

QUICK TAKE

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SAP Customers: Wake Up To NetWeaver

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EXECUTIVE SUMMARY

Forrester met with SAP board member Shai Agassi and NetWeaver Global Initiative Senior Vice President Carol Burch to hear SAP's plans for its middleware. Our take? SAP customers should consider NetWeaver for their next portal-centric or business intelligence projects — and plan to ease into the rest of the NetWeaver stack over time.

NETWEAVER MAKES SENSE FOR SAP CUSTOMERS

For a decade, SAP has been investing in middleware — application server (Web Application Server), portal (Enterprise Portal), business intelligence (Business Warehouse), integration server (Exchange Infrastructure), mobile platform (Mobile Infrastructure), and data management (Master Data Management) — to support its business applications. With NetWeaver 2004, SAP is now taking these products to market to compete in SAP accounts with BEA Systems, IBM, Microsoft, and Oracle's application platforms. Forrester believes that the enterprise architects in SAP shops should look hard at NetWeaver for future projects that incorporate SAP processes or data because it:

- **Natively solves the SAP half of an integration, portal, or BI project.** SAP middleware is ready-made for SAP data. Unlike BEA WebLogic or IBM WebSphere, NetWeaver comes with metadata, prebuilt services, and tooling that lower the cost and hassle of getting to SAP modules. So if your systems of record are in SAP, then SAP's Enterprise Portal, Exchange Infrastructure (XI), and Mobile Infrastructure will be the easiest way to get to them.¹
- **Demonstrates a commitment to standards and open source.** SAP has shed its less-than-open reputation and is now clearly committed to Web services, Java, and open source. SAP is on the board of the Web Services Interoperability Organization, the application server supports J2EE v1.3, and SAP began investing in Linux in 1998 — and is now investing in MySQL. SAP has also worked to advance process standards and is planning to add BPEL support to its upcoming XI release.
- **Is priced to sell.** SAP will compete aggressively with BEA and IBM on price: NetWeaver is free for licensed MySAP users and cheap for R/3 customers. Is this enough for SAP to stay committed to middleware? Probably not, but middleware revenues are not SAP's goal. SAP's goal is to use its middleware as a loss leader to lower the cost of building, deploying, integrating, and accessing SAP applications — and then sell more applications.



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RECOMMENDATIONS

SAP SHOPS SHOULD ADOPT NETWEAVER PIECE BY PIECE

Despite NetWeaver's no or low price point, firms shouldn't embrace the complete NetWeaver stack all at once. Instead, SAP shops should introduce NetWeaver components over time by:

- **Starting with a portal or BI project.** With 7,500 installations, SAP's Business Warehouse (BW) product is the most mature and proven of the NetWeaver components. SAP's Enterprise Portal solution is next in line with 2,500 installations and is particularly strong at integrating with R/3 business objects in addition to BW. This makes these solutions — together or individually — a logical starting point for firms looking for SAP information delivery and analysis features.
- **Piloting other components as needed.** SAP shops with integration requirements should consider components like Exchange Information (XI) today. But firms already running integration software from ISVs like BEA or webMethods shouldn't jump ship just yet. Three hundred firms are currently using XI for data integration, but the product has yet to prove its process management merits. Similarly, SAP's Master Data Management component has sparked early interest but isn't ready for broad adoption.
- **Favoring standards-based partners to fill gaps.** SAP customers with sophisticated needs in areas where NetWeaver falls short have two options: Wait for SAP to strengthen its offering or go with a third-party ISV. For mission-critical functionality that can't wait, firms should favor standards-based ISVs that are either "certified for" or "powered by" NetWeaver, like Intalio for BPM. Why? Buyers will get the functionality they need today with an insurance policy for moving to NetWeaver tomorrow.

ENDNOTES

¹ Forrester believes that NetWeaver is a good fit for firms where SAP plays a significant role in the application landscape. NetWeaver, however, should not be the first choice for firms without existing investments in SAP applications. See the January 6, 2004 IdeaByte "Positioning SAP NetWeaver In A Corporate Environment."