Selecting a SAP® Hosting Provider

A White paper written by Jan van Rensburg

Introduction

The benefits of cloud computing are well established and covered by numerous credible sources. Once a company has decided to embrace cloud computing, the next phase is to establish criteria for selecting a hosting vendor. Some criteria, such as cost, service-level agreements (SLAs) and security, are obvious, but others are not. This executive briefing focuses on criteria for selecting a SAP® hosting vendor that are often overlooked, but nevertheless have far-reaching practical implications.

We will consider hosting criteria for the SAP Business Suite only. (SAP is the only vendor that offers hosting for the newer generation SAP On-Demand solutions, which will therefore be excluded from this paper.)

The three categories we will examine are:
- Contracts and Commercials
- Operational Efficiency
- Complementary Services.

Contracts and Commercials

Contract Length

Typically, SAP hosting vendors require a minimum hosting period of one to three years. That may sound reasonable for a SAP system, since you would not want to disrupt the stability of your installation too often. In practice, however, it is not uncommon for organizations to move away from their first provider. If you decide to move in order to protect the integrity of the services you deliver, you won't want to be bound to a minimum-length contract.

It might be tempting to select a vendor that provides a steep discount or requires no upfront payment for the migration to a hosted service, with the trade-off of a fixed-length contract. Keep in mind, however, that the vendor will just build the migration cost in over the period of the engagement, so you will still pay for it in the long run but you'll be locked into a contract.

Recommendation: Ensure that the contract can be cancelled with a month's notice or less, especially if this is the first time you are outsourcing your SAP hosting.

Contract Flexibility and Guaranteed Pricing

SAP landscapes are not static. Systems are added and retired as business needs evolve and technology changes. Your vendor should allow flexibility in the contract and be able to implement such landscape changes quickly. You should also be able to lock prices for resources to specified rates that will allow you to expand.

Recommendations: Conclude a master hosting agreement specifying services that may be cancelled or added, as required.
Negotiate and fix rates for future resources.

Billing Models

Not all systems have the same purpose, i.e. production, development, quality assurance, training and sandbox systems are used differently. So you should ensure that the vendor's billing models align with your usage. You would not, for example, want to pay for training systems not in use. In such a case it would be more appropriate to pay for storage instead.

Recommendation: Ensure the pricing units detail specific usage of various system types.

Vendor cooperation

SAP systems usually have integration points to many other systems. Some of these systems may reside with other cloud or hosting vendors who are in direct competition with your SAP hosting vendor. If you want to select best-of-breed vendors for various hosting tasks, you should have the freedom to do so, without spending time on inter-vendor management and peacemaking! Ensure that your SAP hosting vendor has reasonable cooperation with your other vendors because this becomes critical should you eventually want to move to another SAP hosting vendor.

Recommendation: Vendors should be obliged contractually to cooperate reasonably with each other. To facilitate this, specify each party's responsibility in a RASCI matrix (Responsible, Accountable, Supportive, Consulted, and Informed). A good RASCI matrix for SAP hosting spells out tasks in detail and describes what each party's role is for that task.

