# Licensing Overview
## SAP S/4HANA Cloud and on-premise

March, 13 2019
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PUBLIC

**THE BEST RUN** SAP

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# Use of ERP and types of access

One definition of use and three types of access
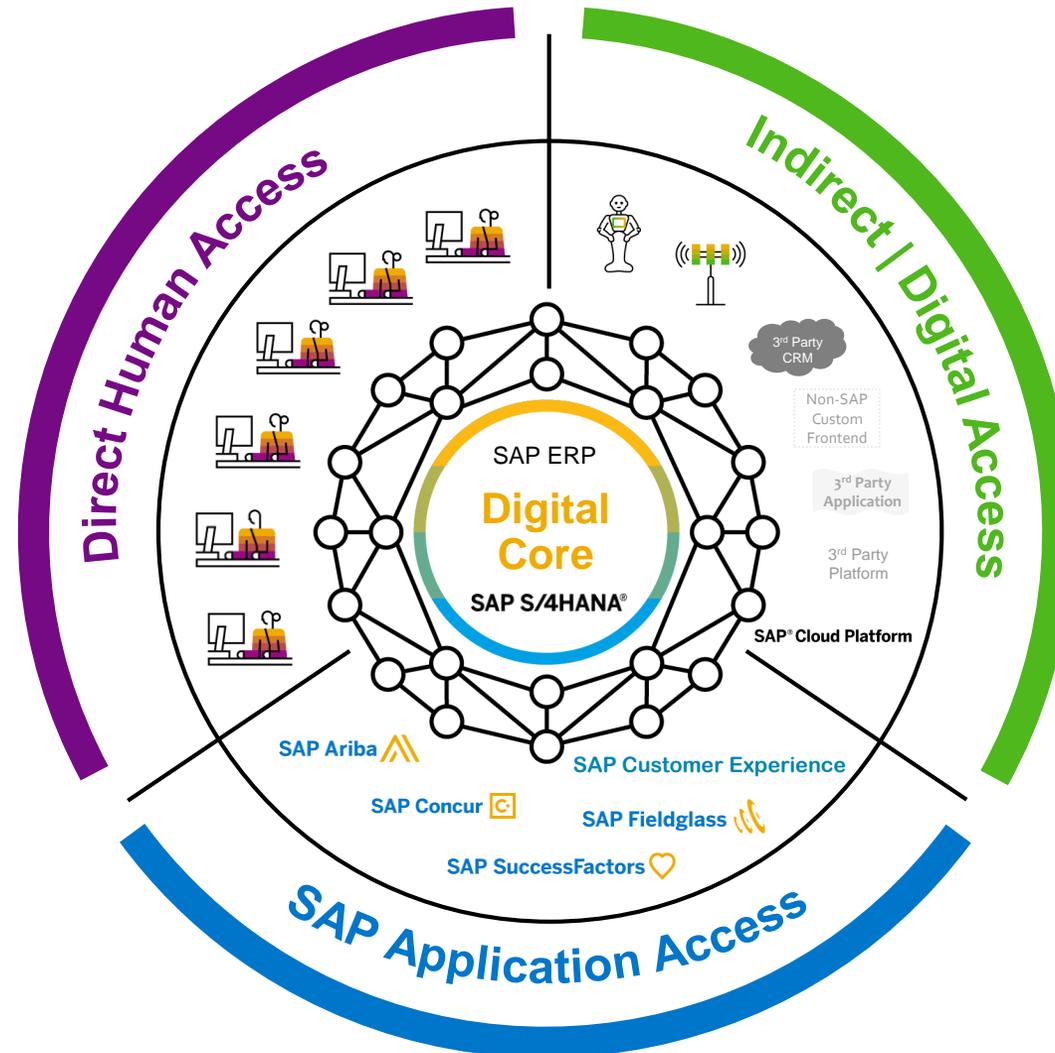
# Topics: SAP S/4HANA Licensing

## SAP S/4HANA On-premise Licensing

- Licensing model for new customers
- Licensing model for existing customers
- Core versus extended scope – Licensing of Industry & LoB solutions
- Compatibility Packs

## SAP S/4HANA Cloud Licensing

- Direct User Access
- Industry & LoB Solutions
- Infrastructure Services

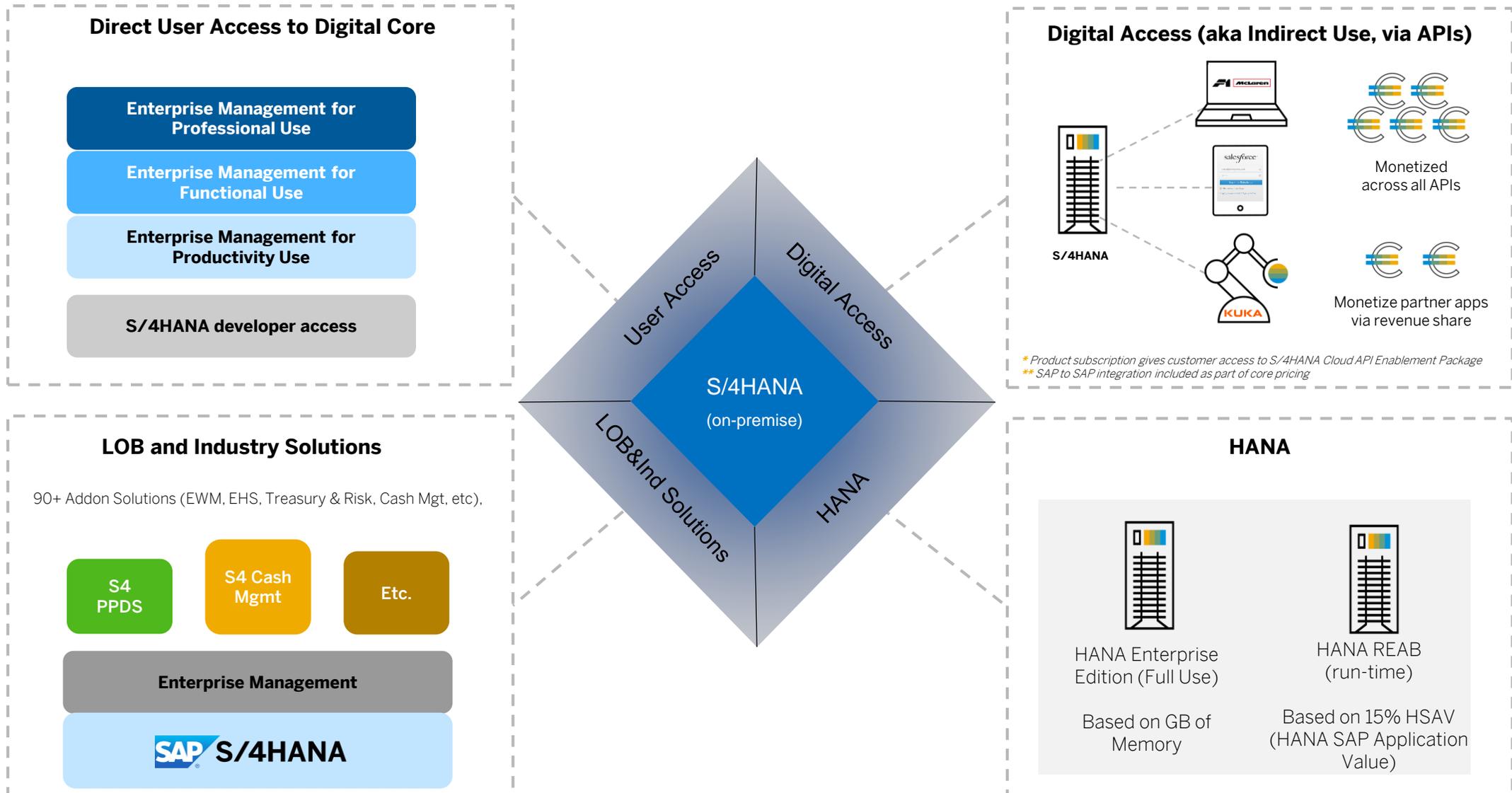## Safeguarding our customers' investments

- S/4HANA Product and S/4HANA Contract Conversion
- Cloud extension policy

## Indirect Use / Digital Access

# SAP S/4HANA On-premise Licensing Model

- Licensing model for existing customers
- Core versus extended scope – Licensing of Industry & LoB solutions
- Licensing model for new customers
- Compatibility Packs

# The 4 Dimensions of S/4HANA On-Premise Licensing (perpetual)

## Direct User Access to Digital Core

- **Enterprise Management for Professional Use**
- **Enterprise Management for Functional Use**
- **Enterprise Management for Productivity Use**
- **S/4HANA developer access**

## Digital Access (aka Indirect Use, via APIs)

**S/4HANA**

Monetized across all APIs

Monetize partner apps via revenue share

*\* Product subscription gives customer access to S/4HANA Cloud API Enablement Package*
*\*\* SAP to SAP integration included as part of core pricing*

## LOB and Industry Solutions

90+ Addon Solutions (EWM, EHS, Treasury & Risk, Cash Mgt, etc),

- **S4 PPDS**
- **S4 Cash Mgmt**
- **Etc.**
- **Enterprise Management**
- **SAP S/4HANA**

## HANA

**HANA Enterprise Edition (Full Use)**

Based on GB of Memory

**HANA REAB (run-time)**

Based on 15% HSAV (HANA SAP Application Value)

### Center diamond

- User Access
- Digital Access
- LOB&Ind Solutions
- HANA

**S/4HANA** (on-premise)

# SAP S/4HANA OnPrem Licensing – For New Customers
## Direct User Access to Digital Core and LoB & Industry Solutions

**Commercially Neutral**

| Global Trade | MII |
|---|---|

Standalone solutions sold using the classic product numbers and metrics

**Extended Solution Scope**

| S4 Cash Mgmt. | S4 Central Finance | S4 Adv Variant Config | S4 Digital Access |
|---|---|---|---|
| Revenue | Revenue | Users | Metric |

S/4HANA LoB & Industry Add-ons are priced based on a single, **value aligned metric.**

**Core Solution Scope**

### S/4HANA Enterprise Management

SAP S/4HANA Enterprise Management for Professional use [7018652]
SAP S/4HANA Enterprise Management for Productivity use [7018653]
SAP S/4HANA Enterprise Management for Functional use [7018654]

S/4HANA Enterprise Management priced with a **User** metric

**Database**

### HANA
**Run-time or Enterprise Edition**

# SAP S/4HANA Licensing – For New Customers
## Details on Direct User Access to Digital Core

**7018652 SAP S/4HANA Enterprise Management for <u>Professional use</u>**
This license allows performing all role required operations, including management and system administration tasks.

