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WAYS TO CUT SPENDING ON SAP SOFTWARE

How to reduce licensing costs by up to 30% with Software Asset Management

INTRODUCTION

Organizations across the world spend millions on their SAP systems, typically increasing their license expenditure every year.

The processes and solutions to control and limit this upward curve represent huge cost saving opportunities (By 2019, annual spending on enterprise software licenses will decrease by 30% as a result of software license optimization, according to Gartner.*) They also enable the SAP team to spend less time on license administration and turn their focus to mission-critical tasks.

SAP licensing is complex and, although the data required to understand the estate and optimize is available natively, the task to consolidate is laborious, time-consuming and error-prone.

*Cut Software Spending Safely With SAM
Published: 16 March 2016
Analyst(s): Hank Marquis, Gary Spivak, Victoria Barber

Many cost-saving benefits can be accomplished by gathering a holistic view of the SAP environment, optimizing licenses, removing duplicates and building up a complete picture of usage.

This empowers the organization to be ready when purchasing new SAP technologies, upon contract re-negotiation and when SAP comes to audit.

This guide provides five key initiatives to drive significant savings on SAP through effective Software Asset Management.

INTRODUCTION ◦



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NAMED USER LICENSES

Selection is often “best-guess”

SAP has more than 40 named user license types in its standard definitions, ranging in price from \$60 to \$7,000 per license. These license types determine what transactions the user is permitted to perform in the environment.

SAP puts the onus on its customers to assign the appropriate named user license type to each user account. Without the right data upfront, the only way to do this is to generalize and attempt a best-fit.

The work that individuals perform can change year-on-year. This means that a license type which once fit well beforehand is no longer compliant.



Common pitfalls

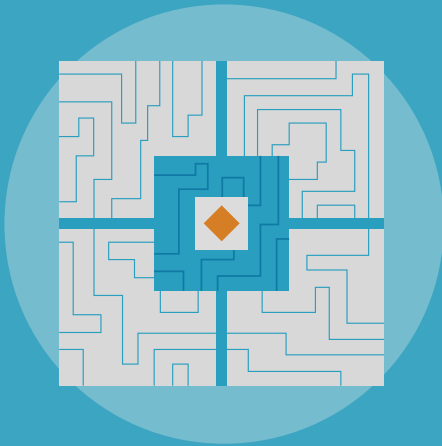
Organizations typically end up overspending because they do one or both of the following:

1. Purchase unnecessarily costly named user license types to ensure coverage of user’s requirements, but also cover them for use of transactions that they do not need.
2. Keep user-license assignments static until the next SAP-mandated system measurement, and then pay the fees that SAP requests for any shortfall.

To avoid these pitfalls, a more scientific approach is required.

The SAP team should continuously evaluate individual needs and assign the “ideal” license for each user which is compliant and at the lowest cost.

NAMED USER LICENSES ○



NAMED USER LICENSES

HOW SNOW CAN HELP

Snow Optimizer for SAP® Software measures transaction activity for every user, aggregated across all systems over time to get an accurate view of real usage.

This empowers the SAP team to custom fit the appropriate license type for each user.

Assigning the “ideal” license for each user ensures the most efficient use of the enterprise investment to minimize incremental purchasing. It also means that new users can be assigned better fit licenses in the first place rather than generalizing.

NAMED USER LICENSES ●



Users come and users go

The population of users requiring access to the SAP estate can fluctuate considerably over time.

For example, contractors implementing a new SAP system only require a license to access the system for the time that they are working within the organization.

Other instances where licenses become redundant are users leaving the organization and those who do not have a requirement to access SAP after a change in their position.



Track and consolidate usage

Although these examples may seem obvious, it is a laborious manual process to identify and deactivate these users, especially when the SAP user population is large and highly distributed.

During a proof of concept, Snow typically discovers around 20% of licensed users in an organization who have been inactive for more than 90 days.

Put a process in place which checks for inactive users on the SAP estate so that their licenses can be re-harvested and reassigned.