Operational Efficiency

Phased Hybrid Approach

As with any large technology change, moving to a SAP hosting provider should be done cautiously. It is advisable to move the development and QA environments first, before moving the whole environment over. Organizations find that moving their non-production landscapes allows them to achieve the majority of their goals for SAP hosting outsourcing. These include reductions in costs, basis team workload and capital expenditure. From a security point of view, keeping production systems with their sensitive data on-premise is a prudent move, and will still realize benefits from outsourcing non-Production systems. Moving non-production systems first will ensure that you have time to establish a smooth working relationship with the vendor, to evaluate and remedy shortcomings in the cutover process and to get used to new operational models.
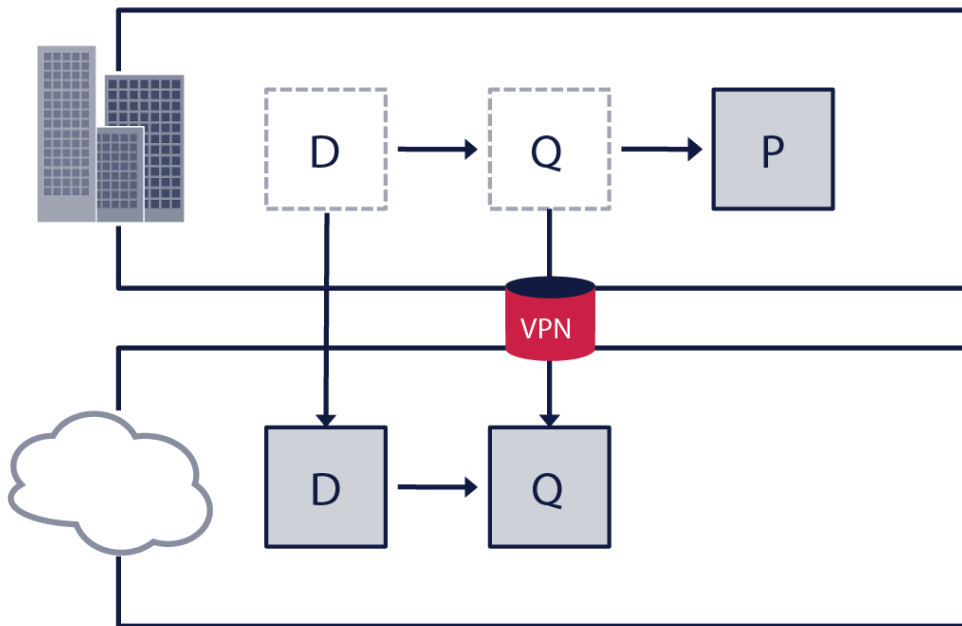
**Figure 1: Development and QA Systems in the cloud**

> ⭐ **Recommendation:** Take a phased approach. Move non-critical, non-Production SAP systems first, then allow some months of stabilization before moving Production and other critical systems.

System and Data Provisioning

Your SAP landscape may be a mixture of on-premise systems and cloud-based systems, some even at different vendors. If your non-production and Production systems are in different locations, you will have to give some thought to handling non-production landscape refreshes. Your hosting vendor should be able to move data into the cloud to give your development and testing teams relevant, fresh data to work with. In all likelihood, you won't want to make a complete replica of your Production systems, as it would be inefficient to do this in the cloud. Your hosting vendor should therefore provide the necessary tools to allow you to copy relevant subsets of data from Production to non-production systems. Furthermore, end users of non-production systems should be empowered to copy data to the non-production systems on demand, without having to contact the basis team or the vendor, which would incur costs.

