Customer Center of Expertise from SAP

License and Contract Management

Standard Documents for Customer Centers of Expertise

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Public

THE BEST RUN **SAP**

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INTRODUCTION

License and Contract Management

When purchasing software, the proper handling of license and contract management is essential. But especially in the business area, this is particularly complex, so it can quickly lead to loss of overview of the number of services, users and contract term. In addition, a customer runs the risk not to exploit the full potential of its license or contract. This is often due to a lack of specialist resources and a high amount of time associated with license and contract management.

But what is license and contract management and what are the benefits for the customer?

License Management describes the management of the usage of licensed software products within a company. This includes managing the amount and scope of use.

Contract Management is the administration and execution of software contracts with vendors, partners and internal customers.

An integrated License and Contract Management entails various benefits, as

- Identifying shelf-ware and getting possibilities to invest in new software
- Avoiding negative surprises during license audit process
- Precisely control and assign licenses to employees who need to use specific software.

In this way, not only can you control who can use software, but you also save on unnecessary license costs.

SAP LICENSE AND CONTRACT TYPES

SAP software is modular and can scale in line with our customers' growing business needs. The comprehensive scope of SAP software offerings is matched by the flexibility customers have when choosing how to deploy and license the software (see Figure 1). The modular structure of SAP software licenses allows customers to license and pay only for the functionality and capacity needed at any given time.

There are three core tenets that are important to understand when licensing software from SAP:

Software solution: What you are licensing from our comprehensive selection of SAP software to meet your business requirements

Deployment options: How you deploy the SAP software; for example, on premise, in a public cloud, or in a hosted private cloud

Licensing models: Various models that grant customers use of SAP software; for example, perpetual, subscription, or consumption

Figure 1: SAP License and Contract Types

SAP provides several deployment options and licensing models to address different customer requirements. In the following section, we describe in detail the deployment options and licensing models available at SAP.

SAP Software Solutions

SAP is committed to helping every customer become a smart, best-run business and make the world run better.

SAP offers an intelligent suite of integrated, modular, intelligent applications, including SAP S/4HANA®; SAP C/4HANA suite; SAP SuccessFactors®, SAP Ariba®, SAP Concur®, and SAP Fieldglass® solutions; the SAP Integrated Business Planning solution; and SAP Digital Manufacturing Cloud solution. The portfolio also includes a digital platform that facilitates the collection, connection, and orchestration of data as well as the integration and extension of processes within the suite of intelligent applications. At the center of our portfolio are intelligent technologies such as artificial intelligence, machine learning, the Internet of Things (IoT), and analytics that enable customers to leverage their data to determine patterns, predict outcomes, and take action.

SAP software spans multiple lines of business such as customer engagement, manufacturing and supply chain, people engagement, data management, and spend management. Our solutions are tailored for 25 industries, from financial services, public services, and consumer industries to discrete manufacturing, energy, and natural resources.

Deployment Models

After selecting the SAP software that meets the customer's business needs, it is important to understand the available deployment options for SAP software, as well as the underlying implications of each type of deployment. Deployment options vary depending on where the system resides and whether customers prefer to own and manage their hardware and software or wish to minimize IT operations and have someone else manage it.

