

# Balancing the Value Proposition for Integrating with SAP

White Paper Prepared by:

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## Introduction

Like it or not, selling software solutions into large tier organizations means dealing with their IT group, and for companies running SAP that means fitting into their eco-system. The SAP value proposition centers on driving top line revenue by uber-efficiently automating business processes, while simultaneously impacting bottom line profitability by minimizing business friction caused from transferring data and triggering activities between processes and systems. This mantra permeates throughout the customer, and is anchored both by the ERP investment made, as well as the ROI envisioned. To penetrate into these customers, ISV's must align their best-of-breed solutions with SAP, which first and foremost means integration.

Not just any integration. Customers want the assurance that SAP certifies it works. After all, they can't afford to risk their primary (most influential, most costly) infrastructure investment being compromised by a third party solution that incrementally adds value.

So what are the costs to integrate? Consider the following:

## Development Environment

To integrate and certify with SAP, you need access to SAP. And if you are integrating to anything except their Netweaver middleware, this means owning SAP. The company does offer a rental scheme, though to support customers, demonstrate to prospects, and deliver upgrades, the ultimate cost difference is negligible. To access a base instance, along with hardware exceeds \$100,000. The only alternative is to work with a third party who assumes ownership for the connection, while giving you exclusive rights to resale.

## Programming Resources

There are unique communication tools to integrate with SAP. Each performs somewhat differently, and was introduced with different versions. Even in the current release, some are optionally installed, and the IT manager may require the use of one over another. Finding programmers who understand the differences, can leverage multiple options to maximize the number of SAP versions acceptable, and can build a flexible enough integration to meet the incredibly customized SAP environment found at each customer, is expensive. And once it is built, trying to maintain the system requires continuing access. The cost for SAP programmers typically runs \$40-\$400/hr, the difference being experience, seniority, and offshore vs. onshore. Programming resources required for a typical integration requiring data transmission, data transformation, and perhaps an activity trigger would typically cost \$125,000.

## Certification

Once built, SAP charges \$13,500 to set-up the certification, and \$5,000 to run 2 days of certification activities, including installations steps, execution of test scripts, documentation reviews and support processes. Any additional time is charged at \$1,600/day, not including travel expenses. Annual recertification costs \$5,000 provided no changes have been made.

## Deployment and Support

In case it isn't apparent by now, every SAP customer customizes their SAP environment. Generally, pretty heavily. It requires special resources (see Programming Resources) to interpret an SAP customer's environment and tweak the integration to work for them. You may be able to leverage the same resource to create, deploy, and support, though this forces an on-shore resource choice.

Summing up the costs, to do this internally, you can expect to spend \$300,000 to integrate, certify, support, and upgrade, and an additional \$5,000-\$150,000 annually depending upon the depth and success of the integration.

Is it worth it? It is if your volumes of sales and average sales price justify the cost. And don't just look at the initial foot-in-the-door sale; consider downstream purchases, particularly into additional subsidiaries. Consider these two benefits:

- Even though you can sell into SAP shops without certification, official recognition speeds up the sales process, provides a differentiator to competitors, and removes a key objection.
- SAP is installed at over 90,000 companies. These are the dominant organizations in every industry. Certification puts your name into SAP's partner index, and gives you unique marketing benefits through their PartnerEdge program. And while the market potential is very large, the solution bias is very focused, creating a special club for those who belong

Partnering with DataXstream gives you the best of both worlds. On the cost side you can lower your TCO by leveraging DataXstream's infrastructure, deep domain expertise, and 200 combined years of real-world experience and SAP relations. On the revenue side you can improve your sales and support capability through our education and demonstration tools. Then there are multiple ways to finance the investment. Some ISV's prefer specific term engagements, while others prefer joint ownership. DataXstream is happy to work with you to find the optimal options, both technically and financially, to optimize your short and long term objectives.

To get started, contact DataXstream, and request the list of integration survey questions, which will determine the actual cost for a certified integration.