**7018654 SAP S/4HANA Enterprise Management for <u>Functional use</u>**

- Inventory Analytics
- Returnable Packaging Logistics
- Transportation Management
- External Processing
- Subcontracting
- Just-in-time Inbound Processing
- Kanban
- Repetitive Manufacturing
- Quality Engineering
- Quality Improvement
- Quality Inspection
- Manufacturing Analytics
- Maintenance Planning & Sched.
- Master Data Maintenance
- Project Financial Control
- Project Logistics Control

- Production BOM Management
- Recipe/Routing Management
- Variant Configuration
- Inspection Planning
- Product Development Foundation
- Warranty Management
- Service Request Management
- Service Order Management
- Service Fulfilment
- Service Billing & Settlement
- Multi-Channel Customer Engagement
- Sales Order Management and Processing
- Opportunity Management
- Sales Lead Management
- Activity Management

**7018653 SAP S/4HANA Enterprise Management for <u>Productivity Use</u>**

- Goods Movement
- Warehouse Management
- Shipping
- Available to Promise
- Material Requirements Planning
- Production Control
- Production Execution
- Maintenance Execution
- Self-Service Requisitioning
- Organizational Management
- Time Sheet

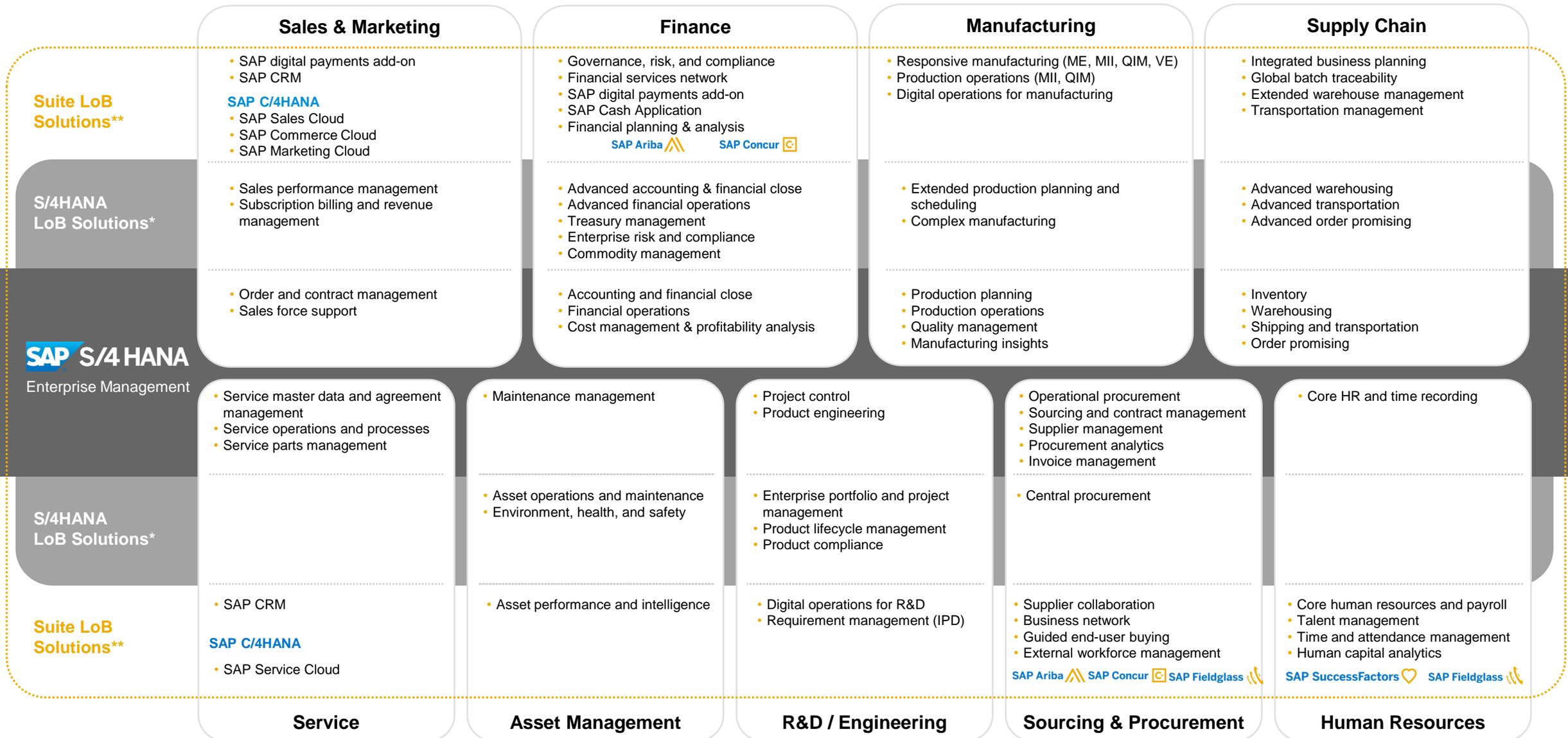**7018682 SAP S/4HANA, developer access**

# SAP S/4HANA OnPrem Licensing – For Existing ERP Customers
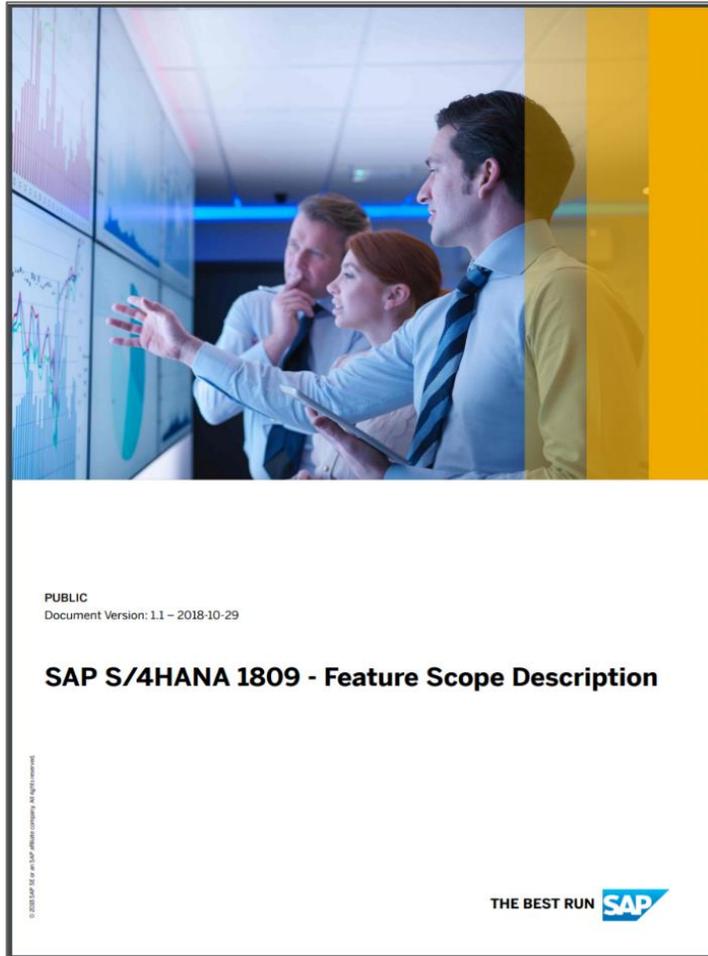## Direct User Access to Digital Core and LoB & Industry Solutions

**Commercially Neutral**

**Global Trade**

**MII**

**Extended Solution Scope**

| S4 Cash Mgmt. | S4 Central Finance | S4 Adv Variant Config | S4 Digital Access |
|---|---|---|---|
| Revenue | Revenue | Users | Metric |

**NO** SAP Named Users required for S/4HANA engines

S/4HANA LoB & Industry Add-ons are priced based on a single, **value aligned metric.**

**Core Solution Scope**

**S/4HANA Enterprise Management for ERP customers  [7018538] - flat fee**

**SAP ERP Named Users**

S4H Flat-fee: SAP Named Users are required when accessing S/4H Enterprise Management

**ERP package**
**Flat fee (includes 5 Prof. named users)**

Already have this

**Database**

**HANA**
**Run-time or Enterprise Edition**

Already have this

# SAP S/4HANA 1809 - Digital Core and LoB Solutions

## Overview Business Areas, Solution Capabilities beyond Digital Core

|  | Sales & Marketing | Finance | Manufacturing | Supply Chain |
|---|---|---|---|---|
| **Suite LoB Solutions\*\*** | • SAP digital payments add-on<br>• SAP CRM<br><br>**SAP C/4HANA**<br>• SAP Sales Cloud<br>• SAP Commerce Cloud<br>• SAP Marketing Cloud | • Governance, risk, and compliance<br>• Financial services network<br>• SAP digital payments add-on<br>• SAP Cash Application<br>• Financial planning & analysis<br><br>**SAP Ariba**　　**SAP Concur** | • Responsive manufacturing (ME, MII, QIM, VE)<br>• Production operations (MII, QIM)<br>• Digital operations for manufacturing | • Integrated business planning<br>• Global batch traceability<br>• Extended warehouse management<br>• Transportation management |
| **S/4HANA LoB Solutions\*** | • Sales performance management<br>• Subscription billing and revenue management | • Advanced accounting & financial close<br>• Advanced financial operations<br>• Treasury management<br>• Enterprise risk and compliance<br>• Commodity management | • Extended production planning and scheduling<br>• Complex manufacturing | • Advanced warehousing<br>• Advanced transportation<br>• Advanced order promising |
| | • Order and contract management<br>• Sales force support | • Accounting and financial close<br>• Financial operations<br>• Cost management & profitability analysis | • Production planning<br>• Production operations<br>• Quality management<br>• Manufacturing insights | • Inventory<br>• Warehousing<br>• Shipping and transportation<br>• Order promising |

**SAP S/4 HANA**
Enterprise Management

|  | Service | Asset Management | R&D / Engineering | Sourcing & Procurement | Human Resources |
|---|---|---|---|---|---|
| | • Service master data and agreement management<br>• Service operations and processes<br>• Service parts management | • Maintenance management | • Project control<br>• Product engineering | • Operational procurement<br>• Sourcing and contract management<br>• Supplier management<br>• Procurement analytics<br>• Invoice management | • Core HR and time recording |
| **S/4HANA LoB Solutions\*** | | • Asset operations and maintenance<br>• Environment, health, and safety | • Enterprise portfolio and project management<br>• Product lifecycle management<br>• Product compliance | • Central procurement | |
| **Suite LoB Solutions\*\*** | • SAP CRM<br><br>**SAP C/4HANA**<br>• SAP Service Cloud | • Asset performance and intelligence | • Digital operations for R&D<br>• Requirement management (IPD) | • Supplier collaboration<br>• Business network<br>• Guided end-user buying<br>• External workforce management<br><br>**SAP Ariba　SAP Concur　SAP Fieldglass** | • Core human resources and payroll<br>• Talent management<br>• Time and attendance management<br>• Human capital analytics<br><br>**SAP SuccessFactors　SAP Fieldglass** |

# SAP S/4HANA 1809 – Direct User Access to the Digital Core
Feature Scope Description



Publicly available on help.sap.com



Chapter 2: scope of S/4HANA Enterprise Management



Chapter 3, 4: scope of S/4HANA LoB- and Industry Solutions

# Guiding Principle: No surcharge on like for like functionality

- **Principle of ONE** drives us to deliver only **ONE solution** for **ONE business problem**
- Even if ERP capabilities are realized in a solution that comes with its own license, we do not charge in case solely the functional scope is used, that is described as part of the S/4HANA Enterprise Management
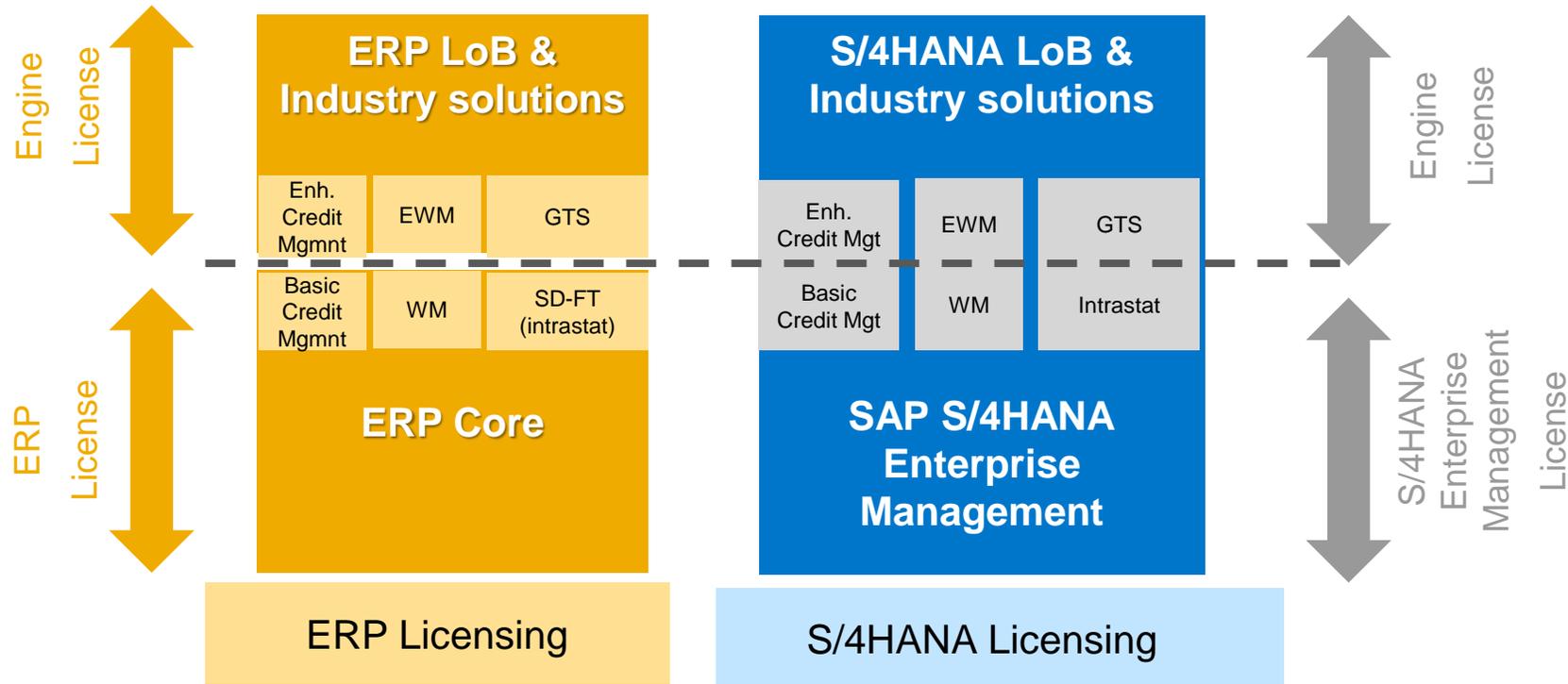
# Compatibility Packs in SAP S/4HANA
## Motivation

