



# Introduction to SAP Licensing

## SAP's software is ingrained in a customer's internal business processes and operations.

SAP software is business critical and fully integrated creating licensing challenges that are truly unique to SAP.

### How SAP Licenses Work

Software licensed by SAP has traditionally been purchased as a perpetual license that is valid without term restrictions. With a perpetual license, customers are entitled to use the licensed capabilities for an unlimited period of time. The following principles apply for SAP's perpetual licenses:

- SAP does not license software by specific release or version.
- The software license alone does not provide the right to use future releases, this requires an additional maintenance contract that is paid for and maintained as per agreed terms and conditions.
- Customers can only use capabilities of the software that had been purchased and actually licensed even when additional functionality is available in software bundles.
- Subsequent license purchases are treated as separate business transactions in separate order forms and/or appendices and will have legally binding licensing terms.
- Applicable discounts are calculated based on the size of additional business transactions.
- Non-compliance or overuse of licenses are invoiced in accordance with the then current list of prices and can include back dated maintenance for the period of overuse calculated at the list price.
- SAP has internal promotions to allow exchange of entitlements for others as long as the software is not in use in its entirety. These promotions do not apply to all products. Current promotions cover products migrated to cloud services.
- Third party vendor licenses that are purchased through SAP are licensed under the Master Software License Agreement (MSLA) and are subject to the same licensing terms unless specific terms apply. In which case they will be detailed in the respective order forms.
- In case of swapping or converting existing license entitlements for new entitlements, the new maintenance base will be the cumulative sum of the net license fee after conversion credit and the previous maintenance base. SAP does not allow the new maintenance fee to be lower than the previous maintenance fee.

## Available SAP Licensing Types

### Packages

Package licenses entitle a customer to deploy and use specified software capabilities licensed as part of the package. A package license for a specific functionality or business process is subject to specific terms and use rights that are applicable to that package and most of the time can be licensed in more than one way for the same package.

### Named Users

Every user accessing or utilizing one or more licensed package needs to have the appropriate named user license. SAP offers different named user categories and types that depend on the role of the individual user within the organization. Named user licenses are generally not tied to a specific package and are valid across all licensed packages. However, named users are only allowed access to packages based on the extent permitted by the licensed named user category and its respective use definition in the customer’s contract.



fig. 1

fig. 1: A good way to understand package and named user licensing is think of a house and key. A package is a house, once built it contains everything it needs to perform its function. The user license is the key that allows the assigned individual to access that house. Individuals will carry many keys to many different homes, and a single home will have a unique key for each individual accessing it.

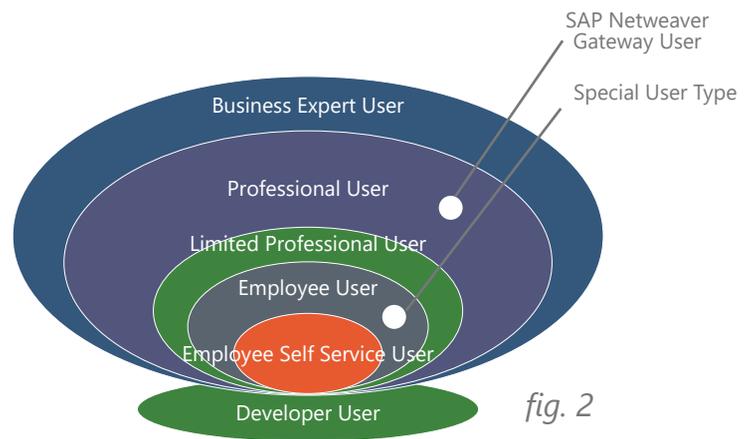


fig. 2

In general, SAP offers the following user types:

- **SAP Users**
- **SAP Platform Users (See section “Indirect Access of SAP Software”)**
- **SAP NetWeaver Users**

Different user types have been offered by SAP over the years and customer specific user types will depend on customer specific contracts.

### User Categories

For each of the above user types, a number of user categories suited for different user roles are offered. These types are related to a user’s function. For example:

- **Professional User**
- **Limited Professional User (discontinued by SAP and not available anymore)**
- **Employee User**
- **Factory Floor User, etc.**

A named user license is the combination of user type and user category. It can be subject to special use or restriction for respective user category which will be defined in the contract.

Definition of user roles and activities related to user types are stated in SAP’s software use rights document or respective contracts. However, there are standard user categories that have specific user rights and can supersede one another depending on their category. Fig. 2 above demonstrates how the common user categories supersede each other based on their license type.