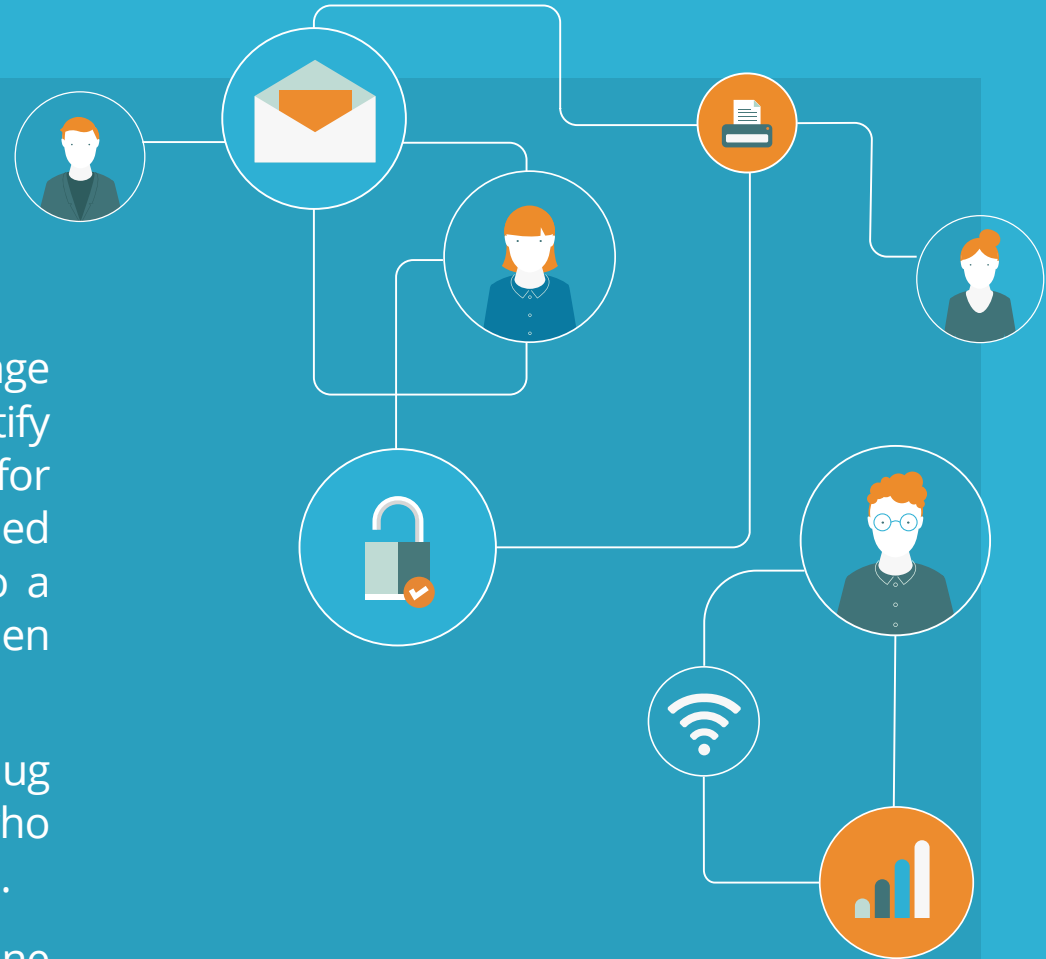
INACTIVE USERS

HOW SNOW CAN HELP

Snow Optimizer for SAP Software monitors usage of all SAP systems across the SAP estate to identify inactive users. Users who have been inactive for more than 90 days (or whatever date is deemed appropriate) can have their license returned to a pool (re-harvested) for reassignment as and when they are required.

Snow Optimizer for SAP Software can also plug directly into HR information to deactivate users who have been flagged as having left the organization.

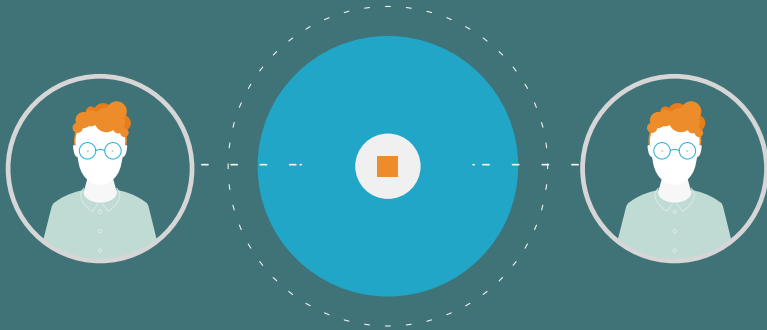
Licenses can either be manually freed up or done so automatically to reach a continuously optimized estate.



