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SAP customers face upgrade deadline

By [Alorie Gilbert](#)

Staff Writer, CNET News.com

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Business software maker SAP is hoping to persuade thousands of its customers to upgrade to a new version of its software.

The company, which currently supports six different versions of its enterprise resource planning (ERP) software, called R/3, plans to discontinue support for four of those versions one year from this month, said Arne Schmidhals, SAP's vice president of product management.

Half of SAP's 18,800 customers around the world are on those versions, according to Schmidhals. He said R/3 versions 3.1i, 4.0b, 4.5b and 4.6b, introduced between 1998 and 2000, won't be supported under regular maintenance plans after next December. Version 4.6c is still supported under maintenance plans.

The software maker this fall introduced R/3 Enterprise, the latest version of its ERP software, which it is aggressively marketing in hopes of increasing its revenue.

SAP's broad range of applications can touch nearly every corner of company's operations, from order taking and inventory to bookkeeping and human resources.

Customers pay an initial fee to license R/3 and a periodic maintenance fee to keep the software up-to-date with bug fixes and other changes, along with direct access to SAP support personnel. Since companies use R/3 to manage crucial business data, it's unlikely they would risk running the software without some form of maintenance support.

Upgrading an SAP system can take up to a year to complete and can cost as much as \$15 million in consulting, new hardware, software and training, according to Michael Yadgar, a partner at consulting firm Accenture who oversees R/3 projects. The company sells services aimed at companies upgrading their SAP systems.

"People who have not addressed this issue need to consider it very soon," said Yadgar. "The clock is ticking."

Software makers often discontinue support for products several years after introducing them for a

variety of reasons. Often, software companies hope to grow revenue through a mass upgrade to a popular product, or cut their internal costs by discontinuing labor-intensive support for an older version.

Calls to migrate to newer versions come as no surprise to customers. Oracle, for instance, is planning to [discontinue](#) support of an older release of its business applications next year.

But while software makers hope to reap profits from new versions of their products, their customers have been [reluctant](#) to invest the millions of dollars it costs to upgrade their business applications. In a feeble economy, many companies are slashing expenses and curtailing IT budgets. A number of Oracle customers recently cited budget constraints as the reason they aren't planning to [upgrade](#) to newer versions of Oracle's software, which competes with R/3.

SAP began notifying customers of the December deadline earlier this year, Schmidthals said. He stressed that SAP is not entirely abandoning customers that stay on older versions. The company will continue to provide limited support to customers for older versions of R/3 after December of next year, he said.

Those customers can still call SAP for technical support, but the software maker will no longer automatically provide them with software updates for tax code changes annually as it does under standard maintenance plans. SAP may also be slower to help companies solve previously undiscovered bugs in older versions, he said.

"The end of maintenance doesn't mean SAP doesn't support (those customers)," Schmidthals said.

Customers that don't migrate next year can purchase a maintenance contract extension from SAP, which would allow them to continue with the standard level of SAP support. The cost of an extension is an additional 2 percent of the customer's annual maintenance cost, which varies from customer to customer.

SAP, with more than \$7 billion in sales last year, is among the largest makers of corporate software in the world.

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