## Why allow the use of Compatibility Packs on SAP S/4HANA?

– Make transition easier for customers using
  SAP ERP/Business Suite

– Allow sufficient time for redesign of business processes under S/4HANA

## Only SAP S/4HANA solutions are allowed to run on an SAP S/4HANA installation

– SAP S/4HANA is a new product, not the legal successor of SAP
  ERP/SAP Business Suite products

– Separation of the commercial worlds is essential [via Software Use
  Rights (SUR)]



✔

| ERP LoB & Industry solutions |
| ERP Core |
| ERP Licensing |

✔

| S/4HANA LoB & Industry solutions |
| SAP S/4HANA Enterprise Management |
| S/4HANA Licensing |

| ERP LoB & Industry solutions |
| SAP S/4HANA Enterprise Management |

| ERP Core functionality |
| SAP S/4HANA Enterprise Management |

| S/4HANA Licensing |

*unless explicitly permitted
via „Compatibility Packs"*

# Compatibility Packs in SAP S/4HANA

Overview

SAP grants a timely restricted[1] use right for specific classic SAP solution functionality[2] to S/4HANA customers, at no extra cost[3]

(1) restricted until the end of 2025
(2) whitelist: compatibility packs as documented in note 2269324 and in the Software Use Rights (SUR)
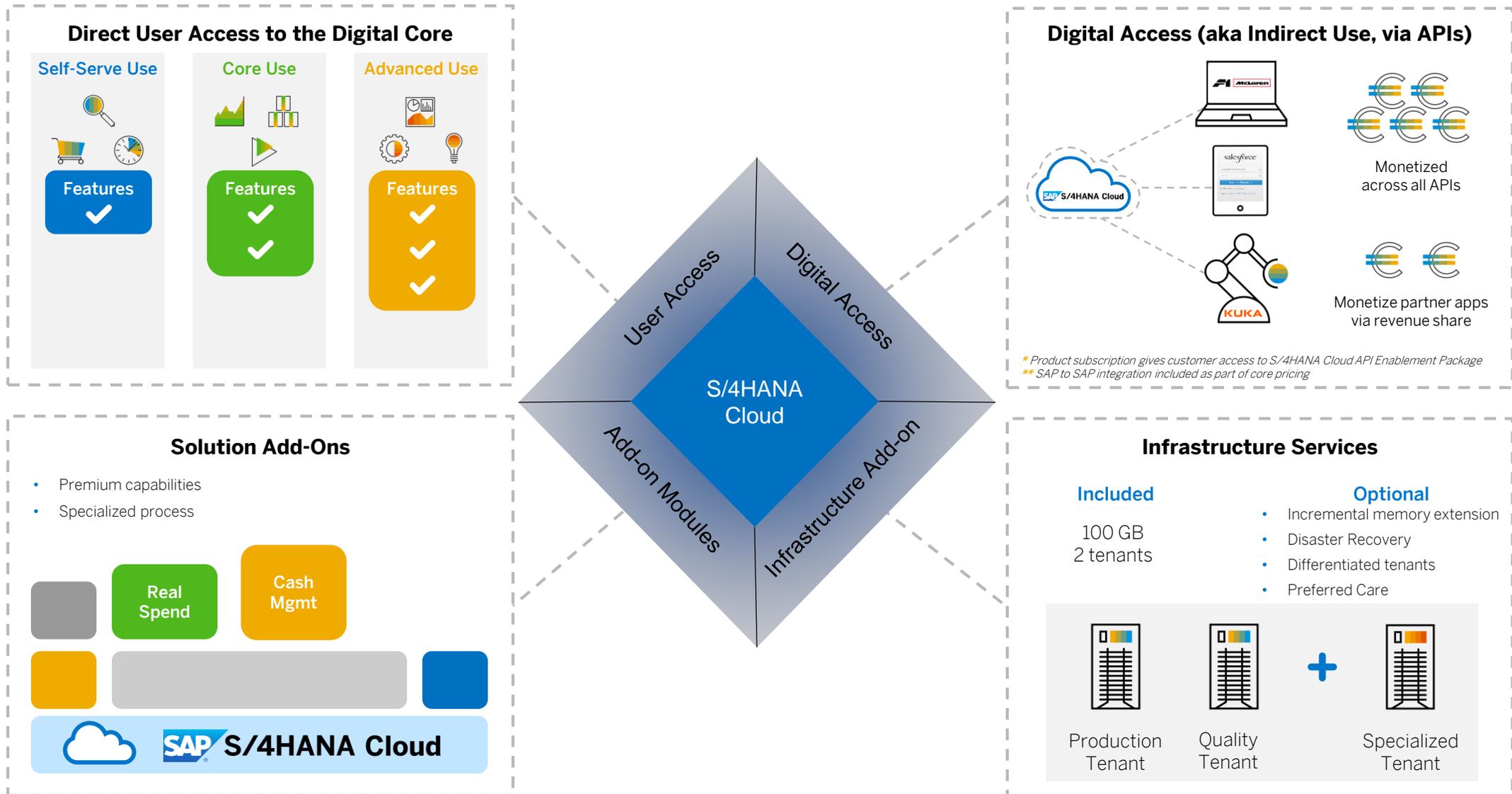(3) condition: customer has licensed SAP S/4HANA and the classic solution

Compatibility Packs are only required for solutions which are installed on the SAP S/4HANA instance – not for side-by-side installations.

SAP aims to replace these classic solutions by the end of 2025 with a genuine S/4HANA solution.

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# Compatibility Packs in SAP S/4HANA

A Bridge Into the New World – Side-by-side versus On-stack Installation

Running a classic SAP ERP solution side-by-side with SAP S/4HANA does not require a Compatibility Pack.
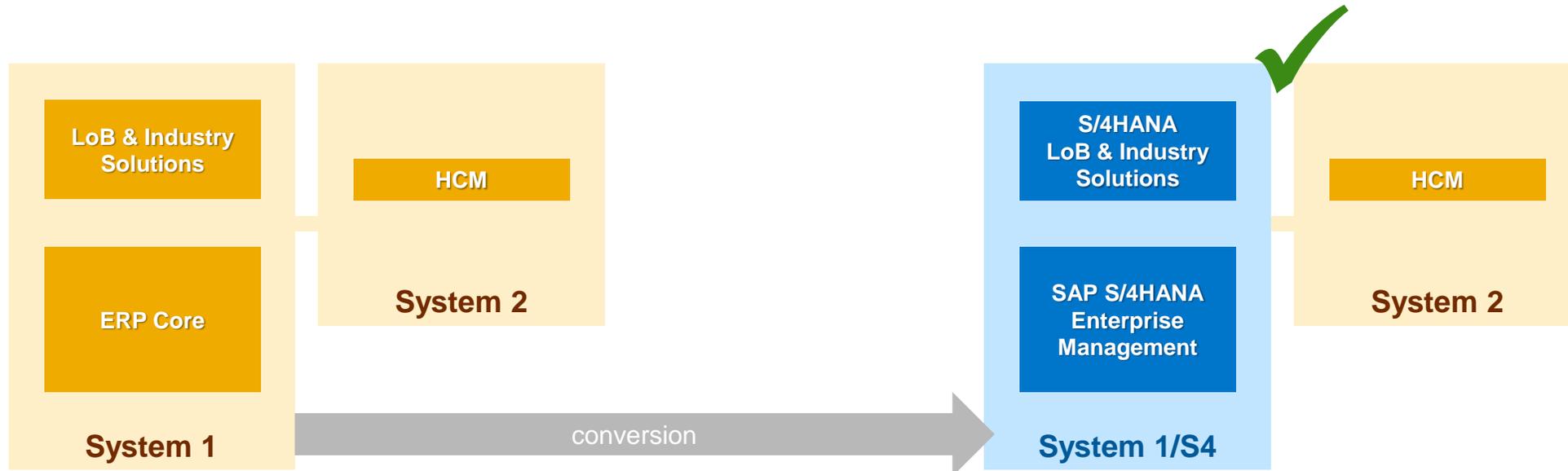
# Compatibility Packs in SAP S/4HANA
A Bridge Into the New World – Side-by-side versus On-stack Installation

Example: HCM as on-stack installation
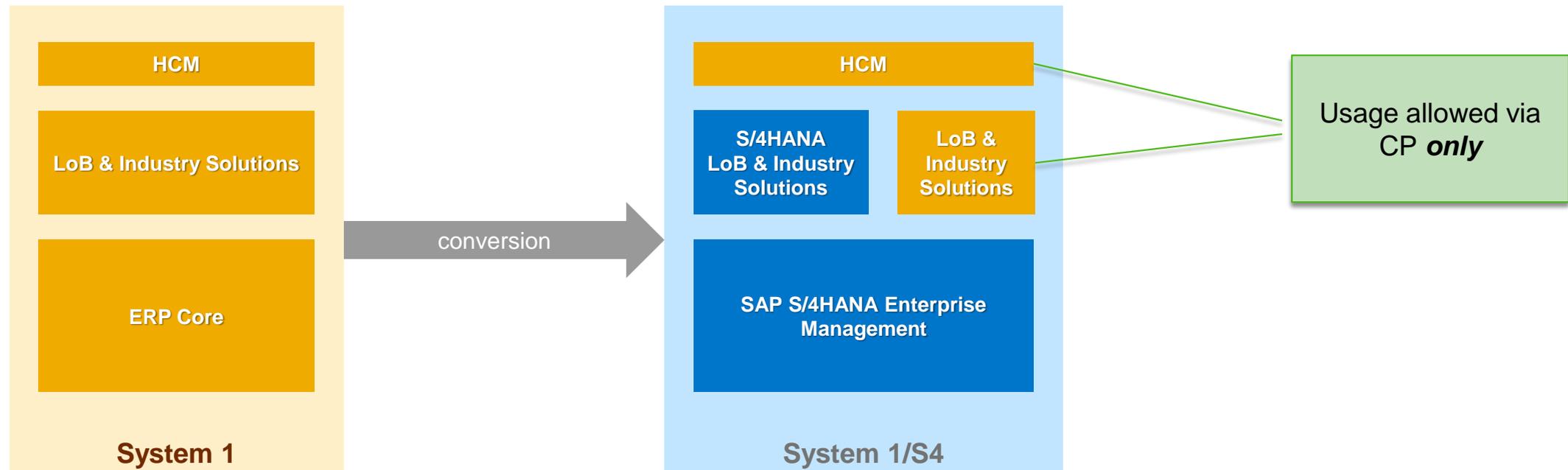
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# SAP S/4HANA Cloud Licensing

- Direct User Access
- Industry & LoB Solutions
- Infrastructure Services

# The 4 Dimensions of S/4HANA Cloud Licensing (subscription)

## Direct User Access to the Digital Core

**Self-Serve Use**

Features ✔

**Core Use**

Features ✔ ✔

**Advanced Use**

Features ✔ ✔ ✔

## Digital Access (aka Indirect Use, via APIs)

SAP S/4HANA Cloud

Monetized across all APIs

Monetize partner apps via revenue share

*\* Product subscription gives customer access to S/4HANA Cloud API Enablement Package*
*\*\* SAP to SAP integration included as part of core pricing*

## Solution Add-Ons

- Premium capabilities
- Specialized process

Real Spend

Cash Mgmt

**SAP S/4HANA Cloud**

## Infrastructure Services

**Included**

100 GB
2 tenants

**Optional**

- Incremental memory extension
- Disaster Recovery
- Differentiated tenants
- Preferred Care