INACTIVE USERS

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DUPLICATE USERS



How duplicates arise

An organization's SAP environment typically composes many systems; and the administrator of one system (or group of systems) may be different from another.

This environment evolves over time as new systems are added. Users must be licensed to access these systems and so they are often provided with a new account, the username of which may be different from the username they have for other systems.

Do not double-pay!

The result is that an individual consumes two or more named user licenses when they need only one. If this is not effectively managed, it can be very costly for the organization.

Your SAP team should ensure that duplicates are dealt with so that the organization does not double-pay (or worse) to license an individual user.

Although it is possible to do this by manually cross-checking all systems in the environment, that process is prone to error and extremely time-consuming.

DUPLICATE USERS ○



DUPLICATE USERS

HOW SNOW CAN HELP

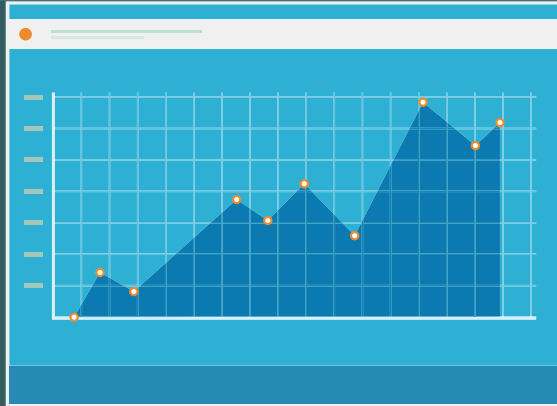
Snow Optimizer for SAP Software enables the administrator to automatically identify duplicates in the environment by displaying all users of each system and the attributes which are unique to the individual.

Consolidating users and removing duplicates empowers administrators to revoke licenses which have been assigned more than once to an individual. This releases the licenses back to the license pool so that they are free to be reassigned.

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DUPLICATE USERS •
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INDIRECT USAGE



What it is

Indirect Usage is, in simple terms, where an SAP system is accessed or queried through a third-party application. The way in which that application interacts with the SAP system and underlying data can have a significant impact on licensing requirements and financial exposure at the point of audit.

If any individuals are accessing SAP-stored data through third-party software, organizations must ensure that they have an SAP named user license of the right type provisioned for them.

*Gartner: SAP Indirect Access License Fees Can Be Significant and Unexpected
Roberto Sacco, Alexa Bona, Derek Prior, Lori Samolsky - 31 July 2014

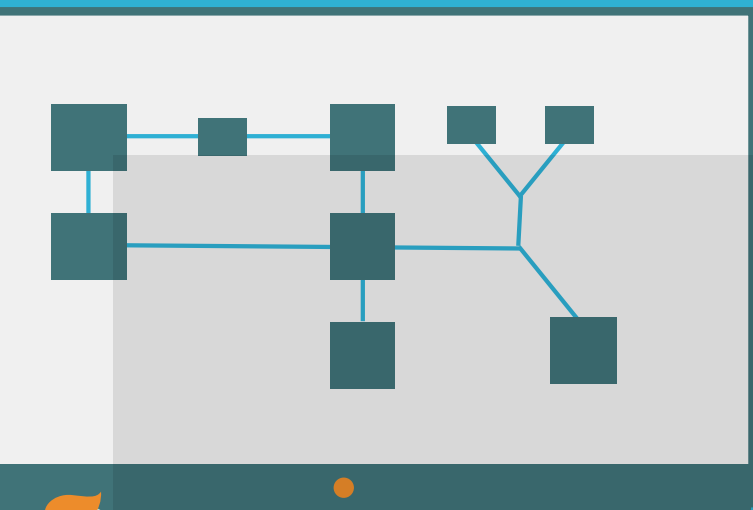
SAP is focusing more heavily than ever on audits which include analysis of Indirect Usage

How to deal with it

SAP is focusing more heavily than ever on audits which include analysis of Indirect Usage, so being prepared with hard facts is the key to minimizing financial risk and overspend.

