

Guide

The Business Case for SAP® Application Managed Services





Summary

One of the most frequent questions around SAP Application Managed Services is; **“How will switching to a Managed Services Provider impact our bottom line?”**.

Rizing’s SAP Application Managed Services is designed to free up your resources, reduce costs and enhance the quality of your SAP solution landscape. While it may seem that these services can be handled by an internal IT team, the cost-benefit as well as the value that can be derived by freeing up your teams for other strategic initiatives can be significant.

We put together a sample business case that highlights direct cost benefits as well as other areas that can drive significant value to your organization. You can use this model as a baseline to build your own business case and help with the evaluation of SAP Application Managed Services.

Sample Business Case

Rizing AMS Versus Internal IT Team Costs



MODEL CUSTOMER PROFILE
Fashion company with Wholesale, Retail and Ecommerce operations

Revenue:
 USD 250M > 400M

No. of Stores:
 50-75 stores

SAP Functional Coverage:
 Retail, Supply Chain, Wholesale and Finance

SAP Technical Coverage :
 ABAP/PI, Fiori and SAP Basis

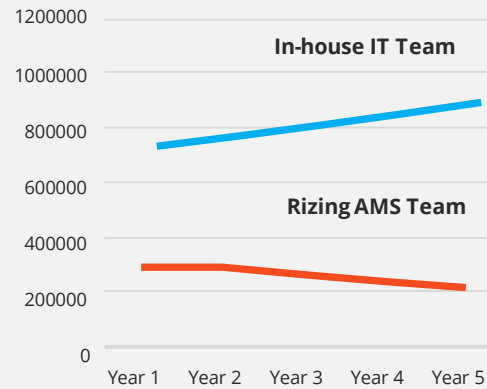
Assumed In-house IT resource cost:

- 6 employees
- Total cost of an IT resource including salary and benefits - \$132,800
- 5% YoY increase in total cost per resource (increase in base salary, 401k contributions, benefits)

- Rizing AMS costs are expected to remain unchanged for Y1 and Y2
- From Y3 onwards Rizing AMS costs decrease at 10% YoY owing to system stability and improvements made

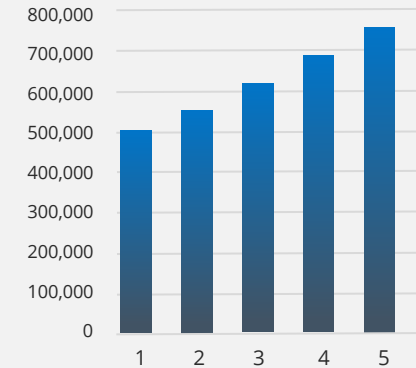
Typical Cost of an In-house SAP Support Team Vs. Rizing AMS Across 5 Years

70% COST SAVINGS



YoY Savings - Rizing AMS

USD 3M SAVINGS ACROSS 5 YEARS



| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total | % |
|---------------------------|---------|---------|---------|---------|---------|-----------|--------------|
| In House Team of 6 | 796,800 | 836,640 | 878,472 | 922,395 | 968,515 | 4,402,822 | |
| Rizing AMS | 294,000 | 294,000 | 264,600 | 238,140 | 214,326 | 1,305,066 | |
| Savings | 502,800 | 542,640 | 613,872 | 684,256 | 754,189 | 3,097,757 | 70.36 |

Other Key Value Drivers



Long-term Improvement of the system

A proactive approach to identify, resolve or, in many cases, even prevent IT issues before they cause business disruption is one of the key benefits of SAP Managed Services. With Rizing's SAP Managed Services, you can:

- Address technical pain points and remain responsive to needs, both short-term and long-term
- Proactively explore and identify enhancements for improvement to maximize efficiency, reduce overhead and limit costs
- Access a wealth of technical knowledge and expertise, which simply isn't viable to maintain in-house; to keep improving system performance



Ability to scale-up/down based on business needs

Given the rate of technological advancements and the fact that businesses need to scale resources up or down on demand, scalability is vital to supporting business growth and development. Rizing can support your organization as needed to handle growth spurts or emerging IT problems.

- Agility to adapt to customer needs -with the flexibility to quickly ramp up/ramp down resources
- A combination of onsite, offsite, and offshore delivery models -based on client needs
- Ability to design the most robust IT outsourcing model to fit client needs



Minimizes risk due to employee turnover

The cost of losing an employee goes far beyond the cost of recruiting and training a replacement. With Managed Services, you gain access to a team of highly trained, dedicated professionals, avoiding the risks of losing continuity due to employee turnover.

- Ensure seamless knowledge transfers and continuity of business throughout the engagement
- Direct access to a collective team of industry-trained IT professionals in a variety of areas

Other Key Value Drivers



Maximizing your SAP investment

A managed service typically includes 24/7 user and technical support. With an increasingly mobile and flexible workforce, providing front-line support out of traditional office hours is expensive. With Rizing's Managed Services, you can:

- Extend and optimize your ERP to generate more value from your application portfolio
- Manage your environment 24/7 to ensure your SAP landscape is always up-to-date with the right patches and updates
- Leverage deep SAP specialization to optimize the usage of functionalities, and activate new functionalities



Strong SLA based support

Strong governance processes ensure SLAs are met and guarantee the continuity of business. With Rizing's Managed Services, you can protect and maximize your significant investment in SAP by leveraging a framework designed to ensure higher performance.

- Proven methodology and governance with greater visibility and transparency
- Tried and tested structure and procedures to reduce risk and maintain compliance
- SLA-based reporting, Trend/Ticket aging reports, Status reporting, and more



Next Step: Get a Quote

If you are looking to build a business case for SAP Application Managed Services, we are happy to provide a quote based on your unique requirements. Rizing has multiple AMS models that we can support your business with.

[Contact Us →](#)



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