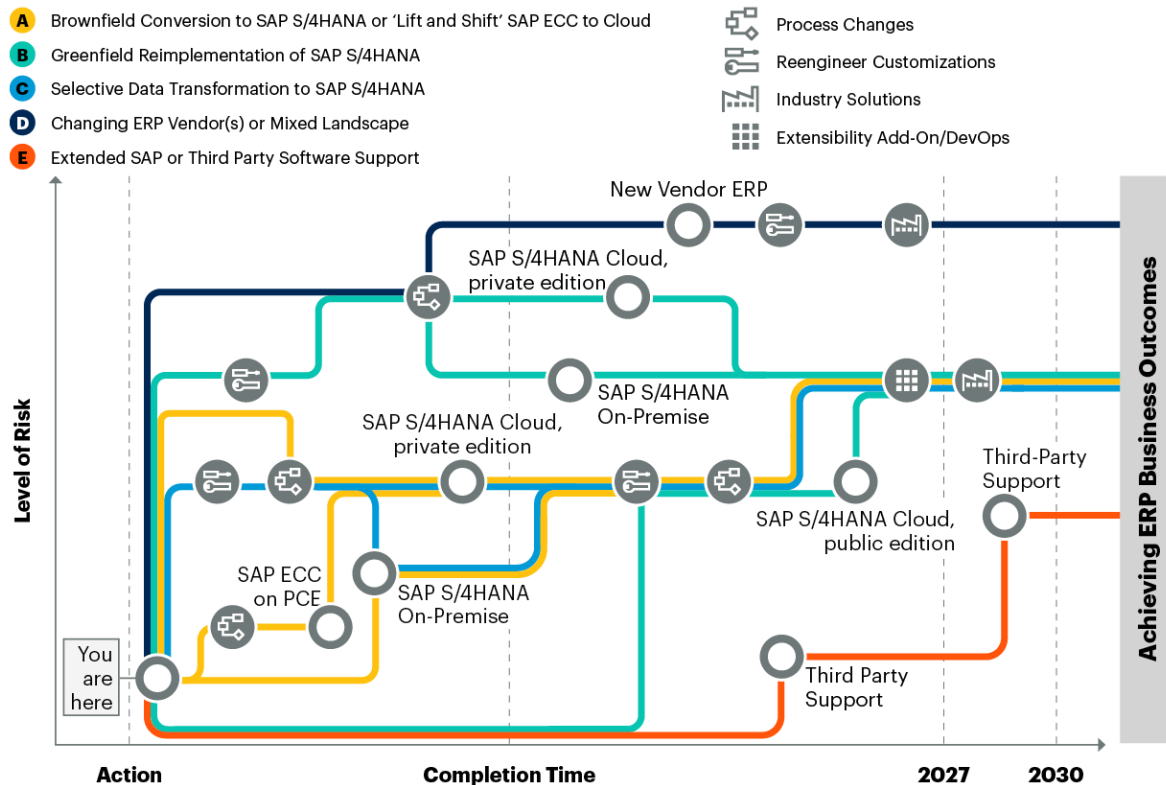
- Path A: Technical conversion of SAP ECC to SAP S/4HANA On-Premise or SAP S/4HANA Cloud, private edition, or lift and shift of SAP ECC to cloud. This path represents the least change, lowest implementation costs and fewest risks with a sequence to adopt cloud or SAP S/4HANA with minimal disruption to modernize later.
- Path B: Reimplementation of a greenfield SAP S/4HANA On-Premise or SAP S/4HANA Cloud landscape with best practices. This path offers the best potential outcomes but requires the most change, implementation cost and risk. Considerable effort will be required for process changes (to change ways of work to fit software best practices) or require development of new customizations or extensibility solutions (to adapt the functionality as required).
- Path C: Selective Data Transformation to SAP S/4HANA On-Premise or SAP S/4HANA Cloud, private edition, using a modified brownfield migration. This path offers a blend of the above paths to modernize in phases (for example, by using SAP Central Finance as a steppingstone). It allows critical customizations to be retained to reduce business disruption. It offers delayed modernization along with areas to make a fresh start using best practices and modern extensibility solutions.
- Path D: Changing ERP vendors or creating mixed instances. This path will take longer and likely pose higher risks. It can transform users to a composable multivendor landscape with a wider range of industry solutions as well as reducing vendor lock by creating a portfolio approach to ERP solutions.
- Path E: Extended third-party software support. Users still determining their best options or awaiting more solutions from SAP Partners will likely need to rely on three extra years of extended support offered by SAP. Waiting until 2030 will allow more time for upgrading to SAP S/4HANA. They may also plan a switch to third-party software support beyond 2030.

See Note 3 for further details on these different paths.