Organizations should build up an architectural diagram of Indirect Usage across the SAP environment. This places them in a strong position when SAP audits because any additional fees are based upon real usage, not an estimated and perhaps overinflated value which is indefensible because of lack of visibility.

INDIRECT USAGE ○



INDIRECT USAGE

HOW SNOW CAN HELP

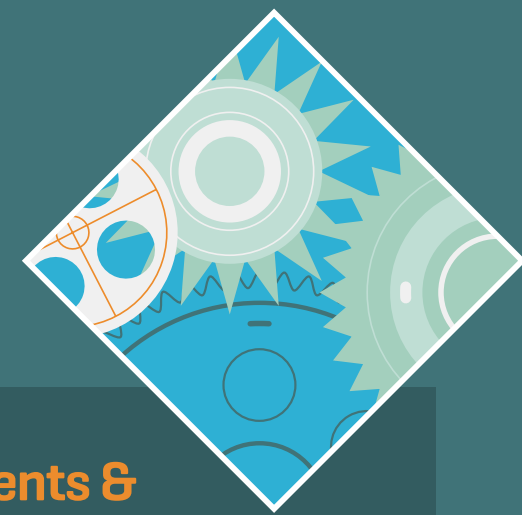
Snow Optimizer for SAP Software can highlight potential unlicensed and non-compliant users that are accessing SAP systems by monitoring unusual behavioral patterns.

Examples of this are:

- Accessing multiple systems at the same time
- Working on the SAP system for an unrealistically long period for human users
- Any user whose workload is significantly above the average.

This enables organizations to take proactive remediation steps and avoid potentially significant costs.

INDIRECT USAGE 



Complete the licensing picture

SAP licensing is not only based on per-user metrics, but includes software engines as well. SAP engines (aka packages, modules and add-ons) are optional applications for which additional licenses must be purchased.

The metric used for licensing differs by engine, and is based upon the objects that exist within that application or its total CPU consumption.

For example, the metric for SAP Payroll Processing is number of master records, while the metric for SAP E-Recruiting is number of employees.

Take measurements & automate warnings

If your organization wishes to avoid hidden costs and pay only for what is really needed and used, you should have a process in place to measure the various metrics on a regular basis.

This saves a significant amount of time and risk of error, which in turn enables avoidance of additional costs or penalties.