> ⭐ **Recommendations:** Your hosting vendor should provide suitable refresh methodology and technology for creating lean non-Production systems with data that is up to date. End users of non-production systems must be empowered to copy relevant testing data when it is required. Clarify upfront what the fees will be for refreshing the landscape and provisioning new systems.
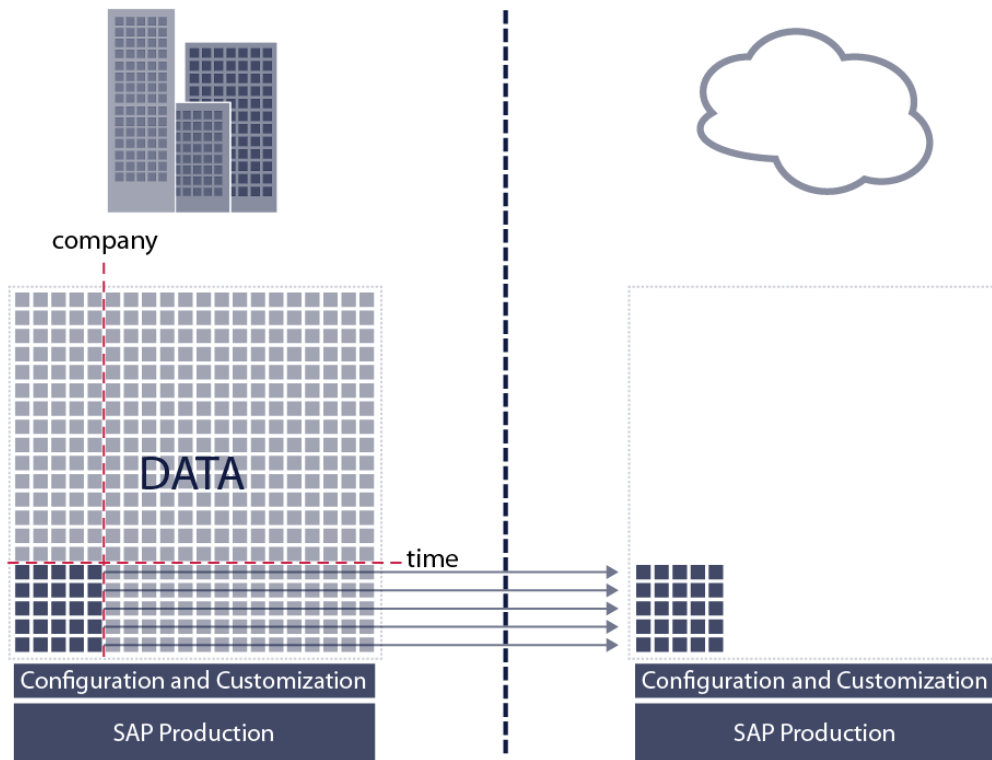
Figure 2: Reduced non-production system in the cloud

## Service-level Objectives for System Provisioning

Flexibility, one of the many benefits of moving to the cloud, should also extend to your SAP systems. The provisioning of new systems should take place on-demand and in near real time, it should not take weeks and hold projects back. Your SAP hosting vendor should commit to a process and to service-level objectives for new system provisioning.

Recommendation: Insist on service-level objectives for new system provisioning. This should typically be measured in minutes or hours, not days or weeks.

Non-production Data Security

Organizations typically waste great effort and expense to secure production data for governance and compliance reasons. Security is, however, often overlooked on non-production systems, where a different set of end users, such as developers and contractors, have access to the data. Nevertheless, you still need representative test data from Production to be able to perform reliable quality assurance. This problem of supplying real but masked data in the non-production environment becomes even more imperative to solve when you move some SAP systems to the cloud. Vendors should be honest about whether they can address this in an auditable way. Do not rely upon custom-written ABAP code to anonymize data, which is usually slow, inflexible and misses important sensitive areas.
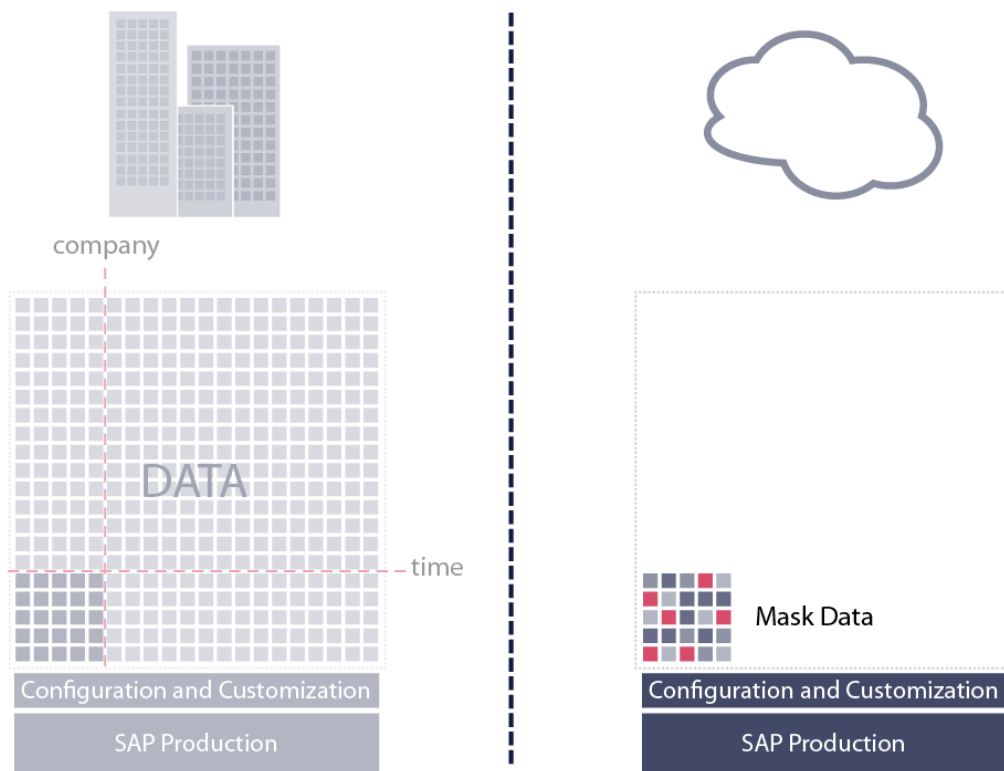
Figure 3: Sensitive data in the cloud masked