Figure 2: Navigating the ERP Landscape to Achieve ERP Business Outcomes

Navigating the ERP Landscape to Achieve ERP Business Outcomes

Illustrative



Source: Gartner
 SAP ECC = SAP ERP Central Component; PCE = private cloud edition
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Evidence

- ¹ [2023 Release of SAP S/4HANA Cloud, private edition](#), SAP News Center.
- ² [RISE With SAP S/4HANA Cloud, Private Edition Service Description Guide \("SDG"\) v10](#), SAP.
- ³ [Innovation Commitment for SAP S/4HANA Until 2040](#), SAP Support.
- ⁴ [The DSAG Technologietage 2023 Keynote](#), IgniteSAP.

Acronym Key and Glossary Terms

AMS	S/4HANA services, spanning project-based assessment, as well as implementation, through multiyear application evolution and management services provided by an SAP Partner. These are in addition to those provided by SAP Cloud Application Services (CAS).
Brownfield conversion	Allows users to convert their SAP ECC landscape to SAP S/4HANA and retain all their customizations that do not require core to be cleaned or any modernization. As a result may be limited to delivering technical value with future optimization projects required to achieve business outcomes.
Cloud-enabled	Built on monolithic architecture with applications that have been lifted and shifted into the cloud without being redesigned as microservices.
Cloud-native	Built on microservices architecture. Development is iterative and includes the use of containers that make deployment simple.
Greenfield migration	Reimplementation allows adoption of modern best practices with new business processes requiring the development of new extensibility. This approach offers the best potential outcome but can take the longest to implement and is subject to the most risk.
Selective data transformation	A blend of greenfield and brownfield approaches that allows users to retain critical customizations with the aim of leaving as many as possible to maximize value from the migration and reduce future clean core and optimization projects.
Two-tier ERP landscape	Two-tier ERP architecture is a mature framework with interoperability of multiple SAP S/4HANA and SAP ECC instances or solutions. Two-tier ERP frameworks can be adopted with best practices for sharing information between multiple entities.

Note 1: SAP Commitments and Extension Programs

According to SAP Commitments and Extension Programs, SAP will provide mainstream maintenance for SAP Business Suite 7 core applications until the end of 2027. This offboarding phase will be followed by optional extended maintenance until the end of 2030.

SAP will provide mainstream maintenance until the end of 2027 for SAP Business Suite 7 core applications, which are also core applications of SAP Business All-in-One, including:

- SAP ERP 6.0
- SAP Customer Relationship Management 7.0
- SAP Supply Chain Management 7.0
- SAP Supplier Relationship Management 7.0 applications
- SAP Business Suite powered by SAP HANA

“Customers needing support for their Business Suite 7 core applications in longer conversion phases to SAP S/4HANA can choose the extended maintenance offering.”³ This extension has a 2% premium on the maintenance basis for SAP Business Suite 7 products (fee included in the case of SAP ECC Private Cloud). This will be available for three years from the beginning of 2028 until the end of 2030.

Juergen Mueller confirmed at the latest DSAG keynote (German SAP user Group Meeting) on 23 March 2023: ⁴ “there will be no extension for the maintenance commitments. 2027 ends normal maintenance.”

Note 2: Use of Third-Party Maintenance

Moving to third-party SAP ECC maintenance providers such as Rimini Street or Spinnaker may offer the potential to reduce annual software maintenance costs. However, there are increased risks with strategic and technical aspects to consider. Gartner recommends the following due diligence if evaluating a switch to third-party maintenance:

- Research all viable optional cost-optimization alternatives.
- Compare offerings to current support policies and contract terms.
- Reduce cost and operational risks by engaging stakeholders.
- Probe the suitability of alternative tools such as SAP Solution Manager and SAP Cloud Application Lifecycle Management (cALM) for future SAP ECC software updates.
- Request a proof of concept, which can showcase service offerings and support capabilities.

Moving maintenance to a third-party may be a fit for anyone not planning to upgrade their SAP ECC landscape to SAP S/4HANA.

For more information, see [Market Guide for Independent Third-Party Support for IBM, Microsoft, Oracle and SAP Software](#).

Note 3: SAP ECC User Paths to a Modern or Extended ERP

Path A: Brownfield Technical Conversions

Three brownfield technical conversions are described in this note.

Path A1: Stay On-Premises and Modernize Later

Continuing an on-premises landscape offers the best continuity with the least business disruption. Retaining landscape ownership, continuing to deploy in user's own data centers or hyperscaler instance and continuing to use the current ECC customizations requires the least change.

This option requires purchase (or considering any alternative commercial arrangements) to obtain SAP S/4HANA On-Premise licenses and is a tactical option that allows users to continue to follow their existing processes.