**Audits by SAP** increase from  
**7% to 19%**<sup>1</sup>

**SAP** is amongst **top 5**  
publishers **to conduct**  
**an audit**<sup>1</sup>

**True** measurement of  
Indirect Access is **not**  
possible using tools<sup>2</sup>

<sup>1</sup> Gartner Report 262430 : Survey Analysis: Software License Audit Surveys Show Shift in Focus and Intensity in 2014

<sup>2</sup> Gartner Report 261950 : SAP Indirect Access License Fees Can Be Significant and Unexpected

## Navigating SAP-Specific Challenges

### **Lack of license measurement guidelines and tools:**

Without specific guidelines on how to manage and control licenses, SAP software management tools do not cover the entire portfolio and address mostly named user optimization. This is a significant investment in the form of packages/engines that does not have complete coverage. Currently only 35% of packages/engines are measurable with accuracy. The remaining 65% are either indicators or inaccurate and require manual intervention or self-declaration by the customer.

### **Unclear and confusing licensing guidelines:**

SAP's standard licensing guidelines can be used to understand basic licensing principles but they might not apply to individual customers. Every customer will have ad-hoc and customer specific licensing principles and generalization is near to impossible. Such customization also introduces the added complexity of requiring tailored measurement processes.

### **Customer specific & customized contracts:**

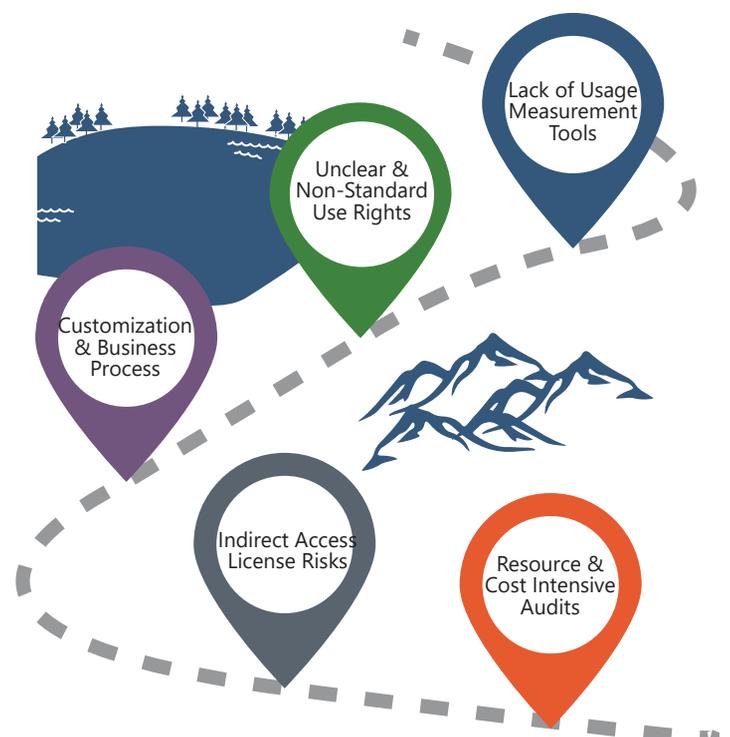
Each contract has unique rights to use the software. The same software sold to two different customers will not be the same when it comes to how they can use it. It is important to understand license management from a contractual perspective.

### **Misunderstanding of SAP License Audit Workbench (SLAW) as a software asset management tool:**

SLAW is a discovery tool used for the purposes of license management health checks. The tool covers named user review well, however it does not recommend optimization or any other aspect of software

asset management. Customers should not misunderstand the tool to be sufficient for managing SAP licenses.

**Significant costs & investment:** SAP caters to large enterprises who operate across multiple regions and continents. SAP covers all key business processes and the software's modular nature allows customers to implement, customize and cater it to their specific requirements. SAP tends to be critical to a business in all respects that invests a significant part of its IT budget on innovation and "keeping the lights on". This, along with skills required by specialists and technical teams, adds to the cost. The complexity, criticality and dependence leads a significant challenge for customers to be able to track license usage and spend.



## **SAP Licensing is complex only in the myriad of possibilities it offers.**

However, within this complexity exists significant opportunity for optimization based on your specific configuration and performance goals. With the right SAP expertise you can do everything from scenario analysis on licensing possibilities to specific negotiation points to ensure you have the flexibility and integration requirements you need to grow and evolve. Take ownership of your SAP licensing future today!

For more information about Anglepoint and how we can help your business visit us at:

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Anglepoint is a global leader in Software Asset Management (SAM) & Volume Licensing Services. Trusted advisers to the world's leading organizations we help our clients truly optimize their licensing estate.

We take a consultative approach to understanding our customer's requirements by simplifying the management of software assets and identifying opportunities for cost savings whilst maintaining a compliant state.

Optimizing your technology solutions can offer increased benefits by ensuring that you only deploy what you need when you need it. Deploying technology often means complex licence requirements and this is where effective SAM processes can really help.

Anglepoint can offer your organization a broad range of SAM services which enable you to mitigate risk by establishing effective licence management and therefore realize an ROI within weeks of the initial engagement.