Do you want to reduce your IT footprint? Do you require significant customization of your ERP solution? How frequently do you want software upgrades to be implemented? These are examples of questions that customers should ask when developing their deployment strategy. SAP provides deployment flexibility across the portfolio. SAP software may be deployed in an on-premise, hosted private cloud, or public cloud environment. Following are descriptions of the SAP deployment options, as summarized in Figure 2.
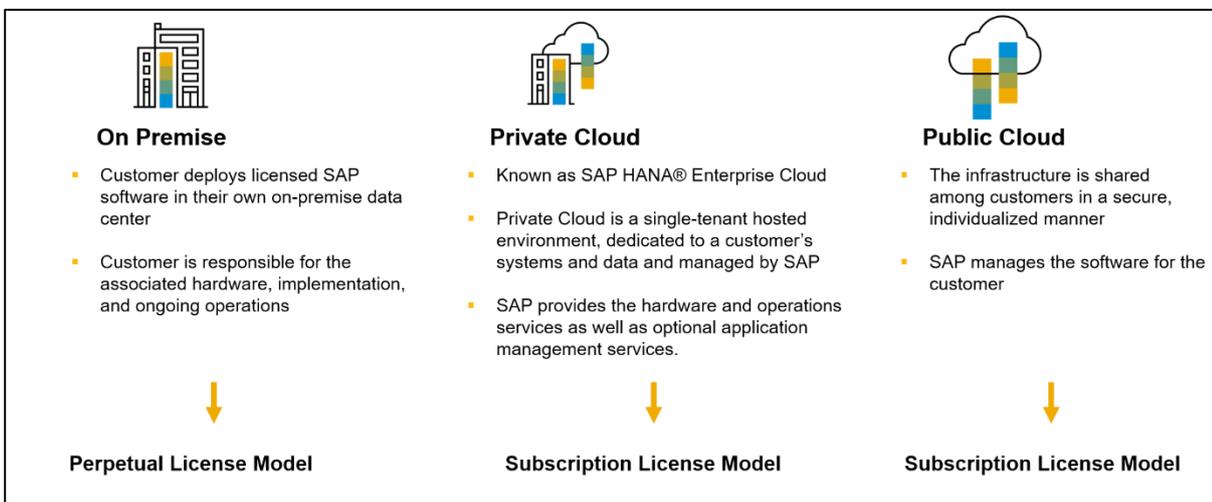
On Premise

- Customer deploys licensed SAP software in their own on-premise data center

- Customer is responsible for the associated hardware, implementation, and ongoing operations

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Perpetual License Model

Private Cloud

- Known as SAP HANA® Enterprise Cloud

- Private Cloud is a single-tenant hosted environment, dedicated to a customer's systems and data and managed by SAP

- SAP provides the hardware and operations services as well as optional application management services.

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Subscription License Model

Public Cloud

- The infrastructure is shared among customers in a secure, individualized manner

- SAP manages the software for the customer

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Subscription License Model

Figure 2: Deployment Models

On Premise

In an on-premise deployment, the customer deploys licensed SAP software in their own on-premise data center and is responsible for the associated hardware, implementation, and ongoing operations. Most SAP software deployed on premise is licensed on a perpetual license model, which provides software use rights in perpetuity.

Hosted Private Cloud

A second deployment option is SAP's private cloud, known as SAP HANA® Enterprise Cloud, which is a single-tenant hosted environment, dedicated to a customer's systems and data and managed by SAP. SAP's private cloud is a deployment option for software obtained under a perpetual or subscription license model. SAP provides the hardware and operations services as well as optional application management services.

Public Cloud

SAP software may also be deployed and consumed in SAP's public cloud. In this multitenant environment, the infrastructure is shared among customers in a secure, individualized manner. The software is available as a service (SaaS) with a subscription license. In this option, SAP manages the software for the customer.

Licensing Models

In addition to providing customers the flexibility to leverage the above-mentioned deployment options, SAP also offers flexible ways to license SAP software under three different licensing models: perpetual licenses, subscription licenses, and consumption-based term licenses (see Figure 3).
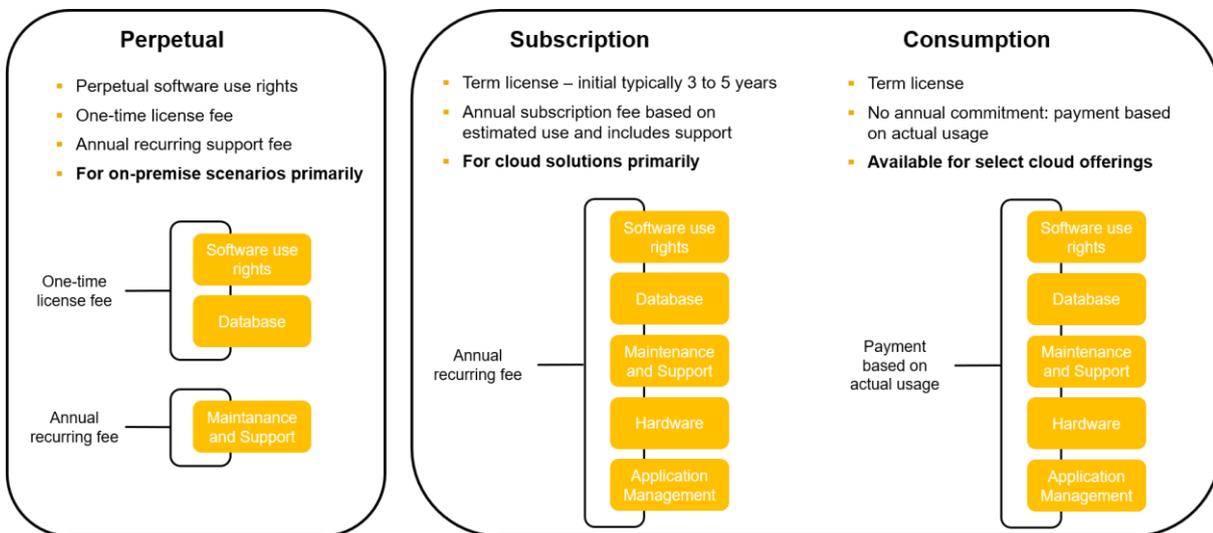