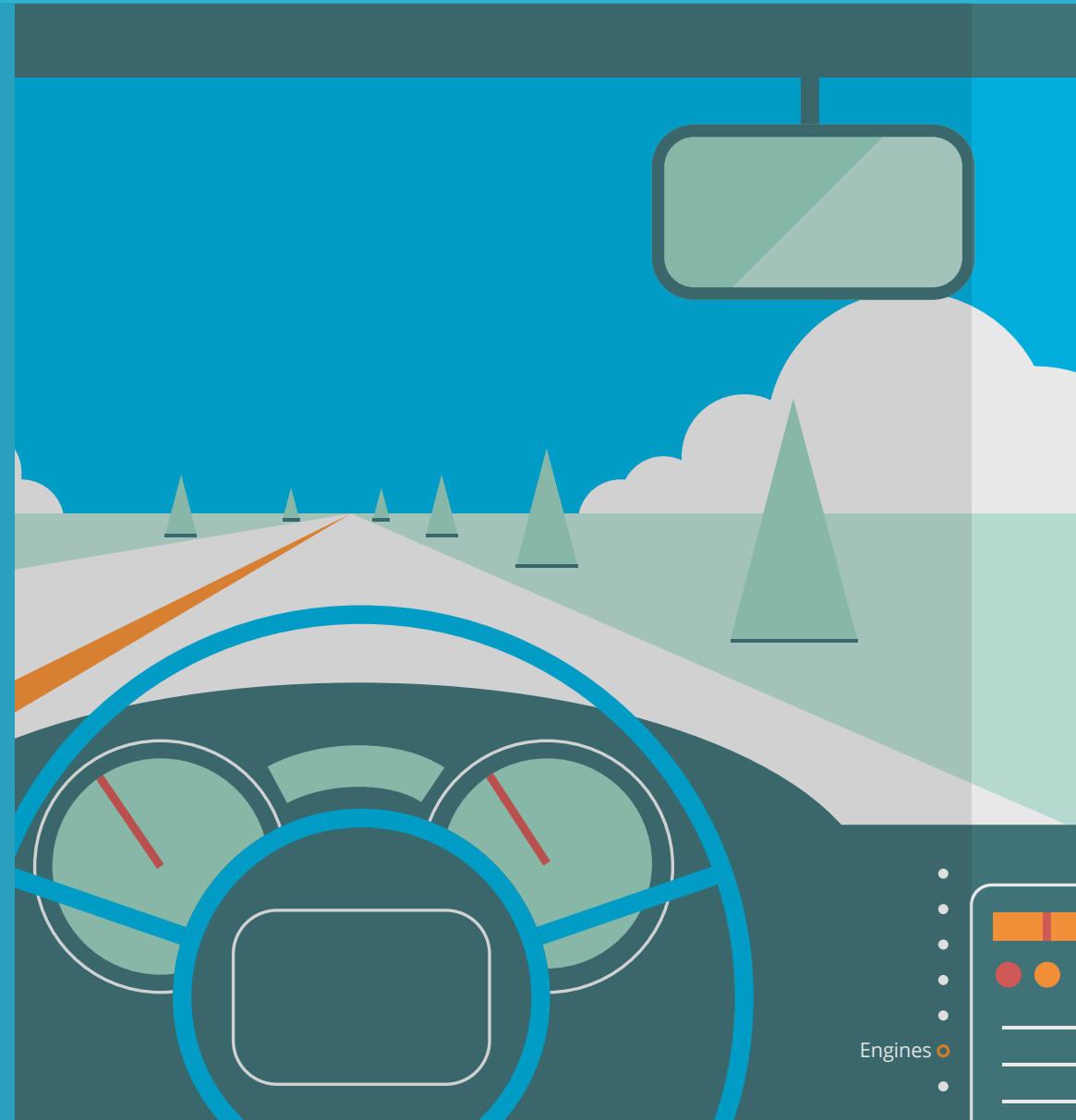
Regular measurements will better allow an organization to plan its SAP spend and avoid nasty surprises at annual review.

ENGINES

HOW SNOW CAN HELP

Snow Optimizer for SAP Software enables the administrator to set measurements appropriate to each engine metric. Licensing rules in the solution define how these metrics are combined to determine a single license consumption figure for each SAP engine.

Snow Optimizer for SAP Software then automatically gives warnings when a limit of contractual number of licenses, engines, memory usage or specific activity types is reached.



SUMMARY

SAP licensing is both complex and open to interpretation. Typically, environments have been running for many years, so it is difficult to get a handle on which licenses are assigned to which users, whether those licenses are correct for the user and indeed whether a license is required at all.

There are also third-party systems, engines and many other licensing nuances which must be accounted for.

As a result, organizations are overspending on their SAP deployment because they are unable to effectively optimize their licenses with a manual approach and do not have visibility of their entire estate to effectively negotiate with SAP.

By having the right data to hand, and the knowledge that licensing is optimized and automated, puts the organization on the front foot when it comes to new SAP purchases, license re-negotiation and audits.



ABOUT SNOW SOFTWARE

By managing software in use across the organization, Snow creates tangible savings and releases budgets, giving enterprises around the world the confidence to invest in new technologies such as virtualization, cloud and mobile.

Snow provides C-level executives, software managers and procurement professionals actionable intelligence on software installs, usage and entitlements across all platforms – from mobile to desktop, datacenter to cloud – saving up to 30% of software spend in year one.

Some call it Software Asset Management, Enterprise Mobility Management, Unified Device Management or even just license compliance.

Like thousands of organizations around the world, we call it Snow.

SUMMARY ○

➔ **Look out for our other complimentary cost saving guides on Oracle, IBM and Microsoft, available at snowsoftware.com**

APPLY THE FIVE INITIATIVES IN THIS GUIDE AND YOUR ORGANIZATION WILL BE ON THE WAY TO ACHIEVING HUGE COST SAVINGS ON SAP LICENSES.