USU

E-book

Navigating RISE with SAP®

Pro-tips to streamline SAP® license management in the Cloud

Introduction

In 2017, SAP branded itself "The Cloud Company," transitioning from on-premises to cloud-based solutions via innovative products like S/4HANA®.

Despite this, slow cloud adoption prompted the 2021 launch of RISE with SAP, pressuring ECC customers with:

→ ECC maintenance ending by 2027-2030

→ Halted ECC innovations

→ Annual 5% maintenance fee hikes.

Undoubtedly, the RISE with SAP program carries significant implications for existing ECC customers, which cannot be overlooked. If you're contemplating migrating to SAP Cloud using the RISE program, it's imperative to meticulously assess various factors to optimize benefits.

To assist you in this endeavor, we present an essential resource that provides you with:

→ Access to accurate information on RISE with SAP

→ Insight into the structured agreements under RISE with SAP

→ Strategies for effective management of SAP cloud contracts utilizing a tool

→ Techniques for streamlining cloud licensing costs

Empower yourself with the knowledge and insights necessary to navigate the evolving landscape of SAP's cloud offerings with confidence and efficiency.
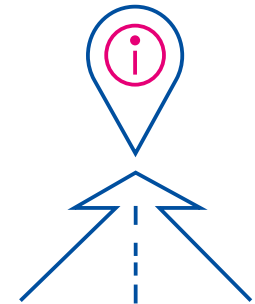
What is RISE with SAP?

RISE with SAP aims to simplify cloud migration for customers and provide personalized support throughout the journey to becoming an "intelligent" enterprise. It's more than just moving to SAP S/4HANA®; it's about enabling continuous digital transformation with cloud-focused solutions, services, and tools.

Initially, the offering included five core elements: SAP S/4HANA Cloud, Business Process Intelligence (BPI), SAP Business Technology Platform (SAP BTP), access to the SAP Business Network, and various integrated tools and services. RISE with SAP operates on a subscription basis with a service level agreement (SLA), bundling components into a single package at a fixed price. SAP manages solution operation and troubleshooting.

Infrastructure hosting options include SAP or hyperscalers like Google Cloud, Amazon Web Services, or Microsoft Azure. According to SAP, RISE with SAP can cut total cost of ownership by up to 20% compared to on-premises SAP S/4HANA® implementation, inclusive of migration expenses.
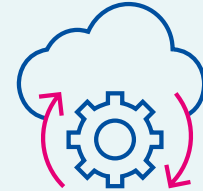
RISE with SAP, SAP S/4HANA Cloud

Where's the Difference?

RISE with SAP is closely tied to SAP's strategic pivot toward cloud computing, specifically the SAP S/4HANA Cloud. It's tailored to aid companies in transitioning to the cloud with a plethora of innovations and solutions. The SAP S/4HANA Cloud, available as both public and private cloud options, stands as a cornerstone of RISE with SAP.

While RISE with SAP offers a comprehensive cloud solution, it's important to note that it's not mandatory for utilizing SAP's cloud offerings. Companies can access solutions like SAP S/4HANA Cloud, Public Edition, and SAP S/4HANA Cloud, Private Edition independently, "without RISE."

Furthermore, since the start of 2023, the GROW with SAP commercial package has been available, particularly catering to new customers in the midmarket segment.

Through GROW, organizations can opt for SAP S/4HANA Cloud Public Edition, where the cloud ERP's infrastructure and software capabilities are shared among SAP customers and managed directly by SAP.

Contract Components of "RISE with SAP"

"RISE with SAP" is a cloud contract that bundles all software licenses, cloud infrastructure and services. In detail, this includes the following components:

→ Migration tools
→ S/4HANA Cloud private or public edition
→ Business Technology Platform
→ SAP Business Network Starter Pack
- Ariba Business Network (<= 2,000 purchase orders or invoices)
- Asset Intelligence Network
- Logistics Business Network

→ Business Process Intelligence Starter Pack
- SAP Process Insights with 50 GB of Cloud storage
- SAP Signavio Process Manager: 3 users
- SAP Signavio Process Collaboration Hub: 10 users
→ Full Use Equivalents (user licenses)
→ SLA, support, and operation contracted from one partner

What to look out for?