Production Tenant

Quality Tenant

+

Specialized Tenant

User Access · Digital Access · Add-on Modules · Infrastructure Add-on

**S/4HANA Cloud**

# One SAP S/4HANA: the right solution for each customer cloud journey

*according to Gartner Cloud (SaaS) Definition

| Cloud ERP* | | ERP in the Cloud | ERP OP |
|---|---|---|---|
| **SAP S/4HANA Cloud** | **SAP S/4HANA Cloud, single tenant edition** | **SAP S/4HANA**<br>**(Private cloud managed by SAP)** | **SAP S/4HANA**<br>**(On-premise managed by cloud providers or customers)** |
| Highly standardized, multi-tenant cloud services covering selected LoB- and industry scenarios and a comprehensive ERP scope | Standardization, TCO and scalability of the cloud combined with the full functional scope, extensibility and reach of the S/4HANA solution | Individually sized infrastructure and application management services moving your system to the next generation | Standardized next generation ERP solution that can be run and extended according to customer preferences |
| *Rapid innovation at the lowest TCO* | *Cloud standardization at attractive TCO* | *Your SAP guided elevation to the public cloud* | *Next generation ERP system for on premise use* |

# One SAP S/4HANA: the right solution for each customer cloud journey
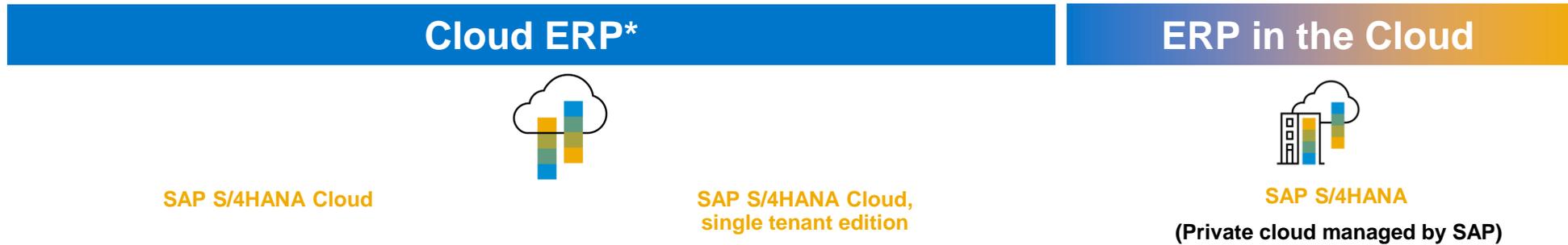
| | Cloud ERP* | | ERP in the Cloud |
|---|---|---|---|
| | SAP S/4HANA Cloud | SAP S/4HANA Cloud, single tenant edition | SAP S/4HANA (Private cloud managed by SAP) |
| **Implementation** | Greenfield with data migration | Greenfield with data and configuration migration | Greenfield or conversion of existing implementations |
| **Functional Scope** | Business configuration of standardized core ERP and select LOB processes | Full functional S/4HANA scope of core ERP and extended LOB and industry processes | Full functional S/4HANA scope of core ERP and extended LOB and industry processes |
| **Industries Supported** | In-depth support for professional services and component manufacturing; more industries on road map | All industries supported | All industries supported |
| **Extensibility** | S/4HANA Extensibility Framework and extensions via SCP, using whitelisted APIs | S/4HANA Extensibility Framework and extensions via SCP, with full extensibility option | Customization, modification, and extensibility possible |
| **Innovation Cycle** | Quarterly | Up to 2 upgrades a year | Annual; speed of adoption on customers' schedule |
| **Deployment Benefits** | Multi-tenant environment, Lowest TCO and fastest time to value | Single-tenant environment Low TCO and fast time to value | Customer controlled deployment and implementation efforts |
| **Licensing** | Subscription licensing | Subscription licensing | BYOL + infrastructure subscription |
| **Infrastructure** | Shared public cloud | Dedicated system landscape on cloud infrastructure | Customer specific system landscape Runs on SAP HANA Enterprise Cloud |

*according to Gartner Cloud (SaaS) Definition

# SAP S/4HANA Cloud Licensing – Multi Tenant Edition
## Details on Direct User Access to Digital Core

### SAP S/4HANA Cloud for advanced use
This license allows performing all role required operations including self-service configuration tasks.

.

### SAP S/4HANA Cloud for core use

- External Processing
- Inspection Planning
- Inventory Analytics and Control
- Just-in-time Inbound Processing
- Kanban
- Maintenance Planning & Scheduling
- Product Development Foundation
- Production Control
- Production Execution
- Project Financial Control
- Quality Engineering
- Quality Improvement
- Quality Inspection
- Sales Order Management and Processing
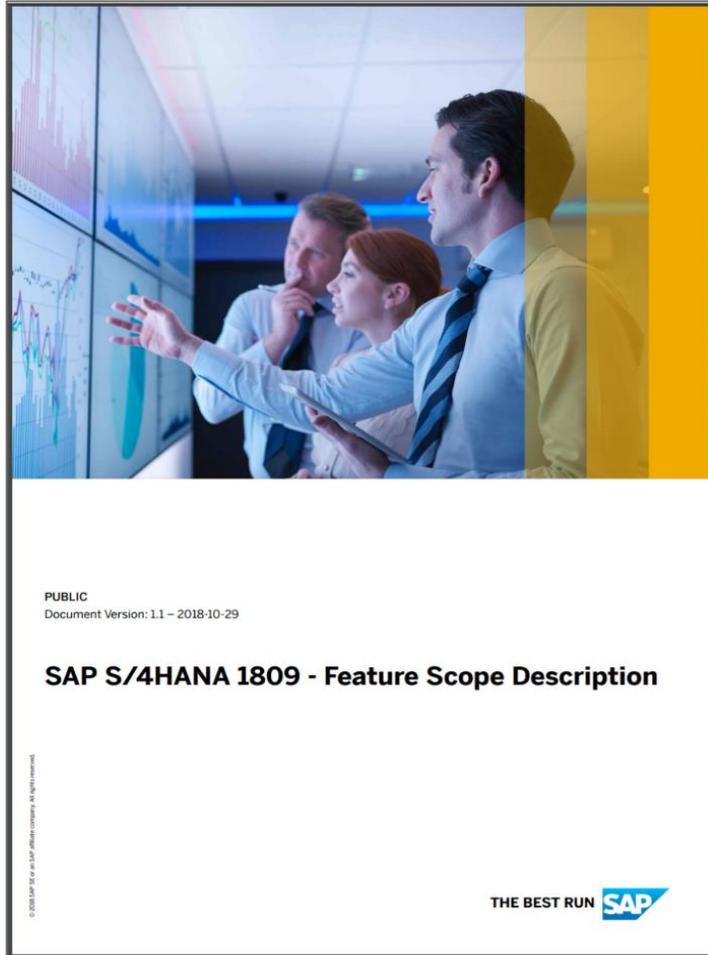- Service Order Management
- Subcontracting

+ capabilities of S/4HANA Cloud for self-service use

### SAP S/4HANA Cloud for self-service use

- Available to Promise
- Delivery Management
- Goods Movement
- Maintenance Execution
- Material Requirements Planning
- Production Control
- Production Execution
- Self-Service Requisitioning
- Time Sheet
- Transportation Management
- Warehouse Management

# SAP S/4HANA Cloud 1902 – User Capabilities for Multi Tenant Edition
## Feature Scope Description

**PUBLIC**
Document Version: 1.0 – 2019-02-04

**SAP S/4HANA Cloud 1902**
**Feature Scope Description**

THE BEST RUN SAP

## Content

Publicly available on help.sap.com

Chapter 4: scope of S/4HANA Cloud for Enterprise Management

Chapter 5: scope of S/4HANA Cloud LoB- and Industry Solutions

# SAP S/4HANA Cloud Licensing – Single Tenant Edition
## Details on Direct User Access to Digital Core

### SAP S/4HANA Cloud for advanced use
This license allows performing all role required operations, including management and system administration tasks.

### SAP S/4HANA Cloud for core use

- External Processing
- Inspection Planning
- Inventory Analytics and Control
- Just-in-time Inbound Processing
- Kanban
- Maintenance Planning & Scheduling
- Multi-Channel Customer Engagement
- Opportunity Management
- Product Development Foundation
- Production BOM Management
- Production Control
- Project Financial Control
- Project Logistics Control
- Quality Engineering
- Quality Improvement
- Quality Inspection
- Recipe/Routing Management
- Repetitive Manufacturing

- Returnable Packaging Logistics
- Sales Lead Management
- Sales Order Management and Processing
- Service Billing & Settlement
- Service Fulfilment
- Service Request Management
- Service Order Management
- Subcontracting
- Variant Configuration
- Warranty Management

+ capabilities of S/4HANA Cloud for self-service use

### SAP S/4HANA Cloud for self-serve use

- Available to Promise
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- Maintenance Execution
- Material Requirements Planning
- Organizational Management
- Production Control
- Production Execution
- Self-Service Requisitioning
- Time Sheet
- Transportation Management
- Warehouse Management

# SAP S/4HANA 1809 – User Capabilities for Single Tenant Edition
Feature Scope Description



**PUBLIC**
Document Version: 1.1 – 2018-10-29

**SAP S/4HANA 1809 - Feature Scope Description**

THE BEST RUN **SAP**

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Chapter 2: scope of S/4HANA
Enterprise Management

Chapter 3, 4: scope of S/4HANA
LoB- and Industry Solutions

# SAP S/4HANA Cloud Licensing
Licensing User Access to Digital Core via Full Usage Equivalents

## Full Usage Equivalents

- Full Usage Equivalent is a kind of **flexible user** and can be **used for all type of users**

- Different user types can be **converted with specific ratio** in FUE

- Concept of Full Usage Equivalents currently available for S/4HANA Cloud, single tenant edition

- SAP plans to extend this concept also to S/4HANA Cloud

**=**
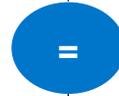
## S/4HANA Cloud user types

| | |
|---|---|
| 0,5 | SAP Developer User |
| 1 | S/4HANA for advanced use |
| 3 | S/4HANA for core use |
| 30 | S/4HANA for self-service use |

### Example – how to use the FUE for different user types

| | |
|---|---|
| 40 Prof Users | = 40 FUE |
| 75 Functional Users | = 25 FUE |
| 270 Productivity Users | = 9 FUE |
| ------------------------------------------------------ | |
| SUM | = 74 FUE |

# Customers benefit from the FUE model

FUE can be seen as flexible users

## By adding up all user types customers can reach a higher tier and a better price

Example:

### 2018 Licensing Model

| License Material | # users | FUE ratio | # FUEs | Tier |
|---|---|---|---|---|
| S/4HANA Cloud Advanced Use | 70 | 1:1 | 70 | 1 |
| S/4HANA Cloud Core Use | 210 | 1:3 | 70 | 2 |
| S/4HANA Cloud Self-Serve Use | 600 | 1:30 | 20 | 2 |

### 2019 Licensing Model

| License Material | # FUEs | Tier |
|---|---|---|
| S/4HANA Cloud for Enterprise Management | 160 | 2 |

## Customer can re-allocate their users to avoid shelf-ware during their life-cycle

Example:

### Before re-allocation

| User type | # users | FUE ratio | # FUEs | Swap FUEs | Swap Users |
|---|---|---|---|---|---|
| Advanced Use | 70 | 1:1 | 70 | -10 | -10 |
| Core Use | 210 | 1:3 | 70 | +10 | +30 |
| Self-Serve Use | 600 | 1:30 | 20 | | |

### After re-allocation

| User type | # users | FUE ratio | # FUEs |
|---|---|---|---|
| Advanced Use | 60 | 1:1 | 60 |
| Core Use | 240 | 1:3 | 80 |
| Self-Serve Use | 600 | 1:30 | 20 |

# SAP S/4HANA Cloud Licensing - Multi Tenant Edition
## LoB and Industry and Technology Solutions

### S/4HANA – FINANCE

8004950 SAP S/4HANA Finance Cloud for cash management
8004951 SAP S/4HANA Finance Cloud for receivables management
8005558 SAP S/4HANA Cloud for treasury and risk mgmt.
8005588 SAP S/4HANA Cloud for contract and lease mgmt.
8005822 SAP S/4HANA Cloud for contract accounting and invoicing
8006000 SAP S/4HANA Cloud for Goods and Invoice Receipt Reconciliation
8006037 SAP S/4HANA Cloud for Group Reporting
8006141 SAP S/4HANA Cloud for advanced compliance reporting

