

SAP Licensing Quick Guide 2015

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Introduction

SAP licensing is one of the most complicated and complex license metrics currently faced by software asset management (SAM) and software licensing professionals. SAP is different from other vendors as it calculates its software licensing in a very different way. SAP licenses are calculated on usage, something that SAP doesn't properly define.

Confusion also rains with issues around the 'named users' definition, which is the most basic element of SAP licensing. Named users are based on usernames, and not the user's actual name. This in turn means that a single person can have multiple user names within their IT infrastructure. To further complicate issues, these usernames can have access to different systems within SAP.

This licensing quick guide is an updated version of the [guide](#) we published back in 2010. Whilst SAP licensing hasn't changed that much, there are still aspects that have been updated that SAP users need to be aware of.

SAP Licensing

The main license metric for SAP applications is based on named users. There are different varieties of 'named user' licenses for customers to purchase from SAP, including professional, limited professional, and employee, which we'll explain later in this guide.

As we mentioned previously named users are attached to a username (based on any given date). This means that throughout the specific time period you must not exceed the amount of usernames that are defined within your SAP contract. Should a user leave the organisation or change roles, which means they require using a different aspect within SAP, the license type can be changed. SAP doesn't really help itself in making the license and user types explanation very vague and unclear.

It is important to remember that whilst SAP is procuring a number of organisations that create their own applications, the original applications licensing format may stay the same, and will not be moved to the SAP named user licensing structure.

Basic License Types

There are three basic license types for SAP applications. They are as follows:

- **Professional User** = named user who is able to perform certain operational tasks such as system administration or system management type roles that are within the agreed license metrics. The user should also have the rights that are specified by the SAP Application Limited Professional User.
- **Limited Professional User** = named user who can perform limited operational roles as defined by the software license.
- **Employee User** = named user who has the ability to perform tasks purely for the individuals own use and not on behalf of anyone else, task that are set out by the software license.

Special License Types

Special license types can be defined by your organisation. This form of license isn't considered 'official' as it is created by your local SAP Office, rather than SAP itself. There is no support documentation for this type of SAP license. Organisations need to clearly define what the parameters are for the special license types to ensure all users understand what they are licensed for. This also helps should an organisation need more licenses, as they then know exactly what license type they require.

Software Engines

Software engines are an addition to the existing SAP licensing model. SAP engines are also known as SAP packages, and they are external components that are on offer to organisations should they need them. They are an additional cost and examples include the SAP Payroll engine. If the organisation wants to processes payslips using SAP's Payroll system, then they will have to pay for that privilege outside of their license agreement. Each competent has its own pricing and licensing model, so organisations will need to talk to SAP or their re-seller to ascertain what options their organisation has.

Alerts need to be created for software engines so that the organisation can see when they are nearing all of their licenses being in used. This is important because without setting up alerts organisations could enter the non-compliant list. Setting up alerts helps manage existing licenses and also provides an indication to the potential of reaching full capacity.

Being 'Audit Ready'

Unfortunately, SAP audits are quite a common occurrence, with the majority of SAP users being audited in the past few years. There are a number of steps the SAP license managers can take to ensure that their organisation is best prepared for any SAP audits. The first step is classifying your SAP users.

Classifying SAP Users

Determining the correct classification for SAP users is a tough challenge for any organisation. There are a number of issues that we've touched upon, such as a user using different usernames for different SAP systems (example: Business Intelligence (BI) system for managerial reports, (2) an Enterprise Resource Planning (ERP) system for stock transfer reports, and, (3) a second ERP system for monthly invoice approvals). What level of SAP license should a user like that have? It's a question that any organisation using SAP needs to find the answer to.

SAP does not supply a tool to classify users according to their activity. SAP does supply a standard SAP program (SAP transaction program) to collect any classifications that the organisation has previously defined in all of its systems, and sends them directly to SAP for analysis and confirmation of its data.

There are two main issues when assigning SAP licenses internally. Both the cost of the licenses and the size of the organisations involved play a big factor in SAP licensing. The cost difference between a Professional User license type and an Employee license type is quite significant. This then forces the organisation to think twice before assigning a higher-level license.

SAP users then also have to think about how many SAP users they will need over the next few years (or over the term of the contract). What happens to those users that leave, or those users that change roles within the organisation? It's an added complication to SAP licensing that must be considered, which is why organisations try and create simple, yet effective methods for classifying their SAP users. They must keep within the definitions set out by their SAP contracts however, so as long as they abide by the contract organisations can create any form of informal method for classifying SAP users. Provided that they classify users accurately.