Continuing to do things the same way yields the least value from a new ERP, so this path often requires future modernization projects. Adopting new business processes to work smarter and capitalize on new technology often requires staff and cultural change programs. Cleaning the core to remove customization, which increases upgrade risks and potentially restricts use of new technology, often requires considerable DevOps projects completed before organizations can achieve their business outcomes.

Path A2: Convert Now and Move to RISE With SAP Later

Users who consider their customizations to be too complex or costly to clean might consider a two-step approach with a brownfield conversion from SAP ECC to SAP S/4HANA (On-Premise) to meet the imminent end of maintenance (EoM) deadline but plan a future move to RISE with SAP later when industry solutions are more mature. This approach allows more time to prepare for business process changes through a greenfield deployment when the organization is ready for modernization.

Path A3: SAP ECC to ERP, Private Edition as First Step to Cloud and SAP S/4HANA Later

Users can lift and shift their existing SAP ECC landscape through RISE with SAP. However, if they relinquish their ownership of SAP ECC perpetual software licenses, it will limit future options and commit users to an upgrade to SAP S/4HANA Cloud by 2027. No longer owning these software licenses impacts users' ability to:

- Move their SAP ECC landscape to other service providers in the future
- Hold a negotiation position to any future SAP S/4HANA upgrade
- Exit and move to third-party maintenance providers
- Contract through a SAP Partner Managed Cloud (PMC) provider

Path B: Greenfield Reimplementation

All SAP S/4HANA variants will support a greenfield ERP reimplementation with best-practice approach. However, each of the variants of SAP S/4HANA has different capabilities and approaches to how you might modify the functionality.

SAP S/4HANA Cloud, public edition, does not support the ability to customize the functionality of the applications and uses an extensibility approach to achieve unique requirements. The applications are standardized and use add-ons to extend functionality. These add-ons may be available as solutions through [SAP Industry Cloud](#), as side extensions developed and available through [SAP Business Accelerator Hub](#) or developed by users with [Developer Extensibility](#).

SAP S/4HANA product is a cloud-enabled solution so it cannot interoperate easily with other cloud solutions. It does allow users to make core customizations as required, however. Core customizations are no longer best practices as they increase upgrade risks and can hamper the ease of use with new technology, which restricts ERP potential.

SAP S/4HANA Cloud, private edition, service uses the same software stack as sold with On-Premise licenses. It is also a cloud-enabled solution. Being a managed service by SAP, it will support innovation.

Path C: Selective Data Transformation Convert to S/4HANA With Some Modernization

Selective data transformation should not be considered as a shortcut that avoids modernization. It is an opportunity to split the effort and risks undertaken earlier, during and after ERP migration to best suit users' risk-reward trade-offs. Customizations retained from ECC will still likely require cleaning in the core and any delayed modernization of business process changes will still likely be required to use new technology to achieve desired business outcomes.

Both SAP S/4HANA On-Premise and SAP S/4HANA Cloud, private edition, support selective data transformation. Only On-Premise users, however, can consider this a tactical option. By owning their landscape, users are free to make their own decisions to continue the use of any retained customizations and can even proliferate the use of new ones and ignore best practice. However, SAP S/4HANA Cloud, private edition, users must consider this a strategic option because any move to a managed ERP service requires some level of business transformation through adoption of SAP's service operating parameters and terms.

Path D: Change ERP Vendor(s) or Mixed Landscape

This path can open up a wide ecosystem of industry solutions and reduce the reliance of the organization on a single vendor. However, adopting a different unknown vendor can present risk, time, cost and effort because reimplementing an unfamiliar ERP solution usually with no conversion from their current solution. Existing ERP interfaces and integrations to other systems will need to be replaced, which can be compounded by lack of internal vendor-specific knowledge, experience and skills.

Very few organizations consider such a high-risk change for their full landscape. Larger companies, however, are increasingly considering two-tier ERP architectures to gain the most flexibility from different variants, migration methods and business needs.

Two-tier ERP architectures are mature for interoperation of multiple SAP instances. Mixed vendor solutions will get easier as composable landscapes utilize open cloud standards for application interoperability.

For further information, see [Two-Tier ERP: A Useful, Composable ERP Strategy for Complex Organizations](#) and SAP Community's [Two-Tier ERP](#) page.

Path E: Extended Third-Party Maintenance From SAP or SAP Partner Services

Large organizations may require the use of both their old SAP ECC and any new ERP landscape during business transformations that might take many years. This approach could expose the organization to potentially higher operation and maintenance costs as well as risk compliance with relevant industry or government regulations.

However, with so many SAP ECC users having not yet licensed SAP S/4HANA, this presents a huge potential market for SAP partners, SAP PMC providers, MSPs and third-party software maintenance companies. These companies may try to increase their range of solutions, although all SAP partners will be subject to the same maintenance commitments.