### S/4HANA – SUPPLY CHAIN

8005593 SAP S/4HANA Cloud for advanced Supply Chain

### S/4HANA – PROF. SERVICES

8005692 SAP S/4HANA Cloud for resource management

### S/4HANA – RESEARCH & DEVELOPMENT

8005591 SAP S/4HANA Cloud for project and product innovation
8006223 SAP S/4HANA Cloud for product compliance

### S/4HANA – PROCUREMENT

8005958 SAP S/4HANA Cloud central procurement
8006258 SAP S/4HANA Cloud, intelligent insights for procurement

### S/4HANA – OIL & GAS

8006361 SAP S/4HANA Cloud for upstream oil and gas

### S/4HANA – DATA MANAGEMENT AND INFRASTRUCTURE

8005613 SAP S/4HANA Cloud for Legal Content
8006004 SAP S/4HANA Cloud for master data governance
8005418 SAP S/4HANA Cloud for invoice processing by OpenText
8005358 SAP S/4HANA Cloud, in-memory extension
8005616 SAP S/4HANA Cloud customer evaluation system
8005720 SAP S/4HANA Cloud, disaster recovery
8005961 SAP S/4HANA Cloud, test tenant

# SAP S/4HANA Cloud Licensing - Single Tenant Edition

## LoB and Industry and Technology Solutions

### S/4HANA – FINANCE

8003310 SAP S/4HANA Finance Cloud for receivables management, single tenant edition, professional edt.

8003311 SAP S/4HANA Finance Cloud for receivables management, single tenant edition, limited edt.

8003315 SAP S/4HANA Finance Cloud for cash management, single tenant edition

8003316 SAP S/4HANA Finance Cloud for in-house cash, single tenant edition

8003317 SAP S/4HANA Finance Cloud for treasury and risk mgmt., single tenant edition

8003567 SAP S/4HANA Finance, three lines of defense, single tenant edition

8004445 SAP S/4HANA Finance, Business Integrity Screening, single tenant edition

8006020 SAP S/4HANA Finance Cloud for financial closing, single tenant edition

8006022 SAP S/4HANA Finance Cloud for Real Estate Mgmt, single tenant edition, office, retail, i...mgmt.

8006023 SAP S/4HANA Finance Cloud for R.E.M,single tenant edition, residential p.m.

8006024 SAP S/4HANA Finance Cloud for access control, single tenant edition

8006025 SAP S/4HANA Finance Cloud for tax compliance, single tenant edition

8006362 SAP S/4HANA Cloud for central finance foundation, single tenant edition

8006210 SAP S/4HANA Cloud for SAP Shared Service Framework, single tenant edition

8006346 SAP Global Trade Services, for SAP S/4HANA Cloud, single tenant edition

### S/4HANA – SUPPLY CHAIN

8005834 SAP Transportation Management on SAP S/4HANA Cloud, single tenant edition

8005835 SAP Transportation Management for T&L on SAP S/4HANA Cloud, single tenant edition

8006161 SAP Cloud for Demand Signal Management, single tenant edition

8006278 SAP Extended Warehouse Management on SAP S/4HANA Cloud, single tenant edition

### S/4HANA – INSURANCE

8004730  SAP S/4HANA Insurance Cloud for collections and disbursements, single tenant edition

### S/4HANA - RETAIL

8005595  SAP S/4HANA Retail for Merchandise Management, single tenant edition

8005833  SAP Customer Activity Repository for SAP S/4HANA Cloud, single tenant edition

### S/4HANA - UTILITIES

8006192  S/4HANA Cloud for energy utilities, single tenant edition

8006256  S/4HANA Cloud for water utilities, single tenant edition

8006257  S/4HANA Cloud for utilities customer management, single tenant edition

### S/4HANA – RESEARCH & DEVELOPMENT

8004731 SAP S/4HANA Cloud for commercial project mgmt. workspaces, single tenant edition

8004732 SAP S/4HANA Cloud for commercial project cost & revenue planning, single tenant edition

8004733 SAP S/4HANA Cloud for commercial project issue & change mgmt., single tenant edition

8006280 SAP S/4HANA Cloud for portfolio and project management, single tenant edition, professional edition

### S/4HANA – ASSET MANAGEMENT

8005633 S/4HANA Cloud for environment mgmt., single tenant edition

8005634 S/4HANA Cloud for health & safety mgmt., single tenant edition

8005635 S/4HANA Cloud for incident mgmt., single tenant edition

### S/4HANA – DATA MANAGEMENT AND ANALYTICS

8004789  SAP Business Planning and Consolidation for SAP S/4HANA Cloud standard edition, single tenant edition

8005831  SAP Landscape Transformation on SAP S/4HANA Cloud, single tenant edition

8005604  SAP Master Data Governance on SAP S/4HANA Cloud, single tenant edition

8005829  SAP Process Orchestration on on SAP S/4HANA Cloud, single tenant edition

8006269  SAP BusinessObjects Enterprise, prof. edition for cloud solutions, single tenant edition

8005839  SAP Solution Manager for SAP S/4HANA Cloud, single tenant edition, project documentation version

# Safeguarding Our Customers' Investments

# The SAP S/4HANA family and transition paths
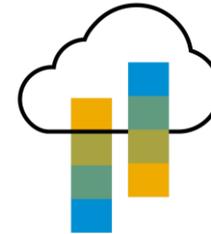
Technical View

**SAP Business Suite**

**SAP S/4HANA family**



SAP ERP System
(on AnyDB)

**New implementation only**

SAP S/4HANA Cloud

SAP ERP System
(on SAP HANA)

SAP S/4HANA On-premise

System Conversion
New Implementation
Landscape Transformation

# The SAP S/4HANA family and transition paths
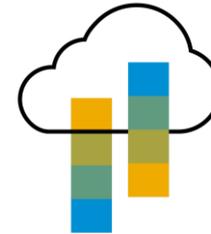Commercial View

**SAP Business Suite**

**SAP S/4HANA family**



SAP ERP System
(on AnyDB)

Cloud Extension

**New implementation only**

SAP S/4HANA Cloud

Product Conversion

SAP S/4HANA On-premise

Contract Conversion

Cloud Extension

➡ System Conversion
➡ New Implementation
➡ Landscape Transformation
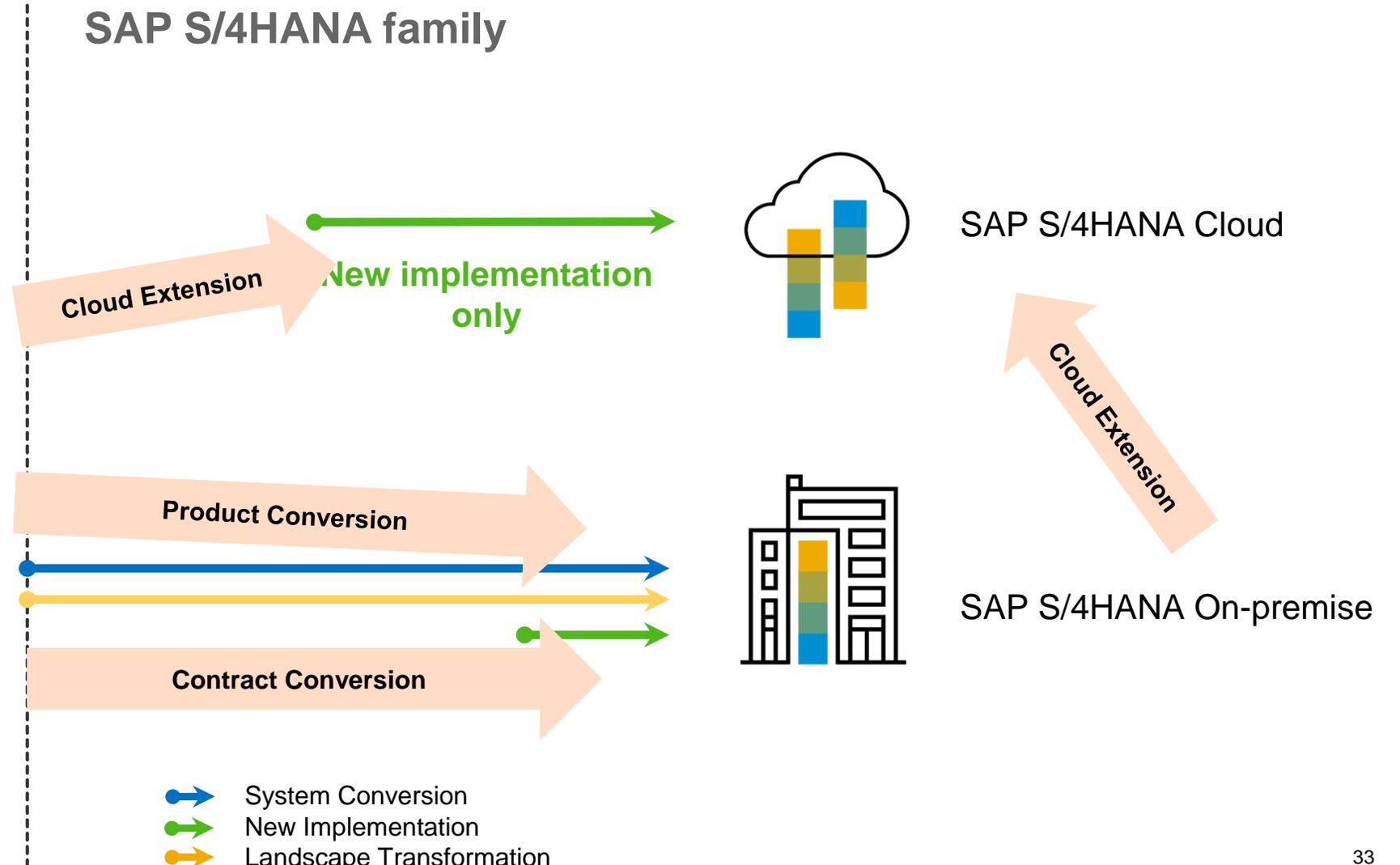
# SAP S/4HANA Product Conversion

## 1:1 Conversion of classic Industry & LoB Solutions into S/4HANA

**Before Conversion**

**Industry & LoB Solutions**
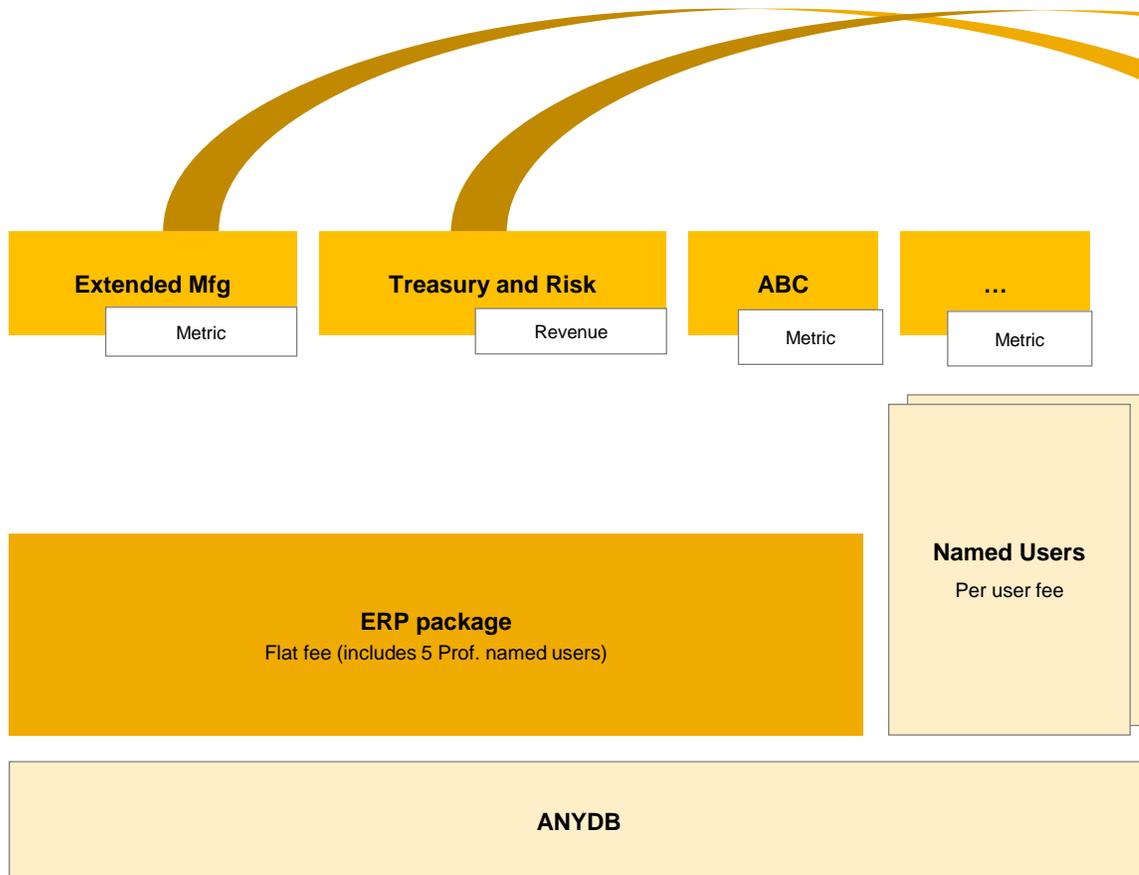
**After Conversion**

**S/4HANA** Industry & LoB Solutions

| Extended Mfg | Treasury and Risk | ABC | ... |
|---|---|---|---|
| Metric | Revenue | Metric | Metric |