It is also worth mentioning that you will need to match up users with their usernames. It is vitally important to link all of a users usernames to their individual user account so you can correctly identify what type of license the user needs.

Over time, SAP customers have created a number of methods for managing their SAP licenses, which we discuss below.

SAP Users by Usage

There are a number of elements to consider when classifying SAP users by usage.

1. Amount of activity

Identifying users by the amount of activity is probably the best way of assigning SAP license types. The more the user uses SAP or applications within SAP, then the higher 'level' of license type they require. As stated in our previous SAP guide by [Moshe Panzer](#), SAP activity is monitored by:

“Dialog Steps”, which, in practical terms, are the number of keystrokes and screens that are used. You can see these counts, for example, in SAP Activity ST03N (Workload Statistics). Using this method, the customer pre-sets a scale. For example, for users whose activity is up to 1,000 dialog steps per month, their license type will be set to “Employee”; for those with dialog steps totalling between 1,001 and 5,000, their license type will be set to “Limited Professional”, and so forth. The scale can be set for an entire year, as a monthly average, or as a monthly maximum (i.e., the maximum value for all months in the last year).”

However, for users that have multiple usernames that each accesses a different system within SAP, the best license to assign for that user would be the highest value license so that the user is covered for all scenarios.

2. The number of different activities

You can also identify users based on the different number of activities they access. This method of classifying SAP users can be unique to each organisation, as they have to specify and set parameters for how many different activities require 'higher' license types. For example, a user could use three different activities per month. Now that may be considered not a lot, so the organisation would categorize them as having an 'Employee' license. The organisation could then go on to say that anything above ten activities warrants a 'Professional' license and that anyone in-between is assigned a 'Limited Professional' license.

Using this method is really useful for working out which SAP licenses are required on a monthly or even yearly basis. This can help with licensing forecasts and budgets both from a requirement aspect and from a financial point of view. Again though, with SAP licensing it is important to remember that users may have multiple user names within the SAP systems, so when looking at assigning licenses based on activities consideration must be taken for each usernames activities.

3. Type of activity or activity group

Within the SAP world, this is classified as the best method to classify users as defined by the SAP definitions. This activity or

activity group method identifies the license level by the activities performed by the user. More important or complex activities will obviously warrant the higher-level license. An example of this can be seen below, taken from our previous SAP guide:

“Professional users perform activities associated with monetary transfers, while Employee users would typically perform activities related to viewing reports. The Activity Group method requires a definition of groups, such as Create, Change, and Display. You can say, for example, that a user who uses activities from Group ‘Display’ will be classified as ‘Employee’ – while a user who uses activities from Group ‘Change’ will be classified as ‘Limited Professional’”.

This method is the most time consuming out of the three to carry out. Organisations need to remember to carry out further investigation if they chose to identify users using this method as they will need to view the different activities carried out by a single user/username to establish what license metric they require.

SAP Users by Authorizations

There is also the option of classifying SAP users by their authorizations. As stated in our previous SAP guide, organisations “consider considering the classification of their users according to their “static” authorizations. In effect, this means that if a user is authorized to perform certain activities, he will be classified accordingly, even if he has never actually performed these activities.”

Classifying users based on this method is short-lived due to the fact that it is based on the organisation thinking that their users are using 100% of all of their authorizations, when realistically they are probably using 10% or less. This method is clearly not the best way for identifying and classifying users, which in turn means it’s not the best way to manage SAP licenses. Using the methods mentioned previously is far more effective.

The SAP contract

The SAP contract should be treated as any other software agreement or contract. Organisations can negotiate with SAP to get the best deal for their organisation; so don’t be afraid to negotiate. There are a number of times or situations that are the perfect opportunity for negotiating your SAP agreement;

- Before implementing and purchasing SAP
- If you need to purchase additional licenses
- During a merger or acquisition

If you need to re-negotiate your SAP contract, those are the times to do so. Remember, SAP wants your organisations custom, so make sure you get the best deal for you.

Getting the most out of your SAP Licenses

Getting the most out of SAP licenses is a tough challenge. Due to the licensing structure and the procurement process for SAP licenses, most enterprise (large) organisations purchase their licenses with the next few years in mind. They plan ahead. To help optimize SAP licenses, a sufficient tool needs to be in place to help identify what SAP users they have, and what aspects of SAP they are using. This will help the overall management of SAP licenses and will also ensure overspend on SAP licensing doesn’t occur.

Furthermore, it is also important to have sophisticated and mature processes in place to manage the tool and SAP licenses. Said processes should already be in place for any organisation with a SAM or License Management structure already in place, but SAP processes will need to be specific for managing SAP licenses due to its complexities.



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