Figure 3: Licensing Models

Perpetual License Model

SAP's perpetual license model provides the customer with use rights of the software in perpetuity and is leveraged primarily in an on-premise deployment scenario. In this scenario, the initial one-time software fee provides perpetual use rights to an agreed quantity of software. This software fee is the basis for the annual SAP support fee, subject to the respective SAP support agreement.

A related perpetual software license scenario is typically referred to as "bring your own license, "or "BYOL," where customers can deploy their perpetual licensed software in SAP HANA Enterprise Cloud, a single-tenant hosted environment. In this scenario, SAP provides the hardware and application management services for an additional annual subscription fee. SAP also provides customers the flexibility to deploy licensed software in a non-SAP private cloud. There are two distinct perpetual license models based on the software being licensed: "classic" SAP software and SAP S/4HANA–branded software.

Classic SAP Software

Classic SAP references the SAP ERP application or SAP Business Suite software, referred to as the digital core, and additional software that can be deployed and used with it. Use rights to the licensed classic SAP software are based on two components:
Software: provides specific functionality to support or manage a business process, and each is licensed on a specific business metric. Examples of these business metrics are number of company employees, database size, annual procurement spend, or invoices processed.

SAP Named Users: provides rights for individuals to use the licensed software. There are a few types of SAP Named Users, each providing specific use rights. For example, the SAP Professional User provides full operational rights across all licensed software. An analogy for the classic licensing model is that the software is the "house" and the SAP Named User is the "key."

SAP S/4HANA–Branded Software

SAP S/4HANA–branded software references SAP S/4HANA, referred to as the digital core, and additional software that can be deployed and used with it. SAP S/4HANA is SAP's next-generation ERP system, designed from the ground up to leverage the SAP HANA database. The redesign also includes the simplification of license requirements. The software license model for SAP S/4HANA is distinctly different from classic software in that only the software license is required. There is no requirement to also license an SAP Named User to provide access rights, as these access rights are included with a license of the SAP S/4HANA solution.

Examples of Perpetual License Model

Consider a scenario where a customer is licensing an SAP software, such as the SAP Environment, Health, and Safety Management application, also referred to as SAP EHS Management. This software is available as both a classic software license and an SAP S/4HANA software license.

Classic SAP EHS Management software is licensed based on total company employees (as a relative measure of company size). For example, a customer with 10,000 employees would license SAP EHS Management for a total quantity of 10,000 employees. The rights to use the licensed classic SAP EHS Management software is provided by the second license component, the SAP Named Users. If only 200 individuals need to use the SAP EHS Management software, the SAP Named User requirement would be 200 SAP Professional Users. SAP Named Users are only licensed once regardless of the number of licensed SAP software they use. The bill of materials for classic SAP EHS Management in this example would be 200 SAP Professional User licenses and SAP EHS Management software licensed for 10,000 employees. When licensing the SAP S/4HANA Asset Management solution for environment management, the customer only licenses the software for 10,000 employees; no licenses for SAP Named Users are required. This new model significantly simplifies the commercial and contractual process as well as the ongoing license compliance efforts for SAP's customers.

Subscription License Model

All SAP software deployed in the cloud is available through a subscription license model. In a subscription model, the customer does not have perpetual use rights to the software, but instead pays an annual subscription fee as part of a term contract. The fee includes all the SaaS components, including support. Subscription term lengths are typically between three and five years in length. Renewal length can also be defined in the contract and is typically between one to three years. In typical private or public cloud contracts, customers may add new software or additional quantities of existing software to the contract at any point during the initial term or renewal periods.