**ABC**

Metric

No Named User License requirement

| S/4 Mfg Plan & Sched | S/4 Treasury & Risk | ... | ... |
|---|---|---|---|
| Metric | Revenue | Metric | Metric |

**ERP package**

Flat fee (includes 5 Prof. named users)

**Named Users**

Per user fee

**ANYDB**

**S/4HANA Enterprise Management
for ERP customers
[7018538]**

**Flat-Fee**

**ERP package**

Flat fee (includes 5 Prof. named users)

**Named Users**

Per user fee

**HANA**

Run-time or Full Use

Already have this

Already have and can keep using

# S/4HANA Product Conversion

For customers moving to S/4HANA in a phased approach

## Boundary Conditions

o Customer keeps **same** contractual agreements / SUR

o Cannot convert into products they do NOT already own

o Requires line-item mapping

o Customer is entitled to **100% credit in 2019,** tbd in 2020

o Maintenance Base carries forward at 100%, it may never be reduce

o There are no partial conversions, conversions are always 100%

o Can be combined with Cloud Extension **AND** On Premise Extension Policy

o No conversion for SAP Named User – exception: Retail, Banking, Healthcare/Clinical and Industry Named Users convert when the engines convert**.**

## Customer Benefits

o Permits step-by step conversion

o **Focusses on engines with S/4 equivalent products only**. No need to re-license entire landscape

o 100% Line-item Credits

o Customers can STILL leverage their existing **"Classic" applications until 2025 even after converting them into S/4HANA**
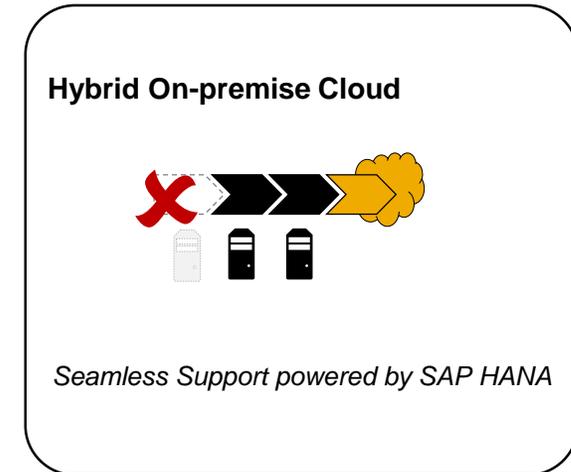
# S/4HANA Contract Conversion
## Convert many classic licenses into many S/4HANA licenses

**Before Conversion**
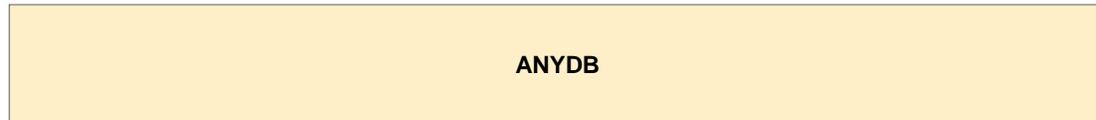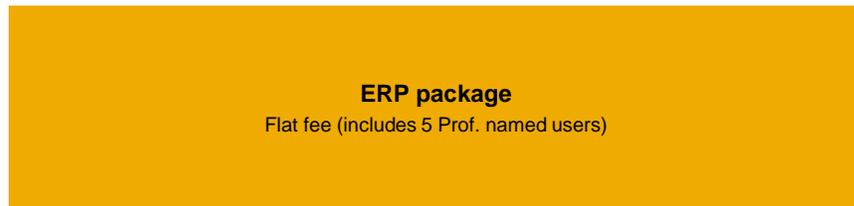
**Industry & LoB Solutions**

**S/4HANA** Industry & LoB Solutions

**After Conversion**

New S/4 SUR

Reconfigured landscape

| ABC |
| --- |
| Metric |

No Named User License requirement

| Extended Mfg | Treasury and Risk | ABC | Shelfware |
| --- | --- | --- | --- |
| Metric | Revenue | Metric | Metric |

| S/4 Mfg Plan & Sched | S/4 Treasury & Risk | … | … |
| --- | --- | --- | --- |
| Metric | Revenue | Metric | Metric |

**Named Users**
Per user fee

**ERP package**
Flat fee (includes 5 Prof. named users)

**Full Contract Conversion**

**S/4HANA Enterprise Management**

SAP S/4HANA Enterprise Management for Professional use [7018652 ]
SAP S/4HANA Enterprise Management for Productivity use [7018653]
SAP S/4HANA Enterprise Management for Functional use [7018654]

**ANYDB**

**HANA**
Run-time or Full Use

# S/4HANA Contract Conversion
Typically for customers fully committed to S/4HANA

## Boundary Conditions

- Intended for **full contract "wholesale"** conversions
- One-time Event
- Customer migrates to **new S/4HANA Software Use Rights**
- Does NOT require line-item-mapping
- Maximum credit is **lesser** of 100% current maintenance base or **90% of net NEW license fee eligible software***
- Can be combined with Cloud Extension Policy

## Customer Benefits

- Move to next gen ERP and in-memory DB technology
- Represents a potential to **reconfigure their landscape & eliminate shelfware**: "Milkshake concept"
- **Simplify their SAP contract,** potentially re-negotiate commercial terms, adopt simple S4 pricing and SUR
- Customers can STILL leverage their existing "**Classic" applications until 2025 even after converting them into S/4HANA**

# SAP Cloud Extension

## Replace on premise licenses by cloud subscription licenses

**Before Extension**

**After Extension**

**On-premise landscape**

*Seamless Support*

Cloud
Extension

**Hybrid On-premise Cloud**

*Seamless Support powered by SAP HANA*

**Examples:**

**Extended Mfg**

Metric

**GTS**

Metric

**Named Users**

Per user fee

**ERP package**

Flat fee (includes 5 Prof. named users)

Cloud
Extension

**S/4HANA Cloud**
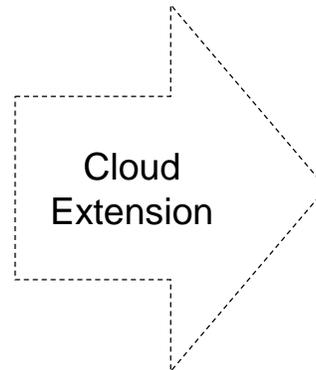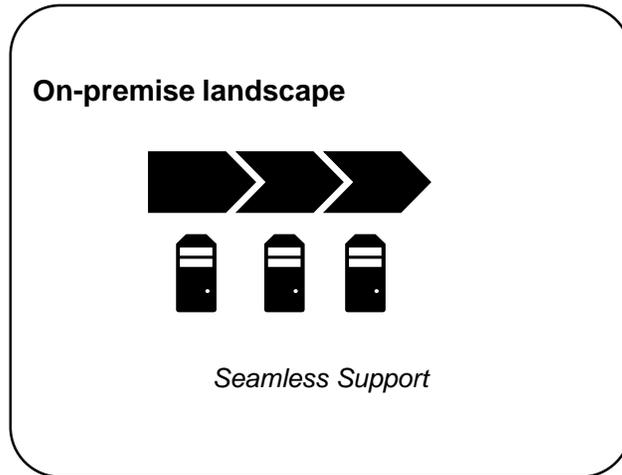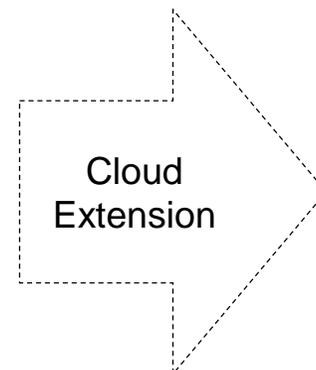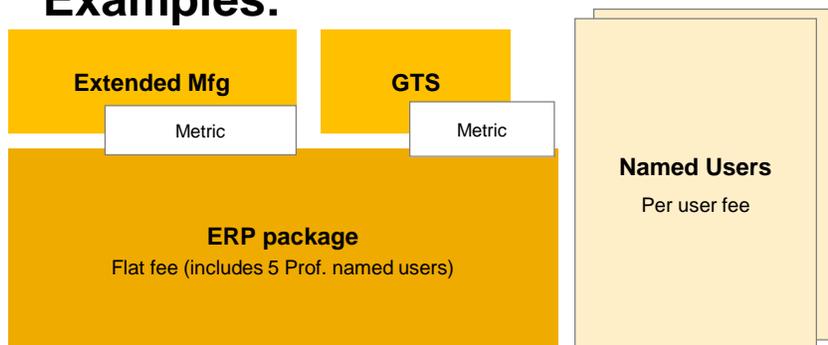
# SAP Cloud Extension
Fast track to innovation via a flexible path to the cloud

## Boundary Conditions

- Subscription of new cloud licenses required
  - Selected SAP Cloud solutions
  - Requires an expanded investment with cloud solutions from SAP, given the substantial added value from this new hybrid scenario.
  - 5 years subscription
- Both the cloud subscription contract and partial termination agreement represent one commercial transaction
- Initial support period of replaced solutions passed
- All invoices must be fully paid up
- License audit current (6 months old at the most)

## Customer Benefits

- Innovation
  - New functionalities available through cloud solutions from SAP
  - Full flexibility to explore new opportunities at own pace
- Simplicity and speed
  - Scalability with the simplicity of cloud for the real-time enterprise
  - Solutions easy to deploy for companies of any size
- Expanded value
  - Hybrid process scenarios allow step-by-step implementation
  - Lower total cost of ownership and reduced cost of implementation with SAP Rapid Deployment solutions and SAP ActiveEmbedded and SAP MaxAttention engagements
- Protection
  - Protected investments in SAP with removed barriers to leverage cloud innovations
  - Seamless delivery and support across hybrid landscape