Users unable to justify a ROI to move to SAP S/4HANA should continue to develop their business cases for how technology can help them achieve their business outcomes or explore ways to extend operation of their SAP ECC.

Gartner has no evidence to suggest the SAP ECC EoM dates will be extended. Therefore, we recommend that users consider other paths and sourcing options as soon as possible before implementation resource shortages occur, which are expected toward 2027.

Recommended by the Authors

Some documents may not be available as part of your current Gartner subscription.

[Strategic Sourcing Guide for SAP S/4HANA](#)

[Quick Answer: What Is the Level of Adoption of SAP S/4HANA in 2Q23?](#)

[Use These 3 Tips to Unlock RISE With SAP Proposals](#)

[Adopting SAP Applications in the Public Cloud](#)

[How to Choose a Suitable Variant of RISE With SAP S/4HANA Cloud](#)

[Quick Answer: How to Prepare for SAP's Annual Support Fees Increase](#)

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Table 1: SAP Sourcing Options by Benefits and Challenges With Suitable ERP Paths

<i>SAP Sourcing Options</i> ↓	<i>Benefits</i> ↓	<i>Challenges</i> ↓	<i>Suitable ERP Paths*</i> ↓
SAP S/4HANA Product+ SAP Partner(s) for AMS + MSP contract + Cloud vendor contract	<ul style="list-style-type: none"> ■ Perpetual license purchase ■ Minimal business disruption ■ Lowest risk and time scales ■ ECC license trade-in ■ Dual usage rights 	<ul style="list-style-type: none"> ■ Limited purchase discounts ■ Future strategic cloud innovations on SAP BTP ■ External access outside SAP BTP ecosystem is unclear ■ Annual maintenance increases (CPI increase with 3.3% cap announced in January 2023) 	(A) “Brownfield” technical conversions (B) “Greenfield” reimplementation (C) Selective data transformation (D) SAP two-tier ERP
RISE with SAP S/4HANA Cloud, private edition + SAP Partner(s) for AMS	<ul style="list-style-type: none"> ■ Subscription fees include service hosting costs ■ Credits for SAP BTP and SAP Signavio starter pack services 	<ul style="list-style-type: none"> ■ Fees difficult to predict ■ Features might be restricted or require additional licenses ■ Some limited cloud software features ■ No dual-usage rights or conversion credit 	(A) Brownfield technical conversions (B) Greenfield reimplementation (C) Selective data transformation (D) SAP two-tier ERP

<i>SAP Sourcing Options</i> ↓	<i>Benefits</i> ↓	<i>Challenges</i> ↓	<i>Suitable ERP Paths*</i> ↓
GROW with SAP S/4HANA Cloud, public edition	<ul style="list-style-type: none"> Fully managed SaaS aimed at mid-market Cloud-native innovationseamless with SAP BTP 	<ul style="list-style-type: none"> No conversion from ECC Less advanced functionality No dual-usage rights or trade-in Web service with less user control 	(B) Greenfield reimplementation (D) SAP two-tier ERP
SAP ECC on ERP, private edition	<ul style="list-style-type: none"> First step to cloud hosting Subscription fees include service hosting costs and extended maintenance 	<ul style="list-style-type: none"> Surrender of ECC licenses Exit terms may restrict future choices 	(A3) RISE with SAP ECC
SAP PMC Services	<ul style="list-style-type: none"> Can include a mix of RISE and non-RISE solutions Potentially expanded landscape beyond ERP with other SAP or non-SAP components Support including SLA on partner terms 	<ul style="list-style-type: none"> RISE components still subject to SAP options and operations 	Can include all transformation paths (A), (B), (C), (D) and (E) excludes (A3)

<i>SAP Sourcing Options</i> ↓	<i>Benefits</i> ↓	<i>Challenges</i> ↓	<i>Suitable ERP Paths*</i> ↓
Extended SAP Support	<ul style="list-style-type: none"> ■ Continuity of software support optional, can be chosen or not ■ Fee included in ERP Private cloud subscription 	<ul style="list-style-type: none"> ■ Approximately 10% increase in costs for SAP Business Suite 7 products ■ Only available from 2028 to 2030 for latest three respective enhancement packs 	(E) users wishing to delay their move to SAP S/4HANA
Third-party software support	<ul style="list-style-type: none"> ■ Potential reduction in annual costs ■ Solution beyond 2030 	<ul style="list-style-type: none"> ■ More difficult to lift and shift landscape without SAP resources ■ Alienation with SAP 	(E) users not wishing to move to SAP S/4HANA
*Note 3 provides further details on SAP ECC user paths to a modern or extended ERP			

Source: Gartner (November 2023)