SAP software that is licensed through a subscription and deployed in a public or private cloud environment is licensed on business metrics, for example users, documents processed, or volume of storage or bandwidth.

Example of Cloud Subscription

Consider a scenario where a customer is subscribing to an SAP public cloud offering:
the SAP SuccessFactors Employee Central solution. The subscription fee is based on the number of users authorized to access the software or with an employee record created in the software. In a cloud subscription contract, customers have the option to ramp their annual usage according to expected growth. Assume this customer is expecting 20,000 users in years 1 and 2, and 30,000 users in year 3. The subscription contract would reflect those specific user quantities each year for a specific ramped annual subscription fee. The annual subscription fee includes SAP Enterprise Support, cloud edition for SAP SuccessFactors Employee Central, and all SaaS components. In addition, SAP Preferred Success, a premium support offering, is optionally available for select SAP cloud services at an additional fee.

Assume the customer would like to reevaluate in three years, and thus has requested a three-year term with annual renewals thereafter.

The contract would reflect those term lengths accordingly.

LICENSE AUDITING

What is License Auditing?

The Global License Auditing Service supports all customers in fulfilling their contractual duty to carry out system measurements. Measuring the system determines the number of users of SAP systems and which SAP products are in use.

The following things can be measured:
- All user types of all SAP price lists
- Software engines, such as Human Resources, Real Estate Management, and so on
- Additional SAP products like SAP HANA-database and SAP Unwired Platform

What types of License Auditing do exist?

SAP conducts industry-standard compliance reviews with its customers based on the terms of their agreement.

In general, SAP runs Basic Audits and Enhanced Audits:
- Basic Audit
    - Covers most SAP customers on an annual basis
    - Based on automatic measurements performed by the customers and customers self-declarations, with tools and reports embedded in SAP NetWeaver, SAP BusinessObjects or other products
    - Data files are transferred to SAP
    - SAP provides support if necessary

- Enhanced Audit
    - Will start with a clear statement of scope
    - SAP may verify the results of the system measurement and perform additional specific checks in the systems
    - SAP supports the customer through a remote connection or a visit by SAP or a 3rd party onsite

SAP license audits are executed by team members of the SAP's Global License Audit & Compliance organization.

The assigned sales person is the primary owner of the commercial customer relationship. As such, the sales person is responsible for resolving the license compliance risk and is supported by the Global License Audit & Compliance team by providing license management expert knowledge.

Pre-requirements

- Establishment a process to ensure that system and user data is constantly updated in SAP ONE Support Launchpad
- Definition of a responsible person for SAP's License Key Administration
- Establishment of a governance for maintaining and updating user data
- Allocation of a unique identifier (e.g. employee number, e-mail address etc.) for all users to ensure proper grouping and consolidation with the License Auditing Workbench (LAW)?

Elements of the System Measuring

1. Maintaining System Data
   When you received the request to measure your system, you also received a measurement plan. Please check to see whether your system landscape has changed and make any necessary alterations

2. Cleaning Up Installations
   An installation can be deleted if there is no system assigned to it.

3. Client Administration
   You can change the client status to ensure that only valid users and products are counted during the system measurement.

Audit Process

1. Starting the System Measurement
   Start the system measurement in the measurement program (transaction USMM) by selecting the System measurement option.

2. Transferring Measurement Results Online
   When the system measurement has been completed or you have consolidated the measurement data in the LAW, you can transfer the data directly to SAP.

Learn more

- Information about SAP System Measurement
- SAP standard audit procedures
- Documentation
- SAP System Measuring Guide 7.0
- SAP System Measurement Process Overview

ADDITIONAL INFORMATION

SAP for Me

SAP for Me is your digital assistant that helps you to see more detailed information about your SAP products and to see how efficiently your business is supported by these products. It also gives you the ability to take action immediately without having to use multiple access points.

Objectives

- Find information and complete tasks without the need to log into multiple products or systems
- Receive information about the status of your entire SAP product portfolio
- Discover relevant online training for your SAP products

Solution

- Free, cloud-based solution available to all SAP customers
- Single point of access to review, and act on, detailed business information, product information (including license, systems, orders, and incidents) and training information

Benefits

- Enhanced transparency into your existing SAP portfolio
- Helps expedite effective decisions with a single source of truth
- Easier access to data and trainings, increasing the ROI of your SAP investment

Learn more, visit me.sap.com.