**Indirect Use / Digital Access**

# Use of ERP and types of access

One definition of use and three types of access
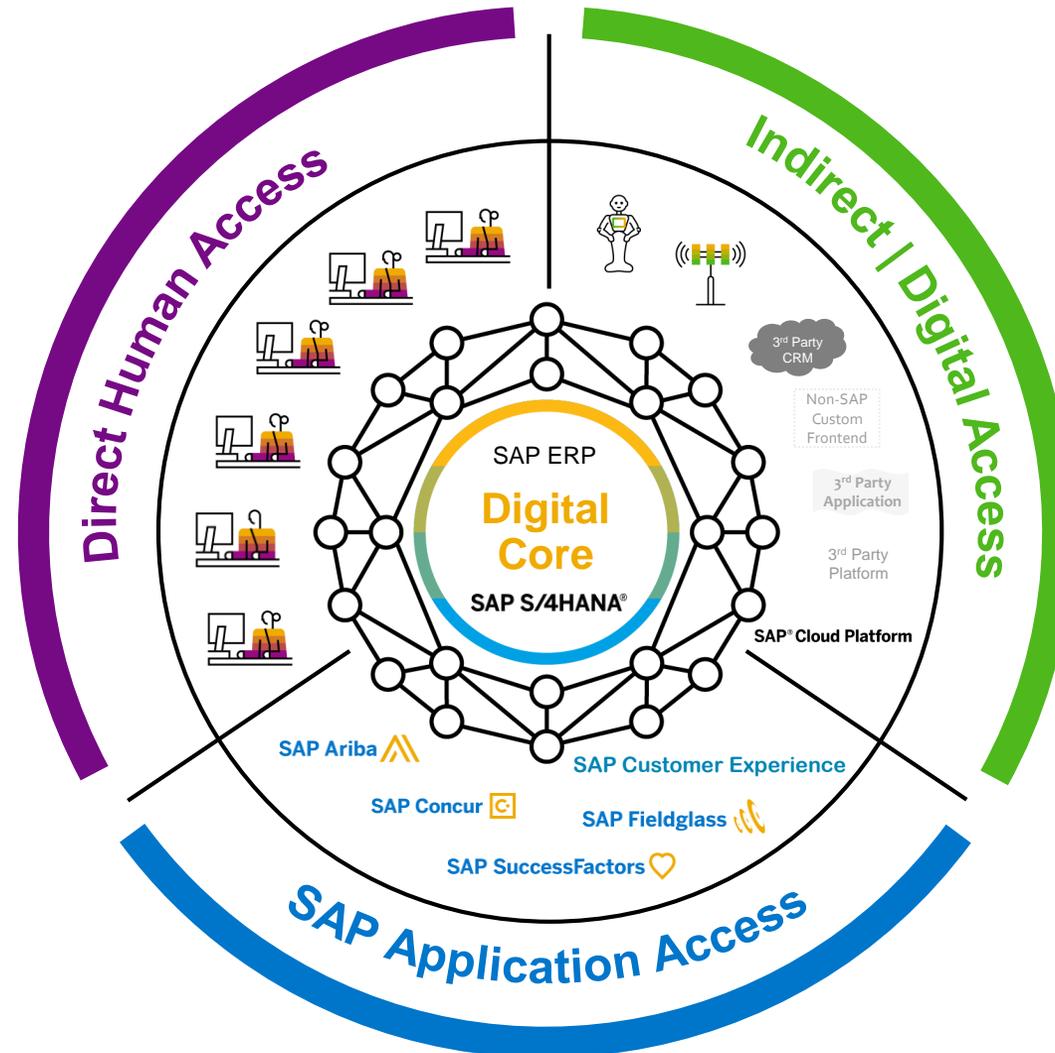
# Technology landscape is evolving and so is the way customers access ERP

Indirect/Digital Access is growing due to proliferation of devices, machine learning, AI, etc.



**ERP Use in 20th Century**
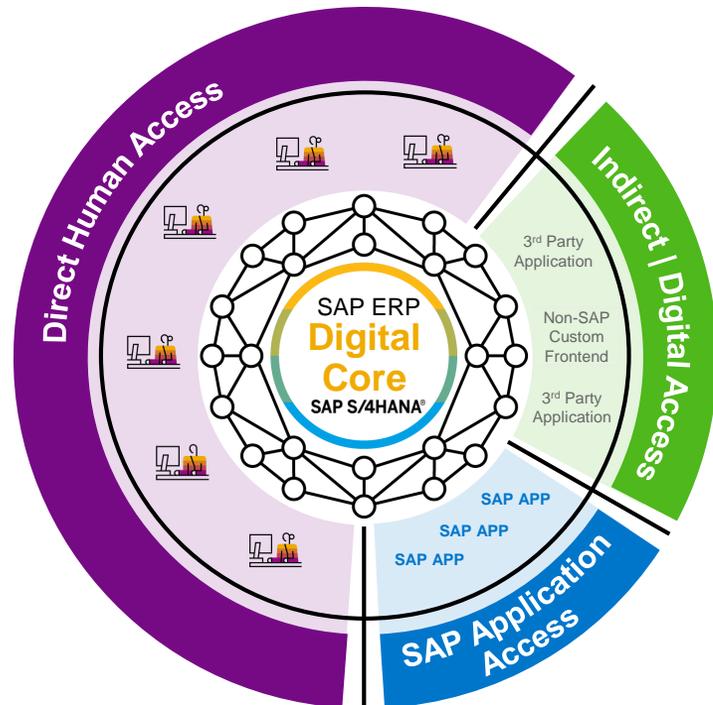
**ERP Use in 21st Century**
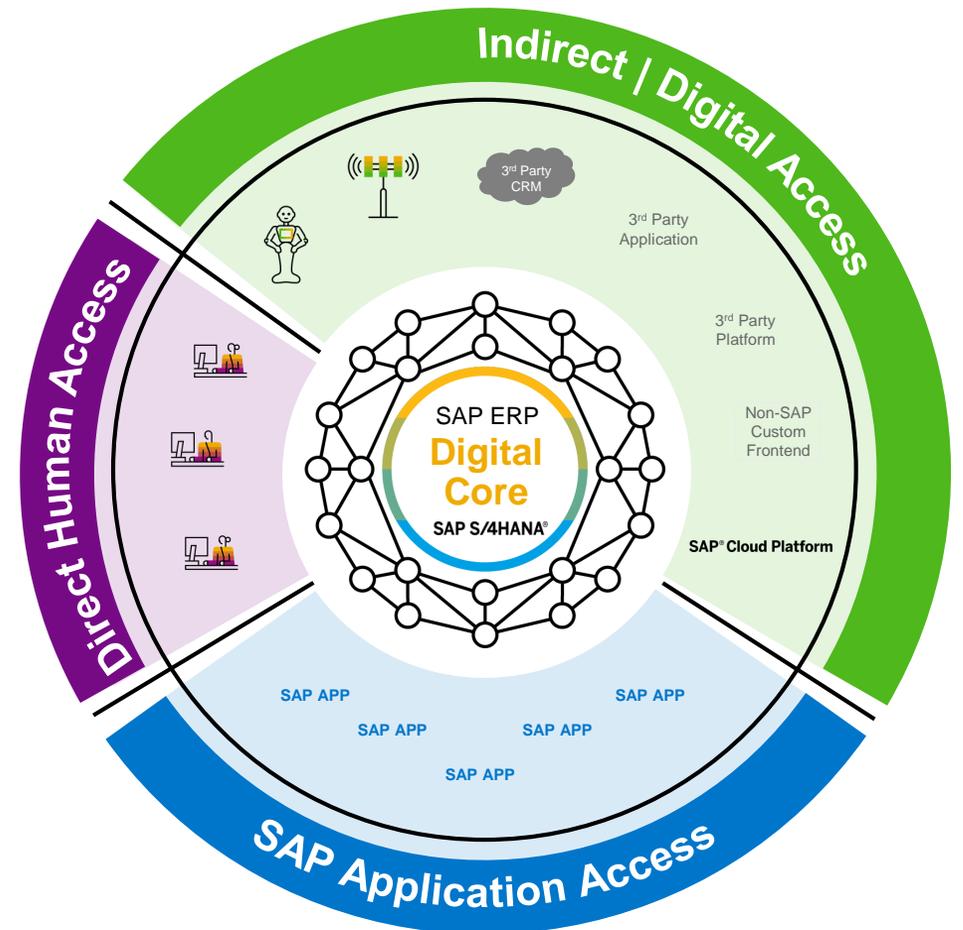
# SAP is modernizing ERP pricing

Direct and SAP Application Access remains unchanged, new pricing model for Indirect/Digital Access

## Legacy Model

**User-Based**
- User License
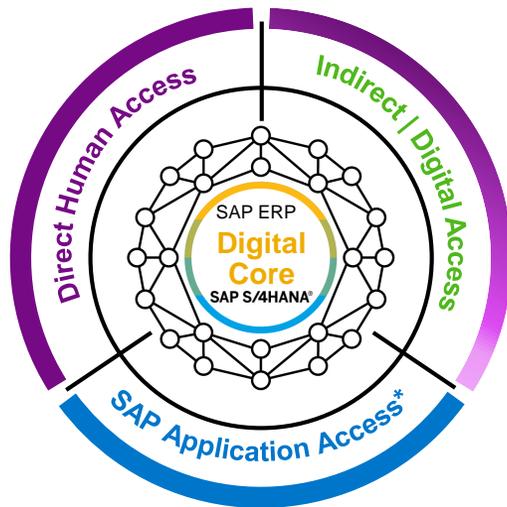


**User-Based (Primarily)**
- User License
- Order License
  - Sales and Service Orders
  - Purchase Orders

- No additional ERP license needed[1]

## New Model
*Available April 2018 Onwards*

**User-Based**
- User License
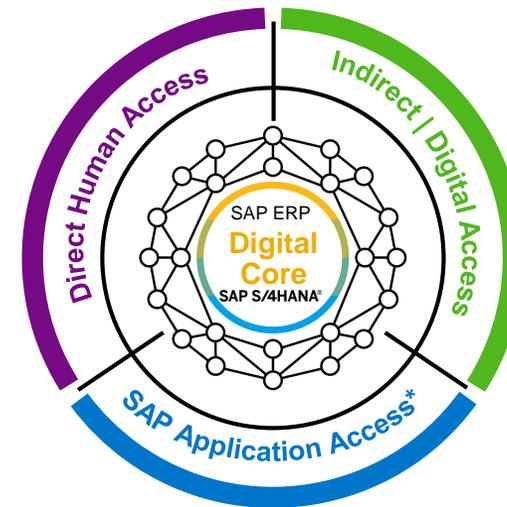


**Outcome-Based**
- Document License

- No additional ERP license needed[1]

# NEW Indirect | Digital Access Licensed Using Documents

Nine document types that represent system generated records and cover most valued outcomes from SAP ERP.
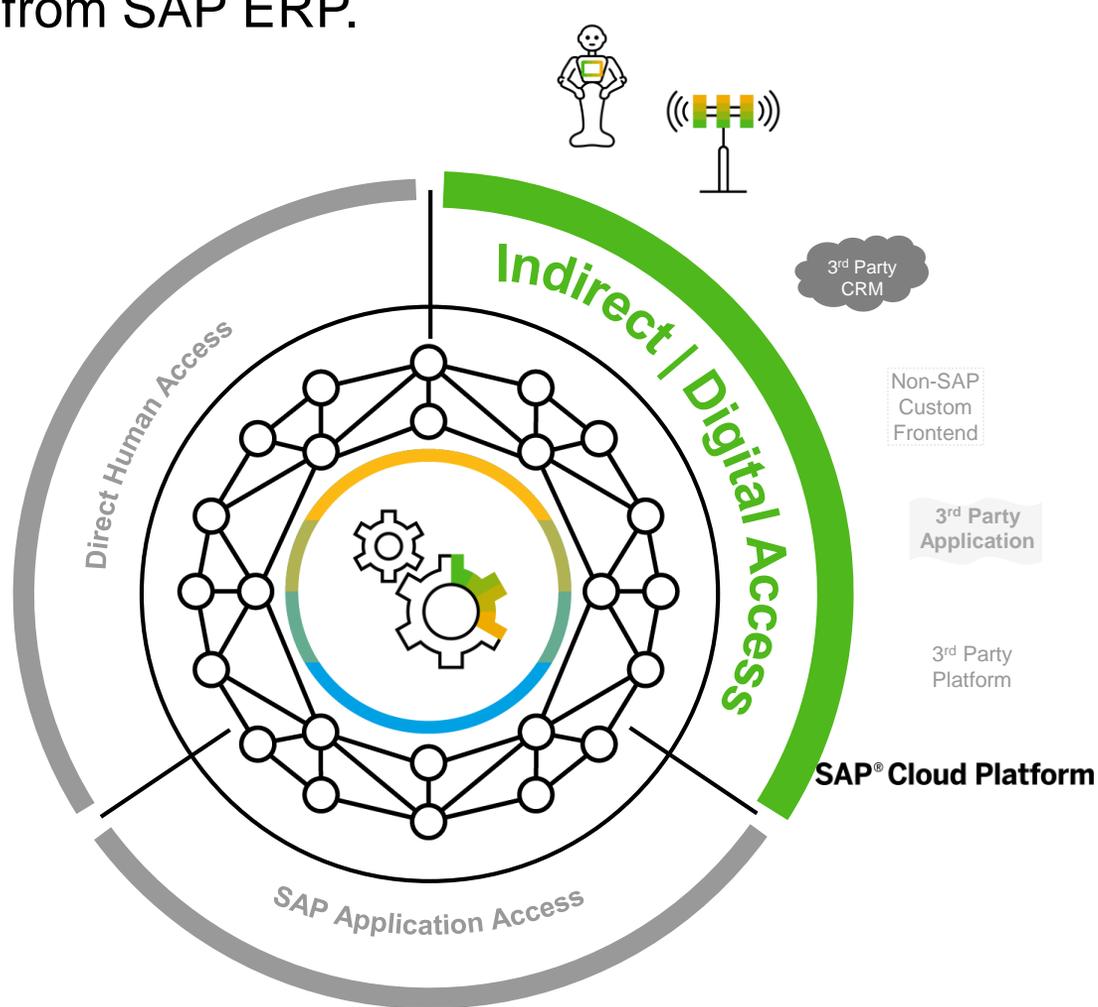


| Document Types | Multiplier |
|---|---|
| ▪ Sales Document (counted at line item level) | |
| ▪ Invoice Document (counted at line item level) | |
| ▪ Purchase Document (counted at line item level) | |
| ▪ Service & Maintenance Document | 1.0 |
| ▪ Manufacturing Document | |
| ▪ Quality Management Document | |
| ▪ Time Management Document | |
| ▪ Financial Document (counted at line item level) | 0.2 |
| ▪ Material Document (counted at line item level) | |