For all components, you have only SAP as a contractual partner, and this has both advantages and disadvantages:

You have no way to negotiate with different infrastructure providers or service providers, which puts SAP in an even stronger position.

RISE with SAP leads to technical dependencies, as the software no longer runs on the company's own systems. This allows SAP to control access, customize systems, and determine SLAs.

On the positive side, negotiations can be easier. Since you have only one contractual partner and not multiple with whom you must negotiate individual contracts. This means less bureaucratic effort and in general a higher contract value which leads to a better position.

FUE vs. Use Types

Connecting the dots

Can you remember the current use type scenario with SAP S/4HANA® on-prem? SAP distinguishes six application scenarios: Developer Use, Professional Use, Functional Use and Productivity Use (as the most important Use Types), Engine Use and Technical Use.

Important use types of SAP S/4HANA® on-prem
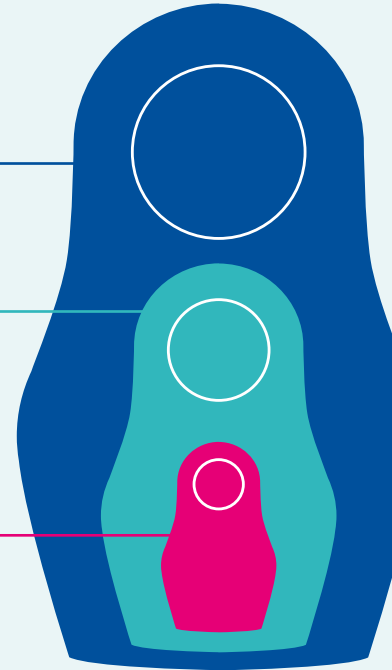
Direct use

Professional use

Management and system administration tasks

Functional use

Kanban, Quality Inspection, Production BOM Management, Inspection Planning, Project Financial and Logistics Control, Master Data Maintenance, ...

Productivity use

Goods Movement, Shipping, Timesheet, Self-service Requisiton, Material Requirements Planning,...

The new FUE model at RISE with SAP is different.

With Rise with SAP S/4 HANA Cloud, SAP has taken a step towards user licensing making license management easier. Instead of purchasing exact numbers of specific user license types, SAP customers can purchase so-called FUEs, Full Use Equivalents.

FUEs is a fictive number that corresponds to the theoretical number of individuals authorized to access the full solution capabilities. Individuals with less authorizations are taken into account by calculating the corresponding FUE by using a conversion factor.

It's defined as follows:
1 FUE = 1 SAP S/4HANA® for Advanced Use, 5 SAP S/4HANA® for Core Use or 30 SAP S/4HANA® for Self-service Use

The FUE model is a flexible way to use user licenses for different use types. With a RISE with SAP contract, there is no need to specify the relationship between the different use types. It offers great flexibility: Savings can be achieved without reconfiguration right or contract renegotiation. FUE is available with different tiers, such as:

1001-2000 Users: 164€/FUE/Month (Private Edition) or 135€/FUE/Month (Public Edition).

A solid analysis of the previous named user licenses is needed so as not to generate unnecessary costs. Implementing pricing without contextual analysis of assigned license types can drastically affect the final amount of FUEs purchased.

USU's SAP Software Optimization tool can show calculated FUE values on a dedicated results page. Here is a sample quote for an environment of 1,000 users before and after license optimization.

As you can see, we are able to save 227 FUE while maintaining the number of users, and the licenses will directly comply with the subscription agreement. In our above example of 1,000 licenses the achieved savings would be 30,645 Euros per month (Public Edition).

SAP user licenses are a significant component of the costs associated with S/4HANA®. Before migrating to S/4HANA®, it is a good idea to carefully review your current licenses to make sure they are optimized for actual system usage.

License	Number of licenses **without optimization**	Number of licenses **after optimization**	Weight	FUE without optimization	**FUE after optimization**
Developer Access	10	10	0.5	10	20
Advanced Use	355	154	1	355	154
Core Use	545	345	5	109	69
Self Service	90	491	30	3	17
Sum	**1000**	**1000**		**487**	**260**

Authorization-Based vs. Usage-Based Licensing

With the conversion of the licensing model to S/4HANA®, companies are increasingly confronted with a challenging and expensive deployment: Licensing is now additionally based on authorizations. Standard RISE with SAP contracts include authorization-based licensing, rather than usage-based.