SAP Agreements

Find various agreement documents for cloud, software, and service offerings from SAP. When referenced in specific order forms, these agreement documents form the basis of your contractual relationship with SAP.

The selection is divided into the following agreement document types:

- SAP Cloud Services Customers
- SAP On-Premise Software Customers
- PartnerEdge Partner and Partner's Customers
- Partner - Other Partnerships
- SAP Services

Please contact your SAP representative for prior versions of agreement documents.

Learn more: https://www.sap.com/about/trust-center/agreements.html

SAP Licensing - Process Guide

Here you will be guided through all important topics around the lifecycle of your SAP Licenses. In addition, you can access information about SAP Support Services.

Learn more: SAP Licensing – Process Guide

SAP Trust Center

Please check the SAP Trust Center to receive further information about Compliance, Security, Privacy, Cloud Service Status, Cloud Operations and Data Center.

Learn more: SAP Trust Center

License Utilization Information Application (LUI)

The License Utilization Information Application provides a comprehensive overview of SAP license entitlements and SAP software usage for SAP Public Cloud and SAP S/4HANA On-Premise customers.

Preparations

Relevant for SAP On-Premise direct customers only (see the Road Map for more roll out details)

In order to use the License Utilization Information Application, it is required to first carry out a system measurement.

The License Utilization Preparation Area (LUPA) needs to be accessed before the actual system measurement can take place. The application helps to collect all relevant information that is needed to plan and prepare the measurement.
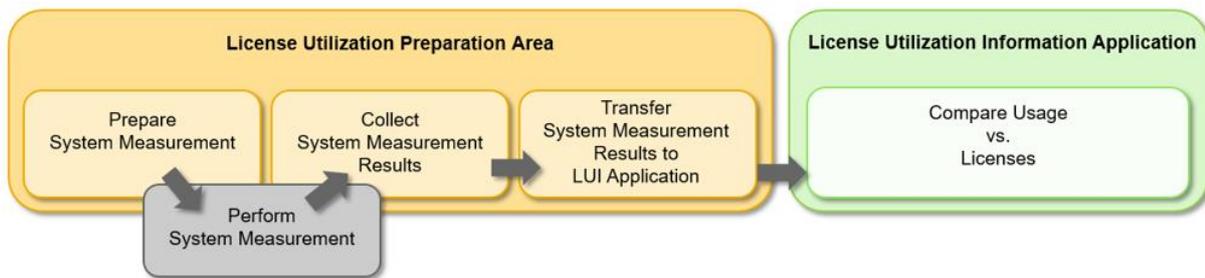
Figure 4:LUI/LUPA Process

Learn more : https://support.sap.com/en/my-support/systems-installations/license-utilization-information.html

Extension Policies

With the cloud extension and the on-premise extension model, SAP provide customers and partners flexibility to adapt to changing business requirements with existing on-premise SAP solutions.

- SAP Cloud Extension Model
- On-Premise Extension

Learn more: https://support.sap.com/extensionpolicy

Digital Access

Digital Access Landing page

Including:

- SAP Digital Access - What is it?
- Digital Access Adoption Program (DAAP)
- Testimonials

Learn more: DA Landing page

SAP Digital Access Help Portal

The Digital Access Help Portal includes a description of the SAP Digital Access license model for the products SAP S/4HANA Cloud, SAP S/4HANA, and SAP ERP.

A brief overview of the Use Case Scenarios:

- Direct Human Access
    - Access Through a Client App
    - Access Through a Customer SAP Fiori App
    - Data is Pulled from a non-SAP Application Through SAP System Functionality
    - Data Creation Within the Digital Core Through a Batch Job
    - Access Through an ABAP Extension
- SAP Application Access
    - Access Through an SAP Application
- Updates and Documents Not Counted as Digital Access Documents
    - Non-SAP Application Reads and Updates Digital Access Documents
    - Time Events Through a Non-SAP Application

Learn more: SAP Help Portal

SAP CLOUD

Basically, a similar setup to the on-premise organization within the Customer COE should be implemented.

The Customer COE should take care of the license /ordering, system setup / management and user management.

Depending on the chosen Cloud Solution the process can differ.

Within the SAP for Me (http://me.sap.com) a section for your Entitlements and Consumptions can be accessed. View and understand your product entitlements and consumptions. Find relevant triggers for actions or further exploration.

Learn more:

- Cloud Service Agreements
- Cloud Service Status

www.sap.com/contactsap

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