## License Calculation

License calculation based on *initial Document created*
Read, Update, or Delete Documents are not counted

(Document (#) * Multiplier) + … + (Document (#) * Multiplier)

*Where (#) is the Document Type from 1-9*

# Nine documents types cover most valued outcomes from SAP ERP

| | Document Type | Document Item | Remark |
|---|---|---|---|
| 1 | Sales Document | Sales Order Line Item<br>Sales Contract Line Item<br>Sales Quote Line Item<br>Sales Scheduling Agreement Releases | |
| 2 | Purchase Document | Purchase Order Line Item<br>Purchase Requisition Line Item<br>Purchase Scheduling Agreement Releases | |
| 3 | Invoice Document | Billing Document Line Item<br>Billing Document Request Line Item<br>Supplier Invoice Line Item | S/4HANA Cloud and S/4HANA On Premise only, ECC not applicable |
| 4 | Manufacturing Document | Production Order<br>Process Order<br>Repetitive Manufacturing Confirmation | |
| 5 | Material Document | Material Document Line Item | |
| 6 | Quality Management Document | Defect<br>Quality Notification<br>Inspection Result<br>Inspection Point Result | S/4HANA Cloud and S/4HANA On Premise only, ECC not applicable |
| 7 | Service & Maintenance Document | Maintenance Order<br>Maintenance Notification<br>Maintenance Confirmation<br>Service Order<br>Service Notification<br>Service Confirmation<br>Warranty Claim | |
| 8 | Financial Document | Financial Document Item | S/4HANA and ECC implementation different due to different data model |
| 9 | Time Management Document | Time Sheet Record<br>Time Management Record | S/4HANA On Premise and ECC only. S/4HANA Cloud not applicable<br>Time Management Record includes Remuneration, Absence, Attendance, Substitution |

# Value of SAP Indirect / Digital Access Outcome Based Pricing
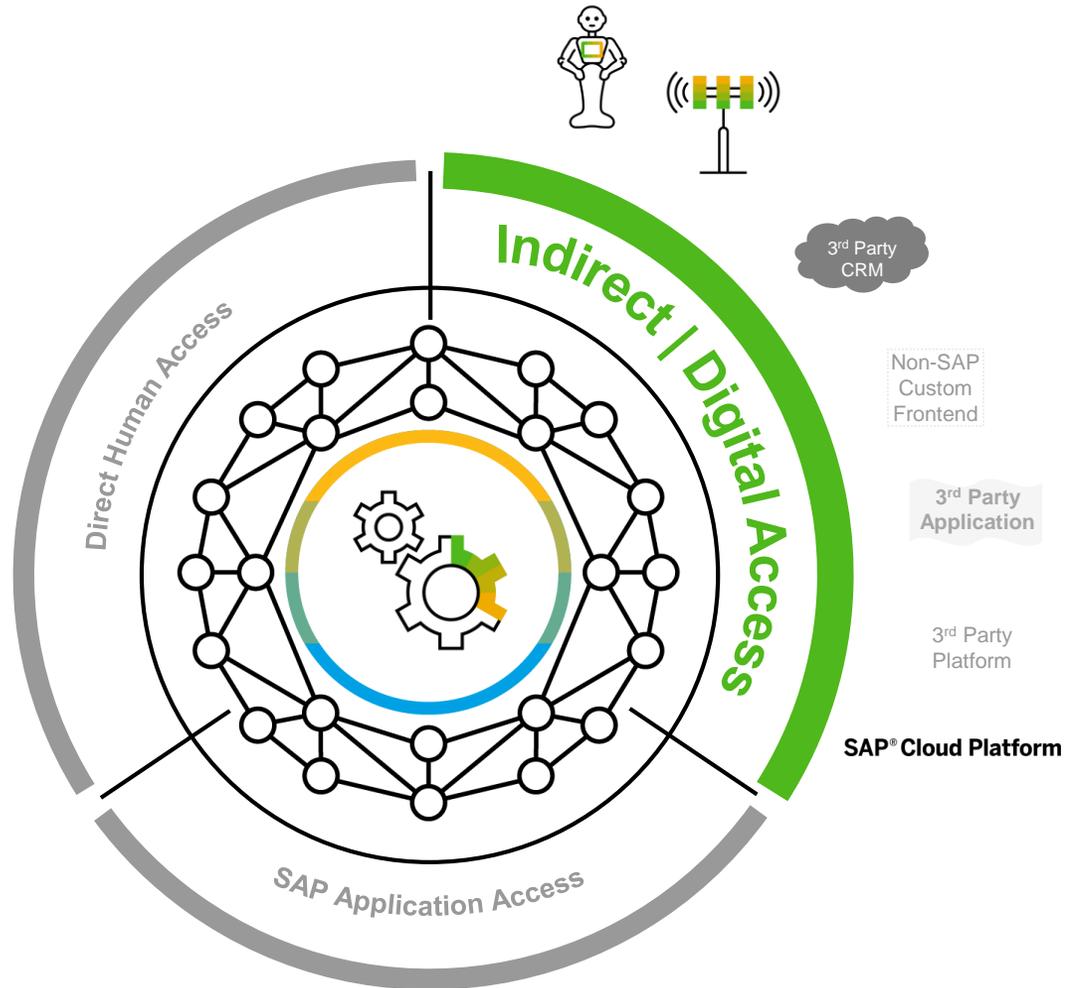


## Value based – pay for system activity

Eliminates the need to count "users" accessing ERP, addresses concerns around IOT (devices, bots, etc. )

## Outcome Focused

9 Document types address most valuable business outcomes
No additional charge for other document types

## Transparent

Counts creation of documents by Indirect/Digital Access

- Cost for read, update, and delete actions via Indirect/Digital Access included in creation
- Subsequent document types created, as a result of the automatic processing of the original document created via Indirect/Digital Access, are not counted

## Flexible - Interchangeable Document Capacity

Counts total documents created - regardless of type

## Built-in volume discounts

Tiered pricing – the more you buy, the less you pay per unit

## Measurable

Entitlement to consumption dashboard planned

# Options for existing SAP ERP customers

## Status Quo – Do Nothing

For customers happy with their contract and who do not want to change

**Option 1**

| Solutions |
|---|
| Order License* |
| User License |
| DB |
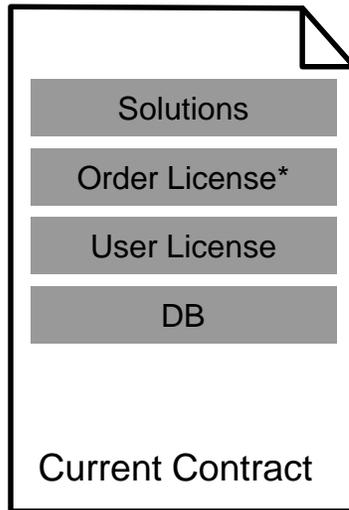
**Current Contract**

- Continue with current contract. No change.
- Continue to use User and Order* Licenses for all types of use and access
- SAP will waive back-maintenance for indirect access to SAP software for customers who proactively engage with us in good faith

## License Exchange

For customers wanting improved transparency for Indirect/Digital access & remain in existing contract

**Option 2**

| Solutions |
|---|
| Order License* |
| User License |
| DB |

**License Value $**
Current Contract

| Solutions |
|---|
| **Documents** |
| User License |
| DB |

**License Credit $**
Current Contract
*with Addendum*
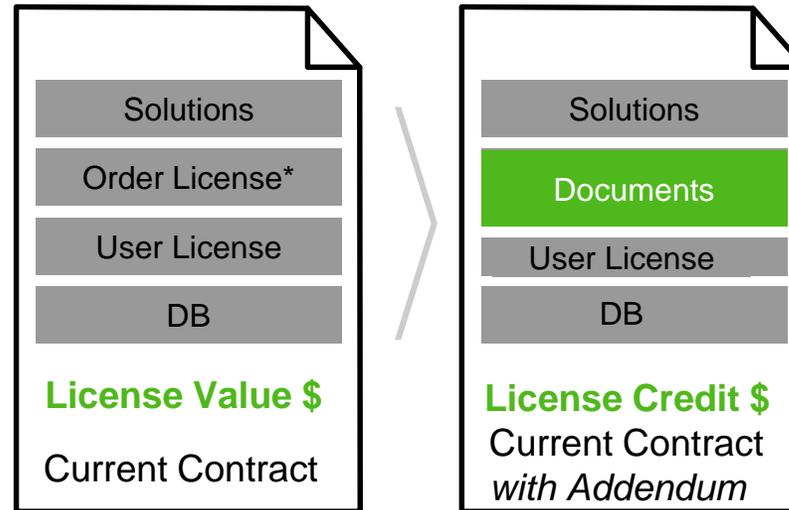
- Continue with current contract with addendum
- Up to 100% credit for User and/or Order license value** applied to new Document license value
- 100% of the maintenance base of the converting licenses is carried forward.
- SAP will waive back-maintenance for indirect access to SAP software for customers who proactively engage with us in good faith

## Contract Conversion

For customers licensing SAP S/4HANA and wanting to consolidate / simplify old contracts

**Option 3**

| Solutions |
|---|
| Order License* |
| User License |
| DB |

**Contract Value $**
Current Contract

| Solutions |
|---|
| Documents |
| User License |
| SAP HANA |

**Contract Credit $**
Converted Contract
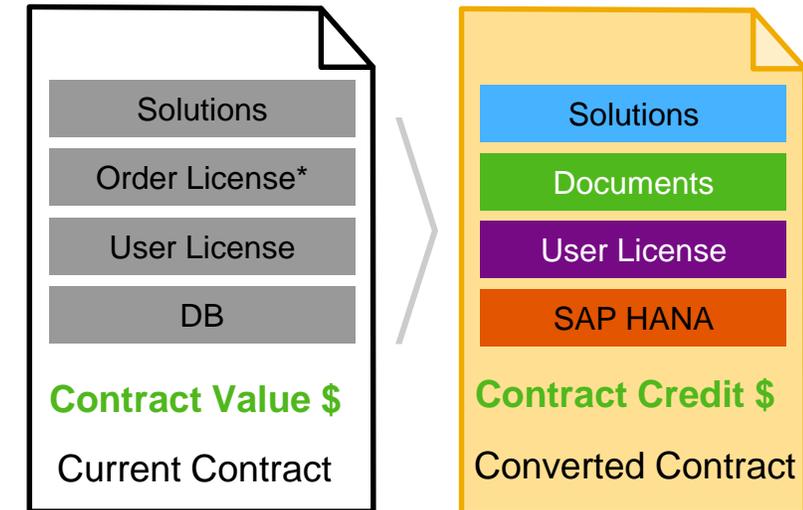
- Replace current BOM with new BOM that includes a simplified licensing structure
- Opportunity to reconfigure solution landscape (new bill of material)
- Up to 100% credit for old contract value** applied to new S/4HANA contract value
- 100% of the maintenance base of the converting licenses is carried forward
- SAP will waive back-maintenance for indirect access to SAP software for customers who proactively engage with us in good faith

*Sales & Service Order Processing/Execution and Purchase Order Processing/Execution; ** Conditions apply

# Thank You!

Dirk Kästner

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