Authorization-based licensing is 50–150% more expensive than usage-based licensing. Before you can optimize your authorization-based licensing you need to know what you have. For this, SAP introduced their STAR service, S/4HANA® Trusted Authorization Review Service, offering assistance with SAP user license assignments. Customers can compare the existing authorizations with the new S/4 types to determine the required license type for users and roles based on authorization objects and characteristics.

The result can then be used to automatically classify the SAP authorization roles described above. The USMM then compiles the required SAP user license for each SAP account.
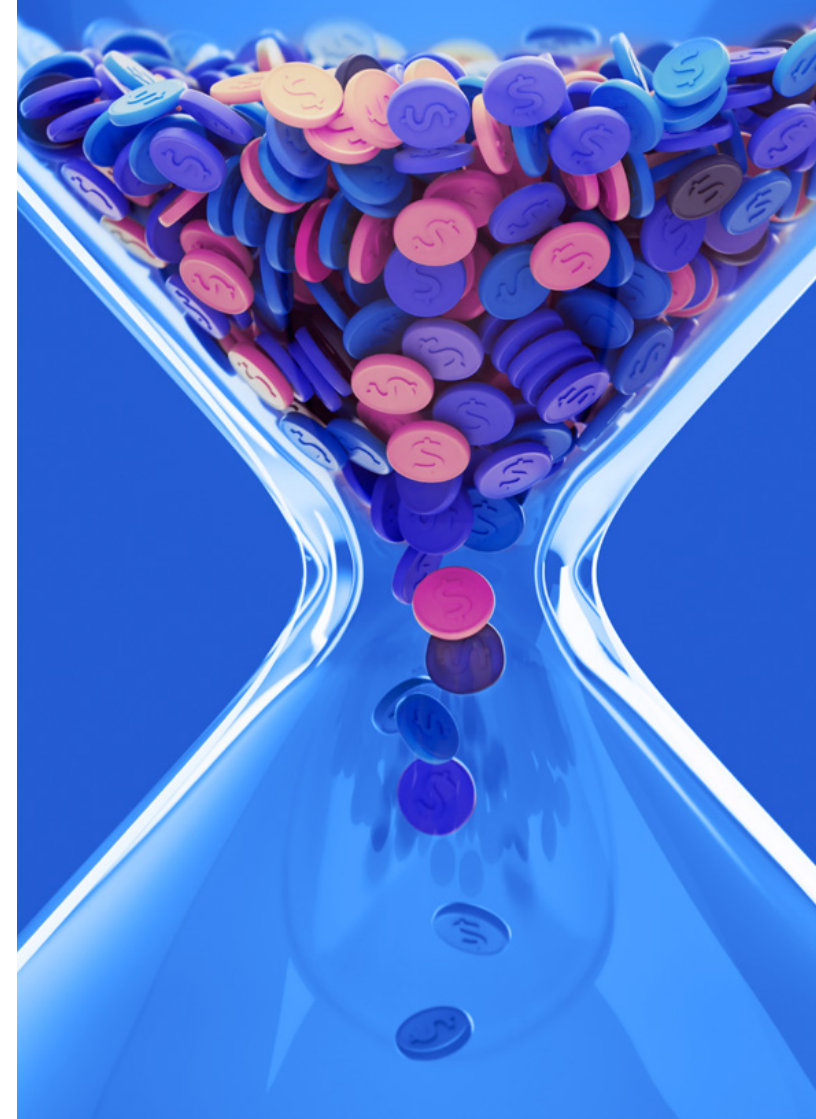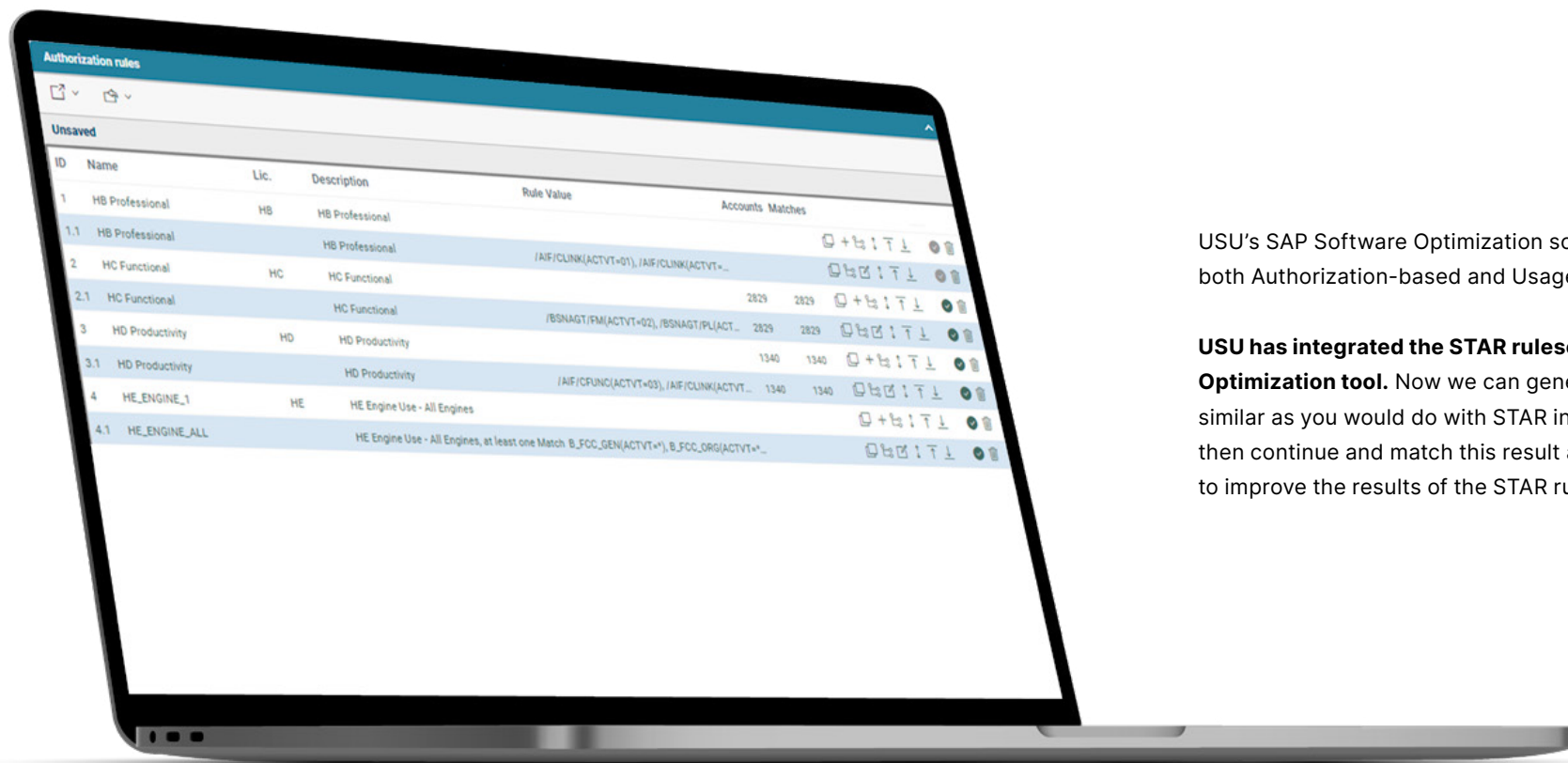
USU's SAP Software Optimization solution supports both Authorization-based and Usage-based licensing.