★ **Recommendation:** Make sure your vendor provides a flexible, auditable method of anonymizing (sometimes called scrambling or masking) sensitive data on non-production systems.

Self-service Functionality

You should not have to contact a support desk or pay exorbitant fees for the basic management of your SAP systems. Good SAP hosting vendors will provide web-based self-service functionality that enables your functional users to perform basic tasks, such as creating new systems on demand, viewing the status of your systems, or managing transports, without vendor or basis team help. Such functionality is useful for quickly creating sandbox systems for internal proofs of concept or for testing support packs, without affecting the rest of the landscape.

★ **Recommendation:** Ask the vendor to demonstrate the self-service functionality available (through a web-based portal) to manage your SAP landscape. Ensure that you can set permissions per system or landscape.

Automation

Automating common or repetitive tasks is a well-established way to reduce costs and minimize mistakes. A SAP hosting vendor who provides a suitable set of automated functions and services to its clients should be willing to invest in efficiencies that will reduce costs in the long term.

Recommendation: Investigate which automation services the SAP hosting vendor provides and what is on their roadmap for the future.

Complementary Services

The following is a brief list of services that are beneficial to SAP hosting services. None of these should be considered essential, but a single vendor who provides these complementary services as well as the SAP hosting, will improve continuity and integration.

Application Management Services (AMS)

SAP AMS is a natural fit for SAP hosting services. Using a single company to manage both the infrastructure and the application layer, avoids inter-vendor blame and unclear delegation of responsibility.

Software Quality Assurance

If you have a hybrid landscape, with the hosting of non-production systems outsourced, it makes sense to have a vendor who can provide quality assurance services. The top vendors in this area focus on test automation for increased speed, coverage and cost effectiveness.

Migration and Upgrade Services

When outsourcing your SAP hosting, it is an opportune time to migrate to a lower cost platform such as Intel or Linux, or to upgrade older versions.

System Landscape Optimization (SLO)

SAP landscapes change because of mergers and acquisitions, divestitures and internal reorganizations. Ensure your hosting vendor offers landscape optimization services for system mergers, splits and rationalization. In this way the landscape will keep pace with your business.

Summary

This executive briefing outlined some criteria to consider when selecting a hosting vendor for the SAP Business Suite. The focus here is on the flexibility of the vendor to adapt to change when required. These points are easy to overlook and their importance easy to underestimate, especially for organizations outsourcing their hosting for the first time.

If you are considering moving your SAP systems to a hosting provider or the cloud, you can explore the ideas presented in the paper further at
http://www.hosting-considerations.com

About EPI-USE Labs

EPI-USE Labs provides software and services to help our clients manage their SAP landscapes. Our clients work with us to reduce costs of landscape management and to implement significant changes to their landscape, like moving to the cloud, mergers and acquisitions and heterogeneous migrations. For more information visit
http://www.epiuselabs.com