USU has integrated the STAR ruleset into the SAP Software Optimization tool. Now we can generate an initial overview, similar as you would do with STAR in the SAP systems. We then continue and match this result against the actual usage to improve the results of the STAR ruleset.

Automate Your Authorization Concept and Realize Savings

Effective SAP license management is essential, ensuring each user has the appropriate license based on their permissions across different SAP systems. Analyzing required license assignments alongside an efficient SAP authorization concept promotes transparency and compliance. This is crucial as SAP continually refines its "STAR" Ruleset, allowing for customer audits.

To achieve cost savings and streamlined licensing, it's vital to regularly review and optimize rules for license usage. USU's SAP Software Optimization tool automates authorization concepts, ensuring cost-effectiveness. This approach ensures roles and license usage remain balanced, preventing excessive license costs from overly generous authorization concepts.

Optimization through Role Analysis

→ Only 5 from 233 authorization objects is classified as "Professional" by the STAR Ruleset.

→ Because of these 5 objects every user with this role is "Professional".

As departmental profiles evolve over time, accompanied by new authorizations, continuous review of assigned licenses is necessary. Adhering to the principle of "as little as possible, as much as necessary" helps minimize costs. Analyzing the authorization concept from a licensing perspective is key to determining its status.

Regular usage analysis and comparison between potential and actual usage pinpoint optimization opportunities. Even high-cost licenses like "Developer Access" require thorough evaluation considering technical and contractual frameworks.

Optimization through Usage Analysis

→ Compare Usages with Authorizations to find out if this authorization object is really needed.

→ Identify all users with a more expensive license based on authorizations and right size their roles before the yearly measurement.

Pros and Cons of RISE with SAP

Pros	Cons
Full-Use-Equivalent model is more flexible • Users can be moved between Advanced Use, Core Use and Self-Service Use as needed, if the total number of FUEs is not exceeded • Inactive users can be quickly deactivated to save licenses **Contracts are more configurable** • SaaS contracts offer scope for negotiation (e.g. shelfware) • By analyzing all contracts, overlicensing or unused software products can be avoided **Only 1 contractual partner** • More contract transparency for customers • Less complexity in terms of communication and negotiation	**More front-end applications (Fiori)** • Transactional analysis (T-codes) no longer sufficient for use type optimization • Optimization process must include analysis of Fiori applications **SAP license optimization is more complex** • Audits and optimizations only include BTP, Ariba, SuccessFactors, C4C • More effort to overview and optimize all SAP SaaS applications **Vendor commitment** • From owner to renter • No crediting of investments made to date • Commited to a single cloud provider (SAP) • No subsequent reduction of the scope of services during the term of the contract • No major discounts for subsequent scope expansions • Possible cost traps due to additional services to be paid for, which only SAP is allowed to provide

Conclusion

Managing SAP licenses presents challenges, whether in the traditional on-premises environment or in the dynamic realm of the cloud. Here's our advice to SAP customers: Don't relinquish control to the vendor; instead, assert your customer power and recognize that you have options to enable the best solution based on your ERP system needs. There's more flexibility in your SAP license management than you might realize.

Your options extend beyond just S/4 with ECC licenses, S/4 with S/4HANA® on-prem licenses, or RISE with SAP via SaaS subscriptions. Seize the opportunity to optimize your software demand by conducting assessments and forecasting needs. Maximize your IT investment by reallocating spending to SAP cloud or perpetual license products, exploring third-party solutions, or opting for lower-tier SAP software.

With our SAP Software Optimization solution and expert licensing support, USU can help you optimize your ECC licenses and tailor your ideal S/4HANA® system and/or FUE licenses based on your actual usage and authorizations. Don't overlook critical components like Engines, Digital Access, and Cloud solutions, as they all play a role in maximizing the value of your SAP investment.

Do you need further information or do you have any questions?

Most questions are best answered by a direct contact. I look forward to answering your requests by phone. **Feel free to contact us.**

Linda Erwich
Sales Development
Solution USU Software
Asset Management

About USU

USU Software Asset Management is the solution for effective software management with SAP. Whether analyzing your software usage and simulating your licensing needs on-prem or in the cloud, our SAP-certified tool together with our unique SAM Managed Services to help you smoothly navigate SAP software licenses while ensuring compliance, cost transparency and saving potential. Our in-house SAP experts can also help with everything else, including contract analysis and negotiations with SAP.
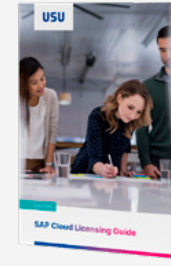
Global leaders trust USU
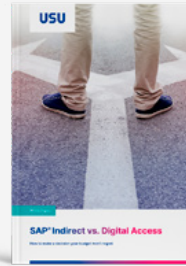
SAP® Indirect Access vs. Digital Access

Control your risk and avoid extra costs using SAP's licensing guidelines
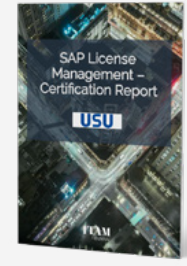
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SAP® Cloud Licensing Guide

Learn how to get the most out of your SAP cloud investments

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ITAM Review Certification for USU SAP® License Management

Dedicated report based on a survey, product demo, and two customer references

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